

“The Military Power of the People’s Republic of China”

Prepared Statement of The Honorable Peter W. Rodman Assistant Secretary of Defense for International Security Affairs before the House Armed Services Committee Thursday, June 22, 2006

Introduction

Mr. Chairman, I would like to thank you for the opportunity to speak about the military power of the People’s Republic of China. As you know, last month we submitted our annual report on this subject – an important document on a matter of great significance to U.S. defense and security policy. Although this report is tasked to the Department of Defense and transmitted to the committees by the Secretary of Defense, I would like to point out that it is a product of intensive interagency coordination, including with the State Department, the National Security Council and the Intelligence Community.

Context of Bilateral Relations

This year’s report comes against the backdrop of an overall U.S.-China relationship that is improving. The President is pleased we have a good, constructive relationship with China. Since the EP-3 incident of 2001, relations have improved in all fields – political, economic, and military. As the Defense Department’s recent Quadrennial Defense Review (QDR) report states, we remain “focused on encouraging China to play a constructive, peaceful role in the Asia-Pacific region and to serve as a partner in addressing common security challenges, including terrorism, proliferation, narcotics and piracy.”

In the military field, Secretary Rumsfeld's visit to China last October produced an agreement for the two countries to expand senior-level visits of defense officials, naval ship visits, military academy exchanges and other interactions among junior officers. We believe these exchanges have the potential to reduce miscalculation and contribute, over time (as Secretary Rumsfeld likes to say), to "demystifying" one another.

I myself just returned from Beijing, having led the U.S. delegation in early June to the 8th annual Defense Consultative Talks between our two countries. My Chinese counterpart, Major General Zhang Qinsheng, and I exchanged views on how to implement the agreement between our two Presidents and between Secretary Rumsfeld and PRC Defense Minister Cao, to improve our defense relations. Of course military exchanges will conform to the framework on contacts set by Congress in the National Defense Authorization Act of Fiscal Year 2000 [Section 1201, P.L. 106-65]. But we believe there is ample scope for expanding useful exchanges within the framework of the NDAA and we are mindful that leaders in our two countries desire that we do so.

Military Modernization of a Rising China

We often say that China's future is uncertain. Many questions remain open about China's future and the basic choices its leaders will make as China's power and influence grow. China's military power – present and future – is the focus of our report. And it is the responsibility of the Department of Defense to monitor the development of that power. It is our job to deter conflict. The 2006 QDR report notes, "China has the greatest potential to compete militarily with the United States and field disruptive military technologies that could, over time, offset traditional U.S. military advantages."

As our report shows, the Chinese People's Liberation Army (PLA) is pursuing an ambitious, long-term military modernization, emphasizing preparations to fight and win short-duration, high-intensity conflicts along its periphery. This report details the

military component of China's rise based on the best available information. While the transparency in Chinese security affairs is improving, it is less than complete.

In 2003, former Secretary of Defense Harold Brown, in a report by the Council on Foreign Relations entitled Chinese Military Power, issued a double warning: do not overreact to the scale of China's military modernization, but also do not underreact. In our own report, we have tried to do the same. We have presented our findings in a factual, descriptive, analytical, and detailed way. We are not attempting to prove or disprove a China "threat". Our goal is to let the facts speak for themselves, and to contribute useful information to the public discussion.

China's pursuit of comprehensive national power, with its focus on economic modernization and growth, has generated a significant resource base upon which China's leaders can direct sustained high rates of investment in the defense sector. China's officially disclosed defense budget is steadily increasing. Official military expenditure on defense has followed a trend of double-digit percent increases per year for the past 15 years. In March, China announced that its official defense budget for 2006 would increase some 14.7% over the previous year, to approximately \$35 billion.

However, China's declared military budget does not capture its total military expenditure. Many items are not included – foreign acquisitions, industrial subsidies, local contributions, and strategic forces. The Defense Department's best estimate is that China's actual expenditure is some 2-3 times the published amount, suggesting the 2006 figure could actually be somewhere between \$70-105 billion. At the high end, this would make China the largest defense spender in Asia.

We are not alone in this view. The CIA in its 2005 World Fact Book estimated China's defense expenditure to be \$81.5 billion, based on a purchasing power parity model. The International Institute for Strategic Studies similarly put China's 2005

defense expenditure at \$99.5 billion, again based on a purchasing power parity model.¹ RAND Corporation estimated a range for China's defense spending in 2003 that is slightly lower than DoD's range for that year (\$31-38 billion and \$45-65 billion, respectively), but noted that a different model also returned figures for 2003 as high as \$75.6 billion.² What all this means is that, in some areas, the outside world has insufficient knowledge of the assumptions, purposes, resources, and desired end-states of the Chinese military build-up.

