

# Uncertain Waters: Thinking About China's Emergence as a Maritime Power

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# Executive summary

## Key findings

China is an emerging maritime actor with expanding interests in security at sea. As a consequence, the capabilities of Chinese maritime security forces are improving, missions for the People's Liberation Army Navy (PLAN) are expanding, new actors and bureaucratic interests are emerging, and some observers feel that China is now more willing to challenge the interests of others in the maritime domain. CNA has undertaken this study to provide strategic-level context in order to foster discussion and debate about China's maritime rise and its implications.

**China is in the midst of an important and potentially far-reaching reassessment of how the maritime domain fits into its national security calculus.**

- China's expanding global economic interests are reshaping its defense and security outlook. Chinese political, economic, and military elites are trying to make sense of China's role in the maritime domain and understand the full implications of that role.

**Most of China's critical maritime security concerns and the focus of its efforts in terms of traditional security will continue to be close to home.**

- China continues to have vital interests that touch on questions of sovereignty and territorial integrity in maritime areas near the mainland. Until these issues are resolved, a key component of how Chinese policy-makers think about maritime power is their need to develop the means necessary to prevent *de jure* independence for Taiwan, prevent an attack on the Chinese mainland from the sea, and defend China's territorial and exclusive economic zone (EEZ) claims.
- The United States is perceived as the single most important potential security threat and the one actor that could prevent China from attaining its goals with regard to Taiwan and other disputes in regional seas.

**China's maritime economic focus will likely be on ensuring access to, and control of, marine resources, guaranteeing freedom of movement of Chinese seaborne trade, and protecting its growing overseas economic interests.**

- Chinese leaders believe that the ability to gain access to, and control of, marine resources—most of which lie within China's claimed territorial waters and EEZ—is essential for the economic development of the country. Given the importance of these resources to its economic development plans, China is likely to assert its power at times to maintain its access and control over these resources. Determining how to use its current, and grow its future, maritime power to protect its trade routes and overseas interests is of great concern to China.

**In ensuring and expanding access to the maritime domain, there is a domestic political stake for the ruling regime.**

- There is an important political dimension to the maritime domain in that the oceans matter, at least indirectly, to the Party's main political interests. Interruption in trade, the blocking of access to scarce resources, or the failure to protect sovereignty or territorial integrity could undermine the legitimacy of the regime. Such challenges could, if tied to other domestic problems, prove a threat to the regime.
- Because of the political stakes involved, Beijing may be less willing to compromise or yield in maritime disputes and Chinese reactions may at times seem disproportionate to outsiders.

**Maritime policy-making and implementation is becoming more complex and diffuse due to the rise of new bureaucratic actors—the PLA Navy is just one of those actors.**

- There are more actors involved in making and executing Chinese maritime policy than ever before. The maritime domain is an example of how China's interests are expanding faster than the institutions' ability to manage them.

**China remains focused on building an “offshore” navy that can defend China's territorial and economic interests in the Yellow, East China, and South China seas and just beyond the First Island Chain.**

- This area has the highest concentration of Chinese maritime security concerns. China has sovereignty and territorial disputes with all of its maritime neighbors.
- All of China's potential maritime adversaries are either located in this area, or in the case of the United States, have forces in the region.

**At the same time, China is actively discussing the need to develop a “distant seas” navy—not in an effort to sustain global operations but rather in order to project a global presence and secure its interests.**

- In order to address the growing need to operate far from home, China is discussing the need to further modernize its forces, develop new operational missions, and establish berthing rights and a possible forward presence so that it can deal with future contingencies in seas outside of the Western Pacific.
- China is likely to conduct more out-of-area missions, such as humanitarian assistance / disaster relief (HA/DR) and maritime security missions, and to undertake occasional patrols, in order to establish presence and promote deterrence.

# Chapter 1: Introduction

*China's fate lies with the sea.*

—RADM Yao Wenhui, 2007<sup>1</sup>

## Background of the study

China is no longer just a coastal state; it is an emerging maritime actor with expanding interests in security at sea. Chinese leaders see access to the maritime commons as essential given China's global economic and political interests.<sup>2</sup> As a consequence, the capabilities of Chinese maritime security forces are improving, missions for the People's Liberation Army Navy (PLAN) are expanding, new actors and bureaucratic interests are emerging, and some observers feel that China is now more willing to challenge the interests of others in the maritime domain. For example:

- The 2006 Chinese Defense White Paper explicitly states that the PLAN will gradually extend the strategic depth of its operations.
- Since December 2008 the PLAN has been engaged in anti-piracy patrols in the Gulf of Aden—its first-ever operational deployment outside of the Western Pacific.<sup>3</sup>
- China has become more assertive in the South China Sea and continues to assert what it considers its territorial rights in the East and South China seas.
- The PLA is putting more emphasis on humanitarian assistance/disaster relief (HA/DR) operations, and the PLAN has commissioned a new hospital ship.
- In 2009, China's Ministry of Foreign Affairs created the Department of Boundary and Ocean Affairs.
- In the summer of 2010, Chinese commentators sharply criticized U.S.-South Korean exercises in international waters in the Yellow Sea.

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<sup>1</sup> Yao Wenhui, "Build a Powerful Navy, Defend China's Maritime Strategic Interests," *Guofang*, no. 7 (2007): 1-2. RADM Yao was Deputy Director of the PLA Navy's Political Department at the time the article was published.

<sup>2</sup> For a summary of key speeches in which Chinese leaders have referred to China as a maritime country, see State Oceanic Administration, *China's Ocean Development Report, 2009 (Zhongguo haiyang fazhan baogao, 2009; 中国海洋发展报告, 2009)*, (Beijing: Ocean Press, 2009), p. 375. President Hu Jintao identified access to the maritime domain, space, and electromagnetic spectrum as essential for China's security and national development in his "New Historic Missions" speech presented at an expanded meeting of the Central Military Commission, in 2004. For the full text, see: Hu Jintao, "Understand the New Historic Missions of our Military in the New Period of the New Century," available on the National Defense Education website of Jiangxi Province, <http://gfjy.jiangxi.gov.cn/yl.asp?did+11349.htm>.

<sup>3</sup> The PLAN had previously engaged in several long-range voyages, including port visits, training missions, and scientific trips to the Antarctic. None of these, however, were operational deployments.

These and other activities in the maritime domain raise a central question: If China is no longer just a coastal state, what kind of maritime power is it becoming? While there has been much discussion among Western observers and the media on specific activities by the Chinese navy, considerably less attention has been centered on what is motivating this recent expansion or what the increased role China might play on the seas. There is a need to examine more closely what factors are behind this increased naval activity, what the Chinese say about their objectives, and what this might mean for U.S. interests.

## Purpose of the study

This study provides a holistic analysis of China's changing views on the maritime domain and how they factor into China's national security policy. Its purpose is to give strategic-level context for understanding Chinese maritime policies and operational activities. In order to provide this context, this study focuses on the following questions:

- How does China's current approach to the maritime domain compare to its past approach?
- What are China's primary interests in the maritime domain?
- What are the drivers of change that are pushing China to become more active in maritime affairs?
- Who are the main actors in Chinese maritime policy?
- What are the key implications of China's rise as a maritime power?

