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In a Fortnight

By L.C. Russell Hsiao

CHINA'S "UNDERGROUND GREAT WALL" AND NUCLEAR DETERRENCE

In early December, the People's Liberation Army's (PLA) publication, *China Defense Daily* (*Zhongguo Guofang Bao*), published a report that provided a rare glimpse into an underground tunnel that is being built by the Second Artillery Corps (SAC)—the PLA's strategic missile forces—in the mountainous regions of Hebei Province in northern China. The network of tunnels reportedly stretches for more than 3,107 miles (*Ta Kung Pao*, December 11; Xinhua News Agency, December 14). The revelation of the semi-underground tunnel highlights the strides being made by China's nuclear modernization efforts, and underscores a changing deterrent relationship between the United States and China.

The labyrinthine tunnel system, dubbed by the Chinese-media as the "Underground Great Wall" (*Dixia Changcheng*), was built for concealing, mobilizing and deploying China's growing arsenal of nuclear weapons. According to military experts cited by various reports, the main purpose of the underground tunnel is to provide the SAC with a credible second-strike capability. The building of an underground tunnel for this purpose is consistent with China's evolving nuclear doctrine from its traditional posture of "minimum deterrence" to a doctrine of "limited deterrence," since the subterranean bunkers strengthen the survivability of China's nuclear forces and bolster its nuclear deterrence posture.

Analysts have long speculated that the SAC' most important underground missile positions were located in the mountainous area in northern China. The geography of this region is cut by steep cliffs and canyons, and therefore suited for use in covering the network of tunnels that is 3,017 miles and can feed a web of underground



China's "Underground Great Wall"
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launch silos. According to a military analyst cited by Hong Kong-based *Ta Kung Pao*, “the outermost layer is 1,000 meters [3,280 feet] deep and covered with soil that does not include any artificial reinforcements” (*Ta Kung Pao*, December 11; Xinhua News Agency, December 14). Moreover, the Chinese reports described the tunnel system in terms of “hard and deeply buried targets” (HDBTs), which typically refers to facilities a few hundred feet deep in “underground installations.” In the case of strategic nuclear missiles, it would mean that all preparations can be completed underground, and the transportation of missiles, equipments and personnel through a network of underground corridors by rail cars or heavy-duty trailers to fixed launch sites can not be detected from observations on the ground (*Ta Kung Pao*, December 11; News.sina.com, December 13; Xinhua News Agency, December 14).

The SAC arsenal of land-based nuclear warheads is believed to include the DF-3A, DF-4, DF-5 (CSS-4), DF-21, DF-31 and the DF-31A. These land-based ballistic missiles have a range of 200 to 5,000 kilometers. According to one U.S.-estimate, “China has approximately 176 deployed warheads, plus an unknown number of stored warheads, for a total stockpile of approximately 240 warheads” (*Bulletin of Atomic Scientists*, Vol. 64, No. 3, 2008).

This report is not the first time that the existence of a tunnel of such magnitude was revealed. As early as 1995, according to a report in the *Liberation Army Daily* cited by *Ta Kung Pao*, a SAC project called the “Great Wall” was completed after 10 years of construction through the labor of “tens of thousands” of army engineers. Furthermore, the Chinese-television program, “Documentary for Military,” aired by Chinese-state run television network CCTV on March 24, 2008, also revealed the status of an underground nuclear counter-strike project called the “great wall project” (*Ta Kung Pao*, December 11; News.sina.com, December 13).

An article published in the Taiwan-based *Asia-Pacific Defense Magazine*, entitled “A Destructive Projection Power: PLA Second Artillery Corps’ Long-range Guided Missiles,” by former Taiwanese Vice Admiral Lan Ningli, included an analysis that also discussed underground installations of the Second Artillery Corps. According to Vice Admiral Lan’s assessment: “The early version of China’s mid-to long-range missiles had all been deployed above ground and were vulnerable to detection by spy satellites and attacks by interceptor missiles. That prompted the Chinese military to move all of their missiles hundreds of meters underground” (*Ta Kung Pao*, December 11; *Chosun Ilbo*, December 14). Moreover, a Hong Kong-based military analyst cited by *Ta Kung Pao* suggested that the timing of the open declaration about China’s nuclear modernization before negotiations on the Strategic

Arms Reduction Treaty may be meant to draw attention to China’s nuclear stature (*Ta Kung Pao*, December 11; News.sina.com, December 13).

Yet, while deterrence assumes that a more secure second-strike capability could enhance stability by causing adversaries to act more cautiously, some analysts have pointed out that strategic stability may not be the necessary outcome of China’s deployment of a secure second-strike capability (See “The Future of Chinese Deterrence Strategy,” *China Brief*, March 4). Since China continues to conceal details about the size and composition of its nuclear stockpile, this may lead to more concerns from China’s regional neighbors over Beijing’s nuclear modernization.

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CCP Party Apparatchiks Gaining at the Expense of Technocrats

By Willy Lam

The latest reshuffle in the provincial-party leadership has validated a seminal trend in Chinese politics: the rise of party apparatchiks and the relative decline of technocrats. Early this month, the Chinese Communist Party (CCP) Organization Department announced two promotions: Hebei Governor Hu Chunhua was made Party Secretary of the Inner Mongolia Autonomous Region, while Agriculture Minister Sun Zhengcai became Party Secretary of northwestern Jilin Province. Hu and Sun, both 46, have thus become the two most senior members of the Sixth-Generation leadership, a reference to top-level cadres born in the 1960s. Other personnel movements in the past year have reinforced the ascendancy of *dang Gong* or party affairs specialists over professional administrators. The Politburo will, early next year, begin preparations for the 18th CCP Congress of 2012, when the bulk of Central Committee and Politburo members will retire in favor of Fifth- and Sixth-Generation cadres. The preeminence enjoyed by a cohort of party functionaries can have a lasting impact on not only the composition of China’s ruling team but also the country’s policy orientations in the coming decade or so.

