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China's PLA Second Artillery appears more confident, having made progress on the "conventionalization of deterrence" (Source: China Military Online)

In a Fortnight

ON PARTY'S BIRTHDAY, PROMISES OF A CONTINUED PURGE

By David Cohen

On the 93rd anniversary of the founding of the Chinese Communist Party (CCP), General Secretary Xi Jinping highlighted his campaign to fight corruption and improve cadres' "work style," making it the focus of a speech delivered at a Politburo meeting the day before the anniversary ([Xinhua](#), June 30). Official commentary surrounding top-level arrests approved at the same meeting makes it clear that this purge is intended to continue indefinitely.

The Politburo formally expelled four high-level "tigers" from the Party: former Central Military Commission Vice-Chairman Xu Caihou, former State-owned Assets Supervision and Administration Commission Director Jiang Jiemin, former Public Security Vice Minister Li Dongsheng and former Petrochina Vice President Wang Yongchun ([People's Daily Online](#), June 30). These high-level arrests clearly follow factional lines in many cases (see "With Zhou's Circle Down, Xi's Purge May Turn to Hu," in this issue). But they are also part of a broader effort to impose an austere lifestyle on the Party's rank and file.

While the highest-profile cases are focused on classic cases of corruption—the fallen "tigers" are all accused of taking bribes in return for promotions or business

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favors—the speech and campaign focus on work styles. According to a Xinhua report focusing on regulations that limit perquisites of office such as banquets, receptions and the use of official cars, tens of thousands of cadres have been investigated for violating Xi’s work style instructions: Across the country, there had been 41,880 investigations involving 54,862 suspects through the end of May, with 14,050 disciplined ([Xinhua](#), July 2). Cartoons accompanying the report show greedy officials gorging themselves on cash and staggering towards feasts and vacations.

Xi claimed progress in the anti-corruption campaign and reminded his listeners of the Party’s achievements, but he focused on the challenges ahead: “We Communists... must deeply understand that we face the long-term and complex tests of being a governing party, of Reform and Opening, of a market economy and of our external environment; we must deeply feel the acute and severe dangers of lax spirits, of incompetence, of becoming separated from the masses and of corruption”—a list of challenges that he said can be met only with purification and self-improvement. Taking up the theme of tests (*gankao*) facing the Party, General Liu Yuan, the political commissar of the General Logistics Department, wrote in *Qinshi* that “the Party’s exams are far from over” ([Qinshi](#), July 1).

Other commentaries sought to ensure that Party members feel that no one is safe from prosecution: A typical example, “No Leniency in Rooting out Corruption,” published on the front page of *People’s Daily*, warned that the struggle against corruption is becoming more severe, and quoted Xi’s description of it as a “matter of life and death for the nation and the Party” ([People’s Daily](#), June 30). Another published the following day reminded readers that “There Are No Exceptions Before the Law,” promising that the campaign would continue to ensnare high officials ([People’s Daily](#), July 1). The Xinhua column Guoping cautioned readers that “Zero Tolerance Toward Corruption is Absolutely Not ‘Empty Talk’” ([Xinhua](#), June 30).

This campaign has gone after a broad array of privileges associated with holding office in China. While it is difficult to measure directly, they appear to have made some progress. The Xinhua report on the discipline campaign quotes officials saying that parties and official receptions

have been largely abandoned and that many of them have taken to walking to work. Rumors frequently speak of officials complaining that their lifestyles have worsened since Xi took office, and reports that fewer people are joining the Party may confirm this ([China Daily](#), July 1).

If these reports are true, an extended discipline campaign could substantially alter life in the CCP, making it less secure, less lucrative and more frightening—and, perhaps, render Party careers less attractive than they have been. It is by no means clear how cadres—many of whom, this week’s arrests remind us, have paid the equivalent of tens of thousands of dollars to secure their posts—will react to such a change. But Xi’s hope seems to be to create a leaner and healthier Party.

Indeed, an apparent parable in the Xinhua report appears to be an elliptical threat: Giving an example of the kinds of work good officials do for their constituents, it describes a Shaanxi farmer with an aging and unproductive orchard. The official diagnoses the “chronic disease” (a phrase often used to describe indiscipline and corruption) and finds that the trees are too thick—“and once the trees were thinned, the orchard produced more and the fruit was excellent.”

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With Zhou’s Circle Down, Xi’s Purge May Turn to Hu

By Willy Lam

The Xi Jinping administration has chosen June 30, the eve of the Chinese Communist Party’s 93rd birthday, to make two announcements about Beijing’s 18 month-long anti-graft campaign. With these, he has largely eliminated the remaining allies of his rival Zhou Yongkang—and he may be moving on to take on those of ex-President Hu Jintao.

Former Politburo member and Vice-Chairman of the Central Military Commission, General Xu Caihou, was expelled from the party. He will later face prosecution in a military court for alleged economic crimes. Moreover, three of the closest cronies of the former member

of the Politburo Standing Committee (PBSC), Zhou Yongkang, lost their party membership the same day. The trio, former CNPC President and Minister at the State Assets Supervision and Administration Commission Jiang Jiemin; former deputy general manager of CNPC Wang Yongchun, and former assistant minister of public security Li Dongsheng, were accused of disciplinary infractions including graft-related misdemeanors (Xinhua October 30; *South China Morning Post*, October 30). These developments show that the Central Commission for Disciplinary Commission (CCDI), which is headed by Xi ally and PBSC member Wang Qishan, is about to wrap up marathon investigations into the two of the largest-scale corruption rings in the era of reform. The big question being asked in Beijing's political circles is: Are Xi and Wang targeting other sectors within the party-state apparatus such as the mammoth *tuanpai* or Communist Youth League (CYL) Faction that has been headed by ex-president Hu since the late 1980s?

This possibility was evidenced by the arrest on June 19 of the Vice-Head of the Shanxi Province branch of the Chinese People's Political Consultative Conference (CPPCC), Ling Zhengce. Given Ling's mid-level ranking and lack of exposure in the national media, his detention for "serious disciplinary offences" should not have elicited a lot of attention. However, Ling, 62, who spent his entire career in the land-locked province, is the brother of Ling Jihua, a confidante and troubleshooter for ex-president Hu for more than a decade. A number of mainland Chinese, Hong Kong and foreign media have run stories claiming that Xi's anti-corruption campaign will target Ling Jihua next. Even more significantly, the fate of Ling Jihua will impact directly on the prospects of other members of the CLY such as Politburo Standing Committee (PBSC) member Li Keqiang and Politburo members Li Yuanchao, Wang Yang and Hu Chunhua (Radio Free Asia, June 19; BBC Chinese Service, June 19, *Ming Pao* [Hong Kong], June 19).

