

Section 3 China

1 General Situation

China, the world's most populous country, has a vast landmass surrounded by a long borderline shared with 14 countries as well as a long coastline. China is also a nation with various races, religions, and languages. Most of its ethnic minorities populate the borderlands often with the same ethnic groups living across the borders. China, with a long history, has been shaping and maintaining a distinct culture and civilization. China's pride in its unique history and semi-colonial experience in and after the 19th century is driving its desire for a strong nation and fueling its nationalism.

In recent years, China has increased its presence in the international community. For example, China has played a definite role in non-traditional security areas. It actively sends personnel to U.N. peacekeeping operations (PKO) and has been sending its ships continuously for counter-piracy activities off the coast of Somalia and in the Gulf of Aden. Furthermore, China has participated proactively in humanitarian assistance and disaster relief activities, including dispatching a hospital ship to the Philippines which sustained damages from a typhoon, as well as dispatching vessels and other assets for the search of a missing Malaysian airliner. These activities have been highly appreciated by the international community.

There are high expectations for China to recognize its responsibility in the international community, accept and comply with international norms, and play an active role in a more cooperative manner on regional and global issues. Yet, at the same time, there are disputes between China and other countries on issues such as trade imbalances, currency rates, and human rights. While advocating "peaceful development"¹, China, particularly over maritime issues where its interests conflict with others', based on its own assertions incompatible with the existing international legal order², continues to act in an assertive manner, including coercive attempts at changing the status quo, and is poised to fulfill its unilateral demands without compromise³. China's actions include dangerous acts that may invite unintended consequences, raising concerns over China's future direction. Against this backdrop, China has

attempted to advance its own initiatives in the security field. At the Conference on Interaction and Confidence-Building Measures in Asia (CICA), for example, China criticized military alliances and proposed "the security of Asia by the people of Asia"⁴. On the other hand, in the field of international finance, China established the New Development Bank BRICS (Brazil, Russia, India, China, and South Africa) and is preparing to establish the Asian Infrastructure Investment Bank (AIIB).

In addition, China faces various problems domestically. The spread of bribery and corruption among the central and local leadership of the Chinese Communist Party (CCP) has become a significant political problem. Furthermore, China's rapid economic growth has brought with it emerging problems such as regional disparities between urban-rural and coastal-inland regions, the issue of the tax system that facilitates these disparities, wealth gaps among urban residents, inflation, environmental pollution, and lack of agricultural and industrial water. Moreover, issues associated with the rapid aging of the population are forecasted to arise in the future, including pension and other issues related to the social security system. The Chinese government is expected to tighten its control over society as these potentially destabilizing factors to the government administration expand and diversify. However, analysts point out that controlling the activities of the masses will become increasingly difficult with the spread of the Internet, coupled with other factors. Additionally, China confronts issues involving ethnic minorities in the country, with protests being staged by ethnic minorities in the Tibet Autonomous Region, the Xinjiang Uyghur Autonomous Region, and elsewhere. Some ethnic minorities undertake campaigns in pursuit of separation and independence. Against this background, during the third plenary session of the 18th CCP Central Committee in November 2013, the session adopted the "Decision on Major Issues concerning Comprehensively Deepening Reforms" regarding reforms in a wide range of areas, such as economics, politics, culture, society, environment, and national defense and the military. The way by which China substantiates these

1 The term China's "peaceful development" began to come into formal use in around 2004. According to a paper then-State Councilor Dai Bingguo presented on March 11, 2011, "peaceful development" is thought to refer to China's development whose nature is (1) peaceful, (2) independent, (3) scientific, (4) cooperative, and (5) common with other countries.

2 China makes its own assertion about the Senkaku Islands, which are an inherent territory of Japan. In addition, in May 2013, a newspaper of the CCP carried an article which seemingly calls into question the fact that Okinawa is part of Japan, stating for example that, "It may be time to revisit the unresolved historical issue of the Ryukyu Islands." The Chinese government explained that the article was written by researchers in their personal capacity.

3 China strongly urges Japan, the United States, and other countries to respect China's "core interests." "Core interests" include "national sovereignty," "national security," "territorial integrity," "national reunification," "national political system and social stability," and "basic safeguards for ensuring sustainable economic and social development." In particular, "territory" refers to Taiwan, Tibet, and Xinjiang. Some analysts suggest that China's territorial claims in the East China Sea and South China Sea are also included.

4 In May 2014, in his address at CICA, President Xi Jinping proposed the "new Asian security concept" and underscored that "to beef up and entrench a military alliance targeted at a third party is not conducive to maintaining common security" and "it is for the people of Asia to...uphold the security of Asia."

reforms will be a point to watch out for. In China, under the policy of cracking down on both “tigers” and “flies”⁵, “corruption” has been subject to severe charges, including former prominent leaders of the party and military such as Zhou Yongkang, former Politburo Standing Committee member, and Xu Caihou, former Vice Chairman of the Central Military Commission. During the fourth plenary session of the 18th CCP Central Committee in October 2014, a decision that makes reference to advancing the “rule of law” under the guidance of the CCP was adopted⁶. Accordingly, it is possible that further steps will be taken to address corruption within the party and military.

On the diplomatic field, it is believed that, in order to maintain national stability, China strives to maintain stability in the strategic international environment by sustaining good relations with major powers such as the United States and Russia, while deepening relations with neighboring countries, and is strengthening cooperation with developing countries. In addition, China seeks to promote multipolarization of the world through building China-led multilateral mechanisms and to secure interests necessary for economic development such as natural resources and energy supply.

On the military front, for over a quarter decade, China has strengthened its military forces broadly and rapidly by sustaining large increases in its defense budget. In particular, China gives priority to the Taiwan issue as an issue pertaining to the “core” interest of national sovereignty. It is deemed that China is strengthening its military forces for the time being with the aim of improving military capabilities to prevent Taiwan’s independence. As part of such efforts, China is believed to be enhancing its

asymmetric military capabilities to deter military forces of other countries from approaching and advancing to China’s surrounding region, and to inhibit their military activities in the region (so-called “Anti-Access/Area-Denial” [“A2/AD”] capabilities⁷). Additionally, China has made active efforts to acquire capabilities for missions other than for dealing with the Taiwan issue. With China now having considerable influence in the international community not only politically and economically but also militarily, other countries are closely watching China’s military trends.

2 Military Affairs

1 Defense Policies

China positions the buildup of strong defense capabilities and powerful military forces that match national security and interests of development as the strategic mission to modernize the state. China considers the main goal and mission of national defense policies as: to defend the sovereignty, security, and interests of development of the state; to protect the harmony and stability of the society; to promote modernization of national defense and the military

forces; and to protect the stability and peace of the world⁸.

China has a policy to actively promote “Revolution in Military Affairs with Chinese Characteristics,” which mainly aims to encourage the mechanization and informatization of its military power, based on its military strategy to win local wars under informatized conditions, in response to global trends in military developments observed in the Gulf War, the Kosovo War, the Iraq War, and other wars. It is believed that China emphasizes not only physical means but also non-physical means in military

5 On January 22, 2013, General Secretary Xi Jinping stated during the second plenary session of the 18th Central Commission for Discipline Inspection that the party needs to crack down on “tigers” and “flies” at the same time to punish corruption.

6 At the fourth plenary session of the 18th CCP Central Committee, the “CCP Central Committee Decision on Major Issues concerning Comprehensively Advancing Rule of Law” was adopted.

7 For a definition of A2/AD capabilities, see Part I Overview, Section 2, Footnote 5.

8 According to China’s National Defense in 2010. In China’s Peaceful Development white paper released in September 2011, China explained that it pursues “peaceful development” but “never seeks hegemony,” and stated that it is firm in upholding its “core interests” which include: “national sovereignty”; “national security”; “territorial integrity”; “national reunification”; “China’s political system established by the Constitution and overall social stability”; and “the basic safeguards for ensuring sustainable economic and social development.”

affairs and warfare, and incorporated the concept of “Three Warfares” — “Media Warfare,” “Psychological Warfare,” and “Legal Warfare” — into the tasks of the political work of the military⁹. In addition, China has set forth a policy of close coordination between military struggle and political, diplomatic, economic, cultural, and legal endeavors.

China is believed to be strengthening its military forces by being mindful of its top priority, namely, dealing with the Taiwan issue, more specifically, improving China’s capabilities to hinder the independence of Taiwan and foreign military support for the independence of Taiwan. Furthermore, in recent years, China is working actively to acquire capabilities for missions other than dealing with the Taiwan issue, and stresses the use of the military in non-traditional security areas. With regard to China’s military strengthening, China proclaims that it would “realize the basic mechanization and achieve major progress in construction of informatization by 2020” and “by focusing on the capability to win local wars under informationized conditions, it will improve the abilities to accomplish diversified military missions and thoroughly complete the historical military missions in a new phase of the new century,”¹⁰ suggesting that China’s military forces will be developed in tandem with the enhancement of its national strength.

China has sustained large increases in its defense spending and broadly and rapidly reinforced its military forces, mainly its nuclear and missile force as well as its Navy and Air Force. As part of such efforts, it is understood that China is strengthening its so-called “A2/AD” capabilities. In addition, China is working to improve joint operational capabilities, enhance capabilities for extended-range power projection, conduct practical exercises, cultivate and acquire highly-capable personnel for administering operations of informatized forces, improve the foundation of its domestic defense industry, and ensure law-based military governance. Furthermore, China has rapidly expanded and intensified its activities at sea and in airspace, including the East China Sea and South China Sea. China, particularly over maritime issues where its interests conflict with others’, continues to act in an assertive manner, including coercive attempts at changing the status quo, and is poised to fulfill its unilateral

demands without compromise. Japan has great concerns over such Chinese military activities, etc., together with the lack of transparency in its military affairs and security issues, and needs to pay utmost attention to them. These activities also raise security concerns for the region and the international community.

2 Military Transparency

China has not disclosed specific information on possession of weapons, procurement goals and past procurements, organization and locations of major units, records of main military operations and exercises, and a detailed breakdown of the national defense budget. Moreover, China has neither set out a clear and specific future vision of its military strengthening, nor ensured adequate transparency of its decision-making process in relation to military and security affairs.

China has released defense white papers including China’s National Defense every two years since 1998. China also conducts numerous dialogues with national defense authorities of other countries. Furthermore, in August 2007, China expressed its wish to return to the United Nations Register of Conventional Arms and to participate in the United Nations Instrument for Reporting Military Expenditures, and has submitted annual reports based on each framework. The Chinese Ministry of National Defense has been giving monthly press conferences by a spokesperson since April 2011. In addition, in November 2013, the position of spokesperson was newly established at seven departments, including the Navy and Air Force¹¹. Such moves by China can be perceived on the one hand as efforts that contribute to the improvement of the transparency of military forces, and on the other as efforts to strengthen “Media Warfare.”

However, with regard to national defense spending, China has not provided a detailed breakdown of the procurement expenses of major equipment and other details. In the past, China disclosed the total amounts and general purposes for the following three categories: personnel; training and maintenance; and equipment¹². Nonetheless, such explanations have not been offered in recent years. Moreover, in China’s defense white paper

9 China amended the Regulations of the People’s Liberation Army (PLA) on the Political Work in 2003 to add Media, Psychological, and Legal Warfares to the PLA’s political work. The U.S. DoD’s “Annual Report to Congress: Military and Security Developments Involving the People’s Republic of China” (August 2011) explains these warfares as follows:

- Media Warfare is aimed at influencing domestic and international public opinion to build public and international support for China’s military actions and to dissuade an adversary from pursuing policies perceived to be adverse to China’s interests.
- Psychological Warfare seeks to undermine an enemy’s ability to conduct combat operations through psychological operations aimed at deterring, shocking, and demoralizing enemy military personnel and supporting civilian populations.
- Legal Warfare uses international and domestic laws to gain international support and manage possible political repercussions of China’s military actions.

10 China’s National Defense in 2008 also states the following target: “by and large reach the goal of modernization of national defense and armed forces by the mid-21st century.”

11 The seven departments are: PLA General Political Department; PLA General Logistics Department; PLA General Armaments Department; PLA Navy; PLA Air Force; PLA Second Artillery Corps; and People’s Armed Police.

12 China’s National Defense in 2008 and 2010 provided a breakdown of personnel expenses, training and maintenance costs, and equipment costs for the active force, reserve force, and militia, limited to the FY2007 and FY2009 defense budget expenditures, respectively.

titled, “The Diversified Employment of China’s Armed Forces,” released in April 2013 as well as the defense white paper titled, “China’s Military Strategy,” released in May 2015, the contents were limited to selective topics. While on some topics they gave more details than in the past, the papers make no reference to national defense spending that was described in previous defense white papers. Additionally, the overall volume of text has decreased. In this respect, transparency is declining in regard to national defense spending, and China has not yet achieved the levels of transparency expected of a responsible nation in the international community.

Incidents have been occurring that incite concerns over China’s military decision-making and actions, including Chinese explanations that are contrary to the truth. For example, details have yet to be disclosed regarding the causes of the Chinese nuclear-powered submarine’s submerged navigation in Japan’s territorial waters in November 2004, although it constitutes a breach of international law. Furthermore, with respect to the incident of a Chinese naval vessel directing its fire-control radar at a JMSDF destroyer (January 2013), among other incidents, both the Chinese Ministry of National Defense and Ministry of Foreign Affairs gave explanations which were inconsistent with the facts, such as denying the use of the radar itself. With regard to the incident in which Chinese fighters flew abnormally close to aircraft of the JMSDF and JASDF (May and June 2014), the Chinese Ministry of National Defense gave explanations that were contrary to the truth, namely that Japanese aircraft “entered the airspace for the Chinese drills without reporting to China and conducted dangerous acts.” When a Chinese fighter allegedly flew abnormally close to and intercepted U.S. Forces aircraft (August 2014), the Chinese Ministry of National Defense provided an explanation that differed from the United States’, stating that “the operations made by the Chinese pilot were professional and the Chinese jet kept a safe distance from the U.S. planes.” In recent years, amid the significant changes in the environment surrounding the military, including advancement in military specialization and diversification of missions associated with military strengthening, some see that relations between the CCP leadership and the People’s Liberation Army (PLA) have

become increasingly complex. Others opine that the degree of military influence on foreign policy decisions has been changing¹³. Such situations are also a point to watch out for in terms of crisis management. Another point to watch out for is the relationship between the National Security Commission, which was established at the third plenary session of the 18th CCP Central Committee and which China announced was tasked with the unified planning and coordination of important national security matters, and the Central Military Commission that has been instructing and commanding the PLA and the PLA itself.

