China’s Strategic Behaviour

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EXECUTIVE SUMMARY

This paper assesses China’s strategic behaviour and what it means for the United States. It begins by highlighting China’s strategic outlook, including the key political, economic and military components. It then looks more closely at how China has responded to the various components, such as anti-access measures around Taiwan, activities to defend the sea lines of communication, “informationization,” asymmetric approaches like cyber war, and economic measures such as restricting rare earth exports. It concludes that China’s strategic behaviour is driven by the overriding goal of regime survival and, by extension, the status of Taiwan and continued economic growth, the two aspects of its strategic perspective that are most critical to regime survival. There is evidence of nationalism and prestige in some of China’s actions, but most roads still lead back to regime survival and its subordinate elements. This finding indicates that China’s military build up and stepped up asymmetric approach will persist, if not accelerate, in the future. America will have to understand and counter China’s tactics. Historical precedence suggests that a dual track of engagement and containment is the best approach to contend with a great power dictatorship actively seeking to maintain its continuance in power.
Cette communication évalue le comportement stratégique de la Chine et ce qu’il signifie pour les États-Unis. On y souligne d’abord le point de vue stratégique de la Chine et ses composantes fondamentales aux niveaux politique, économique et militaire. On examine ensuite de près comment la Chine a répondu aux diverses composantes, comme les mesures entravant l’accès autour de Taiwan, les activités visant à défendre les lignes de communication par mer, « l’informatisation », les approches asymétriques comme la cyberguerre et les mesures économiques, comme la restriction des exportations de terres rares. On conclut que le comportement stratégique de la Chine est mû par l’objectif suprême de la survivance du régime et, par extension, le statut de Taiwan et la continuité de la croissance économique, les deux aspects de la perspective stratégique qui sont les plus critiques à la survivance du régime. Il y a évidence de nationalisme et de prestige dans certaines des actions de la Chine, mais la plupart des chemins nous ramènent à la survivance du régime et aux éléments qui lui sont subordonnés. Cette constatation indique que l’accroissement du potentiel militaire et l’approche asymétrique accélérée vont persister, sinon s’amplifier dans l’avenir. L’Amérique devra comprendre et contrer les tactiques de la Chine. Les précédents historiques suggèrent qu’une double piste d’engagement et de confinement est la meilleure approche pour lutter contre une dictature d’une grande puissance qui cherche activement à maintenir la continuité de sa présence au pouvoir.
In a contemporary security environment dominated by terrorism, insurgency, low intensity conflict and by the nuclear machinations of “rogue” states, it can be easy to forget that developments are also underway among the traditional state based great powers. The international system, many argue, is in the early stages of transitioning from a unipolar world to a multipolar world and these changes will inevitably bring the potential, if not the actuality, of conflict.\(^1\) In Russia, the United States faces a country that is economically stagnant and demographically imploding, and as a result increasingly dependent on its nuclear forces to confer great power status.\(^1\) China, by contrast, has a large population, a booming economy, and the resources to devote to both nuclear and conventional military force transformation. It is not surprising then that the country mentioned most often as a potential peer, or near-peer competitor, to the United States in the coming decades is China.

This paper assesses China’s strategic behaviour and what it means for the United States. It begins by highlighting the key elements of China’s strategic outlook and then examines China’s concrete responses to the various components. It concludes with some thoughts on the primary drivers behind China’s strategic behaviour and on America’s best approach if future conflict is to be avoided.

**CHINA’S STRATEGIC PERSPECTIVE**

**Political components**

China’s outlook on the world is informed by a number of important political factors, the most vital of which remains the status and future of Taiwan. Unresolved since 1949, the Taiwan issue goes to the core of China’s national interests. “[T]he Chinese Communist Party cannot let Taiwan go,” some U.S. China experts have argued, “for fear of forfeiting its legitimacy as the ruler of all of China.”\(^2\) The Taiwan issue took on a new character in the mid-1990s when its leaders spoke of rejecting the “one China” principle and moving toward separation. This led to the well-documented Taiwan Straits Crisis of 1996, during which China test fired missiles near the island and the Clinton administration responded by sending two carrier battle groups. The crisis provided a catalyst for accelerating the acquisition of advanced military capabilities (see below).

It follows that regime survival is central to China’s strategic perspective. This involves not only preventing Taiwan from separating, but also ensuring China’s continued economic growth. Economic development and prosperity are considered essential for national unity, maintaining public order and the Chinese Communist Party’s (CCP) political monopoly.\(^3\) Experts stress China’s national strategy is designed to continue its fast domestic economic growth because this, along with nationalism, is the regime’s principal legitimizing factor.\(^4\)

The centrality of regime survival extends to the military dimension. One American scholar places regime security, and maintaining the CCP in power, first on a list of goals for China’s use of military power.\(^5\) Chinese strategists argue that “the country’s rapid economic growth – which


\(^5\) M. Taylor Fravel, “China’s Search for Military Power,” *Washington Quarterly* 31, no. 3 (Summer 2008), 127.
underpins the CCP’s hold on power – and its military advancement are inextricably linked.”

Maintaining economic growth, domestic stability, and thus Chinese Communist Party rule, concludes a major RAND study, remain the prevailing motivations for China’s external behaviour whether economic or military.

