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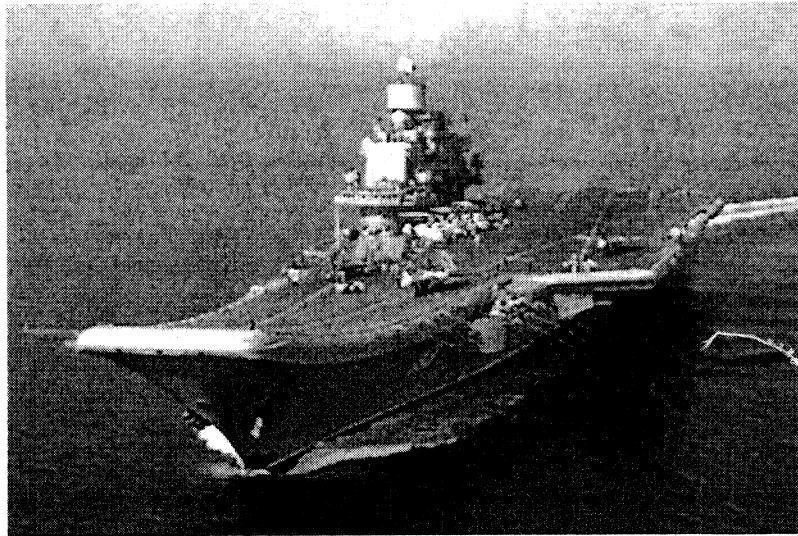
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Title:

China's Energy Aspirations and its Military Modernisation Efforts: How China Plans to rival the United States as a Super Power.

A thesis presented in partial fulfilment of the requirements of the Masters Degree in Arts (Defence Studies) at Massey University, Palmerston North, New Zealand.



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Abstract

This Thesis examines China's increasing demand for energy and illustrates how China will become increasingly reliant on oil imports to meet its energy needs. This reliance on oil imports has forced China, in the short term to adopt an energy security strategy that seeks to protect its access to oil by adopting a "non-threatening" military posture complemented by use of its economic bargaining power. At the same time, China has adopted a long range strategy, that runs side-by-side with the short-term strategy, of "bide our time and build up our capabilities." This long-term strategy consists of a "String of Pearls" approach to gain the necessary forward bases to secure its energy lifeline and the development of asymmetric military capabilities. The ultimate goal of this long-term strategy is to develop sufficient military and economic strength necessary to protect its access to key markets and resources.

Cover Page: The *Varyag*, a former Soviet Union aircraft carrier left incomplete in a Ukrainian Shipyard following the dissolution of the Soviet Union in 1991. In 2003, after being purchased by the "Chong Lot Travel Agency" for the stated purpose of being converted into a floating casino, the *Varyag* arrived in the Chinese naval dockyards in Daikian. At this time the "Chong Lot Travel Agency" went out of business. The *Varyag* is expected to be complete and commissioned into the Chinese navy around 2019 at the earliest.¹

¹ www.sinodefence.com/navy/surface/varyag.asp

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Aim:

The aim of this Thesis is to investigate the connections between China's defence modernisation drive and its need to access external energy resources.

Introduction:

While I am not necessarily claiming that war is inevitable, I do believe that China and the United States (and her allies) are on a *potential* path to future conflict. This path towards conflict is illustrated by China's approach towards securing global energy resources, the purposeful and systematic transformation of the Peoples Liberation Army (PLA)² into a modern military force and the carefully developed long term efforts aimed to gain the time necessary to accumulate forces capable of turning the Peoples Republic of China (PRC) into a major regional and then a superpower on par with the United States. One of the main reasons for this modernisation is to support China's growing demand for energy resources. For the purpose of interpretation, a superpower is defined as a state with a leading position in the international system and the ability to influence events and project power on a worldwide scale.

The Thesis is divided into three sections. The first section will critically examine China's Grand Strategy. This strategy frames the political backdrop of China's economic policy against its 2005 White Paper titled "China's Peaceful Development Road" and examines this policy in relationship to ancient statecraft, particularly from China's Warring States Era (5th century BC to the unification of China by the Qin Dynasty in 221 BC). It addresses how official Chinese foreign policy serves as the framework that links China's growing need for energy to its military modernisation efforts to its national security strategy.

In January 2009, the Chinese government released their latest White Paper, 'China's National Defence in 2008'. This paper is similar in many ways to the 2005 White Paper, which is the principle policy document referred to in this Thesis. The newly

² When referring to the Peoples Liberation Army (PLA) in this paper, I refer to the collective army as a whole, which consists of traditional army units as well as Navy (PLAN) and an Air Force (PLAAF).

released White Paper contains the usual phrases found in previous White Papers, at least since 1995. The phrases are intended to reassure readers that China's rise in all intents and purposes will remain peaceful; that despite China's growing economic and military capabilities, "China will never seek hegemony or engage in military expansion now or in the future, no matter how developed it becomes."³ Instead, Beijing "will persist in pursuing the new security concept featuring mutual trust, mutual benefit, equality and coordination, and advocating the settlement of international disputes and hot-spot issues by peaceful means". Regardless of its military build up, "China pursues a national defence policy which is purely defensive in nature".⁴ Beijing also attempts to reassure readers that "China attaches great importance to military transparency and makes unremitting efforts to enhance military transparency and promote mutual trust with other countries in the military sphere".

The second section outlines China's indigenous energy capabilities and discusses China's future energy needs. It illustrates why energy security is so important to China's leadership and how China's energy policy has influenced the world energy market. This section closes with an examination of how and where China plans to meet its energy needs.

The third section examines China's current and developing military capabilities and begins by broadly examining China's current military position and defence spending. It then explores some of China's military thought and how that thought shapes both its military modernisation efforts and China's grand strategy. It then examines military modernisation efforts with the assertion that China's focused modernisation effort supports a less obvious national strategic interest of achieving super power status. The Thesis concludes by summarising the potential threat that China's military modernisation and security strategy present to the West and suggests possible courses of action open to the United States to counter China's growing influence.

³ http://www.gov.cn/english/official/2009-01/20/content_1210227.htm

⁴ Ibid

The methodology intended for achieving the aim is to review, analyse and interpret available sources of information that argues China's approach towards global energy geopolitics, the transformation of the PLA into a modern military force and the efforts aimed to gain the time necessary to accumulate sufficient forces capable of turning the PRC into a major regional and then a world power.

China's 2009 White Paper continues to assert that "peace and development remain the principal theme of the times", consistent with the 2006 'Peaceful Road to Development'. The latest White Paper however warns that "global challenges are on the increase, and new security threats keep emerging". Among these challenges is that the "struggle for strategic resources, strategic locations and strategic dominance have intensified". Further "hegemonism and power politics still exist, regional turmoil keeps spilling over, hot spot issues are increasing, and local conflicts and war keep emerging".⁵

The 'China's National Defence in 2008' describes the Asian-Pacific security situation as stable but adds that there are many factors of uncertainty. These include the repercussions from the global economic crisis and "conflicting claims over territorial and maritime rights." The paper also apports blame on the US for some of these problems, claiming that "the US has increased the strategic attention to and input in the Asia-pacific region, further consolidating its military alliances, adjusting its military deployment and enhancing its military capabilities".⁶

The Chinese policy makers imply that China has little choice, but to continue to modernize and transform its military because "the influence of military security factors in international relations is mounting" and the "international military competition is becoming increasingly intense." Also, "some powers (namely the US) are realigning their security and military strategies, increasing their defence investment, speeding up the transformation of armed forces, and developing advanced military technology, weapons and equipment' These comments are not necessarily directed solely at the US. The White Paper also acknowledges other

⁵ Ibid

⁶ Ibid

“developing countries (i.e. India) are actively seeking to acquire advanced weapons and equipment to increase their military power”.⁷

In an *Atlantic Monthly* article, “How We Would Fight China,” Robert Kaplan predicts a future conflict as the Chinese navy increasingly seeks to project power and control the regions sea lanes. He warns, “Given the stakes, and given what history teaches us about the conflicts that emerge when great powers all pursue legitimate interests, the result is likely to be the defining military conflict of the twenty-first century; if not a big war with China, then a series of Cold War-style standoffs that stretch out over years and decades.”⁸ As China attempts to check its internal unrest, deal with its neighbours and stretch its political and economic power, the potential for conflict with its neighbours to the South and to the East, namely India and Japan, and the US appears to be on the increase. With the US being the world’s only superpower and its hegemonic tendencies in the region, many political scientists argue that it’s a question of “when,” not “if” US-China relations sour.

There is little doubt that China is promoting a gradual build-up of modern, powerful military capability aimed at developing a local capability to protect its own access to global energy resources. This modernisation effort is the cornerstone of a strategy that, according to Anatoly Klimenko,⁹ places China’s military “at the service of the state’s economic and political interests, the interest of increasing the states aggregate power and enhancing the role and importance of the PRC initially on the regional scale and then also on the global scale.”¹⁰ Additionally, the modernisation effort is occurring in a deliberate manner, following a set pattern of reform concentrating on the development of key asymmetric and high technology capabilities that has the ability to deal with both near and long-term threats. History has proven that the Chinese people have the determination, patience, and the perseverance necessary to achieve long-term goals and objectives. The military modernisation may reflect an expression from ancient Chinese statecraft –“tao guang

⁷ Ibid

⁸ Robert Kaplan, “How We Would Fight China,” *The Atlantic Monthly*, June 2005, <http://www.theatlantic.com/doc/prem/200506/kaplan>

⁹ Anatoly Klimenko, Lieutenant General (Reserves) is the leading researcher at the Russian Academy of Sciences Institute for Far East Studies.

yang hui.” This expression is from China’s Warring States Era and when translated means “Bide our time and build up our capabilities.”¹¹

The implication for the United State’s, is that without a balanced approach to China’s military development, combined with a thorough understanding of China’s quest for energy, a strong possibility exists for conflict over access to energy resources. The ultimate purpose of this study is to examine the connection between the demand for energy and China’s military transformation and perhaps far more significantly, what China would like the rest of the world to believe.

The journey towards possible conflict is amplified by China’s Mercantilist¹² approach towards global energy geopolitics, her deliberate transformation of the PLA into a modern, highly capable Defence Force, and her well thought out and prepared long-term efforts aimed at gaining the time necessary to build a force capable of transforming the PRC into a major regional and then world power on equal footing with the United States. The main reason behind this major modernisation effort is to support China’s growing need for energy resources. History has shown that the Chinese have the determination, patience, and perseverance necessary to prevail over the long-term.¹³ The challenge for US military planners and policy maker’s, is that without a balanced approach to China’s military development combined with an understanding of China’s need for global energy resources, there is a considerable risk of future armed conflict over access to energy resources.

Before examining the specifics of China’s geopolitics and its military modernisation efforts, it is important to understand the political backdrop against which these efforts are occurring. This section begins by examining China’s official policy to develop into a prosperous, powerful, and modern country. This policy is titled “*China’s Peaceful Development Road*” This is followed by a discussion of the important role ancient statecraft has on Chinese politics. The section closes by examining an alternative to

¹⁰ A.F Klimenko. “*The Evolution of China’s Military Policy and Military Doctrine*” In *Military Thought* (East View Publications, 2005) Pg49

¹¹ www.britannica.com/ebc/article-9382341

¹² China’s mercantilist approach towards energy is defined as a desire to obtain equity oil rights instead of relying on the free market to meet required demands. An equity oil right essentially means China purchases the right to drill for and distribute oil directly from a third party, thus bypassing the recognised international oil market.

¹³ Ibid

China's officially sanctioned foreign policy that provides a more realistic outlook on China's overall grand strategy.

SECTION ONE

China's Peaceful Development Road

China has successfully embarked on a road of peaceful development....Along this road; the Chinese people are working hard to build China into a prosperous, powerful, democratic, civilised and harmonious modern country...

China's Peaceful Development Road

China's Peaceful Development Road is a 2005 White Paper that establishes the framework for China's economic and developmental agenda to build a great nation. The object of this policy is to demonstrate that China can develop and prosper in a peaceful manner. The policy also suggests that China's economic growth will provide additional international economic growth and prosperity. This White Paper is China's first attempt to provide a public presentation of the official Chinese strategy.¹⁴

The White Paper begins by stating that "peaceful development is a sincere hope and unremitting pursuit of the Chinese people. Since the policies of reform and opening up were introduced at the end of the 1970's, China has successfully embarked on a road of peaceful developmentalong this road, the Chinese people are striving to transform China into a prosperous, powerful, democratic, civilised and harmonious modern country..."¹⁵ According to the Chinese, the road of peaceful development links China's domestic development to the outside world. They also believe that this link is in the interests of both the Chinese people and the international community. The prominent theme of the document is that China's development will be "*peaceful*".

¹⁴ The White Paper consists of five chapters: 1)Peaceful Development is the Inevitable Way for China's Modernisation; 2)Promoting World Peace and Development with China's own Growth; 3)Developing by Relying on its Own Strength, Reform and Innovation; 4)Seeking Mutual Benefit and Common Development with other Countries; and 5)Building a Harmonious World of Sustained Peace and Common Prosperity.

¹⁵ "*China's Peaceful Development Road*," (Beijing: Information Office of the State Council of the People's Republic of China 2005), Section 1. (<http://www.china.org.cn/english/features/book/152684.htm>).

The White Paper continually emphasises this fact and goes so far as to say that it is *inevitable* that China will follow a “peaceful” path as it develops into a prosperous and modern country. The paper states three reasons why China’s development will *inevitably* be peaceful; based on its national conditions, its historical and cultural traditions, and on present world developments.

The paper also discusses China’s recent history and suggests that that it is also inevitable that China will unswervingly persist to a peaceful road of development based on its *national conditions*. Here the paper portrays China, since the mid-nineteenth century as a humiliated country that needs to build itself up into an independent and prosperous nation capable of providing for its own people. It states that “During the 100 years following the Opium War in 1840, China suffered humiliation and insult from the big powers”¹⁶ It goes on to say that because of this humiliation “peace has become the assiduously sought goal of the Chinese people to eliminate war, maintain peace, and build a country of independence and prosperity, and a comfortable and happy life for the people.”¹⁷

The second reason given in the White Paper is China’s peaceful culture and history of non-aggression against other countries. The White Paper suggests that *China’s historical and cultural traditions* prove that China’s development will be peaceful. Here the paper portrays Zheng He, a famous Chinese naval explorer, as proof of China’s peaceful intentions. In 1405 Zheng was dispatched by Chinese Emperor Yongle of the Ming Dynasty to command the then largest fleet in the world which consisted of 62 ships and nearly 30,000 men.¹⁸ According to the White Paper, Zheng and his fleet “made seven voyages to the ‘Western Seas’, reaching more than 30 countries and regions in Asia and Africa.”¹⁹ Each time Zheng embarked with thousands of men and several thousands of tons of Chinese goods to trade. What was special about Zheng’s voyages according to the paper, is the fact that what Zheng “took to the places he visited were tea, chinaware, silk and technology, but [he] did not attempt to occupy an inch of any other’s land. What he brought to the

¹⁶ Ibid

¹⁷ Ibid

¹⁸ Christopher J. Pherson, *String of Pearls: Meeting the Challenge of China’s Rising Power across the Asian Littoral* (Strategic Studies Institute, 2006), 1

¹⁹ “China’s Peaceful Development Road,” Section1

outside world was peace and civilisation, which fully reflects the good faith of the ancient Chinese people...²⁰ Here the paper emphasises that although Zheng had the military ability to conquer foreign lands his mission was peaceful, focussing on trade that is mutually beneficial to each party involved. The intention here is to demonstrate that the “Chinese culture is a pacific culture” and that “the Chinese nation has always been a peace-loving one”.²¹

The third reason given, with regard to *present world development*, is the trend towards globalisation. The White Paper suggests that today’s economic globalisation has brought challenges, but more opportunities for world peace and economic development. It also suggests that as long as countries are willing to work together, gradually over many years, the goal of building a world of sustained peace and common prosperity can be achieved. China’s role in this process is maintaining its economic development, which creates “development opportunities and bigger markets for the rest of the world.”²²

These reasons for peaceful development prompt the assertion that with everything going well for China and the rest of the world; “why wouldn’t China continue on a peaceful development path?” The answer maybe summed up by the following quote from the White Paper: “*China cannot develop independently without the rest of the world. Likewise the world needs China if it is to attain prosperity.*”²³ This White Paper serves as the foundation of China’s strategic communication strategy to demonstrate that China’s development not only poses no threat to the international community, but that it is actually of benefit to the rest of the world.

In summary, The White Paper suggests that China’s security strategy is based on economic integration with the rest of the world. China’s development and rise are entirely peaceful and pose no threat. The theme of the White Paper is to illustrate the remarks made by Zheng Bijian:²⁴

²⁰ Ibid

²¹ Ibid

²² Ibid

²³ Ibid

²⁴ Zheng Bijian was formally the Executive Vice President of the Party School of the CPC Central Committee and is a long time adviser to China’s senior leadership. Quotation is from Zheng Bijian, “China’s Rise Will Be Peaceful,” *New Perspectives Quarterly* 23, no. 1 (2006).

We're totally different from Japan or Germany or the Soviet Union, whose rise led to war. The reason that we can design and plan our way differently is because we live in new times and conditions. As a nation, we also have different goals and character. I just can't see a major war happening in the future now. To develop China, we realise we have to be part of the global system, not subvert it with violence as Germany or Japan did. If we have some differences, we'll use the way of reform negotiation and discussion. That way we can develop our socialism with Chinese characteristics independently, but without creating trouble for other countries. That'll realise double benefits, with all winning and developing together.

China's leaders are eager to show that they are taking a transparent, predictable, long-term, and most importantly, a non-threatening approach in this effort.

So why does official Chinese policy emphasise "peaceful development" to such a degree? One reason perhaps is that China's leaders are concerned that foreign leaders, particularly those in the West are reluctant to welcome China's rise in world affairs and would prefer to delay or obstruct its progress. This view is indicative of similar struggles that China has faced throughout its history. One specific historical example is China's Warring States Era, where rising states consistently faced a violent hegemonic leader. Although the Warring State Era was an inter-state conflict within China, when considered in the context of today's modern environment, many feel that China's rise today involves a similar relationship with the West, which reminds China's leaders "never to forget the eternal verities of geopolitics and worst case scenarios."²⁵ This deep rooted historical belief in worst case scenarios and in dealing with a hegemon has now become a critical component of Chinese strategic thought.

²⁵ Michael Pillsbury, *China Debates the Future Security Environment* (Washington. DC:National Defence University Press, 2000), 21

Relevance of Ancient Chinese Statecraft

Commentators seem to agree that ancient Statecraft, particularly Statecraft from the Warring States Era in Chinese history, has an important influence on Chinese foreign policy. Lessons learned from this ancient statecraft have been used by Chinese leaders since the 1970's. Deng Xiaoping, one of the most powerful Chinese leaders since Mao Zedong and the major political force in China during the late 1970's and throughout the 1980's, advocated a strategy of "*tao guang yang hui*." Translated, this means 'Hide brightness, nourish obscurity,' or, as the official Beijing interpretation translates, "Bide our time and build up our capabilities."²⁶ Today, as in the past, this strategy applies to dealing with a powerful hegemon.

Deng Xiaoping believed in this strategy because he felt that "China at present is too poor and weak and must avoid being dragged into local wars, conflicts about spheres of influence, or struggles over natural resources." Deng suggested that China should "yield on small issues *with long term* in mind."²⁷ The fact that Deng Xiaoping specifically emphasises the "long term" is important. It is no accident that Deng Xiaoping advocates a long-term strategic outlook for China. Again, an illustration from statecraft of the Warring States Era is particularly relevant:

Warring States that rose too fast suffered attack, dismemberment, and even complete extinction. In the final phase of the Warring States Era, as every literate Chinese knows, a brilliant strategist formed a coalition that stood for several decades against the predatory hegemon...²⁸

By employing a long-term strategy, China believes it can avoid provoking the West in the short-term and slowly, methodically, and systematically build its economy and transform its military capability to emerge at a future date when the West can no longer do anything about it.

²⁶ It was under the tutelage of Deng Xiaoping that China's economy began to blossom into the thriving economy that we see today. He was the main architect behind China adopting many of its free market properties while still firmly keeping the Chinese Communist Party in control of the central government. The translation of this ancient idiom comes from Pillsbury's book *China Debates the Future Security Environment*.

²⁷ Pillsbury, 32

²⁸ Ibid.

Deng's influence continues today in the words of Liu Jinghua of the Chinese Academy of Social Sciences who states: "At present, it is wise to *tao guang yang hui* (conceal abilities and bide time), in order to *eliminate the China Threat Theory*. Li Peng, former Premier of the Peoples Republic of China stated "It will take more than 30 years for China to achieve modernisation. Therefore the China Threat Theory is not an objective view. It was spread by anti-China forces in Western countries with ulterior motives to contain China."²⁹ Li Peng further states that "China will never practice hegemonism nor seek any spheres of influence. Even when it gets stronger in the future, it will, as always, maintain friendly relations with other countries." These statements provide a clear example that some in China's highest leadership support using the element of time to China's advantage.

Another important premise for the statecraft of the Warring States Era that has influenced Chinese strategic thought is known as "*sha shou jian*."