China’s influence in the international community has risen not only politically and economically but also militarily, and other countries are closely following China’s moves. In order to allay other countries’ concerns over China, it is becoming more important for China itself to improve the transparency of its national defense policy and military capabilities. It is hoped that China will increase transparency concerning its military affairs by such efforts as disclosing specific information pertaining to its defense policies and military capabilities.

3 National Defense Budget

China announced that its national defense budget for FY2015 was approximately 886.9 billion yuan^{14, 15}. However, this amount excludes some expenses which were included through the previous fiscal year, such as expenses associated with the relocation to the regions. Their addition brings the total to approximately 889.6 billion yuan. This initial budget amount represented a growth of approximately 10.1% (approximately 81.4 billion yuan)¹⁶ compared to the initial budget amount for the previous fiscal year. China’s announced national defense budget thus continues to increase at a rapid pace, recording double-digit annual growth nearly consistently from FY1989 to the present¹⁷. The nominal size of China’s announced national defense budget has grown approximately 41-fold in 27 years since FY1988 and nearly 3.6-fold in 10 years since FY2005. China positions the buildup of defense capabilities as important a task as economic development. It is believed that China continues to invest resources in the improvement of its defense capabilities in tandem with its economic development.

13 For example, some point out that there are an increasing number of cases in which the PLA expresses its position on security issues concerning national sovereignty or maritime interests. On the other hand, others point out that the extent of the military’s involvement in the party’s decision-making process is limited because the number of PLA representatives to key decision-making bodies of the CCP is fewer than in the past. Meanwhile, the PLA has repeatedly stressed “absolute instruction of the forces by the party.”

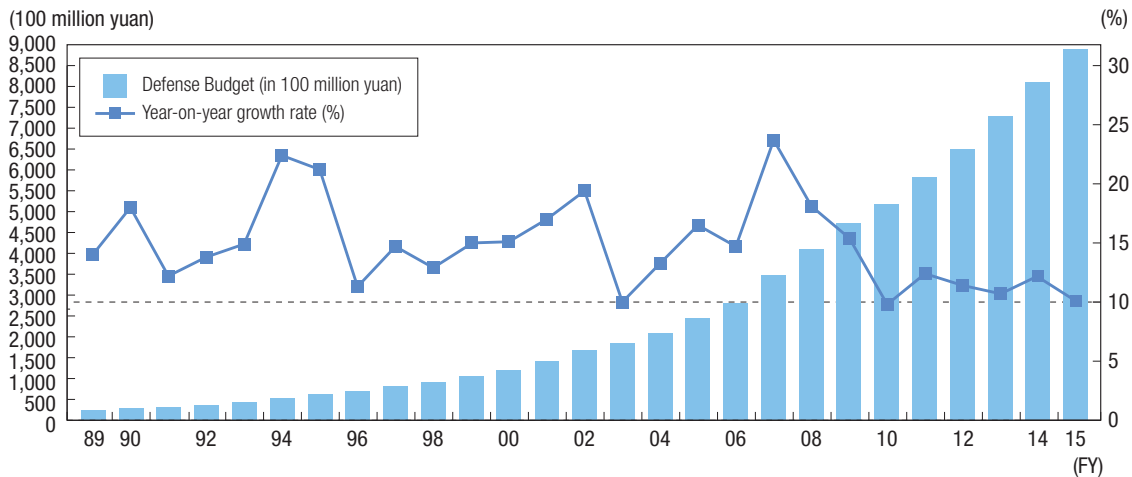
14 National defense budget within central budgetary expenditures.

15 Converting national defense budgets of foreign countries into another currency simply by applying currency exchange rates does not necessarily reflect an accurate value due to differences in price level. If, hypothetically, China’s national defense budget for FY2015 was converted at a rate of 18 yen per yuan (FY2015 rate that the Japanese government uses for official purposes), this would result in approximately 15,964.2 billion yen. The Stockholm International Peace Research Institute (SIPRI) estimates that China’s military expenditures for 2014 were approximately US\$191 billion, ranking it second place in the world behind the United States.

16 China announced that the rate of growth for its FY2015 national defense budget is “an increase of approximately 10.1% compared to the previous year.” This is the growth rate calculated by comparing the spending of FY2014 with the initial budget of FY2015.

17 China’s announced national defense budget within central fiscal expenditures achieved double-digit growth on the initial-budget basis every year since FY1989 except in FY2010.

Fig. I-1-3-1 Change in China's Announced Defense Budget



Note: The total defense budget for FY2002 was not disclosed. Discrepancies arise if the disclosed rate and amount of growth are applied to the initial budget of the previous year. Therefore, for FY2002, 168.4 billion yuan was used based on a calculation conducted on the assumption that the disclosed rate and amount of growth represent increases from the actual defense expenditure in FY2001.

In addition, it must be noted that the amount of the defense budget announced by China is considered to be only a part of its actual military expenditures¹⁸. For example, it is believed that the announced defense budget does not include all the equipment procurement costs and research and development (R&D) expenses.

See Fig. I-1-3-1 (Change in China's Announced Defense Budget)

4 Military Posture

China's military forces are composed of the PLA, the People's Armed Police Force (PAP)¹⁹, and the militia²⁰. It is provided that these bodies be instructed and commanded by the Central Military Commission²¹. The PLA is defined as a people's army created and led by the CCP, comprising the Army, the Navy, the Air Force, and the Second Artillery Corps (strategic missile force).

During the third plenary session of the 18th CCP Central Committee, it was decided that the functions and organizations of the Central Military Commission and other

bodies would be optimized, that the system of instruction and management of forces would be perfected, that the Central Military Commission's command structure for joint operations and command system for joint operations in theaters would be developed, and that reforms of joint operation trainings and logistical support mechanisms would be promoted. It is believed that these reforms are aimed at developing a more practical PLA through improving its joint operational capabilities and logistical support capabilities. Although how these reforms will take shape is currently unclear, the developments to come, such as the reforms' impact on the security of the region including Japan, will be a point to watch out for.

(1) Nuclear and Missile Forces

China has made independent efforts to develop nuclear capabilities and ballistic missile forces since the mid-1950s, seemingly with a view to ensuring deterrence, supplementing its conventional forces, and maintaining its voice in the international community. With regard to

18 The U.S. DoD's "Annual Report to Congress: Military and Security Developments Involving the People's Republic of China" (May 2015) estimates China's military-related defense spending as having been at least US\$165 billion in FY2014. The same report indicates that China's announced defense budget (US\$136 billion) does not include major categories of expenditure such as foreign procurement and R&D expenses.

19 Missions of the PAP include security of party and government, border security, social projects, and firefighting activities. According to China's National Defense in 2002, "it is to maintain state security and social stability, and assist the PLA in wartime in defense operations."

20 The militia engages in economic development in peacetime and other activities and has a duty to provide logistical support for combat operations in wartime. China's National Defense in 2002 explains, "[u]nder the command of military organs, the militia in wartime helps the standing army in its military operations, conducts independent operations and provides combat support and manpower replenishment for the standing army. In peacetime, it undertakes the tasks of performing combat readiness support, taking part in disaster relief efforts, and maintaining social order." According to a PLA Daily article dated October 9, 2012, "China now has six million primary militia members" as of 2010.

21 Formally, there are two Central Military Commissions—one for the CCP and another for the state. However, both commissions basically consist of the same membership, and both are essentially regarded as institutions for the CCP to command the military forces.

the nuclear strategy, it is recognized that China employs a strategy where it can deter a nuclear attack on its land by maintaining a nuclear force structure able to conduct retaliatory nuclear attacks on a small number of targets such as cities in the adversary's country²².

China possesses various types and ranges of ballistic missiles: intercontinental ballistic missile (ICBM); submarine-launched ballistic missile (SLBM); intermediate-range ballistic missile/medium-range ballistic missile (IRBM/MRBM); and short-range ballistic missile (SRBM). The update of China's ballistic missile forces from a liquid propellant system to a solid propellant system is improving their survivability and readiness²³. Moreover, it is believed that China is working to increase performance by extending ranges, improving accuracy, mounting warheads, and by other means.

China's main ICBM strategic nuclear asset had been the fixed-site liquid-fuel DF-5²⁴. However, China has deployed the DF-31, which is a mobile type ICBM with a solid propellant system mounted onto a transporter-erector-launcher (TEL), and the DF-31A, a model of the DF-31 with extended range. According to some analysts, China has already deployed the DF-31A and will increase its numbers²⁵. Regarding SLBM, China currently appears to be deploying Jin-class nuclear-powered ballistic missile submarines (SSBNs) to carry the JL-2, whose range is believed to be approximately 8,000 km, which is currently under development. Once the JL-2 reaches a level of practical use, it is believed that China's strategic nuclear capabilities will improve by a great margin²⁶.

As for the IRBM/MRBM covering the Asia-Pacific region including Japan, China has deployed the solid-propellant DF-21, which can be transported and operated on a TEL, in addition to the liquid-propellant DF-3 missiles. These missiles are capable of carrying nuclear warheads. It is believed that China possesses conventional ballistic missiles with high targeting accuracy based on the DF-21²⁷, and it has been pointed out that China has deployed conventional anti-ship ballistic missiles (ASBMs), which could be used

to attack ships at sea including aircraft carriers. In addition to IRBM/MRBM, China possesses the DH-10 (CJ-10), a cruise missile with a range of at least 1,500 km, as well as the H-6 (Tu-16), bombers that are capable of carrying nuclear weapons and cruise missiles. It is deemed that these missiles will complement ballistic missile forces, covering the Asia-Pacific region including Japan²⁸. Concerning SRBM, China possesses a large number of solid-propellant DF-16, DF-15, and DF-11, and they are believed to be deployed facing Taiwan²⁹. It is believed that their ranges cover also a part of the Southwestern Islands including the Senkaku Islands, which are inherent territories of Japan.

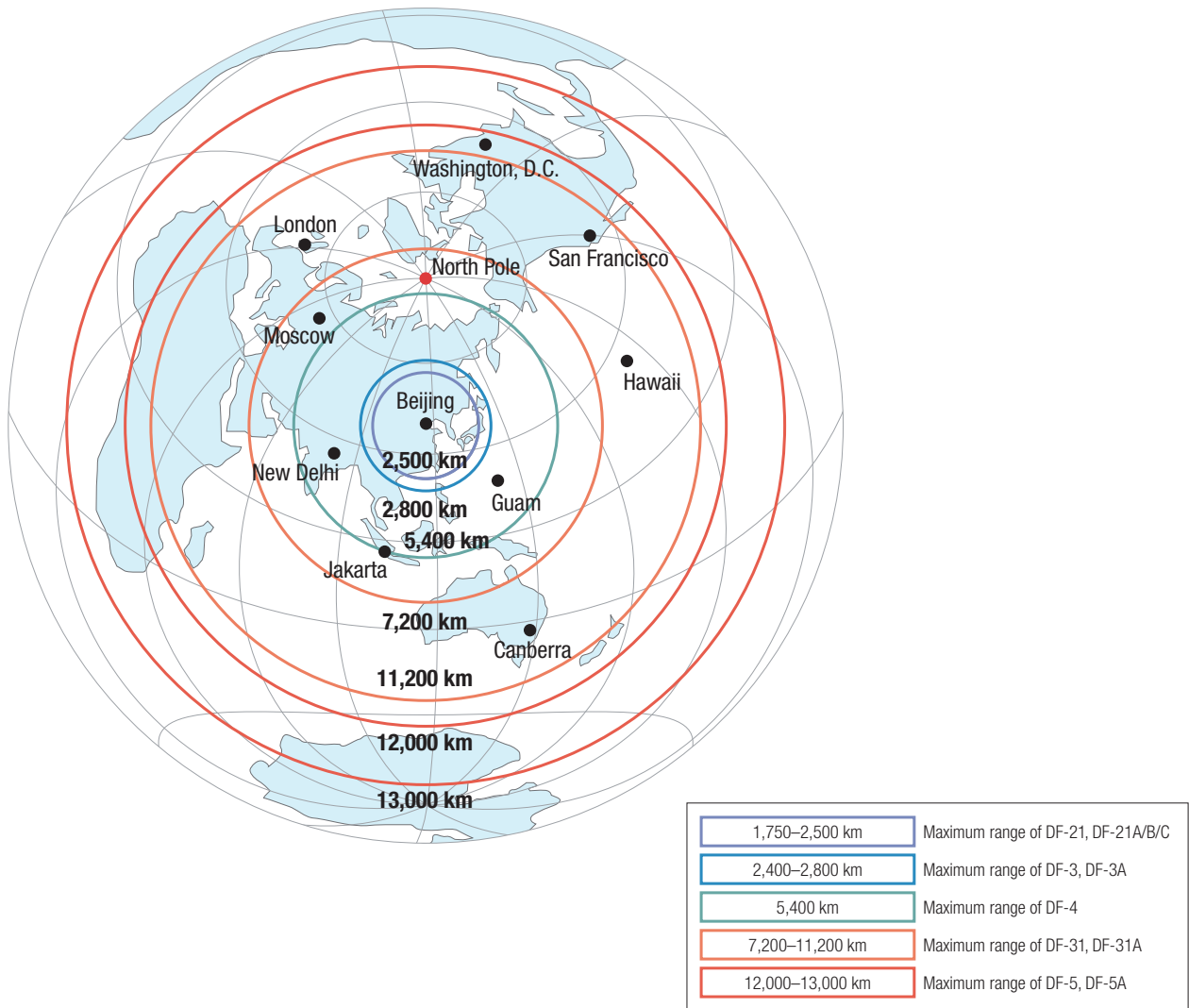
Furthermore, in order to acquire striking force that will enable penetration of the missile defense shield, China is considered to be developing a hypersonic glide vehicle which is launched by mounting to a ballistic missile. Attention will be paid to the relevant developments³⁰.