The study draws its answers from a variety of Chinese-language sources, including official government documents, writings of military and civilian analysts, and state-controlled media reports. It also draws heavily from interviews conducted with Chinese subject matter experts

Our analysis reveals a country that is in the midst of an important, and potentially far-reaching, transformation in how its military, political, and economic elites think about the maritime domain. At no point in the country's long history has access to and across the maritime domain—the territorial waters, the exclusive economic zone, and the high seas—been as important as it is now. China is moving beyond its previous focus on the littoral, to discussing its maritime rights and interests in the Pacific, Indian, Antarctic, and Arctic oceans.<sup>4</sup> Moreover, this transformation is not limited to military policy; it reflects significant changes in the views of civilian elites as well. While there is a consensus among China's political, economic, and military elites that the global maritime domain is

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<sup>4</sup> State Oceanic Administration, *China's Ocean Development Report, 2009*, pp. 118-119; Wang Shumei, Shi Jiazhu, and Xu Mingshun, "Carry Out the Historic Mission of the Army and Establish the Scientific Concept of Sea Power," *Zhongguo Junshi Kexue* (Beijing: February 2007), p. 142; and Zhang Wei, *National Maritime Security* (*Guojia Haishang Anquan*; 国家海上安全), (Beijing: Haichao Chubanshe, 2008), p. 463.

of great importance to China's future well-being, those elites are still thinking through how this will fit into overall national strategy.

## Research approach

Our analysis focused on Chinese-language open-source material—such as speeches, official documents, books, and articles by Chinese subject matter experts—and interviews with Chinese military and civilian experts on maritime issues. We then used our data to assess how Chinese policy-makers are thinking about maritime issues and about the importance of those issues to China's future security.

In addition, we consulted English-language scholarly works on the PLAN, foreign policy, economic development policy, and other issues related to the maritime domain, and conducted interviews with U.S. experts on Chinese naval and maritime policy.

## Major Chinese sources

**Official Chinese government speeches and documents.** These included but were not limited to: President Hu Jintao's "New Historic Missions" speech, which outlines an overseas role for the PLA for the first time; the annual *Work Report* of the Chinese government and China's biennial *defense white papers*, which provide a time series of official statements on civilian and military maritime policy; and the *National Maritime Economic Development Planning Outline 2003* and *National Maritime Industry Development Planning Outline 2008*, which provide key guidance and coordination for national- and provincial-level government organizations. We also examined major speeches and public statements by Party and PLA leaders and other relevant documents. These documents provide important insight into official Chinese policies and views about the maritime domain. They provide domestic audiences, such as military personnel, bureaucratic actors, and state-owned enterprises, with information and general guidance on the Chinese regime's approach to maritime affairs, both civil and military.

**Books and research articles by Chinese analysts and scholars.** A second important set of sources for this study comprised publications by senior Chinese civilian and military analysts and scholars. These publications were written by individuals who work for key government civilian and military think tanks in China. Analysis of debate among these experts can help assess the range of views that are considered legitimate for discussion, and indicate where there is relative consensus on maritime threats and security policy.

**Chinese periodicals.** The authors also drew on official Chinese newspapers, such as the *People's Daily* (*Renmin Ribao*; 人民日报), which is the official newspaper of the Chinese Communist Party, and the *People's Liberation Army Daily* (*Jiefangjunbao*; 解放军报), which is the official newspaper of the Chinese military.

**Interviews with Chinese military and civilian experts on maritime issues.** Finally, this project drew heavily on interviews with Chinese academics and military and civilian analysts. During the course of this study, we had access to over 30 individuals who work on maritime issues at military and civilian government think tanks in China as well as

academics from several leading Chinese universities. These interviews provided insight into current Chinese views on a number of maritime issues, including territorial and sovereignty issues, energy security issues, non-traditional security threats, and the debate on how best to protect Chinese interests abroad.

**Western source material.** We also drew on existing studies of Chinese naval and other maritime activities in order to balance our analysis of Chinese source materials. In particular, we considered alternative explanations provided in some of these studies while conducting our analysis of Chinese source material. Finally, we discussed our initial findings with a number of U.S. experts, both inside and outside of government.<sup>5</sup>

## Limitations of the study

This study presents a preliminary analysis of how the People's Republic of China approaches the maritime domain, in order to provide a strategic-level understanding of the context of China's rise as a maritime actor. It is not meant to be a comprehensive survey of all aspects of Chinese policies and actions in the maritime domain order; nor is it meant to be a detailed study of all of China's interests and objectives in the maritime domain.

This study does not deal in depth with such issues as the history and extent of China's territorial claims in the South China Sea or the East China Sea. Nor does it evaluate China's naval capabilities in detail. These issues are discussed only to the extent necessary to understand how Chinese military and civilian leaders view the maritime domain, drivers, objectives, and implications.

## Organization of the study

Following this introduction, the report consists of five chapters:

**Chapter 2: "Setting the historical context"** provides a brief overview of Chinese maritime history. It discusses China's traditional approach to maritime defense and provides an overview of how the role of the maritime domain has changed in the past 30 years.

**Chapter 3: "China's perceptions in the maritime domain"** looks at what Chinese policy-makers and subject matter experts believe to be China's maritime interests. It also examines the emerging discussion of "distant seas" operations.

**Chapter 4: "Factors driving changes in Chinese maritime views"** looks at key drivers in the maritime domain and analyzes how they are impelling change in the way that

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<sup>5</sup> In this regard, we would especially like to thank Peter Swartz of CNA, Professor Bernard C. Cole of NDU, Professor Robert Ross of Boston College, and Professors Lyle Goldstein, Peter Dutton, Andrew Erickson, Michael Chase, and Nan Li of the Naval War College.

Chinese security analysts look at, and think about, the maritime dimension of national policy.

**Chapter 5: “Expansion of maritime actors”** identifies key military and civilian actors and discusses the emergence of new actors in the Chinese system.

**Chapter 6: “Conclusions and implications”** discusses the implications of China’s changing maritime role for China’s maritime forces.



## Chapter 2: Setting the historical context

*Our Navy should conduct coastal operations. It is a defensive force. Everything in the construction of the Navy must accord with this guiding principle.*

— Deng Xiaoping, 1980<sup>6</sup>

*We are a continental power and a maritime power.*

— President Jiang Zemin, 1995<sup>7</sup>

*Maritime security, space security, and electro-magnetic spectrum security have already become an important area of national security.*

— President Hu Jintao, 2004<sup>8</sup>

This section provides a brief introduction to Chinese maritime history in order to place current changes in the PLAN and other maritime forces into historical context. It makes two important points:

- First, China has been a continental power for most of its history. This does not preclude it from developing into a maritime power, but it does mean that China does not have strong maritime traditions or a significant indigenous foundation of strategic thought with which to build a 21<sup>st</sup>-century maritime presence.
- Second, there has been a rapid evolution in the role and missions of the People's Liberation Army Navy. In 30 years, the PLAN has gone from a coastal defense force, to an essentially regional navy primarily tasked with defense of China's maritime territorial claims, to a regional navy that is being tasked with extra-regional missions. This shift reflects changes in China's economic power and Beijing's perception of its security requirements.

