

**“CHINA: RECENT SECURITY DEVELOPMENTS”**

**PREPARED JOINT STATEMENT OF**

**DR. JAMES J. SHINN**

**ASSISTANT SECRETARY OF DEFENSE FOR ASIAN AND PACIFIC SECURITY AFFAIRS AND**

**MAJOR GENERAL PHILLIP BREEDLOVE, USAF**

**VICE DIRECTOR FOR STRATEGIC PLANS AND POLICY, JOINT CHIEFS OF STAFF**

**BEFORE THE HOUSE ARMED SERVICES COMMITTEE**

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Mr. Chairman, I would like to thank you for the opportunity to appear before this Committee and speak about recent security developments in the People’s Republic of China (PRC), an issue of continuing significance for U.S. foreign and defense policy. Since the committee’s last hearing on this subject, a little more than a year ago, we have seen several significant positive developments, but we continue to have several significant concerns.

The positive developments reflect the commitment on the part of President Bush and Secretary Gates to build a constructive bilateral U.S.-China relationship. In the President’s own words, “You can either have a constructive relationship...or we can have a destructive relationship. I’ve chosen to have a constructive relationship.” In line with this commitment, U.S. policy encourages China to conduct itself as a responsible stakeholder in the international system.

China's rapid emergence as an economic and political power is shaping the Asia-Pacific region and the world. Consequently, China's behavior at home and abroad is increasingly the focus of international attention. As China’s influence expands, there will naturally be areas where our national interests overlap. It is our desire that, through a policy of constructive engagement, those areas of overlap become opportunities for cooperation with the Chinese, rather than points of conflict.

**Uncertainty in China’s Role in the International System**

As China grows, it will naturally attempt to protect and advance its interests. But there is an open question as to whether this pursuit will take place within the global systems of rules and values China now benefits from, or if it will seek other paths that divert from or even challenge these systems. U.S. China policy is to shape China’s choices in a way that encourages its increased participation as a constructive partner in upholding the international system.

The international world order that China has benefited from is based on shared international interests including freedom of the high seas, the freedom of trade that has fueled the remarkable economic growth in East Asia of the last three decades, the freedom of the use of outer space, and the freedom of the use of cyberspace that benefit all of us by reducing transaction costs, increasing communications, and serving as the

pathways for the generation of wealth. The United States stands ready to defend these international interests and preserve access through our military presence in Asia and our bilateral alliances. China, too, benefits from our presence in Asia and has acknowledged this as recently as this month during the U.S.-China Security Dialogue in Beijing,

China has to make choices about joining in the international consensus on the benefits of openness and committing to sharing in the responsibility of protecting it. If China chooses another path, a path that runs counter to the imperatives of openness, it will find itself at odds not just with the United States and our Asian allies, but with the global system that has enabled the prosperity that China now enjoys.

### **Opportunities and Challenges in U.S.-China Security Developments**

The Department of Defense is enhancing our relationship with China's Ministry of National Defense through multiple dialogues with China on matters of common interest and areas of concern. As Secretary Gates recently said, "We do not see China as a strategic adversary. It is a competitor in some respects and a partner in others. But we recognize how important it is to strengthen human communications and discuss the important issues relating to national security, military modernization with openness and candor."

In this spirit, we continue to engage China's government via the Defense Consultative Talks, held most recently in Washington in December 2007, the Defense Policy Coordination Talks, held most recently in Shanghai in February 2008, and the first-ever U.S-China Nuclear Dialogue in April 2008. OSD and JCS representatives were on Acting Under Secretary of State for International Security and Nonproliferation John Rood's delegation to the U.S.-China Security Dialogue held Beijing in June 2008.

The U.S. government has asked Beijing to halt commercial transactions by Chinese firms that violate UN sanctions, nonproliferation norms, and PRC law, but our efforts are met with mixed results. China's willingness to cooperate on these issues is uneven. Of particular concern is the sale of conventional weapons to Iran, a country that supports terrorism and groups in Iraq, Lebanon, and Afghanistan that target and kill Americans and our allies. We look to China to act responsibly and restrict conventional arms sales that promote instability and violate international norms. Similarly, we still observe Chinese firms and individuals transferring a wide variety of weapons-related materials and technologies to customers around the world – including to Burma, Zimbabwe, Cuba, Sudan, and Syria.