China announced that it had conducted tests on midcourse missile interception technology in January 2010 and 2013. Attention will be paid to China's future trends in ballistic missile defense³¹.

See Fig. I-1-3-2 (Range of Ballistic Missiles from China (Beijing))

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- 22 The defense white paper "China's Military Strategy" (May 2015) states that "China has always pursued the policy of no first use of nuclear weapons and adhered to a self-defensive nuclear strategy that is defensive in nature. China...will never enter into a nuclear arms race with any other country." On the other hand, the U.S. DoD's "Annual Report to Congress: Military and Security Developments Involving the People's Republic of China" (May 2015) states that there is some ambiguity over the conditions under which China's "no first use" policy would or would not apply.
- 23 For differences between the liquid-propellant system and solid-propellant system, see Part I, Chapter 1, Section 2, Footnote 30.
- 24 The DF-5 is thought to carry multiple independently targetable re-entry vehicles (MIRVs).
- 25 The U.S. DoD's "Annual Report to Congress: Military and Security Developments Involving the People's Republic of China" (May 2015) indicates that China is developing a new road mobile ICBM known as "DF-41," possibly capable of carrying MIRVs.
- 26 The annual report (November 2014) of the U.S.-China Economic and Security Review Commission (a bipartisan advisory body established at U.S. Congress to monitor, investigate, and submit a report on U.S. security implications of the trade and economic relationship between the United States and China) states that the JL-2 has already reached initial operational capability allowing for deployment, and that by the end of 2014, a JIN-class SSBN carrying the JL-2 is set to conduct its first patrol. Furthermore, the U.S. DoD's "Annual Report to Congress: Military and Security Developments Involving the People's Republic of China" (May 2015) states that JIN-class SSBNs carrying the JL-2 are expected to conduct nuclear deterrence patrols in 2015.
- 27 According to the defense white paper "China's Military Strategy" (May 2015), China identifies "possessing both nuclear and conventional missiles" as one of the strategies for enhancing the military capabilities of the Second Artillery Force.
- 28 In its Annual Report of November 2010, the U.S.-China Economic Security Review Commission pointed out, among other items, that China could attack five out of the six main U.S. Air Force bases in East Asia with its normal missiles (ballistic missiles and ground-launched cruise missiles), and also has the ability to target air bases in Guam by enhancing the capability of its bombers.
- 29 The U.S. DoD's "Annual Report to Congress: Military and Security Developments Involving the People's Republic of China" (May 2015) states that as of late 2014, China possessed at least 1,200 SRBMs, including the DF-16.
- 30 In January, August, and December 2014 (total: 3 times), China reportedly conducted flight tests of the hypersonic glide vehicle "WU-14," which is deemed to travel at ultra-high speed and be difficult to intercept by a missile.
- 31 The U.S. DoD's "Annual Report to Congress: Military and Security Developments Involving the People's Republic of China" (May 2015) states that China has twice successfully intercepted a ballistic missile.

Fig. I-1-3-2 Range of Ballistic Missiles from China (Beijing)



Note: The above image shows a simplified indication of the potential reach of each type of missile taking Beijing as a central point.

(2) Ground Forces

The size of the Chinese ground forces is the largest in the world with approximately 1.6 million personnel. Since 1985, China has continuously sought to modernize its armed forces by curtailing the number of personnel and streamlining organizations and systems in order to improve efficiency. China aims to develop highly capable military forces, while reducing units inferior in equipment and technologies. Specifically, it is improving mobility by such measures as switching from the past regional-defense model to a nationwide-mobile model, working to motorize and mechanize its infantry. In addition, China is believed to be strengthening its airborne troops (belonging to the Air Force), amphibious forces, and special operations forces and helicopter units. China undertakes efforts to make its military units multifunctional, to build a command system for improvement of its joint operational capabilities and

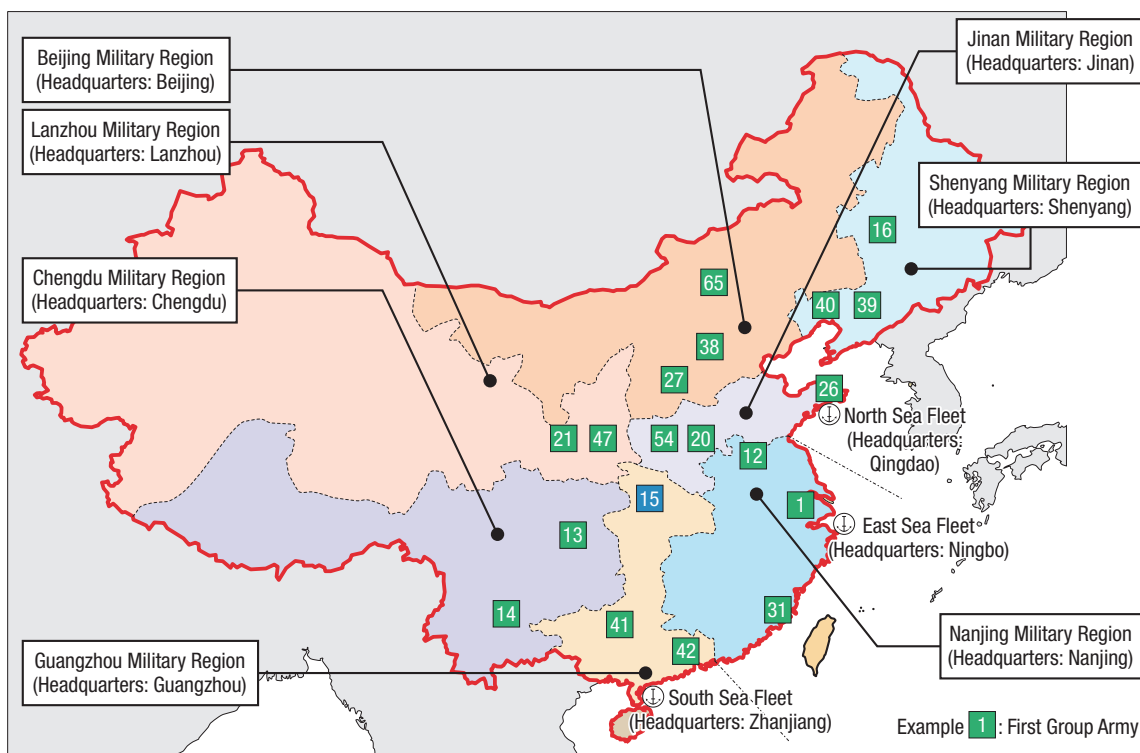
efficient operations, and carries out reforms to improve its logistical support capabilities.

Since “Stride 2009” was confirmed in 2009, China has carried out “Mission Action” from 2010 through 2013 and “Stride 2014” and “Firepower 2014” in 2014. As such, China has annually conducted mobile exercises that cut across multiple military regions aimed at verifying and improving capabilities necessary for deployment of Army units to distant areas, such as the Army’s long-range maneuvering capabilities³² and logistical support capabilities, including mobilization of militia and public transportation. Furthermore, the Navy and Air Force reportedly took part in “Mission Action 2013,” suggesting that such exercises are also intended to improve joint operational capabilities.

See Fig. I-1-3-3 (Deployment and Strength of the People’s Liberation Army)

³² According to the defense white paper “China’s Military Strategy” (May 2015), China identifies “mobile operations” as one of the strategies for enhancing the military capabilities of the Army.

Fig. I-1-3-3 Deployment and Strength of the People's Liberation Army



Notes: Army and Air Force Military Regions are identical.
 A Group Army consists of several divisions and brigades and has tens of thousands of personnel.

● Military Region headquarters Ⓛ Fleet headquarters ■ Group Army (Army) headquarters ■ Airborne Corps (Air Force) headquarters

		China	Taiwan (Reference)
Total military forces		Approx. 2.3 million troops	Approx. 290,000 troops
Ground forces	Group troops	Approx. 1.6 million troops	Approx. 200,000 troops
	Tanks, etc.	Type-99/A, Type-98/A, Type-96/A, Type-88A/B and others Approx. 7,300 vehicles	M-60, M-48A/H and others Approx. 1,200 vehicles
Maritime forces	Warships	Approx. 870 vessels / 1,470 thousand tons	Approx. 410 vessels / 201 thousand tons
	Destroyers & frigates	Approx. 70 vessels	Approx. 30 vessels
	Submarines	Approx. 60 vessels	4 vessels
	Marines	Approx. 10,000 troops	Approx. 15,000 troops
Air forces	Combat aircraft	Approx. 2,620 aircraft	Approx. 500 aircraft
	Modern fighters aircraft	J-10 x 294 Su-27/J-11 x 340 Su-30 x 97 (Fourth-generation fighters (total): 731)	Mirage 2000 x 56 F-16 x 145 F-CK-1 (IDF) x 128 (Fourth-generation fighters (total): 329)
Reference	Population	Approx. 1.370 billion	Approx. 23 million
	Term of service	2 years	1 year

Source: The Military Balance (2015), etc.

(3) Naval Forces

The naval forces consist of three fleets—the North Sea, East Sea, and South Sea Fleets. The Chinese Navy has approximately 870 ships (including approximately 60 submarines), with a total displacement of approximately 1.47 million tons. The Navy is in charge of maritime

national defense and protection of the sovereignty of territorial waters and maritime rights and interests. The Chinese Navy mass produces the indigenous state-of-the-art Yuan-class submarines³³, as well as surface combatant ships³⁴ with improved air defense and anti-ship attack capabilities. In addition, the Navy is increasing the number

³³ These submarines are believed to be superior in quietness and to be equipped with an air independent propulsion (AIP) system. By carrying the necessary oxygen in advance, this system allows these submarines to remain submerged underwater for longer periods than previous submarines without accessing atmospheric oxygen by surfacing or other means.

³⁴ For example, in recent years, China is considered to have significantly increased the number of: the Luyang III-class destroyer, a fleet air defense ship called the "Chinese Aegis" with reinforced radars and a new model of vertical launch system (VLS) that fires multiple missiles; the Jiangkai II-class frigate called the "mini-Aegis" equipped with VLS, and the Jiangdao-class corvette which is a "light frigate" with enhanced anti-submarine warfare capabilities.

of large landing ships and supply ships. It commissioned a large hospital ship in October 2008.

With regard to aircraft carriers, China has renovated the Varyag, an incomplete Kuznetsov-class aircraft carrier purchased from Ukraine. China began trial navigations in August 2011, and named the carrier “Liaoning” and put it into commission in September 2012³⁵. Even after the carrier was commissioned, China is thought to be continuing the training of carrier-based aircraft pilots and R&D of necessary technologies, including the development of a domestic carrier based fighter, J-15, such as takeoff and landing tests on the “Liaoning.” In November 2013, the carrier sailed in the South China Sea for the first time and conducted sea trials in this sea area³⁶. Some analysts point out that China may also be constructing its first domestic aircraft carrier³⁷.

In view of these developments concerning the strengthening of the naval forces, China likely aims to build capabilities for conducting operations in more distant waters in addition to near sea defense³⁸. It is necessary to continue to monitor the development of the Chinese naval forces³⁹.

(4) Air Forces

The Chinese Air Force and Navy have approximately 2,620 combat aircraft in total. The number of fourth generation modern fighters is rising steadily. China imported from Russia and produced under license the Su-27 fighters, and imported from Russia the Su-30 fighters equipped with anti-surface and anti-ship attack capabilities. China is also mass-producing the J-11B fighter, which is allegedly an imitation of the Su-27 fighter, as well as the domestic J-10 fighter. Additionally, China is developing the J-20 and J-31, which are said to become next-generation fighters⁴⁰. China is also making continuous efforts to improve capabilities which are essential for operations of modern air forces by introducing the H-6U tanker and KJ-2000 Airborne Early Warning and Control system. Furthermore, it is reported that China is developing a new Y-20 large cargo aircraft⁴¹ in order to improve its transportation capability. In addition to domestically developing, producing and deploying a variety of aircraft and introducing them from Russia, China is deemed to be domestically developing a variety of unmanned aerial vehicles (UAV)⁴², including those capable of long-hour flights at high altitude for reconnaissance and other purposes and those capable of carrying missiles and other weapons for attack purposes. China also appears to be producing and deploying some of these unmanned aircraft.

Judging from the modernization of the air forces, it is believed that China is not only improving its air defense capabilities for its national territory, but also aiming to build up capabilities for air superiority and anti-surface and anti-ship attacks in areas which are further distant from China, and improving long-range transportation capabilities⁴³. Further attention needs to be paid to these activities conducted by the Chinese air forces.

35 The U.S. DoD’s “Annual Report to Congress: Military and Security Developments Involving the People’s Republic of China” (May 2015) expresses the view that the aircraft carrier “Liaoning” will not enable long-range power projection compared to U.S. aircraft carriers, and will continue to play a role in training. It also notes that the air wing is not expected to embark the carrier until 2015 at the earliest or later.

36 In May 2013, it was reported that the first carrier air wing was officially established in China.

37 The U.S. DoD’s “Annual Report to Congress: Military and Security Developments Involving the People’s Republic of China” (May 2015) states that China will likely build multiple indigenous aircraft carriers over the next 15 years.

38 The U.S. DoD’s “Annual Report to Congress: Military and Security Developments Involving the People’s Republic of China” (May 2015) states that the Navy’s primary area of activity is gradually shifting from the “near seas” to the “far seas.” China’s defense white paper “China’s Military Strategy” (May 2015) also identifies “offshore waters defense and open seas protection” as a strategy for enhancing the military capabilities of the Navy.

39 According to the defense white paper “China’s Military Strategy” (May 2015), “the traditional mentality that land outweighs sea must be abandoned” and China will aim to “develop a modern maritime military force structure.” As implied by these references, it is deemed that China attaches importance to its maritime strategy.

40 In his testimony at the U.S. Senate Armed Services Committee in February 2011, then-Secretary of Defense Robert Gates stated his view that China had the potential to deploy 50 next-generation fighters equipped with stealth capability by 2020 and 200 fighters by 2025. In January 2011, China successfully conducted its first flight test of the J-20 prototype and created a total of four prototypes by late 2014. A prototype of J-31 was confirmed at the Zhuhai Airshow in November 2014.

