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CHINA'S WORLDWIDE MILITARY EXPANSION

Thursday, May 17, 2018

U.S. House of Representatives,

Permanent Select Committee on Intelligence,

Washington, D.C.

The committee met, pursuant to call, at 9:00 a.m., in Room 2212, Rayburn House Office Building, the Honorable Devin Nunes (chairman of the committee) presiding.

Present: Representatives Nunes, Conaway, King, LoBiondo, Ros-Lehtinen, Turner, Wenstrup, Stewart, Crawford, Stefanik, Hurd, Schiff, Himes, Sewell, Carson, Speier, Quigley, Swalwell, Castro, and Heck.

The Chairman. The Committee will come to order.

Welcome to today's unclassified open hearing on China's worldwide military expansion. I would like to welcome our witnesses: Jim Fanell, retired Navy captain; Mr. Richard Fisher, Jr., of the International Assessment and Strategy Center; and Mr. Dan Blumenthal of the American Enterprise Institute; and Ms. Patricia Kim of the Council on Foreign Relations. Thank you all for being here today.

As a reminder to our members, we are and will remain in open session. This hearing will address only unclassified matters.

To our guests in the audience, welcome. We appreciate your interest into today's hearing. We expect that proper decorum will be observed at all times, and disruptions during today's proceedings will not be tolerated.

Without objection, the chair may declare a recess at any time.

In the coming months, the committee will highlight the Chinese threat to American economic and security interests. Today's hearing is dedicated to the threat posed by China's growing military capabilities and global strategy, with the focus on Beijing's efforts to modernize and expand its military as well as its ability to project power abroad.

The hearing will also delve into China's predatory economic activity and use of civilian port facilities and bases to expand its military presence.

For many years, the committee has warned about the threat posed by China's increasingly aggressive activities around the globe. Likewise, the Trump administration's National Security Strategy focuses on the threats to U.S. security posed by the emergence of an increasingly confident China as a revisionist, expansionist, and authoritarian adversary.

Past administrations have sought to appease China through measures such as

helping Beijing join the WTO, taking steps to build better military-to-military relationships, avoiding confrontations over China's unfair trade practices, predatory economic policies and theft of U.S. intellectual property, and responding softly to China's aggressive territorial claims and military force projection.

These previous attempts to appease China failed to improve our bilateral relations. In fact, China has only become emboldened and may now be the preeminent threat to American security, our economy, and our values.

Today, we address China's broad-based strategy that includes modernizing military capabilities across the air, land, sea, cyber, and space domains; the rapid expansion of China's access to ports and overseas bases; and its international propaganda campaign.

From its One Belt Road Initiative to its unlawful maritime claims in the South China Sea, China is using its economic and military power to subvert international norms, undermine U.S. national security, threaten our friends and allies, and reshape the global balance of power.

This open hearing is part of an ongoing committee effort focusing on China. The committee will also explore China's diverse efforts, both legal and illicit, to acquire critical national security technologies and intellectual property through cyber intrusions, espionage, export control violations, open source collection, talent recruitment, academic exchanges, and formal technology acquisitions and investments.

We will also explore China's threats to U.S. Government and private sector research and its attempts to undermine our global leadership role and technological innovation. As part of our ongoing efforts, we plan to explore China's broad-based technology strategy.

The committee will also review China's influence campaign across political,

ideological, economic, and international spheres to win supporters and undermine opposition to Chinese regime within our own society. This will include an examination of Beijing's use of economic leverage to exert influence on the United States and its allies, including through financial and trade strategies; pressure on U.S. companies operating in China and the role of Confucius Institutes and Chinese student associations.

For America, our major challenge is shaping how U.S.-China competition will develop over the coming years, given China's expansionist behavior and stated goals.

Good policy requires an informed and well-grounded understanding of China and the threats it poses. Our efforts, and we hope that others in and outside of government can join our effort, will be focused on sharpening our understanding, building awareness, and informing the public as U.S. leaders so that we can get our policies right.

While much of the committee's work will be, by necessity, remain classified, the committee hopes this unclassified hearing will ensure that Congress, the administration, and the American people are fully aware of the growing challenges posed by China's activities.

With that, I recognize Ranking Member Mr. Schiff for 5 minutes.

Mr. Schiff. Thank you, Mr. Chairman. And thank you to our witnesses for joining us for today's discussion of the challenge posed by China's military expansion.

Ensuring that senior policymakers understand the full scope of the challenge posed by the continued rise of China is essential. How the United States manages an increasingly assertive and powerful China will shape the geopolitical environment of the 21st century. And I support the committee's undertaking of a deep dive into China issues.

While much of our work on China is rightly informed by classified information, it is an issue of sufficient importance to warrant a public component as well. I hope that the committee will schedule further open hearings on China, particularly focusing on the many cybersecurity threats.

In the year since the 9/11 attacks in 2001, our national security policy has been centered around counterterrorism and the prosecution of wars in Iraq and Afghanistan, as well as the fallout from the Syrian civil war and the rise of ISIS. More recently, the resurgence of Russia as an active player on the global stage and Moscow's interference in our politics and those of our allies has similarly captured the attention of the executive branch officials, the Congress, and the public.

Less apparent to many throughout government and more broadly is the transformation that has occurred in China in the years since 2001. No longer is Beijing a mere aspirant to the first rank of nations, but an economic and military power to be reckoned with. When I came to Congress in 2001, China's GDP was \$1.3 trillion. It has grown more than tenfold since, and was \$12.84 trillion last year, second only to us.

Similarly, in 2000, Beijing spent \$14.6 billion on defense, while in 2019 the government looks to spend \$175 billion, again, behind only the United States. From PLA infantry divisions to its growing Navy and increasingly sophisticated Air Force, China is

fielding and learning to operate a 21st century military. China's military expansion is part of a broad challenge from China to our economy and our national security that has been building for more than two decades, but which has now reached fruition.

In 2001, rampant piracy of American movies and music as well as Western luxury goods was a central irritant in the bilateral relationship with Beijing, as were their intermittent threats against Taiwan. Today, our bilateral challenges include dealing with industry leading competitors like telecom giant ZTE, which not only evaded international sanctions on North Korea and Iran, but is also considered a national security threat by our Intelligence Community. And confronting China's reclamation and fortification of islands in the South China Sea and its increasingly aggressive military exercises gaming out an attack on Taiwan.

Throughout Asia and Africa, Chinese-financed infrastructure projects are spreading Beijing's fear of influence, fueling continued growth of China's economy and providing Chinese state-owned enterprises access to raw materials needed to power the world's largest manufacturing economy. Greater investment in defense and the increasingly far-flung nature of Chinese business activity have in turn been blended with intense government-promoted nationalism in China to produce a military that is increasingly capable and comfortable operating far from its own bases. The new PLA Navy base in Djibouti, Beijing's first such facility outside China, is the most visible manifestation of this new operational construct.

We can invest billions in the latest equipment to counter China's growing arsenal. We can invest in billions more to train the world's best military who are key to offsetting the PLA's numerical advantage. And we can and do ask our servicemembers and their families to make enormous sacrifices on behalf of the Nation to preserve our interests in east Asia.

But while the focus of today's hearing is China's military, we need to consider the military challenge as part of a larger national strategy by China to project its power and to secure its national interest by whatever means necessary. And that includes by selling potentially compromising telecommunications equipment in the U.S. by ZTE and Huawei, something this committee has long focused on. Much of our efforts may be for not if we allow China to access our communications networks and to gain illicit access to our defense contractors, technology companies, or the Defense Department itself.

Those are the stakes that play in the ZTE standoff between the President and the national security community, and however the situation is resolved, the full scope of the threat from ZTE must be taken into account.

China's military growth has taken place alongside the Belt and Road Initiative, a massive development strategy that has allowed Beijing to deepen diplomatic and economic ties with both exporters of raw material to China and importers of finished Chinese goods.

Through the BRI and other tools such as the Asia Infrastructure and Investment Bank, China seems to be leading in economic engagement and then backfilling with greater military capacity as its capabilities grow. The PLA base in Djibouti, for example, follows decades of Chinese investment and diplomacy in Africa, and increasing oil exports -- imports by China, much of which passes through the Bab-el-Mandeb strait between Djibouti and Yemen.

Similarly, Beijing's militarization of the South China Sea reflects a deliberative approach that seeks to protect core Chinese economic and strategic interests that have long predated the island reclamation effort and the buildup there. I would like to know if each of you testifying today agree with this notion of economic interest as driving security investments and whether you see that trend continue.

We look forward to your testimony, and I thank you for your participation. And with that, Mr. Chairman, I yield back.

The Chairman. The gentleman yields back.

So I understand, we have all four of your statements for the record. So we will give each of you 5 minutes for remarks, and then we will get to the members' questions.

And we will start with you, Captain Fanell. Welcome to the committee. You are recognized for 5 minutes.

**STATEMENT OF CAPTAIN JAMES E. FANELL, (RETIRED); RICHARD D. FISHER, JR.,
INTERNATIONAL ASSESSMENT AND STRATEGY CENTER; DAN BLUMENTHAL, AMERICAN
ENTERPRISE INSTITUTE; AND PATRICIA M. KIM, COUNCIL ON FOREIGN RELATIONS**

STATEMENT OF CAPTAIN JAMES E. FANELL (RET.)

Captain Fanell. Good morning, Chairman Nunes and Ranking Member Schiff, distinguished members of the committee. I am here at your invitation to testify on the People's Republic of China's global naval strategy and its related massive expansion of its force and overseas logistic support structure. You have my detailed testimony before you, so in my opening statement, I will focus on key highlights from my assessment of this imminent and ever increasing global maritime threat, and briefly touch on the key recommendations for actions our country must take to avoid major naval disaster, and quite likely, a geopolitical defeat, the likes we may never recover from.

You may know that by trade I am a U.S. Navy intelligence officer. I am a different kind of a China hand than the ones who usually testify before your committee. My expertise is not in interpreting what the Chinese Communist Party officials think or feel, or analyzing what inside the beltway think tank scholars say. Oddly enough, my professional experience is more like being an animal behaviorist. I spent the majority of

my career watching what China does with its Navy, like the late Dr. Jane Goodall watched gorillas, every day observing and recording their movements. Then I analyze their activities and projected what they do next, because today's behavior is a far better predictor of the future PRC actions than our fine words from diplomats, think tank scholars, and Chinese Communist Party propaganda.

The PRC's unilateral expansion into and through the international waters within the first island chain over the past 6 years has dramatically altered the strategic balance of power in the Indo-Asia-Pacific region. How much has it been altered? Well, Beijing now calls these waters China's blue territories.

While building its modern blue-water navy, the PRC has taken a wide range of destabilizing actions that pose an increasing threat to global security. These actions include addressing the maritime security of U.S. allies, repudiating established international authorities and laws, and entrapping developing nations into debt to compel their acquiescence to PLA Navy expansion into the regions. It is not their words but their actions and enormous expenditures that point to the PRC's expanding capability to use their maritime forces to coerce, intimidate, and use force globally as it is already doing regionally.

The detailed evidence in my testimony proves that with this massive enhanced naval capability, the PRC seeks global hegemony, not merely regional dominance. The PRC as a global hegemon stands diametrically opposed to U.S. national interests and values and those of our friends and allies. The PRC's arsenal in this campaign for supremacy includes highly coordinated economic, informational, political, and military warfare, what they call comprehensive national power.

The Chinese Communist Party's expensive military expansion and strategy of coercion position the PLA, particularly its navy, air, and missile forces, and rapidly

expanding marine corps as the arbiters of the new global order. But let me say it clear for the record. The Chinese Communist Party is a totalitarian regime engaged in comprehensive protracted struggle for a regional and global supremacy.

As a long-term China watcher, I have learned there is no theoretical outer limit to what the Chinese Communist Party will take, especially if they can get away with it with a minimal cost, as we have already witnessed at Scarborough Shoal in 2012, and over the past 6 years as they militarized the Spratly Islands, and that is accelerating. Their actions and especially their spending priorities directly contradict the off-quoted pledge by PRC leaders of their commitment to pursue a peaceful rise, one that is in harmony with the rest of Asia and the world.

In spite of having a GDP per capita on par with the Dominican Republic, PRC leaders have invested staggering amounts of national treasure into a complex of ballistic missiles, satellites, and fiber-linked command centers with little utility but to destroy U.S. military forces on demand.

The momentum created by the PLA Navy's rapid advances in the maritime domain threaten the rest of the world through what General Secretary Xi Jinping calls his China dream, often referred to as the great rejuvenation of China. Chairman Xi's great rejuvenation means taking by force, if necessary, all land and sea areas and all resources the Chinese Communist Party claims China has owned since ancient times.

Given this clearly articulated goal, the obvious question is, how long will the PRC wait to be rejuvenated? While the conventional wisdom asserts China takes a long view and is willing to kick the can down the road, my assessment is the PRC strategy is on a timeline to complete their territorial restoration by the 100th anniversary of its establishment in 2049.

This timeline has created a window which I believe PRC leaders will be under increasing pressure to use force to achieve their strategic aims before 2049, during what I label as the decade of concern, from 2020 to 2030. Therefore, given knowledge of this timeline, I believe the U.S. Government must invest bipartisan effort to defend America's interest from the Pacific's -- from the PRC's depredations, not just in the Indo-Asia-Pacific but globally.

Given the time constraints for my opening statement, let me say that my paper contains seven recommended actions, but foremost among them is the fact that the United States must fundamentally transform the culture of how we deal with China. We must go beyond the wording of the new National Security Strategy and clearly state the PRC is an unambiguous threat to our national security. We must deal with the PRC from a position of strength, one where we routinely assert our core interest and principles, just as firmly as the PRC asserts its core interests.

Finally, it must be noted that the future size of the PLA Navy will be about 550 warships and submarines by 2030. That is twice the size of today's U.S. Navy. As such, it is clear the U.S. Navy is at great risk. We simply are not adequately sized or outfitted to meet our national security commitments in the Indo-Asia-Pacific, let alone around the globe.

To accomplish all of the above missions, to provide a credible deterrence against PRC hegemony, and to be able to fight and win wars at sea, the U.S. Navy must get bigger, certainly more than 355 ships. With that, expect -- without that, expect China to push us even further from Asia. Expect to lose more allies and influence across the region, anticipate being globally irrelevant as Beijing destabilizes and erodes democracy, and with it, the national security and values the United States and our allies promote.

We have already slipped. If we fall much farther, we won't be able to get up.

With that, I conclude my testimony, and I am happy to answer your questions.

Thank you.

[The statement of Captain Fanell follows:]

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China's Global Naval Strategy and Expanding Force Structure: Pathway to Hegemony

Testimony by Captain James Fanell (USN, Ret.)¹

Chairman Nunez, Ranking Member Schiff, distinguished members of the committee; I am here at your invitation to testify on China's global naval strategy and its related massive expansion of its force and overseas logistics support structure. My assessment of this imminent and ever-increasing global maritime threat follows, as well as my recommendations for actions our country must take to avoid geo-political defeat and, quite likely, a major naval disaster.

You know that by trade I'm a U.S. Navy Intelligence Officer. I'm a different kind of China hand than the ones that usually testify before your committee. My expertise is not in interpreting what Chinese Communist Party officials really think, or analyzing what think tank scholars say. Instead, I spent 28 years watching what China does with its navy -- like Jane Goodall watching gorillas -- every day, observing and recording their movements. Then I analyzed their activities and projected what they'll do next. Today I will share my projections regarding China and its increasing--and increasingly threatening--global expansion. The strategic balance has shifted in the PRC's favor and against America's security and interests.

China's unilateral expansion into and through the international waters within the First Island Chain—or what Beijing now calls China's "Blue Territories"—over the past six

¹ Acknowledgments: The author would like to thank Anders Corr, Kerry Gershanek, Claudia Rosett, and Dako Xiawei for their generous efforts to improve this testimony. Any errors or shortcomings are the author's alone.

years has dramatically altered the strategic balance of power in the Indo-Asia Pacific region.

In addition to building of a modern, blue-water Navy, the PRC has taken a wide range of destabilizing actions that pose an increasingly threat to global security. These actions include the PRC's construction of naval air stations atop buried coral reefs in the South China Sea, including Mischief Reef within the territory of our ally the Philippines; their declaration of an Air Defense Identification Zone (ADIZ) in the East China Sea near Japan, their claims of sovereignty over the Senkaku Islands, and their flat out repudiation of the authority of the Permanent Court of Arbitration, the world's oldest standing international law arbitral body.² The threatening actions also include China's unprecedented and increasing naval operations in the Western Pacific, South Pacific, Indian Ocean, the Mediterranean and Baltic Seas, the Arctic and Antarctic and finally into the Atlantic Ocean: these actions are clear empirical indicators of China's future malign intentions and actions.

These intentions and actions position China's military forces, particularly its navy, air and missile forces, and rapidly expanding marine corps, as the arbiters of a new global order--one that stands opposed to U.S. national interests and values, and those of our friends and allies. China has spent billions of dollars on a military that can achieve the Chinese Communist Party's dreams.

I'll repeat myself, as it's crucial to firmly and quickly establish why the PRC's rapid, global, and very expensive naval expansion matters. The Chinese Communist Party is engaged in a total, protracted struggle for regional and global supremacy. This supremacy is the heart of the "China Dream". China's arsenal in this campaign for supremacy includes economic, informational, political, and military warfare. The campaign at its heart is opportunistic; we have already witnessed them expand into the vacuum of a diminishing United States in East Asia.

² Permanent Court of Arbitration Case No 2013-19 in the matter of the South China Sea arbitration - before - an arbitral tribunal constituted under Annex VII to the 1982 United Nations Convention on the Law of the Sea - between - the Republic of the Philippines - and - the People's Republic of China, 16 July 2016, <https://pca-cpa.org/wp-content/uploads/sites/175/2016/07/PH-CN-20160712-Award.pdf>.

If one has not read Xi Jinping's words and realized the supremacist nature of the "China Dream" and carefully watched the nature of China's "rise", then one might innocently ask the obvious question: "Why does it matter that the PRC seeks regional, or even global hegemony?"

That is, why can't the world simply abide a "rising China", a seemingly benign term so often employed by Beijing's propaganda organs and PRC supporters worldwide. After all, fewer would be concerned if, say, a "rising Brazil" or a "rising India" sought regional hegemony and proclaimed a desire to "lead the world into the 21st Century".

The answer goes to the heart of the nature of China's leadership, and what it does.

Under the CCP, the PRC is an expansionist, coercive, hyper-nationalistic, military and economically powerful, brutally repressive, totalitarian state.

The world has seen what happens when expansionist totalitarian regimes such as this are left unchallenged and unchecked. In a world of this type of hegemon, people are subjects—simply property—of the state, and ideals such as democracy, inalienable rights, limited government, and rule of law have no place.

Clear empirical indicators directly contradict the oft-quoted pledge by China's leaders of their commitment to pursue a "peaceful rise", one in "harmony" with the rest of Asia and the world. By its expansionist actions and words, China has challenged the post-WW II norms of international behavior and, most importantly, the peace and stability the Indo-Pacific region has enjoyed over the past 70 years.

For instance, in spite of having a GDP per capita on a par with the Dominican Republic, China's leadership has invested staggering amounts of national treasure in a world-leading complex of ballistic missiles, satellites, and fiber-linked command centers with little utility but to destroy U.S. aircraft carriers on demand. With China's children kept indoors because of hazardous levels of pollution, a health care system in crisis, toxic rivers, a demographic time bomb caused by government-directed population expansion and then forced contraction, and only one third the GDP per

capita of the United States, Beijing chooses to spend its precious resources on better ways to kill Americans and her allies.

Much of that investment has gone into the PLA Navy. The momentum created by the PLA Navy's rapid advances in the maritime domain threatens to do for the rest of the world what the Communist Party has done for China and the neighbors it has conquered, like Xinjiang and Tibet, or politically and economically dominates like Cambodia or Laos, as the PRC pursues what President Xi calls his "China Dream".

The PLA Navy is China's point of the spear in its quest for global hegemony. As I speak to you today, the PLA Navy consists of over 330 surface ships and 66 submarines, nearly 400 combatants. As of 4 May 2018, the U.S. Navy consists of 283 battle force ships: 211 surface ships and 72 submarines.³ By 2030, it is estimated the PLA Navy will consist of some 550 ships: 450 surface ships and 99 submarines.⁴ As currently debated in the halls of the Congress and Pentagon, it remains unclear if the U.S. Navy of 2030 will even reach a total of 355 ships and submarines.

Numbers matter. In the past, it was fair to say that numbers of hulls, or even tonnage, wasn't a complete measure of force-on-force capabilities, and that American technology would outweigh the PLAN's numbers. Today, it is no longer credible to make that argument. From a technological standpoint, the PRC has quickly achieved parity with U.S. Navy standards and capacities for warship and submarine production. PLA Navy ships and submarines do not have to match U.S. naval capabilities precisely: they just have to be good enough to be able to achieve more hits to win any given battle. That said, the quality of PRC warships already presents a credible threat across the Asia-Pacific today. Consequently, we should be gravely concerned about America's ability to deter or defeat the PRC's naval spear.

³ United States Navy, 4 May 2018, http://www.navy.mil/navydata/nav_legacy.asp?id=146.

⁴ James E. Fanell and Scott Cheney Peters, "Maximal Scenario: Expansive Naval Trajectory to "China's Naval Dream", Chapter 15 of Andrew Erickson's "Chinese Naval Shipbuilding: An Ambitious and Uncertain Course (Studies in Chinese Maritime Development), U.S. Naval Institute Press, January 2017.

We do not have much time left—certainly not until the year 2030 when the PRC’s navy will be double the size of the U.S. Navy.

For reasons I will lay out shortly, the window of vulnerability—the decade of greatest concern—begins in less than 24 months. If some currently unintended event does not provoke a military confrontation before then, we have until 2020—the deadline that Xi Jinping has given the PLA to be ready to invade Taiwan. From that point on, we can expect China to strike.

My detailed assessment of this imminent and ever-increasing maritime threat follows, as well as my recommended actions our country must take to avoid geopolitical defeat globally and a likely naval disaster, the likes of which we have not experienced since the early, dark days of World War II.

A Chinese Maritime Dream

In 2013, as President Xi Jinping unveiled his “China Dream” in a speech to the People’s Republic of China’s (PRC) National People’s Congress, China Central Television (CCTV) aired the week-long series “Shaping China’s Tomorrow,” exploring what Chinese people think about the Dream. What is noteworthy is that CCTV began the series with the story of a PLAN East Sea Fleet-based Executive Officer just returned from his third escort mission in the Gulf of Aden. LCDR Shi Lei related that when he joined the People’s Liberation Army Navy (PLAN) a decade prior, he had never envisioned sailing so far from land, but now believes the PLAN will one day have a “blue-water navy whose sailors can take on any mission on the open sea.

Significantly, this CCTV series vignette symbolizes China’s shift in maritime strategy over the past decade, from solely a “near seas active defense” strategy to a national maritime strategy based on responsibilities and presence across the global maritime domain. Not surprisingly, it aligned President Xi’s call for China to become “a strong maritime power” with former President Hu Jintao’s direction to “resolutely safeguard

China's maritime rights and interests, and build China into a maritime power.”⁵ Since the end of the 9th Five-Year Plan in 2000, the PRC has embarked on an ambitious naval construction program that dramatically increased the PLAN and China Coast Guard's (CCG) blue water operations within the First and Second Island Chains, while substantially increasing far seas deployments around much of the globe.

The theme of China's national rejuvenation has only increased during the first five years of President Xi's rule. For instance, at the 19th National Party Congress of the Chinese Communist Party (CCP) in October 2017, Xi Jinping stated, “The theme of the Congress is: remain true to our original aspiration and keep our mission firmly in mind...and work tirelessly to realize the Chinese Dream of national rejuvenation.”⁶

Most importantly, Xi and the CCP's realization of the “China Dream” of national rejuvenation, and restoration, is firmly linked to, and dependent upon, a global naval capability. The PRC has both the will and the means to push for rapid increases in the PLAN's order-of-battle in support of an expanding set of missions to fulfill their “China Dream”. Undergirding this thesis are China's present and future naval construction capabilities and capacity, successful ongoing expansion of naval operations, and official advocacy for a modern, global naval force—one that is already posing a very serious challenge for its neighbors and the U.S. Navy.

This projection is based on several assumptions. First, regardless of potential domestic political or economic difficulties, China's leaders will continue investment “in the Navy, Coast Guard, and maritime industries to more actively and effectively assert its security and economic interests in the coming decades.”⁷ Second, China will continue to enjoy a military shipbuilding cost advantage over rivals.⁸ And third,

⁵ “Full text of Hu Jintao's report at the 18th Party Congress,” *Xinhua*, 17 November 2012, www.china-embassy.org/eng/zt/18th_CPC_National_Congress_Eng/t992917.htm.

⁶ Xi Jinping, “Full text of Xi Jinping's report at 19th CPC National Congress”, *China Daily*, 4 November 2017, http://www.chinadaily.com.cn/china/19thcpcnationalcongress/2017-11/04/content_34115212.htm.

⁷ Office of Naval Intelligence, *The PLAN—New Capabilities and Missions for the 21st Century*, (April 2015), p. 5.

⁸ Gabe Collins and Andrew Erickson, “U.S. Navy Take Notice: China is Becoming a World-Class Military Shipbuilder,” *Diplomat*, 1 November 2012, <http://thediplomat.com/2012/11/u-s-navy-take-notice-china-is-becoming-a-world-class-military-shipbuilder/>.

China will master the technical advances required to overcome issues arising from the production and incorporation of advanced naval systems—from phased array radars to nuclear reactors.

While Beijing prefers to achieve their strategic aims with military intimidation rather than combat, as it did at Scarborough Shoal in 2012, it is also clear the PRC is prepared to use military force to achieve its strategic goals as it has already done to deadly effect earlier in the Paracel and Spratly Islands. Those goals are, first, to consolidate their perceived territory, largely in the maritime domain of the First Island Chain--a precondition for compelling the submission of Taiwan--and, second, to exert its influence and power around the globe.

Force Structure Expansion and Military Modernization

Over the course of nearly two decades the PLA has benefited from the CCP's military modernization effort, the largest by any nation since the end of World War II. This transformation has not been limited to the procurement of combat platforms like ships, submarines, aircraft, tanks and rockets, but has also included areas from combat support services to command and control and civil-military integration. Throughout these years the PLA has been charged with the overarching goal of “realizing the Chinese Dream and the dream of building a powerful military.”⁹ President Xi has made clear that the CCP has “developed a strategy for the military under new circumstances, and have made every effort to modernize national defense and the armed forces.”¹⁰

Military and Command Reorganization

Since taking office, Chairman Xi has restructured the PLA in China's seven military regions into five theater commands. He also reorganized the Central Military Commission by establishing and subordinating the army's service headquarters, raising the stature and role of the strategic missile, air, and naval forces, and

⁹ Xi Jinping, “Full text of Xi Jinping's report at 19th CPC National Congress”.

¹⁰ Ibid.

establishing a Strategic Support Force (SSF) to integrate space, cyber, and electronic warfare capabilities.¹¹

Furthermore, by early 2016, President Xi had reorganized and streamlined the senior echelons of the PLA by discarding “the PLA’s four traditional general departments in favor of 15 new CMC functional departments.”¹² To put a capstone on this transformation, Xi announced that the Central Military Commission (CMC) would now be in charge of the “overall administration of the PLA, People’s Armed Police, militia, and reserves” with new theater commands (sometimes referred to as joint war zones) focusing on combat preparedness. Meanwhile, the various services would be responsible for the development of, what in the United States are called, the Title 10 Authorities to man, train, and equip the force.¹³

Also of significant concern, Xi has placed authority over China’s Coast Guard under the Central Military Commission. The Coast Guard, Asia’s largest, is no longer under the civilian State Oceanic Administration. It now falls under Xi’s direct command through his control of the People’s Armed Police.¹⁴

A closer examination of each of the forces is necessary to appreciate their rapidly expanding capabilities.

The PLA Navy (PLAN)

Since the end of the 9th Five-Year Plan in 2000, the PRC has embarked on an ambitious naval construction program that dramatically increased the PLAN and China Coast Guard (CCG)’s blue water operations within the First and Second Island

¹¹ Michael S. Chase and Jeffrey Engstrom, “China’s Military Reforms: An Optimistic Take,” *Joint Force Quarterly* 83, 4th Quarter (October 2016), pp. 49–52.

¹² Ibid.

¹³ Ibid.

¹⁴ David Tweed, “China’s Military Handed Control of the Country’s Coast Guard”, *Bloomberg*, 26 March 2018, https://www.bloomberg.com/news/articles/2018-03-26/military-control-of-china-coast-guard-adds-edge-to-sea-disputes?utm_source=Sailthru&utm_medium=email&utm_campaign=EBB%203/27/18&utm_term=Editorial%20-%20Early%20Bird%20Brief.

Chains while substantially increasing “far seas” deployments around much of the globe.¹⁵

With the realization of the “China Dream” firmly linked to a global naval capability, China’s leaders are on the cusp of achieving their military and economic goals. They are rapidly increasing the PLAN’s order-of-battle in support of an expanding set of global missions to fulfill their “China Dream” of national restoration and rejuvenation, which will in turn fuel and secure their global economic expansion through the \$1.6 trillion “Belt and Road Initiative” (BRI). Previously called the One Belt One Road (OBOR), it spans 80 countries.¹⁶

While official Chinese documents describe the BRI as purely commercial and “win-win” for participants, studies have shown that internal PRC discussion of the BRI characterizes it as a stealthy conduit of political influence and not only maritime—but naval expansion.¹⁷ The BRI was previously known as the Maritime Silk Road. Between 2000 and 2014 in the transport and storage sectors, China committed \$126 billion in these sectors.¹⁸ These commitments led to port deals worldwide that provide extensive expansion opportunities. China’s present and future naval construction capabilities and capacity, successful ongoing expansion of naval operations, and official advocacy for a modern, global naval force is already posing a challenge for its neighbors and the U.S. Navy.¹⁹

The PLAN’s expansion from 2000 to 2018 far exceeds the buildup in any other nation’s navy in the post–World War II era, save for the U.S. Navy during the Ronald W. Reagan years of the 1980s. The reason is simple: for China’s leaders to achieve

¹⁵ James E. Fanell and Scott Cheney Peters, “Maximal Scenario: Expansive Naval Trajectory to “China’s Naval Dream”, Chapter 15 of Andrew Erickson’s “Chinese Naval Shipbuilding: An Ambitious and Uncertain Course (Studies in Chinese Maritime Development), U.S. Naval Institute Press, January 2017.

¹⁶ Devin Thorne and Ben Spevack. “Harbored Ambitions: How China’s Port Investments are Strategically Shaping the Indo-Pacific”, Washington, DC: C4ADS, 2017; Brook Larmer. “Is China the World’s New Colonial Power?”, *New York Times*, 2 May 2017, <https://www.nytimes.com/2017/05/02/magazine/is-china-the-worlds-new-colonial-power.html>.

¹⁷ Ibid.

¹⁸ AidData. “By the Numbers: China’s Global Development Footprint”, College of William & Mary, <http://aiddata.org/china>.

¹⁹ Op. cit., Fanell and Peters, January 2017.

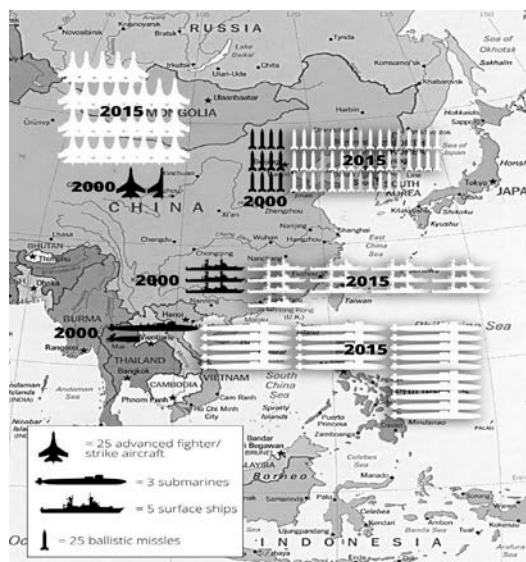
their vision of a “rejuvenated” and “restored” China, they need a fleet that can expand China’s interior lines out into the maritime domain.²⁰ In other words, they need naval, air, missile and expeditionary forces that can take China’s regional military dominance and intimidation to the global realm. Due to atrophy of U.S. naval forces over the last decade, Beijing’s goal is expected to be realized -- by 2020.

Concurrent with the PLAN modernization has been the changing pattern of its operations. Instead of continuing its role as a coastal naval force operating within 50 nm of China’s coast, today the Chinese Navy has pushed out into the blue water of the Pacific Ocean and beyond (figures 1 and 2). An examination of PLAN blue water operations during the past 15 years reveals “China’s ambitious naval modernization has produced a more technologically advanced and flexible force.” This evolving naval force will provide Beijing with the capability to successfully conduct a military campaign within the First Island Chain (for instance to take Taiwan or the Senkaku Islands).²¹

Figure 1: PLA military capabilities 2000



Figure 2: Expanding military capabilities 2015



²⁰ In this instance, the term *interior lines* refer to a warfighting strategy whereby the lines of movement and communication within an enclosed area are shorter than those on the outside.

²¹ “The PLAN - New Capabilities and Missions for the 21st Century”, *Office of Naval Intelligence*, April 2015, p. 13, http://www.oni.navy.mil/Intelligence_Community/china.html.

(Source: Order of battle based on author's compilation of open source data. Build rate derived from Ronald O'Rourke, China Naval Modernization: Implications for U.S. Navy Capabilities--Background and issues for Congress (Washington, DC: Congressional Research Service, 2014), pp. 27-29)

This transformation has required a new force structure, one that has increased both the number and type of naval platforms. With respect to far seas operations the Office of Naval Intelligence (ONI) reported that the PLAN's "diversified missions and far seas operations" during the previous decade had stimulated an operational shift and catalyzed the acquisition of new multi-mission platforms.²² These multi-mission platforms are perfectly suited for naval combat against naval forces tasked to defend Japanese Southwest Islands and Taiwan, and U.S. naval forces globally as well.²³

The PLAN's ability to confront and deny access to U.S. naval forces regionally is now widely recognized, but its ability to confront--and defeat--U.S. naval forces globally merits more attention than it has received.

In Professors James R. Holmes and Toshi Yoshihara's article, "Taking Stock of China's Growing Navy: The Death and Life of Surface Fleets," they correctly assert the PLAN is "particularly well-suited to seize islands."²⁴ They hypothesize that PLAN assault forces will be led by surface combatant strike groups comprised of its premier combatant, the Type 052D Luyang III-class guided missile destroyers, the Type 054C Luyang II-class guided missile destroyers, the Type 054A Jiangkai III-class guided missile frigates, and the Soviet-built Sovremenny-class destroyers.

These surface action strike groups can provide withering naval gunfire support for an amphibious landing force with their superior arsenal of anti-ship cruise missiles (ASCM). They have greater range, speed and survivability. These combatants would also provide a sea-based air defense that would constrain or even preclude U.S. or allied air operations near an amphibious operation.²⁵ Given China's superior number of advanced surface combatants, "it is far from clear that the United States

²² The PLA Navy, pp.10-11.

²³ Ibid.

²⁴ James R. Holmes and Toshi Yoshihara, "Taking Stock of China's Growing Navy: The Death and Life of Surface Fleets," *Orbis* 61, no. 2 (Spring 2017): 276, <https://doi.org/10.1016/j.orbis.2017.02.010>.

²⁵ Holmes and Yoshihara, "Taking Stock of China's Growing Navy," p. 277.

retains its accustomed supremacy,” especially in a Taiwan Invasion or Senkaku Islands campaign where naval warfare will determine mission success.²⁶

Regarding the Senkakus, in addition to China’s Maritime Law Enforcement (MLEF) and Peoples Armed Forces Maritime Militia (PAFMM) ships, and the largest civil fishing fleets on the planet, PLAN forces have also increased their operations in and around the Senkaku Islands since 2012. Prior to 2012, PLA Navy warships generally patrolled on the west side of the median line. Since 2012, Chinese warships have been operating for sustained periods of time east of the median line. This trend culminated on 19 June 2016, when the Japanese destroyer Setogiri confirmed that a PLA Navy Jiangkai I-class frigate had entered the contiguous zone of the Senkaku Island of Kuba.²⁷

Following this pattern, the PRC has also been “tightening the noose” around Taiwan over the last two years. In April, the PLA engaged in its largest ever attack exercises in the Taiwan Straits, in the first live-fire exercises there since 2015. In addition, PLAAF nuclear-capable aircraft circled the island repeatedly during the month in efforts to intimidate the Taiwan government and populace. Other PLAAF aircraft circling Taiwan included multiple fighter jets, H-6K bombers, and early warning airplanes.²⁸ PLA forces involved in the assault exercises reportedly included some 10,000 personnel, 76 fighter jets, 48 naval vessels, a nuclear powered submarine, and the PLAN’s aircraft carrier Liaoning (CV-16) conducting its first carrier strike group operations in the waters of the Philippine Sea just east of Taiwan.²⁹

The challenge for the defending force of allied and U.S. warships operating within the First Island Chain is compounded by China’s ability to bring the firepower of all

²⁶ Ibid., p. 280.

