



*China's Military Power*

*Testimony of*

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## *China's Military Power*

Mr. Chairman, Members of the Committee, it is an honor and privilege to appear before you today to discuss China's growing military power and its impact on the strategic balance in the Asia Pacific region. It is a hackneyed practice to congratulate the committee on "timely and important" hearings, but under the circumstances, as the United States faces a military challenge from a rising China as evidenced by the latest Pentagon Report, an economic and resource challenge across the board as exemplified by the recent CNOOC bid for Unocal, a trade challenge from China, a diplomatic challenge in the form of China's dominance of the upcoming East Asia Summit in Malaysia at the end of this year, a challenge to Japan, our most important ally in East Asia, and the ratcheting-up of pressure on Taiwan -- I have to say, these are timely and important hearings. I apologize that my prepared remarks are so lengthy. I will try to keep my oral presentation short, but I ask that the written presentation be entered in the record.

I am testifying here today as an individual scholar and citizen, and my views do not necessarily reflect the views of my employer, The Heritage Foundation.

### *Introduction: The Pentagon Report*

On July 19, the Pentagon briefed its "2005 Annual Report on the Military Power of the People's Republic of China"<sup>1</sup> to Congress. The 45-page unclassified version of the Report is a sobering catalogue of China's rapid military modernization that pinpoints coercion of Taiwan and deterring U.S. support for the Island as China's "short-term" strategic goals. It also alludes to China's longer-term objectives beyond Taiwan. Intimidating Japan with naval sorties around and through its territorial waters and exclusive economic zone and persuading the United States to quietly withdraw from East Asia.

A close reading of the report leaves no doubt that China's "ambitious" weapons modernization and reforms in military doctrine are aimed at promoting vast increases in its "comprehensive national power." Dr. Condoleezza Rice described this phenomenon well in a February 2000 article:

...China is not a "status quo" power but one that would like to alter Asia's balance of power in its own favor. That alone makes it a strategic competitor, not the "strategic partner" the Clinton administration once called it. Add to this China's record of cooperation with Iran and Pakistan in the proliferation of ballistic-missile technology,

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<sup>1</sup> U.S. Department of Defense, Office of the Secretary of Defense, *Annual Report on the Military Power of the People's Republic of China*, July 19, 2005, at <http://www.defenselink.mil/news/Jul2005/d20050719china.pdf>.

and the security problem is obvious. China will do what it can to enhance its position, whether by stealing nuclear secrets or by trying to intimidate Taiwan.<sup>2</sup>

### *Wake Up Call*

The 2005 *Pentagon Report* is a wake-up call to the Administration, to Congress, to the Taiwan government and to our friends and allies in the Asia Pacific region that, five years after Dr. Rice's analysis, China stands poised to assert itself as the preeminent power in the Asia-Pacific region.

All must make critical policy adjustments to deter China from translating its fast-growing military power into political preeminence in East Asia. The administration must first ensure that the Quadrennial Defense Review (QDR) plans for China's new offensive capabilities -- particularly the menacing size of its growing submarine fleet. The Administration must also make available to Taiwan new weapons systems with at least a limited 'offensive' capability, as a deterrent to Chinese aggressiveness. At the same time, the administration would do well to prepare the American public for new "complexities" in the relationship with China by making clear just what are Beijing's aims. Congress must establish a closer institutional channel to the congressionally mandated U.S.-China Economic and Security Review Commission (USCC) to ensure that the Commission's findings are known to the appropriate congressional committees on a timely basis.

Taiwan's opposition parties must affirm their commitment to defending their own nation against Chinese coercion by passing key defense budget items. Even if generously calculated, Taiwan's defense spending is only 2.4 percent of GDP, down from 4.8 percent in 1995. Other nations facing similar threats have significantly higher defense commitments. Israel's defense budget is 8.6 percent of GDP; Singapore's is 5.5 percent; and South Korea's is 4.5 percent. Moreover, Taiwan's pro-China "Blue Camp" politicians cast aspersions—bordering on slander—on the U.S. government, such as that it seeks only profits from its sales of weapons to Taiwan. Such rhetoric only undermines U.S. support for Taiwan, and yet Taiwan's politicians are encouraged to continue their polemics by the publicity and access to senior U.S. officials and legislators that it wins them.

And our Asia-Pacific allies and friends, particularly Japan and Australia, also South Korea, Singapore, India and the ASEAN democracies must press Washington to tear its mental concentration away from Iraq and Afghanistan and the War on Terror for a while and wake up to a "rising China" in Asia.