Ling Jihua, 57, began working for Hu when the latter was CYL Secretary from 1982 to 1985. After Hu became general secretary of the Chinese Communist Party (CCP) in 2002, Ling served as Director of the Central Committee General Office as well as the director of Hu Jintao's office. Ling's career, however, suffered a major blow when his son Ling Gu was killed in a traffic accident while driving a Ferrari. It transpired that the younger Ling was the

proud owner of several expensive imported cars. Rumors suggested that Ling's wife, Gu Liping, had amassed a huge fortune through her consultancy businesses. After the incident, Ling was transferred to the less important post of Director of the United Front Department. And he failed to be inducted into the Politburo at the 18th Party Congress. Ex-President Hu reportedly defended his protégé on more than one occasion, saying that since Ling worked 16-hour days at the Zhongnanhai party headquarters, he was not able to monitor the activities of his wife and son (VOA Chinese Service, November 12, 2012; *South China Morning Post*, September 3, 2012).

That Xi might be going after Ling Jinhua was evidenced by a hard-hitting commentary on the Lin Zhengce case by the official Xinhua News Agency. Entitled "Having someone in the imperial court still doesn't help," the piece decried cadres who "use blood ties and marriage as a link to form a 'clan of corruption,' to protect one another." "A politician might use public funds or his authority to benefit one of his siblings, then rely on that sibling to use his influence over hiring and internal investigations at key moments," Xinhua added without mentioning Ling Jihua by name. It did, however, cite the example of two notorious "brothers in crime," former minister of railways Liu Zhijun and his younger brother Liu Zhixiang, whose career thrived in the ministry due to his brother's help. Both ended up getting suspended death penalties for corruption and abuse of power (Xinhua, June 20; *Apple Daily* [Hong Kong], June 20).

Zhang Lifan, a respected Beijing-based party historian who has been following Xi's anti-graft crusade closely, told Hong Kong media that "there is an intimate link between corruption investigations and power struggles among different factions in the party." Zhang and other observers indicated, however, that Xi might not target Ling Jihua. After all, more than two years have elapsed after the Ferrari incident. More significantly, Gu Liping was last year allowed to retire from several foundations, which were considered "front companies" through which she allegedly made her millions. What seems beyond doubt, however, is that the pressure being put on Ling might serve Xi's purpose of marginalizing the CYL clique, which is still deemed a major faction in the party-state apparatus (Cable TV [Hong Kong], June 20; *Singtao Daily* [Hong Kong], April 2, 2013).

It is instructive to look at the performance—and political fortunes—of several Hu protégés who successfully made it to the Politburo and the Politburo Standing Committee (PBSC) at the 18th Party Congress. As the second-ranked PBSC member, Premier Li Keqiang has gained a reputation for ardent advocacy of market-oriented reforms. “We should allow the market to do what it does best” has become a much-quoted aphorism of “China’s first Ph.D. premier.” Li, a former party boss of the CYL, has also been active on the foreign-policy scene. The Peking University-trained lawyer and economist is often charged with using China’s economic heft to bolster the country’s diplomatic footprint around the world (Xinhua, June 20; Chinatoday.com.cn, December 16, 2013; Sohu.com, November 27, 2013).

According to the old rules of collective leadership set up by Deng Xiaoping, each PBSC member has a clear-cut portfolio. The premier has traditionally been the foremost policymaker in financial and economic matters. While major decisions have to be made after consultation with the general secretary and other PBSC members, the premier has the ultimate responsibility for the economy. Xi, however, created the Central Leading Group on the Comprehensive Deepening of Reforms in late 2013 partly to arrogate to himself authority over the economy. Xi is chairman of the leading group, and Li is one of the three vice-chairs (See *China Brief*, “New High-Level Groups Threaten Line Between Party and Government,” April 9). Moreover, Li was left out of the drafting committee which put together the landmark *Decision on Major Issues Concerning Comprehensive Deepening Reforms*, which was endorsed by the Third Central Committee Plenum last November (*Ming Pao*, November 16, 2013; Radio France International Chinese Service, November 16, 2013).

On June 13, Xinhua reported that Xi chaired the sixth meeting of the Central Leading Group on Finance and Economics. The CLGFE was established in 1980 and normally the Head of this Leading Group is the prime minister. Since the 1980s, it has been a long-standing tradition of the state media not to report on the activities of the CLGFE. This same lack of transparency holds true for other leading groups or commissions under the PBSC: we never know, for example, when the Central Leading Group of Foreign Affairs meets and what its agenda is. After the 18th Party Congress, the CLGFE has been convened six times but only the sixth meeting

was reported by Xinhua and CCTV. One reason could be that Xi wanted to clear up widespread assumptions that Premier Li was the boss of the CLGFE. As late as last May, Baidu.com—the most widely used search engine in mainland China—reported that Li had headed the CLGFE since the 18th Party Congress (Sina.com, June 14; *Ming Pao*, June 14).

After Xinhua’s June 13 dispatch on the CLGFE, the Guangzhou-based *Southern Weekend* asserted that the CCP General Secretary has since 1987 doubled as the head of this leading group (*Southern Weekend*, June 14). However, at least four other official media, *People’s Daily*, *Beijing Youth Daily*, *Henan Business Daily* and the Guangzhou-based *Nandu Weekly*, have reported that Zhu Rongji and Wen Jiabao were the leader of the CLGFE when they were premiers (*Henan Business Daily* [Zhengzhou], June 20; *People’s Daily*, June 14; *Beijing Youth Daily*, June 14, *Nandu Weekly* [Guangzhou], July 26, 2013). Premier Li has significantly less powers than ex-premiers Zhu and Wen and has to play second fiddle to Xi in financial and economic issues, as evidenced by the many times that the President and Commander-in-Chief have pointed out that economic construction must “manifest the principle of the party running the economy.” A number of Chinese media have even given Xi the unofficial title of “top-level designer” of reforms in the economic and other spheres (21cn.com [Beijing], June 21; China News Service, June 20).

That four Politburo members who are deemed Hu protégés—Vice-President Li Yuanchao, Vice-Premiers Wang Yang and Liu Yandong and Guangdong Party Secretary Hu Chunhua—have kept unusually low profiles also testifies to the declining influence of the CYL Faction. Both Li and Wang, who first joined the Politburo in 2007, narrowly missed induction to the PBSC at the 18th Party Congress. Vice-President Li has been put in charge of mass organizations handling work regarding youth, women, overseas Chinese and scientists. He has also helped President Xi and National People’s Congress Chairman Zhang Dejiang look after Hong Kong-related policies (*People’s Daily*, June 13; Xinhua, June 12). These portfolios, however, are not usually deemed heavyweight ones. Wang, one of the most charismatic leaders of the CYL Faction, enjoyed a high profile when he was party chief of Guangdong from 2007 to 2012. The Hu protégé made a name for himself as an advocate of “the third

wave of thought liberation.” He also attracted national attention through giving more leeway to the media and NGOs in his province. Wang, who was dubbed “young marshal” by the Chinese media, also made waves in economic policy by coining the slogan “enlarging the cage and changing the bird”—a reference to the province’s ambitious goal in going high-tech (Xinhua, October 17, 2008; China News Service, April 14, 2008). After the 18th Party Congress, however, the relatively few occasions in which the vice-premier in charge of foreign trade was given prominent treatment by the national media were almost exclusively related to negotiations with senior economic officials from the United States (Xinhua, May 13; Phoenix TV News, July 11, 2013).

