

CHINA'S MILITARY AND SECURITY ACTIVITIES ABROAD

HEARING

BEFORE THE

U.S.-CHINA ECONOMIC AND SECURITY
REVIEW COMMISSION

ONE HUNDRED ELEVENTH CONGRESS

FIRST SESSION

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MARCH 4, 2009
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UNITED STATES-CHINA ECONOMIC AND SECURITY REVIEW COMMISSION

WASHINGTON : APRIL 2009

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The Commission's full charter is available at www.uscc.gov.

April 10, 2009

The Honorable ROBERT C. BYRD

President Pro Tempore of the Senate, Washington, D.C. 20510

The Honorable NANCY PELOSI

Speaker of the House of Representatives, Washington, D.C. 20515

DEAR SENATOR BYRD AND SPEAKER PELOSI:

We are writing to report on the U.S.-China Economic and Security Review Commission's March 4, 2009 public hearing on "*China's Military and Security Activities Abroad.*" The Floyd D. Spence National Defense Authorization Act (amended by Pub. L. No. 109-108, section 635(a)) provides the basis for this hearing.

In this hearing, the Commission learned that China's military, the People's Liberation Army (PLA), is diversifying its activities and capabilities to acquire greater ability to project power and increase its role in international security affairs. Additionally, the PLA is taking action to protect China's global economic interests through security cooperation and, when perceived necessary, military action. The PLA Navy's participation in anti-piracy operations in the Gulf of Aden highlights this development, as it is the first deployment of PLA naval forces to defend national economic interests outside of China's territorial waters. This action represents an important contribution to global security, and provides an opportunity for the PLA to develop cooperative relationships and gain more exposure to international military and security norms and practices. The U.S. military and its allies also face greater interaction and opportunity for dialogue with the PLA. However, as demonstrated in the recent aggression by PLA naval forces against U.S. ocean surveillance ships operating in international waters in the South China Sea, the PLA's activities also can raise the potential for conflict if China seeks to assert its interests by challenging the interpretation or existence of current international norms and practices.

The Commission received opening testimony from Deputy Assistant Secretary of State for East Asian and Pacific Affairs John J. Norris and Deputy Assistant Secretary of Defense for East Asian Affairs David Sedney. Deputy Assistant Secretary Norris highlighted that the United States seeks "positive and cooperative relations" with China. While he acknowledged that "deep disagreements" exist on some issues, he noted that the United States will "aim to pursue progress on common strategic challenges." Included among these challenges are concerns about North Korea, Iran, Afghanistan, Pakistan, terrorism, arms control, and climate change. In particular, China is concerned about domestic terrorism, and the influence that extremists in Afghanistan and Pakistan may have on some Islamic extremists in China. Mr. Norris also testified that the United States will continue to "abide by [its] obligation under the Taiwan Relations Act to make available arms for Taiwan to maintain a sufficient self-defense capability," and he

expressed hope that China will reduce its military buildup along the Taiwan Strait.

Deputy Assistant Secretary Sedney echoed Mr. Norris' assessment, stating that “[f]ar from seeking to contain China, U.S. policy has been one of actively involving China in the international community of nations.” China’s expansion of its military and security activities is expected and natural, reflecting both an emergence of global ambitions and strategic aims. He noted that the expansion of the PLA’s activities poses challenges and opportunities, and underscored the importance of military-to-military exchanges and dialogue. In February, Mr. Sedney participated in Defense Policy Coordination Talks with the PLA in Beijing, resuming in part bilateral military ties following a freeze last year in response to the U.S. notification of arms sales to Taiwan. Mr. Sedney expressed some concerns regarding both China’s military sales to Pakistan and Iran, and a lack of transparency in PLA activities. He concluded that the United States should cooperate as much as possible with China in areas of common interests, and seek to encourage China to use its emerging military power and resources responsibly. This theme of responsible use of power has become especially relevant given the aggression displayed by Chinese naval forces against the USNS Impeccable in the South China Sea in the days immediately following this hearing. In this case, the PLA set its own terms for engagement, despite the existence of international norms for maritime activities.

In the first panel of expert witnesses, Dr. Bernard “Bud” Cole, Professor of International History at the National War College, and Mr. Daniel Hartnett, China Analyst at the CNA Corporation, provided contextual analysis of China’s changing military focus. Mr. Hartnett explained that the internationalization of PLA activities reflects a fundamental adjustment in PLA doctrine in response to PRC President Hu Jintao’s articulation of new “historic missions” which include protecting national interests and ensuring a peaceful global environment. Given China’s global economic interests, the PLA now has a role in ensuring the stability necessary for continued economic development inside and outside of China. This task will require a capability to project power—that China is pursuing, for example, through the acquisition of aircraft carriers. Dr. Cole argued that the United States should not be surprised by the desire on the part of the PLA to take on these new tasks and capabilities. In addition, he mentioned that Beijing is learning the utility of having an international military presence, including “showing the flag” through naval visits that can exert diplomatic influence and display military power.

Dr. Cole’s example of “showing the flag” is just one instance of how a nation’s military can project influence abroad. Ms. Susan Craig, author of the monograph “Chinese Perceptions of Traditional and Nontraditional Threats,” testified that PRC leaders are recognizing that China’s security can be affected as much or more by nontraditional security matters, such as natural disasters and humanitarian emergencies, as it can be affected by traditional security conflicts. For this reason, the PLA has a much stronger interest in taking up new missions—such as its widely, positively regarded participation in relief operations after the Sichuan earthquake in May 2008—because these actions can enhance its reputation abroad and promote a stable, peaceful international environment. Rear Admiral Eric McVadon (USN-Ret.), Director of Asia-

Pacific Studies at the Institute for Foreign Policy Analysis, that participation in humanitarian activities also can be a tool for spreading influence. For this reason, it is likely that China's participation in international humanitarian activities will grow. Mr. McVadon views U.S.-China humanitarian cooperation as an opportunity to encourage positive behavior by the PLA, and noted that this cooperation will bring net benefits to the countries receiving such assistance. Furthermore, he testified that the United States will be a key factor in determining how China's influence is wielded in the future.

Witnesses in the final panel of the hearing discussed three examples of military operations that reflect the PLA's new missions: counterterrorism, maritime patrols, and peacekeeping operations. First, China increasingly is concerned about a terrorist threat in reaction to its growing economic status, and has continued concerns about domestic terrorism. China's deep economic engagement around the world has not always been viewed favorably, as evidenced by recent attacks against Chinese workers in Pakistan, Afghanistan, Sudan, and Nigeria. Dr. Paul Smith, Associate Professor of the U.S. Naval War College, testified that, "[a]t the very least, both China and the United States may discover that they are facing a common but differentiated transnational challenge, one that potentially threatens...the entire global trading system upon which both countries depend." Therefore, Dr. Smith argued, the United States and China may find cooperation on counterterrorism issues beneficial despite political or human rights disagreements.

Second, while China is involved in expanding its maritime presence, the PLA Navy so far has carried out most of its maritime activities in the immediate region, for example by conducting patrols in the East China Sea and South China Sea. Dr. Michael Auslin, Resident Scholar in Foreign and Defense Policy Studies at the American Enterprise Institute, testified that China's development of blue water naval forces and other power projection capabilities have the potential to change regional dynamics in East Asia. Dr. Auslin noted that China's growing security influence has triggered a response from other countries within the region, stating, "...the region is in the midst of a modest, yet potentially worrisome naval arms race."

Third, China's participation in United Nations peacekeeping operations has supported missions in Africa, the Middle East, Asia, and the Caribbean. In return, the PLA has received a large measure of goodwill. Mr. Chin-hao Huang, a researcher at the Stockholm International Peace Research Institute, testified that China maintains an official policy of "non-interference" in other countries' internal affairs, but has demonstrated a willingness to intervene as a part of UN-sanctioned missions. He concluded, "The expansion in Chinese engagement in peacekeeping provides an important and widening window of opportunity for the United States to engage with China more closely on peacekeeping-related issues in order to strengthen China's commitment to global stability, ensure greater convergence between Chinese and other international interests on questions of regional security, and encourage more effective international peacekeeping operations."

Thank you for your consideration of this summary of the Commission's hearing. The full transcript of the hearing plus the prepared statements and supporting documents

submitted by the witnesses can be found on the Commission's website at www.uscc.gov; these can be searched by computer for particular words or terms. Members of the Commission are available to provide more detailed briefings. We hope these materials will be helpful to the Congress as it continues its assessment of U.S.-China relations and their impact on U.S. security. The Commission will examine in greater depth these issues, and the other issues enumerated in its statutory mandate, in its 2009 Annual Report that will be submitted to Congress in November 2009.

Sincerely yours,



Carolyn Bartholomew
Chairman



Larry M. Wortzel, Ph.D.
Vice Chairman

cc: Members of Congress and Congressional Staff

CONTENTS

WEDNESDAY, MARCH 4, 2009

CHINA'S MILITARY AND SECURITY ACTIVITIES ABROAD

Opening statement of Chairman Carolyn Bartholomew (Hearing Cochair).....1
Opening statement of Vice Chairman Larry M. Wortzel (Hearing Cochair).....2

PANEL I: ADMINISTRATION PERSPECTIVE

Statement of the Honorable John J. Norris, Deputy Assistant Secretary of State
for East Asian and Pacific Affairs, U.S. Department of State, Washington,
DC.....3
Prepared statement.....5
Statement of the Honorable David S. Sedney, Deputy Assistant Secretary of Defense
for East Asian Affairs, Department of Defense, Washington, DC7
Prepared statement.....12
Panel I: Discussion, Questions and Answers18

PANEL II: THE PLA'S DOMESTIC AND FOREIGN ACTIVITIES AND
ORIENTATION

Statement of Dr. Bernard D. Cole, Professor of International History, National
War College, Washington, DC.....35
Prepared statement.....38
Statement of Mr. Daniel M. Hartnett, China Analyst, CNA Corporation, Alexandria,
VA.....45
Prepared statement.....48
Panel II: Discussion, Questions and Answers.....55

PANEL III: CHINA'S EXPANDING MILITARY AND SECURITY INFLUENCE

Statement of RADM Eric McVadon, (USN Ret.), Director of Asia-Pacific Studies,
The Institute for Foreign Policy Analysis, Inc., Washington, DC.....74
Prepared Statement.....77
Statement of Ms. Susan L. Craig, Author of "Chinese Perceptions of Traditional and
Non-Traditional Threats," Hawaii.....88
Prepared statement.....91
Panel III: Discussion, Questions and Answers97

PANEL IV: CHINA'S MILITARY OPERATIONS ABROAD

Statement of Dr. Paul J. Smith, Associate Professor, U.S. Naval War College,
Newport, RI.....114
 Prepared statement.....116
Statement of Dr. Michael Auslin, Resident Scholar in Foreign and Defense Studies,
American Enterprise Institute, Washington, DC.....131
 Prepared statement.....134
Statement of Mr. Chin-hao Huang, Researcher, Stockholm International Peace Research
Institute (SIPRI) China and Global Security Program, Stockholm, Sweden.....140
 Prepared statement.....143

**HEARING ON CHINA'S MILITARY AND
SECURITY ACTIVITIES ABROAD**

WEDNESDAY, MARCH 4, 2009

U.S.-China Economic and Security Review Commission
Washington, D.C.

The Commission met in Room 418, Russell Senate Office Building at 9:00 a.m., Chairman Carolyn Bartholomew and Vice Chairman Larry M. Wortzel, (Hearing Cochairs), presiding.

**OPENING STATEMENT OF CHAIRMAN CAROLYN
BARTHOLOMEW, HEARING COCHAIR**

CHAIRMAN BARTHOLOMEW: Good morning, everybody, and welcome to the second hearing of the U.S.-China Commission's 2009 reporting cycle. Today we're going to examine China's global military and security activities and their impact on U.S. economic and security interests.

Our purpose is to collect information about the direction of China's military modernization to discern the scope, strategies and intentions of Chinese military activities abroad and to analyze how this experience may affect U.S. security interests in Asia and elsewhere around the world.

As we speak, the U.S. and China are engaged in multilateral anti-piracy operations in the Gulf of Aden. This mission is the first long-term deployment for PLA naval forces outside of China's territorial waters. It is important to understand how this mission reflects the current direction and objectives of the Chinese military and how the experience and capabilities obtained through this mission may be put to use in other scenarios.

The panels in this hearing will look at the strategic orientation of the People's Liberation Army, the PLA, and other security forces in China, the influence of Chinese security activities abroad, and the

operations in which PLA forces are engaged.

I hope that the testimony will provide the Commission with an understanding of the trends of China's military activities around the world and offer suggestions for the diplomatic and military tools the U.S. can best use to ensure the protection of its interests around the globe.

To help us understand these issues, we will be joined by a number of expert witnesses from the government, academia and the private sector. We are particularly pleased to welcome two representatives from the administration today, Mr. John Norris, Deputy Assistant Secretary of State for East Asia and Pacific Affairs, and Mr. David Sedney, Deputy Assistant Secretary of Defense for East Asian Affairs.

We are especially grateful that Deputy Assistant Secretary Sedney could participate given his recent return from the Defense Policy Coordination Talks in Beijing. I'm not sure when he got back, but I suspect--

MR. SEDNEY: Last night.

CHAIRMAN BARTHOLOMEW: Last night. Additionally, on behalf of the U.S.-China Commission, I would like to thank the Veterans Affairs Committee for the use of this hearing room today. In particular, we thank Chairman Akaka and the staff of the Committee, including Matt Lawrence and Kelly Fado, for all of their assistance preparing the room for this hearing.

The Commission's Vice Chairman, Larry Wortzel, is serving with me as the Hearing Co-Chair and has opening remarks. Once again, I welcome all of you to this hearing, and I now turn to Vice Chairman Wortzel for his opening statement.

OPENING STATEMENT OF VICE CHAIRMAN LARRY M. WORTZEL, HEARING COCHAIR

VICE CHAIRMAN WORTZEL: Thank you, Chairman Bartholomew.

I want to extend my welcome to Mr. Norris and Mr. Sedney and the guests we have here today. In 2004, President and Chairman of the Communist Party Central Military Commission Hu Jintao articulated a new set of four historic missions for the People's Liberation Army.

These missions included safeguarding China's expanding national interests and helping ensure world peace.

Today, with the Gulf of Aden mission, we're seeing China's armed forces reach further from China's territory and territorial waters than ever before in pursuit of China's national interests.

It's vitally important for the U.S. government and military to

observe these activities and analyze their impact on U.S. interests and our ability to protect them, as well as on the development of China's military capabilities and the consequent implications for American security.

China is demonstrating that it will protect its global economic interests through diplomacy and, when necessary, military power.

In doing so, it has assumed broad international responsibilities in keeping open critical sea lines of communication.

The PLA Navy has entered into coordinating relationships with navies of other countries fighting piracy in the Gulf of Aden. The diversification of the PLA's activities means that it must interact more with other militaries than it has really done before, and that's an important contribution to global security that may also serve to build confidence in how China will adapt to its growing international role.

The PLA's involvement in international security affairs is expanding, and this hearing will examine where they're going, what they're doing, and why they're doing it.

I hope the hearing will provide information about China's new military objectives and activities and identify how these activities affect U.S. security interests around the world, including counterterrorism and peace-building.

I thank you, Madam Chairman, and I thank our witnesses for being here today. We look forward to your statements and our subsequent discussions with you.

Please give a seven-minute oral statement and then we'll move around for questions and answers. Your written submissions will go into the record, and don't forget to turn your mics on. Go ahead.

PANEL I: ADMINISTRATION PERSPECTIVE

STATEMENT OF THE HONORABLE JOHN J. NORRIS DEPUTY ASSISTANT SECRETARY OF STATE FOR EAST ASIAN AND PACIFIC AFFAIRS, WASHINGTON, DC

MR. NORRIS: Okay. Great. Well, I'll go first. Madam Chairman, Mr. Vice Chairman, members of the Commission, I very much appreciate the opportunity to join you today for this session on "China's Military and Security Activities Abroad."

My colleague, Deputy Assistant Secretary Sedney's statement addresses specific questions that the Commission is going to be considering today. I'd like to use my time to supplement that statement with a brief discussion of the overall policy context in which we evaluate China's foreign and security policies.

In recent years, the indicators of China's national power have

climbed, as this Commission well knows. China now has the world's third-largest economy, and is the world's second-largest exporter. Its strategic interests have expanded, its influence has spread, and its global impact has grown apace.

As China's wealth and influence have expanded, its relevance to a variety of global and regional issues has also increased, and we intend to devote our time and energy to seeking positive and cooperative relations with China as such a complex and comprehensive relationship merits.

As Secretary Clinton said in her remarks to the Asia Society on February 13, a positive cooperative relationship with China is essential to peace and prosperity, not only in the Asia Pacific region but worldwide.

We have deep disagreements with the Chinese on some issues, such as human rights, and as we continue to work towards resolving or narrowing such differences, we aim to pursue progress on common strategic challenges where we see stronger possibilities for broader cooperation.

Secretary Clinton's itinerary for her first overseas trip from February 15 through the 22 set our China policy within an important overall context. The United States is a Pacific power that intends to deepen its relationships across Asia with old friends and emerging powers.

Our strong alliances form the bedrock of our Asia security policy, and indeed our engagement with China is buttressed and made more effective by the close alliances and long ties that we have in East Asia.

In her meetings with Chinese officials, the Secretary addressed our top foreign policy priorities, starting with the global financial crisis. The United States and China agreed to continue close collaboration, and we must look to each other to take on leadership roles in designing and implementing a coordinated global response to stabilize the global economy and begin recovery.

The Secretary also raised a wide range of security issues including North Korea, Iran, Afghanistan and Pakistan, and she highlighted our desire to advance global counterterrorism efforts, to pursue arms control, and to stem the spread of weapons of mass destruction.

On all of these issues, we share common interests with China, and we should look increasingly to act in concert.

The Secretary committed to devoting new effort to addressing the problem of global climate change. It's clear that China will need to be part of the solution. Collaboration on clean energy and greater energy efficiency offers a real opportunity to deepen the overall U.S.-

China relationship.

The Secretary and Foreign Minister Yang agreed that the United States and China have a common interest in promoting consensus at the climate change talks to be held in Copenhagen this December, and they agreed to expand our existing cooperation to develop and deploy clean energy technologies designed to speed our transformation to low-carbon economies.

Finally, the Secretary expressed our hope for further improvements in relations across the Taiwan Strait.

We believe that maintaining a steady engagement on defense and security issues is essential to building trust and expanding cooperation on all of the issues I've enumerated above.

We have differences with some key elements of China's security policy including its conduct of trade, including arms trade, with problem regimes, as well as a lack of transparency about its military modernization. We meanwhile will continue to abide by our obligations under the Taiwan Relations Act and make available arms for Taiwan to maintain a sufficient self-defense capability.

Where we have differences, we will continue to make our viewpoints on such matters clear to the PRC and, of course, we will always defend our interests.

In closing, let me say that we believe China can play a helpful role in resolving key challenges which, if left unaddressed, have negative implications not just for the United States but for China and the world. This openness to cooperation will characterize the administration's policy toward China.

Thank you very much.

[The statement follows:]

**Prepared Statement of the Honorable John J. Norris
Deputy Assistant Secretary of State for East Asian and Pacific
Affairs, Washington, DC**

Madame Chairman, Mr. Vice Chairman, members of the Commission, I appreciate the opportunity to join you today for this session on China's Military and Security Activities Abroad. Deputy Assistant Secretary Sedney's statement addresses specific questions that the Commission will be considering today. I would like to supplement that statement with a brief discussion of the overall policy context in which we evaluate China's foreign and security policies.

In recent years the indicators of Chinese national power have climbed. China now has the world's third largest economy and is the world's second largest exporter. Its strategic interests have expanded, its influence has spread, and its global impact has grown apace. China is now also the world's largest emitter of greenhouse gases. As China's wealth and influence have expanded, its relevance to a variety of global and regional issues has also increased, and we intend to devote our time and energy to seeking positive and cooperative relations with China as such a complex and comprehensive relationship merits. As the Secretary said in her remarks to the Asia Society on February 13 and underscored throughout her Asian

trip, a positive, cooperative relationship with China is essential to peace and prosperity not only in the Asia-Pacific region, but worldwide.

We have deep disagreements with the Chinese on some issues, such as human rights, Tibet, religious freedom, and freedom of expression. As Secretary Clinton said during her recent trip, the promotion of human rights is an essential aspect of our global foreign policy. We will explore multiple approaches beyond governments alone by reaching out to NGOs, businesses, religious leaders, schools, universities, as well as individual citizens, all of whom can play vital roles in creating a world where human rights are accepted, respected, and protected. As we continue to work toward resolving or narrowing such differences, we aim to pursue progress on common strategic challenges where we see a stronger platform for broader cooperation.

Secretary Clinton's itinerary for her first overseas trip from February 15 through February 22 set our China policy within an important overall context. The United States is a Pacific power that intends to deepen our relationships across Asia with old friends and emerging powers. Our strong alliances form the bedrock of our Asian security policy, and indeed, our engagement with China is buttressed and made more effective by the close alliances and long ties we have in East Asia.

In her meetings with Chinese officials, the Secretary addressed our top foreign policy priorities, starting with the global financial crisis. It is not just an American crisis. Its repercussions are also being felt acutely in China and around the world. A recent Chinese Government survey reported that 20 million of the nation's 130 million migrant workers are now unemployed. The United States and China agreed to continue close collaboration in addressing the global financial crisis. We must look to each other to take on leadership roles in designing and implementing a coordinated global response to stabilize the global economy and begin recovery. The Secretary invited Foreign Minister Yang to visit Washington in March to work with us to prepare for the April 2 London Summit on the global financial crisis.

The Secretary also raised a wide range of security issues, starting with the need to strengthen our efforts to address Asia's common security threats. We will need to continue working together to address North Korea's nuclear program, the most acute challenge to stability in Northeast Asia. The Obama Administration is committed to achieving the verifiable denuclearization of the Korean Peninsula in a peaceful manner, working through the Six-Party Talks, and the Secretary discussed with Chinese officials how best to move the current denuclearization process forward.

China is a member of the P5+1 group engaged in efforts to forestall Iran's development of a nuclear weapons program, and we are looking for China to take further actions that support our objective of persuading Iran through diplomatic means to adhere to its obligations to the international community. We will also look to China to keep the pressure on Iran should it backslide or be unresponsive. The Secretary highlighted our desire to work together to combat extremism and promote stability in Afghanistan and Pakistan, to advance global counterterrorism efforts, and to pursue arms control and stem the spread of weapons of mass destruction. On all of these issues, we share a common interest, and we should look increasingly to act in concert.

During her Asia visit, the Secretary committed to devoting new effort to facing up to the problem of global climate change. While each of the countries she visited has a role to play in this effort, it is clear that China will need to be part of the solution. Collaboration on clean energy and greater energy efficiency also offers a real opportunity to deepen the overall U.S.-China relationship. The Secretary and Foreign Minister Yang agreed that the United States and China have a common interest in promoting consensus at the climate change talks to be held in Copenhagen this December, and they agreed to expand our existing cooperation to develop and deploy clean energy technologies designed to speed our transformation to low-carbon economies. We will hold regular consultations between senior officials in our governments on all elements of this broad collaboration.

Finally, the Secretary expressed our hope for further improvements in relations across the Taiwan Strait.

Relevant to this commission's inquiry is the state of bilateral military-to-military discussions with

China, and I'm sure that my colleague Mr. Sedney will offer more detail, as he has just returned from talks in Beijing last week. We believe that maintaining a steady engagement on defense and security issues is essential to building trust and expanding cooperation on all of the issues I have enumerated above. We have differences with some key elements of China's security policy, including its conduct of trade, including arms trade with irresponsible regimes, as well as a lack of transparency about its military modernization. We meanwhile will continue to abide by our obligation under the Taiwan Relations Act to make available arms for Taiwan to maintain a sufficient self-defense capability.

Where we have differences, we will continue to make our viewpoint on such matters clear to the PRC, and we of course will defend our interests. But we cannot define our bilateral relationship on our differences to the detriment of possible progress on key U.S. priorities.

We believe China can play a helpful role in resolving key challenges, which, if left unaddressed, have negative implications not just for the United States, but for China and the world. This openness to cooperation will characterize the Administration's policy toward China.

CHAIRMAN BARTHOLOMEW: Secretary Sedney.

**STATEMENT OF THE HONORABLE DAVID S. SEDNEY
DEPUTY ASSISTANT SECRETARY OF DEFENSE FOR EAST
ASIA, U.S. DEPARTMENT OF DEFENSE, WASHINGTON, DC**

MR. SEDNEY: Thank you very much. It's a pleasure to be back here with the Commission again. Certainly I want to take an opportunity to thank you, Chairman Bartholomew and Vice Chairman Wortzel, for not just holding these hearings but for I think the very useful exchange of views which we'll have in the question and answer period.

I do have a fairly extensive written statement that I would urge the members of the committee to pay attention to because it's a fully cleared interagency statement of U.S. policies on the issues and answers a number of the specific questions that you've asked.

I'll skim through that. I won't be able to cover the whole thing in the seven minutes, but I think it's a serious good-faith effort to address some of the questions. Actually we're trying to address all the questions that you raised in advance and look forward to your questions about that.

As you mentioned, I am just back from a couple days in Beijing, Friday and Saturday, with the Chinese on our Defense Policy Coordination Talks but also on Sunday and Monday with our allies in Korea in Seoul on our strategic talks with our Korean allies as well.

So I'm happy to be able to be here for this. The question, of course, of our overall relationship with China and our military-to-military relationship with China is an area that I would very much want to second what my colleague, Mr. Norris, just said. It's not defined by our differences, but it's defined by our common interests, areas where we can work together jointly to effectively address common problems, and working towards this end, not just an openness

to this but a sincere effort to do so was what characterized the Defense Policy Coordination Talks discussions that I had with the Chinese in Beijing.

We talked about the piracy issues, the counter-piracy issues that you mentioned, Madam Chairman. We talked about some of the strategic issues that Vice Chairman Wortzel raised. We talked about areas such as Pakistan and Afghanistan where we both face some very challenging problems.

As Mr. Norris said, we expect--it's not surprising--we predicted it both in our China Military Power report, you on the Commission have held extensive hearings over the years predicting that China's interests will continue to expand, and they have, and we're seeing the impact of that now, and that's normal, that's natural, and we welcome that.

China will play a greater role including militarily around the world, and we in this administration, in the Obama administration, seek a positive and cooperative relationship with China, and the rise of a stable, prosperous and peaceful China, participating in the international system is exactly the objective that we share, not just with China, but with every other country in the world.

We're not interested in containing China. In fact, we've done exactly the opposite over the past 30 years. We've done a lot to allow China--"allow" is the wrong word. I apologize. We've done a lot to facilitate, to work with other parts of the international community to encourage China's development and integration into the international system.

It's true, as many analysts have pointed out, that sometimes the rise of major powers, the rise of new powers, has resulted in violence and instability, but with China, that has not been the case so far. And we don't expect it to be the case.

There have been cases where new powers have arisen without violence and instability, where they have been able to work within existing relationships and expand, develop and change those relationships, but not do so in a destabilizing way.

And the work that we're doing in the U.S. government and in the U.S. military is to find ways to ensure that global institutions are flexible enough to accommodate the expectations and needs of a rising power while at the same time ensuring that the vision, the values, the interests of the United States are advanced and protected.

The rise of the Chinese economy and the concomitant need for such things as access to natural resources, the need for trade routes that are accessible and secure, the use of military trade and military exchange to buttress diplomacy, and a desire to play a balancing role with the other actors whether they're large ones such as the United

States or smaller regional ones. These are all normal and natural parts of international diplomacy, normal and natural parts of the kinds of activities that not just the United States and China, but all countries, practice.

The question for us, of course, is how does that play out regarding United States' interests, and specifically for the U.S. military, for the Department of Defense, how does that affect our mission to protect the interests and advance the national security interests of the United States and the people of the United States?

We're watching a PLA that's evolving; it's changing. And Vice Chairman Wortzel, my statement mentions also the new historic missions that Hu Jintao has referred to. And much of what I just said is exactly applicable to that.

The way the PLA is acting right now has many areas that lead us for hope that this cooperative engagement that advances common goals is the direction they will go. There are also certain areas where we seek more transparency, where we continue to have questions and concerns, and where dialogue with China and the ability to have effective communication is paramount.

And that was a big part of my message in the Defense Policy Coordination Talks last week, that it is not just useful, it's not just important, for China and the U.S. to discuss these kinds of security issues, including with the PLA, it's vital for both of our countries that we do so, and it's vital for the rest of the world.

We are looking at this in the hearing today at your request, Madam Chairman, from both a regional and global perspective. And in my detailed testimony, we talk about some of the questions that you raise regarding China's activities around the world, in Asia and elsewhere.

In Asia, we see China being more active in every sphere, whether it's economic, military, social, cultural. The Chinese are more active across the board, and they're more active in every country and in every region, every subregion of Asia.

And that's something that is broadly welcomed by the countries of South and Southeast Asia, and other countries of Asia, but it sometimes also gives rise to some concern. There are some people who have posited that the U.S. is somehow withdrawing from these areas. I can assure you that is absolutely not the truth. It doesn't matter whether it's Southeast Asia, South Asia, Central Asia, the United States is not only not withdrawing, we are increasing our engagement in these areas, certainly in areas outside the military areas, but also in the military-to-military areas.

The regular visits of Secretary Gates to Asia, his participation in the Shangri-La Forum, the intense engagements that we have with the

militaries of this region, are all signs that the United States is, as I said, very actively engaged and increasing our commitment to work in these areas. China is doing the same.

Does this mean we have to come into conflict? Absolutely not. Does it offer an opportunity for us to work on common problems, common concerns, common interests? Absolutely it does. Is any one outcome assured? Absolutely not. It's going to depend on how we act, how the Chinese act, how the various regional international players act.

But it's an area where we are paying a great deal of attention. Certainly China's military sales. The largest recipient of China's military sales is Pakistan. Pakistan is also a country that we are paying special attention to now in this administration. President Obama has ordered a strategic review of our overall policy towards Pakistan and Afghanistan, and that review is ongoing.

Certainly China with its interests, its long history with Pakistan, and the extensive military relations it has, including not just the trade relationship but extensive exchanges, military training, China is very much involved in Pakistan. China and Pakistan share a common border. If things become problematic in Pakistan, China's interests will certainly be affected.

These are all areas where we need not just to discuss with China but we need to see if there are areas where we can have common approaches.

Similarly, in the Middle East, China has long historic relations with a number of countries, from Egypt to Saudi Arabia, Iran and Turkey. The area that I mentioned before in my testimony here before this Commission of Iran continues to be an area of concern. China's shipment of conventional arms to Iran, a country from whom we continue to see evidence that it supports terrorists' and extremists' movements in other countries such as Lebanon, Iraq and Afghanistan is a continuing concern.

We hope that the Chinese are not just aware of this but are taking steps to ensure that as a responsible actor, they do not export conventional arms to Iran when Iran continues to supply arms to such extremist groups.

We are closely monitoring the situation regarding these conventional arms shipments, and we communicate directly with the Chinese when we believe that these kinds of business dealings with Iran are counterproductive to regional security.

In Africa--and I apologize for going over a bit. I'll try and get through quickly so that we can get to questions. In Africa, we and China should not be competing in Africa. The intention in the United States is not to compete in Africa. Africa doesn't need competition. It

doesn't need a replay of the Cold War. What Africa needs is a wide variety of actors, including the United States, including China, to work with the African countries to provide the kind of security assistance that helps stabilize Africa, that helps enable African countries to develop, to grow, to become contributing parts to the international community.

It's an interest that we share. It's an area we've had some preliminary discussions with the Chinese. We plan to continue those discussions. We hope we'll continue those discussions and see areas where we and the PLA can work together to develop security in ways that are positive for the nations of Africa, for the people of Africa.

We certainly welcome, and we'll discuss more, I'm sure, in the question area, the dispatch of the PLA Navy ships to the Gulf of Aden to participate in counter-piracy operations off the Horn of Africa. It was a big topic of our discussions in Beijing last week. We had a participant there from the Central Command. The Chinese presence there so far has been very, very positive. Not only are they protecting Chinese ships, but they are also taking actions which have been helpful to other countries.

Just last week, they took actions that helped a Greek ship. Their cooperation and coordination with other navies including ours has been very professional and very positive. We have invited them to increase that cooperation and coordination over the time they've been there. We've seen an increase in the effectiveness of that coordination, and we look forward to it increasing even more.

China is not the only country that is there in a unilateral way. A number of other countries are, and we would certainly judge that China is participating in a way that compares very favorably with those other nations in terms of the quality and level of its cooperation.

I would like to say a couple of words about Latin America. China's activities, military-to-military activities, in Latin America have gotten a fair amount of press. We see this as having started from a small baseline and growing at a modest pace, certainly concomitant with its economic interests in the area.

We see China actually working actively not to antagonize the United States by providing military hardware to sensitive countries there, but we do see that China is looking to expand its influence by using military relations, both military sales, military exchanges, military training, where it can benefit without instigating undue pressure from Washington, in their eyes, undue pressure.

It's clear both from what they're doing and from their public policy statements that the Chinese will continue to look for areas in Latin America where they can increase their efforts.

Finally, you asked about the issue of nontraditional security

cooperation, and I'll have to confess that for me, the concept of nontraditional versus traditional security cooperation is something that's very elastic. Areas that some people define as nontraditional such as search and rescue, disaster relief, military medical cooperation, and cooperation on achieving a full accounting of Americans missing from past conflicts, are part of the ongoing relationship, I might define as traditional. Other people might call them nontraditional.

And we certainly report on all those kind of exchanges with the Chinese. But if I've not addressed that issue sufficiently in my written testimony, please raise concerns about specific activities as we continue.

I think again, as I've said before, that the military-to-military relationship with China is both very important and to use--maybe this is not a good analogy to use at this time--the financial ones, underperforming.

Given the potential, given the needs, neither we nor the Chinese are getting out of that relationship what we should. In order to carry out mutual responsibilities, first of all, to our own countries and people, but also to the rest of the world, we both need to do a better job in developing the military-to-military relationship.

I think we've made some progress in recent years, but it's been too modest, too incremental, and that's one of the points I made when I was in Beijing last week.

I look forward very much to your questions, to further exploring this, and I especially look forward to working with the members of the Commission in this area because I know that your role, not just your role in holding hearings, but your role in visiting, your role in talking to people in China and the rest of the world about this important subject are very positive.

I guess that means I've really gone over time.

CHAIRMAN BARTHOLOMEW: That's right. We have this rigged. Thank you very much.

MR. SEDNEY: Okay. Thank you.

[The statement follows:]

**Prepared Statement of The Honorable David S. Sedney
Deputy Assistant Secretary of Defense for East Asia
Washington, DC**

Madam Chairman, Mr. Vice Chairman, members of the Commission, I thank you for inviting me to appear before you today to address a range of topics related to our views on the foreign activities of the Chinese People's Liberation Army (PLA) and on U.S.-China military-to-military exchanges. I commend the Commission for its continued interest in these topics. I am pleased to report that I just last night returned

from a trip to Asia where we formally re-started our military-to-military exchanges with China, as Secretary Clinton had announced the week before during her visit to China. I will try to keep my oral remarks brief so I can reserve more time for your questions, as I always learn a great deal from our dialogues here.

As China emerges as a power with global ambitions, it is natural, indeed expected that its military and security activities abroad will expand consistent with its capacities and strategic aims. As President Obama and Secretary Clinton have told the Chinese leadership, this administration seeks a positive and cooperative relationship with China. The United States welcomes the rise of a stable, peaceful, and prosperous China, and continues to encourage China to participate responsibly in the international system by supporting, strengthening and stabilizing the global security architecture that it has benefitted from during its economic rise. Far from seeking to contain China, U.S. policy has been one of actively involving China in the international community of nations, and in this regard the United States has done much over the last 30 years to assist, facilitate, and encourage China's development and integration in the global system. This policy is not only in accordance with our values, but also, more importantly, in our national interest. While it is an historical fact that the rise of major powers has, in some cases, been fraught with violence and instability, with China that has not been the case. The mutual challenge that the United States and China face, along with the international community, is to ensure that global institutions are flexible enough to accommodate the expectations and needs of rising powers such as China. In this context, my testimony today will offer some perspectives on China's growing global military engagement and its implications both for the U.S.-China relationship in particular, and global security more generally.

Global Security Engagement as a Component of China's Long-Term Interests

I would like to highlight what I see as some of the reasons we see a rising China profile in global security issues. First, however, I would like to note that as China's economy grows and its society has moved away from its past isolation and lack of development, it is only natural that a country as large as China with such a wide range of economic and political interests around the world will also become involved in global military and security affairs. That has happened today. China and the United States are both countries with global interests and who need to work jointly to address common concerns. With Secretary Clinton's trip to Asia last month and upcoming opportunities for us to engage at the Presidential-level and at lower levels, we have the opportunity to take the significant progress we have made over the past thirty years and move forward to a new level of cooperation that is beneficial to the United States, to China, the Asia-Pacific region, and the world.

Some of the drivers and characteristics of China's actions are identical, or nearly so, to those associated with other nations, including the United States:

- a need to ensure access to natural resources;
- a need to be sure that routes for exports are stable and secure;
- the use of military trade and exchanges to supplement diplomacy;
- a desire to balance the influence or perceived dominance of other powerful actors; and,
- to satisfy the desire of the Chinese people for a government that protects Chinese citizens and interests abroad and that can enhance China's prestige on the world stage.

In recent years, the PLA has embarked on a transformation from a force that focused principally on domestic response and preparing for what it considers local contingencies (such as a possible conflict over Taiwan) into a more expanded set of roles that encompass a wide range of missions and activities. A key element of these changes, part of what Hu Jintao has referred to as the PLA's "new historical missions," is a more prominent role for the PLA in support of China's broader national security interests. Some examples:

- More robust participation in U.N. peacekeeping missions and international disaster relief efforts;

- Engagement for the first time in anti-piracy efforts outside of their traditional area of operations, an extremely important effort and possibly a signal of a greater willingness on the part of China to contribute cooperatively to the international communities' responsibilities in addressing transnational threats; and,
- Increasing use and expansion of the PLA's bilateral military-to-military activities. These include high-level military diplomacy, military exchanges, the defense attaché program, foreign professional military education (PME) programs, military exercises, and, of course, arms sales – the same tool kit that the United States and others use to advance our interests abroad.

While supporting China's strategy in the long term, these activities are also meant in the short term to: build diplomatic relationships; enhance China's image and influence; promote the PRC's economic development, to include commercial and defense industries; and improve the PLA's operational capabilities.

The PLA's expansion of its military and security activities abroad poses both challenges and opportunities for countries around the world, including the United States. We need to work with China whenever we can jointly to address security issues of mutual concern. One way to mitigate against future instability or conflict is to develop common understandings and, where possible, common approaches. Our relations with allies, partners and friends, particularly in Asia, have been enabled by shared values with respect to democracy, rule of law, and good governance, but we also have a long tradition of developing important partnerships based on common interest. As China continues its path of political, economic and social development, we hope to nurture areas in which both our values and interests intersect.

Realizing greater openness and transparency in the conduct of China's foreign security engagement activities is an area where we have seen some progress, but we still have a way to go. Ongoing dialogues that we have initiated with the Chinese may help identify additional areas of common understanding and interest. The PLA's efforts to take on greater responsibility in the global security arena will create new opportunities for U.S.-China cooperation – through such cooperation our primary objectives would be to encourage China to apply its increasing capacities in the service of broadly held international security concerns such as counter-terrorism, counter-proliferation, and counter-piracy. Neither the United States nor China has an interest in actions that disturb stability, disrupt security, or endanger others.

The United States-China Military-to-Military Relationship

The Secretary of Defense places a high priority on the U.S.-China military-to-military relationship. The U.S.-China military-to-military relationship continues to make progress, but as the Members of the Commission know so well, it has been challenging over the years with ups, downs, and sometimes sideways movement. I view as positive that we and the Chinese have agreed to resume our military-to-military exchanges following China's decision last year to cancel or suspend ten events in response to the U.S. notification of arms sales to Taiwan in October 2008. Prior to this, military relations had been progressing steadily, and were marked by significant, positive developments. The U.S.-PRC Defense Telephone link was established in March 2008 and has been used three times since; the first round of a nuclear dialogue was held in April; and a series of high-level defense meetings took place in the spring and summer of 2008.

In his January 28 testimony to the Senate and House Armed Services Committees, Secretary Gates indicated that the time was ripe to reinvigorate the military-to military relationship: "a new administration here, a fresh start, perhaps creates opportunities to reopen the aperture on military-to-military contacts." The Chinese agreed, as Secretary Clinton announced last month, and I can report we are moving forward in a number of areas: my talks on February 27-28, the Chinese observership in COBRA GOLD, and other exchange activities that have already taken place this year.

As I just indicated, on February 27-28 I held the annual Defense Policy Coordination Talks (DPCT) with the People's Liberation Army in Beijing. These talks were the first formal dialogue with the PLA under the new administration, and furthered the dialogue with the PRC on areas of mutual interest. This year's DPCT addressed the U.S.-China military-to-military relationship, challenges to regional and global security, and potential areas for expanding cooperation between the two militaries.

I am aware that U.S.-China counter-terrorism cooperation is a particular topic of interest to the Committee. Counter-terrorism, by its very nature, requires a holistic, inter-agency strategy, of which the military aspect is only one component. The U.S. Government engages China on counter-terrorism, and we hope to take advantage of future opportunities to work with the PLA on counter-terrorism, as they become available.

Region-by-Region Overview

China's Military Engagement in Asia

Asia is, for obvious reasons, the top strategic priority for China. In Southeast Asia, China's objectives appear primarily to be to promote its economic interests, mitigate suspicions of its intentions, extend regional influence, and balance and compete for influence with the United States and other regional players. Although secondary to its economic engagement agenda, China's military engagement with Southeast Asia is increasing, initially on disaster relief. Engagement with ASEAN has been a high priority, but China has also been seeking bilateral military engagement opportunities with all Southeast Asian nations.

According to the Defense Intelligence Agency, Burma accounted for four percent total revenue of China's arms sales worldwide from 2003-2007. Given the repressive nature of the military junta that rules Burma, this remains an issue of concern for us. We note that the Chinese did act to facilitate international community's effort to get the Burmese government to accept international humanitarian relief assistance in the aftermath of Cyclone Nargis in May 2008.

In South Asia, China has active military relations with countries such as Bangladesh and Sri Lanka, and uses arms sales, military exchanges, and other interactions to buttress and amplify its diplomatic and commercial engagement.

Pakistan is China's largest market for the export of Chinese-manufactured arms and military equipment. China's military-technical cooperation with Pakistan includes both arms sales and defense industrial cooperation. Pakistan is China's primary customer for conventional weapons, having signed over \$2 billion in defense contracts with China from 2004-2008. Recent sales to Islamabad have included JF-17 aircraft, JF-17 production facilities, F-22P frigates with helicopters, K-8 jet trainers, multiple rocket launchers, F-7 aircraft and artillery. The depth of the China-Pakistan relationship has likely yielded China a measure of influence with Pakistan's military and security services.

The focus of China's engagement in Central Asia remains economic; that being said, China's military engagement in Central Asia has been slowly increasing. Most of it occurs on a bilateral basis, but some limited multilateral military engagements also take place by means of the Shanghai Cooperation Organization. As China explores future options for benefitting from the East-West energy corridor, changing energy dynamics may also affect the sensitive balance of defense relationships currently in place between China, the Central Asian nations, and Russia.

Chinese Arms Sales in the Middle East

China has longstanding military relationships with Middle East countries going back decades. China's

dependence on imported oil – Persian Gulf countries provide approximately half of China’s oil imports – has increasingly added the driver of energy security to the reasons why China engages in the Middle East. Arms sales agreements with Saudi Arabia, Iran, Turkey and Egypt are prime examples. China signed arms agreements worth approximately \$400 million each with Saudi Arabia and Iran from 2004-2008.

Chinese arms sales to Iran is an issue that requires continued attention and dialogue. There have been several moves in the right direction, such as China’s support for UN Security Council Resolutions 1737, 1747, and 1803. Broader improvement in China’s non-proliferation efforts to promulgate export control laws and regulations, strengthen oversight mechanisms, and commit to respecting multilateral arms export control lists has also had a positive impact vis-à-vis Iran. There remains more for China to do to curtail its arms relationship with Iran, particularly with respect to transfers of conventional weapons and dual-use technology. We believe that China, as a responsible international actor, should not be exporting conventional arms to Iran when Iran continues to supply arms to extremist groups in countries on its borders. This volatile region and these dangerous groups need fewer weapons, not more. We continue to closely monitor and track this issue, and to communicate to the Chinese that we believe that recent business dealings with Iran are counterproductive to regional stability.

China’s Security Engagement in Africa

Over the past decade, the PRC has expanded existing military relationships in Africa, relationships that formed when China was working to support national liberation movements, lessen Soviet influence in the developing world, and advance its own ideology, but that have today moved to a focus on developing relationships that advance China’s commercial and diplomatic interests, especially with the region’s energy and natural resource suppliers. Contrary to some who see a zero-sum U.S.-China competition on the African continent, there is no reason why a military or security competition should evolve between the United States and China in Africa. We have common interests in peace, stability and, most importantly, economic development in Africa. The United States certainly does not want to dominate or control African countries, and China has not pursued military activities in Africa that would bring them into conflict with us. This is an area where we can and should work together.

Within the security realm, there are many areas where U.S. and Chinese interests in Africa coincide, and potential opportunities for increased collaboration and cooperation exist. Both the U.S. and China have an interest in secure, stable African nations, because security and longer-term stability are required for sustained trade and future investment. The recent creation of U.S. Africa Command (AFRICOM) provides opportunities for DoD to dialogue, coordinate and cooperate more effectively with the PLA on African security concerns. The Department of Defense briefed the Chinese on AFRICOM at last year’s DPCT, and looks forward to exploring further opportunities with the Chinese. We are also encouraged by China’s growing contributions to UN-sponsored peace operations, and hope that this trend will continue, as it could have positive implications for future African peacekeeping missions.

We welcome the PLA Navy’s initiative in sending a three-ship contingent to the Gulf of Aden to conduct escort and counter-piracy operations. While the focus of the development is to escort Chinese merchant vessels, the task group has also successfully intervened on behalf of a Greek and, most recently, an Italian vessel being stalked by pirates. This significant deployment, which has been on station since January 6th, is the first time that China’s Navy has been dispatched for a functional mission outside of the East and South China Seas, aside from good-will cruises port calls. We are working to better integrate China in the multi-lateral counter-piracy efforts in the region. This is a topic we explored in some detail in our talks last week.