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<sup>2</sup> Condoleezza Rice, "Campaign 2000 -- Promoting the National Interest", *Foreign Affairs*, January/February 2000 (volume 79, number 1) p. 56.

## *Military Power and Beijing's Quest for Legitimacy*

A “Rising China” is the slogan for China’s new ideology of nationalism. A China that is the leader in Asia is a China that will have the allegiance of its masses.

In 2005, military power, as an emblem of China’s new national strength, has become the focus of regime legitimacy for the Chinese Communist Party (CCP). Before 1992, the CCP based its legitimacy on the “universal truth” (*pubian zhenli*) of “Marxism which is the most complete and disciplined scientific system and revolutionary thought”<sup>3</sup> and on Leninism which establishes the Party as the “vanguard of the proletariat” which would launch the revolution and lead the ignorant mass of the “*lumpenproletariat*” into the workers’ paradise. The masses had no right to defy the revolution because they simply did not know what was best for them.

But with the death of Mao Zedong and the purge of the “Gang of Four” in 1976, the dismantling of the people’s commune system and the introduction of Deng Xiaoping’s decidedly “capitalistic” economic reforms in 1979, Communism as an ideology was in crisis. And by 1989 the dogma that Communism embodied any “universal truth” died. The Party leadership that advocated political reforms and liberalization were purged at Tiananmen in 1989 leaving the Party struggling to devise a new absolutist doctrine to replace it.

In 1992, they found it. Deng Xiaoping banned the struggle between ideological lines “surnamed capitalist or surnamed socialist” -- the intra-Party schism demanded a new regime ideology. A new, elegant and persuasive doctrine of “Deng Xiaoping Theory” was adopted which simply declared that “Whatever increases the comprehensive strength of the nation” is “socialism with Chinese characteristics.”<sup>4</sup> This new social contract between the Party and the Chinese people is that the Party makes China a great nation, and the people support the Party. Opposing the Communist Party is no longer “counterrevolutionary”. Instead, it is treason.

As such, the Party has staked its legitimacy on its ability to make China the preeminent power in Asia and a new global power. And military might is a key, even the key, component of “national strength.” Chinese leaders see the U.S. as the sole power in the Asia Pacific region capable of limiting Beijing’s influence.

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<sup>3</sup> “Makesizhuyi shi ziu wanbei zui yenzhengde kexue tixi he geming xueshuo”. See Sun Weiben ed., *Zhongguo Gongchangdang Dangwu Gongzuo Da Cidian* [Major Party Work Lexicon of the Chinese Communist Party], China Zhanwang Publishers, Beijing, 1988, p. 4.

<sup>4</sup> Yang Zhongmei covers this aspect of Deng’s new ideology succinctly in his biography of Premier Wen Jiabao, *Pingbu Qingyun, Zhonggong Xin Zongli Wen Jiabao* (Striding Along with Destiny, the PRC’s New Premier Wen Jiabao); China Times Cultural Publishers, Taipei, 2003, p. 78.

And they see insistent American pressures on human rights as a substantial threat to regime prestige. Beijing's quest for great power status is partially driven by this latter concern.

At the same time, President Bush outlined his National Security Strategy as building and maintaining "our defenses beyond challenge." Moreover, he declared that "our military must assure our allies and friends, dissuade future military competition, deter threats against U.S. interests, allies and friends, and decisively defeat an adversary if deterrence fails."<sup>5</sup>

Apparently, the People's Liberation Army is not deterred. Instead, its modernization program seeks to raise China's military power to parity with U.S. forces in the Pacific. China's intimidation of Taiwan, a long-time U.S. client state, and the Beijing government's recent orchestration of a vast domestic campaign against America's major Asian ally, Japan, earlier this year are all part of the CCP's effort to assert China's influence in the region.

It seems to be working because Secretary of State Condoleezza Rice acknowledged for the first time on June 28, 2005, said the United States China on its way to becoming a "military superpower."<sup>6</sup> One cannot imagine that Dr. Rice was using the "superpower" carelessly.

### *Foreign Weapons and Technology*

Postulating that U.S. forces will be China's probable adversary in the coming years, China has procured advanced technology weapons systems from abroad in an effort to make up for deficiencies in its domestic military sector. The Pentagon *Report* describes purchases of Russian and Israeli airborne early warning platforms and systems, aerial refueling programs, purchases of advanced Russian *Sovremennyy* destroyers, purchases of advanced submarines (including stealthy Kilo 636-class diesel-electric boats), and plans for future acquisitions of foreign technology to improve command, control, communication, computers, intelligence, surveillance, and reconnaissance capabilities.