Even more intriguing is the political future of Guangdong party boss Hu Chunhua, a former first party secretary of the CYL who was groomed by ex-president Hu for the very top. Hu, 51, is one of only two Sixth-Generation cadres to have been inducted into the Politburo in 2012. Unlike predecessor Wang Yang, Hu has steered clear of controversial issues such as economic and ideological reform since arriving in Guangzhou. He has instead focused on less contentious areas such as eradicating prostitution in Dongguan, which is notorious for its nightclubs and massage parlors. Since the spring, Guangzhou has also led the nation in cracking down on “naked officials,” a reference to cadres who have sent their close kin—as well as ill-gotten gains—abroad (Phoenix TV News, May 30; *Ta Kung Pao* [Hong Kong], February 11). However, the arrest on June 27 of Guangzhou party secretary Wan Qingliang—who headed the province’s CYL operations from 2000 to 2003—for suspected corruption could adversely affect Hu’s reputation, due to the fact that Wan works directly under the Guangdong party boss (*Wen Wei Po* [Hong Kong], June 27; BBC Chinese Service, June 27). Indeed, the likelihood of President Xi, who has accumulated more powers than his two predecessors, accepting Hu Chunhua as his successor, seems slim. Since coming to power in late 2012, Xi has promoted cadres from disparate backgrounds—but not a single one with CYL credentials (See *China Brief*, “All the General Secretary’s Men: Xi Jinping’s Inner Circle Revealed,” February 15).

Equally significant is the fact that the very nature of the CYL leadership has undergone subtle changes. Going as far back as the late party general secretary

Hu Yaobang, typical CYL cadres are specialists in party affairs, particularly areas such as organization, ideology and propaganda. Yet more cadres from heterogeneous backgrounds have in the early 2010s made it to the front ranks of the league. For example, four out of seven members of the CYL Secretariat formed in mid-2013 are former executives with state-owned enterprises (SOEs). They include First Party Secretary Qin Yizhi as well as He Junke, Xu Xiao and Fu Zhenbang. Qin, 48, has 13 years’ experience serving in different branches of Sichuan-based Ansteel Corp., one of China’s largest steelmakers. He, 45, is a veteran technician and manager in aerospace firms including the China Aerospace Science & Industry Corp. Xu, 41, worked in the state-owned China Chang Jiang Energy Corp for 20 years, while Fu, 38, spent 15 years with major SOEs such as the China Three Gorges Corporation (*Xinmin Weekly* [Shanghai] August 15, 2013; China News Service, June 20, 2013).

Xi and his close comrade, fellow princeling Wang Qishan, the PBSC member in charge of graft-busting, have used the anti-corruption drive to curtail the political influence of rival factions within the party. So far, Xi has effectively liquidated the Zhou Yongkang Gang: 200-odd associates and underlings of the former PBSC member have been arrested since late 2012. Tackling the CYL Faction, however, could unleash ferocious internecine bickering that could undermine political stability, which is a common goal of the CCP’s disparate blocs. After all, ex-president Hu started nurturing the *tuanpai* since he was inducted to the PBSC at the 14th CCP Congress in 1992. Apart from the four Politburo members mentioned above, Director of the Propaganda Department, Liu Qibao, Beijing Party Secretary Guo Jinlong and Shanghai Party Secretary Han Zheng are deemed CYL alumnae. And of the nine Central Committee members who were born in the 1960s, four are associated with the CYL Faction. Apart from Hu Chunhua, they are President of the Supreme People’s Court and former party secretary of Hunan Zhou Qiang; Chairman of the Xinjiang Autonomous Region Nur Bekri; and Heilongjiang Governor and former CYL First Party Secretary Lu Hao (*Ta Kung Pao*, March 20, 2013; Asia Times, December 4, 2012). Despite Xi’s apparent success in becoming a virtual strongman, he may have to think twice about an open break with ex-president Hu and his followers.

Over the longer term, Xi’s apparent mixture of graft-

busting and browbeating his political foes runs counter to Chief Architect of Reform Deng Xiaoping's much-admired goal of instituting checks and balances among disparate factions in the polity. As Beijing-based legal scholar Chen Yongmiao pointed out, "corruption arises due to defects in the Chinese political system." "If systemic reform is not carried out, even if a 'big tiger' is brought down today, another 'big tiger' will soon fill his place" (Radio Free Asia, September 2, 2013).

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China's Strategic Rocket Force: Sharpening the Sword (Part 1 of 2)

By Andrew S. Erickson and Michael S. Chase

- *The Second Artillery has made significant progress, particularly in modernizing its hardware, but also operations and training.*
- *Its main mission remains deterrence, especially toward U.S. intervention in a regional conflict.*
- *This deterrence mission increasingly emphasizes conventional capabilities, but nuclear weapons have also been modernized to ensure their continued effectiveness.*

On January 22, the website Chinese military newspaper *PLA Daily* published photos of a People's Liberation Army Second Artillery Force (PLASAF) unit engaged in field training with a DF-31 road-mobile ICBM launcher ([China Military Online](#), January 22). The photos did not reveal a new capability (China began deploying road-mobile ICBMs more than seven years ago), nor were they likely intended as a warning to a particular state, although some regional media interpreted them as a threat (*South China Morning Post*, January 23; *Chosun Ilbo*, January 26). However, their publication highlights an important trend: increased confidence in the conventional and nuclear

capabilities of China's strategic missile force. As context and military missions change, PLASAF has remained relevant by developing growing conventional deterrence through demonstrating capability to prevail in a regional conflict and preventing U.S. intervention therein.

PLASAF, which controls the country's land-based nuclear and conventional ballistic missiles and ground-launched land-attack cruise missiles, is an increasingly formidable force. Cutting-edge industrial capabilities and long-term strategic prioritization make it the world's "most active and diverse ballistic missile development program" (National Air and Space Intelligence Center [NASIC], [Ballistic and Cruise Missile Threat, 2013](#) [PDF], p. 3). China is increasing missile numbers and diversity; testing and introducing longer-range, more accurate, improved-payload missiles, while simultaneously upgrading older systems; and establishing new units. The latest U.S. Department of Defense (DoD) report on military and security developments involving China, released in early June, underscored the continuing modernization of China's nuclear and conventional missile capabilities. Reflecting the impressive progress China has made in this area, it described China's ballistic and cruise missile development programs as "comparable to other international top-tier producers," an impressive achievement that is giving China a variety of new and increasingly potent capabilities (DoD, [Annual Report on Military and Security Developments Involving the People's Republic of China, 2014](#) [PDF], June, p. 46).