41 On January 26, 2013, the Ministry of National Defense of China announced that for the first time it succeeded in a trial flight of the Y-20 large cargo aircraft developed by China. It is believed that since then China has continued to conduct related tests and trial flights.

42 During the counter-terrorism joint exercise “Peace Mission 2014” in August 2014, a CH-4 (Cai Hong-4 or Rainbow-4) medium-sized UAV conducted a demonstration bombardment.

43 In April 2014, Xi Jinping, Chairman of the Central Military Commission, visited an Air Force organization and referred to establishing an air force that “builds air-space capabilities and conducts offensive and defensive operations.” The defense white paper “China’s Military Strategy” (May 2015) identifies “building air-space capabilities and conducting offensive and defensive operations” as a strategy for enhancing the military capabilities of the Air Force.

(6) Establishment of Joint Operational Posture

The command structure of the PLA is centered on the Army. In recent years, however, organizational reform has been under way to improve integrated and combined operations capability among the military services. For example, the third plenary session of the 18th CCP Central Committee in November 2013 proposed a government policy to “enhance joint operations capability and reform the command system and organization.” As part of this, in November 2013, China is deemed to have established the “East China Sea Joint Operational Command Center” to jointly operate the Navy and Air Force for such purposes as the effective surveillance of the “East China Sea Air Defense Identification Zone”⁴⁴. Some analysts have stated that the CCP also established the “Central Military Commission Joint Operations Command Center” to carry out decision-making at the highest strategic level. Furthermore, China has recently conducted drills aimed at the development of a joint operational posture, as demonstrated by the long-distance mobile exercises which cut across military regions such as “Stride,” as well as the joint exercises conducted among the Army, Navy, Air Force, and other units such as “Mission Action 2013.” It is perceived that the establishment of joint operational command centers, along with the above drills, is intended to further facilitate coordination among the different military services as well as investments across military regions. The relevant developments will be a point to watch out for.

(5) Military Use of Space and Cyber Warfare Capabilities

China is said to have developed its space program the fastest in the world, and may be utilizing space for military purposes. China is considered to be developing directed-energy weapons and satellite jammers in order to restrict and interfere with the use of space-based assets by adversaries in wartime. In addition, China has interest in cyber space. Some have speculated that China is reinforcing its A2/AD capabilities by using cyber attacks to destroy an adversary’s network in the entire region. This can be attributed to the fact that information gathering and command and communication in the military sector, which are vital for swift and efficient exercise of military strength, increasingly rely on satellites and computer networks.

See Part I, Chapter 2, Section 4 (Outer Space and Security); Part I, Chapter 2, Section 5 (Trends in Cyberspace)

5 Maritime Activities

(1) General Situation

In recent years, China is believed to be aiming to build up capabilities to conduct operations in more distant waters and airspace. Accordingly, China has rapidly expanded its maritime activities based on sea power and air power, both qualitatively and quantitatively. With regard to its activity in the sea areas and airspace surrounding Japan, Chinese naval vessels⁴⁵ and navy and air force aircraft have been observed conducting training exercises, such as carrier-based helicopter flights and fleet formation and maneuver exercises, as well as information gathering activities. A large number of Chinese government ships and aircraft belonging to maritime law-enforcement agencies⁴⁶ have

44 During his regular press conference on July 31, 2014, the spokesperson of the Ministry of National Defense of China was asked whether the “East China Sea Joint Operational Command Center” had been established, and he responded that “Setting up a joint operational command system is the inevitable requirement of joint operations under informationized conditions,” de facto confirming the Center’s establishment.

45 Examples of the activities of Chinese naval vessels are: a submerged Chinese nuclear-powered submarine navigated in Japan’s territorial waters in breach of international law in November 2004; it was confirmed that a total of five Chinese naval vessels, including one Sovremenny-class destroyer, were sailing near the Kashi gas field (Tianwaitian in Chinese) in the East China Sea and some of them circled around said gas field in September 2005.

46 Surveillance and other activities at sea used to be conducted by “Maritime Police” (Haijing) of the Ministry of Public Security, “China Maritime Surveillance” (Haijian) of the State Oceanic Administration of the Ministry of Land and Resources, “China Fisheries Law Enforcement Command” (Yuzheng) of the Bureau of Fisheries of the Ministry of Agriculture, “Maritime Safety Administration (Haixun)” of the Ministry of Transport, and the maritime anti-smuggling force of the General Administration of Customs, all of which were under the State Council. In March 2013, China decided to reorganize the four agencies, excluding “Maritime Safety Administration” into the new “State Oceanic Administration” and that the new organization would carry out surveillance and other activities under the name of “China Coast Guard (Zhongguo Haijing)” under the guidance of the Ministry of Public Security. In July of that year, the China Coast Guard was formally launched. It is believed that the State Committee of Border and Coastal Defense, under the guidance of the State Council and the Central Military Commission, is coordinating maritime activities by these maritime law-enforcement agencies and the Navy. China is currently building 10,000-ton-class maritime law enforcement ships.

been observed engaging in monitoring activities for the protection of its maritime rights and interests⁴⁷. Such activities by China include those that involve intermittent incursions into Japan's territorial waters, intrusion into Japan's airspace, and dangerous acts that could cause unintended consequences, including a Chinese vessel's direction of a fire control radar at a JMSDF destroyer, the flight of Chinese military fighter jets abnormally close to JSDF aircraft, and activities that could infringe upon the freedom of overflight over the high seas, such as the establishment of the "East China Sea Air Defense Identification Zone." These activities are extremely regrettable, and China is urged to act on the basis of the principle of the "rule of law."

See Part I, Chapter 2, Section 3 (Maritime Trends)

(2) Situation of Activities in Japan's Surrounding Sea Areas

Regarding the activities of naval forces, the number of Chinese naval surface vessels advancing to the Pacific Ocean has increased in recent years, and such advancements are currently conducted routinely. Every year since 2008, Chinese naval fleets have been passing the sea area between the main island of Okinawa and Miyako Island. However, in April 2012, a naval fleet passed the Osumi Strait eastward for the first time, and in October of the same year, they navigated the sea area between Yonaguni Island and Nakanokami Island near Iriomote Island northward for the first time. In July 2013, Chinese naval fleets passed the Soya Strait eastward for the first time. In March 2015, naval fleets navigated the sea area between Amamiyoshima Island and Yokoatejima Island westward. As such, the Chinese naval fleets' advancement and homing routes between the East China Sea and the Pacific Ocean continue to become diverse by incorporating the areas north of Japan, and it is understood that China seeks to improve its deployment capabilities to the open ocean. Furthermore, in October 2013, China conducted "Maneuver 5," the first joint exercise by its three naval fleets in the western Pacific Ocean. In December 2014, a similar joint exercise involving the three fleets⁴⁸ was reportedly conducted. Subsequently, some of the vessels that participated in the exercise transited the Soya and Tsushima Straits to circle Japan.

In addition, Chinese naval vessels appear to routinely conduct operations in the East China Sea⁴⁹. After referring to its own position regarding the Senkaku Islands, China alleges that patrols by Chinese naval vessels in the sea areas under its jurisdiction are completely justifiable and lawful. In January 2013, a Chinese naval vessel directed

fire-control radar at a JMSDF destroyer and is suspected to have directed fire-control radar at a helicopter based on the JMSDF destroyer⁵⁰.

With regard to the activities of Chinese government vessels, in December 2008, "China Maritime Surveillance" vessels belonging to the State Oceanic Administration (SOA) of the Ministry of Land and Resources of China hovered and drifted inside Japan's territorial waters near the Senkaku Islands – operations which are not permitted under international law. In September 2010, Japan Coast Guard patrol vessels and a Chinese fishing trawler collided in Japan's territorial sea surrounding the Senkaku Islands. Subsequently, in August 2011 as well as in March and July 2012, "China Maritime Surveillance" vessels and "China Fisheries Law Enforcement Command" vessels belonging to then-Bureau of Fisheries of the Ministry of Agriculture of China intruded into Japan's aforementioned territorial waters⁵¹. As these examples demonstrate, "China Maritime Surveillance" and "China Fisheries Law Enforcement Command" vessels have gradually intensified their activities in Japan's territorial waters in recent years. Such activities intensified considerably and Chinese government vessels began to intrude into the aforementioned territorial waters intermittently after September 2012, when the Japanese government acquired property rights to and ownership of three of the Senkaku Islands (Uotsuri Island, Kitakojima Island, and Minamikojima Island). In April and September 2013, eight Chinese government vessels intruded into the aforementioned territorial waters simultaneously. Since October 2013, the operations of government vessels intended to intrude into territorial waters have become routinized. In this light, an operations manual or other codes may have been developed.

China has deployed increasingly larger government vessels to waters near the Senkaku Islands. In February 2015, three over 3,000-ton-class government vessels intruded into Japan's territorial waters simultaneously for the first time. Additionally, China is proceeding with the construction of the world's largest 10,000-ton-class patrol vessel.



Sovremenny II-class missile destroyer navigating between Amamiyoshima Island and Yokoatejima Island southwestward (March 2015)

47 Concerning the PLA, there is a view that by turning exception into normality through uniform peacetime and wartime force deployment and exceeding traditional activity spaces, China intends to desensitize the alertness of others and make the international community tolerate and accept changes in the situation (Taiwan's 2009 National Defense Report).

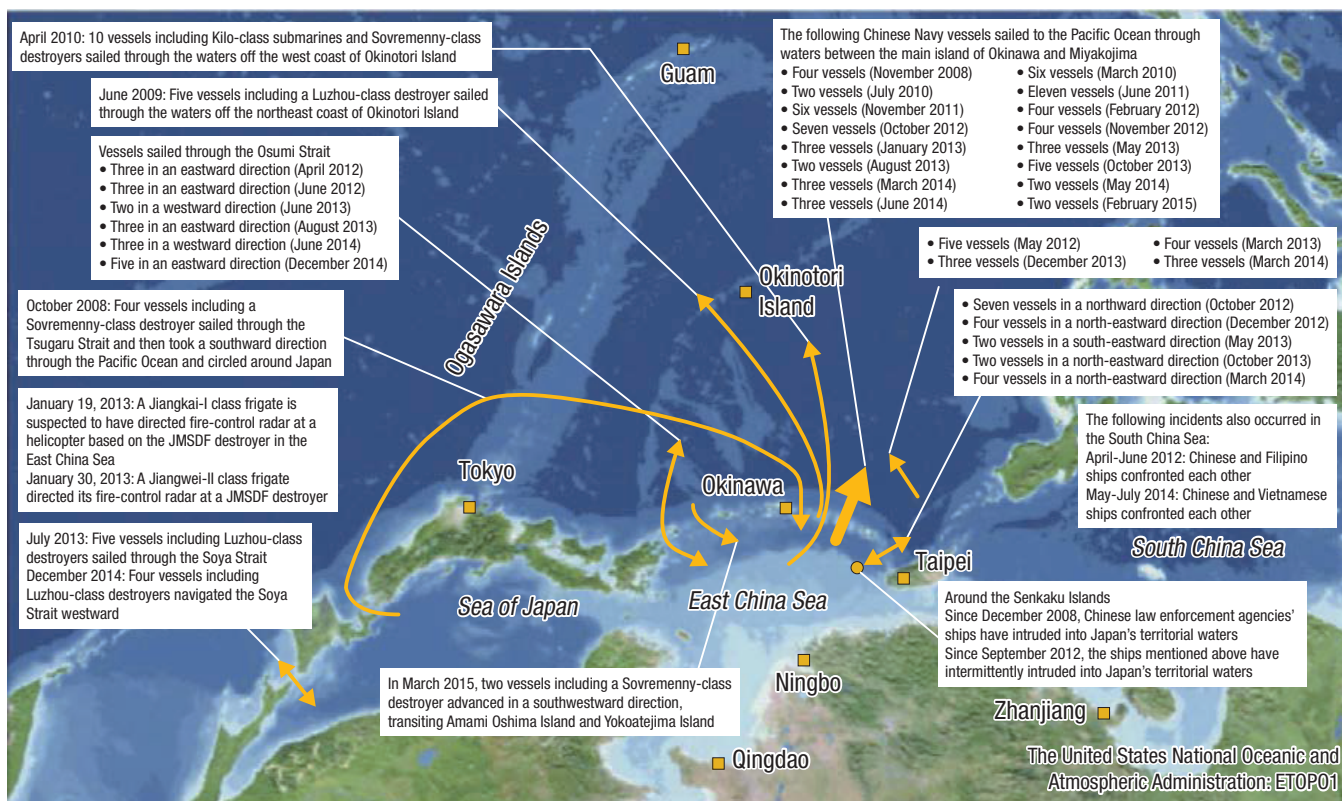
48 Some news reports call this exercise as "Maneuver 6."

49 For example, a PLA Daily article dated February 19, 2014 reported that in recent years, the average number of days in a year that a unit in the East Sea Fleet of the Chinese Navy conducted operations exceeded 190 days.

50 See Part I, Chapter 2, Section 3-1 (Trends Related to the "Principle of the Freedom of the High Seas" in the East China Sea and South China Sea)

51 In February 2012, a survey vessel of the Japan Coast Guard conducting a marine survey in Japan's EEZ was demanded to stop the activity by two "China Maritime Surveillance" ships that belong to the SOA. Similar incidents occurred in May and September 2010.

Fig. I-1-3-4 Recent Chinese Activities in Waters near Japan (The wakes shown are an illustration)



In October 2012, vessels of the East Sea Fleet of the Chinese Navy, along with “China Maritime Surveillance” and “China Fisheries Law Enforcement Command” vessels, conducted a joint exercise with a focus on maintaining and defending China’s territorial sovereignty and maritime interests. Furthermore, the Navy is believed to be supporting maritime law enforcement agencies both in terms of operation and equipment. For example, the Navy is thought to have handed over retired Navy vessels to the China Coast Guard⁵² that was formally launched in July 2013. In 2014, the Navy and the China Coast Guard conducted a coordinated drill. Also, the Navy and the Maritime Safety Administration conducted the joint drill “Poseidon 2014.”