²⁷ “Situations in East/South China Seas, West Pacific Ocean and Sea of Japan,” slide 5.

²⁸ Zhang Zhihao, “Beijing Warns Taiwan of ‘further action’”, China Daily, 27 April 2018, <http://www.chinadaily.com.cn/a/201804/27/WS5ae25c2aa3105cdcf651ac55.html>; Matthew Carney, “China to start live-fire military drills off Taiwan amid rising tensions over relationship with US”, ABC News Australia, 17 April 2018, <http://www.abc.net.au/news/2018-04-18/china-kicks-off-live-fire-military-drills-off-taiwan/9669154>.

²⁹ “China’s Aircraft Carrier Drills Near Taiwan”, 23 April 2018, <https://www.maritime-executive.com/article/china-s-aircraft-carrier-drills-near-taiwan - gs.Q56pigE>

three of its fleets into the sea area around these Islands.³⁰ In addition, China's naval firepower will come from a densely populated submarine force armed with supersonic, sea-skimming, 290-nm-range YJ-18 ASCM, as well as air-delivered ASCMs from PLA Air Forces.

With these surface, subsurface, and air forces at hand in the East China Sea, the PLA Navy has the capability to conduct a short, sharp war to fulfill its pledge of taking Japan's Senkaku Islands. The U.S. and allies have insufficient capabilities in the region and could easily lose a conventional war in the Senkakus if China strikes first. Taiwan would pose greater challenges for the PRC, but the PRC now has a significant capability to launch a devastating no-warning attack on the island democracy.

Further, while the PLAN's forays by flotillas into European and African waters have drawn public attention, of greater concern is the PRC's increasing ability to sustain those forces from a widening web of PRC-controlled naval logistic bases. In developing the so-called Maritime Silk Road, Chinese firms have snapped up control of ports in Australia, Cambodia, Indonesia, Malaysia, Brunei, Myanmar, Bangladesh, Sri Lanka, Pakistan, Djibouti, Tanzania, Mauritius, Namibia, and Greece. These ports have been developed for military purposes, and many will control strategic choke points such as the Straits of Malacca and the Suez Canal. Most of China's port deals are for a period of 99 years or more.³¹

The Commander of U.S. Pacific Forces warned Congress earlier this year that China's naval "presence and influence are expanding" thanks in large part to the commercial network created by the Belt and Road Initiative. The PRC is using state-owned companies and politically linked private firms to create a network of facilities designed to provide logistical support to deployed PLAN warships, employing a "first civilian, later military" approach to port development across the region. Chinese

³⁰ The First Island Chain is a chain of archipelagos near the coast of the East Asian continental mainland. It includes the Kuril Islands, the Japanese Archipelago, Ryukyu Islands, Taiwan, the northern Philippines, and Borneo.

³¹ Op. cit., Thorne and Spevack, 2017.

warships are already taking advantage of the dual-use possibilities of commercial ports, bolstered by laws that oblige Chinese transportation firms working overseas to provide replenishment for navy vessels.³²

PLA Navy Amphibious Forces

Perhaps the most important aspect to any successful Chinese maritime sovereignty campaign involves the act of physically occupying islands within the First and Second Island Chain. The key to holding these contested islands is the ability to successfully move forces ashore to seize and hold the ground.

China continues to build and train its naval and amphibious forces in the art of expeditionary warfare, a skill set easily applied to regional island seizure or global force projection campaigns. In addition to the Taiwan Straits live-fire exercises alluded to previously, in the South China Sea recently Chinese Marines conducted amphibious assault exercises utilizing amphibious dock landing ships, air-cushion landing craft, and ship-born helicopters.³³ This type of training is ubiquitous across the East and South China Sea, and is the most tangible evidence of the PLA's intention of being prepared to conduct such a mission.

One facet of President Xi's transformation of the PLA includes a dramatic expansion of the PLA Marine Corps (PLAMC) to 100,000 personnel—an enormous increase for a nation ostensibly devoted to the Five Principles of Peaceful Coexistence, and in reality threatened by no other. According to the South China Morning Post, “two special warfare brigades had already been incorporated into the PLAMC, raising the forces' complement of soldiers to 20,000.”³⁴ These new PLAMC forces will be dispatched to far-flung installations like Gwadar, Pakistan, and the new PLA Navy base in Djibouti. They will thereby effectively threaten our African and South Asian allies, and buttress China's allies operating in these regions, including Russia,

³² Keith Johnson, Dan De Luce, “One Belt, One Road, One Happy Chinese Navy”, *Foreign Policy*, 17 April 2018, <https://foreignpolicy.com/2018/04/17/one-belt-one-road-one-happy-chinese-navy/>.

³³ “Air Cushioned Landing Craft Participate in Beach Landing Exercise,” *PLA Daily* (Beijing), 28 March 2017, http://english.chinamil.com.cn/view/2017-03/28/content_7542339_6.htm.

³⁴ “China Poised to Expand its Marine Corps,” *People's Daily* (Hong Kong), 14 March 2017, <http://en.people.cn/n3/2017/0314/c90000-9190362.html?override=1>.

Pakistan and Iran. They also threaten Taiwan and the Senkakus with potential invasion, as well as islands and countries in East Asia and Southeast Asia more generally. Growth of PLAMC personnel is necessary to tip the balance of power in these regions from favoring the U.S. and allies, to favoring China's growing maritime and territorial ambitions.

To provide the amphibious lift needed for this vastly expanded Marine Corps, China is producing an increasing number of high-end, large amphibious warships, and is intent on building many more over the near term. According to the Office of Naval Intelligence, as of 2015 the PLA Navy has 56 amphibious warships, ranging from a few World War II-era landing ships to four of the large, modern Yuzhao-class Type 071 amphibious transport dock ship that provides a substantially greater capacity and formidable capability than older landing ships.³⁵ The Yuzhao-class ship is perfectly fitted for a wide range of island campaigns, including for Taiwan, the Senkakus, the South China Sea, and force projection into the Indian Ocean and globally. It can hold up to four of the new air cushion landing craft as well as four or more helicopters, armored vehicles, and troops.³⁶

Not content with the Yuzhao, China has announced it “has started building a new generation of large amphibious assault vessels that will strengthen the navy as it plays a more dominant role in projecting the nation’s power overseas.”³⁷ The PLA Navy commander, Vice Admiral Shen Jinlong, reportedly visited the Hudong-Zhonghua Shipbuilding Company in Shanghai in March 2017, where the new ship, identified as the Type 075 landing helicopter dock, is under construction.³⁸

The Type 075 is much larger than any other amphibious warship previously built for the PLA Navy, and is uniquely suited to an opposed island seizure campaign and global force projection. It can carry a much larger number of attack and transport

³⁵ *The PLA Navy*, pp. 13 and 18.

³⁶ *The PLA Navy*, p. 18.

³⁷ Minnie Chan, “China Building Navy’s Biggest Amphibious Assault Vessel, Sources Say,” *South China Morning Post* (Hong Kong), 29 March 2017, <http://www.scmp.com/news/china/diplomacy-defence/article/2083109/china-building-navys-biggest-amphibious-assault-vessel>.

³⁸ Chan, “China Building Navy’s Biggest Amphibious Assault Vessel.”

helicopters (as many as 30) and has the ability to launch 6 helicopters simultaneously.³⁹

For a PRC amphibious assault force, this greatly enhanced heli-borne assault capability is critically important. For example, in a regional Senkaku Islands seizure campaign, the closest PLA airfield to the Senkaku Islands from which the PLA could launch attacking helicopters against islands is farther than 180 nm away. The Type 075 will provide the critical element for the PLA to be able to project boots on the ground to targeted islands throughout the Western Pacific, and pose a credible threat to military targets globally.

At the current rate of amphibious assault ship production, by the early 2020s, the PLA Navy and Marine Corps will be well resourced and ready to take islands within the First Island Chain--or objectives as far away from the PRC's shores as needed.

The Demand Signal

While a detailed PRC shipbuilding plan for the next 15 years has not been made public, analysis of available evidence allows for the extrapolation of the numbers of ships and submarines China will need by 2030 to achieve their national goals. The following are assessed as most important for China's future naval trajectory and its justification for a 550-ship/submarine Navy: 1) Near Seas Active Defense operations, 2) Far Seas operations, 3) "Good will" deployments, 4) Surge operations, 5) the Belt and Road Initiative, 6) Carrier Strike Group operations, 7) Amphibious Assault Group operations, and 8) Submarine Launched Ballistic Missile patrols.⁴⁰

PLA Air Forces

³⁹ Ibid.

⁴⁰ As derived from James E. Fanell and Scott Cheney Peters, "Maximal Scenario: Expansive Naval Trajectory to "China's Naval Dream", Chapter 15 of Andrew Erickson's "Chinese Naval Shipbuilding: An Ambitious and Uncertain Course (Studies in Chinese Maritime Development), U.S. Naval Institute Press, January 2017.

On 23 November 2013, the PRC abruptly declared an air defense identification zone (ADIZ) in the East China Sea.⁴¹ While the ADIZ was portrayed to be about protecting China's mainland, it represents just how important Beijing views the air domain in any attempt to take Taiwan, the Senkaku or Spratly Islands.

Since the East China Sea ADIZ declaration, the PLA Air Force (PLAAF) has increased the scope and scale of flights in and around the Senkaku Islands. In December 2012, a China maritime surveillance aircraft entered the Senkaku Islands' territorial airspace—for the first time in 50 years.⁴² This event, which went unopposed except for public statements, ushered in an era of expanded PLAAF activities in the East China Sea, where fighter, airborne warning and control, signal and electronic intelligence aircraft, and unmanned aerial vehicles have expanded their air operations farther southeast toward the Senkaku Islands.⁴³

As a result of this strategy shift, Japanese Air Self Defense Force (JASDF) fighters increased their reactions to Chinese aircraft probing Japan's ADIZ, from approximately 300 events in 2012 to nearly 700 in 2016.⁴⁴ And while JASDF reactions to the PLAAF were less in 2017, due in large part to the CCP's 19th National Party Congress, the overall increase in PLAAF air activity directed towards Japan's airspace caused the JASDF to double the number of their interceptors from two to four fighter aircraft, a clear indication of the concern Japan has about the strategic trend line of the PLAAF.⁴⁵

⁴¹ "Announcement of the Aircraft Identification Rules for the East China Sea Air Defense Identification Zone of the P. R. C.," *Xinhua* (Beijing), 23 November 2013.

⁴² Hiroko Tabuchi, "Japan Scrambles Jets in Islands Dispute with China," *New York Times*, 13 December 2012, http://www.nytimes.com/2012/12/14/world/asia/japan-scrambles-jets-in-island-dispute-with-china.html?_r=0.

⁴³ "Situations in East/South China Seas, West Pacific Ocean & Sea of Japan", briefing from Japan's Ministry of Defense, February 2017, slide 4.

⁴⁴ "Situations in East/South China Seas, West Pacific Ocean and Sea of Japan," slide 4.

⁴⁵ Franz Stefan-Gady, "Japan Doubles Number of Fighter Jets Used for Intercepting Chinese Warplanes", 28 February 2017, <https://thediplomat.com/2017/02/japan-doubles-number-of-fighter-jets-used-for-intercepting-chinese-warplanes/>.

In addition, the PLAAF has completed an aggressive transition from being an exclusively territorial air defense force to one that today routinely operates over the vast distances of the high seas within the First and Second Island Chains.

For instance, in 2013, the PLAAF began flights into the Western Pacific Ocean via the Miyako Strait, and have since averaged between five and six events per year with multiple aircraft.⁴⁶ The aircraft types conducting flights included bomber, fighter, refueling, electronic intelligence, and airborne early warning aircraft, all attesting to the comprehensive nature of how China would employ air power to help secure and maintain its control over the Senkaku Islands.

Adding complexity to the air domain, the PLAAF conducted “its first-ever exercise over the western Pacific via the Bashi Channel” in late March 2015.⁴⁷ Despite PLAAF public assertions that these drills were routine and not targeted against “any particular country, regions or targets,” there is little doubt that PLA air forces (PLAAF and PLANAF) entering the Philippine Sea via the Bashi Channel or the Miyako Strait provide the PLA with considerable operational and tactical flexibility in any Island Seizure attack campaign within the First Island Chain.⁴⁸

The PLAAF announced in mid-September 2016 that it would conduct regular exercises flying past the first island chain.⁴⁹ True to its word, the PLAAF has conducted flights through the Miyako Strait and Bashi Channel, like on 3 March 2017 when China sent 13 aircraft through the Miyako Strait.⁵⁰ According to the Japanese

⁴⁶ “Situations in East/South China Seas, West Pacific Ocean and Sea of Japan,” slide 8.

⁴⁷ “China Air Force in West Pacific Drill,” *Xinhua* (Beijing), 21 May 2015, http://www.xinhuanet.com/english/2015-05/21/c_134259412.htm.

⁴⁸ *Ibid.*

⁴⁹ Jesse Johnson, “ASDF Scrambles Jets as China Sends More Fighters and Bombers through Miyako Strait as Part of Large Drill,” *Japan Times* (Tokyo), 3 March 2017, <https://www.japantimes.co.jp/news/2017/03/03/national/china-sends-planes-miyako-strait-large-scale-drill/-WvVPby-B0cg>

⁵⁰ *Ibid.*

Ministry of Defense, this was “the largest number of foreign planes Japan has scrambled jets for since such data first became available in 2003.”⁵¹

The PLAAF also now routinely sends bombers to threaten Japan, Guam, and our ASEAN allies. On 28 March 2018 the PLAAF sent six H-6K bombers, one Tu-154 and one Y-8 intelligence, surveillance and reconnaissance aircraft through the Miyako Strait into the Western Pacific to conduct what the PLAAF said were “long-range operational capabilities”--simply put--attack training profiles for strikes on Guam, while sending Su-35 fighters on their first combat patrol over the South China Sea.⁵² And most recently, on 11 May, the PLA’s Eastern and Southern Commands dispatched two groups H-6K bombers, accompanied by KJ-2000 airborne early warning aircraft and Su-35 and J-11 fighters, in counter and clockwise patterns from the Chinese mainland through the Miyako Strait and Bashi Channel demonstrating the PLAAF’s ability to operate under “high-sea conditions” against Taiwan.⁵³

The increasing proximity of Chinese aircraft to the Senkaku Islands is of particular significance. According to Japan’s Ministry of Defense, China has increased the number of PLA air forces that fly south of 27 degrees north latitude, an unspoken demarcation line that Japan considers to be a defensive borderline.⁵⁴ JASDF tactical objectives are designed to keep Chinese planes from flying within a minimum protective air umbrella of approximately 60 nm from the Senkaku Islands.

Our combined failure to defend this line sends China the message that our resolve to defend the Senkakus themselves may be weak. The same can be said for our ability to defend the airspace around Taiwan and worse still in the South China Sea.

⁵¹ Kyodo, “Japan Doubles Fighter Jets Deployed for Scrambles Against China,” *Japan Times* (Tokyo), 26 February 2017, <https://www.japantimes.co.jp/news/2017/02/26/national/politics-diplomacy/japan-doubles-fighter-jets-deployed-scrambles-china/> - .WvVSuy-B0cg

⁵² “Chinese air force conducts high-sea training,” *China Daily*, 25 March 2018, <http://www.chinadaily.com.cn/a/201803/25/WS5ab780cba3105cdcf651418c.html>; “Chinese air force holds drills over South China Sea, Western Pacific in ‘preparation for war’”, *South China Morning Post*, 25 March 2018, <http://www.scmp.com/news/china/diplomacy-defence/article/2138792/chinese-air-force-jets-bombers-drill-over-south-china>.

⁵³ “China sends Su-35 fighter jets for island patrol”, *Xinhua*, 11 May 2018, http://www.xinhuanet.com/english/2018-05/11/c_137172784.htm.

⁵⁴ “Japan Doubles Fighter Jets Deployed for Scrambles Against China.”

China could easily begin a campaign to take Japanese islands, Taiwan, or the islands of the South China Sea by exploiting and surprising local air commanders. Specifically, the PLAAF could launch a large number of fighters and other aircraft toward Okinawa via the Miyako Strait and up through the Bashi Channel with the goal of diverting, diffusing, and degrading U.S. and allied defensive efforts to get to established airspace control. On these islands, an assault by the main invasion force, either airborne from helicopters or seaborne, would be conducted concurrently. And this combined arms diversionary and main assault would all take place under the cover of one of the most sophisticated missile and rocket forces on the planet.

Finally, if there was any doubt about the PRC's intention to develop the capability for global power projection, specifically nuclear power, one need look no further than PLAAF Commander Ma Xiaotian's December 2016 assertion that "China is developing next-generation long-range bombers" expected to be designated the "H-20" bomber. This new bomber, according to Rear Admiral Yin Zhuo, director of the PLA Navy's Expert Consultation Committee, would be on a par with the USAF B-2 stealth bomber.⁵⁵ This was reinforced again in May 2018 when the Xi'an Aircraft Industrial Corporation revealed a mysterious new model jet, rumored as the PRC's new stealth bomber.⁵⁶

PLA Strategic Rocket Forces (SRF)

In terms of kinetic fires, and per the Chinese military doctrine of joint fire strike campaign, Beijing would likely use its extensive ballistic and cruise missile arsenal, from both the PLA SRF, PLAAF, PLANAF, and PLAN, to disrupt U.S. rear area operations in Japan and throughout the area of operations. Specifically, in a Senkakus or Taiwan attack scenario, Japan and the United States should expect attacks against military bases on the main island of Honshu, the Ryukyus, and

⁵⁵ Zhang Tao, "Rear Admiral: China's development of H-20 bomber just in time", *PLA Daily*, 7 December 2016, http://english.chinamil.com.cn/view/2016-12/07/content_7396601.htm.

⁵⁶ Deng Xiaoci, "China's homegrown transport plane Y-20 conducts 1st airdrop drills", *Global Times*, 8 May 2018, <http://www.globaltimes.cn/content/1101274.shtml>.

Guam, where the majority of Japanese and U.S. military strength resides. U.S. Navy Commander Thomas Shugart's article, "Has China Been Practicing Preemptive Missile Strikes against U.S. Bases?" convincingly argues that "the greatest military threat to U.S. vital interests in Asia may be one that has received somewhat less attention: the growing capability of China's missile forces to strike U.S. bases."⁵⁷

The purpose of these supporting fires, as articulated in joint fire strike campaign doctrine, would be to coordinate and synchronize anti-ship ballistic and cruise missiles, land-attack cruise missiles, air strikes with precision-guided munitions, and counter-C4ISR (Command, Control, Communications, Computers, Intelligence, Surveillance and Reconnaissance) strikes with specialized weapons. These fires would facilitate the main objective of seizing Taiwan or the Senkaku Islands and isolating Japanese, Taiwan, and U.S. military forces arrayed across the region.

However, Beijing's strategic designs go well beyond the First Island Chain. For instance, in April 2018, the SRF announced the establishment and deployment of a new DF-26 brigade to an un-located site. The DF-26, with a range of nearly 2,200 nm, is the PRC's second "anti-carrier ballistic missile" (ACBM). The first, the DF-21D, with a range of nearly 1,000 nm, when deployed to Hainan Island, places the entirety of the South China Sea within weapons range. Ultimately, both of these "carrier killer" missiles demonstrate the PRC's commitment to power projection against the U.S. Navy. Interestingly, the SRF also noted "it has been sparing no effort to foster the capability to conduct nuclear retaliation and intermediate-and long-range precision strikes and has obtained a succession of breakthroughs in new weapons' research and development."⁵⁸

Given the recent deployment of the YJ-12B surface-to-surface and HQ-9 surface-to-air missiles to the PRC's "artificial" island bases in the Spratlys, it is entirely conceivable that the PRC's rocket forces could be used in a similar fashion. As such,

⁵⁷ Thomas Shugart, "Has China Been Practicing Preemptive Missiles Strikes against U.S. Bases?," *War On the Rocks*, 6 February 2017, <https://warontherocks.com/2017/02/has-china-been-practicing-preemptive-missile-strikes-against-u-s-bases/>.

⁵⁸ Zhao Lei, "PLA deploys latest ballistic missile to newest brigade", *China Daily*, 18 April 2018, <http://www.chinadaily.com.cn/a/201804/18/WS5ad67c0ca3105cdcf6518e29.html>.

one should expect the PRC to deploy ballistic missile systems to their emerging overseas military bases in Djibouti, Pakistan, and elsewhere along China's "Maritime Silk Road".⁵⁹

PLA Informatization Department and Strategic Support Forces

PLA strategy addresses informatization in both its offensive combat and counter-intervention operations. Informatization, "the ability to transmit, process, and receive information" is a vital enabler and is at the core of everything the PLA wants to accomplish. These missions include: blue water naval confrontations, amphibious assaults to take islands, high-tech missions in space and cyberspace, long-range precision kinetic and non-kinetic strike, and naval war-at-sea operations.⁶⁰

Reforms to the PLA Informatization Department began in 2015 and are expected to be complete by 2020, when lines of responsibility are further delineated with the Strategic Support Force (SSF). The SSF's mission is reportedly focused on "strategic-level information support" for "space, cyber, electronic, and psychological warfare."⁶¹ One of its main missions will be strategic denial of the electromagnetic spectrum.⁶²

The SSF is a critical enabler for joint operations through this mission of strategic-level information support. The SSF has also assumed responsibilities for strategic information warfare. China's cyberforces would play a critical role in any counter-intervention strategy against the United States, Taiwan, and Japan in any island-seizure conflict. These same cyberforces will support PLAN operations against U.S. forces and those of supporting friends and allies globally in other scenarios.

⁵⁹ Amanda Macias, "China quietly installed defensive missile systems on strategic Spratly Islands in hotly contested South China Sea", CNBC, 2 May 2018, <https://www.cnbc.com/2018/05/02/china-added-missile-systems-on-spratly-islands-in-south-china-sea.html>.

⁶⁰ Elsa Kania and John Costello, "China's Quest for Informatization Drives PLA Reforms," *Diplomat*, 4 March 2017, <https://thediplomat.com/2017/03/chinas-quest-for-informatization-drives-pla-reforms/>.

⁶¹ Ibid.

⁶² Ibid.

The two organizations responsible for this, the Third Department of the PLA General Staff Headquarters (3PLA) and the Fourth Department (4PLA), are both subordinated to the SSF.⁶³

China has invested heavily in counter-satellite electronic warfare capabilities to force a “no satellite, no fight” environment for the United States. The SSF has consolidated the management and control over space-based ISR (intelligence, surveillance, and reconnaissance) assets. As troubling, it may also have non-kinetic-anti-satellite capabilities, such as directed-energy weapons.

SSF and the Fight for Public Opinion

In any conflict within the Indo-Pacific Region or globally, the PRC’s fight for public opinion will be the PRC’s second battlefield, on which it will wage a wide range of Political Warfare (PW) operations. Accordingly, the overall PW effort, and the SSF’s support for it, requires special attention.

Guided by the doctrinal principle of “uniting with friends and disintegrating enemies,” the PRC continuously employs active PW measures to promote its rise and to combat perceived threats. Its PW operations employ strategic psychological operations to propagate the CCP’s narrative of events, actions, and policies to lead international discourse and influence policies of friends and foes alike. These PW operations may at first appear as benign “soft power” activities, but under scrutiny often include coercive persuasion campaigns intended to manipulate international perceptions.⁶⁴

Chinese strategic literature particularly emphasizes the role of psychological operations (psyops), legal warfare, and public opinion warfare to subdue an enemy ahead of conflict or ensure victory if conflict breaks out. Based on available literature and experience, it is certain that the PRC will engage in “hybrid warfare” similar to,

⁶³ Ibid.

⁶⁴ Mark Stokes and Russell Hsiao, “The People’s Liberation Army General Political Department: Political Warfare with Chinese Characteristics”, 14 October 2013, https://www.project2049.net/documents/PLA_General_Political_Department_Liaison_Stokes_Hsiao.pdf.

but likely more sophisticated than, that employed in Russia's 2014 seizure of Crimea. The PRC will augment conventional military operations with non-conventional operations, such as subversion, disinformation and misinformation (now commonly referred to as "fake news"), and cyberattacks.

The operationalization of psyops with cyber is key to this strategy.⁶⁵ China has fully empowered its psychological warfare forces, most notably the "three warfares" base (or 311 base) in Fuzhou. It was subordinated to the SSF, and is integrated with China's cyberforces.

While the CCP's effective use of PW operations goes back to the beginning of the Party, its operations, particularly its efforts to build what amounts to "5th Columns" overseas through the CCP's United Front Work Department, took on new impetus with Xi Jinping's ascension to the leadership of party and government in 2012 and 2013, respectively. "United Front" is the CCP organization that forges domestic and international political coalitions for Influence Operations worldwide. In Xi's view, the time had come for a strong and confident China to move beyond Deng Xiaoping's advice to hide its assets and bide its time. Delegates to the Party Central Committee's 18th National Congress were lectured on the importance of United Front work, and the bureaucracy hastened to comply.⁶⁶

Prior to initiating an offensive or other military confrontation, China will use worldwide psyops and public opinion warfare as part of a concerted political warfare campaign. It will employ Chinese United Front organizations and other sympathizers, along with both Chinese and other-nation mass information channels such as the internet, television, and radio.

⁶⁵ Kania and Costello, "China's Quest for Informatization Drives PLA Reforms."

⁶⁶ June Teufel Dreyer, "A Weapon Without War: China's United Front Strategy", *Foreign Policy Institute*, 6 February 2018, <http://www.fpri.org/publications/e-notes>; Marcel Angliviel de la Beaumelle, "The United Front Work Department: "Magic Weapon" at Home and Abroad, Publication: China Brief Volume: 17 Issue: 9", *The Jamestown Foundation*, 6 July 6, 2017, https://jamestown.org/program/united-front-work-department-magic-weapon-home-abroad/?mc_cid=b20e8aed04&mc_eid=f886eab5e0.

The focus of these influence operations will be to support China's position and demonize, confuse, and demoralize the United States and its supporting friends and allies. Internally, this campaign will be important in mobilizing mass support for the “righteous” action, while externally the campaign will attempt to gain support for China’s position from those nations undecided about which side (if any) to support. In addition to standard propaganda, disinformation will be employed, such as false reports of surrender of national governments and/or forces, atrocities and other violations of international law, and other reports intended to demoralize or paralyze decision making by the U.S. and its friends and allies. Also, United Front organizations, working with or in parallel to the PAFMM, China’s merchant marine, and its massive fishing fleets, may instigate incidents and other actions that disrupt U.S. Navy and friendly force operations.

This political warfare campaign will continue through the military confrontation and after—regardless of the success or failure of the operation.

SSF Impact

In a further move that leaves no doubt as to the role the CCP envisions for its United Front in the battle for public opinion, on February 17, Xi issued a directive to cultivate greater support amongst the estimated 60 million-strong Chinese diaspora worldwide. He called for “closely uniting” with overseas Chinese in support of the Chinese Dream, as part of the greater efforts and activities of the United Front. Xi stressed that “to realize the great rejuvenation of the Chinese nation, we must work together with our sons and daughters at home and abroad...It is an important task for the party and the state to unite the vast number of overseas Chinese and returned overseas Chinese and their families in the country and play their positive role in the great rejuvenation of the Chinese nation.”

Xi and the CCP will exploit these overseas Chinese to undermine military and political adversaries worldwide, and to advance the CCP’s political and military

objectives.⁶⁷ Prime among these will be lobbying for the establishment of more PRC military bases.

Ultimately the purpose of these SSF sub-organizations are to ensure the sanctity of national- and theater-level command and control as well as enhance the warfighting effectiveness of each of the individual services. Whether in a preferred “short, sharp” regional war to seize islands or another confrontation that may take place globally, these invisible forces will provide precise situational awareness, target identification of opposing forces, network defenses, and real-time command and control that will enable the PLA to take and hold military objectives. They will also work to subvert, demoralize, and confuse the national leadership and operational forces of the U.S. and our supporting friends and allies.

An example of these efforts was revealed in 2014, when the PLA established a permanent joint operations command (JOC) center responsible for integrating the operations of its army, navy, and air forces. It was the first time such a JOC had been established, and was seen as boosting “the unified operations of Chinese capabilities on land, sea, air and in dealing with strategic missile operations.”⁶⁸ When combined with President Xi’s other PLA reforms, it seems clear that China’s ability to command and control all of its forces and disrupt opposing forces in a military confrontation is well established and practiced.

The PRC's Global Strategy and Presence

China’s expanding naval force structure has allowed it to project power on an increasingly global scale. The PLAN’s path to global maritime hegemony began as a marginally capable coast-hugging, brown water force. After American forces

⁶⁷ Tuan N. Pham, “A Sign Of The Times: China’s Recent Actions And The Undermining Of Global Rules”, *Center for International Maritime Security (CIMSEC)*, 6 March 2018, <http://cimsec.org/a-sign-of-the-times-chinas-recent-actions-and-the-undermining-of-global-rules/35603>; and “A Sign Of The Times: China’s Recent Actions And The Undermining Of Global Rules, Pt. 2”, *CIMSEC*, 24 April 2018; <http://cimsec.org/sign-times-chinas-recent-actions-undermining-global-rules-pt-2/36168>.

⁶⁸ Kyodo, “Chinese Military Set Up Joint Operations Command Center: Sources,” *Japan Times* (Tokyo), 7 August 2014, <https://www.japantimes.co.jp/news/2014/08/07/asia-pacific/chinese-military-set-joint-operations-command-center-sources/> - .WvVVF5-B0cg

departed most of Southeast Asia in the 1970s, it tentatively pushed out into the blue waters of the South China Sea. By the 1980s, China's naval forces began conducting small scale, routine operations in both the South and East China Seas. This situation remained static, and mostly benign through the 1990s, but by 2000, the PRC's strategic goals began to become clear.

Now over the past decade, we have begun to see the PLAN routinely operate and deploy warships as far away as the Indian Ocean, Mediterranean, Baltic, and Arctic Seas. In fact, by 2015, China was making moves to acquire berthing in the Azores, about a third of the way to the U.S. East Coast from Portugal, as well as operating hydrographic research ships in the south Atlantic, a harbinger of future PLAN submarines operations in the north Atlantic.

In a reversal of old geopolitical truisms, China's trade is leading the flag, as well as vice versa. China has sealed long-term port deals that span the globe, including in Australia, Cambodia, Indonesia, Malaysia, Brunei, Myanmar, the Strait of Malacca, Myanmar, Bangladesh, Sri Lanka, Pakistan, and Djibouti, Tanzania, Mauritius, Namibia, and Greece.

In addition, China is currently negotiating port deals in the Maldives, Scandinavia, and Greenland. These ports have already started to provide critical berthing and logistics to China's merchant marine and the PLAN, including refueling, provisions, and maintenance. China's merchant marine ships, meanwhile, are not regular commercial transport ships. Since 2015, they were required by Chinese law to be built to military specifications. The year prior, China coordinated many of its merchant marine ships to forcibly push back against Vietnamese vessels protesting Chinese oil exploration in Vietnam's exclusive economic zone.⁶⁹

⁶⁹ Op. cit., Thorne and Spevack, 2017; David Tweed and Adrian Leung, "China Is Making a Bold Military Power Play", *Bloomberg News*, 6 March 2018, <https://www.bloomberg.com/graphics/2018-china-navy-bases/>; for a comprehensive review of China's investment in foreign ports Devin Thorne and Ben Spevack's "Harbored Ambitions: How China's Port Investments are Strategically reshaping the Indo Pacific", *C4ADS*, 2017, <https://static1.squarespace.com/static/566ef8b4d8af107232d5358a/t/5ad5e20ef950b777a94b55c3/1523966489456/Harbored+Ambitions.pdf>.

Vital strategic arteries are a focus of PRC control and acquisition planning. Chinese business interests have heavy influence over the Panama Canal, as evidenced by a milestone treaty signed by Panama and China last year. The treaty, which comes into force today, is designed to promote maritime and port development by the PRC in Panama.⁷⁰ Further, the PLAN has berthing agreements in Malaysia near the Strait of Malacca, its military base in Djibouti is a choke-point for the Suez Canal and Red Sea, and the commander of the U.S. Southern Command recently testified before Congress that it is “worth paying attention to” the prospect of the PRC building a naval facility in the Western Hemisphere.⁷¹ At the current rate, this Western Hemisphere PRC naval facility is not a matter of if, but when.

Of equal concern, influential PRC and Thai political leaders are in advanced planning for a PRC-built canal across the Kra Isthmus of Thailand that would simultaneously diminish Singapore’s economic and political viability while cutting travel time by three days compared to the Malacca Strait. Since the Malacca Strait currently handles approximately 40% of global trade flows,⁷² this would vastly increase PRC commercial power. It would also fund, justify, and facilitate PLAN naval operations between the Indian Ocean and the Gulf of Siam. A similar canal was proposed for Nicaragua.⁷³

Since 2008, China has conducted non-stop anti-piracy operations in the Gulf of Aden. These operations have been a boon for the PLAN’s development as a blue water naval fighting force, but have also provided a portal for Chinese influence into the Middle East balance of power. For instance, since 2013 the PLAN has conducted regular deployments of nuclear submarines into the Indian Ocean, and

⁷⁰ Michelle Labrut, “Panama - China maritime treaty to enter into force”, *Seatrade Maritime News*, 7 May 2018, <http://www.seatrade-maritime.com/news/americas/panama-china-maritime-treaty-to-enter-into-force.html>.

⁷¹ Kurt Tidd, Admiral USN, “China Making Aggressive Investments in South, Central America”, 5 March 2018, <https://news.usni.org/2018/03/05/southcom-tidd-china-making-aggressive-investments-south-central-america>.

⁷² Adam Minter. “Malaysia Is Fed Up With Chinese Cash”, *Bloomberg*, 7 May 2018, <https://www.bloomberg.com/view/articles/2018-05-07/malaysia-is-fed-up-with-chinese-cash>.

⁷³ Benjamin Zawacki, America’s Biggest Southeast Asian Ally Is Drifting Toward China”, 29 September 2017, *Foreign Policy*, <http://foreignpolicy.com/2017/09/29/its-on-trump-to-stop-bangkoks-drift-to-beijing>; op. cit., Thorne and Spevack, 2017.

while submarines, especially nuclear powered types, are suboptimal against pirates, they are a highly useful threat against India. Threatening an emerging U.S. friend and Quad member, India, reveals the actual strategic purpose of China's submarine and naval operations in the Indian Ocean region. In August 2017, China deployed at least 14 naval ships in the Indian Ocean.⁷⁴

The PLAN has also conducted oceanographic research operations in the Indian Ocean, East and South China Seas, and Atlantic, as well as commercial oceanographic expeditions in the Marianas Trench (within Guam's EEZ), Micronesia and Benham Rise (within the Philippine EEZ), and in the Western Pacific. China's naval oceanography is often conducted in tandem with, or under the guise of, scientific or commercial oceanography, but its real intent is to gain important data about the undersea domain, principally of benefit to the PLAN elite submarines force.

In 2017, Chinese hydrographic survey vessels were caught mapping the ocean floor in the Philippines' territorial waters of the Luzon and Surigao straits, and in the Caroline Islands of Micronesia. This ocean floor mapping has the objective of assisting the PLAN subsurface fleet in breaking out of the first and second-island chains, and into the Western Pacific and Atlantic, leaving global shipping, the Continental U.S., and all other territories vulnerable to SLCM and SLBM attacks during wartime.⁷⁵

In furtherance of these goals, the PLAN has developed a network of sensors to include ships, submarines, buoys, satellites and unmanned underwater gliders. Their desire for this information knows no bounds as we demonstrated when a PLAN warship captured a U.S. underwater glider in 2016, in a brazenly open theft of U.S. military technology.⁷⁶ The PLAN's development of underwater listening arrays and

⁷⁴ "Odd that China has submarines in Indian Ocean for anti-piracy ops: Navy chief", *Hindustan Times*, 1 December 2017, <https://www.hindustantimes.com/india-news/odd-that-china-has-submarines-in-indian-ocean-for-anti-piracy-ops-navy-chief/story-eUwmKlcyYOWIGrZckvyoHJ.html>.

⁷⁵ Steven Stashwick, "New Chinese Ocean Network Collecting Data to Target. Submarines", *The Diplomat*, 2 January 2018, <https://thediplomat.com/2018/01/new-chinese-ocean-network-collecting-data-to-target-submarines/>.

