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In a Fortnight

PLAN EAST SEA FLEET MOVES BEYOND FIRST ISLAND CHAIN

By L.C. Russell Hsiao

The People's Liberation Army Navy (PLAN) recently carried out its annual exercises far from China's coastal waters. The flotillas of naval warships were reportedly deployed on an unprecedented scale, seemingly to demonstrate China's emergence as a full-fledged blue water navy that is willing and capable of projecting its power into the Western Pacific. According to Japanese Defense Ministry sources cited by the *Yomiuri Shimbun*, the PLAN's East Sea Fleet was engaged in training exercises from April 7 to April 9 involving a total of 10 warships and submarines, including *Sovremenny* guided missile destroyers. The flotilla traveled from the East China Sea through the Okinawa Islands and Miyako Strait to waters off the disputed Okinotori Islands—the southernmost point in Japan—in the Western Pacific Ocean without any prior notification to Tokyo, where it conducted anti-submarine warfare exercises (*Yomiuri Shimbun* [Japan], April 27).

According to Japanese sources, the 10-vessel strong flotilla consisted of two kilo class subs, two guided missile destroyers, and three corvettes, among others. The Chinese flotilla was identified between Okinawa and Miyako Islands while in international waters on April 11, where it conducted supply exercises on the southern waters of Okinawa, and on the noon of April 13 the flotilla reached an area near the disputed Okinotori Islands, which is strategically located at the midpoint between Taiwan and Guam. The disputed territory lies at a militarily significant point, and it is alleged that in recent years Chinese vessels have been mapping the ocean's bottom covering areas U.S. warships might pass en route to Taiwan (*Ta Kung Pao* [Hong Kong], April 21; ETaiwannews, April 27; *Christian Science Monitor*, January 8).

The East Sea Fleet exercise reflects the progress of the Chinese navy in executing its evolving naval strategy, and the remarkable pace of PLA naval modernization that has accelerated in recent years. The *PLA Daily* described the navy's latest action as an exercise designed to deploy its warships in distant waters. "Other parties should not speculate [about] the flotilla's intentions since training in international waters [is] an international practice," the *People's Daily* reported the statement as saying (People's Daily Online, April 15).

In an interview with Xinhua News Agency, Rear Admiral Zhang Huachen, deputy commander of the East Sea Fleet, announced: "With our naval strategy changing now, we are going from coastal defense to far sea defense." "With the expansion of the country's economic interests, the navy wants to better protect the country's transportation routes and the safety of our major sea lanes," he added. "In order to achieve this, the Chinese Navy needs to develop along the lines of bigger vessels and with more comprehensive capabilities" (*New York Times*, April 24).

Indeed, the route taken by the East Sea Fleet was in international waters and the exercise appeared to follow the line of a three-stage strategy in PLAN modernization, which was laid out in the White Paper on China's National Defense in 2008. According to the White Paper, the navy has been "developing capabilities of conducting cooperation in distant waters and countering non-traditional security threats, so as to push forward the overall transformation of the service" since the beginning of this century (*Global Times* [China], April 24, 2009).

"First, it [PLAN] aims to develop a relatively modernized naval force capable of operating within the first island chain—a series of islands that stretch from Japan to the north, to Taiwan, and to the Philippines in the south. The second step aims to develop a regional naval force that can operate beyond the first island chain to reach the second island chain that includes Guam, Indonesia and Australia. And in the third-stage, the navy plans to develop a global force by the mid-21st century" (*Global Times*, April 24, 2009).

Viewed in light of its naval strategy, the recent PLAN exercise demonstrates the progress of the East Sea Fleet's operational capabilities since it clearly indicates that the Chinese Navy is a modernized naval force capable of operating beyond the first island chain. Furthermore, the success of this exercise would suggest that the PLAN is seeking to extend its operational reach to the "second island chain" as its logical next step.

Military exercises are an important feature of Chinese military doctrine and often offer important strategic insight into Chinese intentions and capabilities. Analysis on the East Sea Fleet exercise in the Chinese press has emphasized the fact that China is no longer afraid to assert its freedom to navigate on the high seas, namely cruising past the U.S. military base in Okinawa. Although PLAN exercises have passed through the island chain before, this is the first time that such an exercise involved such a complex array of warships and submarines. The complexity of the exercises was also reflected in the multiple mid-air refueling operations deployed for Chinese squadrons of J-10, J-7 and J-8 aircraft, which requires a sophisticated level of command and control operations (*Ta Kung Pao*, April 21). These complex operations clearly demonstrate the PLAN's maturing capabilities to undertake and sustain coordinated air and naval operations far from the Chinese mainland. Moreover, it also indicates China's intent to protect its core interests within the first island chain. Perhaps more importantly, the East Sea Fleet exercise may have been an important signal to the United States that the Chinese Navy is no longer barred by the first island chain, and that China is prepared to freely navigate the Western Pacific (V.Ifeng.com [Hong Kong], April 15; *Ta Kung Pao*, April 21; Et33.blog.china.com, April 27; *Liberty Times* [Taiwan], April 25).

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Chinese Leaders Revive Marxist Orthodoxy

By Willy Lam

Two unusual developments in elite Chinese politics have observers wondering if the Chinese Communist Party (CCP) is moving toward political reform and changes in its policy toward ethnic minorities. On April 15, Premier Wen Jiabao published an article in the *People's Daily*—the Party's mouthpiece—that heaped accolades on the late party chief Hu Yaobang, who was sacked by patriarch Deng Xiaoping in 1987 for failing to deal harshly with free-thinking intellectuals. On top of that, the hard-line "Emperor of Xinjiang," Wang Lequan, was replaced last weekend as party secretary of the Xinjiang Autonomous Region (XAR) by Hunan Party boss Zhang Chunxian, who is deemed a moderate. While noteworthy, these portents of possible liberalization, however, have been counter-balanced by potent flare-ups of orthodoxy at the party-ideology level. Senior cadres and theoreticians have been called upon to uphold the mantra of Chinese-style Marxism as the be-

all and end-all of politics. Moreover, instead of relying on political reforms to defuse socio-political contradictions, the CCP leadership is devoting unprecedented resources to boosting its security and control apparatus.

Premier Wen Jiabao's eulogy of Hu has elicited attention in and out of China because the liberal party leader's death 21 years ago was the immediate cause of student protests that ended in the bloody Tiananmen Square crackdown. In his article, Wen saluted Hu's "superior working style of being totally devoted to the suffering of the masses." The premier, who worked under Hu from 1985 to 1987, also praised his former boss's "lofty morality and openness [of character]." The article has led to speculation that the CCP leadership might consider re-introducing reforms associated with Hu—and even reappraising the verdict on the June 4, 1989 massacre. The day the article appeared, some 20,000 Chinese posted comments on sina.com, a popular portal. Many hailed the article as a "positive development" in the direction of liberalization (*People's Daily*, April 15; *Wall Street Journal*, April 15).