National prestige, and a desire to become a consequential global power, may also figure in China’s strategic perspective. America’s Director of National Intelligence has assessed that China’s international behaviour is driven in part by “a longstanding ambition to see China play the role of a great power in East Asia and globally.” The Pentagon and others have similarly highlighted “asserting China’s status as a major world power” as a driving force behind its behaviour. The Chinese leadership has openly stated that the PRC is a central player in the world economy and that it is dependent on global stability and prosperity, but views are mixed as to what this means in practice. Some analysts and scholars argue the PRC is shifting in a new direction, actively working to restructure the international system. Others make a somewhat more convincing argument that China would prefer to preserve, or work within, the existing globalized international economic order because the system works to its benefit.

China’s strategic perspective is undoubtedly informed by its relations with the great powers in its neighbourhood. With respect to Russia, these are generally good. The two countries share the goal of constraining U.S. military and diplomatic power; for China, cooperation with Russia is a means of promoting greater multipolarity and multilateralism and lessening U.S. influence in the region. But there is also tension between the two countries in that China is concerned about Russia’s efforts to limit China’s access to energy resources; meanwhile, China’s relations with Japan have become increasingly tense and volatile over the past ten years after two decades of relative amity and stability. There is a growing competition for regional leadership between the two countries, even as they have become more economically interrelated. Finally, there is a historic rapprochement underway in Sino-Indian relations. Increasingly concerned about the expansion of U.S.-Indian security and military relations, which China sees as a U.S.-led effort to balance Chinese power, China has since 2001 undertaken a dedicated effort to expand political, economic and military ties with India. The goal is for India to see the rise of China in Asia in a positive light.

Economic Components
China’s strategic perspective is also informed by factors more specifically related to economics. The country’s dramatic and sustained economic growth over the past decade has meant that it is increasingly dependent on imported oil and raw materials to fuel its economy. Experts note that Chinese coal, hydropower, nuclear power, and domestic sources of oil and natural gas

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7 Evan S. Medeiros, China’s International Behaviour: Activism, Opportunism, and Diversification (Santa Monica, CA: RAND Corporation, 2009), xxi.
8 Dennis C. Blair, Director of National Intelligence, Annual Threat Assessment of the Intelligence Community for the Senate Armed Services Committee (Washington, DC: Office of the Director of National Intelligence, 10 March 2009), 22.
13 Medeiros, 101, 103, 105, 111 & 142.
currently supply China with most of its energy requirements and that imported oil accounts for only about 10 percent of its energy usage, but this figure will inevitably rise. The *Economist* reports a “huge increase in [China’s] demand for foreign oil and resources.” Some of the foreign oil comes from land based sources like Russia, but more than 80 percent is from seaborne imports from other areas of the world. Beijing has already established agreements in Africa and Latin America for petroleum resources. Beyond this, China has longstanding claims and interests in the resource rich South China Sea. It is also highly dependent on international markets to maintain its economic growth.

For the Pentagon, China’s growing dependence on the outside world for secure access to energy and resources to fuel its economy, and to markets for its goods, has become an increasingly significant factor shaping its strategic behaviour. More than three-quarters of China’s imported oil comes from the Middle East (46%) and Africa (32%) on tankers that travel through the Malacca or Lombok/Makkasar Straits. The country is also highly dependent on seaborne trade through these same areas for the import of raw materials from the Middle East, Africa and South America to support economic production. Meanwhile, almost all of China’s export trade moves by sea from the east coast. While much will go westward to North America, a large proportion goes eastward through the Strait of Malacca and beyond.

The import of raw materials and the export of finished goods through a limited number of Straits and waterways is creating strategic vulnerabilities for China. U.S. scholars have described the sea lines of communication (SLOC) connecting China to the Middle East and Africa as a “vital oil lifeline” and a major “center of gravity.” The Strait of Malacca, in particular, is strategically important, because “disruption along this chokepoint effectively throttles the Chinese economy’s long-term growth and energy flows.”

Narrow, and relatively easy to blockade, the Strait of Malacca could be vulnerable to various contingencies. Chinese scholars and analysts raise piracy as one threat, but the overwhelming focus is on the United States and the increased U.S. presence in the region since the 9/11 terrorist attacks. China’s military planners raise the possibility that during a conflict America could blockade the Straits to stop energy imports, as it did against Japan before World War Two. A naval assessment raises two possible scenarios in which America could seek to sever Chinese SLOCs: the specific one of a Taiwan contingency, and a more nebulous one in which if China’s rise is not peaceful, or is too rapid, the U.S. could impose an oil embargo to “cut...short its rise.”

**Military Components**

Not surprisingly, the defence of the sea lines of communications is emerging as a key military component of China’s strategic perspective. China’s 2006 defence white paper highlighted “security issues related to energy, resources, finance, information and international shipping

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20 Erickson and Goldstein, 56.
routes as important areas for the future, while Chinese military strategists have openly stated China’s intention to project force “way beyond the Taiwan Strait” to assure safe passage of Chinese shipping. Chinese think tank analysts and university academics have stressed the requirement for a blue water navy to enable China to secure its sea lines of communication.