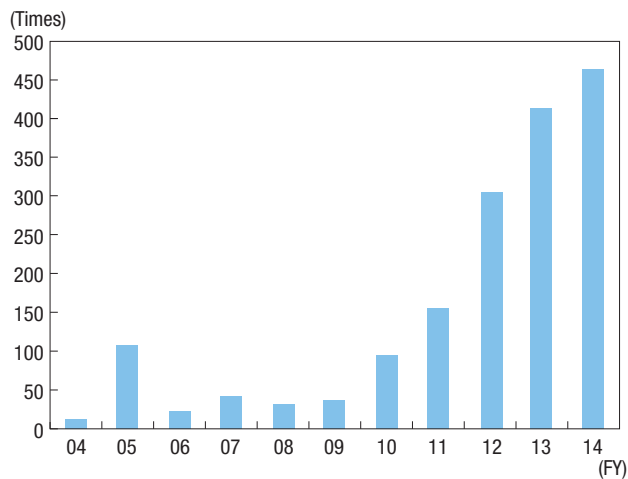
See Fig. I-1-3-4 (Recent Chinese Activities in Waters near Japan)

(3) Situation of Activities in Japan’s Surrounding Airspace

In recent years, activities by Chinese Navy and Air Force aircraft, which appear to be activities for gathering information about Japan of some form, have been observed frequently. The number of scrambles by the JASDF against Chinese aircraft is also increasing dramatically⁵³.

With regard to the activities of air forces in the airspace above the East China Sea, Chinese aircraft have been diversifying their flight patterns. Multiple H-6 bombers

Fig. I-1-3-5 Change in the Number of Scrambles against Chinese Aircraft

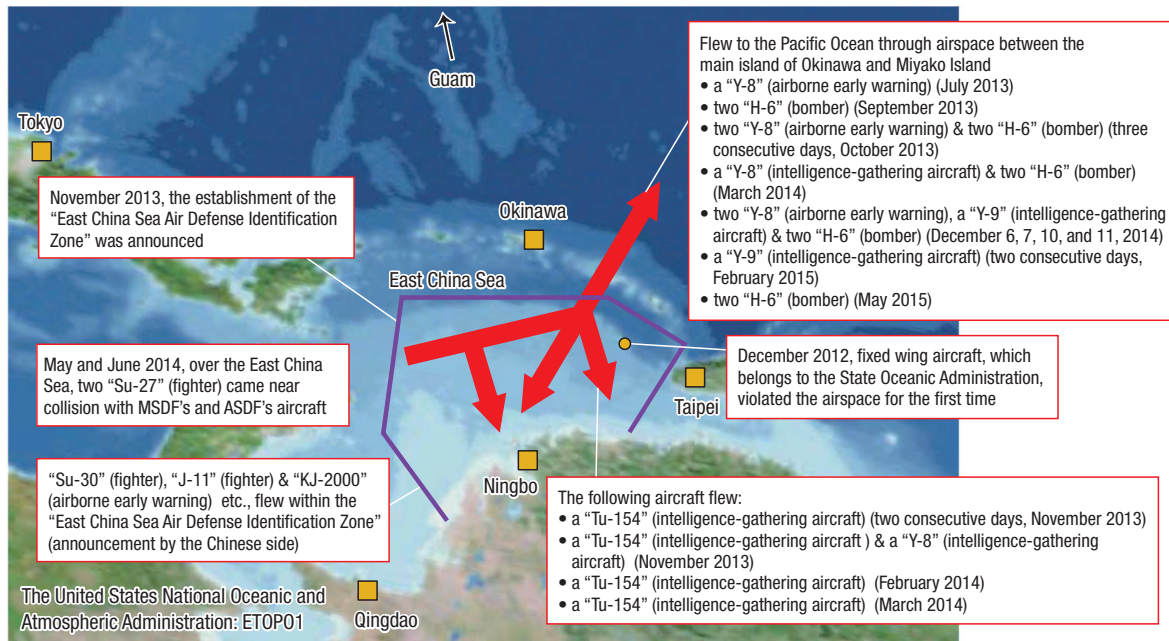


in September 2007 and a Y-8 early warning aircraft in March 2010 flew into Japan’s Air Defense Identification Zone (ADIZ) above the East China Sea and advanced near the Japan-China median line. In March 2011, a Y-8 patrol aircraft and Y-8 intelligence gathering aircraft crossed the Japan-China median line and approached within approximately 50 km of Japan’s airspace near the Senkaku

52 See Part I, Chapter 1, Section 3, Footnote 46

53 In FY2014, the number of times that JASDF aircraft scrambled against Chinese aircraft set a record high at 464 times.

Fig. I-1-3-6 Recent Chinese Activities in Airspace near Japan (The flight paths shown are an illustration)



Islands. In 2012, China intensified the activities of its aircraft, including fighters. In January 2013, the Chinese Ministry of National Defense made public the fact that Chinese military aircraft regularly conducted warning and surveillance activities and that Chinese fighters conducted activities believed to be Combat Air Patrols (CAP) in the East China Sea. In addition, in the same Chinese defense white paper, the phrase "air vigilance and patrols at sea" was added for the first time.

On November 23, 2013, the Chinese government announced that it established the "East China Sea ADIZ" including the Senkaku Islands which China described as if they were a part of China's "territory," and that the Chinese Armed Forces would take "defensive emergency measures" in the case where aircraft does not follow the relevant rules set forth by the Chinese Ministry of National Defense⁵⁴. On the same day, a Tu-154 intelligence gathering aircraft and a Y-8 intelligence gathering aircraft flew over the East China Sea, respectively. The Chinese Air Force announced that it conducted its first patrol flight since the establishment of the ADIZ. Subsequently, the Chinese Armed Forces announced on November 28 that its KJ-2000 Airborne Early Warning and Control system and Su-30 and J-11 fighters conducted patrol flights in the ADIZ, and announced on the following day that its Su-30 and J-11 fighters scrambled. On December 26, 2013, the Chinese Armed Forces announced that in the one month that passed since the establishment of the ADIZ, a total of 87 reconnaissance aircraft, early warning aircraft

and fighters were mobilized to the relevant airspace.

In March and April 2011 and in April 2012, Chinese helicopters and other aircraft that appeared to belong to the SOA flew close to JMSDF destroyers which were engaged in monitoring and surveillance in the East China Sea⁵⁵. Further still, in May and June 2014, two Su-27 fighters of China flew abnormally close to the aircraft of JMSDF and JASDF that were conducting routine monitoring and surveillance activities in the East China Sea⁵⁶. The Chinese Ministry of National Defense announced that JSDF aircraft conducted dangerous acts against Chinese aircraft. However, the operations of JSDF aircraft were legitimate activities in compliance with the international law. There is no truth to the Chinese assertion that JSDF aircraft carried out dangerous acts.

With respect to air forces' advancement into the Pacific Ocean, it was confirmed for the first time by the JASDF's scrambling fighters that a Y-8 early warning aircraft and a H-6 bomber flew through the airspace between the main island of Okinawa and Miyako Island and advanced to the Pacific Ocean in July and September 2013, respectively. Similar flights were conducted by two Y-8 early warning aircraft and two H-6 bombers (total: four aircraft) on three consecutive days in October of the same year, by one Y-8 intelligence gathering aircraft and two H-6 bombers (total: three aircraft) in March 2014, by two Y-8 early warning aircraft, one Y-9 intelligence gathering aircraft, and two H-6 bombers (total: five

⁵⁴ See Part 1, Chapter 2, Section 3-1 (Trends Related to the "Principle of the Freedom of the High Seas" in the East China Sea and South China Sea)

⁵⁵ For example, on March 7 2011, a Chinese Z-9 helicopter believed to belong to the SOA flew as close as approximately 70 m and as low as approximately 40 m above the water around the Japanese destroyer Samidare, which was patrolling the waters in the central area of the East China Sea. On April 12, 2012, an incident occurred in which a Y-12 aircraft, believed to belong to the SOA flew as close as approximately 50 m and as low as approximately 50 m above the water around the destroyer Asayuki.

⁵⁶ See Part I, Chapter 2, Section 3-1 (Trends Related to the "Principle of the Freedom of the High Seas" in the East China Sea and South China Sea)

aircraft) on December 6, 7, 10, and 11, 2014, by one Y-9 intelligence gathering aircraft on two consecutive days in February 2015, and by two H-6 bombers in May 2015. As such activities demonstrate, China has been further intensifying the activities of its aircraft⁵⁷.

Regarding Japan's airspace over and around the Senkaku Islands, in December 2012, a Chinese aircraft, namely, a fixed-wing aircraft belonging to the SOA, violated this territorial airspace for the first time. Since then, fixed-wing aircraft belonging to the SOA have been frequently observed flying near the airspace⁵⁸.

See Fig. I-1-3-5 (Change in the Number of Scrambles against Chinese Aircraft); Fig. I-1-3-6 (Recent Chinese Activities in Airspace near Japan)



Y-9 intelligence gathering aircraft flying through the airspace between the main island of Okinawa and Miyako Island and advancing to the Pacific Ocean (December 2014)

Note: This photo has been enlarged for better viewing.

(4) Situation of Activities in the South China Sea and Indian Ocean

China has also been intensifying its activities in the South China Sea, including waters around the Spratly Islands and the Paracel Islands, over which territorial disputes exist with neighbors, including some ASEAN member states. In March 2009 and December 2013, a Chinese naval vessel and other vessels approached and intercepted a U.S. Navy

vessel navigating in the South China Sea. In August 2014, a PLA fighter is alleged to have flown abnormally close to and intercepted a U.S. Forces aircraft. It is also reported that Chinese naval vessels fired warning shots at fishing boats of neighboring countries. Furthermore, in recent years, there has been growing friction between China and its neighboring countries over the South China Sea, as illustrated by protests by Vietnam and the Philippines against China's activities in these waters, including land reclamation on the features.

China has pressed ahead with rapid and large-scale land reclamation works in seven features in the Spratly Islands^{59, 60}. On some of them, it is considered that China is building infrastructure including runways and ports, which has raised concerns among the international community, including the United States⁶¹. Among them, Fiery Cross Reef has become the largest feature in the Spratly Islands, surpassing Itu Aba Island that was formerly the largest feature. Presently, China is thought to be building a 3,000 m-long runway there. Furthermore, on Subi Reef where China started large-scale land reclamation work in early 2015, analysts have speculated that reclaimed land has already become large enough to accommodate another runway as of April 2015.

See Part I, Chapter 1, Section 6 (Southeast Asia); Part I, Chapter 2, Section 3 (Maritime Trends)

Additionally, Chinese naval vessels have advanced into the Indian Ocean. Since December 2008, Chinese naval vessels have been navigating in the Indian Ocean and advanced into the coast of Somalia and in the Gulf of Aden to take part in international anti-piracy efforts. In 2010 and 2013, a Chinese Navy's hospital ship carried out "Mission Harmony," a medical service mission, to assist countries, including countries off the coast of the Indian Ocean. Furthermore, from the end of 2013 to the beginning of 2014, the Chinese Navy's Shang-class nuclear submarine reportedly conducted operations in the Indian Ocean.

⁵⁷ On March 30, 2015, the spokesperson of the PLA Air Force announced that Air Force aircraft transited the Bashi Channel, between Taiwan and the Philippines, and conducted their first training in airspace over the West Pacific. On May 21, 2015, the same spokesperson announced that for the first time PLA Air Force aircraft flew through the airspace between the main island of Okinawa and Miyakojima Island and conducted training in airspace over the West Pacific.

⁵⁸ There are also reports that China is constructing a heliport and radar installations on the Nanji Islands facing the East China Sea.

⁵⁹ The seven features are: Johnson South Reef; Cuarteron Reef; Gaven Reefs; Hughes Reef; Fiery Cross Reef; Mischief Reef; and Subi Reef.

⁶⁰ The U.S. DoD's "Annual Report to Congress: Military and Security Developments Involving the People's Republic of China" (May 2015) states that "[a]s of late December 2014, China had reclaimed about 500 acres (about 2 km²) of land" and that China may build "harbors, communications and surveillance systems, logistics support, and...airfield." At the time of this annual report's release, a U.S. DoD official noted that the area of land reclaimed by China totals about 2,000 acres (about 8 km²). This would mean that the size of the reclaimed area nearly quadrupled in roughly four months. On April 29, 2015, in regard to a comment concerning rising international concern over China's land reclamation, the spokesperson of the Ministry of Foreign Affairs of China stated that a few ASEAN countries such as the Philippines and Vietnam have illegally occupied the islands of the Spratly Islands and are undertaking large-scale construction work to build airports and other fixed facilities. Indeed, according to the Center for Strategic and International Studies (CSIS) of the United States, Vietnam carried out land reclamation in two locations in the South China Sea from 2010 to April 2015, stating that Vietnam added about 65,000 m² to West London Reef and about 21,000 m² to Sand Cay. However, as U.S. Vice President Biden noted in his address at the commencement of the U.S. Naval Academy on May 22, 2015, China's land reclamation is not nearly on the scale comparable to what other countries are doing.

⁶¹ As regards U.S. concerns, for example, in March 2015, then-U.S. Pacific Fleet Commander Harry Harris expressed concern, referring to China's land reclamation in the South China Sea as "a great wall of sand." On May 16, 2015, U.S. Secretary of State John Kerry held talks with Minister of Foreign Affairs Wang Yi of China and stated "we are concerned about the pace and scope of China's land reclamation in the South China Sea." On May 30, at the 14th Shangri-La Dialogue (Asia Security Summit), U.S. Secretary of Defense Ashton Carter stated that the United States was "deeply concerned" about China's land reclamation, saying it has generated tension in the region, and called for "an immediate halt" to land reclamation. At the same meeting, Sun Jianguo, Deputy Chief of General Staff of the PLA stated that such land reclamation on the features in the South China Sea falls "well within the scope of China's sovereignty" and that these activities meet the "necessary defense needs" in addition to such objectives as maritime search and rescue and disaster prevention and relief. In addition, the Deputy Chief asserted that "the situation in the South China Sea is on the whole peaceful and stable, and there has never been an issue with the freedom of navigation in the South China Sea." As regards the concerns of the international community, for example, the ASEAN Chairman's Statement adopted in April 2015 states, "we share the serious concerns," on the land reclamation being undertaken on the features in the South China Sea. On May 26, 2015, EU President Donald Tusk criticized China over its land reclamation on the features in the South China Sea, stating that "construction activities on the sea" "will make it much more difficult to solve the problem" in the region. Furthermore, at the G7 Summit held in Elmau, Germany on June 7-8, 2015, a Leaders' Declaration was released stating that, "[w]e strongly oppose...any unilateral actions that seek to change the status quo, such as large scale land reclamation."