China has been proactive in pursuing a variety of avenues of military-to-military engagement with African partners. The PLA has already developed a robust program of foreign professional military education and military exchanges in Africa that have provided enrichment opportunities to thousands of African military

officers. In addition, the PLA has provided assistance in demining efforts in Eritrea. We encourage such efforts to build sustainable security capacity on the African continent, but would appreciate greater transparency and coordination by the PRC as they conduct these activities.

We continue to discourage China from selling arms to Sudan and Zimbabwe. The PRC government has at times used its influence with the Sudanese government to address Darfur, yet has also continued to provide political support to Khartoum. Between 2004 and 2006, China made up an average of 90 percent of the world's small arms sales to Sudan. UN Security Council resolutions 1556 (2004) and 1591 (2005) aim to prevent the transfer of arms to Darfur, and we are concerned with the possibility that some Chinese-made arms are being used by Khartoum against civilians in Darfur.

We also are concerned about past Chinese arms sales to Zimbabwe, which strengthened President Mugabe's ZANU-PF party as it waged a violent campaign of intimidation against pro-democracy advocates. In March 2008, South African dockworkers refused to unload a PRC cargo ship carrying 70 tons of small arms and ammunition designed to support President Mugabe's regime. The ship eventually was compelled to return the military cargo back to China. As China sees the consequences of such activity, it will come to realize the value of more constructive approaches to improving the political and economic situation in Zimbabwe. We hope to see China's positive contributions as the ZANU-PF—MDC power-sharing agreement moves forward.

China's Security Engagement in Latin America

China's military engagement with Latin America started from a small baseline and continues to grow at a modest pace. China's military relationships in Latin America advance its growing economic interests in the region, as well as support its diplomatic interests. China not only views military engagement – including military equipment sales – as secondary in importance to economic ties and other aims, such as support in the United Nations. China also wants to avoid directly antagonizing the U.S. by providing military hardware to sensitive Latin American states. We believe that China will sell equipment in Latin America if it judges that it can benefit without instigating undue pressure from Washington. The PRC issued a Latin America policy paper in November 2008 stating that China will continue to look to the region for military exchanges in areas of training and information sharing, particularly in order to confront nontraditional security threats. We hope that Chinese military engagement in Latin America will promote stability and security, in accordance with U.S. interests in the region.

Finally, the Commission asked for information on China's non-traditional security cooperation with the United States. I have to confess that the term "non-traditional" is very elastic – I suspect that areas some define as "non-traditional," such as search and rescue and disaster relief, military medical cooperation, and cooperation on achieving a full accounting of U.S. personnel from past conflicts, are areas we define as part of our on-going relationship and are fully listed in our annual, congressionally mandated report on the state of U.S.-China military-to-military contacts and exchanges, due to Congress on March 31 each year. I have copies of last year's report here for you, but in the event that I have not been able to address this issue sufficiently in my written statement, I would be happy to address this issue in greater detail during the question and answer session.

Conclusion

As China becomes an increasingly prominent actor on the global political and economic stage, China's foreign security engagement activities will continue to develop and grow. The United States should take every possible opportunity to work jointly with China to address common interests and encourage China to wield its growing power and resources responsibly. U.S.-China dialogue is crucial to this effort, due to the fragile dynamics of today's economic and security environment. Strategic miscalculations that could

provoke outbreaks of regional or global conflict or instability would be extremely damaging to both China's and our interests.

Our ongoing efforts at strategic dialogue have resulted in some incremental, modest progress. I believe that we have become more successful recently at convincing the Chinese that our concerns are genuine – not simply an excuse to undermine China and its sovereignty, but in fact issues that a responsible world power needs to consider – but, of course, there is still a long way to go.

The increasing importance of international opinion on China's military engagement, and the positive though subtle shifts in Chinese behavior that have resulted, underline for both the United States and China that not only must our relationship not be adversarial, but as Secretary Clinton and Gates have said, it must be positive and cooperative. In today's complex environment, addressing security challenges requires bilateral, regional, and global solutions. Many nations value their partnerships with the U.S. precisely because our actions toward them have resulted in substantial benefits to their economy and security. The U.S. can achieve its security objectives through proactive, continued engagement with our allies, partners, and friends. In this new Administration, we look to a new beginning to strengthen and broaden our relationship with China to our mutual benefit and that of the world at-large.

Panel I: Discussion, Questions and Answers

CHAIRMAN BARTHOLOMEW: And thank you both very much for your service to our nation. I was trying to count up the number of years that combined you guys have put in, which is more than the age of a number of people in this room, but the people of this country have really benefited from your contribution, so thank you very much. And we look forward to many more years of your participation.

Commissioner Reinsch.

COMMISSIONER REINSCH: Not more than my age, I'm sorry to say. This is a rich topic that provides lots of opportunities for questions. Mr. Sedney, let me try to draw you out on a couple statements in your written statement which you elaborated on just a few minutes ago.

The first one was with respect to arms sales to Iran. Just to quote your written statement, which as I said, you elaborated on, we continue "to communicate to the Chinese that we believe that recent business dealings with Iran are counterproductive to regional stability."

What do they say when you communicate that?

MR. SEDNEY: In the discussions that we've had on this, that I've had on this, with the Chinese, they say they take our concerns seriously. They say they have taken actions. They do point out, and they're correct, that there is no international obligation on China to not sell conventional weapons, whether it's bullets, guns, machine guns, all those kinds of things, no international treaty or regime that prevents them from doing so.

So our point to them is this is a matter of behaving responsibly

as a country that has very real concerns about stability in the Middle East and that doing things that enable a country that has taken irresponsible actions in such a volatile region is against our common interest.

When we discuss that with them, they are, of course, very cautious with us not to try and characterize Iran in any way. They have an ongoing relationship with Iran, and they will not, of course, say the kind of publicly critical things that the United States does.

But they do admit that we have a point. I can't go into some of the details in this setting about some of the facts that we know and would be happy to discuss that in the proper setting with members of the Commission. I would say this is an area where we have seen some success, but we have not seen enough.

I think that would be the way I would summarize it, and it is certainly a matter of continuing concern to us.

COMMISSIONER REINSCH: That's very helpful. Thank you.

Later on you say that you're working to better integrate China into multilateral counter-piracy efforts, which I think is an important thing. What does "better integration into a multilateral effort" mean and how multilateral is the effort currently?

MR. SEDNEY: There are several efforts going on in the Gulf of Aden right now. There are unilateral efforts such as the Chinese, the Russians, the Malaysians, the Indians, that are there.

There are joint efforts such as the U.S.-led Combined Task Force 151 that cooperates with a number of other countries. The Europeans have a Combined Task Force of European navies there. And there is a certain level of cooperation. The U.N. has begun a process of trying to work with a broad range of countries to try and have even broader multilateral cooperation.

In terms of our interaction with the Chinese, we've had direct communication between our ships and the Chinese. We are both able to share information about specific activities and make sure we deconflict in areas where you might have ships moving around in the same area.

We have also offered the Chinese greater participation. We have a number of countries that have liaison officers at CTF 151. Should China choose to send a liaison officer there, we think that would be a big step forward. And we discussed all of these issues this--

COMMISSIONER REINSCH: Have they done that yet?

MR. SEDNEY: No, they have not done that yet. But we've had, I would say, reasonably positive discussions along those lines. We've raised this issue in our discussions in Beijing on Friday and Saturday, and the Chinese are taking incremental steps to increase their cooperation there, and they've been very positive.

I need to make sure that I'm careful when I speak with the Navy because I'm not part of the Navy, but I think they're quite pleased so far, and they're looking forward to even greater cooperation.

COMMISSIONER REINSCH: Finally, and I apologize, Mr. Norris, for ignoring you, but someone else will get to you, I'm sure. I think one of the things you didn't mention unless I missed it was Chinese participation in U.N. peacekeeping efforts. Could you make a comment or two about that and assess the quantity and quality of their participation?

MR. SEDNEY: Yes, I think I addressed that briefly in my written testimony, but it's also addressed rather fully in the Chinese White Paper that they issued I think on January 20. There's a whole listing at the back of it in the annex that lists the number of missions that they are, and it's very impressive, the number of missions, the number of troops that they have deployed there.

The Chinese from a situation 20 years ago where they didn't do this at all have become one of the major contributors to a wide range of U.N. peacekeeping missions, and their activities have been very positive.

They integrate well, as I understand from my colleagues who are involved in U.N. peacekeeping missions. There are areas such as Sudan where we, the United States, have urged China to do more because of China's interest and activities in Sudan. We think the Chinese could contribute more.

The Chinese have contributed both to the U.N. forces in Southern Sudan and to the Darfur Force, but we again think they should do more there.

At the same time, it shouldn't surprise anybody that the Chinese are using their efforts in international peacekeeping forces to develop their own capabilities, their ability to operate internationally, their ability to operate with other forces to learn about how other nations operate, and they learn lessons from those.

They are operating in a joint environment, often in complex political situations, and they're able to develop their sophistication. So it is very much a two-way street for the Chinese; they're both contributing to regional and global peace and security and stability, and they're able to develop their military forces' capacity as a result of that engagement in these U.N. activities.

COMMISSIONER REINSCH: Thank you.

CHAIRMAN BARTHOLOMEW: Thank you.

Vice Chairman Wortzel.

VICE CHAIRMAN WORTZEL: I appreciate both of you coming in. It's really great to have you here. This is really the first, at least for us and for many of the people here, exposure to the new

administration, and very important appearances.

I have a question for each of you, but either of you can feel free to respond on either question.

Mr. Norris, when I was active reporting on what was going on in China, there was a fairly serious Pan-Turkic terrorist movement out in western Xinjiang. They were beheading PLA officers and their families that worked at military farms out there. There were bombs going off from time to time in Shiyang, Lanzhou, Tianjin and Beijing.

Does the Chinese government still face as serious, although confined, a terrorist threat out there? Is that stuff still going on? And how do we work with them on it?

Mr. Sedney, one of the quotes I saw out of Beijing talked about non-military cooperation in Afghanistan. In your statement you talk about nontraditional, which I understand very well, and you covered the nontraditional part very well in your oral statement. But, I'd ask you what you meant by non-military or what Mr. Norris might interpret to be non-military cooperation in Afghanistan?

MR. NORRIS: On the question of domestic terrorism in China, yes, it is an issue, and I think the Chinese are concerned about the spillover of terrorism from Afghanistan and Pakistan into their territory, and I think that's one area where we have a common interest.

Of course, and this is something that we have discussed, we have a Counterterrorism Dialogue with the Chinese that met last year, and I think it was the sixth round of talks that we had with them. We were in touch with them in the run-up to the Olympics. There were several incidents in China prior to the Olympics, and so I think we maintain contact with them bilaterally and also multilaterally through the U.N.

I just want to also add that, of course, we're also concerned about using counterterrorism as a means to repress people who are just peacefully expressing their views. Obviously, that's something that we're quite concerned about in our human rights report that just came out within the last few days, mentioned our concerns about the treatment of Uighurs in Xinjiang.

VICE CHAIRMAN WORTZEL: Mr. Sedney.

MR. SEDNEY: Thank you very much.

On the issue of Afghanistan, I'll be happy to discuss that although there are certain parts that are still under--certain parts--the vast bulk of this is under discussion in the strategic review that President Obama has ordered of our policy towards Afghanistan and Pakistan.

In that charge, the President ordered the people on the team, who include Bruce Riedel from the National Security Council, Ambassador Holbrooke in the State Department, and my boss, Under Secretary of Defense for Policy, Michele Flournoy, who was a co-chair of that

group, to examine the full range of possibilities, full range of issues relating to Pakistan and Afghanistan.

In my capacity as a person who is performing the duties of the Assistant Secretary for Asia and Pacific Security Affairs, I'm responsible for Pakistan and Afghanistan, and in that role I've been supporting Under Secretary Flournoy in her role as co-chair of the strategic review.

As I said, it's a broad-ranging thing. The President set us a very aggressive goal of completing that within 60 days which is about two weeks. We're reaching out and discussing the strategic review with all of our friends, partners, allies, and those with interest in this area.

I certainly did discuss the issues of Pakistan and Afghanistan in my talks in China, also my talks in Korea, and there are a number of areas where as we are looking at, where more resources are needed. As you know, President Obama made the decision to deploy 17,700 additional U.S. military to Afghanistan to address the growing security concerns there.

But as the President has said, and as he stated both as President and while he was running for office, the effort in Afghanistan is one that has been under resourced, and from our time there--I visited Afghanistan two-and-a-half weeks ago with Under Secretary Flournoy--the civilian area, the areas of support to the Afghan civilian government, economic assistance, growth in trade, these are areas where there are huge needs in Afghanistan, and all of those who are concerned about Afghanistan, including neighbors such as China, can do more in the civilian area.

We didn't have any specific discussions with the Chinese on that, but I did share those impressions with them, that more needs to be done, but we didn't get any more specific than that.

CHAIRMAN BARTHOLOMEW: Commissioner Wessel.

COMMISSIONER WESSEL: Thank you both for being here, and Mr. Sedney, thank you, having flown back last night, for your ability to be here this morning. So thank you.

I'd like to ask a couple of questions about the transparency issue and from the trip you just returned from. A number of analysts over the last couple of years have been somewhat surprised by developments in China's military capabilities. We now see their participation in the anti-piracy efforts (and is well received). But that would also lead one to think their development of force projection capabilities has expanded somewhat.

We've seen, I think, the number of oilers that their navy has had rising at a fairly dramatic rate. We've seen "string of pearls." We've seen a number of other force projection approaches.

How should we view that? What discussions in your recent visit

have there been with the Chinese about the need to have them further express where they are going to be taking their military, what their intentions are, and how quickly they're going to move towards having a larger international presence?

MR. SEDNEY: Commissioner Wessel, you really, I think, said it better than I can. You've laid out all the issues, or a number of the issues, relating to transparency that do need to be discussed with the Chinese military, with the PLA, and the very topics you've raised are what we have discussed with them over a number of years, and we've certainly had some discussions with them on our recent visit, on my recent visit to China.

I would like to stress that we're not the only ones that do this. This is a concern of other countries in the region, other countries around the world. Just yesterday or actually earlier today, our time, the Chinese announced in the regular National People's Congress presentation their upcoming budget, including their military budget, and they announced an increase of 14.9 percent in their military budget.

That's down from the increase of the year before. The year before, the budget increased 17.6 percent. The year before that 17.8 percent. The year before that I believe it was 14.7 percent. So the increase is less than the increase of last year, but it's still a very large increase. It's still an increase that is larger than the growth in their GDP. It's still an increase that's larger than the growth of their overall budget.

So it's a very large and significant increase. What does that mean? What is it comprised of? What signal is it sending to the rest of us? What does it mean for the actual capabilities that the PLA is acquiring and what do those capabilities mean for our security interests, for the security interests of our friends and allies in the Pacific and for the rest of the world?

I can't answer all those questions, and when we have discussions with our Chinese counterparts, they often criticize our China Military Power report and say that it is misdirected; it is misinformed. It doesn't understand what China is doing. And we say you're right. It doesn't understand. Please tell us more. Help us understand because when we don't understand, when there is a lack of clarity about the purpose of the spending, the content of the spending, the direction towards which the capabilities that they're acquiring, and we don't even know, of course, what all those capabilities are, then that leads to suspicion. That leads to doubt. That leads to concern. That leads to hedging.

We in the United States have to protect our security interests, and if we are concerned about the activities of any country, then we of

course first of all, try and seek clarity, and that's very much what we're trying to do here.

The Chinese have made, and I mentioned earlier the White Paper that they issued on January 20, they've continued to make modest incremental steps in openness and transparency. But do they answer the kinds of questions that you raise, Commissioner, the kinds of questions that I've been raising, we've been raising in our dialogues with the PLA, that we've been raising for quite some time?

Unfortunately, the answer there is no. But, fortunately, I think we were able in the talks last week--and I described those as the most positive that I've had in my 19 years or so of doing this--we see a number of areas of possibility.

I said these were the best, not because they were the most positive and the most friendly. Actually, I've had a lot more superficially friendly discussions with the Chinese military. Commissioner Wortzel, as you've gone to dinner and you raise a glass of Maotai, and you talk all kinds of friendly talk, but at the end you don't end up knowing any more.

I think in our talks last week, and one of the reasons I mentioned the number of hours we spent together, we actually did come to, in some areas, a better understanding of things that are helping to drive and motivate some of what the PLA is doing.

We also, I certainly ended up with a lot more questions, and I look forward to even more in-depth dialogue with them on that. So I can't answer your questions, sir, but I promise you we will continue that effort because it is so important for both of us.

COMMISSIONER WESSEL: Thank you.

CHAIRMAN BARTHOLOMEW: Commissioner Blumenthal.

COMMISSIONER BLUMENTHAL: Thank you both very much for your time here and for your service.

I happen to disagree, Secretary Sedney. After a few glasses of wine with the Chinese, sometimes things do become clearer. I'm going to ask four questions in decreasing order of importance so if you can only get to one or two of them, then go ahead.

The first is in the announcement of an increase in defense spending. You both mentioned that it's only natural for China to grow in its power and ambition. We are in a global recession, and China is suffering quite a bit, and we hear a lot from the Chinese and from others about their problems, a still relatively poor country per GDP per capita, and a lot of health care problems and pension problems.

I don't mean for you to speak for the Chinese--but do you get into discussions with them about why it is that unlike every other country just about, maybe North Korea excepted, including our own country, which has just announced defense budget cuts, why is it that,

even in the global recession, they keep deciding to raise their defense budget when there are so many internal social problems that they keep pointing out to us? That's the first question.

The second question is, and I'm going to put a little bit of a fine point on this just for fun, but we talk a lot with the Chinese and the Chinese mention to us, and Commissioner Wortzel mentioned this, too, about terrorism within China and common security concerns on terrorism. Have the Chinese indicated a willingness to spill a drop of blood or spend a yuan from their currency to join us?

We just announced 17,000 more troops that you mentioned in Afghanistan. Can you ever see a day when they will actually put forces on the ground to join us so we're not the only ones together with our NATO allies and some others fighting terrorists that the Chinese say harm them?

The third question I have is have you actually seen rather than just heard talk of any draw down in military capability opposite the Taiwan Strait given all this talk about reconciliation across the Taiwan Strait?

And the fourth question is do you see a day when China will open up its market to U.S. steel for its aircraft carrier program? That's a joke actually, but anyway I'll take your answers to the questions.

Thank you.

MR. SEDNEY: Thank you very much, Commissioner Blumenthal.

As always, you ask some great questions, and I don't know whether the chairman is going to give me four times the amount of answering time to answer your four questions. I suspect not.

On your first question, which I think is a great question, and in fact is a question that I predicted in our talks on Friday and Saturday would be asked in my discussions with the Chinese. Of course we couldn't ask that question at the time because they hadn't announced their budget increase for the military.

I told my Chinese counterparts that I expected there would be an increase, and I said if there's an increase, and if it's on the order of magnitude that is has been in the past, then I expect people will ask exactly the question you asked.

I told them they ought to be prepared for that and not only be prepared for it, we would be very interested in discussing that question with them. At that point, we started raising the glasses or whatever. But, of course, it was too early to ask that question so you're right. That's a very, very important question; that's a very serious question. And it really goes, I think, to the heart of what China's strategic direction is, and it's one I look forward to exploring with them.

I wouldn't be surprised if you see questions in China raised

about that same issue in terms of allocation of resources at a time, as you point out, when the Chinese people are suffering the effects of the global economic slowdown, global economic crisis.

On the second question, when will the Chinese be ready to either join militarily or play a greater role in the kinds of challenges we're talking about, we had some interesting discussions that I hope will lead to our ability to be able to discuss that in more detail, and I think we'll see fairly soon more discussions from the United States with the Chinese on that.

As I said, in Afghanistan right now, our President has made this decision to deploy more forces. Secretary Gates in his testimony before the U.S. Senate about four or five weeks ago expressed skepticism whether more military force beyond the requested increases that General McKiernan had made, whether more military force in Afghanistan would be either necessary or appropriate, raised the question of when do the number of foreign forces become an occupying force rather than a contributor to security?

So those are all issues we need to discuss. But on the other issues I mentioned, on sort of the non-military side, support for the police, financial support for the government, trade and other areas. Do we seek not just China, but a broad range of international actors, to do more? I think so. But again the details with that will have to wait for the outcome of our strategic review.

I'm going to defer the answer on steel and aircraft carriers to my State Department colleague.

COMMISSIONER BLUMENTHAL: What about Taiwan?

MR. SEDNEY: On the issue of Taiwan, I'd say in terms of any change in the security posture relating to Taiwan, I have a very simple two-letter answer for you, no, we haven't seen any, no, we haven't seen any substantial--

COMMISSIONER BLUMENTHAL: Thank you. Thank you very much.

Steel, I was kidding. I was trying to wake up my--steel for the aircraft carriers in China is--

CHAIRMAN BARTHOLOMEW: But it looks like Mr. Norris has an answer.

COMMISSIONER BLUMENTHAL: Okay. Go ahead.

MR. NORRIS: I don't have an answer on steel, but just to add on the last point, that we do welcome the resumption of dialogue between the two sides of the Strait, between the mainland and Taiwan, and the agreements that they've reached in the economic realm. I think the reduction in tensions between the two sides is a good thing, and we certainly welcome the steps that have been taken.

And we hope that this will generate momentum to address the

military side of the equation, and certainly for our standpoint, we continue in our discussions with the Chinese to urge them to reduce their military build-up.

CHAIRMAN BARTHOLOMEW: Mr. Sedney.

MR. SEDNEY: I should add to that on the points that Chinese President Hu Jintao made on December 31 regarding cross-Strait relations, as my colleague Deputy Assistant Secretary Norris said, is something that we welcome the prospect for those increased relations.

One area that we in DoD found of particular interest was President Hu's call for the militaries of both sides, the Chinese military and the military, Taiwan military, to discuss and come up with confidence-building measures. That of course, as you know, our position, that kind of thing is very much the province of the two sides of the Strait.

The United States doesn't play a mediating or brokering role in such things. Nevertheless, we think that's a very important and serious area, and we look forward to seeing progress in that area.

COMMISSIONER BLUMENTHAL: Thank you both very much.

CHAIRMAN BARTHOLOMEW: Thank you.

Commissioner Fiedler.

COMMISSIONER FIEDLER: Thank you.

I have two questions. Mr. Sedney, let me take you back to your written testimony where you refer to Chinese conventional arms sales to Zimbabwe, which we've already talked about in previous hearings.

I'd like to know if there's been any advance in our knowledge or in the China Poly, or Polytechnologies, or NORINCO, are independent actors or are not independent actors, but are actually acting at the behest of the government?

We've had all kinds of answers to that question over time depending on the circumstances. That's question number one.

Question number two for you, Mr. Norris, is has there been any advancement in the Chinese Foreign Ministry's advance knowledge of Chinese military actions abroad as opposed to afterward knowledge? In other words, are they a more integrated player in Chinese actions and policy overseas?

The third question would be in your discussions, Mr. Sedney, I'm sure Taiwan came up. How would you characterize those discussions?

Were those discussions more pro forma or were they substantive? Did they just want to get them done? Or did you just want to get them done? Or were they real conversations?

Secretary Clinton had referred in her trip to expectations that we knew what the Chinese were going to say about certain things; therefore, we were not going to talk about them. One could characterize those as just about everything to be discussed.

So would you take those three questions, please?

MR. NORRIS: On the question of whether there have been any further signs of integration between the MFA and the Ministry of National Defense on national security issues, I think maybe you're alluding back to the question of the ASAT test from 2007.

I don't know. It's something hard to say. Certainly we have encouraged in our dialogues with the Chinese on the security side to have integrated teams from their side. We do that on our side. For example, during the recent Defense Policy Coordination Talks, we had people from the State Department on David Sedney's team that went to Beijing.

Last summer, we had a round of the Security Dialogue that was led by the Acting Under Secretary of State, and we had people from both State and DoD on that, and I think the Chinese did have some representatives from the military, but I think it's a good question, and I think that we need to encourage them to have an integrated national security policy. I think it's both good for them and for us.

MR. SEDNEY: If I could just follow up on that a bit. As Deputy Assistant Secretary Norris said, we had the interagency participation. Our Chinese counterparts did not. So we'll have to see how we raise that.

On the issue of Taiwan, Commissioner, yes, it did come up. The Chinese points that they made were not new points. The content of those points was similar to what they have raised before. I think those of you who have been engaged in discussions with Taiwan, with China, I think it might be difficult to imagine new sets of talking points there.

But the discussion was in terms of the level of rhetoric, the level of concern, I thought the Chinese were very strong in what they said. They were very direct in letting us know the level of their concerns including the level of concerns the PLA has had, has had for decades, about U.S. arms sales to Taiwan.

At the same time, these concerns were not raised in a way that made it impossible for us to have all the other discussions that we had. If that had happened, we wouldn't have had the large number of hours of talks that we had.

So they were strong. They certainly expressed their national interest, but at the same time, it was done in a way that allowed us to continue to have our discussions in the range of other talks, and as you might know, that's not always been the case in our discussions with the Chinese on Taiwan over the past years.

Perhaps if you could just say one or two words and refresh me about your first question because I think we--

COMMISSIONER FIEDLER: Is Poly an independent actor or is it government controlled?

MR. SEDNEY: Thank you. I apologize. My tiredness is catching up.

COMMISSIONER FIEDLER: That's okay.

MR. SEDNEY: You said the Commission has received a number of different answers about this and have gone different ways over the years, and I think that's actually--

COMMISSIONER FIEDLER: Actually the answer was we don't know more often than not.

MR. SEDNEY: The answer I would have given over the years is there are indications all different ways. There are times when it appears that these companies have acted very independently and perhaps almost completely independently in seeking profit.

There are other times it's very clear that they are acting in support of and at the direction of national interest, and there are areas in between, and a range of that, and the applicability of the way that the central government directs any one particular set of sales is one I think we have to look at on a case-by-case basis. Certainly, there have been changes over the past couple decades that I've been dealing with this in the directness with which we can make those links on the behavior of these companies.

And it's an area that I guess I would be more comfortable talking about in a closed session where I think I could be much more direct on that, but all I can say is it's an area that we continue to have concerns on. In the end, China is a sovereign country. It controls the activities of those entities that are part of, that belong to it, whether they're a direct part of the government or whether they're a company that is either independent or claims to be independent, in the end it's up to the Chinese government to control the activities of those companies.

COMMISSIONER FIEDLER: Thank you very much.

CHAIRMAN BARTHOLOMEW: Vice Chairman Wortzel.

VICE CHAIRMAN WORTZEL: I've got to take this a step further, David, and you may decline to answer this, but can Polytechnologies draw from PLA stocks to make its arms sales?

MR. SEDNEY: I think I'm going to decline to answer that, but I would be willing to discuss that in a closed hearing.

CHAIRMAN BARTHOLOMEW: Thank you.

I'm going to take the prerogative of the chair and ask a question. Then we have Commissioner Mulloy.

I'd like to try to get a little bit to this issue of commonality of concerns and mutuality of responsibilities. Mr. Norris, in the context of Afghanistan and Pakistan, and I recognize that there's a review going on so this might be premature, but do you think that we have a clear view of what the Chinese interests are in Afghanistan and Pakistan, a clear view of how they might or might not be the same as

U.S. interests, and what kind of role does the administration envision the Chinese government playing in China and in Pakistan?

I'll give you a minute to think about that while I ask a simpler question of Mr. Sedney. Dave, I think that one of the concerns over the years on the mil-to-mil exchanges, mil-to-mil cooperation, has been that the Chinese military is learning more about us than we are about them. I wondered if you could see that kind of dynamic changing, and if we these talks as so vital, do the Chinese see these talks as vital, and if they do, why are they so eager to suspend them or willing to suspend them when something happens that they're not satisfied with?

MR. SEDNEY: I'm not sure you asked me a simpler question although I will say I need simpler ones, but I'll go ahead and take your invitation to go first and let my colleague, John Norris, answer your first question.

As with a number of questions from other commissioners, the question you just asked is a question we asked in Beijing the last several days. In fact, that question that you said, why suspend the talks when we have these kind of important common interests that our colleagues on the other side of the table and the PLA acknowledge we had common concerns and interests? The issue of Pakistan is one that they certainly acknowledge as an area where we have a common interest in stability and security.

What I see is a PLA leadership that is changing. It's moving from the kind of people whose views were formed by a whole range of events in the past, the people who see exactly what I mention in my oral and written testimony, a China that is acting on a world stage, a world stage that is much different than the internal focus of the PLA in the past. It's much different than the very sharp concentration on neighboring states that characterize the PLA, and the PLA is developing some very impressive leaders who are able to take on these strategic challenges.

But as with any country that's involved in such a massive change, it takes time, it takes effort, and it takes a lot of development for that. In my exchanges/discussions with my PLA counterparts, I was impressed by the seriousness with which they are looking at these issues. While I think myself, if I can interpret from your question, Madam Chairman, you, other commissioners, while we'd like to see this process go more quickly and have results already, it's to a certain extent understandable that this change is challenging for them.

I am, coming back out of my talks, one reason why I thought they were so positive is because I saw real signs of that kind of change, real signs of the kind of really grappling with the exact issue.

How does China work together with the United States and with others

to address common problems as it makes this turn from being so inwardly-focused state, not just for the last several decades but for obviously centuries and millennia before that?

So it's a tough and difficult thing and I think exchanges help very much. The kind of discussions we had this week helped. I think when you all have the opportunity to visit China and you talk to them, both sides profit from that, and it may not seem so at the time. Sometimes I think discussions sometimes look, and you walk away wondering was there any progress; were these just sterile exchanges?

I would submit no, and that goes back to the first part of the question that you asked in terms of what we learn from either side. I think it's much more than learning about a specific capability, seeing General Zhang Qinsheng, the Commander of the Guangzhou Military Region, visited the U.S. last summer and had a chance to see F-22 training.

But he also had extensive discussions, not just with us in the Pentagon but with people all around the U.S. government, on these kinds of issues, and I had a chance to spend some time with him myself. And it was clear that his strategic thinking was influenced both by what he saw in terms of military capabilities but also by the ideas that he was exposed to.

So when we look at the question of who learns more and what kind of learning is most valuable, I would say it goes much beyond any one particular capability. It's much broader than that. It's very much my analysis, my conviction from the several decades that I've spent, and I know that others here have spent more decades than I've spent in this area, but that there is this qualitative change going on. I think that the role that the military-to-military exchanges, discussions, and context have played in this role has been very important, and my own belief is this is going to become even more important. And that's why we have to have, as I made a point of saying, a continuous dialogue with the PLA on these issues.

Sorry to go on so long.

MR. NORRIS: On the question of Afghanistan and Pakistan, I think we have a range of common interests. I think both of us want stability in those two countries. We have a common interest in ensuring that we stem terrorism. Certainly China is concerned about the flow, overflow of terrorism in that area into the western areas of China. I think narcotics, counternarcotics, is another area where we have common interests.

So I think that there's a lot of scope for us to work together on stability in the region. We have a new Special Envoy for the region. We hope that he and the Chinese can meet to further identify ways that we can cooperate together and, I don't know that, I think in broad

terms our interests are aligned, but there may be some differences.

The Chinese perhaps less concerned, say, with the democracy in Pakistan than we are. They may put the emphasis more on stability. I think our argument is a democratic Pakistan is the way, best way to achieve stability there. But I think in broad terms we have common goals there.

CHAIRMAN BARTHOLOMEW: Thank you.

Commissioner Mulloy.

COMMISSIONER MULLOY: Thank you, Madam Chairman. Thank you both for being here.

We get briefing books before these hearings, and we get bios, and I have read your bios, and its clear that you two have really served the Republic in many interesting places around the world, and President Kennedy used to call folks like you "watchmen on the walls of freedom." So thank you for your service.

As you know, this Commission was set up to try to integrate the economic, trade, financial, military, and political factors in looking at China. And we began our hearings this year, two weeks ago, by looking at the trade and financial big picture issues, and that's what this is an attempt to look at, the military, political in a big picture.

In your testimony, Mr. Norris, you tell us in recent years the indicators of China's national power have climbed, and then you note that they're now the third-largest economy. You note that they are the second-largest exporter, and then you say China's strategic interests have expanded, its influence has spread, and its global impact has grown apace.

Mr. Sedney, you talk about how as China emerges as a power with global ambitions, it is indeed expected that its military and security activities abroad will expand.

I was reading this publication called "Global Trends 2025," which is put out the National Intelligence Council. Now this is nonclassified, and in their executive summary, they say the international system as constructed following the Second World War will be almost unrecognizable by 2025, owing to the rise of emerging powers, a globalizing economy, and a historic transfer of relative wealth and economic power from West to East.

Then they go on and say although the United States is likely to remain the single-most powerful actor, the United States' relative strength, even in the military realm, will decline, and U.S. leverage will become more constrained.

So a two-part question: do you agree with the statement in this National Intelligence Council that the U.S. power, including military, will decline and U.S. leverage will be more constrained as we're moving forward in Asia over the next ten, 15 years?

I can start with you, Mr. Sedney; the second part--you can think about it--is that desirable?

MR. SEDNEY: The second question is, of course, only relative if we answer--

COMMISSIONER MULLOY: Yes.

MR. SEDNEY: Depending on how we answer the first.

COMMISSIONER MULLOY: How you answer the first.

MR. SEDNEY: I've read the 2025 study. I've been to some discussions with its authors, the former Deputy Chairman of the National Intelligence Council, Mr. Tom Fingar--I think if you want to have a further discussion, although I believe he's left that position--he's now back at Stanford University--might be better able to, the right person to discuss that study.

As was stated when the study was announced, this is an analysis that of course involves judgments and assumptions that different people can have different views on it. Different parts of the U.S. government may have different views on it. It was certainly coordinated in the intelligence community, but you're asking for our views, and from my personal point of view, while I think that is a possible outcome, I think it's far from predetermined.

So that goes to your second question, is that desirable? I think that depends on what the rise of these other countries means for the rest of the world? If the rise of other countries means that the values and interests of the United States, that they are impacted negatively, then the United States will have to take actions to try and preserve those.

However, if, as I think both of us discuss in our testimony, regarding to China, and we're not just talking about China here, of course, we're talking about India, we're talking about countries such as Indonesia--the rise of other powers that the 2025 report talks about is much broader than just China--but if the rise of those other countries helps to build the international system, addresses those common interests that Mr. Norris just mentioned in areas that are mutually beneficial, then the role that the United States plays individually will be different than if those developments are threatening.

And so that goes directly to what we do in the U.S. government, what we do in our respective roles at the State Department and the Defense Department in our work with the Chinese because it's not just about understanding. It's also about acting together. It's also about making judgments. It's also about working effectively to address common problems.

If we can't do that, then we'll have to work other ways, whether it's unilaterally or in broader international context working with other allies. There are all kinds of possibilities as to how we have to act

and the future is not--I don't like to use the term "the future is undetermined"--the future is determined by what we do now and by what we do tomorrow, and we can affect that future.

So while I respect the analytical abilities of those who put that together, I would say that I believe that there's a wide range of possibilities, and I know that we at the Department of Defense are dedicated to preserving, protecting and advancing U.S. national security interests, and the ways that we do so, the challenges that we face, Secretary Gates, I think laid out in some recent testimony he gave before Congress.

Commissioner Blumenthal mentioned the issues relating to the U.S. military budget and the various pressures that we face. There are a lot of challenges ahead that go well beyond the scope of my testimony or what we're discussing today.

MR. NORRIS: I certainly agree with everything that Mr. Sedney just said. Certainly it's incumbent on us to work with China now to try to work on the global architecture now that benefits us now but also will be conducive to future growth.

I think we can't project how China will develop, but I think that they will face their own challenges in coming years. For example, demographic challenges that they will have to deal with in the 2020s. So I think we can't just assume that today's projections will continue on into the future, but I think it's incumbent on us to work with China now to try to influence their positions so that we can, in fact, come to arrangements that will certainly be advantageous for us, for China and the world.

COMMISSIONER MULLOY: Thank you.

MR. NORRIS: Thank you.

CHAIRMAN BARTHOLOMEW: Thank you, gentlemen, both again for your service and for your generosity with your time today. We really appreciate it and look forward to talking with you more over the course of the year.

We're going to take a five minute break now.

[Whereupon, a short recess was taken.]

PANEL II: THE PLA'S DOMESTIC AND FOREIGN ACTIVITIES AND ORIENTATION

VICE CHAIRMAN WORTZEL: I'd like to introduce the second panel. Gentlemen, I remind both of you that we look for seven minutes of oral testimony from you.

First, Dr. Bernard Cole, or Bud Cole as most of know him, is a Professor of International History at the National War College. He concentrates on Sino-American relations and the Chinese military. He

served a 30-year career as a Surface Warfare Officer in the Navy, commanded the USS Rathburne, a frigate, served as a Naval Gunfire Liaison Officer with the Third Marine Division in Vietnam, and was a special assistant to the Chief of Naval Operations for Expeditionary Warfare.

He's got two great books out: Gunboats and Marines, about the U.S. Navy in China, and actually I think you've got three out, but--is it--I'm sorry. Anyway I got two down here. Also, Oil for the Lamps of China: Beijing's 21st Century Search for Energy.

And second will be Dan Hartnett. Dan is from the CNA Corporation China Studies Division. He's a former Army linguist in Russian and Serbo-Croat, and then moved over into Chinese.

He has served at the National Nuclear Security Administration on nuclear proliferation negotiations with China, attended Beijing Language and Culture University in Beijing. He holds an M.A. in Asian Studies from the Elliott School at George Washington University, and a B.A. in Chinese from the University of Massachusetts at Amherst. And he's really done some, I think, of the most impressive work generally on future missions of the People's Liberation Army as charged by the Communist Party.

So we look forward to hearing from both of you. I guess, Bud, you'll be first.

STATEMENT OF BERNARD D. COLE, PH.D.
PROFESSOR, NATIONAL WAR COLLEGE, WASHINGTON, DC

DR. COLE: Thank you. Chairman Bartholomew, Vice Chairman Wortzel, ladies and gentlemen, thank you.

As always, I'm honored to be asked to appear before you, and in this statement, I'll address the question about how the Chinese Navy may be playing a role in China's military and security activities abroad, and I'll focus my remarks on the specific questions that you posed.

Last year, the frequency of piracy in the North Arabian Sea increased dramatically to the point where the United Nations Security Council passed a resolution in December authorizing international naval forces to combat this problem.

In reaction to this resolution and also in reaction to the seizure of several Chinese-flagged merchant ships in the area, Beijing in December deployed three warships to the North Arabian Sea. It's a Task Group that's manned by 800 personnel including 70 special operations force troops under the command of the Chief of Staff of China's South Sea Fleet, one of their three operational fleets, a rear admiral.

All the three ships and the fleet are based at Hainan Island in southern China. The Task Group is composed of two of China's newest guided missile destroyers and one of their two newest underway replenishment ships. Both of the destroyers have Russian-designed helicopters embarked, and the underway replenishment ship is capable of providing fuel, ammunition, food and water and spare parts.

Beijing announced that this Task Group would be deployed for three months, and interestingly enough announced that if the U.N. concern was still apparent and circumstances still required, that this Task Group would be succeeded by another three-ship Task Group, which I guess would be next month.

Let me turn now to the five points of discussion that I was asked to address. First is how does the PLA Navy's expansion of naval activities reflect the so-called "historic missions" articulated by President Hu Jintao?

China has deployed, sent several warships on previous international deployments ranging from the visit to Hawaii in the spring of 1989 of the training ship Zheng He, to the circumnavigation of the globe by a two-ship task force. These and other missions to South and Southeast Asia, Western Hemisphere and Europe have certainly demonstrated China's understanding of the naval mission known as "presence," the use of naval vessels to "show the flag" and to exert diplomatic influence.

However, the Chinese Task Group currently operating in the Arabian Sea is the first such operational deployment for the PLAN and the first to really demonstrate Hu Jintao's fourth so-called "historic mission" of playing an important role in safeguarding world peace and promoting common development.

Second point. How are the new "historic missions" being implemented by the PLA Army and Air Force? Well, of course, my focus today is on the Navy and the PLAN's role in the domestic efforts in these areas has understandably been limited, but we can expect the Navy to take the lead in such missions overseas.

I'll note China's relative inability to participate in the post-tsunami humanitarian operations in 2004 due to the lack of suitable vessels, a problem that no longer exists, since just last year China commissioned a new hospital ship and a new very large amphibious ship.

Question three: what is the impact of China's military diplomacy on U.S. security? I think Beijing's view of navy missions includes a role as an instrument of foreign policy, but also one to defend Chinese interests overseas.

Since Beijing reserves wholly to itself how to define its interests and threats, the deployment of naval forces may be directed against

U.S. interests and those of our allies, and a current example is Beijing's hard-line attitude towards a dispute with Japan in the East China Sea, both over the Senkaku/Diaoyutai Islands and over sea bed resources.

Fourth, does China's participation in anti-piracy operations demonstrate a new outward-looking orientation?

Yes, it certainly does. This is the first time since 1949 that the navy has been deployed on such an operational mission. Secondly, it's the first time the navy will have forces operating for an extended period of time at great distance from home ports. It's about 3,000 miles from Hainan to where they're operating.

Third, this deployment is the first time the Chinese Navy has actually operated at sea with international naval forces other than during exercises.

Fourth, this deployment marks the first time a Chinese naval task group will have to rely on foreign sources and/or on entrepots for logistic support and diplomatic support for an extended period of time.

Fifth, this long-term deployment is probably the most significant deployment at least loosely in support of a U.N. mission that China has ever made.

Sixth, I think, and perhaps most importantly, Beijing's commitment of front-line naval forces--as I said, these are three of their newest ships--to an operational scenario very far away from home indicates to me an increased level of confidence with respect to the unresolved question of Taiwan status.

From a naval planner's perspective, this deployment provides both a conceptual framework and a demonstrated success to justify continued modernization of the Chinese Navy even following peaceful resolution of the Taiwan issue.

And finally, this is the first time that Chinese and U.S. warships have coordinated at sea operations.

What is the potential effect on PLA capabilities of this deployment? Well, it's certainly going to positively affect Chinese naval capabilities across the board including increased expertise and experience in operations, logistics, command and control, and interagency cooperation.

What could be the effect on U.S. security? This is going to have a significant effect since it will produce a number of Chinese naval ships and more importantly personnel with enhanced operational experience, expertise, and perhaps most importantly of all, confidence.

This deployment is contributing to the transformation of the PLAN from a coastal defense force to one capable of operating effectively at long range from home bases.

What is the potential for U.S.-China cooperation in these operations? Well, some cooperation is occurring. In the words of one U.S. destroyer commanding officer in the Gulf of Aden, quote:

"We talk with the Chinese destroyers by VHF radio"--that's known colloquially as "bridge-to-bridge" telephone--"to coordinate search patterns and to exchange information on suspicious ships. We also have coordinated Chinese helicopter flight operations with the ScanEagle launches"-- ScanEagle is a UAV that's carried by U.S. destroyers--"and recoveries."

The exchanges are, quote, "professional, routine and positive. They have someone who speaks very good English."

In conclusion, let me note that China's naval deployments to the North Arabian Sea marks a milestone in the exercise of that country's maritime power and it's the first such foreign employment of naval forces since the early 15th century.

The presence of Chinese combatants patrolling the waters of distant seas is evidence of the PLAN's maturing capabilities and competence. It also indicates Beijing's confidence and willingness to engage in long-range military action, action with strong political and diplomatic components.

It demonstrates the government's desire to depict China as, quote, "a responsible great power."

Thank you very much.

[The statement follows:]

**Prepared Statement of Bernard D. Cole, Ph.D.
Professor, National War College, Washington, DC**

**Bernard D. Cole, Ph.D.
Professor, National War College**

Testimony before the U.S.-China Economic and Security Review Commission

“China’s Military and Security Activities Abroad”

March 4, 2009

These remarks represent the views of the author alone and not those of the National Defense University, the Department of Defense, or the U.S. Government

Introduction

In this statement I will address the question that the Chinese navy—the People’s Liberation Army Navy, or PLAN—may be playing in “China’s Military and Security Activities Abroad,” the subject of today’s session. I will focus my remarks on the specific questions posed by the Commission. These are:

- (1) How does the PLA Navy’s expansion of its naval activities, to include ship visits and deployments, reflect the “historic missions” articulated by President Hu Jintao in 2004?
- (2) How are the new “historic missions” being implemented in the PLA Army and PLA Air Force, and what effect has this had on their training and activities abroad?
- (3) What is the impact of China’s military diplomacy on U.S. security?
- (4) Does China’s participation in anti-piracy operations in the Gulf of Aden demonstrate a new outward-looking orientation for the PLA Navy? And
- (5) What is the potential effect on PLA capabilities of the recent deployment of the PLA Navy to the Gulf of Aden to conduct anti-piracy operations?

At the 16th Congress of the Chinese Communist Party (CCP) in October 2004, Hu Jintao, who is China’s president, General Secretary of the CCP, and Chairman of the Central Military Commission, highlighted “scientific development” as an “important guiding strategy for national defense construction and army building.”¹ The Defense White Paper issued by Beijing in December 2004 noted that modernization priority had been “given to the Navy, Air Force, and Second Artillery Force” to strengthen the “comprehensive deterrence and war fighting capabilities” of the People’s Liberation Army (PLA)²; these aims would seem to include the non-traditional military missions included in Hu Jintao’s concept of PLA employment, since in that same month, he delineated his four “new historic missions” for the PLA to, in effect, operationalize for the military’s implementation the ideological guidance of scientific development. These historic missions were then appended to China’s constitution at the 17th CCP Congress, in October 2007.³

These four missions, also known as the “three provides, and one role,” are (a) providing an important guarantee of strength for the party [i.e., the Chinese Communist Party (CCP)] to consolidate its ruling position; (b) providing a strong security guarantee for safeguarding the period of important strategic opportunity for national development; (c) providing a powerful strategic support for safeguarding national interests; and (d) playing

¹ This discussion relies on James Mulvenon, “Chairman Hu and the PLA’s ‘New Historic Missions’,” *China Leadership Monitor*, No. 27 (Winter 2009), at: <http://www.hoover.org/publications/clm/issues/37362924.html> (accessed 12 February 2009).

² Highlighted in Dennis J. Blasko, “PLA Ground Force Modernization and Mission Diversification: Underway in All Military Regions,” in Roy Kamphausen and Andrew Scobell (eds.), *Right-Sizing the People’s Liberation Army: Exploring the Contours of China’s Military* (Carlisle, PA: Strategic Studies Institute, U.S. Army War College, 2007), p. 281.