Meanwhile, Western experts argue China is now thinking about how to protect its distant supply lines. They equate the blue water navy perspective of the People’s Liberation Army (PLA) Navy (PLAN) with a concern for protecting China’s trade driven prosperity and shipping routes, and stress China’s interest in ensuring the strategic defence of the sea lines of communication through the South China Sea. Analysts also draw out China’s concern for asserting or defending its maritime territorial disputes, notably, disputed undersea energy fields in the South China Sea.

A second important military consideration has been the declining necessity for China to maintain a large territorial army. During the Cold War the major military threat to China was a land-based war against one of the fourteen nations with which it shares a common border. The requirement was for a large ground force to repel any possible incursions, but the collapse of the Soviet Union eliminated the most significant land-based threat to China, and China subsequently resolved most outstanding territorial disputes with its other neighbouring countries. China still perceives potential problems along its land borders; in addition, the PLA supports the People’s Armed Police for internal security. As a result, China’s army continues to comprise some two-thirds of the country’s military forces (by comparison, the U.S. figure is about 40%), but the effect of post-Cold War developments on China’s periphery is that the country no longer needs such a large in-place military force, dominated by land forces, as it has in the past. This phenomenon, combined with its increased focus on the sea lines of communication, is impacting the military component of China’s strategic perspective. The Chinese Academy of Social Sciences has stated China is in the process of transitioning from a continental land power to a sea power, and scholar Geoffrey Till has argued the overall effect of developments since the end of the Cold War is “a steady increase in the maritime rather than continental orientation of Chinese thinking.”

Finally, China’s strategic perspective has been impacted by the post-Cold War conflicts waged by the United States. The 1991 Gulf War was a defining battle because it so clearly demonstrated the dramatic advances in America’s conventional military capability that had taken place, almost unnoticed, during the 1980s. For decades the West had maintained nuclear weapons as a security guarantee against the quantitatively superior Soviet conventional military forces, but the Gulf War revealed the tables had reversed. With the quality of its troops, and advanced military equipment, the West now held, and holds, conventional military superiority, while Russia (as indicated above) has had to revert to the nuclear trump card.

Significantly influenced by the 1991 Gulf War, China took away two lessons. First, the conflict highlighted the degree that advanced U.S. military capabilities could make a country vulnerable,

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23 Ross, 65.
26 O’Rourke, 3.
27 “Coming Over the Horizon: Why China Wants a Bigger Navy,” Economist (January 6, 2007), 34.
prompting China to intensify efforts to build a more advanced and capable PLA. America’s subsequent use of high tech military force in the Balkans in the summer of 1996, in and around Kosovo in 1999, in Afghanistan in 2001-02, and in Iraq in 2003 provided Chinese leaders with still further impetus to pursue military advances.

Second, the conflict demonstrated that potential adversaries cannot challenge the United States symmetrically on the conventional battlefield. Rather, adversaries would have to undertake “asymmetric” approaches designed to target America’s weaknesses, such as the U.S. military’s dependence on information technology and satellites. This theme builds on the Chinese conviction that the Cold War, too, had demonstrated the folly of trying to compete head-on with the United States. That the Soviet Union tried to do so is widely seen in China as a cause of its collapse.

RESPONSE TO STRATEGIC SITUATION

Taiwan and Anti-access

Elements of China’s strategic perspective can be seen in its military and security related activities and initiatives over the past several years. To deter Taiwan from seeking a two Chinas solution, China is pursuing what it calls an “offshore defence strategy” involving both direct strikes on the island and efforts to block America’s ability to assist Taiwan. For the former, China has undertaken a significant build up of conventionally-armed short-range ballistic missiles on the Chinese mainland adjacent to Taiwan. There are now more than 1,300 short range ballistic missiles facing the island and it is thought that some are being upgraded with GPS guidance systems to turn them into, in effect, precision ballistic missiles.

The Pentagon characterises and terms the second part of the offshore defence strategy as an “anti-access strategy” because China seeks capabilities to deny the U.S. fleet access to the area around Taiwan, thereby precluding a repeat of the 1996 Taiwan Strait circumstances. Ballistic missiles are also involved here, with longer ranges than those facing Taiwan. China is pursing plans to develop, by about 2015, medium range anti-ship ballistic missiles that could sink U.S. carriers responding to a Taiwan crisis. The missile is to be armed with multiple warheads, have a range of about 900 miles and include onboard guidance systems for terminal homing to strike surface ships, including carriers.

But the cornerstone of China’s anti-access strategy is its growing submarine force. China has some 65 submarines according to the 2009 Military Balance. While the vast majority of them are older and obsolete, relative to their American counterparts, there have been a number of recent additions to the PLAN fleet. They include eight stealthy Russian-built Kilo-class diesel electric submarines, as well as new indigenously-produced Song- and Yuan-class diesel submarines and Shang-class nuclear-propelled attack submarines, all of which are equipped with anti-ship cruise missiles. Experts argue the military objective of China’s submarine force is to present a threat to U.S. aircraft carrier strike groups, thereby slowing their advance into the Taiwan theatre of operations.