While Sun, a respected agronomist with a doctorate in agriculture, can be classified as a technocrat, Hu and the bulk of Sixth-Generation rising stars are career *dang Gong* with little exposure to portfolios in the economics, trade, foreign affairs or technology portfolios. The latter group includes Governor of Hunan Province Zhou Qiang, 49;

Chairman of the Xinjiang Autonomous Region Nur Bekri, 48; Party Secretary of the Communist Youth League (CYL), Lu Hao, 42; Party Secretary of the Hebei boom town of Tangshan, Zhao Yong, 46; and Party Secretary of Hefei, capital of Anhui Province, Sun Jinlong, 47. Most of these young Turks are already in the Central Committee as either full or alternate members. Moreover, Hu Chunhua, Jilin's Sun as well as Hunan's Zhou stand a good chance of being promoted to Politburo members at the 18th Party Congress (China News Service, December 1; *Ming Pao* [Hong Kong] December 2; *Global Times* [Beijing], December 3).

There are several reasons behind the growing prominence of party apparatchiks. Firstly, most of them are ranking members of the so-called CYL Faction, which is headed by Party General Secretary and President Hu Jintao, 67. Hu Jintao, Hu Chunhua—who are not related—as well as Hunan's Zhou are former party bosses of the league. Since becoming party chief in 2002, Hu and close aides such as Director of the CCP Organization Department Li Yuanchao—a Politburo member who is also a CYL stalwart—have elevated a few dozen CYL alumnae to important slots at both the central and regional levels. The most high-profile Sixth-Generation CYL Faction member is undoubtedly Hu Chunhua, who, like President Hu, had a remarkable career in the Tibet Autonomous Region. The younger Hu is even deemed a probable successor to Vice-President Xi Jinping, who is the odds-on favorite to become party general secretary at the 18th Party Congress, when the older Hu is expected to retire from the Politburo (*Le Monde* [Paris], December 5; *Straits Times* [Singapore], December 9).

President Hu's preference for *danggong* veterans over technocrats is in line with the practice of ex-president Jiang Zemin. Eight among the nine members of the Politburo Standing Committee (PBSC), China's supreme ruling council, are career party functionaries who have served as party secretaries in major provinces. The exception is Premier Wen, who has been both a party affairs specialist in the CCP headquarters and a State Council technocrat. In addition, 18 among the 25 Politburo members are either former or serving provincial party secretaries. According to the respected party journal *Decision-Making*, salient attributes of provincial party secretaries include the power of "political discrimination"; ability to grasp the "big picture"; capacity for strategic thinking; and ability to appoint capable underlings and to build a good image for the party (*Global Times*, December 7; *Chongqing Evening News* [Chongqing], December 6).

Most significantly, given their expertise in Marxist ideology, CCP dogma and propaganda work, senior *danggong* are considered more politically savvy and "trustworthy"

than numbers-crunching experts handling finance or trade portfolios in the government. Since the 17th Party Congress in 2007, Vice-President Xi and Li Yuanchao, who are Politburo members in charge of organization and personnel matters, have made scores of speeches on ways of identifying neophytes with potential for top-echelon posts. While Third-Generation leaders including Deng strove to strike a balance between "redness" (ideological purity and political correctness) and expertise (professional competence), President Hu, Xi and Li have come down heavily in favor of *de*, meaning "morality", and in the CCP context, political rectitude and readiness to toe the Beijing line. Li has reiterated that cadres being groomed for fast-track promotion "should pass muster in both *de* and competence, with priority given to *de*." "Quite a number of cadres have gone astray not due to the question of professional competence but because of lapses in morality," the Organization Department Chief said last month (*People's Daily*, December 1; *Outlook Weekly* [Beijing], November 30).

By contrast, only a handful of well-regarded Sixth-Generation technocrats seem destined for the top. They include the Chairman of China Commercial Aircraft Co., Ltd. (CCAC), Zhang Qingwei, 48, and the President of the mammoth oil monopoly Sinopec, Su Shulin, 49. A famous rocket scientist who played a key role in China's space program, Zhang served briefly as Minister at the Commission of Science, Technology and Industry for National Defense a few years ago. Su spent his entire career in the oil and gas sector, except for two years as a ranking member of CCP Committee of Liaoning Province (*Businessweek*, November 4; *lanyue.com* [Beijing], December 2). According to time-honored practice, however, cadres who have excelled in the fields of industry, business and technology face a glass ceiling after reaching the level of minister. It is most unusual for technocrats to be inducted into the policy-setting Politburo. Zhu Rongji, the Deng protégé who was prime minister from 1998 to 2003, is one of the few exceptions of a technocrat who made it to the PBSC.

Moreover, even among technocrats who are expected to play a big role in central government ministries after the 18th Party Congress, few of them are "returnees," a reference to officials and professionals with advanced degrees from the United States and Europe. For instance, both Zhang and Su are graduates of Chinese universities. By contrast, several ministers in the first and second Wen Jiabao cabinets, including Health Minister Chen Zhu, Minister of Science and Technology Wan Gang and former Education Minister Zhou Ji boast doctorates from well-known universities in the West. Wan, an award-winning auto engineer and Chen, a specialist on leukemia, also spent several years working in

senior positions in Germany and France respectively (*New York Times*, April 10; *Newsweek International*, April 6). Partly due to their relatively sensitive portfolios, however, the majority of career party functionaries, particularly those affiliated with the CYL, have neither studied nor worked in the West.

The contrasting political fortune of apparatchiks versus that of technocrats may adversely affect the ability of the CCP to adapt itself to the fast-shifting realities of the 21st century. In major addresses on the future of the party and country, President Hu and Vice-President Xi have put emphasis on innovation and theoretical breakthroughs. For example, in his much-noted speech a year ago marking the 30th anniversary of the start of the reform era, Hu underscored the imperative of the spirit of “bold exploration and brave innovation” in reforming party institutions and government policies (Xinhua News Agency, December 18, 2008). In order to satisfy the “morality” criterion, however, *dangggong* veterans seem more adept at demonstrating political trustworthiness and avoiding mistakes than at trying out new ideas that may be deemed controversial and ideologically suspect. Moreover, apparatchiks’ lack of exposure to areas such as international finance and foreign trade has constrained their ability to keep abreast of the latest economic and IT developments in a fast-changing world.