This expression portrays a concept of "victory in warfare through possession of secret weapons that strike the enemy's most vulnerable point (called an acupuncture point), at precisely the decisive moment."³⁰ This concept has had a large impact on China's military modernisation efforts. This strategy has emphasised the need for the development of asymmetric and anti-access military capabilities. This will be discussed in more detail later in this paper.

No discussion on Chinese ancient statecraft would be complete without consideration to the work of the Chinese Strategist, Sun Tzu, who is believed to have lived during the Warring States Period. Writings by Sawyer and Johnston provide a good insight into the strategic concepts of Sun Tzu's *Art of War* and how they agree with and oppose the concepts in China's 2005 White Paper, '*China's Peaceful Development Road*'. Sun Tzu's *Art of War* is primarily a discussion about warfare, and how it should be conducted to ensure the survival of a state. According to Sun Tzu, "Warfare is the greatest affair of the state, the basis of life and death, the Way (Tao)

²⁹ Li Peng on Domestic, International Affairs, "Beijing Xinhua Domestic Service, January 2, 1996, in FBIS-CHI-96-002, January 3, 1996

³⁰ The importance of the expression *sha shou jian* can be seen in its continued usage over time, both originally in traditional Chinese novels and ancient statecraft texts, as well as today in the daily military newspaper. The term captures the concept of how asymmetric technology can win a war. Source: Pillsbury's *China Debates the Future Security Environment*.

to survival or extinction.”³¹ Johnston states that “warfare is a common enough human experience that preparations for warfare, as well as the ability to conduct war successfully, are critical determinants of the state’s survival.”³² These statements demonstrate the need for a capable military force, which matches the same national objective in ‘*China’s Peaceful Development Road*’. Sun Tzu’s *Art of War* also identifies the need for adequate resources to properly conduct warfare. Sun Tzu said, “One who excels in employing the military does not conscript the people twice or transport provisions a third time. If you obtain your equipment from within the state and rely on seizing provisions from the enemy, then the army foodstuffs will be sufficient.”³³ This passage indicates that people and provisions are both important resources, and a State that excels at warfare will ensure that people and provisions are not exhausted. Sawyer takes the position that according to Sun Tzu, “The focus on all grand strategy must be the development of a prosperous, contented populace whose willing allegiance to the ruler is unquestioned.”³⁴ A prosperous, contented population is more apt to support the government with adequate manpower and provisions to conduct warfare. Fostering prosperity is also consistent with the national objective of economic development in ‘*China’s Peaceful Development Road*.’

Sun Tzu’s *Art of War* identified one national policy that is in agreement with ‘*China’s Peaceful Development Road*’: use peace first. Sun Tzu said, “attaining one hundred victories in one hundred battles is not the pinnacle of excellence. Subjugating the enemy’s army without fighting is the true pinnacle of excellence. Thus the highest realization of warfare is to attack the enemy’s plans, next is to attack their alliances, next to attack their army, and the lowest is to attack their fortified cities.”³⁵ This passage establishes a hierarchy of methods for achieving victory over opponents. The highest most preferred course of action is to win without fighting, and below that course of action are the less desirable military actions. According to Sawyer’s

³¹ Joseph Needham, *Science and Civilisation in China*, vol.1 (Cambridge: Cambridge University Press, 1975), 105, 107.

³² Charles O. Hucker, *China’s Imperial Past: An introduction to Chinese History and Culture* (Stanford: Stanford University Press, 1975), 125

³³ Joseph Needham, *Science and Civilisation in China*, vol.1 (Cambridge: Cambridge university Press, 1975), 107

³⁴ Ralph D. Sawyer, trans. *The Seven Military classics of Ancient China* (Boulder: Westview Press, 1993), 305-306

interpretation, “The primary objective should be to subjugate other states without actually engaging in armed combat, thereby realizing the ideal of complete victory. Whenever possible this should be achieved through diplomatic coercion, thwarting the enemy’s plans and alliances, and frustrating its strategy. The government should resort to armed combat only if the enemy threatens the state with military action or refuses to acquiesce without being forced into submission through warfare.”³⁶

That said, Johnston has a different interpretation. Johnston acknowledges that the above passage from Sun Tzu is usually interpreted as a “nonviolent stratagem”, but he points out that “one confounding problem is that Sun Tzu does not explicitly elaborate the meaning of ‘attacking the enemy’s strategy (plans)’ and ‘attacking the enemy’s alliances’.”³⁷ Based on his analysis, Johnston argues that the term “attacking” can include the use of military force as well as the use of diplomatic means. He concludes that, “diplomatic actions and non violent political stratagem are only indirectly connected to the defeat of an adversary or the achievement of state security. The resolution...ultimately takes place within the context of applied violence.”³⁸ Despite the differences in interpretation, Sawyer and a majority of other scholars (acknowledged by Johnston)³⁹ believe that Sun Tzu advocates using peaceful means before using military force. Therefore, the use of peaceful means first will be considered a national policy on which Sun Tzu and ‘*China’s Peaceful Development Road*’ is consistent.

Sun Tzu’s *Art of War* identifies one policy that contradicts ‘*China’s Peaceful Development Road*’, and that policy concerns the use of alliances. Sun Tzu indirectly supports the establishment of alliances as demonstrated by the following excerpts. Sun Tzu said: “one who does not know the plans of the feudal lords cannot prepare alliances beforehand.”⁴⁰ “On focal terrain unite and form alliances {with nearby feudal lords}.”⁴¹ Johnston explains the meaning of “focal terrain” as the “hub of primary

³⁵ Ibid. 292

³⁶ Ibid. 294

³⁷ Ibid. 298

³⁸ Ibid. 287

³⁹ Alastair Johnston, *Cultural Realism: Strategic Culture and Grand Strategy in Chinese History* (Princeton University Press, 1995), 84.

⁴⁰ Ralph D. Sawyer. 305-306

⁴¹ Ibid. 288

communications and transportation routes. It is thus strategically vital and the object of attention from many states. Thus if one governs or simply occupies focal terrain, the potential number of enemies is overwhelming. Under these conditions, it is best, argues Sun Tzu, to establish close and friendly relations with other states.”⁴²

Though not directly stated, Sun Tzu’s comments and Johnston’s explanation demonstrate that alliances are important tools in warfare and State survival.

Finally, Sun Tzu’s *Art of War* addresses one other policy found in ‘*China’s Peaceful Development Road*’ a defensive military strategy, but Sun Tzu does not clearly show a preference between such a defensive strategy or an offensive strategy. Instead, Sun Tzu appears to instruct that the situation determines which strategy is the best choice. “One who cannot be victorious assumes a defensive posture; one who can be victorious attacks.”⁴³ Sun Tzu also describes a combination of offensive and defensive strategies to achieve success. “Those who excel at defence bury themselves away below the lowest depths of Earth. Those who excel at offence move from above the greatest heights of Heaven. Thus they are able to preserve themselves and attain complete victory.”⁴⁴ Defence is used to preserve, and offence is used to attain victory.

It is difficult to determine if Sun Tzu is talking about a national military strategy or battlefield operations. However, Johnston implies that Sun Tzu’s guidance applies to both the national strategy and the battlefield. “For Sun Tzu defence and offence, whether at the grand strategic or operational levels of strategy, are dialectically linked.”⁴⁵ Based on this statement and the fact that Sun Tzu considers warfare to be a national consideration (“the greatest affair of the state”), Sun Tzu’s instructions about offensive and defensive actions will be considered applicable to national strategy.

⁴² Alastair Johnston. 86

⁴³ Ralph D. Sawyer. 313

⁴⁴ Ibid. 312

⁴⁵ Ibid 312-313

If a state is relatively weak and has no significant external threats, then a defensive strategy is preferred. According to Sun Tzu, "One who cannot be victorious assumes a defensive posture...In these circumstances by assuming a defensive posture, strength will be more than adequate, whereas in offensive actions it would be inadequate."⁴⁶ He also says, "If it is not advantageous, do not move. If objectives cannot be attained, do not employ the army. Unless endangered do not engage in warfare."⁴⁷ Conversely if the state is strong enough and needs resources, then offensive action is preferred. Sun Tzu advocates the seizure of enemy resources as a means to support the army and minimize the economic drain of the state. He stated, "the general will concentrate on securing provisions from the enemy. One bushel of the enemy's foodstuffs is worth twenty of ours, one picul of fodder is worth twenty of ours."⁴⁸ As a result of Sun Tzu's conditional support for both offensive and defensive strategies, a "?" is placed after "defensive military strategy' on the chart below:

The strategic concepts within Sun Tzu's *Art of War* that agree with and oppose the concepts in China's Peaceful Development Road are listed below. The policy of encouraging relationships is enclosed by brackets because it opposes the policy in China's 2005 White paper:

Objectives:

Capable Military

Economic Development

Policies:

Peaceful means First

[Encourage Alliances]

Defensive Military Strategy

⁴⁶ Ibid. 311

⁴⁷ Joseph Needham. 122

⁴⁸ Ralph D. Sawyer. 311

There are similarities and differences with the strategic setting and strategic concepts applicable to '*China's Peaceful Development Road*'. Although Sun Tzu's *Art of War* is not associated with any particular state during the Warring States periods, none of the states existing then had the same geographical problems that China faces today. Agriculture was still the primary source of economic wealth, and internationally, the consistent warfare between ancient Chinese states significantly differs from the relatively stable international relations enjoyed by the China of today. Despite these differences, most of the strategic concepts that were examined are consistent with related concepts in '*China's Peaceful Development Road*'.

It is clear that the principles of ancient statecraft form part of the framework used by China's political and military leaders to develop Chinese strategy. It is therefore difficult to compare less than peaceful ancient themes with China's official declaration of peaceful economic growth and integration with the world community. It is suggested that these ancient guiding principles are actually representative of a broader "hidden agenda" aligned to China's official peaceful rise strategy, focussed gradual military modernisation and transformation to challenge a hegemon. The realisation of these two strategies will over time enable China to emerge as the dominant regional player in Asia and, in time, become a peer competitor with the West.

Hegemony defined

As defined by Robert Gilpin, a hegemonic state is a single powerful state that controls or dominates lesser states in the system.⁴⁹ Hegemonic tendencies of a rising state are to assert itself in a way to control or dominate other states. It is more difficult to apply the "hegemonic tendency test" in practice, because the terms "powerful," "rising", "control", "dominate", and "system" are difficult concepts in themselves. How powerful must a state be in order to be considered a rising power or a power capable of displaying hegemonic tendencies? What actions constitute control and domination of other states? What does "system" actually mean and encompass? This section lists some prerequisites for a state to be considered a

rising power and provides signs that indicate domination of other states. It also defines the scope of the system the rising state must dominate in order to be considered hegemonic.

While any state with an aim to dominate the world can be considered as possessing hegemonic tendencies, this definition is not particularly helpful as it does not address the ability of the state to achieve those aims. Therefore, one of the most fundamental pre-requisites for a rising state is to possess substantial power. In addition, the state must also possess the means to continue accumulating that power at a rate faster than most, if not all, other states competing with it.⁵⁰

While power before the modern age refers mainly to military power which lends itself as the primary means to dominate other states, this may not be entirely the case today. Instruments of power now include economic, diplomatic, and informational. The thinking of Chinese scholars on power fits this mould. These scholars invented the concept of Comprehensive National Power (CNP) or *zonghe guoli* which refers to the overall conditions and strengths of a country in numerous areas, such as natural resources, science and technology, government and foreign affairs capability, domestic economy, military affairs and social development as examples.⁵¹ It is therefore considered that economic power is a significant strength which all other instruments of power are based. Even in agrarian societies, the wealth and power of states rested on the exploitation of peasant and slave agriculture as well as imperial tribute.⁵² Treasure was needed to maintain of followers, bodyguards, armies, mercenaries, and officials. Although the amount of taxable surplus depended on the extent of territorial control, which in turn was a function of military power; history has shown that the downfall of an empire usually began with an inability to support its commitments in maintaining its empire.⁵³ In modern times, economic power has become even more vital. The growing cost of war due to the rising cost of material and technology means that states that are militarily strong must also be economically

⁴⁹ Robert Gilpin, *The Origin and Prevention of Major Wars*, edited by Robert I Rotberg and Theodore K. Rabb. Cambridge University Press, 1988. Pg 15-39.

⁵⁰ Ibid

⁵¹ Pillsbury, Michael, *China Debates the Future Security Environment*, Washington DC, National Defence University Press, 2000.

⁵² Gilpin, 15-35

strong. The significant improvements in science and technology that drive productivity, the emergence of a world market economy, and capitalism as an economic system have rapidly increased the pace at which a state accumulates wealth. Economic power is therefore hard and real.

It is fair to suggest therefore that rising powers should have a large GDP. More importantly, the GDP should grow at a rate that can surpass or at least match that of the existing hegemon. The underlying source of economic strength relies on its access to resources, ability to convert resources to products, and finally access to markets. Access to resources includes natural resources such as energy, minerals, and metals. Many hegemonic wars have been fought in the name of securing a stable resource base. Notable examples include the Japanese invasion of Manchuria and the German advance into Russia to secure vital oil and steel resources. Industrial production and services are both important means with which a state could improve its wellbeing and acquire the resources and products it needs from other states.

Achieving hegemony requires a state to possess a high level of access to resources and markets. The state should have its own internal markets that it can depend on. Alternatively, it should have access into global markets, although these need to be secured. In today's global system of free trade, the freedom to buy and sell is taken for granted. The ability to buy and sell, which implies that products and services of the rising state are competitive and desirable is now a crucial factor in developing wealth. Nevertheless, access does become important should the global system revert to a restricted one that favours preferential tariffs and exclusions, as would be the case during war-time.

⁵³ Ibid

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⁵³ Ibid

Military power remains critical in securing the conditions by which the state can accumulate wealth. It secures the environment so that trade can flow. As Robert Gilpin puts it:

Unfortunately, the growth of economic interdependence and mutual gain has not eliminated competition and distrust among nations. Trade has not always proved to be a force for peace. On the contrary, with increasing interdependence, nations have become more apprehensive about the loss of autonomy and such matters as access to foreign markets, security for sources of raw material, and the associated costs for interdependence. Economic nationalism has never been far below the surface, and in this century (20th century) the breakdown of the international economy in response to nationalism has been a contributing factor to conflict.⁵⁴

Measures for determining military power include defence budgets, possession of nuclear and other weapons of mass destruction, and power projection capabilities. Power projection includes aircraft carriers, transport planes, and intercontinental ballistic missiles. The strength of a states military power reflects the territories it wants to dominate and the extent to which it wants to dominate. Therefore, military power, in addition to being a prerequisite for a hegemon, is also a helpful indicator of states hegemonic tendencies.⁵⁵

Diplomatic power is underpinned by economic and military power. Diplomatic power is closely related to the idea of prestige. It refers primarily to the perceptions of other states with respect to a states capacity and its ability and willingness to exercise its power.⁵⁶ With modern international institutions, diplomatic power works through new mechanisms such as UN veto power, treaties, and participation in regional organisations. However, the persuasive effect of diplomatic power is still largely dependent on military and economic strength. The failure to obtain a UN Security Council resolution did not stop the United States from invading Iraq. Diplomatic

⁵⁴ Ibid

⁵⁵ Ibid

⁵⁶ Ibid

efforts that persuaded North Korea to abandon its nuclear program in 2008 could also arguably be attributed to recognition of American power.

There has also been a common tendency for hegemons or rising powers to possess a form of cultural superiority over other nations. The hegemon's belief that their culture is exceptional and worthy of being exported to other nations is clearly evident in history. Even the Germans in World War Two believed that they were a great empire, seeking to cleanse the world of less worthy races. Japan also believed that its mission was to be the leading force in Asia. In the words of Tokutomi Soho in 1945, Japans destiny was to "extend the blessings of political organisation throughout the rest of East Asia and the South Pacific, just as the Romans had once done for Europe and the Mediterranean" (Pyle 1969,181). In many Hollywood movies set in different countries, the American way of life is often portrayed as being superior to older, more traditional ways. A sense of cultural superiority is therefore another possible indication of hegemonic tendency.

Having discussed the power pre-requisites for a rising state, we now look at "control" and 'domination". A rising power with hegemonic tendencies exhibits a desire to "control" or "dominate" other states to shape the circumstances in favour of its interests or foreign policy. The most visible form of domination is the use of military force to secure territory. Even without physical invasion, the threat of force to further specific interests also constitutes domination. Besides the persuasive effects of military force, the hegemon can also underwrite the security of other states. In this case, the hegemonic signs are also present as the underwriting state is obviously able to exert substantial control, whether or not it actually makes any particular demands. Using this definition, the United States, which underwrites the security of many of its allies including NATO countries, Korea, Japan, and its protectorates, and has a military presence in the Persian Gulf, easily passes the hegemony control test even though most of these territories are independent, sovereign states.

In the economic realm, the application of sanctions and tariffs can be considered attempts to control and dominate. However, the application of economic considerations to induce favourable behaviour, such as foreign aid or preferential trade status, is more difficult to determine. While such policies do influence state actions, the state is usually free to choose or action to take. Therefore, economic incentives do not constitute controlling or dominating behaviour, unless the withdrawal of these incentives results in a significant detriment to the state. In that case, the accepting state is actually under control as it has no real alternatives other than to accept the economic benefits.

The same applies for diplomatic power. Coercive diplomatic actions demonstrate attempts to control, as do diplomatic incentives that constitute the only viable course of action for the receiving state.

There is one important point that should be clarified. Hegemonic tendencies imply the proactive seeking of hegemony *before* the state has achieved hegemony. My use of this terminology precludes the *necessity* to control or dominate other states once it becomes the most powerful state in the system by virtue of peaceful growth. For example, while the US became a hegemon, it can be argued that it did not have hegemonic tendencies as it was isolationist for most of the nineteenth and early twentieth centuries. It did not seek to dominate and control other states in a bid to consolidate its power and pursue hegemony. It happened naturally.

Besides possessing the power to control and the ability to use that power to dominate, there is also a need to consider the reach of its influence. A state that has power and is willing to control its immediate surroundings is not necessarily hegemonic because its influence might be too limited. Hegemons generally dominate a large expanse of terrain. Hegemons will therefore often compete with other rising powers to secure that domination.⁵⁷ The scope of the hegemon's influence depends largely on the state of the world at the time of the hegemon's existence. For example, the British once extended its control to the Americas and Asia. In the 21st century a hegemonic system encompasses the entire world.

⁵⁷ Ibid

Although it is possible to consider a regional hegemony, the term is less relevant in this context in the face of a global hegemon, the United States, whose influence is felt throughout the world and especially in the Asia Pacific region. Therefore, a rising power aspiring to be a hegemon must desire to replace the existing one (United States) and likewise exert its influence throughout the world.

In summary, a hegemonic state must meet three pre requisites. First, it must have the greatest amass of power of all competing states and be capable of influencing other states. Second, its intentions and actions must demonstrate control or domination of lesser states. Thirdly, the scope of this influence must cover the global system as the state knows it. For a rising power with hegemonic tendencies, the same criteria can be applied but with some considerations. The rising state need not necessarily hold the greatest amount of power nor be able to extend its influence through the entire global system, as long as it has an increasing potential to acquire more power, with the real possibility of surpassing the existing hegemon. Nevertheless, a rising power needs to demonstrate a propensity to assert itself so as to control or dominate other states in order to be construed as possessing hegemonic tendencies.

A Hidden Agenda?

The possibility of the existence of a “hidden agenda” is difficult to examine from a Chinese perspective. Unlike the West where academics and policy-makers routinely debate, analyse and often openly criticise government policy, such action is almost unheard of in China. This makes it difficult to critically examine official foreign policy from anything but an outside point of view. As Pillsbury states, “In contrast to widespread Western interest and writing about the consequences of the rise of China, this subject cannot be addressed by Chinese analysts beyond certain boilerplate phrases used by senior leaders. There is no discussion of alternative scenarios about the rise of China as a great power. Analysts only repeat that China will never be a superpower, never seek hegemony, and will always be a force for peace and stability”. A comprehensive academic examination of China’s future role as a world power is simply not available in an open forum and the topic of China’s “rise” as a military power is simply avoided. Instead, challenges are emphasised and

“China’s leaders repeatedly warn that no one should be worried about China as a rising military power.”⁵⁸

One prominent foreign analyst who has studied extensively on this subject is Lieutenant General Anatoly Klimenko, a leading researcher at the Russian Academy of Sciences Institute for Far Eastern Studies. He states that Beijing’s military and political line is, on the whole, entirely predictable and orientated toward winning time to gather strength and, in the long run, transform China into a full-fledged global centre of power, comparable to the United States and the European Union in its might and influence in the world. He further states that “under today’s conditions, geostrategic goals are not achieved in open armed conflict; rather, they can be reached in the labyrinthine and decades-long political combinations and operations that are characteristic of traditional Chinese political thought.”⁵⁹ With a similar view, Avery Goldstein, a senior fellow at the Foreign Policy Research Institute, argues that China’s peaceful development strategy “aims to engineer China’s rise to great power status within the constraints of a unipolar international system that the United States dominates.”⁶⁰ He states that China is fully aware of the international constraints and context that it must operate in as it pursues its quest for great power status. Goldstein sees China’s “peaceful rise” strategy as the means to sustain the “conditions necessary for continuing China’s program of economic and military modernisation as well as to mitigate the risk that other, most importantly the peerless United States, will view the ongoing increase in China’s capabilities as an acceptably dangerous threat that must be parried or perhaps even forestalled.”⁶¹

This would suggest that China must position herself and its Peaceful Development Road in such a way as to minimise potential conflict with the West. The Chinese have no desire to enter into open conflict with the West, a fight that for the time-being they cannot possibly win. To this end, Beijing has adopted an outwardly peaceful, albeit transitional, strategy designed to portray China as a responsible non-

⁵⁸ Pillsbury’s *China Debates the Future Security Environment*.