### Chinese naval development before 1949

Maritime affairs have played a surprisingly small role in China's long history, and its naval development has taken a very different path from that of European maritime powers and the United States. Despite China's long coast line, its use of coastal transport was limited for much of its history; its goods and armies moved mostly along inland waterways.<sup>9</sup> Most of the important naval battles in Chinese history took place on its

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<sup>6</sup> As quoted by Bernard C. Cole, *The Great Wall at Sea: China's Navy Enters the 21<sup>st</sup> Century*, 1<sup>st</sup> ed. (Annapolis: Naval Institute Press, 2001), p. 24.

<sup>7</sup> President Jiang Zemin, as quoted in State Oceanic Administration, *China's Ocean Development Report, 2009*, p. 375.

<sup>8</sup> Hu Jintao, "New Historic Missions."

<sup>9</sup> For a good summary overview of Chinese maritime development prior to the 19<sup>th</sup> century, see Bruce Swanson, *Eighth Voyage of the Dragon* (Annapolis: Naval Institute Press, 1982). For a detailed history of

rivers and lakes.<sup>10</sup> Maritime issues were not a concern of the Confucian elite.<sup>11</sup> Serious security threats came from the land, chiefly in the form of invasions by forces from Central Asia.

It is not that China did not engage in maritime activity. It had an extensive maritime trade network with South Asia and the Middle East in the Tang (619-907) and Song (960-1279) dynasties, and there is evidence to suggest that Chinese merchants in the 14<sup>th</sup> and 15<sup>th</sup> century kept very sophisticated navigational records of voyages in the South China Sea and Indian Ocean.<sup>12</sup> The apex of China's pre-modern maritime activities was in the early 15<sup>th</sup> century, with a series of remarkable voyages under Admiral Zheng He to Africa and the Middle East. In total, there were seven voyages, visiting what today are Brunei, Indonesia, Thailand, India, the Middle East, and East Africa.<sup>13</sup>

But these were exceptions rather than the rule. China did not establish an ocean-going navy—as opposed to a riverine navy—until the 12<sup>th</sup> century, some 1,300 years after China was first unified as an empire.<sup>14</sup> Except for Kublai Khan's ill-fated attempt to invade Japan in the 13<sup>th</sup> century and a handful of other exceptions—most notably China's seizure of Taiwan in the 17<sup>th</sup> century—China's navies did not engage in expeditionary activities and China faced no state actors that threatened attack from the sea. Most of China's naval activities before the 19<sup>th</sup> century focused on coastal defense and anti-piracy.<sup>15</sup> As noted U.S. naval scholar Bernard Cole has observed, until the 19<sup>th</sup> century naval power was not vital to regime survival in China and no dynasty rose or fell as a result of attack from the sea. Critical battles all took place on land.<sup>16</sup>

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Chinese coastal defense from 1368 to 1912, see Yang Jinlin and Fan Zhongyi, *A History of Chinese Coastal Defense* (*Zhongguo haifangshi*; 中国海防史), (Beijing: Ocean Press, 2005).

<sup>10</sup> See for example, Peter Lorge, "Water Forces and Naval Operations," in David Graff and Robin Higham, eds., *A Military History of China* (Boulder, CO: Westview Press, 2002).

<sup>11</sup> For more information on see Timothy Brook, *The Troubled Empire: China in the Yuan and Ming Dynasties*, (Cambridge, MA: Belknap Press of Harvard University, 2010); and Swanson, *Eighth Voyage of the Dragon*.

<sup>12</sup> See, for example, Mark Edward Lewis, *China's Cosmopolitan Empire: The Tang Dynasty*, (Cambridge, MA: Belknap Press of Harvard University, 2009); and Timothy Brook, *The Troubled Empire*. For two very good studies of Chinese maritime history in the Song period, see Paul C. Forage, "The Foundations of Chinese Naval Supremacy in the Twelfth Century," in Jack Sweetman, ed., *New Interpretations in Naval History: Selected Papers from the Tenth Naval History Symposium held at the United States Naval Academy* (Annapolis: Naval Institute Press, 1992); and Lo Jung-pang, "The Emergence of China as a Sea Power During the Late Sung and Early Yuan Periods," *The Far Eastern Quarterly* XIV (August 1955).

<sup>13</sup> For further information on Zheng He, see Edward L. Dreyer, *Zheng He: China and the Oceans in the Early Ming Dynasty, 1405-1433* (New York: Longman, 2006).

<sup>14</sup> China was first unified in 221 BCE. China had a rich river-based naval history long before it had a maritime naval history. On the founding of China's first maritime navy see Lo Jung-pang, "The Emergence of China as a Sea Power."

<sup>15</sup> Swanson, *Eighth Voyage of the Dragon*, especially chap. 3 and 4; and Yang Jinlin and Fan Zhongyi, *A History of Chinese Coastal Defense*.

<sup>16</sup> Bernard C. Cole, *Great Wall at Sea*, 2<sup>nd</sup> ed. (Annapolis: Naval Institute Press, 2010), p. 3.

Even during the 19<sup>th</sup> century, when faced with serious threats from the sea for the first time, the Chinese imperial government remained largely focused on internal and continental threats. Despite repeated military conflicts with naval forces from Britain, France, the United States, Germany, and Japan, China did not take steps toward improving its naval capabilities until late in the 19<sup>th</sup> century and even those proved inadequate.<sup>17</sup> A telling case in point was a major debate in the 1870s as to whether China should attempt to put down a rebellion in the western province of Xinjiang or focus its scarce resources on building its naval defenses to counter Western powers off its coast to the east. Both were recognized as threats, but the imperial government lacked the resources to address both. In the end, China chose to focus on the land threat and retake Xinjiang and suffered continued defeats at sea.<sup>18</sup> During the Sino-French War (1884-85), a smaller French force easily destroyed the Fujian Fleet, and in 1894 the Japanese destroyed the Beiyang Fleet during the Sino-Japanese War (1894-95).<sup>19</sup>

China thus entered the 20<sup>th</sup> century without any strong maritime military tradition. While there was an extensive history of naval warfare on lakes and rivers in support of land operations, maritime warfare did not play a significant role in the development of China's rich tradition of military thought. None of the great Chinese strategists in Chinese history had addressed warfare on the sea.<sup>20</sup> Chinese naval forces at the beginning of the 20<sup>th</sup> century were weak and ineffective.<sup>21</sup> While Sun Yat-sen, founder of the Chinese Republic (1911-49) did call for the creation of a strong Chinese navy capable of resisting foreign invasion or attack, it did not result in a tangible emphasis on maritime security or the creation of effective naval forces.<sup>22</sup> Military operations were focused on land campaigns against warlord forces, the Chinese Communists, and the Japanese. The Chinese Republic under Chiang Kai-shek never developed a policy of naval modernization or a naval strategy, and what naval forces existed did not play any important operational role in China's civil war or in fighting the Japanese.<sup>23</sup>

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<sup>17</sup> Zhang Wei, *National Maritime Security*, pp. 492-93.

<sup>18</sup> See Immanuel C. Y. Hsia, "The Great Policy Debate in China, 1874: Maritime Defense vs. Frontier Defense," *Harvard Journal of Asiatic Studies* 25 (1964-1965): 212-228.