Substantial, rapid improvements have yielded not only a sophisticated, survivable arsenal of nuclear missiles capable of putting regional and continental U.S. targets at risk, but also the world's most numerous, diverse and comprehensive conventional, ballistic and cruise missile force. Today, these capabilities make PLASAF "China's core force for strategic deterrence" (*Zhongguo zhanlue weishe de hexin lilian*). [1]

This two-article series provides an in-depth look at PLASAF developments and highlights its emergence as an increasingly dynamic and important component of the PLA. Part one examines PLASAF's growing conventional precision strike capabilities and doctrine. Part two will focus on the modernization of PLASAF's nuclear deterrent capability and personnel and training issues.

Modernizing Conventional Long-Range Precision Strike (LRPS) Capabilities

From its formation in 1966 until the late 1980s, PLASAF's nuclear missiles were few, backward and potentially vulnerable. In 1993, however, it assumed a conventional strike mission. After it expanded its missions to include conventional strike, PLASAF deployed a relatively small number of conventional short-range ballistic missiles (SRBMs) in the 1990s. By 2001, China had about 350 conventional SRBMs. By about 2007, that number had roughly tripled, according to the U.S. Department of Defense.

For the PLA, conventional weapons play a central role not only in executing combat operations, but also in strategic deterrence. Chinese military strategists note that improvements in conventional weapons technology have dramatically increased the deterrence strength of conventional military power in the decades after the end of the Cold War. Not only are conventional weapons becoming more and more capable, they are also more usable and offer much greater flexibility than nuclear weapons. Along with this process of what one recent PLA publication refers to as the “conventionalization of deterrence” (*weishe lilian changguibua*), PLA officers state that conventional weapons have “become a powerful deterrence means for achieving political objectives” (*chengwei shixian zhengzhi mubiao de youli weishe shouduan*) (*SMS*, pp. 137-38). Substrategic in range but strategic in impact, PLASAF's conventional missiles play a key role in this regard.

In addition to increasing the number of its conventional SRBMs, China has also improved their capabilities in terms of range, accuracy and types of warheads. More recently, PLASAF also began introducing conventional medium-range ballistic missiles, including not only medium-range ballistic missiles (MRBMs) designed to attack land targets such as regional air bases, but also the world's first anti-ship ballistic missiles (ASBMs), intended to target large surface ships such as aircraft carriers. Beijing began deploying the latter in 2010, according to Taiwan's Ministry of National Defense (National Defense Report Editing Committee, *2011 ROC National Defense Report*, Ministry of National Defense, August 2011, p. 71). The 2014 DoD report indicates that Beijing is currently working to further extend the range of

these conventional missile capabilities by developing a conventional intermediate-range ballistic missile (IRBM) (*Annual Report*, p. 40). Chinese media reports indicate that when deployed, it will be capable of reaching targets as far away as Guam, an increasingly important location for U.S. military forces in the Asia-Pacific region (*People's Daily Online*, February 18, 2011).

By December 2012, China had deployed an increasingly-capable arsenal of more than 1,000 SRBMs, most positioned within range of Taiwan.

Exhibit 1: China's SRBMs

Missile	Maximum Range (km)
CSS-11 Mod 1 (DF-16)	800+
CSS-6 Mod 1 (DF-15)	600
CSS-6 Mod 2	850+
CSS-6 Mod 3	725+
CSS-7 Mod 1 (DF-11)	300
CSS-7 Mod 2	600
CSS-8 (DF-7)	150
CSS-9 Mod 1	150
CSS-9 Mod-X-2	260
CSS-14 Mod-X-1	150
CSS-14 Mod-X-2	280
CSS-X-16	200
CSS-X-15	280

Note: All missiles above are road-mobile, with more than 200 launchers in each category (there are more missiles than launchers, potentially necessitating reloads). All are solid-propellant, except for the CSS-8, which is solid and liquid propellant. Source: National Air and Space Intelligence Center, 2013.

While cross-Strait relations have reached a new zenith, Beijing still fears Taiwanese opposition to integration and strives to maximize related deterrent and coercive capabilities, while increasingly insisting that missiles are targeted principally at outside parties that might seek to intervene (the United States and perhaps Japan). The authors have observed this approach directly in interactions with PLA personnel and Mainland and Taiwanese experts.

PLASAF has also deployed ground-launched $\leq 2,000$ km-range DH-10/CJ-10 land-attack cruise missiles (LACMs). In doing so, it compensates for limited PLAAF and PLAN long-range precision strike (LRPS) capabilities. Similar in range, but offering other advantages, are two conventional variants of the same series: ≤ 30 1,750+ km-range DF-21C (CSS-5) MRBMs and small but increasing numbers of 1,500+ km-range DF-21D ASBMs. Future Chinese conventional LRPS capabilities will include PLASAF IRBMs (DoD 2014, NASIC 2013).

With its rapid response capability, long-range, high accuracy and strong penetration capability, PLASAF's conventional missile force affords China its main means of executing highly precise and damaging long-range conventional strikes. Even as PLAAF and PLAN conventional strike capabilities improve, PLASAF remains a central part of China's regional conventional strike capability. According to the 2013 edition of the *Science of Military Strategy*, "For the PLA, PLASAF is the [most] important force for conducting force for conducting conventional long-range strikes, and it has an irreplaceable and special role" (*SMS*, p. 229).

Modernizing Doctrine

Since conventional missiles entered service in the 1990s, Second Artillery has focused on the requirements of "dual deterrence, dual operations," a formulation that highlights its responsibilities for nuclear and conventional missile deterrence and strike operations. Along with the modernization of its forces, PLASAF has also engaged in the elaboration and refinement of its doctrine, which in turn is intended to guide the further development and future employment of its nuclear and conventional missile force capabilities. Documents issued when the PLA published the "new generation operations regulations" in 1999, and books published a few years later, reflect the

progress PLASAF has made in this area. In particular, openly available Chinese military publications suggest that important advances have been made in how the Second Artillery thinks about deterrence operations and missile force campaigns. [2]

Should deterrence and coercive diplomacy fail to meet Beijing's objectives, PLA publications stress that missile force survivability is critical to achieving China's operational and strategic goals. For example, the PLASAF's *China Strategic Missile Force Encyclopedia* offers details concerning doctrine, operations, command and control, logistics, management and history. An editorial committee led by PLASAF commanders initiated the project in 2001.

Like other PLA publications, this encyclopedia notes that in wartime, PLASAF missile units could be key targets for enemy attacks. As a result, they will have to operate in a very harsh combat environment, placing a high premium on survivability. PLASAF needs to be prepared to defense against threats such as enemy precision guided weapons attacks and special forces raids, and to be ready to conduct repairs and rapidly recover combat capability in the aftermath of an attack. [3]

The PLASAF encyclopedia indicates that maneuverability, concealment and rapid response time are critical to ensuring missile force survivability (*Missile Force Encyclopedia*, p. 73). In particular, maneuvering undetected is key to survival. This relies on concealment, feints and other denial and deception measures. For example, PLASAF can exploit darkness and adverse weather or move during gaps/blind spots in enemy ISR coverage (*Missile Force Encyclopedia*, p. 77-78).