⁵⁹ Anatoly Klimenko, “On the Evolution of China’s Military Policy and Military Strategy,” *Far Eastern Affairs* 32, no 2 (2004):40

⁶⁰ Avery Goldstein, *Rising to the Challenge: China’s Grand Strategy and International Security*. (Palo Alto, CA: Stanford University Press, 2005), 12

⁶¹ *Ibid*

threatening member of the International Community. This outlook however (in the authors view) in no way reduces Beijing's ultimate aim to emerge as a great power in later times.

Having established the possibility that China has a long-term "hidden agenda" to emerge as a great power, the upcoming sections of the paper will examine the critical components that can make this strategy a reality energy security and a modern and capable military force.

China's Energy Sector

Energy security plays a critical role in China's foreign policy and the need for energy security influences many of China's political, diplomatic, military, and economic decisions. The US-China Economic and Security Review Commission reports that 'China's energy security policy has three main objectives: to secure an adequate energy supply to meet industrial, residential, and transportation needs.'⁶² This section of the paper aims to examine in greater detail the effects that China's energy security policy has on domestic political concerns, international energy geopolitics, and military modernisation. Before examining these areas, a brief overview of China's energy sector will be presented to set the scene for follow on discussion.

China's primary sources of energy are coal and oil, natural gas, nuclear power and hydro-electric power. Coal is China's main fuel source and satisfies nearly 70 percent of China's energy needs. Oil is the second largest component of China's energy sector and accounts for nearly 25 percent of China's total energy needs.⁶³ The remainder of China's energy requirements are met by natural gas, which accounts for approximately three percent of China's total energy needs and a combination of hydro-electric, nuclear, and renewable power sources which account for the remaining two percent. Why this breakdown of China's energy sector is relevant to the greater issue of energy security will now be examined.

⁶² "US-China Economic and Security Review Commission," (US Government Printing Office, 2006), 96

⁶³ Bernard D. Cole, "oil for the Lamps of China – Beijing's 21st – Century Search for Energy," McNair Papers (Washington, DC: National Defence University, 2003), 15.

Although China has proven reserves of both coal and oil, these resources are not evenly distributed among China's industrialised regions. Many of China's energy resources are located in the West, North, Central and North-West parts of the country while most of the energy consumption occurs in the more industrialised areas located in the eastern and coastal regions of China. This uneven distribution of resources is further exacerbated by a lack of supporting infrastructure that can economically deliver these domestic energy resources to the regions that need them the most. This lack of infrastructure, coupled with China's strong economic growth and increasing need for energy, has led to the outstripping of China's domestic energy supplies.

Beijing has been working hard to address the supply-demand gap issue through both infrastructure investments and by trying to increase the efficiency of existing systems. However, the much needed infrastructure improvements require substantial capital investment, which particularly in the short-term, have proven to be less cost effective than just importing energy. Beijing has also incurred several restructurings of the state run oil industry to make it more competitive and efficient. However, most analysts seem to agree, that this restructuring is "unlikely to result in any significant increase in oil production in the near future."⁶⁴ Others note the decline since 2000 in the efficiency of energy use per incremental dollar of Gross Domestic Product (GDP).⁶⁵ Such inefficiencies will only extenuate the existing supply-demand gap problem that China faces. Meanwhile, China's demand for oil and oil imports continues to grow almost unchecked.

In addition to the growing supply-demand gap problem caused by a lack of infrastructure and lack of energy efficiency, China's heavy reliance on large and inefficient coal-burning technologies as its primary energy source is causing a major pollution problem. This has forced Beijing to seek more energy efficient oil and gas based manufacturing as China's industrial base continues to grow and mature.⁶⁶ Such a focus places a growing demand on China's domestic oil and natural gas

⁶⁴ Heinrich Kreft, "China's Quest for Energy," Policy Review, no. 139 (2006)

⁶⁵ Kenneth Lieberthal and Mikkal Herberg, "China's Search for Energy Security: Implications for US Policy," NBR Analysis Volume 17 Number 1 (2006):11.

⁶⁶ *World Energy Outlook*, 239

production capabilities, that cannot keep up with the growing demand, further extenuating the existing supply-demand gap.

So far the main means of addressing this gap has been to import oil, but natural gas imports are expected to enter into the equation in the very near future. The importance that China's leadership has placed on addressing this supply-demand gap problem is the basis for the next section of this paper.

Why Energy is crucial to China's Leadership?

Securing a steady energy supply is the top priority for China; it has everything to do with national security.

Jin Riguang⁶⁷

Beginning with Deng Xiaoa's rise to power in the late 1970's, the Chinese Communist party has survived by consistently delivering sustained economic growth and by leveraging its economic power to attain greater international exposure. Sustaining China's economic growth largely depends on how well China's Communist party succeeds in providing for the country's increasing energy requirements. Until the early 1990's this did not pose a problem for China's leadership as they were self sufficient in supplying their own energy needs from within China. However, from 1992 China became a net importer of oil and their demand for oil has steadily increased every year since.

In the short term, it has been relatively easy to cover domestic oil production shortfalls via imports. However, in the future, as competition for the worlds limited supplies of oil increases, meeting growing domestic needs via imports is likely to become more difficult and more expensive. It is estimated that today, only 15 years after beginning to import oil, China imports nearly 40% of its oil. China imported 178.8 million tons of crude oil in 2008, equivalent to an average of 3.5 million bpd, 11% more than in 2007.⁶⁸ By 2030, the International Energy Agency (IEA) forecasts that China could import up to 11 million bpd, representing 80% of its total oil

⁶⁷ Allen T. Cheng and Wing-Gar Cheng, "Ahmadinejad Makes Iran Focus of China Security Summit (Update2)" in *Bloomberg.com*(2006). Jim Riguang is an energy adviser to the Chinese government.

⁶⁸ www.chinadaily.co.cn/china/2008-07/10/content-6835808.htm

requirement.⁶⁹ According to one analyst, the demand for oil over the next generation will place “Beijing in a difficult position...[because] its growth and legitimacy depend squarely on the supply of a fuel source controlled in the main by regimes that are unstable, unfriendly, or in the sphere of influence of its strategic competitor, the United States.”⁷⁰

China will most likely need to import other energy sources such as natural gas in the coming years. As China attempts to diversify its fuel energy sources, the overall consumption of natural gas is expected to increase dramatically. Although China currently has a surplus in natural gas production, IEA estimates indicate that by 2010 China will become a net importer of natural gas and that by 2030 it will rely on foreign imports for nearly 27% of its natural gas needs.⁷¹ The most likely provider of exportable natural gas is expected to be the Middle East, forcing China into competition with other nations of the world for access.

China’s “increasing dependence on fuel imports has generated among the nations leaders a sense of insecurity and concern that an interruption of fuel supplies or unforeseeable price rises could put the brakes on [economic growth]. Any slowdown might lead, it fears, to social unrest, which could in turn undermine its own power as well as Communist Party control.”⁷² As an aside but perhaps relevant is the passage in *China’s Defence in 2008* that stipulates that it is Beijing’s intent to “strengthen ideological and political work” to ensure that the PLA respects “the (Communist) Party’s absolute leadership over the armed forces.

With their own political existence at stake, it is easy to understand why energy security is important to China’s leadership. This importance provides the backdrop for examining the various approaches and steps China is taking to address its energy security needs.

⁶⁹ Krefl:63.

⁷⁰ James Kynge, *China Shakes the World* (Boston, New York: Houghton Mifflin Company, 2006). 139

⁷¹ *World Energy Outlook* (Paris: International Energy Agency, OECD, 2004), 140

⁷² Krefl: 64.

Securing Energy Supplies

Unlike the West, which relies on free market access to energy, China seeks more of a direct control to guarantee access to energy resources. Beijing's effort to secure adequate supplies of energy is focused on both a domestic approach as well as an international approach. The domestic approach focuses on opportunities to reduce the reliance on foreign petroleum supplies. The aim is to increase efficiency and maximise the utilisation of indigenous energy sources located both on and off shore. Another effort in this area involves the creation of a national strategic energy stockpile. These activities generally do not draw too much international scrutiny as they are mostly internal Chinese efforts which studies indicate, as mentioned earlier, are unlikely to impact China's over-all supply-demand gap.

One notable exception however, which does draw considerable international attention, is China's pursuit of offshore energy resources. This particular subject has become quite contentious as most of China's efforts involve claims of control for oil in the South China Sea which many countries including China lay claim to. The Spratly Islands is a good example.

The external approach is related to China's growing unease over its increasing reliance on foreign supplies to meet its energy needs. China's primary approach to this problem has been focussed on securing equity oil rights (i.e. directly controlling production capability and access to the oil) abroad, an approach seen by many as mercantilist.⁷³ Chinese oil companies are also seeking ways to assure a reliable, uninterrupted supply as much as possible. China has adopted this mercantilist approach towards energy supplies because it fears establishing a reliance on the world's free market, which it feels is totally dominated by the West. "With its own security at stake, it [China] views state ownership of energy assets, i.e. production of its own reserves and purchasing oil at the wellhead, as more secure than reliance on the world market for trade oil."⁷⁴ China's apparent willingness to adopt an approach that is so fundamentally at odds with "the concept of energy security to which the

⁷³ An interesting comparison may be drawn between present-day China and Great Britain just a century ago, a world power completely dependent on imports for petroleum. This dependence led Britain into imperialist ventures to secure such resources, notable in Mesopotamia and Central Asia. *From Oil for the Lamps of China* by Bernard Cole.

⁷⁴ "US-China Economic and Security Review Commission,"⁹⁶

United States adheres: participation in and dependence on the international market and diversification of resources” show how important this issue is to China.⁷⁵

China’s leadership views this as an integrated and multi-part problem where secure access to foreign oil resources is a requirement for continued economic growth; economic growth in turn serves as the foundation of China’s domestic stability; domestic stability in turn is deemed necessary for the continued survival of the Chinese Communist regime. The next section examines Beijing’s mercantilist approach to energy security.

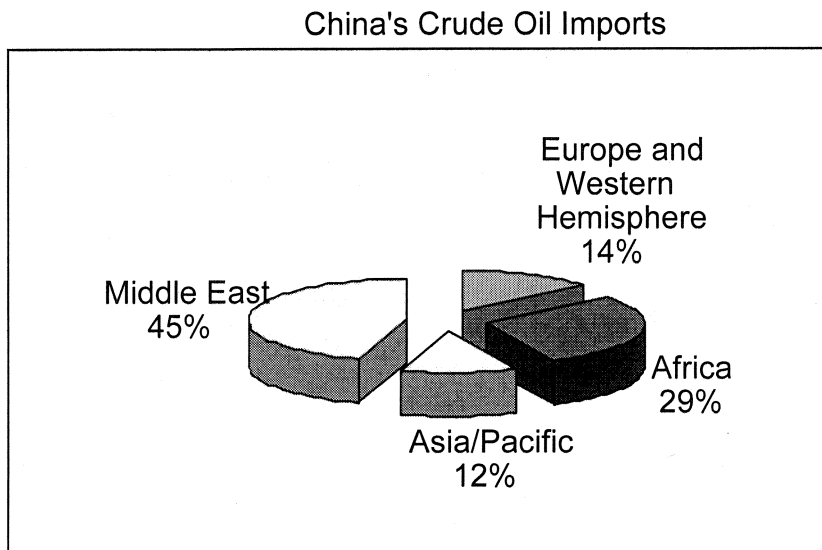
The Global Search for Oil

Since the mid 1990’s when it became a net importer of energy, China began a global campaign in search of energy supplies. The campaign includes both domestic efforts and direct dialogue with foreign nations. This carefully managed campaign has resulted in formal energy relations “all across the Middle East, Southeast Asia, Russia, Central Asia, Africa and Latin America.”⁷⁶ In building these relationships, China has shown it is equally willing to purchase from countries that have traditionally been under the United States sphere of influence, deal with some of the United States’ strongest allies, as well as deal with nations the United States and many other countries consider rogue regimes.

⁷⁵ Ibid

⁷⁶ Cole, 16.

Figure 1. China's crude oil imports (Source: David Zweig and Bi Jianhai. "China's Global Hunt for Energy", *Foreign Affairs*, no 5 2005: 28)



China's expanding effort into Latin America is an example of their willingness to deal with countries traditionally under the United States' sphere of influence. China has poured nearly half a billion dollars in direct investment into Latin America over the past decade, with significant effort placed on building relationships with Brazil, Argentina and Venezuela.⁷⁷ In 2004, Beijing began negotiations with the Canadian government, expressing an interest in funding a development of Alberta's massive oil sands deposits as well as its natural gas sector.⁷⁸ China has also expressed an interest in investing in the development of a nearly two billion dollar oil pipeline to carry oil to Canada's western coast for shipment to China. China has also made significant inroads in turning around its relations with Australia, one of America's strongest allies in the Asia-Pacific region. Fuelled by expanding trade and a twenty five year natural gas export deal worth nearly one billion dollars a year, China has significantly increased its soft power influence in Australia.⁷⁹ Finally, one of the boldest ventures into the United States sphere of influence was the attempt by one of

⁷⁷ Phillip C. Saunders, *China's Global Activism: Strategy, Drivers, and Tools* (Washington, D.C: national Defence University Press, 2006), 46.

⁷⁸ David Zweig and Bi Jianhai, "China's Global Hunt for Energy," *Foreign Affairs* 84, no. 5 (2005): 30-31

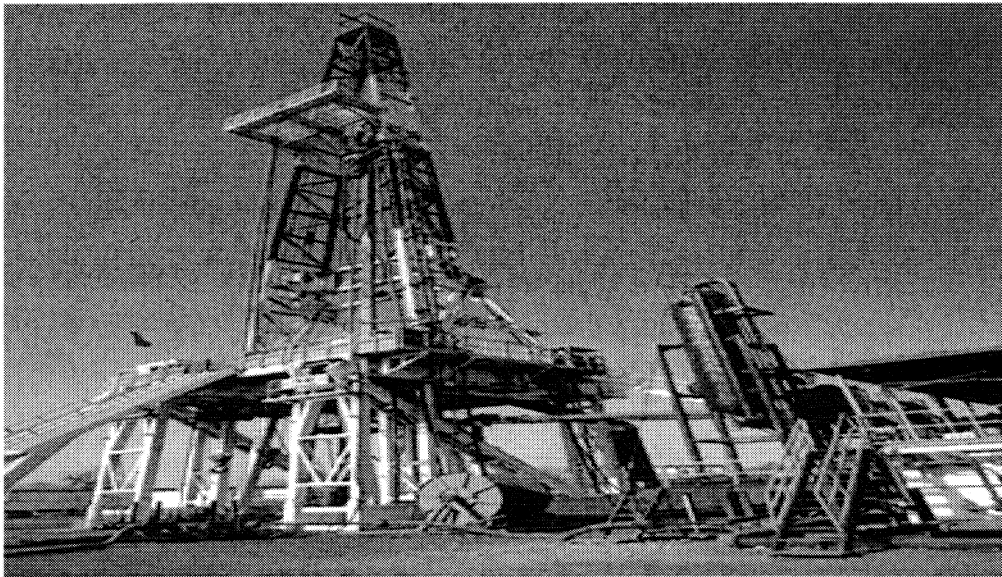
⁷⁹ *Ibid.*:30

This article goes on to state that the Australian Foreign Minister has made it known that "Washington should not automatically assume that Australia would help it defend Taiwan against a Chinese military attack" and that polls show that 72 percent of Australians agree with this sentiment.

China's state owned oil companies to purchase UNOCAL, one of the United States national oil giants, in an attempt to acquire and control its vast global reserves.

If China's courting of United States allies and its attempts to break into the United States traditional sphere of influence isn't bold enough, China's willingness to approach *any* country as part of its energy driven foreign policy only makes matters worse: "In its search, China is scouring the backwaters of the world, from monsoon-lashed Myanmar to the deserts of Iran, to the deep seas off Sudan and North Korea, cutting deals with nations the US and many other countries consider pariahs."⁸⁰

China's excuse for negotiating with these states is highlighted in statements made by Chinese Deputy Foreign Minister Zhou Wenzhong when he was commenting on China's business ventures in Sudan: "Business is business. We try to separate politics from business....I think the internal situation in Sudan is an internal affair."⁸¹



Chinese drilling platform in the Sudan.

⁸⁰ William Mellor and Le-Min Lim, "China's Oil Deals with Iran, Myanmar Put it at Odds with US.," in *Bloomberg.com* (2006), n.p.

Since the late 1990s, China has invested billions of dollars in oil-rich Sudan. This is despite condemnation from the international community that cites evidence that the Kartoum government supports militias that have massacred thousands of innocent people in the Darfur region. Further evidence suggests that much of the weaponry used by the military and militias was supplied by China as a reciprocating gesture for its lucrative oil contracts.

The fundamental economic importance of these energy driven relationships cannot be overstated. China's energy relationship building efforts is (in the author's opinion) a key component of China's long-term "hidden agenda" to emerge as a regional and ultimately world power. As an illustration, consider perhaps how China's energy building relationship efforts, besides the obvious economic benefits, are effectively spreading goodwill towards China around the globe. More often than not, China's energy relationships come with an equity oil agreement in one hand and foreign aid, infrastructure investments, debt relief, and favourable bilateral trade agreements in the other.

Another method China uses to gain favourable energy contracts is to offer a friendly disposition when it comes to China's influence (veto power) on the United Nations Security Council. China's relationship with Iran is a perfect example of this. In December 2007, China's second largest state owned oil company, Sinopec Group, signed an agreement worth over a hundred billion dollars to buy a 50% stake in Iran's Yadavaran oil field. This deal will guarantee 150,000 barrels a day of Iranian oil for 25 years as well as nearly 250 million tons of liquefied natural gas. As the United States and Europe are seeking the United Nations to impose sanctions on Iran because of its refusal to terminate its uranium enrichment program, China, as a member of the Security Council has consistently threatened to veto any measures that impose such sanctions. The fact that China is willing to face off with the United States and Europe over Iran at the United Nations clearly shows just how important securing energy supplies is to Beijing, no matter the cost.

China's mercantilist approach to energy security however only solves half of China's energy problem. After it has secured the oil abroad, it must also get the energy resources home. China's strategy for developing this capability is the subject of the next section of the paper.

⁸¹ jianhai: 32.

Defending China's Energy Supplies – A String of Pearls Approach

Political power grows out of the barrel of a gun.

-Mao Zedong

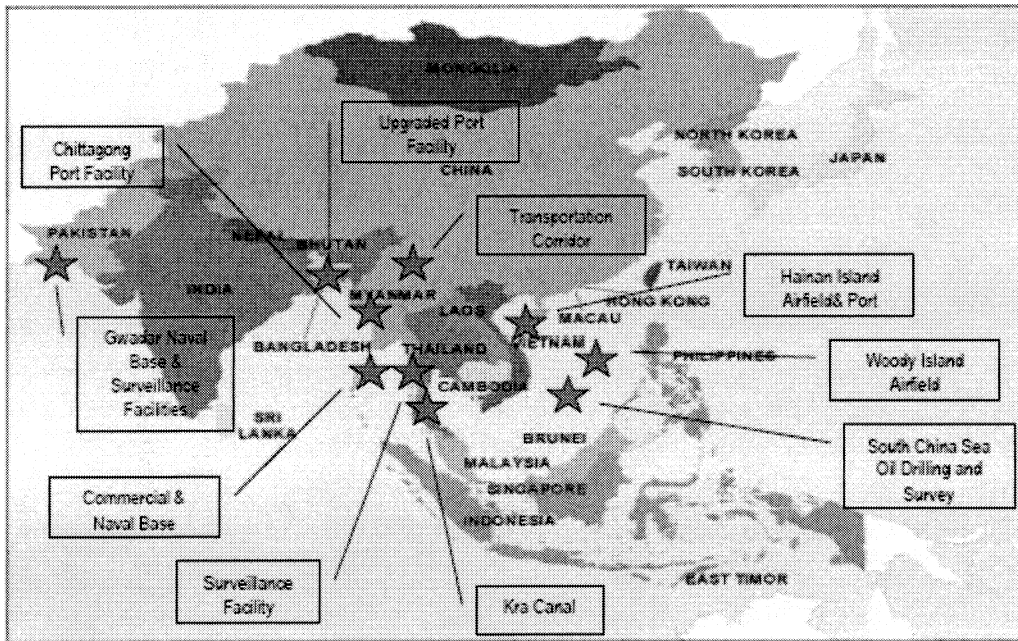
Over 70% of all China's imported oil arrives from Africa and the Persian Gulf. The sea lanes through the Indian Ocean to northeast Asia, the main supply route for China's oil, are effectively under the control of the US Navy. China's leaders are concerned about the strategic leverage this provides the United States. Largely due to its lack of a blue water navy, China feels vulnerable against any hostile action taken to choke off its energy supplies and this vulnerability has Beijing on a course to secure alternative safe supply routes for its energy shipments.⁸² Although China cannot challenge the US Navy for security of its oil lifeline, it has extended its maritime reach by securing increased cooperation, and maritime agreements with strategically located countries along this lifeline such as Pakistan, Bangladesh and Myanmar. These efforts will put China in a better position to protect its energy supply routes extending along those Sea Lines of Communication (SLOCs), particularly during a time of crisis.⁸³ China's attempts to build strategic relationships and develop a capability to establish a forward presence along the SLOCs that connect China to the Middle-East has been named by some "A String of Pearls" approach. In *String of Pearls: Meeting the Challenge of China's Rising Power Across the Asian Littoral*, Christopher Pherson describes each pearl in the "String of Pearls" as a link to Chinese geopolitical influence or military presence:

Hainan Island, with recently upgraded military facilities, is a "pearl". An upgraded airstrip on Woody Island, located in the Parcel archipelago 300 nautical miles east of Vietnam, is a "pearl". Construction of a deep water port in Sittwe, Myanmar, is a "pearl", as is the construction of a Naval Base in Gwadar, Pakistan. Port and airfield construction projects, diplomatic ties, and force modernisation form the essence of China's "String of Pearls."⁸⁴

⁸² Tarique Niazi, "Gwadar: China's Naval Outpost on the Indian Ocean," *China Brief* Volume V Issue 4, no. Feb 2005 (2005):6

⁸³ Herberg:23-24

⁸⁴ Pherson, 1-2



Source: Adapted from Juli MacDonald, Amy Donahue, and Bethany Danyluk, *Energy Futures in Asia*, Booz Allen Hamilton report sponsored by the Director of Net Assessment, November 2004, 17.