³ *Xinhua* (Beijing), 25 October 2007, cited in Mulvenon.

an important role in safeguarding world peace and promoting common development.⁴

The first application of the fourth of these missions for the navy has occurred in reaction to an alarming problem of maritime piracy. During much of the past two decades, this age-old crime has plagued the waters of Southeast Asia and the Indian Ocean, especially the Bay of Bengal and the Arabian Sea. Incidents of piracy in Southeast Asian waters have decreased dramatically since 2003, due both to improving economic conditions and to joint action by Singapore, Indonesia, and Malaysia. In 2008, however, the frequency of piracy in the waters off the Horn of Africa—in the Arabian Sea generally, and the Gulf of Aden in particular—increased dramatically, to the point where the United Nations Security Council passed Resolution 1851 in December 2008 authorizing international naval forces to combat the problem at sea and on land, where “hot pursuit” could be justified.⁵

In reaction to the seizure of Chinese merchant ships and in keeping with this resolution, Beijing in December 2008 deployed three PLAN ships to the Arabian Sea, on a mission to combat piracy in that region, particularly in the Gulf of Aden, near the coast of the Horn of Africa.⁶ This naval task group is manned by approximately 800 personnel, including 70 special operations force (SOF) troops; it is under the command of Rear Admiral DU Jingchen, whose current assignment is as Chief of Staff of the South Sea Fleet, one of the three operational fleets into which the PLAN is divided and which is based in Sanya, on Hainan Island. The task group is composed of two of China’s newest guided missile destroyers (DDG) and an oiler, all normally assigned to the South Sea Fleet. The DDGs, the *Wuhan* (hull number 169) and *Haikou* (hull number 171) are two of China’s newest, most capable surface combatants. Notably, *Haikou* is equipped with what appears to be an anti-air warfare system similar to the U.S. Aegis system, while *Wuhan* is reportedly armed with very capable anti-surface ship cruise missiles. Both ships are powered by similar combined gas turbine-diesel engineering plants and each has a Russian-designed Ka-28 helicopter embarked. The third ship in the task group is the *Weishanhu*, one of the PLAN’s three newest underway replenishment ships. This logistics ship is capable of providing the DDGs with fuel, ammunition, food and water, and spare parts.

Beijing announced that this task group would be deployed for three months, after which it would be relieved by a similar group of ships—“depending on decision by the UN Security Council and the situation at the time.”⁷ Several reports of the task group’s

⁴ Jia Yong, Cao Zhi, and Li Xuanliang, “Advancing in Big Strides from a New Historical starting Point—Record of Events on How the Party Central Committee and the Central Military Commission Promote Scientific Development in national Defense and Army Building,” *Xinhua* (Beijing) 07 August 2007, cited in Mulvenon.

⁵ Available at: <http://www.un.org/News/Press/docs/2008/sc9541.doc.htm>.

⁶ See Map 1.

⁷ “Chinese Navy Begins Landmark Somali Piracy Patrols,” 06 January 2009, at:

operations indicate that it is performing in a well-planned, professionally competent fashion, having completed more than a dozen convoying evolutions.

Specific Points of Discussion

1. How does the PLA Navy's expansion of its naval activities, to include ship visits and deployments, reflect the "historic missions" articulated by President Hu Jintao in 2004?

China has deployed its warships on previous international deployments, ranging from the 1989 visit to Hawaii of the PLAN training vessel, *Zheng He*, to the 2004 circumnavigation of the globe by a two ship task group. These and other international deployments—to South and Southeast Asia, to North and South America—have demonstrated Beijing's understanding of the naval mission known as "presence": the use of naval vessels to "show the flag" and to exert diplomatic influence.

However, the PLAN task group currently operating in the Arabian Sea certainly is the first such mission demonstrably to prove the viability of Hu Jintao's fourth mission: playing an important role in safeguarding world peace and promoting common development. Several other nations, most significantly the U.S. Navy, with its three ship Task Force 151, are conducting anti-piracy operations in the area, no doubt with at least informal exchange of information and perhaps operational cooperation. There have not been open source reports indicating that China's naval ships are engaging in such exchanges and cooperation, although the requirement to maintain the safety of operations at sea indicates that they are occurring.

Perhaps most significantly, the deployment to the Arabian Sea is the first meaningful operational demonstration of PLAN dedication to a mission not directly related to a Taiwan scenario. That is, the very considerable expenditures of resources on the anti-piracy endeavor indicates a degree of confidence on Beijing's part about the Taiwan situation, a perhaps increasing confidence that *de jure* Taiwan independence is no longer in the offing, and that the PLA (PLAN, in this case) may safely be dedicated to situations fitting China's increasing role as a global power. From a naval planner's perspective, this deployment provides both the conceptual framework and the demonstrated success to justify the continued modernization of the PLAN, even following peaceful resolution of the Taiwan issue.

2. How are the new "historic missions" being implemented in the PLA Army and PLA Air Force, and what effect has this had on their training and activities abroad?

The concept of "diverse military tasks" was introduced at the National People's Congress in 2006 as a category of tasks for the PLA that included both traditional (combat) and

http://www.channelnewsasia.com/stories/afp_asiapacific/view/400591/1/.html (accessed 12 February 2009).

non-traditional (MOOTW) missions. The MOOTW theme was repeated at the 2007 17th CCP Congress, with the slogan to “raise the ability of the army to deal with all kinds of security threats and to complete diversified military tasks.”⁸

My focus today is on China’s navy, but I will note that Hu’s historic missions do apply to the Army and Air Force, perhaps even more than to the navy. The PLA historically has been touted by its political masters as the “army of the people;” Mao Zedong’s emphasis on the PLA as the people’s army included a consistent effort to alleviate problems and suffering resulting from natural disasters. Most recently—following the 2008 blizzards and earthquake—the PLA was mobilized in force to assist in ameliorating the damage and dangers. The navy’s role in these and the many other domestic relief efforts that have occurred has understandably been limited, but we can expect the PLAN to lead such efforts in the international arena. China’s relative inability to participate in the post-tsunami relief efforts in Southeast Asia due to the lack of suitable vessels, for instance, is no longer a limitation. Today, the PLAN is able to deploy both a modern hospital ship and a large amphibious ship, both admirably suited to conduct relief operations in the wake of humanitarian and environmental disasters.

3. What is the impact of China’s military diplomacy on U.S. security?

In his public testimony on 12 February 2009, Director of National Intelligence Dennis C. Blair stated that “We judge China’s international behavior is driven by a combination of domestic priorities, . . . and a longstanding ambition to see China play the role of a great power in East Asia and globally. Chinese leaders view preserving domestic stability as one of their most important internal security challenges. . . . These same domestic priorities are central to Chinese foreign policy. China’s desire to secure access to the markets, commodities, and energy supplies needed to sustain domestic economic growth significantly influences its foreign engagement. Chinese diplomacy seeks to maintain favorable relations with other major powers, particularly the US, which Beijing perceives as vital to China’s economic success and to achieving its other strategic objectives.”

I agree that Beijing’s primary concern is domestic, not international. But I think that the PLA is viewed by Beijing as not merely an instrument to be used to defend Chinese borders or as the force of last resort for subduing domestic unrest, but rather as an instrument of foreign policy and military force, to be employed to strengthen Chinese interests or to protect them when threatened. Since, not surprisingly, Beijing reserves wholly to itself how to define those interests and threats, the deployment of PLA forces may be directed against U.S. interests or those of our allies. A current example is the relatively hard line being pursued by China in its disputes with Japan over the sovereignty of the Senkaku/Daoyu Islands in the East China Sea and over the ownership of sea bed resources in the area.

⁸ Cited in Mulvenon, p. 7.

China's use of the PLAN as a diplomatic vehicle does not necessarily pose a zero-sum situation for the United States regarding our interests in Asia, but it does pose a challenge that we must meet in accordance with our we prioritize our own interests in the region and competition for our military resources.

4. Does China's participation in anti-piracy operations in the Gulf of Aden demonstrate a new outward-looking orientation for the PLA Navy?

Yes. This mission is the first time in the history of the PLAN that it has been tasked with an overseas deployment that is operational, rather than representational. Previous long-range cruises by the Chinese navy have occurred at rather long intervals—rarely more than once every two years—and have been conducted to “show the flag,” for diplomatic purposes. The current deployment of three of China's newest ships is characterized by several factors that are “first timers” for the PLAN.

First, this is the first time since the PLAN was established in 1950 that Chinese warships have conducted combat operations in other than China's littoral waters. Previously, the greatest distance from China's coast that PLAN combatants have conducted operations was in 1973, when a brief conflict was conducted against Republic of South Vietnam naval forces in the Spratly Islands in the South China Sea, approximately 560 nautical miles (nm) south of Hainan Island.⁹ The three ships currently operating in the Gulf of Aden are based at Hainan Island, more than 3,000 nm away.

Second, this is the first time that the PLAN will have forces operating for an extended period of time at great distance from home port. Previous long-range deployments have been set cruises, with ships steaming from port to port on a predetermined schedule. The current operation in the Gulf of Aden is the first operational deployment, with a PLAN task group operating in a remote location for an extended period of time—three months, in the current case. The Chinese warships began counter-piracy operations on 06 January 2009 and by the middle of February had reported conducting sixteen escort missions, all successfully.

Third, the current deployment to the Gulf of Aden is the first time that the PLAN will have a task group operating in an environment of international naval forces, other than for a brief naval review. The U.S. Navy's Task Force 151 currently leads the international efforts to counter piracy in the North Arabian Sea (which includes the Gulf of Aden); other nations that currently have warships conducting similar operations in this area include France, Great Britain, Greece, India, Malaysia, Russia, and Turkey. Japan and South Korea have announced that they also will assign warships to this mission.

Fourth, the current deployment marks the first time that a PLAN task group will have to rely on foreign sources and/or entrepôts for logistics support for an extended period of

⁹ One nautical mile equals approximately 1.15 statute miles

time. The Chinese task group's oiler periodically will have to replenish its fuel supply, presumably from a local source. Food will have to be flown into a local port or purchased locally and spare parts resupply and personnel replacements will have to be transferred to and from a local airfield and port. These logistics requirements imply close coordination between the task group and local Chinese diplomatic and possibly commercial personnel. Employing the task group's two Ka-28 helicopters to ferry supplies and personnel to and from the shore will also require the diplomatic support necessary to obtain local flight clearances. These requirements in turn require a very long distance command and control capability among Beijing, its diplomatic posts, and naval forces far afield.

Fifth, China's naval deployment over an extended period of time—Beijing has announced that a second task group will relieve the first, on station, after three months—is arguably China's most significant, and certainly its most high-profile, contribution to a United Nations-sponsored peacekeeping mission. This indicates Beijing's increased responsiveness to international problems, but also serves China's own foreign policy goals, to project its image as a global power, and one essentially benign and non-threatening.

Sixth, Beijing's commitment of front-line naval forces to an operational scenario very far from home indicates an increased level of confidence with respect to the unresolved question of Taiwan's status, a confidence that the trend of relations between the mainland and that island is positive. This in turn may indicate Beijing's reordering or at least loosening of strategic priorities: if the PLA no longer has to devote its attention and resources almost solely to a Taiwan scenario, then it has forces available for Beijing to employ in military operations other than war (MOOTWA). This possibility may be supported by the China's 2008 Defense Whitepaper, in which Taiwan was mentioned only once and where significant attention was devoted to MOOTWA. The mission should also be popular with the PLA leadership, eager to demonstrate its capabilities and value to the nation on non-Taiwan missions.

Seventh, the counter-piracy deployment to the North Arabian Sea is the first occasion when Chinese and U.S. warships have coordinated non-exercise operations.

5. What is the potential effect on PLA capabilities of the recent deployment of the PLA Navy to the Gulf of Aden to conduct anti-piracy operations?

As noted above, the deployment will positively affect PLAN capabilities across the board, including increased expertise and experience in operations, logistics, command and control, and interagency cooperation.

What could be the effect on U.S. security?

The deployment will produce a number of PLAN ships and, more importantly, personnel with significantly enhanced operational experience, expertise, and confidence. The longer the counter-piracy patrols to the Gulf of Aden continue, the greater the effect of these factors. In other words, these deployments are contributing to the transformation of the PLAN from a coastal defense force to one capable of operating effectively at long ranges from home base.

What is the potential for U.S.-China cooperation in these operations, and what would be the challenges to such cooperation?

Some cooperation is occurring: in the words of one U.S. destroyer commanding officer in the Gulf of Aden: “[We] talk with the Chinese destroyers by VHF radio to coordinate search patterns and to exchange information on suspicious ships. [We] also have coordinated Chinese helicopter flight operations with the ScanEagle launches and recoveries. The exchanges are “professional, routine and positive,” he said. “They have someone who speaks very good English.”

Conclusion

China’s naval deployment to the North Arabian Sea marks a milestone in the exercise of that country’s maritime power and is the first such foreign employment of naval force since the early 15th century. The presence of Chinese combatants patrolling the waters of distant seas is evidence of the navy’s maturing capabilities and competence. It indicates Beijing’s confidence and willingness to engage in very long range military action, action with strong political and diplomatic components. It also demonstrates the government’s desire to depict China as “A responsible Great Power.”¹⁰

Implications for the United States are extensive, ranging across the military, economic, diplomatic, and political elements of our foreign policy and national security objectives around the Indian Ocean littoral and among nations throughout East, South, and Southwest Asia, as they observe a China capable of project military power off their shores. Furthermore, although Beijing’s decision to deploy this task group may reflect increasing confidence in a peaceful resolution of the Taiwan issue, the deployment will increase the capability of the PLAN that would be tasked with executing a non-peaceful resolution of that issue.

STATEMENT OF MR. DANIEL M. HARTNETT CHINA ANALYST, CNA CORPORATION, ALEXANDRIA, VA

¹⁰ Senior Colonel Huang Xueping, Ministry of National Defense Spokesman, “Press Briefing,” Beijing (23 December 2008)

MR. HARTNETT: Chairman Bartholomew, Vice Chairman Wortzel, Commissioners of the U.S.-China Economic and Security Review Commission, I'd like to express my appreciation for the opportunity to appear before you today and discuss China's military activities abroad.

I want to point out these views expressed here are mine and not of any organization with which I am affiliated. I will use my time today to address the question of whether the People's Liberation Army, or PLA, is an outward-oriented military.

So is the PLA an externally-focused military? Increasingly yes. On December 24, 2004, China's paramount leader, Hu Jintao, provided the PLA with a new set of missions which effectively expanded the definition of China's national security. In justifying these new military missions called the "Historic Missions," Hu Jintao stated, "China's national security interests have gradually gone beyond the scope of our territorial land, seas and airspace." China's authoritative Defense White Papers from both 2006 and 2008 corroborate Hu's statement, pointing out that both China's Navy and Air Force are trying to increase their operational ranges. Because I cover this more fully in my written statement, I will not go into detail here. However, suffice it to say that for the first time since the founding of the People's Republic of China in 1949, the PLA is expected to actively deal with problems outside of China's sovereign and peripheral areas.

There is also concrete evidence of the PLA increasingly operating outside of China's territory. Several Chinese naval exercises have taken place east of Taiwan in recent years, demonstrating a PLA Navy that is trying to expand its operational range. In 2007, the PLA participated in a large military exercise conducted on Russian territory along with members of the Shanghai Cooperative Organization. In that same year, the PLA successfully shot down one of China's aging weather satellites, demonstrating that China is willing to defend its interests wherever it must including in space if necessary.

Finally, a current example is the deployment of two PLA Navy destroyers and a supply ship to assist in anti-piracy operations off the Horn of Africa, a sailing distance of roughly 5,500 miles from China's shores. This is the first time the PLA Navy has participated in combat operations outside China's claimed territory. If this does not indicate an increasingly outward orientation, I'm not sure what does.

So what is the driver behind the PLA's switch to an increasingly outward-oriented military? The predominant reason for this change is Beijing's realization that after almost 30 years of economic development, China's national interests have expanded beyond its

sovereign territory. As the political wing of the PLA wrote in a series of lessons in China's historic missions: "China's national security interests must continue to expand along with the development of our national interests." As pointed out in my written testimony, since 2004, Beijing has maintained that its national interests have expanded into new areas. During Hu's original Historic Mission speech, he pointed out three areas in particular into which China's national interests have broadened: the maritime environment; space; and the information domain. Hu further stated that these areas, "have already become important for national security." In Beijing's view, the maritime environment is important to China's sea-borne trade, growing reliance on oil imports, and natural resources, such as hydrocarbons and fishing. Space provides both civil and military benefits such as satellite telecommunications and reconnaissance capabilities. And finally, the importance of the information domain lies with the advantages and weaknesses inherent in China's growing reliance on information technology and the Internet in all sectors of society.

Is a more outward-oriented PLA a threat to the United States? Not necessarily. First, there is little to no evidence to support the notion that Beijing desires a military which spans the globe such as the British military of the 1800s or the U.S. military today. While this may be a secret desire of some Chinese nationalists, the leadership in Beijing seems pragmatic enough to realize this is not realistic, at least not for the foreseeable future.

Neither the British nor the U.S. military became global militaries overnight, and nor can the PLA. Instead, I would argue Beijing desires a PLA that is incrementally more active on the global arena.

Second, we should also understand that a PLA which is increasingly focused on issues outside of China's sovereign territory is not automatically a bad thing. It is the nature of the PLA's activities abroad that will determine whether it's good or bad for the United States. A PLA that acts as a military of a responsible stakeholder would not warrant alarm bells ringing in the Pentagon, at least not very loud ones. And a PLA that is more transparent with its intentions and capabilities would also demonstrate that it is not seeking to upset the global military balance. But could an outward focused PLA become a threat to the United States? Absolutely. Assuming that the current global economic situation turns around, hopefully, China will likely continue to develop economically, and so too will the PLA continue to grow in strength. Continued lack of transparency regarding its intentions will not assuage those who are weary of a more powerful PLA. A China that uses its military to browbeat its neighbors for diplomatic gains, such as the settlement of long-standing territorial disputes, would also demonstrate that those who do not trust

China are correct.

Therefore, in closing, I would argue that the PLA is in the incipient stage of morphing into a military that is externally oriented. We as a nation should not, prima facie, view this as a threat to our interests, but we should continue to be watchful of the PLA's actions. The onus is on the PLA as the new kid on the block to clearly demonstrate whether it will act as a military of a responsible stakeholder or of a state that seeks to upset the international military balance. The dispatch of three PLA Navy ships to participate in anti-piracy operations off the Horn of Africa is a good start, but more examples are needed to confirm whether this is the first of a positive trend or just an outlying event. Only then can we properly answer the question of whether the PLA's outward orientation is a threat or not.

Thank you. I look forward to any questions that you might have.
[The statement follows:]

**Prepared Statement of Mr. Daniel M. Hartnett
China Analyst, CNA Corporation, Alexandria, VA**

The PLA's Domestic and Foreign Activities and Orientation

**Testimony by Daniel M. Hartnett¹
China Analyst, CNA**

**Testimony before the U.S.-China Economic and Security Review Commission
"China's Military and Security Activities Abroad"**

**Washington, D.C.
March 4, 2009**

Chairman Bartholomew, Vice Chairman Wortzel, Commissioners of the U.S.-China Economic and Security Review Commission, I'd like to express my appreciation for the opportunity to appear before you and discuss China's military activities abroad. As this commission requested, I will offer some context for today's hearing. In particular I will address the Chinese People's Liberation Army's (PLA) new military missions, and describe the impact these missions are having on current and future PLA operations.

In December 2008, China made a dramatic announcement that it would send three naval vessels to participate in United Nation's sanctioned anti-piracy operations off the Horn of Africa. This announcement is noteworthy because it is the first time since the founding of the People's Republic of China in 1949 that the Chinese navy, officially called the

¹ The views expressed within are solely the author's, and not of any organization with which he is affiliated.

People's Liberation Army Navy (or PLAN), has participated in combat operations outside of China's claimed territory. The roots of this significant policy shift go back more than four years to a set of missions given to the Chinese military, officially called the *Historic Missions of the PLA in the New Period of the New Century*—or *Historic Missions* for short. These missions have opened the door to the PLAN's participation in these anti-piracy operations, and likely to other PLA military activities abroad in the future.

The PLA's *Historic Missions*

On December 24, 2004, Chinese leader Hu Jintao gave a speech to China's supreme military body, the Central Military Commission. In that speech, Hu provided the PLA with a new set of missions to fulfill. The essence of these new missions can be summarized in four separate subtasks:

- To ensure military support for continued Chinese Communist Party (CCP) rule in Beijing
- To defend China's sovereignty, territorial integrity, and national security
- To protect China's expanding national interests
- To help ensure a peaceful global environment and promote mutual development.

I will briefly describe each of these tasks in turn.

Task 1: Ensure PLA Support for CCP Rule

The first task seeks to ensure that the Chinese military supports continued CCP rule in China. In his original speech, Hu Jintao stated that, "So long as our Party firmly controls the military, there will be no large disturbances in China, and we will be able to face with confidence any dangers that might arise."² The dangers discussed are primarily from external sources coupled with potential internal discontent. They include pressures to democratize, or depoliticize the military, and the fear that some in China—and possibly within the PLA—will take up these cries. According to the writings on the *Historic Missions*, these pressures are nothing less than foreign attempts to overthrow the CCP. By ensuring the military's unwavering support, the CCP hopes to avoid the sometimes brutal fate of East European Communist Parties which relinquished control over their militaries at the end of the 1980s.

Task 2: Defend China from Traditional and Non-Traditional Threats

² Hu Jintao, "Renqing Xinshiji Xinjieduan Wojun Lishi Shiming" (See Clearly Our Armed Forces' Historic Missions in the New Period of the New Century), (Dec 24, 2004), available on the official National Defense Education website of Jiangxi province, <http://gfjy.jiangxi.gov.cn/yil.asp?id=11349.htm>. Hereafter cited as "Hu's Speech."

The second task of the *Historic Missions* aims to ensure that the PLA defends China from traditional and non-traditional threats. In particular, this task calls on the PLA to guarantee China's sovereignty, its territorial integrity, and its internal social stability. Sovereignty issues predominantly refer to unresolved land and maritime border disputes with neighboring nations, such as the land border dispute with India or the Senkaku/Diaoyutai Islands dispute with Japan. Territorial integrity mainly calls on the PLA to counter the separatist movements in Taiwan, and in the Chinese provinces of Xinjiang and Tibet. Finally, the reference to social stability problems refers to problems that China's rapid economic and social development since China's opening up to the outside world in the 1980s has caused or exacerbated. The writings on the Historic Missions make repeated reference to such issues as rising income inequality, unemployment, pollution, and corruption; to name a few.³ Finally, interlaced among all of these domestic concerns is need for the PLA to assist in handling domestic non-traditional security issues, such as terrorism and disaster relief.

Because this hearing focuses on China's military and security activities abroad, I'd like to discuss the remaining two tasks in more detail.

Task 3: Defend China's Expanding National Interests

The third task of the *Historic Missions* addresses the need for the PLA to defend China's expanding national interests. The core of this task is Beijing's recognition that its national interests have evolved as a result of more than two decades of economic development. Chinese sources frequently state that China's national interests can no longer be confined to solely within its territorial space. Rather, they have expanded into new areas, in particular into the maritime environment, into space, and into the electromagnetic (EM) spectrum.⁴

The maritime environment is seen as necessary for China's continued economic growth due to Beijing's reliance upon sea-borne trade, overseas oil imports, and maritime resources, such as fishing, minerals, and hydrocarbons. Complicating this issue is the belief in Beijing that China cannot properly safeguard against the encroachment of more power nations on these interests. One is reminded of Hu Jintao's now famous "Malacca Dilemma" speech in 2003, where he pointed out that more than 70% of China's imported oil traverses the Strait of Malacca, but China can do little to ensure that this artery remains open in the event of a crisis.

³ Sun Kejia, Liu Feng, Liu Yang, Lin Peixiong, eds., *Zhongshi Luxing Xinshiji Xinjieduan Wojun Lishi Shiming* (Faithfully Carry Out Our Military's Historic Missions in the New Period of the New Century), (Beijing: Haichao Publishing 2006), p. 61; and General Political Department, "Di Er Jiang: Wei Dang Gonggu Zhizheng Diwei Tigong Zhongyao de Liliang Baozheng" (Lesson Two: Provide a Powerful Guarantee for the Party to Consolidate its Ruling Position), 21 Aug 2006, available at: http://www.ycgfy.com/article_show.asp?articleID=2281.

⁴ General Political Department, "Di Si Jiang: Wei Weihu Guojia Liyi Tigong Youli de Zhanlüe Zhicheng" (Lesson Four: Provide a Powerful Strategic Support for Safeguarding National Interests), 21 Aug 2006, available at: http://www.ycgfy.com/article_show.asp?articleID=2283.

The Chinese leadership is also keenly aware of the growing civil and military importance of space. China maintains that its economy, military, and society are increasingly dependent upon space-based assets, such as satellite telecommunications. In Beijing's view, an ongoing "space race" among dozens of countries, as well as a few nation's attempts to militarize space—the United States and Russia in particular—are complicating such benefits.

Finally, China also views the EM spectrum as critical to continued economic and military development. Here I would like to point out that the Chinese term EM spectrum is more expansive than the US term, which is generally limited to EM radiation, used for radio, microwave, and infrared communications. In Chinese writings—including Hu Jintao's original speech—the term also includes information technology and the internet. Beijing believes that by developing and using these information assets it can acquire certain economic and military advantages. Conversely, failure to develop its information capabilities would place China at a disadvantage vis-à-vis more powerful nations, especially during a military conflict.

Therefore, because China's national interests have expanded into these new areas, China's security interests have followed. Two methods are singled out for safeguarding China's expanded security interests. The first is to change the PLA's *weltanschauung* on security and military strategy. PLA thinking needs to reflect that China's interests have expanded into new areas, and incorporate them into its operational planning, training, and force modernization. As Hu Jintao stated, not only should the PLA pay attention to and defend China's territorial land, sea, and air security; but it should "also pay attention to and defend China's maritime, space, and EM spectrum security."⁵

A second method mentioned in the *Historic Missions* is for the PLA to strengthen its strategic capabilities in these three areas. For maritime security, the PLA should develop a powerful navy that is suited to defending China's maritime interests. The PLA should also develop its space capabilities, in particular its defensive means, its space technology, and its capabilities to conduct space missions. Finally, the PLA should pay attention to the issue of EM spectrum threats, implement policies to improve defensive measures, keep abreast with international advances in information technology, establish legal frameworks for guidance, and improve the troops' knowledge about EM spectrum activities.⁶

Task Four: Safeguard World Peace and Promote Mutual Development

The final task of the *Historic Missions* requires the Chinese military to play a larger role in ensuring world peace and promoting mutual development. This task is based upon Beijing's belief that the Chinese economy is deeply integrated with the global economy. To quote from China's defense white paper published in January of this year, because

⁵ "Hu's speech."

⁶ General Political Department, "Lesson 4."

China's economy is already tightly intertwined with the global economy, "China cannot develop in isolation from the rest of the world, nor can global prosperity and stability do without China."⁷ Therefore, there is a direct relationship between China's economy and the global economy; a positive change in one results in a positive change in the other. Conversely, a problem in one negatively affects the other as well. In order to help prevent such problems, Beijing feels that it needs a powerful military. As Hu stated in his speech, in order for China to do this, "it must have a strong military force as a backup."⁸

Writings on the *Historic Missions* point to three goals in particular that the PLA needs in order to fulfill this fourth task. The first is to construct a military that is capable of handling overseas non-traditional security issues, such as terrorism, transnational crime, and natural disasters. In other words, Beijing desires a military that is capable of conducting military operations other than war (MOOTW). In addition to being able to conduct MOOTW, the PLA should also actively participate in these types of operations, both domestic and abroad. PLAN participation in the on-going counter-piracy operations off the Horn of Africa [discussed in more detail below] is a clear example of PLA efforts to fulfill this goal.

On a side note, it is worth pointing out to this commission that not every international operation qualifies for PLA participation. According to the General Political Department, there are certain prerequisites that should be met first. These are: the operation should be United Nations-led, it should be multilateral in nature, it should involve an issue that affects the global good, and it should be non-traditional in nature (such as outbreaks of violence due to nationalism or religion, terrorism, transnational crime, or WMD proliferation).⁹

A second goal is to improve the PLA's deterrent capabilities in order to prevent wars from occurring in the first place. Beijing hopes that through an improved deterrent capability, China can halt wars from occurring, prevent wars from escalating, or minimize the destructiveness should a war break out. We can see this goal echoed in China's 2006 defense white paper, which pointed out improving the following areas in particular: improving the navy's strategic maritime depth, increasing the air force's strategic air projection capabilities, and strengthening the military's nuclear deterrence capabilities.¹⁰

The third and final goal for achieving this task is to improve the PLA's ability to win a war should it be forced to fight one. A key factor here is to have the PLA fight and win a *modern* war, similar to the modern warfare style of the Persian Gulf War or the Iraq War.

⁷ Information Office of the State Council, *China's National Defense in 2008*, January, 2008.

⁸ "Hu's speech."

⁹ General Political Department, "Di Wu Jiang: Wei Weihe Guojia Fazhan de Zhongyao Zhanlüe Jiyu Qi Tigong Jianqiang de Anquan Baozhang" (Lesson Five: Play an Important Role in Upholding World Peace and Promoting Mutual Development), 21 Aug 2006, available at: http://www.ycgfy.com/article_show.asp?articleID=2284.

¹⁰ Information Office of the State Council, *China's National Defense in 2006*, December 2006.

According to Chinese writings, this requires two things in particular. First, it requires properly understanding modern warfare, and creating a doctrine that is suitable to conducting modern military operations. Second, it also requires the PLA to have the proper type of forces, weapons, equipment, and skill sets in order to conduct these modern operations.

Reflections of the Historic Missions in PLA Activities

The *Historic Missions* are more than just a politician's political speech. Reflections of them can be seen in several areas of PLA activities. These aspects include PLA training, doctrine, increasing operational range, and even actual combat operations.

Military Training

One reflection of the *Historic Missions* within PLA activities is the increased emphasis on training for MOOTW. In 2006, the PLA's premier military research institute, the Academy of Military Science, published an authoritative series of books on military training. According to this series, MOOTW "already are an important component of military operations."¹¹ Actual PLA training events echo this view. Both domestic military exercises and several multilateral exercises have MOOTW themes. Recent multilateral examples include the joint exercise between China and Russia in 2007 (Joint 2007), the Shanghai Cooperative Organization's 2007 anti-terror exercise "Peace Mission 2007", and several naval search and rescue exercises conducted variously along with Pakistan (2005), India (2005), Thailand (2005), the United States (2006), and New Zealand and Australia (2007).

Besides training for non-combat operations, the PLA also appears to be trying to increase its operational range, a goal that would be necessary in order for the PLA to safeguard China's expanding interests. This goal is present in China's 2006 and 2008 defense white paper, which state that both the PLA Navy and Air Force are attempting to extend their operational range.¹² RADM Yao Wenhui, Deputy Director of the PLAN Political Department, similarly wrote in 2007 that, "The PLAN must gradually transform to an 'open ocean defense' navy and improve its distant ocean mobile operation capabilities."¹³ The PLA appears to be The PLAN appears to have taken these exhortations to heart in recent years. The US Department of Defense seconds these statements, maintaining that "China continues to invest in military programs designed to improve extended-range power projection."¹⁴

¹¹ Zhang Baoshu, ed., *Lujun Junshi Xunlian Xue* (The Science of Army Military Training), (Beijing: Military Science Press, 2006), p. 222; and Zhang Yongyi, ed., *Haijun Junshi Xunlian Xue* (The Science of Naval Military Training), (Beijing: Military Science Press, 2006), p. 250.

¹² *China's National Defense in 2006*.

¹³ Yao Wenhui, "Jianshe Qiangda Haijun, Weihu Woguo Haiyang Zhanlue Liyi" (Build a Powerful Navy, Defend China's Maritime Strategic Interests), *Guofang*, no. 7 (2007), pp 1-2.

¹⁴ Office of the Secretary of Defense, *Military Power of the People's Republic of China 2008*,

Electromagnetic Spectrum

Another area of PLA activity that reflects the *Historic Missions* is the PLA fixation with being able to improve its capabilities to operate in the EM spectrum. Any casual perusal of a PLA military newspaper is replete with stories of Chinese military units from all services successfully conducting operations where opposition forces are intensely trying to jam communications. In addition, improving the PLA's knowledge of EM threats, strengthening EM countermeasures, and increasing the number of personnel with these skill sets are frequently touted as key goals. In addition, noting that the Chinese definition of the EM spectrum also includes the information realm, there are numerous stories of the PLA attempting to make their soldiers computer literate. Periodic reports in Western press of the PLA-sponsored computer espionage and intrusion against US government computer sites provide additional evidence of PLA attempts to improve its ability to operate in this new combat environment.

Space Operations

The possible connection between the *Historic Missions* and the Chinese anti-satellite (ASAT) test two years ago is hard to miss. As this committee's members are all well aware, on January 11th, 2007, China launched a variant of its *Dongfeng 21* medium-range ballistic missile at one of its own weather satellites, successfully destroying it upon impact. It is interesting to note that prior to this successful ASAT test, the PLA conducted two unsuccessful tests on July 7, 2005 and Feb. 6, 2006—both after the release of the *Historic Missions*. This trend aligns with China's 2006 defense white paper, which stated that improving space defense technology was a key goal for the national defense industrial complex.¹⁵ The successful test demonstrated that the PLA could potentially denigrate US military capabilities should it ever choose to do so, since US military reconnaissance satellites—which provide key intelligence to combat units—are located at roughly the same height as the Chinese weather satellite. This possibly provides Beijing with what it believes is another tool in its deterrence toolkit.

PLAN Participation in Anti-Piracy Operations off the Horn of Africa

Possibly the most obvious manifestation of the *Historic Missions* in PLA activities, and most applicable to this hearing's focus, is the PLAN's on-going participation in anti-piracy operations off the Horn of Africa. As you are all aware, on Dec 18th, 2008, China announced that it would send PLAN vessels to support United Nations sanctioned anti-piracy operations against Somali pirates operating in the Gulf of Aden. Eight days later, three Chinese naval vessels, two destroyers and a supply ship, left the southern Chinese island of Hainan for the Gulf. They arrived on January 6th for what is supposed to be a three month deployment, with option to renew for another stint. In addition to these vessels, 70 Chinese Special Operations Forces are also participating in this operation.

(Washington, D.C., Dept. of Defense, 2008), p. 29.

¹⁵ *China's National Defense in 2006*, chapter VIII.

While on this deployment, the PLAN's mission is primarily to escort Chinese owned ships—including those of Hong Kong and Taiwan—transiting this region. Should the PLAN vessels receive a distress call from other non-Chinese ships in the area, they are then expected to go to their aid.

This mission could not be a better fit with PLA attempts to fulfill the requirements of the *Historic Missions*. First, the issue at hand, combating maritime piracy, falls squarely within the parameters of task 4, ensuring world peace and promoting mutual development. In addition, the United Nations has sanctioned this multilateral operation—necessary prerequisites for PLA participation. Furthermore, the problem of piracy in this region is a problem that affects the global commons, since Somali pirates have indiscriminately attacked international shipping in this region. Finally, this issue also directly affects China's maritime security interests (and therefore, task 3), since Somali pirates have attacked seven Chinese ships in 2008 alone, thus killing two birds with one stone.

Conclusion

In conclusion, the Historic Missions are a new set of military missions presented to the PLA in late 2004. These missions have provided the necessary political capital to the PLA for it to begin to evolve into a more outward looking military. The influence of the Historic Missions on the entire PLA is already detectable in several areas, to include training and operations. Two events that stand out the most include China's 2007 ASAT test and the ongoing PLAN participation in the anti-piracy operations off the Horn of Africa. It is likely that we can expect the PLA to continue to move towards a more globally-involved military in the future as it seeks to fulfill its *Historic Missions*.

PANEL II: Discussion, Questions and Answers

VICE CHAIRMAN WORTZEL: Thank you very much. We've got a number of commissioners with questions, but since I wrote my own name down first I'm going to start.

I have questions for both of you. Dr. Cole, I'd ask you to elaborate a little bit more on how they're handling logistics in the Gulf of Aden. Are they doing the sort of liaison and contracting on shore and what countries are they focusing on to get their supplies? Do they give their sailors shore leave and are people getting liberty, and if they do, do they do local coordination with police forces? Have they handled things like shore patrol?

For Mr. Hartnett, and I'm going to take that same set of questions and ask you to think more broadly about it. Did these logistics arrangements that they're making far from shore reinforce the

idea that a "string of pearls" strategy might really work in the long term if they want to be a more active and outward military, whether that's for the Air Force or the Navy?

And Bud, if you want to talk about that, too.

DR. COLE: Thank you, sir.

Logistics are a fascinating point. The only hard evidence I've seen so far is they're using Aden as a point to fly in resupplies, and there's bound to be a few personnel replacements coming in. This obviously, when I mentioned interagency progress earlier, I was talking specifically to the need for the Ministry of Foreign Affairs to coordinate with the Ministry of Defense, which is not something China has been noted to do very well in the past, to make sure that these logistics flights happen or whether they're commercial flights or dedicated military flights. I suspect the former.

The fueling is interesting also because the fueler with them basically can probably conduct refueling for maybe two weeks before the tanker itself has to reload oil.

I haven't seen evidence of where they're going for that. Muscat is probably the most logical place, and I'm sure that any of the nations in the Persian Gulf or North Arabian Sea area would be happy to sell oil to the Chinese as well as to us.

There's been no shore leave that I'm aware of. I think it would be out of character for that Navy to offer shore leave, and frankly on a 90-day deployment, not having shore leave would not be that unusual for any Navy. So that kind of means that local coordinating and so forth would not be taking place.

I know that on the Chinese naval visits to this country, to Hawaii and so forth, and to Western Europe, that there are liberty parties. That is when the sailors go ashore. They are very tightly controlled. They go in groups, very well organized. They do coordinate with the local police authorities and so forth, but again they don't just let everybody open the brow and go ashore.

Two points, in addition to the diplomatic liaison I mentioned earlier, one point that interested me that I've seen little evidence about how they're handling, simply command and control. You've got a rear admiral aboard these three ships. What are his rules of engagement? I haven't seen anything written on that really.

Does he have to call back to Beijing? Does he have liaison with one of the local ambassadors? I would suspect satellite communications back to China are the usual way to go.

Thank you.

MR. HARTNETT: Looking more at the macro level picture, I have seen an article recently--I believe it was written two weeks ago--by Air Force Senior Colonel Dai Xu, who did actually call for overseas

PLA bases in order to support such operations as what we're talking about here off the Horn of Africa. I do believe, however, that he might be in the minority. Anything that establishes PLA bases overseas, true PLA bases overseas, I think would be counter to China's interests--that they actually want to combat against this China threat, or a fear of China's rising. Having set up bases anywhere, even just for logistics, would not serve their intentions.

So there may be some within the PLA, but I do not believe as of right now, from what I've seen, that this is a majority view within the PLA or the Chinese government.

VICE CHAIRMAN WORTZEL: Commissioner Videnieks.

COMMISSIONER VIDENIEKS: This is kind of a question to both of you regarding external orientation of the PLA. To what extent, if any, besides senior level visits, are they involved, let's say in Latin America -- specifically in Cuba and Venezuela, or any other country?

DR. COLE: Yes, sir. Clearly on the economic front and diplomatic front, China is exerting a lot of activity in both Latin America and sub-Saharan Africa, for instance, and anywhere else they think they can either secure access to energy reserves or do business.

It's much more than energy; it's simply doing business. President Hu Jintao went through sub-Saharan Africa, visited three countries. I think it was last week or the week before, and they were not at all oil-producing countries necessarily. He was interested in generating overseas commerce.

As far as the PLA is concerned, they have made some port visits, certainly to sub-Saharan Africa and more often to South America. There's been some relatively low level arms sales both to Cuba and Venezuela, but frankly I think China is extremely conscious of the direct U.S. interest in Latin America, and they like jerking our chain, I think, down there when they can, but I don't think that there's any serious military activity going on either with Cuba or with Latin America, sir.

COMMISSIONER VIDENIEKS: Mr. Hartnett?

MR. HARTNETT: I would agree with exactly what Bud said. I have also discussed this in a different environment so if we can move this discussion to a more classified area, I have more information on that, but for the most part, they seem to be low level, and they do seem to be across the board.

They're willing to talk to pretty much any nation that is willing to talk to China in order to get some kind of economic benefit, whether it be trade or oil. And just the fact that since they can poke the U.S. in the eye, I do believe there's desire for that too.

COMMISSIONER VIDENIEKS: I understand with respect to Cuba, that some listening activities have been established, maybe

falling short of actually being bases, but presence of PRC listening personnel or activities in Cuba. Possibly they're capable of interfering with our hospital operations. That is one concern.

DR. COLE: I've not heard anything about your last point, sir, but I'm sure that it's probably more a matter of the Cubans giving them access to listening facilities that I think the Cubans have had for decades.

COMMISSIONER VIDENIEKS: Sir?

MR. HARTNETT: I have also heard rumors about that. I've also seen reports saying that that's actually not true so I personally do not know whether it is true or not. But it would have to be on Cuba's side to allow them to have access if it were true.

COMMISSIONER VIDENIEKS: Thank you.

VICE CHAIRMAN WORTZEL: Commissioner Blumenthal.

COMMISSIONER BLUMENTHAL: Thank you.

I would suggest a China Commission trip to Cuba to check out the listening devices.

Thank you very much for your testimony, very stimulating.

I have two questions, one of which requires intellectual honesty, which is tough for all of us. I speak for myself at least. That question is when Mr. Hartnett had said that he can't imagine, or something to that effect--I don't want to mischaracterize what you said--a China that wants a Navy that is global spanning, would you have imagined, either of you, ten years ago, 12 years ago, that we would now be talking about a deployment by, as you said, high level, high level capacity, and high level frigates in the Gulf of Aden by the PLA? That's my first question.

DR. COLE: Actually when my book *The Great Wall at Sea* was published in 2001, I think in there somewhere I did foresee that. I'm not at all surprised that this is happening. In fact, I think the only surprise is it didn't happen a few years ago.

COMMISSIONER BLUMENTHAL: Mr. Hartnett.

MR. HARTNETT: I really wasn't working on China ten years ago, to be honest with you. However, looking back, I think some signs were there, but I'll probably just defer from that question for right now.

COMMISSIONER BLUMENTHAL: Okay. So is there any way then, let's say, Dr. Cole, you predicted something like this say eight years ago, on the comment Mr. Hartnett made about it being difficult to imagine a global spanning Navy, what can you imagine then, let's say, ten years from now, in terms of what we're not thinking about now from the PLA?

DR. COLE: Well, I don't agree with Mr. Hartnett on that point. For instance, right now I'm writing a second edition of the book on the

Chinese Navy and all from open sources, and I think that by say 2015, we're going to see Chinese aircraft carriers.

I think if I were a Chinese naval planner in Beijing, I would be absolutely delighted at this deployment to the North Arabian Sea as a means to go to my civilian leaders and say, see, we're so useful, you need to keep modernizing the Navy even though Taiwan looks relatively quiet right now.

Global spanning--I could foresee them making, for instance, deployments to Western Europe as they did a couple years, ago every other year maybe, and the more they do it, the easier it will become for them.

Let me just talk one thing about this "string of pearls" argument. "Bases" is not really the right term. For many years, we've said "places," not "bases." And I got a call from a correspondent a couple of years ago about this Port Gwadar that China is helping Pakistan build, and it's four berths for container ships.

And he said is that a military base? Well, a pier is a pier and water is water, and they can refuel a warship just as easily as they can refuel a container ship there. And if they rent a warehouse and stockpile some spare parts, it's a support facility. I think that's a better way to look at it, and clearly they're establishing those.

COMMISSIONER BLUMENTHAL: Thank you very much.

Last question is the following: we've heard testimony beforehand, this morning at least, that it's only natural for China to start to expand out. It has new interests, and we heard testimony from Mr. Hartnett that Hu Jintao made the statements about new interests, particularly in space, maritime, cyber, but I'm sort of puzzled. It's not every advanced country that has announced these interests.

You see Japan and South Korea and then you look at Western Europe which is actually defining its interests downward in terms of global spanning. There's something unique about China. The United States has defined itself that way, too. But there is something unique, let's say, about China and the United States that's actually pushing it to define its interests more globally.

I just simply don't buy the argument that just at a certain rate of economic growth, all of a sudden, take Country X, it decides that it has military interests abroad. So can you try to explain to us what else is driving that?

DR. COLE: I would note that in the North Arabian Sea right now in its counter-piracy business that in addition to the United States and China, we've got Britain, France, Germany, Denmark, Greece, Turkey, Russia, India, Malaysia, and South Korea and Japan have announced they're going to send ships there as well. That's kind of a specialized deal.

As far as global interests are concerned, China is after all the world's third-largest economy and second-largest importer of energy. So they rank very high in terms of global economic interests. I'll also caveat by noting that right now the Five Power Defense Agreement in Southeast Asia is about ready to launch one of their larger-scale exercises which means that Britain, for instance, is sending ships there.

I don't view, however--and I wasn't here for Mr. Sedney's testimony, unfortunately--I don't view what China is doing in terms of military modernization and expansion as something we should be surprised at.

I'm not drawing a parallel--I distinctly do not draw a parallel with early 20th century Germany, for instance, which had these definite colonial imperial ambitions. China doesn't have that.

I do think there's an ongoing argument in Beijing right now about how much money is the PLA worth and how should they be employed overseas like this, and that's why I think this deployment is probably very welcome by PLA planners.

COMMISSIONER BLUMENTHAL: My point, and Mr. Hartnett, you'll have a chance, is that when Japan was the second-largest economy, for example, or South Korea was a level higher than China, they did not define--they did not have these principles of why they need to expand out the military, but China does. So there's something else going on. It's not just the fact that they have or I would support the proposition that there's something else going on besides the fact that they have economic interests around the globe.

That's a statement.

MR. HARTNETT: I would agree with you exactly that there is a little bit more than just economics, although economics is clearly a key driver. And I would argue it's either pride or nationalism. There is this growing feeling within China and within its leadership, you've seen Hu Jintao state a number of times that China is a great power. They are a member of the UN P5. They are a nuclear-weapons possessing state. They have the historical legacy of being one of the major nations in that region. They are either the second or third-largest economy in the world depending on how you parse it. And they realize that. They know that and they see the progress they've made over the past 30 years from what was once one of the bottom states to where they are now, and I think that is also a driver. They feel they need to act on a global stage because they are a global power, and so, therefore, I would argue in a word, "nationalism."