30 “The Long March to be a Superpower,” Economist, 4 August 2007, 23.
The anti-access strategy can be complemented with destroyers and frigates also armed with anti-ship cruise missiles. The PLAN has some 28 destroyers and 50 frigates. Most of these, again, are quite old and based on dated technology, but between 1998 and 2008, China took delivery of 16 new frigates, including four new stealthy guided missile frigates, and since 2004 it has produced or acquired 8 new destroyers, including two new Russian-built Sovremenny II guided missile destroyers. Armed with increasingly sophisticated anti-ship cruise missiles, as well as anti-air warfare systems, these new surface combatants provide China with an additional capability to challenge American aircraft carriers.

There is speculation surrounding just how far out China plans to pursue this anti-access strategy. Geography dictates it could seek to block or delay the approach of U.S. ships to Taiwan, or the mainland, by conducting operations out to a “first island chain” stretching in an arch from the tip of Japan, south past Taiwan, and around the South China Sea. Alternatively, China could adopt a more offensive strategy, pushing eastward into the Pacific to a “second island chain” that reaches a thousand miles off the Chinese coast and, significantly, includes the American island of Guam. The Pentagon notes that as an alternative to the offshore defense strategy some PLA thinkers have proposed a Far Sea Defense strategy emphasizing “multidimensional precision attacks beyond the first island chain” and operations outside China’s 200 mile Exclusive Economic Zone.33

China’s newest naval capabilities are highly relevant to delaying or preventing U.S. carrier battle groups from responding to a crisis in, around, and approaching, Taiwan. In addition, they suggest an emphasis on strategic depth: the new submarines, destroyers and medium range anti-ship ballistic missiles would permit strikes at a greater range from the Chinese coast than has historically been the case. In the Pentagon’s view, China may be seeking “to hold surface ships at risk through a layered capability reaching out to the ‘second island chain,’” a move that is seen to challenge the United States, given the U.S. Navy’s dominance in the Western Pacific. “China’s military build up appears to be aimed at America,” the Chairman of the U.S. Joint Chiefs of Staff has stated, specifically “the United States Navy and our bases that are part of that world.”35

SLOC
Many recent military developments fit with a broader picture of ensuring the security of the sea lines of communication through the South China Sea, the Strait of Malacca, the Indian Ocean, and beyond. The first is China’s decision to build one or more aircraft carriers. China’s 2009 defence white paper was silent on the topic, but comments by its national defence spokesman in December 2008 indicate China is seriously considering adding an aircraft carrier to its fleet.36 Western experts argue that, in fact, the decision has been taken and is irreversible and that the only question is when, not if, China will build one or more carriers.37 Reports indicate that the airframe of choice for the carrier(s) is the Russian Su-33 ship-based fighter.38

Far smaller than American carriers, a Chinese carrier would be an easy target and of little use in the waters surrounding Taiwan, but a carrier could assist China in enforcing claims in the South China Sea and ensuring the sea lanes remain open. If properly protected, for example by China’s new indigenously produced destroyers designed for anti-air warfare, an operational

33 Office of the Secretary of Defense, 18.
34 Ibid., 21.
37 Ross, 65.
38 Cooper, 9.
carrier could conduct sea control and air superiority operations along sea lanes in the Philippine Sea, Straits of Malacca, and Indian Ocean. Other missions could include a show of force in distant sea lanes, or force projection for regional contingencies. An aircraft carrier would enable China to better contribute to peacekeeping and disaster relief operations; China was hindered in this regard when it came to responding to the December 2004 Tsunami. Apart from these operational considerations, China’s decision to acquire one or more carriers appears to be strongly rooted in, and driven by, the national prestige component of its strategic perspective.\textsuperscript{39}

The PLAN is also focusing on amphibious capabilities. It is building several modern, larger and stealthier amphibious ships; one has already entered service and analysts expect up to eight more.\textsuperscript{40} Experts view these new ships as being relatively ill suited to direct Taiwan scenarios, since they are significantly bigger than older versions, and far more relevant to enforcing claims in areas more distant from China’s shores. In line with this view, most of China’s amphibious vessels are based in the South China fleet, distant from Taiwan.

A third notable development is China’s new naval base near Sanya, on the southern tip of Hainan Island. Much larger than other Chinese naval bases, and located near deep waters, the Sanya base will be capable of hosting a large fleet of surface ships, any new carriers, and also China’s new fleet of Jin-class nuclear-propelled, nuclear warhead armed, ballistic missile submarines (SSBNs). China already has 2 Jins and is projected to build three more, possibly with multiple warheads. Their quality in terms of quiet stealthy characteristics cannot be compared to that of U.S. ballistic missile submarines;\textsuperscript{41} nonetheless, their acquisition will represent a significant capability increase.