Even more disturbing is the trend that more and more graduates from top institutes of learning such as Peking University and Tsinghua University have opted for *dangggong* careers. This is in the footsteps of both Hu Jintao and Hu Chunhua, who decided in 1966 and 1983 respectively to become party cadres immediately upon graduation from these elite colleges. The past few years have witnessed a phenomenal increase in college graduates applying for the post of party secretary or vice-party secretary in grassroots administrative units ranging from villages to counties. Last year, more than 66,000 university graduates were appointed village-level cadres. This was equal to the aggregate number of college-educated rural officials who had been hired for such jobs in the previous 15 years. Also rising rapidly are the numbers of male and female students who want to join the army upon graduation. A record 130,000 college graduates were recruited by the PLA this year. A stint in the PLA is a much-valued experience that can help young men and women advance their careers as party functionaries (*People’s Daily*, October 21; *Guangzhou Daily* [Guangzhou], October 31; *China Youth Daily* [Beijing], April 22). While this trend may have been partially caused by rising unemployment among new graduates this year, there is little question that college students see a bright future ahead as party functionaries.

The rising political fortune of apparatchiks perhaps explains the CCP’s increasingly tight embrace of the traditional canon. This has been evidenced by the resuscitation of Maoist values particularly in a number of central and western provinces and cities (See “The CCP’s Disturbing Revival of Maoism,” *China Brief*, November 19). By contrast, technocratic officials are much more conscious of the need to sell Chinese products—as well as China’s image—abroad in the age of globalization. As such, professional managers and administrators seem generally less willing to be identified with political campaigns of previous generations. Very much in the tradition of ex-premier Zhu and Premier Wen, they usually make an effort to steer clear of the ideological issues. The stranglehold that *dangggong* veterans have over top-echelon slots in the party-and-government apparatus, however, seems to render it unlikely that China can make a clean break from orthodox norms of yesteryear.

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China in the Caribbean: The New Big Brother

By Daniel P. Erikson

When Chairman of the Standing Committee of the National People’s Congress (NPC) Wu Bangguo arrived in the Bahamas in early September 2009 on the second leg of his Americas tour, it quickly became clear that he was not on vacation. As China’s top legislator and the highest-ranking member of the Chinese government to ever visit the Bahamas, Chairman Wu’s entourage included 150 Chinese officials and business leaders. The delegation signed a series of critical economic deals, including an agreement for mutual protection of Chinese and Bahamian investors, a multi-million dollar loan to help build a highway to Nassau’s international airport, and additional support for a major cricket stadium under construction (Caribbean Net News, September 10). The visit was hailed as a major diplomatic event by the Caribbean press, while Chinese media emphasized that the two sides were ready to intensify exchanges and that the Bahamas “would

unswervingly stick to the ‘One China’ policy” (Xinhua News Service, September 5). In 2008, bilateral trade between the two countries had surged to \$386 million, more than double the year before, and sustained growth was expected in 2009 despite the onslaught of the global financial crisis (CaribbeanPressReleases.com, September 5). Chairman Wu was greeted warmly by Bahamian Prime Minister Hubert Ingraham, who had overseen the normalization of diplomatic relations between China and the Bahamas in 1997, during a previous term in office. Indeed, as this rising Asian power becomes more deeply engaged with the tiny micro-states of the Caribbean, China is positioning itself to be an increasingly influential actor in a distant part of the world traditionally attached to its principal rival, the United States.

At first glance, China and the Caribbean would appear to have few interests in common. China, with a population of over 1.3 billion, has undertaken an impressive economic expansion that has earned it renewed recognition as a global power. The sovereign states of the English-speaking Caribbean consist of small, micro-states with sluggish levels of economic growth. This region of 12 countries includes the island nations of Antigua and Barbuda, the Bahamas, Barbados, Dominica, Grenada, Jamaica, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, and Trinidad and Tobago—as well as Belize, which is located on the Atlantic Coast of the Central American isthmus, and Guyana, which is located east of Venezuela along the northern coast of South America. The global financial crisis that began in the United States in late 2008 has devastated the Caribbean economies, and muddied the prospects for the region’s future growth. While China has been both a primary driver and beneficiary of world economic growth, the Caribbean has, for the most part, been a reactor to it. It is this difference that makes China an alluring, yet potentially dangerous economic partner.

TRADE AND STRATEGIC ISSUES

Trade between China and the Caribbean has expanded dramatically in recent years. According to the International Monetary Fund (IMF), trade between China and the Caribbean Community (also known as CARICOM, this 15-member regional grouping includes all the countries of the English-speaking Caribbean plus poverty-stricken Haiti, the former Dutch colony of Suriname, and the tiny British territory of Montserrat) grew by a factor of 100 between 1990 and 2008, from a paltry \$20 million to over \$2 billion [1]. Antigua and Barbuda is China’s top trading partner in CARICOM, with trade worth about \$600 million reported in 2008. Trinidad and Tobago, Jamaica, the Bahamas, and Dominica round out China’s top five CARICOM trading partners. For these nations,

trade with China is surely a boon, but because China has little demand for their products or services, trade is heavily one-sided. In 2008, 93 percent of CARICOM-China trade came in the form of Chinese exports to the region. Only Dominica approached a balance of trade, exporting over \$60 million in goods to China in that year. In the last ten years, Chinese exports have consistently made up more than 70 percent of total trade (IMF Trade Statistics Directory.). This imbalance is cause for concern but is more indicative of the severe economic imbalance that plagues the Sino-Caribbean relationship.