Once they depart their garrisons, missile launchers and support vehicles would go to "missile technical positions" (*daodan jishu zhenzhi*). There, they would conduct missile loading and testing activities. Technical positions are usually located in underground facilities to ensure missile force units' protection and concealment (*Missile Force Encyclopedia*, p. 89). Launch units would then proceed to "missile readiness positions" (*daodan daiji zhenzhi*), in underground facilities or other concealed locations, where launch units would remain concealed and stand by while waiting to receive further orders via secure (e.g., fiber optic) links (*Missile Force Encyclopedia*, p. 89).

Chinese military publications list a number of potential targets for conventional missile strikes. These include enemy command centers, communications facilities, radar stations, other information and communications-related targets, guided missile positions, air force bases, naval facilities, railway stations, bridges, logistical facilities, energy facilities, electrical power centers and aircraft carrier strike groups. The goals of a Second Artillery conventional missile strike campaign would include “paralyzing the enemy’s command system; weakening the enemy’s military strength and its ability to continue operations; creating psychological shock in the enemy and shaking its operational resolve; and checking the powerful enemy’s military intervention activities.” [4] To achieve these goals, the PLASAF encyclopedia stresses the importance of ensuring the missile force is fully capable of penetrating or overwhelming enemy missile defense systems via such means as multiple warhead technology, maneuvering warheads, decoys, stealth and saturation attacks (*Missile Force Encyclopedia*, p. 87).

Conclusion

Deterrence is a moving target: to maintain its ability to address gradually growing but broadly stable strategic objectives, PLASAF must continue to improve specific conventional and nuclear capabilities. PLA publications highlight the growing importance of conventional deterrence capabilities, which continue to enjoy rapid qualitative and quantitative development.

Beijing’s emphasis on deterring rival claimants in Near Seas disputes and other potential adversaries from harming its homeland security and regional interests, and the U.S. from intervening in such disputes, imposes new requirements on PLASAF. First, developing credible counter-intervention capabilities against such a well-resourced, capable potential opponent as the U.S. is requiring a major ramp-up in conventional capabilities.

In addition, to maintain effective nuclear deterrence despite potential opponents’ increasingly-potent countermeasures, PLASAF must continue to enhance its nuclear forces. Finally, in order to realize its already-significant hardware modernization achievements in practice under realistic conditions, PLASAF must enhance operations and training accordingly. These latter efforts will be the topic of part two of this series.

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Notes

1. Junshi kexue yuan junshi zhanlue yanjiubu [Academy of Military Science Military Strategy Research Department], ed., *Zhanlüe xue [The Science of Military Strategy]*, Beijing: Junshi kexue chubanshe [Military Science Press, 2013], pp. 228-29. (Hereafter: *SMS*)
2. Yu Jixun, “Xin shiji xin jieduan de zhanlüe daodan budui zuozhan lilun chuangxin fazhan” [The Innovative Development of Combat Operations Theories of the Strategic Missile Force at the New Stage and in the New Century], *Huihuang niandai: Huigu zai gaige kaifang zhong fazhan qianjin de di er paobing [Glorious Era—Looking Back on Second Artillery’s Development and Advances in the Period of Reform and Opening]*, Beijing: Zhongyang Wenxian Press, 2008, pp. 441-46.
3. (*Zhongguo Zhanlüe Daodan Budui Baike Quanshu [China Strategic Missile Force Encyclopedia]* Beijing, China: China Encyclopedia Press, 2012, pp. 81-82). (Hereafter: *Missile Force Encyclopedia*)
4. People’s Liberation Army Second Artillery Force, *Di er paobing zhanyi xue [The Science of Second Artillery Campaigns]* Beijing: PLA Press, 2004, p. 318. (Hereafter: *SSAC*)

Chinese High Speed Rail Leapfrog Development

By Clark Edward Barrett

Since serious Chinese planning of high-speed rail (HSR) networks began in the 1990s under the guidance of the Ministry of Railways (MoR), rail planners have sought to create independently trademarkable Chinese brands capable of competing in global markets in addition to confronting domestic transport inefficiencies and improving air pollution. This success of this effort to absorb foreign technology has implications for world railway markets, but also serves a case study of China's approach to technology acquisition.

Previous Chinese participation in the world HSR market was limited due to the inferiority of its technology relative to established Western and Japanese manufacturers despite lower labor and resource costs and favorable government financing. However, China appears to have pursued a “technology for market access” strategy to enhance the global competitiveness of domestic HSR companies. These policies and the modus operandi of the Chinese government are explicitly stated in official documents and state media which detail the use of technology transfer agreements as a key component in realizing technology development goals.

Poorly formulated technology transfer agreements may constitute more of a threat to the competitiveness of Western enterprises (particularly ones reliant on high-technology which consume significant amounts of capital and resources in research and development) than that from Chinese cyber economic espionage. The latter is primarily associated with obtaining knowledge such as patents and technical schematics, whereas the former often involves training the receiving party in how to skillfully exploit the knowledge. This not only potentially accelerates rival product development but also reduces financial and time costs of process optimization.

Chinese train-makers and civil engineering companies are now building, participating in or contemplating bidding for HSR construction projects in South America, the US, Saudi Arabia and Russia. In October 2013, State council premier Li Keqiang signed a railway cooperation memorandum of understanding with Thailand, followed

by an exhibition of Chinese railway manufactures in Romania in November 2013 attended by 16 leaders from Eastern Europe ([Xinhua](#), May 8). China is also involved in HSR construction in a Turkish project worth \$1.27 billion ([People's Daily](#), January 18) and has signed \$3.1 billion worth of deals with Nigeria ([Xinhua](#), May 8). The greatest market potential, however, is in Asia. The Asia Development Bank estimates that \$8 trillion dollars will be spent on infrastructure in the region up to 2020. To facilitate Chinese domination of this market, China published an initiative to found an Asian infrastructure investment bank which will provide funds and support for ASEAN countries ([China Daily](#), October 28, 2013).

Clear Plans for Technology Export

From the beginning, Chinese media and government sources were explicit that China planned to compete with established train manufactures in their home markets and around the world. In 2006, Xinhua, writing about the locomotive technology introduction, digestion, absorption and re-innovation project protocol described a 3-stage process: complete analysis of foreign technologies and materials, simulation and testing to assimilate crux technologies, followed by re-innovation to achieve independently manufactured Chinese high-speed rail systems ([Xinhua](#), August 3, 2006).