There is, however, no credible evidence that Wen's intent is to signal that the CCP is about to inaugurate a cycle of reform. Yang Jisheng, a former Xinhua News Agency editor and biographer of the late Zhao Ziyang—who was ousted after the Tiananmen incident—said the piece could "not be interpreted as a harbinger for the return of reforms" (*New York Times*, April 15; Hong Kong TVB New, April 15). Moreover, the decision to rehabilitate Hu's reputation had been made by President Hu Jintao and his Politburo Standing Committee (PBSC) colleagues in early 2005. On the late leader's 90th birthday in November of that year, the CCP held a commemorative meeting at the Great Hall of the People in which Hu posthumously received effusive praise for his contribution to the party and country. Political observers in Beijing say it is probable that Wen's article is an effort by President Hu to bolster the status of the Communist Youth League (CYL) as the dominant—and perhaps most progressive—faction within the party. Indeed, Hu Yaobang was a founder of the League, and it was owing to his patronage that Hu Jintao became CYL First Party Secretary in 1984. It is understood that in the run-up to the 18th CCP Congress scheduled for 2012, President Hu has been pulling out all the stops to induct more CYL affiliates to the Politburo and PBSC (*Apple Daily* [Hong Kong] April 21; *Ming Pao* [Hong Kong] April 16).

The removal of Wang, who has been the No. 1 official in Xinjiang since 1995, has also been taken as a sign that the Hu-Wen leadership might want to turn a new page in Beijing's policy toward the Uyghurs. At its just-concluded Work Meeting on Xinjiang, the Politburo vowed to

"promote harmonious relations among masses of different nationalities and different religions, and to consolidate and develop harmony and stability in Xinjiang society." Wang's replacement, former Hunan Party Secretary Zhang, is deemed a pragmatist who may eventually revise some of Wang's draconian policies against ethnic minorities. These include suppressing Uyghur identity and cracking down hard on Uyghur intellectuals who demand that XAR officials vouchsafe to Uyghurs the degree of autonomy in cultural and religious matters that are guaranteed by the Chinese Constitution (Xinhua News Agency April 23; *Ming Pao*, April 24).

Yet there seems a higher likelihood that the Hu leadership will continue its time-honored iron-fisted approach toward taming the restive autonomous region. The main theme of the Xinjiang Work Meeting is to "uphold national unity and safeguard national security" and to safeguard the party's proverbial "long reign and perennial stability" in western China. Top priority is being placed on buttressing military and security forces in the SAR. The public security budget for Xinjiang in 2010 was set at 2.89 billion yuan, up 88 percent from last year (*People's Daily*, April 24; *Ming Pao*, March 6; *China Daily*, January 13). Moreover, the policy of Sinicization—facilitating the migration of more Han Chinese businessmen, technicians and laborers to the XAR—has received a big boost. This past month, on April, the party secretaries and other top officials from cities and provinces including Beijing, Guangdong, Liaoning, Jiangxi and Zhejiang visited Xinjiang under the banner of "assisting Xinjiang in economic [construction], providing Xinjiang with cadres and talents, and helping educate Xinjiang [residents]." A record number of state-run and private businesses from these eastern and central regions are set to move westward this year (China News Service, April 13; Sing Tao Daily News [Hong Kong] April 14).

Far from resurrecting Hu Yaobang's famously tolerant and seemingly conciliatory policies toward intellectuals and ethnic minorities, the CCP leadership has further relied on its formidable control apparatus to snuff out challenges to its authority. It is significant that Wang's new posting is as deputy secretary of the CCP Central Commission on Political and Legal Affairs (CCPLA), the country's highest-level organ on law enforcement and *wei-wen*, or maintenance of political stability. The powers and establishment of the CCPLA, which has direct control over the police, prosecutor's offices and the courts, have been augmented the past few years (See *China Brief*, "CCPLA: Tightening the CCP's rule over law," April 2, 2009). Particularly since the July 5, 2009 riots in Xinjiang, which resulted in the death of 197 residents, the CCPLA has vastly strengthened its network of *wei-wen* units

nationwide. The National People's Congress last March approved outlays worth 514 billion yuan (\$75.26 billion) for public-security departments this year, which are almost as big as the People's Liberation Army budget of 532 billion yuan (\$77.89 billion). The regional Chinese media have disclosed that this year's *wei-wen* budget for provinces and cities including Liaoning, Guangdong, Beijing, Suzhou had jumped at least 15 percent over that of 2009 (*Ming Pao*, March 6; *Southern Weekend* [Guangzhou], March 3; *Legal Daily*, February 22).

At the same time, cadres responsible for ideology and the media are sparing no efforts to push forward President Hu's slogans about "Sinicizing and popularizing Marxism" as a means to ensuring socio-political stability and promoting national cohesiveness. At a recent forum on "Promoting Popular Contemporary Chinese Marxism," Director of the CCP Propaganda Department Liu Yunshan urged cadres to "deeply grasp the laws of Marxist development, and to better arm the entire party—and educate the people—with the theoretical system of Chinese socialism." "We must take hold of the people through better [use of] the latest fruits of the Sinicization of Marxism," said Liu, a conservative commissar who is also member of the CCP Politburo (Xinhua News Agency, March 25; Sohu.com, March 29).

Ideologues and propagandists have, since the winter, been waging a campaign that is focused on "distinguishing four boundaries." In a nutshell, party commissars are demanding that China's intellectuals, particularly college teachers and students, make clear-cut distinctions between four sets of values. They are Marxism versus anti-Marxism; a mixed economy that is led by Chinese-style public ownership on the one hand, and an economic order that is dominated by either private capital or total state ownership on the other; democracy under socialism with Chinese characteristics versus Western capitalist democracy; and socialist thoughts and culture on the one hand, and feudal and corrupt capitalist ideas and culture on the other (*People's Daily*, March 23; *Liberation Army Daily*, December 22, 2009). According to ideologue Li Xiaochun, "party members and cadres must buttress their political sensitivity and their ability in political discrimination." "We must bolster [our] ideological defense line through self-consciously drawing a demarcation between Marxism and anti-Marxism," he said. Moreover, in a paper on differentiating socialist and capitalist democracy, the Chinese Academy of Social Sciences Center on Socialist Systems pointed out that Western democracy was no more than "the game of the rich" and "democracy of the pocket book." The piece concluded that the quintessence of Chinese democracy must remain "democratic people's dictatorship"—and not Western-style democracy (*People's Daily*, April 8;

Worker.cn.com, March 23).