The strategic economic importance of these ‘pearls’ is obvious and it is considered reasonable to view this undertaking as a part of China’s “Peaceful Development Plan”. These ‘pearls’, however, are equally supportive of the long-term view “*tao guang yang hui*” (bide our time and build up our capabilities) strategy which supports China’s “ambition to attain great power status.”⁸⁵ Peaceful or not, China’s security policy is adapting to its growing demand of energy.

The Role of the PLA in China’s Energy Security

The Peoples Liberation Army (PLA) is involved in China’s Security efforts in several areas. The first involves direct military involvement in the construction and expansion of China’s energy infrastructure. China’s 2006 Defence White Paper states that elements of the PLA have “taken part in more than 430 key construction projects for transportation, hydropower, communication and energy infrastructure.”⁸⁶ A second area that the PLA is involved in is enforcing China’s territorial claims throughout the South China Sea. China, along with seven other nations, claim part or all of the various territories of the sea and its resources. China itself claims nearly 80% of the

⁸⁵ Ibid.3

⁸⁶ “China’s National Defence in 2006,” (Beijing: Information Office of the State Council of the Peoples Republic of China 2006).

South China Sea along with the oil and gas fields therein.⁸⁷ China estimates total petroleum reserves as high as 213 billion barrels of oil with almost half of that located in the area of the Sprately Islands and a natural gas reserve of more than 2000 trillion cubic feet. Although many feel Beijing's estimates of the size of the reserves are optimistic few dispute the fact that significant reserves are likely to exist.⁸⁸

A History of Settling Disputes with Violence

"On Friday, a Chinese frigate approached USNS Impeccable without warning and crossed its bow at a range of about 100 metres, the Pentagon said. This was followed less than two hours later by a Chinese Y-12 aircraft conducting 11 fly-bys of Impeccable. China views almost the entirety of the South China Sea as its territory. Its claims to small islets in the region have put it at odds with the Philippines, Vietnam, Malaysia, Brunei and Taiwan."⁸⁹

China states in its 2005 White Paper that China is a historically peaceful culture and has a history of non-aggression against other countries, in reality however China has repeatedly demonstrated a trend for settling territorial disputes with violence. As China's military power grows, China's leaders may be tempted to resort to force or coercion more quickly to press a diplomatic advantage, advance security interests, or resolve disputes. Dr Lee Jae-Hyung, a retired Korean Army Colonel and expert on international politics suggests that China "tends to incline towards power rather than negotiation" and "that given its past courses of action towards many island disputes, it seems likely that China will eventually resort to force against its opponents on a piecemeal basis."⁹⁰

⁸⁷ Tran Dinh Thanh Lam, "Vietnam Oil Find Fuels China's Worries," in Asia Times Online (2004)

⁸⁸ Cole, 21.

⁸⁹ The Dominion Post, March 11 2009, Sec B2

⁹⁰ Lee Jae-Hyung, "China's Expanding Maritime Ambitions in the Western Pacific and the Indian Ocean," *Contemporary Southeast Asia* 24, no. 3 (December 2002), 558 and 559

Table 1 lists Chinese military clashes involving territorial disputes with Vietnam and the Philippines over the past three decades.

Table 1. Chinese Military Clashes in the South China Sea

<i>Countries</i>	<i>Military Clashes</i>
China and Vietnam	<ol style="list-style-type: none"> 1. China seized the Paracel Islands (1974). 2. The Chinese navy attacked Vietnamese naval forces at Johnson Reef in the Spratley Islands (1988). China pummelled a Vietnamese flotilla, killed over 70 Vietnamese sailors, and occupied some islands in the Spratleys. 3. Vietnam accused China of drilling for oil in Vietnamese waters in the Gulf of Tonkin and accused China of landing troops on Da Luc Reef. In response, China seized 20 Vietnamese ships transporting goods from Hong Kong (1992). 4. China and Vietnam clashed over oil exploration rights (1994).
China and Philippines	<ol style="list-style-type: none"> 1. China occupied Philippine-claimed Mischief Reef (1995). 2. Three Chinese naval ships engaged in a 90 minute gun battle with the Philippine navy near Campones Island (1996). 3. China and the Philippines clashed near Scarborough Shoal over fishing rights (1977). China sent three warships to survey islands occupied by Philippine forces – the Panata and

	<p>Kota Islands.</p> <p>4. Philippine warships sunk two Chinese fishing boats (1999).</p>
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Sources: Lee Jae-Hyung, "China's Expanding Maritime Ambitions in the Western Pacific and the Indian Ocean," *Contemporary Southeast Asia* 24, no. 3 (December 2002), 559. Global Security, "Military Clashes in the South China Sea," <http://www.globalsecurity.org/military/world/war/spratly-clash.htm>.

The Chinese have not hesitated to use military action, particularly when territorial claims reinforce the possibility of gaining military advantage through the acquisition of strategic outposts. Following the US military's withdrawal from Philippine bases in 1995, China seized Mischief Reef, an islet located within the Philippine 200 mile exclusive economic zone, and constructed permanent military facilities there in order to assert control over regional waterways.⁹¹

Since 2000, China has mostly refrained from military action, but responses in support of Chinese territorial claims and resource rights have produced multiple crises with its neighbours. Although China has made progress settling long-standing territorial disputes with Russia, Vietnam, India and countries in Central Asia, it maintains overlapping territorial claims with Japan, Vietnam, the Philippines, Malaysia, Brunei and India.⁹² With regard to Japan, China has made repeated incursions into Japanese territorial waters and the country's economic zones in order to warn its neighbour in unusually blunt terms that any interference with Beijing's designs over disputed territory will be met with force.⁹³ Tensions between China and Japan over the enforcement of territorial claims and the exploitation of disputed natural resources could erupt in a conflict with wide regional repercussions. Japan's unilateral declaration of an exclusive economic zone in the East China Sea, the site of intensive hydrocarbon prospecting, may well lead to military confrontation.

⁹¹ McCarthy, Terry, "Reef Wars", *Time Asia*, 8 March 1999

⁹² Lee Jae-Hyung, "China's Expanding Maritime Ambitions in the Western Pacific and the Indian Ocean," *Contemporary Southeast Asia* 24, no. 3 (December 2002), 562

China's activities to secure oil and gas resources in the South China Sea are consistent with its overall maritime strategy, which views the PLA Navy as a vital instrument to guarantee access to ocean resources in support of important national security objectives, such as energy security. These activities also support a longer term strategy focussed on regional maritime dominance – a strategy which is advancing China's naval modernisation and transformation efforts. According to one American strategy writer "Beijing is building a Navy capable of decisively influencing the operational aspects of the Taiwan and South China Sea situations, should diplomacy and other instruments of statecraft fail."⁹⁴ As China's energy demands grow so will the role of China's military in protecting access to energy.

The Transformation of the Chinese Military

It is no secret that the PLA are in the process of long-term transformation from a mass army designed for protracted wars of attrition on its own territory to a more modern force capable of fighting short duration, high intensity conflicts against high-tech adversaries. In the near term, it can appear that China's military build up is primarily focussed on the Taiwan Strait. China's ongoing military acquisitions suggest it is also generating capabilities that could apply to other regional contingencies, such as conflicts over resources or territory.⁹⁵ The US Department of Defence readily admits that China's ability to sustain military power at a distance is limited today, but qualifies this by stating "China has the greatest potential to compete militarily with the United States and field disruptive military technologies that could over time offset traditional US military advantages."⁹⁶ This view is not limited solely to the US Government. Anatoly Klimentko, of the Russian Academy of Sciences Institute for Far East Studies, states that "the PRC has the necessary potential to become 'one of the poles' in a multi polar world and to hold a leading position in the region. The process of realising this potential is proceeding well."⁹⁷ Close scrutiny reveals that Chinese military modernisation is focussed on developing

⁹³ Linus Hagstrom and Johan Lagerkvist, "Sino-Japanese cold war".
http://www.axess.se/English/2005/01/outlook_hagstrom.php

⁹⁴ Bernard D. Cole, "Waterways and Strategy: China's brief Volume V Issue 4 (2005): 3.

⁹⁵ Military Power of the People's Republic of China 2006,"Annual Report to Congress (Department of Defence, 2006),1-7.

⁹⁶ "Quadrennial Defence Review Report," ed. Department of Defence (2006),29.

⁹⁷ Klimentko, "On the Evolution of China's Military Policy and Military Strategy,"31

two main capabilities: first, an ability to protect access to energy, and second, anti-access and asymmetric capabilities specifically designed to offset the technological capabilities of a more powerful opponent.⁹⁸ Not surprisingly, Chinese officials paint a very different picture of their military modernisation and continue to be vague in detail. In order not to highlight their continuing military build up, Chinese authorities are however more forthcoming on the policy of using nuclear weapons. After reviewing a number of previous White Papers, it appears that recently released 2009 White Paper, for the first time elaborates that:

“In peacetime the nuclear weapons of the Second Artillery Force are not aimed at any country. But if China comes under nuclear threat, the nuclear missile force of the Second Artillery Force will go into a state of alert, and get ready for a nuclear counterattack to deter the enemy from using nuclear weapons against China. If China comes under a nuclear attack, the missile force of the Second Artillery Force will use nuclear missiles to launch a resolute counter attack against the enemy either independently or together with the nuclear forces of other services.”⁹⁹

Posture – China’s Official Assessment

“Chinese ships surrounded and harassed United States Navy Survey Ship Impeccable in international waters off China, at one point coming within eight metres of the ship and strewing debris’s in its path, the US Defence Department said yesterday. The incident happened off the tropical island of Hainan, less than 100 kilometres south of the mainland which analysts say hosts a Chinese naval base housing ballistic missile submarines.”¹⁰⁰

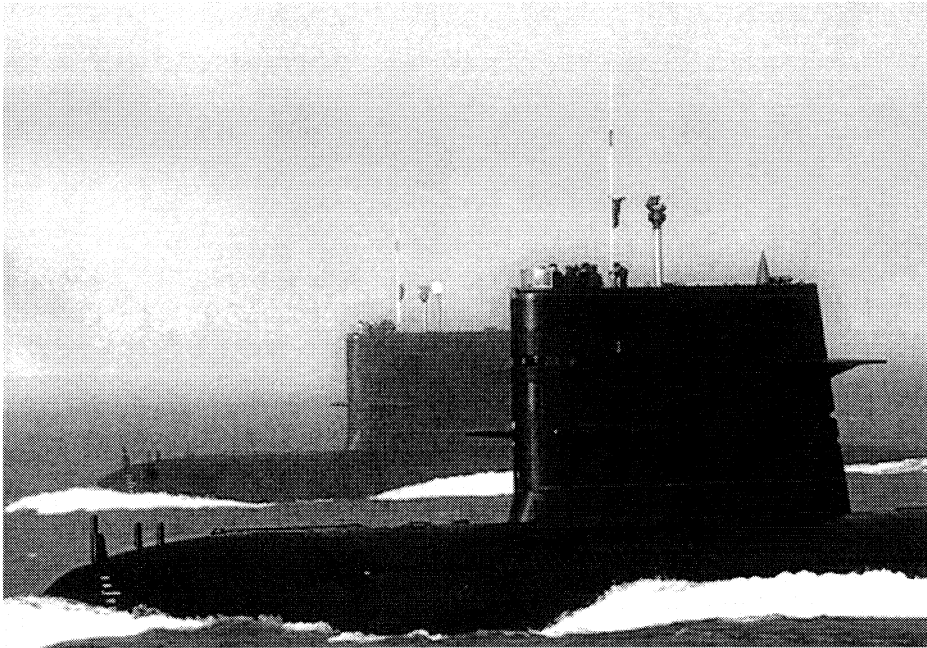
China’s willingness to posture its growing sea-denial capabilities offensively is evidenced in 2006 by stalking a US carrier battle group in the Pacific. The Washington Times reported that “The Kittyhawk and several other warships were deployed in ocean waters near Okinawa...when a Chinese submarine surfaced within firing range of its torpedoes and missiles before being detected.” The article

⁹⁸ Asymmetric capabilities provide an “out-of-balance” or “disproportionate” advantage compared to one’s opponent. *Roget’s New Millennium Thesaurus, First Edition* (v1.3.1) Lexico Publishing Group, LLC.<http://thesaurus.reference.com/browse/asymmetric>.

⁹⁹ www.britannica.com/ebc/article-9382341

¹⁰⁰ Dominion Post, 11 March 2009, Sec B2

further states that “Chinese submarines (have in the past) rarely operated in deep water far from Chinese shores or shadowed US vessels.”¹⁰¹



Chinese SONG Class, similar to the submarines that surfaced near to the USS Kittyhawk

China's State Council Information Office released the latest White Paper on China's National Defence on December 29, 2006. This document outlines China's official national defence policy.¹⁰² On the surface, the White Paper claims that China's military modernisation is a natural and non-threatening process that runs hand in hand with their economic development. The paper justifies China's modernisation by stating that modernisation is necessary to keep “up with the new trends in the global revolution and development in military affairs, and of maintaining China's national security and development.” It further states that modernisation is required “on the basis that security issues related to energy, resources, finance, information and international shipping routes are mounting.” While claiming that “China will not engage in any arms race or pose a military threat to any other country” the document notes that the “United States is accelerating its realignment of military deployment to enhance its military capability in the Asia-Pacific region. The United States and Japan are strengthening their military bond in pursuit of operational integration and that Japan seeks to revise its constitution and exercise collective self-defence

¹⁰¹ Bill Gertz, “China Sub Secretly Stalked US Fleet,” *Washington Times*, November 13, 2006.

coupled with a military posture that is becoming more external-oriented.” The paper also points to the United States and its allies when it condemns “the practice of a small number of countries that have intensified their military alliances and resorted to force or threats of force in international affairs,” claiming that these actions “hinder efforts to improve international security.” The White Paper also downplays what it describes as a small number of countries promoting a “China Threat Theory” and insists that China is pursuing a national defence policy that is purely defensive in nature.

All of the official dialect of the White Paper sounds good and if taken at face value paints a very “pretty picture” of the nature and purpose of China’s military modernisation. China would undoubtedly like the international community at large to accept as fact that its military modernisation is a reasonable course of action undertaken by a growing major power that seeks to update antiquated and outdated equipment and as such pose no threat. However, actions speak louder than words and it is considered that in the case of China the “devil is definitely in the detail”. Two details of particular importance are the overall level of China’s defence spending as well as what they are spending their money on.

Spending – Official Assessment

In March 2008, Beijing announced that it intended to increase military spending by nearly 18% to US\$59 billion, marking the 20th consecutive year that China’s defence budget has increased by double digits.¹⁰³ Official Chinese figures on defence spending are however provided by the White Paper on national defence. The White Paper implies that China’s spending on defence is very modest. The following excerpt from the paper summarises China’s official view on defence spending:

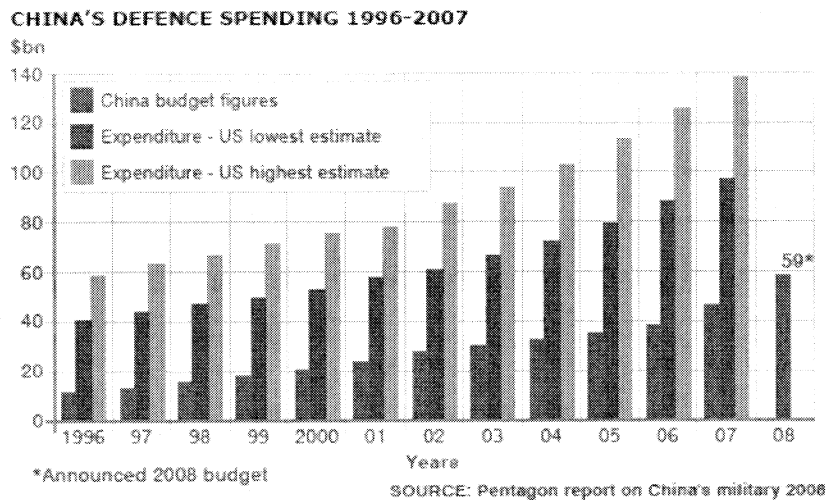
Since the early 1990’s, to safeguard its sovereignty, security and unity, and to keep pace with the global revolution in military affairs, China has gradually increased its defence expenditure *on the basis of economic development* (author’s emphasis). This increase, however, is compensatory in nature, and is designed to enhance the originally weak defence foundation. *It is a moderate*

¹⁰² The full text of the paper is at <http://www.china.org.cn/english/books&magazines/194419.htm>.

¹⁰³ NZ Herald, April 1 2008

increase in step with China's national economic development (author's emphasis). In the 1980's, China began to shift the focus of its work to economic development. At that time, it was decided that national defence should be both subordinated to and serve the country's overall economic development. As a result, national defence received a low input, and was in a state of self preservation.¹⁰⁴

The White Paper further attempts to demonstrate that China's overall spending on defence is very modest by using comparative analysis techniques; two areas the paper compares China's expenditure to other major countries include overall defence expenditures and expenditures as percentage of gross-national product.



As one may expect, these figures portray China in a favourable light when compared to other major countries and, at face value, show a fairly non-threatening picture of China's defence spending. However there is almost universal agreement among defence experts across the globe that China does not accurately report its total spending on defence. Of note, China's 2009 White Paper attributes the increase in defence spending to the explosive growth of China's national economy and improved conditions of service for its sailors, soldiers and airmen.¹⁰⁵

¹⁰⁴ *ibid*

¹⁰⁵ http://www.gov.cn/english/official/2009-01/20/content_1210227.htm

Spending – Unofficial Assessment

Most experts would argue that China's official defence spending figures are misleading. Anthony Cordesman points out that "most outside experts feel China's real military expenditures for 2006, \$35 billion – is not sufficient to support an organisation that keeps 2.3 million service personnel and an increasingly sophisticated and therefore expensive arsenal of weapon systems."¹⁰⁶ There is general agreement among experts that official Chinese defence spending reports do not include items that are considered standard reporting for most other countries.

Some examples of these include;¹⁰⁷

- Arms imports, foreign weapon procurement, military aid and from foreign countries
- Expenses for paramilitary forces
- Expenses for strategic and nuclear forces
- Government subsidies for military production
- Expenses for military R&D
- The PLA's own fundraising

Since these areas are not included in the official spending reports it is difficult to precisely calculate the true extent of Chinese defence spending. However, examination of the varying sources for such figures reveals that there is "consensus among Western analysts that China's actual military expenditures are four to five times higher than officially reported."¹⁰⁸

¹⁰⁶ Anthony H. Cordesman and Martin Kleiber, *Chinese Military Modernisation and Force Development* (Washington, DC: Centre for Strategic and International Studies, 2006), 17.

¹⁰⁷ Ibid

¹⁰⁸ Ibid., 18

No matter which figures of defence spending one chooses to accept, the fact remains that the rate of China's overall defence spending is on the rise. In fact, the average annual growth rate for total defence expenditures from 1995 to 2006 (using official Chinese figures) is 14.5 percent – a figure which is “high in international comparison.”¹⁰⁹ The end result of this increasingly large defence budget has been an ability to substantially modernise China's armed forces. However, before examining the specifics of Chinese military modernisation, we must understand the impact of Chinese strategic military thought on Chinese modernisation efforts. Critical analyses of this area provide the background necessary to understand the context and methodology that China's leaders are using to frame their modernisation efforts.

Chinese Strategic Military Thought

Chinese military thought can be categorised into three areas of focus: combating hegemonism, portrayal of the PLA as a defensive organisation, and the PLA's philosophy of war. The following section will briefly examine these three areas in an effort to illustrate their importance to China's national security. The influence of ancient statecraft, particularly in the areas of combating hegemonism and the PLA's philosophy of war, will also be addressed. Immediately following these sections, the paper will then examine how China's strategic military thought is directly impacting its force modernisation efforts.