<sup>19</sup> Swanson, *Eighth Voyage of the Dragon*, p. 223. The Chinese navy was organized into four fleets in the late 19<sup>th</sup> century: the Beiyang (northern), the Fujian (East China Sea); the Nanyang (southern), and the Guangdong. Swanson notes that the four fleets were independently organized and led, and did not support each other in time of war.

<sup>20</sup> For more on traditional Chinese military thought see, for example, Ralph Sawyer, translator, *The Seven Military Classics of Ancient China* (Boulder: Westview Press, 1993).

<sup>21</sup> Yang Jinlin and Fan Zhongyi, *A History of Chinese Coastal Defense*, vol. 2, chap. 9; and Zhang Wei, *National Maritime Security*, p. 493.

<sup>22</sup> Swanson, *Eighth Voyage of the Dragon*, pp. 131-32; and Zhang Wei, *National Maritime Security*, p. 493.

<sup>23</sup> What little combat activity that did take place was limited to minor coastal skirmishes and a few riverine battles. Cole, *Great Wall at Sea*, 2<sup>nd</sup> ed., pp. 5-6; and Swanson, *Eighth Voyage of the Dragon*, chap. 10.

## Development of the PLAN, 1949 to the present

### The Maoist period, 1949-79

For the first 30 years following the founding of the People's Republic of China in 1949, the primary task of the PLAN was to protect the Chinese mainland from attack. In the 1950s and 1960s the focus was on countering an attack from the United States and Chiang Kai-shek's Kuomintang (KMT) forces on Taiwan. In the 1970s and 1980s, the focus shifted to countering an attack on China's northeast coast by Soviet forces in support of a possible Soviet land invasion.<sup>24</sup> Accordingly, naval development focused on coastal defense operations and developing the capabilities to repel an invading force. The PLAN was almost an exclusively coastal force built along Soviet lines, relying heavily on small missile craft, a few major surface combat vessels, and a submarine force.<sup>25</sup> Chinese naval vessels seldom left coastal waters and, with a few exceptions—such as the seizure of Hainan and other coastal islands in 1950 shortly after the Communist victory on the mainland and the taking of the Paracel Islands in 1974—the PLAN played a purely defensive role.<sup>26</sup>

This coastal defense force reflects several factors. The PLAN was heavily reliant on the Soviet Union during its early development and was therefore influenced by Soviet naval theory, which at that time was based on the “Young School.”<sup>27</sup> In addition, the PLAN was a new service within the PLA, which was a guerilla force in origin. Most of the PLAN leaders in the 1950s and 1960s were products of that guerilla force. Based on their experiences fighting the KMT and Japanese, Chinese naval thinking in the Maoist era tended to view naval warfare in terms of “people's war” at sea.<sup>28</sup> This emphasized light coastal forces that could harass and slow an enemy force attacking China from the sea. In the event of a major invasion, the decisive battle would be fought on land. While the PLAN drew on the PLA's wartime experience and the Soviet model, in many ways it continued the imperial Chinese legacy of focusing on coastal defense and emphasizing continental, as opposed to maritime, security concerns. As with the 1870 Qing Dynasty debate mentioned above, when the PRC was faced with limited resources, it focused on defending land borders.

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<sup>24</sup> Zhang Wei, *National Maritime Security*, pp. 509-522; Cole, *Great Wall at Sea*, 2<sup>nd</sup> ed., pp. 7-15.

<sup>25</sup> For an excellent overview of naval developments under Mao Zedong and Deng Xiaoping, see Cole, *Great Wall at Sea*, 2<sup>nd</sup> ed., pp. 7-18.

<sup>26</sup> For an overview of these operations from a Chinese point of view, see Xiaobing Li, *A History of the Modern Chinese Army* (Louisville: University of Kentucky Press, 2009).

<sup>27</sup> The Young School developed in France in the 19<sup>th</sup> century and emphasized coastal defense as an asymmetric counter to Britain's naval dominance. The Young School heavily influenced naval development in the Soviet Union prior to Admiral Gorshkov. For a good overview of the main schools of naval strategy, see Geoffrey Till, *Seapower: A Guide for the Twenty-First Century*, 2<sup>nd</sup> ed. (London: Routledge, 2004), pp. 39-81.

<sup>28</sup> For further information see Cole, *Great Wall at Sea*, 2<sup>nd</sup> ed., pp. 7-15.

However, the PRC's focus on a coastal navy was not just a reflection of historical legacies and limited capacity. There was also an absence of drivers to push for a rethinking of naval strategy. Chinese economic policy before 1979 focused on self-reliance and minimized the role of trade in economic development. China was not integrated into the world market; nor did it seek to be. Furthermore, Mao emphasized building key industries in China's interior—the “third line”—where he thought China's industry would be relatively safe from foreign attack.<sup>29</sup> In other words, a key component of Mao's national defense strategy focused attention away from the sea and into the interior of the country. Not surprisingly, development of China's merchant marine was slow. China did not establish its own shipping firm until the early 1960s, and throughout the Maoist period its merchant fleet remained underdeveloped.<sup>30</sup> China's overseas interests were primarily ideological, not economic or maritime.<sup>31</sup> As a result, little thought was given to protecting maritime interests and rights beyond immediate coastal waters.

In sum, before the 1980s Chinese thinking on maritime issues remained consistent with its past. There appear to have been no factors that might have forced a reconceptualization of Chinese interests in the maritime domain. That began to change in the mid 1980s, and the pace of change has accelerated since then.

### **The post-Mao period, 1980 to the present**

In 1980, the PLAN's principal mission was coastal defense. In 2011, the PLAN is conducting anti-piracy operations off the Horn of Africa. Over the past 30 years, there has been a significant change in both PLAN operations and Chinese views of the importance of the maritime domain. At the beginning of the 1980s, the PLAN was still intended to be a coastal defense force. China did not have the resources to build a stronger navy; nor did it have a pressing need to build naval forces that could operate far from shore. However, it was in the 1979-1980 period that economic policies began to change and Deng Xiaoping and other Chinese leaders started to promote trade as an engine for economic growth. As the 1980s and 1990s progressed, trade and marine resources steadily became more important to the economy (see the chapter “Factors driving change in Chinese maritime views”). In addition, the early 1980s were marked by a reassessment of the international security environment; by the mid 1980s, a new

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<sup>29</sup> For more on the third line see Barry Naughton, “The Third Front: Defense Industrialization in the Chinese Interior,” *The China Quarterly*, No. 115 (September 1988): 351-386.

<sup>30</sup> China's merchant marine in the 1960s and 1970s was small and tended to rely on old second-hand vessels purchased from abroad. China relied on a joint venture with Poland for its international shipping needs in the 1950s. For two overviews of the development of COSCO and other Chinese transport firms, see Guangqi Sun and Shiping Zhang, “General Review of the Chinese Shipping Policy for the Contemporary Era,” *Maritime Policy Management* 26, no. 1 (1999): 93-99; and Peter J. Rimmer and Claude Comtois, “China's transport and communications firms: transforming national champions into global players,” *Asia Pacific Viewpoint* 43, no. 1 (April 2003): 93-114.