Chinese-state affiliated companies have also made significant investments in Caribbean infrastructure, especially Hutchison Whampoa Limited, the Hong Kong-based conglomerate whose chairman, Li Ka-shing, is known to have strong links to the Chinese People’s Liberation Army (PLA). Active with port concessions on both ends of the Panama Canal, Hutchison Whampoa established a fully operational \$2.6 billion port facility in Freeport, Bahamas in 2001 (Washington Times, November 20, 2001). This past fall, unconfirmed rumors swirled through the Caribbean that the company is in the process of purchasing the Grand Bahama Port Authority (The Freeport News, October 5). Beginning with the first China-CARICOM Economic and Trade Cooperation Forum, which took place in Jamaica in February 2005, China has convened periodic meetings with Caribbean counterparts to advance its economic interests. China is also playing a robust role in the regional multilateral banks as a member of the Caribbean Development Bank and the Inter-American Development Bank, which it joined in 2008 with a contribution of \$350 billion (Inter-Press Service, May 27, 2009).

China’s overall strategy for the Caribbean has been driven by a desire to ensure the security of Chinese offshore financial holdings, woo countries with infrastructure projects and investment deals to ensure support for China in multilateral organizations, and promote the crucial “One China” policy to isolate Taiwan on the world stage.

THE TAIWAN ISSUE: CARIBBEAN MINNOWS AND ASIAN SHARKS

Now that China has become a major actor on the world stage, it is demanding the diplomatic recognition that for years had been bestowed on the Republic of China (ROC), commonly referred to as Taiwan. The “One China” policy makes diplomatic recognition of China versus Taiwan a zero sum game, which means that Beijing will not maintain relations with any state that recognizes Taipei. Only 23 nations maintain official relations with Taiwan and Latin America and the Caribbean account for half of these, making the Commonwealth Caribbean a competitive arena in which both Beijing and Taipei have a

strong interest. China, in competition with Taiwan, offers economic support to the Caribbean through trade, aid and investment, which returns the favor—for the most part—for maintaining the “One China” policy.

Taiwan’s alliances with the Commonwealth Caribbean have been whittled down by Beijing’s increasingly skillful diplomacy in recent years. The Bahamas defected in 1997, and the island nation of Dominica severed ties with Taipei in 2004. Not long after that, Grenada—still grappling with the legacy of the communist takeover that prompted U.S. military intervention in 1983—turned its back on its staunch anti-communism rooted in the Cold War era to open its arms to China in 2005. Four countries—Belize, St. Lucia, St. Kitts and Nevis, and St. Vincent and the Grenadines—recognize Taipei over Beijing, but the support of these Caribbean nations often comes down to dollars and cents. In 2008, 91.5 percent of China’s trade with CARICOM was with countries that recognize Beijing. Only 8.5 percent of China’s trade was with countries that recognize Taipei despite the fact that more than half of the people in CARICOM live in Haiti, a state allied with Taiwan [2].

In the case of St. Lucia, the competition between China and Taiwan veered into the theater of the absurd as the debate became heavily polarized along political lines leading up to the 1997 election of Dr. Kenny Anthony as prime minister. As a result, recognition of China became a domestic issue with Anthony’s party, the St. Lucia Labor Party, supporting Beijing while Sir John Compton, leader of the United Workers Party (UWP), favored Taipei. These internal divisions are often rooted in ideological differences but enhanced by the “dollar diplomacy” practiced by both China and Taiwan in the Caribbean. When Anthony was elected prime minister in 1997, he switched allegiance from Taiwan to China within the first four months of his administration. During his administration St. Lucia was the recipient of much Chinese aid, especially in preparation for the Cricket World Cup, hosted by the West Indies in 2007. Four key Chinese aid projects, including the construction of a national stadium and a psychiatric hospital were used to woo the tiny nation out of Taiwan’s dwindling fold. Nonetheless the extent to which China’s “internal affair” with Taiwan was a domestic issue in St. Lucia became clear when the island’s most recent electoral results provoked a change in recognition of the “One China” policy.

The general election of December 11, 2006 saw a return to power of two-time Prime Minister Compton, and St. Lucia’s position on the Taiwan question was once again in play. With a population of almost 170,000 and an estimated GDP of \$1.8 billion, the tiny nation emerged as a key fighting ground in the geopolitical battles for diplomatic

recognition between China and Taiwan. On April 30 2007, St. Lucia formally recognized Taiwan and within a few days China withdrew its diplomatic corps (*New York Times*, May 2, 2007). In reality, St. Lucia’s switch does not represent a turning of the tides back to Taiwan but instead merely re-emphasizes the fact that recognition of China or Taiwan in the Caribbean is not an ideological issue, but instead one fueled largely by economic opportunism.

Moreover, St. Lucia’s flip-flop represents an exception, as most other English-speaking Caribbean states have moved decisively toward recognizing Beijing. Meanwhile, gaining confidence from its ever-expanding economic prowess, China is learning quickly to play the dollar diplomacy game. The PRC has an advantage over Taipei in this endeavor to the extent that its foreign ministry operates unconstrained by the scrutiny of either a legislature or independent media, and its willingness to dig into its deep pockets have already paid some dividends. Dominica’s Premier Minister Roosevelt Skerrit switched recognition in 2004 after receiving a pledge of \$112 million over a six-year period from Beijing. Though in 2003 Grenadian Prime Minister Keith Mitchell said that maintaining relations with Taiwan is “practical,” by 2005 he had changed his tune, signing a joint communiqué in support of the “One China” policy. In exchange, Beijing promised financial assistance to rebuild and expand Grenada’s national stadium for the 2007 Cricket World Cup; construction of 2,000 housing units; new hospital facilities; agricultural support; a \$6 million grant to complete projects previously financed by Taiwan; and an additional \$1 million scholarship fund [3].

Furthermore, Caribbean governments are intrigued by the idea of China as a potential partner for trade and investment. As a rising superpower without a colonial or “imperialist” history in the hemisphere, China is in many ways a more politically attractive partner than either the United States or Europe for some local politicians confronted with increasingly anti-American constituencies. China, in this view, offers a more benevolent version of the “Big Brother” role typically played by Western powers. Nevertheless, most analysts recognize that the Caribbean’s embrace of China—to the extent that this has actually occurred—is potentially linked to their perception of neglect and disinterest from the United States.