The Chinese Communist Party and military leadership often justify China's build up and modernisation against the backdrop of US hegemonism. China views US hegemonism as a threat to the international community at large. “Because hegemonism is the chief menace to world peace, we must oppose hegemonism in order to safeguard world peace”.¹¹⁰ Deng Xiaoping, one of China's most powerful and influential leaders stated “...we oppose hegemonism and safeguard world peace.” Deng further stressed that “whoever practices hegemonism, we will fight against him, and whoever commits aggression, we will fight against him”.¹¹¹ The

¹⁰⁹ Kleiber, 24.

¹¹⁰ Colonel Hong Baoxiu, *Deng Xiaoping's Theory of War and Peace*, ed. Michael Pillsbury, trans. Michael Pillsbury, Chinese Views of Future Warfare (Washington DC: National Defence University Press, 1998), 24.

¹¹¹ *Ibid*, 23

message here is that China is facilitating world peace by opposing US hegemonism and it is further justified in building its military capability to protect itself as well as to protect others under the shadow of US hegemonism.

Although Chinese leaders will often use US hegemonism as justification for their military modernisation, they take a very pragmatic long-term view that is consistent with many of the ancient principles of Chinese statecraft. Many influential Chinese thinkers predict that there will be a sharp decline in the global role of the United States towards the middle of the twenty first century while Japan, the European Union, and ultimately China emerge as more equal players in the global arena. With this in mind, the concept of US hegemonism can be viewed as a temporary problem that can be offset by adopting a long-term strategy of slowly building a more powerful military and avoiding conflict. Then, “Within two or three decades, the problem will solve itself, as happened many times before the Warring States Era...patience and caution are thus seen to be wiser than aggressive coalition building against the United States.”¹¹²

Strategic Communications – Military Modernisation is Self Defensive in Nature

As Deng’s statements reveal, China portrays its military modernisation efforts as completely self-defensive in nature. Chinese military thinkers highlight general trends in global military technology and suggest that with technology changing so rapidly it is natural for China to acquire some of these new technologies. China also suggests that they have a long history of being unfairly provoked and attacked by foreign powers and as such they have a strong justification to maintain a modern and powerful armed force. China is also quick to point out that their low spending levels on defence are indicative of it being only for self defence. Zhen Bijian provides a good example of Chinese thinking on this point:¹¹³

The concept for our military force is to focus on maintaining peace with other countries, even with Taiwan across the Strait. We have no goal to catch up with other big countries that are spending so much more than us militarily or become

¹¹² Pillsbury, *China Debates the Future Security Environment* x1.

¹¹³ Zheng Bijian is a close associate and adviser to Chinese President Hu Jintao, Zheng served as Hu’s vice director of the Central Party School just prior to Hu’s ascension to power as China’s president. He now serves as head of the China Reform Forum, a government –affiliated think tank.

a threatening or hegemonistic power. We only want to make sure of our right to exist as a nation and our development rights.

It is true that global military technology and equipment have been undergoing a revolutionary change, but this isn't driven by China, but by America. It is America that is pushing improvements in military technology and equipment. The level of sophistication is so high that China cannot compete with that. Under such a situation, as I just mentioned, our goal is only to obtain the basic defences needed to protect our population and border.

Some may argue that China's five principles of coexistence support the self-defensive nature of China's military. "China pursues a foreign policy of peace and has all along adhered to developing relations with other countries on the basis of the five principles of peaceful coexistence."¹¹⁴ "We do not seek a sphere of influence in any place in the world, and we do not want an inch of land from another country. In the future, when our economy is developed, our country has become strong, and our national defence force strengthened, we shall still resolutely not practice hegemonism and power politics."¹¹⁵

The PLA's Philosophy of War (Local War Under High Tech Conditions)

"We should be good at learning the new characteristics and new patterns of limited warfare under modern high-technological conditions. We should give full play to our strong points while striking the enemy at its weak points. We shall adopt flexible tactics to win future wars against aggressors."

Senior Colonel Peng Guangquin, Deng Xiaoping's Strategic Thought

China's leadership views the most effective way to use its military forces to protect and pursue its national interests in the current international environment is based on a military strategy that Chinese writers describe as "local war under high-tech

¹¹⁴ The Five principles are: mutual respect for sovereignty and territorial integrity, mutual non-aggression, non-interference in each others internal affairs, equality and mutual benefit, and peaceful coexistence. They have become widely accepted as China's official norms for relations between countries. (Source <http://English.people.com.cn/dengxp/vol3/note/C0150.html>)

¹¹⁵ Colonel Fang Ning, *Defence Policy in the New Era*, ed. Michael Pillsbury, trans. Michael Pillsbury, *Chinese Views of Future Warfare* (Washington DC: National Defence University Press, 1998), 56.

conditions".¹¹⁶ This strategy recognises that China's military will remain technologically inferior overall for the near to mid-term, but that superiority in specific areas can be applied against adversary vulnerabilities. It is offensive in nature and it places emphasis on pre-emptive strikes.

The main notion of this philosophy is a belief that technology is transforming the basis of warfare and that these technological changes represent both a danger to, as well as a great opportunity for the Chinese military in the future. The danger is in the significant technological capabilities of potential enemies such as the US military. The opportunity relies on exploiting potential enemy weaknesses and can be stated as "no matter what new techniques or weapons are used, there is the possibility of a weaker force defeating the powerful opponent. So long as we stick to the combat principles of the defeating the superior with the inferior and actively create the conditions, we will be able to win victory in future high-tech wars."¹¹⁷

This concept of the weaker overwhelming the stronger has emerged as the foundation for much of China's current military modernisation. The main thrust of China's modernisation efforts has been shaped by their need to provide for energy security and to triumph over the hegemonic West in the future. China believes that asymmetric warfare capabilities are the key to their success in these efforts.

Weaker Overcomes the Stronger – An Asymmetric Approach to Warfare

Chinese writers, as early as 1995, began to investigate the concept of asymmetric warfare. These first writings suggested that an asymmetric approach to naval warfare would allow a less powerful navy to defeat a more powerful foe. Five specific asymmetric approaches were suggested. The first suggested attacking the enemy's space-based communications and surveillance systems, attacking naval units from space and carrying out anti-reconnaissance strikes against space satellites and other space systems. Another approach suggested the use of surface to surface missiles and less costly aircraft instead of developing a large symmetric naval fleet. Here the writers suggest that technology improvements will allow land-based weapons and

¹¹⁶ Mark Burles and Abram N. Shulsky, *Patterns in China's Use of Force* (Rand, 2000), 3

¹¹⁷ Senior Colonel Shen Kuiguan, *Dialectics of Defeating the Superior with the Inferior*, ed. Michael Pillsbury, trans. Michael Pillsbury, *Chinese Views of Future Warfare* (Washington DC: National Defence University Press, 1998), 219.

aircraft to react faster and more efficiently, will provide overwhelming mass, will allow strikes at increasingly longer range, and will offer precision strike capability against individual targets. A third approach suggested the development of “Assassin’s Mace Weapons” such as tactical laser weapons and stealth technology for both naval ships and cruise missiles. The fourth approach suggested attacking the naval logistics of the superior navy. Citing examples from the Gulf War, where ammunition usage rates and fuel and oil consumption far exceeded that of past wars, the writers suggested that logistics survival would be a far greater challenge in future wars and that interdicting and disrupting the relatively unprotected supplies of American naval operations could be decisive. The final approach suggested that China focus on attacking command and information systems.¹¹⁸

This is one of many examples of Chinese military writings where the applications of asymmetric warfare techniques is seen as the key to China’s victory over a stronger opponent. Moreover, this view is not only held by Chinese writers, but by prominent US writers as well. As an example, Dr Milan Vego stated, when writing an analysis of Operation Enduring Freedom, the US emphasis on technology and tactics of weapons and platforms already has some serious and negative repercussions. This trend must be reversed soon, otherwise the United States might find itself out thought and outfought by a relatively weaker but a more agile opponent who pays attention not only to tactics, but also to operational art and strategy and therefore better matches ends, means and ways to achieve victory.”¹¹⁹ Analysis such as this definitely provides some credibility to China’s adoption of an asymmetric approach to warfare. The next section of the paper will examine how the three components of China’s strategic military thought are guiding China’s military modernisation.

¹¹⁸ Michael Pillsbury, *China’s Military Strategy toward the US. – A View from Open Sources* (US-China Economic and Security Review Commission, 2001), 11.

¹¹⁹ Dr. Milan Vego, “What Can We Learn from Enduring Freedom?”, *Proceedings* July (2002).

Current Military Capabilities

If China wishes to claim a leading role in international politics, it must become a sea power. Maritime strength is a fundamental part of global strategic leverage for any nation, but it is particularly important for the PRC.

Colin S. Gray¹²⁰

Historically a major land power, China has embarked on a significant build-up and transformation of naval forces to counter US maritime power in the region, provide security for her national economic interests, and demonstrate her political power in the region and the world. This naval expansion appears to go beyond simply challenging US maritime capability; it is considered part of the complex plan of military expansion, economic development, and political hegemony in the Western Pacific.

By analysing China's current naval expansion, her political, economic, and military objectives become even more apparent. Her objectives have strategic consequences for the US, and America's response to these challenges, in the long term, will affect America's ability to compete economically, influence the region politically, and if necessarily respond militarily.

Historically, we associate great international power with our maritime capabilities. History suggests a direct correlation exists between great nations in terms of political, economic and military power and their navies. For example the British Empire between 1815 and 1914; Britain's naval supremacy was always assured as she continuously led the world in a number of major warships that bore her colours.¹²¹ In 1913, Great Britain controlled approximately one quarter of the world's population, held over one quarter of the world's shipping capacity, and maintained control through

¹²⁰ Colin S. Gray, *The Leverage of Sea power: The Strategic Advantage of navies in War* (New York: Free Press, 1991).

¹²¹ George Modelski and William R Thompson. *Sea power ion Global politics, 1494-1993* (Seattle: University of Washington Press, 1988), 71-71, 75-75

naval supremacy and a number of bases from Gibraltar to Hong Kong.¹²² Equivalently, the British Empire's aggregate Gross Domestic Product (GDP), during this period was approximately 21 percent of the world total and no other country or empire in the history of the world including the US has matched the United Kingdoms level of aggregate economic and resource capability.¹²³

While historical examples make for an interesting argument, it is somewhat baseless because it deals with the effect of sea power, not the underlying principles of sea power itself. The subject was somewhat ill-defined until Alfred Thayer Mahan published *The Influence of Seapower Upon History, 1660 – 1783*. In this, he provided politicians and strategists a basis to understand why nations sought sea power. According to Mahon, Sea Power was comprised of Navies (battle fleets), merchant fleets, and a world wide base structure to support those fleets.¹²⁴ Most importantly Mahon theorized that there are military, economic, and political motives for nations to possess sea power, and by extension, large navies as a component of sea power, are the *sine qua non* of international power. A question remains however, “do powerful nations construct powerful navies, or do powerful navies lead to powerful nations?” Two authors provide an insight into the historical size of world navies and provide an insight into the ramifications of a country's navy.

In 1988, George Modelski and William Thompson published *Seapower in Global politics, 1494-1993*, in which the authors analysed great nations and their navies. The authors stated that it was not important when a nation developed a powerful navy, but there was a correlation between nation-state leaders in world politics and international power and the size of that nation's navy.¹²⁵ Their argument concluded that there were many factors that determined international prestige and power, but that the size and relative power of a country's naval forces was a decisive indicator of that power because it provided global reach.¹²⁶ Based on their research, it is

¹²² Angus Maddison. *The World Economy, a Millennial Perspective* (Paris: OECD, 2001: reprint, paris: ECD, 2002), 95, 97, 241

¹²³ Angus Maddison. *The World Economy, Historical Statistics* (Paris: OECD, 2006) 49, 55, 85, 170

¹²⁴ Westcott, Alan ed., *Mahan on Naval Warfare* (Boston, MA, Brwon and Co, 1948), 355-357

¹²⁵ Modelski and Thompson, 132

¹²⁶ Modelski and Thompson, 2

therefore considered feasible to determine a nation's capacity to function and influence events internationally by analysing the relative size of their naval forces.

The main question behind the recent Chinese naval expansion is not only why, but where it will end. Given the historical, theoretical, and analytical basis for large navies in conjunction with sea power, the underlying reasons are considered clear. However, the additional and more interesting questions are how large the expansion will be, what additional capability that will go to the Chinese Government, and what does China intend to do with that capability.

It is clear that if China aims to become a great international power or super power, in order for them to achieve international power status, they must build a powerful navy and conversely, a powerful navy will enable them to become a powerful nation. However the motivation to achieve the military, economic, and political benefits of naval power must be viewed from the Chinese perspective, i.e. through their national ambitions, capabilities and limitations.

China's diplomatic priorities are ensuring territorial integrity and national sovereignty enhancing economic development, and increasing international respect and status.

¹²⁷ While China's foreign policy uses these priorities as a foundation of their international actions, they are also influenced by three historical factors:

- China is reclaiming its status as a major regional and global power
- China has been victimised by Western Powers
- China continues to maintain a defensive outlook to maintain its autonomy¹²⁸

China's political issues have traditionally had a landward, internal focus, but the international landscape has changed and been manipulated enough to afford them the ability to focus its attention seaward. China's current and future political challenges, security concerns, and economic issues are maritime focussed.¹²⁹

¹²⁷ Evan S. Medeiros, "China's International Behaviour Activism, Opportunism, and Diversification," *Janes Defence Weekly*, no 47 (October 2007): 34

¹²⁸ Medeiros, 35

¹²⁹ Mc Devitt, 483

Politically, China's current challenges are a perceived lack of international prestige, the US's challenge to Chinese interests, Taiwan's reunification issues, and the maritime territorial disputes in the East and South China Seas. China's historical victimisation at the hands of western powers (Europe, North America), combined with a diplomatic priority of increasing their country's international prestige and influence has encouraged them to establish close bilateral ties with other nations.¹³⁰ Maritime forces, in support of China's diplomatic efforts, provide a reminder of the China's global capability. Whilst a large army is a demonstration of a country's capability, other nations, more specifically their citizens, are not able to easily view it, especially with regards to China, which has traditionally been a closed society. A large and powerful naval fleet, conducting port visits and bilateral exercises throughout the world, provides a tangible show of force. China's maritime influence is a substantial part of her foreign policy because it has become a perceptible example of her global reach.

During the Cold War, China relied on the US Navy to counter the threat posed by the Soviet Union, now China believes that US hegemony has become an impediment to her expansion in the Western Pacific.¹³¹ Within her strategic doctrine, China refers to the US as her chief political rival based on the current international situation.¹³² While there is always potential for military conflict, neither the US nor China will name each other as an enemy.¹³³ However, Chinese leaders, especially politicians, and strategists still "see the US as a major potential threat to the PLA and China's interests primarily because of American military capabilities, but also because of US security relationships in Asia."¹³⁴ This may not imply that the relationship between the US and China is heading toward belligerency, but rather, from the Chinese perspective, the biggest political challenge to their interests comes via US maritime capability.

¹³⁰ Philippe D Rogers, *Dragon With a Heart of Darkness. Countering Chinese Influence in Africa* "Joint Force Quarterly , no 47 (4th Quarter, 2007), 485

¹³¹ Bernard D Cole, *The Great Wall at Sea* (AnnapolisMD: Naval Institute Press, 2001), 12

¹³² Peng Guangqian and Yao Youzhi, eds., *The Science of Military Strategy* (Beijing: Military Science Publishing House, 2005), 230-31

¹³³ Dennis J Blasko, "The 2007 Report on the Chinese Military, The Top 10 List of Missing Topics," *Joint Force Quarterly , no 47 (4th Quarter, 2007), 53*

¹³⁴ Larry M Wortzel, *China's Nuclear Forces, Operations, Training, Doctrine, Command, Control, and Campaign Planning* (Carlisle Barracks, PA: US Army War College, 2007), vii

While China may view the US as its great political threat and strategic rival, the differences between the two countries pale in comparison to China's largest political issue – Taiwan.¹³⁵ This is a significant issue within China, as they view any move toward Taiwanese independence as “posing a threat to China's sovereignty and territorial integrity, as well as to peace and stability across the Taiwan Straights and in the Asia-Pacific region as a whole.”¹³⁶ While reunification with Taiwan is a political issue, it is most definitely naval in character because the primary mission of the PLAN would not be to transport invasion forces to Taiwan, but rather to prevent the US Navy from intervening.¹³⁷

While the US Navy is not considered the greatest threat to Chinese interests, its capability against Chinese military action is significant. The US Navy does not solely rely on the size of its fleet. It is the combination of the fleet, security arrangements, and basing capabilities that continually frustrate Chinese maritime strategists.¹³⁸ From the Chinese perspective, the biggest hindrance to any military action preventing Taiwanese independence is the US Navy.¹³⁹

Undoubtedly China has unique security challenges. These challenges, combined with their economic concerns and political issues, have impacted on Chinese Naval doctrine to support their diplomatic priorities and current world view. Their doctrine, as well as other influences, has shaped PLAN missions and roles to develop a uniquely Chinese view of naval operations.

The PLAN has developed its own view of maritime power and doctrine. They have developed a maritime strategy to support China's national interests by translating its strategic objectives, diplomatic priorities, and current concerns into specific missions to influence events through maritime power. From PLAN published writings, there are a number of perspectives evident in their doctrine that influence how their maritime forces act in support of Chinese national priorities and interests.

¹³⁵ Cole, 170

¹³⁶ Peoples Republic of China, “Security Environment,” Defence White Paper 2006 (Beijing, 2006), 1

¹³⁷ Mc Devitt, 498

¹³⁸ Alan S Whiting, “The PLA and China's Threat Perceptions,” *China Quarterly* 146 (June 1996): 609.

Specifically, the Chinese believe:¹⁴⁰

- That China's coastline is exposed and provides aggressors with a potential invasion route
- The sea provides defence in depth against invasion
- Naval battles are high technology conflicts
- The oceans are a manoeuvre space to influence events on land.

These beliefs influence the strategy and doctrine of China's application of maritime power, and while the Chinese do follow some of Mahan's theories, they are not completely devoted to him. Although the Chinese have an impressive merchant fleet and are developing overseas bases to support their operations, they are not pursuing a large battle fleet to engage enemies at sea.¹⁴¹ Rather, China has opted to defend the shoreline by conducting at-sea guerrilla warfare, and executing mobile war at sea.¹⁴² To this end, they have incorporated Soviet doctrine of using the ocean in the strategic defence of the mainland and have moved their first line of defence from the coastline to off-shore areas, applicably naming this doctrine the "Two-Island Chain Strategy."¹⁴³

The Two-Island Chain Strategy, first published in the 1980s, divides the Western Pacific Ocean into three separate zones and prescribes distinct objectives within the zone to further Chinese and national objectives. This strategy supports Chinese core beliefs of the uses of maritime power and is a sign of a unique combination of Mahanism, Maoist, and Soviet doctrine. It also enables the Chinese to pursue their interests without provoking the US, as the strategy is defensive in nature and is geographically limited to the Western Pacific. On the surface, it can be construed as very non-threatening.

¹³⁹ Alan S Whiting, 610

¹⁴⁰ Mc Devitt, 498

¹⁴¹ Cole 189

¹⁴² Cole 166

¹⁴³ Cole 165

In support of these beliefs and strategies, the PLAN has adopted five specific missions that it will undertake: ¹⁴⁴

- Preparing for operations against Taiwan
- Defending Chinese Territorial claims in the East and South China Sea
- Maintaining a strategic deterrent force against world and regional competitors
- Protecting vital SLOCs
- Serving as a diplomatic force.

Within the first zone, Chinese Naval Forces must achieve total sea control to facilitate friendly movement and deny enemy action. Within the second island chain, Chinese Naval Forces must deny the enemy the ability to operate. Outside the two chains, Chinese forces must detect and interdict enemy forces. ¹⁴⁵

The PLAN believes that by executing these missions, they are supporting the strategic objectives of their government and are structuring their forces in support of these missions. This begs the question; are the Chinese building a fleet and infrastructure that can sustain operations in support of these missions from their maritime strategy perspective, or are they developing a more powerful force that can coercively influence events regionally and around the world?

In order to determine if the Chinese are in fact building a Navy that can implement their limited views on maritime power, it is important to analyse the capabilities of their fleet. In 1974, Vice Admiral Stansfield Turner, the President of the US Naval War College, published an article that discussed the main missions of the US Navy. While the article was originally designed as a public dissertation on the *raison d'etre* of the US Navy during the Cold War (and has survived to form the basis of the most recent National Maritime Strategy¹⁴⁶), it evolved into a profound analytical tool. These missions were not specific to the US Navy; they were applicable to any navy and could provide a framework for evaluating the capabilities and limitations of a

¹⁴⁴ Cole 173

¹⁴⁵ Cole 165-167

¹⁴⁶ Thad Allen, James T Conway, and Gary Roughhead, "A Cooperative Strategy for 21st Century Sea power, "Proceedings – US Naval Institute 133 (November 2007) 18-19

country's maritime power. Specifically, Turner developed and detailed four main naval missions:¹⁴⁷

- **Strategic Deterrence** – nuclear ballistic missiles deployed at sea on nuclear powered submarines that deter major powers from going to war
- **Sea Control** – denying the enemy the use of the ocean while facilitating friendly use
- **Naval Presence** – patrolling national and international waters in a friendly or coercive manner
- **Power Projection** – Influencing events ashore by projecting force over land from the ocean.