Located in the middle of the South China Sea, the Sanya naval base indicates Beijing’s significant and growing interest in projecting power into waters far beyond the Taiwan Strait. The Sanya base, notes one assessment, is meant to enable China to secure the sea lanes to critical resources in distant areas like Africa and the Persian Gulf. “Its location will allow China to…place a much larger naval force closer to sea lanes crucial to Asia’s commercial life blood; and to exercise influence over the critical Straits of Malacca.”\textsuperscript{42} China took the first steps towards the projection of military power in 2009 when it sent two Chinese destroyers and a supply ship to the Gulf of Aden off Somalia to escort commercial vessels, its first such deployment in modern times. Within China the mission is seen as a “natural outgrowth of its return to great power status.”\textsuperscript{43}

The Sanya base may be considered part of a broader “string of pearls” strategy. This is an American phraseology that refers to China’s overall effort to establish access to ports and airfields along the sea lines of communication that extend from Hong Kong to the Red Sea. Examples of “pearls” in this string include, in addition to the port at Hainan Island, an airstrip on the Paracel islands, a container shipping facility in Bangladesh, a deep water port in Myanmar, and a navy base in Pakistan, all of which are receiving funding from China.\textsuperscript{44} Despite these developments, China currently has relatively limited access to forward bases, but this could change in the future. Senior Chinese naval officers have argued that China should have naval

\textsuperscript{39} Ross, 64-65.
\textsuperscript{40} O’Rourke, 13.
\textsuperscript{43} Adams, “China Projects.”
\textsuperscript{44} Christopher J. Pehrson, “String of Pearls: Meeting the Challenge of China’s Rising Power Across the Asian Littoral,” (Carlisle, PA: United States Army War College Strategic Studies Institute, 2006), 3.
forces stationed at strategic points, and that in light of its anti-piracy mission off the east coast of Africa it needs naval supply bases in overseas locations. Western analysts have suggested that increasing access to bases along key sea lanes might be seen by Chinese leaders as a less costly option to aircraft carriers for force projection and deterring attacks against international shipping.

**Informationization**

Other elements of China’s strategic perspective, particularly the lessons of the Gulf War and subsequent U.S.-led operations, can also be seen in China’s behaviour. In the first instance China has responded by pursuing what it calls the “informationization” of its military forces. In 1993 the PLA replaced its previous guiding doctrine of “people’s war under modern conditions,” which implied a war of attrition on the heartland, with new guidelines that stated it would prepare to fight “local wars under modern high technology conditions.” The term “informationization” was first introduced by the Chinese political leadership in 2002, and was institutionalized as a Chinese defence concept in 2004. China’s 2006 White Paper on National Defence identifies “the strategic goal of building informationized armed forces and being capable of winning informationized wars by the mid-21st century,” while its 2009 White Paper reiterates “informationization as the goal of modernization of [China’s] national defence and armed forces.”

The concept of “informationization” is made up of technological and doctrinal/organizational components. Technologically, the goal is to acquire and integrate into the Chinese military forces the advanced military technologies of the information age. Doctrinally and organizationally, the overall intention is to transform the PLA from being a bulky low-tech army designed to fight border wars against other bulky, low-tech adversaries, to a more sophisticated, agile and mobile military force capable of speed, surprise, long range attacks and power projection in response to a sophisticated, high-tech enemy force. The content of the term is very close to what was referred to in the Western world in the 1990s as the Revolution in Military Affairs. Indeed, while the RMA is yesterday’s news in the West, it is very current in official Chinese thinking: “the worldwide revolution in military affairs (RMA) is reaching a new stage of development,” China states in its 2009 white paper on defence, and in light of this “China actively pushes forward the RMA with Chinese characteristics.”

China’s military technological focus is on advanced command, control, communications, computers, intelligence, surveillance and reconnaissance capabilities (C4ISR), and networked warfare. Strategically it is launching communications, surveillance and navigation satellites (the latter are in pursuit of China’s own GPS-equivalent called Beidou); at the operational level it has a number of Airborne Warning and Control System (AWACS) aircraft and is busy developing unmanned aerial vehicles “at a furious pace,” including both high altitude (like America’s

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45 Fairclough, “Surface Tensions.”
47 Cortez, 10.
49 Then Chinese President Jiang Zemin as quoted in M. Taylor Fravel, “China’s Search for Military Power,” *Washington Quarterly* 31, no. 3 (Summer 2003), 126.
50 Office of the Secretary of Defense, 11.
52 Ibid.
53 Ibid.
Global Hawk) and medium altitude (like the Predator) aircraft. Meanwhile, China is incorporating technology to enable its various systems and military platforms to “talk” to one another so that a commander can take information from one system and call in another system to undertake the mission.

For power projection and standoff strike, China is pursuing long-range air launched cruise missiles, similar to America’s Tomahawk, launched from upgraded bombers. Although the bombers are obsolete by Western standards the missile will significantly increase the power projection capability of the PLA Air Force (PLAAF). China has also developed an advanced fighter aircraft, the J10, and has released photographs of the aircraft refuelling in flight, indicating an additional air force power projection capability. The J10 is considered 4th generation, similar to Canada’s F-18, but recently the PLAAF announced a new fighter that is considered 5th generation, like America’s F-22 or Joint Strike Fighter, would enter service in about 10 years.55 Finally, there are indications China is pursuing a stealthy unmanned combat aerial vehicle armed with precision-guided munitions.56

For ground force power projection, China is developing lighter, more mobile equipment including, among other things, an armoured vehicle comparable to America’s Stryker and self-propelled artillery and howitzers that have been modified for airdrop and rapid deployment missions. About 15 percent of China’s 2.3 million-strong army, down in size from 5 million during the Cold War, has been specifically selected as an elite force capable of “taking the fight to the enemy.”57 Trading mass for quality, China is placing a special emphasis on increasing the education and training of its forces, and is seeking to professionalize (and therefore make deployable) a large portion of what was once an almost entirely conscript, stay at home, force.