Meanwhile Politburo member and Chongqing Party Secretary Bo Xilai, who raised eyebrows last year by spearheading a large-scale resuscitation of "red" or Maoist values in his west-China metropolis, has persevered with his campaign to revive policies and norms associated the Great Helmsman (See *China Brief*, "The CCP's Disturbing Revival of Maoism," November 19, 2009). Apart from staging "revolutionary operas" and putting up Mao statues, Bo and company have sought to take better care of disadvantaged sectors in the municipality by building more "social-security apartments" and providing near-universal health care and pension. "Singing the praise of 'redness' means supporting what is right," Bo, a leading member of the so-called Gang of Princelings, said recently. "A city must do a good job of nurturing spiritual civilization." He added that cadres who are obsessed with GDP rates—but who lack spiritual values—may "go down the road of corruption and degeneration" (China News Service, April 20; *Chongqing Daily*, March 18).

With the 18th Party Congress little more than two years away, PBSC members and other senior cadres are preoccupied with sustaining socio-political stability—and paving the way for the elevation of faction affiliates into the new Central Committee and Politburo. These conditions seem to militate against liberalization, which is seen as disruptive and destabilizing. Seen in this perspective, Premier Wen's eulogy of Hu Yaobang and personnel changes in Xinjiang seem little more than efforts to placate the liberal wing of the party and the intelligentsia. For the foreseeable future, what party ideologues call the "leitmotif of the times" will likely remain, boosting the socialist orthodoxy in conjunction with beefing up the security apparatus.

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Is China Leading the Rebirth of Asia's Commercial Aircraft Industry?

By Richard A. Bitzinger

China may, by the end of the year, start deliveries of the ARJ-21 *Xiangfeng* (Soaring Phoenix), its first indigenously designed and developed commercial regional jet. According to the Chinese media, the fourth domestically-produced ARJ21-700 plane completed its maiden flight successfully in Shanghai on April 13 (People's Daily Online, April 14). Although the project itself is relatively modest in ambition and scope, the significance of the ARJ-21's deliverance is that it could be the precursor to the development of an entirely new industrial sector in Asia. The ARJ-21 series of large passenger jets offers serious competition to a field that is currently dominated by just a handful of firms in the Western hemisphere. Asian aerospace companies have tried before to break into the "big boys' club" of commercial aircraft production—and failed miserably. Just four companies dominate the global passenger jet business: Boeing and the European consortium Airbus are the sole manufacturers of large commercial aircraft (125 to 650+ seats), while Canada's Bombardier and Embraer of Brazil vie to supply regional jets in the 35-to-125 seat capacity. The ARJ-21 is perhaps Asia's best and strongest hope to date for finally penetrating this tight market. No other Asian commercial airliner program has ever progressed this far in terms of design, development, and manufacturing, and the Chinese government appears to be strongly committed to seeing the ARJ-21 through to fruition, not only by adequately funding the project and working to ensure domestic (and even overseas) orders, but also by restructuring the Chinese aircraft industry so it can expand and become globally competitive in the commercial jet sector.

ASIA: THE ELEPHANTS' GRAVEYARD OF COMMERCIAL AIRCRAFT VENTURES

The Asian aerospace industry is littered with the bones of failed commercial aircraft endeavors. Most ventures were stillborn, such as South Korea's plans in the 1990s to produce a 50-seat regional jet. Two of the most ambitious efforts were on the part of Indonesia and Japan. Indonesia's former president, Suharto, at the urging of his Minister of Technology (and later his successor) B.J. Habibie, poured billions of dollars into IPTN, Indonesia's aircraft manufacturer. Out of this came the N-250, a 50-passenger turboprop commuter plane, of which only two prototypes were built before IPTN collapsed under the weight of the Asian Financial Crisis of the late 1990s. Another IPTN project, the N-2130, a 100-seat regional jet, never even got off the drawing board [1].

Japan was even more ambitious with its plans to become a leading commercial aircraft manufacturer. In the 1960s, it built the YS-11, a 60-seat turboprop commuter plane that many thought would be the first in a series of Japanese-made commercial airliners. In fact, one of the more alarmist notions to come out of the Japan-bashing school in the late 1980s and early 1990s was the belief that by the turn of the century we would all be flying wide-bodies produced by Mitsubishi or Kawasaki.

The reality was much more sobering. From the late 1960s to the early 1990s, Japanese government and industry labored together on a number of passenger jet projects, starting with the YX, a planned 200-seat commercial jet. This was later scrapped in favor of the more modest YXX, a 100-150 passenger airliner, and later the even more modest YSX, a 60-seat regional jet. None of these aircraft ever made it beyond the specifications stage, let alone fly [2].

Today, most Asian aerospace firms have had to be content with being subcontractors and suppliers to the leading Western aircraft manufacturers like Boeing and Airbus. Not that this cannot be very lucrative; Japanese aircraft firms have a 20 percent stake in the Boeing 777 program and a 35 percent work share in the Boeing 787, including production of the critical central wingbox. On the other hand, being a subcontractor has none of the glamour and cachet of having your company's name on the side of the aircraft.

CHINA: THE FUTURE CENTER OF ASIAN COMMERCIAL AIRCRAFT MANUFACTURING?

China has also had its share of failed passenger airliner schemes. In the 1970s, it developed the Y-10, a virtual clone of the venerable Boeing 707. In the 1990s, it produced the MD-80 passenger jet under license from McDonnell Douglas. The Y-10 never made it out of the prototype stage, while MD-80 production was abandoned after only 35 aircraft were built.

Yet, the ARJ-21 could turn around Asia's commercial aircraft sector. The ARJ-21 regional jet, launched in 2002 during the Tenth Five-Year Plan (2001-2005), is a different, more realistic venture. It is a smaller scale plane, seating between 90 and 105 passengers, designed for short-haul flights of less than three hours (*People's Daily*, November 4, 2002). It is intended first and foremost to meet China's burgeoning demand for internal air transport; estimates are that the country will require up to 1,000 medium-sized regional jets over the next 20 years (*China Daily*, November 11, 2008). Consequently, the ARJ-21 has a huge domestic market to tap into and build upon.

The ARJ-21, in fact, has already secured over 180 firm orders from Chinese airlines. From three original launch customers—Shangdong Airlines, Shanghai Airlines, and Shenzhen Financial Leasing—the plane’s order books have expanded to include three other local airlines: Xiamen, Kunpeng and Joy Air. Remarkably, the plane has also scored overseas customers, including Lao Airlines and GE Commercial Aviation Services (GECAS); GECAS, an Irish-American commercial aircraft leasing company, has ordered five ARJ-21s, with an option on 20 more (*China Daily*, November 11, 2008). Currently, the ARJ-21 has a respectable backlog of 240 planes (firm orders plus options) (*Sinocast*, October 26, 2009).