By applying this framework to the Chinese Navy, it is possible to gain a more accurate view of the Navy and determine if China is building a fleet supporting their publicly stated interests, or if they are building a fleet for other, perhaps more underhand reasons.

Strategic deterrence minimises the likelihood that major powers will enter conflict with each other because the costs of that conflict would be too great for either side as compared to the potential gain from victory. Since the end of World War 2, strategic deterrence has become a euphemism for deploying nuclear weapons. It has proven effective in deterring open war between major powers, e.g. the US and Soviet Union. China's desire to obtain a modern, capable strategic deterrent at sea mirrors the same desires of the US. The US boasts the survivability of its ballistic-missile submarine fleet; these submarines are highly manoeuvrable and stealthy, and complicate the tracking problem of a potential enemy by operating independently in the expanse of the ocean.¹⁴⁸ The country that can employ these forces can quickly

¹⁴⁷ Stansfield Turner, "Missions of the US Navy," *Naval War College Review* 248 (March-April 1974): 2-17

¹⁴⁸ Christopher McConaughy, "China's Undersea Nuclear Deterrent: Will the United States be Ready? Proceedings – US Naval Institute 130 (June 2007)

level the diplomatic playing field or gain political advantage because of the military power these vessels bring, even in small numbers.

China is just beginning to develop their strategic deterrent capability at sea. Currently, they have one operational nuclear powered ballistic missile submarine (SSBN), and one SSBN that is currently undergoing sea trials.¹⁴⁹ These submarines carry 12 and 16 missiles, respectively. In contrast, the US Navy currently operates 14 Ohio class SSBNs, each deploying 24 missiles and capable of striking Chinese targets from the Pacific or Atlantic oceans.¹⁵⁰ While the US currently has a decided advantage, it is not in the Chinese interests to directly challenge US superiority or attempt to achieve parity. Provoking the US into a strategic arms race at sea and diverting additional resources to maintain a credible deterrent does not form part of the Chinese long term strategy. Nuclear weapons remain a credible deterrent, especially when deployed on a mobile, stealthy platform.

The deterrent numbers are decidedly in favour of the SSBN; it would take five attack submarines to effectively counter one SSBN operating in the open ocean.¹⁵¹ In one scenario, it is feasible for China to build eight SSBNs to ensure four would be deployed at any one time.¹⁵² In this case, it would take almost the entire US submarine Pacific Fleet to maintain an effective counter.¹⁵³ China, with a small SSBN force, could occupy the entire Pacific Fleet submarine force. This small force would provide a low enough profile to remain non-threatening, but still provide a credible deterrent.

In the final analysis, it would be reasonable for China to develop and build between six and eight SSBNs to provide an adequate maritime strategic deterrent. The effect of the US's ability to deploy a ballistic missile interceptor capability and the use of conventional maritime forces will also factor into China's formula on achieving a survivable deterrent force. However, China is still in the building stage of their SSBN

¹⁴⁹ McConnaughy 24

¹⁵⁰ Janes Fighting Ships 2007

¹⁵¹ McConnaughy 31

¹⁵² Ibid

¹⁵³ Ibid

program, the final numbers will be a deciding factor. Based on US future capability, a program that produces about eight submarines would be in line with China's stated intentions. Any Chinese program that results in more strategic submarines will be a clear indicator signal of goals beyond China's stated intentions.

Sea control, with particular emphasis to support the Two-Island Chain Strategy, is a relevant indication of Chinese intentions in the Pacific. Based on current information, the data available indicates that for open ocean operations, the Chinese Navy has in fact an extremely capable force.

	Surface Combattants (Cruiser/Destroyer- Frigate)	Attack Submarines (Nuclear/Diesel)
US Pacific Fleet ¹⁵⁴	39/8	29/0
Chinese Navy	27/46 ¹⁵⁵	6/52 ¹⁵⁶
US Navy ¹⁵⁷	74/21	53/0

Table 1: Naval Assets in the Pacific Theatre. Of the 58 submarines in the Chinese inventory, only 33 are considered combat effective. While the US leads in Cruisers and Destroyers in the Pacific, the Chinese have more ships, specifically of smaller, less capable types. However, in total maritime power in support of the sea control, the US still maintains a distinct advantage.

¹⁵⁴ *Naval Vessel Registry Home Page*, available from <http://www.nvr.navy.mil/nvrships/active/coast.htm>; Internet; accessed 08 February 2008.

¹⁵⁵ "Peoples Liberation Army Navy (PLAN) Pennant List," [database on line]; available from *Janes Fighting Ships Home Page*; Internet accessed 08 February 2008.

¹⁵⁶ "Peoples Liberation Army Navy (PLAN) Pennant List," [database on line]; available from *Janes Fighting Ships Home Page*; Internet accessed 08 February 2008.

¹⁵⁷ *Naval Vessel Registry Home Page*

On the surface, it would appear that China is transitioning from a defensive, coastal Navy to one that is moving offshore to actively defend the mainland in support of their stated strategy. In addition, there are other factors that support Chinese assertions that they are building a fleet for defence:

- They have no modern, long range maritime strike aircraft. Their most capable aircraft were built circa 1960, and they are phasing them out.¹⁵⁸
- With only six nuclear powered attack submarines, China's ability to conduct long range maritime interdiction is limited.
- China only possesses three ocean going auxiliary vessels, which limits the range of their ships.¹⁵⁹

However upon further analysis, there are some concerning trends and indicators beyond cursory examination.

The concern about the PLAN's capability to conduct sea control missions is not only reflected in the current ship and submarine numbers, but rather in the speed that the PRC is constructing and modernising their force. Currently China has a three-to-one acquisition advantage compared to the US in Submarines and is willing to procure these weapons internationally (KILO class from Russia) and construct them internally (SHANG, YUAN class).¹⁶⁰ In addition to procuring and constructing newer platforms at an alarming rate, they are also modernising their force, with a significant area denial, anti-ship capability.¹⁶¹ Submarines are particularly effective at denying specified areas and placing other military vessels at risk. For the US, this obviously jeopardises the US Navy's ability to come to the defence of Taiwan, but more importantly, places Guam, Japan, the Philippines, and the Northern Mariana's Islands at risk as well.

¹⁵⁸ "H6 Bomber,"[database on line]; available from *Periscope Military Database Home Page*; Internet; accessed 08 February 2008.

¹⁵⁹ *Janes Fighting Ships Home Page*

¹⁶⁰ Dave Ahern, "Rising China Threat Unmet if US Navy Doesn't Seek Funds To Counter it, Analysts Say," *Defence Daily*, 11 January 2008

¹⁶¹ *Janes Fighting Ships Home Page*

What China is constructing is a powerful maritime defensive network that is capable of denying any potential adversary the ability to operate within the first two island chains (see Figure 2) in addition to defending the mainland. Their effectiveness in denying access to the Philippine Sea and surrounding islands (Philippines, Japan and Taiwan) would make it almost impossible for the US to respond rapidly against aggression and make the US cost extremely high in any scenario that involves military action.¹⁶² Given the numbers of ships and submarines that China has in her inventory, as well as the ongoing modernisation program, China's maritime capability from the mainland to the Philippine Sea should be a concern. The key indicator here will be by looking holistically at China's procurement and modernisation program; if China uses a new procurement to modernise their force while retiring older platforms, then their course of action may not be seen as provocative. However, if China engages in a rapid build-up while retaining and modernising older platforms, then that will signal a more aggressive stance that should concern the US.

Figure 2: China's Two Island Chain Strategy (Source: <http://www.ausairpower.net/Second-Island-Chain-DOD.png>)



Naval presence is a softer means to meet a Navy's mission, but it plays no less an important role in any Navy's support of national interests. Naval presence has traditionally been labelled under the term gunboat diplomacy, or more specific, the

¹⁶² Ronald O'Rourke, China Naval Modernisation: Implications for US Navy Capabilities – background and Issues for Congress (Washington, DC: Congressional Research Service), 18 November 2005, summary.

threat of naval force.¹⁶³ On the other hand, naval presence has evolved beyond explicitly using force to one that includes ownership and control through operations at sea. The power to coerce, assure, or enforce is proportional to a nation's ability to control the sea, which is directly related to the numbers of ships that patrol the sea. The PLAN is the most visible implement of Chinese military diplomacy.¹⁶⁴ Its naval presence mission and its voyages around the world continue to enhance the prestige of the PRC.

While China still retains the use of gunboat diplomacy in the traditional sense, they have actively pursued the use of the naval presence mission to reinforce their territorial claims within the South and East China Seas. Taiwan claims that China has stepped up naval activity in the Taiwan Strait in order to make it a "Chinese Waterway".¹⁶⁵ In 2005, China deployed a squadron of destroyers to a disputed gas field with Japan prior to negotiations with the Japanese government over territorial claims in the same area.¹⁶⁶ Chinese authorities insist that as other nations assert their territorial rights in the South China Sea, China must deploy maritime Power to the area in order to maintain control of the island and maintain the balance of power in the region.¹⁶⁷ China now maintains a continuous naval presence in the area, deploying combatant and auxiliary ships in addition to their seven hardened military installations on the islands.¹⁶⁸ These actions, while maritime in nature, are political in nature and have become a favourite tactic of China to conduct diplomatic efforts with the region.

Projecting power is the final core competency in which China's Navy must become proficient. The ability to influence events on shore is based on the number and types of ships within the PLAN's Fleet and directly influences China's ability to influence

¹⁶³ Julian Oswald, "Forward," in *Gunboat Diplomacy 1919-1991*, 3d. James Cable (New York: St Martins Press, 1994), xiv

¹⁶⁴ David W Glazier, "Breaching the Great Wall," *Proceedings – US Naval Institute* 126 (March 2000): 76

¹⁶⁵ Toshino Ishii, "Chinese Sub, Kitty Hawk in Standoff," *Yomiuri Shimbun*, 17 January 2008.

¹⁶⁶ O'Rourke, 42

¹⁶⁷ Yann-Heui Song, "The Overall Situation in the South China Sea in the New Millennium: Before and After the September 11 Terrorist Attacks," (Taipei: Institute of European and American Studies Academia Sinica, 2003), 232

¹⁶⁸ Kyodo News Service, "China Continues to Fortify Claims in Disputed Spratleys," *Asian Political News*, 15 July 2002.

events directly or coercively. Historically, China has not been able to conduct power projection operations from sea and it has not been a priority for PRC naval planners. That concept may now be changing. An Aircraft Carrier would enhance their ability to conduct air defence and project power at sea, but it would be at a significant cost operationally, logistically, and financially.¹⁶⁹ As such, aircraft carrier opponents within the PLAN continue to press their position against these types of ships. Although China's attempts to acquire an Aircraft Carrier are probably more political, the fact that they are contemplating carrier operations is a relevant issue and may well be a start to counter US dominance.

Amphibious operations have not traditionally been an area of Chinese expertise. However, since 1996, China has obtained over 20 medium size amphibious assault ships and has embarked on an amphibious building program of smaller vessels to enable amphibious operations.¹⁷⁰ Further, the PLAN has launched and is fitting out a newer, larger amphibious ship similar to the US Navy's San Antonio class amphibious ship. This ship is approximately 20,000 tons, operates helicopters, and accommodates air cushioned assault craft; it is a major enhancement to China's amphibious lift capacity and power projection capabilities.¹⁷¹ It also shows a departure from a defence-orientated Navy to something more offensive. Again, a cursory analysis of China's amphibious capability would support the view that China has moved to a more offensive mindset. However what remains to be seen is how many of these ships China ultimately intends to produce. A small amphibious force that is modern and quick would indicate a focus on small, territorial claims in the South China Sea. A larger, more capable and modern force could be designed to militarily deal with Taiwan problem.

In the final analysis, the PLAN is a capable Navy that has a respectable regional sea control capability that is increasing in potential, an effective force to conduct naval presence, a limited capability to conduct strategic deterrence and are still developing an effective ability to project power ashore. Currently, China's objective seems to be

¹⁶⁹ Dominic DeScisciolo, "Red Aegis", Proceedings US Naval Institute 130 (July 2004): 58-59

¹⁷⁰ Toshinao Ishii, "Chinese Sub, Kittyhawk Standoff," *Yomiuri Shimbun*, 17 January 2008.

¹⁷¹ Yazhao (Type 071) class (Assault Ship) (LHD), "database on line"; available from *Janes Fighting Ships Home Page*; Internet; accessed 10 February 2008.

transforming their Navy and other military entities into a force capable of waging short duration, high intensity conflict against capable adversaries without having to trade space for time.¹⁷² What is also clear is that actions in China require close scrutiny to determine if the PLAN is simply consolidating their force or developing new, advanced capabilities.

The US's response to China's maritime expansion must be conducted in the context of accepting China's involvement in the international system and making them a responsible partner in that system. Simply responding to China's naval expansion in kind would be an error in strategy because China's expanding Navy is not strictly a military issue but part of their natural emergence in the international order. H.D.S. Greenaway writes,

In time, another power will supersede America in technology, wealth, and power. At the moment, China is building a high-seas fleet that one day may challenge America's ability to influence events in the Far East. The trick will be to manage competition, and bring China ever closer into our accepted system of international norms rather than indulging in counterproductive hostility. The Navy is an indispensable guarantor of peaceful, strategic order, and because it doesn't require a physical presence ashore, it can, in Theodore Roosevelt's words, 'speak softly' but still 'carry a big stick'.¹⁷³

For the US, there are political, military, and economic ramifications to China's naval expansion. Some of those ramifications will be common in nature and benefit both countries; as such, both countries should facilitate those issues. However, there will be ramifications that are not in the best interests of both countries. In these cases the US will need to respond appropriately.

Two issues that share a common interest to both China and the US, are preventing an arms race and supporting globalisation. If the political relations between the US and China begin to deteriorate, then a new arms race between the two countries could occur that would include a significant maritime component. Neither country

¹⁷² David A. Fulghum and Douglas Barrie, "Non-War china Accelerates Focus on Disruption, Assymetric tactics," *Aviation Week and Space technology*, 10 March 2008, 24.

can afford to be involved in an arms race with the other, for different reasons. In China's case, while they rank 4th in the world in total GDP with an annual sum of about 2.6 trillion dollars, they are 129th in the world on a per capita basis.¹⁷⁴ They cannot compete with the US, who leads the world in total GDP at over 13 trillion dollars.¹⁷⁵ However, given the record deficits, current global situation, war on terror commitments, and demographic changes, the US cannot afford to begin another Cold War arms race without major economic effects.

While the benefits of globalisation can be argued, both countries rely on globalisation for their economic survival. However, for globalisation to flourish and expand there are certain issues that must be addressed within the maritime environment.

Specifically, for globalisation to succeed, nations committed to the system must maintain good order and discipline in protecting commerce at sea while being able to effectively interact with each other.¹⁷⁶ When perturbations occur to that order, the ability to jointly affect sea control among maritime nations is paramount to preserve the maritime trade engine of globalisation. Protecting the maritime engine is not limited to events that occur on the world's oceans. To truly maintain order, maritime nations must be able to project power ashore to address challenges that also occur from land.¹⁷⁷

Both the US and China have common interests in the Pacific region and throughout the world, and it behoves the US to make China a member and responsible stakeholder within the international system, especially in the area of maritime issues.¹⁷⁸ For specific maritime issues, the US might be better off in assuming a supporting role to the Chinese vice a leading role. If both countries address an issue without an ulterior motive in order to simply preserve international order, China, as a maritime nation, would be forced to demonstrate responsibility as an international

¹⁷³ D.H. Gurney, Executive Summary," Joint Forces Quarterly, no. 47 (4th Quarter 2007): 12.

¹⁷⁴ World Bank Data Quick Reference Table Home Page, available from <http://web.worldbank.org/wbsite/external/datastatistics/o>.

¹⁷⁵ Ibid

¹⁷⁶ Geoffrey Till, "New Directions in Maritime Strategy, Implications for the US Navy", Naval War College Review 60 (2007): 31-6

¹⁷⁷ Ibid

¹⁷⁸ Robert B. Zoellick, "US – China Relations, "briefing slides, US Congress, House of representatives, Committee on International Relations, 10 May 2006.

power. By demonstrating their ability to selflessly lead on a particular maritime issue within their region of the world, they would gain respect and deference from the US and the rest of the world for their efforts. Also, the world would view China as less of a threat and more of a partner.

Here lies the dilemma for the US. In order for China to become an active and participant member and stakeholder of the international community, they must expand their Navy to support the tenets of globalisation. However, the current expansion being conducted by the Chinese is being viewed with a great deal of suspicion, especially in the US, and this suspicion is moving both countries toward a more confrontational relationship.¹⁷⁹ This suspicion, as well as the US's strategic culture of the need for absolute superiority may be inappropriate for the modern globalised world. That is not to say that there are certain boundaries that will and should remain inviolate, but those boundaries must be constructed and maintained within the context of a new order. The US should accept its new place in that order.

The US should increase the level of engagement with the Chinese and other nations within the region to ensure transparency in US actions while attempting to gain insights on PLAN actions. Port calls, official visits, and bilateral exercises can enhance the relationship with the Chinese Navy and national governments and provide a method to diffuse tensions. In addition, an up close and personal exercise can demonstrate US maritime power in a non-threatening manner to further sow doubt in the minds of the Chinese leadership about their relative maritime strength to US naval power in the region.

If engagement and bilateral interaction on an international scale does not work, and China does become more confrontational in their international actions, the US could consider a political/military alliance with like minded nations in the Pacific to thwart Chinese aggression. The US could further strengthen its relationship with Japan, South Korea, the Philippines, Australia and attempt to restore defence ties with New Zealand as a check to China's belligerency. These relationships could provide the

¹⁷⁹ Sara A Carter, "China Arms Buildup 'Alarming'", "Washington Times, 21 February 2008. <http://www.washingtontimes.com/news/2008/feb/21/china-arms-buildup-alarming/>

foundation of a Western Pacific alliance similar to NATO. While the Chinese Navy's main competitor is the US alliance in the Pacific, China must continually factor naval assets and capabilities from their surrounding neighbours, especially those friendly to the US. A strong, regularly exercised alliance, or coalition, will help counter Chinese regional hegemony through military and diplomatic means.

Based on China's emergence as a world power, the US must be willing to alter its strategic priorities in the international order. By facilitating areas of common interest, accepting a fundamental change in the international framework, strategically expanding the US Navy, redefining the traditional roles of the US Navy, and maintaining a high level of engagement with the Chinese, the US can manage the transition of China into the international system.¹⁸⁰ If in fact this was true, it would be prudent for the US to pursue a course of diplomatic and military actions that will facilitate China's integration into the international system and acceptance of their new standing within that system.

Whilst I have discussed current and future trends limited largely to the PLAN, it considered important to briefly highlight some of other, less conventional major force modernisation trends in order to illustrate the determined effort China is placing on anti-access and asymmetric warfare capabilities.

A large part of the PLA's modernisation effort has been focussed on improving asymmetric capabilities such as "...missile programs, information and electronic warfare capabilities, C4I networks, and anti air defences."¹⁸¹ These efforts are coupled with an on-going effort focussed on building a modern tactical air force, a navy capable of operations further away from the coast, and a ground force that is capable of rapid reaction and power projection.¹⁸² China's latest White Paper released in January 2009 continues with the pre-existing strategy of acquiring 'high tech' weaponry and equipment as "part of an asymmetric approach of not matching the US and other potential adversaries in every military capability, but instead of concentrating resources in a few, important domains of warfare such as Information Operations. China will continue with a policy of avoiding wars and crisis's through

¹⁸⁰ Zoellick.

¹⁸¹ David Shambaugh, *Modernising China's Military* (Berkeley: University of California Press, 2002), 330

political, diplomatic, and other initiatives while relying on “a military strategy of active defence” that aims at “getting the better of the enemy only after the enemy has started to attack”.¹⁸³

The following sections will highlight some of the key asymmetric and ant-access capabilities being pursued and developed by China’s armed forces that support China’s strategy to secure energy and emerge over the long-term as a great power on par with the West.

Asymmetric Assassin’s Mace Weapons

The concept of “Assassin’s Mace Weapons” is central to the concept of the “inferior defeating the superior”. This theory was discussed in more depth earlier in this paper, however, the idea behind an Assassin’s Mace Weapon is to use a special capability or weapon to suddenly incapacitate an enemy instead of fighting him according to the rules. Most of the capabilities can be placed in three broad categories:¹⁸⁴

1. Space based Assassin’s Mace Weapons
2. Information Operations based Assassin’s Mace Weapons
3. Area Denial Assassin’s Mace Weapons

Space Weapons

Chinese military planners have acknowledged the key role that US space assets played in the US military’s successes in battle over the past two decades. They took particular note of how US spy satellites enabled detailed planning followed by surgical precision bombing guided by US navigation satellites. Those same planners saw that if China ever confronted the US military that they would need a way to offset the US military’s high-tech advantage in orbit.¹⁸⁵ This realisation has set into motion

¹⁸² “Military Power of the Peoples Republic of China 2002.”

¹⁸³ REFERENCE

¹⁸⁴ Peter N. Spotts, “Alarm over China’s Arms Pursuit – in Space,” *Christian Science Monitor*, November 20, 2006.