COMMISSIONER BLUMENTHAL: Thank you.

VICE CHAIRMAN WORTZEL: Commissioner Wessel.

COMMISSIONER WESSEL: Thank you.

I'd like to follow up on Commissioner Blumenthal's questions in part and his questions he asked of the previous panel. Dr. Cole, I think you said just a moment ago that it would not surprise you if China was able to deploy aircraft carriers within five, six years; you said 2015.

We find in discussions we've had over the seven, eight years that we've been in operation that the analysts have constantly been surprised by the rapidity at which China has expanded its forces, deployed them, et cetera. What would surprise you? You say 2015 would be for aircraft carriers. That's the logical progression.

At what point should we be raising concerns about the expansion of their capabilities? For both panelists.

DR. COLE: First, let me note that from an operational perspective, I think anybody who builds aircraft carriers including the United States is making a bad decision.

But having said that, I think we should be concerned right now, particularly if we're talking about a Taiwan scenario. China, the large number of conventionally powered submarines they've launched in the last ten years, as a formal naval officer certainly gives me pause as far as being able to deploy our own naval forces into a Taiwan scenario or anywhere inside the so-called "first island chain." So I think we should be concerned right now.

As far as being surprised, I suppose if they put the sea and air capable ship that depended on unmanned air vehicles and that had the capability some of ours do, which is very impressive, that would probably surprise me.

COMMISSIONER WESSEL: Before, Mr. Hartnett, you respond, we've seen dramatic, I think, expansion of their UAV capabilities. Are they at that point yet that you would raise those concerns?

DR. COLE: Not from what I've seen in the open press, and I should note that between 1990 and 1993 when I served on the Navy staff in the Pentagon that for the middle year there I was responsible to a certain extent to the Assistant Secretary of the Navy for Research and Development so I'm very impressed by our current UAV capabilities, let alone what we had back then. And I don't think China is anywhere near what we can do now.

COMMISSIONER WESSEL: Okay. Mr. Hartnett.

MR. HARTNETT: I don't have too much to add on the operational level. That's not my bailiwick for the most part. I would want to just clarify the fact that I don't think that China with a more powerful PLA is necessarily a good thing either. It's going to depend upon how they interact with the rest of the world.

And if they deploy an aircraft carrier, which I do believe that they would like to deploy an aircraft carrier in the next decade, that

may not necessarily be a bad thing because at the same time they may not deploy it very far. Their Sovremenny class destroyers for the most part didn't actually travel anywhere away from their coast until recently.

I think they will build these out of pride and say, look, now we too have an aircraft carrier just like the other major powers of the world. But actually deploying them abroad other than the training exercise, I don't see that happening for awhile.

COMMISSIONER WESSEL: Thank you.

VICE CHAIRMAN WORTZEL: Commissioner Brookes.

COMMISSIONER BROOKES: Thank you.

Dr. Cole, could you give us a little bit more on to what extent Chinese naval forces are operating with other forces in the Gulf, I mean other than the exchange of information?

DR. COLE: Apparently what the Chinese are doing is sort of old-fashioned convoying. They're gathering together Chinese flag or Chinese-owned ships--it's often difficult to determine which frankly--and organize them in small convoys. They've done this at least 16 times I've been able to count so I suspect it's probably happened more than that.

They've also dispatched their helicopter in one case to help out a Turkish-flag merchant ship that was under some attack and supposedly the pirate boats ran off when they saw the helos come overhead.

It's relatively confined waters. There's lots of merchant traffic. We've got probably at least a dozen, two dozen warships. The U.S. has three ships in Task Force 151. Probably a dozen or two dozen ships all operating in these relatively confined waters. So safety of navigation alone means that they're talking back and forth a lot on VHF radio bridge-to-bridge.

The fact that this one CO of the U.S. destroyer talked about coordinating flight operations also indicates that they're doing that on a regular basis, which also makes sense.

When I was in the Persian Gulf back during the '80s, as you may have been, Peter, the French warships there were, officially at least, discouraged if not forbidden from interacting with U.S. warships, but at the local level, we just did it, you know, in the interest of common sense and safety at sea. And I suspect a lot of that is going on with the Chinese warships as well.

COMMISSIONER BROOKES: Okay. Now, another question for you, Dr. Cole. You mentioned support facilities. Do you have a list of those you had in mind? When you're talking about Chinese overseas, you said not bases but support facilities, and you said they are developing those. Can you enumerate some of those you have in mind?

DR. COLE: I think all we'd have to do is look at the port visits they've made in the last decade. For the task group that's over there now, Singapore, Sri Lanka. Burma is out of the way navigationally, but they certainly would have access to Burmese facilities. Similarly, Chittagong in Bangladesh is out of the way for their transit, but they've certainly had ship visits there.

In Pakistan, we've got Gwadar and also a place called Pasni, P-A-S-N-I. They probably would not be very welcome at Indian ports on an operational mission although they've done the exercise with India.

And within the Persian Gulf and the Arabian Sea region, I noted Oman, Muscat, Oman, and if they got into the Persian Gulf itself, then there would be various other ports that they could use, and I think that Aden right now is what they're using for their main resupply point.

COMMISSIONER BROOKES: So basically between say the Pacific and Indian Ocean, anything beyond that? Nothing beyond that?

DR. COLE: Not on a regular basis. And I also have to caveat those remarks by noting that any talk of a so-called "string of pearls" into all the way to Southwest Asia over these very long sea lines of communication, we have to bear in mind that India, which takes the name Indian Ocean very seriously, is sitting right there in the middle, and they certainly wouldn't look favorably, to say the least, on Chinese warship transits back and forth if they thought it was against their security interests.

COMMISSIONER BROOKES: Okay. And I open this up to the panel. What about the Chinese hospital ship? Is that going to operate on--what activities has it undertaken and will that operate on the same sort of goodwill, public diplomacy roles, and missions that, say, the USS Mercy or the Comfort, USNS, I guess, Mercy or Comfort operate?

I open that up to both of you.

MR. HARTNETT: I feel the reason they built the hospital ships was a direct result of their lack of action following the tsunami and seeing what happened when the U.S. and Mercy was deployed there, for example, and other ships were deployed to that area and the amount of goodwill that the U.S. received, the U.S. military received, because of those actions.

The PLA dropped the ball on that or China dropped the ball on that, and they realized it, and they immediately turned around and decided to look into the deployment of hospital ships. So I think it's the main intention for these, in order to combat this fear of China rising within Southeast Asia. That's probably why, I suspect, that we will see deployment of these ships.

DR. COLE: I note that previously the Chinese had a so-called hospital ship, two actually. One was Shichang [ph] which was basically a training ship that they could put hospital sort of modules

on board, and there was also one of their Qiongsa class troop transports they had rigged up as a small hospital ship displacing about 2,000 tons.

I think that the number one mission for the new hospital ship is to support amphibious forces, just as the Mercy and the Comfort, the two U.S. hospital ships, mission is. Secondarily, I think they would look for opportunities to use it on humanitarian missions.

This is something we've been doing for a long time. I just picked something off the Pacific Fleet broadcast this morning about Pacific Partnership 2009 where we're going to take the Dubuque, an LPD, which is very similar to the new Chinese amphibious ship, and send it off to the South Pacific, on one of these humanitarian missions.

I think we'll probably see that performed by the hospital ship next year assuming that the Taiwan situation and other national security situations from Beijing's perspective remain quiet.

COMMISSIONER BROOKES: Thank you.

VICE CHAIRMAN WORTZEL: Thank you very much. Vice or actually Chairman Bartholomew. I'm sorry.

CHAIRMAN BARTHOLOMEW: Thank you. And thank you to both of our witnesses for appearing today. It's always interesting, also, over time, Dr. Cole, to see people's views change or modify or strengthen over a period of time. I noted particularly you've testified in front of us before.

I also, I really, I want to get to this point that the first of the four missions, the new historic missions, are providing an important guarantee of strength for the Party, which is kind of a different way of defining what national interests might be. But I'd like to try to connect that to, is there a changing or expanding role of the Chinese military in directly protecting Chinese business interests?

Obviously, the convoys that you're talking about. Energy resources are an important one, but there are always these sort of unsubstantiated reports about Chinese military on the ground in Sudan and what they might or might not be doing directly with the pipelines.

Do you think that the Chinese government is more, is using the military or potentially using the military more to direct, to protect Chinese business interests than other countries' militaries might be?

DR. COLE: In response to the last point, no, I don't think they're doing any more than anybody else. My understanding is the security folks on the ground in Sudan--I've read estimates up to 5,000--are former PLA military guys technically. Now, whether they become active again once they go home, I don't know.

But they have used some forces in the Sudan. There's an ongoing discussion among PLA and folks in China about adopting as a mission guarding the sea lines of communication all the way in, as Mr.

Hartnett said, from Shanghai to Abadan, I think, and Iran is about 5,000 miles.

I don't think that discussion has been resolved. For one thing, you have to find a threat against which to defend the sea lines of communication. For the second, there's also the factor of India's geographic location.

So I think the discussion is ongoing in China, and I think you've highlighted a key point for, again, possible post-Taiwan employment of the People's Liberation Army, but right now I don't see anything unusual in that direction.

CHAIRMAN BARTHOLOMEW: Okay. Mr. Hartnett, anything to add on that?

MR. HARTNETT: I would argue that if any mission, actually probably what you're talking about now, defending businesses, overseas business interests, would likely fall under task number three, the expanding national interests, rather than the first mission which predominantly looks at domestic internal issues.

However, I do not feel that the PLA any time soon is going to defend any kind of business interest abroad, say in Africa, for example. However, it's not a far step to take mission three, what we're talking about there, and say, okay, the "newly revised historic missions," say in 2010 or 2011, and become incrementally more involved in this issue.

I do believe, however, there are elements in the PLA who don't like this new focus and who are trying to go as slowly as they can, as Dr. Cole mentioned. Not everyone is on board with the idea of protecting overseas interests. You can see that in their writings when they talk about, well, we need to make sure we have the right type of threats, only in multilateral situations, getting involved in U.N. sanctioned operations, for example, so you can lead the PLA to the water, but it may not drink all the time, I would argue.

CHAIRMAN BARTHOLOMEW: Dr. Cole, did you have something to add?

DR. COLE: I was just going to note that in the last few years, for the first time, we've seen China do some what we call NEOs, noncombat and evacuations, of Chinese citizens, Fiji, Solomons, and there was a recent incident where Chinese technicians were kidnapped in Nigeria, and the rescue effort failed, and there's some indication in the public that Chinese SOF guys had been sent there to help out and didn't do very well.

So, from that aspect, I think China is taking a broader view about participation overseas.

CHAIRMAN BARTHOLOMEW: All right. And the connection that I drew on sort of between the Party and the businesses is that

many of these businesses, particularly the energy businesses, are state owned or state controlled. So there's a nexus of interests that goes along there. Yes.

Thank you.

VICE CHAIRMAN WORTZEL: Commissioner Fiedler.

COMMISSIONER FIEDLER: Could either of you speak to the Chinese submarine force? I think we've had only one reference this morning. How far are they reaching? How close to the United States do they operate?

We have not had any Chinese submarines surfacing next to our carriers any time lately, but is that only because they're not surfacing?

DR. COLE: Well, I spent most of my career looking for submarines, and it's a very tough thing to find. It's a very tough mission. I could probably spend a couple hours here talking about Chinese submarines, but let me try to be brief.

China is moving forward dramatically in expanding their submarine force. The numbers are about the same as they were ten or 20 years ago, but now instead of the old Whiskey and Romeo class submarines they got from the Soviets or they patterned after the Soviets, we now have modern conventionally powered submarines. 12 Kilos they bought from the Soviets, about 15 Songs that they built themselves, about 18 or 19 Mings.

The names aren't important, but each one of these classes is more and more capable, and the Yuan class of which they've got two boats now may have something in it called air independent propulsion, which extends the length of time a conventionally-powered submarine can remain and operate underwater depending on its speed from about four days to maybe 14 days or perhaps longer.

They're also building, probably with Russian assistance, two new classes of nuclear-powered submarines, a new class of ballistic missile submarine and a new class of nuclear-powered attack submarines. The previous five or six nuclear-powered submarines they had were pretty bad frankly.

I think that since 2000, they've probably acquired at least 27, new submarines. This is a very significant force, and I think they're doing it with a Taiwan scenario very much in mind. They're very concerned about in a Taiwan scenario about U.S. aircraft carriers steaming into the area and defending Taiwan, and they feel if they can deploy probably a couple dozen conventionally-powered submarines out there, that we would be very slow to enter those waters without first locating or at least localizing the location of those conventionally-powered submarines, and I think that's why they're concentrating on submarine program.

They already have, I think, probably the world's most capable

conventionally-powered submarine force.

COMMISSIONER FIEDLER: How close to the United States do they operate?

DR. COLE: I haven't read anything about any close patrols. Conventionally-powered submarines obviously are considerably limited in their capability, and their nuclear-powered submarines they've had in the past have been so noisy that as soon as they left Qingdao, we'd probably hear them in San Diego, relatively speaking.

This most significant sort of long-term patrol they made was a couple years ago when they had a boat circumnavigate Guam and then come back through Japanese waters where it was located.

COMMISSIONER FIEDLER: Thank you.

MR. HARTNETT: As an ex-Army guy, I think I'll pass on the topic of submarines. Thank you.

VICE CHAIRMAN WORTZEL: Commissioner Mulloy.

COMMISSIONER MULLOY: Thank you, Mr. Chairman. I want to pick up on that concept that Chairman Bartholomew talked about. That is the close relationship between the Chinese government and its companies.

I don't know whether you were here before, Dr. Cole, when I quoted from this publication called "Global Trends 2025," put out by the National Intelligence Council, talking about the declining relative power of the United States and the transfer of wealth and power across the Pacific Ocean to China among other places.

Then the reports notes that China, India and Russia are not using the Western model of development but are using a different model called state capitalism, and they say "state capitalism" is a loose term used to describe a system of economic management that gives a prominent role to the state.

I was struck by that concept, and then the point that Mr. Hartnett puts on pages six of his testimony regarding the knocking out of that satellite by the Chinese, and that this demonstrated that the PLA could denigrate U.S. military capabilities should it ever choose to do so, and they talk about how they worked to improve their defense industrial complex.

And then I was thinking about further to, do you remember, we used to export satellites and the Chinese would launch them for us? We were getting a bargain because they were launching our satellites, but we were helping them build their space technology because some of those satellites would blow up, and then we would improve them and say, well, you got to do this, that or the other thing to improve.

Now they've got such a capability they can knock satellites out of the air, which Mr. Hartnett says they could denigrate U.S. military capabilities.

Is there something wrong with the way we're approaching this whole relationship--without understanding the close interrelationship between the Chinese government, state capitalism, the Party, and that they may--somehow I get the sense that they have quite a different approach to this global economy than we do, and I just want to throw that out and get your view.

You've been an expert; you've been around. And Mr. Hartnett as well, because you're studying these matters as part of your academic studies.

DR. COLE: Well, that's certainly a broad area of concern. First, I agree that there's a closer government role with large sectors of the Chinese economy. Not all the state-owned enterprises, for instance, have been privatized. The military is not completely out of the commercial sector although since 1998, they've certainly mostly gotten out. They're much less involved than they used to be.

Another point I'd make is you're absolutely right, the defense industrial complex is certainly improving in China. They no longer are completely relying on imports, for instance, for higher-tech military gear. The shipbuilding industry in particular has made great strides in the last decade or so.

The case of using their very reliable heavy lifters to put U.S. satellites in orbit, of course, goes back to the Loral case many years ago where the Loral engineers were probably stepping over the bounds of dual-use technology limits.

This is a problem we face as an open society which is the area of dual-use technologies becoming more and more difficult to control or even to analyze, I think, in many cases as to when something has a military application as opposed to civilian application.

In China, the concept of People's War still exists though I think it's very different from what Mao Zedong originally formulated where the peasant would put down his hoe and pick up his rifle and form part of the army. People's War today I think it's much more exemplified by the fact that we can look at a naval exercise being conducted off the Fujian coast in southern China and see where they're using merchant ships to help the naval task force.

Or when you visit the naval base of the North Sea Fleet at Qingdao in northeastern China and you're told that the naval base fueling system is tied into the civilian fueling infrastructure in the city of Qingdao. That's the kind of tie that we also have but in a much more sort of formal establishment.

China certainly has a different form of governance. I was just lecturing on this to the War College the other day, and I mentioned there are three chains of command throughout the country, and I hope Commissioner Wortzel will agree with me on this.

You've got the Communist Party, which pretty runs all the way up and down from Beijing down to the village county level. Aboard a warship, it would go all the way down from the political commissar, who's the nominal equivalent of the commanding officer, down to a two or three-man work center.

Then you've got what we would call the civilian government infrastructure. Again, from Beijing down to county provincial governors and county officials and town officials, and so forth.

And then finally you've got the military where China is divided into seven military regions, and the military has garrison commands down to the at least the large municipal level.

So you've got a system of three chains of command which, on the one hand, can give Beijing perhaps greater control than we might expect throughout the polity and the economy, but on the other hand, I saw also probably this increases by a factor of three the chances for corruption and inefficiency. So I'm not sure it's all a good thing, but it's certainly different.

MR. HARTNETT: I can't add too much to that, but I can only talk about the state capitalism that you mentioned, sir--I do agree with that fully--I think you see it in all sectors where the Communist Party is actually trying to make sure that whatever branch of capitalism it is, it would then grow within China so they're no longer reliant upon outside expertise, whether it be in computers to satellite technology, and even missiles.

They want to have the best for themselves for economic reasons but also for security reasons. So there's clearly a push by the Communist Party in all those aspects.

I also totally agree with Dr. Cole about how the Communist Party is infiltrated and is embedded in the system throughout all the way down, in the PLA in the states, and obviously in the Party itself. I don't think much happens at the end of the day without the Party being somewhat aware of it.

At the same time, however, the cross "xi-tong," or cross-department talk, is actually very difficult within China, and in order to have them coordinate on many levels, I think it's a bit more difficult than we actually understand. The Communist Party is not monolithic and has a lot of problems in communicating with itself, let alone across into the military or across into the civilian government side.

So while it may seem like they're monolithic and they're pushing their state capitalism, at the same time, it's a one-step forward and two-steps back situation because of these communication problems.

COMMISSIONER MULLOY: Thank you both.

VICE CHAIRMAN WORTZEL: We've got a few minutes for more questions. Bud, I agree with you completely on the way you

talked about the structures.

I have a short follow-up and a couple of commissioners do. What strikes me with this deployed task force is that it means that the Central Military Commission and the Operations Department, the PLA Operations, the General Staff Department Operations Department has really had to give an awful lot of authority and initiative to a deployed commander, which it hasn't done before since about the Korean War.

And that was a profound decision. I think it's what held back presence missions in the past. But I'd ask each of you to talk about what you think that may mean for the future. Briefly.

DR. COLE: I think the Chinese learned or sort of imported from the Soviets in the late '40s, early '50s, a very heavily centralized control system, everything from a pilot flying a fighter airplane to the CO of a ship.

The first time this question was raised in my mind was the increased submarine activity. It's very, very difficult to talk to a submarine commander when he's underwater a couple hundred miles away. In fact, it's very difficult if you're right over him many times.

So the fact that they've increased the tempo of their submarine operations says to me that they had already backed off on some of this centralized control. Now it may well be they tell a submarine commander go to this 100 square mile box and just stay there and then come back after two weeks. I don't know.

So clearly this deployment to the North Arabian Sea is a very significant first, and even if this rear admiral and his staff are in hourly or daily contact certainly with Beijing, it's still going to give him an awful lot more flexibility, if you will, and freedom to make decisions on the mundane sort of hourly things that go on aboard a ship at sea than I think we've ever seen before.

I know that on the previous sort of goodwill visits that the PLAN has made to North America and other areas, that they take a great deal of care in preparing the crew and augmenting the crew with perhaps some special political commissars and other guidance in training before those deployments are made. So I think that is an important facet of this deployment.

MR. HARTNETT: Again, I won't talk too much on the operational aspects mainly because it's not my expertise, but I would like to point out that since at least 2002, if not even earlier, so we'll say almost a decade, China has been trying to push down level command in this PLA and realizing that in modern warfare, you cannot have a centralized command and operate successfully.

In Jiang Zemin's 2002 speech before the expanded CMC, he argued strenuously that the PLA needs a flat organization, a flat PLA, and maybe this might be an example of them finally actually getting

their act together. Whether it's successful in the long term and more than just one operation, I can't answer that unfortunately.

CHAIRMAN BARTHOLOMEW: Commissioner Blumenthal, keep it short if you can.

COMMISSIONER BLUMENTHAL: Sure. Okay. Professor or Dr. Cole, I was fascinated by this question you had about or this point you had about the debate they're having internally about whether they should protect the sea lanes 5,000 I guess nautical miles out, but they have to look for a threat or they have to find a threat.

But the Chinese always mention to me that they're under threat. They're under threat by the United States, they're under threat by terrorists, they're under threat by so many others. It seems to me an odd point to make, that they have to look for a threat, and they constantly justify their military build-up on these threats out there.

Let's just say terrorism being one. They try to be polite and not mention the United States by name, but it seems like they mention plenty of threats.

DR. COLE: I'm not sure the Chinese, the PLA budgeteers, are any different than other military budgeteers in looking for a threat against which to plan. That's what planners do, to an extent.

When I first visited China's NDU in January of 1994, I asked the senior colonel on the faculty there what China's national security threats were, and he said Japan. He believed that the U.S. was naive in relying on Japan as a long-term ally. And I said what do you mean, do you really think Japan is going to reinvade China? And you never get a satisfactory answer to that question. It was just sort of an intuitive dislike for Japan.

And then he said India. Again not from a conventional sense, but because India is a nuclear power and because they threaten Pakistan, with whom China likes to say they have a special relationship.

And third he said Russia. I asked that same question at NDU in May 2008, and they said Japan again at the top of the list, and they mentioned India. They don't say Russia anymore, at least not to me, because they get too much stuff from Russia in terms of energy supplies and armaments, but now they're no longer embarrassed or too polite to say the United States.

I think that reflects, on the one hand, greater self-confidence on China's part, but it also reflects the aftereffects of the 1996 Taiwan Strait crisis when they realized, when the PLA realized, I think, after we sent those two aircraft carrier battle groups to the Taiwan area, that if they wanted to take any military action that involved flying through the air or steaming over the ocean that they needed our acquiescence to do it.

I think you're right. I think they're very concerned about U.S. reaction to any steps they might take.

COMMISSIONER BLUMENTHAL: Did they mention terrorism?

DR. COLE: Not in conversations I've had. It seems to me they're playing the terrorism card just to beat up on the Uighurs as much as they can.

VICE CHAIRMAN WORTZEL: Chairman Bartholomew.

CHAIRMAN BARTHOLOMEW: Thanks.

VICE CHAIRMAN WORTZEL: This will be the last one.

CHAIRMAN BARTHOLOMEW: Yes. It seems that in these analyses over the years a lot of what we were hearing about China's military modernization was really about Taiwan. That was the rationale or the justification or at least that was how people talked about it.

I wondered if you could say how much of what the Chinese military modernization is doing both planning and operationally now is about beyond Taiwan rather than about Taiwan?

DR. COLE: I've seen little firm evidence of how they're going other than casual conversations at their Academy of Military Science and at their National Defense University. The navy guys are clearly thinking about sea lines of communication. The army guys are concerned, I think, just about sort of old-fashioned border defense. So when we look at what China has done with the nations on their border in the last decade or two, the threat is pretty minimal there.

I think India right now is the only nation with whom they've not resolved the border. Even Vietnam is in process.

I think that Chinese military planners have a problem frankly. Once they get past Taiwan, they're looking at the East China Sea potentially with Japan, South China Sea, although the South China Sea right now is relatively calm because nobody has found the vast quantities of energy reserves that may or may not be there, and people have been looking for those energy reserves in South China Sea since the mid-1930s without finding them.

So after Taiwan, we've got East China Sea, South China Sea, which of course are relatively close, and we've got the possible defending sea lines of communication, and then we've got the United States, as Commissioner Blumenthal said, which I'm sure is held up daily as the threat against which they have to be prepared to defend.

CHAIRMAN BARTHOLOMEW: Okay. Thanks.

Mr. Hartnett, anything to add?

MR. HARTNETT: Yes. I agree with you fully, actually, Madam Chairman, that the rationale has moved beyond just Taiwan. I do want to emphasize that Taiwan is still a key component, I feel, in the rationale for PLA modernization. It's just now we have other things as

well as Taiwan.

Dr. Cole mentioned the sea lanes of communication, for example. You look at the air force, there have been some writings that they need to improve their strategic air projection capabilities. Whether this would be in support of NEOs or whether it is in order to get PLA peacekeeping troops to the area in question, it's unclear in their writings.

But they do need to do this. So they are looking beyond just Taiwan, while at the same time keeping one eye on Taiwan to make sure that it is their number one focus.

CHAIRMAN BARTHOLOMEW: Thanks.

VICE CHAIRMAN WORTZEL: Gentlemen, thank you very much for your oral testimony and your written statements, and we appreciate your being here, and thank you for your time.

DR. COLE: Thank you very much.

VICE CHAIRMAN WORTZEL: We'll take five minutes and then start the next panel.

[Whereupon, a short recess was taken.]

PANEL III: CHINA'S EXPANDING MILITARY AND SECURITY INFLUENCE

CHAIRMAN BARTHOLOMEW: We'll get started again. Today's third panel will focus on the expansion of China's military and security influence, and we are pleased to welcome Retired U.S. Navy Rear Admiral Eric McVadon and Ms. Susan Craig to speak on this issue.

Rear Admiral McVadon is Director of Asia-Pacific Studies for the Institute for Foreign Policy Analysis. In addition to serving as an executive, senior consultant, and fellow with numerous institutions that span the policy community, he's clearly evidence that retirement doesn't really mean retirement, and he's engaged in a lot of activities.

He served in the U.S. Navy for nearly 35 years and served as U.S. Defense and Naval Attaché at the American Embassy in Beijing from 1990 to 1992.

I'm also very pleased to welcome Ms. Craig, who is the author of monograph entitled "Chinese Perceptions of Traditional and Nontraditional Security," and she currently works at the U.S. Pacific Command in Hawaii. Sorry it was so cold on your visit here for a few days.

Previously, Ms. Craig was a China analyst at the U.S. Army's Foreign Military Studies Office and she also has experience in counterproliferation and U.S. national security issues.

Thank you for joining us today, both of you, and we look

forward to your testimony.

Admiral.

**REAR ADMIRAL ERIC A. McVADON, U.S. NAVY (RETIRED)
DIRECTOR OF ASIA-PACIFIC STUDIES, THE INSTITUTE FOR
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RADM McVADON: Thank you.

Good to see you again. My third opportunity to address the Commission. Let me start by saying yes, indeed, there is a risk to U.S. interests in China's expanded military and security influence.

There are, however, and I really want to emphasize this point, areas where we should encourage Chinese-expanded activities, where Chinese influence should not be feared but welcomed.

Moreover, it's not enough to decry unwelcome Chinese influence.

Our task, it seems to me, is to encourage responsible activity and to shift the negatives to the positive as best we can, and I realize this is a complex endeavor but I contend a crucial one.

Let's start with a tough question. Will China, emerged prosperous and more powerful and influential, be more dangerous, or alternatively, be a key member of the community of nations, even possibly our strategic partner?

The answer is not predetermined. We can influence the outcome even if we can't determine it. We want to exercise our influence. The most important bilateral relationship in the world today is between the U.S. and China. Remember, we're the richest and the most populous countries respectively on the face of the earth.

We want to be involved, to be a part of China's strategic development. We need to be engaged with China in the military and security arena.

Rollercoaster U.S.-China relations have precluded development of trust and confidence--yet each wanting to cooperate and engage, yet compelled to hedge, as we call it now, in order to be militarily ready to deter or defeat each other. To help build trust, I advocate sweeping maritime cooperation including the Global Maritime Partnership of U.S. Navy origin that would encompass naval cooperation.

Some suggest that this naval cooperation may run afoul of the prohibitions of the fiscal year 2000 National Defense Authorization Act. But one form of cooperation is specifically permitted by this act: humanitarian assistance and disaster relief exercises and operations. Thus, a window was intentionally left open, but the two navies are not using it. I suggest that we want China to be effective and influential

in such operations as this.

The PLA Navy fears that it lacks capability, but in fact it's now well suited to the task, having recently acquired, as we heard this morning earlier, large helo-capable amphibious warfare and hospital ships.

For those who favor cooperative efforts in this area, as Pacific Commander Admiral Keating indicated he does, the task is not to curb some imaginative expansive Chinese effort to garner influence, but rather to overcome Chinese trepidation to join the U.S. Navy, which has a vaunted reputation for its work in disaster relief operations.

A bilateral humanitarian assistance exercise with the PLA Navy could help overcome their understandable apprehension. Humanitarian assistance operations and broader naval cooperation provide succor, support, and even direct protection to the devastated, threatened and victimized, but they also build trust and confidence, reducing the need to hedge.

Former Pacific Commander and now Director of National Intelligence Admiral Blair called this building habits of cooperation.

We should, on the other hand, ask seriously whether we want China to benefit from this U.S.-China maritime cooperation? There is, of course, no wholly satisfying answer, but China's rise is certainly not dependent on engaging with us. A balky U.S. attitude to China's rise could redound against U.S. interests.

To choose a vivid current example, China's holding much U.S. debt could in this time of extreme economic difficulty threaten U.S. interests. They're not doing that, of course.

We want to be able to exercise some influence on China's future decisions and not do so as a threatening superpower or, worse, a blustering former superpower, but rather as a partner. We do not wish to be seen as an opponent of China's emergence.

Beijing pleasantly surprised us, as we heard a lot about this morning, in December by sending three PLA Navy ships on an unprecedented anti-piracy mission across the Indian Ocean to the Gulf of Aden off Somalia where U.S. Navy and other ships were already operating.

Will this, as rumored for almost 20 years, lead to Chinese naval bases and support facilities across the Indian Ocean, the "string of pearls"?

I've explored that and been told, I think credibly, that the PLA Navy plans no bases or places. Take that for whatever you will.

Nevertheless, the PLA Navy has boldly mimicked the U.S. Navy pattern. It promptly--something that has not been brought up this morning--deployed combatant and supported ships for an extended period far from home with a mission other than goodwill. It was an

impressive show.

Additionally, in sending these ships on a multinational mission to protect the sea lanes, Beijing, wittingly or not, embraced the U.S. Navy concept of a Global Maritime Partnership, formerly called "The Thousand-Ship Navy."

We might use this as an opportunity to place this event squarely in the positive category by reengaging China on the matter of participation in this GMP concept.

If certain provisions of the fiscal year 2000 National Defense Authorization Act are judged to preclude this form of coordination, Congress may wish to reconsider those provisions.

There's also the matter of confrontation or cooperation in space, as someone raised a few minutes ago. China shocked the world in January 2007 with its reckless ASAT shot. China and the PLA joined a small group of nations that are defining the future of man's use of space including militarization if not weaponization.

Our concern about China's expanded space activities should not be directed only toward China's use of its space program in objectionable ways, but also toward drawing China into an alliance of nations concerned with the security implications of space.

China has interest in retarding moves toward putting weapons in space and in the prospect of shared technology and provision of security for the space assets of member countries.

Our goal would not be to curb Chinese influence but rather to influence China and among other things curb further irresponsible acts in space.

Let me say a few words about Chinese military diplomacy. Senior PLA officers, and I have some more elaborate statistics in my paper, but senior PLA officers in 2007 and 2008 visited seven countries in Latin America a total of 31 times, eight to Chile, I think.

This troublesome travel of PLA generals is a good issue to end on. We're not going to stop these and other Chinese activities abroad.

We can work to transform our bilateral relations so that resultant greater trust and confidence leads to an ability to discuss these concerns when they arise, but many potential activities, like combined efforts in humanitarian assistance, disaster relief and sea lane security, argue for encouraging China's expanded role in the world and envisioning our navies as partners on the high seas. That's my hope anyway, an optimistic viewpoint.

Thank you.

[The statement follows:]

March 4, 2009

Rear Admiral Eric A. McVadon, U.S. Navy (Retired)

Consultant on East Asia Security Affairs

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Testimony before the U.S.-China Economic & Security Review Commission

Hearing on China's Military and Security Activities Abroad

Location TBD

Prepared Statement for Panel III: China's Expanding Military & Security Influence

China's activities abroad, including the military and security aspects, are diverse, varying widely from contrary to U.S. interests to advantageous developments. Indeed, how one characterizes China's military and security influence is often a function of one's leaning, either toward "China bashing" or "Panda hugging." I have tried in this examination of several aspects of China's military and security activities outside China to be evenhanded, to explore selected actions by China to see what should cause concern, what we might ignore, and, perhaps most important, what we want to foster or encourage in a wider role in the world for emerging China.

Unquestionably, there is danger from China's exploitation of its contacts with the world so as to gain military advantage, obtain intelligence, and expand influence in objectionable ways. There are also dangers, risks and missed opportunities stemming from neglect by the U.S. and others to draw China more closely into the orb of nations that are responsible stakeholders, from failure to reinforce, encourage and influence China so that it is not inclined to be a threat to its neighbors and the U.S., and from an insufficient innovation in emphasizing the interests we share with China and to manage well the areas where we have differences.

It is not enough to identify and decry areas of expanding Chinese military and security influence. We must, as difficult as it might be, attempt to transform challenges into opportunities, competition into cooperation, and encounters into reciprocal engagement. Our goal is not to confirm troublesome factors but to make them less troublesome—to shift the negatives to the positive, as best we can. Of course, in some areas, we are likely to have to counter Chinese influence. This is a complex endeavor but one upon which the future of our countries depends.

Will the Panda, grown wealthy, be a threat or partner? I start with a tough question. Will China, emerged, prosperous, and more powerful, be a more dangerous China—a threat to its neighbors, to us, and to its citizens or, alternatively, be a key constructive member of the community of nations, a strategic partner of the U.S., an example of

competent (albeit not democratic) governance, and a responsible stakeholder in the region and the world? These stark alternative outcomes—a dangerous China as a potential adversary or a cooperative China as a potential partner—are not preordained but rather outcomes that evolve as China modernizes and reforms (in its own way). The outcome is something that *we can influence*—even if we cannot expect to *determine* the outcome and may wish to avoid suggesting that we are *shaping*¹ China to our purposes, just as Americans do not want to feel China is shaping U.S. security policy. *Influence* may be the better, the more diplomatic, choice of word—a good choice as long as we recognize that influence is a two-way street, including U.S.-PRC relations.

I offer two highly relevant assertions concerning our approach to China’s expanding influence:

- (1) The most important national transformation underway today anywhere on the globe is that of China and its military.
- (2) The most important bilateral relationship in the world today is that between the U.S. and China: the richest and the most populous countries on Earth.

I have not heard others make the first assertion. The second one, I first made in late 2000, drawing the wrath of some who were about to become key members of the NSC and State Department for the first George W. Bush administration. Incidentally, then presidential candidate and now Secretary of State Hillary Rodham Clinton included the second in an article in *Foreign Affairs*².

The point is that whatever we call our involvement with that country, we want to be involved; we want to be a part of China’s strategic development; we want to be *engaged*—implying, of course, Chinese engagement with the U.S. and concomitant expanded influence. We do not wish to be spectators, snipers, or just distant critics. We know that complications in the relationship will persist. For example, we disagree on arms and support for Taiwan, on trade and human rights issues, and on methods of governance and jurisprudence. We know that countries spy on each other, especially if there is much to be learned and that military conflict between them is a prospect. Nevertheless, can we envision, despite all complications, a cooperative future? Might there be a measure of reality in what I have come to call my “bumper sticker,” employed whimsically in a campaign to encourage Sino-U.S. maritime cooperation? It reads optimistically: PLA Navy and US Navy: Partners on the High Seas. Was the PLA Navy’s unprecedented deployment in January to the Gulf of Aden a first step? The U.S. Commander of forces in the Pacific seems enthusiastic. Admiral Keating said in

¹ Use of the term *shaping* smacks, for some observers, of American hubris.

² Hillary Rodham Clinton, “Security and Opportunity for the Twenty-first Century,” *Foreign Affairs*, November/December 2007, p. 13. Clinton wrote: “Our relationship with China will be the most important bilateral relationship in the world in this century.” I would quibble only with the verb tense; it has already become the most important bilateral relationship. I was guilty of the same error when I wrote in the Autumn 2007 edition of *China Security*: “...the Sino-U.S. relationship...will undoubtedly be America’s most important strategic relationship in the 21st century.” The article is entitled “China and the United States on the High Seas,” p. 9.

February, "It's our desire to have more exchanges with the Chinese. We want to do more with them."³ Admiral Keating seems clearly to favor an expansion of Chinese military activities with U.S. forces.

Weighing Contradictions in Relations with China

Rollercoaster bilateral relations. U.S.-China relations, in addition to the major differences concerning Taiwan (as well as the less volatile areas of trade and human rights), have featured some significant ups and downs over the decades since the opening to China in 1972. To start with the downs, all of us will remember Tiananmen Square in 1989 (especially today's vice chairman, retired Colonel Wortzel, who was there in Beijing on the scene). Most of us might recall PLA Second Artillery short-range ballistic missiles (SRBMs) impacting off the coast of Taiwan in the mid-90s, the precision bombing of the Chinese embassy in Belgrade in 1999, the mid-air collision off Hainan in 2001 of a PLA Navy fighter and a U.S. Navy EP-3, the awkward denial by Beijing in 2007 of U.S. Navy requests for port calls in Hong Kong, and the severing of military contacts in October 2008 after Washington announced impending arms sales to Taiwan. Some of us also recall the peaks of the rollercoaster ride; for example, innumerable exchanges of visits by senior military officers and officials, the four significant pre-Tiananmen Foreign Military Sales cases, the USAF Thunderbirds performing over the Great Wall in the 1980s, highly successful PLA Navy ship visits in the 1990s to Hawaii, San Diego, and Seattle, and many visits to Chinese ports by U.S. Navy ships, extraordinary cooperation in the Six-Party Talks on North Korea's nuclear weapon program, and 2006 PLAN-USN exercises at sea together.

This incomplete list chronicles only some key military and security aspects of the bilateral relationship; ignored prominently, for example, are the strategic dialogue and senior economic dialogue. This list does, however, amply demonstrate that the relationship has been stunningly and repeatedly punctuated by these events and many others like them, creating a rollercoaster effect and making it difficult for either side to develop trust and confidence in the other and to play a positive role in influencing the other in mutually desirable ways.

Engage but hedge. The U.S. and China both appear sincerely to want to cooperate and engage; yet we both must *hedge* in order to be militarily ready to deter or defeat each other. The ancient septuagenarian observers of my generation have become inured or at least accustomed to the seeming contradiction of simultaneously engaging with a modernizing China and hedging against an emerging China obsessed with Taiwan. What is new is an influential China that now increasingly must be taken seriously militarily—as is dramatically illustrated by the existing submarine-launched cruise-missile threat to

³ Mark McDonald and Keith Bradsher, "Optimism Grows for U.S.-China Talks," *New York Times*, February 18, 2009; http://www.nytimes.com/2009/02/19/washington/19pacific.html?_r=1 [The article was available online and was dated Feb. 18, despite the date in this URL.]

U.S. Navy forces and the impending ballistic missile designed to hit ships at sea, as I have described in detail to the commission in previous testimony.

Engaging: in general and with a Congressional imprimatur. However, the other component of the relationship, bilateral cooperation, also is supported by solid—and, in this case—encouraging examples. The Six-Party Talks and the strategic economic dialogue are prime examples of beneficial expanding Chinese clout or influence, but engagement and cooperation should not be limited to these areas. As my bumper sticker suggests, I advocate sweeping maritime cooperation, including the Global Maritime Partnership of U.S. Navy origin that would encompass naval cooperation. Some suggest that naval cooperation may run afoul of the FY 2000 National Defense Authorization Act. I will turn to that issue below, but one form of cooperative military and naval effort is specifically permitted by this act: humanitarian assistance and disaster relief (HA/DR) exercises and operations. Thus, a window was intentionally and specifically left wide open.

PLA-PaCom talks but PLAN hesitant. Representatives of the U.S. Pacific Command have met several times with the PLA to discuss cooperation in humanitarian assistance and disaster relief operations, an idea that originated with Presidents Clinton and Jiang Zemin. I must leave it to PaCom to speak to the status of those talks, involving land operations, but, when I posed the question of PLA involvement in such operations in other countries to a well-informed Chinese flag officer, he said the PLA excelled in providing assistance and relief domestically and that the U.S. excelled abroad. The PRC naval attaché in Washington said the PLA Navy was both inexperienced and not well equipped to carry out such missions. I suggest that the PLAN is now well suited to these tasks, having recently acquired a large amphibious warfare ship and a hospital ship, both capable of helicopter operations. The PLAN also has numerous helicopter-carrying destroyers and frigates and many medium-sized and large amphibious ships (e.g., LSTs) that could be utilized. I have seen no PLAN enthusiasm to undertake such missions alone or in cooperation with the U.S. Navy. For those who favor cooperative efforts in this area, as Admiral Keating indicated he does, it seems that our task is not to curb some expansive Chinese effort to garner influence but rather to overcome PLAN reluctance and trepidation to join the experienced and vaunted U.S. Navy. I recommend when circumstances permit that we propose a bilateral HA/DR maritime exercise with the PLAN to build confidence and overcome any apprehension.

Dual purpose: providing aid and building trust. Humanitarian assistance operations and the more general and overarching category of maritime cooperation, significantly encompassing anti-piracy operations such as China joined in January in the Gulf of Aden, provide succor, support, and even direct protection to the devastated, threatened, and victimized, but there is another critical aspect to such engagements. They also serve as building blocks in constructing a framework of trust and confidence between the countries and navies that has the further potential for reducing the need to hedge, of replacing or at least diminishing the hedging component of the relationship with added

engagement. In short, engagement and cooperation have the bonus effect of possessing the potential for developing understanding and building confidence and trust that can make conflict less likely. Former Pacific Commander and now Director of National Intelligence Admiral Blair has referred to this as building habits of cooperation.

Does cooperation serve our interests? It is understandably troubling to some that China, a potential adversary in some scenarios, would benefit from U.S.-China maritime cooperation, especially in sea-lane security and anti-piracy. In addition to the direct benefits of such collaboration (learning from the U.S. Navy, protection of ocean commerce, and relief from tasks that could exceed PLAN capabilities), substantive cooperation with the United States would confer on China further prestige and legitimacy as a regional, even global, player. Benefits might accrue in other ways; e.g., Beijing's successful use of soft power in the region would likely be strengthened by PLA Navy good work in aiding victims of disasters. We should ask seriously whether we want these benefits to accrue to China. If China's strategic intentions are suspect, with the possibility of detrimental effects to U.S. interests, then how should we approach cooperation?

China will likely emerge as a global power regardless of our concerns. There is, of course, no guaranteed, wholly satisfying answer to this nettlesome question of how to approach cooperation. But it is important to remember the positive factors in engagement and the opportunities through engagement to alter worst-case scenarios even if they prove to be realistic. Although cooperation in general and maritime cooperation in particular may serve Beijing's interests, such cooperation is highly unlikely to determine the success or failure of China's emergence, which depends far more on China's own comprehensive national development than cooperation with a United States that is considered a questionable partner. Absent large-scale domestic upheaval, China's rise is likely to be essentially inexorable—certainly not dependent on engagement and the doling out of American support. One might turn this issue on its head and suggest that failure to be genuinely supportive of an emerging China could redound against U.S. interests. To choose a vivid current example, China, holding huge amounts of the U.S. debt, could in this time of economic difficulty be antagonistic and even tangibly harmful to the U.S. Yet neither Beijing nor Washington is contemplating ways to bring further economic woes down on the other.

Cooperating despite differences over Taiwan issue. Even with the Taiwan issue unresolved, cooperation while hedging makes sense. Maritime engagement with China and the PLAN would give the U.S. Pacific Command and Pacific Fleet an added link for operational cooperation in the region and a means in this sensitive arena to maintain personal contacts and close communications both routinely and during a crisis. It would reinforce the idea of cooperation despite continuing differences across the Strait. Beijing and Washington would demonstrate that China and the United States have common interests that go beyond this limited sphere. Put another way, the Taiwan issue is not the whole story. The macro-view of U.S.-PRC relations encompasses many areas of

strategic alignment and cooperative efforts on profoundly important international security issues—where expanded Chinese influence is not feared but welcomed.

American engagement with more expansive China across the spectrum from regional security to maritime issues, including the ripe area of cooperation on humanitarian assistance and disaster relief (HA-DR), would provide connections to facilitate far better comprehension of China's national and maritime strategy, intentions, and ambitions. It bears repeating that this also affords the potential for favorably, as a partner in the region and world, influencing their direction. In other words, the United States might be able to exercise some influence on China's future decisions and do so, not as a threatening superpower (or worse a blustering former superpower) but rather as a partner or fellow responsible stakeholder among the community of nations.

If China is a winner, do we wish to be on the winning or losing side? From an economic and political perspective, China and the United States are bound together: deeply interdependent in trade and societal matters (education, immigration, human rights, intellectual property rights) and inextricably linked with respect to security and related areas including proliferation, regional stability, protection of ocean commerce, pollution and climate change, etc. Although many in the United States may harbor doubts about the desirability of a strong and more influential China, if that status is to be achieved by China in any case, it would seem preferable for the ascent to have occurred with the U.S. and China as partners in maritime cooperation and other areas. We do not wish to be seen for the remainder of this new century as an opponent of the emergence of China—as China has viewed many Western countries for most of the last century and a half.

PRC-U.S. Military Ties Disrupted and the PLA Navy Goes Abroad in Anger

Severed military ties. Washington announced in October 2008 impending arms sales to Taiwan. Beijing replied by severing military contacts, which, as a practical matter, meant cancelling several visits by senior PLA officers and U.S. officers and officials. Beijing's reaction was seen by most observers as moderate. The author was first told in mid-January by well-informed Chinese that Beijing was awaiting "the proper time" to end the disruption.

An opportunity to exercise the engagement option. Amidst this latest "diplomatic" disruption, Beijing surprised Washington and the world in December with a decision to send three PLA Navy ships on an anti-piracy mission across the Indian Ocean to the Gulf of Aden—off Somalia—where U.S. Navy ships and those of other navies were already operating. Chinese spokesmen emphasized the international (rather than wronged-China) aspects of the decision and ignored the severance of military ties with the U.S., raising hopes for prompt restoration. Possibly most important for the commission's interest, a senior colonel from the National Defense University in Beijing offered a rationale for what a China Institute of International Studies think-tanker described as the first

time in modern history that the nation's navy carried out a mission outside Chinese waters.