Overall, China is rapidly becoming *the* commercial aerospace hub of Asia. In addition to the home-grown ARJ-21, China is currently assembling the Airbus A320 commercial airliner in Tianjin. As part of the deal, Airbus built a final assembly line nearly identical to the A320 plant in Hamburg, Germany, and production will reach four aircraft per month by 2011 [3]. Meanwhile, Embraer has a joint venture with the Harbin Aircraft Industry Group to co-produce the 35-50 passenger ERJ family of regional jets (See “Chinese Commercial Aviation Cleared for Take-off,” *China Brief*, January 21, 2008). Airliners produced at both plants will mainly serve the Chinese airline industry; therefore, these programs serve mainly as an offset to promote further sales to the Chinese aviation market.

At the same time, China’s domestic aircraft industry is not resting on its laurels. In 2009, it unveiled a scale-model of a 170-190 seat commercial airliner, designated the C919, which will directly compete with the Airbus A320 and the Boeing 737. An obvious play on the Boeing B7x7 designator system, one can infer that the Chinese intend this plane to be a player in the global commercial aircraft market. The C919 is supposed to have its first flight in 2014, with deliveries commencing in 2016 (Agence France-Presse, September 8, 2009).

One final point: Ironically, whereas in the past (and even up to the present), Chinese aerospace firms often have served as subcontractors to Boeing and Airbus, foreign companies are now vying to become suppliers and subcontractors to the Chinese aviation industry. More than 20 overseas firms are partnering on the ARJ-21, including General Electric (engines), Rockwell Collins (avionics), Leibheer (landing gear), and Parker Aerospace (flight controls) [4]. In addition, CFM International has recently been chosen to supply its LEAP-X powerplant for the C919, and it will subsequently build a final assembly line in China to produce the engine (*Flightglobal*, December 21, 2009).

REORGANIZING THE AVIATION INDUSTRY TO PROMOTE

COMMERCIAL AIRCRAFT PRODUCTION

To develop and build the ARJ-21, China cobbled together several competing aircraft manufacturing groups into a single consortium, known initially as the AVICI Commercial Aircraft Company (ACAC). Members of ACAC included the Shanghai Aircraft Research Institute, the Xi’an Aircraft Design and Research Institute, the Chengdu Aircraft Industrial Group (CAIG), the Xi’an Aircraft Industry Group (XAIG), the Shenyang Aircraft Corporation (SAC), and the Shanghai Aircraft Manufacturing Factory (SAMF). The Shanghai and Xi’an research institutes were responsible for designing the aircraft, while workshares were distributed among the four manufacturing companies accordingly:

- CAIG: nosecone
- XAIG: wings and fuselage
- SAC: empennage, pylon and vertical stabilizer
- SAMF: horizontal stabilizer

In addition, SAMF will have responsibility for final assembly of the ARJ-21 at its Shanghai facility [5].

To further aid the development of its aviation industry, China also recently decided to consolidate its aircraft-manufacturing sector. In 1999, Beijing broke up its large defense-oriented state-owned enterprises into smaller units, in the hope that these new industrial groups would compete with each other and therefore become more efficient, innovative, and market-oriented. Hence, the old Aviation Industries of China (AVIC) was split into AVIC I—which manufactured fighter jets and undertook most large commercial aircraft projects—and AVIC II—which had responsibility for building helicopters and trainer aircraft. From the beginning, however, it was apparent that these two new industrial groups would overlap very little in terms of products, and so any benefits of competition were few. Additionally, AVIC I appeared to get the bulk of the lucrative and prestigious aviation programs, while AVIC II staggered along with a handful of less glamorous projects.

In 2008, therefore, Beijing re-merged AVIC I and AVIC II back into a single unit, again called Aviation Industries of China. This new AVIC regards this reconsolidation as creating sufficient “critical mass” so as to more effectively and efficiently develop new indigenous aircraft and aerospace technologies, both in the military and commercial sectors. It is also likely that the new AVIC foresees so much work coming out of future commercial aircraft production that it will require the involvement of the manufacturing centers of the old AVIC II to help fill all the orders.

With the re-merger of AVIC, ACAC was re-established as the Commercial Aircraft Corporation of China Ltd. (COMAC). This new civil aircraft company will have responsibility both for building the ARJ-21 and for developing the C919 passenger jet. COMAC is jointly owned by the reconsolidated AVIC, the central Chinese government, and the Shanghai regional authority (*BBC News*, May 11, 2008).

The success of the ARJ-21 will revitalize the Asian commercial aircraft industry. For the first time, this part of the world will have a product that can compete in an industrial sector historically dominated by North Americans and Europeans. More importantly, China could eventually become a hub for regional civilian airliner production, bringing in other aerospace firms from throughout Asia to partner on follow-on commercial aircraft projects. Singapore Technologies Aerospace, for example, already cooperates with Chinese aviation companies in manufacturing the Eurocopter EC-120 light utility helicopter, while back in the mid-1990s South Korea and China explored the idea of co-developing and co-producing a twin-engine regional jet [6].

CONTINUING UNCERTAINTIES

Can Asia, led by China, do with commercial aircraft what it did with consumer electronics, automobiles, semiconductors, and personal computers? In other words, can it leverage its comparative advantages in low-cost manufacturing and growing technological prowess to become a global powerhouse in this sector as well? Despite recent progress, the Chinese aircraft industry still faces some substantial challenges. The passenger jet business has very high entry costs—and these costs are likely to soar as China tries to develop an all-indigenous airliner, with a locally built engine (in particular, China wants to eventually power the C919 with a locally developed engine), avionics, and flight controls, all of which are currently imported. Additionally, the ARJ-21 faces stiff competition from Bombardier and Embraer, and they are not going to cede sales quietly. Finally, airlines value safety and reliability as much as they do a good price. Given China's substandard reputation in general quality control, China's aircraft industry may likewise face considerable skepticism when it comes to buying their indigenous commercial airliners.

None of these hurdles are likely to deter the Chinese from their efforts, however. The commercial aircraft business is as much a matter of national pride as it is one of profits. The momentum that propels China to advance itself in microelectronics, automobiles, space and emerging technologies is also driving its aircraft industry. The ARJ-21 may not end up being a commercially successful airliner,

but it is a big step forward in China becoming a major manufacturer of commercial aircraft.