Beyond China's procurement of full-up weapons systems and components, China has an active policy of acquiring foreign industrial and manufacturing production lines. China's most significant successes are in acquisition of U.S. semiconductor

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<sup>5</sup> The National Security Strategy of the United States, The White House, Washington, D.C., September 2002, p. 29.

<sup>6</sup> Neil King, Jr. "Rice Wants U.S. To Help China Be Positive Force, Secretary of State Describes Outreach to Iraq's Sunnis, Criticizes Iranian Election", *The Wall Street Journal*, June 29, 2005; Page A13, at <http://online.wsj.com/article/0,,SB112001578322872628,00.html>. The article quotes Dr. Rice in an exclusive interview with *The Wall Street Journal*, but the interview is not available on the record at the State Department web site.

manufacturing production lines generally by Chinese firms that hold themselves out as foreign-invested and controlled companies. For example, research I did in 2002 suggested that two semiconductor firms in Shanghai, Semiconductor Manufacturing International (SMIC) and Grace Semiconductors were both controlled exclusively and financed primarily -- perhaps exclusively -- by the Chinese government. SMIC has since sought U.S. export licenses for the most advanced semiconductor fabrication instruments and equipment, and apparently is also seeking U.S. government trade financing. Moreover, China is expanding its semiconductor circuit design capacity.<sup>7</sup>

The leakage of U.S. semiconductor fabrication and design technology was identified earlier this year by the Defense Science Board as a critical national security challenge. "The rate of this technology migration is alarming because of the strategic significance this technology has on the U.S. economy and the ability of the United States to maintain a technological advantage in the Department of Defense (DoD), government, commercial and industrial sectors. Our greatest concern lies in microelectronics supplies for defense, national infrastructure and intelligence applications."<sup>8</sup> In addition, more scientists, researchers and engineers from China seek employment and practical experience in the U.S. microelectronics sector than personnel from any other foreign country.<sup>9</sup>

Non-allied foreign acquisition of any U.S. company that manufactures or develops items of defense significance erodes the defense industrial base unless its output is replaced from another domestic or allied source. Erosion of the industrial base is a challenge in itself, but when suppliers of dual-use or commercial components to U.S. defense systems are acquired by potentially hostile powers, like China, there is the danger that the United States will also lose its research and development expertise vital to continued technological development. Even in the short term, such acquisitions can stunt innovation in critical areas of the defense industrial base. The supply chain for vital military components can also be disrupted.<sup>10</sup>

### *The Growing Submarine Challenge*

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<sup>7</sup> John J. Tkacik, Jr., "Strategic Risks for East Asia in Economic Integration with China," *Heritage Foundation WebMemo* #171, November 12, 2002, at <http://www.heritage.org/Research/AsiaandthePacific/WM171.cfm>.

<sup>8</sup> *Defense Science Board Task Force on High Performance Microchip Supply*, U.S. Department of Defense, February 2005. See Transmittal Memorandum from Task Force Chairman William Howard. At [http://www.acq.osd.mil/dsb/reports/2005-02-HPMS\\_Report\\_Final.pdf](http://www.acq.osd.mil/dsb/reports/2005-02-HPMS_Report_Final.pdf).

<sup>9</sup> *EXPORT CONTROLS, Department of Commerce Controls over Transfers of Technology to Foreign Nationals Need Improvement*, Report of the U.S. General Accounting Office (GAO GAO-02-972), September 2002. See Highlights -- 73% of all "deemed export licenses" are for Chinese nationals. 90% of applications were for "electronics, computers and telecommunications and information security."

<sup>10</sup> For an extended discussion of this problem see James A. Lewis, Center for Strategic and International Studies in his testimony before the U.S.-China Commission on June 23, 2005 entitled: *Effect of U.S.-China Trade on the Defense Industrial Base*, p. 1.