Our future military cooperation with other countries will still be limited to attacking pirates and terrorists or non-battle tasks such as medical service and rescue work.... Before, China didn't have an externally oriented economy, so the Chinese navy just needed to stay in Chinese waters. Now, the externally oriented economy has developed so well, the sea interests of China have expanded to other places, so the power of the Chinese navy should reach those places, too.⁴

Whether one takes the Chinese statement at face value, emphasis is placed on limiting the PLAN ships to anti-piracy, counter-terrorism, and non-combat roles that include humanitarian operations and exercises. (Even for those most cynical about Chinese moral pronouncements, I suggest the more often they are repeated the more they are accepted as real policy in the Party, the government, and elite.) So limits remain, but the PLAN assumes a new role—protecting distant sea lanes that carry the ocean commerce on which the Chinese economy depends. The 19th century concept of the use of naval power to safeguard commercial shipping associated with Alfred Thayer Mahan are now, I am told, taught in the naval colleges of China.

Understandably there are questions and apprehension across the Asian littoral: Will this lead to the establishment, as rumored for almost 20 years, of Chinese naval bases or at least support facilities dotted across the Indian Ocean? This deployment of two destroyers and a replenishment ship will, for example, test the assumption of some that the Pakistani port of Gwadar, developed over recent years with substantial Chinese aid, is a component of a “string of pearls” (naval bases) stretching from Myanmar (Burma) to the West to support PLA Navy operations in the Indian Ocean. Many knowledgeable specialists dismiss the “string of pearls” concept; so there is particularly intense interest in how the deployed ships will be supported.

It is worth noting that there has in the past been a big difference between a naval base to support ships in combat (capable of providing comprehensive weapon reloads, repair, fuel to satisfy high combat consumption rates, defense against attack, etc.) and a port where a ship simply could be refueled and re-provisioned. That distinction may be much diminished when the mission is against pirates and terrorists rather than supersonic cruise missiles and lethal air attacks.

The government-sponsored *China Daily* addresses some of the issues and questions.⁵ It

⁴ Maureen Fan, “China to Aid in Fighting Somali Pirates,” *Washington Post*, December 18, 2008, p. A-20

⁵ Wu Jiao and Peng Kuang, “Sailing to strengthen global security,” *China Daily*, 2008-12-26 available at http://www.chinadaily.com.cn/china/2008-12/26/content_7342612.htm

is acknowledged that this is an unprecedented deployment of vessels on a potential combat mission, a major shift in security thinking, and a decision of consequence. The director of the anti-terrorism center at the China Institute of Contemporary International Relations is quoted as describing the decision as “a huge breakthrough.” This represents a shift in dealing with a non-traditional threat from a non-state actor, a form of threat of increasing concern to China. It is recognized that the PLAN lacks experience in this mission and in operating with other navies.

All that said, other voices insist that China’s naval strategy will still focus on off-shore defense and that the PLAN is not a blue-water navy simply because it can transit an ocean. However one views these Chinese comments, the implications of the unprecedented decision by Beijing are undeniably recognized. The Chinese are fully aware of the big step they have taken: a move into the international naval arena that goes far beyond port visits to Pearl Harbor, Everett, and San Diego and cruises to Europe. The PLA Navy has taken a bold step into the naval arena dominated for decades by the U.S. Navy: deploying combatant and support ships for an extended period far from home with a mission other than goodwill and showing the flag.

However, the prompt deployment of a combatant and support force, complete with a special forces unit, suggests an additional, and unmentioned, implication. The PLAN was ready for a rapid response. It is no small matter for a navy to be able to react effectively and confidently to such a crisis. I do not assign sinister motives to every report I hear or see about modernization of the PLA, but, were I the commander of the U.S. Seventh Fleet, I would have noted that the PLAN responded impressively to a crisis an ocean away. That reflects in the PLA Navy an unexpected deployment mindset and, in turn, a measure of maturity in the important hedging component of U.S.-PRC relations.

Rekindling the GMP idea. At least equally important is the fact that these Chinese ships have joined at least geographically with an international task force and that Beijing is emphasizing the international responsibility to act against piracy. Two positive factors are presented: (1) Chinese interlocutors said in mid-January, as mentioned above, that Beijing was looking for the “proper time” to restore military contacts, and Secretary of State Clinton said in mid-February that mid-level military talks would resume during the month, apparently removing this prominent but temporary obstacle to maritime cooperation. (2) Beijing, in sending these ships on a mission to protect the sea lanes along with a multinational naval force, has taken a step toward participation in the rudiments of the U.S. Navy concept of a Global Maritime Partnership, originally referred to as the Thousand-Ship Navy. At a minimum, we should be alert and receptive to Chinese overtures. The PLAN presence for anti-piracy operations off Somalia could be used [or may have been used by the time this testimony is made on March 4] as a touchstone to explore other steps in improved relations. Moreover, if the PLAN ships achieve good operational coordination with the various other navies, this could set a precedent for future operations and enhance prospects for Chinese participation in the

Global Maritime Partnership. Admiral Keating, as reported in the *New York Times* on February 18, said that U.S. naval forces would be willing to work with Chinese aircraft carriers, just as they have cooperated with a small Chinese task force that has been operating in the pirate-infested Gulf of Aden. "They're doing a good job," he said of the two Chinese destroyers and a supply ship. "I congratulate them on a successful deployment," Admiral Keating concluded, seemingly confirming that the PLAN force has coordinated its operations with the international force.⁶

Reconsider some constraints of the FY 2000 NDAAA? It would seem reasonable then to use the PLAN participation in the Gulf of Aden as a reason and opportunity to reengage with Beijing on the matter of China's participation in the Global Maritime Partnership raised by Admiral Mullen when he was Chief of Naval Operations with the PLA Navy commander Admiral Wu Shengli. There is, as explained previously, more to this than cooperation in providing sea-lane security; the grander effort is to build trust, to take a first step down a path leading to broader maritime cooperation. If the provisions of the FY 2000 National Defense Authorization Act--the legislation that constrains our relations with the PLA—are foreseen as an obstacle to this form of coordination between the U.S. and Chinese navies, Congressional reconsideration of at least those aspects of the constraints that might affect maritime cooperation seems warranted.

Might We Prefer China's Space Program to Have International Links?

It may seem unusual to mention China's space program here, but China wants other nations to know that the U.S. is not the only country to be taken seriously in space. And that, of course, means the PLA is a serious and increasingly influential player in the international space arena just as are the U.S. Air Force and other U.S. armed services. China shocked the world in January 2007 with its anti-satellite demonstration that destroyed an old Chinese satellite and left a debris field in space. U.S. observers considered this test to be reckless, while some Chinese officials, according to the author's Chinese interlocutors, wanted silently, if not subtly, to demonstrate first that its threats to go after U.S. C4ISR in the event of a U.S. intervention in a PLA attack on Taiwan are real and second that China and the PLA are world-class members of the small group of nations that are defining the future of man's use of space—including the militarization, if not weaponization, of space.

It is in this latter aspect, China's membership in the international space club, that the topic of China and space is appropriate to this USCC hearing. Our concern should not be directed only toward China's use of its space program to enhance ties to countries from which it may acquire technology or gain other advantage but also toward drawing China into an alliance of nations, formal or otherwise, concerned with the security implications of space. I have heard this referred to as

⁶ Mark McDonald and Keith Bradsher

an international security space alliance.⁷

One might ask what would draw China to consider joining such an alliance. At least some in China were stung by loss, after the A-Sat launch, of the coveted moral high ground with respect to space. Many countries and several components of the Chinese government were dismayed at China's ASAT shot and reportedly said so. This sort of external and internal pressure could serve as the glue to put together such an alliance, which, it should be noted, would also have implications for the U.S. and other countries with respect to the weaponization of space—something that would serve China's interests in stopping or retarding what Beijing regards as U.S. moves toward putting weapons in space. Moreover, the incentives for joining would likely include the prospect of shared technology and provision of security for the space assets of member countries.

For those from all countries who wish to exert leverage to avoid weaponization of space, this alliance would provide a vehicle to monitor and influence any efforts in that direction by member nations. For those who consider the weaponization of space as inevitable or necessary, the alliance might be seen as resembling the Geneva Convention, where future wars were not prevented but that certain aspects of the conduct of those wars were favorably influenced—or at least provisions were established to hold violators of the laws of war accountable for misdeeds. From our perspective, here, again, the goal is not to curb Chinese influence but rather, through China's wider role in the world, to influence China and thereby, among other things, curb further irresponsible acts in space.

China and Africa

China's influence in Africa cannot be ignored; however, my experience is not first hand. I think it best to limit my comments to quoting the words I provided for the back cover of the Jamestown Foundation 2008 book *China in Africa*. In so doing, I can both direct the attention of this commission to that book and offer the concise conclusion that “neo-colonialist” China is making mistakes in Africa but progressive China is learning from those mistakes.

China in Africa provides a fulsome, balanced examination spanning past to future of oil-thirsty, mineral-hungry China's potentially limitless constructive and disruptive, often high-risk, activities—some successful, others not. As to China's complex evolving motives in Africa, the book astutely probes beyond

⁷ The author was introduced to the idea of an international security space alliance by Lt. Col. Anthony Mastalir's presentation at a conference in December 2008 at the Naval War College. Mastalir's paper will appear in a forthcoming book edited by the China Maritime Studies Institute of the college. He is a squadron commander in the U.S. Air Force Space Innovation and Development Center.

resource needs—seldom engaging in exaggeration and “China bashing.” Many chapters are gems of clarity and brevity.⁸

Military Diplomacy⁹

I looked at one more area of Chinese military influence that I have termed *military diplomacy*. An examination of the reported major Chinese military exchanges with other countries over the last two years proved unremarkable with the exception of repetitive visits by PLA general officers to seven Latin American countries. Officers from Latin America visited China far less frequently than the Chinese visited their countries. An overview of visit statistics puts these repetitive visits in perspective. Senior PLA officers made 87 visits to foreign countries worldwide and received 71 senior foreign visitors to China in 2007. The PLA made 79 such visits globally and received 59 visitors in 2008.

With respect to evidence of inordinate attention to Latin America, in the year 2007, 18 visits were made by senior PLA officers to 8 countries of that region—more than 20 percent of all such visits abroad. Similarly in 2008, 14 visits were made to the region—almost 20 percent of the total visits abroad by senior PLA officers. Senior visitors from Latin America to China totaled 7 and 4 in 2007 and 2008, respectively—only 10 percent and 7 percent of the total of senior foreign visitors to the PLA. None of these countries made more than a single visit *to China*. However, senior PLA officers were repetitive visitors; during these two years they made 8 visits to Chile, 5 to Argentina, 5 to Mexico, 4 to Venezuela, 4 to Cuba, 3 to Brazil, and 2 to Ecuador. (While the frequent visits to these countries are certainly noteworthy, in the interest of full disclosure, it should also be noted that PLA general officers visited both the U.S. and ROK 5 times over the two years. Nevertheless, the 18 visits to Latin America and the pattern of repetitions stood out amongst otherwise unremarkable data.)

I have not found it practical working independently to research the specific purposes of these visits and have heard only a little speculation and hearsay. Nothing definitive was revealed by the positions held by the most senior PLA visitors, who were largely very senior command and policy people and political commissars rather than slightly less senior people who might be suspected of hammering out details of technical agreements.

Only one of the reported visits smacked of a possible nuts-and-bolts reason: a 2007 visit to Cuba by the Deputy Chief of the General Logistics Department. Two 2008 visits, one by the Political Commissar of the General Logistics Department to Mexico and the other by the Political Commissar of the General Armaments Department to Chile, arouse curiosity along these lines, although the senior person was a political commissar in both cases. In all cases, other delegation members were not identified.

⁸ The book is edited by Arthur Waldron.

⁹ The statistics in this section were compiled from the table in Appendix I of the Chinese Defense White Paper for 2008, available at http://www.china.org.cn/government/whitepaper/2009-01/21/content_17162779.htm.

The PLA Navy made 12 port visits abroad and welcomed 8 visits by foreign navies to China in 2007. For 2008, the PLA Navy made 5 visits to foreign countries and welcomed 13 visits to China, one of which was a U.S. Navy visit. The absence in these two years of PLA Navy visits to the U.S. and the fact of only one U.S. visit to China apparently reflect the ups and downs in the relationship.

Conclusion

The issue of troublesome frequency of PLA generals' traveling to Latin America is a good one to end on, as it illustrates how we might handle other instances of PLA expansive conduct that concern us. Our most effective means is not to demarche either China or the visited country with demands certain to be ignored. A far better way to cope is to build the Sino-U.S. military-to-military relationship in constructive areas along positive lines so that we are not apprehensive about visits in our hemisphere—and that our relationship with China is one where we could raise concerns and get reasonably candid answers.

With respect to the exercise of other Chinese military and security influence around the globe, we are not going to stop or greatly diminish other Chinese activities abroad. We can, however, work to transform our bilateral relations so that much of the PLA's activity away from home would foster trust and confidence—something that serves the interests of both countries. We should expect to discover and have to live with some Chinese activities we do not like, and China will not agree with all Washington does. But we should see many activities, like the prospect of combined efforts in sea-lane security, where we are encouraging China's expanded role in the world, welcoming rather than fearing Chinese expanded influence, and, as I am advocating, seeing our navies as partners on the high seas—as my imaginary bumper sticker suggests.

CHAIRMAN BARTHOLOMEW: Ms. Craig.

STATEMENT OF MS. SUSAN L. CRAIG, AUTHOR OF "CHINESE PERCEPTIONS OF TRADITIONAL AND NON-TRADITIONAL THREATS," HAWAII

MS. CRAIG: Thank you, Chairman Bartholomew and Vice Chairman Wortzel, members of the Commission, for the opportunity to participate today.

As a leader of the Red Team at the U.S. Pacific Command, my job is to think about things from a non-U.S., or what we call "non-Blue," perspective.

Since there are others who are more qualified to speak to you today about what the PRC can do, I will focus my remarks on what the PRC thinks. Over the past few years, I've read and talked to China's influential elite--scholars, journalists, decision-makers--in an effort to understand how they perceive their security environment, and I continue to try to see the world as others do and portray these perceptions at my job at PACOM.

So I'll talk to you today about what I've learned from these efforts. These are my personal interpretations of Chinese perceptions and do not reflect official government views. I also don't maintain these perceptions are accurate. The point is to understand Chinese perceptions and how they differ from our own.

In doing so, opportunities for action and cooperation increase while the potential for misunderstanding and conflict decreases.

I think there are several conclusions from my research that provide context for China's increasing military and security activities abroad.

First, Chinese have an extremely comprehensive view of their national security environment. China's national security concept includes not only territorial integrity but continuing its economic and social development and maintaining its international stature.

With such a broad concept, the threats that China faces are not only numerous; they are very difficult to mitigate and require far more than a strong military. In this context, the current global economic crisis is a considerable national security threat.

So, too, are the so-called mass disturbances that result from excessive pollution or large-scale layoffs. Bird flu, energy dependence, social disparities, food and product safety issues, all these hold great potential to impede progress during China's period of strategic opportunity and are thus considered threats to its national security.

This brings me to my second point. Chinese perceive nontraditional security threats as more challenging than traditional ones. China's elite believe the likelihood of traditional military conflict has decreased through deterrence and diplomatic skill. It is nontraditional threats, those that are unpredictable, nonmilitary in nature, transcend national boundaries, and have both internal and external ramifications, that are more worrisome.

They are so because they require China's leadership to look both outward and inward. They require China to communicate and cooperate with the international community, a big departure from past practice, that makes the Communist Party wary despite their growing skill at it.

Further, the central government must get local leadership to

implement the many policies the CCP has drafted to address pollution and corruption and strengthen the social safety net and judicial system. This may be the Communist Party's biggest challenge of all.

Third, the U.S. is believed to have a central role in many of China's security challenges, but the concern is less about U.S. military capabilities and more about American diplomatic, political and cultural influence and its ability to contain China in all of these spheres.

China's influential elite are extremely knowledgeable of American policy, politics, culture, and history because this is from where the U.S. threat is perceived to emanate. To be sure, America's military superiority is considered a threat and much of China's military modernization is intended to deter us from bringing that to bear.

But China's elite are less concerned about a direct military confrontation than they are the possibility of diplomatic, political and economic containment. For example, they see evidence of our intent to contain China in congressional actions that limit China's involvement in the world market--preventing the sale of Unocal, imposing trade restrictions, pressuring China to revalue its currency, and advocating "Buy American" provisions.

This political involvement in what we call the free marketplace is considered hypocritical and signals to China that slowing their economic rise is the method by which we will pursue such containment.

I lay out several other ways in which our policies and politics can be perceived as threatening despite the intentions noted earlier by Secretaries Sedney and Norris.

But let me just note here that in many areas China's elite also see opportunities for cooperation, especially in addressing the nontraditional threats that we both face.

So how does all this matter to China's expanding military role and influence abroad? I think it tells us several things about the intent, scope and intended audience for these activities. Because China is facing a panoply of national security threats that come from both inside and outside its borders and the most challenging threats are nontraditional, a strong military is not enough.

But there are some things the PLA can do. The one nontraditional threat the PLA can address is China's energy insecurity. China's dependence on foreign oil and inability to secure its sea lanes is considered a huge strategic vulnerability. So expanding the Navy's capability to provide sea lane security and prevent opportunities for the U.S. or others to impose so-called energy containment will do much to allay Chinese fears.

Second, the PLA can facilitate the international cooperation

required to address nontraditional threats. The most recent Defense White Paper makes clear that Military Operations Other Than War are considered a new and promising avenue for international engagement.

Deploying peacekeepers, conducting bilateral exercises and military-to-military activities, and sending ships to the Gulf of Aden provide just such opportunities.

Third, the PLA can enhance its capabilities to deal with the many crises within China's borders perceived to threaten national security. As we know, China is plagued by drought, earthquakes, typhoons and snowstorms. Any experience the PLA can gain in humanitarian assistance and disaster relief pays huge dividends at home by limiting threats to stability and economic growth.

Fourth, the PLA's activities serve to counter our perceived efforts to contain and define China. We have called on China to be a responsible stakeholder. China's elite are loathe to accept constructs that we have set for them, especially when it is we who determine what responsible is. Contributing to anti-piracy efforts and peacekeeping prevents the U.S. from being able to cast China as a threatening, irresponsible international pariah.

Finally, I think it is worth noting that how to pursue this more active international approach by the PLA is still up for debate. While the most recent White Paper does codify this expanding purview, there is still some reluctance in a growing overseas presence as it runs counter to China's long-standing "noninterference" mantra.

This will likely have a limiting effect on the size and scope of their international activities as will their very careful efforts not to lend credence to the so-called "China threat theory" and alarm their neighbors.

In conclusion, China's increasing military presence abroad is meant to provide a worthwhile operational experience for its military, increase its opportunities for influence, secure its resources and demonstrate that China is a cooperative, constructive global contributor.

Thank you.

[The statement follows:]

Prepared statement of Ms. Susan L. Craig, Author of "Chinese Perceptions of Traditional and Non-Traditional Threats," Hawaii

Thank you, Madame Chairwoman, Mr. Vice Chairman and members of the Commission, for the opportunity to participate in your hearing on China's military and security activities abroad. As a leader of the Red Team at the United States Pacific Command (USPACOM), my job is to think about things from a non-U.S., or non-"Blue" perspective. Since there are others who are speaking with you today who are more

qualified to speak to what the PRC can *do*, I will focus my remarks on the area in which I have more expertise – what the PRC *thinks*. I spent the better part of a year, while I worked for the US Army, reading and talking to whom I call China’s “influential elite” – Chinese scholars, journalists and decision-makers - in hopes of understanding how they perceive their security environment. And I continue to try to see the world as others do, and embody and portray these perceptions in my current job at USPACOM. So I will talk to you today about what I have learned from these efforts. These are my personal interpretations of Chinese perceptions and do not reflect official USPACOM, Army, or U.S. government views. I also do not maintain that these perceptions are necessarily accurate; the point is to understand Chinese perceptions and how they differ from our own. In doing so, our opportunities for action and cooperation increases while the likelihood of misunderstanding and conflict decreases. I should also make clear that despite being a less open society with a controlled media, China’s influential elite have very diversified, nuanced and sophisticated views on China’s national security environment. They have hard-liners and soft-liners just as we do. So my remarks should be taken as an attempt to understand *a* Chinese perspective, not *the* Chinese perspective.

I think there are several conclusions from my research that provide context for China’s increasing military and security activities abroad. I will speak to each of them in turn:

First, Chinese have an extremely comprehensive view of their national security environment. The threats they perceive are wide-ranging and are not limited to the threat of military confrontation. China’s national security concept includes not only defending its sovereignty and territorial integrity, but continuing its economic and social development and maintaining its international stature. Thus, anything that stands to impede the country’s steady economic growth, its social and political transformation, or its “national dignity” is considered detrimental to China’s stability and security. With such a broad national security concept, the threats that China faces are not only numerous, they are very difficult to mitigate – and require far more than a strong Army.

The Chinese take a comparative and quantitative approach to the future, as demonstrated by their concept of comprehensive national power, and see China rising in power, the United States declining in power, and a world that is trending towards multi-polarity. This period of time, where China’s power is growing and the world is becoming more multi-polar, is limited. It is a time of “strategic opportunity” and China must make the most of it, continuing its economic developments and social transformation while limiting any threats to peace and stability.

In this context, the current global economic crisis is a considerable national security threat. So too are the “mass disturbances” that result from excessive pollution or large-scale lay-offs. Bird flu, energy dependence, social disparities, food and product safety issues, heads of state meeting with the Dalai Lama – all these hold great potential to impede progress during China’s period of strategic opportunity and are thus threats to China’s national security. This brings me to my second point:

Chinese perceive non-traditional security threats as more challenging than traditional threats. China's elite believe that the likelihood of traditional military conflict has decreased and been successfully managed through military deterrence and diplomatic skill. It is non-traditional threats – those that are unpredictable, non-military in nature, transcend national boundaries and have both internal and external ramifications - that are more worrisome. They are seen as such because they require China's leadership to not only look outward, but to look inward as well.

Mitigating non-traditional threats requires China to communicate and cooperate with its neighbors and the rest of the international community – a big departure from past practice that makes the Communist Party wary, despite their growing comfort level and skill in this arena. Prior to China's opening, the country was removed from the world's geopolitical fluctuations and did not have to consider international opinion when formulating domestic policy. As China continues to open, however, internal issues have increasing international consequences and vice versa.

And if this new role in and consideration for international dynamics isn't challenging enough, significant internal reforms are also required for China to successfully mitigate non-traditional threats. The Central government is very well aware of all that is required to address threats of pollution, social disparities, drug trafficking, terrorism, energy dependence – and they have in fact formulated many policies to do just that. They know that they must enforce penalties for corruption and pollution and strengthen the social safety net, judicial system, and mechanisms for resolving public concerns. But getting local leadership to implement these policies...that may be the biggest challenge of all.

Third, the U.S. is carefully scrutinized, as it is believed to have an integral role in many of China's security challenges. But the concern is less about U.S. military capabilities and more about American diplomatic, political and cultural influence and its ability to contain China in all of these spheres. China's influential elite are extremely knowledgeable of American policy, politics, culture and history. The attention to these facets of American politics and society is so great because this is from where the U.S. threat is perceived to emanate. To be sure, America's overwhelming military superiority is considered a threat, and much of China's military modernization is intended to deter the U.S. from bringing that power to bear. But China's influential elite are less concerned about a direct military confrontation than they are concerned about the possibility of containment. And the threat of containment is less of a military threat and more of a diplomatic, political and economic one. This holistic approach leads the influential elite to see an American containment strategy that is broad based and threatening more to China's continued economic growth and international stature than to its territory or sovereignty. I will explore several of the more worrisome facets of American policy and politics in turn.

But before I do so, let me be clear: while aspects of American policy and politics are a

concern, there are many areas in which China's elite see opportunities for cooperation, especially in addressing non-traditional threats we both face. Their frustration is that the U.S. tends to assume China's motivations are malevolent and it is therefore a competitor, not a partner. I focus on the following to demonstrate how, despite our intentions, some of our policies, many of which are not directed at China, and our political process, which is very much not about China, can be construed as threatening to a Chinese audience and detrimental to U.S.-China relations.

First, China's influential elite perceive a threat from America's approach to foreign policy. America's global war on terror, commitment to spreading democracy, and proclivity toward military action are perceived as evidence of U.S.' hegemonic intent. The current strategic balance, and weakening of U.S. stature internationally, provided China the opportunity to grow amidst relative stability and pursue both economic modernization and an increasing role in the international arena. But the perceived long-term goal of U.S. foreign policy is to pursue an American-centric world order that would contain China and destabilize the favorable balance of power on which China's continued growth, stability and rising international stature depend.

Second, America's China-specific policy is perceived as threatening for several reasons. The policy of "hedging," balancing elements of both engagement and containment, is generally accepted. The concern of Chinese influential elite is that the balance will tip toward containment due to American propagation of and belief in the "China threat theory." If the theory gains traction, it will impede China's efforts to define itself as a peaceful, cooperative and constructive international partner and cast China instead as the Cold-War style rival to the United States. Through close examination of American policies, military and diplomatic efforts in Asia, and perceived political interference in the free market, the influential elite see substantial proof that U.S. policy-makers widely accept the "China threat theory." *The Pentagon's Annual Report to Congress* is just such evidence. So too is growing diplomatic engagement with China's neighbors, which is seen as already rising in intensity and effectiveness under the Obama administration.

From the eyes of influential elite, the most troubling aspect of America's China policy is the Congressional actions that limit China's involvement in the world market. Banning U.S. banks from granting loans to companies that build nuclear power plants in China, preventing the sale of Unocal, imposing trade restrictions, pressuring China to revalue its currency and advocating "Buy American" provisions in the recent stimulus bill – this extent of political involvement in what we call "the free marketplace" is considered hypocritical. Further, such actions signal to China's influential elite that slowing China's economic rise is the method by which American policy-makers will pursue containment.

Third, the fluctuations inherent in the American political cycle are considered unpredictable and detrimental to improving Sino-U.S. relations. Developing a long-term, coherent China policy is considered unlikely as political leaders come and go and strive

to distinguish themselves from their predecessors. Chinese skepticism and scrutiny of our most recent transition attests to this. While Bush administration policies were initially considered overly unilateral, they were ultimately appreciated for the opportunities they presented, as well as their predictability after eight years. President Obama is still an unknown. What is his policy and approach toward China? Will it reverse the progress made under Bush in Sino-US relations? Where is Asia on his long list of priorities – and why isn't China afforded greater status and deference? Such uncertainty is discomfiting to the Chinese, although Secretary Clinton's visit was very reassuring. Obama's campaign and promise of change is in and of itself a concern as it guarantees unpredictability. His reference to authoritarianism being on the "wrong side of history" in his inaugural speech was considered to be a veiled challenge to China. And Mr. Obama's potential for replenishing international goodwill and American influence is also problematic, as it only enhances the U.S.' ability to contain and undermine China's influence, which China was able to expand under a distracted and internationally disliked Bush administration.

The power that is afforded to interest groups through our political process is also a concern to Chinese elite. Businesses that advocate protectionist policies, a military-industrial complex that pursues profit and budget allocations, and human rights, democracy and labor lobbyists – who are believed to have greater influence under a Democratic administration – are all perceived to have an interest in propagating the China threat theory and promoting containment and protectionist policies that threaten China's economic growth and international prestige.

So how does all this matter to China's expanding military role and influence abroad? It tells us several things about the intent, scope and intended audience for these activities.

Because China is facing a panoply of national security threats that emanate from both inside and outside its borders, and the most challenging threats are those that are non-traditional, a strong military alone isn't enough. The Chinese military can secure the country's borders and deter aggression, but it doesn't have much of a role in helping the Central government implement its policies to curb corruption, address disparities, control pandemics or fight pollution.

The one non-traditional threat the PLA can address is China's energy insecurity. China's dependence on foreign oil and inability to secure its sea lanes is considered a huge vulnerability. These "reliance problems" – of both supply and security - are so troubling because of the lack of military and diplomatic means to overcome them. So expanding the Navy's capability to provide sea lanes of communication (SLOC) security, and prevent opportunities for the U.S. or others to impose "energy containment" will do much to allay Chinese fears. Expanded military presence in Africa also addresses this threat. China's economic and political engagement there has proven insufficient to protect the energy resources in which it is investing. Contributing to peacekeeping and stability in Africa helps secure China's growing financial, personnel and energy assets there in the

long term, without appearing overly opportunistic or threatening.

A second area where the Chinese military can assist in mitigating non-traditional threats is by facilitating the international cooperation that is required to successfully address these threats. The most recent Defense White Paper makes clear that Beijing sees Military Operations Other Than War (MOOTW) as a new and promising avenue for international engagement. So deploying peacekeepers, conducting bilateral counterterrorism exercises and sending ships to the Gulf of Aden not only provides opportunities for greater cooperation, it also burnishes China's image and reputation as a seeker of a "harmonious world" and offers proof that China's intent is peaceful (allaying regional and international concerns in the process).

Third, the PLA can enhance its capabilities to deal with the many crises within China's borders that are perceived to threaten national security. As we have seen in just the last year, China is plagued by drought, earthquakes and massive snowstorms. Any experience the PLA can gain in humanitarian assistance and disaster relief pays huge dividends at home. Enhanced search-and-rescue and riot-control capabilities and emergency command system coordination are valuable skills, because if the government is incapable of responding effectively to frequent crises at home, the Party's legitimacy is challenged – a sure threat to stability and continued economic growth.

Fourth, the PLA's overseas activities are thus not just about the U.S. Certainly some of the activity is meant to demonstrate China's increasing military capabilities and reach and deter the U.S. from intervening in a Taiwan Strait conflict. But the demonstration of increased capability is intended for Japan, India and Russia as well – other countries also considered able and willing to endanger China's sovereignty, economic growth and international prestige.

While the PLA's overseas activities are not about the U.S., they do nonetheless serve a useful purpose in responding to our diplomatic appeals and countering our perceived efforts to contain and define China. We have called on China to be a "responsible stakeholder." China's elite are loathe to accept constructs that we have set for them (especially when it is we who determine what "responsible" is) and perceives that the "responsibility theory" is just the latest theory propagated by the West that China must debunk. Contributing to anti-piracy efforts and peacekeeping prevents the U.S. from being able to cast China as a threatening, irresponsible international pariah and provides a useful counter when we admonish them for other, less "responsible" behavior.

In conclusion, I think it is worth noting that how to pursue this more active, international approach by the PLA is still very much up for debate. While the most recent White Paper touts this expanding mission and purview, there is still reluctance in a growing overseas presence as it runs counter to China's long-standing "non-interference" mantra and aversion to anything that could be considered "imperialistic" or "hegemonic" – forces deemed responsible for China's century of humiliation. This will likely have a

limiting effect on the size, pace and scope of their international activities, as will their very careful efforts not to alarm its neighbors or lend credence to the “China threat theory.” Further, as I hope I’ve demonstrated, China perceives that many of its most challenging national security problems are at home, so there is little desire to become the world’s policeman. China’s increasing military presence abroad is meant to provide some worthwhile operational experience for its military while increasing its opportunities for influence, securing its resources, and demonstrating it is a cooperative, constructive contributor and global player.

Panel III: Discussion, Questions and Answers

CHAIRMAN BARTHOLOMEW: All right. To start off our questions, Vice Chairman Wortzel.

VICE CHAIRMAN WORTZEL: In your written testimony, Admiral McVadon, you talk about hedging, and that's a word that has been very common, but it's also a word that has connotations of a real perception of threat.

I guess Robert Kaplan just did a very interesting article in Foreign Affairs, the newest Foreign Affairs, where he doesn't use it at all. He talks about the competition potentially between China and India in the Indian Ocean that the United States may have to moderate.

He only talks about balancing, you know, that the United States needs to perform a balancing role, but there is no threat perception there. So I'd draw you out on comments, your comments out on that.

And then I've only heard you and Major General, I guess, it's Tian Lihua from the PLA complain about the restrictions of the 2000 National Defense Authorization Act.

Now, that act, if I can summarize the basic principles, has three underlying premises:

One, that the United States should do nothing to improve China's military capability to fight a war; that the United States should do nothing through its contacts to improve China's military capability to threaten the United States Armed Forces; and through its contacts, the United States military should do nothing to improve China's capabilities to threaten U.S. allies and friends.

Which of those do you not agree with?

RADM McVADON: Thanks, Larry.

With respect to hedging, let me add that there's a very prominent member of the China community who doesn't like the use of that term either, and that's Stape Roy, Ambassador Roy, thinking that it's simply a misleading word.

Whether we're talking about hedging or balancing, what I mean in this regard, the context for me, is that there is still the prospect that

we get into it with China over Taiwan. I think the odds of that are extremely low. The tensions are relaxed, but that both Beijing and Washington cannot ignore the fact that--let me put it as I have many times--that China could make a stupid mistake and do something with respect to Taiwan, and so we end up in it.

So for that reason, in addition to the general threat, I don't fear China as a proximate threat, but I certainly am aware that China's intentions could change. I want to ensure that our Armed Forces are in a position to deter and be able to defeat China as necessary, and so I look at it in that context.

With respect to the fiscal year 2000 National Defense Authorization Act, let me throw that one back on you. I believe that in one of my previous periods of testimony I mentioned the Global Maritime Partnership, and the Commission's report said that that might not be possible because of the provisions of the Fiscal Year 2000 National Defense Authorization Act.

The reason I brought it up today is to point out that the National Defense Authorization Act specifically permitted humanitarian assistance. But what's more, there is a prospect, for those of you who agree with me, that having maritime cooperation with China, if you're seeing that as you did in the past, or at least someone did to put it in the report, then let's reconsider that and maybe drop the hint with Congress to reconsider it. Let's not let it be an obstacle to things that we would like to happen.

VICE CHAIRMAN WORTZEL: Ms. Craig.

MS. CRAIG: I would just say in respect to hedging, from a Chinese perspective, they really accept the strategy as hedging. They don't have a problem with it. They don't perceive it as problematic. Their concern is that the balance tips towards containment. But hedging in general is really not a concern they have.

VICE CHAIRMAN WORTZEL: I appreciate your comments. I think you're right. I actually think the act probably allows enough interpretation that if you were doing the things we're doing in the Gulf of Aden or that we hope we might do in places like Afghanistan, you could argue that you're still not doing anything to improve their military capability.

It really would depend on how a Secretary of Defense or the National Security Advisor interpreted the act.

RADM McVADON: I would suggest that there are some things that the Chinese will benefit from in being involved in these sorts of operations. But once again, it's a balancing--using another meaning of the word--balancing what we gain. So I think the trust and confidence that we might build with the Chinese is valuable, look, I know, not as well as some, but I know personally how difficult it can be to get

along with the Chinese.

So I realize all of that aspect of it, and what I'm suggesting is how we change it, and this is an opportunity to do that.

VICE CHAIRMAN WORTZEL: Thank you very much.

CHAIRMAN BARTHOLOMEW: Thank you.

Commissioner Fiedler.

COMMISSIONER FIEDLER: I have two questions. The first is spokesmen and members of various administrations have complained and continue to as early as or as late as this morning that the Chinese are not transparent in our mil-to-mil talks.

I actually would like your opinion on whether that is they are not transparent as a matter of inferiority, a sense of inferiority, or as a matter of strategy?

RADM McVADON: I'm in a very small minority who does not agree with this assertion that the Chinese are not transparent. If we don't know what the hell the Chinese are up to with respect to Taiwan and building their military, I don't know where we haven't been watching.

Yes, I'm sure they don't tell us a lot of things that we would like to know, but I feel that the Chinese modernization has been evident to us. We know where they're headed, and it is more that we would like for each other, both of us probably, to be candid with one another as to our intentions, and I remember that Mr. Sedney mentioned that he had received some more direct talk or comments with respect to arms sales to Taiwan than he'd gotten before, and the good aspect of that, they weren't conversation-closing comments; they were things that you could actually build on and have further conversation.

So if there's any transparency that we want, it's an ability to talk to each other more clearly, but I am not one who complains about not knowing where the Chinese military is going.

COMMISSIONER FIEDLER: I want to make sure I understand something. So are you saying, number one, that they are transparent as regards to their intent?

RADM McVADON: I think that with respect to Taiwan, they have made that very clear.

COMMISSIONER FIEDLER: Okay. But Taiwan is not the only issue that our military has with their military.

RADM McVADON: Yes.

COMMISSIONER FIEDLER: So let's go beyond Taiwan.

RADM McVADON: And so beyond Taiwan, they will talk when drawn out on things like protecting the sea lanes. They also now assert that they are not aggressive, not expansionists, and so forth.

Now, we have to ask ourselves the question: do we trust that sort of answer? Are we saying that we don't like what we're hearing from

the Chinese or that they're not saying anything? I think that they have given us a lot of words. We now have to interpret whether we think those words apply, whether China might as its power grows change its intentions, or what have you.

It's my feeling that we like to hear them say these things over and over. Maybe the more they say them, the more they believe them themselves.

COMMISSIONER FIEDLER: Ms. Craig.

MS. CRAIG: A couple of things about transparency. I think that we have a very different understanding of transparency than China does. I think we expect capability transparency. What can you do; what are you buying? How much are you spending? That sort of information.

And they believe that they have been very strategically transparent; their intentions have been transparent. They strive for peaceful development, harmonious world. Their one-China policy is very clear: they're willing to use force if they need to with regard to Taiwan.

Their no-first-use policy. All these things they perceive to be very transparent. But like you mentioned with regards to inferiority, it's very culturally ingrained in Chinese military strategy, right, that deception is part of your strategy, especially when it applies to the inferior versus the superior.

So asking them to be transparent when we are clearly a superior power is hard for them to grasp and to accept as a good way ahead.

I also think they have been more transparent because of the importance we've placed on it. So they view it as a good bargaining chip. They will be transparent to the point that makes us happy and know that it is useful for them in further engagement.

COMMISSIONER FIEDLER: Thank you very much. Put me on for the second round.

RADM McVADON: May I add a quick comment?

CHAIRMAN BARTHOLOMEW: Yes.

RADM McVADON: I think we have seen some added transparency in that they have been willing after many years of reluctance to have exercises with us, and now, for example, to do this Gulf of Aden deployment. Yes, there was a time when the Chinese were both embarrassed by their backwardness and concerned that we would discover their weaknesses and so forth, in addition to the inherent view that things military are secret, which I think still is more the situation in China than elsewhere, than in the U.S.

So by doing these things, for example, having naval exercises with us and many other countries now, they have shown a willingness to be a bit more transparent because they're less embarrassed than they

were before and more proud of their forces.

COMMISSIONER FIEDLER: Thank you very much.

CHAIRMAN BARTHOLOMEW: Commissioner Brookes.

COMMISSIONER BROOKES: Thank you. Thank you both for your testimony.

Admiral, you used the phrase that made my ears perk up a bit, and you talked about "troublesome travel of their attaches and military representatives." Why would we consider it to be troublesome?

RADM McVADON: Because we wonder what they're doing in Latin America, and their answer to us, their answer to me, very directly, was we're not after the Monroe Doctrine; we're after the oil. And that was a quick answer.

But I think that it is at least interesting, intriguing, or maybe some stronger word than that, that there were all of these visits. By the way, not nearly so many in return—from Latin American countries to China. So I think that it would be very worthwhile for us to be more comfortable in our situation with the Chinese--maybe Mr. Sedney was able to do it to a degree--to say, and not stop the conversation, eight visits to Chile, five to Argentina and so forth; what's that about? So that's what I meant.

COMMISSIONER BROOKES: Do you see trouble in it or is that just a phrase you used, and perplexed, you were perplexed by it? You said "troublesome." So I thought you had something associated with that.

RADM McVADON: When I say "troublesome," I'm reflecting a word that I hear, and there are many people who are concerned. It arose this morning in the questions. So I think that it is troublesome to say, well, in what you're doing, are you keeping something from us? What are you up to there?

COMMISSIONER BROOKES: Okay.

RADM McVADON: That's all I meant, Peter.

COMMISSIONER BROOKES: Okay. Thank you.

Ms. Craig, in terms of what do you sense as a Red Team member of China's grand military and security ambitions? Where does China see itself going in that sphere or, in general, in terms of their grand ambitions? This is always a big question, is where does China see itself in the future?

MS. CRAIG: I think China sees itself as returning to kind of the--we would say it's a new status in the world, but I think they would say it's a renewed status. They are the Middle Kingdom. They perceive themselves as being a great power, and so their military growth is part of that, and the diplomatic and political and economics I would say is equally important to them.

So I think they see themselves broadening their role

internationally and reclaiming that status and that stature. Beyond that, I don't know that they've thought too much about it. I think they'll tell you very frankly they don't want to upset the world order. They like it the way it is because it's provided them the opportunity to grow amidst relative peace and stability.

But they also haven't really thought much or reflected much on how their own rise impacts the world order, and so I don't know that there is much beyond that that they've really considered yet.

COMMISSIONER BROOKES: Admiral, do you have any thoughts on that?

RADM McVADON: No.

COMMISSIONER BROOKES: Okay. Thank you.

CHAIRMAN BARTHOLOMEW: Commissioner Mulloy.

COMMISSIONER MULLOY: Thank you, Madam Chairman. Thank you both for being here and, Admiral, thank you for your many years of service to the Republic and the military.

You both talk in your testimony about some economic issues so that's why I want to come back to this publication that was recently put out by the National Intelligence Council called "Global Trends 2025."

They say in this that there's been a historic transfer of relative wealth and economic power from West to East. Do you agree with that statement, Admiral, and Ms. Craig?

RADM McVADON: I don't feel like I'm an expert on that issue and don't want to take on Tom Fingar and the NIC, but certainly I see in my own experience with China a remarkable improvement in standard of living; as to when China will equal the U.S. in economic power and so forth, those kind of things I certainly don't feel qualified to forecast.

But, yes, I think China at the center of things, that there is a very significant shift, and it's my view that China will continue to emerge and grow more prosperous and more powerful. Our goal should be to do as best we can to influence how that goes even though that is a very difficult process, and I don't suggest that we are going to wield great influence. But, let's be a partner with China in this shift and, so, yes, I agree with the general thought that wealth is shifting toward China.

COMMISSIONER MULLOY: What about you, Ms. Craig? Do you agree with that statement? What I was struck by, they don't just say China is growing; there's a shift, historic shift, of relative power. What was once ours is now theirs. That's what they're saying. I think that's what they're saying.

MS. CRAIG: I think it's also not just solely about China. I think that includes India, Russia and Brazil to a certain extent, and so

it's not just about China. I do think there is a shift occurring. Chinese would say that conforms with their concept of comprehensive national power. They see a China rising in power; they see a U.S. that is declining, to a certain extent. But I don't know that it's a zero sum game.

I do think that we all have common interests and to the extent that someone can help us share the burden of greater international stability and security, I think that it's in all of our interests.

COMMISSIONER MULLOY: Right. Admiral, in your testimony, you talk about China holding huge amounts of U.S. debt. Of course, they got that debt by using their trade surpluses to buy U.S. Treasuries; right? So that was part of the transfer of wealth and power.

Ms. Craig, in your testimony, you talk about on page three, from the eyes of the influential elite in China, they don't like the fact that Congress might want to rectify this situation. They don't like the fact that Congress is talking about the need for the Chinese to revalue their currency, the fact that we put "Buy America" provisions in our stimulus package.

Of course, our stimulus package provides that if you're a member of the WTO Government Procurement Code and the WTO, you can take part, but China has refused to take part in the Government Procurement Code, and that's why they can't be under the "Buy America" provisions.

In other words, what I see is they resent the fact that we might try to take some actions to stem the transfer of wealth and power across the Pacific Ocean and consider that somehow anti-Chinese. Is that your impression, Ms. Craig?

MS. CRAIG: A lot of the efforts, those congressional actions I mentioned, aren't directly related to China. I think they perceive a lot of the policies and politics that we have to be about them, which is not correct.

But there's an assumption that we perceive China to be a competitor and therefore we're going to strive to contain them. So I guess I don't know if that's answering your question.

COMMISSIONER MULLOY: I think there is an historic transfer of wealth and power going on. And I think it's because we haven't thought through clearly how we're--I have no resentment. If I were them, I'd be trying to build their economy as fast as I could as well.

But I'm an American, and I'm thinking what's it doing to our country and our people. So then I get into, okay, how do we stop or at least limit this transfer? And you say that they would perceive that as anti-Chinese if we try to do that, so I was struck by that, and then think, well, boy, that's a heck of a situation we're in then.

Admiral?

RADM McVADON: I'd like to add the thought that to a significant degree, China has chosen no military means to exercise greater influence and to build its economic security, and that's something that I think we should be happy about. We, of course, have long said that a prosperous and open China serves our purposes. I'm not suggesting that to harm our interests is something that we want to get on board with, but I don't see that there is a reason for China's wealth and prosperity to necessarily make us feel that we are threatened economically.

In other words, a wealthy and prosperous United States--I know it's a shift of the factors that you mentioned--but a wealthy and prosperous China, and India, and the U.S., and so forth, is the goal that we should work at, and it seems to me that that's a reasonable thing, and it is not necessarily a zero sum game.

COMMISSIONER MULLOY: Thank you.

CHAIRMAN BARTHOLOMEW: Commissioner Reinsch.

COMMISSIONER REINSCH: Thank you.

I have a couple questions. Ms. Craig-- this is for both of you, but I'm alluding to something in Ms. Craig's statement. At the end you referenced the Chinese oft-stated doctrine of noninterference, which is something we've discussed on numerous occasions before.

Do either of you see any signs that may be eroding a little bit in light of their increasing participation, PLA participation, in the things that we've been talking about all morning? Or do you think that continues to be a fundamental principle of their foreign policy?

MS. CRAIG: I think Chinese are much more comfortable with the dialectic approach. They can say it and mean it, and yet it can mean two different things. I think it's certainly changing as far as they are interfering in lots of places. I guess you could call it that.

But they are very adverse to anything that would be perceived as imperialistic or hegemonic. Those are things that are very deeply rooted in their culture as being bad and things that they do not aspire to.

So, to a certain extent, I think it's staying the same, and it's changing, and they're comfortable with that. They can still refer to that and assume that there is their policy and yet go out and do things that we could consider being interfering.