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China's "Charm Offensive" Loses Momentum in Southeast Asia [Part I]

By Ian Storey

Although the fundamentals of the Southeast Asia-China partnership remain largely unchanged, over the past year or so there has been a discernable change in tone as both sides confront longstanding as well as new problem areas in their relationship. As the nations of Southeast Asia look toward their giant neighbor to the north, the level of concern regarding the impact of China's rising regional profile has increased markedly. As a result, Southeast Asian countries have demonstrated a greater willingness to articulate their concerns on the diplomatic front on a range of political, economic and strategic issues, putting China on the defensive and prompting its foreign ministry to take action to deflect criticism. Additionally, some Southeast Asian nations are starting to beef up their armed forces to hedge growing Chinese assertiveness in the South China Sea. Conversely, as Beijing looks south, it faces a medley of increasingly serious problems with the three major players in mainland Southeast Asia—Burma (Myanmar), Thailand

and Vietnam—which lie on China’s critically important southern periphery. ASEAN-China relations are rife with issues, including controversies associated with the recently launched free trade agreement, the perennial problem of tensions in the South China Sea, negative reaction to Chinese dam-building activities along the upper stretches of the Mekong River, and political strife in Burma and Thailand. Although Chinese leaders try to reassure ASEAN governments that Beijing’s intentions are benign, today, Southeast Asians seem much less willing to take these reassurances at face value.

CAFTA AROUSES CONCERN IN INDONESIA

Southeast Asia-China ties began the year on a relatively upbeat note with the visit of PRC State Councilor Dai Bingguo, who is a leading figure in the formulation of Chinese foreign policy, to the ASEAN Secretariat in Jakarta on January 22. In his speech, Dai was lavish in his praise for the organization’s development over the past 10 years, noting that ASEAN had become “more influential politically, more competitive economically” and had played “an important and unique role in safeguarding and promoting regional stability, development and cooperation,” the latter a nod to ASEAN’s “leading role” in the development of a regional security architecture [1]. China, Dai pledged, would “deepen political mutual trust” and “increase communication” with ASEAN by establishing a permanent representative office at the Secretariat. Dai juxtaposed his praise for ASEAN by acknowledging China’s enormous economic progress over the past decade, but conceded that this growth might be “somewhat fearful” for other countries. China, the State Councilor reassured his hosts, was not to be feared; Southeast Asia should regard the PRC as a “reliable neighbor and friend,” that seeks neither hegemony nor the expulsion of the United States from Asia.

Dai moved on to spotlight what is likely to be the most significant event of ASEAN-China relations this year: the launch of the China-ASEAN Free Trade Area (CAFTA) on January 1. First proposed by China in 2001, CAFTA removes barriers on thousands of goods and services between China and the ASEAN countries—Indonesia, Malaysia, Singapore, Thailand, the Philippines and Brunei in 2010 followed by the less developed economies of Burma, Cambodia, Laos and Vietnam in 2015—to create the largest free trade area by population and third largest in trade volume after the European Union and North American Free Trade Area. Dai described the creation of CAFTA as “a major happy event for the China-ASEAN family.” Ironically, however, Dai lauded CAFTA in the one country in Southeast Asia where opposition to the agreement is at its strongest—Indonesia.

CAFTA has long been a source of anxiety for Indonesian manufacturers, who have seen competition from China devastate the textile, garment and footwear industries, and who predict the agreement will swamp the domestic market with Chinese goods, force local enterprises out of business, result in job losses of between one to two million, and exacerbate the trade deficit (in 2009 Indonesia’s trade with China was \$4.6 billion in the red) (*Jakarta Post*, April 19). As CAFTA loomed, Indonesian businessmen and trade associations—many of whom had supported President Susilo Bambang Yudhoyono’s successful re-election in 2009—lobbied the government to renegotiate CAFTA or at least postpone the removal of tariffs on more than 200 items. Although the government remained committed to CAFTA in principle, ministers appeared divided over its potential impact; Trade Minister Mari Pangestu argued the free trade agreement was good news for Indonesian exports (particularly raw materials) and would attract much needed foreign investment from the PRC; Industry Minister M.S. Hidayat, however, warned of massive job losses in the coming months as CAFTA came into effect (*Straits Times*, January 20).

Despite Pangestu’s upbeat assessment, the government was acutely aware of CAFTA’s unpopularity, and sought ways to calm the jitters. In a meeting with PRC Commerce Minister Chen Deming on April 13, Indonesia secured agreements from China to establish a joint working group to settle problems arising from CAFTA’s implementation as well as a commitment from the Chinese to pursue balanced trade (*Antara*, April 5). In a move to partially offset the trade deficit, Chen also pledged nearly \$2 billion in export buyers’ credit to finance infrastructure projects (*Straits Times*, April 4). A month earlier, the state-owned China Railways Group had secured a \$4.8 billion contract to build and operate a coal transportation network in South Sumatra—another indication of China’s growing economic presence in Indonesia (*Financial Times*, March 25).

Yet it remains to be seen whether these initiatives will assuage the concerns of Indonesia’s business community. If the trade deficit continues to balloon, and job losses eventuate, it raises the prospect of the Indonesian government erecting non-tariff barriers and implementing anti-dumping duties on Chinese goods, measures that could spark a trade war between the two countries. Prime Minister Wen Jiabao was scheduled to visit Indonesia on April 22-23, with trade and investment issues high on the agenda. Yet, Wen postponed his trip due to the Qinghai earthquake on April 14. Just as U.S. President Barack Obama had had to postpone his trip to Indonesia in March due to the passage of health care reform legislation, for Wen, too, domestic exigencies had trumped foreign relations.

While Indonesians have been the most vocal in their complaints about CAFTA, their concerns over the inability of local industries to compete with their Chinese counterparts are shared across Southeast Asia. Nevertheless, ASEAN leaders maintain the hope that the long-term benefits of the agreement will outweigh short-term pain.

FURTHER TENSIONS IN THE SOUTH CHINA SEA

In his speech at the ASEAN Secretariat, Dai Bingguo made only oblique references to the thorny problem of overlapping sovereignty claims in the South China Sea. He advised that ASEAN and China should “expand common interests and minimize differences” and that, “[p]ending a solution, we must not complicate or even aggravate the issues, for it would consequently affect our overall cooperation.” As far as some of the ASEAN members are concerned—particularly Vietnam—by its actions, it is China that is complicating the dispute, and this has contributed to an uptick in tensions over the past two years [2].

Over the past six months, Vietnam and China continued to cross verbal swords over their competing sovereignty claims in the South China Sea. In late 2009 and early 2010, Hanoi condemned China’s decision to establish local governing bodies in the Paracel Islands (a group of islands 200 miles southeast of Hainan Island, occupied by the PRC in 1974 but still claimed by Vietnam) and develop the archipelago’s tourism industry as a violation of Vietnamese sovereignty (*Vietnam News Agency*, November 16, 2009; *Straits Times*, January 5). Hanoi has also been flustered by the increasing frequency with which its fishing vessels have been seized by Chinese authorities in the South China Sea. Vietnamese trawlers were detained in waters near the Paracels on December 7 and 8, March 22 and April 13. China has been vocal in its criticism of “illegal” fishing activities conducted by foreign trawlers and the arrest and alleged mistreatment of Chinese fishermen by the maritime enforcement agencies of other countries [3]. In a bid to enforce its jurisdictional claims in the South China Sea, in early April Beijing announced the dispatch of two large fishery patrol vessels to the Spratly Islands to protect Chinese fishing vessels, the first time it has done so outside the period of its unilateral fishing ban in the sea that usually takes place between May and August (*Straits Times*, April 5).