¹⁸⁵ Peter N. Spotts, “Alarm over China’s Arms Pursuit – in Space,” *Christian Science Monitor*, November 20, 2006.

focussed anti-access efforts on the part of China to counterbalance the dominance of the United States in space.

Literature shows that China has been actively researching the development of anti-satellite technologies as far back as the 1960's. However the program gained renewed momentum when Deng Xiaoping rose to power in the 1980's. Since then literature has suggested that China has been actively researching anti-satellite weapons using ground based lasers designed to blind and or destroy sensitive satellite electrical components, air launched anti-satellite missiles, and parasitic micro-satellites designed to "stick" to targeted satellites and either disable them through jamming or destroy explosively when commanded.¹⁸⁶ The ground based missile and ground based kill mechanism has already been demonstrated.

In October of 2006 the US confirmed China had "successfully blocked one of its spy satellites using a ground to space laser...The high powered light was able to blind onboard cameras." More recently, in January 2007, China successfully demonstrated a successful anti-satellite test using a kinetic kill vehicle to destroy an aging Chinese weather satellite.

Other literature indicates that China has explored the use of space to counter US aircraft carriers. Although there is little data to support that the Chinese have successfully developed this capability, the concern that China is willing to develop space weapons is cause for concern.

The pursuit of asymmetric space capabilities is interesting in light of China's policy regarding space as outlined in the White Paper – Chinese Space Activity in 2006. This document states:

The aims of China's space activities are: to explore outer space, and enhance understanding of the earth and the cosmos; *to utilise outer space for peaceful purposes*, promote human civilisation and social progress, and benefit the whole of mankind; to meet the demands of economic construction, scientific and technological development, national security and social progress; and to raise

¹⁸⁶ Pillsbury, *China's Military Strategy towards the US – a View from Open Sources*, 20.

the scientific quality of the Chinese people, protect China's national interests and rights, and build up the comprehensive national strength.¹⁸⁷

It is suggested that anti-satellite rockets, satellite blinding lasers, and the pursuit of space based system designed to target aircraft carriers, all support China's long-term strategy to emerge at a future date on par with the West.

Information Operations

Chinese leaders see information warfare, in today's increasingly high-tech battlefield environment, as a powerful asymmetric option for "over coming the superior with the inferior". Chang Mengxiong in *Weapons of the 21st Century* states that "Information warfare will be the most complex type of warfare in the 21st century, and it will decide who will win and who will lose a war."¹⁸⁸ Information operations are seen as particularly appealing because they have the ability to impact both the attacking military force and the political will of the people. The US-China Economic and Security Review Commission reports that Chinese military writings suggest the use of information warfare to attack "key civilian targets such as financial systems" as well as to destroy or cripple military targets. Another aspect of information operations is its ability to influence the enemy at longer ranges compared to its conventional warfare counterparts. Additionally, information operations are "also believed to enjoy a high degree of 'deniability,' rendering it a possible tool of strategic denial and deception."¹⁸⁹ In general, Chinese information warfare advocates argue that information operations are a useful supplement to China's conventional support to strategic goals.

Dr James Mulvenon, Deputy Director for Advanced Analysis and a specialist on the Chinese military from Defence Group, reports that a core concept of emerging Chinese military doctrine is the pre-emption "strategy of *xianfa zhiren*, or 'gaining mastery before the enemy has struck.'" Dr Mulvenon cites a Chinese author who

¹⁸⁷ "China's Space Activities in 2006," (Beijing: Information Office of the State Council of the Peoples' Republic of China 2006),n,p

¹⁸⁸ Chang Mengxiong, *Weapons of the 21st Century*, ed, Michael Pillsbury, trans. Michael Pillsbury, *Chinese Views of Future Warfare* (Washington DC: National Defence University Press, 1998), 255.

¹⁸⁹ "Chinese Information Operations Strategies in a Taiwan Contingency", in *US-China Economic and Security Review Commission* (2005).

write that information operations should be used “to take advantage of serious gaps in the deployment of forces by the enemy with a high edge by launching a *pre-emptive* strike during the early phase of the war or in the preparations leading to the offensive.” Other Chinese writers have focussed on the vulnerability of critical civilian infrastructure to computer network attack, which if attacked would “shake war resoluteness, destroy war potential and win the upper hand in war, thus undermining the political will of the population for participation in military conflict.”¹⁹⁰ The US-China Economic and Security Review Commission report summarises China’s offensive outlook towards information operations:

The PLA’s cyber-warfare strategy has evolved from defending its own computer networks to attacking the networks of its adversaries and limiting their ability to obtain and process information, and PLA information warfare units are developing viruses to harm the computer systems of its enemies. Such attacks would be intended to disable defence systems that facilitate command and control and intelligence communication and the delivery of precision weapons, primary instruments for the conduct of modern US warfare.¹⁹¹

Another disturbing aspect of China’s information operations capabilities is its growing cyber-espionage program. *TIME* magazine has reported that “in recent years, the counter-intelligence community has grown increasingly concerned that Chinese spies are poking into all sorts of American technology to compete with the US.”¹⁹² *TIME*’s article focuses on a cyber-espionage ring that US investigators have code-named “Titan Rain”, which since 2003 has “been conducting wide-ranging assaults on US government targets to steal sensitive information.”¹⁹³ The article also suggests that “Titan Rain” could set the scene for more serious assaults that could shut down or even take over a number of US military networks.”¹⁹⁴ US officials are quick to point out that “they don’t yet know whether the spying is official, a private sector job or the work of many independent, unrelated hands,” but that the FBI is ‘aggressively’

¹⁹⁰ Ibid

¹⁹¹ “US-China Economic and Security Review Commission,”137.

¹⁹² Nathan Thornburgh, “The invasion of the Chinese Cyber spies (and the man who tried to stop them),” in *TIME* (<http://www.time.com/time/magazine/article /0,9171,1098961,oo.html>)(2006)

¹⁹³ Ibid.

¹⁹⁴ Ibid.

pursuing the possibility that the Chinese government is behind the attacks.¹⁹⁵

Independent experts are more forthright in attributing these attacks to the Chinese government. Allen Paller, the director of SANS Institute states that “the attacks have been traced to the Chinese province of Guangdong, and the techniques used make it appear unlikely to come from any other source other than the military....”These attacks come from someone with intense discipline. No other organisation could do this if they were not a military organisation.”¹⁹⁶

Why is cyber-espionage so important to the Chinese? David Szady, head of the FBI’s counterintelligence unit, summed up the answer in an interview with *TIME* , “When it comes down to advancing their military by stealing data, the Chinese are more aggressive than anyone else....If they can steal it and do it in five years, why{take longer} to develop it?”¹⁹⁷ Practically speaking, espionage has allowed the Chinese military to make great advances in technology in a very short time and at a fraction of the cost. Some examples of China’s efforts include new weapons systems that seem to “clone the Tomahawk cruise missile and the Aegis seaborne radar system.”¹⁹⁸ This same technology cost the US hundreds of millions of dollars in research and development costs and often represented decades of work.

Area Denial Weapons

Another trend in China’s offensive asymmetric capability is in its ballistic and cruise missile programs. China has made extensive investment in developing its longer-range ballistic missile force. It has developed a road-mobile, solid-propellant, intercontinental ballistic missile, which can target most of the world. Former US Secretary of Defence, Donald Rumsfeld commented on China’s efforts to expand its missile force to include missiles capable of reaching targets around the world, not

¹⁹⁵ Ibid.

¹⁹⁶ The SANS (SysAdmin, Audit, Network, Security) Institute was established in 1989 as a cooperative research and education organisation. it is one of the most trusted and by far the largest source for information security training and certification in the world. Quotation from: “Hacker Attacks the US. Linked to Chinese Military: Researchers,” in Breitbart.com

(<http://www.breitbart.com/news/2005/12/12/051212224756.jwmkvntb.html>)(Dec15

¹⁹⁷ Thornburgh.

¹⁹⁸ James Kitfeild, “Espionage, the Sequel,”*Air Force Magazine* March 2007, 73.

just the Pacific region: “Since no nation threatens China, one must wonder: Why this growing investment?”¹⁹⁹

China’s asymmetric military modernisation efforts are part of China’s long-range strategy. China’s growing asymmetric capabilities nicely compliment China’s energy security needs as well as China’s desire to gradually build its military power to challenge a hegemon. The realisation of these efforts will enable China to emerge as the dominant regional player in Asia and ultimately on par with the West.

The Need for Action

The US cannot cede control of the strategic waterways without incurring risk to vital US interests. First, failure to respond to China’s “String of Pearls” strategy threatens US power projection capabilities. Emphasising preparations to fight and win short-duration, high intensity conflicts, China hopes to negate the United State’s ability to intervene in the region, especially during a conflict with Taiwan. The US military cannot perform its primary missions-peacetime engagement, deterrence and conflict prevention, and fighting and winning the nations wars – unless it maintains the ability to deploy forces in a timely and effective manner. China enjoys the enduring advantage of proximity and interior lines of communication in Asia.²⁰⁰ The United States must overcome the difficulties of distance to project power and to protect the regions sea lines of communication. In a China-Taiwan conflict, delaying or harassing a US carrier task force may create conditions sufficient for Chinese victory.

Unimpeded access through the South China Sea is strategically important not only in the event of conflict in the region, but also as a route to the Persian Gulf. Sixty Four percent of the known global oil reserves are concentrated in the Middle East. Surrendering maritime control to China would certainly influence US foreign policy. Even if China did not actively oppose US forces transiting through strategic chokepoints, it could impose significant time delays and costs. Second, failure to respond to China’s “String of Pearls” strategy would impact on the freedom of

¹⁹⁹ Kynge, 234.

²⁰⁰ Harold Brown, Joseph Prueher, and Adam Segal, *Chinese Military Power* (New York, NY: Council on Foreign Relations, 2003), 3.

navigation through chokepoints that are critically important to global economic interests. One quarter of the world's trade passes through the Strait of Malacca. Over 1,100 fully laden super tankers, many with only a metre or two clearance between their keel and the channel bottom, pass eastbound through the Strait each year.²⁰¹ If China succeeds in gaining control of the Strait, then half the world's merchant fleet would be required to seek alternative routes. This situation would result in huge economic losses, delays in shipping, and generate a substantial increase in the requirement for vessel capacity. If the Chinese threaten to close the Strait of Malacca and merchant ships are re-routed, commercial transportation costs will increase by 60%.²⁰²

More importantly, China would be able to harm the economies of close allies, most notably Japan and South Korea. Threats to exert control over sea lanes would have an enormous impact, giving Beijing tremendous bargaining leverage. Japan and South Korea rely on US naval power to help protect the transit of their goods to market and the flow of resources. Seventy percent of Japan's trade passes through the Strait of Malacca. The Japanese and South Korean economies are heavily dependent on the free passage of commercial traffic through the Strait of Malacca, yet neither country has the naval forces necessary to adequately protect its long-haul commercial shipping in the region. Not only does it benefit the United States to protect the vital interests of its close allies, the United States is bound by treaty to secure Japanese and South Korean sea lines of communication.²⁰³

An American failure to protect Japanese and South Korean interests would weaken strategic alliances and encourage those nations to take their own defensive measures, potentially setting the scene for a spiralling arms race. If a regional arms race does not come to fruition and Japan chooses a conciliatory approach, then Japan may be forced into political accommodation as a result of overt Chinese threats or soft power influence.

²⁰¹ John Noer, Southeast Asian Chokepoints: Keeping Sea Lines of Communication Open" http://www.ndu.edu/inss/strforum/sf_98/forum98.html.

²⁰² Jae-Hyung, "China's Expanding maritime Interests," 563.

While war with China is not considered inevitable, it would be a serious mistake for the United States not to protect its vital interests and create a hedge against the risk of some form of conflict. China stands at a strategic crossroads, and the United States must be prepared to respond to the uncertainties of any Chinese course of action. The dispute of Taiwan is an obvious flashpoint, but countering Chinese soft power requires strategic considerations beyond preparing against direct military confrontation. The United States must be prepared to fully engage China, but also capable of responding to potential Chinese attempts to attain regional hegemony through force or intimidation.

Developing a Hedge Strategy

Many political scientists argue that it's a question of "when," not "if" US-China relations sour. Some advocate the United States follow a strategy that seeks to prevent or at least moderate China's rise. Max Boot chides the Pentagon for failing to recognise China's nefarious plotting and accuses "Chinese strategists, in the best tradition of Sun Tzu [of] working on crafty schemes to topple the American hegemon."²⁰⁴ In response, Richard Haas, president of the Council of Foreign Relations, points out, "One problem with this thinking is that the rise and fall of countries is largely beyond the ability of the United States or any other outsider to control. The performance of states is mostly the result of demographics, culture, natural resources, educational systems, economic policy, political stability, and foreign policy. It is not clear the United States could prevent China's rise even if it wanted to."²⁰⁵ Either way, strained relations between the two countries are likely.

While the United States has little influence over the pace and scope of Chinese military spending, it can strive to maintain a strategic advantage in the region to protect trade, preserve regional influence, and threaten China's strategic vulnerabilities if required. China's ultimate goal is to control strategic chokepoints in

²⁰³ Japanese Ministry of Foreign Affairs "Guidelines for US-Japan Defence Co-operation, <http://www.mofa.go.jp/region/n-america/us/security/guideline2.html>.

²⁰⁴ Max Boot, "China's Stealth War on the US," Los Angeles Times, 20 July 2005, available at <http://www.tiea.us/8185.htm>.

²⁰⁵ Richard Haas, "What to do about China," <http://www.usnews.com/opinion/articles/050620/20/chinaessay.htm>.

the South China Sea and Indian Ocean. China's "String of Pearls" strategy supports efforts to exclude the United States from the region. To offset the ability of Beijing to leverage its emergent military capabilities, the United States needs a sustained and robust naval and air presence in the region to prevent China from having the option of threatening US and allied interests.

The United States should take steps to encourage a peaceful and prosperous China while pursuing a hedge strategy to reduce the risks associated with a China that chooses a belligerent attitude in the real of foreign policy. The United States should dissuade China through a position of strength, working to restore the regional balance of power to combat China's expanding military power. While defending American and allied interests, this approach offers a promising way to avoid a large scale confrontation with China and peacefully manage China's rise.

Developing Strategic Partnerships

The United States and China are shadowboxing each other for influence and status in the Asia Pacific.

Evan S. Medeiros
RAND

American defence posture in the Southwest Pacific remains relatively static despite China's military expansion.²⁰⁶ US inaction threatens the loss of American influence, endangers US power projection capability, and jeopardises the balance of regional security. The United States should focus on constructive engagement in order to build strategic partnerships within the region.

Forward-operating bases could ostensibly restore the security balance of power in East Asia and complements a broader political-military strategy to reverse Chinese efforts to marginalise US power in the region. This strategy provides the United States with the means to threaten Chinese sea lines of communication, thereby

affording the United States the ability to exert significant pressure on China. Even a glance at a map reveals that Taiwan and the Straits of Malacca are geographic constraints on Chinese naval projection.²⁰⁷ Although a Chinese invasion of Taiwan offers the most likely cause of conflict, the United States also has an obligation to prevent China from coercing its neighbours with the threat of military force.²⁰⁸ This responsibility is not explicitly formalised in treaties, but the United States still requires a capability to intervene. Developing a joint maritime capability and securing basing rights in the region makes it clear to the Chinese that military aggression would come at a cost. The goal here is to deter China from embarking on a war in the first place.

Counterbalancing China's "String of Pearls" while managing the geo-political context requires skilled diplomacy. Robert Kaplan notes, "We will have to continually play various parts of the world off China, just as Richard Nixon played less than morally perfect states off the Soviet Union."²⁰⁹ The US should pursue an approach that both engages China cooperatively and hedges against an emerging peer competitor that may choose to follow a malevolent path.

To gain access to forward-operating bases, the US should (1) capitalise on longstanding historical ties, decades of goodwill, and enduring friendships; (2) renew political and military ties with allies that have been neglected; and (3) explore new strategic partnerships. The following discussion does not provide a detailed political-military strategy for individual countries and does not provide an exhaustive list of possible political-military strategy for individual countries and does not provide an exhaustive list of possible political-military courses of action. Rather the purpose is to highlight some promising diplomatic paths to secure basing rights. A common theme is the exploitation of uncertainty surrounding China's rising power, especially given its historical penchant for resorting to military force to settle territorial disputes.

²⁰⁶ Richard Hawley, Michael Donley, and John Backschies, "Enhancing USAF's Pacific Posture," *Armed Forces Journal International*, September 2002, http://www.armedforcesjournal.com/AFJI/Mags/2002/Sept/USAF_Pacific.html.

²⁰⁷ James Holmes and Toshi Yoshihara, "The Influence of Mahan upon China's Maritime Strategy," *Comparative Strategy* 24 (March 2005), 29.

²⁰⁸ Robert Kaplan, "How We Would Fight China", *The Atlantic Monthly*, June 2005, <http://www.theatlantic.com/doc/prem/200506/kaplan>.

²⁰⁹ *Ibid*

Capitalising on Enduring Friendships

Most countries in the region, including some longstanding American allies, face a security dilemma with regard to relations with China. They want to maintain mutually beneficial economic ties with China, while addressing security concerns over China's growing military capabilities. Australia offers one example. Australian government officials fear their country will become increasingly marginalised in Asia unless it re-thinks its defence and economic alliances.²¹⁰ During a visit to Beijing in 2004, the Australian Foreign Minister questioned whether the Australia, New Zealand, United States Security Treaty (ANZUS) would apply if China invaded Taiwan.²¹¹ News commentaries following the visit noted "The Foreign Ministers talks in Beijing over the past two days have shown how quickly even a conservative, staunchly pro-US government in Canberra is being turned by China's rapidly rising economic power and influence, to the point where it is distancing itself from a key US strategic posture in the region."²¹²

Australia's fears are partly due to ambiguity in American Defence policy. Creating a network of bases would strengthen US presence, sooth Australian fears regarding American commitment in the region to hedge their defence policies. In negotiating access and basing rights with Australia, the US may be able to take advantage of political-diplomatic tensions between China and Australia. Potential areas of disagreement include human rights, China's nuclear testing, the Spratley Islands, Tibet, and illegal migrants.²¹³

The US may also be able to capitalise on Australia and New Zealand's involvement win the Five Power Defence Agreement to build closer relations with some of the other signatories to that treaty. The Five Power Defence Agreement obligates

²¹⁰ Joe de Courcy, "China's Global Relations," *Asia Intelligence Special Report*, January 2003, www.asiaint.com

²¹¹ "Taiwan urges ANZUS solidarity", ABC News Online, 20 August 2004, <http://www.abc.net.au/news/newsitems/200408/s1180851.htm>

²¹² Hamish McDonald and Tom Allard, "ANZUS loyalties fall under China's shadow," *The Sydney Morning Herald*, August 18 2004.

²¹³ Stuart Harris, "The Role of China in Australia's Regional Security Environment," in *China's Shadow: Regional Perspectives on Chinese Foreign Policy and Military Development* (Santa Monica, CA: RAND, 1998), 134.

Australia, the United Kingdom, New Zealand, Singapore and Malaysia to consult in the event of external threats and gives privileged access and stationing rights to Commonwealth forces. With Australia and New Zealand's support, the US may be able to leverage the provisions of the Five Power Defence Agreement as a way to forge an even closer relationship with Singapore, an ally that has consistently supported a US military presence in the Asia-pacific region, and bolster defence association with Malaysia, a country that is ideally suited for maritime interdiction bases but does not have strong US defence ties.

Renewing Strategic Ties

The United States could make an effort to renew its strategic ties with the Philippines. One *Country Study* likens the lengthy and intimate "special relationship" between the Philippines and the US to a family feud.²¹⁴ In 1951, the Philippines and the United States signed a Mutual Defence Treaty (MDT) to provide mutual military assistance. During the Cold War, the US maintained large military facilities in the Philippines, to include Clark Air Base and Subic Bay Naval Base, until the early 1990s when the Philippine congress intervened to prevent a renewal of lease agreements. Although the Philippine congress did not question the need for a military alliance, the physical presence of such large bases offended nationalists. The nationalists saw the "socially deformed communities" outside gates of the American facilities as a "national disgrace."²¹⁵

Forward-operating bases have less of a footprint, so they may be more politically acceptable for the Philippine domestic constituency. The Philippine Department of Foreign Affairs takes the position that the presence of US armed forces in the Philippines, albeit during approved military exercises, is a positive contribution.²¹⁶

The Philippine government currently will not negotiate access agreements or consider long-term stationing of American troops in the country, but officials recognise congruent interests bind the two countries together. The Philippine

²¹⁴ Federal Research Division of the Library of Congress, *Philippines Country Study*, 1991. <http://countrystudies.us/philippines/92.htm>.

²¹⁵ Federal Research Division of the Library of Congress, *Philippines Country Study*, 1991. <http://countrystudies.us/philippines/92.htm>.