The development trajectory of Chinese HSR has been guided by the “Mid-to-Long-Term Railway Development Plan,” which states that the ultimate rail development goal (in addition to improvements in national infrastructure) is the creation of independently competitive international Chinese HSR brands. Chinese companies would master advanced technologies obtained through technology transfers and re-innovate using national research institutes to enhance the country's domestic manufacturing capacity ([Xinhua](#), April 29, 2007).

The “China High Speed Train United Action Plan Cooperation Agreement” signed between the Ministry of Science (MoS) and the MoR on February 26, 2008 ([PRC Science and Technology Ministry](#), February 27, 2008) specified that both would cooperate to:

1. Develop key technologies to create a network capable of supporting train speeds of 350 kph and higher.

2. Establish independent intellectual property rights and improve international competitiveness.
3. Export technology.

The MoS invested nearly 10 billion RMB (\$1.6 billion) in the plan, bringing together 25 universities, 11 research institutes, 51 national laboratories and engineering research centers with participation from the 863 and 973 national high technology research and development programs (*Science and Technology Daily*, September 6, 2010). The MoR also mobilized universities and colleges, science research centers and manufacturers to work on the “locomotive introduction, digestion, absorption and re-innovation program” (*People’s Daily*, September 5, 2008).

Chinese HSR Contracts

Despite its plans for global expansion, China has been able to leverage the size of its market to achieve sinification of important foreign technologies through technology transfer agreements. In 2003, when the State Council resolved to build the Beijing-Shanghai line, it found that Chinese companies lacked the capacity to fulfill HSR development objectives. According to MoR spokesman Zhang Shuguang, China might have needed more than a decade to catch up with developed nations due to the cost and difficulty of improving domestic technology (*Xinhua*, April 29, 2007). Instead, China used the size of its market to demand foreign technology transfer and realize development objectives through digestion, absorption and re-innovation (*yinjin xiaohua xishou zai chuangxin*) of foreign technology. China would use flexible negotiation tactics, such as inviting simultaneous bids for important equipment from foreign companies allowing China to shop around for the best deal (*huo bi san jia*).

On June 17, 2004, the MoR launched the first round of bidding for 200 km/h rail technology. The State Council stipulated that the economic benefits of foreign participation must primarily accrue to China and not foreign economies (*Xinhua*, March 4, 2010) with technology transfer a priority aim to assist China in the development of indigenous designs.

Criteria imposed by the MoR included competitive pricing and that companies awarded contracts be legally registered in the PRC, comprehensively transfer key

technology to Chinese enterprises and use a Chinese trademark on the finished product. While foreign partners might provide technical services and training, Chinese companies must ultimately be able to function without the partnership ([National Technology and Equipment Network](#), March 18, 2010). Chinese entities were free to choose foreign partners, but foreign firms were required to pre-bid and sign technology transfer agreements with domestic manufacturers (*Xinhua*, September 4, 2004). The State Council also stipulated that foreign companies must transfer not only existing technology to China, but also subsequent improvements (*Xinhua*, March 4, 2010).

Alstom (France), Siemens (Germany), Bombardier (Canada) and a Japanese consortium led by Kawasaki Heavy Industries all submitted bids. All had to adapt their HSR train-sets to China’s own common standard and assemble units through local joint ventures, or cooperate with Chinese manufacturers under the direction of the MoR (*People’s Daily*, September 5, 2008).

Bombardier, through its joint venture with CSR Sifang won an order for 40 train sets based on its Regina design. These were re-named CRH1A and delivered in 2006 ([Bombardier](#)). Alstom, with CNR’s Changchun Railway Vehicles, won an order for 60 train-sets designated CRH5, based on the New Pendolino developed by Alstom-Ferrovial in Italy. Siemens offered the Velaro E to Changchun Railway Vehicles Co., Ltd for a “sky-high” price of 350 million RMB (\$56 million) per train-set and demanded €390 million (\$530 million) for technology transfers. Additionally, Siemens did not respond to as many as 50 items on the tender (*Xinhua*, March 4, 2010). According to the *People’s Daily*, the elimination of Siemens from the first bidding round (allegedly) led to the collapse of the company’s share price and the firing of its negotiating team in China (*People’s Daily*, September 2, 2008). In 2005, Siemens returned to tender for 350 km/h+ train contracts subject to more severe conditions, agreeing to lower its prices and comprehensively transfer technology (*Xinhua*, March 4, 2010). In November 2005, Siemens reached an agreement with the MoR, entering into joint ventures with Changchun Railway Vehicles and Tangshan Railway Vehicle Co, (both CNR subsidiaries) and was awarded sixty 300 km/h train orders. It supplied the technology for the CRH3C, based on the ICE3 design, to CNR’s Tangshan.

Initially Japanese participation in bidding was led by a Nippon-Sharyo consortium, but Hitachi and Nippon-Sharyo refused to sell railway technology. China then opened negotiations with Kawasaki, over the objections of other Japanese companies. At the same time, a Chinese web campaign demanded a boycott of Japanese train manufacturers as a protest over wartime atrocities. Nonetheless, the MoR decided that excluding Japanese companies would weaken competition between bidders ([Xinhua](#), March 4, 2010).

In October 2004, Kawasaki and the MoR signed an export and technology transfer agreement with China ordering 60 high-speed train sets from Kawasaki based on its E2 Series Shinkansen for a total of 9.3 billion RMB (\$1.5 billion) ([Xinhua](#), March 4, 2010). The contract provisions also stipulated that a certain number of key technologies would be transferred to China. Kawasaki evidently believed that this technology would be used only in the domestic market. Three of the train sets would be completed in Japan and delivered completed, another six would be handed over and assembled by the Chinese party. A further 51 would be manufactured by Qingdao Sifang with transferred technology. The modified Kawasaki E2 series Shinkansen was renamed the CRH2A. In 2008 (two years into the partnership), CSR ended its cooperation with Kawasaki and began independently building CRH2B, CRH2C and CRH2E models at its Sifang plant and designated the technology for export ([Financial Times](#), July 8, 2010).

Kawasaki accused China's high-speed rail project of patent theft, believing that its agreement with China restricted the export of transferred technology ([Japan Daily](#), April 15, 2013). This claim was denied by the MoR, which countered that re-innovation had made the product distinctively Chinese ([China Daily](#), July 8, 2011). According to CSR president Zhang Chongqing, CSR "made the bold move of forming a systemic development platform for high-speed locomotives and further upgrading its design and manufacturing technology. Later, CSR began to independently develop high-speed CRH trains with a maximum velocity of 350 km/h, which began production in December 2007" ([China Pictorial](#), July 1, 2010).

Kawasaki's complaints have been supported by similar statements from Alstom that Chinese companies are now competing for export contracts using foreign technology.

Alstom's Asia-Pacific managing director claims that: "Around 90 percent of the [HSR] technology the Chinese currently are using is derived from their partnerships or equipment developed by foreign companies" ([Financial Times](#), April 6, 2010).