COMMISSIONER REINSCH: That suggests there's the same element of hypocrisy in their policy that they accuse us of having.

Admiral, do you have the same view or a different one?

RADM McVADON: I think it is eroding slightly, but they are attempting mightily to preserve it, at least in rhetoric. I don't think that I have numerous examples to turn to, but two popped to mind, and

of course the first is the Gulf of Aden. That is a very different thing for them to attempt.

But, remember, they got permission I think on the 16th of December from the government of Somalia, and they're saying it's because of their wishes that Chinese navy ships are there. So there is that attempt to retain the moral high ground.

The other place that I think they gave a little in is Sudan. When we really beat up on them and they finally came around to saying something--and I certainly don't remember the words--like, well, maybe you're right a little bit. We were supporting some reprehensible things, and maybe we shouldn't be doing that. So maybe we should be trying to influence the government of Sudan in a positive way. How lasting that conviction will be I don't know, but it was a big concession on their part to go even that far.

COMMISSIONER REINSCH: Thank you.

Ms. Craig, I was intrigued by your last exchange with Commissioner Mulloy. It's a fair point, I think, that there's a tendency amongst the Chinese to view a lot of things that happen over here as being all about them even when they're not about them.

At the same time, there's a lot of things that happen over here that are about them, particularly in Congress, where you have individual members of Congress who have given speeches or introduced bills or amendments or things like that that are very clearly aimed at addressing different grievances they have about China.

Have you given any thought or can you, either of you, suggest how we can do a better job through dialogue with helping the Chinese to understand the diversity of the American political system and the inevitability of that sort of thing always happening, and how to help them try to make better judgments about which of these things matter and which of these things don't matter?

MS. CRAIG: I actually think they have a very good understanding of that. I think they have a very--some do, and it's growing. But they're getting a very sophisticated understanding of the American political system. It takes some time because it's very foreign to them, but I think that there's an increasing amount of analysis and understanding about how our politics work and how our policies work, and it's deciding what they want to determine as being important. I think that they can do that. They've got some good insights.

COMMISSIONER REINSCH: Admiral, do you want to comment on that?

RADM McVADON: Some years ago, our departing Naval attaché told me that his primary failure in the United States, and he had been here for two tours, was trying to explain to the Chinese our political

system.

I think, as Susan says, that that is changing now, and it's changing because the Chinese are more sophisticated, and I'm reminded--I believe it was Ambassador Roy, again, who in some presentation mentioned or I read the remarks that the most important thing we can do is to have Chinese students, to have joint ventures with the Chinese, to have an integration of our societies to the point where there is a great deal more understanding than there is now.

And by the way, I have developed with my son recently--and I'm not advertising because we haven't done the first one yet--a workshop saying how can we better understand how Chinese and Americans think and think about each other. So I think it's an important factor.

COMMISSIONER REINSCH: That's an interesting comment. I was visited yesterday by two people who want to set up precisely that kind of dialogue, not as a profit-making thing, but on some sort of ongoing basis to try to increase that understanding using, for lack of a better term, an Aspen Institute-like structure, not that particular venue or that organization, but an opportunity for people to get together and have a meaningful conversation outside the confines of a formal government dialogue.

So lots of people have the same idea. It would be interesting to see who can get it off the ground. They're never free. That's one of the problems.

RADM McVADON: April 2-3 in the Washington, D.C. area.

COMMISSIONER REINSCH: Well, I'll look for it. My task yesterday was to talk about whether people in the business community would be interested in that and on what terms. And that is a complicated question.

Thank you.

CHAIRMAN BARTHOLOMEW: Thank you.

Commissioner Reinsch, I would note that one of the things about members of Congress having their different views is that this is a democracy and the importance of freedom of speech is that people have the right to have views that other people might not agree with, and that people get elected, and they have an opportunity to stand up and express their views.

COMMISSIONER REINSCH: And we're all for that. If I had had more time, I was going to disagree with Ms. Craig. I have never met a foreigner, including Canadians, who really understand the concept of separation of powers.

I don't dispute that the Chinese are getting better at it, but I don't think we're making a lot of progress.

CHAIRMAN BARTHOLOMEW: On to my questions or comments. And that goes back to something that I asked earlier today,

but this sense that common concerns and an increase of understanding is not the same thing as a commonality of interests. For example, I understand what the Chinese government gains by increasing its global influence.

I have not yet been convinced of what the U.S. government gains by the Chinese government increasing its global influence, and I think particularly along those lines when we look at humanitarian issues, there are, if we look at the fantastic job that the U.S. Navy did in its response to the tsunami, Admiral, it was not only very important for humanitarian, moral, helping alleviate suffering, but it actually turned out to have been an enormous boon for public diplomacy for the U.S. in Indonesia, and it was a way that people could see the U.S. and see the U.S. military through a different set of eyes.

How do we benefit by the Chinese military having that kind of public diplomacy platform?

RADM McVADON: Let me mention more broadly, first, that, for example, the Chinese influence with respect to the Six Party Talks, however they turn out, has certainly been a valiant effort and seems to me worthwhile.

I think we want China as our partner in regional security and in global security. I'm saying that China is going to be more influential so it's not really a question of whether we want to nurture the influence, but rather if it's going to exist, what will be our position vis-à-vis that influence, and will China feel that we have attempted to oppose their rise in the world and their prosperity?

I mentioned that Admiral Mullen when he was the Chief of Naval Operations made the comment, look, I don't have enough ships and I won't have enough ships to meet all the nontraditional tasks and threats that are now arising including terrorism and piracy and so forth. So I want other navies to join the effort, he said; and he is the one who raised it with the Chinese, suggesting that there should be U.S.-Chinese cooperation in areas such as that.

Overall, there is also this question of don't we want to get along with the Chinese, to be partners with the Chinese in the future, so the more of these things we do, as Admiral Blair has argued, the more we build habits of cooperation, and that they apply more broadly. So I hope you don't find that too fuzzy an answer.

CHAIRMAN BARTHOLOMEW: Ms. Craig.

MS. CRAIG: I would agree with Admiral McVadon. I think there's plenty of that type of work to go around, and the less requirements that we have to do it all, I think is in our interests. There's plenty of that work and there's plenty of that work to do within China, and to the extent that they can start providing that sort of relief and assistance to their own people, I think is also in our interest.

CHAIRMAN BARTHOLOMEW: Great. Thank you.

We have time for some second round. Commissioner Wortzel.

VICE CHAIRMAN WORTZEL: Admiral McVadon, I have to say I agree with you about the transparency of the People's Liberation Army. I think on broad areas of strategic orientation and defense posture, they're pretty transparent. You can't get it all in one single document, but you know where they're headed and you roughly know when they want to be there.

I wanted to ask a question of Ms. Craig. Both in your written statement here today and in your March 2007 chapter for I guess the Army War College, SSI, you've got statements that many influential elites in China have the feeling that the whole system of governance there can't respond to crisis. Now you're talking about it in terms of nontraditional crises, but I think it's also true in traditional crises.

Have you seen changes in approach to national security decision-making or to the national security structure that the Party or the state has experimented with that would improve crisis response?

And Admiral, if you have any comments when she's done, I'd invite you to comment as well.

MS. CRAIG: That's a good question, and I guess I haven't been paying close attention to that, but I do know that they know it's a problem. The central government has a very clear understanding that they need to address nontraditional threats, and they don't have the capability to do so, I don't think.

And that part of that is they don't have the ability to enforce policies and things that they have tried to do to address nontraditional threats just don't get implemented.

But I do know they know it's a problem, and I do think that they are working to improve their decision-making and their ability to do so. Maybe that's the area we want to have more transparency in, and we should be pushing that instead of the budget data and that sort of thing. How do you make decisions and what's the line of communication and who decides and how?

RADM McVADON: Larry, you might remember one of the Chinese Defense Attaches, whose name slips my mind right now, went back to China, and we thought that he was going to be involved in a revamping of the crisis decision-making thing, and--

VICE CHAIRMAN WORTZEL: I think it's Chen--he just became the Deputy Commander of the PLA Air Force.

RADM McVADON: I think it was Chen, and I'm tempted to say Chen Xiaogong, but--

VICE CHAIRMAN WORTZEL: Chen Xiaogong, you got it.

RADM McVADON: But anyway, whichever one it was. But his mission failed.

VICE CHAIRMAN WORTZEL: Yes.

RADM McVADON: And I think that is unfortunate. I think it's still because it is so hard for bad news to be delivered up the Chinese chain of command. They're so accustomed still, even though they're getting away from it, to give favorable reports and incorrect information and so forth because they feel they have to.

It is so hard for somebody to go and say I was wrong, and it's because the penalties I think are still so great for that. At least we can laugh it off. We know in a crisis, that the first information we're going to get is "bum dope," and that we proceed from there.

But I think the Chinese unfortunately are in that dilemma right now, and they haven't got past it and of course the primary example was the EP-3 incident.

VICE CHAIRMAN WORTZEL: No, I agree with you. It was Chen Xiaogong, and as I say he just was promoted to--he didn't have much impact on National Security Council system. We know from the satellite, anti-satellite launch, that the Foreign Minister and the Foreign Ministry weren't part of that national security decision-making process. They're just out of it. And he obviously didn't get a lot done on National Security Council.

CHAIRMAN BARTHOLOMEW: All right. Commissioner Fiedler.

COMMISSIONER FIEDLER: Ms. Craig, you made reference in your testimony to essentially domestic stability being a national security concern. Let me ask a sort of in the weeds question.

The People's Armed Police are still an arm of the PLA for domestic purposes. Do you know of their calculation of how much unrest there needs to be before the main forces of the PLA are brought in to quell disturbances?

MS. CRAIG: That is too in the weeds for me, but I will say that I find it striking the size of the so-called mass disturbances that are within the realm of the norm within China. I want to say that between 3,000 and 5,000 people is considered "taking shape." That's the smallest scale mass disturbance. That's a lot of people. To me that seems like that would be pretty big, and that is not considered too big in China. So I think the biggest concern is when it starts to nationalize and when those groups start to have common interests and work together.

COMMISSIONER FIEDLER: I would just answer your positing there that it is not the number of people, it's where they go that matters. So you have 3,000 people in a workplace that don't leave the workplace with their protests, it's a dealable problem. You have 3,000 people go downtown to the Communist Party Headquarters, you have a very different game.

MS. CRAIG: Absolutely.

COMMISSIONER FIEDLER: And I quite agree with you, and that was the gist of my question, which is how far must things spread nationally before the PLA is active? The relevance of the question goes to the size of the PLA. Do they, in fact, have a larger army because of domestic stability concerns, i.e., their national security concerns, or because of external concerns?

And it seems to me, and I don't know that you agree, that the size of their army is still highly dependent upon their internal concerns.

MS. CRAIG: I would just include I don't think the PLA is sized based on the domestic concerns. I think a lot of that has to do with giving people jobs, but I do also say that--

COMMISSIONER FIEDLER: That's not a domestic concern?

MS. CRAIG: Sure it is. Sure it is. But it's not meant to quell unrest necessarily. But they also, of course, wouldn't hesitate to use it if they perceived they needed to do so--

RADM McVADON: May I add just a couple of thoughts on that? I think there are PLA units around the country that are maintained still with that purpose in mind.

I haven't analyzed them in recent years, but I suspect out in Xinjiang and far northwest China that there are some units of the PLA that are there with the Party probably thinking of them more in that regard. In other words, they're the back-up as needed.

But I want to add, and I hesitate to say anything about Tiananmen with Larry Wortzel here since he was right there on the ground with it, but I remember most vividly a Chinese flag officer sitting in my living room a little more than a year after that saying there were many of them who did not want their troops sent into that action. Making reference to some Americans, he said they were very adamant about it, but they didn't lose a nephew as he did, and his men were forced to participate in that.

So there are some very strong feelings. I think even stronger now. Remember we heard today that the PLA general officers are a more sophisticated and cosmopolitan group than they were in the past.

I think that's a factor we ought to keep in mind, that at least there are many PLA officers who certainly do not want a second time for their forces to be used in that sort of way.

COMMISSIONER FIEDLER: Thank you.

CHAIRMAN BARTHOLOMEW: Commissioner Mulloy.

COMMISSIONER MULLOY: Thank you, Madam Chairman.

I just wanted to come back on this issue of whether they understand our political system that came up. I think there's a group at Fudan University that really follows our Congress so they

understand it pretty well; is that your impression, Ms. Craig?

MS. CRAIG: There is a group at Fudan. There's also, I don't know if you've read the works of Zhang Liping, but she's an incredible--I've read things by her--she's got more insight into Congress, I think, and the political spectrum in general than I think some American analysts do.

COMMISSIONER MULLOY: Okay. So in your testimony when you talk about this influential elite being troubled by Congress' actions like the sale of Unocal, well, of course, Unocal was going to be purchased by CNOOC, a Chinese government- owned corporation that could not be purchased by an American corporation.

Pressuring China to revalue its currency. Well, obviously, they're violating Article IV of the IMF. Even the head of the IMF has said they should be revaluing their currency.

So what I see what they do is they make statements about things that we might do to rectify some of the problems in this economic relationship, and then they say, oh, you guys are protectionists, and they use that to head us off from doing things that we should be doing to protect ourselves from their mercantilist practices.

That's what I see going on, and I just--is that your impression or would you think there's any truth to that, that they make a big thing out of something and call us protectionists, like coming back on the "Buy America" thing. They could get rid of that by just giving us a legal right to their government procurement market which they don't do. So I just think there's a lot of foolishness going on. They're playing us.

MS. CRAIG: I don't want to advocate the Chinese position on this issue. I agree that the perceptions are misperceptions perhaps, but I do think there is a genuine concern that, I mean it is a relatively new thing for the Communist Party to have to depend on others for their security, their economic security, their military.

It's a little frightening for them. I mean it's kind of their new foray into the international arena, and the fact that they are so interdependent with the U.S. on economic policy and with the rest of the world as far as stability and security issues, I think that really does, that is risky for them, and that is a threat, and so the perceptions are coming from that. That's where they start off, and so they see these things in that light.

COMMISSIONER MULLOY: Admiral?

RADM McVADON: First, let me mention that there are some people who I think understand our system pretty well. Two names come to mind--Wu Xinbo and Shen Dingli--just examples--I see Commissioner Wortzel is nodding his head--so I think there are some effective spokesmen in China. Now, as to how wide an audience they

get and how that works in the government, I do not know.

But let me mention the other thing, I have heard, and I certainly don't want to try to replicate, some very sophisticated arguments that are made by some very perceptive Chinese officials concerning their view of the trade and currency issues.

What I'm saying is there's a Chinese side of the argument, it's not a trivial one, and they would say, look, we're looking out for our interests. So the issue that we have here is probably one of trying to understand each other better rather than dismissing the arguments of the other side.

CHAIRMAN BARTHOLOMEW: Thank you.

I think in closing actually I have a question, but I'd like to take us back to sort of where we started, which is China's expanding military and security influence. The issue of territorial integrity was mentioned just in passing, and I wondered if either of you could comment on one of the issues that we started focusing on in our last reporting cycle had to do with lawfare, which is the Chinese use of reinterpretations or different interpretations of treaties or within multilateral institutions, reinterpretation both to potentially set the stage for action that they might take down the road or reinterpretation that has some impact on their interests, a positive impact on their interests.

In this case in particular, I'm thinking both of the Law of the Sea Treaty and also of airspace, and how it's defined, who controls what airspace?

How much do you think the use of lawfare or the reinterpretation of these kinds of concepts is going to be used by the Chinese government and how much of an impact is it going to have as China considers its role militarily in the world?

RADM McVADON: Of course, I think you're referring in one specific case to the United Nations Convention on Law of the Sea and the Exclusive Economic Zone issue. But, yes, broadly, I think we should expect to hear a good bit of that from China. I don't know that I would necessarily want to criticize or say that it's unexpected. It's a tool that I guess we would expect countries under duress to use.

In the South China Sea, they have, of course, come up with their own set of arguments about why their claims are valid and so forth. But with respect to the Exclusive Economic Zone, there they were put to the test. We had reconnaissance flights which we do now again. Of course, I am referring to the EP-3 and the Air Force flights that were going through their Exclusive Economic Zone.

It's my recollection that China from the time that it first dealt with the Convention on the Law of the Sea said that it had this interpretation of the Exclusive Economic Zone that we don't agree

with. In other words, you could not do things like fly military reconnaissance planes through the EEZ.

And the airplane that was collided with—if that's a good way to use that verb--was 70 miles off the coast of China. It was in their EEZ and they had complained about it. We had not responded fully. Of course, they had not responded fully to our concerns about what they were doing. So we had this EEZ dispute.

We take the position that other states' rights are preserved in an EEZ to do things even like laying cables and pipelines and that sort of stuff. The Chinese do not agree with that. So I expect that we should see more of that.

So I looked at it with respect to what was happening in the Gulf of Aden, wondering if they were going to blunder and do things in the Somalian EEZ that they said they didn't want to happen. Well, guess what? They carefully laid the groundwork to demonstrate that they had the U.N. authorization to do it and it was on the wish of the Somalian government. So I think we should expect that they will skillfully use that to serve their interests.

CHAIRMAN BARTHOLOMEW: Ms. Craig, anything to add?

MS. CRAIG: I would just add certainly it is an area in which they are spending a lot of time and effort, and they feel it's a very worthwhile expenditure of that effort. I don't know how compelling it is, though, and I don't know how good they are at it, at least not yet.

I don't find their arguments for why, you know, they should have, why their EEZ claims are more valid than Vietnam's, for instance, in the South China Sea. I don't find those particularly compelling, and I don't know that the rest of the world will either. That may change as they get better at it, but as of right now, I don't know that it's really working for them.

CHAIRMAN BARTHOLOMEW: All right. Thank you both very much, again, for your service to our country and also for appearing before us today. It was very interesting, and we look forward to further discussions with you.

We're going to break until 1:45.

[Whereupon, at 12:45 p.m., the hearing recessed, to reconvene at 1:45 p.m.]

AFTERNOON SESSION

PANEL IV: CHINA'S MILITARY OPERATIONS ABROAD

VICE CHAIRMAN WORTZEL: Gentlemen, thank you for being here. This is our final panel today, and it will examine some of China's specific military operations abroad. We have invited three experts to help us do that.

Dr. Paul Smith is Associate Professor at the Naval War College in Newport, Rhode Island. He specializes in transnational security issues and the international politics of East Asia and also generally in the People's Republic of China, and we've asked him to talk about China's counterterrorism operations and their implications, both for the region and for United States' policy.

The next speaker will be Dr. Michael Auslin. He's Resident Scholar at the American Enterprise Institute. He's AEI's Director of Japan Studies and was before that a Research Fellow at the MacMillan Center for International and Area Studies at Yale University.

We think that he's really perfect given his work--

CHAIRMAN BARTHOLOMEW: Perfect.

VICE CHAIRMAN WORTZEL: --to talk about China's military patrols in Northeast Asia and their impact in regional security.

See, Pillsbury is back there. He doesn't think we pick people for good reason so I had to say "perfect."

The final speaker is Mr. Chin-hao Huang. He's a researcher at SIPRI, the Stockholm International Peace Research Institute. He co-authored "China-Southeast Asia Relations" in the Pacific Forum's Comparative Connections, and he's going to speak about China's participation in U.N. peacekeeping operations, and you wrote with Bates Gill, I think, on that also. So very relevant topics.

We try and keep the oral presentations by the panelists to seven minutes, and then we go for rounds of questions, but whatever your written submission is, we'll get that all into our record on the Web site.

Dr. Smith, we'll start with you. Thank you.

STATEMENT OF PAUL J. SMITH, PH.D. ASSOCIATE PROFESSOR, U.S. NAVAL WAR COLLEGE NEWPORT, RHODE ISLAND

DR. SMITH: Thank you, sir.

Chairman Bartholomew and Vice Chairman Wortzel, it is a great honor to speak before this panel. Thank you for the invitation.

I must remind you, however, that my remarks and everything that

I say and everything that I have written are my own opinion and do not represent the views or the opinions of the U.S. Naval War College, the U.S. Navy or the U.S. Department of Defense.

In the Army tradition, reflecting my Army background--why am I working at the Naval War College is another story--the primary thesis of my written testimony, which I submit for the record, is that China as a rising power in the international system is experiencing an increase in domestic and foreign terrorism, and, yes, this will have some impact on Chinese force planning.

My ultimate conclusion, however, is a positive one, namely, that China's terrorism challenge presents a strategic opportunity for the U.S.-China relationship.

As described in the NIC 2025, which you, sir, have already referenced before, and other assessments, the rise of China is arguably the most profound geopolitical transition of the early 21st century.

In its report, the National Intelligence Council noted that few countries are poised to have more impact on the world over the next 15 and 20 years than China. If current trends persist, by 2025 China will have the world's second-largest economy and will be a leading military power.

However, like many rising nations before it, China has begun to realize that an activist and robust commercial and political profile throughout the world sometimes carries a violent price tag. Recent violent incidents conducted against Chinese nationals or commercial interests in Africa, Central Asia and South Asia are indicative of this trend.

Moreover, since the early 1990s, China has experienced a series of violent attacks emanating from or associated with its restive northwest Xinjiang Uighur Autonomous Region, or XUAR, a trend that for historical and political reasons will likely continue for the foreseeable future.

China has responded to terrorism in several ways, ranging from increasing internal security, changing business practices overseas, particularly in unstable countries, to encouraging multilateral initiatives, such as the Shanghai Cooperation Organization.

Another part of Chinese strategy involves increasing military counterterrorism capacity. This may grow in the future as Chinese nationalism rises. Essentially what happens is when you have major attacks overseas, the Chinese, I believe, will increasingly demand a robust response. In many cases, this response may be of a military nature.

In this regard, China has designated its People's Armed Police Force, or the PAPF, which is somewhat analogous to the National Guard or Department of Homeland Security in the U.S., to be its lead

agency in counterterrorism efforts.

China has also engaged in multilateral and bilateral military exercises that have terrorism as a key focus.

Ladies and gentlemen, as the 9/11 attacks and subsequent attacks in Mumbai, New Delhi, London, and Madrid have demonstrated quite clearly, terrorists have almost state-like ability to affect or even transform the international system. This will become an even greater reality as the 21st century unfolds, particularly as the likelihood grows that a mass casualty event involving weapons of mass destruction will occur somewhere in the world.

For this reason, the U.S. and China should view terrorism through this new lens which requires cooperation. Great power cooperation, not competition, offers the only real way out of this trap.

In addition, terrorism can be viewed as one of many transnational threats confronting the world. U.S.-China cooperation is critical to solving such issues as international crime, climate change, proliferation of WMD, maritime piracy, pandemics and failing states among other issues. And this will be necessary in the future.

Ladies and gentlemen, this concludes my oral remarks and the remaining details are contained within my written testimony.

Thank you.

[The statement follows:]

**Prepared Statement of Paul J. Smith, Ph.D.
Associate Professor, U.S. Naval War College
Newport, Rhode Island**

March 4, 2009

**Paul J. Smith, PhD
Associate Professor
U.S. Naval War College**

**“China’s Political and Economic Ascendancy and the Global Terrorism Burden:
Prospects for US-China Cooperation”**

**Testimony before the U.S.-China Economic and Security Review Commission
Hearing on “China’s Military and Security Activities Abroad.”**

Introduction¹

The political and economic rise of China is arguably the most significant geopolitical transition of the early 21st century. A recent report from the National Intelligence Council (“NIC 2025”) stated that “few countries are poised to have more impact on the world over the next 15-20 years than China. If current trends persist, by 2025 China will have the world’s second largest economy and will be a leading military power.”²

However, like many rising powers before it, China has begun to realize that an activist and robust commercial and political profile throughout the world sometimes carries a violent price tag. Recent violent incidents conducted against Chinese nationals (or commercial interests) in Africa, Central Asia and South Asia are indicative of this trend. Moreover, since the mid-1990s, China has experienced a series of violent attacks emanating from (or associated with) its restive northwest Xinjiang Uighur Autonomous Region (XUAR), a trend that, for historical and political reasons, will likely continue for the foreseeable future.

Rising Powers and the Global Terrorism Burden: a Blueprint for China’s Future?

Terrorism is an asymmetric tool or strategy typically used by nonstate actors to achieve certain political objectives in either local (national) or international contexts.³ At its most basic level, terrorists seek to break “the spirit and create a sensation of fear within the target group [typically the ruling government], which will cause it to initiate political change.”⁴ In some cases, terrorism may be employed in the context of larger insurgencies directed at an incumbent regime, as can be seen in Sri Lanka or the Philippines. Often a “war of attrition” is a key part of this strategy, in which the terrorists will seek to have the targeted regime ask whether it is really worth maintaining a certain policy (or physical presence) in light of psychologically-disorienting and destabilizing violence.⁵

In an international context, terrorism can be seen as a tactic of compulsion, particularly when directed against individuals, officials or commercial entities representing a rising or hegemonic power. As the United States emerged as a powerful state in the 20th century, it found itself increasingly targeted by national and international terrorists. Thus, as Martha Crenshaw has asserted, the United States, since the late 1960s, “has been a preferred target, the victim of approximately one-third of international terrorist attacks over the past 30 years.”⁶ Richard Betts argues that American primacy (after the end of the Cold War) accelerated anti-American terrorism because of the penetrating nature of American cultural, military and political dominance throughout the world.⁷

Consequently, based on the estimates contained within the NIC 2025 report, the international system is currently undergoing a tectonic power transition, in which American relative decline is being matched by China’s gradual ascendancy.⁸ Based on the analysis above, therefore, it would be logical for China to take on more of the “terrorism burden” associated with great power status, while the United States may enjoy some slight relief from the same. At the very least, both China and the United States may discover that they are facing a common but differentiated transnational challenge, one

that potentially threatens—in an age of globalization in which terrorists can conduct spectacular attacks with conventional or non-conventional means—the entire global trading system upon which both countries depend.⁹

During the past few years, China has discovered that an activist commercial posture in certain parts of the world can incur a terrible human cost. Most recently, nine Chinese employees of the China National Petroleum Corporation (CNPC) were kidnapped in the Southern Kordofan State of Sudan in October 2008. Five were subsequently killed, apparently as a result of a botched rescue operation. In April 2007, nine Chinese oil workers were killed in Ethiopia when militants associated with the Ogaden National Liberation Front (ONLF) launched a raid on an oil facility. In Nigeria, five Chinese telecommunications workers were abducted in January 2007 in the Niger Delta by unidentified armed men believed to be linked to the Movement for the Emancipation of Niger Delta (MEND).¹⁰ In Niger, a Chinese uranium company executive was taken hostage. The executive, Zhang Guohua, was reportedly abducted by members of the local Tuareg tribe “who were upset at the company’s policy of employing people from the capital rather than locals.”¹¹

China has also experienced violence in other parts of the world. In Afghanistan, eleven Chinese construction workers were killed in June 2004 when their construction site was raided by militants operating near Kunduz.¹² According to reports, the militants attacked a compound where the Chinese workers were sleeping and opened fire. In June 2005, a bus carrying Chinese nationals was attacked in northern Kyrgyzstan, although none of the bus occupants was killed. In an earlier case, a group of 19 Chinese businessmen traveling from Bishkek to China was less fortunate; all 19 were killed when their bus was attacked by “unidentified men armed with Kalashnikov assault rifles.”¹³ In June 2002, Chinese diplomat Wang Jianping, who worked at the Chinese embassy in Bishkek, was gunned down as he was riding in his car along a street in the Kyrgyz capital.

In Pakistan, which enjoys a close relationship with China, Chinese workers have also been targeted by various militant groups. In July 2007, a bus full of Chinese engineers was bombed in the southwestern province of Baluchistan. None of the Chinese was killed (although a number of policemen on detail to protect the Chinese were).¹⁴ On 8 July 2007, three Chinese workers were shot dead in Peshawar. A year earlier in February 2006, militants shot and killed three Chinese engineers in the town of Hub. In October 2004, two Chinese engineers were kidnapped, while in May 2004, three Chinese were killed in a car bomb attack.¹⁵

Domestically, China considers the Xinjiang Uighur Autonomous Region (XUAR), home to roughly eight million non-Han Uighurs and other minorities, to be its most serious security challenge. Beijing is particularly concerned with Xinjiang’s Uighur population, which is ethnically Turkic, largely Sunni Muslim and has diaspora linkages throughout Central Asia. China claims that it has been fighting insurgent violence or terrorism in the region for at least 19 years, ever since the Baren [Barin] Township riot on April 5, 1990, in which as many as 1600 people (Uighurs and Chinese police) were killed.¹⁶ Beijing is particularly concerned that a global Islamic revival—and particularly rising consciousness regarding an international Islamic community, or *Ummah*—may cause separatist aspirations in Xinjiang to be redefined in religious terms.¹⁷

In recent years, there has been clear evidence that a small minority of Uighurs has engaged in violent attacks against Chinese interests in Xinjiang and elsewhere in China

(to include attempted and completed suicide bombings). An instance of such violence occurred on 7 March 2008, when a China Southern Airlines jet took off from Urumqi (capital of the northwest Xinjiang Uighur Autonomous Region) at about 10:35am and headed toward Beijing. About two hours later, the plane made an emergency landing in Lanzhou, capital of neighboring Gansu Province. Investigators would later report that a 19-year old female ethnic Uighur had attempted, with the assistance of a male collaborator, to set fire to the airplane while in flight. The airline's crew was able to subdue the woman in a timely manner. The Chinese government later characterized the attempted attack as "organized and premeditated."¹⁸

In 2003, China identified four groups as being "East Turkistan terrorist organizations."¹⁹ They included: the East Turkestan Islamic Movement, or ETIM (东突厥斯坦伊斯兰运动), the East Turkestan Liberation Organization, or ETLO (东突厥斯坦解放组织), the World Uighur Youth Congress, or WUYC (世界维吾尔青年代表大会), and the East Turkestan Information Center, or ETIC (东突厥斯坦新闻信息中心). Of the four groups, clearly ETIM has evoked the greatest concern within the Chinese Government. It has also been linked most directly to Osama bin Laden and the Al Qaeda organization.²⁰ In 2002, the United States, China, Afghanistan and Kyrgyzstan petitioned the United Nations to classify ETIM as a terrorist organization under U.N. Security Council Resolutions 1267 and 1390.²¹ Such act "deeply gratified Beijing and simultaneously led many Uighurs to despair of receiving international support."²²

Anti-Globalization Terrorism and China's Growing Risk

Contemporary international terrorism is often viewed as not only a violent reaction to globalization, but a phenomenon that is actually nourished by various processes—e.g., the computer internet revolution—associated with globalization.²³ In an earlier assessment of long-term future trends published in 2004, the National Intelligence Council noted that globalization's effects will be spread around the world, while its benefits would be most likely contained to certain regions or actors. In other words, globalization will create "winners"—China and India, for instance—and "those left behind."²⁴ The second category would likely resent countries such as China "especially if they feel squeezed by their growing dominance in key sectors of the global marketplace."²⁵

As China's economy grows and reaches across the globe—in some cases displacing local industries or stimulating layoffs of local workers—China is likely to emerge as the new and, in some cases, resented "face" of globalization. Displaced and vengeful workers in countries affected by Chinese economic penetration will view China as the economic culprit behind their woes. China's challenges may be particularly acute within developing countries in which Chinese infrastructure development, investment, trade and resource acquisition have enriched urban elites while leaving the poor in the provinces behind.

Currently, China's global drive for energy supplies and other resources serves as a key underlying motive for its increased presence and economic activism around the world. According to one assessment, the most significant influence on 21st century global energy markets is likely to be the rise of two key players: China and India.²⁶ For its part, China

is increasing its dependence on foreign oil, which has grown from 6.3 percent (of total oil consumption) in 1993, to 30 percent in 2000 and 46 percent in 2004.²⁷ Based on current projections, China's crude oil imports are expected to double by the year 2020.²⁸ Dr. Fatih Birol, Chief Economist at the International Energy Agency, recently told an audience at the Council on Foreign Relations that "China will import about 10 million barrels per day of oil around 2015, and 13 million barrels per day in 2030, similar to the United States."²⁹ In essence, he noted, "China, in terms of oil imports, will be United States tomorrow."³⁰ An increasing appetite for oil has driven Chinese companies, both state and private, to oil-rich countries throughout the world, some of which are dangerous and politically unstable.³¹

Consequently, China's desire for energy and other commodities potentially exposes the country to terrorist violence. China has sought to pursue a policy of non-interference within the internal affairs of the countries in which it conducts business. However, this policy almost invariably requires cooperation with corrupt elites or unpopular governments, which may be in a state of conflict with antagonistic internal forces. This dynamic can be seen particularly in Africa where China has often entered into agreements (regarding energy extraction, etc.) with governments facing significant internal opposition, to include active insurgencies. In some parts of Africa, China has been accused of engaging in a new form of commodity and resource-based colonialism. Reflecting this sentiment, one African business analyst, writing for a major African wire service, noted that "this wild Dragon (China) has tasted and discovered that Africa is really sumptuous...Enter the Dragon—the latest colonial master—ravaging Africa from Sudan through Nigeria to Angola trailing the aroma of oil."³²

In the Middle East, China's drive for energy security has led to a much more profound economic and political presence in the region, a source, ideologically and functionally, of much terrorist violence during the past century. The Middle East in general supplies 47 percent of the crude going to China. According to the International Energy Agency, China may consume the equivalent of Saudi Arabia's entire expected production of crude by 2015 if the current pace of Chinese economic growth continues.³³ Underlying this trend is an increasingly intimate relationship between Saudi Arabia and China, a relationship driven by a mutual symbiotic dynamic.

From Beijing's perspective, Saudi Arabia has the capacity to significantly quench China's growing thirst for imported oil, evidenced by the fact that Saudi Arabia retained the position of China's top supplier of crude oil in 2008, which represented an increase of 38.1% over 2007.³⁴ For its part, Saudi Arabia sees China as a source of capital for infrastructure projects and as a political balance against over-reliance on the United States and other Western states (the disadvantages of such over-reliance became apparent to the Saudi Arabian government in the wake of rising anti-Saudi sentiment in the United States, following the 9/11 attacks).³⁵ During his February 2009 visit to Saudi Arabia, Chinese President Hu Jintao signed a number of agreements in several areas, including energy, health care and transportation. Perhaps the largest breakthrough was an agreement in which China was awarded a contract to build a monorail system that would connect various Islamic holy sites within the Kingdom. Such economic interaction will inevitably bring an increased Chinese presence and a heightened Chinese profile, which could generate tensions and increase the possibility of violence.

China's relationship with Iran is also strong and growing. The country is emerging as one of Beijing's top suppliers of crude oil. In December 2007, the Chinese firm Sinopec signed a \$2 billion deal over Iran's Yadavaran oil field. The Chinese government made it clear that the deal was commercial in nature, signed under the "principle of equality and mutual benefit" and "should not invite the interference of the U.S. government."³⁶ Politically, relations between Beijing and Tehran appear to be getting closer every year. Iran has enjoyed observer status in the Shanghai Cooperation Organization (SCO) and this year may be granted full membership status. China has also played a significant role in the improvement of Iran's ballistic missile program.³⁷ Although close Sino-Iranian relations may help immunize China from Shia-based terrorist violence worldwide, risks still remain particularly if Beijing is seen as favoring a particular faction within the Iranian leadership, which subsequently loses power.

Overall, as commercial interests grow between Beijing and Middle Eastern countries, they will most likely lead to a greater Chinese commercial (and potentially military) presence, thus attracting the attention of terrorist organizations. First, if Beijing is seen as favoring key factions or elements within countries (such as in the fractured Iraqi state, where China recently signed an energy agreement),³⁸ it could lead to dissatisfaction among groups or factions who feel left out, which could then manifest in violence. Moreover, China could also become susceptible to charges or themes that Al Qaeda has leveled against the United States and other oil-consuming countries. For example, Osama bin Laden has urged Arab governments to preserve oil as "a great and important economic power for the coming Islamic state."³⁹

Al Qaeda often speaks of Middle Eastern oil as having been "stolen" and, directing its wrath toward Middle Eastern regimes, exhorts its followers "to not allow the thieves ruling [Muslim] countries to control this oil."⁴⁰ Finally, China could find itself increasingly at odds with one of Al Qaeda's most persistent and trenchant grievances: pervasive foreign presence and influence within the Middle East. A recent U.S. Congressional study summarized Al Qaeda's (and affiliated groups') strategic goals as relating to two key themes: expelling foreign forces and influences from Islamic societies and establishing an Islamic state governed by Sharia law.⁴¹

Another area of the world that may expose China to terrorist violence is Central Asia, a region of the world known for its abundant energy supplies. Following the end of the Cold War, China has increasingly viewed Central Asia within the prism of its western development strategy ("西部大开发战略"). China has launched a number of ambitious pipeline projects in Central Asia to diversify both the sourcing and importation of oil and gas supplies. Beijing has shown particular interest in Kazakhstan, with which it shares a long border, and already receives its oil through a long (roughly 3000 km) pipeline.⁴² Most recently, major Chinese and Uzbek energy firms established a joint venture to build a gas pipeline between Uzbekistan and China.⁴³ In Kyrgyzstan, Chinese companies are exploring potential oil and natural gas sources in the southern part of the country.⁴⁴

Pipelines connecting Central Asian states to China may traverse areas with known or suspected terrorism threats, potentially rendering Beijing vulnerable to terrorist or criminal violence in this region. Central Asia hosts a number of extremist or terrorist organizations that operate in Uzbekistan, Kazakhstan, Kyrgyzstan, and Tajikistan, although the threat level varies according to the country (and even regions within countries). For example, some countries, such as Kazakhstan, have a relatively mild

threat, while other countries (Uzbekistan, Kyrgyzstan and Tajikistan, for example) are more vulnerable.⁴⁵

China is also exposed to potential terrorist violence in South Asia. This vulnerability is perhaps most acute in Pakistan, a country that hopes to become an energy and trade conduit that links China to important oil-exporting states in the Middle East. In a February 2006 interview, former President Pervez Musharraf stated: “We are interested in setting up a trade and energy corridor for China.”⁴⁶ Pakistan views the development of Gwadar Port as the key node linking African, Iranian and other Middle Eastern oil to China via Pakistan’s Karakoram Highway, which links Pakistan to China’s Xinjiang Province.⁴⁷ Gwadar’s primary purpose, according to one analyst, is to “build a direct thoroughfare to China over land, to connect China with oil-producing countries in the Middle East and Central Asia via Pakistan through a network of railways and highways.”⁴⁸

However, Gwadar port is located in Pakistan’s restive western province of Baluchistan. Chinese construction activities in Gwadar have inflamed the low-grade insurgency in Baluchistan that has been directed against the Pakistani government since at least 2002. The displacement of local residents away from the port area, the influx of non-Baloch immigrants into the region and the increased Pakistani army presence (associated with Gwadar port-building activities) have all inflamed what was already a relatively tense security environment.⁴⁹ As a result, Chinese personnel and other interests have been targeted, particularly as Balochi militants view the Islamabad-Beijing link as a critical but vulnerable lifeline for the Pakistani regime.⁵⁰

An alternative (or perhaps complementary) theory behind anti-Chinese violence in Pakistan proposes that the actual source of the attacks can be found in Chinese militants residing in Pakistan’s tribal area. An unnamed Pakistani intelligence official told a Karachi-based publication: “We are now quite certain that foreign militants living in Pakistan and their Pakistani hosts infuriated with Islamabad’s cooperation with Beijing, are carrying out these attacks.”⁵¹ This is consistent with a report in 2008 in which the Chinese ambassador to Pakistan, Luo Zhaohui, alleged that ETIM fighters from Xinjiang “sometimes use Pakistani soil for their activities” and are thus “trying to sabotage [the] Pakistan-China relationship.”⁵² This may also be related to alleged linkages, particularly in the early 1990s, between Pakistan’s Inter-Services Intelligence (ISI) directorate and Chinese Muslims in Xinjiang.⁵³

China’s Internal Threats

China will likely continue to face internal threats of terrorist violence emanating from traditional sources (Xinjiang) or from new actors (labor activists, environmental protestors, etc.). The perennial issue of Xinjiang will not likely abate in the near future. Xinjiang is a classic case of where the boundaries of the state do not necessarily correspond to the boundaries of a nation. The ethnic (non-Han) minorities of Xinjiang arguably have more in common with the cultures and ethnic groups found in Central Asia than they do with the eastern Han (汉) civilization, which is considered the cultural nucleus of modern China. However, the exigencies of modern statehood—including China’s growing energy appetite—nevertheless require that Beijing consolidate authority

over the region, and it has accomplished this through a number of measures, some of which have fostered various resentments.⁵⁴

China's pursuit of energy security within Central Asia is likely to strengthen the importance of the Xinjiang Uighur Autonomous Region (XUAR) to Beijing, thus reducing any possibility that the Chinese government might be willing to grant meaningful autonomy. First, Xinjiang plays a critical transit role for energy supplies entering China from Central Asia. The volume of oil supplies shipped through the Chinese-Kazakh oil pipeline continues to grow each year, according to media sources; in 2008, China imported more than 4.98 million tons of crude oil through this pipeline, which represented an increase of 24% compared to the previous year.⁵⁵

Second, Xinjiang is itself a source of critical oil and gas supplies for the growing Chinese economy. In early 2009, Chinese state media reported that Xinjiang Uighur Autonomous Region "produced 27.22 million tons of crude oil and 23.59 billion cubic meters of natural gas in 2008," which exceeded amounts from any other region in China.⁵⁶ In January 2009, China National Petroleum Corporation (CNPC) and China Petroleum and Chemical Corporation (Sinopec) announced plans to "ramp up oil and gas production from two fields in the Junggar Basin in Xinjiang province."⁵⁷ Extraction of natural gas from Karamay was also expected to increase, from 3.4 bcm in 2008 to roughly 10 bcm by 2015.⁵⁸ Sinopec also announced its intention to increase production at its Tahe field "from 6.59 million t/y this year to 10 million t/y in 2010."⁵⁹ This suggests that energy interests may drive Beijing to emphasize political consolidation over Xinjiang, which in turn may contribute to increased Uighur activism (including, among extreme sectors, violent activities).

China's Response to Terrorism and the Role of the Shanghai Cooperation Organization (SCO)

China's response to terrorism is manifesting on several levels. First, in the wake of the June 2004 attacks in Afghanistan that resulted in the deaths of 11 Chinese nationals, China's State Council ordered that security for Chinese working abroad be improved. It also established an "emergency response system to avoid incidents that endanger Chinese people and property."⁶⁰ Simultaneously, China has urged countries that host significant numbers of Chinese workers (or companies) to increase security for Chinese nationals. This is most apparent in the Sino-Pakistan relationship. Pakistan considers China its top ally and primary lifeline, and thus takes Beijing's warnings against violence (against Chinese personnel) particularly seriously. In 2004, Pakistan's prime minister made assurances to Beijing that his country condemned terrorism in all of its forms and would "take practical measures to ensure safety of Chinese citizens in Pakistan."⁶¹

Second, some Chinese companies are taking specific measures to mitigate the risk of terrorism and criminal violence. In early December 2008, China National Petroleum Corporation (CNPC) conducted a special training session for roughly 100 of its employees on how to protect overseas interests from violent attacks. CNPC announced that it has 29 overseas projects and that it provides engineering services in an additional 44. Of these countries, 18 have been identified as "high risk" for possible militant attacks. In response, CNPC has considered replacing Chinese workers with local workers in these high-risk locations during a phase-in period lasting three years.⁶²

Third, China has sought international cooperation to facilitate the arrest of individuals it believes are involved in terrorist activities. This reflects Beijing's realization that a significant part of the Xinjiang terrorist threat is actually based outside of Chinese borders, thus requiring international assistance. In October 2008, China issued a broad international appeal, calling for the arrest and extradition of eight individuals (believed to be operating outside of China) suspected of organizing or being otherwise involved in terrorist plots coinciding with the Beijing Olympics. China has also called upon the United States to return ethnic Uighurs (Chinese nationals) who are or have been incarcerated in Guantanamo Bay, Cuba (or other detention centers). The United States has resisted such requests due to human rights concerns, which has generated some tension in the U.S.-China relationship.

Fourth, China has worked for the establishment of an institutional structure designed to address terrorism and other transborder challenges. The organization, now known as the Shanghai Cooperation Organization (SCO), traces its origins back to 1996 with the creation of the Shanghai Five, which was mainly focused on border disputes, transnational violence and other primarily local concerns. Later at the summit meeting held in Bishkek in August 1999, the Shanghai Five passed a declaration that would constitute a central pillar of the subsequent SCO, namely, the declaration against "the three evils," terrorism (恐怖主义), separatism (分裂主义) and extremism (极端主义).⁶³

Although not the sole purpose of the SCO, counterterrorism has played a major rationale for the organization's continued evolution. At its inaugural meeting in June 2001 in Shanghai, SCO members signed the Shanghai Convention on Combating Terrorism, Separatism and Extremism.⁶⁴ The Convention, known in Chinese as: "打击恐怖主义, 极端主义, 分裂主义上海公约," states that the six signatory parties are "firmly convinced that terrorism, separatism and extremism...cannot be justified under any circumstances, and that the perpetrators of such acts should be prosecuted under the law."⁶⁵

Moreover, Beijing has strongly pushed the counter-terrorism agenda in light of internal challenges (e.g., Xinjiang) and was instrumental in the creation of a new counterterrorism center—the Regional Anti-Terrorist Structure (RATS)—that was originally planned to be located in Bishkek, Kyrgyzstan (but later was moved to Tashkent, Uzbekistan). RATS, which currently houses approximately 30 personnel (analysts and terrorism expert representatives from member-states), is designed primarily to function as an analytical and coordinating body with little or no operational role.⁶⁶ From a strategic perspective, the SCO has evolved into a mechanism for greater political integration among participant states to counter the threat of terrorism and crime within participant states. In a recent assessment of the SCO, Russia's Foreign Ministry stated that "the themes of counteracting terrorism, extremism and transfrontier crime are firmly established in [the SCO's] agenda."⁶⁷

Fifth, China has sought to increase its military counterterrorism capacity, particularly through improvement of special forces and expeditionary (land and maritime) capabilities. This is significant because in the future, the Chinese population may demand more vigorous responses from their government, particularly in the event of high-profile or nationally-humiliating terrorist attacks that are directed at Chinese interests. Following the attacks on Chinese workers in Ethiopia (April 2007), for instance, Chinese internet posters (or "bloggers") urged their government to consider

retaliatory measures, including military responses. Such pressure may increase in the future as the power of Chinese nationalism—traditionally used as domestic tool by the CCP to maintain its legitimacy—continues to grow in China.