Fiery Cross Reef where reclamation work is progressing quickly (left: as of August 14, 2014; right: as of March 18, 2015)
[CSIS Asia Maritime Transparency Initiative/DigitalGlobe]

From September to October 2014, a Song-class submarine conducted operations in the Indian Ocean and is deemed to have called at a port in Colombo, Sri Lanka, twice in the same year. This marked the first time that a Chinese submarine entered port abroad⁶². Also in 2014, a Chinese naval vessel is said to have advanced into the Indian Ocean from the Sunda Strait and conducted trainings. As such examples demonstrate, the Chinese Navy has improved its capacity to execute operations in more distant waters, including the Indian Ocean.

(5) Objectives of Maritime Activities

Taking into consideration such factors as the situation of the development of Chinese naval and air forces, situation of activities in sea areas and airspace, statements in defense white papers, China's geographical location and economic globalization, the maritime activities of the Chinese Navy, Air Force and other organizations are considered to have the following objectives.

The first one is to intercept operations by adversaries in waters and airspace as far as possible from China in order to defend its territory, territorial waters and territorial airspace. Behind this objective is an increase in effectiveness of long-range attacks due to recent progress in science and technology.

The second objective is to develop military capabilities to deter and prevent Taiwan's independence. China maintains that it will not allow any foreign intervention in solving the Taiwan issue and realizing the unification

of China. In order for China to try to prevent foreign intervention into Taiwan surrounded by the sea in all directions through China's use of force, it needs to enhance its military operational capabilities at sea and airspace.

The third objective is to weaken the control of other countries over the islands to which China claims territorial sovereignty, while strengthening the claim of its territorial sovereignty, through various surveillance activities and use of force at sea and in airspace surrounding the islands.

The fourth objective is to acquire, maintain, and protect its maritime rights and interests. China is engaged in oil and gas drilling as well as building facilities and surveying for the drilling in the East China Sea and South China Sea. The government has confirmed that in addition to its existing platforms, China has been building a new offshore platform on the Chinese side of the Japan-China median line of the East China Sea since June 2013. Japan has repeatedly lodged protests against China's unilateral development and demanded the termination of such work⁶³.

The fifth objective is to defend its sea lanes of communications. In the background is the fact that its sea lanes of communications, including its crude oil transportation routes from the Middle East, are extremely important for the globalizing Chinese economy. The question of which parts of its sea lanes of communication the Chinese Navy deems it should defend depends on such factors as the international situation at the time. However, given the recent strengthening of the Chinese Navy and Air Force, it is believed that they will develop a capacity to

⁶² On September 25, 2014, the spokesperson of the Ministry of National Defense of China formally admitted for the first time that a Chinese submarine called at a port in Colombo, Sri Lanka.

⁶³ With regard to resource development in the East China Sea, in September 2010, China unilaterally announced postponement of the negotiation to conclude an international agreement with Japan for implementing the so-called "June 2008 Agreement." While the negotiation has not been resumed yet, it is pointed out that China is highly likely carrying out gas production in the Kashi gas field (Tianwaitian in Chinese) and elsewhere. Meanwhile, China's SOA announced that the "Haiyangshiyou 981," oil rig, succeeded in its first drilling in the South China Sea in May 2012.

defend areas going beyond the waters near China.

Given these objectives and recent trends in China's activities in sea areas and airspace, it is believed that China plans to further expand the sphere of its maritime activities, and further intensify its operations in waters surrounding Japan, including the East China Sea and the Pacific Ocean, as well as the South China Sea and the airspaces over these seas areas. Therefore, more attention needs to be paid to activities such as operations of naval vessels as well as Navy and Air Force aircraft, various surveillance operations near Japan, developments of facilities that serve as bases for these activities⁶⁴, and evolution of China's interpretation regarding the nature and scope of rights in China's exclusive economic zones (EEZs) and other areas⁶⁵.

Meanwhile, in recent years, China has shown interest in taking steps to avoid and prevent unexpected situations at sea. For example, in April 2014, China, together with other countries such as Japan and the United States, agreed to the Code for Unplanned Encounters at Sea (CUES), which sets forth the standards of behavior in the case that the naval vessels or aircraft of the Western Pacific Naval Symposium (WPNS) member states have unexpected encounters. In September 2014, Japanese and Chinese defense authorities agreed in principle to resume consultations to swiftly begin the implementation of the Maritime and Air Communication Mechanism, which China had not agreed to since September 2012. Based on the achievements made at the Japan-China Summit Meeting in November 2014, the fourth Joint Working Group meeting was held in January 2015⁶⁶. In November 2014, President Obama and President Xi Jinping announced that they agreed on two confidence-building measures⁶⁷ in order to lower the risk of unintended incidents between the United States and China.

6 International Military Activities

In recent years, the PLA has begun emphasizing non-traditional security missions such as peacekeeping, humanitarian assistance and disaster relief, and anti-piracy. In order to carry out these missions, it has actively dispatched its units overseas. It is believed that in the background of the PLA's stance on international military activities is the expansion of China's national interests beyond its national borders, which in turn increased its necessity to protect and

promote its national interests overseas, as well as China's intent to raise its stature by demonstrating its will to fulfill its responsibilities to the international community.

China states that it consistently supports and actively participates in U.N. PKO. According to the Ministry of National Defense of China, it has sent more than 30,000 military personnel to U.N. PKO. According to the U.N., as of late April 2015, China has deployed a total of 2,899 personnel, civilian police officers, and military observers to U.N. PKO, including the United Nations Mission in the Republic of South Sudan (UNMISS). Thus, China demonstrates certain presence in U.N. PKO. It is deemed that China's proactive attitude towards U.N. PKO is partly due to China's wish to strengthen its relations with the regions where PKO is conducted, particular with African nations, through these activities.

Furthermore, as its first mission in distant waters, the Chinese Navy has dispatched vessels to the coast of Somalia and the Gulf of Aden since December 2008 in order to escort Chinese and other ships. The Chinese Navy is hence improving its capacity to continuously execute naval operations in more distant waters, demonstrating that China is placing a greater emphasis on protecting its sea lanes of transportation.

In view of the deteriorating situation in Libya, China carried out an evacuation operation of Chinese nationals from the country from February through March 2011. In this operation, China dispatched a naval frigate and transportation aircraft of the Air Force to Libya in addition to private chartered aircraft. This is the military's first participation in an evacuation operation of Chinese nationals living overseas. In addition, from November to December 2013, China dispatched a hospital ship to conduct medical relief activities in the Philippines. From March to September 2014, China dispatched a Navy vessel, Air Force transport aircraft, among other assets for the search of the Malaysian airliner that went missing in March 2014. In December 2014, a Chinese Navy vessel helped supply water in Malé, the capital city of the Maldives. In response to the Ebola virus disease outbreak in West Africa, China conducted assistance centered on medical assistance, including the dispatch of units to Sierra Leone and Liberia to help fight Ebola⁶⁸. Furthermore, from March to April 2015, based on the worsening situation in Yemen,

64 China is reportedly constructing a large-scale naval base that has underground tunnels for nuclear-powered submarines in the city of Sanya located in the southern tip of Hainan island. Experts point out that the base is in a strategically important location that secures access to the South China Sea, as well as the western Pacific, and that China is advancing construction work in order for the base to play a role as a major hub of the South Sea Fleet, including for the deployment of aircraft carrier.

65 It is pointed out that, in recent years, China aims to limit military activities of other countries in coastal areas of China's EEZs by employing its own interpretations of the United Nations Convention on the Law of the Sea (UNCLOS). For instance, the Chinese government announced in a statement by the Ministry of Foreign Affairs on November 26, 2010 that it is opposed to unsanctioned military activities by any country in coastal areas of China's EEZs.

66 Since 2008, Japanese and Chinese defense authorities have conducted three rounds of consultations. In June 2012, the two sides agreed to hold regular meetings, set up a hotline, and establish a "maritime communication mechanism" to allow for direct communication between vessels and aircraft. The purpose was to deepen mutual understanding and mutual trust, strengthen defense cooperation, avoid unexpected incidents, and prevent unexpected situations at sea and in airspace from developing into military confrontations or political issues. At the fourth Joint Working Group meeting, the two sides agreed to change the name of the mechanism to "Maritime and Air Communication Mechanism" to clarify that aircraft are included.

67 The first measure concerns mutual notification of military activities, and the second measure concerns rules of behavior to avoid incidents at sea and in airspace.

68 China's assistance for the Ebola response has garnered international praise. Meanwhile, some note that China is manufacturing the generic of the anti-influenza drug Avigan tablet that is hoped to treat the Ebola virus disease.

the Chinese Navy's counter-piracy forces docked at the ports of Aden, Al Hudaydah, and elsewhere, and engaged in operations for the evacuation of Chinese nationals and foreign nationals, including one Japanese national, living in Yemen. It has been pointed out that through such activities, China aims to build a pacifist and humanitarian image of its military forces and to demonstrate, both domestically and internationally, its intent to place priority on military operations other than war, as well as its desire to prove the ability to project its military power to distant locations.

other than war (MOOTW), education in knowledge and expertise required for informatization, simulated training of high-tech weapons and equipment, network training, and training in complex electromagnetic environments where electronic interference occurs, in addition to joint exercises by different services.

In the education spectrum, the PLA aims to develop military personnel versed in science and technology. In 2003, it launched a human resource strategy project to develop human resources capable of directing joint operations/informatized operations and of building informatized armed forces. The project has a goal of achieving a big leap in the development of military personnel to 2020. In recent years, the PLA appears to be increasing its wage standards. It is believed that its objective is to secure highly capable human resources. Moreover, in 2000, in order to recruit highly capable and highly educated people, the military started a system where it provides scholarships for civilian college students and then allows them to enter the military as commissioned officers after graduation. On the other hand, in recent years, a variety of issues have been raised in relation to benefits, including remuneration, the personnel development system, and the treatment of veterans⁷⁰.

China has been developing a mobilization system with a view to effective use of civilian resources in the case of war and other emergencies. In February 2010, China enacted the National Defense Mobilization Law, which is the basic law for wartime mobilization, and in July of the same year, put the law into effect.

In November 2014, China enacted and immediately entered into force the Counter-Espionage Law, which is the revised National Security Law, in order to strengthen China's counter-espionage arrangements. China is also expected to develop other legislation, such as the Counter-Terrorism Law currently in deliberation. Attention will be paid to the specific steps that advance the "rule of law" presented at the fourth plenary session of the 18th CCP Central Committee in 2014.

7 Education and Training

In recent years, the PLA has conducted practical exercises including large-scale exercises such as joint exercises of the Army, Navy, and Air Force, actual troop confrontation exercises, landing exercises, and exercises that cut across military regions, as well as night-time exercises and joint exercises with other countries in order to strengthen its operational capabilities. The goal of "being able to fight and winning battles" was repeatedly mentioned in statements addressed to the military by General Secretary Xi Jinping as well as in the military training instructions given by the general staff. This is construed as evidence that the military is promoting implementation of more practical exercises⁶⁹. The whole PLA military training conference in 2006 emphasized promotion of a shift from military training under the conditions of mechanization to military training under the conditions of informatization. The new Outline of Military Training and Evaluation, in effect since 2009, highlights training for military operations

8 National Defense Industry Sector

While China imports highly sophisticated military equipment and parts that it cannot produce domestically from other countries such as Russia, China is believed to place emphasis on their indigenous production. The country manufactures much of its military equipment domestically

69 The 2015 military training instructions continued to promote practical trainings. In addition, they pursued the realization of military governance based on law, showing that the "rule of law" element presented at the fourth plenary session of the 18th CCP Central Committee in 2014 was reflected.

70 The report "China's Incomplete Military Transformation" (February 2015) by the U.S.-China Economic and Security Review Commission and the RAND Corporation identifies the weaknesses of the PLA as the following: (1) Organizational structure (e.g., party-military relations); (2) Organizational culture (e.g., corruption); (3) Force structure (size of the PLA, recruitment system, veteran's benefits); (4) Command structure (e.g. military regions); and (5) Human capital (e.g. decline in the quality and mindset of new soldiers stemming from the one-child policy, etc.).

and actively carries out R&D of new equipment. China's national defense industry sector appears to be making advances due to the improvement of private industry infrastructures accompanying economic growth, use of dual technologies, the absorption of foreign technologies, as well as its own efforts. The sector serves the role of supporting the strengthening of Chinese military forces⁷¹.

Growth in the Chinese defense industry was once hindered by inefficiency caused by excessive secrecy and other factors. However, in recent years, reform of the defense industry has progressed. Under the State Administration of Science, Technology and Industry for National Defense (SASTIND) of the Ministry of Industry and Information Technology, a department of the State Council, China has

formed ten corporations to develop and produce nuclear weapons, missiles, rockets, aircraft, vessels, and other conventional weapons. In doing so, China promotes, in particular, two-way technological exchanges where military technologies are utilized for developing the national economy, and, in turn, civilian technologies are absorbed for a buildup of national defense. As a result, specifically, the technologies of the defense industry have contributed to the development of civilian space exploration, the aviation industry, and the shipbuilding industry.

Furthermore, China encourages and supports international cooperation and competition in dual-use industries. China is thus thought to have interest in absorbing foreign technologies through dual-use industries.