In a 2011 interview with the *Financial Times*, Alstom chief executive Patrick Kron accused Siemens of inadvertently allowing key technical know-how to leak out to Chinese companies through a HSR partnership ([Financial Times](#), October 31, 2011). Kron asserted that Alstom, unlike Siemens or Kawasaki, had been careful not to engage in Chinese joint ventures or collaborations that involved giving up key technology. "You should ask Mr. [Peter] Löscher [Siemens chief executive] whether he is satisfied...I have no problem with the general issue of business partnerships in China, but you have to do this in a pragmatic way. In collaborative ventures it is not mandatory to give away technology."

Not all perceptions of operating in the Chinese market are negative however. Zhang Jianwei, President of Bombardier China, stated that when Bombardier entered the Chinese market (in 1998) it was active in promoting comprehensive, systematic technology transfer: "whatever technology Bombardier has, whatever the China market needs, there is no need to ask. Bombardier transfers advanced and mature technology to China, which we do not treat as an experimental market" ([People's Daily](#), March 16, 2007).

Conclusion

China appears to be practicing a "technology for market access" policy in order to achieve development goals defined by the country's leadership. This tactic is remarkably similar to the "technology for resources" strategy seemingly pursued by China in relation to rare earth resources which was challenged by the EU, US and Japan at the World Trade Organization (WTO) in 2012. The complainants charged that China's restrictive practices were in violation of its protocol of accession to the WTO and other international agreements, an accusation upheld by the judgment of the dispute settlement panel in March 2014 ([WTO](#), March 26).

Chinese government technology strategy (as exemplified for high speed rail) and favorable financing, combined

with domestic labor arbitrage advantages, have led the former deputy governor of the People's Bank of China to predict that China's market share of manufacturing of advanced machinery could climb from 8 percent in 2010 to 30 percent of global exports by 2020 (*Wall Street Journal*, November 17, 2010). China's method of high-technology development therefore may have serious repercussions for the future competitiveness of innovation-driven economies such as the United States, Japan and the European Union.

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Indonesia Avoids Open Territorial Dispute, Despite Concerns

By Prashanth Parameswaran

Over the past few months, criticism by Indonesian officials of China's conduct in the South China Sea has fueled speculation about a policy departure in Southeast Asia's largest state (*Jakarta Globe*, March 13; PacNet, April 1; Strat.Buzz, April 2). While this does signal rising concern about Beijing's assertiveness and Indonesia's willingness to address it, it does not in and of itself constitute a policy shift. While concerned about China's territorial claims, Indonesian governments have tried to avoid letting them define a generally positive relationship and to maintain the country's status as a non-claimant. But, as it witnesses the pressure put on neighboring countries—and increasingly comes in contact with Chinese vessels—it is becoming harder for Jakarta to maintain this position.

While Indonesia technically is not a claimant state in the South China Sea disputes, it is an interested party. China's "nine-dash line" map overlaps with Jakarta's exclusive economic zone (EEZ) generated from the Natuna Islands chain, which contains one of the world's largest offshore gas fields and is a rich fishing ground. Beyond this, China's claims also undermine the United Nations Convention on the Law of the Sea (UNCLOS), which is

the basis for the territorial integrity of the world's largest archipelagic state (*Jakarta Post*, April 7). Jakarta is also fully aware that the disputes between China and the four ASEAN claimants (Brunei, Malaysia, the Philippines and Vietnam) could undermine regional stability.

In response, Indonesia has used a careful mix of diplomatic, legal and security measures since the 1990s to both oppose China's contentious claims while not officially legitimizing them as well as facilitating dispute resolution between South China Sea claimants while maintaining its own status as a non-claimant. In the diplomatic domain, it has repeatedly sought clarification from China about the extent of its claims. At the same time, Jakarta has not officially included China in the list of ten neighbors with which it must settle maritime boundaries, since doing so would lend credence China's claims (*Jakarta Post*, August 8, 2011). Since 1990, the Indonesian Foreign Ministry has also organized an annual workshop on "Managing Potential Conflict in the South China Sea" to build confidence between rival claimants (*Jakarta Post*, October 31, 2013).

In the legal realm, Indonesia has worked assiduously with other willing ASEAN countries to conclude the ASEAN-China Declaration on the Conduct of the Parties (DoC) and move towards a legally binding code of conduct (CoC). Jakarta has also sought to build up its own capabilities to protect its territorial integrity, and the Natunas have been a critical part of Indonesia's military modernization plans since the 1990s. For instance, when Indonesia learned that Beijing had included the Natuna Islands chain in a map detailing its South China Sea claims in 1993, it increased air patrols around the area and then conducted one of its largest-ever joint military exercises there in 1996 (*Straits Times*, April 24).

Indonesia's Growing Concerns

China's growing assertiveness in the South China Sea over the past few years has placed Indonesia's delicate approach under strain. In the legal domain, Beijing's official submission to the UN of its nine-dash line map for the first time in May 2009, which included parts of Indonesia's EEZ, frustrated Jakarta because it was out of step with UNCLOS. China's pressure on Cambodia on the South China Sea issue during the ASEAN Ministerial Meeting in July 2012, which led to the regional grouping's

unprecedented failure to issue a joint communiqué, as well as its continued foot-dragging on a CoC, also directly undermined Jakarta's focus on ASEAN unity and diplomacy in the resolution of the disputes, a key priority for Indonesia repeatedly expressed by Foreign Minister Marty Natalegawa (Japan Focus, 2012). Natalegawa also firmly told China earlier this year that Indonesia would not accept an air defense identification zone (ADIZ) over the South China Sea (*Straits Times*, February 18).

China's enhanced military and paramilitary presence in the South China Sea has also made Indonesia increasingly nervous. Beijing's assertiveness over the past few years has included not seizing Scarborough Shoal from the Philippines and dispatching oil rigs in contested territory with Vietnam, but expanding naval exercises and patrols in the southern parts of its claims closer to Malaysia and Indonesia, which has resulted in direct confrontation at sea. In 2010, when an Indonesian patrol boat captured a Chinese vessel illegally fishing within Jakarta's EEZ, Beijing dispatched a maritime law enforcement (MLE) vessel, which allegedly pointed a machine gun at the Indonesian boat and compelled it to release the Chinese vessel (National Institute for Defense Studies, February 2012). Similarly, in March 2013, when Indonesian officials boarded a Chinese vessel for the same reason and attempted to transport the nine fishermen ashore for legal proceedings, the captain of the ship was forced to release them following harassment by Chinese MLE vessels (The Strategist, October 29, 2013). While Indonesia has tended to downplay these incidents, they do raise eyebrows in Jakarta.