As described in the recently-released Chinese Defense White Paper (2008), the People's Armed Police Force (PAPF) assumes a prominent role in counterterrorism missions within China. This agency, somewhat analogous to the National Guard or Department of Homeland Security in the United States, is a component of China's armed forces and is under the "dual leadership of the State Council and the CMC [Central Military Commission]." ⁶⁸ It consists of an internal security force and various police components, including also "border public security, firefighting and security guard forces." ⁶⁹ As far as its counterterrorism role is concerned, the Defense White Paper states that: "the PAPF is an important counter-terrorism force of the state." ⁷⁰ Among other things, the PAPF has sent delegations "for bilateral or multilateral counter-terrorism exchanges" to over 30 countries. ⁷¹ In addition, China has deployed PAPF personnel to various countries (including France, Israel, Hungary, Singapore, Malaysia and Thailand) to attend various classes and other events related to counterterrorism. ⁷²

China places a high priority on conducting joint military exercises with other countries; in some cases, these have been conducted primarily with a counterterrorism focus, while in other cases other objectives have been stressed. In its 2006 Defense White Paper, the Chinese government revealed that "since 2002, China has held 16 joint military exercises with 11 countries." ⁷³ Clearly this number has increased in the intervening years, as evidenced by (among others) the December 2007 joint exercise between China and India. This joint exercise, considered the first counterterrorism between the two neighbors, was based on a fictional scenario in which an unnamed terrorist organization had established a base along the border between the two countries. It was followed by a similar exercise in December 2008 conducted by the two countries within India. ⁷⁴ Other examples of joint exercises include the September 2006 joint military exercise between China and Tajikistan ("Cooperation 2006") that was conducted with a counterterrorism focus. China has held numerous counterterrorism military exercises with Pakistan as well, including "Friendship 2004" (the first ever joint counterterrorism operation held by the PLA and the Armed Forces of Pakistan) and "Friendship 2006" (China and Pakistan's second joint anti-terror military training exercise). ⁷⁵ On the maritime front, China held the "Peace 2007" (March 2007) joint maritime training exercises with seven countries (including Pakistan) in the Arabian Sea. ⁷⁶

In some cases, improving military capacity has been pursued multilaterally through the SCO structure. In August 2007, SCO members held their first joint military exercise (involving all permanent SCO members) in China and Russia—known as "Peace Mission 2007"—which was directed primarily against terrorism. This was a two-stage exercise that began in Xinjiang Uighur Autonomous Region (XUAR) and then moved to Chelyabinsk, Russia. After this exercise, the SCO Secretary-General Bolat Nurgaliyev announced that the SCO would be holding regular anti-terror exercises. ⁷⁷ This exercise followed a similar one, "Peace Mission 2005" that involved only Russian and Chinese troops (other SCO members were invited as observers). ⁷⁸ Overall, these various military exercises have given Chinese security forces extensive experience in the types of military conflict that Chinese analysts believe are (and will remain) paramount in the 21st century,

namely localized insurgency-type conflicts, terrorism and transnational crime.⁷⁹ Also significant is the fact that “Peace Mission 2007” marked the first time that the PLA engaged in a major land-air joint exercise outside Chinese territory.⁸⁰

The Choice: Prospects for US-China Cooperation on Counterterrorism

In the weeks and months following the 9/11 attacks in the United States, China and the United States found that despite political differences, they had common interests in mitigating the threat of international terrorism. This was remarkable because up to that point, Sino-American relations were heading in a negative direction. Only five months earlier, the two countries had confronted the EP-3 surveillance aircraft crisis in Hainan Island (in the South China Sea). In addition, American arms sales to Taiwan had also increased tensions. President George W. Bush, moreover, had characterized China as a “strategic competitor” during the 2000 election campaign.⁸¹

Nevertheless, following 9/11 Chinese leaders offered support and condolences to the United States and expressed a willingness to cooperate against international terrorism. Such goodwill was reciprocated on the U.S. side as well. At an Asia Pacific Economic Cooperation (APEC) forum meeting held in Shanghai in October 2001, President George W. Bush referred to China as a “great power” that had stood “side by side with the American people.”⁸² China quickly repositioned some of its policies to coincide with American counterterrorism objectives (including offers to share intelligence). In addition, Beijing asserted that it also faced a terrorist threat in the restive northwestern Xinjiang Uighur Autonomous Region (XUAR), a narrative that Washington would eventually accept.

This leads to an essential question: can two major powers—which some have characterized as geopolitical rivals—cooperate against international terrorism in the long term? An optimistic response to such question would posit that political leaders in Washington and Beijing are recognizing that in a post 9/11 era, terrorism manifesting anywhere in the international system is likely to have destructive effects throughout the globe, which would negatively affect the interests of both countries. Moreover, both countries are acknowledging the value of cooperation, both on a bilateral as well as multilateral basis, in mitigating the threat of terrorism. This perhaps explains why the United States was so keen on providing counterterrorism aid, technology and assistance prior to and during the 2008 Olympic Games.⁸³ In fact, FBI director Robert Mueller commented that he hoped that Sino-American counterterrorism cooperation would continue well past the Olympic Games.⁸⁴

Moreover, both countries have an interest in managing or mitigating the threats posed by quasi or failed states (including ungoverned spaces).⁸⁵ In this regard, the Sino-Pakistan relationship is perhaps one of the most important strategic partnerships in South Asia with implications for stability in both Pakistan and Afghanistan, which will clearly affect U.S. interests. Such partnership potentially gives China an effective foundation to urge Pakistan to reduce militancy and extremism (and its official support of the same). This is perhaps why India sought, in the wake of the Mumbai attacks of November 2008, to leverage Chinese influence over Pakistan as a way of putting pressure on Islamabad to take measures “so that cross-border terrorism against India ends.”⁸⁶ The United States

may want to explore similar leverage, particularly as Pakistan is increasingly viewed as the key factor to stability in Afghanistan.

Conclusion

Despite disagreements over various geopolitical and human rights issues, China and the United States have found common ground with regard to the threat of international terrorism, an issue that will not likely abate for the foreseeable future.⁸⁷ In late 2008, following the terrorist attacks in Mumbai, India, Chinese Foreign Ministry spokesman Liu Jianchao stated that China “is firmly against all forms of terrorism, and [is] ready to cooperate with [the] international community, including India, to fight against terrorism.”⁸⁸ Similarly, in an address to the National Committee on U.S.-China Relations, Deputy Secretary of State John Negroponte characterized terrorism as one of the five key global challenges that will “require U.S.-China cooperation now and in the generation to come.”⁸⁹

In their mutual desire to achieve a stable and prosperous international system, Beijing and Washington will find that cooperation and other forms of multilateralism will provide the only real way to mitigate or manage the terrorism threat in the long-term. Such a cooperative posture would also be useful in mitigating other transnational or nontraditional security problems (非传统安全问题), such as international crime, climate change, proliferation of nuclear weapons, maritime piracy, pandemics, among other similar issues.⁹⁰ However, such cooperative spirit is contingent on the ability of the two countries to prevent geopolitical antagonisms from undermining what would otherwise be a powerful bulwark against militant extremism and the instability that it promotes.⁹¹

¹ The views and opinions contained within this essay are the author’s own and do not represent the official positions of the U.S. Naval War College, the U.S. Navy, the U.S. Department of Defense or the U.S. Government.

² *Global Trends 2025: a Transformed World* (Washington, DC: National Intelligence Council, November 2008): 29.

³ Based on a technique of disaggregating its various elements, terrorism can be defined as “indiscriminate violence committed by nonstate actors against noncombatant persons to instill or perpetuate fear within a wider audience for the ultimate purpose of achieving some political objective.” See Paul J. Smith, *The Terrorism Ahead: Confronting Transnational Violence in the Twenty-first Century* (Armonk, NY: M.E. Sharpe, 2008): 14.

⁴ Peter R. Neumann and M.L.R. Smith, “Strategic Terrorism: The Framework and its Fallacies,” *Journal of Strategic Studies*, v. 28, n. 4 (August 2005): 576.

⁵ *Ibid.*

⁶ Martha Crenshaw, “Why America? The Globalization of Civil War,” *Current History*, v. 100, n. 650 (December 2001): 425.

⁷ Richard K. Betts, “The Soft Underbelly of American Primacy: Tactical Advantages of Terror,” *Political Science Quarterly*, v. 117, n. 1 (2002): 20.

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VICE CHAIRMAN WORTZEL: Dr. Auslin.

**STATEMENT OF MICHAEL R. AUSLIN, PH.D.
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DR. AUSLIN: Thank you, Madam Chairman and members of the Commission, for the opportunity to address you today on the question of China's military and security activities abroad.

With your permission, I will focus my remarks on China's growing naval role and the evolution of its maritime strategy in the broader context of its security activities abroad.

At the outset, let me set the stage by noting that China's naval activities are a significant but not the only element in the changes occurring today in the Asian maritime domain.

This is that great arc moving southwest from the Bering Sea through the Bay of Bengal. In practical terms, the Asian maritime domain includes the Pacific Ocean and reaches at least through Guam, as well as the western limits of the Indian Ocean including the Arabian Sea.

During the past decade, the Asian maritime domain has witnessed a host of security-related changes that point to an increasingly complex regional future. These changes include the rise of blue water naval forces now projecting power throughout the region, the emergence of the undersea realm as a key security and economic concern, the requirement of air-sea integration for reliable intelligence, surveillance and reconnaissance and battlespace operations, and the slow development of multilateral political organizations that may shape trading and security norms in the coming decades.

Historically, China has been a continental power with extensive maritime networks. The size of its domestic economy and the sophistication of its political and technological systems in centuries past ensured that a dense web of maritime trade routes converged on China stretching from India all the way to Japan.

On this view, China's recent maritime expansion is a reversion to a more traditional regional role. China's current reliance on overseas markets for imports of raw materials and exports of finished or semi-

finished goods has resulted in a strategic decision to build its naval capabilities beyond a brown-water force and towards a true blue-water orientation.

China's maritime strategy is closely tied to its growing global political role. Few nations other than the United States currently have the capability of showing the flag on extended missions of any size. Yet, as Beijing deepens its diplomatic activity around the world, a blue-ocean navy is a valuable instrument to be able to wield.

As a rising power, the dispatch of PLA Navy vessels on goodwill port visits around the world or off the coast of Somalia in recent anti-piracy operations gives Chinese leaders' statements regarding their country's global role a credibility they otherwise would not have.

In addition to its defensive and political roles, the PLA Navy provides the Chinese leadership with the means to assert its claims to disputed maritime territory. China currently has several ongoing territorial disputes with other Asian nations. Driving much of these territorial disputes is the question of access to vast amounts of natural resources including undersea oil and natural gas fields and control over strategically important sea lanes of communication.

The PLA Navy has steadily developed its capabilities and gained operational experience over the past decade. In particular, the past several years have witnessed more complex maritime deployments, each of which I believe can be viewed as fitting into a larger strategy of developing a true blue-water and power projection capability.

The East Sea Fleet and South Sea Fleet provide China with a non-littoral maritime presence in Asia. Both of these commands have developed an integrated fleet of destroyers, frigates, submarines and support ships. Particular focus has been made on the submarine force which contains nuclear-powered ballistic missile submarines, nuclear-powered attack submarines, and conventional submarines.

Extensive networks of bases along the Chinese coast including the new submarine base on Hainan Island provide a dispersion capability plus redundant supply and communications points.

Future procurement and development plans of the PLA Navy have received worldwide attention, namely, China's expressed plans to build at least two aircraft carriers and outfit a former Soviet carrier with the goal of creating full-fledged carrier groups by around 2015.

China's modernization of the navy has been accompanied by a steady expansion of its maritime activities. Chinese naval vessels now make port calls throughout the world, not just in Asia.

For example, from July through October 2007, a PLA Navy guided-missile destroyer and supply ship traveled to St. Petersburg, Russia, Portsmouth, England, Spain and France. In 2007 and 2008 alone, Chinese naval vessels made port calls throughout East and

Southeast Asia.

These port visits provide political benefits for Beijing in Asia and around the world, simultaneously giving Beijing and China a global presence and buttressing its portrayal of its peaceful rise, yet also showcasing the strength and capabilities of the PLA Navy.

A subordinate, yet related, element of the regular global presence of Chinese naval vessels is China's interest in overseas ports and naval bases throughout the Asian maritime domain. Working with countries such as Pakistan, Burma and Bangladesh, China has helped build ports, bases and surveillance facilities and received guarantees of use that provide it with a forward presence, unparalleled access to strategic SLOCs, and unimpeded ISR platforms.

Again, the end result is to facilitate China's constant maritime presence in Asia and link it to a growing network of regional states that benefit from China's economic and military support.

Due to time constraints, let me reduce the comments I was going to make and talk just briefly about both regional reactions as well as larger maritime goals on China's part.

China's naval modernization, and especially its institution of regular patrols throughout the East and South China Seas, has not gone unnoticed by other nations, especially maritime ones in Asia.

As a result, the region is in the midst of a modest, yet potentially worrisome, naval arms race. The PLA Navy itself, of course, is building the most advanced platforms and weapons available including supersonic anti-ship ballistic missiles, Aegis-equipped destroyers and targeting systems.

While the Chinese remain at least a decade behind the United States Navy, they are outstripping most if not all Asian navies currently. The Japanese Maritime Self Defense Forces and the Indian Navy are the next largest in Asia and are the most concerned by the PLA Navy's growth.

As a result, they have both embarked on naval modernization programs including the purchase of Aegis-class destroyers, anti-ballistic missile systems, and greater anti-submarine reconnaissance platforms, among others.

Asian maritime nations feel the greatest threat from China's submarine force, and the fear of a naval arms race is a real one in the world's most populated maritime region.

Freedom of navigation and access to strategic waterways are the lifeblood of Asia's most economically advanced states.

I know I'm out of time so let me just finish by saying the scale and scope of China's naval activities in the Asian maritime domain raises the question of Beijing's larger goals. China's maritime policy operates at several levels, each of which is self-reinforcing and tied

into larger global strategy.

The strategy has been designed to allow the PLA Navy to act as a credible maritime force, from its regional and global presence to operational capability. This buttresses Beijing's desire to be seen as a major regional and international power, giving heft to its diplomatic and economic initiatives.

Countries, whether in Africa or Southeast Asia, are more likely to pay attention to China's proposals if the diplomatic arm is backed by an active, credible and recognized military.

Finally, numerous questions must be answered before China's naval strategy can be fully articulated. Whether the force remains largely defensive in nature or moves into an offensive-based orientation is of paramount importance.

Whether the Navy begins to provide public goods as the U.S. has done for decades will indicate the role China seeks to play in the region.

And lastly, how China seeks to interact with other naval forces in the region will show not merely its strategic thinking but its larger political calculations for the Asian region.

Thank you for the opportunity to offer these thoughts, and I look forward to any questions you may have.

[The statement follows:]

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Testimony before the U.S.-China Economic and Security Review Commission
Hearing on "China's Military and Security Activities Abroad"

March 4, 2009

Thank you, Madame Chairperson and Members of the Commission, for the opportunity to address you today on the question of "China's Military and Security Activities Abroad."

With your permission, I will focus my remarks on China's growing naval role and the evolution of its maritime strategy in the broader context of its security activities abroad. At the outset, let me set the stage by noting that China's naval activities are a significant, but not the only, element in the changes occurring today in the Asian Maritime Domain. The Asian Maritime Domain (AMD) comprises the great arc moving southwest from the Bering Sea through the Bay of Bengal. In practical terms, it includes the Pacific Ocean

reaches at least through Guam, as well as the western limits of the Indian Ocean, including the Arabian Sea.

The Asian Maritime Domain covers over 50 million square miles, nearly 60 percent of the world's population, and over 40 sovereign states. For the past four decades, it has also been at the center of global economic production. This region, including Japan, China, South Korea, Vietnam, and India, among other important economies, accounted for nearly a third of total global economic output, at least until the current economic crisis erupted last year.

During the past decade, moreover, the Asian Maritime Domain has also witnessed a host of security-related changes that point to an increasingly complex regional future. These changes include the rise of blue water naval forces now projecting power throughout the region, the emergence of the undersea realm as a key security and economic concern, the requirement of air-sea integration for reliable intelligence, surveillance, and reconnaissance (ISR) and battlespace operations, and the slow development of multilateral political organizations that may shape trading and security norms in the coming decades.

The Background to China's Evolving Maritime Strategy

Historically, China has been a continental power with extensive maritime networks. The size of its domestic economy, and the sophistication of its political and technological systems, in centuries past ensured that a dense web of maritime trade routes converged on China, stretching from India all the way to Japan, roughly the same as today's Asian Maritime Domain.

On this view, China's recent maritime expansion is a reversion to a more traditional regional role. As the recently released Defense White Paper puts it, the PLA Navy is "responsible for...safeguarding China's maritime security and maintaining the sovereignty of its territorial waters, along with its maritime rights and interests."¹ China's reliance on overseas markets for imports of raw materials and export of finished or semi-finished goods, has resulted in a strategic decision to build its naval capabilities beyond a brown-water force and towards a true blue-water orientation. The scope of China's recent naval activities suggest that they have achieved at least a first stage of this strategy, though they do not yet appear to have reached the capability for large-scale, extended overseas missions.

China's maritime strategy is also closely tied to its growing global political role. Few nations other than the United States have the capability of "showing the flag" on extended missions of any size. Yet, as Beijing deepens its diplomatic activity around the

¹ *Government White Paper 2009* (accessed http://www.china.org.cn/government/whitepaper/2009-01/21/content_17162859.htm).

world, but particularly in Asia, Africa, and Latin America, a blue-ocean navy is a valuable instrument to be able to wield. As a rising power, the dispatch of PLA Navy vessels on goodwill port visits around the world, or off the coast of Somalia in recent anti-piracy operations, gives Chinese leaders' statements regarding their country's global role a credibility it would otherwise not have.

In addition to its defensive and political roles, the PLA Navy provides the Chinese leadership with the means to assert its claims to disputed maritime territory. China currently has several on-going territorial disputes with other Asian nations. These include disputes over the Diaoyutai/Senkaku Islands, with Japan; the Nansha Islands and Beibu Gulf, with Vietnam; and the Spratly Islands, with various ASEAN states. Driving much of the territorial disputes is the question of access to vast amounts of natural resources, including undersea oil and natural gas fields, and control over strategically important sea lanes of communication (SLOCs).

China's Growing Naval Role in the Asian Maritime Domain

The PLA Navy has steadily developed its capabilities and gained operational experience over the past decade. In particular, the past several years have witnessed more complex maritime deployments, each of which can be viewed as fitting into a larger strategy of developing a true blue-water and power projection capability.

The East Sea Fleet and the South Sea Fleet provide China with a non-littoral maritime presence in Asia. The East Sea Fleet, founded in 1949, is headquartered at Ningbo, and is responsible for the East China Sea, including defense of the Chinese homeland from the Shandong/Jiangsu provincial border to the Fujian/Guangdong provincial border.² Any PLA military operation against Taiwan would be supported by the East Sea Fleet, including amphibious landings. The South Sea Fleet, founded in 1950, is charged with defense of the maritime area from China's border with Vietnam up to the Fujian region.

Both commands have developed an integrated fleet of destroyers (both foreign purchased and domestically produced), frigates, submarines, and support ships. Particular focus has been made on the submarine force, which contains nuclear-powered ballistic missile submarines, nuclear-powered attack submarines, and conventional submarines. Extensive networks of bases along the Chinese coast, including the new submarine base on Hainan Island, provide a dispersion capability plus redundant supply and communications points.³ Future procurement and development plans of the PLA Navy have received worldwide attention, namely China's expressed plans to build at least two aircraft carriers, and outfit a former Soviet carrier, with the goal of creating full-fledged carrier groups by 2015 that could dramatically expand the reach of China's air and naval

² www.globalsecurity.org/military/world/china/east-sea.htm.

³ "Sanya base to float Chinese naval ambition," *The Age* (Australia), May 26, 2008.

power.⁴

China's modernization of the PLA Navy has been accompanied by a steady expansion of its maritime activities. Chinese naval vessels now make port calls throughout the world, not just in Asia, thereby demonstrating an ability to undertake extended, transoceanic voyages. For example, from July through October 2007, a PLA Navy guided missile destroyer and supply ship traveled to St. Petersburg, Russia, Portsmouth, England, Spain and France. In 2007 and 2008 alone, Chinese naval vessels made port calls in Indonesia, Australia, New Zealand, Japan, South Korea, Cambodia, Thailand, Vietnam, as well as the European countries noted previously.⁵ These port visits provide political benefits for Beijing in Asia and around the world, simultaneously giving China a global presence and buttressing Beijing's portrayal of its "peaceful rise," yet also showcasing the strength and capabilities of the PLA Navy.

A subordinate, yet related, element of the regular global presence of Chinese naval vessels is China's interest in overseas ports and naval bases throughout the Asian Maritime Domain. This "string of pearls," as it is referred to, stretches from the South China Sea through the Bay of Bengal to the Arabia Sea. Working with countries such as Pakistan, Burma, and Bangladesh, China has helped build ports, bases, and surveillance facilities and received guarantees of use that provide it with a forward presence, unparalleled access to strategic SLOCs, and unimpeded ISR platforms. Again, the end result is to facilitate China's constant maritime presence in Asia and link it to a growing network of regional states that benefit from China's economic and military support.

Despite these on-going activities, China not surprisingly concentrates its maritime presence closer to home. The modernization of both the East Sea and South Sea Fleets has allowed the Chinese to institute regular patrols throughout the East and South China Seas, bringing them into proximity of Japan's Ryukyu Islands chain as well as coastal Southeast Asia, the Philippines, and Indonesia. As noted earlier, most of China's maritime territorial disputes are in these two seas, and constant patrolling by the PLA Navy is a reminder that China's claims to these areas is unwavering.

Starting in 2005, the PLA Navy began patrols near the disputed Chunxiao/Shirakaba oil fields in East China Sea north of Taiwan. Aerial patrols by electronics warfare aircraft have also become commonplace in this area off the Diaoyutai/Senkaku Islands.⁶ As China increased its oil and gas exploration projects throughout the area, tensions with Japan have risen, despite a 2008 agreement to share exploration of a portion of the Chunxiao fields. The scale and complexity of Chinese patrols in the East and South

⁴ See, for example, "China at Sea," *Wall Street Journal Asia*, January 6, 2009; "China to start construction of first aircraft carriers next year," *Asahi Shinbun*, December 31, 2008;

⁵ *Government White Paper 2009* (accessed at http://www.china.org.cn/government/whitepaper/2009-01/21/content_17162779.htm).

⁶ Arthur S. Ding, "China's Energy Security Demands and the East China Sea," *The China and Eurasia Forum Quarterly* 3:3 (November 2005), pp. 35-38.

China Seas continues to grow. From the initial 2005 patrol with but five warships, the Chinese Coast Guard in July 2008 sent out a fleet of over 60 vessels, including its most advanced maritime patrol ship, on a week-long voyage to the Chunxiao gas field. The operational experience gained from such voyages will lead to improved command and communications, logistical support, and ocean mapping capabilities of Chinese naval forces.

The experiences gained from a decade of regular patrols and international port visits has led to the third phase of PLA Navy evolution, the anti-piracy deployment off the Horn of Africa and Somalia. A three-ship flotilla of two destroyers and a supply vessel, replete with special forces, helicopters, and anti-ship missiles, departed China at the end of last December and has been engaged in escorting Chinese-flagged vessels through pirate-infested waters. This requires a level of operational, logistical, and communications sophistication in a potentially hostile environment that the PLA Navy has lacked until now. The experiences gained on this operational deployment will undoubtedly help the navy plan even larger, more complex international and regional missions in coming years.

Regional Reactions

China's naval modernization has not gone unnoticed by other nations, especially maritime ones, in Asia. As a result, the region is in the midst of a modest, yet potentially worrisome naval arms race. The PLA Navy is purchasing or building the most advanced platforms and weapons available, including supersonic anti-ship ballistic missiles, Aegis-equipped destroyers, and targeting systems. While the Chinese remain at least a decade behind the U.S. Navy, they are already outstripping most, if not all, other Asian navies. The Japanese Maritime Self Defense Forces (JMSDF) and Indian Navy are the next largest in Asia and the most concerned by the PLA Navy's growth. As a result, they have both embarked on naval modernization programs, including the purchase of Aegis-class destroyers, anti-ballistic missile systems, and greater anti-submarine reconnaissance platforms, among others.

Asian maritime nations feel the greatest threat from China's submarine force, which currently number approximately 55 vessels. From Jin-class ballistic missile submarines to Shang- and Yuan-class attack submarines, China's sub-surface forces pose a potentially devastating threat to the naval and commercial shipping fleets of other Asian nations. In response, India, Singapore, and Japan have joined with the U.S. Navy in the past on large-scale training exercises, such as the Malabar 07, which took place in the Indian Ocean. Japan continues to deepen its naval cooperation with the United States, while seeking to deepen relations with other maritime nations in the region, such as Australia and India.

The fear of a naval arms race is a real one in the world's most populated maritime region. Freedom of navigation and access to strategic waterways are the lifeblood of Asia's most

economically advanced states. Since World War II, they have depended on the United States to patrol and secure the seas. Should they doubt the American commitment to maintaining naval supremacy they will be forced to make uncomfortable choices, ranging from trying to balance China to considering accommodating Beijing's maritime goals, whatever those may turn out to be. The result would almost certainly be a less stable Asian Maritime Domain, and one in which the United States would have less freedom of action.

China's Maritime Goals

The scale and scope of China's naval activities in the Asian Maritime Domain raises the question of Beijing's larger goals. China's maritime policy operates at several levels, each of which is self-reinforcing and tied into larger global strategy. A large part of the Chinese naval buildup over the past decade has been designed to allow the PLA Navy to act as a credible maritime force, from regional and global presence to operational capability. This then buttresses Beijing's desire to be seen as a major regional and international power, giving heft to its diplomatic and economic initiatives. Countries, whether in Africa or Southeast Asia, are more likely to pay attention to China's proposals if the diplomatic arm is backed by an active, credible, and recognized military.

Equally important, however, is the long-term result of a technologically advanced, operationally experienced, blue water PLA Navy. Like rising powers in the past, China's pursuit of a first rank navy is not merely a sign of its global prominence, but a key element of its ability to project national power where and when it sees fit. That does not mean that the Chinese leadership has yet decided how it will employ its navy a decade hence, nor that it has decided to challenge the United States for naval mastery in Asia, even if such a goal were realistic. These are political decisions that become possible only if the navy is of a size and quality to allow for such discussions.

Numerous questions must be answered before China's naval strategy can be fully articulated. Whether the force remains largely defensive in nature or, as seems the case, moves increasingly into an offensively-based orientation is obviously of paramount importance in divining Beijing's long-term intentions and perception of the international environment. In addition, whether the PLA Navy begins to provide public goods in the Asian Maritime Domain, as the U.S. Navy has done for decades, joined in recent years by elements of the Japanese Maritime Self Defense Forces and Australian Navy, will indicate the role that China seeks to play in the region. Finally, how China seeks to interact with other naval forces in the region, particularly India and Japan, will show not merely its strategic thinking, but its larger political calculations for the Asian region. The United States must also consider the degree to which China shares information, reciprocates the U.S. outreach, and helps us and others in the region understand its long-term goals and intentions. These, of course, are just a sampling of some of the questions American planners and analysts need to begin considering.

Thank you for the opportunity today to offer these thoughts on the growth of China's maritime presence in Asia. I would be happy to answer any questions you may have.

VICE CHAIRMAN WORTZEL: Thank you very much.
Mr. Huang.

**STATEMENT OF MR. CHIN-HAO HUANG
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MR. HUANG: Chairman Bartholomew, Vice Chairman Wortzel, distinguished members of the Commission, let me begin by saying that I'm very grateful for the opportunity to testify here today before the Commission on this important timely hearing on "Chinese Military and Security Activities Abroad."

As requested by the Commission, I will focus my presentation mostly on China's expanding peacekeeping role and I will do that in three parts:

First, I will talk and provide a very broad overview of China's peacekeeping activities, what is active, where it's active, and some of the key developments.

Second, I will try to assess and summarize some of the current debate and some of the motivations driving China's expanding engagement.

Third, I will wrap up with a conclusion that will address some of the key policy implications that emerge from this analysis with a focus on U.S. security interests and also on U.S.-China relations.

Let me just also add that I just returned from Haiti where I was there for a working trip visit to the MINUSTAH, Haiti U.N. mission. I was able to talk and interact with some of the U.N. officials to get a better understanding of how they view and assess Chinese strengths and weaknesses of their contributions there to the peacekeeping mission, and also, more importantly, to visit the Chinese Formed Police Units which are dispatched there.

They've been there since 2004, and it was very good to get some first-hand experience and insights from the Chinese police officers. I would be happy to talk about that in greater detail during the Q&A.

First, a broad overview of China's expanding peacekeeping

engagement. I think it's not unfamiliar to most of us here that China initially took a very, very skeptical view about U.N. peacekeeping operations. After all, it did fight the U.S.-led U.N. command in the Choson Peninsula in the 1950s, and so it has a very, very cautious view toward peacekeeping operations.

Even after its admission to the United Nations in 1971 it continued to remain on the sidelines and did not participate in any of the Security Council debates.

In 1989, we saw that it dispatched its first military personnel to support UNTAG, which is the Transition Assistance Group in Namibia, and it dispatched military observers/personnel to help monitor elections there.

This is the 20th year that China has now been actively participating in peacekeeping operations. Over the last two decades, we have seen very, very active Chinese participation in several key missions such as Cambodia in 1992 to 1993, in East Timor, in Haiti, which is interesting enough because it doesn't have diplomatic ties with the People's Republic, and also more recently in Darfur supporting the U.N.-African Union hybrid mission in Darfur.

Today, it is the 14th largest contributor and the second-largest in the P-5 supporting peacekeeping operations.

There are also more developments within China and the policymaking elites about how to go about this more proactive approach on peacekeeping. There are interagency meetings being conducted now reviewing China's activities, how to promote interagency coordination and preparation between the People's Liberation Army, the Central Military Commission, the Ministry of Public Security, and of course the MFA, Ministry of Foreign Affairs.

I'll go on to the second part which is the key factors that drive China's approach. It seems to me that there are several interrelated factors, some of which have already been discussed in earlier panels, but one, of course, is that peacekeeping support is a great way to showcase China's peaceful intentions. It is a great way for China to show that it is ready to be responsive to international expectations and making positive and tangible contributions to regional and global security.

China is also trying to project a more harmonious image beyond its borders, reassure its neighbors near and far of its peaceful intentions, and in the longer term, perhaps to softly balance U.S. and Western influence, and while gradually but more firmly establishing China's acceptance as a great power.

A second important factor, I think, is China's intention to stepped-up activities to put into actions what the Chinese President Hu Jintao called for: the PLA and security forces to perform new historic

missions in the 21st century.

It parallels the PLA's growing interests in expanding its non-combat missions or the term "military operations other than war," such as counter-piracy, disaster response and humanitarian relief, and of course peacekeeping is grouped in this category.

Third, it also appears that participation in peacekeeping activities abroad carries important military applications and lessons for the PLA. This is imbedded in the 2008 Chinese Defense White Paper. Over the last 20 years, we now have more than 11,000 Chinese individual peacekeepers that have been deployed to 18 U.N. operations.

These contributions, including repeated deployments of engineering battalions, formed police units, have practical lessons for the Chinese security forces and help improve the responsiveness, riot-control capabilities, coordination of military emergency command systems, and ability to conduct military operations other than war at home. We can talk about this at greater length.

I would now go to the policy implications and recommendations. While this is all very exciting and interesting, I think there are some caveats to be understood here, and that is there will be limitations as to how far China can go with peacekeeping activities.

First, this notion of sovereignty and noninterference will always be at the forefront of Chinese expanded activities in peacekeeping. It will continue to weigh that heavily. It will not be an active supporter of intervention or supportive of missions in the near future, especially if there is a lack of consent from the host state. So I think we need to bear that in mind; they will be cautious moving forward in this regard.

There are also other limitations to their capabilities, in language, their ability to deploy forces in a rapid time frame, and also budgetary issues.

In light of these developments, I think still that peacekeeping remains a topical and important issue area for cooperation between Washington and Beijing. There has been some thinking in this direction. As former U.S. Secretary of Defense William Cohen in 2000 stated in Beijing--I'm paraphrasing here--that U.S. and Chinese security forces may one day find themselves serving side-by-side in U.N. peacekeeping missions, and I think this is a good reminder going forward about areas to cooperate.

There are also some limitations, of course, to the extent of U.S.-China collaboration in peacekeeping. The congressionally mandated restrictions on U.S.-China mil-to-mil ties outlined in the Defense Authorization bill in 2000 places some sort of limitations on the scope and scale of bilateral military exchanges.

I know we talked about this earlier this morning in some of the

panels, but I think by and large with regard to peacekeeping, the official exchanges on peacekeeping training and coordination between the two sides are not explicitly restricted in this bill, but it's going to require very strong political will at the senior policymaking level in Washington to make the case that such interactions with the PLA and security forces do not pose a threat to U.S. national security.

Let me just conclude by saying that there are several interesting areas where we could count on greater Chinese collaboration, other areas such as in Afghanistan, in Zimbabwe, and also to the extent in Burma as well.

The expansion in Chinese engagement in peacekeeping provides an important widening window of opportunity for the United States to engage with China more closely on peacekeeping-related issues in order to strengthen China's commitment to global stability, ensure greater convergence between Chinese and other international interests on questions of regional security, deflect some of the activities that may be contrary to U.S. security interests, and encourage overall more effective international peacekeeping operations.

I thank you once again for the opportunity to testify before the Commission today, and look forward to further discussion of these topics with you.

Thank you.

[The statement follows:]

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Testimony before the
U.S.–China Economic and Security Review Commission
China's Military and Security Activities Abroad

A statement by

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Bates Gill and Chin-hao Huang, "China's Expanding Peacekeeping Role: Its Significance and Policy Implications," SIPRI Policy Brief, February 2009, available at <http://www.sipri.org/contents/editors/PB0203>; and a paper delivered at the conference "PLA Missions Beyond Taiwan," Carlisle, PA, September 2008. The author (huang@sipri.org) can be reached via his email.

Room 418, Russell Senate Office Building
Washington, D.C.
March 4, 2009

Chairman Bartholomew, Vice Chairman Wortzel, and distinguished members of the Commission:

I am grateful for the opportunity to testify here today at this important and timely hearing on “China’s Military and Security Activities Abroad.”

My testimony is divided into three main sections and will attempt to examine with greater granularity China’s evolving approach toward peacekeeping activities, its significance as well as the policy implications. First, the testimony will provide a broad overview of the main highlights and recent developments in Chinese peacekeeping activities, especially since the 1990s. Second, it will assess and summarize the current debate and motivations behind China’s expanding engagement in UN peacekeeping. Third, the conclusion will address some of the key policy implications and recommendations which emerge from the analysis, with a focus on U.S.-China relations.

Overview of China’s expanding peacekeeping engagement

In the aftermath of the Korean War (1950–53), during which Chinese forces encountered and fought the United States-led UN Command, China held an antagonistic position toward UN operations, often viewing them with skepticism and questioning their legitimacy. This cautious approach continued even after the admission of the People’s Republic of China to the UN in 1971, when China for many years refrained from playing a significant role in UN Security Council’s debates on peacekeeping. China cast its first vote on peacekeeping in 1981, when it voted to authorize the extension of the UN Peacekeeping Force in Cyprus (UNFICYP). In 1982, China made its first financial contribution toward UN peacekeeping operations.

China’s contributions were first seen in the UN Transition Assistance Group (UNTAG) in 1989 where Chinese military personnel were dispatched to help monitor elections in Namibia. This was followed by the deployment of five Chinese military observers to support the UN Truce Supervision Organization (UNTSO) in the Middle East. Shortly after these initial, limited contributions, China sent its first military units—two separate deployments of 400 engineering troops each, accompanied by 48 military observers—to Cambodia over an 18-month period from 1992 to 1993.

Over the last twenty years, China’s contributions to UN peacekeeping activities have steadily increased and diversified (see figure 1), especially since the late-1990s. Today, it is the fourteenth largest contributor to UN peacekeeping operations, ahead of three

other permanent members of the UN Security Council—Russia, the United Kingdom, and the United States. As of December 2008, China was the thirteenth biggest contributor of civilian police to UN peacekeeping operations. China first sent police in 1999 to serve in the UN Transitional Administration in East Timor (UNTAET). In 2004, in spite of the absence of formal diplomatic recognition between Beijing and Port-au-Prince, China dispatched formed police units (FPU) to support the UN Stabilization Mission in Haiti (MINUSTAH), helping to maintain law and order and train local police.

A number of recent developments indicate that the debate on this more active approach toward peacekeeping is intensifying in China among policy elites. In June 2007 the PLA convened the first major internal meeting on peacekeeping, where senior representatives of the PLA, the Ministry of Foreign Affairs, the Ministry of Finance and the Ministry of Public Security gathered to discuss ways to further streamline and improve the selection, organization, training and rotation of Chinese peacekeepers. Lieutenant General Zhang Qinsheng, deputy chief of the General Staff of the PLA, was subsequently quoted in the Chinese press that the meeting helped gather further insights “to raise the peacekeeping capabilities of China’s armed forces...and [to] gradually expand peacekeeping exchanges and cooperation with the outside world in a planned and focused manner.”¹ Mindful of the continued challenges China faces in its peacekeeping capabilities, Zhang also commented that China “must vigorously strengthen building of the peacekeeping ranks and forge a high-caliber peacekeeping contingent.”

At a separate seminar organized by the PLA National Defense University in 2007, senior military officers also called for greater Chinese participation in peacekeeping operations, rescue and relief tasks, counterterrorism exercises, and post-conflict reconstruction efforts. The PLA’s expanding presence abroad has in turn prompted some Chinese academics to call for a clearer legislative basis to govern such activities.²

China is also gradually building its overall peacekeeping capacity. The Civilian Peacekeeping Police Training Centre in Langfang was established in 2000, joining the International Relations Academy in Nanjing as a locale for training Chinese peacekeepers. In addition, Chinese officials expect that a new peacekeeping training centre in Huairou will become operational during 2009 to help the PLA’s Peacekeeping Affairs Office centralize and better coordinate Chinese peacekeeping activities.

Broadly speaking, beyond simple ‘boots on the ground,’ China has also exhibited greater commitment to peacekeeping activities by increasing the number of Chinese administrative and leadership personnel involved in UN peacekeeping and by placing its troops in increasingly challenging environments. In August 2007, General Zhao Jingmin

¹ “Chinese Deputy Military Chief on Raising Army’s Peacekeeping Role,” *Zhongguo Xinwen She*, June 22, 2007, translated in *BBC Monitoring International Reports*: CPP20070622968151.

² “Speeding up Legislation on PLA’s Non-war Military Actions,” *Jiefangjun Bao Online*, October 28, 2008, translated in *Open Source Center*: CPP20081028710005.

was appointed as the force commander of the UN Mission for the Referendum in Western Sahara (MINURSO), the first time that a Chinese national had held such a position. More recently China has adopted a more active approach on sensitive issues. In the case of Darfur, it has recognized the need for political reconciliation and a hybrid African Union–United Nations peacekeeping force to address the humanitarian crisis. In July 2008 China deployed an additional 172-member engineering battalion to Darfur, bringing its contributions to a total of 321 troops in order to help prepare the way for the larger UN force envisioned by the international community.

Key factors shaping China’s evolving approach

Three interrelated factors appear to motivate the new, proactive approach of the PLA and the Chinese leadership to peacekeeping. First, the trend in peacekeeping contributions reflects China’s overall effort, especially since the late 1990s, to become more responsive to international expectations while making positive and tangible contributions to global peace and security. At the Munich Security Conference in 2007 a senior Chinese official opined, “China’s increasing involvement in UN peacekeeping missions reflected China’s commitment to contribute to global security given the country’s important role within the international system and the fact that its security and development are closely linked to that of the rest of the world.”³

Simply put, positive engagement with the outside world helps China to project a more benign and ‘harmonious’ image beyond its borders, to reassure neighbours about its peaceful intentions, and to softly balance U.S. and Western influence while gradually but more firmly establishing China’s acceptance as a great power.⁴

Second, China’s stepped-up peacekeeping activity puts into action calls by Chinese President Hu Jintao for the PLA to perform ‘new historic missions’ in the 21st century. It also parallels the PLA’s growing interest in expanding its non-combat missions or ‘military operations other than war’ (MOOTW)—such as counter-piracy, disaster response and humanitarian relief—both in China and abroad.⁵ The deployment in December 2008 of three Chinese naval vessels to help protect Chinese merchant shipping off the coast of Somalia is just the most recent step along this decade-long path.

Third, it also appears that participation in peacekeeping activities abroad carries

³ “China bolsters peacekeeping commitment,” *Jane’s Defence Weekly*, February 21, 2007.

⁴ See, for example: “PLA Must Improve Capabilities, Safeguard Party’s ‘Ruling Status’ in New Era,” *Zhongguo Junshi Kexue*, October 20, 2007, translated in Open Source Center: CPP20080618436001; Du Nongyi, “Peacekeeping Diplomacy: Main Theme of Military Diplomacy in the New Phase of the New Century,” *Military Science*, vol. 10, no. 4 (2007).

⁵ James Mulvenon, “Chairman Hu and the PLA’s ‘New Historic Missions,’” *China Leadership Monitor*, no. 27; and Cynthia Watson, “The Chinese Armed Forces and Non-Traditional Missions: A Growing Tool of Statecraft,” *China Brief*, vol. 9, no. 4.

important military applications and lessons for the PLA, a concept embedded in the 2008 Chinese Defence White Paper. According to the White Paper, over the past 20 years more than 11,000 Chinese individual peacekeepers have been deployed to 18 UN operations. These contributions, including repeated deployments of engineering battalions and formed police units, have provided practical experience for Chinese security forces and have helped improve their responsiveness, riot-control capabilities, coordination of military emergency command systems and ability to conduct MOOTW at home. These benefits will be reinforced if, as expected, Chinese forces increasingly take on missions with more robust mandates as part of their expanded peacekeeping activities.⁶

Policy implications and recommendations

Several important considerations can be gleaned from this brief analysis. On the whole, China's expanding engagement in peacekeeping activities offers new opportunities to strengthen its commitment to regional stability and security building and to improve international peacekeeping capacity. It also opens potentially beneficial areas of constructive military cooperation between the United States and China as the two countries seek to work together in areas of converging interest.

While China is keen to sharply increase its peacekeeping activities, it will do so on a case-by-case basis and subject to certain persistent limitations. On the one hand, China's increasing commitment to UN peacekeeping activities opens a new avenue for engagement with the international community and offers an opportunity to deepen China's commitment to global norms of confidence- and security-building measures, conflict resolution, and post-conflict reconstruction. The continued deployment and redeployment of Chinese units throughout Africa, for example, suggests a gradual accrual of operational knowledge and a better understanding of the political and security dynamics and complexities on the ground.

Likewise, China's increasing interaction with other militaries in UN peace operations has, to a certain degree, also opened the window for a better understanding of the strengths and weaknesses of China's peacekeeping capabilities. Generally speaking, it appears that China is prepared to shoulder greater responsibilities and to play a more significant role in supporting the UN peacekeeping system. This would be welcomed within the UN system as the UN Department of Peacekeeping Operations (DPKO) continues to rely on contributions and support from such developing countries as China. This is only likely to increase as the demand for and demands on peacekeeping operations are widely expected to rise in the coming years.⁷

⁶ Roy Kamphausen, "PLA Power Projection: Current Realities and Emerging Trends," in Michael Swaine, et al, eds, *Assessing the Threat: The Chinese Military and Taiwan's Security* (Washington, DC: Carnegie Endowment for International Peace, 2007).

⁷ "Press Release for the UN Special Committee on

However, China's willingness to fully engage in UN peacekeeping operations will face a number of constraints. Expectations within the international community should thus be modest but cautiously optimistic. The traditional view of state sovereignty and non-interference will continue to be the most important concern for Chinese policymakers. Practical matters of political, military and bureaucratic will and capacity will slow China's responsiveness in peacekeeping affairs. For example, China has not yet provided its planning data sheet to the UN Standby Arrangements System (UNSAS), which would list, among other things, major equipment, unit organization and movement data. In addition, China has yet to provide a formal commitment to contribute standby troops to the UN under the standard response time frame. In private, Chinese experts explain that there is a perennial shortage of well-trained peacekeeping officers with the necessary language and technical skills in the PLA. Insufficient air- and sealift capacity has also inhibited China's ability to commit to the rapid deployment of significant numbers of troops over long distances. Moreover, China's financial contribution to UN peacekeeping operations hovers at around 2 per cent of the overall DPKO budget. This contribution would need to increase if China wants to play a larger role commensurate with its status as a permanent member of the Security Council and a rising global power.

China remains generally cautious toward the use of peacekeepers and on the broader issue of intervention by the international community. In such cases as Zimbabwe and Burma, China has thus far resisted calls from human rights advocacy groups and some Western governments to pursue intervention based on humanitarian justifications. It should be noted, however, that in 1999 China accepted a UN-sanctioned humanitarian justification for using force in East Timor. It also subsequently dispatched a civilian police contingent to support the mission there. Likewise, in 2003, in response to growing instability in the Democratic Republic of the Congo and Liberia, then-Chinese Ambassador to the UN, Zhang Yishan, argued that the UN should intervene in conflict areas earlier, faster and more forcefully. As such, China will continue to review interventions on a case-by-case basis. There will be limits to its participation, and it is unlikely that China will offer active support to international intervention when the international community is divided and the intended host government is opposed.

Over time, it is possible that China will aim to gradually counterbalance U.S. influence and more actively shape—in ways consistent with Chinese foreign policy principles and national interests—the norms guiding UN peacekeeping operations. Such influence could accrue over time, but it would first require more substantive Chinese commitment in several key areas, including better-trained troops and a more capable military that can deploy effective rapid-response teams. While Chinese troop contributions have increased rapidly since the mid-1990s (see figure 2), Chinese peacekeepers operate mainly on the margins. The Chinese Government still needs to focus on improving the quality of its

Peacekeeping Operations: 206th and 207th Meetings," UN Department of Public Information, February 23, 2009, accessed at <http://www.un.org/News/Press/docs//2009/gapk199.doc.htm>.

peacekeeping troops and expand its contributions beyond maintenance, engineering and medical units. It also needs to demonstrate leadership capabilities at the DPKO and in peacekeeping operations around the world and to provide a greater financial contribution.