Despite all this activity, including the PLAN developments noted earlier, China remains limited in its power projection capability: it has only a limited number of strategic air transporters to transport and sustain troops and refuelling aircraft to extend the range of bombers and fighters. Nor does the PLAN have significant sealift capability. The upshot is that China cannot currently transport and sustain more than a division of troops by sea or air. The PLA’s plan to develop a strategic lift aircraft similar to America’s C-17, and its focus on building new mechanized units around lighter platforms, indicates an ambition to develop rapidly deployable units like the U.S. Army’s Stryker Brigade Combat Teams, but this is still several years away. The Pentagon assesses that China “continues to invest in military programs designed to improve extended-range power projection,” but that will not be able to project and sustain large forces far from China until well into the 2020s.58

The various military components of China’s strategic response have been made possible by significant increases in military spending. China’s military budget has grown in double digit figures since the mid 1990s, overtaking France and Britain in 2008 to become the world’s second largest defence spender. In March 2009, China stated its defence budget to be $70 billion, but if one includes things considered by most countries to constitute defence spending, such as military research and development, the actual figure is much higher. The Stockholm International Peace Research Institute (SIPRI) pegs China’s defence budget at about $85

58 Office of the Secretary of Defense, 20, 28.
billion,\textsuperscript{59} while the Pentagon and the London based International Institute for Strategic Studies put it well over $100 billion.\textsuperscript{60}

**Asymmetric Approaches**

Beyond informationization China has responded to the lessons of the Gulf War and other U.S. military operations by adopting asymmetric approaches to warfare, that is, approaches designed to exploit America’s perceived vulnerabilities and weaknesses. In line with the indigenous Chinese military tradition of Sun Tzu, who emphasised stealth, deception, and indirect warfare, the PLA has concentrated on capabilities that make “defeating the superior with the inferior” possible.\textsuperscript{61} The approach is consistent with authoritative PLA military writings, published since the Gulf War and the 1999 operation in and around Kosovo, that have focused on innovative strategies and tactics designed “to level the playing field against technologically superior opponents.”\textsuperscript{62}

Perhaps the greatest area of U.S. military vulnerability is its reliance on satellites. Earth imaging and spy satellites in low earth orbit are used to detect terrorist training camps, underground nuclear facilities and military movements, among many other things. Navigation satellites in medium earth orbit, i.e. the GPS, are used for everything from pinpointing enemy targets for precision strike, to ensuring the smooth flow of military logistic supplies around the world. Military communications satellites in geostationary orbit offer a guaranteed, near instantaneous, round the clock connection between and among America’s combatant elements. Satellites in this orbit also enable real time transmission of unmanned aerial vehicle data from the battlefield to command centres in the United States. Over the past two decades the U.S. military has increasingly drawn its warfighting strength from network centric warfare, that is, from enabling its disparate platforms (ships, fighters, tanks etc.) to share information in real time and act on this information. The earth’s curvature dictates that much of the information must be transmitted by satellite.

Not surprisingly, a key aspect of China’s asymmetric approach is to take measures to “hold at risk” the large number of C4ISR satellites on which the American military is dependent.\textsuperscript{63} China’s pursuit of counterspace capabilities, argues one analyst, is part of a considered strategy designed to counter America’s military capability by blocking the eyes, ears and voice of American power.\textsuperscript{64} This can be done in part through cyber war strategies, particularly against satellite ground stations through which information is channelled to the end user, but also by targeting the satellites themselves. In January 2007, China used a ballistic missile to destroy an old Chinese weather satellite, thereby demonstrating it was capable of targeting enemy satellites (at least those in low earth orbit) with a direct ascent weapon launched from earth. There are also concerns that China is developing space based systems capable of destroying satellites.\textsuperscript{65}

China’s anti-satellite test brought worldwide condemnation. It was unnecessary (the satellite did not threaten to reenter earth’s atmosphere), it created thousands of pieces of space debris that

\textsuperscript{59} Trefor Moss, “China Becomes World’s Second Biggest Spender on Defence, Jane’s Defence Weekly, 10 June 2009.

\textsuperscript{60} Bradley Perrett, “China’s Military Budget Leaps Again,” Aviation Week & Space Technology, 12 March 2007; Office of the Secretary of Defense, 32.


\textsuperscript{62} Office of the Secretary of Defense, 17.


\textsuperscript{64} Tellis, 45.

will orbit for centuries, posing a risk to other satellites and it broke an unofficial moratorium on anti-satellite testing in place for more than two decades. Most notably, in the weeks and months that followed, China failed to explain how the test squared with its public stance that “China has always advocated the peaceful use of space, opposes the weaponization of space and an arms race in space.” This left Western commentators to fill in the blanks. One view is that China is convinced that the United States is weaponizing space and therefore must respond in kind, while at the same time pressing for an international space weapon ban through the United Nations. An alternate view, perhaps more convincing, is that China has no real interest in a space weapon ban because counter space capabilities are critical to its asymmetric approach to warfare — to the “requirement that it be able to defeat the United States in a regional conflict despite its own conventional inferiority.” Chinese theorists have been discussing the notion of space dominance for 15 years, experts note, and PLA training exercises routinely include counter space scenarios, like jamming satellites supporting U.S. aircraft carriers operating near Taiwan.