<sup>31</sup> Chinese overseas interests were mostly focused on the politics of the Sino-Soviet split and building political ties with developing countries. For a detailed analysis of the role of ideology in Chinese foreign policy under Mao, see Michel Yahuda, *China's Role in World Affairs* (London: Croom Helm, 1979).

security concept was being introduced in the maritime domain. In the 1990s, China's economic and security interests in the maritime domain grew in both quality and quantity, and they have continued to do so in the 2000s.<sup>32</sup> This change has been rapid and Chinese military and political analysts are still at an early stage in thinking about China as a maritime power.

Several key events have marked China's increasing focus on the global maritime commons. These are summarized in the timeline in the box below. This timeline is not meant to be all inclusive; rather, it is intended to give readers a sense of the pace and sequencing of changing views of the maritime domain.

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<sup>32</sup> Fang Yonggang and Xu Mingshan, "Focusing on Implementing the Military's Historic Missions and Strengthening Navy Grassroots Development," *Zhongguo Junshi Kexue*, no. 4 (2006): 84.

## Select developments in China's emergence as a maritime power

### 1985

- Deng Xiaoping declares that there is no longer a major threat of invasion from the Soviet Union; Chinese security planners can now divert more attention to China's other borders, including the coastal region.

### Mid 1980s

- China begins to develop the concept of an "offshore" regional navy to replace its focus on coastal defense.

### 1988

- PLA Navy engages Vietnamese forces in a dispute over Johnson Reef in the Spratlys.

### 1992

- The term "maritime rights and interests" enters the official Chinese lexicon.

### 1993

- The PLA's high command fixes Taiwan as the military's "main strategic direction" for combat purposes.
- China becomes a net importer of oil.
- "Yinhe incident": Over Chinese protests, U.S. Navy searches Chinese merchant vessel *Yinhe* for contraband.

### 1995

- Chinese leader Jiang Zemin states that China is both a continental and a maritime power.

### 1995-1996

- Taiwan Strait Crisis: China conducts a series of missile tests aimed at influencing Taiwan's first democratic election. The United States dispatches two aircraft carriers to area around Taiwan.

### 1996

- China joins the United Nations Convention on the Law of the Sea (UNCLOS). UNCLOS provides a framework that encourages nations to codify their maritime legal claims as soon as possible.

### 2001

- EP-3 incident: A Chinese naval aircraft challenges a U.S. aircraft's right to conduct reconnaissance operations in international airspace. The planes collide, forcing the U.S. aircraft to land in China.
- China enters the World Trade Organization.
- China begins to see non-traditional security threats, including maritime ones, as a serious concern.

### 2002

- Beijing launches its "go-out" strategy to encourage Chinese companies to expand operations abroad.

### 2003

- In an official speech, Chinese leader Hu Jintao identifies energy and sea lane security as key Chinese vulnerabilities.
- PLA Navy Commander is institutionalized as member of the Central Military Commission for the first time.

### 2004

- Hu Jintao announces the *New Historic Missions*, which give the PLA an external role for the first time.

### 2005

- Chinese academics and security strategists begin discussing "Distant Sea Defense" as an operational concept.

### 2008-present

- PLA Navy deploys units to the Horn of Africa to conduct anti-piracy operations—its first-ever out-of-area operation.

### 2009

- USNS *Impeccable* incident: Chinese civilian maritime forces harass USNS *Impeccable* while it is conducting survey operations in international waters.

### 2010

- Chinese hospital ship "Peace Ark" visits several African and South Asian countries on China's first-ever international naval medical assistance operation.

### 2011

- Tensions increase in the South China and East China seas.

### *1985-93: Changes in the role of the PLAN and the emergence of the “Offshore Active Defense”*

In 1985, Chinese leader Deng Xiaoping declared that there was no longer a major threat of invasion by the Soviet Union and that China needed to focus on preparing for small wars on its periphery.<sup>33</sup> This was a fundamental change in the assessment of China’s strategic environment and the beginning of a critical shift in how the PRC approached maritime security issues. Shifting the focus of national defense to preparing for small wars on the periphery put a greater emphasis on potential conflicts over the status of Taiwan and China’s other disputed islands in the East and South China seas. Moreover, by moving the strategic focus away from invasion and toward small wars, the door was opened for greater thinking about maritime missions other than counter-invasion.<sup>34</sup>

A new strategic concept for naval operations emerged in the mid 1980s that focused on the development of the PLAN as an “offshore” (*jinhai*; 近海) navy as opposed to a “coastal” (*jin’an*; 近岸) force.<sup>35</sup> In 1988, clashes between China and Vietnam erupted over Johnson Reef in the Spratlys, underscoring the need for China to develop the doctrine, training, and force structure necessary to operate away from China’s coasts and into the South China Sea.<sup>36</sup> In 1993, the CMC issued its revised strategic guidelines, and shifted the “Main Strategic Direction”—its contingency-based assessment of the area where the PLA would most likely be called upon to conduct main operations—from the northern border with Russia, to Taiwan.<sup>37</sup> This change officially made Taiwan China’s most important defense priority and the focus of preparations for possible conflict, and firmly established “offshore active defense” (*jinhai jiji fangyu*; 近海积极防御) as the central guiding strategic concept for China’s navy (note that while the Taiwan Strait Crisis of 1995-96 is often seen as a catalyst for Chinese naval modernization, the key decisions to build up the PLAN as a regional navy came earlier).

As a strategic concept, “offshore active defense” provides a framework not only for pursuing reunification with Taiwan but also for addressing the defense of Chinese territorial claims in the Yellow, East China, and South China seas, and in its exclusive economic zone (EEZ), and for countering the presence of hostile naval forces.<sup>38</sup> It is

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<sup>33</sup> David M. Finkelstein, “China’s National Military Strategy: An Overview of the ‘Military Strategic Guidelines’,” in Roy Kamphausen and Andrew Scobell, eds., *Right-Sizing the People’s Liberation Army: Exploring the Contours of China’s Military* (Carlisle, PA: US Army War College, 2007).

<sup>34</sup> The authors would like to thank Bernard Cole for this insight.

<sup>35</sup> The Chinese term *jinhai* literally means “near seas,” and some Western analysts prefer to translate it as such. The authors have chosen to use the term “offshore,” as this is the most commonly used translation and is the term used by the Chinese naval officers whom we interviewed for this project.

<sup>36</sup> Cole, *Great Wall at Sea*, 2<sup>nd</sup> ed., p. 28. The Spratlys are well beyond the range of a coastal defense force. For more on Chinese doctrinal development in general, see Finkelstein, “China’s National Military Strategy.”

<sup>37</sup> Finkelstein, “China’s National Military Strategy.”

<sup>38</sup> Xu Qi, trans. Lyle Goldstein and Andrew Erickson, “Maritime Geostrategy and the Development of the Chinese Navy in the Early Twenty-First Century,” *Naval War College Review* 59, no. 4 (Autumn 2006): 47-67.

essentially a concept for developing a regional navy that is primarily, but not exclusively, focused on territorial defense.<sup>39</sup> Depending on the source, Chinese military and civilian writers have variously defined the area of “offshore defense” operations as within or just beyond what the Chinese call the First Island Chain, or—less frequently—between the First and Second Island Chains (see map 1).