CHINA AND THE CARIBBEAN: A DELICATE EMBRACE

More than 8,000 miles separate Beijing from most Caribbean capitols, but given the historical, economic and political differences between China and the Caribbean, distance has not diminished the eastern economic powerhouse’s interest in forging ties with these tiny Caribbean islands. Nonetheless, China’s engagement with the Caribbean

has intensified significantly in recent years and small Caribbean states can no longer ignore the dragon in their midst. Today, virtually every Caribbean nation—including those that do not formally recognize China—has extensive political and economic contacts with the nascent economic powerhouse in East Asia. This marks a dramatic change from the days when Caribbean nations lacked significant economic or diplomatic relations with China. Recently, a surge in trade between China and the Caribbean, increased diplomatic recognition of China in the region, and a flurry of official visits have signaled a significant strengthening of Sino-Caribbean ties.

While the reasons for this are complex, the relationship between China and the Caribbean hinges on two critical components: China's economic might, and its focus on diplomatically isolating Taiwan. Economic cooperation is the underlying basis for Caribbean interest in strengthening ties to China. As an economic powerhouse that is well equipped to deal with the effects of increasing globalization, China stands opposite the vulnerable Caribbean and can offer the attention of a superpower to a region looking to take part in the globalized economy. The desire to strip Taiwan of its remaining allies, as a step toward reincorporating it under the domain of mainland China, has given the Caribbean a level of political salience in Beijing that it would otherwise lack. Yet, the true shape of China's relations with the Caribbean will be determined by broader global forces and the dexterity with which Chinese policymakers and their Caribbean counterparts are able to forge mutually advantageous ties. It is clear that China is mapping out a long-term vision for engaging with the Caribbean, but it is too early to tell whether this vulnerable region will sink or swim as a result.

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NOTES

1. Direction of Trade Statistics – International Monetary Fund, July 2009. Exports of a country to the world by partner and Imports (c.i.f.) of a country from the world by partner, <http://www.imfstatistics.org> (accessed July 2009).
2. Direction of Trade Statistics of International Monetary Fund and author's estimates.
3. Daniel P. Erikson and Janice Chen, "China, Taiwan and the Battle for Latin America," *The Fletcher Forum of World Affairs*, Summer 2007.

J-10: The New Cornerstone of Sino-Pakistani Defense Cooperation

By Tarique Niazi

China and Pakistan have forged a formidable partnership in high-tech defense production. This partnership is born of their ever-deepening military and strategic cooperation that is also reflective of the burgeoning capacity of China's defense industries and the budding Sino-Pakistani defense relationship. The epitome of this bilateralism is the recent revelation that the Chinese have agreed to the sale of 36 J-10B fighter jets to Pakistan (*Financial Times*, November 10). The J-10 aircrafts are known to be one of the most advanced weapon systems in China's arsenal, of which Pakistan will be the first recipient. With the delivery of 36 fighter jets, the Pakistan Air Force (PAF) will raise two fighting squadrons that will further sharpen its combativeness. The J-10 deal was reportedly sealed for a whopping \$1.4 billion, which accounts for 70 percent of Chinese average arms sales of \$2 billion a year (*China Brief*, July 9).

THE J-10 SALE EPITOMIZES STRATEGIC ALLIANCE

The deal marks the depth of a strategic alliance between Beijing and Islamabad. Some reports suggest that Pakistan is actually seeking 150 J-10 fighter jets, which go by Chengdu Jian-10 in China and F-10 in Pakistan, for a sum of \$6 billion (*The Hindu*, November 11). The Pakistani government, however, dismisses such reports as inflated (*Financial Times*, November 10). Although Pakistan has not yet made the deal public, its prime minister, Yousaf Raza Gilani, on November 23, confirmed that "his country is in talks with China for securing the J-10s" [1]. Pakistan turned to China for these aircraft in 2006 after it failed to secure the F-16s from the United States (*Dawn*, May 1, 2006). General Pervez Musharraf, Pakistan's former military ruler, who negotiated the deal during his visit to China in 2006, is the real architect of this grand sale (*The Hindu*, November 11).

The J-10s are China's third generation fighter aircraft that it has indigenously developed (*The Hindu*, November 11) and manufactured at the Chengdu Aircraft Industry (CAI). Some observers, however, believe that J-10s are China's fourth generation aircraft. "This aircraft is a cousin to the Israeli Lavi (upon which it is based) and roughly equivalent in capabilities to the U.S. F-16C flown by several air forces around the world" (See "China's Re-emergence as an Arms Dealer: The Return of the King?" *China Brief*, July 9). The J-10s started development in the mid-1980s and finally entered production for the People's Liberation Army Air Force (PLAAF) about three or four years ago.

Aviation experts rank them below the F-16s, the Swedish Gripen and other smaller combat aircraft (*China Brief*, July 9). According to a report in *The Hindu* (November 11), China is working on developing its fourth generation fighter jets as well. The United States, *The Hindu* report further claims, is the only country that possesses a fourth generation combat aircraft—the F-22s. Yet aviation experts believe the F-22s are fifth generation fighter jets. Chinese Deputy Commander of the PLAAF He Weirong claimed that “China would operationalize its very own fourth generation aircraft in the next eight or ten years” (*The Hindu*, November 11). The Chinese official further claimed that the fourth generation planes would “match or exceed the capacity of similar jets in existence today” (*The Hindu*, November 11).

In anticipation, China is also training Pakistani fighter pilots for flying the fourth generation combat aircraft. On January 16, it delivered eight Karakoram K-8P trainer jets to Pakistan for this purpose. According to an official statement, the K-8P jets had enhanced the basic training of PAF pilots and provided a “potent platform for their smooth transition to more challenging fourth generation fighter aircraft” (*The Asian Defence*, January 16). The K-8P is an advanced trainer jet that has been jointly developed by China and Pakistan. It is already in service at the PAF Academy. At the handing-over ceremony for the K-8Ps, a visiting Chinese delegation as well as high-ranking PAF officers were in attendance.