In reaction to this string of events, President Nguyen Minh Triet visited one of the Vietnamese occupied atolls in the Spratlys and defiantly declared his country would “not let anyone infringe on our territory, our sea, our islands. We won’t [*sic*] make concessions, even an inch of ground, to anyone” (*Deutsche Presse-Agentur*, April 2). Vietnamese Prime Minister Nguyen Ta Dung had earlier called on the

state-controlled media to better publicize the country’s sovereignty claims and reject “incorrect information” from other countries (*Deutsche Presse-Agentur*, February 24, 2010). Vietnamese efforts to fix “incorrect information” included complaints to the National Geographic Society for labeling the Paracels as Chinese territory on its maps, and, more legitimately, an error on a Google map which showed the Vietnamese border town of Lao Cai inside China (*VOV News*, March 14, 2010; *Deutsche Presse-Agentur*, March 22). Thus, at the outset of the Sino-Vietnamese “Year of Friendship” to mark 60 years of diplomatic relations, amity has been in very short supply.

In the first quarter of 2010 there was a modicum of good news concerning attempts by China and ASEAN to manage the South China Sea dispute and ameliorate tensions. Last year, talks between the two sides on drawing up guidelines to implement the Declaration on the Conduct of Parties in the South China Sea (DoC)—the 2002 agreement aimed at freezing the status quo and promoting cooperative confidence building measures (CBMs)—stalled due to a disagreement over which countries should participate. ASEAN wanted to sit down with China as a group to discuss the DoC while China’s preference was to talk to the individual ASEAN claimants (Vietnam, Malaysia, the Philippines and Brunei) on a bilateral basis (*The Nation*, October 19, 2009). China, it seems, was worried that Vietnam would attempt to rally fellow ASEAN members to its cause and “gang up” on the PRC in bilateral discussions.

In January 2010, Vietnam took over the rotating chairmanship of ASEAN and was determined to break the deadlock. Within weeks of becoming chair, Vietnam had hosted a meeting of ASEAN foreign ministers in Danang to build consensus on the way forward—a consensus that has been sorely lacking in ASEAN over the past few years. ASEAN leaders attended a summit meeting in Hanoi in April, and while the final communiqué made no reference to the dispute, at a post-summit press conference, Prime Minister Nguyen announced that ASEAN and Chinese officials had agreed to hold meetings to “discuss solutions to push the implementation of the DoC,” suggesting that China had finally agreed to meet with ASEAN as a group (DPA, April 9). At the first of these meetings in Hanoi on April 16, the two sides reportedly discussed ways to operationalize CBMs outlined in the DoC. Concrete proposals will likely be considered at the ASEAN-China Senior Officials Meeting later this year (*Vietnam News Agency*, April 17).

As ASEAN and China dither over implementing the 8-year-old DoC, the military balance of power is quickly shifting in China’s favor, putting the Southeast Asian

disputants at a disadvantage and rendering the status quo unsustainable. In particular the rapid modernization of China's navy has become a source of anxiety in some of the capitals of Southeast Asia. Over the past decade, the People's Liberation Army Navy (PLAN) has put into service a slew of modern submarines, destroyers, frigates, amphibious landing ships and patrol vessels, and this has considerably strengthened Beijing's hand in the South China Sea. The navy and maritime law enforcement agencies have increased the frequency of their "presence missions" in contested waters, and, given their improved airborne early warning control and aerial refueling capabilities, the PLA can now perform extended air operations over the South China Sea. According to *The South China Morning Post*, the frequency, scope and sophistication of Chinese military exercises in the South China Sea increased markedly in 2010 (SCMP, April 20). If present assessments are correct, China will commission an aircraft carrier in 2012—the 67,000-ton ex-Soviet carrier *Varyag* currently being retrofitted in Dalian—which is likely to be home ported at the Sanya Naval Base on Hainan Island [4]. The *Varyag* will provide the PLAN with organic air cover in the South China Sea, a potential game changer in the territorial dispute.

The strategic implications of China's rapid military build-up have not been lost on Southeast Asians, who have become less reticent about airing their concerns. In March, for instance, at a meeting of the ASEAN-China Defense and Security Dialogue in Beijing, PLA officials were pointedly asked by a delegate from the Philippines what guarantees the PRC could give that its armed forces would not be used aggressively. In response, Senior Colonel Chen Zhou of the PLA Academy of Military Sciences voiced the standard line that the development of the PLAN was to safeguard China's maritime interests and would not be used for power projection purposes in pursuit of hegemony (Xinhua News Agency, April 1).

Southeast Asians are not only voicing their concerns, but also taking more concrete actions, including strengthening their naval capabilities. In 2009 Malaysia took delivery of two *Scorpene*-class submarines that will be based in Sabah near to the disputed Spratly Islands, while reports suggest that in December Vietnam placed an order with Russia for 6 ultra-quiet *Kilo*-class submarines to defend its territorial claims in the South China Sea. On the sidelines of conferences in Southeast Asia, Chinese scholars and military officers have described these acquisitions as "destabilizing," an incredible assertion considering that the PLAN now operates 60 submarines.

Since the early 2000s, China, through its diplomatic "charm offensive," has attempted to convince ASEAN leaders that its rising power presents an economic opportunity rather

than a strategic threat. As China's increasing economic penetration of the region brings problems, and as the PLA grows in strength however, Southeast Asians have become more aware of the gap between rhetoric and reality. As a result, China's platitudes are wearing thin.

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NOTES

1. Address by H.E. Dai Bingguo, State Councilor, The People's Republic of China, at the ASEAN Secretariat, Jakarta, January 22, 2010.
2. Clive Schofield and Ian Storey, *The South China Sea Dispute: Increasing Stakes and Rising Tensions*, James town Foundation, November 2009.
3. Robert Sutter, "China-Southeast Asia Relations: Myanmar, South China Sea Issues," *Comparative Connections: A Quarterly E-Journal on East Asian Bilateral Relations* (October 2009).
4. Statement of Admiral Robert F. Willard, Commander U.S. Pacific Command before the House Armed Services Committee on Recent Security Developments Involving China, January 13, 2010.

[Part I of this two-part series examines Southeast Asian concerns over China's economic role and recent moves in the South China Sea; Part II will examine problem areas in China's relations with the countries of mainland Southeast Asia.]