Indonesia has not felt the need to change the general contours of its approach thus far. But its recent reactions nonetheless suggest both growing concerns about Beijing's conduct and an increasing willingness to react to it. Indonesia declared that China's nine-dotted map "clearly lacks international basis" in a diplomatic note to the UN in 2010, and it dismissed Beijing's printing of its disputed claims on passports in 2012 as "disingenuous" (*Jakarta Post*, November 29, 2012). Jakarta also took an unprecedented leadership role after ASEAN's 2012 stumble in Phnom Penh and forged a consensus among Southeast Asian states on the South China Sea question, a clear demonstration to both China and Cambodia that the organization's chair did not necessarily unilaterally control its agenda (Asia Times Online, July 27, 2012).

More recently, Natalegawa has proposed that ASEAN foreign ministers meet for a special meeting on the South China Sea before the ASEAN ministers meeting scheduled in August (Kyodo News, June 5).

Indonesian military officials have also been more outspoken about China-related concern and plans for a response. This February, during a visit to China, TNI Chief General Moeldoko announced in Beijing that Indonesia would station additional forces around the Natuna waters to "anticipate any instability" in the South China Sea (AntaraNews, February 27). Then, in March, Air Commodore Fahru Zaini publicly stated that China had claimed Natuna waters "as their territorial waters", and that "this dispute will have a large impact on the security of Natuna waters" (AntaraNews, March 13). This rhetoric was backed up by announced shifts in capabilities. For example, the Indonesian Air Force was expected to upgrade its airbase facilities with the long-term goal of permanently deploying a squadron of Sukhoi fighter aircraft and four Boeing AH-64E Apache attack helicopters on the Natuna Islands (IHS Jane's, March 31). While Indonesian foreign ministry officials subsequently clarified that none of these statements represented departures from Indonesian policy, their public and direct nature nonetheless attests to the growing concern about China, particularly in military circles.

Constraints on Jakarta's Response

But even though these developments reflect Indonesia's rising anxiety about China's behavior in the South China Sea, several structural factors may constrain both the extent to which Indonesia can react as well as the degree to which this issue will affect the overall Sino-Indonesian relationship.

Firstly, while the South China Sea issue is important to Indonesia, Jakarta would still strongly prefer not to let this single issue get in the way of burgeoning Sino-Indonesian ties. China is Indonesia's second largest trading partner, its top source of foreign tourists, and a growing investor. The two countries inked a strategic partnership in 2005, which was upgraded to a comprehensive strategic partnership during Chinese President Xi Jinping's first visit to Jakarta last year (Xinhua, October 3, 2013). While even Indonesian diplomats publicly admit that there still exists a "trust deficit" in the relationship, it is nonetheless

an important one (*Jakarta Post*, October 2, 2013). More generally, maintaining good relations with Beijing is—in the words of Foreign Minister Natalegawa—part of the “dynamic equilibrium” that Indonesia seeks in the Asia-Pacific, where the region is not dominated by one country or two rival powers but rather a place where a range of actors can engage inclusively and intensely across issues (*Jakarta Post*, July 1, 2011).

In that vein, Indonesia has tried to find creative ways to engage with China on the South China Sea despite concerns about its conduct there. For example, in May 2011, after a meeting with visiting Chinese Defense Minister Liang Guanglie at the sidelines of the ASEAN Defense Ministers’ Meeting (ADMM), Indonesian Defense Minister Purnomo Yusgiantoro broached the idea of both countries conducting coordinated patrols in the South China Sea to prevent illegal fishing by Chinese fishermen in Indonesian waters (*Jakarta Post*, May 23, 2011).

Secondly, while China’s rise is a source of concern for Indonesia, it is only one among a multitude of threats which Jakarta has to worry about. For instance, Indonesia’s buildup in the Natunas is not solely focused on the South China Sea or China, but part of a larger national goal to develop a Minimum Essential Force (MEF), a concept introduced by President Susilo Bambang Yudhoyono to establish the minimum scale of military capabilities the country needs to deploy in response to strategic threats by 2024. As some Indonesian analysts have pointed out, the MEF and other supporting documents suggest that Jakarta’s defense priorities are geared first towards more immediate security risks such as internal conflicts, terrorism and natural disasters before focusing on priorities such as protecting its vast territory and balancing against neighboring states deemed to be threatening its borders (*Jakarta Post*, November 24, 2011). This interpretation suggests that even if China’s rise constitutes a growing threat in the eyes of Indonesian policymakers, it still ranks quite low in Jakarta’s overall threat matrix.

Thirdly, to the extent that Indonesia is building up its military capabilities—in response to China or otherwise—this is still very much a work in progress with severe limitations. While Indonesia’s defense budget has risen over the past few years, the 2014 allocation of around

\$8 billion is still merely 0.9 percent of GDP, which is far below its own intended target of 1.5 percent of GDP by the end of 2015 (IHS Jane’s, August 18, 2013; *Jakarta Post*, April 3). Indonesia’s air force is stretched thin with just 50 fighter aircraft in service in the world’s 15th largest country by area, while its navy still lacks capabilities in areas critical to policing Jakarta’s extensive maritime area, including anti-submarine warfare and maritime reconnaissance (Aviation Week, February 11; *The Strategist*, August 29, 2012). Notable efforts are underway to either reverse previous degrading or add new capabilities altogether, but they begin from a low base and some of them have stalled.

Conclusion

These considerations do not, however, mean that Indonesia’s position cannot change. If Indonesia’s territorial integrity is threatened by regular infringements by Chinese vessels in the Natunas, or, more specifically, if Beijing directly challenges Jakarta’s rights to explore the resources within its EEZ, these could lead Indonesian policymakers to either reevaluate policy options or fracture the country’s domestic consensus (*Straits Times*, April 24). The energy question is especially significant since Indonesia’s national oil company Pertamina has already partnered with ExxonMobil, Total, and PTTEP Thailand in a consortium to explore the East Natuna Block, with production set to begin in 2024 (*Jakarta Globe*, August 13, 2013). Indonesia will also inaugurate a new president in October this year, and there may be subtle shifts in its approach depending on who is elected and appointed foreign minister. The two top presidential candidates have recently sparred on the issue, with former Jakarta governor Joko Widodo demonstrating a preference for a more diplomatic approach relative to the more hawkish Prabowo Subianto (*Jakarta Post*, June 24).

For now, Indonesian policymakers are trying to maintain their current approach to the thorny South China Sea issue: protesting China’s nine-dash line without admitting a dispute exists; helping resolve the disputes while remaining a non-claimant; and challenging Beijing on its claims while preserving a strategic relationship. Managing it will nonetheless be critical for Jakarta for years to come, with implications not only for Indonesia but the region more generally.

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Corrections

In an article in the last issue of *China Brief*, titled “Chinese Analysts Interpret Modi’s New India”:

The site of a territorial standoff between Chinese and Indian forces was referred to as Dalit Oldie Beg. The correct name is Daulet Oldie Beg.

The article incorrectly stated that India was represented at the recent Conference on Interaction and Confidence-Building in Asia by its Foreign Minister. It was in fact represented by Dinkar Khullar, Secretary (West) at the Ministry of External Affairs.

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