One way that the Department seeks to shape China's behavior toward being a more constructive, responsible participant is through a carefully thought out program of military-to-military interactions. In this regard we are moving forward with an expanded set of exchanges among senior defense officials (such as Secretary Gates' visit to China

in November 2007), naval ship visits, military academy exchanges, and other interactions among mid-grade and junior officers.

One recent accomplishment was the completion of a defense telephone link in March 2008 between the Secretary of Defense and China's Minister of National Defense. This link is intended to help us improve understanding and reduce misperceptions, thereby helping to manage – or better yet, avoid – a potential crisis. It will enhance openness and improve clarity by improving communications between our two militaries.

Another development that I would like to mention is the opening in April of discussions between the U.S. military and the People's Liberation Army (PLA) on nuclear policy and strategy. There is no area where transparency and openness are more important than in China's nuclear forces modernization. We have just begun discussions on these issues, and we have a long way to go. But with the commitment of our senior leadership, we have an opportunity for a constructive and open dialogue that can deepen understanding, dispel misperceptions and, potentially, contribute to the avoidance of miscalculation.

As we look to broaden areas of constructive engagement with China, our efforts naturally gravitate towards areas of mutual interest. An important part of our military-to-military relationship has been focused on addressing transnational and non-traditional security challenges, including humanitarian assistance and disaster relief.

China's people have been devastated by two recent natural disasters: an especially brutal winter storm and a devastating earthquake in May 2008. In both cases, the U.S. military facilitated the US Government relief effort to the Chinese people. To a large degree the foundation for our ability to cooperate with the PRC on these humanitarian relief endeavors was laid through our military exchanges on disaster relief with the PLA. For example, in 2006, the U.S. military and China's PLA conducted the first maritime search and rescue exercise. Last year, US Army Pacific participated in a disaster management exchange with the PLA; a related exercise is planned for later in 2008.

As we continue to move forward and explore new areas for engagement with the PLA, we do so consistent with Section 1201 of the *National Defense Authorization Act for Fiscal Year 2000*. And we do nothing in our contacts that could knowingly enhance the military capabilities of the PLA. Some have argued that these limitations should be changed. We do not believe that to be the case. There are many areas in which we can expand our exchanges that would not require revisions to the existing statute. Our approach to these defense interactions is not only a matter of law; it makes for sound defense policy. To engage the PLA without considering the inherent risk to our warfighting advantage would be irresponsible. However, to avoid engagement altogether risks forfeiting opportunities to encourage China's responsible behavior as an agent of positive impact in the region.

### **Concerns Over Transparency and Strategic Intentions**

Despite our optimism, we remain troubled by China's continued lack of openness and transparency in military affairs. This opacity raises questions as to China's true intentions, and compels outside observers to compare China's behavior and capabilities against its declaratory policies.

For example, China continues to significantly underreport its defense expenditures. China's announced defense budget for 2007 was \$45 billion, and \$58 billion in 2008, continuing a trend of double-digit increases over the past fifteen years. However, China's published defense budget does not include large categories of expenditure, such as expenses for strategic forces, foreign acquisitions, military-related research and development, and China's paramilitary forces. The Department of Defense estimates China's total military expenditures in 2007 to be between \$97 and \$139 billion. China's most recent biennial defense white paper represents a modest improvement in terms of content and quality, but much remains unaddressed. We look forward to China's upcoming submission of defense expenditures to the United Nations, as its choice of whether to file a detailed versus an abbreviated report will speak directly to its intentions toward improved openness and transparency.

Furthermore, we continue to lack a clear understanding of China's intentions, and the motivations and decision-making guiding its military investments. Unlike the United States, which publishes authoritative documents on national security and military strategy, China produces no such documents for public release. Insight into China's goals and direction in these areas would represent an effective step toward allaying not only our concerns, but those of our allies and partners in the region.

China's January 2007 test of a direct ascent anti-satellite weapon was inconsistent with its own policies and the spirit of cooperation in the peaceful utilization of outer space outlined by President Bush and President Hu. China's steadfast refusal to provide a credible explanation for this event, coupled with the creation of dangerous debris – which remains in orbit well over a year later – cast doubt among neighbors and other countries as to China's strategic intentions.

Similarly, in the cyber area, many computer intrusions around the world – including those owned by the U.S. Government, defense-related think tanks and contractors, and foreign governments, were subject to intrusions that appear to have originated within the PRC.