⁷⁶ Missy Ryan and Dan Lamothe, "Pentagon: Chinese naval ship seized an unmanned U.S. underwater vehicle in South China Sea", *Washington Post*, 17 December 2016,

passive sonar will erode (if not outrun) the current U.S. advantage over the next 5-10 years if more U.S. funding is not made available in this priority strategic area of naval warfare.

Russia-PRC “Joint Sea” Exercises

The PLAN has also been conducting joint naval warfare exercises, named “Joint Sea” by the PRC, with the Russian Navy since 2012 when the first exercise occurred in the waters of the Yellow Sea. Since then the scope, scale, and complexity of this exercise series has expanded. Each year the PLAN has dispatched its warships to the Sea of Japan, the Mediterranean and Baltic Seas.

In the latest iteration, “Joint Sea 2017”, three Chinese and 10 Russian warships conducted naval warfare training for several weeks in the Baltic. This was the first time the PLAN had operated in the Baltic Sea, and by all accounts their performance in this joint operation was flawless. This sent a chilling “hard power” diplomatic message to Eastern Europe, as China never denounced Russia’s 2014 annexation of Crimea from Ukraine, and Estonia frequently complains of Russian naval and air forces operating in too-close proximity to its shores. However, in a disturbing turn of events, European capitals apparently accepted the Chinese naval presence as the price to be paid for benefitting from Beijing’s Belt and Road Initiative.⁷⁷

Tectonic Shifts in Southeast Asia

China’s naval advance in Southeast Asia has been swift in historical terms, but incremental when viewed from America’s blinkered four-year political cycle. It has unfortunately been met with almost no resistance, and most notably by a failure of U.S. resolve to recognize and confront the dangers while the U.S. Navy still had the preponderance of power. China’s increasingly well-publicized naval presence operations throughout Southeast Asia has contributed to the tectonic shift in this

<https://www.washingtonpost.com/news/checkpoint/wp/2016/12/16/defense-official-chinese-naval-ship-seized-an-unmanned-u-s-ocean-glider>.

⁷⁷ Andrew Higgins, “China and Russia Hold First Joint Naval Drill in the Baltic Sea”, *New York Times*, 25 July 2017, <https://www.nytimes.com/2017/07/25/world/europe/china-russia-baltic-navy-exercises.html>.

sensitive region, a shift towards Beijing and authoritarianism and away from the U.S. and our values of democracy and rule of law. Key milestones in the PRC's maritime and political expansion into SEA follow.

In 1974, the PLA attacked and subsequently killed 64 South Vietnamese soldiers to capture Duncan Island in the Paracels. The U.S. did nothing to assist its ally against China despite having a carrier nearby.⁷⁸ China subsequently occupied all of the Paracels, where it now has 20 naval outposts.⁷⁹

In 1988, China captured Johnson Reef in the Spratly Islands from lightly-armed Vietnamese troops standing knee-deep on the shoal. The PLAN murdered all 64 troops by opening fire from naval ships with large-caliber deck guns. The Philippines made a diplomatic protest of this occupation in its EEZ, but the U.S. took no military action, sending a message of U.S. ambiguity to China and our allies.⁸⁰

In 1995, China occupied Mischief Reef, an unoccupied low-tide elevation within the EEZ of the Philippines. Again, the U.S. did nothing and over the next few years, China occupied an additional six islands in the Spratlys. China has now dredged and added naval outposts to all of these seven islands in the Spratlys.⁸¹

In 2012, the presence of PRC commercial ships in Scarborough Shoal, within the Republic of Philippines Exclusive Economic (EEZ), instigated a standoff and ultimately intimidated the Philippine Coast Guard and fishermen away from their ancestral fishing grounds. The U.S. State Department arguably abetted the PRC's occupation as Kurt Campbell, the then Assistant Secretary of State for East Asia and Pacific Affairs, negotiated a mutual withdrawal of PLAN and Philippine Naval assets from Scarborough. The flawed plan was immediately reneged upon by the PRC as it

⁷⁸ "Vietnam protesters denounce China on anniversary of navy battle", *Reuters*, 14 March 2016, <https://www.reuters.com/article/us-southchinasea-vietnam/vietnam-protesters-denounce-china-on-anniversary-of-navy-battle-idUSKCN0WG0C9>.

⁷⁹ "China Island Tracker", *CSIS Asia Maritime Transparency Initiative*, <https://amti.csis.org/island-tracker/china/>.

⁸⁰ Youtube video of Chigua Reef Massacre 1988, <https://www.youtube.com/watch?v=ohn8Tqo-9MA&feature=youtu.be>.

⁸¹ "China Island Tracker", *CSIS Asia Maritime Transparency Initiative*.

refused to remove its vessels from the shoal, establishing the PRC as the sole naval power at the shoal. This single event has had the negative consequence of providing President Duterte a “justification” for siding with the PRC after he came to office. More importantly, this failure to support a treaty ally has severely damaged U.S. credibility not only with the Philippines, but across the entire Asia-Pacific region.

China’s claim of the so-called “9-dash line” as its sovereign boundary and its occupations of the Philippines’ EEZ where ruled illegal in 2016 by the Permanent Court of Arbitration (PCA) in the Hague.⁸² But the U.S. took no action to recover lost Philippine rights, and its ally the Philippines had already given up on U.S. protection.⁸³

The PCA ruling was too little too late. China has now announced plans to dredge Scarborough Shoal, just 120 nm from the U.S. Navy’s former deep-water base at Subic Bay. China’s YJ-12 and YJ-18 ASCMs both have an approximately 290 nm range, suggesting it would be foolhardy to conduct naval operations from Subic in the future without first establishing control of Scarborough.

Most significantly, China has now deployed YJ-12B ASCMs to Mischief, Subi, and Fiery Cross reefs, despite prior assurances that the PRC would not militarize these facilities. And to compound the situation, in a speech by President Duterte of the Philippines, he stated that he believed China meant the missiles were installed to protect rather than imperil the Philippines.⁸⁴

There is significant concern President Duterte’s pro-China policies could be used to turn Scarborough Shoal into another PRC air and naval base. Standing up to Beijing requires adept and forceful diplomacy within the Philippines, as well as the ability to

⁸² Permanent Court of Arbitration Case No 2013-19 in the matter of the South China Sea arbitration - before - an arbitral tribunal constituted under Annex VII to the 1982 United Nations Convention on the Law of the Sea - between - the Republic of the Philippines - and - the People’s Republic of China, 16 July 2016, <https://pca-cpa.org/wp-content/uploads/sites/175/2016/07/PH-CN-20160712-Award.pdf>.

⁸³ Ibid.

⁸⁴ Richard Javad Heydarian, “Short of war, China now controls South China Sea”, *Asia Times*, 8 May 2018, <http://www.atimes.com/article/short-of-war-china-now-controls-south-china-sea/>.

place U.S. Navy and Coast Guard assets in the shoal to counterbalance similar Chinese assets.

Further south, China's accelerated dredging and militarization of its artificial islands since 2013 violates its promises in the Declaration on the Conduct of Parties in the South China Sea (DoC), signed with ASEAN nations in 2002.⁸⁵ China's naval outposts in the South China Sea include berthing for aircraft carriers and submarines, runways sufficient for all its military planes, anti-aircraft guns, and starting in 2018, anti-ship cruise missiles.⁸⁶

The militarization of these islands, which President Xi promised President Obama that China would not do, is an increasingly powerful inhibitor to U.S. Navy operations in the South China Sea. Counter-intuitively, over time China's militarization of the South China Sea has increasingly had the impact of forcing U.S. military commanders to get higher and higher level approvals before being allowed to conduct routine operations in the South China Sea. This timidity escalated to the point that presidential approval was required for even simple Freedom of Navigation (FoN) transits, an approval authority protocol that had never been required since the inception of the program in 1979.

Also, in Southeast Asia, it's important understand the dramatic tilt the Kingdom of Thailand has taken towards the PRC. This tilt, particularly prominent since the May 22, 2014 coup, is reflected in unprecedented Sino-Thai military to military training and cooperation. The first Sino-Thai naval exercises were held in the Andaman Sea in 2004 and in the Gulf of Thailand in 2005. Exercise Strike 2007 was the first joint exercises with any nation involving China's special forces. Exercise Blue Strike maritime drills commenced in 2010, while the first Sino-Thai air force exercises, Falcon Strike, took place in 2015. Thailand has announced the PRC will build a

⁸⁵ "Declaration On The Conduct Of Parties In The South China Sea", *Association of Southeast Asia Nations (ASEAN)*, http://asean.org/?static_post=declaration-on-the-conduct-of-parties-in-the-south-china-sea-2.

⁸⁶ Alastair Jamieson, "U.S. warns China of 'consequences' over reported missiles in South China Sea", *NBC News*, 4 May 2018, <https://www.nbcnews.com/news/world/u-s-warns-china-consequences-over-reported-missiles-south-china-n871316>.

regional weapons and maintenance center in Thailand, and in 2017 Thailand purchased the first of three Chinese submarines.⁸⁷

The submarine sale has serious far-reaching implications, not the least which is the fact that the PLAN will likely control a submarine maintenance and training facility at Sattahip naval base, which could preclude U.S. Navy use of that important Southeast Asia naval facility.

Regarding China's role in Malaysia, former Prime Minister Razak Najib visited China in 2014, and the next year military personnel exchanges and joint exercises occurred between the Malaysian Armed Forces and the PLAN in the Straits of Malacca. In 2016, the two countries concluded a major military agreement, including Malaysia's purchase of four littoral mission ships (LMS) and a statement by the Prime Minister against the United States. The LMS purchase was Malaysia's first major defense deal with China, and may include a new Malaysian office of China Shipbuilding and Offshore International Co. Ltd (CSOC), the LMS maker.⁸⁸

Malaysia's defense minister spelled out goals of the two countries in 2017 as being an institutionalization of their "unique relationship" through a "high-level defense committee" on military cooperation, intelligence exchange, education, training, and strategic affairs. A "current issues" working group discussed the Malacca Straits, South China Sea, and terrorism. On his visit to Beijing that year, he oversaw an agreement between Malaysia's National Defense University (UPNM) and Peking University.⁸⁹

In 2017 a PLAN submarine docked in Malaysia's naval base of Kota Kinabalu; coincidentally this occurred simultaneously as a Russian submarine docked in the Philippines. Whether intentional or not, this sent a message about the strength of

⁸⁷ Benjamin Zawacki, "America's biggest Southeast Asian ally is drifting toward China", *Foreign Policy*, 29 September 2017, <http://foreignpolicy.com/2017/09/29/its-on-trump-to-stop-bangkoks-drift-to-beijing/>.

⁸⁸ Joshua Berlinger, "Malaysia reaches 'significant' defense deal with China, takes shot at West", *CNN*, <https://edition.cnn.com/2016/11/02/asia/malaysia-china-agreement/index.html>.

⁸⁹ Prashanth Parameswaran, "What's Behind The New China-Malaysia Defense Committee?", *Diplomat*, 25 April 2017, <https://thediplomat.com/2017/04/whats-behind-the-new-china-malaysia-defense-committee/>.

China and Russia's alliance, along with a lack of any significant resistance to their influence in the region.

After the Chinese and Russian visits in 2017, a Fellow at the Chinese Academy of Social Sciences opined, "It is normal for Russia to increase the presence of its force in Southeast Asia as this region cannot be dominated by the U.S.. Besides, Southeast Asia has seen a change in the balance of power. The influences of China and Russia in the region have heightened while the influence of the U.S. has declined. What's more, with the U.S. failing to meet the security demands of Southeast Asian countries, more countries in the region will turn to China and Russia for security."⁹⁰ Then in 2018, a PLAN Song-class submarine and a replenishment ship conducted a port call at Sabah after conducting counter-piracy operations in Somalia which again sent another signal of the shifting sands in the South China Sea.⁹¹

Ceding Oceania in "The Race for the Equator"

As we focus on the PRC's ability to break what we term the "First Island Chain", we must also be watching its inroads into the Second and Third Island Chains. Across the vast expanse of Oceania, China's deepening economic and political relationships have paved the way for port leases and maritime construction efforts that serve the PRC's global power projection vision and threaten U.S. security interests.

China is making a large play for this resource rich, strategically crucial region, from the continent of Australia to obscure island nations most Americans might not recognize on a map. These are islands and waters Americans defended, or liberated island by bloody island, from brutal oppression more than 70 years ago.

However, this time the outcome will not just be determined by U.S. naval and airpower, but by who wins over the hearts and minds of local island populations. The

⁹⁰ Xu Liping, "Submarine docking sign of China promoting peace and stability in Southeast Asia", *Global Times*, 11 January 2017, <http://www.globaltimes.cn/content/1028241.shtml>.

⁹¹ "Chinese sub docks at Malaysian port for second time this year", *Reuters*, 17 September 2017, <https://www.reuters.com/article/us-china-malaysia-southchinasea/chinese-sub-docks-at-malaysian-port-for-second-time-this-year-idUSKCN1BO17P>.

reality is, at this moment, massive Chinese investment to boost island economies is winning the hearts and minds of island leaders and well-off elites, if not necessarily the populace. Simultaneously, U.S. diplomatic and economic investment in islands is often invisible and sometimes even in retreat.

As a prime example, Australia, one of our closest allies, sold a 99-year lease of its strategic port in Darwin to a financially distressed Chinese company for \$506 million AUD in 2015. This sale occurred despite Darwin's long and continuing usage by Australian and U.S. military forces, creating an enhanced security threat for operations and unpredictability of access during crisis. China's Foreign Ministry spokesperson said at the time, "This investment by a Chinese enterprise is a normal business operation that complies with market principles, international rules and Australian laws."⁹² But the Chinese company, Landbridge Group, was financially distressed and seeking cheap loans from the Chinese government. To obtain those loans, the CEO described the port in terms consistent with China's state goals by saying the lease was part of China's state-coordinated Belt and Road Initiative. He also hired Australia's former trade commissioner as a consultant for \$73,000 AUD per month, raising questions of corruption among Australia's decision-makers on the deal.⁹³

China's port in Darwin, Australia is financially distressed. And, this is normal for China's ports abroad, which are highly unprofitable, unless viewed from the optic of China's national security. Out of 15 of China's global port projects sampled by Devin Thorne and Ben Spevack, the authors concluded "only six are arguably or potentially profitable."⁹⁴ Unsurprisingly, the authors included Darwin as one of these six ports as the port could only obtain subsidized funding from the Chinese government after being linked with the PRC's BRI. The BRI is unambiguously a project to promote

⁹² Alyssa Betts, "Darwin Port lease: Australia has 'nothing to fear' says Chinese Government", *ABC News*, 10 March, 2016, <http://www.abc.net.au/news/2016-03-10/australia-nothing-to-fear-from-darwin-port-lease-says-china/7237218>.

⁹³ Angus Grigg, "How Landbridge's purchase of the Darwin Port killed perceived wisdom on China", *Australian Financial Review*, 7 Jul7 2017, <http://www.afr.com/news/world/asia/how-landbridges-purchase-of-the-darwin-port-killed-perceived-wisdom-on-china-20170706-gx66r8>.

⁹⁴ Op. cit., Thorne and Spevack, 2017.

Chinese global hegemony, both through political influence, and more concretely, through naval power projection.⁹⁵

Recent media reports suggest Australian defense officials are concerned that China aims to establish a permanent naval base on the Pacific island republic of Vanuatu, a country known for its robust independent foreign policy, being the first Pacific nation to join the Non-Aligned Movement in the 1980s, as well as, having a long commitment to de-colonization in places like East Timor, West Papua, New Caledonia and French Polynesia. Some see Vanuatu as the “political capital” of Melanesia since it hosts the secretariat for the Melanesian Spearhead Group (MSG) of nations. Vanuatu may be forging closer ties with China because it is being directly threatened by Indonesia due to Vanuatu's support for West Papuan independence and at the same time is in negotiations with France over the disputed territory of Matthew and Hunter islands. Although Australia is usually seen as the main regional security provider, Melanesian nations like Vanuatu increasingly see their security situation as being compromised when it comes to Canberra's policies on Indonesia and climate change.⁹⁶

While the Vanuatu government and the PRC currently deny that any such plans are afoot, the PRC initially also denied its plans for the base in Djibouti.⁹⁷ China has already built a new wharf on the Vanuatu island of Espiritu Santo, making it one of the largest ports in the South Pacific as well as building sports stadiums, convention centers, roads, airport upgrades and office buildings for Vanuatu's Foreign Affairs, and the Prime Minister's new office. Vanuatu would be a logical location for China to establish a new satellite-tracking station and ground support facility for its Yuan Wang space event support ships.⁹⁸ Chinese officials said they have more aid

⁹⁵ Ibid.

⁹⁶ Ben Bohane, “Ben Bohane: China? No, let's face the elephant in the Pacific room”, *Asia Pacific Report Pacific Media Center*, 23 April 2018, <https://asiapacificreport.nz/2018/04/23/ben-bohane-china-no-lets-face-the-elephant-in-the-pacific-room/>.

⁹⁷ “Vanuatu and China deny holding military base talks”, Reuters, 10 April 2018, <https://af.reuters.com/article/worldNews/idAFKBN1HH0MJ>.

⁹⁸ David Wroe, “The great wharf from China, raising eyebrows across the Pacific”, *Sydney Morning Herald*, 11 April 2018, <https://www.smh.com.au/politics/federal/the-great-wharf-from-china-raising-eyebrows-across-the-pacific-20180411-p4z8yu.html>.

projects in Vanuatu than any other Pacific country; in return, Vanuatu announced in late 2016 that it would be the first Pacific country to recognize China's claims in the South and East China Seas. Since then, other Pacific nations like Nauru and Papua New Guinea have followed.

At the same time Chinese investment and diplomacy is spiking in Vanuatu, so too is investment in New Caledonia, where some French are nervous about potential violence and the looming referendum on independence. Across Oceania, the PRC is also showing deep interest in the Federated States of Micronesia (FSM), Tonga, Samoa and French Polynesia. The interest in French Polynesia stems not just from these islands' utility for support and monitoring (the Yuan Wang have made several visits) but also as a refueling and transshipment point between China and the Americas. Additionally, China sees French Polynesia as a significant future stepping-stone to growing operations in Antarctica⁹⁹

A Chinese company has agreed to invest close to a third of a billion U.S. dollars to set up an aquaculture project in French Polynesia's large and remote Hao atoll. That amount is more than all foreign direct investment received by French Polynesia between 2013 and 2016 combined. The atoll used to have a French military support base for France's nuclear testing program. While the base has closed, much of its infrastructure is still intact. This includes the airport, which has a runway that is long enough to have been designated an emergency landing strip for the space shuttle.¹⁰⁰

Fiji and other politically complex countries diplomatically close to China might also be in Beijing's sights as possible sites for naval logistics.¹⁰¹

Chinese influence operations in Oceania are also reflected closer to U.S. territory in the Commonwealth of the Northern Mariana Islands (CNMI). In CNMI, just north of Guam, Chinese resort developers, serving PRC economic and political warfare interests, are stymying U.S. military efforts to further develop sorely needed training

⁹⁹ Interview with Ben Bohane, 11 May 2018; interview with Cleo Paskal, 12 May 2018.

¹⁰⁰ Interview with Cleo Paskal, 13 May 2018.

¹⁰¹ Bertil Linter, "China advances, West frets in South Pacific", *Asia Times*, 25 April 2018, <http://www.atimes.com/article/china-advances-west-frets-in-south-pacific>.

area for amphibious operations on Papan Island. This thus-far successful “blocking operation” is designed to degrade the readiness of “frontline” U.S. Navy and Marine Corps forces assigned or transiting there.

This now well established pattern to support Beijing's global PLAN ambitions deserves Washington's close attention. It starts with Chinese financial aid, political donations, and investment along with commercial inroads, then an increase in Chinese immigrants, all contributing to influence over local governments. Then, invariably, a PLAN-related military objective emerges. This angle can range from Chinese military access to ports and airfields, and to 'blocking efforts' as seen in CNMI and throughout Micronesia.¹⁰²

New Threats in South Asia and the Indian Ocean

In recent years, the PRC has massively increased its influence and presence in South Asia. Beijing is acquiring a naval facility near Gwadar, Pakistan, and a major maritime port facility in the same location on a 40-year lease. With its first container ship visit in March 2018, Gwadar was not exclusively built for profit, but was also envisioned to be China's territorial foothold in Pakistan, and to service naval power projection into the Arabian Sea.¹⁰³

In Sri Lanka, Chinese companies gradually built their influence with arms sales amid a civil war and allegations of corruption and bribery at the highest levels. Vanity projects and growing debt predictably followed. From 2005 to 2014, China provided almost \$7 billion in loans to Sri Lanka. By 2014, Sri Lanka was having difficulty paying them back, and in September not only opened four of seven berths at the unprofitable Hambantota port to a Chinese company in a 35-year lease, but hosted PLAN warship *Changxing Dao* and nuclear submarine *Changzheng-2*. After an additional insolvency crisis in 2016, Sri Lanka sold a 70% equity stake in Hambantota to Chinese companies in exchange for a fraction of its debt to China.

¹⁰² Grant Newsham, “Mariana Islands - U.S. Military Strategy ‘On Hold’”, *Asia Pacific Bulletin No. 415*, East West Center, <https://www.eastwestcenter.org/publications/mariana-islands-us-military-strategy-hold>.

¹⁰³ Op. cit., Thorne and Spevack, 2017.

Chinese companies took control of the port, with a 99-year lease, in January 2018. This port will likely see the routine use by PLAN combatants early in the next decade, providing another indicator of the PRC's success in achieving its global power projection capabilities in the Indian Ocean region.¹⁰⁴

The Maldives provides just as stark of an example. The country lurched towards Beijing (and away from India) with the election of a pro-PRC president last year. The fractious aftermath of the hotly contested election led China to deploy warships in parts of the Indian Ocean to preserve its growing interests.¹⁰⁵ Consequently, the PRC has been granted exclusive trade and other access which, in light of the Maldives' strategic location South of India, will likely lead to greatly enhanced PRC maritime surveillance and naval operational support.

The Maldives and Sri Lanka are two of the several small Indian Ocean islands where Beijing is obtaining footholds that could prove decisive in its future maritime strategy in the region. Mauritius, the Seychelles and Myanmar are also being lured into China's Maritime Silk Road. The PRC has a substantial stake in the deep water Kyaukpyu port in Myanmar, identified by Chinese officials as one of several port locations for military supply and industry. In 2015, China's state media described Kyaukpyu (Myanmar), Chittagong (Bangladesh), Colombo (Sri Lanka), Aden (Yemen) and ports in the Maldives as potential industrial hubs in support of PLA military operations.¹⁰⁶

While the facilities at Hambantota, Gwadar, and Kyaukpyu are not yet being used by the PLA, Beijing's militarization of its man-made South China Sea facilities, as well as the sudden prospect of a base in Vanuatu, demonstrate how quickly dual-use infrastructure could be turned to military logistical support. The vulnerability of countries like Sri Lanka, Myanmar, and Vanuatu to Chinese debt traps associated with these infrastructure projects was recently highlighted by International Monetary

¹⁰⁴ Op. cit., Thorne and Spevack, 2017.

¹⁰⁵ Vivek Mishra, "China Is Moving into the Indian Ocean", *National Interest*, 14 April, 2018, <http://nationalinterest.org/feature/china-moving-the-indian-ocean-25380>.

¹⁰⁶ Op. cite, Thorne and Spevack, 2017.

Fund Director, who suggested how easily Beijing might tighten the financial screws to obtain strategic access.¹⁰⁷

Of great concern, the Maldivian political crisis of 2018 exposed the PRC's willingness to deploy the PLAN to the Indian Ocean in support of China's interests. "Even as the crisis was unfolding, Chinese ships sailed to the East Indian Ocean comprising a fleet of destroyers and at least one frigate, a 30,000-ton amphibious transport dock and three support tankers. The Chinese ships later returned to the South China Sea on the back of heavy Indian naval scrambling. The incident, however, underscored the future importance of the Sunda Strait and the Lombok Strait, used for entry to and departure from the Indian Ocean, and for the Chinese Navy (PLAN) in the event of a future maritime crisis in the Indian Ocean."¹⁰⁸

Expanding Naval Interests in Africa

China has made naval and commercial shipping advances throughout Africa. Acceleration of these advances were preceded by Xi Jinping's high profile announcement, in 2015, of plans to invest \$60 billion in the continent. China has built or obtained leases for ports in the Horn of Africa (Djibouti), East Africa (Tanzania), and Southern Africa on the Atlantic Ocean (Namibia).

Most widely reported was China's July 2017 establishment of a military logistics base in Djibouti. As it relates to Djibouti, China started its compromise of U.S. national security by softening the government through a \$600 million port terminal for multipurpose use, a \$4 billion terminal for LNG exports, a \$600 million deal for two new airports, and a \$4 billion railroad. They claimed not to be planning a military base for Djibouti. But then in July 2017, China used the influence their commerce bought to open the "Djibouti Logistics Support Base of the People's Liberation Army"

¹⁰⁷ Michael Green, "Countering China's Militarization of the Indo-Pacific", *War on the Rocks*, April 2018, <https://warontherocks.com/2018/04/countering-chinas-militarization-of-the-indo-pacific/>.

¹⁰⁸ Vivek Mishra, "China Is Moving into the Indian Ocean", *National Interest*, 14 April 2018, <http://nationalinterest.org/feature/china-moving-the-indian-ocean-25380>.

near Doraleh, Djibouti. They then claimed that “the Djibouti base has nothing to do with an arms race or military expansion.”

But the same month they opened the base, they were conducting live-fire exercises utilizing armor, including wheeled tank destroyers and fighting vehicles, accompanied by infantry assault teams. These exercises had nothing to do with logistics, anti-piracy, or the United Nations. Rather, they established a land fighting force in the Horn of Africa. The day after the exercises, Premier Li Keqiang met the Djiboutian President “to foster economic cooperation and to build a regional hub of trade and logistics,” according to China’s state media.¹⁰⁹

Less than a year after the opening, by early May 2018, there had been several incidents involving high-power military laser attacks against USAF pilots, a violation of U.S. federal law under FAR 01.11. Two pilots suffered minor eye injuries that emanated from the Chinese base at Djibouti, or a Chinese naval vessel nearby. This is a tactic resurrected from the Cold War, when the Soviet Union conducted similar attacks against USAF pilots.¹¹⁰

In February, the government of Djibouti also alienated the U.S. and its allies by terminating the port leases of Dubai’s DP World for the Doraleh Container Terminal (DCT). Two of five terminals at Djibouti’s seaport are already controlled by China. The AFRICOM chief has since expressed concern that the terminal, which supplies U.S., Japanese, Saudi, and French troops in Djibouti, could be turned over to China, putting at risk naval supply chains for the U.S. and its allies in the region, and possibly threatening USN access and commercial FoN in the Red Sea and Suez Canal. Camp Lemonnier in Djibouti is the only USN base in Africa. Half of the world’s containerized cargo, and four million barrels of oil, pass Djibouti.¹¹¹

¹⁰⁹ Zhao Lei and Zhou Jin. “Live-fire exercises conducted by PLA base in Djibouti”, *China Daily*, 25 November 2017, http://www.chinadaily.com.cn/china/2017-11/25/content_34966883.htm.

¹¹⁰ Paul Sonne, “U.S. accuses China of directing blinding lasers at American military aircraft in Djibouti”, *Washington Post*, 4 May 2018, <https://www.washingtonpost.com/news/checkpoint/wp/2018/05/03/u-s-accuses-china-of-directing-blinding-lasers-at-american-military-aircraft-in-djibouti/>.

¹¹¹ “AFRICOM Chief Warns of Chinese Control at Port of Djibouti”, *Maritime Executive*, 15 March, 2018, <https://www.maritime-executive.com/article/u-s-concerned-by-chinese-presence-at-port-of->

The same year and in stark contrast to these lasing events, the PLAN's hospital ship, Peace Ark, made port calls throughout the entire rim of Africa, which provided important local contacts, logistical experience and public relations benefits to China. The PLAN mission lasted approximately 100 days, covered 13,000 nm, and made port stops in Djibouti, Sierra Leone, Gabon, the Republic of Congo, Angola, Mozambique, and Tanzania.¹¹²

China's naval presence is already progressing southward in East Africa. Tanzania is another illustration of China's incremental insertion of its navy abroad. In 2011, the PLAN and Tanzania showed an increasingly close relationship by conducting joint naval training.¹¹³ China used World Bank funding to deepen and strengthen the port of Dar es Salaam in June 2017, which was a double win for China as the PLAN's largest warships would then be able to berth there, and, a Chinese company won a \$154 million contract for the rebuild.¹¹⁴

A three-ship PLAN surface action group visited Tanzania in August 2017, including a destroyer, guided missile frigate, and supply ship.¹¹⁵ In November 2017, China used its growing influence in Tanzania to agree to a new \$10 billion Bagamoyo port contract for mega-ships (carrying 8,000 20-foot containers) about 75 miles from Dar es Salaam.¹¹⁶ The high cost of the port relative to Tanzania's small economy threatens to overwhelm its ability to repay debt to China incurred from port construction costs. The port alone could add approximately 20% to Tanzania's debt-

[djibouti](https://www.maritime-executive.com/article/china-expands-its-influence-at-djiboutis-ports); "China Expands its Influence at Djibouti's Ports", *Maritime Executive*, 16 November 2017, <https://www.maritime-executive.com/article/china-expands-its-influence-at-djiboutis-ports>.

¹¹² Li Shengjiang, "Spotlight: China's experience and Africa's revitalization", *Xinhua*, 25 December 2017, http://www.xinhuanet.com/english/2017-12/25/c_136851490.htm.

¹¹³ Wang Hanlu, "China, Tanzania conduct naval joint military training", *People's Daily*, March 2011, <http://en.people.cn/90001/90776/90883/7335561.html>.

¹¹⁴ Reuters Staff, "Tanzania signs \$154 million contract with Chinese firm to expand main port", 10 June 2017, <https://www.reuters.com/article/us-tanzania-ports/tanzania-signs-154-million-contract-with-chinese-firm-to-expand-main-port-idUSKBN1910RU>.

¹¹⁵ "Chinese naval fleet arrives in Tanzania for friendly visit", *China Daily*, 18 August 2017, http://www.chinadaily.com.cn/world/2017-08/18/content_30780566.htm.

¹¹⁶ Alex Malanga and Janeth Muhizi, "Bagamoyo port project now revived", *The Citizen*, 24 November 2017, <http://www.thecitizen.co.tz/News/Bagamoyo-port-project-now-revived/1840340-4200996-15sm1nu/index.html>.

to-GDP ratio, putting it at risk of debilitating concessions in an insolvency crisis as was experience by Sri Lanka.

In the 1960s, nationalist forces from Namibia visited Beijing for guns and money in their fight against apartheid. In 1990 when Namibia claimed independence, China was one of the first to recognize the country diplomatically. With that military, economic, and diplomatic investment flowed 100,000 Chinese immigrants by 2016, as well as corruption of politicians, and the potential for a PLAN base on the Atlantic Ocean.¹¹⁷

In 2014, China Harbor Engineering Company (CHEC) began developing a \$344 million shipping terminal in Walvis Bay, Namibia, on the south Atlantic Ocean. Slated for completion in mid-2019, the terminal will have an artificial peninsula the size of 40 baseball fields, and two 600-meter berths that each accommodate containerized cargo vessels of 8,000 TEUs, for a total of 750,000 twenty-foot equivalent units (TEUs) per year. The plan also includes a \$400 million fuel depot and rumors of a naval base. At a ceremony for delivery of four ship-to-shore cranes in February 2018, China's Ambassador to Namibia stated that with their delivery, "Namibia's port in the coastal town of Walvis Bay will become the "most brilliant pearl on the Atlantic Coast of southwest Africa." He added, "It can be said that this is the benchmark project for China-Namibia friendly and pragmatic cooperation, which symbolizes the great attention of our leaders to our relations and the brotherhood between our people."¹¹⁸

This port is part of a larger Chinese presence in Namibia. Just forty-three km north of Walvis Bay is Swakopmund, Namibia, which hosts a Chinese telemetry station for tracking satellites and space missions. Three hundred and twenty four km northeast of Walvis Bay, Chinese construction companies are building a new military academy.

¹¹⁷ Op. cit., Larmer, 2017.

¹¹⁸ Ibid.; Yurou, "China's cranes to promote Namibia's port construction", *Xinhua*, 10 February 2018, http://www.xinhuanet.com/english/2018-02/10/c_136964590.htm.

China supplies weapons and training to the Namibian military, including from Poly Technologies, which also supplies to Iran, Syria, and North Korea.¹¹⁹

About 100 km northeast of Walvis Bay, is the Husab Uranium Mine. It is the world's second largest. China General Nuclear (CGN) owns 90% of the mine, into which it has invested \$4.6 billion since construction started in 2013. The Namibian government owns only 10%. The mine and a processing plant produce U_3O_8 , yellowcake for both nuclear energy and weapons manufacture. The mine alone is economically and therefore politically important to the country, as it will increase Namibia's GDP by 5% according to its own estimates. Almost all of Husab's yellowcake production is planned for export to China out of the Walvis Bay port. CGN also builds nuclear reactors in China and for export, and has proposed one for Namibia. It is trying to accelerate the manufacture and design of its nuclear reactor components, for which one of its American consultants was convicted in 2017 for conspiring to recruit U.S. nuclear engineers.¹²⁰

By all accounts the PRC has selected Namibia as a strategic location and as such U.S. national security policy makers should expect the PLAN to establish a naval base there in support of China's global aspirations in the south Atlantic. The next logical area for expansion after Africa and the south Atlantic is in Europe, and the north Atlantic.

In 2017, China and Mauritius announced "a new strategic partnership" that included port access and much more. Mauritius is a small island nation to the East of Madagascar in the Indian Ocean. Judging by its own description, the Mauritius' government offered itself as a virtual shell country to China. "Minister Lutchmeenaraidoo emphasized that Chinese companies will be able to use the free port facilities in Mauritius as a basis for adding value to their products and re-export them under favorable conditions to those countries and can rely on Mauritius' membership of organisations such as COMESA, SADC, IOC and possibly the Tripartite Trade Zone (COMESA, SADC, East African Community) to reach markets

¹¹⁹ Op. cit., Larmer, 2017.

¹²⁰ Op. cit., Larmer, 2017.

[in the] countries of Southern Africa and East Africa, a huge market of some 650 million consumers.” Mauritius is targeting countries such as Ghana, Senegal and Madagascar for special economic zones that Mauritius is offering as a sweetener to Chinese investors for government-to-government agreements “as a very attractive possibility to mobilise investments in these new economic poles.” In exchange, China apparently dangled the opportunity to use Mauritius as an all-Africa hub of investment and renminbi clearing.¹²¹ This dangling of “hub status” to countries throughout the world is a common tactic of China’s negotiators.

Beachhead in Europe: A Terminal Chokehold?

In 2011, while the PLAN was conducting anti-piracy operations in the Gulf of Aden, the Libya conflict flared and nationals from the U.S., Europe, Japan, and elsewhere were evacuated. China sent the Type 054A Jiangkai II-class guided missile frigate *Xuzhou* from Aden to the Mediterranean to provide security for the evacuation of 35,860 Chinese nationals, most by chartered transport. The frigate’s successful deployment to the Mediterranean was the first of its kind for the PRC, and strengthened the PLA’s resolve to produce and forward deploy more surface ships in the Mediterranean.¹²²

Two years later, the first PLAN deployment was followed by an international port purchase with major European implications. In 2013, Chinese companies purchased a near-controlling 49% stake in Terminal Link, an international holding company with global port assets. Obtaining agreement by just an additional 1% of shareholders is enough to execute agreements, and swaying 1% of shareholders is not difficult for a shareholder with 49% of the votes. The purchase had global implications, as Terminal Link owns 15 container terminals in 8 countries, including seven in Europe,

¹²¹ “Mauritius: China-Mauritius to Explore New Strategic Partnership”, *Mauritius Ministry of Foreign Affairs*, 23 April 2017, <http://www.focac.org/eng/zfgx/dfzc/t1460161.htm>.

¹²² Gabe Collins and Andrew S. Erickson, “Implications of China’s Military Evacuation of Citizens from Libya”, *China Brief*, vol. 11, issue 4, 11 March 2011, <https://jamestown.org/program/implications-of-chinas-military-evacuation-of-citizens-from-libya/>.

two in the U.S., and one in South Korea. A full list of the 2013 acquisitions resulting from the Terminal Link purchases are below:

Container Handling Zeebrugge (Belgium);
Antwerp Gateway (Belgium);
Terminal de France and Terminal Nord at Le Havre (France);
Terminal du Grand Ouest at Montoir (France);
Eurofos at Fos (France);
Somaport at Casablanca (Morocco);
Eurogate Tanger at Tangiers (Morocco);
Malta Freeport Terminal at Marsaxlokk (Malta);
Terra Abidjan at Abidjan (Ivory Coast);
Terminal des Flandres at Dunkirk (France);
Houston Terminal Link Texas (the United States);
South Florida Container Terminal at Miami (the United States);
Busan New Container Terminal (South Korea);
Haicang Xinhaida Container Terminal at Xiamen (the PRC).¹²³

Despite the magnitude of the port purchase, and the political influence and potential PLAN access that would follow, it was executed with very little public notice, discussion, or controversy.