**Map 1: The First and Second Island Chains**<sup>40</sup>



### *1990s to early 2000s: Growing importance of the oceans to Chinese interests*

A number of events in the 1990s and early 2000s mark a growing awareness of the importance of maritime issues. For example, it was in the 1990s that Chinese political leaders began to acknowledge the importance of the maritime domain for China in their

<sup>39</sup> It is not clear when the EEZ became part of the offshore defense concept, as the first debates on changing to an offshore defense predate the declaration of China’s EEZ.

<sup>40</sup> We would like to thank the *Naval War College Review* for this map. The map is based on Chinese sources and reflects Chinese thinking on the extent of the two island chains.

speeches. General Secretary Jiang Zemin, in his report to the 14<sup>th</sup> Party Congress in 1992, made the first reference to the need to protect China's maritime rights and interests, and in 1995 he noted that China was both a continental and a maritime power.<sup>41</sup>

In 1996 China joined United Nations Conference on the Law of the Sea (UNCLOS). This both impacted how China defined its maritime rights (see the following chapter) and introduced a new layer of issues in China's maritime boundary disputes, as China's newly claimed EEZ conflicted with the claims of many of its neighbors. Since 1996, China has shown increasing sensitivity to those areas under dispute—especially those in the South China Sea, as evidenced by the *Impeccable* incident and recent references to the area as a “core” interest.<sup>42</sup>

The role of trade and international investment in Chinese economic growth also began to expand greatly in the early 1990s. As a result, China has become steadily more integrated into the world economy. Two events in particular have greatly accelerated this trend: China's entry into the World Trade Organization (WTO) in 2001, and its adoption of the “go-out” strategy in 2002. China's trade has increased dramatically since joining the WTO, and China is now one of the world's most important trading nations. The Chinese government's “go out” strategy actively encourages its state-owned enterprises to invest and expand overseas. The result has been a massive expansion in China's economic footprint around the world.

Along with trade has come greater sensitivity to vulnerabilities in the maritime domain. In 1993 China became a net importer of oil, marking the beginning of an increasing dependence on imports for oil and other strategic resources.<sup>43</sup> Also in 1993, a Chinese container ship, *Yinhe*, was stopped by the U.S. Navy on suspicion of carrying to Iran material that could be used for chemical weapons. Nearly two decades later, this incident continues to be raised by some Chinese analysts as a reason for China to expand its ability to secure its maritime transport and sea lines of communication (SLOCs).<sup>44</sup> In the wake of the 9/11 terrorist attacks, non-traditional security issues, including maritime threats, such as piracy and terrorism at sea, brought a new dimension to Chinese discussions of defense issues.

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<sup>41</sup> The year 1992 was also the first time that the term “maritime rights and interests” was used in Chinese law. State Oceanic Administration, *China's Ocean Development Report, 2009*, p. 99.

<sup>42</sup> In March 2008, Chinese fishing boats confronted USNS *Impeccable* while it was conducting a survey mission in the South China Sea. There have been a number of press reports that in April 2010, Chinese officials told visiting administration officials that the South China Sea was now a “core” interest of the PRC. See, for example, “Chinese Military Seeks to Expand Its Naval Power,” *New York Times*, April 23, 2010. However, at the time of writing, there has been no reference to the South China Sea as a core interest in any official statement by the PRC in the public domain.

<sup>43</sup> Since then, China's rapid economic growth has dramatically increased demand for oil. One study by the Chinese Academy of Social Sciences projects that by 2020 China will depend on foreign imports for 65% of its oil consumption. See: Michael Economides and Xina Xie, “China's Oil Imports Continued Upward Climb in '09,” *Energy Tribune*, January 26, 2010, [www.energytribune.com/articles.cfm?aid=2982](http://www.energytribune.com/articles.cfm?aid=2982).

<sup>44</sup> Jonathan Holsag, “Khaki and Commerce: The Military Implications of China's Trade Ambitions,” *Issues and Studies* 45, no. 3 (September 2009): 37-67. *Yinhe* was not carrying any sanctioned materials.

Taken together, these events indicate the emergence of new economic, political, and security drivers that are both heightening the importance of the maritime issues for Chinese leaders and pushing further changes in how Chinese decision-makers think about the maritime domain. These will be discussed further in the chapter “Factors driving change in Chinese maritime views.”

#### *2004: The “New Historic Missions”*

President Hu Jintao’s December 2004 speech to the Central Military Commission in which he articulated the “New Historic Missions” marks a major turning point in the Chinese thinking about the role of the PLA, with major implications for the PLAN. The new historic missions state that the PLA should:

- Guarantee the rule of the Party.
- Safeguard national economic development and territorial sovereignty.
- Defend China’s expanding national interests.
- Uphold world peace.<sup>45</sup>

The first mission, guaranteeing the rule of the Chinese Communist Party, had always been a PLA mission. Likewise, the second mission was not new—the PLA had always been tasked with defending sovereignty and territorial integrity and had long been tasked with defending economic development. What the “New Historic Missions” changed was the degree to which these two tasks were linked together. This underlined the extent to which Chinese leaders saw national economic development and national security as being linked together.

The third and fourth missions were new and very significant. For the first time, the PLA (and therefore the PLAN) was being assigned responsibilities well beyond China and its immediate periphery. This was official recognition that China’s national interests now extended beyond its borders and that the PLA’s missions were to be based on those expanding interests, not just geography. It was also an official announcement that Chinese leaders saw China as a global actor with a role to play in support of global stability through peacekeeping and other missions.

Furthermore, the announcement of the “New Historic Missions” appears to have had implications for the modernization of the PLAN. Since the “New Historic Missions” speech, there has been an ongoing discussion about developing a new operational concept, “distant seas” (*yuanhai*; 远海), which would extend PLAN operations beyond regional seas.<sup>46</sup> This term appears to be used along side the phrase “offshore active defense,”

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<sup>45</sup> Hu Jintao, “New Historic Missions.”

<sup>46</sup> The term *yuanhai* can also be translated as “open seas” or “distant oceans.” Some sources translate the term as “blue water.” We have chosen distant seas to be consistent with the official translation in the Chinese defense white papers.

which is still used to frame doctrinal development and potential operations in regional waters near China.<sup>47</sup> The PLAN is now conducting anti-piracy operations off the Horn of Africa—its first-ever out-of-area operation—as part of an international effort. In addition, the commander of the PLAN—along with the commanders of the PLA Air Force and Second Artillery—now sits on the Central Military Commission, which was traditionally dominated by PLA ground forces.

It is clear that trade and economic expansion overseas are creating new political interests and security concerns which are putting pressure on Chinese leaders to look at maritime issues in new ways.

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<sup>47</sup> The 2008 Defense White Paper states that China continues to develop its ability to conduct “offshore” operations while gradually building its ability to conduct operations in distant seas. *China’s National Defense in 2008* (Beijing: Information Office of the State Council, 2009).