The future of Asian security and prosperity will, to a large extent, be determined by the choices that China's leaders make. These choices span the range of issues, not least of which is China's growing military power. Both the United States and China approach our relationship realistically. Both sides are aware of the potential for conflict, particularly in the Taiwan Strait, and as we move forward, we remain ever mindful of areas where our interests diverge.

## **China's Military Power**

In the Department of Defense, it is our responsibility to monitor the development of that power and maintain deterrence of conflict. At present, China's ability to sustain power at a distance remains limited. However, as the 2006 Quadrennial Defense Review (QDR) report notes, looking into the future, "China has the greatest potential to compete militarily with the United States and field disruptive military technologies that could, over time, offset traditional U.S. military advantages."

In March, the Department of Defense submitted its annual report on the Military Power of the People's Republic of China.

Although this report is tasked to the Department of Defense and signed out by the Secretary of Defense, it is a product of intensive interagency coordination. Our report reflects the views and concerns held broadly across the United States Government over China's rapidly expanding military capabilities.

Our report attempts to present the analysis in a factual, descriptive, and analytical way. It discusses the advances that China has made, as well as the weaknesses of its military. It seeks to assess China's current and future military potential without exaggerating.

As our report shows, the Chinese PLA is pursuing an ambitious, comprehensive, and long-term military modernization program, emphasizing preparations to fight and win short-duration, high-intensity conflicts along its periphery.

The near-term focus for the PLA continues to be on preparing for military contingencies in the Taiwan Strait. Long-term trends suggest that Beijing is generating capabilities to employ military force for other regional contingencies, such as conflict over resources or territory.

With that context, I would like to summarize briefly some specific and notable developments in this year's report.

We see in China at least 10 varieties of ballistic missiles deployed or in development. China has over 1000 short range ballistic missiles deployed to garrisons opposite Taiwan and is establishing new missile bases outfitted with conventional, theater-range missiles that could support a variety of contingencies across China's periphery, including maritime anti-access, with a new anti-ship ballistic missile.

China has made substantial progress in fielding road-mobile, solid-propellant DF-31 and DF-31A intercontinental-range ballistic missile, which began to be deployed in 2006 and 2007, respectively. China continues to upgrade and qualitatively modernize older versions of its strategic missiles, and it continues modernization of its sea-based deterrent

with a new submarine-launched ballistic missile program for deployment aboard a new class of ballistic missile submarine. These changes will bring greater range, mobility, accuracy, and survivability to China's strategic forces capable of striking many areas of the world including the continental United States.

We believe China has an active aircraft carrier research and design program. If the leadership were to so choose, the PRC shipbuilding industry could start construction of an indigenous platform by the end of this decade.

China is investing in new surface combatants to improve the PLA Navy's capacity for anti-surface and anti-air warfare, including two LUYANG II-class and two LUZHOU-class guided missile destroyers, and three JIANGKAI II-class guided missile frigates, all equipped with advanced long-range surface to air missiles. These systems reflect leadership's priority on developing advanced anti-air warfare capabilities for China's naval forces, a historical weakness of the fleet.

China is improving its precision strike capability with at least two land-attack cruise missile programs, and the acquisition of advanced anti-ship cruise missiles, including the Russian-made SS-N-27/SIZZLER for its newest KILO-class submarines.

Modern aircraft such from Russia and China's own F-10 fighter make up a growing percentage of the force. Increasingly sophisticated armaments and development of aerial refueling capability will improve China's offensive air capabilities.

An equally important, and often overlooked, aspect of China's comprehensive military effort is its concerted program to improve its human capital system, as discussed as a special topic in this year's report. China's leaders recognize that an educated and trained officer and enlisted corps is essential to their aspiration of fielding a modern military force. To that end, the PLA is improving training and exercises, and is emphasizing technological know-how in its recruitment, training, and professional military education efforts.

As I already touched upon, the PLA is making significant strides in cyber-warfare. Networks around the world, including in Europe and in the Pentagon, suffered intrusions that appeared to originate from the PRC. And as our report indicates, many of the skills and capabilities required to conduct intrusions are also required to conduct attacks against enemy networks.