The conflict in Libya revived in 2014, and again the PLAN facilitated an evacuation, in this case of 900 Chinese nationals. Eighty of these were taken to Greece, which has been increasingly friendly towards both Russia and China due to potential funding, and possible corruption, since the onset of its multiple insolvency crises. Greece received public thanks from China for the assistance.¹²⁴

¹²³ "CMHI and CMA CGM complete the Terminal Link Transaction", *CMA CGM Press Release*, 11 June 2013, <https://www.cma-cgm.com/news/8/cmhi-and-cma-cgm-complete-the-terminal-link-transaction>.

¹²⁴ "Hundreds of Chinese workers are evacuated from Libya", *BBC*, 7 August 2014, <http://www.bbc.co.uk/news/world-africa-28684555>.

Multiple successful PLAN operations in the Mediterranean, and port purchases, emboldened it to take the next step. In 2015, China and Russia held joint naval exercises, unconnected to any humanitarian mission, in the Mediterranean. Again in 2017, two PLAN flotillas cruised the Mediterranean Sea. One of the flotillas in 2017 conducted a live-fire drill, on its way to joint exercises with Russia in the Baltics. China's live-fire drill in the Mediterranean included the Type 054A Jiangkai II-class guided missile frigate *Yuncheng*, the Type 052D Luyang III-class guided-missile destroyer *Hefei*, and the Type 903A Quiandaohu-class replenishment ship *Luomahu*. Afterwards, they continued onto the Baltic Sea for additional live-fire drills with the Russian Navy. The other PLAN flotilla in the Mediterranean visited the Italian port of Civitavecchia in a "goodwill" tour, along with official visits to 19 other countries.¹²⁵

After the 2013 purchase of Terminal Link, Chinese companies conducted takeovers of terminals in Spain, Italy and Greece, utilizing subsidized loans from the Chinese government which were justified in terms of support for BRI. The lack of normal profitability of these deals is illustrated by China's COSCO, which in 2016 alone lost \$1.6 billion. But this is the cost of doing business when political influence and naval expansion are the priorities.¹²⁶

In January 2018, China's COSCO finalized its takeover of Zeebrugge, Belgium's second-largest port, and China's first beachhead in northwestern Europe. With that purchase, Chinese interests controlled approximately one-tenth of all European port capacity.

This ownership and control of Europe's ports translates into political influence, and PLAN access. The \$1 billion that COSCO spent on Greece's port of Piraeus, in which it now has a 67% stake, helped China obtain Greece's support at the European Union on issues like the South China Sea, human rights, and tougher screening of Chinese investments. In 2016, China's Ambassador to Greece went so

¹²⁵ Franz-Stefan Gady, "Chinese Navy Conducts Live-Fire Drill in Mediterranean Sea", *Diplomat*, 13 July 2013, <https://thediplomat.com/2017/07/chinese-navy-conducts-live-fire-drill-in-mediterranean-sea/>.

¹²⁶ Keith Johnson, "Why Is China Buying Up Europe's Ports?", *Foreign Policy*, 2 February 2018, <http://foreignpolicy.com/2018/02/02/why-is-china-buying-up-europes-ports/>.

far as to call Piraeus “a dragon head” of the Maritime Silk Road.¹²⁷ The influence of one country in the EU is particularly important as decisions are typically only taken through unanimous approval of all member states. If Greece is China’s dragon head at the EU, the influence will not favor ancient Greek ideals like democracy.¹²⁸

China Approaching American Coasts

In the discussion above, we have noted China’s naval and maritime expansion in both ports and military basing in the Horn of Africa, Indian Ocean, and Europe. We have seen how China’s ports are not really commercial ports as Americans understand the term because they are unprofitable: their real purpose is geopolitical and naval expansion.

Similarly, China’s merchant marine is not just a merchant marine, but is an arm of state power on the seas. We saw how China used its merchant marine in coordinated fashion to evacuate Chinese from Libya in 2011, and to threaten Vietnamese boats in its own EEZ in the 2014 CNOOC oil rig incident. This state coordination of commercial and military assets is a hallmark of China’s maritime silk road, one that is creeping ever closer to American shores.

As already noted, with the Terminal Link purchase of 2013, Chinese companies purchased 49% stakes in Houston Terminal Link, Texas, and South Florida Container Terminal in Miami, Florida. But China’s maritime tendrils are not limited to commercial ports.

China has already dispatched warships as far as Alaska. In 2015, the PLAN made its first trip there with five ships, apparently seeking to intimidate President Obama when he too made the first visit of a sitting President to arctic Alaska. The PLAN’s unexpected rendezvous with him should be seen as strategic messaging, as well as

¹²⁷ Zou Xiaoli. “Speech by Ambassador Zou Xiaoli at the Seminar ‘The New Silk Road of China: One Belt, One Road (OBOR) and Greece’, 30 March 2016, <http://gr.china-embassy.org/eng/zxgx/t1351970.htm>.

¹²⁸ Jason Horowitz and Liz Alderman, “Chastised by E.U., a Resentful Greece Embraces China’s Cash and Interests”, *New York Times*, 26 August 2017, <https://www.nytimes.com/2017/08/26/world/europe/greece-china-piraeus-alexis-tsipras.html>; Op. cit., Johnson, 2018.

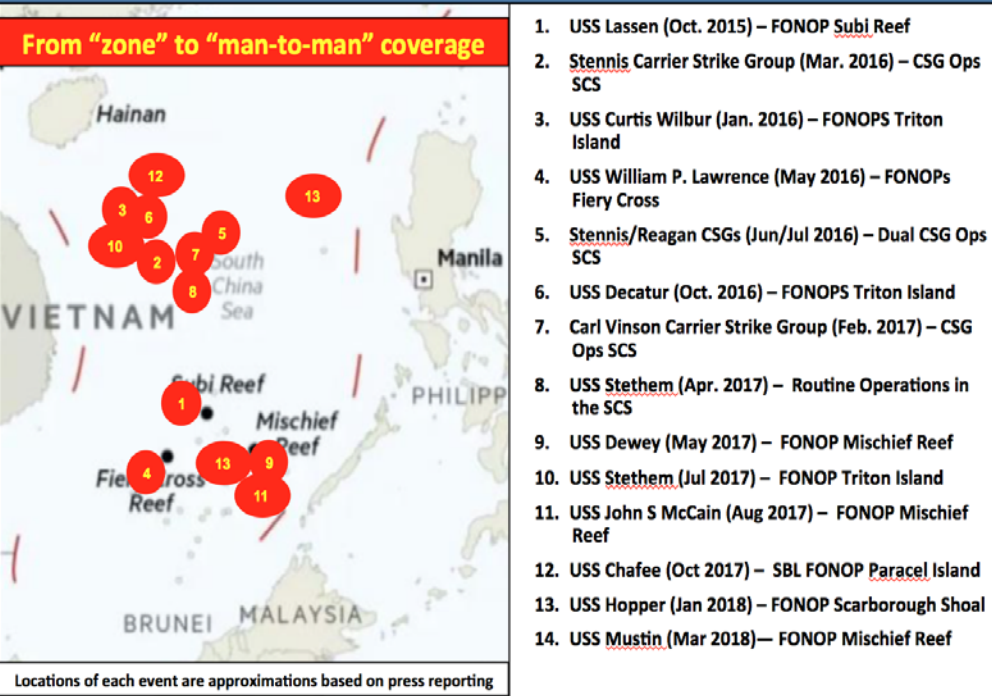
a probable (if spurious) basis for a potential claim on arctic resources in the future.¹²⁹ In 2017, the PLAN again sailed to Alaska, on an apparently uninvited intelligence-gathering mission to monitor U.S. testing of the Terminal High Altitude Area Defense (THAAD) missile defense system.

In both instances, PLAN warships operated well within the U.S. EEZ and reportedly near or within U.S. territorial waters. Ironically, as Chinese ships have begun to routinely operate inside the U.S. and other nation's EEZs, the PRC vociferously complains whenever U.S. military ships operate within the South China Sea. As outlined in figure 3, since October 2015, the PLAN has shadowed nearly every U.S. Navy warship that has entered and operated within the South China Sea, shifting from a "zone" coverage to a "man-to-man" strategy. This shift provides more empirical proof that the PRC's intent to use its military forces to achieve their strategic goals through bullying and intimidation, despite their assertions of a peaceful development.

Figure 3. PLAN Shift from "zone" to "man-to-man" coverage in South China Sea

¹²⁹ Helene Cooper, "In a First, Chinese Navy Sails Off Alaska", *New York Times*, 2 September 2015, <https://www.nytimes.com/2015/09/03/world/asia/in-a-first-chinese-navy-sails-off-alaska.html>.

Since October 2015, the PRC has shadowed nearly every U.S. Navy warship operating in the South China Sea



(Source: Independent research by author compiled from press reporting.)

Regarding the PRC’s Arctic interests that portend to impact U.S. territory and interests in July 2017 the PRC and Russia agreed to “develop their cooperation on arctic shipping routes, jointly building a ‘silk road on ice.’” And less than a year later, the PRC’s China’s State Council issued the country’s first “Arctic White Paper” and continues to negotiate the outlines of potential cooperation and collaboration with Russia.¹³⁰

China is pushing its military well into the Pacific, including to Guam and Hawaii, and into the Atlantic islands of the Azores. Last year, the PLAN used intelligence-gathering ships to shadow joint U.S.-Australia naval exercises off Guam.¹³¹ China

¹³⁰ Matt Schrader, “Is China Changing the Game in Trans-Polar Shipping?”, *Jamestown Foundation*, 24 April 2018, https://jamestown.org/program/is-china-changing-the-game-in-trans-polar-shipping/?mc_cid=d88f5b8b2d&mc_eid=f886eab5e0; see also “China’s Arctic Policy” The State Council Information Office of the People’s Republic of China, January 2018, First Edition 2018, http://english.gov.cn/archive/white_paper/2018/01/26/content_281476026660336.htm.

¹³¹ Ryan Browne and Barbara Starr, “Chinese spy ship lurks off coast of Alaska during missile defense test”, *CNN*, 14 July 2017, <https://edition.cnn.com/2017/07/13/politics/chinese-spy-ship-coast-alaska/index.html>.

has also utilized uninvited intelligence-gathering ships to spy on the U.S.-hosted Rim-of-the-Pacific (RIMPAC) exercises off Hawaii in 2012 and 2014.

In Brazil, China Merchant Port Holdings purchased a 90% stake in Brazil's most profitable port, TCP Participações SA, for \$924 million in 2017.¹³² In Brazil's state of Maranhá, Chinese companies laid foundation stones at the Port of Sao Luis in March 2018. A Chinese company holds a 51% stake in the \$244 million port. The port will handle 10 million tons of cargo, plus 1.8 million cubic meters of oil products. China's Ambassador to Brazil and the governor of the Brazilian state of Maranhá, where the port is located, attended the ceremony for the BRI project.¹³³

The PLAN is operating hydrographic research ships in the south Atlantic, a harbinger of future PLAN submarines operations in the north Atlantic, which I assess could begin by 2025. While the U.S. air base in the Azores was home to the USAF 65th Air Base Wing and had been critical to fighting World War II, the Cold War, and in Iraq, it has been reduced to only 200 U.S. personnel by 2015, causing a cash crunch for locals and providing a major strategic opportunity for China's military.¹³⁴ China made moves to scout berthing in the Azores that year. A Chinese naval and air base in the Azores would be a third of the way to the U.S. East Coast from Portugal, providing PLAN ships, submarines and PLAAF planes a strategic basing location to cover the east coast of the continental United States.

Future PRC Naval Force Estimate

What, then, does this vast PLAN maritime mission mean for Chinese naval construction over the next fifteen years? It means that in 12 years, the PLA Navy most likely will have twice as many warships and submarines as the U.S. Navy. It means the PRC will be able to successfully conduct naval missions on a scale only

¹³² Donny Kwok and Guillermo Parra-Bernal, "China Merchants buys control of Brazil's most profitable port", *Reuters*, 4 September 2017, <https://www.reuters.com/article/us-china-mer-port-tcp/china-merchants-buys-control-of-brazils-most-profitable-port-idUSKCN1BF03C>.

¹³³ "Construction of Chinese-led port kicks off, aims to boost logistics capacity in NE Brazil", *Xinhua*, 17 March 2018, <http://en.people.cn/n3/2018/0317/c90000-9438409.html>.

¹³⁴ Michael Rubin, "China may be trying to take over a critical US air base in the Atlantic", <http://www.businessinsider.com/china-may-be-trying-to-take-over-a-critical-us-air-base-in-the-atlantic-2015-11>.

recently deemed implausible by the most senior leaders of the intelligence community.

Bottom line: Beijing has demonstrated it has the shipbuilding capacity, capabilities, untapped productivity gains, and global requirements to sustain the transformational growth in Chinese naval construction and combat capability through 2030.

The ONI's most recent study (Exhibit 1) reports the PLAN consists of over 330 surface vessels and a total of 66 submarines."¹³⁵ Given the increasing PRC shipbuilding capacity and capabilities outlined above, it is likely that by 2030 the PLAN surface force could approach 450 hulls and over 99 total submarines (Exhibit 2), a growth rate of 30 percent and over 50 percent respectively, compared to approximately 15 percent for overall 2000-15 PLAN growth.¹³⁶ This expected force would satisfy the requirements for fleet expansion to meet Beijing's "goal of rejuvenation of the Chinese Nation."¹³⁷

In order to achieve the "China Dream," the PLAN of 2030 will not resemble the PLAN of 2015. Rather, it will enjoy a global presence characterized by multiple Strike Groups, a credible SLBM capability, and an ever-present network of ships at sea. Thanks to the strength of its naval shipbuilding capacity and its commitment to national rejuvenation, the PLAN will present an expansive and formidable challenge, one the U.S. can ill afford to underestimate or ignore.

Exhibit 1: PLAN 2015—Current Platform Inventory

<i>Platform</i>	<i>Inventory</i>
Destroyers	26 (21 modern)

¹³⁵ *The PLAN*, pp. 15, 19.

¹³⁶ Craig Murray, Andrew Berglund, and Kimberly Hsu, "China's Naval Modernization and Implications for the United States," U.S.-China Economic Security Review Commission Staff Research Backgrounder, 26 August 2013, p. 7., [https://www.uscc.gov/sites/default/files/Research/Backgrounder_China%27s Naval Modernization and Implications for the United States.pdf](https://www.uscc.gov/sites/default/files/Research/Backgrounder_China%27s%20Naval%20Modernization%20and%20Implications%20for%20the%20United%20States.pdf).

¹³⁷ Xi Jinping, "Achieving Rejuvenation is the Dream of Chinese People," *The Governance of China* (Beijing Foreign Languages Press: 2014): p. 38.

Frigates	52 (35 modern)
Corvettes	20 (all modern)
Missile Patrol Craft	85 (60 modern)
Amphibious Ships	56
Mine-warfare Ships	42 (30 modern)
Major Auxiliaries	50+
Total Surface Combatants	331+
SSN	5
SSBN	4
SS	57
Total Submarines	66

(Source: "The PLAN—New Capabilities and Missions for the 21st Century," ONI, 2015.)

Exhibit 2: PLAN 2030—Forecast Platform Inventory

<i>Platform</i>	<i>Inventory</i>
Destroyers	34
Frigates	68
Corvettes	26
Missile Patrol Craft	111
Amphibious Ships	73
Mine-warfare Ships	55
Major Auxiliaries	65+
Total Surface Combatants	432+
SSN	12
SSBN	12

SS	75
Total Submarines	99

(Source: Authors' calculations.)

The Coming Decade of Concern

In his March 2018 speech to the National People's Congress, President Xi Jinping stated, "since modern times began, to realize the Chinese Dream of national rejuvenation has become the greatest dream of the Chinese nation...with the spirit of fighting the enemy to the last minute, the resolve of recovering the lost (*sic*) on the basis of self-reliance...the Chinese people have made continuous efforts for more than 170 years to fulfill the great dreams. Today, we are closer, more confident, and more capable than ever before in making the goal of national rejuvenation a reality."¹³⁸

As it relates to the restoration of China's perceived territory President Xi made this statement:

It is the shared aspiration of all Chinese people and in the fundamental interests of the Chinese nation to safeguard China's sovereignty and territorial integrity and realize China's complete reunification. In front of the great national interests and the tide of history, any actions and tricks to split China are doomed to fail. They are certain to meet with the people's condemnation and the punishment by the history. The Chinese people have the resolve, the confidence, and the ability to defeat secessionist attempts in any form! The Chinese people and the Chinese nation share a common belief that it is never allowed and it is absolutely impossible to separate any inch of territory of our great country from China!¹³⁹

What is clear is that President Xi and the CCP firmly believe the PRC has not yet reached national rejuvenation and as such are on a timeline to achieve this goal. Related to this point, President Xi stated, the CCP "has drawn up a splendid

¹³⁸ Xi Jinping, "Speech delivered by President Xi at the NPC Closing meeting" *China Daily*, 22 March 2018, http://www.chinadaily.com.cn/hkedition/2018-03/22/content_35894512.htm.

¹³⁹ Ibid.

blueprint” to realize “the great rejuvenation of the Chinese nation.”¹⁴⁰ And as with most blueprints, there is an element of time, which President Xi specifically references in the following statement, “although we have a long way to go, we are left with limited time and not allowed to be slack. We must not be satisfied with the status quo, indulge ourselves in ease and comfort, or let delight dispel worries.”¹⁴¹

The Tipping Point: How Long Do We Have?

Given Xi’s clearly articulated goal for the PRC’s “great rejuvenation”, which includes the restoration of its perceived territory, the obvious question is: How long will PRC wait? It is my assertion, based on all available evidence, that China desires to celebrate the complete restoration of the PRC by the 100th anniversary of its establishment in 2049.

If so, the next logical question is: What will happen if Beijing is unable to achieve complete restoration via nonviolent means? Or to put it another way, regarding such regional disputes as the Senkakus and the sovereignty of Taiwan, what if Japan or Taiwan resist? How long before the PRC rulers believe they will have to use military force to achieve their ultimate goal of national restoration?

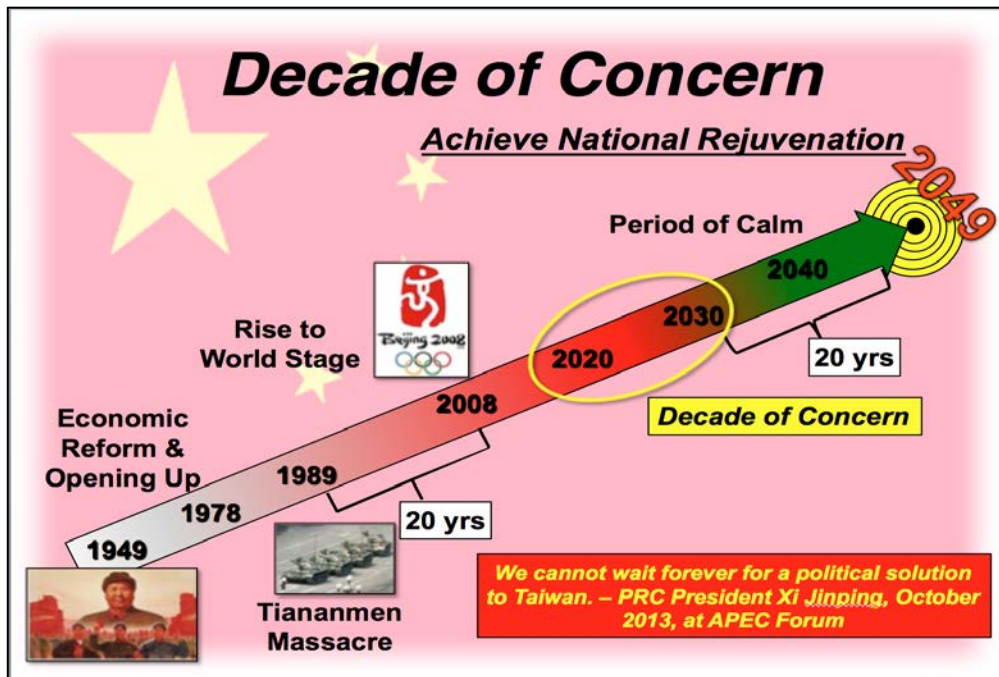
The answer to this question will also help drive the PRC’s timelines for establishing its global hegemony. The CCP will seek to ensure its uncontested ability to dominate political, diplomatic, and military discourse globally not just in support of its OBOR initiative, but also prior to using military force to settle the Senkakus and Taiwan issues on its terms.

In my estimation the answer is as early as 2020 but likely no later than 2030, a period of time that I have labeled “The Decade of Concern (figure 4).

¹⁴⁰ Ibid.

¹⁴¹ Ibid.

Figure 4: The Decade of Concern, 2020-30



(Source: Captain. James E. Fanell, USN (Ret))

Why this decade? Because China has very likely calculated a timeline for when it could use military force at the latest possible moment and still be able to conduct a “grand ceremony” celebrating its national restoration in 2049. A likely template for calculating that date would be the time period from Tiananmen Square to the 2008 Olympics.

China’s leaders remember well that in 1989, the international community largely condemned Beijing’s brutal slaughtering of its own citizens at Tiananmen Square. Yet just 19 years later, the world’s leaders eagerly flocked to Beijing to attend the opening ceremony of the 2008 Olympic Games.

Let’s remember the scene on 8 August 2008 at the Beijing National Stadium (a.k.a. Bird’s Nest). There were tens of thousands of people in the seats watching one of the most impressively orchestrated Olympic opening ceremonies in history. There at the top of the stadium, in a cool, air-conditioned skybox, were the nine members of the Politburo Standing Committee, looking down over the masses of humanity. At the

center was President Hu Jintao, wearing a black suit reminiscent of Chairman Mao Tse-tung. President Hu was cool, calm, and collected. And what did he see down in those seats, in the 95-degree heat and 95-percent humidity? The President of the United States, with big sweat stains on his shirt. That president later went on to describe the event as being “spectacular and successful.”¹⁴²

What was the strategic message from this event? It reinforced a belief among China’s leadership that the U.S. has a short attention span regarding the use of force. In short, Beijing believes the West can be counted on to forget even the most barbarous actions after a roughly 20-year time span.

Given that logic, the latest Beijing could use military force to physically restore China’s perceived territory would be around 2030. This would then allow for 20 years of “peace” before Beijing would conduct a grand ceremony to memorialize the “second 100”—the 100th anniversary of the People’s Republic of China. This leads to the question: *When is the earliest China could use military power?*

Given the current environment and readiness of the PLA, it could start at any time. However, as referenced earlier, intelligence analysis strongly indicates the PLA has, during the past decade, been given the strategic task of being able to take Taiwan by force by 2020. If the PLA is able to take Taiwan by force in 2020, then it stands to reason that the lesser task of seizing the Senkaku Islands would also be achievable.

With the Decade of Concern beginning in 2020, it is my estimation that there will be mounting pressure within China to use military force to achieve the “China Dream” of national restoration by 2049. There will be a loud chorus for the use of force, which will grow each year and will crescendo in the late 2020s, ending in a violent clash to seize Taiwan, the Senkakus, and any other area Beijing deems to be a core interest.

In this decade of concern, an increasingly capable PLAN, as directed by a CCP very likely greatly emboldened by its power and the lack of resistance to its expansionist global aspirations, will engage in operations in all the oceans of the world. It is

¹⁴² “News Feature: Bush Blends Sports, Politics at Beijing Olympics,” *Xinhua* (Beijing), 11 August 2008.

entirely foreseeable that these PLAN operations will include activities designed to coerce, intimidate, and ultimately even to defeat the U.S., our allies, and our friends at sea.

Recommendations

First, and foremost, I believe there must be, as James Holmes recently wrote, a fundamental transformation in the “culture” of how we deal with China, that recognizes it as the main threat to U.S. national security, principally because of the strategic trend line whereby the PLAN will have the ability to control the oceans of the world.

This “cultural” change is a national issue and is thankfully being driven from the top down—from the President. It is very encouraging to see the new National Security and National Defense strategies calling out the PRC for being a “revisionist power”. Standing up to Beijing is not irresponsible or irrational, especially given that China’s actions are targeting the U.S. (and our Fleet) despite President Xi’s pledge the PRC is devoted to a “community with a shared future for mankind” and “mutual respect, fairness, justice, and win-win cooperation.”¹⁴³

Second, the administration should unambiguously declare U.S.-China relations have entered a new period of competition, as stated in the NSS, and then take the steps needed to actually compete. We must, of course, walk our talk. To this end, our Strategic Communications needs to be greatly strengthened and organizations need to be given specific authority and direction to fight and win on the Information Battlefield.

America must now deal with the PRC from a position of strength, one where we assert our core interests and principles just as firmly, if not more so, as the PRC asserts its core interests and principles.

This means no more acquiescing to PRC demands, no more being quiet when they ignore the rule of law like they have done with the 12 July 2016 Permanent Court of

¹⁴³ Xi Jinping, speech at 19th National Party Congress, November 2017.

Arbitration ruling, and it means not subverting U.S. national interests to worrying about whether or not we are “provoking” China.

Beijing is very effectively using incremental strategies and Political Warfare to gain maritime territory and destroy the trust of our allies in the process. The U.S. must be willing to confront Beijing’s bullying even at the risk of military conflict, especially since Beijing purposefully fosters fear among our China Watching community as a tool to manipulate us in our military, economic, and diplomatic strategies.

For instance, as part of our messaging, we should regularly conduct carrier operations anywhere within the 1st Island Chain, whenever we wish. In fact, we should increase our presence with the adoption of a permanent 2.0 presence in the Western Pacific.

Third, this new relationship also means recalibrating our “One China Policy”, and very publicly highlighting the U.S. interpretation of the term—*what it means* and *what it does not mean*.

To this end, we have to visibly and verbally refute the PRC’s constraints on our relationship with Taiwan. This means discarding years of self-imposed constraints by our own bureaucrats. For example, the notion that U.S. warships cannot make the occasional port call in Taiwan needs to be scrapped: nowhere is this self-defeating prohibition enshrined in any treaty, agreement, or law, so we should make a port call after discussion with our friends in Taiwan, and do it without fanfare or advance notification.

In order to disrupt Beijing’s strategic schedule, the U.S. must keep China on its back foot, and that requires strategic unpredictability on our part. The message to China is that freedom of navigation and free access to ports is a core interest of the United States of America and we are not going to be constrained by Beijing’s threats.

Also to this end, we must end the practice of “unconstrained engagement” by the Department of Defense. Specifically, China should not be invited to any more RIMPAC exercises until they alter its threatening behavior and rhetoric against our

friends and allies in the region, including Japan. China's bad behavior must no longer be rewarded with such privileges, to do otherwise simply makes a mockery of our foreign policy positions in Asia, if not around the globe.

Fourth, and closely aligned, the administration must proclaim its commitment to a forward-deployed presence, especially for our naval forces. Not only is this necessary for bolstering the flagging confidence of our allies, it also sends a clear and unambiguous statement to China. Options can range from home-porting a 2nd carrier in Guam, to home-porting ships in South Korea.

This visible commitment to forward presence also means halting any further reduction of U.S. Marine forces in Asia. Every time we vacillate in defense of our forward presence we succumb to the PRC's Political Warfare strategy. In essence we hand China a victory and perpetuate its myth that it is China that is in ascension and America that is in decline.

Fifth, the U.S. must commit to conduct more robust and more public Maritime Intelligence Operations. While much progress has been made in improving our Title 10 collection capabilities in the Indo-Asia Pacific region, as reflected by the introduction of the P-8 aircraft, we have concurrently displayed a lack of will to expose the PRC's aggressive actions in the maritime domain. This requires the U.S. to get serious about our Strategic Communications, in terms of mission, organization, policy, and doctrine.

Why, for instance, during the inaugural deployment of China's aircraft carrier *Liaoning*, did PACOM, which conducted intelligence reconnaissance flights, fail to provide unclassified pictures of China's inaugural carrier flight operations in the deep blue sea? This same reluctance characterized our approach to China's building of the seven new artificial islands. Why?

The sharing of facts about Chinese activities at sea is not just good for transparency in a democracy, it is also smart military strategy by imposing reputational costs on the PRC for its military adventurism. Moreover, making such information widely available would help counter spurious Chinese narratives of American actions as

being the root cause of instability in the Western Pacific. Both outcomes are in our national interest.

However, we have no unified national policy to develop and execute Strategic Communications in this era of competition, and there is no unity of effort. For example, the funding allotted to the State Department for counter-Political Warfare operations has been diverted almost exclusively to countering Russian propaganda, with the seemingly conscious exclusion of countering PRC influence operations. Further, as a rule, neither DoD and DoS Public Affairs practitioners study PRC Influence Operations and Political Warfare at the Defense Information School or the Foreign Service Institute as the leadership in those organizations does not seem to understand the urgency of including such training in the curriculum.

Sixth, we must return to naval nuclear deterrence operations. I am not sure how often this is talked about in D.C. these days, but the harsh reality is Beijing's boomers now can range all of the U.S, including right here in the Capitol Building.

So, given the presumption the PRC has already begun ballistic missile submarine patrols and to mitigate the risk of a sea-launched nuclear ballistic missile attack against the U.S., the U.S. Navy must be able to -"hold at risk" all adversary nation's patrolling SSBNs, at all times.

Hold at risk means that every time a PLAN SSBN departs on a strategic nuclear patrol, the USN must follow closely enough to be ready to sink them if they ever attempt to launch a nuclear tipped ICBM towards our shores. Chinese boomers are not so loud that when a crisis begins we will with high certainty be able to find these boomers.

Which leads me to the **Seventh** recommendation, which is the elephant in the room.

All of the above recommendations make it obvious that the U.S. Navy must increase in size. Roger Wicker and Jerry Hendrix's recent article entitled "How to Make the U.S. Navy Great Again", states:

“From a naval perspective, the Chinese People’s Liberation Army Navy (PLAN) is pursuing a mix of high-end and low-end ships and submarines. This strategy would allow the PLAN to spread out across the vast Pacific Ocean in sufficient numbers to locate and interdict U.S. ships. At the high end, China is investing in aircraft carriers, nuclear-powered fast-attack submarines and large surface combatants equipped with advanced radars, surface-to-air missiles (SAMs) and surface-to-surface missiles...Backed by a growing arsenal of longer-range and more sophisticated air and missile weapons, the Chinese navy will have a highly capable and numerically larger maritime force by the middle of the next decade. If this situation comes to fruition, it could make the projection of U.S. naval power cost prohibitive in the western Pacific, undermining the credibility of our alliance commitments.”¹⁴⁴

Given my estimate that the future size of the PLA Navy will be about 550 warships and submarines by 2030--twice the size of today’s U.S. Navy, it is clear the U.S. Navy is at great risk of not being adequately sized or outfitted to meet our national security commitments in the Indo-Pacific, let alone around the globe. Therefore, to accomplish all of the above missions, to provide a credible deterrent against PRC hegemony and to be able to fight and win wars at sea, the U.S. Navy must get bigger.

As I stated at the beginning of this paper, I am an intelligence officer, not a U.S. Navy force structure expert, but the evidence that a strategic gap between the U.S. Navy and PLA Navy is on the verge of exploding over the next decade and a half is overwhelming. As such, it seems clear to me that to keep even a modicum of parity with the Chinese, the U.S. Navy will require more than 355 ships.

Bottom line: America needs to get back to being a maritime power supported militarily by strong allies, something that has been sorely neglected since the fall of the USSR.

¹⁴⁴ Roger Wicker and Jerry Hendrix, “How to Make the U.S. Navy Great Again”, *National Interest*, 18 April 2018, <http://nationalinterest.org/feature/how-make-the-us-navy-great-again-25445?page=show>.

Without that, expect China to push us ever further from Asia. Expect to lose more allies and influence across the Indo-Pacific, and ultimately be seen as irrelevant globally, with all the negative consequences associated for our national security interests and the defense of our values.

We have already slipped. If we fall any further, we may not recover.

The Chairman. Thank you, Captain Fanell.

Mr. Fisher, you are recognized for 5 minutes.

STATEMENT OF RICHARD D. FISHER, JR.

Mr. Fisher. Chairman Nunes, Ranking Member Schiff, and distinguished members of this committee, as I thank you for the privilege of offering testimony today, I would also thank and commend this committee for its leadership in highlighting the grave military economic and political challenges to this Nation from China.

Our military and intelligence leaders are also increasingly concerned. Our new commander of our Pacific Command, Admiral Davidson, says that China is, quote, "the most ambitious military modernization in the world." And he adds, quote, "it is increasingly clear that China wants to shape a world aligned with its own authoritarian model."

The bulk of my written testimony concerns China's ongoing and projected military expansion to support what we view as power projection. Just yesterday, an article in China's Global Times asserted that China needs up to six aircraft carriers. The eventual number could probably be double that. But the article goes on to say that China has, quote, "no intention of seeking naval hegemony like the United States," unquote.

This kind of denial pervades the statements of Chinese leaders, including Xi Jinping, for decades have denied that China is seeking hegemony or world domination. However, my testimony explores five indications of China's hostility and ambitions for global military power.

First, China and Russia are developing what appears to be an alliance. Twenty military exercises and then two missile defense exercises raise questions about possible

missile offense cooperation between the two countries.

Second, and I would refer to my first slide, number seven on the handout. From 2011, and perhaps as recently as last year, China has supplied large 16- to 18-wheel trucks that carry North Korea's ICBMs. These ICBMs are not able to attack American cities until they are carried to their launch point by these Chinese trucks. Two administrations have failed to sanction the companies that are involved in this commerce.

Third, China is building institutions to displace U.S. leadership, like the Shanghai Cooperation Organisation, and now, the \$1 to \$3 billion Belt and Road Initiative.

Fourth, for the first half of this decade, China was encouraging Argentina to undertake a second war over the Falklands. Had that happened, China would have been the winner and ensconced itself as a power player in this hemisphere.

Fifth, People's Liberation Army-controlled dual-use space program of China includes militarization of the Moon so as to advance their goal of controlling the Earth-Moon system.

Ten years ago, I wrote a book on how the People's Liberation Army was beginning to transition from regional dominance to seeking global reach. Most of the trends that I outlined then are valid today. First, China is assembling a power projection navy that by the 2030s may have the world's first totally nuclear-powered carrier battle group. The PLA will have an initial amphibious projection of about 12 large ships by probably as early as the early 2030s, and the PLA marines are reforming into a force of about 100,000.

By the 2030s, the PLA air force -- air mobile projection could be based on 100 to 200 large C-17 size Xi'an wide heavy transports, and both their lightweight airborne forces and now medium weight airborne projection forces are anticipated.

Just as important, China has a new strategy for gaining eventual global military access called debt-trap diplomacy. China may be using debt pressure right now to force

Djibouti to limit U.S. military access in that strategic base. It recently gained ownership of a new large port in Sri Lanka by a debt default. Vanuatu, Pakistan, Thailand and others are vulnerable. China may have considered a debt trap for purchase of a 64-square kilometer island off of Venezuela in 2014.

China's Belt and Road Initiative is spreading more and more loans and more and more opportunities for debt-trap acquisitions.

A good reason to deter a Chinese invasion of Taiwan, which could be upon us perhaps as early as the mid-2020s, is that China will turn Taiwan into a major nuclear and conventional military base. This will then trigger Chinese moves to isolate Japan, consolidate control over the South China Sea even more, project power into the Indian Ocean to isolate India. In Latin America, China will continue to exploit opportunities to cause trouble and gain military access.

In conclusion, the United States has about a decade to prepare to deter a China well on its way to global power projection. We have the ability to maintain military superiority if we commit to that goal. We can organize and lead our allies to higher levels of political coordination and economic security. But the battle to hold off China starts at the Taiwan Strait, and we must ensure that freedom there survives and has a chance to inform an eventual evolution away from China's communist dictatorship.

Thank you, sir.

[The statement of Mr. Fisher follows:]

***** INSERT 1-2 *****

China's Global Military Power Projection Challenge to the United States

**Testimony Before the House Permanent Select Committee on Intelligence,
United States House of Representatives, 17 May 2018**

**By Richard D. Fisher, Jr,
Senior Fellow
International Assessment and Strategy Center**

Mr. Chairman and Distinguished Members of this Committee:

Thank you for the privilege of offering testimony before this Committee regarding China's global military power projection ambitions and the challenge it poses to the United States, its Allies, and its friends. I also offer my gratitude for this Committee's leadership and deliberations concerning the growing challenge from the People's Republic of China (PRC) to the freedom and security of the United States.