Among the most worrisome of China's foreign acquisitions are the Russian Kilo submarines. China has been investing heavily in submarines which it sees as the poisoned arrow (*Shashou jian*) to the Achilles Heel of American naval might. China has already purchased four Russian Kilo-class boats including the super-quiet Type-636 variant, and has eight additional boats on order. While most of China's submarines are noisy and downright dangerous Ming-class boats (one of which suffered an on board accident in April 2003 killing all 72 crew members), China's main-force submarines are now the Song-class Type 039 and the improved 039A attack boats which are being added to the fleet at a rate of two to three boats a year.<sup>11</sup> Moreover, a new class of attack boat, dubbed the "Yuan" has been seen in shipyards in Wuhan. It appears to be a Chinese version of the Russian Amur-class diesel electric boat with air-independent propulsion.<sup>12</sup> Two Yuan boats have already been launched. In addition, China is developing the Type-093 nuclear attack submarine and the Type-094 nuclear missile submarine.<sup>13</sup>

By my count, China will have a net gain of 35 submarines over the next 15 years, with no production slow-down in sight. It is reasonable to assume that at current production levels, China will likely out-produce our shipyards and its submarines could out-number our submarines in the next 15 years. By 2020, the Chinese submarine fleet could boast nearly 50 modern attack boats, while at the current rate of production -- roughly one a year -- the American fleet of attack submarines will number less than 40.<sup>14</sup>

Because the Chinese submarine fleet will operate in nearby waters and in the mid-Pacific, China need not wait until 2020 to challenge the U.S. at sea. It will likely have a home-field advantage in any East Asian conflict contingency as early as 2010, while the U.S. fleet will still have operational demands in the Middle East, and in tracking Russian ballistic missile submarines elsewhere.

The Pentagon *Report* has catalogued a list of China's foreign weapons and military systems acquisitions, but in my mind none is as worrisome as the expansion of the PLA Navy's submarine fleet. China has identified America's strategic center as its maritime predominance, and its sub fleet is clearly designed to overcome U.S. supremacy at sea.

### *Careful Reading Needed*

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<sup>11</sup> See "Songji Gailiang Qianjian, Haijun Weilai Zhuli" [The Improved Soong Submarine, the Main Force of the Future Navy], New York *World Journal* (in Chinese), June 1, 2005, p.A8.

<sup>12</sup> Ibid.

<sup>13</sup> BillGertz, "China tests ballistic missile submarine", *The Washington Times*, December 3, 2004, page A-1, at <http://www.washingtontimes.com/national/20041202-115302-2338r.htm>.

<sup>14</sup> Ronald O'Rourke, "Navy Attack Submarine Force Level, Goal and Procurement Rate: Background and Issues for Congress," *CRS Report for Congress* RL32418, Updated June 24, 2005.



The Pentagon's 2005 *Report* demands careful reading because the factual picture that it paints of China's military expansion is somewhat diluted by diplomatic nuance. For example, the Report forthrightly describes China's "short-term" strategic goals as:

\*\* "Preventing Taiwan independence or trying to compel Taiwan to negotiate a settlement on Beijing's Terms" and

\*\* "Building counters to third-party, including U.S., intervention in cross-Strait crises."

The *Report* is quite clear. It predicts that "over the long-term, if current trends persist, [the Chinese Peoples Liberation Army's] capabilities could pose a credible threat to other modern militaries operating in the region," and states, "China's military planners are surveying the strategic landscape beyond Taiwan." As evidence for this, the report cites General Wen Zongwen, Political Commissar of the Peoples Liberation Army's Academy of Military Science, who declared this year that Taiwan "is of far-reaching significance to breaking international forces' blockade against China's maritime security . . . Only when we break this blockade shall we be able to talk about China's rise."

Despite this clarity, the *Report's* summary simply concludes that China "is facing a strategic crossroads," yet the compendium of facts that follows describes a China already well past any "crossroads." Diplomatic discretion, perhaps inflicted on the Department of Defense by sister agencies in the Administration that reviewed early drafts, impelled the Pentagon's authors to profess agnosticism by suggesting that China could choose among three notional courses of strategic development:

\*\* "A pathway of peaceful integration and benign competition"; or

\*\* "A pathway along which China would emerge to exert dominant influence in an expanding sphere"; or

\*\* "Less confident and focused inward on challenges of national unity and the Chinese Communist Party's claim to legitimacy."

Arrived now at this "strategic crossroads," China's next step, according to the Pentagon document, "is difficult to predict." In fact, it is not difficult at all to predict. The Report itself states that "current trends" indicate China has already chosen the second path.

*Do Not Minimize the Challenge*

It is therefore important that the Pentagon not minimize the challenge posed by China. On July 20, one senior Pentagon officer responded to a press inquiry about China's military posture in the Taiwan Strait by observing, "You judge military threat in two ways: one, capacity, and two, intent." He added, "There's *absolutely* no reason for us to believe there's any intent on [China's] part."<sup>15</sup>

Use of the phrase "absolutely no reason to believe" in describing China's intentions toward Taiwan is unfortunate and strays even from the agnosticism of the *Report* itself.