China’s sale of the J-10 fighters to Pakistan, however, signals the depth of its strategic alliance with Pakistan. Pakistan will be the first country to receive the most advanced Chinese aircraft, which speaks volumes to Chinese faith in its strategic partnership with Pakistan. Defense analysts, however, believe that the sale sends an important message to the world that China’s “defense capability is growing rapidly” (*Financial Times*, November 10). China-Pakistan military relations spanned over 43 years, starting in 1966 when China provided Pakistan with F-6s, which were followed by the successive supply of such aircraft as FT5, A5, F-7P, F-7PG and K-8 (*Jang*, November 22).

These relations continue to grow with high-level exchanges in the defense sector. As recently as October of this year, Chinese Vice-Minister Chen Qiufa, administrator of China’s State Administration for Science, Technology & Industry for National Defense (SASTIND), led a delegation of Chinese defense-companies to Pakistan. He called on Prime Minister Gilani and discussed cooperation in the JF-17 Thunder Project, Al Khalid tank, F-22 frigates, Airborne Warning and Control System (AWACS), and aircraft and naval ships (APP, October 17). The Chinese delegation included representatives from China’s missile technology

firm Poly Technologies as well as Aviation Industries Corp. of China, China Shipbuilding Industry Corporation, China Electronics Technology Group and China North Industry Corporation.

Although there is a proliferation of joint defense projects between China and Pakistan, their collaboration in aviation industry has peaked at the turn of the millennium. The mainstay of their joint defense production is the Pakistan Aeronautical Complex (PAC) in Kamra (Punjab), which services, assembles and manufactures fighter and trainer aircraft. The PAC is rated as the world’s third largest assembly plant. Initially, it was founded with Chinese assistance to rebuild Chinese aircraft in the PAF fleet, which included Shenyang F-6 (now retired), Nanchang A-5, F-7 combat aircraft, Shenyang FT-5 and FT-6 Jet trainer aircraft. The PAC also houses the Kamra Radar and Avionics Factory (KARF), which is meant to assemble and overhaul airborne as well as ground-based radar systems, electronics, and avionics. The KARF, which is ISO-9002 certified, has upgraded the PAF Chengdu F-7P interceptor fleet. Over time, the PAC has expanded its operation into aircraft manufacturing, and built a specialized manufacturing unit in the 1980s: The Aircraft Manufacturing Factory (AMF). The AMF got noticed in the region when it partnered with the Hongdu Aviation Industry Group of China to design, develop and coproduce the K-8 Karakoram (Hongdu JL-8), which is an advanced jet trainer. The AMF’s flagship project, however, is the Sino-Pakistani joint production and manufacture of the JF-17 Thunder aircraft, which it is producing with the Chengdu Aircraft Industry (CAI).

JF-17 THUNDER MAKES OVER THE PAF

In recent history, China and Pakistan set out for the joint production of JF-17 combat aircraft that both countries consider a substitute for U.S. F-16s. Pakistan’s indigenous manufacture of the first JF-17 (which goes by FC-1 in China) came to fruition on November 23, when Pakistan Aeronautical Complex (PAC), an arm of the Pakistan Air Force, turned it over to the PAF to the chants of “Long Live Pak-China Friendship” (*The News International*, November 24).

Pakistan’s Prime Minister, Pakistan Chief of Army Staff and Chinese Ambassador to Pakistan, Lou Zhaohui, were among the dignitaries who attended the handing-over ceremony. Chinese Ambassador Zhaohui, speaking on the occasion, told his audience: “China wants to further broaden the defense cooperation with Pakistan” (*Jang*, November 23). The PAF already has 10 JF-17s, which were produced in China, in its fleet. The JF-17 project began in 1992, under which China agreed to transfer technology for the aircraft’s joint production. The project was hampered

in 1999, when Pakistan came under proliferation sanctions. It gained momentum in 2001.

On September 3, 2003, its prototype, which was manufactured in China, conducted the first test flight. The PAF claims that the JF-17s, with a glass cockpit and modern avionics, are comparable to any fighter plane (*Jang*, November 23). It is a lightweight combat jet, fitted with turbofan engine, advanced flight control, and the most advanced weapons delivery system. As a supersonic plane, its speed is 1.6 times the speed of its sound, and its ability to refuel midair makes it a “stand-out” (*Jang*, November 23). Pakistan intends to raise a squadron of JF-17s by 2010. The Chief of Air Staff of the PAF told a newspaper that JF-17s would help “replace the existing fleet of the PAF comprising F-7s, A-5s and all Mirage aircraft” (*The News International*, November 8). Eventually, Pakistan will have 350 JF-17s that will completely replace its ageing fleet.

Pakistan also plans to export these aircraft to developing countries for which, it says, orders have already started pouring in (*Jang*, November 22). China and Pakistan anticipate an annual export of 40 JF-17s to Asian, African and Middle Eastern nations [2]. At \$25 million apiece, the export of 40 aircraft will fetch them \$1 billion per year. There are estimates that Asia will purchase 1,000 to 1,500 aircraft over the next 15 years. In this Sino-Pakistani joint venture, Pakistan will have 58 percent of shares, while China will have 42 percent (*The News International*, November 25). Besides defense aviation, China and Pakistan are closely collaborating on the joint production of naval ships as well.

CHINESE FRIGATES FOR THE PAKISTAN NAVY

China and Pakistan worked out a \$750 million loan to help Pakistan build four F-22P frigates (*The News International*, September 16, 2004). In 2004, Pakistan negotiated this non-commercial (i.e. low-cost) loan with China for the joint manufacture of naval ships. China and Pakistan have since moved fast to begin work on this project. They have now expanded the original deal to build eight F22P frigates respectively at Hudong Zhonghua shipyard in Shanghai, China, and Karachi shipyard and Engineering Works (KSEW), Pakistan. The manufacturing cost of each F22P Frigate, which is an improved version of China’s original Type 053H3 Frigate, is \$175 million. At this rate, the cost of eight frigates will run at about \$1.4 billion.