The U.S.-China Strategic Security Relationship and the Nuclear Posture Review Report

By Michael S. Chase

At first glance, the Obama Administration's long-awaited Nuclear Posture Review (NPR) Report appears to have relatively little to say about China, at least in comparison to its emphasis on the threats of nuclear terrorism and nuclear proliferation, reducing the role of U.S. nuclear weapons, and the "New START" arms control agreement between the United States and Russia. Yet a close reading of the NPR reveals major implications for the future of the U.S.-China strategic relationship. The review comes at a time when strategic security is becoming an increasingly important bilateral issue. Beijing is continuing to modernize its nuclear missile forces with the deployment of the DF-31 and DF-31A mobile intercontinental ballistic missiles

(ICBMs) and development of the JL-2 submarine-launched ballistic missile (SLBM) for the PLA Navy's new Jin-class nuclear-powered ballistic missile submarines (SSBNs)—and Chinese scholars maintain reservations about U.S. missile defense and conventional global strike plans.

Beijing's reaction to the 2001 NPR was extremely negative because many Chinese scholars saw it as confirmation of their perception that the United States was determined to seek a strategic security posture that would allow for the unconstrained employment of U.S. military power. Since the 2010 NPR highlights the importance of enhancing strategic stability in the U.S.-China relationship through dialogue, however, it should help to ameliorate some of Beijing's longstanding concerns about U.S. strategic intentions toward China. Indeed, the Chinese reaction has generally been more favorable this time than it was in response to the 2001 NPR.

At the same time, however, the comments of some Chinese analysts appear to reflect lingering suspicion about U.S. motives and intentions. For example, Teng Jianqun, an arms control expert at CICIR, praises the 2010 NPR as a "positive factor for the promotion of international nuclear security," but cautions that America's thinking about global hegemony has not changed (Xinhua News Agency, April 8). Similarly, some Chinese arms control experts have asserted that the U.S. nuclear posture remains largely the same despite the new NPR. Moreover, according to Li Hong, Secretary General of the China Arms Control and Disarmament Association, Beijing "still faces some threat from the U.S." because "China is not among the countries the U.S. has said it will not attack" (NPR, April 9). Some Chinese arms control experts were also disappointed that the NPR did not adopt an unconditional no first use policy. In addition, the author of one recent article opines that the United States is pressing other countries for disarmament to ensure its nuclear superiority (*Global Times*, April 16).

CHINA AS "A SMALL RUSSIA"

The 2010 NPR highlights the growing importance of the U.S.-China security relationship and the need for greater cooperation on global security issues like nuclear non-proliferation and terrorism. At the same time, however, the NPR also expresses concern about Chinese military modernization, especially aspects of the development of its nuclear forces. As the NPR puts it, "the United States and China's Asian neighbors remain concerned about the pace and scope of China's current military modernization efforts, including its quantitative and qualitative modernization of its nuclear capabilities." Moreover, according to the NPR, "the lack of transparency surrounding its programs—their pace and scope as well as the strategy and doctrine guiding

them—raises questions about China's future strategic intentions" [1].

What is most important about the NPR, however, is how it proposes dealing with these concerns. Indeed, it appears to resolve a fundamental debate regarding the U.S.-China strategic relationship—whether to base it on recognition of the reality of mutual deterrence or a potentially destabilizing quest for strategic dominance. A 2009 Council on Foreign Relations task force report on U.S. nuclear weapons policy highlighted this dilemma, noting that the United States had not yet decided whether to treat China as a "small Russia to be deterred or a large North Korea to be defended against." The NPR resolves this issue by placing China in the same category as Russia, and stating that the United States "must continue to maintain stable strategic relationships with Russia and China" [2]. The NPR also echoes the 2010 Ballistic Missile Defense Review Report, which stated: "maintaining strategic stability in the U.S.-China relationship is as important to this Administration as maintaining strategic stability with other major powers" [3].

By placing China in the same category as Russia and highlighting the importance of enhancing strategic stability in the U.S.-China relationship, these important policy documents reflect the strategic reality that China is a reemerging great power with the resources and determination to deploy and maintain a secure second strike capability, not a larger version of North Korea or Iran that needs to be dealt with through the pursuit of strategic dominance. This is a critical starting point that should begin to allay some of Beijing's longstanding strategic security concerns and thus enable the United States and China to address key nuclear weapons-related challenges such as enhancing strategic stability, cooperation on nonproliferation goals, and perhaps broader arms control initiatives in the longer-term.

U.S.-CHINA STRATEGIC STABILITY

From Beijing's perspective, Chinese strategists have argued that U.S. missile defense systems and proposed conventional global strike programs would have a negative impact on strategic stability by compromising China's assured second strike capability. Specifically, Chinese scholars have suggested that such capabilities would make it easier for the United States to contemplate a first strike against China. Indeed, Chinese analysts view U.S. pursuit of a missile-defense system as a serious threat to the viability of China's nuclear deterrent. According to Senior Colonel Wang Zhongchun, a professor at the PLA's National Defense University, "Once the system is completed, the United States will obtain a strategic deterrent force with

both offensive and defensive capabilities, which could pose serious challenges to the limited nuclear deterrent capabilities of medium-sized nuclear countries” [4]. Some Chinese analysts state that ballistic-missile defense (BMD) will make it easier for the United States to consider the first use of nuclear weapons. According to Rong Yu and Peng Guangqian:

Should the United States possess the strategic defense capabilities, its first strike would leave only a few nuclear weapons available for the adversary to launch a retaliatory counterattack, which would be within the capacity of its missile defense system to intercept; a second strike would then eliminate the remainder of the adversary’s nuclear force. It is apparent that, with the BMD system, U.S. decision-makers would be greatly emboldened when facing the choice of launching a pre-emptive or even preventative nuclear attack [5].

U.S. proposals to deploy prompt conventional global strike capabilities, which have been mentioned in several recent policy documents including the 2010 *Quadrennial Defense Review* and the NPR, have also raised concerns among Chinese analysts. The NPR supports development of “non-nuclear prompt global strike capabilities,” but it attempts to address Chinese and Russian concerns by stating that Washington is “examining the appropriate mix of such capabilities needed to improve our ability to address such regional threats, while not negatively affecting the stability of our nuclear relationships with Russia or China” [6]. Nonetheless, Chinese observers are clearly concerned that such capabilities could undermine strategic stability. Indeed, Washington will need to proceed carefully to avoid precipitating counter responses that are contrary to U.S. interests, such as a larger than otherwise planned Chinese nuclear force buildup, further development of counter-space capabilities, or potentially destabilizing higher alert levels.