In light of these developments, peacekeeping remains a topical and important issue area for cooperation between Washington and Beijing. There has been some thinking in this direction. As former U.S. Secretary of Defense William Cohen indicated in a speech in Beijing in 2000: "U.S. and Chinese service members may one day find themselves working side by side in peacekeeping missions."⁸ More recently at a track-1.5 dialogue on U.S.-China security issues, former U.S. Secretary of Defense William Perry also suggested that the two armed forces should cooperate more closely on humanitarian operations and peacekeeping missions.⁹

Working on peacekeeping training activities and capacity-building thus provide a useful platform to build confidence and greater understanding between the two militaries. The United States is in the midst of an expansive phase on peacekeeping training and capacity-building engagements with foreign militaries, with the Global Peace Operations Initiative (GPOI) as a flagship initiative in this regard. In 2004, in response to the Group of Eight (G8) Summit agreement to address the continued shortage of available peacekeepers, then-U.S. President George W. Bush announced the establishment of GPOI, a five-year program managed by the State Department's Bureau of Political-Military Affairs to enhance peacekeeping training for UN missions as well as partner countries' overall peacekeeping capacity-building. The goal is to train as many as 75,000 military peacekeepers by 2010, mostly in Africa. There is an emerging interest at the policy-making level within the State Department to explore future prospects for working with China to help build African peacekeeping capacity. This would include, for example, working with Chinese contractors and drawing on Chinese assistance in infrastructure support in the initial build-up stage of peace operations.

While Africa remains a focal point in the program, GPOI's outreach includes all the major regions around the world. In the Asia-Pacific front, for example, GPOI programs include: Cobra Gold Exercise; train-the-trainers (TTT); command post, military exercise; and field training military exercise (FTX). The latter two exercises have been largely integrated into the multinational Khan Quest Exercises based in Mongolia. These exercises follow most of the UN standard peace support operations' training, techniques, and procedures, and have sought to enhance multinational interoperability, expand confidence-building and military-to-military relationships, and simulate multinational cooperation experienced in UN peacekeeping missions. Since China is not a GPOI

⁸ "Chinese Military Students, Family Member Query Cohen," U.S. Department of Defense, July 14, 2000, accessed at <http://www.defenselink.mil/news/newsarticle.aspx?id=45322>.

⁹ "China, U.S. armed forces vow to enhance cooperation," Xinhuanet, June 30, 2008, accessed at http://news.xinhuanet.com/english/2008-06/30/content_8466881.htm.

partner country, however, it has only taken part in the Cobra Gold and Khan Quest exercises as an observer on the margins.

To be sure, the prospects for U.S.-China collaboration on peacekeeping activities also face considerable obstacles at this stage. The Congressionally mandated restrictions on U.S.-China military-to-military ties outlined in the Defense Authorization Bill for fiscal year 2000 places strict limitations on the scope and scale of bilateral military exchanges, which includes advanced combined-arms and joint combat operations, advanced logistical operations, surveillance and reconnaissance operations, and force projection operations, among many other areas.¹⁰ Official exchanges on peacekeeping training and coordination between the two sides are not explicitly restricted in the bill, but it will require strong political will at the senior policymaking level to make the case that such interactions with the PLA do not pose a threat to U.S. national security. Absent strong political will, and as long as the limitations remain the law of the land, there will be continued caution in the level of interaction between the two militaries. This is especially true as long as concerns remain about the opacity of China's longer-term military intentions and how they contrast with U.S. regional and global security interests.

The Defense Department's Quadrennial Defense Review expresses concerns about the pace, scope, and future direction of China's military modernization effort. But, on the other hand, the report also recommends military exchanges, visits, and other forms of engagement as useful tools in promoting transparency as long as they bear substance and are fully reciprocal. It further identifies that regularized exchanges and contacts have the significant benefit of building confidence, reducing the possibility of accidents and other unintended confrontations, and providing lines of communication that are essential for the two militaries.¹¹

Looking ahead, as the new U.S. administration seeks to build a productive relationship with Beijing, Washington should consider policies aimed at reinforcing some of the encouraging trends related to China's expanding involvement in multilateral peace operations. China's deployment of naval vessels off the coast of Somalia, for example, was closely coordinated with African and Western partners and has been warmly received by NATO, the European Union, and the United States. In that light, Washington should take the lead to sustain closer dialogue and policy coordination with China on other mutual security concerns—such as a more robust level of assistance for forces in Afghanistan—and at a higher diplomatic level, in order to enlist greater support from the Chinese. In recent years, China's interest in taking part in peacekeeping operations in East Timor, Haiti, and Darfur all point to a more flexible view of intervention. When

¹⁰ See Kenneth Allen, "U.S.-China Military Relations: Not a One-Way Street," Henry L. Stimson Center News Advisory, December 13, 1999, accessed at <http://www.stimson.org/?SN=ME20011221208>.

¹¹ "Quadrennial Defense Review Report," U.S. Department of Defense, February 6, 2006, accessed at <http://www.defenselink.mil/pubs/pdfs/QDR20060203.pdf>.

there is broad international consensus around a specific intervention, China has tended to lend its support (rather than be viewed as an outlier on these critical, global issues).

Moreover, Washington should also work with Western countries with substantial interests in peacekeeping affairs to increase cooperation with China in peacekeeping seminars, training courses and other capacity-building programs. They should also explore concrete ways in which China could play a more active part in planning, coordination and leadership roles at the DPKO and to increase its financial contributions. In the long run, collaboration on peacekeeping and other related forms of military-to-military exchange would also contribute to building greater openness and transparency within the PLA.

The expansion in Chinese engagement in peacekeeping provides an important and widening window of opportunity for the United States to engage with China more closely on peacekeeping-related issues in order to strengthen China's commitment to global stability, ensure greater convergence between Chinese and other international interests on questions of regional security, and encourage more effective international peacekeeping operations.

I thank you again for the opportunity to testify before the Commission today, and look forward to further discussion of these topics.

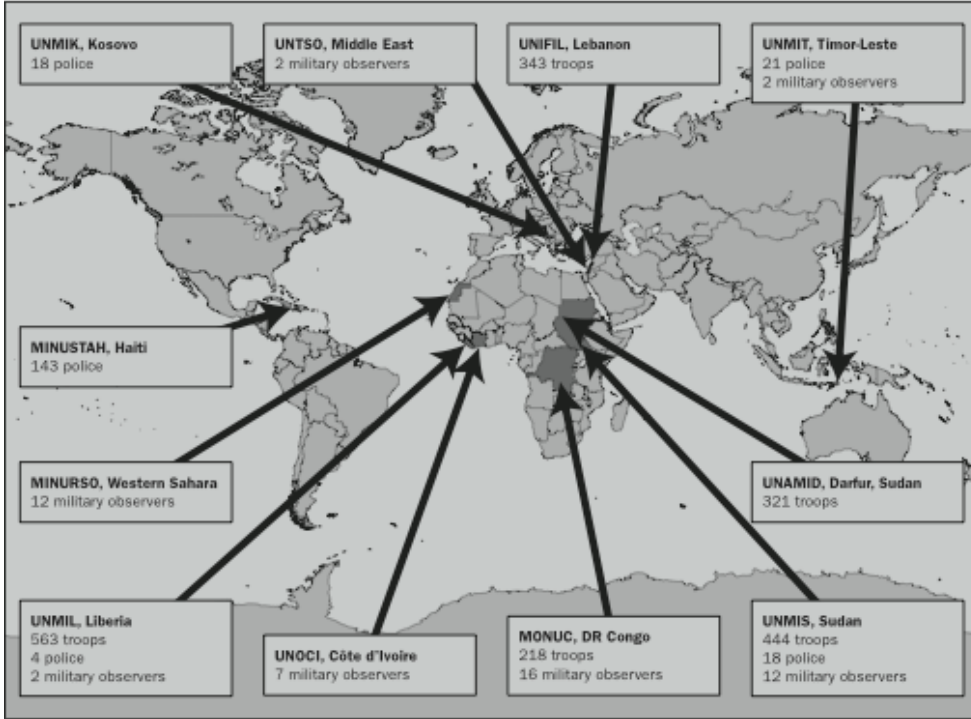


Figure 1. Type, number and location of Chinese personnel contributions to UN peacekeeping operations, December 2008

Source: UN Department of Peacekeeping Operations, “UN Mission’s Summary Detailed by Country,” December 31, 2008, <http://www.un.org/Depts/dpko/dpko/contributors/>.

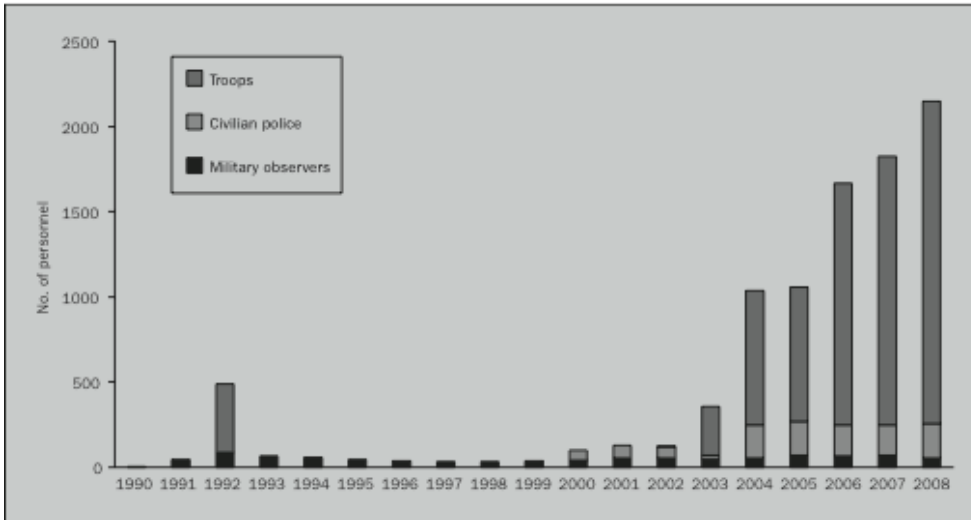


Figure 2. Chinese troop contributions to UN peacekeeping operations, 1990-2008

Sources: SIPRI Multilateral Peace Operations Database, <http://conflict.sipri.org/>; and UN Department of Peacekeeping Operations, “UN Mission’s Summary Detailed by Country,” <http://www.un.org/Depts/dpko/dpko/contributors/>.

Panel IV: Discussion, Questions and Answers

VICE CHAIRMAN WORTZEL: Thank you very much. Appreciate all three of you coming and giving us your views.

I'll lead off; this is for each of you, and on one question a couple of you may have comments.

You led off, Dr. Smith, with the National Intelligence Council product, 2025 Global Environment. And Dr. Auslin, you might have a comment on this also. What are your views on the whole idea of asking the Ministry of State Security of the People's Republic of China to help shape a U.S. National Intelligence Council view of what the global environment is going to be in '25?

Do you think that skews what might come out of the product? I would ask just generally your views on that. I found it strange, and I've engaged in intelligence exchanges with the MSS and the PLA, but I still found it strange.

Dr. Smith, also, I think you kind of gloss over what are really deep differences in values and approaches and concerns about human rights when you recommend greater cooperation with China in some of these anti-terrorism operations.

Mr. Huang, you may want to comment on this also, but how do you resolve that? How do we lay out or work out guidelines between us and the Chinese?

And then finally with respect to your written submission, Mr. Huang, on page seven, you talk about how over time it is possible that China will aim to gradually counterbalance the United States influence and more actively shape generally peacekeeping norms in ways consistent with its own interests. How likely do you think that is, that they will really work at that or achieve it?

We'll start with Dr. Smith.

DR. SMITH: Thank you, sir. On the question about the Ministry of State Security impact on the NIC 2025, I'm not totally clear on the meaning behind that question.

VICE CHAIRMAN WORTZEL: If you look at who contributed to the product, they brought in the China Institute for Contemporary International Relations.

DR. SMITH: Yes.

VICE CHAIRMAN WORTZEL: That's the Ministry of State Security of the People's Republic of China.

DR. SMITH: Yes, okay. But, as you know, of course, the NIC 2025 is the product of consultations with think tanks and intelligence agencies and academics around the world.

VICE CHAIRMAN WORTZEL: Yes, so again, you don't find it sort of strange or that it might skew things?

DR. SMITH: There's always the possibility that it could skew things, but I think I'm confident that the NIC 2025 took into account those factors in the way that they constructed it.

I think it's a valid document, and, in addition, I would actually refer to an earlier document put out by the NIC, the 2020 document that talked about globalization, and I think this actually brings up a more pertinent point, which is the fact that globalization around the world is going to create winners and, for lack of a better term, "losers," although they don't use the term "losers." They use the term "those left behind."

I think to the extent that China represents that group of winners in the globalization process, they are going to actually perhaps incur a terrorism byproduct from that.

But in terms of your second question, which is actually, I think, a very critical question about the human rights issues, and how do you reconcile human rights differences and differences in views on human rights with China at the same time pursuing a counterterrorism agenda, and I think it is very critical.

I think recently on her trip, Secretary of State Clinton made the point that we can have common interests with China without letting human rights differences totally obliterate those greater interests, and I think counterterrorism is one of those issues in which we have a structural common interest with the People's Republic on a number of accounts. And I'll just stop there.

VICE CHAIRMAN WORTZEL: Dr. Auslin, do you have anything to add?

DR. AUSLIN: I don't have much to add on the NIC 2025 report, as an open source document which the community went around with to numerous groups to gauge their reaction. I'd obviously be a little bit more concerned if they went to CICIR for an NIE input, that would concern me, but I think in terms of the product that the 2020 and 2025 reports are, they're very much an academic type product.

And of course, I guess, if done well, the very questions that can be asked to foreign interlocutors can give indications of concerns that they have and can feed back in, potentially in a positive way, to the drafting of that document.

VICE CHAIRMAN WORTZEL: Thank you.

Mr. Huang.

MR. HUANG: Just very quickly, on the 2025 NIC report, I don't know if this puts us in the same boat as CICIR, but SIPRI is also one of the organizations that was asked by NIC to convene a meeting in September 2007--this is acknowledged in the preface of the report--

where we conduct a similar exercise.

I don't know the content of this meeting that CICIR organized, but I assume it's an interesting way to gauge the Chinese response to some of the things that are being written at the medium or near final stages of the report, and to better gauge what is the Chinese response to some of these more sensitive areas, and it's an interesting academic exercise I think that's worth considering for some of the policymakers.

That's the similar kind of activity that we did in Stockholm. I don't know if it's a good idea to have Swedish policymakers try to shape and influence a NIC report, but what we did was gather some of the leading think tank scholars and other policy elites from around the world to convene in Stockholm for this meeting, and it was very useful for the NIC as well.

In response to your comment about page seven of my prepared testimony, I think what I was trying to say here is that China will try to resist the temptation calls by some member states of the U.N., largely Western countries, to step in and intervene in a particular regional hot spot area of conflict, especially when there is a lack of consent by the host state.

The foreign policy principle of nonintervention is at the core of its foreign policy, and I think it will be very careful and conscious. We saw this in Darfur, in Sudan, but I think as China realizes that and considers and weighs the options, when I think its interests, its core national interests are at stake, it will take some measures behind the scenes to exert some greater pressure on the regime in Khartoum in Sudan and urge Khartoum to accept the peacekeeping force, the hybrid peacekeeping force, which the Chinese did very, very well diplomatically, and was acknowledged by U.S. policymakers in 2006-2007.

So I think when it has some economic interests in the country, when it has interests to protect its own nationals, whether it's civilian, diplomatic or military officers on the ground, I think it will begin to alter its approach and take these considerations into account.

VICE CHAIRMAN WORTZEL: Commissioner Slane.

COMMISSIONER SLANE: What recommendations would you suggest that we make to Congress on the issue of China's military operations abroad?

COMMISSIONER FIEDLER: Don't all go at once.

DR. AUSLIN: That's such a narrow question that I think I was trying to figure out how to answer it. Well, Commissioner, I think that the recommendations that you make to Congress, of course, need to be, as I would see it, guided by what U.S. foreign policy objectives and security policy objectives are. And if there are concerns that we have, and I believe that you can look at the spectrum of Chinese military

operations abroad, and I apologize for not being here for the morning presentations, but the spectrum of Chinese military operations abroad clearly have a range from the types of cooperative activities that have been expressed at this panel and others to the types of activities that I talked about, which certainly can at least be interpreted as possessing some type of potential or inherent challenge to U.S. security interests or the interests of our allies.

I think that in the position that the United States finds itself in, one of the key recommendations that I see as a constant is a very clear-headed and ongoing appraisal and understanding of the trajectory of Chinese military activities abroad, and again that does not--I do not believe it should prejudge what those activities, the goals of those activities are.

But to fit them into preexisting categories, that capabilities that can have dual use, so to speak, are only going to be used for in a cooperative way I think does not provide the best analytical approach to trying to take a long-term and synoptic view of where the Chinese are going.

That has to be, of course, buttressed by what the Chinese themselves are saying. So I think that the analytical approach that this country needs to maintain its focus on is crucial.

I think a second component to me that would be of equal importance is ongoing and, I think, very frank consultations with our allies. Those in the region, who are in the region themselves, often have a very different view of the long-term Chinese trajectory than we do, insulated at least physically by an ocean even though our interests extend very deeply into Asia.

So I think that a congressional focus on understanding the security concerns and the security focus of, first of all, our alliance partners, and then related and friendly nations, is equally important to try to understand the posture that we need to take in order to maintain an effective and credible presence in Asia.

I think that those are some of the recommendations I think we need to do. And then finally at the end of the day, it comes down, I believe, to in this case trying to make sure that the Congress understands the need for the full funding of all activities that allow the United States to maintain its active political, economic and, of course, military security roles in the Pacific.

Quite frankly we cannot do it on the cheap. I think to the extent that we believe we can, we will be perhaps gaining short-term advantages for long-term erosion of our position. And again, I would hasten to add that that does not presuppose an aggressive focus on our part or an imputation that we are going to be challenging China or feel we will be challenged by China, but simply that it is a realistic

approach to the unique position the United States finds it in with its panoply of interests in Asia.

I think integrating those three approaches in terms of recommendations to Congress, I would hope would provide a clearheaded understanding of the situation in Asia today, but also a road map for how we would want to maintain our position there.

Thank you.

VICE CHAIRMAN WORTZEL: Commissioner Fiedler.

COMMISSIONER FIEDLER: Dr. Smith, I'd like to pursue a few things with you about the People's Armed Police. I would like to first exercise a minor pet peeve, which is your comparison of the PAP to somewhat analogous to the National Guard and our Department of Homeland Security.

Of course, I would say on the National Guard question, National Guardsmen are part-time soldiers called up in cases of national emergency. PAP is a full time force.

DR. SMITH: There are full-time Guardsmen.

COMMISSIONER FIEDLER: Yes, but in terms of quantity. Okay. How many members of the People's Armed Police are there?

DR. SMITH: I'll have to get back to you on that specific question.

COMMISSIONER FIEDLER: Roughly.

DR. SMITH: Again, I'll get back to you.

COMMISSIONER FIEDLER: Is it not true that it's a lot larger today than it was in the 1980s?

DR. SMITH: I believe it is.

COMMISSIONER FIEDLER: And this is during a time of economic boom when the country was supposed to be progressing; right? And so that someone in China decided that under these circumstances there was a greater need for an internal police force than existed before?

DR. SMITH: Keep in mind, of course, China just had the Olympics in 2008 so obviously so there was an increased need for internal security.

COMMISSIONER FIEDLER: And the PAP is also a force that will send a thousand people into a village and close it off when the villagers are protesting confiscation of their land. That's not analogous to anything that happens in the United States; is it?

DR. SMITH: No, but when I used the term "analogous," I wasn't taking it to that extent.

COMMISSIONER FIEDLER: Yes, but this is English. That is like saying that the Chinese prison system, the laogai, is like the U.S. prison system. It is like saying that the Chinese judiciary is analogous to the U.S. judiciary. None of those are analogous.

DR. SMITH: It has an internal role, just as our National Guard has an internal role. That is the extent of my analogy. I'm not comparing it to village actions, those types of actions.

COMMISSIONER FIEDLER: Okay.

DR. SMITH: And that's English as well.

COMMISSIONER FIEDLER: Okay. I'll change the subject a little bit--but I want to continue to talk about Xinjiang where the People's Armed Police is, and the Xinjiang Production and Construction Corps are--

DR. SMITH: The Bingtuan.

COMMISSIONER FIEDLER: Bingtuan--are very strong.

DR. SMITH: Yes.

COMMISSIONER FIEDLER: You talk in your testimony about China buying oil from Saudi Arabia.

DR. SMITH: Yes.

COMMISSIONER FIEDLER: And is it, if I recollect correctly, the Saudis have been funding overseas Uighur organizations for a number of years. Are you aware of that?

DR. SMITH: I'm not aware of the Saudi connection. I would not be surprised though.

COMMISSIONER FIEDLER: And do you see the Saudis attempting to influence the Chinese on their policy towards Muslims in China or do you see them as, in a shorthand way, of selling them out for oil?

DR. SMITH: I think the central driver of the Saudi-Chinese relationship is basically on two fronts. One is energy and the other is political hedging on the part of Saudi Arabia to not be as dependent on the West as it has been.

It saw the downside of that post-911 with rising anti-Saudi sentiment within the United States, but the other driver is energy. The question about Islam and China, to the extent that Saudi Arabia is interested in promoting various Islamic agendas in China, I think there's minimal evidence of that. I think there's some evidence of a Pakistan connection in that regard, but less so for Saudi Arabia.

COMMISSIONER FIEDLER: Do you view the Chinese position on calling most, if not all, Uighur activists terrorists as being problematical when talking about cooperating with Chinese on so-called counterterrorism?

DR. SMITH: I think that there is a divergence of views between the U.S. and China on this particular issue. I think where there's a convergence of interests or a consonance in views with regard to the very radical segments of that population, as an ETIM, for example, the group that's been identified, the group that we helped identify as a terrorism organization, through the U.N., in 2002.

But I think there is a contradiction, as the Chinese like to say, a mao dun, with regard to how China characterizes the term "terrorist" versus how we would characterize the term "terrorist." But that's something that has to be reconciled, and as you well know, it's currently at play with the question about the disposition of certain prisoners that are in our possession.

COMMISSIONER FIEDLER: In Guantanamo.

DR. SMITH: Yes, in Guantanamo Bay. This has to be reconciled, and I think the greater point is that we are at, I think, a crossroads where geopolitically the U.S. and China, I frankly believe, are not heading in a good direction from a classic state-on-state perspective.

The way out of this trap, in my view, is to find areas of common interest, and I believe those areas of common interest lie in the field of counterterrorism, particularly in the way we view and define terrorism, but also regarding other transnational issues, including climate change, pandemics, et cetera, and also failed states.

Keep in mind one of the key U.S. interests is, of course, stability in Afghanistan. What state has the most influence in Afghanistan? That would be Pakistan. What relationship in South Asia is the most critical? The China-Pakistan relationship.

So we have a sort of convergence of interests with that as well, and I don't think we should allow divergences in interest such as the question about the Uighurs to undermine those areas where we do have a commonality of interests.

COMMISSIONER FIEDLER: Thank you.

I have a second round.

CHAIRMAN BARTHOLOMEW: I have different questions. I have one for each of you.

Dr. Smith, first, I feel like I really need to say that human rights has never obliterated any other interest in the U.S.-China relationship. It generally gets pushed to the bottom whenever anything else happens.

So any concerns that it has or that it will, I think, are false frankly.

I feel like we're dancing around a little bit on this question of this issue of the People's Armed Police and counterterrorism. It seems to me that at the heart of the question is, is any cooperation that we're doing ultimately making the People's Armed Police more efficient and more effective in suppressing internal dissent, and I want to juxtapose that with the fact that the four new historic missions for the PLA, the first one, was providing an important guarantee of strength for the Chinese Communist Party. How do you do that?

Let me give my other two questions so that people can think as we're doing this. Mr. Huang, interesting to me that you and Bates Gill in a piece that you wrote noted that nearly three-quarters of China's

contributions towards peacekeeping are concentrated in Africa. I'm interested in knowing what we know about the criteria by which China determines where it's going to do its peacekeeping operations.

It's got a lot of economic and resource interests in Africa. Does that have anything to do with it?

And Dr. Auslin, a small question for you. Bud Cole earlier today noted--it was a good way to get a handle on this--that the Indians take very seriously the India part of the--the India in the Indian Ocean. And you made reference to a naval arms race. I wonder if you could just elaborate on that a little bit?

Dr. Smith, do you want to go first?

DR. SMITH: Okay. Madam, regarding the People's Armed Police Force, it is my understanding that we have not--and I may be incorrect here; just my understanding--we have not had direct counterterrorism engagement in the form of exercises or things of that nature.

It's my understanding that the extent of U.S.-China cooperation on counterterrorism has primarily been in the law enforcement field, as exemplified, for example, by FBI assistance to China prior to and during the Olympic Games.

It's been more of a law enforcement nature. Perhaps some limited intelligence sharing, things of that nature, but to my knowledge, the People's Armed Police Force has not been involved. However, I know that the organization has sent various delegations and groups to various counterterrorism training courses around the world, but to my knowledge not to the U.S.

I may be wrong there so I just put that caveat there. But I think cooperation has primarily been limited to the law enforcement realm.

CHAIRMAN BARTHOLOMEW: I think I raised the question in terms of just thinking about this issue of expanded cooperation.

DR. SMITH: Right.

CHAIRMAN BARTHOLOMEW: When you highlight that the People's Armed Police is the place that is supposed to be the locus point for addressing terrorism within China, clearly we're going to have to come to terms with that.

DR. SMITH: Absolutely, and to the extent that our law enforcement activities or engagement or assistance helps the People's Armed Police, yes, we will have to reconcile some of those issues, but-

CHAIRMAN BARTHOLOMEW: When you talk about law enforcement, do you think of it in terms of investigation of things that have happened or prevention?

DR. SMITH: Prevention and intelligence sharing, provision of equipment. As you probably recall, it wasn't just the FBI, and this is

coming from media reports, and this is where I'm getting this, basically from the Department of Homeland Security, including the Coast Guard, also shared various technologies, WMD sensor technologies, things of that nature. I think that's the extent of counterterrorism cooperation. It really was to prevent a Munich 1972 scenario.

CHAIRMAN BARTHOLOMEW: Yes, in the context of the Olympics, I was just thinking more sort of this bigger framework that you were talking about cooperation on counterterrorism and what role the People's Armed Police would be playing and all of that.

DR. SMITH: Yes, I think it, of course, we can't determine that. That's up to the Chinese to what extent the PAP plays into this, but nevertheless, to the extent that our cooperation involves law enforcement and to the extent that China actually designates the PAP as their lead law enforcement organ, and then in that case will be engaging with them to that extent.

And somehow we are going to have to put certain restrictions or provisions regarding how some of this technology can be applied as, sir, as you said, we don't want to see our technology being used to suppress a village, for example, obviously, because human rights are important.

I mean protection of human rights is an important U.S. foreign policy goal. We don't want to see something like that happen.

CHAIRMAN BARTHOLOMEW: Okay. Thank you.

MR. Huang.

MR. HUANG: Let me first get back to you on the question about three-fourths of China's contribution is in Africa. This is a number of factors come into play here.

First, it's reflective of the current realities of U.N. peacekeeping operations globally. About 75 percent are currently concentrated in five or six areas in the continent, and so it's understandable that China's contributions are largely focused there.

Another factor to consider in this is also that it's the U.N. Department of Peacekeeping Operations. UNDPKO requests reviews of the troop-contributing countries, all member states, and it looks at each country's strengths and weaknesses, where their engineers play a stronger role, where their police plays a stronger role, and then they solicit, they ask troop contributing countries to dispatch "x" number of forces to a particular mission.

For China's criteria internally, when it looks at whether or not to deploy in answer to a request from the U.N. Headquarters, I think Chinese leadership is probably very keen and interested in participating in Africa in peacekeeping missions there.

I think, first, it boosts and solidifies the China-Africa

relationship. There are political elements to this. There's a good piece in the New York Times today that looks at D.R. Congo. By and large today, what we're seeing is there are still pockets of conflict throughout Africa, but by and large it's more stable than it was, let's say, ten years ago, 15 years ago, more or less.

There are still pockets of conflict in Darfur, in the eastern part of D.R. Congo, but there are more democratic transitions, some sort of stability in other places in Africa, and I think as Africa takes off, becomes more stable, becomes a more affluent continent, I think it pays off to have Chinese forces there on the ground supporting U.N. peacekeeping missions there. I think this boosts China-African political security ties, and I think it's their presence there at this critical juncture is a political consideration at the end of the day as well. I hope that answers your question.

If I could just jump in very quickly on the PAP capabilities and perhaps not so much on the counterterrorism part, but it's interesting that when I was in Haiti, this current deployment, this seventh deployment of Chinese Formed Protection Units, the police force there, this is from the Xinjiang Border Patrol Unit, and the Xinjiang Border Patrol Unit is a special element within the PAP that's controlled and commanded by the Ministry of Public Security.

I know there was a lot of confusion, a lot of reports on this in 2004, when the Chinese first dispatched police units to Haiti. Some people attributed this to a PAP-only, but the real characterization, and I was able to get confirmation and tried to sort it out looking at their patches and insignia on their uniforms, and some conversations with Ministry of Public Security officials in Beijing, that this is indeed commanded by MPS, and when they go back to Xinjiang where they come from at the end of next month, they will resume their posts throughout Xinjiang in police stations.

So these are border patrol police. They go back to China, and they wear the PAP uniforms, but they conduct law enforcement activities so these are narcotics, control narcotics trade on the borders, immigration, crowd control. This is what the Border Patrol Unit will be doing when they get back.

The lessons that they learn in Haiti, I think, is interesting for them because when they go back, they will be able to apply some of these lessons that they view and see while interacting with other foreign police units from other countries operating in Haiti, and I think it raises the professionalism of these units when they go back.

The hope is that they would use it to benign purposes and, it's not the Border Protection Unit--I'm not clear on this, whether or not they are specifically tasked to monitor the Uighurs, but these are Border Patrol Units so they're mainly doing, carrying out law

enforcement activities.

VICE CHAIRMAN WORTZEL: I'm afraid we'll have to ask you to defer to a second round of questions, and we'll come back to that.

Commissioner Mulloy.

COMMISSIONER MULLOY: Thank you, Mr. Chairman.

It's really good to have you experts in national security here and I want to raise an issue. This Commission, was as you know, created by the Congress to look at the national security implications of the trade and economic relationship among other things.

So I am always driven to think in those terms. I want to ask a couple questions. Mr. Smith--and this would be for all of you--you mentioned globalization and that there are winners and losers, and that China is a winner.

Do you all agree that China is a winner from the globalization process? Dr. Auslin, do you think they're a winner?

DR. AUSLIN: I think as in every country there are winners and there are losers. I don't think everyone is exclusively a winner.

COMMISSIONER MULLOY: Right. But China as a whole, would you think--if you were looking at China?

DR. AUSLIN: I hate to be too academic, but I honestly believe it's just too complex a situation. I think that the Communist Party so far has been a winner, but at each stage that it has accumulated more winnings, the risk of each next move has grown. I would just prefer to leave it at that.

COMMISSIONER MULLOY: Mr. Huang.

MR. HUANG: I would just add that I think China has overall benefited from joining, integrating with the international system.

COMMISSIONER MULLOY: Let me ask you another way, Dr. Auslin. Do you think globalization, the way it's being practiced now, has helped China build its comprehensive national power?

DR. AUSLIN: I think that's a fair judgment, yes.

COMMISSIONER MULLOY: Okay. Do you think the United States has been a winner, Dr. Smith, and then go across, of the current way globalization is being conducted?

DR. SMITH: The current way--

COMMISSIONER MULLOY: Yes, the way it's been happening up until--

DR. SMITH: Not the current economic crisis wave, but--

COMMISSIONER MULLOY: Well, let's just take it from where it began and where we are now.

DR. SMITH: Okay. I think in general, yes, we have been a major beneficiary of global trade and all the collateral benefits that go with that, yes, we have won.

COMMISSIONER MULLOY: What about you, Dr. Auslin?

DR. AUSLIN: I would agree although, again, I think there are enormous hidden costs that come with the position that the U.S. has within the globalized system. And I think we are just now beginning to understand the "analogous," if I may use that term, Commissioner, the analogous position of Britain when what appeared to be century's worth of benefits to Britain actually masked severe strains on the British imperial system so, yes, I do believe we are a winner, but I believe, again, it is a complex system that has tradeoffs.

COMMISSIONER MULLOY: What about you, Dr. Huang?

MR. HUANG: I think notwithstanding the current economic crisis, I would still say at the end of the day countries around the world look to U.S. leadership, and I think in the coming G-20 Summit in April 1-2 in London, countries there are going to be continuing to turn to United States for ways to fix the system, the system that's largely Western-led and U.S. dominated.

COMMISSIONER MULLOY: Okay. Just one more point, and then I'll have a broader question. I like your point, Dr. Auslin, there can be winners and losers within a society so China as a whole may be a winner, but there are people losing. And you've all posited that the United States overall you think is somehow a winner, but there could be a lot of losers in the United States.

Do you all agree with that?

DR. SMITH: Yes.

DR. AUSLIN: Yes.

MR. HUANG: Yes.

COMMISSIONER MULLOY: Right. Okay. Now, Admiral McVadon came in here and he testified before about China's likely to emerge as a global power regardless of our concerns, and then he says one might turn this issue on its head and suggest that failure to be generally supportive of an emerging China could redound against U.S. interests. So we should be supportive because it could redound against our interests if we weren't.

And he said, to choose one vivid current example, China, holding huge amounts of U.S. debt could in this time of economic difficulty be antagonistic and even tangibly harmful to the U.S.

Has China got a lot of leverage over us because of the amount of money that they've gained from the trading system and have invested in our Treasuries? Is that a national security issue in your view, across the board--quick answers because I think I may be over my time.

VICE CHAIRMAN WORTZEL: 13 seconds.

DR. SMITH: I think I'm going to adopt Dr. Auslin's strategy and say it's a very complicated question. I think the U.S. and China are engaged in a very profoundly symbiotic, mutually beneficial, but in some regards mutually competitive, relationship.

Does the fact that Chinese ownership of U.S. debt, does that create problems for us? It could in certain ways, but on the other hand, it also gives China an interest, a national interest, in the welfare of the U.S. and the continuation of the U.S. as it is now manifest.

So I think it's one of those things. I want to say Thomas Friedman came up with the term "Chimerica." I may be mistaken.

COMMISSIONER MULLOY: No, that was Ferguson.

DR. SMITH: Ferguson. I'm sorry. Niall Ferguson came up with the term "Chimerica" implying the symbiotic dependence that we have and that we enjoy, but which is also very complicated.

DR. AUSLIN: I'll be very brief. I see two parts potentially to your question. The first part I really can't answer; I'm not an economist. But my understanding, of course, is that if China wished to sell, they'd have to find buyers, and they might not be able to find buyers. They would be in deep difficulties then, and also there is the question of where else, especially in this current environment, where else they can invest to get the return that they're hoping for.

There's not a lot of great investments at this point in time, which is why they're continuing to pour money into Treasuries, but I really can't answer.

But your broader question about the issue of leverage, I think, I appreciate because I think it's one that isn't discussed as much. The problem I think talking about leverage is that it puts you, it posits an adversarial approach to a relationship often, but I do believe that in terms of discussing our comprehensive national power, which I think is prudent for policymakers, we do have enormous types of leverage that we in general choose not to talk about vis-à-vis China.

I think when you look at the fragility in many cases of the system, and certainly some of the discussions here have alluded to that, there are, I think, approaches that the United States can take if we wished that would make the costs high for certain actions on China's part, and so we should not--I believe you're right--see ourselves solely in the position of being boxed into a corner vis-à-vis China's ability to, for example, withdraw its funding for U.S. Treasuries.

COMMISSIONER MULLOY: Thank you.

VICE CHAIRMAN WORTZEL: Commissioner Videnieks.

COMMISSIONER VIDENIEKS: This is a question primarily to Mr. Huang. Doesn't SIPRI keep pretty extensive numbers on rankings of the world's militaries? I was just curious whether it goes into the detail of the People's Armed Police numerically?

Do we know what are their functions, and how are they dispersed geographically within China?

So, basically, first, please address the size of the PRC military,

numerically how it ranks worldwide maybe. Maybe if you have capability information, that's fine, too. But also how big a component of the PLA is the People's Armed Police, percentage wise or numerically?

And do they have various functions such as political, border patrol, as you stated? What do they do?

Thank you. If all three of you could comment on that, it's a question to everybody.

MR. HUANG: If I got your question correctly, the PLA force, of course, is the largest military in the world. It has 2.3 million, if I remember correctly. That number could go down a little bit as it seeks to professionalize its army.

The total amount that Chinese security forces have placed under blue helmet command is about 2,200 currently.

COMMISSIONER VIDENIEKS: 2,000 people?

MR. HUANG: 2,200 roughly.

COMMISSIONER VIDENIEKS: In the entire country?

MR. HUANG: Just on blue hat.

COMMISSIONER VIDENIEKS: Oh, blue hat – deployed outside the region.

MR. HUANG: Right.

COMMISSIONER VIDENIEKS: I was saying People's Armed Police within the country, within China. And I understand that, my opinion is--it may be wrong--they're a component of the PLA or they're not or they're separate. How do they compare and how many are there and what are their functions and where are they deployed?

MR. HUANG: Again, I think, like Dr. Smith, I cannot on top of my head give you an exact figure how many PAP forces there are.

VICE CHAIRMAN WORTZEL: I wonder if you can perhaps out of the Military Balance, which you publish?

MR. HUANG: No.

VICE CHAIRMAN WORTZEL: ISS publishes the Military Balance.

MR. HUANG: Uh-huh.

VICE CHAIRMAN WORTZEL: That the Military Balance has these figures. My recollection is something like 2.3 million for the PLA, half million for the People's Armed Police, about the same numbers for the Air Force and Navy. I think it's 600,000 and 500,000.

But maybe we can get that out of the Military Balance and get it into our record.

COMMISSIONER VIDENIEKS: And I was kind of interested in the functions also. Border patrol, political enforcement, maybe if you had that information, any one of you?

MR. HUANG: With regards to peacekeeping there are rotations,

and so it depends on which deployment is picked.

COMMISSIONER VIDENIEKS: I was thinking domestically more than foreign. How big a force are we talking about, the People's Armed Police, and what do they do? If you're not prepared for that, fine.

MR. HUANG: The special elements within the PAP involved in peacekeeping includes the Border Patrol Units. These are frequently deployed peacekeeping operations abroad. Some of these activities that they carry out abroad are similar to their missions at home in terms of riot control, crowd control, law enforcement activities, patrolling, helping with immigration system, things like that.

I'd be happy to discuss this after the session.

COMMISSIONER VIDENIEKS: Sure.

VICE CHAIRMAN WORTZEL: I think we have time to go around a second time. I have a question for Dr. Auslin. How have the more aggressive approaches by both the Chinese Coast Guard and the Chinese Navy in the East China Sea and the intelligence gathering in Japan's waters caused changes in Japan's security posture?

DR. AUSLIN: I don't believe there have been yet direct changes in Japan's security posture. What there has been has been a distinct Japanese concern with these activities, and they're related on two levels, as you indicate.

The first is over a contested territory, particularly the Senkaku or Diaoyutai Islands, where there are extensive holdings of natural gas and oil, and those have been under contention for several years.

There was an agreement last year that there would be joint development of part of that region, but the Chinese also made it clear, simultaneously, that they did not surrender any of their overall claims, and part of it is an issue of where do you draw the line.

The Japanese want to draw the territorial line at a midpoint between the two closest territories of China and Japan respectively. The Chinese claim the Continental Shelf extension. So it is something that both will ultimately be referring to UNCLOS, I believe, as they work through.

But the Japanese Navy in particular is extremely aware of repeated incursions into Japanese territorial waters. Of course, this is inseparable from the Chinese maritime concepts of the first and second island chain and certainly something that is of great concern to the Japanese.

The mapping activities that take place, even some of the ostensibly legal drilling activities of the Chinese, are capabilities in which case platforms are erected clearly on the Chinese side of a line, and then they do lateral drilling into Japanese territory.

Now, again, is that a major irritant for the Japanese? No. But

what it does do is draw up a larger picture for them of concern over both Chinese capabilities and intentions.

The Japanese, obviously Japan is an island nation. They're very concerned that their entire livelihood depends on access to the sea. China having somewhere on the order of between 55 and 65 submarines today, the Japanese have 15, and all of theirs are diesel, which is actually good, as some Japanese were explaining to me recently, because they're very quiet, which means they can hide very well.

That does not necessarily help you in achieving the other part of your mission, but it does allow them potentially not to be detected, but they know that they do not have the capability to protect--I don't want to use the word "oppose"--but to protect all of their vital national interests as they see the maritime interests alone.

We have very good relations between the U.S. Navy and the JMSDF. The broader concern for the Japanese is a political one, will the United States maintain its commitment to its presence in the Western Pacific to supporting Japan's claims? And there is right now, of course, a bit of contention over our interpretation of the Senkaku Islands, whether or not it falls under the auspices of the security treaty.

The previous administration indicated that it did; the current administration has made some comments that it may not. I don't believe that policy has yet been set.

But the Japanese look at this all very carefully. What they do maintain is a robust anti-submarine warfare capability, particularly a very large P-3 fleet that was, of course, initially built during the Cold War to oppose the Soviets and transitioned fairly seamlessly into keeping tabs on the PLA Navy.

They have approximately 50 destroyers now, about six of which are Aegis-equipped. They have a good SM-3 anti-ballistic missile capability, but again from the Japanese point of view, it is all in certain ways a trip wire because of the sheer size of the Chinese forces that they look at.

Do they anticipate a conflict directly over Japanese-held territory or what they interpret Japanese-held territory? No. The concern is rather a parceling off strategy, an absorption of one way or another of Taiwan within China's security sphere, the unfettered ability of the Chinese Navy to move around Japan's littoral areas or areas offshore, and in essence moving to a situation, a potentially accepted status quo, where the Japanese freedom of action is increasingly shrunk partly because they're not able to have all the resources that they would wish, and partly because of a long-term--I would not say short-term--but a long-term concern over the U.S. goals for the region.

Thank you.

VICE CHAIRMAN WORTZEL: Did you have a follow-up?

COMMISSIONER FIEDLER: Just a quick question of Dr. Auslin.

What do you perceive the potential for tension between the Indian and the Chinese navies?

DR. AUSLIN: Thank you.

This goes back to Chairman Bartholomew's question. I think that, again, most of the nations in the region--look, overall the Asian maritime domain, as I would prefer to call it, is fairly stable. I think we do need to grant that.

But prudently all nations in the region are looking at the long-term trends. Clearly, the growth of the size and the capabilities of the PLA Navy is of a concern to all nations in the region. If you look at the Indian Ocean, it has the strategic pivot between Europe and Asia.

It has the strategic waterways, transport routes. It is in many ways the lifeline for Asia, and the Somalia equation I think is really separate from the long-term concerns. When you look at the map, obviously India is most concerned with its position right in the middle of this vast maritime waterway.

It looks at the Chinese presence and growing Chinese presence in the region as a long-term threat. Again, the much ballyhooed "string of pearls." Regardless of the degree to which that actually adds to the Chinese Navy's capabilities, I think you have to look at it from the Indian point of view, which is that on both sides of their country, the Chinese have either been building or gaining access to bases, ports, facilities.

Some of them, such as in Sri Lanka, are right off the Chinese mainland, all along the Bangladesh coastal line, and of course, in Pakistan. Now, you have with the Somalia mission a regular, potentially regular transiting of Chinese operational forces, not just goodwill missions, but operational forces, through areas of vital concern to India.

I think what this has resulted in is India being much more in recent years willing to work with other nations, other interested nations in the region, including the United States. They were a major participant in the Malabar 07 naval exercise, massive naval exercises.

They have actually very good relations with the Japanese. I mean comparatively. They have regular naval and military contacts. They have obviously reached out to the United States on a spectrum of issues that I think will increasingly include maritime. So that I hope answers some of the chairman's questions.

In terms of your direct question on tension, I think tension is inherent in the geopolitical configuration of the Indian Ocean realm. I

don't think you can get away from it as long as the Chinese desire to maintain a presence that moves them off of their own waterways and littoral into the region.

Now, because of the trade routes, the importance of oil transport lines, for example, and regular trading lines, I think it's inevitable that the Chinese are going to want to maintain and increase their ability to move through that space, and I think that that is a natural concern of any power.

I think the Japanese have the same concerns, and the Indians ultimately I think would potentially be concerned about frequent and repeated Japanese passage through the same waters. I think it's inherent in the position that India holds.

I think Somalia is an important, actually, a potentially important test case as to how this actually rather crowded highway of the sea may see the emergence of clear rules of the road over the next several years.

We have the Indian, Chinese, Japanese, American, EU navies, and Russian navies, all being involved. The question to which each is, first of all, able to observe each other and understand how they operate, but also to cooperate in information sharing, in coming to the aid of other nations' ships, all of that is in a bit of--I would call it a quasi-invisible hand because right now there is no overarching--the U.S. Fifth Fleet, for example, is not taking the lead--there is no overarching naval force in the region trying to get these navies to cooperate.

Rather it is as each navy perceives its own best interests and deals with its own domestic laws, for example, that hinder what the German naval combatants can do as well as the Japanese. We may see a gradual building of regimes of confidence, especially because it is likely that these navies will continue to be in this region.

The French, among others, are looking for bases in the region. The Japanese are working out of Djibouti and other areas. It will not suddenly be a deserted region again. So I think while the potential is there for increased tension, and I think that will be naturally growing, as the capabilities of all the navies, but particularly the Chinese Navy, and the region grows, there is the potential for confidence-building measures to take place as well in this very large area.

Thank you.

CHAIRMAN BARTHOLOMEW: Thank you very much, gentlemen. Thank you, Dr. Auslin. You did a good job of answering more than one question at a time. I want to, particularly, though, thank you.

We strive to find new and younger voices while we value the testimony of people who have testified before us previously and

respect their experience and wisdom. I'm always pleased to see new people coming into the discussion, and we really look forward to your contributions, not only to the work of the Commission, but to the general field of U.S.-China relations over the course of your careers.

I want to acknowledge the work on our staff of Marta McLellan Ross and Robert Sheldon who put this hearing together for us. Thank you very much.

And just a note before we close, our next hearing is on March 24, and it's going to be focused more on economics and focused on China's pillar industries.

Thank you all for coming today.

[Whereupon, at 3:03 p.m., the hearing was adjourned.]