It is also encouraging that our military and IC leaders are noting China's troubling intentions, actions, and capabilities. In his recent Senate confirmation hearing Pacific Command (PACOM) Commander, Admiral Davidson stated that China's is 'the most ambitious military modernization in the world;' and that along with improving its ballistic missiles, "China is pursuing advanced capabilities which the United States has no current defense against;" adding, "...it is increasingly clear that China wants to shape a world aligned with its own authoritarian model..." His predecessor, Admiral Harris, told the House Armed Services Committee in February that China's military buildup "could soon challenge the United States across almost every domain" adding that, "China's intent is crystal clear. We ignore it at our peril." Joint Chiefs of Staff (JCS) Chairman General Dunford has stated that China is likely to pose "the greatest threat to our nation by about 2025" as it focuses, "on limiting our ability to project power and weakening our alliances in the Pacific." These concerns are echoed by the Intelligence Community leadership, especially as relates to cyber, information, influence and technology theft activities.

Historically, China's Communist Party (CCP) leadership would hide military goals such as becoming the world's dominant power in any or all domains. It would not announce such goals in press conferences or White Papers. Instead it would ritually deny such goals so as to discourage the United States and its Allies from preparing sufficiently to defend themselves. However, China recently has begun to acknowledge in its official statements that it plans to project military power beyond Asia. But the Chinese leadership continues to ritually deny that it seeks "hegemony" or "world domination."

How China's denials are undermined by China's actions will be the focus of this testimony. While some analysts suggest China's projection of power will be more modest and stress protection of economic interests, Chinese actions suggesting larger goals include: budding Chinese strategic cooperation with Russia; China's building of alternate institutions that challenge U.S. leadership; China's ongoing attempt to change the Latin American balance of

power by encouraging a second war over the Falklands Islands; and indications China will militarize the Moon.

Furthermore, China's two decades average of near double-digit growth in defense spending, growing PLA power projection forces, and China's drive to create or obtain greater overseas military access combine to suggest the trajectory of China's development toward global military power. China's creation of new military bases in the Spratly Island group -- and its potential creation of nuclear, naval and air bases on Taiwan, should that island democracy be conquered -- point to an early objective of isolating and coercing Asian democracies such as Japan and the Philippines, leading to great pressure to end their alliances with the United States. China will also seek greater military access in the Indian Ocean to further contain India, while political influence, military engagement, and debt default acquisitions will accelerate PLA access in Latin America and Africa

It can be expected that the actions of a globally powerful China toward the world's free societies will be informed by the CCP's pervasive domestic suppression of democratic impulses, freedom of expression, religion, and domestic dissent. A Chinese conquest of Taiwan could provide a stark demonstration of the CCP's organized and brutal suppression of democracy. Today, China's loud criticism of democracy, and its potential to promote a rebranded Marxism, suggest that overarching anti-democratic and anti-American ideological campaigns could underscore China's drive for global power projection.

The good news is that the United States and its allies have seen and met a similar challenge from the Communist Party of the Soviet Union (CPSU). Though the CCP is better equipped and determined to avoid the fate of the CPSU, it controls a fragile empire dependent on internal repression, economic growth, and external coercion. Nevertheless, the United States and its Allies may have only about a decade to invest in militarily preparedness, and to bolster their political and economic cooperation viz the Chinese threat. That said, it is within our ability to sustain a margin of technological and military superiority; obtain strategic advantages such as the Moon and space; help Taiwan to defend its freedom; and mobilize our Allies and friends to engage in much higher levels of military, political, and economic defense.

Abjuring Hegemony While Seeking Hegemony

CCP leaders ritually deny that China has ambitions for global leadership, usually in denials that China seeks "hegemony" or "world domination." In a 15 May 2014 speech Xi Jinping stated, "The Chinese people don't have the gene for invasion and hegemony in their blood. The Chinese reject the argument that a country is bound to seek hegemony once it becomes powerful." Xi makes similar oaths in most of his major speeches before major CCP events or on the world stage. However, China has gradually hinted at its global ambitions, starting with former leader Hu Jintao's December 2004 outlining of "New Historic Missions" for the PLA, which hinted at responsibilities to defend CCP interests abroad. Then in the May 2015 white paper on *China's Military Strategy*, a new "strategic task" was, "To safeguard the security of China's overseas interests." The PLA Navy (PLAN) was to add "open seas protection" to its tasks, and to "protect the security of strategic SLOCs and overseas interests, and participate in international maritime cooperation." A new task for the PLA Air Force (PLAAF) was "strategic projection."

An argument is offered, most recently in a May 2018 Rand Corporation paper, *China's Pursuit of Overseas Security*, by Timothy R. Heath, that China is unlikely to follow the example the former Soviet Union or the United States in deploying significant military forces to protect overseas interests. It will instead focus on more limited objectives of trying to protect its overseas citizens and participating in Peacekeeping Operations. Heath concludes:

“Because China lacks allies and the ability to fund a massive expansion in forward-deployed forces, it is unlikely to follow the path of the United States and the Soviet Union... China's approach is likely to contrast with both the colonial approach and that of the Cold War super powers in several ways. First, the military will likely play a smaller role in the overall set of forces involved with overseas security. Second, China will rely heavily on non-PLA assets, such as funding for host-nation security efforts and commercial security contractors. Third, due to its limited investment in military power projection capabilities, China may have to accept a higher degree of disorder and risk in some of the countries in which it is expanding its economic presence.” (page 39)

An alternate case will be made in the remainder of this testimony that China is assembling a military force that could rival the power projection capabilities of the United States by the 2040s, and perhaps achieve decisive levels of strategic superiority. If China succeeds in conquering Taiwan, for which by the mid-2020s the PLA may have an assured level of military capability combined with organizational and strategy reforms, then China could embark on a much more vigorous pursuit of global strategic positioning to achieve global power projection. The following are five indications of China's global power ambitions as well as its hostility to democracy and the United States; there are many others.

1. Developing Strategic Cooperation with Russia. China's global power ambitions and its hostility toward the West are demonstrated in its gathering strategic embrace of Russia. Though Russia likely remains wary of China's ability to threaten its vulnerable Far East and to gather strategic influence in Central Asia, Russia and China have pursued strategic and military cooperation which is taking on the appearance of an alliance against the United States. December 2017 saw the second Russian-Chinese missile defense command-post exercise, raising the question of whether Russia and China are pursuing “missile offense” cooperation against the United States. Since 2005 they have held over 20 joint military exercises. China and Russia also jointly advance arms control proposals intended to limit the capabilities of the United States. The democracies should be wary that Russia would support China in the event of a war on the Korean Peninsula or on the Taiwan Strait.

2. Ongoing Missile Technology and Nuclear Proliferation. The 2017 U.S. National Air and Space Intelligence Center (NASIC) report states that, “China continues to have the most active and diverse ballistic missile development program in the world.” This provides context for both China's WMD and missile program, and its proliferation activities. China's profound hostility to competitive democracies has been demonstrated by its enabling of nuclear missile threats from North Korea and Pakistan. These give China an ability to mount a “deniable” nuclear threat to the United States, India, Japan and South Korea, and an ability to instigate diversionary nuclear crises. A June summit between President Donald Trump and North Korean leader Kim Jong Un

could start (or fail) to begin a complete and verifiable elimination of North Korea's nuclear missile threat. But it is important to remember that China has played a crucial role in enabling North Korea's imminent nuclear missiles to destroy American cities. All of North Korea's nuclear intercontinental ballistic missiles (ICBMs) ride on large transporter erector launchers (TELs) made or designed in China, despite UN sanctions. These Chinese TELs make it possible for North Korea to achieve surprise strikes. Similarly, the China Aerospace Science and Industry Corporation (CASIC) has transferred both solid fuel missiles and TELs to Pakistan; its Shaheen III medium range nuclear missile and North Korea's Hwasong 14 and 15 ICBMs use TELs made by CASIC. It must be noted that for decades China has aided Iran's nuclear and missile programs in a variety of ways, often in a deniable manner designed to evade international, UN, and US sanctions.

3. Building Institutions that Challenge U.S. Leadership. China played a leading role in the creation of the 2001 Shanghai Cooperation Organization (SCO), with its formal headquarters in Shanghai, and whose eight members comprise half the world's population and four nuclear-armed states. The SCO Charter opposes "extremism," a code word for democracy, and in 2005 the U.S. was denied observer status. The SCO's most significant accomplishment is its regular Peace Mission multilateral military exercises which have allowed China to showcase its increasingly sophisticated ground, air and naval forces. In 2013 China complimented its push for Central Asian influence via the SCO and with the "One Belt, One Road Initiative" or 'Belt and Road Initiative' (BRI), a \$1-3 trillion program of economic investment and development programs that now encompasses 60 countries in Europe, Asia, Africa, and Latin America. It is turning out to be a means to advance Chinese economic power and create new levels of economic dependence that China can exploit for political or military advantage. The U.S. is welcome to join or endorse, but it will have no leadership role.

4. Instigating a Second Falklands War. China's global ambitions were recently demonstrated in its attempt to instigate a second war over the Falklands Islands. China has long viewed the Falklands Islands as challenge like Taiwan, territory occupied by hostile forces. From about 2008 to 2015 China almost started a process of rearming Argentina, by late 2014 lining up deals to sell 24 Chengdu FC-1/JF-17 4th generation fighters, up to five 1,800 ton corvettes and about 100 Norinco VN-1 amphibious 8x8 assault vehicles. Had these deals succeeded more Chinese weapons would have followed, enabling Argentina to intimidate Britain or even gather neighboring military support, potentially forcing Washington to choose between its old Ally and friends in Latin America. Any faltering by London would also have been a victory for Beijing, making it a new power player in the Western Hemisphere and possibly leading to military access near the strategic Cape Horn, much closer to Antarctica. There were also visits and talks involving ongoing cooperation with Argentina's specialized nuclear and satellite facilities, Centro Atomico Bariloche and the Instituto Balseiro, the latter a NASA partner in satellite development. Washington was spared by the December 2015 Argentine elections that swept away the corrupt administration of Cristina Fernandez de Kirchner and the Chinese weapons deals.

5. Militarization of the Moon. China's power ambitions beyond the Earth are demonstrated by its PLA-controlled dual-use space program that likely includes longstanding plans to place weapons on the Moon to eventually control the Earth-Moon System. On 31 January 2015 on the

website of the CCP Central Committee's journal *Quishi* (Seeking Truth), the former Chairman and CCP Party Secretary of the China Aerospace Science and Technology Corporation (CASC), Lei Fanpei, stressed that **"We will adhere to the path of developing military-civil integration in our coming demonstration of deep space exploration, manned moon landing [bold added], heavy-launch vehicle and other major programs, of major significance both to the nation's long-term development and to the task of building the nation into a strong space power."** The May 2018 issue of *Kanwa Asian Defence* reports that a "source in the United States" disclosed that the PLA recently held a "high profile symposium internally discussing the issues related to militarization of the moon base." As former PACOM Admiral Harris observed, "...they view space as the ultimate highground. They are preparing for battle in space."

China Builds Naval and Air Mobile Power Projection

While it is generally agreed that preparing for a potential campaign to conquer Taiwan has been and remains the main mission driving PLA modernization and reform, since at least the late 1990s another modernization driver of growing importance has been the mission to assert or protect the CCP's growing foreign interests. The PLA is now building or developing most of the new weapons systems necessary to carry out the power projection mission, and they may be able to support a distant medium-size conflict by the early 2030s. Under the leadership of the Central Military Commission and its General Staff Department, naval combat and amphibious troop projection forces will likely be drawn from the Northern, Eastern and Southern Joint Theater Commands. Should Taiwan be conquered, it is possible that an additional Joint Theater Command with an "expeditionary" focus will be stationed on that island. Growing numbers of large transport aircraft and large refuelers will support distant projection of lightly armored Airborne Troops in the Eastern Joint Theater Command, and new medium-weight armored units deployed to all Joint Theater Commands. Critical to their success will be the new Strategic Support Force's (SFF) ability to provide communication, intelligence, cyber warfare, and space warfare support.

However, success in achieving a dominant global military force will require China to be superior to proficient in three technology realms. First, China must be master in gathering information, exploiting and protecting information. China must relentlessly target Western data sources, but also be early to develop Artificial Intelligence and quantum technologies for exploitation operations, enabling combat systems, and protecting information.

Second, China must remain ahead or at parity in the competition to develop 6th generation warfare systems. The 2015 People's Liberation Army Press book *Light War* identifies exploitation of big data, energy weapons, and space combat as crucial to this next era of warfare. The PLA's new Strategic Support Force will likely be the lead service for developing this next generation of warfare, as its responsibilities include cyber and electronic warfare, space warfare and use of energy weapons.

Third, the PLA must master modern turbofan engines, already a 32-year pursuit. Although started in 1986, the 12-13 ton thrust Shenyang-Liming WS-10 turbofan has only recently reached a level of power and reliability to support Shenyang J-11B and J-16 strike fighter production. Both 10-11 ton medium power turbofans, and more powerful 15 to 18 ton thrust turbofans,

remain in development. After encouraging competing high-bypass turbofan programs, China in 2016 created the Aero Engine Corporation of China to seek efficiencies and accelerate high-bypass turbofan development. Success will be crucial for the development of airmobile power projection and competitive civil airliners.

All Nuclear-powered Carrier Battle Groups. Regarding global maritime power projection, China's key weapons priority is the development of aircraft carrier battle groups. In the 2002 and 2003 issues of the U.S. Department of Defense's annual *China Military Power Report*, there is the following assessment: "While continuing to research and discuss possibilities, China appears to have set aside indefinitely plans to acquire an aircraft carrier." While China's aircraft carrier ambitions were beginning to become apparent in the 1980s, it is now clear that PLA has had a major program to develop short take-off but arrested recovery (STOBAR), conventional take-off and landing (CTOL) and nuclear-powered aircraft carriers. Launched in April 2017, the PLAN's first indigenous STOBAR carrier started sea trials on 13 May, and the PLAN may acquire its first CTOL carrier by the early 2020s. On 27 February of this year the web page of the China Shipbuilding Industries Corporation (CSIC) briefly posted an announcement indicating that a nuclear-powered aircraft carrier could emerge by 2025. Informal Chinese sources suggest that future versions of the 10,000+ ton and 112 vertical-launched missile armed Type 055 large destroyer could be nuclear-powered.

Then in early December 2017, at a Shanghai maritime exhibition CSIC displayed a model of a nuclear-powered large underway replenishment ships—the world's first such ship. Such a ship could just as large as, or larger than, the 45,000 ton Type 901 fast combat support ship, two of which were launched by 2017. The Type 901 is very similar to the U.S. Navy's 49,000 ton Supply class, the only U.S. fast combat support ship able to keep up with U.S. Navy carrier battle groups.

By the early 2030s China could be deploying the world's first completely nuclear-powered aircraft carrier battle group: nuclear carrier; nuclear escort cruiser; escort nuclear attack submarine; and nuclear underway replenishment ship. Such a naval force will give the CCP leadership options for rapid deployment with far less reliance on a network of bases. A large model unveiled in July 2017 at the Beijing Military Museum of the People's Revolution indicated that future nuclear-powered carriers may have a PLA Naval Air Force (PLANAF) air wing equipped with 5th generation combat aircraft, unmanned combat aerial vehicles (UCAVs) and a family of support aircraft for airborne warning and control (AWACS), anti-submarine (ASW) and carrier onboard delivery (COD) logistic missions.

Along with its aircraft carrier battle groups it is likely that the PLAN will also deploy new medium and intermediate range ship-based missiles, for land-attack, anti-ship and even anti-satellite missions. In August 2017 Chinese web pages featured the university lecture slides of retired PLAN Admiral Zhao Dengping, who may remain involved in PLAN modernization decisions. Admiral Zhao indicated that a ship-launched anti-ship ballistic missile (ASBM) with a hypersonic maneuvering warhead may be in development. As such ship-launched ballistic missiles could also be nuclear armed, PLAN carrier battle groups in the future could also deploy with a nuclear missile strike capability.

Regarding underwater projection, Admiral Zhao's slides also indicated how the PLAN may transition to an all "nuclear powered" submarine force. Zhao indicated that the PLA may be developing an Air Independent Propulsion (AIP) system based on a small nuclear reactor enabling far greater endurance than existing AIP systems. This may provide a less expensive means to develop small platforms like the 3,600 ton Type 039A or Yuan class AIP powered submarines or the 6,000 ton Type 032 missile testing submarine into "nuclear" submarines. Also important is the PLAN's development of its 'Underwater Great Wall' of sea-bed sensors tied to land-based supercomputers to better target U.S. and Allied submarines with sea and land-based weapons.

Marine Amphibious Projection. Based on Chinese sources, in July 2007 then Malaysian-based analyst Prasun Sengupta wrote that the PLA Navy would produce up to six of its 25,000 ton Type 071 landing platform dock (LPD) amphibious assault ships. The Type 071 can transport about 800 troops and close to 20 ZBD-05 family of fast amphibious assault vehicles. The first was launched in December 2006, and the 6th Type 071 was launched on 20 January 2018. Sengupta also reported that the PLA would then build six landing helicopter dock (LHD) amphibious assault ships, which he called the Type 081. A 23,000 ton LHD design for export emerged in 2013 though the PLA may also be designing a larger 40,000+ ton LHD, sometimes called the Type 075 that could emerge by the early 2020s.

One result of the early 2016 PLA reorganization has been a decision to increase the PLA Marines from 10,000 troops to about 100,000 by incorporating former PLA Ground Force amphibious divisions and smaller units. Both PLA Marine and Ground Force amphibious units use the third generation ZBD-05 family of fast tracked amphibious assault vehicles, which informal sources suggest may be succeeded by an even faster fourth generation of vehicles. In the last year PLA Marines units have also started gaining the Norinco 8x8 wheeled armored vehicle family, including the 105mm gun armed ZTD-11, the 122mm artillery cannon armed PLL-05 and ZBD-07 infantry fighting vehicle. These will allow for rapid exploitation of landing areas secured by the slower tracked vehicles.

It is possible that the PLA is developing both twin-engine and quad-engine tilt-rotor fast vertical-lift aircraft. In August 2013 the China Helicopter Research Institute (CHREDI) revealed its 20-ton payload Blue Whale quad-tilt rotor concept. However, it is not clear when this design will be realized. In 2005 a top engineer with the Chengdu Aircraft Corporation told this analyst they were considering "a F-35 like design." This might include a short take-off version that could operate from a LHD, but little has been revealed regarding Chengdu's progress toward such an aircraft.

Airmobile Projection. A longstanding PLA Air Force (PLAAF) ambition has been to develop very large transport aircraft. While Chinese attempts to purchase the 120-ton capacity Antonov An-124 transport were rebuffed in the 1990s, a 2016 deal may now allow China to co-produce the larger six-engine 200 ton capacity An-226 transport. Greater access to Antonov's design capabilities may help inform future Chinese very large transport designs, most likely those of the Xian Aircraft Corporation. Today China is now increasing production of its 50-60+ton capacity Y-20 four-engine transport that first flew in January 2013. Expected production of indigenous high-bypass turbofans to replace its Russian Soloviev D-30KP turbofans may allow for higher

cargo capacity. In 2014 the PLA's National Defense University recommended the purchase of 400 Y-20 transports but the final number to be acquired has not been revealed.

Today the PLA Air Force administers two mechanized divisions of Airborne Troops, that since 2004 have been equipped with the 8-ton, 30mm cannon armed ZBD-03 airborne infantry fighting vehicle. These are soon to be complimented by a new wave of light armored equipment, to include a flatbed logistic or gun carrying derivative of the ZBD-03 and new wheeled 120 or 122mm airborne artillery systems. But as more heavy-lift aircraft enter PLAAF service, the PLA may also designate new wheeled mechanized brigades to form airmobile medium weight armored units, utilizing Norinco's 8x8 family. With adequate logistic support, airmobile medium-weight mechanized forces will be able operate faster and at longer ranges from their objectives, allowing greater flexibility in choosing air assault bridgeheads.

Future Expeditionary Airpower. With the acquisition of adequate refueling aircraft, the PLAAF and PLA Naval Air Force may soon be able to form "expeditionary" airpower packages able to deploy in support of global objectives. The PLA is developing 5th and 6th generation combat aircraft to gain air superiority. As PLAAF General He Weirong predicted in 2009, their first 5th generation fighter entered service in 2017. Recent informal sources suggest the PLA may acquire up to 500 of the Chengdu J-20 fifth generation fighter, which will be developed into multiple versions. J-20 chief designer Yang Wei may now be leading China's 6th generation combat aircraft program, which he stated in 2017 would exploit new artificial intelligence technology.

Large numbers of 4th and 4+ generation multirole Chengdu J-10 and 4+ generation Shenyang Aircraft Corporation J-16 strike fighters armed with 5th generation PL-10 short range and PL-15 long range air-to-air missiles, plus a variety of short and medium-range precision guided ground-attack weapons, can conduct offensive interdiction missions. In addition, Asian military sources estimate the PLA may acquire up to 140 of the modern Xian H-6K bomber, that can fire nuclear and non-nuclear 1,500km range CJ-10K land attack cruise missiles or carry up to 36 precision guided bombs. These could be equipped with aerial refueling systems to further extend range, and a naval strike version of the H-6K may soon enter PLANAF service. By the mid-2020s the PLAAF could have its next generation long-range strategic bomber, expected to be a stealthy flying wing design that could perform long-range surveillance and control missions in addition to nuclear and conventional strike missions.

China's development of unmanned aerial vehicles (UAVs) and UCAVs is now approaching the level of the United States. China's MQ-1 and MQ-9 class UCAVs produced by the Chengdu Aircraft Corporation and the China Aerospace Science and Technology Corporation are selling well in the Middle East and are marketed in Latin America. Stealthy turbojet-powered UCAVs could enter PLAAF and PLANAF by early in the next decade, long-range turboprop powered surveillance UAVs are in PLAAF service and the PLA is developing very high altitude long endurance UAVs and both UAV and airship platforms for Near Space surveillance and electronic missions.

China's development of two systems will be critical to its successful development of intercontinental airmobile projection. The first will be the development of large aerial refueling

aircraft. While the PLA today may have less than 20 HU-6 and Il-78 large tankers, which rely on slower hose-and-drogue refueling systems. It appears that the Y-20 will be developed into a large aerial refueling platform with a new remote-control long “boom” refueling system, which can transfer fuel faster. It can also be expected that the Chinese-Russian program to develop a new large wide-body airliner, if it is successful, will be developed into a refueling aircraft.

A second requirement will be the creation of a survivable space-based surveillance, communication and navigation satellite systems to meet future warfare needs. China likely now has more than 50 optical, radar and electronic intelligence satellites. But Chinese provinces and private companies are lofting new constellations of microsatellites that could exceed 400 in number by the early 2020s. Currently about 15 Beidou/Compass navigation satellites are operational out of a planned constellation of 35. But in January 2018 China launched its first communication satellite to test a laser data downlink to Earth, meaning it can proceed with plans to loft the first laser-based data relay satellite network. This will give China the ability to transmit much more data, and conceivably the ability to support multiple conflicts on Earth.

Space Control. China’s space control ambitions extend to achieving eventual control of the Earth-Moon System. This would be necessary for the PLA to be able to dominate warfare on Earth. In late 2015, informal Chinese sources suggested that under the aegis of the new Strategic Support Force (SSF) there would be established a formal “Space Force,” the existence of which has not yet been acknowledged publicly by China. This Space Force would be lead element in the conduct of space warfare, having taken control of the space assets of the former General Armaments Department, including ground-based laser and ASAT interceptors, space launch, tracking and control, satellites, manned- and deep-space programs. In addition to the SSF’s ground-based ASAT missiles, in the future the PLAAF may control air-launched ASATs, while the PLAN may control ship-launched ASATs.

The SSF or the PLAAF may control future space planes, while the SSF will control China’s dual-use Space Station. Like the Soviet era Energia MIR space station on which it is based, the 180-ton Chinese Space Station consists of civil modules which could be replaced with surveillance or weapons modules. The SSF will also likely control PLA combat satellites. In 2013 the Changchun Institute for Optics and Fine Mechanics proposed a 5-ton chemical laser-armed combat satellite. Other Chinese academic articles have described Earth-bombing platforms in Low Earth Orbit (LEO).

In late 2017, the China Academy of Space Technology (CAST) revealed the latest concepts for a Chinese manned Moon Base to be built in the 2030s. The SSF will control the Moon base and could use it for dual-use military missions. However, China need not wait until the 2030s, the reported time for completing the new 130-ton capacity Long March-9 SLV. Chinese experts have previously considered using multiple 25-ton capacity Long March-5 missions to achieve a manned Moon presence. The PLA could build an unmanned dual-use Moon presence before 2030.

Nuclear Parity or Superiority? In 2007, in one of the most frank and authoritative explanations of Chinese nuclear weapons strategies and policies, then-PLA Senior Colonel, now retired Major General, Yao Yunzhu, wrote that China seeks a “minimum deterrent,” or

“minimum but assured capabilities for a retaliatory second strike,” but not for “winning against nuclear weapons.” Neither Yao in 2007, nor the Chinese government since, has indicated how many missiles or nuclear warheads China will require.

The 2017 annual *China Military Power Report* to Congress stated the PLA has 75 to 100 intercontinental ballistic missiles (ICBMs). There was no indication in the DoD report regarding the number of new multiple warhead ICBMs in service, including the DF-5B, DF-5C, DF-41, and possibly the DF-31AG. But if one considers the potential number of warheads for one unit each of the PLA Rocket Force’s single and multiple warhead ICBMs and submarine launched ballistic missiles, that number is almost 300. Add a possible reload for the ICBM units and the warhead number exceeds 500. Simply adding new units of multiple warhead ICBMs and SLBMs can rapidly increase warhead numbers. But the China Aerospace Science and Industry Corporation (CASC), the China Aerospace Science and Industry Corporation (CASIC), and new “private” space launch companies, are developing new solid fuel space launch vehicles (SLVs) which could also be used to quickly increase ICBM numbers. CASIC’s new 4.5 meter diameter solid fuel Kuaizhou KZ-21SLV, now under development, can lift 20 tons into LEO; if developed into an ICBM, the KZ-21 could carry up to 100 new small nuclear warheads.

In Asia, China already has superiority regarding theater nuclear and non-nuclear armed medium and intermediate range ballistic missiles. Russian sources assess that some number of PLA Rocket Force short range ballistic missiles carry tactical nuclear warheads. Within a decade the Rocket Force could introduce a smaller successor to the DF-21 medium range ballistic missile family. To the DF-26 nuclear strike and anti-ship 4,000km intermediate range missile system will be added a new intermediate range, nuclear and non-nuclear armed air-launched ballistic missile (ALBM), with added range provided by the new H-6N launch platform. Ship-launched ballistic missiles will likely come in medium and intermediate ranges, with nuclear and non-nuclear warheads.

After spending decades loudly opposing U.S. missile defense initiatives, and more recently mounting a political and economic campaign to pressure South Korea to reject U.S. Theater High Altitude Area Defense (THAAD) missile defenses, China is now developing its own theater missile defenses. The 2017 *China Military Power Report* says the HQ-19 anti-ballistic missile interceptor has been tested, and at the 2017 Paris Airshow the China Electronic Technology Group (CETC) revealed a theater-range phased array radar which could guide this interceptor. It is conceivable that the PLA will also develop a national missile defense system.

China Exploits Debt to Gain Military Access

China’s development of military forces capable of global power projection will require access to foreign ports and airfields. For future military access, it is becoming apparent that China has settled on a new strategy for gaining military access around the world: use a country’s indebtedness to China as leverage to gain ownership or access that could lead to military access. As China proceeds with its \$1-3 trillion Belt and Road Initiative (BRI) to invest in infrastructure and other development projects in 60 countries from Central and South Asia to Latin America and Africa, and as it dominates trade with more countries, it can be expected to reap many more “debt trap” opportunities to gain eventual military access.

To date, China has established its first official foreign base in July 2017 in the small African country of Djibouti, reportedly paying about \$20 million a year for access. This base will enable China to resupply PLAN ships deployed for nearby anti-piracy patrols off of Somalia. This base features a naval dock and a heavily protected compound, but not an airfield. Troops deployed to this base are protected by Norinco 8x8 ZBD-09 infantry fighting vehicles and ZTL-11 wheeled tanks. On 3 May the Pentagon stated that U.S. pilots had been injured from Chinese lasers employed from this base; a U.S. base at Camp Lemonnier is about 10km away.

Reports from early March 2018 indicate that U.S. officials are worried that China may use debt pressure on Djibouti to gain control of the Doraleh Container Facility, which is used by the U.S. Navy. Djibouti's debt to China is reported to be \$1.2 billion, or about equal to Djibouti's annual GDP. One might speculate that China use of lasers against U.S. aircraft was intended to spark a U.S. response that China could then use to further pressure Djibouti to reduce the U.S. presence. U.S. access to Djibouti air and naval facilities enables support for anti-piracy operations and for countering Islamist terrorist efforts in Yemen. If China controlled all naval facilities in Djibouti, it could then exercise greater control over the vital Bab al-Mandeb Strait between the Indian Ocean and the Red Sea.

In December 2017 China gained ownership and a 99-year lease on the Sri Lankan port of Hambatota, following a series of decisions that left Colombo unable to repay Chinese loans to develop a port that was economically unviable. Sri Lanka owes China a reported \$8 billion from previous loans and the Hambatota deal was reportedly worth \$1.1 billion. While Sri Lankan officials have tried to calm fears that the PLAN could gain access to Hambatota, India and other countries will likely not be assured as long as China has heavy debt leverage. In 2014 the port of Colombo hosted a visit by a PLAN Yuan-class submarine, and Hambatota offers a more secluded port for potential PLAN use to add strategic pressure against India.

Additional countries reportedly vulnerable to "debt trap" pressure for access from China include Vanuatu, Pakistan, Cambodia, the Philippines, Thailand, Malaysia, Tonga and Micronesia. All afford potential access to oceans and seas of interest to a power-projecting China. On 9 April 2018, Australia's Fairfax Media reported that China and Vanuatu have held "preliminary discussions" about building a permanent base on the South Pacific island nation, 2,000km from Australia. Vanuatu quickly denied the report, but China accounts for about half of Vanuatu's \$440 million foreign debt, meaning the issue of military access will continue. China's plans for over \$60 billion in investments in the China-Pakistan Economic Corridor (CPEC), which could add \$14 billion to the \$19 billion in Pakistani debt already owed to China, could result in additional political pressure to extend China's 40-year lease on the port of Gwadar, or allow the PLA to have access for its ships and aircraft, putting more strategic pressure on India.

An early preview of China's "debt trap" tactic intentions may have occurred in late 2014. On 3 December 2014, the Hong Kong daily *Ta Kung Pao*, in an article on China-Venezuela economic relations, stated, "there are rumors that Venezuela intends to use a small island to pay the Chinese debt." The island was not named in this report. But the following day *Xinhua* reported the name, Blanquilla Island, and that Foreign Ministry spokeswoman Hua Chunying had denied such a deal. With an area of about 64 square kilometers, Blanquilla Island, which is 650km from

Puerto Rico, could accommodate a larger military base than Mischief Reef, which has 5.5 square kilometers. Today Venezuela owes China about \$20 billion out of \$60 billion loaned previously, giving China leverage to pursue facility ownership for future military access arrangements. Chinese companies are upgrading the Port of Cabello, Venezuela's largest port.

Debt due to China, along with its economic leverage, is accumulating in Latin America while China also invests in potentially strategic wet/land canal projects and port projects. Cuba has received \$6.7 billion in economic aid and may host Chinese intelligence gathering facilities. Brazil carries \$8.5 billion in Chinese debt and China is its largest trading partner. Chinese investment is supporting a long Brazil-to-Peru land canal project. Ecuador carries \$9.7 billion in Chinese debt while China is its 4th largest trading partner, and China is investing in the Pacific Coast Port of Machala. China is also investing in a \$50 billion wet canal project in Nicaragua, though it is proceeding slowly. China is investing in a \$10 billion land canal project in Guatemala, is a potential investor in a \$400 million land canal project in Costa Rica, and is investing in land canal projects in Colombia and Honduras. China is investing in four port projects in Mexico, a container port and an airport in the Bahamas, two ports in Panama, and single ports in Chile, Suriname and Uruguay.

China is also investing in resorts, construction, and telecom provision in the Caribbean. U.S. Southern Command (SOUTHCOM) Commander Admiral Tidd testified in February that China, the region's second-largest trading partner, has pledged \$750 billion in trade funds and direct investment in Latin American for the next 10 years. China has taken a similar approach in Africa: primarily extracting natural resources such as oil and metals; selling telecoms and construction services; developing markets and establishing loan leverage; alternately subverting or co-opting local and state authorities; and reinforcing its presence with substantial paramilitary security forces and apparatus.

Power Projection Mission One: Preparing to Invade Taiwan

We are reminded by the Project 2049 Institute's Ian Easton's 2017 book, *The Chinese Invasion Threat, Taiwan's Defense and American Strategy in Asia*, that since 1949 China has never abandoned its goal of conquering Taiwan. For the CCP, the conquest of Taiwan means much more than concluding the final chapter of its Civil War or reestablishing the mythic "unity" of China. Conquering Taiwan is required to ensure the survival of the CCP dictatorship because Taiwan's daily existence as a vibrant democracy undermines the legitimacy of the CCP regime, proving to Chinese people that they can have both political and economic freedoms. This prompts CCP's vicious campaign to isolate Taiwan politically, its United Front campaigns to undermine Taiwan's political and economic stability, and its relentless pressure on Washington to end arms sales and military cooperation with Taiwan.

Today the PLA has the means to reach Taiwan via thousands of Landing Ship Tank (LST) size Roll-On-Roll-Off (RO-RO) barges that ply China's rivers, and the 3,000 or so Airbus and Boeing airliners in China's airlines. Using barges, large civilian ferries and airliners, however, requires that the PLA first capture Taiwanese ports and airfields largely intact, a difficult task for its Marine and Airborne forces. The PLAAF has 600 to 700 4th and 4+ generation fighters that could dominate Taiwan's air force. A second generation of short-range ballistic missiles from

CASC, CASIC and Norinco could allow the PLA Rocket Force to increase ballistic missiles aimed at Taiwan from 1,200 to 4,000. In the last two years, China has also begun a campaign of regular military intimidation of the island, flying Xian H-6K bomber formations around it, and undertaking increased naval and combined-arms exercises such as recently took place near Fujian Province on 18 April 2018.

Today Taiwan remains protected by the challenge China faces in quickly and decisively crossing the difficult Taiwan Strait, and the fact that China's forces will have to overcome decades of Taiwanese preparations for such an invasion. When the PLA completes early phases of its reorganization and strategy reforms, and incorporates more 4th and 5th generation weapon systems, possibly by the mid-2020s, Taiwan will have required more modern weapons and defense investments in order to have sustained its deterrence of the PLA. But should Taiwan fall, beyond the political and humanitarian tragedy for the people of Taiwan, the PLA would gain a strategic windfall. It would likely create a new expeditionary Joint Theater Command on the island. In addition, remaining forces that had been allocated to the Taiwan theater contingency can then be redirected to India, Russia, Northeast Asia, and for increasing deployments in defense of Chinese global interests.

Taiwan as a Fulcrum for Chinese Power Projection

In addition to eliminating the “existential” challenge to the CCP's legitimacy posed by Taiwan's evolution into a vibrant democracy, the CCP covets Taiwan in order to exploit its strategic position. PLA forces based in Taiwan can avoid the Japanese-controlled Miyako Strait to have direct access to the Pacific, and would be ideally placed to blockade the Philippine Straits from the East and Western approaches. Control of Taiwan allows China to divide the Pacific; to sever the sea lines of communication vital to the survival of Japan and South Korea and separating these economies from those of Southeast Asia and the World. From Taiwanese bases the PLA will likely begin a campaign to control the Pacific out the “Second Island Chain.”

The PLA can be expected to quickly turn Taiwan into a base for nuclear and conventional forces. From potential bases on Taiwan's East Coast, PLAN SSBNs can immediately reach some of the deepest waters in the Pacific for nuclear patrols. The PLA may also seek to place ‘Underwater Great Wall’ seabed sensors and weapons in the shallow waters around Taiwan to blockade U.S. and Allied submarines. The PLA can also be expected to base on Taiwan its nuclear-armed medium, intermediate and intercontinental ballistic missiles, in addition to PLA Air Force nuclear-armed bombers. Access to Taiwan naval bases might spur the PLA to build a new Fourth Fleet, allowing the PLA Navy to increase its numbers of aircraft carriers, amphibious assault ships, and escort ships. This forth fleet will be used to impose control over the “Second Island Chain” and to undertake global power projection missions.