Some analysts believe there is a clear link between the ASAT test and nuclear force survivability. Of the great powers, China has the fewest nuclear weapons, with an estimated 100 to 200 warheads, as compared, say, to the roughly 2000 held by each of the United States and Russia. China, experts say, is increasingly worried about the ability of its small, largely static, land-based nuclear force to survive a first strike in a crisis. To this end it seeks to limit, through anti-satellite measures, the ability of American spy satellites to detect, in a crisis, the location of China’s land based nuclear forces.

Driven by a concern that the United States will sever China’s SLOC and access to oil in the event of a Taiwan crisis, China is boosting its nuclear force survivability. It is deploying its new SSBNs at the Sanya base and also building road mobile intercontinental ballistic missiles. The moves are significant because SSBNs and mobile ICBMs are far more survivable than fixed, land-based ICBMs. China has always stated it would not be the first to use nuclear weapons, but with these new capabilities China may be rethinking its deterrence policy. Doctrinal materials indicate there may be a new mission for China’s nuclear forces: deterrence of conventional attacks against the Chinese mainland. Thus, while “no-first-use” remains the officially stated Chinese policy, there are questions as to whether it would be adhered to in a crisis.

Finally, a key vulnerability lies in America’s dependence on information networks in the conduct of its military operations; therefore, another area of China’s asymmetric approach is cyber warfare against other U.S. military systems. In the summer of 2007, for example, China successfully penetrated Pentagon systems designed to call up extra U.S. troops in the event of a crisis, such as a Chinese attack on Taiwan. The Pentagon has identified several other cyber

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68 Tellis, 49.
71 Lampton, 118.
72 Erickson and Goldstein, 67.
74 Minnick, “China’s Threatening,” 20.
war strikes on other countries originating from China, while Canadian researchers have uncovered Chinese cyber warfare attacks on hundreds of foreign ministries and embassies around the world. “Of an estimated 120 countries working on cyber warfare,” notes one assessment, “China, seeking great power status, has emerged as a leader.” That said, it is unclear whether these actions have been taken with the knowledge, or sanction, of the Chinese government or military. Some Western experts argue the PLA lacks the organizational skill for such operations and that the greatest cyber threat out of China is not attacks on the U.S. military but on civilian industry.

Other Approaches
Other aspects of China’s behaviour also point to the economic dimension of its strategic perspective, as well as to its concern for regime survival. Most notable here is its recent attempt to constrict the world’s access to rare earth metals. Often referred to as “rare earths,” these are 17 metallic elements on the periodic table that have grown in importance in recent years. Rare earth elements are essential inputs to consumer technologies like mobile phones, blackberrys, computer monitors and plasma televisions; green technologies, like wind turbines, energy-efficient lights and extended life batteries for electric cars; and military technologies like air defence missiles, radars, and lasers for precision-guided weaponry. Although these things do not require a significant amount of the rare earths, without the metals these things simply cannot be made. Notes one rare earth expert: “The world has to wake up and start thinking of this group of elements as the ‘technology metals’, without which there will be no technology.”

Rare earths are not really that rare. China, especially Inner Mongolia, is home to just under 60% of the known reserves of rare earths, with the rest spread throughout the world, including large deposits in Australia, Canada, the United States and South Africa, but in their natural state the metals are found mixed in with other minerals, necessitating a labour intensive and environmentally damaging process to separate them and make them useable. With its relatively low labour costs, and willingness to forego environmental standards, China was able to open hundreds of mines in the 1980s and effectively price out of business mines in other places. The result is that today some 95% of the world’s rare earth supply comes from China. This development was deliberate, not accidental: realizing the strategic importance of rare earths, China’s president at the time, Deng Xiaoping, declared rare earths to be “the oil of China.”

In August 2009, the Chinese Ministry of Industry and Information Technology released a policy directive proposing to ban the export of five rare earths and restrict the export of the remaining metals, the latest in a series of actions over the past several years designed to limit rare earth exports. The draft document proved explosive, bringing international condemnation from Western governments and multinational companies and the threat of action at the World Trade Organization. China backed away from the policy, but the trend towards reduced exports has not changed. Whereas China once exported 75% of the rare earths it produces, this figure now stands at about 25%.

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75 Office of the Secretary of Defense, 53.
China’s rare earth stance appears to be driven primarily by domestic concerns. Over the past several years indigenous demand for rare earth metals has increased significantly; within the next few years China’s domestic industry is expected to consume all of China’s output.81 “This isn’t about China holding the world ransom,” states one Australian analyst, “they are saying we need these resources to develop our own economy and achieve energy efficiency, so go find your own supplies.”82 From this perspective China’s policy is not so much externally malevolent as reflecting the “unintended spillover effects of its appetite for economic growth.”83 Beijing has also stated that the 2009 policy directive was drafted with the specific intention of persuading high-tech manufacturers to locate in Inner Mongolia,84 the only way for a company to ensure a guaranteed supply of rare earth metals. There is an element of regime survival here in that ensuring domestic supply, and forcing foreign companies to move their high tech factories and research centres to China, fits with a Government whose legitimacy lies in the provision of jobs and economic growth.85 It seems likely rare earth restrictions will continue in the future.