In addition to an emphasis on cyber-warfare, we are seeing China emerge as a growing international space power. It is investing heavily in a broad range of military and dual-use space programs including reconnaissance, navigation and timing, and communication satellites, as well as its manned space program.

Complementing these growing space capabilities, China is developing ability to deny others access to space through a robust and multi-dimensional counter-space program featuring direct ascent anti-satellite weapons, directed energy weapons, and satellite communication jammers. We witnessed one aspect of this developing ability by way of the January 2007 anti-satellite weapon test.

As China continues to develop new weapon systems and new capabilities under veiled or less than candid conditions, we remain concerned that the U.S. and the rest of the world may miscalculate PRC behavior and capabilities. This point is illustrated through the 2004 discovery of China's YUAN-class diesel-electric attack submarine. While we are improving our capacities in estimating China's current and future military capabilities, events such as this give us pause and prescribe a degree of humility. We need to recognize that surprise will be an inevitable part of our relationship with China, even as we work to help Beijing understand the value of transparency, predictability, and constructive cooperation.

Overall, many of China's military modernization developments are relevant to a Taiwan contingency. While we see opportunities on the horizon for a near-term reduction in cross-Strait tension, and we encourage both sides to take advantage of them, there is much more that Beijing can do to support reducing cross-Strait tension, demonstrate flexibility with respect to Taiwan's international space and to reduce the threat to Taiwan presented by the PLA's sustained military build-up opposite the island. On these counts, we have seen little progress from Beijing. We continue to see growth in PLA capabilities deployed opposite Taiwan, and we will watch closely for signs of Chinese steps to shift that balance further even as we encourage Beijing to work with Taiwan on more positive actions to reduce tensions.

Taiwan recently reversed the trend of the past several years of declining defense expenditures. In June 2007 the Taiwan legislature passed a long-delayed defense budget totaling \$8.9 billion, which included funding for P-3C Orion aircraft and PAC-II upgrades – systems the United States first made available to Taiwan in 2001. For 2008, the Taiwan Legislature in December 2007 passed a \$10.5 billion budget. This was a twelve percent increase over the previous year. Taiwan also continues to bolster its defense by strengthening its crisis management structure, instituting military personnel reforms, improving its joint capabilities, modernizing its equipment, and improving its overall contingency training. Consistent with the provisions of the Taiwan Relations Act, the United States continues to make available defense articles, services, and training assistance to enable Taiwan to maintain a sufficient self-defense capability.

However, some elements of China's military modernization pose long-term concerns beyond the Taiwan Strait. These concerns are not just those of the United States. Many aspects of China's military programs lead other nations, both within East Asia and globally, to question China's intentions and to adjust their own behavior.

## **Conclusion**

The Department of Defense will continue to monitor these important developments, and will continue to engage China to improve its transparency in military affairs, recognize the importance of openness in a globalized world, and act to support the health and success of the international system on which it relies for its own prosperity, stability, and security.

Progress in military-to-military relations will depend on choices by both China and the U.S. Choices that emphasize transparency over opacity, substance over symbolism, and implementation over negotiation will go a long way to further our defense relations. We at the U.S. Department of Defense act according to our best understanding of ongoing changes in the international security environment. On this continuum of change, better understanding affords better cooperation, while greater uncertainty requires greater hedging.

The U.S. has made a consistent choice over multiple decades that our interests lie in constructive strategic engagement with China combined with our strong bilateral military alliances and presence in Asia. These choices do not have to be in conflict. China's strategic choices, its openness about its military modernization and policies will play an important role in determining how we move forward. The implications of these choices, already significant, will only become greater over time.

As I have emphasized throughout this testimony, we have many questions and concerns about China's military modernization and what China's leaders plan to do with these emerging capabilities. We believe these questions are reasonable, and answering them in a transparent and forthright manner can only help us better understand each other, minimize the risk of misunderstanding or miscalculation, and foster regional and global security and stability.

The United States is a Pacific power with an enduring role in Asia. We have vital interests and a network of alliances and friendships that we will support and defend. But the Asia-Pacific region is not a zero-sum game. We welcome China's emergence as a responsible economic power and encourage its continued integration in the international system. China's security and stability, and that of the Asia-Pacific region, is enhanced by a strong U.S. security presence. Likewise, China's continued development and integration into the international system as a responsible stakeholder has long been, and remains, a central element of our China policy and a core U.S. interest.

Thank you.