After gaining control of Taiwan, it is likely that China would focus on gaining new territories to the North, and to consolidate its control of the South China Sea. From its new Taiwan bases China can accelerate its already ongoing campaign of pressure against Japan. From Taiwan, PLA Navy and Marine assault forces have a short 180 km journey to the disputed Senkaku Islands, and a shorter 250-350 km path to Japan's Yaeyama, Ishigaki-shima or Miyako-jima Islands, which Tokyo now plans to fortify. Taking these islands, collectively known as the

Sakashima Islands, would present the PLA a new Southern Axis from which to threaten Japanese and U.S. forces on Okinawa. Beijing would then pressure Tokyo to make U.S. forces leave Okinawa as a first step toward the abrogation of the 1960 U.S.-Japan Treaty of Mutual Cooperation and Security. Japan has a longer history of choosing to bandwagon with the dominant world power, which it could decide will be China following its successful conquest of Taiwan. Or, Japan could undertake the much harder path of becoming a nuclear power and trying to implement very ambitious rearmament, which may require even greater short-term reliance on the United States. A more intense confrontation with Tokyo may give Beijing more opportunities to appeal to South Korea to help isolate its historic enemy, Japan.

PLA access to Taiwanese bases will also ease its ability to increase military pressure on the Philippines and to blockade the Philippine Straits from allowing access by U.S. forces to the South China Sea. Taiwanese-based forces are also well placed to manage Japan's and South Korea's access to efficient sea lanes at the top of the South China Sea. Conquest of Taiwan will greatly enhance China's ability to impose control over the South China Sea.

Power Projection into the South China Sea

China's aggression in the South China Sea has been justified by the Chinese government on the basis of longstanding territorial and historic claims, but in reality, its actions constitute early exercises in PLA power projection. Chinese claims to most of the territory of the South China Sea, the area within the Nine-Dash-Line, is justified based on previous claims made by the Chinese Nationalist Government of Chiang Kai Shek. But the strategic reality is that China requires control the South China Sea to create additional military pressures on Taiwan, but also to assure its nuclear and non-nuclear power projection into Southeast Asia and the Indian Ocean, and to assure its space power projection. Control over the South China Sea also gives Beijing the means to deny vital maritime and air commerce to the economies of Northeast Asia and Southeast Asia.

China exploited chaos at the end of the U.S. involvement in Vietnam in January 1974 to attack and capture the Paracel Islands. Then in March 1988 China defeated Vietnam in a brief skirmish over the Johnson Atoll in the Spratly Island Group and by the end of that year occupied six reefs in the Spratly Group. In January 1995 China was discovered to have occupied Mischief Reef, about 200km West of the Philippine island of Palawan. Then in April 2012 Beijing reneged on a U.S. Obama Administration-brokered deal for a mutual Philippine and Chinese withdrawal from Scarborough Shoal, about 260km from the former U.S. Navy facility at Subic Bay. For more than 25 years the members of the Association of Southeast Asian Nations (ASEAN) have engaged China over means to avoid greater conflict. However, Beijing has refused to participate in multilateral negotiations over the South China Sea and has prevented attempts to create a "Code of Conduct" that would impede its actions.

By 2001 or so, Asian governments were aware that China was building a new PLA Navy base at Sanya/Yalong Bay, a period that marks the beginning of the latest phase in China consolidation of control over the South China Sea. This new base contained a new underground protection facility for PLA Navy nuclear ballistic missile submarines (SSBNs), signaling the PLA's intention to deploy a major portion of its sea-based nuclear missile forces, thus making necessary

ever greater control over the South China Sea. China's air and naval base on Woody Island in the Paracel Group had an airstrip by the late 1990s, and has been upgraded with new docks and an expanded forces storage area. Beginning in 2014, China had by 2017 largely completed construction of new large naval, air and missile bases on Fiery Cross Reef, Subi Reef and Mischief Reef. This construction campaign saw the mobilization of hundreds of river-based Roll-On-Roll-Off barges to haul construction materials, giving an indication of how such ships could be mobilized to support an invasion of Taiwan.

The PLA's three new "stationary aircraft carriers" could eventually deploy about 70 combat aircraft and each could support two to four large amphibious assault ship, and smaller amphibious and combat ships. Recent reports in May 2018 suggest the PLA has deployed 400km range YJ-12 supersonic anti-ship missiles and 200km range HQ-9B 4th generation surface-to-air-missiles (SAMs) which would allow the PLA to deny access to most military and commercial shipping and airline traffic. Next the PLA will likely deploy combat aircraft to these bases and then may assess it is in a better position to declare an Air Defense Identification Zone (ADIZ) over the South China Sea, which China could then use to constrain U.S. and Allied military air traffic.

The PLA will also likely extend its 'Underwater Great Wall' networks of seabed-based sensors and weapons from its Spratly and Paracel Island bases, to better find and attack U.S. and Allied submarines. Successful operations of 'Underwater Great Wall' systems may require new large "Sea Base" platforms already being developed by some Chinese shipbuilding companies.

Having deployed air, missile, and naval forces to its initial series of new extended bases in the Spratly Island region, informal Chinese sources indicate that much greater island building efforts could be planned for the Paracel Group and around some of the new Spratly bases like Fiery Cross. When this happens, the PLA could also begin to deal with the nearby islands held by Vietnam, the Philippines and Taiwan. China may also seek to contain or target the larger Philippine island of Palawan which straddles a key sea route and can be used to threaten China's new bases. Barring their acquisition of large numbers of medium range ballistic or cruise missiles, the military forces of the ASEAN countries are not sufficient to deter aggression by China.

Dominating the South China Sea and protecting Hainan Island also assures the PLA's ambitions for space control. These ambitions cannot be achieved without the SSF's latest space launch facility, the Wenchang Spacecraft Launch Site on Hainan Island. Wenchang is the only SSF launch site that can handle the latest large SLVs such as the Long March-5 and the future Long March-9. These SLVs are essential for reaching the Moon, Mars, and Deep Space. Wenchang will also likely launch new large space planes that may use the Long March-5 as a first-stage booster.

Projection into the Indian Ocean and the South Pacific

As China secures more of the South China Sea and forces a neutral to Pro-China cast on ASEAN, it will have a freer hand to project more power into the Indian Ocean. Such maritime pressure will complement the already significant strategic pressure from the North that China is

placing on India by modernizing its forces in the Western and Southern Joint Theater Commands, its instigation of tense confrontations like that at Doklam, and its all-around support for Pakistan. Indian planning already assumes that a major conflict with China could see coordinated military action from Pakistan. During the 2017 Doklam confrontation with China, India was ready for conflict with Pakistan as well. Recently India has decided to upgrade its military facilities on the Nicobar Islands, which could restrict PLAN access to the Indian Ocean.

Chinese economic and “debt trap” pressures will likely result in China gaining greater access to bases in Sri Lanka, Pakistan, Bangladesh and perhaps the Maldives. Bangladesh carries about \$8 billion in Chinese debt but has a close military relationship, purchasing many of its latest weapons systems from China.

In February-March 2018, a government crisis in the Maldives, 400km South of India, combined with simmering Indian concern over growing Chinese influence, saw both India and China deploy forces for signaling. India deployed air assault forces to bases closer to the Maldives, while China sent into the Eastern Indian Ocean a PLAN group centered around a Type 071 amphibious assault ship to assure its friends in the Maldives government. It is instructive that even though its amphibious projection forces are small, China was bold enough to employ them to deter India. China will likely show greater activism in support of its friends when it has aircraft carrier battle groups to deploy and obtains greater military access to Indian Ocean bases.

One looming question is whether China and Iran’s military relationship will come to include Chinese access to Iranian bases. China has provided defensive advice to Iran, provided early assistance with Iran’s nuclear and missile program, and has provided weapons and technology for its indigenous military sector. Chinese systems have upgraded Iran’s U.S.-made F-4 Phantom fighters. Chinese anti-ship missiles sold to Iran have been given to Hezbollah and to Yemen’s Houthi rebels. Under the aegis of the Shanghai Cooperation Organization, should Iran become a full member, would the PLA send forces to multinational SCO exercises hosted by Iran? Would PLA forces placed in other Indian Ocean bases be used to assist Iran in the event of a future crisis?

In the South Pacific, China’s longstanding objective has been to weaken and diminish the U.S.-Australian alliance, and in the last two decades to exploit Australia’s increasing dependence on trade with China for political gain. China regularly tells Australians that their alliance with the U.S. is an unnecessary vestige of the “Cold War,” and is always ready to criticize Australia’s support for U.S. policy objectives, or Canberra’s agreement with U.S. opposition to Chinese actions or policies. China was very critical of Australia’s decision to accept U.S. forces in Darwin as part of the Obama Administration’s 2011 Pivot and Rebalance policies toward Asia. Likewise, China is critical of the Japanese proposal, more recently boosted by the Trump Administration, for Australia, Japan, India and the U.S. to form a “Quad,” for the purpose of increasing coordination and eventual strategic cooperation.

However, as the PLA’s power projection capabilities increase, it is likely that China will seek geographic advantages that can add military pressure to its political and economic pressure to force Canberra to diminish strategic relations with Washington. China’s bold initiative to seek a

base in Vanuatu, much closer to Australia, would have been shocking to Canberra. But China's generosity with aid and loans to Fiji, Tonga and Micronesia also make them vulnerable to future Chinese appeals for eventual military access.

Eventual Power Projection to Latin America

China's recent attempt to encourage a second Falklands War and its aggressive arms marketing in Latin America points to eventual Chinese power projection ambitions in the Western Hemisphere. In addition to possible intelligence facilities in Cuba, China also has control over a space tracking and control facility in Neuquen Province in Argentina. According to one source, in exchange for hosting this base, Argentina gets access to data from China's space surveillance network.

In Latin America, China already provides economic support and weapons to Socialist and strongly anti-U.S. Venezuela, and economic support to Communist Cuba. Norinco VN-4 armored cars employed by Venezuela's police and military are to the people of Venezuela what the T-59 tank was to the protesters in Tiananmen Square. China was very pleased with the 2001 formation of the U.S.-excluding Community of Caribbean and Latin American States (CELAC). Like the Falklands conflict, there are other latent territorial disputes and possible new arms competitions Latin America which China could use to advance arms sales. For example, by the early 2020s Brazil plans to introduce a 300km range land-attack cruise missile. This could prompt some neighboring countries to consider purchasing Chinese short range ballistic missiles.

Should a future Argentine government decide again to pursue a new Falklands conflict, it is likely that China will become again a principle source for inexpensive but effective weapons, and for intelligence and political support. At that time, if China has naval and air forces that it can send to support Argentina it may do so, especially if there is a larger supporting coalition of neighboring Latin countries.

Conclusions

China's power projection trajectory over the next two decades to 2040 means that it will have increasingly powerful maritime, air, cyber, and space power projection capabilities, which will likely benefit from an aggressive Chinese effort to use ideological, political, financial, and debt trap appeals to gain PLA access to a global network of bases. Equipped with robust deployable expeditionary forces and access, it cannot be expected that China will pursue an agenda merely aimed at limited foreign interests such as protecting citizens. Instead, China will pursue an active political-military agenda of asserting interests, acquiring and defending resource access and friends, and undermining democracies which engage in criticism of the CCP dictatorship or join the United States in defense coalitions. As early as the 2020s, in addition to a major focus on Taiwan, China can be expected to exploit its ability to wield its military superiority to advance its interests and undermine its enemies.

It is obvious that China's strategy for global power status does not allow the United States to shrink from its own global power status and historical role both as guarantor of free seelanes, as an ally to Asia's democracies and as a beacon for those willing to push against their own

oppressive regimes in search of greater freedom. It would be wise for the United States to revisit its experience with the Soviet Union, the other Communist Eurasian nuclear state with regional and global strategies of aggression. Lessons learned, lessons learned too late, and lessons not learned, all bear review.

Among the latter two are: denying ‘the otherness of the other’ when considering historical cultural elements underpinning the opponent’s ‘strategic culture’ and ‘ways of war’; persistent mistakes in analysis arising variously from inadequate language capabilities and human sources, mirror-imaging, inadequacy of conception and imagination in considering opponent strategy -- and hubristically ignoring the pervasive use of Denial & Deception, central to both Russian/Soviet and Chinese statecraft, as is political warfare and propaganda.

At the same time, there are substantial differences in the Soviet and PRC cases and timeframes. These include: the nearly total openness of the U.S. and its allies to the Chinese, vice the closed nature in the Soviet case; the vast trade, wealth, scientific collaboration and interdependencies in the Chinese case which can be a lever for or against serious assessment and action; the asymmetrical challenges faced by an open constitutional republic being targeted by agents of a counterintelligence state, any number of whom may be US citizens; the networked age of Internet connectivity, unguarded cyber lanes of communication, and ubiquitous information flows; weakened alliance cohesion and military commitment in post-Cold War West, and the eclipse of the bi-polar and uni-polar concept. All of these things and many more need to be carefully considered and ‘netted out’ in an effort to better consider perceptions, assumptions, options, opportunities, strengths, weaknesses, vulnerabilities, and requirements – all in the service of a new, comprehensive, long-term strategy and to guide subsequent investments.

But specifically, the United States and other democracies require a comprehensive long-term national strategy aimed at reducing the Chinese threat as represented by the CCP/PLA rulership’s strategy of aggression, and its all-pervading military buildup. Such a strategy must include a military, economic and ally focus, and a diplomatic, political and informational focus. The latter includes being willing to call out China’s actions which threaten abroad and suppress domestically. The Chinese people must understand that in opposing such actions of the CCP/PLA dictatorship we are not opposing the Chinese people. We appreciate the Chinese citizenry and all the considerable ethnic, regional, cultural and demographic diversity accreted over time by the various “China’s” prior to, and since, 1949. We understand their desire for economic and political freedom and national stability, and we believe these can best be enjoyed in peace and freedom.

Second, the democracies must establish greater levels of economic and security coordination regarding China. This means advancing informal cooperation under the Quad while setting a common agenda regarding China for existing ally networks and reviving protective institutions like Coordinating Committee for Multilateral Export Controls (COCOM). Protecting our military and technology secrets and advantages requires priority be placed on improving intelligence and counterintelligence, as well as education and cooperation with the private sector regarding espionage, security protocols, and intellectual property -- the latter to staunch what the

U.S. Trade Representative's March 2018 report estimated as \$225-600 billion in stolen information, per year!

Third, the U.S. and its Allies and friends must not continue to lose technological and military superiority to China. This demands greater investment both in Research & Development and defense. Consider two statistics from *Asia Times* global finance and China expert David Goldman: "China's share of high-tech exports has risen from about 5% in 1999, to about 25% at present. America's has plummeted from about 20% to about 7%. What this means in practical terms is that American can't build a military aircraft without Chinese chips." Relatedly, he points out that 30-40% of Chinese students major in engineering a sharp contrast with the 6-7% of U.S. students. While the manufacturing base is important, so is the technology base and its educational feedstock. Moreover, investments in technology and defense secure our freedom while also resulting in new applications, lines of business, competitive jobs, and wealth -- all vital to our economy. The U.S. must increase efforts to excel in 6th generation warfare technologies and be ready to share new decisive technologies with Allies and friends, before China captures them. The U.S. also must increase support for securing early positions on the Moon and the Lagrangian Points to deter military moves by China, and others.

Finally, the U.S. must become more serious about its obligations under the Taiwan Relations Act and the Six Assurances, to equip Taiwan so that it can continue to deter Chinese attack and maintain its security, its social and economic system and its life as a vibrant democracy. The loss of Taiwan would remove all pretense about China becoming a "responsible stakeholder" in an imagined global order. It would also become the trigger for a more rapidly aggressive stage in China's strategy for moving beyond regional power to global reach.

China's CASIC and Sinotruk Assisting North Korean nuclear missiles

Richard D. Fisher, 17 May 2018

China Aerospace Science and Industry Corporation (CASIC), since 2011, has supplied 16 wheel TELs for the Hwasong-13 and Hwasong-14 ICBMs. It has most likely supplied 18 wheel TELs for the Hwasong-15 ICBM.

China National Heavy Duty Truck Group (Sinotruk) has since 2013 had a joint venture in North Korea, making TELs for a new 300mm guided artillery rocket, then for a new tube-launched MRBM and then for the Hwasong-14 ICBM.



PLA Global Power Projection

Richard D. Fisher, 17 May 2018

Xi Jinping at 19th CCP Congress: China must build a "world-class military by 2050 that can fight and win wars across all theaters." This means the PLA must have the ability to defeat U.S. military forces globally by 2050.

Nuclear Projection by 2030: Parity with current US/Russia warhead numbers or ability to "leap" to parity; robust protected road-mobile, rail-mobile and submarine-based MIRV ICBM force; National Ballistic Missile Defense underway; potential for robust strategic cooperation with Russia in strategic defense and offense capabilities. CASIC KZ-21 solid fuel space launch vehicle could yield 20 ton payload solid fuel ICBM with up to 100 warheads.

Maritime Projection by 2030: 4 carrier battle groups, 2 CATOBAR w/ 5th gen carrier air wings; 12 large LHD/LPD based amphibious projection force; reformed PLA Marines of 6+ Brigades or 100,000 troops; 4th generation of 50kt capable EFV, tilt-rotor aircraft and STOVL strike fighter. Global basing structure: Djibouti, then possibly: Sri Lanka; Gwadar Pakistan; Espiritu Santo, Vanuatu; Venezuela ?

Airmobile Projection by 2030: @ 200 Xian Y-20, 60 ton transports; new 100+ ton transport based on An-124; large aerial refueling tankers; @ 300 Chengdu J-20 5th Gen fighters; air deployable units of medium weight armor/AAA in addition to more capable lightweight Airborne troops.

Space Projection by 2030: Many 100+ ISR sat constellations; Mobile ground-based interceptors to High Earth Orbits; Rapid lofting of dedicated manned and unmanned LEO space combat platforms; 2nd Generation Dual Use Space Station; early militarization of Lagrangian Points and the Moon.



The Chairman. Thank you, Mr. Fisher.

Mr. Blumenthal, you are recognized for 5 minutes.

STATEMENT OF DAN BLUMENTHAL

Mr. Blumenthal. Thank you very much.

And I am tempted to just say, I agree, and stop there, but I have a few more points to add.

You know, it is popular now to say that everybody got China wrong, and actually, on this panel, my colleagues here, did not get China wrong and have been beating the drum on this issue for over 20 years. And some people got it wrong, but the people who didn't should really be listened to going forward. And so I thank you very much, Mr. Chairman and Ranking Member, for holding this very important hearing.

I would like to make a few points, I think, that were made before. We have to understand very carefully the goals and purposes of the Chinese Communist Party run by Chairman Xi Jinping, and from there, understand what they are doing militarily to achieve those great aims.

It is not enough to say that the only aim of the Chinese Communist Party is to stay in power. That, of course, is its main aim. But it is a Leninist party overseeing a continental empire that is going to sea, and that makes things very complicated for China if we decide to make it more complicated for China.

A continental empire going to sea is quite significant. We may look back historically at that decision by China as akin to Germany's decision in 1870 to go to sea and challenge the U.K. Hopefully, it won't end up in the same conflict if we manage this competition and prevail effectively.

The Chinese Communist Party obviously has a lot more means than it did before to build up its power, its military power, and its economic power, as well as, very importantly, its political warfare and informational power, which is so key to understanding what it is doing abroad and here in the United States. And the People's Liberation Army has that role. It has the role of political warfare, in coordination with other arms of the Chinese Communist Party. Political warfare meaning intervention inside the United States to put a more benign face on China intervention and other countries to align themselves with China as well.

It started with Taiwan. And Taiwan is still the main goal. So it started with Taiwan in the sense that in order for the China Communist Party to coerce Taiwan into unification, it needed not only abilities to coerce Taiwan into unification, but also power projection capabilities to keep the United States at bay.

And so the development of China's precision strike regime, and they are catching up to us in precision strike regime, meaning, the ballistic missiles, which we, of course, are not allowed to develop ourselves, because we are still the only country, it seems, that is still abiding by the INF Treaty, which should be looked at extremely carefully. But its ballistic missiles, all the things mentioned before, it is enabling C4ISR, its submarines and its ships all tied together, and able to bring quite a bit of combat power to bear against Taiwan, against U.S. assets around Taiwan, against Japan, and increasingly in what we call the Second Island Chain closer to the homeland.

We could think of it historically, again, as China tries to fund the Pacific islands in return for access. We could think of it increasingly as what the Imperial Japanese were trying to do right before World War II, which is have more striking power against Hawaii and the U.S. homeland.

Further afield, as you mentioned, driven by oil and resource interests at first,

China has made headway in and around the Indian Ocean. And if you track the OBOR, the One Belt One Road, very carefully as we do at AEI, you will see that a lot of the major construction and investment projects are going to places like Pakistan and Bangladesh, which would provide outlets for China into the Indian Ocean that don't have to go through the Straits of Malacca and others areas that the United States dominate. And it really is a cash or investment for access deal in many of these places.

The BRI will never achieve, in my view, what Xi Jinping has said, which it to establish a Silk Road. But through targeted investments, China will gain a lot in terms of access, including ports in Greece. It controls or had company controls of port in Haifa, Israel. And it is increasingly also doing military defense diplomacy around those areas as well. The base in Djibouti is a very big deal, a very, very big deal, and it is the fruit of cash for diplomacy as well. And look to China to develop more access points in Africa as well.

Now, let me conclude with this. The study of a competitive strategy has to also study Chinese weaknesses, because to compete effectively, we have to put our strengths against their vulnerabilities, and there are a lot of vulnerabilities. We have been way too shy, in my view, about directly confronting the Chinese Communist Party and its weaknesses. They constantly come at us with political warfare, information campaigns, propaganda. We let them off the hook.

There are a lot of Chinese inside China who do not like what the Chinese Communist Party is doing, who are working for more justice, who don't like the corruption, who don't like the direction of militarization, and would be a very good audience for a more and robust information campaigns about what the Chinese Communist Party is doing. That is true in some of the recipient countries as well of OBOR, who are very ambivalent about Chinese power and hegemony.

So I do, in my testimony, have some more lists of things that we can do once we understand exactly what China is doing. I will end on this. It is very difficult -- we can make it very difficult for a continental empire with 14 land borders -- 14 land borders to go to sea, and that would mean bringing about the maritime encirclement in terms of building out the allies and partnerships around that First Island Chain: Japan, Philippines, Taiwan. And Taiwan should no longer be looked at as simply a sentimental issue in U.S. geopolitics. It is increasingly critical to the U.S. position in the South China Sea as well.

Anyway, let me end there, and I welcome very much your questions and comments. Thank you.

[The statement of Mr. Blumenthal follows:]

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China's Worldwide Military Expansion

Prepared statement by

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Before the House of Representatives Select Committee on Intelligence

United States House of Representatives

115th Congress, May 17, 2018

Mr. Chairman, Mr. Ranking Member, thank you for holding this critical hearing today and inviting me to testify along with this distinguished panel. Our recent National Security Strategy and National Defense Strategy call for a robust, multidimensional strategy to compete effectively with a “revisionist” China. In order to do so we need to better understand the goals and purposes of China’s grand strategy and more specifically, the topic of this hearing, China’s “Worldwide Military Expansion.”

Here is the bottom line up front:

First, China’s boom in wealth over the past four decades has provided the Chinese Communist Party with means to implement a large-scale military modernization that will allow China to power project far beyond China’s borders.

Second, China has begun using this newfound military power to engage in campaigns in the Asia-Pacific to coerce regional neighbors into accepting China’s territorial claims and, over time, its dominance. Beijing has changed the regional balance of power by undermining the United States’ historical ability to operate freely in the region.

Third, through increasingly sophisticated military exercises, “defense diplomacy” and targeted investment and construction projects, the CCP is demonstrating its desire to operate further afield in what we call the “second island chain” closer to our homeland as well as through the Indian Ocean.

Fourth, while China capabilities are formidable, it has manifold military and political weaknesses that a true competitive strategy would exploit.

The CCP’s Strategic Purposes and Goals

The Chinese Communist Party aims to achieve the “China Dream” of “Great National Rejuvenation” which means reordering the Asia-Pacific with China at its center as the “Middle Kingdom.” China has always been a continental empire and remains one to this day. However,

now it is a continental empire “going to sea.” At first this was driven by the desire to recapture one of the last remaining part of the Qing empire not now under CCP control, Taiwan. But now its ambitions have grown beyond that as we see from its actions in the South and East China Seas and in the Indian Ocean.

The main military target was and remains Taiwan, but to successfully force democratic Taiwan to come to heel, the People’s Liberation Army needed greater power projection capabilities, what they call, “counter-intervention” capabilities to put at risk US and allied assets within what it is called the “first island chain”: from Japan through Taiwan and the Philippines and Indonesia. As it grew these capabilities it has found them useful in advancing expansionist claims in what it calls its “near seas.”

Military Modernization

In November 2013, General Secretary of the Chinese Communist Party, Xi Jinping announced substantial Chinese military reforms to optimize the size and structure of the 2.3 million People’s Liberation Army (PLA) and accelerate building “new types of combat forces.” The first steps of these reforms was to reduce the PLA manpower by 300,000, give operational command to the Theatre Commands that focus on geographic-specific mission sets, elevate the PLA Navy (PLAN) and PLA Air Force (PLAAF) to the same status level as that of the PLA Army, and establish the PLA Rocket Force (PLARF) to share joint command and control with the Central Military Committee over China’s strategic missile forces. These reforms are meant to push the Chinese armed forces to more rapidly adapt to shifts in China’s overall goals: from protecting the mainland to projecting power beyond China’s borders.

China’s 2015 Military Strategy White Paper lays out the following strategic tasks for the Chinese armed forces:

- safeguard sovereignty and security of China’s territorial land, air, and sea;
- safeguard the unification of the motherland;
- safeguard China’s security interests overseas and interests in new domains;
- maintain strategic deterrence;
- strengthen efforts in operations against infiltration, separatism, and terrorism to maintain China’s political security and social stability;
- and perform humanitarian and disaster relief operations.

To achieve all of these goals China needs to devote more resources to increased air/sea capability, more sophisticated joint and combined forces, and, as we have seen, more “counter-intervention” capabilities on Chinese man-made islands in South China Sea. The PLA is also heavily focused on information and political warfare, to both dominate all information during wartime and to try and undermine US and allied will to and hope for resistance.

Counter-intervention and Power Projection in the South China Sea

Since 2014, China has substantially expanded its ability to monitor and project power throughout the South China Sea via the construction of dual civilian-military bases and the placement of military assets at its outposts in the disputed Spratly and Paracel Islands. These include new radar and communications arrays, airstrips and hangars to accommodate combat aircraft, shelters likely meant to house missile platforms, and deployments of mobile surface-to-air and anti-ship cruise missile systems at Woody Island in the Paracels.

On May 2, 2018, it was reported that China installed YJ-12B cruise missiles and HQ-9B long-range surface-to-air missiles (that have ranges of 295 and 160 nautical miles, respectively). This was the first Chinese missile deployments to Chinese reclaimed “islands.” Some Chinese forward operating bases in the South China Sea are complete giving China the capability to make costly third party intervention in the region. In April 2018, new satellite imagery suggested that China had deployed electronic warfare equipment to the Spratlys, and later reports revealed that U.S. Navy fighters had encountered some jamming problems as its Growlers patrolled the South China Sea.

If China continues along this trajectory and deploys forces onto these reclaimed islands, then China will be able to “extend its influence thousands of miles to the South and power project deep into Oceania,” as Admiral Philip Davidson noted.

Regional Coercion

With this newfound military power, China has also become more confident in engaging in coercion campaigns against regional states.

Coercion Tactics

Within in the South China Sea, China aims to limit other countries’ access to the waters through coercive tactics by the Chinese “maritime militia” patrolling the waters and trailing U.S. patrols in the region. Against regional neighbors, the Chinese maritime militia, which is not officially part of the PLAN, consists of “fishing” boats that are equipped with large steel rods and strong spray water hoses that ram against and spray Filipino and Vietnamese fishing boats that try to fish near the contested islands.

Moreover, China continues to engage in unsafe intercepts of U.S. planes conducting routine surveillance flights around the South China Sea and Korean peninsula, sometimes coming within 1000 yards of U.S. Navy P-3s.

China responds to U.S. freedom of navigation operations in the South China Sea by deploying fighters and surface ships to “escort” the US destroyer out of the contested waters. These tactics are the Chinese Communist Party’s way of asserting its dominance and control over the waters and the islands by warning other countries that, if you intend to access or sail through these areas, China is tracking your movement and will respond as it chooses.

China has also increased its military coercion campaigns against Taiwan, particularly after Xi’s reinforcement that China would defend the “One China” principle by force if necessary at the

19th Party Congress in October 2017. For example, in January 2018, China unilaterally announced new M503 commercial flight paths that enter within 4 nautical miles from Taipei and through restricted airspace blocks set up by Taiwan's air force. China also began regularly circling the island with military aircraft, forcing Taiwan to scramble fighter jets.

This air coercion campaign has been complemented with coercion in the seas as well, as China's sole aircraft carrier, the *Liaoning*, has also sailed through the Taiwan Strait/Taiwan's ADIZ five times since the election of Tsai Ing-wen in January 2016. In April 2018, shortly after the U.S. decision to allow high-level government exchanges between Washington and Taipei, China conducted live fire exercises in the Taiwan Strait. The PLA can, and is willing to, use its might to coerce Taiwan into reunification.

Exercises

In addition to coercion campaigns aimed at specific countries, China has also increased the frequency and intensity of its military exercises in the region. Just last month, China conducted its largest ever naval parade where Xi Jinping stood on the deck of a missile destroyer and reviewed a line of warships that included an aircraft carrier, submarines, and fighter jets – over half of which were commissioned after 2012, according to Xinhua News.

This follows the *Liaoning*'s take-off and landing drills and live ammunition drill for aircraft carrier formations in the South China Sea in 2017. This marks a significant improvement in capability since China first “broke” the first island chain through PLA air and maritime maneuvers between late 2016 and early 2017. All of these exercises demonstrate that the Chinese military not only has increased its military capability as a whole, but are also more willing to use these capabilities to achieve its strategic goals beyond the first island chain.

Beyond East Asia

Driven by the need for resources, China has been more militarily active in the Indian Ocean, Eastern Africa and the Persian Gulf. Despite the challenges facing the Chinese economy, Xi Jinping has also aimed to project Chinese power worldwide through the Belt and Road initiative that aims to link China with Asia, Central and Eastern Europe, the Middle East, and Africa. The creation of a new “Silk Road” is highly unlikely.

However, targeted investments and projects that aim to secure Chinese energy and oil supply lines are ongoing. Beijing has also deployed a toolkit of economic inducements to purchase the support of countries it has deemed strategically valuable – from the eastern coast of Africa, where it wants naval bases, to the Middle East, where it needs oil. In these cases, Beijing is trading money for access to ports and other potentially useful military facilities. If you carefully track the numbers as my colleague Derek Scissors does in his China Investment Tracker, you find that China has mass investment and construction projects in countries that offer potential access to the Indian Ocean, such as Pakistan and Bangladesh.

In addition to infrastructure and capital investment, China has bought up many global ports around key trade routes and maritime chokepoints, usually first for commercial purposes and then sometimes transitioning their use for military assets as well. An example of this is the Gwadar port in Pakistan, where first Beijing invested heavily to secure ownership over a strategic trading base and eventually the PLAN began conducting port visits. In Sri Lanka, Greece, and Djibouti, Chinese investment in civilian ports have likewise been followed by deployments or visits of PLAN vessels. Djibouti has become China's first overseas military base. The PLA completed its first ground-based exercise in a foreign territory independent of a United Nations Command in Djibouti in November 2017. This base will reportedly host up to 10,000 troops and is near the U.S.' sole military base in Africa – Camp Lemonnier. The establishment of this base signals China's interest in protecting its growing economic and security interests in Africa and the Indian Ocean.

China's Arms For Influence

Chinese arms sales have also increased in these regions in an attempt for China to export its military influence abroad. A study by the Stockholm International Peace Research Institute (SIPRI) that looked into the volume of international transfers of major weapons between 2008 and 2017 revealed Chinese arms exports increased by 38% in the last few years: exports to Africa alone rose by 55% in this period. Most of this arms sales were naval sales, for example China's sale of submarines to Pakistan and Thailand and corvettes to Bangladesh and Algeria. Pakistan, Bangladesh and Algeria were the top three destinations for Chinese arms, with China being Pakistan's largest arms supplier. China's sale of stolen US UAV technology has also increased to America's partners in the Gulf.

Recommendations for U.S. Policy

The key to the competitive strategy to which we have committed ourselves is to identify and examine China's many weaknesses and to start to exploit them. China's greatest military weakness is its lack of real combat experience, unrealistic training, and rigid command culture. First, China has not engaged in actual combat since the 1979 Sino-Vietnamese conflict. Second, the Chinese PLA lacks "realistic" training that includes combat training, joint operations, and mitigating risk. Third, due to the high level of suspicion and fear amongst the Chinese Communist Party (CCP), PLA leaders are wary of making decisions without direct CCP approval. Down the latter, NCOs or junior officers could be hesitant to make quick decisions on the ground, and thus may be hindered by this rigid command structure. Fourth, the CCP is vulnerable to imperial overstretch. It borders 14 countries, has restive provinces and yet also has great maritime ambitions.

However, the greatest weakness we should be prepared to confront is the CCP itself. We must remember that the CCP dominates life in China and will always put the needs of the party first. The people of China know that. And, Xi Jinping worries constantly about "domestic threats"

from the ethnic peoples he oppresses in Xinjiang and Tibet to the many Chinese who attempt to work for more justice. And, the recipient countries of Chinese largesse are themselves ambivalent about the OBOR and greater China power.

We should certainly continue to demonstrate that it will be very difficult for China to accomplish all of its goals at sea. Building out our new partnerships with Vietnam, Indonesia and India while strengthening our alliances and partnerships with Japan, Australia, Taiwan and Singapore will create the maritime encirclement that China most fears. But we need not be reactive. We can also start targeting the CCP with information campaigns and political warfare, as they do us. The goal should be to force China to spend more of its scarcer resources on defending against “internal threats” and on facing its manifold domestic problems and less on its destabilizing expansionism.

Thank you very much. I look forward to your questions.

The Chairman. Thank you, Mr. Blumenthal.

Ms. Kim, you are recognized for 5 minutes.

STATEMENT OF PATRICIA M. KIM

Ms. Kim. Thank you.

Chairman Nunes, Ranking Member Schiff, distinguished members of the committee, thank you for the opportunity to testify today. I will begin my remarks by briefly situating China's military expansion in the context of its long-term strategic goals, and I will conclude by how the United States should respond by focusing on our comparative advantages when responding to China's military expansion and growing influence around the world.

Since assuming power in 2012, President Xi has clearly articulated his vision to achieve what he calls the great rejuvenation of the Chinese nation by transforming China into a great power by 2049. A major component of this Chinese dream includes strengthening and expanding China's military capabilities. And Beijing has specifically tasked the PLA to complete military reform and modernization by 2035, and to become a world class military by 2050.

In order to achieve these ambitious goals, the Chinese Government has undertaken significant measures both at home and abroad, from strengthening the party and Xi Jinping's personal control over the military to tasking the PLA to focus on emerging technologies, especially AI, as critical tools for modern warfare.

With regard to expanding its reach abroad, China, to date, has largely relied on its economic power to cultivate influence in its immediate neighborhood and beyond. But the PLA Navy is beginning to expand its reach to protect China's growing interests, and it

benefits through strategically motivated investments under the banner of the Belt and Road Initiative.

The PLA, of course, has also steadily expanded its aggressive presence in the East and South China Seas, as our other witnesses have elaborated. However, despite these concerted internal and external efforts to expand its military capabilities, significant challenges still stand in the way of China's efforts to become a great power.

First, China faces major internal challenges from the need to engage in structural economic reform to the potential for ethnic unrest in Tibet and Xinjiang where it engages in horrible repression. Furthermore, domestic disgruntlement over issues such as economic inequality and air pollution are pervasive and could potentially lead to instability in China's domestic political arena and distract it from its global ambitions.

In addition to these internal challenges, China also faces severe limitations in terms of its hard and soft power abroad, especially compared to the United States. Other than the Treaty of Mutual Aid and Cooperation with North Korea, China has no formal allies and just one overseas military base in Djibouti so far.

In contrast, the United States has dozen of allies, collective defense arrangements, and security partnerships throughout the world.