The first Chinese-built F-22 frigate, named PNS Zulfiqar (Arabic for sword), was delivered to Pakistan on July 30 (*The Nation*, July 31). A month later, the ship was formally commissioned in the Pakistan Navy fleet in September. Soon after its arrival in July, the ship participated in the Pakistan

Navy’s SeaSpark exercises. Of the original four frigates, three were to be built in China and one in Pakistan (*Asia Times*, July 11, 2007). After the delivery of PNS Zulfiqar, the remaining two ships that are being built in China are expected to be commissioned in the Pakistan Navy fleet by 2010. The fourth ship being built in Pakistan’s Karachi shipyard will be ready by 2013 (*Asia Times*, July 11, 2007).

The Pakistan Navy describes the F-22P frigate as a Sword Class ship that is equipped with long-range surface-to-surface missiles (SSM) and surface-to-air missiles (SAM), depth charges, torpedoes, the latest 76mm guns, a close-in-weapons system (CIWS), sensors, electronic warfare and an advanced command and control system (*The Nation*, July 31). The ship has a displacement of 3,000 tons and carries anti-submarine Z9EC helicopters. China has already delivered the first batch of two such helicopters to Pakistan. Although the Pakistan Navy has Sea-King helicopters for anti-submarine operations, it is now acquiring Chinese Z9ECs to enhance its operational capabilities (*The Nation*, July 31). In addition to building eight frigates, the Sino-Pakistan defense deal includes the upgrading of the Karachi dockyard for indigenous production of a modern surface fleet. The frigates deal is the first of its kind between China and Pakistan, which forges their two navies into a high-level collaboration for boosting their surface fleet.

CONCLUSION

At the turn of the millennium, China and Pakistan have diversified their defense trade into joint defense production. They have since been collaborating on the production of most advanced weapons systems, such as the JF-17s combat aircraft and F-22P Frigates. Pakistan will receive the transfer of technology for the J-10s as well. China recognizes that Pakistan is rich with human capital in the high-tech defense industry, which serves as a magnet for its investment. Both China and Pakistan look to capture wider defense export markets in Asia, Africa and the Middle East. At the same time, their growing cooperation in aviation and naval defense systems signals an important shift in Pakistan’s military doctrine that traditionally favored Army (especially ground forces) over its sister services—Navy and Air Force. In the region’s changing strategic environment, in which China has growing stakes, Pakistan has come to recognize the critical importance of air and naval defense. The China-Pakistan collaboration in aviation and naval defense amply embodies this recognition.

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NOTES

1. “NRO beneficiaries will be held to account.” *Daily Intekhab*, [http://daily http://dailyintekhab.com.pk/news/news10.gif](http://dailyintekhab.com.pk/news/news10.gif).
2. Tarique Niazi, “China-Pakistan Relations: Past, Present and Future,” A presentation made at the Woodrow Wilson International Center for Scholars on January 29, 2009.

China’s Rising Profile in International Arms Sales

By Stephen Blank

The year 2009 will likely be remembered as the beginning of a more assertive phase in Chinese foreign policy, as seen in Beijing’s stance on reform of the international financial system, its massive investments in foreign countries, and in particular its investment in and acquisition of energy assets. At the same time, China’s newfound assertiveness is also manifested by the inroads it is making in the global arms markets. Beijing’s rising profile as an exporter of arms attests to the progress made by its defense industries because it shows that China is beginning to master the complex challenges involved in producing quality military systems for foreign customers. Moreover, these products duly give China greater competitive viability in those markets. For instance, China has begun to develop its own competitive weapons systems (e.g. its first large military transport plane) (*Nikkei Telecom* 21, November 13), and may soon start selling other post-Soviet states its own weapons (e.g. the L-15 Falcon advanced jet trainer to Ukraine) (*Jane’s Defence Weekly*, November 23).

China’s emergence as a major arms exporter owes much to its successful indigenization (aka piracy) of Russian weapons and technologies that Moscow has sold to Beijing since 1990. This indigenization is a long-standing and deeply ingrained practice going back many years, and a systematic Chinese policy to advance the technological level and quality of indigenously produced weapons while reducing its dependence upon foreign suppliers (See “Recent Trends in Russo-Chinese Military Relations,” *China Brief*, January 22). As a result, China’s advances in the arms sales markets come largely at the expense of Russia, as Chinese arms are becoming more competitive in those markets where Russian weapons and technologies have established a niche in recent years. Naturally, this situation discomfits arms sellers in Russia but policymakers in Moscow still insist on maintaining a strong relationship with Beijing even if Russia will sell China fewer weapons than before (*ITAR-TASS*, September 30; *FBIS SOV*, September 30).

Thus, it remains unclear—to what degree if any—China suffers any penalties from its indigenization policy. In this way, China is becoming a direct competitor to Russia in the international arms markets, and even among the commonwealth of independent states (CIS).

The scope of China’s arms sales offensive is global. In Africa, China sells arms to those states from which it buys oil and gas or where it has gained access to explore for oil or gas (e.g. Sudan). Yet it is also clear that China is competing with Russia in the African arms market with indigenized versions of Russian-made weapons systems. For instance, according to Japanese reports China is “frantically” trying to sell SU-27 fighters in the guise of China’s J-11 Fighters to African states (*Foresight*, February 19; *FBIS SOV*, September 30). Similarly in South America, an area that Russia has targeted as one of the key future markets where it hopes to increase its market share, China is beginning to offer the same states competitive weapons systems (*Interfax-AVN Online*, October 22; *FBIS SOV*, October 22). In 2010, China will deliver six of the eighteen K-8 Karakorum trainer or light attack planes that it sold to Venezuela, and is lending Ecuador \$52 million to buy aircraft for its air force. In early 2009, Ecuador signed a contract for \$60 million to buy Chinese air defense radars; its first purchases from China in 15 years (*Defense News*, November 28).