3 Relations with Other Countries

1 General Situation

China, particularly over maritime issues where its interests conflict with others', continues to act in an assertive manner, including coercive attempts at changing the status quo, and is poised to fulfill its unilateral demands without compromise. In addition, China has acted to create its unique international order. In May 2014, President Xi Jinping criticized military alliances and proposed "the security of Asia by the people of Asia" at CICA. Furthermore, China has proposed to build a "New Model of Major-Country Relations" with the United States⁷², and calls on the United States to respect China's "core interests." Some have speculated that through this concept, China attempts to have the United States accept the partitioning of U.S. and Chinese interests in the Asia-Pacific. On the other hand, China recognizes that a peaceful and stable international environment is necessary for maintaining sustainable economic development and enhancing China's overall national power. Based on such recognition, in its relationships with other countries, China proactively carries out military exchanges including reciprocal visits by senior military officials and joint military exercises. In recent years, China has been engaged in dynamic military exchanges not only with major powers such as the United States and Russia and with its neighboring countries including Southeast Asian countries, but also with countries in Africa and Latin America. At the same time, the objectives of China's promotion of military exchanges

are thought to include alleviating other countries' concerns regarding China by strengthening its relations with these countries, creating a favorable security environment for China, enhancing China's influence in the international community, securing stable supplies of natural resources and energy, and building foreign bases. China is believed to consider military exchanges as a strategic means to safeguard its national interests, and as such, to position military exchanges as an element in China's overall diplomatic strategy. Moreover, in the field of international finance, China has established the New Development Bank BRICS and is preparing to establish AIIB.

2 Relations with Taiwan

China upholds the principle that Taiwan is a part of China, and that the Taiwan issue is therefore a domestic issue. The country maintains that the "one-China" principle is the underlying premise and foundation for discussions between China and Taiwan. China also claims that it would never abandon its efforts for peaceful unification, and expresses that it would take up policies and measures to solve issues of Taiwanese people's interest and to protect their due authority. Meanwhile, China is strongly opposed to any foreign intervention in the unification of China as well as any move towards the independence of Taiwan, and on this basis, has repeatedly stated that it has not renounced the use of force. The Anti-Secession Law, enacted in March 2005, clearly lays out the non-renunciation of the use of

71 The U.S. DoD's "Annual Report to Congress: Military and Security Developments Involving the People's Republic of China" (May 2015) states that China's advanced technology acquisition strategy continues to rely on the acquisition of advanced and Western dual-use technology, components, equipment, and know-how.

72 "New Model of Major-Country Relations" dates back to 2012, when then-Vice President Xi Jinping visited the United States and utilized the term during his talks with President Obama. China explains that the concept is based on: (1) no conflict, no-confrontation; (2) mutual respect; and (3) win-win cooperation.

military force by China⁷³.

Ma Ying-jeou (Kuomintang), re-elected in the presidential election in January 2012, continues to advocate, in his second term, a policy of pursuing Taiwanese economic development by expanding economic exchanges with China and the status quo rather than independence. As exemplified by the entry into force of the Economic Cooperation Framework Agreement (ECFA), the bilateral relationship is deepening primarily along the economic realm. In February 2014, the Minister of the Taiwan Affairs Office of the State Council of China and the Minister of the Mainland Affairs Council of Taiwan held the first ministerial meeting between China and Taiwan in Nanjing. However, the Kuomintang suffered a crushing defeat in the nine-in-one local elections in November 2014, and this may have implications on China-Taiwan relations. On the security front, while China urges that the two countries make contact and hold exchanges over military issues at an appropriate time in order to explore the creation of mechanisms for building mutual trust over military security, Taiwan has shown a cautious stance, stating that the conditions are not yet met⁷⁴. Regarding the Senkaku Islands, China and Taiwan have their own assertions⁷⁵, and Taiwan has expressed reluctance to work with China. Attention will be paid to trends of political dialogues, including on military affairs, as well as to trends in the future relations between China and Taiwan in the lead-up to the next presidential election in 2016.

3 Relations with the United States

There are various outstanding issues between the United States and China, such as human rights in China, the Taiwan issue, and trade issues. However, since a stable U.S.-China relationship is essential for China to develop its economy, it is believed that China will continue to aspire to maintain stable relations with the United States.

The United States states that it welcomes the rise of a stable, peaceful, and prosperous China, and that it will continue to further deepen cooperative relations between

the two countries. At the same time, the United States calls on China to uphold international rules and norms on global issues, including maritime security, international trade, and human rights, and states that it would continue to closely monitor China's military modernization and expanding presence in Asia⁷⁶. Conversely, China seeks to establish what it calls a "New Model of Major-Country Relations" based on mutual respect and "win-win" cooperation. However, the United States and China have not necessarily reached a consensus on what this relationship exactly entails⁷⁷.

Regarding the Senkaku Islands, the United States has reiterated that the Japan-U.S. Security Treaty applies to the islands⁷⁸. China protested, stating that it would never accept any word or deed that includes the islands within the scope of the treaty (statement by a spokesperson of China's Ministry of Foreign Affairs in 2010). With regard to the issues over the South China Sea, the United States has noted on various occasions that it would take action to settle the dispute fairly and peacefully and to safeguard the principle of freedom of navigation in the high seas⁷⁹.

China and the United States have deepened military exchanges and conducted various policy dialogues. China has dispatched observers to U.S. military exercises, and joint drills have been conducted between the Chinese and U.S. navies on mutual port visits. A military hotline between the defense departments of the two countries was set up in April 2008. In November 2013, the U.S. and Chinese armies conducted a humanitarian assistance and disaster relief exercise. In addition, from June 2014, Chinese navy vessels participated in the Rim of the Pacific Exercise (RIMPAC) for the first time. However, while China wishes to develop relations between the Chinese and U.S. militaries, it asserts that there are a number of issues that must be resolved in order to realize the sound development of the relations. The issues include U.S. arms sales to Taiwan, activities of U.S. military vessels and aircraft within China's EEZs, legal hurdles in mutual military exchanges, and a lack of strategic trust in China on the part of the United States⁸⁰. In addition, some unstable facets have been observed in

73 The law stipulates, "[in] the event that the 'Taiwan independence' secessionist forces should act under any name or by any means to cause the fact of Taiwan's secession from China, or that major incidents entailing Taiwan's secession from China should occur, or that possibilities for a peaceful reunification should be completely exhausted, the state shall employ non-peaceful means and other necessary measures to protect China's sovereignty and territorial integrity."

74 For China's stance, see the remarks made by then-CCP General Secretary Hu Jintao at the discussion on December 31, 2008, commemorating the 30th anniversary of the announcement of the Message to Compatriots in Taiwan. For Taiwan's stance, see the "Quadrennial Defense Review" (QDR) released by the Ministry of National Defense of Taiwan on March 13, 2013.

75 Taiwanese authority vessels intruded into Japan's territorial waters near the Senkaku Islands three times in 2012.

76 U.S. National Security Strategy (February 2015)

77 The United States is cautious on the concept of the "(New Model of) Major-Country Relations" that describes the United States and China as having an "equal" and "special" relationship. The United States has shown intent not to utilize the term "core interests" and align itself with China's unilateral assertions.

78 In April 2014, President Obama became the first U.S. President in history to clearly state that Article 5 of the Japan-U.S. Security Treaty applied to the Senkaku Islands.

79 For example, on May 22, 2015, U.S. Vice President Biden stated the following in his address at the commencement ceremony of the U.S. Naval Academy: "In the disputed waters of the South China Sea, the United States does not privilege the claims of one nation over another. But we do – unapologetically – stand up for the equitable and peaceful resolution of disputes and for the freedom of navigation."

80 According to remarks by then-Vice Chairman of the Central Military Commission (CMC) Xu Caihou in a meeting with then-U.S. Secretary of Defense Robert Gates (October 2009). Deputy Chief of the PLA General Staff Department Ma Xiaotian stated at the 11th round of the U.S.-China Defense Consultative Talks held in December 2010 that U.S. arms sales to Taiwan, U.S. laws that impose restrictions on contacts between the military forces of the two countries, and the frequent military reconnaissance operations conducted by U.S. naval vessels and aircraft in coastal areas of China's EEZs constituted key obstacles to developing stable military-to-military ties.

military exchanges of the two countries. For example, China notified suspensions of the major military exchanges with the United States when the U.S. DoD notified Congress of possible arms sales to Taiwan in October 2008 and January 2010. On the other hand, the United States maintains that China's military development, lack of transparency of the decision-making process, and other issues raise questions about its future conduct and intentions. It asserts that U.S.-China relations must be undergirded by a process of enhancing confidence and reducing misunderstanding. For this reason, with regard to military exchanges, it is believed that the aim of the United States is to improve the current situation, wherein such exchanges are frequently suspended once problems arise, and to build relations that are capable of maintaining more stable channels of decision-making for mutual understanding. In recent years, for instance, Strategic Security Dialogues have been established in 2011 in the U.S.-China Strategic and Economic Dialogues, and these dialogues have been held annually.

4 Relations with Russia

Since the China-Soviet confrontation ended in 1989, both countries have placed importance on their bilateral relationship. The deepening of the “strategic partnership” between China and Russia, which was established in the mid-1990s, has been emphasized. In 2001, the China-Russia Treaty of Good-Neighborliness and Friendly Cooperation⁸¹ was concluded. Subsequently, in 2004, the long-standing issue of border demarcation between the two countries came to a settlement. The two countries have a common view on promoting the multipolarization of the world and the establishment of a new international order. In addition, economic motives including their currency swap agreement, collaboration on high-speed railway, multiple investment framework agreements, and natural resource and energy supply through the construction of a natural gas pipeline have further deepened the relations between them in recent years.

On the military front, since the 1990s, China has purchased modern weapons from Russia, including fighters, destroyers, and submarines. Russia is currently the largest supplier of weapons to China. Meanwhile, some point out that their trade amounts have been on the decline in recent years due to the advancement of indigenous weapon production in China. However, China has reportedly shown strong interest in continuing to import advanced equipment, such as Russia's Su-35 fighter and S-400 surface-to-air missile⁸². It is also pointed out that Russia, which shares a land border with China, has a policy of not supplying sophisticated weapons to China that would cause a threat to Russia. Furthermore, Russia is said to have concerns about competing with China in arms exports. China and Ukraine have deep ties in the field of arms procurement, as indicated by China's purchase from Ukraine its unfinished Kuznetsov-class aircraft carrier “Varyag,” which became the basis of the aircraft carrier “Liaoning.” In this regard, attention will also be paid to the situation in Ukraine.

China-Russia military exchanges include regular visits by senior military officials. In addition, joint military

⁸¹ Regarding the military field, this treaty mentions military confidence building or strengthening of mutual troop reductions in border areas, military cooperation such as military technical cooperation, and holding discussions in the event that there is awareness of any threat to peace.

⁸² China and Russia reportedly reached an agreement on S-400 surface-to-air missile imports. Meanwhile, China is alleged to be plagiarizing and copying Russia's military and science technology, including uniquely redesigning the J-11B fighter based on the Russian-made Su-27 fighter. Some suggest that Russia harbors deep dissatisfaction and concerns over China, and is cautious about supplying state-of-the-art equipment, such as the Su-35 fighter and S-400 surface-to-air missile.

exercises are conducted, such as the large-scale joint naval exercise, “Naval Interaction,” in the Yellow Sea, the Sea of Japan off the coast of Vladivostok, northern East China Sea, and the Mediterranean Sea in April 2012, July 2013, May 2014, and May 2015, respectively⁸³. It is believed that through these exchanges the two countries can deepen mutual understanding and build confidence between their military forces, and China can learn operational methods of Russian weapons and military operational doctrines. In 2015, an agreement was reached that the leaders of both countries would attend each other’s events commemorating the 70th anniversary of World War II victory⁸⁴. In May, President Xi Jinping attended the ceremony marking the 70th anniversary of Russia’s victory in the Great Patriotic War held in Moscow, and the PLA participated in the military parade.

5 Relations with Other Countries

(1) Relations with Southeast Asian Countries

As for its relations with countries in Southeast Asia, China has continuously developed bilateral relations with the countries through active mutual top-level visits and other means. For example, China has had good relations with Myanmar and has assisted in developing Myanmar’s infrastructure such as pipelines for petroleum or natural gas, ports, and railroads. It also has supplied key military equipment. Some point out that this close relationship is associated with Myanmar’s location which provides China the shortest access to the Indian Ocean⁸⁵.

Meanwhile, China’s drilling in the oil and gas fields in the Paracel Islands in May 2014 has escalated tension between China and Vietnam. Similarly, China and the Philippines have ongoing disputes over the Scarborough Shoal, Second Thomas Shoal, and other areas. Some ASEAN countries have shown alarm over China’s advancements in the South China Sea.

China is actively involved in multilateral frameworks such as ASEAN Plus One (China), ASEAN Plus Three (Japan, China and the ROK), and the ASEAN Regional Forum (ARF). In October 2013, President Xi Jinping visited Indonesia and Malaysia, and Premier Li Keqiang

visited Brunei, Thailand and Vietnam. While China has deepened its economic and cultural cooperation with ASEAN member states through diplomatic forums, more recently, it has proactively advanced cooperation in the area of national security by enhancing exchanges of military personnel such as mutual visits of their senior military officials and exchanges and cooperation between military departments.

(2) Relations with Central Asian Countries

The Xinjiang Uyghur Autonomous Region, located in the western part of China, is situated next to Central Asia. It shares borders with the three countries of Kazakhstan, Kyrgyzstan, and Tajikistan, and has ethnic minorities settled in the areas straddling borders. Naturally, the region hosts lively exchanges between the people of those countries. Therefore, China is deeply concerned about the political stability and security situations in Central Asian states such as terrorism by Islamic extremists. Chinese engagement in the Shanghai Cooperation Organization (SCO), which was established in June 2001, is viewed as an indication of China’s concerns in such areas. Moreover, China is strongly interested in the abundant energy and natural resources of Central Asia, with a view to diversifying its supply source and procurement methods of these resources. China promotes cooperation in the energy field with Central Asian countries, such as the construction of oil and natural gas pipelines between China and Central Asian nations.

(3) Relations with South Asian Countries

China has traditionally maintained an extremely close relationship with Pakistan, and mutual visits by their leaders take place frequently⁸⁶. It is believed that, as illustrated by the joint development of the JF-17 fighter, their cooperation in the military sector, including exporting weapons and military technology transfer, is also deepening. As the importance of sea lanes increases for the globalizing Chinese economy, it is believed that the importance of Pakistan is rising for China. This is partly because of the geopolitical features of Pakistan, namely, it faces the Indian Ocean.

China and India have an unsettled border, and it is

⁸³ China and Russia conducted their first large-scale joint military exercise in China’s Shandong Peninsula and other locations in August 2005. In addition, the counter-terrorism joint exercise Peace Mission was carried out among SCO member states in August 2007, July 2009, September 2010, June 2012, July to August 2013, and August 2014.