Furthermore, despite general acknowledgement of China's economic prowess, many countries remain wary of China's intentions, especially in its immediate neighborhood. While many have welcomed the prospect of Chinese investment, fears of Chinese overreach and exploitation have sparked grassroots protests and the abrogation of agreements even in countries with close ties to Beijing. These cases show us that even states with a need for economic aid will not necessarily accept Chinese investment in the face of domestic resistance and sovereignty concerns.

China's push to modernize its military and extend its reach abroad is unsurprising

and it reflects the natural tendency of rising powers to increasingly exert influence beyond their borders. As a response, the United States should work with its allies and partners to shape the environment around China to disincentivize destabilizing behavior and to encourage Beijing to use its growing power in constructive ways.

To do this, Washington must first speak from a position of strength so that Beijing understands any military conflict or attempts to restrict the United States' maneuverability in east Asia will come at a great cost and will set it back in its many ambitions at home and abroad.

At the same time, U.S. leaders should also reassure their Chinese counterparts that the United States doesn't necessarily seek to constrain China or prevent its prosperity, and that the two countries have more to gain by steadily working through bilateral issues and cooperating to address common global threats like the North Korean nuclear crisis.

When responding to China's growing military power, the United States should focus on its comparative advantages by first strengthening our own military capabilities and maintaining a leading edge on technological innovation at home. We need to invest in research and development in STEM education. We need to encourage top talent to stay and work in the U.S. We need to facilitate collaboration across civilian and military tech sectors. In short, we need to have our own response to China's plan to have technological superiority, in addition to defending our existing industries from Chinese encroachment.

Second, the United States should work to strengthen our alliances and security partnerships which are an invaluable asset that enables us to generally shape outcomes in the global arena. The disagreements with allies should be worked out discreetly and in a manner that doesn't undercut the credibility of our commitments.

Third, the United States must not only focus on countering Chinese expansion, the expansion of Chinese activities in east Asia, but also advance our own positive agenda for engaging the region. Washington needs to think boldly about what other proactive measures it can take, whether it is rejoining the TPP or some other measure to dramatically signal that we are here to stay in Asia and that we want to contribute in a constructive way.

The United States, fourth, should also continue to champion our liberal values of open society, rule of law, respect for individual and political freedoms, and democratic governance. These values underpin our soft power and still resonate around the world, even in China where many elites and citizens alike are very concerned about the increasingly authoritarian turn in Beijing.

While Beijing touts its value-free diplomacy of, quote/unquote, win-win cooperation as pragmatic and as an attractive model, its claims can quickly ring hollow when benefits don't materialize or when they are lopsided. So the United States should continue to reaffirm the importance of our values at home so that we can be a beacon that inspires citizens and elites in China and elsewhere to push for greater openness in their political systems.

And, finally, the United States should leverage China's desire for stability and prosperity at home to discourage its destabilizing behavior, and to encourage its active participation in tackling global challenges, because China cannot achieve any of its ambitious goals if it is beset with chaos, such as the war on the Korean Peninsula or in the South China Sea. So rather than engaging in any transactional bargains over these issues, we should continue to convince Beijing that it is in their interest to cooperate with us.

Thank you.

[The statement of Ms. Kim follows:]

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Understanding China's Military Expansion and Implications for U.S. Policy

Prepared statement by

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Before the

House Permanent Select Committee on Intelligence

*United States House of Representatives
2nd Session, 115th Congress*

Hearing on China's Worldwide Military Expansion

Chairman Nunes, Ranking Member Schiff, distinguished members of the committee, thank you for the opportunity to discuss the topic of China's military expansion, an issue of great consequence for the United States and the rest of the world. I will begin my remarks by situating China's military expansion in the context of its long-term strategic goals and then outlining the specific steps China has undertaken, as well as the challenges it faces, in its quest to become a global military power. I will conclude with a discussion of how the United States should respond to China's military expansion and the growth of its influence around the world.

CHINESE MILITARY EXPANSION IN CONTEXT OF BEIJING'S LONG-TERM STRATEGIC GOALS

China's Intention to Become a Great Power by 2049

Since assuming power in 2012, President Xi Jinping has clearly articulated his vision of the "Chinese dream" which seeks to achieve the "great rejuvenation of the Chinese nation." Xi has vowed to "restore" China's historical influence and status by transforming China into a moderately prosperous state by 2020 and a rich, strong, and fully-developed great power by 2049.¹ A major component of the Chinese dream includes the strengthening and expansion of China's military capabilities. Beijing has specifically tasked the People's Liberation Army (PLA) to complete military reform and modernization by 2035 and to become a world-class military by 2050.

¹ "Timeframe for Realizing the Chinese Dream," *Beijing Daily*, July 7, 2015, http://www.xinhuanet.com/politics/2015-07/07/c_127994345.htm

In order to achieve these ambitious goals, the Chinese government has undertaken significant measures both at home and abroad.

Internal Measures to Strengthen China's Military Capabilities

Increasing the China Communist Party's control over the PLA

According to Beijing, the Chinese dream can only be achieved with the Chinese Communist Party (CCP) firmly in control and a PLA that is absolutely loyal to the party. Xi has moved swiftly since coming into power, “cleaning up” both the party and the military and to consolidate his personal power through an extensive anti-corruption campaign. This campaign has targeted all levels, from local bureaucrats to high-ranking leaders and military officials, and has strengthened the CCP's (and Xi's) oversight of the PLA.² Xi has also ordered extensive organizational restructuring of the military to streamline control and increase his grip over the PLA as chairman of the Central Military Commission.³

Modernizing the PLA

Under Xi's rule, the PLA has undertaken several reforms to modernize and strengthen its warfighting capabilities. Some of these measures include increasing the size of the navy and air force while reducing ground troops by 300,000; the creation of five theater commands to boost joint operations capabilities; and the establishment of a Strategic Support Force that focuses on space, cyber, and electronic warfare.⁴ The PLA has also been tasked by the Party to accelerate the development of military intelligence, with a focus on emerging technologies and especially artificial intelligence as critical tools for modern warfare.⁵ The Chinese government has also called on commercial and defense industries to work together to strengthen China's military. This drive for “civil-military fusion” fits squarely into Beijing's larger strategy, as mapped out in its Made in China 2025 initiative to transform China into a self-sufficient technological powerhouse.⁶

Expansion of the PLA's Global Reach

The mutually reinforcing nature of China's commercial and military activities abroad

To date, China has primarily relied on its economic power to cultivate influence in its immediate neighborhood and beyond. Under the banner of the Belt and Road Initiative (BRI), Beijing has pledged to invest more than \$1 trillion in infrastructure investment across 60 plus countries. Given China's growing interests abroad, the PLA Navy (PLAN) has begun developing capabilities to operate in the far seas. It opened its first overseas military base in Djibouti near a Chinese-operated port in 2017 and has demonstrated both the will and ability to protect Chinese interests and citizens in foreign countries, as evidenced by the noncombatant evacuation operations it carried out in Libya and Yemen in recent years. In addition, many of China's infrastructure investments seem to be driven in part by strategic concerns, with an eye on expanding

² “Xi's Purge of the Military Prepares the Chinese Army for Confrontation,” *The Rand Blog*, April 21, 2016, <https://www.rand.org/blog/2016/04/xis-purge-of-the-military-prepares-the-chinese-army.html>

³ Bo Zhiyue, “Is China's PLA Now Xi's Army?” *The Diplomat*, January 12, 2016, <https://thediplomat.com/2016/01/is-chinas-pla-now-xis-army/>

⁴ Joel Wuthnow and Phillip C. Saunders, *China's Military Reforms in the Age of Xi Jinping: Drivers, Challenges, and Implications* (Washington DC, National Defense University Press, 2017), <http://ndupress.ndu.edu/Portals/68/Documents/stratperspective/china/ChinaPerspectives-10.pdf>

⁵ Kevin McCauley, “The PLA Accelerates Modernization Plans,” *China Brief* 18, no. 1 (January 12, 2018), <https://jamestown.org/program/pla-accelerates-modernization-plans/>

⁶ Lorand Laskai, “Civil-Military Fusion and the PLA's Pursuit of Dominance in Emerging Technologies,” *China Brief* 18, no. 6 (April 9, 2018), <https://jamestown.org/program/civil-military-fusion-and-the-plas-pursuit-of-dominance-in-emerging-technologies/>

the reach of China's military abroad. For instance, Chinese analysts have called for investing in commercial ports in order to use these sites first for civilian purposes, and then as strategic support points for the PLAN.⁷

Increasing military presence and activities in the East and South China Seas

In addition to expanding its military in support of, or through commercial activities, Beijing has also directly increased its military presence in the East and South China Seas. In the East China Sea, Beijing regularly uses maritime law enforcement ships and aircraft to assert its sovereignty claims over the Senkaku (Diaoyu) Islands which are claimed by both Japan and China. In the South China Sea, Beijing has steadily engaged in land reclamation and the construction of military outposts in the Spratly Islands. According to recent reports, China has now installed anti-ship missiles, surface-to-air missile systems, and military jamming equipment on a few of the disputed features. Given the increasing militarization of these territories, U.S. Navy Admiral Philip Davidson writes that "China is now capable of controlling the South China Sea in all scenarios short of war with the United States."⁸

Challenges to China's Quest to Become a Great Power

Internal Challenges

Despite the concerted internal and external efforts to expand its military capabilities, significant challenges still stand in the way of China's efforts to become a great power. First, China faces major internal challenges—from the need to engage in structural economic reform to address its growing debt problem and the glut of inefficient state-owned enterprises, to the potential for ethnic unrest in Tibet and Xinjiang. Despite the CCP's firm grip over power at home, disgruntlement over issues such as economic inequality and air pollution are pervasive at the grassroots level and could potentially lead to instability in China's domestic political arena. While the CCP clearly understands these challenges exist and has set out various measures to tackle them, many of these issues will not be easily resolved and may distract or slow down Beijing's efforts to transform China into a world-class military power.

Limitations to Chinese Hard and Soft Power

In addition to these internal challenges, China also faces severe limitations in terms of its hard and soft power abroad, especially compared to the United States. Other than a treaty of "mutual aid and cooperation" with North Korea, China has no formal allies and just one overseas military base. In contrast, the United States has dozens of allies, collective defense arrangements, and security partnerships throughout the world. According to one unofficial estimate, the United States has approximately 800 military bases in more than 70 countries and territories abroad,⁹ and nearly 70,000 troops based in East Asia alone.¹⁰

Furthermore, despite general acknowledgement of China's economic prowess, many countries remain wary of China's intentions, especially in its immediate neighborhood. Polls have found low confidence among many non-Chinese respondents that Xi will "do the right thing" in world affairs, and liberal democracies are

⁷ Devin Thorne and Ben Spevack, *Harbored Ambitions: How China's Port Investments are Strategically Reshaping the Indo-Pacific* (Washington DC, C4ADS, 2017),

<https://static1.squarespace.com/static/566ef8b4d8af107232d5358a/t/5ad5e20ef950b777a94b55c3/1523966489456/Harbored+Ambitions.pdf>
⁸ Amanda Macias, "China quietly installed defensive missile systems on strategic Spratly Islands in hotly contested South China Sea," *CNBC*, May 2, 2018, <https://www.cnbc.com/2018/05/02/china-added-missile-systems-on-spratly-islands-in-south-china-sea.html>

⁹ David Vine, "Where in the World Is the U.S. Military?" *Politico*, July/August 2015, <https://www.politico.com/magazine/story/2015/06/us-military-bases-around-the-world-119321>

¹⁰ Defense Manpower Data Center, https://www.dmdc.osd.mil/appj/dwp/dwp_reports.jsp

especially critical of China's authoritarian system and the lack of respect for the personal freedoms of its own people.¹¹

Finally, while many countries have welcomed the prospect of Chinese economic investment, fears of Chinese overreach and exploitation have sparked grassroots protests and the abrogation of agreements. For instance, several BRI projects in Myanmar, Nepal, and Pakistan have been suspended or canceled in recent years in light of public pressure and complaints of Chinese "colonization." These cases demonstrate that even states with relatively close ties to Beijing and a genuine desire for economic aid will not necessarily accept Chinese strategic investment in the face of domestic resistance and sovereignty concerns.

RESPONDING TO CHINA'S MILITARY EXPANSION

China's push to modernize its military and extend its reach abroad is unsurprising and reflects the natural tendency of rising powers to increasingly exert influence beyond their borders. Rather than attempting to completely block China's military expansion, the United States should work with its allies and partners to shape the environment around China to disincentivize destabilizing behavior and to encourage Beijing to use its growing power in constructive ways. To do this, Washington must speak from a position of strength so that Beijing understands any military conflict or attempts to restrict the United States' maneuverability in the East Asian region will come at a great cost and set it back in its many ambitions at home and abroad. At the same time, U.S. leaders should also reassure their Chinese counterparts that the United States does not seek to contain China or prevent its rise, and that the two countries have more to gain by steadily working through bilateral issues and cooperating to address common global threats.

When responding to China's growing military power, the United States should focus on its comparative advantages by:

- **Strengthening military capabilities and maintaining a leading edge on technological innovation.** The United States should do this by investing in research and development and STEM education, encouraging top talent to work and stay in the United States, and by facilitating collaboration across the civilian and military tech sectors and with allies. China is unlikely to stop its concerted efforts to achieve technological superiority as articulated in initiatives like Made in China 2025. As such, the United States must not only focus on defensive measures to protect its critical industries from Chinese espionage and strategically-driven investment, but also double down on proactive measures to stay ahead in the technological race.
- **Strengthening alliances and security partnerships.** The United States' alliances are an invaluable asset that enable Washington to lead collective challenges against Chinese aggression, and to generally shape outcomes in the global arena. As the primary security partner for numerous countries in East Asia and beyond, the United States receives many strategic benefits, including allies' willingness to consult, coordinate, and adjust their policies to accommodate U.S. interests, or at the very least to keep the United States informed on any decisions of consequence. Allies also provide access to foreign bases that allow the United States to project its power far and wide, and they contribute forces and political support for various U.S. endeavors. Given the value of maintaining strong alliances, the United States should endeavor to resolve any disagreements with its allies discreetly and in a manner that does not undermine the credibility of its commitments. And as a matter of course, the United States and its allies should continue to boost their individual military capabilities, as well as their ability to operate together.

¹¹Richard Wike et al., "Globally, More Name U.S. Than China as World's Leading Economic Power," *Pew Research Center*, July 13, 2017, <http://www.pewglobal.org/2017/07/13/more-name-u-s-than-china-as-worlds-leading-economic-power/>

- **Presenting a proactive agenda in the East Asian region and beyond.** The United States must not only focus on countering the expansion of Chinese activities and strengthening its military presence in the East Asian region, but also advance a positive agenda for engaging with its neighbors. While the United States may not be able to match dollar-for-dollar China's state-directed investment, it can, at a bare minimum, help states considering BRI projects negotiate equitable and sustainable investment terms, and set best practices and standards for projects. As a leader in the field of education, the United States can also provide training programs for workers in developing countries whose jobs will be displaced due to automation and other advances in technology. On a more ambitious level, the United States should work with economically advanced allies like Japan and Australia to help channel private sector investment and provide developing countries with alternative choices for infrastructure investment. In addition to these measures, Washington should think boldly about what other proactive measures it can take, such as rejoining the Trans-Pacific Partnership (TPP), to stay involved and signal its constructive presence in East Asia.
- **Championing liberal values** of open society, rule of law, respect for individual and political freedoms, and democratic governance. Liberal values underpin the soft power of the United States and still resonate around the world, even in China, where many elites and citizens alike are disturbed by the increasingly authoritarian turn of the Chinese government. While Beijing touts its "value-free" diplomacy of "win-win cooperation" as a pragmatic and attractive model of diplomacy, its claims can ring hollow when benefits do not materialize, or when they are lopsided. There is also a limit to how much trust and loyalty can be built through relationships devoid of shared values and worldviews. The United States, therefore, should continue to reaffirm the importance of liberal values among like-minded allies and friends, and get its own house in order so that it can stand as a beacon that inspires citizens and elites in China and elsewhere to push for greater openness in their own political systems.
- **Leveraging China's desire for stability and prosperity at home to discourage destabilizing behavior, and to encourage its active participation in tackling global challenges.** Xi Jinping has set out several ambitious targets for his country which cannot be achieved if China is beset with chaos and instability, such as a war in the South China Sea or on the Korean Peninsula. Rather than engaging in transactional bargains, U.S. leaders should continue to make the case to their Chinese counterparts that Beijing should refrain from provocative behavior, such as blocking sea lanes or opposing freedom of navigation, and cooperate to solve global challenges, such as the North Korean nuclear crisis, because it is in China's long-term strategic interests to do so. Chinese leaders, including Xi, have reiterated over the years in speeches and in major strategic documents that China seeks to contribute to peace and stability in the world—and the United States should hold Chinese leaders accountable to this promise.

The Chairman. Thank you, Dr. Kim.

I am going to start and just drill down into this President Xi declared a decade of concern. And I know, Captain Fanell, you have talked about this. Can you shed a little more light on what his concerns are and how we should view those concerns?

Captain Fanell. Yes, sir. Just to be clear, that decade of concern is my construct and interpretation of what I have read from the Chinese Communist Party, the speeches that President Xi has given over the last -- at the People's Congress here in March of this year, the 19th Party Congress last year, and what they are actually doing with their forces.

So you all have a chart, chart number 1, if you take a look at that. And Dr. Kim mentioned that everything is focused on, for the CCP, on 2049; that they want to be restored, rejuvenated, the culmination of the China dream in 2049.

So you have to ask yourself, what does that mean, if you are one of the leaders of the CCP? And part of that is necessarily having territorial restoration. So one of the things in their comprehensive national power is China is trying to use nonkinetic means predominantly to get their territory that they perceive as their territory back.

So they were able to, for instance, in 2012, gather and get Scarborough Shoal without firing a single shot. They have been able to build seven islands in the South China Sea, three of them the size of Pearl Harbor, in terms of size and airfields and berthing capability without firing a shot. Okay.

Dan mentioned and Rick mentioned the focus is still predominantly on Taiwan. So they have to get Taiwan. They have plans for the Senkakus and maybe the lower Nansei Shoto or the southern Ryukyu Islands. There are some discrepancies with India. So there are these territorial things that the China's Communist Party have told themselves and have told the China people, this is our territory.

So in order to get to the goal in 2049 of having a commemoration of the 100th

anniversary of the People's Republic of China and to be able to announce that you have reached your goal, you have to have everything. So how are you going to get that? Well, we know that the Chinese leaders, even Hu Jintao and Xi Jinping, have ordered the PLA to have the capability to be able to take Taiwan by 2020. That is an order.

The Chairman. What is the infatuation with Taiwan? I mean, it is -- so, you know, we have continued to -- they are just never going to recognize Taiwan. They want it back. Why do they see that as their premiere threat?

Captain Fanell. It is not a threat to them. It is not about threat, it is not about economics; it is about it is theirs. It is a visceral nationalistic design, and they have -- they believe that it is theirs.

I can give you an analogy, but if you look at the map of China, it looks like a rooster. And a rooster -- I once was in Beijing and a young man, about 25 years, told me that a rooster has two feet. One is Hainan island and the other one is Taiwan. And we won't be whole, we won't be a complete nation until we have Taiwan back.

But they have to get all their territories back. And so they would prefer not to use force. I believe that. But they have ordered their military to be ready to do it by 2020. So the question becomes, how late of a date can you use military force and still expect the world to come to Beijing and have a party? And I think there is a template there, and it is on the graphic, it is the time period between Tiananmen Square and the Beijing Olympics.

And in 1989, the world looked at what Beijing did and the Chinese Communist Party did to their people, and we were aghast. We said, that is barbaric. You are running over your people with tanks. This is not acceptable behavior in the international order. And we kind of condemned China and isolated them. Now, we weren't complete in it and they got into WTO and those other things. But as an

international community, we said, that is not right behavior.

Nineteen years later, in August 8, 2008, in Beijing, in the Bird Nest stadium for the opening ceremony of the Olympics -- everybody remember that ceremony with the drums? It was a huge ceremony. It was fantastic. And up in the top in the air-conditioned sky boxes were nine members of the Standing Committee of the Politburo led by Hu Jintao. And they were all in their Mao suits and they were cool and they were calm and they were collected.

And there was 80,000 people in that stadium, and it was 95 degree Fahrenheit, 95 percent humidity. And who did they see down in those seats? One guy they saw had his jacket off, he had big sweat stains under his armpit -- the President of the United States. So in their minds, they know that we have a short attention span, and there was leaders of the world, less than 19 years later, after condemning them in Tiananmen, were willing to come and watch the opening ceremony.

So if you just take 20 years as an example and you back it up from 2050, 2049, you come to 2030, which is about probably the outer edge of when they can use military force and still expect the world to come to Beijing in 2049 and celebrate the great restoration and great rejuvenation.

So from 2020 to 2030 is what I call the decade of concern, which inside the CCP there is going to be increasing pressure every day for the military to come to whoever the leader is, it is going to be Hu Jintao for several years now, and tell him, we have got to pull the trigger. We have got to pull the trigger. So that is the dilemma, is how do we get them and take them off of that plan?

The Chairman. Thank you, Captain.

Let me give Mr. Fisher and Blumenthal a chance to respond. Mr. Fisher.

Mr. Fisher. Yes. Mr. Chairman, your question about Taiwan is extremely

important. And I agree with Jim Fanell, but I would also add that the Chinese Communist Party is so focused on Taiwan because it is a functioning, growing, developing democracy within the cynic world. And the Chinese Communist Party simply cannot accept this contradiction. Every day that Taiwan survives as a democracy, it undermines the legitimacy of the Chinese Communist Party.

We are now just reading reports about how possibly up to half a million citizens, Chinese citizens in Xinjiang are being gathered into re-education camps. I think this is a template for what will be applied to the people of Taiwan if China ever gets the chance. And they also want Taiwan because it will become a strategic springboard for global protection. The Chinese will base a new joint theater command on that island stuffed with ICBMs, SLBMs, bombers, and submarines and aircraft carriers.

The Chairman. Thank you, Mr. Fisher.

Mr. Blumenthal.

Mr. Blumenthal. I agree with all that, but I would add one thing. It is very important -- China is many things, but it is still an empire. And when it says reunification, what it means is reunification of all the territories that the Chen dynasty once held, without a doubt. So the Chen dynasty was an incredibly expansionist dynasty, and it took Xinjiang and it took Tibet and it took Mongolia and Hong Kong -- and so forth. The only remaining real holdout is Taiwan.

But I agree with -- and it still has that imperial middle kingdom mindset. There is no question about that. So I agree with all that.

On your point of -- I think Captain Fanell is completely right on the decade of concern. If you read Xi Jinping's own speeches over and over again, and his PLA lieutenants, they talk about struggle all the time. They believe deeply that they are in a competition with us and that we are out to get them no matter what. I mean, even if

we did nothing, they believe, because they are a Leninist party, they think we are undermining them wherever they go.

But, you know, if they think that what we have done over the last 20 or 30 years is containment, then probably every country should want us to contain them, because no one has done more to actually help their ascent.

But, you know, so the decade of struggle, Dr. Kim mentioned some of the struggles besides the geopolitical ones. The demographic situation is horrible. The debt situation in China is terrible. The fact, again, that I mentioned before that they have to defend internally, quote/unquote, in Xinjiang and Tibet and along the land borders with India. And there is not enough competition, in my mind, between China and Russia. There should be more.

So it is very difficult, as I said, for a continental power -- they are still growing, but they are growing slower than they were before -- to devote so many resources also to maritime expansionism, and therein lays our competitive strategy.

The Chairman. Thank you, Mr. Blumenthal.

Dr. Kim, do you have anything to add on this?

Ms. Kim. Yes. So, Chairman Nunes, you asked, you know, why is Taiwan such an important issue? It is part of China -- the CCP sees it as its unfinished legacy from the civil war. So in 1949, when the civil war ended, the KMT basically escaped to Taiwan, and the CCP saw that as the final piece that they needed to incorporate into the mainland to finish the civil war. Now that has been set aside for many years. And, you know, and the language and the rhetoric and the capabilities, vis-à-vis Taiwan, have all increased over time.

But I do want to note that the United States has historically maintained a robust relationship with Taiwan through the Taiwan Relations Act, and we have managed to

deter China from using or trying to take over the island so far. And I think, you know, we are going to have to increase the diplomatic and security relationship we have with Taiwan. But at the same time, I would say our mantra should be do more, but do it quietly because, again, this is a visceral issue.

And so Chinese leaders, when, you know, things are publicized, they feel the need to react, because it is not -- they are going to get criticized at home. So I would say doing more but doing it quietly is probably the smarter way to go.

The Chairman. Thank you, Dr. Kim.

Thank you to all of you for answering the questions.

I will turn now to Mr. Schiff and recognize him for 5 minutes.

Mr. Schiff. Thank you, Mr. Chairman.

Dr. Kim, I want to ask you about the relationship between China and North Korea, and in particular, what role you think China will play in the upcoming discussions between the U.S. and North Korea. I am assuming that they are going forward. There was a meeting between Kim Jong-un and Xi. It seemed -- it had the appearance of something hastily arranged after the U.S. summit had been announced. Was this China's effort to get ahead of the United States or was this North Korea's effort to perhaps play China off against the United States?

I am sure that China would welcome denuclearization but not welcome reunification. So what role do you think China will play in this? Will they be constructive? Will they be -- will there be a limit to how much engagement they really want to see between North Korea and the United States? What light can you shed on those issues?

Ms. Kim. Sure. Well, thank you for the question. So let me start by saying that U.S.-China cooperation on North Korea over the last year has been a relatively bright

spot in the relationship. Beijing's willingness to cooperate so far on increasingly stronger North Korean sanctions over the last year was critical for pressuring North Korea, given China's outside economic relationship with the country.

Now, China was willing to go along with this maximum pressure campaign after years of dragging its feet because it saw North Korea's provocative behavior in 2017 as undermining its interest in stability in the region and opening the possibility of war on its doorstep. So it is important to note that China's number one priority on the peninsula is stability, not denuclearization. So our goals are slightly misaligned there. And Beijing went along with this pressure campaign because it was preferable to war.

But now that North Korea, Kim Jong-un, has smartly reached out to China and has indicated a willingness to negotiate, Beijing will probably begin to loosen its enforcement of sanctions, and it has already lent support to North Korea's road map to denuclearization, which involves sort of step-by-step, or what it calls synchronous concession. So they do something, we do something. Whereas, the White House has indicated that, no, actually, we want them to take significant steps towards the complete verifiable and irreversible denuclearization before we loosen any sanctions.

China, I think, has been very wary about the rapid pace of diplomacy between the United States, North Korea, and South Korea, and I think that is why we saw the two -- we saw Xi Jinping sort of embrace Kim Jong-un, despite the fact that, you know, it is pretty well-known that Xi does not like him and he has been very frustrated by Kim's willingness to defy him.

Just yesterday, President Xi hosted a North Korean delegation that came to China to learn about Chinese economic reform, and this is exactly the direction that China wants North Korea to go in. It wants North Korea to become sort of a mini China, a stable, authoritarian government with close ties to Beijing.

So, you know, I think it is going to be -- so basically, it is going to be very difficult, I think, now that North Korea has reached out to Beijing, to go on at least with the economic portion of the pressure campaign. And so I think what the White House needs to be doing is reaching out to China and explaining to them that, hey, you need to cooperate with us to keep these sanctions on, because if you unravel now, then we are going to lose our shot to negotiate and we may end up in a worse place than we were before.

Mr. Schiff. Thank you.

And would the other witnesses like to add their thoughts?

Mr. Blumenthal. I would. Mr. Ranking Member, it is a very good question. And one of my first jobs when I got to DOD in 2001 was dealing with the China angle of the second nuclear crisis with North Korea, and so we have seen a lot of these patterns before. And the CCP acted in this way in the last year in terms of being a bit more forthright, and I don't want to exaggerate, a bit more forthright in enforcing certain sanctions, very leaky, but certain sanctions because they were, frankly, afraid of war. For the first time, the Chinese were afraid of what the U.S. might do.

But ever since the announcement of the summit, some of that fear is going away, and you are already seeing reports of increased North Korean activity in China. So the sanctions are breaking as we speak. You are seeing more hard currency among North Koreans and China, and we are seeing much more of an alignment between Xi Jinping and Kim Jong-un, and that is very troubling. Because the two things that brought Kim Jong-un to the table to begin with were real fears, both that this sanctions regime and this pressure regime and the military pressure he was under scared him, as well as for the first time, we saw China cooperating a little bit more than they used to.

But China does not have our interests in mind. They benefit greatly from North

Koreans' attempts to break the alliance with South Korea and Japan. And though they don't want war on the peninsula, they don't -- they just simply don't have -- we don't have a convergence of interest with China. They would be happy for North Korea to get us into a long-term negotiation with the North Koreans, not just about denuclearizing North Korea, but when the North Koreans say peninsular denuclearization, what they mean is, they are not happy and satisfied with the fact that we have taken our tactical nuclear weapons off of South Korea. They want to talk to us about our extended deterrence guarantee to South Korea. They want to get us into a long-term nuclear arms control reduction, meaning our arsenal, and China would support that.

Mr. Schiff. Thank you. Yes.

Mr. Fisher. Congressman Schiff, I would like to offer something of a competitive assessment. It is my conclusion that since probably the second Gulf War, that China's objective has been to ensure that North Korea becomes a nuclear missile power.

I would simply refer back again to my slide on page 7. And it is simply easily confirmable from open sources. In fact, I was monitoring this the day that the TELs were revealed, that the missiles that North Korea has developed and now tested, at least two ICBMs, the Hwasong-14, and Hwasong-15, cannot accomplish their missions without being carried to their launch positions by vehicles made in China -- very sophisticated vehicles, 16- and 18-wheel vehicles made by the China Aerospace Science and Industry Corporation. These vehicles are not made in North Korea; they were all transferred.

It is, to me, sort of like a Cuban missile crisis in which Castro keeps the missiles. It is very provocative. And on top of it, the Chinese are helping the North Koreans to transition to their own assembled TELs. There is a joint venture near the town of Tokjom in which the Chinese company Sinotruk exports parts, and all manner of trucks are made in North Korea, including the TELs on the bottom of my slide.

So they may not in the future require the CASIC TELs that are very sophisticated and require intimate knowledge of the missiles that North Korea has in order to make them. So the TELs will now in the future be built in North Korea, thanks to Chinese technology. I view this as very provocative, but it is also consistent with China's export of missile and missile transport technology to Pakistan, and many other kinds of indirect transfers to Iran as well.

I don't think China wants a denuclearized peninsula. They want North Korea to have the nukes. They, of course, want the Americans to be denuclearized on that peninsula, which we are, and eventually for us to leave.

Thank you.

Captain Fanell. Congressman Schiff, just very quickly. The last thing that Rick just said is the most important thing. China's strategic goal, again, back to this restoration and rejuvenation is they are the hegemon of Asia. They want America out of Asia. So read what they tell us. They tell us every day, dual suspension, dual suspension, dual suspension. We have a PRC Ambassador here who gives that speech routinely.

So they want to tell us, stop doing your exercises, draw down your exercises. We delayed key resolve in Foal Eagle, we didn't pull all the ships that we normally do in those exercises. We just heard this week about Max Thunder, and now we are not going to bring B-52s. They are chipping away at and eroding our presence in Asia. That is their strategic goal. They will use what Rick talked about, and we have all talked about, of using this nuclear threat to get us and manipulate us. But China's ultimate goal is to get us off the peninsula.

Thank you.

Mr. Schiff. Thank you. I yield back, Mr. Chairman.

The Chairman. The gentleman yields back.

Mr. King is recognized for 5 minutes.

RPTR BRYANT

EDTR ZAMORA

[10:00 a.m.]

Mr. King. Thank you, Mr. Chairman.

Let me thank all the witnesses for their testimony.

If I could focus on Taiwan. As China has increased its military capability, to what extent, proportionately, have we assisted Taiwan under the Taiwan Relations Act? That is number one.

And number two, since the KMT has developed close relations with the mainland, if the KMT did take power in Taiwan in the next presidential election, how would that impact China's policy? How would that weaken Taiwan's resistance?

Mr. Blumenthal. I guess I will go first. So, proportionately, we are not even close. I mean, I would say that we agreed to a mass arms sales package in 2001, most of which was bought. Recently, we made some progress as the State Department finally approved export licenses to help Taiwan with its submarine program. But since then, there hasn't really been a really robust new arms sales deal, and that is a very long time.

I mean, there has been sort of onesies and twosies and these sorts of things. But to really think about Taiwan, not only in terms of how it could defend itself and make it excruciatingly difficult for the Chinese to occupy it and to actually do an amphibious invasion, requires a much more robust set of capabilities to give them and train them on.

The second piece I think we ought to be thinking about is how can Taiwan benefit our security, in terms of being more integrated into our South China Sea strategy. They have some real capabilities that would help the Philippines and the Japanese see things they cannot see right now. And I think we have to have a paradigm shift in thinking of

Taiwan not just as this problem set, but also as its geostrategic location gives us enormous opportunities to work with them to stop other Chinese encroachments.

On the question of the KMT, I am not sure. I mean, it is a party in flux. It is a party that obviously was more conciliatory to China than the DPP is; but then again, they lost a major election in a very big way partly because of that. So we will have to see how the party rebuilds and what its posture is.

Mr. King. Sir.

Mr. Fisher. Congressman, I would simply offer that the United States has lost so many opportunities to even the score on the Taiwan Strait and to strengthen deterrence that we are now sliding toward a war possibly as early as the middle of the next decade, because we are not defending our own interest in Taiwan being strong enough and prepared enough to deter that war.

For the last year and a half, the Chinese have been steadily increasing a campaign of new intimidation, basically flying bombers, and now bombers and fighters and bombers and fighters and intelligence-gathering aircraft, to gather all the trons and hear all the reactions. This has been going on for a year and a half.

There has been some noise from Taipei that they would like to buy some tankers, a small number of aerial refueling tankers. This is something that we should have offered a long time ago. And if those tankers were in the Taiwan inventory today, then the Taiwanese fighters could follow the bombers and also respond to intimidation of -- recent intimidation by China of declaring new air transport routes over the Taiwan Strait. This is very destabilizing, because it allows the PLA Air Force to develop surprise tactics by taking advantage of these civilian aircraft routes.

We want Taiwan to figure out the difference between friend and foe with airplanes, not surface-to-air missiles. And tankers can give those fighters more

endurance and also allow the Taiwanese to defend fighters that fly closer to the midline of the Taiwan Strait. That is just one example.

But the PLA has the capability today to put enough troops on Taiwan if they can take ports and if they can take airfields. They have thousands of barges that ply the rivers of China, many of which were used to build the islands in the South China Sea. To respond, Taiwan needs probably thousands, maybe 10,000 very cheap cruise missiles that can sink these barges if China decides to mobilize them after they have completed the current reforms and strategy reforms that are underway.

But in general, yes, I agree with everything that Dan Blumenthal has said. Very well put. As for the Kuomintang, it is a party in deep crisis and transition, and we will just have to wait and see what choices they make.

Mr. King. Thank you.

Captain Fanell. Congressman King, a few points. First of all, we need to learn from history. And we have a credibility problem with our allies in the region, and we have that when we don't stand up and support our things that we have on paper, the Taiwan Relations Act. And we, in 2012, lost huge credibility when we stood by and watched Scarborough Shoal get gobbled up with a treaty ally.

We have commitments to Taiwan, but I would tell you that we are not supporting them, like the other two speakers have just mentioned. I have been to Taiwan over 20 years many times. I have been on their submarines. I once served -- or twice served on the oldest ships in the U.S. Navy. They were over 50 years old, the USS Kitty Hawk and the USS Blue Ridge. The people that are serving in the Taiwan Navy today are serving on some submarines, these GUPPY class submarines that are over 70 years old. So if we say that they are our friends and our allies, yet we are not helping them to acquire the submarines that they need to defend themselves, I don't see how we square

the say-do mismatch.

In terms of military activity, I would recommend the committee read from project 2049 a book just published by Mr. Ian Easton called "The Chinese Invasion Threat: Taiwan's Defense and American Strategy in Asia." It is probably the most important unclassified work right now that talks about where Taiwan is and where America is in terms of the military defense capabilities.

And then lastly, I recall a briefing in Hawaii, Senator Inouye at the Joint Intelligence Center Pacific, around 8, 9 years ago. And he asked us a question after we had given this classified briefing on China's military capabilities. And he asked us how many in -- I think it was 2010. How many congressional delegations from the United States had gone to China, the PRC, and how many had gone to Taiwan in 2011 and 2010? And the answer was about 30 to 35 to the PRC and about less than a handful to Taiwan. Okay?

We have a credibility problem if we say Taiwan is our friend, but we don't send congressional delegates there, we don't send flag officers there and general officers there, and we don't maybe think about pulling in ships for occasional port calls. We don't need to rub it in their face, I agree with Dr. Kim on that; but we are America, and we have commitments to our friends and allies, and there should be no reason why the People's Republic of China can tell us what we can and cannot do when we go to that island, even if they think it is a red line.