Department of Foreign Affairs extols the benefits of defence relations with the United States on its website: "While we do not rely solely on the MDT for our external defence, the 1951 MDT remains beneficial for the Philippines especially in these uncertain times. At the very least, it could give a pause to a would-be aggressor. Moreover, the MDT serves as a link in the chain of bilateral defence arrangements the United States maintains in the Western Pacific. This security network contributes to regional stability and supports the political environment for promoting investor confidence and economic growth all around the region, including the Philippines."²¹⁷

Additionally, the Philippines rely on its defence agreements with the United States to deter China from territorial creep and for assuring the security and political stability of the East Asian region. Not only does the Philippine government consider US security guarantees vital to maintaining peace, but it believes that the agreements contribute to "the economic development of the Philippines, which, in turn, guarantee the welfare of individual Filipinos."²¹⁸

Exploring New Strategic Partnerships

The United States should not limit its quest for strategic partners to counter China's growing military power to old friends. The political dynamics are such that even former enemies of the United States may be willing to consider new defence relationships.

The Spratly Islands serves as a major potential flashpoint that affects not only the Philippines, but also Vietnam, Malaysia, Indonesia, and Brunei. These countries may be willing to jointly develop forward-operating bases that could be used both in the event of conflict over the Spratley Islands and for maritime interdiction. They may agree to a closer relationship if it allows them to negotiate with China from a position of strength (i.e. the United States provides assurances that it will not allow China to use military force to settle territorial disputes). China is reluctant to compromise

²¹⁶ Steve Rogers, "Beyond the Abu Sayyaf," *Foreign Affairs* 83, no.1 (January/February 2004), <http://www.foreignaffairs.org/2004040101facomment83103/steven-rogers/beyond-the-abu-sayyaf.html>

²¹⁷ Department of Foreign Affairs, Republic of the Philippines, <http://www.dfa.gov.ph/vfa/content/faq.htm>

²¹⁸ Department of Foreign Affairs, Republic of the Philippines, <http://www.dfa.gov.ph/vfa/content/faq.htm>

because the Spratly Islands cut across important international shipping lanes and may possess substantial natural resources, including a large reserve of oil. In the 1990's Indonesia volunteered to mediate the Spratly issue, but gave up after Chinese arrogance annoyed the Indonesian leaders.²¹⁹ China's ownership claims extend into Indonesia's exclusive economic zone and continental shelf. In 2002, China signed a code of conduct governing the Spratly Islands dispute, but this pledge amounts little more than a non-binding commitment not to escalate tensions in the area.

In addition to territorial disputes, the United States can call attention to China's trade practices that negatively affect its neighbours' overseas markets and foreign investment. For example, the Chinese electronics industry has captured much of the market that the Malaysian manufacturing base formally commanded.

The United States can also explore building strategic partnerships with Malaysia and India. The United States can take advantage of a consistent thorn in India's side-China's relations with Pakistan. Relations between China and India are strained: the two countries fought a war over disputed boundaries that have not been resolved yet to either party's satisfaction. Additionally, China helped Pakistan develop missiles, which are aimed at India. As part of China's "String of Pearls" strategy, China is constructing and upgrading ports and naval bases in Pakistan, Myanmar and Bangladesh, effectively encircling India. India may be willing to allow the United States to set-up forward-operating bases to counteract China's power projection capability in the Indian Ocean.

More robust military cooperation with India in recent years has yet to strain US relations with Pakistan. An increased American presence in India is not necessarily likely to upset Pakistani leaders as long as US defence policy remains balanced vis-

²¹⁹ Steve Rogers, "Beyond the Abu Sayyaf," *Foreign Affairs* 83, no.1 (January/February 2004), <http://www.foreignaffairs.org/2004040101facomment83103/steven-rogers/beyond-the-abu-sayyaf.html>

²¹⁹ Department of Foreign Affairs, Republic of the Philippines, <http://www.dfa.gov.ph/vfa/content/faq.htm>

²¹⁹ Department of Foreign Affairs, Republic of the Philippines, <http://www.dfa.gov.ph/vfa/content/faq.htm>

à-vis India and Pakistan. Conceivably, Pakistani support for the US global war on terror may suffer if Pakistani leaders misinterpret actions designed to counter China's "String of Pearls" and perceive a shift in US regional defence policy towards India.

Balancing perceptions and interests is a complex task. Diplomacy cannot modify relations with one country without affecting the relationship with other nations in the region. Pakistan benefits both economically and militarily from Chinese investments in the port of Gwadar. In 1971, India's blockade of the port of Karachi had a serious impact on the Pakistani economy. Again in 1999, India threatened to blockade Karachi port. Because Gwadar is 725km to the west of Karachi and hence, farther away than India, the port facilities there provide Pakistan with a strategic depth along its coastline.²²⁰

Iran, on the other hand, views China's presence at Gwadar as likely to erode the significance of its ports, especially Chabahar, the port that India helped to build. China's "String of Pearls" adds to Iran's "feeling of encirclement."²²¹ Despite this unease over Chinese military presence in the region, economic relations between Iran and China are strengthening. In 2004, two of China's state-owned oil companies signed huge deals with Iran, and consequently, China became Iran's top oil export market. China plans to invest over \$100 billion in Iran's energy sector over the next 25 years.²²² So any US policy that interrupts the flow of oil from Iran to china would at the very least stir a protest.

²²⁰ Sudha Ramachandran, "China's Pearls in Pakistan's Waters," Asia Times, 4 March 2005, http://www.atimes.com/atimes/South_Asia/GC04Df06.html.

²²¹ Ibid

Proposed Course of Action

*“On Sunday, a Chinese intelligence-collection ship challenged [USN Survey Ship] Impeccable over bridge to bridge radio, calling her operations illegal and directing Impeccable to leave the area or “suffer the consequences”.*²²³

China’s rapidly growing power, in the hands of a neo-Leninist,²²⁴ top-down government, is a dangerous combination. The most effective means of providing China the necessary time to change is to slow the rate of China’s accumulation of power. Rapidly increasing national power without a commensurate sense of global responsibility has proven historically dangerous. Germany, Japan, and the Soviet Union attained great power in the twentieth century faster than other societies could transform to a bottom up representative system. As in today’s China, authority flowed downward rather than upward, and governing regimes upset the global balance of power with ill-advised exercises of their new found might. Changes since 1945 stripped China of much of its older, stabilising social order,²²⁵ and China is accumulating power too quickly to develop the necessary representative systems and mediating institutions to support the wise use of that power. There is little political feedback to influence Beijing’s judgement regarding how a representative superpower must behave in its global relations. If China eventually does allow its people some degree of democratic involvement, the emerging form will remain uniquely Eastern and will pay service to a historical acceptance of strong central authority, yet a “Chinese-flavoured” democracy will still be considered an asset to the world.

²²² Jephraim Gundzik, “The ties that bind China, Russia and Iran,” Asia Times, 4 June 2005, http://www.atimes.com/atimes/South_Asia/GC04Df07.html.

²²³ The Dominion Post, 11 March 2009, Sec B2

²²⁴ Minxin Pei, “The Dark Side of China’s Rise”, *Foreign Policy*, (March/April 2006), 39

²²⁵ F.W. Mote, *Imperial China*, (Cambridge, Massachusetts: Havard University Press,(1999), 972.

China needs more time for various influences to initiate democratic changes and resolve its evolving self-identity with that of a responsible world power.²²⁶ Two such influences are globalisation and spirituality. Globalisation is a strong shaping force; given time and access, it could foster democratic changes and incline China's behaviour toward international cooperation and engagement.

Given China's drive to achieve superpower status and its view of the US as its greatest obstacle, and willingness to militarily defend apprehended interests, it is imperative for the US and her allies to determine an effective, strategy to deal with China. The US – China Commissions 2005 Report advises that the US must aggressively address China with a variety of tools and approaches.²²⁷ To meet China's multi-dimensional challenge, the US must respond with all instruments of power to slow China's rise.

Diplomatic Response

To devise a diplomatic response, America should first ask: What does China want? China wants sovereignty over its people and territory, increased access to energy and food resources, and the respect due to a nation that sees itself as the centre of civilisation.²²⁸ Diplomacy with China must acknowledge China's goals. America should find ways to help China obtain its objectives, while slowing its growth and nurturing it as a responsible international actor. Washington must accelerate its pursuit of further economic, trade and defence alliances, not in China's backyard but in all resource rich areas. The US must respond actively to China's "cheque-book subversion",²²⁹ Former Secretary of State Rice's changes in US Aid could advance that tactic.²³⁰ The fastest growing and largest economies of the world surround the Pacific Rim. Their relationship with America is increasing their economic and military strength. These relationships can counterbalance China's increasing power and

²²⁶ Ibid

²²⁷ 2005 Report to Congress of the US-China Economic and Security Review Commission

²²⁸ Michael Swain and Ashley Tellis, *Interpreting China's Grand Strategy* (Santa Monica: RAND Publications, 2000), 4

²²⁹ Bill Gertz, *The China Threat: How the Peoples Republic of China Targets America* (Washington DC; Regency Publishing Inc, 2000), 94

²³⁰ Glen Kessler and Bradley Graham, "Diplomats will be shifted to Hotspots", *Washington Post*, 19 Jan 2006.

moderate its upsurge. India, a nation strategically positioned economically and militarily to possibly offset China, is well worth significant relational, military, and economic investment.

Realistic Approach to Taiwan

A major diplomatic issue commanding focussed attention is America's China-Taiwan policy. Washington accepts the concept of one China, but opposes Taiwan's reunification by military force.²³¹ China has demonstrated great perseverance to achieve its national goals. Reunification will eventually happen if Beijing, Washington and Taipei maintain their current attitudes and policies. China is rapidly developing the military means and methods to take Taiwan quickly before the US can react. If Taiwan relies solely on the US, it will one day fall.

The Taiwan Relations Act²³² was designed to help Taiwan arm and defend itself, but Taiwan now essentially depends on America for defence. Taiwan, relying on America for defence decreased its spending as a percentage of GDP from 4.8% to 2.4% since 1995,²³³ and recently rejected military upgrades and improvements from the US. Washington should perhaps advise Taiwan that the US will help Taiwan defend itself *if* Taipei commits greater resources to its own defence.

If Taipei does not respond to this message, the US may recognise that Taiwan has made a sovereign decision and allow it to realise the consequences of that decision. The US may fear however, that if China takes Taiwan militarily, regional nations would lose faith in America's commitment and gravitate toward China.

Structuring the regional worldwide perceptions so that the Issue is framed in such a way that America is supporting the sovereign decisions of a friend rather than abandoning a friend will alleviate that fear. Washington can shape those perceptions

²³¹ Douglas M. McCreedy, *Crisis Deterrence in the Taiwan Strait*, Strategic Studies Institute Monograph (Carlisle Barracks: US Army War College), November 2003, 35.

²³² Sam Brownback, "The Taiwan Relations Act, <http://www.heritage.org/research/asiaandthepacific/hl828.cfm>

²³³ John J Tkacik, Jr "Pentagon Report on Chinese Military Power Deserves Careful Reading <http://www.heritage.org/research/asiaandthepacific/wm804.cfm>

with a strategic information campaign. A Chinese military takeover of Taiwan, augmented by the message that nations must participate actively in their own defence, would motivate some regional nations to increase military spending. Taiwan's location on sea-lanes vital to Japan could also impel Japan to build its military power. This scenario would add to regional balance while decreasing China's status in world opinion.

If, on the other hand, Taiwan decides to increase its defensive capabilities, its new capabilities may deter China, especially if the US would add offensive weapons to the package. This scenario could send the message to China's neighbours that America will help them if they assume greater responsibility for their own sovereignty, thereby encouraging them to boost defence spending. A stronger force would be constructed around China, curtailing its enlargement.

This approach to the Taiwan question is more likely than the current approach to produce a win-win outcome because US security would be enhanced no matter what decision Taiwan makes. In the first scenario, China loses standing in the world and lends the US legitimacy to take a stronger position against China's economic behaviour, while strengthening the regional balance of power. In the second scenario, China's ambition is forestalled for decades, while greater regional military spending also strengthens the balance of power.

Economic Response

China's economy is Beijing's strategic centre of gravity – its source of real national power. Because wealth equates to power and power is essential to achieve its international political goals and because prosperity mitigates internal unrest, Beijing is focussing intently on its economy. China is building new economic partnerships throughout the world but still relies heavily on American revenues. When it no longer needs American buying power to fund its objectives and when its military deterrent capabilities are sufficient, it will be in a position to more aggressively degrade US capabilities and challenge US hegemony. China's power will increase unless its

economy is slowed. Deliberately moderating the rate of China's growth is the most direct means of delaying its power build-up and decreasing its threat to America.

Historically, financial crisis have generated democratic reforms, and despite China's surging economy, its economic disparities leave it perilously close to such a crisis. It is too early to note what effects the current world financial crisis might have on the Chinese economy. China's economy is vulnerable in areas such as energy availability and acquisition, limited banking capabilities, cash outflow, and shrinkage of foreign direct investment. Economists can more clearly pinpoint Chinese vulnerabilities and plan a campaign that slows China's economy while safeguarding regional and global economic interdependence. The strategic goal is to skilfully regulate China's ascension to power without destroying its economy or seriously impacting the global economy. Strategic success will be measured in the number of decades taken from China's unimpeded economic rise.

Military Response

Continued strengthening of the US military can also decelerate China's expanding potency. The US must not allow China to outpace America's conventional or nuclear capabilities and must maintain its clear technological advantages. If the US and her allies can stay significantly ahead of China in weapons technology, then China would be forced to spend huge amounts of money to develop a costly defence infrastructure, thereby further delaying its power build up. However, this depends upon safeguarding technology from espionage, to prevent a free ride for China.

China's military growth is disconcerting, given that it faces no real challenge. Its development of inter continental nuclear missiles as well as land and sea launched weapons poses a significant threat to continental US as well as forward-based land and maritime US forces.

Maintaining a US regional presence is critical, and the Pacific command has positioned both a quantity and variety of land, air and sea forces throughout the Pacific to counter China's growing conventional power.²³⁴ This deployment should both continue and increase throughout the region. Guam's Anderson Air Force Base is a model for power-projection basing, but it presents the Chinese with a very convenient target, not unlike the clustered battleships and aircraft in 1941's attack on Pearl Harbour. The US Pacific Command must continue securing diverse basing throughout the region.

China, the first civilisation to launch rockets,²³⁵ has deep ambitions for space, so America must not give Beijing the opportunity to secretly militarise space. America should resist Beijing's pressure to sign further space limitation treaties, since China would likely violate such accords while holding America to their terms. If threatened by EMP weapons, nuclear ballistic missiles, or attacks against space instrumentation, the US must be prepared to act immediately to control space.

Conclusion

The aim of this Thesis has been to investigate the connections between China's defence modernisation drive and its need to access external energy resources. China has strong ambitions of becoming a superpower and plans to emerge as a peer competitor with the United States and her Western allies. It is considered that China and the United States (and her allies) are on a *potential* path to future conflict. This path towards conflict is illustrated by China's approach towards securing global energy resources, their purposeful and systematic transformation of the Peoples Liberation Army into a modern military force and carefully developed long term efforts aimed to gain the time necessary to accumulate forces capable of turning the Peoples Republic of China into a major regional and then a superpower on par with the United States. The reason for this modernisation is to support China's growing demand for energy resources.

²³⁴ <http://www.defenselink.mil/dodge/oic/tstmny.html>

²³⁵ *Ibid*

China's increasing demand for energy is a dilemma of growing proportion. China's energy demands will continue to grow and most likely will become increasingly dependent on foreign imports. This is a factor that potentially threatens the stability of China's burgeoning economy and as such, China's leadership must do everything in its power to satisfy China's energy needs. Failure to do so would likely precipitate economic panic and collapse of the sort that could unhinge the Communist party's regime and authority. China's leadership faces an imperative – China's thirst for energy must be fed.²³⁶

China is seeking to protect its access to oil using economic bargaining power over military power in the short-term. This strategy is rooted in Chinese history and focuses on assuming a non-threatening posture while slowly developing capabilities necessary to challenge a hegemon and achieve great power status. China's willingness to strike deals for access to energy resources wherever they become available has brought China into increasing strategic and diplomatic conflict with the West. China's growing military capabilities and its increasing assertiveness in laying the military framework to guarantee "the safe passage back home of the oil and other resources it acquires in foreign climes" as evidenced by its "String of Pearls" initiative reflects the importance China places on energy security.²³⁷ China's String of Pearls approach and its military modernisation are the two approaches that reflect China's overall strategy. China is simultaneously pursuing basing, and access rights and the development of asymmetric military capabilities. China consistently downplays the threat of its military modernisation and argues that it intends to rise peacefully. As proof, China offers its "Peaceful Development Road" White Paper. This policy framework is nothing more than recognition by China's leadership that it must adopt a long-term strategy that avoids direct military conflict with the United States if it is to be successful in its efforts. Unlike the West, China is patient, and it is willing to wait a few years or decades to make its desire a reality. China also suggests that its military modernisation is purely defensive in nature and that it is in-sync with its "Peaceful Development Road" framework as evidenced by its low overall spending

²³⁶ Kyngge, James, *China Shakes the World* Boston, New York: Houghton Mifflin Company, 2006. 227

on defence. China's actual defence spending and its focussed effort to develop asymmetric capabilities indicate that China's true intentions are focussed on a broader objective of achieving great power status.

China plans to aggressively challenge US maritime superiority in the Southwest Pacific. As part of its "String of Pearls" strategy, China is building a network of intelligence-gathering bases and power projection hubs along the sea lanes to the Middle East. Additionally, China is rapidly building a blue-water navy, developing advanced missile technology, deploying new submarines, and stockpiling undersea mines to counter US Navy capabilities and protect its energy security. China's goal is to expand its political and military influence in the region.

The stakes are high; the United States cannot cede control of the regions strategic waterways without incurring immeasurable risk to vital US interests. One quarter of the world's maritime trade passes through Malacca Straits. Failure to respond to China's "String of Pearls" threatens US power projection capabilities and potentially allows China to militarily coerce its neighbours. Prudent action requires the United States to hedge to protect its vital national interests.

Chinese intentions may be pacific, but Chinese actions seem to suggest otherwise. First, the Chinese government consistently pursues huge increases in military spending. In fact, annual, double-digit increases in Chinese military spending have been the norm for each of the last fifteen years. Second, China continues to befriend questionable regimes, such as Iran, Sudan, and Venezuela, in its quest to secure energy resources. Third, China reportedly demonstrates a penchant for settling territorial disputes with violence.

The Chinese are developing military capabilities to target specific vulnerabilities in the US military, particularly US maritime power. The most important of these capabilities are those that can sink an aircraft carrier. Sinking an aircraft carrier would have the most profound consequences in the event of conflict, as US carriers are central both to US power projection capabilities and military prestige. The

²³⁷ *ibid.*235.

Chinese are starting to view command of the sea as a prerequisite to expand their regional influence and to increase their national power.

Alfred Thayer's ideas are shaping Beijing's maritime aspirations. Influenced by Mahan's theories, the Chinese added ten new destroyers to their naval inventory, six of which were built in China since 2002. Chinese naval bases included in the "Sting of Pearls" infrastructure satisfy the Chinese navy's "need for Mahanian coaling stations".²³⁸

Without substantial change in China's culture, its eventual manifestation as a great world power requires a corresponding decline of American power. China is capable of using force with little regard for the cost to its own people and views asymmetric conflict as a legitimate means to degrade US strength and influence. This positions Beijing as a formidable world competitor rather than a world partner.

America's most suitable response to China's ascent would be to engage Beijing in areas of common interest while applying subtle friction to its economy. Adding decades to China's rise will give its culture necessary time to reach global influences and offer any grassroots democratic initiatives opportunities to propagate. This is a dicey proposition. Without caution, the strategy risks damaging world economies, provoking open conflict, or encouraging a new and more perilous cold war. However, unless the US is willing to step aside as the only superpower and consign that responsibility to an authoritarian, repressive regime, it must clearly absorb the risk and use a full spectrum of means to stall China's economy while maintaining an even greater military advantage. Is it right or ethical to manipulate the economy of 1.3 billion people for a greater world good? If this approach prevents a disastrous war, and eventually leads to a responsible China willing to share the burden of maintaining international order, the answer is clearly, "Yes".

It seems appropriate to close with the following thoughts. China has a very long history where they were *the* dominant power in all of Asia. In fact, China has

²³⁸ Richard Fisher, "Plan for Growth: china's Surface Fleet Modernisation Fits Beijing's Appetite for Sea Power," *Armed Forces Journal*, April 2006, 32.

dominated culturally, economically and militarily its “known world” almost since the beginning of its recorded history. As Steve Mosher has observed, “with the exception of the Roman Empire at its height, the major Chinese dynasties dwarfed in population and geographical extent contemporaneous empires in other parts of the world.”²³⁹ China’s fall from greatness is a very recent occurrence when viewed from the perspective of China’s rich imperial history...a history that has instilled a strong sense of national greatness. China’s fall from greatness is no small matter in the mind of the Chinese and it represents a great ‘loss of face’, which must be assuaged. What better way to relieve the humiliation of China’s fall from greatness than to plot a course to re-emergence as a great power. The world must not be naïve to China’s true intentions. China’s increasing need to secure energy resources and its increasingly powerful military are clear signs that China is a very credible threat to the West and the world at large.

Few would argue that China has the legitimate right to modernise its armed forces as long as they do not threaten others. However, unlike the past decade, when China’s military was obviously out-of-date and incapable of threatening others, that is no longer the case today.

²³⁹ Steve Mosher, “The Struggle for Democracy in China: Tiananmen Square in Retrospect, 2007, “Witherspoon Lectures (<http://www.frc.org/get.cfm?i=wtooe2>), Family Research council.

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