⁸⁴ The announcement was made by the spokesperson of the Ministry of Foreign Affairs of China during a regular press conference on February 6, 2015.

⁸⁵ Some observers also believe that Myanmar is attempting to end its excessive dependence on China in terms of diplomacy.

⁸⁶ In April 2015, Xi Jinping made the first official visit to Pakistan as a Chinese President in nearly nine years. During the summit meeting, Xi Jinping underscored China’s intention to build a China-Pakistan Economic Corridor (CPEC) and strengthen their security cooperation. China identifies CPEC, which starts from the port of Gwadar in Pakistan, as a flagship project of the “One Belt, One Road” initiative, and announced that China would invest US\$46 billion in CPEC.

deemed that “problems” over this area have arisen between the two countries even in recent years⁸⁷. On the other hand, China has recently striven to improve its relationship with India, while also paying consideration to maintaining balance with Pakistan. Identifying China’s relationship with India as a strategic partnership, the leaders of the two countries actively conduct mutual visits. It is believed that the deepening of bilateral relations is attributed to the importance China places on the economic growth of both countries as well as China’s response to strengthening U.S.-India relations.

In recent years, China has also proceeded to deepen its relations with Sri Lanka. China constructed a deep sea port in Hambantota. In addition, the Chinese and Sri Lankan governments are jointly carrying out a port city development project in Sri Lanka’s major city of Colombo. However, President Maithripala Sirisena who won the election in January 2015 criticized excessive dependence on China and noted on strengthening relations with Japan, the United States, India, among other countries. Sri Lanka is thus expected to pursue balanced foreign relations, and attention will be on the future of China-Sri Lanka relations.

Regarding military exchanges, China has conducted a variety of joint exercises with Pakistan and India since 2003, including joint naval search and rescue exercises.

(4) Relations with EU Countries

For China, the European Union (EU) countries are now as important a partner as Japan and the United States, especially in the economic field. China, through diplomatic opportunities, strongly requests EU countries to lift their arms embargoes against China which have been imposed since the Tiananmen Square incident in 1989⁸⁸.

Regarding information technology, avionics, and air independent propulsion (AIP) systems for submarines and other areas, EU member countries possess more advanced technologies than China or Russia which exports weapons to China. Therefore, if the EU arms embargo on China were lifted, the weapons and military technologies of EU countries would transfer to China and would be utilized as a bargaining chip to gain the edge in weapons transactions with Russia. For this reason, Japan has consistently

expressed to the EU its objection to the lifting of the arms embargo on China, as well as requested EU member states to carry out more rigorous management of the exports of arms, dual-use goods, and their technologies to China. Continuous attention will need to be paid to future discussions within the EU.

(5) Relations with Middle East and African Countries, Pacific Islands, and Central and South American Countries

China has been enhancing its relations with Middle Eastern and African nations in the economic realm, including providing active assistance for their infrastructure development and investment in their resource and energy development, and has been further expanding its influence in the region. In recent years, not only interactions among state leaders and senior military officials but also arms exports and exchanges between military forces are actively conducted⁸⁹. Behind these moves, some see China’s intention to ensure a stable supply of energy and natural resources and to secure overseas hubs in the future⁹⁰. Furthermore, China has strengthened its engagement in the region, actively sending personnel to U.N. PKO missions in Africa and dispatching a group of public health experts to Sierra Leone and Liberia to respond to the Ebola virus disease outbreak.

China has also been boosting its relations with the Pacific islands. It has been developing oil, natural gas, and cobalt mines in Papua New Guinea and has signed an agreement on military cooperation with the country. Proactive and continual economic assistance has also been implemented to other islands. Furthermore, military exchanges are being promoted with Fiji and Tonga⁹¹.

China has striven to further deepen its relations with Central and South American countries. Chinese senior military officials have continuously visited countries, such as Argentina and Brazil. In 2011, the Chinese Navy’s hospital ship conducted a medical service mission in this region. In January 2015, China and the Community of Latin American and Caribbean States (CELAC) held their first ministerial meeting.

⁸⁷ According to a press conference by the spokesperson of the Ministry of National Defense of China in August 2013. In September 2014, when President Xi Jinping visited India, Prime Minister Modi expressed concern over the PLA’s cross-border activities in this area and underscored the need for the resolution of the issue.

⁸⁸ For example, in November 2010, then-Chinese President Hu Jintao visited France, and on this occasion, China and France announced a joint statement that included text supporting the lifting of the arms embargoes against China. It is deemed that some EU countries have positive opinions about the lifting of their arms embargoes against China.

⁸⁹ On February 6, 2015, the Ministry of Foreign Affairs of China announced the establishment of a permanent mission to the African Union (AU).

⁹⁰ In May 2015, President Ismail Omar Guelleh of Djibouti revealed that the country and China were negotiating on the establishment of a Chinese military base in the port of Djibouti.

⁹¹ From August to September 2014, China’s hospital ship conducted the medical service mission “Harmonious Mission 2014,” offering services in Tonga, Fiji, Vanuatu, and Papua New Guinea.

6 International Transfer of Weapons

China's arms export total has surpassed its arms import total since 2010. China has expanded provision of weapons such as small arms, tanks, and aircraft to developing countries in Asia, Africa, and other areas. Specifically, it is reported that the main recipients are Pakistan, Bangladesh, and Myanmar, while weapons are also being exported to African countries such as Morocco, Tanzania, Nigeria, and Egypt as well as Central and South American countries

including Venezuela and Bolivia. Some experts claim that China transfers weapons in order to strengthen its strategic relationships with allies, enhance its influence in the international community, and secure energy and natural resources. Some observers point out that China supplies weapons to countries that struggle with democracy or have human rights problems⁹². Attention will be paid to whether China will increase the transparency of international weapons transfer in response to the concerns of the international community.

4 Military Capabilities of Taiwan

1 Relations with China

Under President Ma Ying-jeou, based on the basic policy of "no unification, no independence, and no use of force," Taiwan has made clear that it would not advocate independence and has adopted a collaborative stance towards China. In particular, Taiwan and China have seen their economic relations deepen. However, from March to April 2014, students against the approval of the Cross-Strait Service Trade Agreement staged the Sunflower Student Movement and occupied the Legislative Yuan. Amid rising dissatisfaction with the government, the ruling party Kuomintang suffered a crushing defeat to the Democratic Progressive Party in the nine-in-one local elections in November 2014. In the lead-up to the next presidential election in 2016, attention will be paid to the outcome of Taiwan-China relations.

reportedly stated that the transformation into all-volunteer forces would not be feasible until 2016. At the same time, the Taiwanese armed forces attribute importance to the introduction of advanced technologies and improvement of joint operational capabilities. Additionally, in light of the serious damage that occurred from the typhoon in August 2009, the Taiwanese armed forces identify disaster prevention and relief as one of their major missions.

With regard to Taiwan's military power, at present, ground forces, including the Navy Marine Corps, have a total of approximately 215,000 personnel. In addition, it is believed that approximately 1.66 million reserve personnel of the air, naval, and ground forces would be available in case of war. Regarding naval capabilities, in addition to Kidd-class destroyers which were imported from the United States, Taiwan possesses relatively modern frigates and other vessels. Regarding air capabilities, Taiwan possesses F-16 A/B fighters, Mirage 2000 fighters, Ching-kuo fighters, among other assets.

2 Military Capabilities of Taiwan

Taiwan, under the guidance of building the "hard rock" defense advocated by President Ma Ying-jeou, identifies prevention of war, homeland defense, response to contingencies, deterrence of conflict, and regional stability as the strategic objectives, and takes the military strategy of "resolute defense and credible deterrence."

Taiwan, for improved expertise of its military personnel and other purposes, aims to transform its armed forces currently consisting of drafted personnel and volunteers into all-volunteer forces, while reducing the total forces from 275,000 to 215,000 personnel by the end of 2014. However, the Ministry of National Defense

3 Military Balance between China and Taiwan

While China has continued to increase its defense budget by a significant margin, Taiwan's defense budget has remained mostly unchanged for nearly 20 years. As of 2014, China's announced defense budget was roughly 13 times larger than Taiwan's defense budget⁹³.

In view of the fact that the PLA is enhancing its missile, naval, and air forces, the Taiwanese military believes it still needs to modernize its equipment. The U.S. DoD has notified Congress of possible arms sales to Taiwan based on the Taiwan Relations Act⁹⁴. However, Taiwan also wishes

92 It has been confirmed that Chinese-made equipment (FN-6 portable air defense missile system) were among the weapons utilized by ISIL.

93 This figure was obtained by comparing China's announced FY2014 defense budget of approximately 808.2 billion yuan and Taiwan's announced FY2014 defense budget of approximately 311.1 Taiwan dollars by converting them into U.S. dollars using the exchange rate for FY2014 released by the Central Bank of Taiwan (US\$1 = 6.1434 yuan = 30.368 Taiwan dollars). China's actual defense budget is reportedly larger than the amount announced, and therefore, the actual difference in the defense budgets of China and Taiwan could be greater.

94 Recently, the U.S. DoD notified Congress of possible sales to Taiwan of Patriot PAC-3 surface-to-air missiles and AH-64D attack helicopters in October 2008, possible sales of PAC-3 missiles, UH-60 helicopters, Osprey-class mine hunters, and other assets in January 2010, possible arms sales including equipment necessary to upgrade F-16A/B fighter aircraft in September 2011, and possible sales of four Oliver Hazard Perry-class missile frigates in December 2014.

to purchase the F-16C/D fighter, conventional-powered submarine, and other arms from the United States, and attention will be paid to the future developments. Taiwan also promotes the independent development of military equipment. The Tien Kung II surface-to-air missiles and Hsiung Feng II anti-ship missiles are deployed, and it is believed that the Hsiung Feng IIE cruise missiles are being developed in order to acquire long-range attack capabilities, while the Tien Kung III surface-to-air missiles are being developed in order to ensure the capabilities to deal with ballistic missiles. Furthermore, in order to counter large vessels, including aircraft carriers, Taiwan is moving to induct a new model of indigenous stealth high-speed missile ships mounted with Hsiung Feng II supersonic anti-ship missiles.

The military capabilities of China and Taiwan are generally characterized as follows:

1) Regarding ground forces, China possesses an overwhelming number of troops; however, their capability of landing on and invading the island of Taiwan is limited. Nevertheless, China is making efforts to improve its landing and invasion capabilities in recent years, such as building large landing ships.

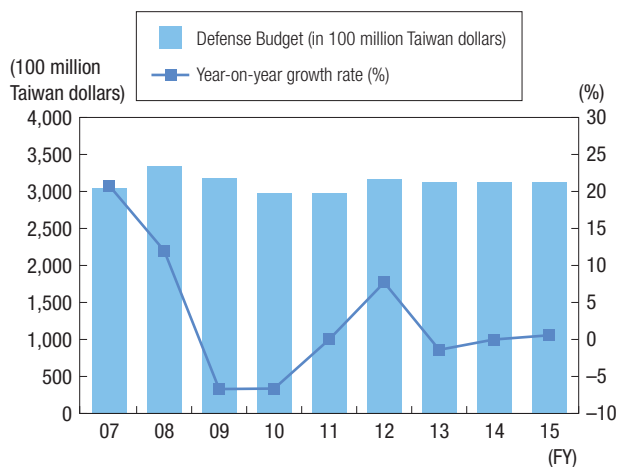
2) Regarding naval and air forces, China, which overwhelms Taiwan in terms of quantity, has also been steadily strengthening its naval and air forces in recent years in terms of quality, where Taiwan had superiority over China⁹⁵.

3) Regarding missile attack capabilities, Taiwan has been strengthening its ballistic missile defense, including upgrading PAC-2 to PAC-3 and newly inducting PAC-3. China possesses numerous short-range ballistic missiles and other assets with a range that covers Taiwan. Taiwan is deemed to have few effective countermeasures.

In addition to the size of forces and performance and quantity of military equipment, a comparison of military capabilities should take into account various factors such as the objectives and characteristics of envisioned military operations, the operational posture, proficiency in military personnel, and logistics. Nevertheless, as China is rapidly strengthening its military power, the overall military balance between China and Taiwan is shifting in favor of China. Attention must be paid to the strengthening of both the Chinese and Taiwanese military capabilities and U.S. weapon sales to Taiwan.

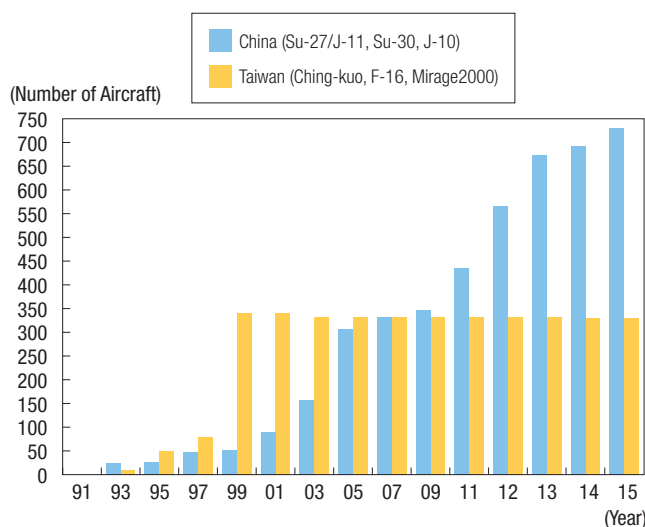
See Fig. I-1-3-7 (Changes in Taiwan's Defense Budget); Fig. I-1-3-8 (Changes in Modern Fighter Aircraft of China and Taiwan)

Fig. I-1-3-7 Changes in Taiwan's Defense Budget



Source: "National Defense Reports," Ministry of National Defense of Taiwan, etc.

Fig. I-1-3-8 Changes in Modern Fighter Aircraft of China and Taiwan



Source: Military Balance (of respective years)

⁹⁵ China has 731 fourth-generation fighters, whereas Taiwan has 329. In addition, China has about 70 destroyers and frigates and about 60 submarines, whereas Taiwan has about 30 and 4, respectively. Furthermore, in September 2012, China has commissioned the aircraft carrier "Liaoning."