Recently, some Chinese scholars have expressed concerns that even if U.S. missile defense and conventional global strike systems have little or no real impact on China’s assured second strike capability, they may still give U.S. planners and decision-makers a false sense of superiority, potentially leading to U.S. attempts to coerce China with nuclear threats in a crisis. For example, according to Li Bin and Nie Hongyi, “even though the missile defense system cannot be relied upon in actual warfare it may lead American decision-makers to misjudge by causing them to imagine they already have a more powerful strategic advantage, thus leading them to blindly adopt a nuclear coercion policy” [7]. Similarly, they raise the possibility

that even the illusion of “nuclear primacy” could lead to more aggressive behavior on the part of the United States: “some American scholars believe the United States can already rely on a preemptive nuclear strike to completely destroy China’s long-range nuclear weapons, and therefore they maintain that the United States already has the capital to carry out nuclear coercion against China” [8]. The 2010 NPR should help to alleviate some of these concerns.

The NPR also identifies China as an important partner in pursuit of nonproliferation and arms control goals in the short- and long-term, stating that strategic stability will facilitate pursuit of these broader policy objectives [9]. Nonproliferation and preventing nuclear terrorism were high on the agenda when Chinese President Hu Jintao arrived at the Nuclear Security Summit in Washington last week, but the time is not yet ripe for arms control talks with China, especially given Beijing’s unwillingness to engage in the process at least until U.S. and Russian forces reach lower levels.

According to Hui Zhang, “Given the huge qualitative and quantitative gap between the Chinese arsenal and those of the United States and Russia, however, Beijing cannot be expected to involve itself directly in the reduction of its nuclear weapons until the United States and Russia have made deeper cuts in their arsenals” [10]. Yet China’s integration into the global nuclear reduction process that President Obama outlined in his 2009 Prague speech will eventually be required to move toward the long-term goal of a world free of nuclear weapons. The NPR reflects this challenge, stating, “over time” the United States “will also engage with other nuclear weapon states, including China, on ways to expand the nuclear reduction process in the future” [11]. It is unclear at what point China would be prepared to engage in this process. As Hui notes, “Beijing does not yet appear to have worked out a detailed set of preconditions, including a specific number that the United States and Russia must cut, before it joins the process” [12]. All of these challenges underscore the importance of strategic dialogue between the United States and China to enhance strategic stability and promote cooperation on non-proliferation and arms control issues.

STRATEGIC DIALOGUE

These emerging dynamics within the U.S.-China strategic relationship thus underscore the need for further enhancement of U.S.-China dialogue and engagement on strategic stability and nuclear weapons issues. This is especially important as the United States continues to draw down its nuclear forces. According to the NPR: “It is also clear that maintaining strategic stability at reduced force levels will be an enduring and evolving challenge

for the United States in the years ahead. Ongoing nuclear and other military modernization efforts by Russia and China compound this challenge, making the need for strategic stability dialogues all the more critical” [13]. The United States thus plans to pursue bilateral dialogues on strategic stability to promote “stable, resilient and transparent strategic relationships” [14]. According to the NPR: “With China, the purpose of a dialogue on strategic stability is to provide a venue and mechanism for each side to communicate its views about the other’s strategies, policies, and programs on nuclear weapons and other strategic capabilities. The goal of such a dialogue is to enhance confidence, improve transparency, and reduce mistrust” [15].

Chinese scholars and military personnel also recognize the potential value of expanding and enhancing dialogue on strategic security issues. As Li and Nie acknowledge, for example, “The establishment of China-U.S. mutual confidence in the area of nuclear weapons can eliminate suspicion and reduce negative interactive side effects of both sides.” At the same time, however, China’s persistent concerns about what it sees as the potential risks of greater transparency may limit its willingness to engage with the United States. China has long worried that revealing too much would expose its vulnerabilities in ways that could undermine the credibility of its strategic deterrent.

Although China has been reluctant to increase transparency in part because of the relative weakness of its position, the modernization of the Second Artillery’s nuclear missile force appears to be fostering greater confidence in China’s assured second strike capability. For example, according to a professor from the Second Artillery Command Academy, because of its range and mobility, the DF-31A ICBM “basically can carry out effective nuclear counterattack operations” against a country that launches a nuclear strike against China (Global Times Network, January 27). This greater confidence in turn should eventually lead to greater willingness to increase strategic transparency. The United States, for its part, should concentrate on accelerating this process by persuading China that increasing transparency would not undermine Chinese interests, but would instead benefit both sides by helping to promote shared strategic stability and national security interests. Nonetheless, the United States may find it very difficult to overcome China’s longstanding concerns. Indeed, some Chinese scholars have cautioned that uncertainty about future technological developments may result in even greater anxiety about nuclear transparency [16].

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Security Policy: External Threats and Domestic Politics (Lynne Rienner, 2008). The views presented in this article are those of the author and do not necessarily represent the views of the Naval War College, Department of the Navy, or Department of Defense.

NOTES

1. *Nuclear Posture Review Report*, Washington, DC: Department of Defense, April 2010, p. 5.
2. *Nuclear Posture Review Report*, p. 6.
3. *Ballistic Missile Defense Review Report*, Washington, DC: Department of Defense, February 2010, p. 34, http://www.defense.gov/bmdr/docs/BMDR%20as%20of%2026JAN10%200630_for%20web.pdf.
4. Wang Zhongchun, “Nuclear Challenges and China’s Choices,” *China Security* (Winter 2007), p. 62, http://www.wsichina.org/cs5_4.pdf.
5. Rong Yu and Peng Guangqian, “Nuclear No-First-Use Revisited,” *China Security* (Winter 2009), p. 89, [http://www.chinasecurity.us/images/stories/Rong_and_Peng\(1\).pdf](http://www.chinasecurity.us/images/stories/Rong_and_Peng(1).pdf).
6. *Nuclear Posture Review Report*, p. 34.
7. Li Bin and Nie Hongyi, “An Investigation of China-US Strategic Stability,” *World Economics and Politics*, No. 2, 2008, pp. 60-61.
8. Li Bin and Nie Hongyi, “An Investigation of China-US Strategic Stability,” p. 61.
9. *Nuclear Posture Review Report*, p. 7.
10. Hui Zhang, “China’s Perspective on a Nuclear Free World,” *Washington Quarterly*, April 2010, p. 143, http://www.twq.com/10april/docs/10apr_Zhang.pdf.
11. *Nuclear Posture Review Report*, p. 12.
12. Hui Zhang, “China’s Perspective on a Nuclear Free World,” p. 143.
13. *Nuclear Posture Review Report*, p. 19.
14. *Nuclear Posture Review Report*, p. 28.
15. *Nuclear Posture Review Report*, p. 29.
16. Li Bin and Nie Hongyi, “An Investigation of China-US Strategic Stability.”