Countries like Australia, Canada and the United States are responding to the Chinese supply restrictions by redoubling their efforts to reopen old mines, forced closed in the 1980s, and to open new mines. Yet the difficulty lies in the fact that because rare earths are so difficult to extract: It takes between 5 and 10 years for a mine to reach significant production. If worldwide demand doubles over the next five years, as is expected, a rare earth crunch will be inevitable. Whether or not this happens is dependent to a certain extent on whether “green” technologies actually grow in importance, but consumer technologies, many of which have important military applications, will almost certainly be affected. How can one monitor a UAV stream from Afghanistan, for example, if there are no rare earths available to produce the computer screen? Already, the U.S. Congress has demanded the federal government report by April 2010 on rare earths in the Pentagon’s supply chain.

To the degree that Canada’s own technology industries and military systems may be at risk, the government should be proactive in seeking a guaranteed supply. This may mean, for example, support to rare earth mining companies in Northern Canada, or collaboration with U.S. mines in California. These nascent, or reopened, mines are vulnerable to any Chinese decision to crush emerging competition by increasing exports and lowering prices. Rare earths, it is becoming clear, must be considered a strategic resource that cannot be provided by the market alone.

Assessing Intentions
A brief survey of the dimensions of, and responses to, China’s strategic outlook reveals some unanswered questions. At about $100 billion, China’s defence budget is still much smaller than the more than $600 billion the United States spends on its military each year; however, the issue is not the size of its military budget, but the lack of transparency as to how it is being spent, and the lack of clarity as to the purposes for which China plans to use its military forces. Figures on the number of various platforms and weapons are best guesses on the part of Western analysts, and some capabilities, like the existence of the Sanya base, have been hidden or denied in the past. China has produced several defence White Papers over the past 10 years, most recently in January 2009, but they give few details of actual weapons systems. Transparency is lower than it was even in the Cold War, when the West had knowledge of

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81 Ibid., 68.
83 Lampton, 126.
84 Melinda Liu, “China’s Rare Earth Hoard,” Newsweek, 5 October 2009.
85 Lewis, “Rare Earth Policy.”
Soviet arms development because of the arms control process. China’s secretive approach contrasts sharply with America’s National Defense Authorization Act, which requires a detailed legislative bill each year that is debated extensively in Congress and in public forums down to the last fighter jet and armoured vehicle.

Even if it is possible to ascertain approximate military capabilities, in terms of the number and sophistication of platforms, as well as force size and the quality of training and education, it is still not clear the strategic aims of these capabilities. Any discussions of strategic intent within the white papers are general in nature. The 2009 white paper states, for example, that the Air Force is developing long range precision strike and force projection capabilities, but it does not say why, or what sort of role or scenarios in which these fighters might be engaged. Similarly, in the national defence policy section, modernization, reorganization and new military capabilities are expressed as a goal in itself, rather than an end to a goal and it is those ultimate strategic aims that are missing. By contrast, the United States produces a whole range of defence policy documents on a regular basis, from the Pentagon and all the individual services, that give observers extensive information on the purposes for which the United States intends to use its military forces.

For its part, China has argued that it needs to pursue military modernization “to avoid falling further behind the United States,” and that its military spending is “commensurate” with its economic growth. Chinese officials have stressed that its military budget is purely for defensive purposes, although in the Chinese schema the forcible recovery of Taiwan would be considered defensive action. Along these lines, Beijing acknowledges military modernization as partly aimed at Taiwan and “promoting the reunification of the motherland” and has stressed that deterring Taiwan’s independence remains the “most pressing task.” The country’s leaders have stated China’s economic and political power depends on access to the SLOC, but it is left to China’s military leaders, and especially its scholars and strategic analysts, to make the connection to military capabilities.

Without a clear statement of strategic intent on the part of China’s political leaders, Western analysts and policy makers are left to make their own assessments. It appears that China’s behaviour is driven by the overriding goal of regime survival and, by extension, the status of Taiwan and continued economic growth, the two aspects of its strategic perspective that are most critical to regime survival. Many military developments, as well as asymmetric approaches like cyber war, fit clearly with anti-access scenarios around Taiwan. At the same time, military means to protect the SLOC link back to the Taiwan issue and protecting the Chinese economy during a crisis. Economic actions like those in relation to rare earths, as well as economic espionage, can be explained in terms of economic growth. Nationalism, prestige and feelings of great power status evoke speeches and statements, especially on the part of China’s military leaders, and may soon produce an aircraft carrier, but most roads still lead back to regime survival and its subordinate elements. This finding indicates that China’s military build up, and stepped up asymmetric approach, will persist if not accelerate in the future. America will have to understand and counter China’s tactics. Historical precedence suggests that a dual track of engagement and containment is the best approach to contend with a great power dictatorship actively seeking to maintain its continuance in power.

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