Perhaps the most significant example of China’s aggressive arms sales posture can be found in the Middle East, the key market where it competes with Moscow and Washington. Iran has already reached the point where it can appeal to China for defense exports (ironically probably knock-offs of Russian weapons). Thus, Iran has raised hints that if Russia does not sell the S-300 SAM for which it signed a contract in 2007, Tehran might turn to the HQ-9 surface-to-air missile (FD-2000) as the alternative (*Press TV*, May 10). As an Iranian report noted:

As Iran’s quest for the advanced Russian-made S-300 air defense system is believed to have hit rock bottom, a report by RIA Novosti said Tehran is eyeing a Chinese-made HQ-9 surface-to-air missile under the name FD-2000—recently put on the export market. The HongQi-9/FD-2000 reportedly combines elements “borrowed” from Russia’s S-300 and America’s MIM-104 Patriot. It uses elements of the Russian system’s “solid rocket, aerodynamic layout, gas-dynamic spoilers and launcher technologies, as well as some search and guidance systems.” The missile has a range of 7-125 kilometers for airborne targets—a range much lower than the 150-kilometer range of the Russian S-300 PMU1. The Chinese system’s range for missile targets, or air-to-ground missiles, is 7-50 kilometers, with a firing altitude of 1-18 kilometers.

Its range for cruise missiles is 7-15 kilometers, at a firing altitude of 0.025 kilometers. The range for ballistic missiles is 7-25 kilometers at a firing altitude of 2-15 kilometers (Press TV, May 10).

Egypt, a former Russian client who, like others, became frustrated with the poor quality of Russian weapons, also began switching to Chinese arms (*FBIS SOV*, February 19). Moreover, China has announced that it will compete with Russia and the United States for entry into Turkey's surface-to-air missiles (SAM) market (*FBIS SOV*, August 31).

Finally, in South and Southeast Asia where China has sold its weapons and technology—which are generally copies of Russian systems—and in particular to Pakistan, China is intensifying the regional arms race with India, and competing with Russia in Southeast Asia. Specifically, China's recent sale of at least 36 J-10 fighter jets, and the possibility that it could sell Pakistan up to 150, is a testament to its strength in the Pakistani market and to the enduring quality of the regional arms race with India. This sale is perhaps the most impressive testimony to China's new assertiveness in the global arms market (See "J-10: The New Cornerstone of Sino-Pakistani Defense Cooperation," *China Brief*, December 16).

Accordingly, China's Aviation Industry Corporation (AVIC) has also emerged as a rival to Russia's Sukhoi and MiG Aircraft that are marketed abroad by Rosoboronekспорт, Russia's arms seller, in Indonesia, Pakistan, the Philippines and Eastern Europe, and eventually in Africa with regard to helicopters. Meanwhile, Pakistan will soon roll out its first indigenously produced JF-17 that China copied from Russia and sold (*FBIS SOV*, October 7). Indeed, it has become clear that China has sold or otherwise transferred Russian defense technologies like RPGs, the PK-10 Assault gun, howitzer ammunition and anti-tank rockets to Pakistan, much to the anger of Russian officials (*Kanwa Asian Defense*, August 2009; *FBIS SOV*, August 31).

Beyond these considerations, the deal with Pakistan also has important geopolitical ramifications. Clearly, China is concerned about the growth of Indian military power and political standing and Beijing is showing that it intends to restrain New Delhi by keeping it preoccupied with Pakistan. This sale demonstrates the long-standing policy of China in action. Second, it also shows that China will not supinely let the U.S. challenge it for primacy as the main foreign influence in Pakistan. As the *Times of India* reported:

Beijing is keen to reduce U.S. influence on Pakistan, which will make it easier for it to deal with India,

sources said. Washington's recent decision to extend massive financial assistance to Islamabad is seen in some quarters as a policy setback for China. It is now trying to get back its influence over Pakistan by selling two squadrons of advanced jets, sources said. Even more significant is Beijing's eagerness to share advanced technology with Pakistan, which is something US suppliers are usually reluctant to do. A report from Pakistan said it wants to buy a larger number of warplanes from China besides the two squadrons of J-10 fighter planes it is buying at the moment. A Pakistani official described the plane sales deal as a "landmark" in Pak-China relations (*Times of India*, November 11).

In spite of agreements in late 2008 where China agreed not to create any suspicion of copying or exporting weapons using Russian technology to third countries in return for a renewed effort at a cooperative relationship with Russia, China failed to adhere to the agreement and it led to a temporary blocking of Russian arms sales to China (*Sankei Shimbun Online*, February 2; *Kanwa Asian Defense*, August 2009; *FBIS SOV*, August 31).

CONCLUSION

These arms sales and their scope indicate that China fully intends to become a permanent competitor with Russia and eventually with European and American firms in the international arms market. There does not seem to be a way to stop Beijing from indigenizing systems that it has received from Russia other than to curtail sales to it. Yet even if Russia stops selling China arms, an action that entails serious costs for Russia, it may be too late to stop Chinese firms from introducing their own competitive refinements and improvements to a host of weapon systems. Moreover, Chinese systems are attractive to countries based on price or in return for the political and economic support that China gives to their regimes (e.g. Sudan). Iran's example also suggests what could happen to Russia if China supplants it in the arms market, namely a turn from Moscow to Beijing in Iran's foreign policies. And the rivalry for the Turkish SAM (a project whose urgency grows with Iran's rising missile capability) suggests that Russia in some cases may actually not even be competitive to customers relative to China. In other words, in this manifestation of China's assertiveness in the international arena this is only the beginning of China's rise in its arms sales policies, just as this is only the beginning of its self-assertion in financial system reform and other areas of international affairs.

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those of the U.S. Army, Defense Department or the U.S. Government.

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