## Chapter 3: China's perceptions in the maritime domain

*The ocean is the great route of international contact and the strategic resource treasure-house for the sustainable development of humanity.*

— President Hu Jintao, December 2004<sup>48</sup>

*Development of the PLAN is focused on defending the country's interests...Chinese national interests are growing with globalization and in order to safeguard those interests, the PLAN will move beyond the limits of the First Island Chain.*

— Chinese analyst<sup>49</sup>

The purpose of this chapter is, first, to provide an overview and analysis of China's principal concerns and interests in the maritime domain and, second, to discuss how Chinese analysts and policy-makers discuss using maritime power to secure these maritime interests. Assessing how Chinese leaders view the maritime domain is somewhat problematic. China does not have a published national maritime policy or white paper that indicates how the various elements of maritime policy—national security, economic, political, and diplomatic—come together as part of a national policy. Nor does it have a published national maritime security strategy that indicates what its strategic maritime goals are and how it might seek to achieve those goals.<sup>50</sup>

It is possible, however, to gain some insights through analysis of open-source Chinese materials. Official documents and speeches by Chinese leaders sometimes indicate what they consider to be China's main interests in the maritime domain. Writings by Chinese security analysts and statements by Chinese officials are very consistent in identifying three sets of interests in the maritime domain that are of principal concern to Beijing. After outlining these interests, this chapter will present an overview of the current state of debate on how China should approach these interests.

A key point that emerges from all of these discussions of the components of maritime power is that Chinese military and civilian analysts view maritime power as multi-dimensional. In the Chinese view, naval power is not the sole, or even necessarily the most important, determinant of maritime power. This suggests that in some cases China may choose to use non-naval elements of maritime power to pursue maritime objectives.

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<sup>48</sup> Hu Jintao, "New Historic Missions."

<sup>49</sup> Interview with Chinese analyst.

<sup>50</sup> Interviews with Chinese analysts; also, Zhang Wei, *National Maritime Security*, pp. 451-59. One interlocutor stated that everyone involved in military and civilian maritime affairs in China wanted such a document and wanted some national policy-making body to coordinate various aspects of maritime policy. This sentiment is also reflected in statements by retired Rear Admiral Yin Zhuo in early 2010, calling for the creation of official published military and civilian maritime strategies. See "Yin Zhuo: Maritime Hegemony of the United States Threatens China's Security," *Zhongguo Wang*, 8 March 2010.

## China's principal interests in the maritime domain

This section summarizes China's interests in the maritime domain as expressed in official documents and speeches by Chinese leaders. This discussion is not meant to list every possible maritime interest ever voiced by Chinese leaders since 1949. Rather, it is intended to provide an analytical overview of the types of maritime interests Chinese leaders have focused attention on, and how they are categorized.

Chinese maritime interests can be roughly divided into three groups: territorial and sovereignty interests that mostly pre-date the founding of the People's Republic in 1949; "maritime rights and interests," which is a term that came into use in 1992; and expanding national interests, which Hu identified as the third historic mission for the PLA in 2004.

### Protecting sovereignty and territorial integrity in the maritime domain

This set of maritime interests has three components: reunification with Taiwan; defending the boundaries of China's claimed EEZ and exercising sovereignty over claimed islands in the East and South China seas; and preventing an outside attack on China's coastal areas.

Reunification with Taiwan has long been, and remains, one of the highest priorities of the PRC regime and is still the "Main Strategic Direction" for PLA combat operations.<sup>51</sup> While tensions between Taipei and Beijing have lessened considerably since Taiwan's election of President Ma Ying-Jeou in 2008, reunification is still the regime's most important goal with regard to the maritime domain.

In addition to the status of Taiwan, China has multiple unresolved maritime boundary issues and territorial claims in the Yellow, East, and South China seas:<sup>52</sup>

- Yellow Sea EEZ boundaries. China has disputes with both North Korea and South Korea about the location of their respective EEZ boundaries and the associated fishing rights.
- The Senkaku/Diaoyutai Islands. Both the ROC government on Taiwan and the PRC regard these islands as historically part of Taiwan, but they are currently administered by Japan, which does not acknowledge these rival claims. The issue is further complicated by the presence of natural gas fields in the disputed area. China and Japan have agreed to discuss joint exploration of the natural gas fields but not the islands themselves (see map 1).

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<sup>51</sup> Finkelstein, "China's National Military Strategy."

<sup>52</sup> For more information on these disputes, see Peter Dutton, "Carving Up the East China Sea," *Naval War College Review* 60, no. 2 (Spring 2009); Peter Dutton, "Through a Chinese Lens," *USNI Proceedings*, (April 2009); and M. Taylor Fravel, *Strong Borders, Secure Nation* (Princeton: Princeton University Press, 2008), especially chapter six.

- The “nine-dash line” and Chinese claims in the South China Sea. PRC maps show a nine-dash line—which is based on a 1947 map produced by the Republic of China—outlining its claims in the South China Sea. These include:
  - The Pratas Islands (Dongsha Islands), currently occupied by Taiwan but claimed by both China and Taiwan.
  - The Macclesfield Bank (Zhongsha Islands), claimed by China, Taiwan, and the Philippines, but not occupied as there are no permanent features above water.
  - The Paracel Islands (Xisha Islands), currently occupied by China but claimed by China, Vietnam, and Taiwan. (See map 2.)
  - The Spratly Islands (Nansha), claimed by China, Taiwan, Vietnam, the Philippines, Brunei and Malaysia. Some of these islands are occupied by forces from China, Taiwan, Vietnam, the Philippines, and Malaysia. These islands fall within the southernmost portion of the “cow’s tongue.” (See map 3.)
  - Possibly a claim to a large section of the South China Sea, which the nine-dash line itself may or may not represent. (See map 3.) China has never clarified what the nine-dash line represents. It has never provided proper coordinates for the nine dashes or stated whether the nine-dash line represents a claim to sovereignty or legal jurisdiction over all the waters within. China has stated that it has historic rights the waters within this line, but as the term “historic rights” has not been fully explained, it remains unclear what China’s stance is.<sup>53</sup>
- China’s exclusive economic zone. China claims some 3 million square kilometers of ocean as part of either its territorial waters or its EEZ. More than half of these claims are disputed by its maritime neighbors, and China has maritime boundary disputes with North Korea, South Korea, Japan, the Philippines, Malaysia, Brunei, and Vietnam.<sup>54</sup> The Gulf of Tonkin is the only maritime boundary where China has negotiated a boundary treaty.<sup>55</sup>

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<sup>53</sup> Chinese analysts have given multiple explanations over the years but none seem to have an official endorsement. Peter Dutton, in a recent article, has argued that there are at least four different interpretations of the nine-dash line among Chinese maritime experts. See Peter Dutton, “Three Disputes and Three Objectives: China and the South China Sea,” *Naval War College Review* 64, no. 4 (Autumn 2011): 42-67.