Mr. King. And the Kuomintang?

Captain Fanell. I think that, you know, what the people of Taiwan do is their business, and I have no concerns about who gets elected, because the simple fact of the matter is, every day there are more people that live on that island that were born on that island that have an association with the mainland of China.

Now, there is always going to be this long cultural association, but it is very clear to me, in my limited studies of this, is that the people of Taiwan see themselves as Taiwan. Now, you can say is that a nation, is that a culture, is it a society? You know, there are a lot of different ways to look at it, but it is very clear that the people of Taiwan see themselves as Taiwan. And whoever they elect to run their government will have to operate under that rubric. And if the KMT wins, they are going to have to deal with that reality.

Mr. King. Dr. Kim.

The Chairman. All right. The gentleman's time has expired, but you want to --

Mr. King. Does Dr. Kim have anything to add?

The Chairman. Do you have anything to add?

Ms. Kim. No.

Mr. King. Okay, fine. Thank you.

The Chairman. Mr. Himes is recognized for 5 minutes.

Mr. Himes. Thank you, Mr. Chairman.

I was going to ask about cybersecurity, but we have kept this at a very kind of macro level, and so I want to explore a topic I didn't think I was going to want to explore, and that is a more strategic take on this.

I found this morning fascinating but unbalanced. Whenever I analyze anything, I like to do the classic SWOT analysis: strengths, weaknesses, opportunities, and threats. We have spent a lot of time this morning on China's threats and strengths and almost no time on the opportunities and weaknesses.

Dr. Kim mentioned some of the weaknesses that we all know, a very precarious economic situation, the need to grow at unsustainable rates to keep their politics intact, a demographic problem that some demographers say is not solvable.

And so I just note that because before we all run off to propose an authorization for the use of military force, I think we should spend a little bit of time on the opportunities, specifically the commercial opportunities that exist. China needs commercial stability for political reasons. We benefit from that commercial stability. And, of course, counterproliferation, counterterrorism, we are going to work with the Chinese on that stuff.

So I think the balance, not just for our thinking but, quite frankly, for the way they listen to us talk about them, had better be there. I don't have time to pursue that, so I want to ask a very narrow question of Mr. Blumenthal and Dr. Kim.

Setting aside that, you know, Chinese expansionism over the millennia has looked very different than other imperial expansionists, if Kissinger were here, he would say, the way this works is a balance of power. So you can reject that a rising power like the Chinese have a right to a sense of regional hegemony or whatever, but the realist would say, the way this works is because we establish a balance of power. China is a very powerful country, growing economically; they are going to have interests that extend beyond their borders.

So my question is, we had this during the old Soviet days, right? Turns out that we weren't going to go to war over Budapest or Prague in 1956 or 1965, but we were going to risk war when the Soviets put missiles on Cuba.

So my question to both of you is, and it is going to have to be brief on a big topic, what is that balance with China? What are the red lines that we either go to war over or risk going to war over? Because we have painted a very dark picture about their capabilities and intentions this morning. So in whatever dimension you want to focus on. Big trucks, somebody was talking about the Earth-Moon systems. In whatever dimension you want to talk about, where are the red lines that we risk war with China

because they have violated classic balance of power considerations?

Let me start with you, Mr. Blumenthal, and let me just make sure we have time for Dr. Kim to answer as well.

Mr. Blumenthal. Well, it is a great question. And we need to focus on weaknesses also if we are going to implement the National Security Strategy, which calls for competition. So competition means figuring out what the weaknesses are and how to exploit them.

And Dr. Kim mentioned a few and I think I mentioned a few. The biggest weakness inherent in China is that there are 1.2 billion people and they are run by -- that are increasingly sophisticated and increasingly Westernized, if you like, but they are run by this calcified Leninist party that has undertaken a crackdown the likes of which they haven't seen since before Tiananmen Square. That is the biggest weakness.

And since they confront us constantly with propaganda, political warfare, trying to get into our political system, our cultural system, our educational system on a constant basis, I mean, you pick up The Washington Post in the morning and you get the China Daily. That is a propaganda organ of the Chinese Communist Party. We do none of that back. And if you use a Cold War analogy, we had a U.S. information agency that was quite good at certain points in both selling our story and countering disinformation.

I will just answer quickly to leave time. Balance of power, I don't know the question about red lines. You know, I would have to think about that a little bit more, but we have already lost the balance of power. I mean, China has changed the balance of power, and we need to rebalance, because they can now undermine our ability to underwrite our alliances and operate freely in areas that we have been dedicated to operating in since we fought World War II.

We don't want to do that again. We don't want to fight our way back into Asia.

They have already changed the regional balance of power, because they can target most of our assets in that first island chain, which we always said before was our defense perimeter. It was what we were going to hold no matter what.

Mr. Himes. So I would acknowledge that, but I asked a specific question, because it is really important. It is certainly the executive, and we don't get to operate at that level of abstraction. We need to know what is Hungary in 1956 that we let go by, and what is Cuba in 1963 which we don't go by, because you said lots of scary stuff. And the question is, which of those scary stuff you said should we really put, you know, at risk our people to stop? But, anyway, we don't have time for that, but I do want --

Mr. Blumenthal. I can answer your question afterwards further.

Mr. Himes. Okay, thank you. Yeah.

Dr. Kim, I am really interested in, again --

Ms. Kim. Red lines.

Mr. Himes. -- lots of scary stuff this morning. What is the overstep? What is the difference with China between what we didn't do in Hungary and what we did do in Cuba in 1963?

Ms. Kim. Yes. So I would say, in terms of red lines, when they threaten our homeland or our allies, I would consider that a red line. However, I don't see this happening anytime soon, especially threatening our homeland.

Another red line we could think about is freedom of navigation. So for the United States, the ability to sail and fly around the world is very important, and so, you know, this is something that we need to continue to enforce. And the panel or the witnesses here have talked about how China is starting to militarize the South China Sea. So I think that is an area that we need to keep our focus on.

But I don't see an all-out war with China happening anytime soon. You know,

China, as you mentioned, is very concerned about its own economic growth. It wants to keep its people happy. As soon as it engages in a war, all of that has gone down the drain. So I think, in that sense, you know, we are not approaching imminent war, as scary as some of the predictions here sound.

Mr. Himes. I am out of time, Captain. Maybe we can follow up. But I do want to say thank you. It has been real interesting. I also think it is really important as we think about what I think is probably the biggest foreign policy and national security challenge we have got in the next generation is that we also remember the opportunities and weaknesses.

My sense is that the Chinese are enormously sophisticated players of international chess. And if we are just looking at this in a sort of Manichean way, you know, black and white, I bet we lose.

Anyway, with that, I yield back. Thank you, Mr. Chairman.

Mr. King. [Presiding.] The gentleman yields back.

The gentleman from New Jersey, Mr. LoBiondo.

Mr. LoBiondo. Thank you, Mr. Chairman.

I thank the panel for being here and sharing your expertise.

I have had the opportunity through this committee to make a number of trips into Africa. And one of the things that I think -- well, there are many things that are particularly troublesome and worrisome, but it appears to be the Chinese are making a very prolonged and dedicated attempt to corner rare earth minerals. Should we be worried about this? What are the implications of this? And what should we do?

Who wants to start off?

Mr. Fisher. Well, Congressman, it is clear, yes, that China already controls much of the market and supply for rare earth minerals, and there is an aggressive campaign to

try and dominate other sources. But it is also the case, kind of like oil, which I don't understand precisely, but every time there is a big scare that we are going to run out, somehow we find more.

And I would note that in the last 6 months, the Japanese have discovered an underwater location for what could be an enormous supply of rare earth minerals. They are very excited about it. You have to go down very deep to get them, but that is technologically possible.

But, indeed, China's broad attempts to secure control over resources, be it metals, like copper or aluminum, or land for farming food, especially large tracts of land in Latin America, these are aspects of China's global projection that we should be monitoring as closely as we can as well. Thank you.

Mr. LoBiondo. Captain.

Captain Fanell. Congressman, I would just add on that in my paper there is a section on China's investments in African nations, and one of them is in Namibia. And the Chinese investment in Namibia and the places they are trying to get go to this point of their seeking a kind of a mercantilistic approach towards rare earth, you know, minerals.

And so we need to be concerned about exactly how they are trying to capture the market, if you will. I am not an expert in that, but what I would say is I talked to associates down in Australia that have the same concerns. The Japanese are also very concerned. So I think it is a legitimate issue that you probably need some real experts in to give you more detail on it.

Mr. LoBiondo. So with what we are hearing about China's initiative and projections over a very long period of time, I don't know what the total price tag is on this for China, but it has got to be enormous, probably into the trillions. Is their economy going to be able to sustain this with the other things they need to do?

Mr. Blumenthal. No. And particularly not if we get more competitive, meaning that we -- I think that the way this competition ends well for us is China has to spend more money on internal security and on its socioeconomic problems and less on military expansionism, because they are taking a hit in terms of their global growth.

And the reason that they can press ahead on all fronts right now on both continental investments and keeping the Uyghurs and the Tibetans and their own people, you know, under their crackdown and expand out in the maritime areas is because they haven't faced a counterforce yet. But our grand strategy should be to force them to choose. You know, do you want this massive maritime expansionism at the cost of internal security?

And I think working closely with allies and being a little bit more forward-leaning in confronting the CCP itself, I think we would be able to do that over time.

Mr. LoBiondo. Do you feel our allies share our concerns?

Mr. Blumenthal. It is a mixed bag. Japan, absolutely. Taiwan, yes. India, increasingly so, although extremely complicated because, to the Congressman's point, they are benefiting economically, as are a lot of other people.

We are trying -- I know Secretary Mattis is extremely focused on building out relationships with Vietnam, Indonesia, and India, but those are going to be long term. It is a long-term strategy on the United States' part, because a lot of these countries are still very tied into the Chinese economy and certainly don't want to align. They are very committed to nonalignment. So it is a mixed bag, but I think it is generally moving in the right direction.

Mr. LoBiondo. My time has expired. Thank you, Mr. Chairman.

Mr. King. The gentleman yields back.

Ms. Sewell.

Ms. Sewell. Thank you, Mr. Chairman. And I want to thank our witnesses, a very interesting discussion today.

I think that there is no question that our national security interests are increasingly tied to the Asia Pacific, and I think all of us can agree on that. But when we discuss our national security in the region, that discussion cannot focus exclusively on military might. I think that the reality is that our national security is also tied to our economic relationships and trade partnerships in Asia.

I am a strong believer that multilateral economic trade creates a more peaceful and stable world. When fewer people live in poverty and when our trade partners flourish and when our economic success stimulates the economic success of other nations, I believe that the United States is safer and stronger. That shared success and security depends upon strong and robust trade relations, not unilateral economic decisions or strong-arming our partners.

As you know, the Trump administration has made many controversial trade decisions, many of which I believe have weakened America's ability to check China's growing influence in the Pacific region. There is a global consensus that China has been a bad actor when it comes to trade. They flooded the global market with subsidized steel, and they have continuously stolen American IP, intellectual property.

But instead of joining together with our allies to apply pressure on China, it seems that this administration has decided to act unilaterally. And I believe that the tariffs that we have currently imposed really expose us to Chinese retaliation. If President Trump had continued to build on the progress made by the Obama administration and had decided to pursue trade agreements like the TPP, the Trans-Pacific Partnership, I believe that we could have collectively worked with those Asian countries to apply pressure on China to change their behavior.

So my question is, as this administration exits the world stage and adopts a more isolationist trade agenda, in what ways might China try to fill that vacuum left by the United States and how might China seek to set the global trade agenda in its favor? And how will that have implications on our national security?

I will start with Ms. Kim, but I really want to know your thoughts, all of your thoughts about the ability to apply pressure economically on the United States and how that will hurt our national security.

Ms. Kim.

Ms. Kim. Thank you, Congresswoman, for your excellent points. And I just want to mention that China has its proactive agenda in the region, its BRI, the Belt and Road Initiative, while the United States currently doesn't have any signature program there.

And I would mention that, you know, the TPP could have been something -- it is a trade agreement that covered 40 percent of world trade. It has rules on issues that the United States deeply cares about, like intellectual property rights, transparency, labor and environmental standards, dispute resolution mechanisms, you name it. There are many provisions in there that would have benefited our interests.

And so if we signed the TPP, it would have given us leverage to deal with Beijing, with 11 other partners who agree with us. And also, it would have signaled to East Asia that the United States is there and engaged.

So I think, you know, Congress and our leaders really need to think, reconsider about joining the TPP. And if not, you know, we need to think about what is our positive agenda. We can't just play defense. That is not how you get ahead, that is not how you rally people around us. You need to have a positive agenda.

Ms. Sewell. Captain?

Captain Fanell. Yes, Congresswoman. I would say that, you know, despite the assertion that, you know, it is all about the military because of the nature of this hearing, you are exactly right; I mean, it is a comprehensive national power. That is the way the Chinese are playing this.

So we have mentioned strategic communications and information warfare, psychological warfare, but there is an economic component. And I live in Europe now for the last 3 years, and I see Chinese trains are reported every day arriving into Brussels, London. You name a capital across the European continent and it is full of announcements of the first Chinese train bringing Chinese goods. So China has definitely got a plan and a strategy.

They are also trying to supplant the U.S. dollar and make the yuan or the renminbi the currency of choice. They are setting up banks even in Switzerland to make that a trading currency. So we are very much on our heels when it comes to an economic confrontation with China.

Ms. Sewell. Can I also ask -- I know I am running out of time. I wanted to make sure Mr. Fisher had an opportunity to speak as well, as well as Mr. Blumenthal.

And I guess my question for you all is the second part of my question which was this trade war and whether or not the retaliation, how that will risk, play an effect on our national security.

Mr. Fisher. Thank you, Congresswoman. I am of an open mind. I hope that the Trump administration gets the attention of the Chinese Government and that they seriously address some of their very aggressive and punitive trade practices.

I would also suggest that this committee consider reviving an institution that during the Cold War provided great protection for the democracies, for NATO and the United States, the former Coordinating Committee on Export Control, or CoCom. There

is very much a need for a coordinated allied effort to stop the flow of high technologies to China.

China has as one of its highest policies something called civil military integration. The Chinese Government, the Communist Party wants everybody in the civilian sector to do whatever they can, hand over whatever technology, knowledge they have to the People's Liberation Army to fuel its expansion and modernization. And we have long needed a revived institution like CoCom to protect this technology and to impede China's military modernization.

Ms. Sewell. Mr. Blumenthal, can you do so in 30 seconds?

Mr. Blumenthal. Thirty seconds, yes. We are taking long-needed action that I think everyone agrees upon in terms of Chinese subsidization of state-owned enterprises and stealing of IP that has really hurt our productive capacity, hurt our workers terribly. And so we have a WTO case, as you know, on the IP actions, and hopefully we will get a bill from Congress and so forth on CFIUS and investment restrictions.

I will say, however, we need not be defensive about our economic relationships in Asia. We are still the number one recipient of FDI from China by far, and I think that is still moving ahead. We are doing proactive things on economics. And I think State Department officials recently testified in front of the Foreign Relations Committee on what the Free and Open in the Pacific will look like on economics, including a new Development Finance Initiative.

Ms. Sewell. Thank you, Mr. Chairman, for indulging.

The Chairman. [Presiding.] No problem. Thank you, Ms. Sewell.

Mr. Stewart is recognized for 5 minutes.

Mr. Stewart. Thank you, Mr. Chairman.

And witnesses, I think you have been an outstanding panel. Thank you for being

here. I am going to hit a couple things really quickly, if I can. So 5 minutes goes by fairly quickly.

Before I do that, just a personal observation. I am sitting here, it is interesting to me to think of what China thinks of this hearing, because we all know they are watching and taking notes. And to my friends in China, please send us your questions and we will try and answer them for you.

You know, we have -- Dr. Kim, I wanted to follow up to something you said, which I agree with, but I wanted to add a however to it and see if you and I can agree on a however.

Ms. Kim. Sure.

Mr. Stewart. Paraphrasing, you said you don't think war with China is imminent because of economic concerns, because you think the economic cost right now would be too high for them. And I agree with that, but I would add this however and I will see if you agree.

However, if they determine that they can achieve their economic goals and achieve long-term economic stability by fighting a war that they may not want but that they think is inevitable and necessary and that they can win, then they wouldn't hesitate to do that. Would you agree with that?

Ms. Kim. Yes. But China's largest trading partners -- we are one, our allies. So, you know, if China were to go to war with us, it would get cut off from the world economy, in that sense. So there is a large stake for them and the costs are high.

Mr. Stewart. Okay, and I understand that. And so I am trying to just project out. Look, the last thing I want is war with China. It is the last thing any one of us want. I am a former military guy. I mean, I understand the cost here. But at some point, they are going to have to make a decision because, otherwise, the answer is we will

never go to war with China because they will always be our trading partner. And I don't think that is probably a fair or accurate presumption. Would you and I agree on that?

Ms. Kim. I think the possibility is always there.

Mr. Stewart. Yeah. And I guess it is just for us to try and determine, you know, as best we can and anticipate, although I think there is clearly more considerations for them than going to war with one of their trading partners.

So we have this thing, you know, this power transition theory, and we are not going to be able to answer this in 3 minutes. I wish we could. You know, the Thucydides Trap, as we talk about, where you have an emerging power and an established power, and history shows almost inevitably they come into conflict, not always, but almost always.

And so I would ask this: You know, I don't think that any nation can defeat us militarily right now. Now, in 20 years, perhaps, although I hope not. But I think we can assist in our own suicide, and I think in many ways we have, which is some of your points today. And we could go down the list of things. I won't do that; I won't recount them. It is just we have made it too easy for not just China but others as well.

So I would ask each of you, if you were the king of the world, if you could do one thing today, not 5 years from now, 10 years from now, but today, if you could do one thing that would make what you said, Mr. Fisher, I believe, you think that, you know, the likelihood of war in the mid twenties is very high because of all the things we have talked about, but if we could change one thing today to make that statement not true so that that isn't inevitable or more likely, what would it be? What would you have us do right now? Because as policymakers, that is the end of the day, that is our question, what can we do to help this?

And I won't make you go down the line, but if any of you have thoughts on that, I

would be interested. What would you do?

Mr. Fisher?

Mr. Fisher. The most decisive and efficient action that the United States could take today would be to redeploy tactical nuclear weapons to our forces in Asia; to ask our South Korean and Japanese allies to consider NATO-style co-basing; and to basically tell the North Koreans and the Chinese, if this military balance becomes untenable in 5, 10, or 15 years, that we will consider what it takes to make sure that our allies have the means to deter your aggression.

Mr. Stewart. Okay. Mr. Blumenthal?

Mr. Blumenthal. This goes back to the Congressman's earlier question. We should have a long time ago said that Chinese use of force against Taiwan is a red line. Chinese use of force against our ally Japan --

Mr. Stewart. Do you think they understand that?

Mr. Blumenthal. No, I don't. I do not. I mean, their constant incessant coercion of Taiwan, interference in their democracy, their nonstop attacks, cyber attacks, they don't understand that. And to --

Mr. Stewart. And maybe the reason they don't understand that is because I am not sure that we have ourselves believed that, set that red line.

Mr. Blumenthal. No. No, we have been incredibly ambiguous about it. And if we were serious about defending Taiwan, there are all sorts of things that we would do right now.

Mr. Stewart. Okay. Thank you. And I don't mean to accelerate, but my time is up.

Do either of the other witnesses, do you have thoughts for what you would do today?

Captain Fanell. In addition to moving the tac nukes forward, I would equip the Navy with antiship cruise missiles. Right now, our Navy can't fight a war at sea. We have geared ourself up for 30 years to fight a land war in Afghanistan and Iraq and Syria, but we are not ready to fight a war in the middle of the Pacific Ocean.

Mr. Stewart. Okay, thank you. And Dr. Kim?

Ms. Kim. I would emphasize that it is important to strengthen our military capabilities and to maintain a leading edge, in terms of technology, as I mentioned in my opening remarks. I also believe that we need to give China a stake in this bilateral relationship. If we just alienate it, then it has no reason not to seek conflict with us. And so I think we need to make it clear to them that, you know, there are differences, but that we would benefit by working together.

Mr. Stewart. Certainly, I think we all agree with that. So thank you all.

Chairman, I yield back.

The Chairman. The gentleman yields back.

Mr. Carson is recognized for 5 minutes.

Mr. Carson. Thank you, Chairman.

I would like to ask about counter-space activities, understanding that much of the information is classified. So I will try to keep it high-level.

There has been some discussion in the U.S. about how to respond to an attack on a satellite. These were questions like whether this would be an act of war and whether we would respond in kind by destroying a satellite, or if it would warrant an attack on a terrestrial, possibly manned target.

Do you have any insights into how the Chinese view this dilemma? And what does their view tell us about their changing reliance on Chinese-operated space assets, both military and commercial?

Mr. Fisher. Congressman, at a time of general hostilities, one of the first actions that the PLA will take will be to attack broadly American space assets or the space assets of our allies. They have an arsenal of ground-based laser weapons. They have multiple types of ground-based interceptors. I anticipate that in the future they will have air-launched antisatellite missiles and sea-launched antisatellite missiles. And that is just the beginning.

What the Chinese are going to be putting into space will be even more robust. Their academic engineering literature talks about space-based bombing platforms. In 2013, their most active laser weapon development institute published a paper that you can download on the internet about how to build a 5-ton chemical laser-armed combat satellite.

And since the beginning of the manned Chinese space program in 1999, it has been also dual-use. All of the Shenzhou missions have had some military component. In 2007, there was a near interception of the International Space Station that went totally -- there was absolutely no response, even though there were Russians and Americans onboard the International Space Station at that time.

And the Chinese have made statements that convince me that when they go to the Moon by 2030 or possibly even sooner, if they decide to do that, that the Chinese presence on the Moon will be just as dual-use as it will be in low Earth orbit.

We simply have to adopt a posture that deters them. We have to be ready to meet them in the heavens where they decide to deploy. We cannot allow the Moon to become a base of military operations for the PLA, and we can't allow low Earth orbit to be dominated by Chinese combat platforms, manned and unmanned.

Thank you.

Mr. Carson. Thank you.

Mr. Chairman, I yield back.

The Chairman. The gentleman yields back.

Mr. Swalwell.

Mr. Swalwell. Thank you, Mr. Chairman. And thank you to our panelists.

First, going back to ZTE, Mr. Schiff referenced it. Is China willing and capable of using its commercial, quote/unquote, commercial entities as financial instruments of influence on U.S. policymakers or folks in the executive branch?

Don't anyone jump in on this too soon.

Mr. Fisher. I am sorry, Congressman. It is a bit far from what I was asked to testify about. And, I mean, I apologize that I don't have a direct answer for you.

Mr. Swalwell. Okay. Has anyone seen this before from China?

Mr. Blumenthal. I don't know that much about the specific case of ZTE or about the company, but there is no question that so many companies in China are now arms of the party.

Mr. Swalwell. ZTE would be one of those. Is that right?

Mr. Blumenthal. I am assuming so. But I had more in mind even, say, Alibaba, which tried so hard to stay out of the party's financing arm, but Jack Ma has had to make so many compromises recently.

Mr. Swalwell. And Huawei would also be similar, right?

Mr. Blumenthal. Yeah. I think Huawei is well-known as a PLA -- started by a PLA officer.

Mr. Swalwell. Let me ask you this: In the last election, we saw a foreign adversary aggressively seek to influence the outcome. Is China capable of running a similar interference campaign as Russia in the United States?

Mr. Blumenthal. I think we should look extremely carefully at Chinese influence

campaigns. They are very different, and I think all of us testified to that effect.

Mr. Swalwell. Mr. Fisher, yes or no, what do you think?

Mr. Fisher. Well, there is a history of it, Congressman. I would strongly suggest that you review the unfortunate history of the Clinton administration and its attempts to dodge and not dodge Chinese influence attempts.

Mr. Swalwell. And Captain Fanell?

Captain Fanell. I can't speak to anything specifically about ZTE, but I will tell you, my impression from following China and being involved with the China-watching community, that the Chinese influence campaign has been going on for 20 or 30 or 40 years. We have been influenced, maybe not in a personal Presidential person, which I think you are trying to get after; but we as an institution, our government has been influenced. Our academic institutions have been influenced.

Mr. Swalwell. I think you are right.

Captain Fanell. People can't get access to be researchers if they say anything bad about China, so they don't say anything bad.

Mr. Swalwell. And, Dr. Kim -- and I will come back to you, Captain Fanell, in a second -- do you believe that China is capable of doing in our democracy what Russia did, which is kind of a full-scale weaponization of social media, the hacking of, you know, an antagonist's campaign emails and then wide dissemination to try and get the outcome they want? Can China do that here?

Ms. Kim. I can imagine that they do have the capabilities. I think, Congressman, you would know more than me if they did, indeed, carry out such things.

Mr. Swalwell. Well, let me ask then, and I will start with you, Dr. Kim, and we can go back down the panel: What has stopped them, and should we assume that in future elections they will stay off of democracy's playing field?

Ms. Kim. Sure. Let me start by saying that I believe the Chinese don't necessarily work the same way the Russians do. They are less concerned about directly disrupting our democracy than making sure that no one criticizes them and tries to interfere in their authoritarian system at home.

So the ideal world from Beijing's point of view is a world in which every country's internal politics, so anything that goes on within its borders, is no one else's business. That is what China wants; that is what they have been pushing for in the U.N. and elsewhere.

And so, you know, I think we need to be -- so it is not necessarily the same threat that the Russians pose. Obviously, we need to keep a very close eye. But, you know, there has been the issue of the Confucius Institutes and what they mean and how they impact us here at home.

Mr. Swalwell. And, Dr. Kim, what did you make in 2008 of China hacking into both candidate Obama and candidate McCain's campaigns? How would you evaluate that based on what you just told us?

Ms. Kim. Actually, I am not knowledgeable on that, so I wouldn't be able to comment.

Mr. Swalwell. Captain Fanell?

Thanks, Dr. Kim.

Captain Fanell. What was the question, sir?

Mr. Swalwell. In 2008, the Chinese hacked into both Republican candidate John McCain and Democratic candidate Barack Obama's campaigns. What did you make of that as far as their willingness to involve themselves in our elections?

Captain Fanell. That is a first heard from me, one; and two, it doesn't surprise me.

Mr. Swalwell. Anyone else?

Mr. Blumenthal. Yes. I mean, I think absolutely, they are going to do things differently than the Russians do, certainly by collecting a lot of information through cyber. And it wasn't just those two campaigns, obviously. It was Secretary Gates' computer. It was the massive taking of information from OPM, which is a collection of data they can then use to coerce people in the future.

But there is an active measures political warfare campaign going on, as Jim Fanell said, for 20, 30 years, to influence the policymaking community. And I just don't have that much information about politicians directly.

Mr. Swalwell. Thank you. And I yield back.

The Chairman. The gentleman yields back.

Mr. Castro is recognized.

Mr. Castro. Thank you, Chairman.

I have been critical of many of the moves that China has made. I am co-chair of the U.S.-Japan Caucus, co-chair of the U.S. ASEAN Caucus, so critical of their actions in the South China Sea, for example, and other things that they have done. And as we are thinking about these issues, I think you are often confronted with the question, what should be your posture, what is your posture towards China. And I think mine is that they should be allowed to compete but not cheat.

And how do we draw that distinction, at least for each of you? And I will start with Dr. Kim. How do we draw that distinction between allowing this nation to compete, because we do a lot of trade with them already, other nations obviously do a lot of trade, but keep them from cheating in different ways?

Ms. Kim. Congressman, do you have a certain sector that you have in mind when you ask this question?

Mr. Castro. I guess if you all want to pick one, you know, any of the economic sectors. But not just economically, militarily also. One of you guys spoke about the debt trap, for example, of different nations, right? Is that an example?

And that is why I asked the question. Where do we draw that line, right? Because you can do a large-scale infrastructure project in a country and do it fairly and right, or you could also, I think, cheat in a way, knowing that in 10 years, a country is going to be so indebted to you that you are going to be able to take over that project or reclaim it.

So I guess I am trying to figure out how do we draw those lines?

Ms. Kim. I would say with BRI projects, frankly, we don't have the capacity to match China dollar for dollar in all of the projects that it is investing in. So one bare minimum thing the United States can do is provide technical assistance to countries that are considering BRI projects. So helping them think through the negotiations, the standards that they are going to set, the terms that they are going to set for these investments. So that is sort of one bare minimum thing we could be doing.

In terms of cheating here in the U.S., you know, there has been a lot of concern about whether CFIUS has the capacity to overview all of the different Chinese investments that are going on, or the mergers. So I think modernizing CFIUS, giving it greater oversight and capacity is very important. But at the same time, I know there are concerns from businesses, you know, what does this mean? Is this going to slow things down? So I think there needs to be a careful calibration of how we approach Chinese businesses in the U.S.

Mr. Castro. Thank you. Gentlemen?

Captain Fanell. Yes. Congressman Castro, very good question. I appreciate it. In the area of the military, it will come across as military, but it is really about our national

security from an economic standpoint, which is based upon this idea since the end of the war, World War II, that we have free access to markets and freedom of navigation so that everybody can enjoy access to the global commons and the maritime domain.

Well, China has been cheating. In 2002, they signed a declaration of a code of conduct with the ASEAN that said they wouldn't change the status quo in the South China Sea, and they have. In 2016, the Permanent Court of Arbitration said that their claim of the nine-dash line was absurd and illegal, and yet China has flaunted that and ignored it and built these islands and militarized the islands.

So this is an area where we need to be able to step in and do more than just FONOPs. We need to take a stand in our own national security interest, because if we don't have free access to markets and freedom of navigation, then our economy cannot run.

Mr. Castro. I guess let me ask you all this: RCEP, right, a competing agreement to TPP, is that fair?

Mr. Blumenthal. Yeah, it is fair, but it is not competing. It is not a real free trade agreement. It is a political agreement. China is never going to open up its markets, you know, to access the way we and others do free trade agreements.

But on your point about cheating, I think the Section 301 action has a lot of potential, because that is something we identified as clear cheating, intellectual property theft and forced trade transfer. And Congress working together with the administration on investment restrictions for Chinese companies that have benefited from cheating is one way.

The other thing that I would personally go after is China's mass subsidization of its state-owned enterprises, which means our businesses can't compete on a level playing field. And, again, one way to do that is to pick a couple of the worst offenders, the

worst beneficiaries of Chinese subsidies, and work with the Europeans and other big markets to say they are not allowed to do business inside our economies.

And what they want more than -- I mean, our economy is still, for them, the most important consumer economy in the world, and then match that with Europe and you have basically what is driving Chinese growth.

Mr. Castro. Well, I guess let me ask you, I mean, how much can we actually extract that practice from a country, right? I mean, it is a communist country. They are using basically state resources to empower these companies, to grow them, make them large. Unless you change the form of government, how much can you extract those policies?

Mr. Blumenthal. Well, your point is an excellent one. The only thing we can do besides jawbone in terms of changing is deny access to the worst offenders in the most important market for them.

Mr. Fisher. Congressman, I would suggest that there be far more attention to the concept of reciprocity in dealing with China, especially economically.

Innovation in China has been driven for nearly 40 years by China's massive access to the American student market. We have trained generations of Chinese engineers who are now building and modernizing their military. I have written about some of them. I would suggest that we recognize this fact and use it to ensure that our students, both with and without quotation marks, have access to the top Chinese technical universities that are completely integrated into the modernization of the PLA. Most Chinese technical universities are part of the Chinese Research and Development Complex, and we should be having students deployed there broadly.

Thank you.

Mr. Castro. Thank you.

Thank you, Chairman.

The Chairman. The gentleman yields back.

Mr. Heck is recognized for 5 minutes.

Mr. Heck. Thank you, Mr. Chairman.

So it seems like we have got agreement on an awful lot here. We agree that it is important that we maintain our leading edge, technology-wise, with respect to national security. There is agreement that China has significantly increased its investment in its military and military technology. And it is good to start with good agreement, I think.

I guess both Dr. Kim and Mr. Blumenthal have indicated a need to strengthen CFIUS. So to that point, Mr. Blumenthal, I want to direct to you the first question, which is, do you believe that China's IP theft and technology transfer efforts have materially aided in the recent past or are likely to in the immediate future their ability to gain on us from the standpoint of our technology edge?

Mr. Blumenthal. I do, very much so.

Mr. Heck. And would you believe, sir, that it is important for us to be able to review their nonpassive investments in companies that have national security sensitive technology, even if they do not gain controlling interest?

Mr. Blumenthal. Without a doubt.

Mr. Heck. And do you believe that it is important for us, in the process of that review, to include members of the IC community and the Department of Defense, to assure that our national security interests are being protected?

Mr. Blumenthal. Very much so, sir.

Mr. Heck. I represent Joint Base Lewis-McChord and quite proudly, I might add. 55,000 people a day report to work there. It is home to the Army's First Corps, the Western Air Defense Sector, the 62nd Airlift Wing, the long-range precision fires. It is

also the only place in the world that has a Ranger Battalion Special Forces group, 160th SOAR, and an Air Force Special Tactics Squadron.

Do you think it is important that we be able to review whether or not China or any other foreign country, for that matter, is purchasing land immediately adjacent to that military operation or military operations like it if there is not a business located on that property?

Mr. Blumenthal. Very much so, sir. Given the amount of espionage in the United States, I would be enormously suspicious of those kinds of purchases.

Mr. Heck. So would you all agree that it is important that we strengthen and modernize CFIUS, which has not been updated in 30 years? You have said so, Mr. Fisher. I haven't heard from you, sir.

Mr. Fisher. Absolutely. And I would go farther, sir, and suggest that we consider reviving amongst our allies an organization like the former CoCom, which pools intelligence, police, and economic/bureaucratic resources towards the goal of controlling this technology and monitoring dangerous economic activities by China.

Mr. Heck. Thank you. Captain?

Captain Fanell. Yes, sir. I think CFIUS should be completely reviewed and strengthened and give us more authorities and flexibilities to protect ourselves.

Mr. Heck. And you think this is an important component of us dealing with the growing military investments by China and activity on their part?

Captain Fanell. Yes, sir, no question.

Mr. Heck. Dr. Kim, you had already alluded to this earlier. If you care to elaborate, I would appreciate it.

Ms. Kim. Yes, I agree. And I would echo Mr. Fisher and say it is important to coordinate with our allies as well. It doesn't make sense to just restrict Chinese

acquisitions within American borders but not within our advanced allies as well.

Mr. Heck. Mr. Fisher.

Mr. Fisher. Congressman, the Chinese have a leadership concept called the leading group. The leading group puts in one room and around one table all of the stakeholders in a given strategic identified objective. There is a Taiwan leading group. There is an America leading group.

So you have economic intelligence, military, whatever's needed. They are talking to each other, and they are deciding what are their priorities and how do we need to stop the Americans, how can we attack the Americans.

The United States has, I believe, long required an overarching new institutional approach to China that is similar to the leading group concept. We need to have in one room constantly on a daily basis representatives from all relevant departments arguing and discussing what the Chinese are doing and how we can protect ourselves.

When the Department of Defense -- or when the Department of Education has to answer to the Department of Defense about Chinese students, I will have judged we have made significant progress.

Mr. Heck. And I assume that you all believe that a modernized CFIUS operation ought to be adequately resourced to the level of the task and the importance of the task? If anybody disagrees, raise your hand.

Thank you. My time is up. I want to add my voice of gratitude to all of you for your time today.

I yield back, Mr. Chairman.

The Chairman. The gentleman yields back.

So I want to thank all of you for being here. Is there anything that you would like to state on the record, something that we missed that we should be aware of as we

continue study into this important topic?

Mr. Blumenthal. I just want to say that the questions for the record, I welcome them, you know, in terms of following up on some of the Congressmen's questions.

The Chairman. All right. Thank you, Mr. Blumenthal.

Captain Fanell. Chairman, I would just like to say that I think, because this is the Select Committee on Intelligence, I think the committee also needs to take a hard look at how the U.S. IC has viewed China over the last 20 years. Look at those assessments and then see what China has done and make an objective assessment about where we were in our assessments. And then ask ourselves honestly have we had a groupthink bias, bipartisan, on both sides of the aisle, across all agencies, about how we viewed China's rise. It doesn't have to be confrontational, I don't believe necessarily a Thucydides Trap. But there were signs and the Chinese told us what they were going to do and when and how they were going to do it and we ignored them. And I think this committee has that prime responsibility to look at that.

The Chairman. Thank you. That is very good advice, and we will do that.

All right. Anything, Mr. Schiff? Anything else?

Mr. Schiff. No.

The Chairman. All right. With that, the hearing is adjourned.

[Whereupon, at 10:57 a.m., the committee was adjourned.]