As Secretary Rumsfeld noted three weeks ago in Singapore, "there are aspects of China's actions that can complicate their relationships with other nations.... [A] lack of transparency with respect to their military investments understandably causes concerns for some of their neighbors." The Secretary has also questioned, in the past, the underlying reasons behind this growth and has sought to engage China in a conversation about outside perceptions of China's military modernization and doctrine.

A number of substantive points are worth noting:

- We see in China at least 10 varieties of ballistic missiles deployed or in development: China is pursuing significant qualitative modernization of older versions of its intercontinental-range ballistic missiles. Newer versions such as the DF-31 and DF-31A ICBM, and the JL-2 submarine-launched ballistic missile, bring greater range, mobility, accuracy, and survivability to China's missile forces. Its longer-range missiles can reach many areas of the world beyond the Pacific, including virtually the entire continental United States. China today has close to 800 short-range ballistic missiles deployed opposite Taiwan, with numbers increasing in recent years at a rate of about 100 missiles a year.

¹ *The Military Balance 2006* (London, Routledge for the IISS, 2006), pp. 249-253.

² Keith Crane et. al., *Modernizing China's Military: Opportunities and Constraints* (Santa Monica, CA: RAND, 2005), pp 229, 232.

- We see five modern submarine acquisition programs. The SONG-class diesel-electric submarine is in serial production. China has nearly finished developing new classes of nuclear attack and nuclear ballistic missile submarines. The new YUAN-class submarine, which we just discovered in 2004, suggests a strong, active domestic program. In addition, China is taking delivery of a second batch of more advanced Russian KILO-class submarines.
- China has at least two land-attack cruise missile programs in development and has or is acquiring at least 12 different types of advanced anti-ship cruise missiles, including the supersonic Russian-made SS-N-22/SUNBURN and SS-N-27B/SIZZLER.
- China is improving its capacity for expeditionary warfare with additional air and amphibious lift, improvements in army aviation, and the fielding of new amphibious armor within its ground forces based opposite Taiwan.
- China appears to be interested in developing an indigenous aircraft carrier, and may be planning to organize a combat air wing for future carrier strike operations based on the Russian Su-33/FLANKER D.
- We see discussions, albeit limited, beneath the surface in China over the future of its nuclear doctrine, including a July 2005 statement by Major General Zhu Chenghu of the People's Liberation Army National Defense University. The Chinese reassured Secretary Rumsfeld that China's "no first use" policy remains unchanged and emphasized to me in Beijing earlier this month that there is no debate in China over the policy. We take China at its word on this point. However, the comments suggest Chinese specialists may be exploring internally the implications of China's evolving force structure, and the inherent options that that force structure provides.

- The PLA is also leveraging information technology expertise available in China's booming economy to make significant strides in cyber-warfare. Chinese capabilities in this area have evolved from defending PRC networks from attack to offensive operations against adversary networks.
- Finally, we are seeing China emerge as a growing international space power. The successful recovery of the manned-space mission last October demonstrates the extraordinary advances China is making. At the same time, China has at least one research and development program in ground-based anti-satellite lasers, which suggests it is developing the ability to deny others access to space.

Some of these capabilities have implications over the long term. Some of them are relevant to a Taiwan contingency in the nearer term. In this context, we continue to see China's military advances – particularly its continued deployments opposite Taiwan – as tilting the military balance in the mainland's favor.

Conclusion

The United States is a Pacific power; our interests and network of alliances and friendships constitute a vital interest that we will defend. But the Asia-Pacific region is not a zero-sum game. A China that is an engine of economic growth and a responsible stakeholder in the international system is a positive prospect. Our goal is to increase the common ground between us and expand those areas where the U.S. and China act responsibly together to advance peace, prosperity and stability throughout the world.

China can contribute to international stability; it can be a partner in confronting the global challenges of international terrorism and the proliferation of weapons of mass

destruction. China can assist in responding to humanitarian disasters and combating infectious disease.

At the same time, we recognize the challenges in our relationship. As the President's 2006 National Security Strategy Report puts it succinctly: "Our strategy seeks to encourage China to make the right strategic choices for its people, while we hedge against other possibilities." Both the U.S. and Chinese leadership must be – and are – realistic over our differences, but conflict between our two nations is not foreordained. With statesmanship on both sides, we can manage this relationship in a positive and constructive direction. That is our commitment, our aspiration, and our task.

Thank you.