On the contrary, the *Pentagon Report* shows that there is *every* reason to believe that China intends either to coerce Taiwan or to attack it. There is no third option. The Communist regime in Beijing has rested its legitimacy on an ideology of increasing China's "comprehensive national power," and on this end, the Party tolerates no opposition. In March 2005, the regime promulgated "Anti-Secession Legislation" that requires "non-peaceful" action against Taiwan whenever the military high command—not the legislature—determines that Taiwan refuses to accept the Communist regime's "peaceful reunification." These factors, together with General Wen's observations, are ample evidence of China's "intent." Indeed, Secretary of State Rice understood this "intent" as far back as 2000.

### *Conclusion*

Unless deterred by stronger reactions from the United States and Taiwan, China's hardline military spokesmen will succeed in convincing Beijing's more moderate domestic and social policy leaders that there will be no consequence for continued military expansion. Indeed, the U.S. administration's continued characterization of China relations as "good" (albeit "complex")—while Chinese leaders refuse to see anything "good" in U.S.-China frictions over trade, North Korea, Taiwan, Japan, the War on Terror, Iraq, or anything else—heightens the impression in Beijing that the U.S. is wary of China. Increased Chinese military power, therefore, will make the U.S. more wary.

Instead, the U.S. approach should be to make China more wary. The administration, Congress, and the Taiwan government must make critical policy adjustments:

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<sup>15</sup> See transcript, "Press Briefing, Presenter: Secretary of Defense Donald Rumsfeld; and General Peter Pace, Vice Chairman, Joint Chiefs of Staff, Wednesday, July 20, 2005 1:34 p.m. EDT, issued by the U.S. Department of Defense, Office of the Assistant Secretary of Defense (Public Affairs), News Transcript, at <http://www.defenselink.mil/transcripts/2005/tr20050720-secdef3427.html>

**Review the QDR:** The Administration must ensure that the Quadrennial Defense Review plans for China’s new offensive capabilities. Most urgently, a review of U.S. submarine production and deployment must take into account the growing Chinese attack submarine fleet.

**Consider “offensive” systems for Taiwan:** The Administration must also make new weapons systems with at least a limited “offensive” capability available to Taiwan as a deterrent to Chinese aggressiveness. For 25 years, U.S. policy has limited arms sales to Taiwan to systems “of a defensive nature.” While “defensive” systems are certainly part of the mix, they are vastly more expensive than the systems they defend against. The administration must make available to Taiwan weapons capable of effective strikes against the bases from which attacks against Taiwan may be launched. In any conflict scenario, it will be in the U.S. interest that initial strikes against Chinese targets come from Taiwan, not U.S. platforms.

**Speak the truth:** At the same time, the Administration would do well to prepare the American public for new “complexities” in the relationship with China by avoiding overly agnostic or even rosy rhetoric about the perceived direction of China’s military expansion. Rather than say there is “absolutely no reason” to believe that China has embarked on a course of coercion or attack against Taiwan, U.S. policymakers should take note of repeated Chinese rhetoric that describes the U.S. as its enemy, and state the obvious: “If present trends continue, China will pose a threat to the nations of the Asia-Pacific region.”

**Improve Congress-USCC coordination:** Congress must establish a wider institutional channel to the congressionally mandated U.S.-China Economic and Security Review Commission (USCC)—an excellent and thorough examination and analysis of trends in China—to ensure the commission’s findings are briefed to the appropriate congressional committees on a timely basis.

**Increase Taiwan’s defense budget:** Taiwan’s legislature must swiftly pass a defense budget adequate to the threat that the country faces. Taiwan’s defense spending is only 2.4 percent of GDP, down from 4.8 percent in 1995. Other nations facing similar threats have much larger defense commitments.

**Rebuff Taiwan’s pro-China politicians:** To their domestic audiences, Taiwan’s Pro-China “Blue Camp” politicians accuse the U.S. government of seeking only profits from defense sales to Taiwan and insist that Taiwan does not need weapons, but only to “negotiate” with China. Their continued access to senior U.S. officials legitimizes their claims in the domestic media. The U.S. Administration and Congress should refuse to meet any pro-China “Blue Camp” politicians who

accuse the U.S. of lying about China's threat or charge that the U.S. only seeks profits from Taiwan.