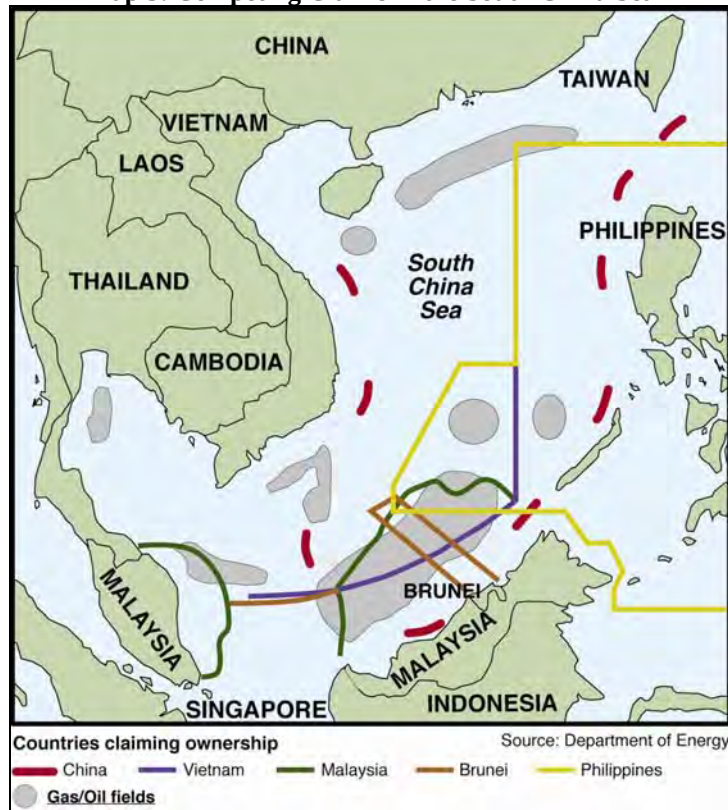
<sup>54</sup> Part of the nine-dash line also appears to enter Indonesia’s EEZ around Natuna Island. China has never officially clarified whether the nine-dash line near Natuna represents a jurisdictional dispute between China and Indonesia over their respective EEZs. See Dutton, “Three Disputes,” p. 49.

<sup>55</sup> The treaty is with Vietnam. See Zou Keyan, “The Sino-Vietnamese Agreement on Maritime Boundary Delimitation in the Gulf of Tonkin,” *Ocean Development and International Law* 36 (2005): 13-24.

**Map 2: Competing Chinese and Japanese EEZ Claims**



Map 3: Competing Claims in the South China Sea



While these territorial and maritime boundary disputes have a lower priority than Taiwan, they are important territorial interests and, as the next chapter will discuss, might become more important relative to Taiwan.

Finally, as noted in the previous chapter, defending China's coastline is a long-standing interest of successive Chinese governments. While the PRC no longer fears invasion, there is still a strong concern over the possibility of limited attack from the sea. As indicated in the 1993 Military Strategic Guidelines, Chinese military leaders fear the possibility that a hostile power could move naval forces close enough to launch attacks on important political, economic, and military targets along China's coasts.<sup>56</sup>

These security interests help explain why China continues to use the concept of "offshore active defense" as a guiding strategic concept. While Chinese interests are expanding globally, it is important to remember that China continues to have very critical interests that touch on questions of sovereignty and territorial integrity in maritime areas close to home. Until these issues are resolved, a key component of how Chinese policy-

<sup>56</sup> See for example, Tang Fuquan and Wu Yi, "A Discussion of China's Maritime Defense Strategy," *Zhongguo Junshi Kexue*, no. 5 (2007); and Wei Daqiang and Li Ming, "Insight on Maritime Military Development Strategy in View of Harmony," *Guofang*, no. 2 (2010): 62-64.

makers think about maritime power is that it needs to be applied close to home in defense of sovereignty.

### **“Maritime rights and interests”**

Since the phrase first came into use in 1992, with the passage of the “PRC Territorial Sea and Contiguous Zone Law,”<sup>57</sup> Chinese leaders have talked about the importance of defending China’s “maritime rights and interests” (*haiyang quanyi*; 海洋权益) in Party Congress Reports, National People’s Congress Work Reports, and, since 2000, defense white papers. The introduction of the term “maritime rights and interests” represents an expansion of maritime concerns beyond sovereignty issues and defending territory. It represents the recognition that China has rights in the maritime domain under international law and that those rights need to be protected. Furthermore, it implies that along with those rights come economic and political interests that derive from the exercise of those rights.

The State Oceanic Administration in its official *Ocean Development Report 2009*, defines the term “maritime rights” as referring to “sovereignty, sovereign rights, jurisdictional rights, and management rights” as defined by UNCLOS and national law. Those are the maritime rights China has in its territorial waters, its contiguous zone, and its EEZ, on its continental shelf, and on the high seas.<sup>58</sup> Table 1 is based on information from China’s State Oceanic Administration and summarizes the rights that the Chinese government is referring to when it uses the term “maritime rights.”

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<sup>57</sup> State Oceanic Administration, *Ocean Development Report 2009*, p. 99.

<sup>58</sup> *Ibid.*, pp. 97 and 99-104.

**Table 1: China's maritime rights**

| Location of maritime area                    |                                        | Type of rights        | Maritime rights to which China is entitled                                                                                                                                                                                                                                                                                 |
|----------------------------------------------|----------------------------------------|-----------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Maritime rights within jurisdictional waters | Internal waters                        | Sovereign Right       | The right to complete territorial sovereignty.                                                                                                                                                                                                                                                                             |
|                                              | Territorial sea                        | Sovereign Right       | The same right as that over land, subject to restrictions on innocent right of passage.                                                                                                                                                                                                                                    |
|                                              | Contiguous zone                        | Right to Control      | Rights to control security, customs, finance, immigration, and sanitation matters.                                                                                                                                                                                                                                         |
|                                              | Exclusive economic zone                | Sovereign Right       | Right to explore, develop, cultivate, and manage natural resources; to pursue economic development and exploration, such as the use of ocean water, currents, and wind-power energy.                                                                                                                                       |
|                                              |                                        | Right to Jurisdiction | Rights over the construction and use of all manmade islands, facilities, and structures; scientific research; and ocean environmental protection and conservation.                                                                                                                                                         |
|                                              |                                        | Other                 | Rights to the sea-bed and subsoil on the continental shelf in accordance with certain provisions.                                                                                                                                                                                                                          |
|                                              | Continental shelf                      | Sovereign Right       | Right to explore and develop natural resources.                                                                                                                                                                                                                                                                            |
|                                              |                                        | Exclusive Rights      | Right to authorize and manage drilling on the continental shelf.                                                                                                                                                                                                                                                           |
|                                              |                                        | Right to Jurisdiction | Rights over the construction and use of all manmade islands, facilities, and structures; scientific research; and ocean environmental protection and conservation.                                                                                                                                                         |
|                                              |                                        | Other                 | Rights related to the laying of fiber-optic cables and pipelines.                                                                                                                                                                                                                                                          |
| Maritime rights in other ocean areas         | High seas                              | Six Major Freedoms    | Freedom of navigation and overflight; freedom to lay cables on the ocean floor, build pipelines, and build manmade islands and facilities permitted by international law; freedom to fish and to conduct scientific research; right to exercise flag-state jurisdiction, common jurisdiction, and protective jurisdiction. |
|                                              | International seabed                   | Other                 | The international seabed and its resources are humankind's common heritage.                                                                                                                                                                                                                                                |
|                                              | Other countries' jurisdictional waters | Other                 | Right of peaceful passage through other nations' territorial waters, right of navigation and flight over archipelagic waters, and right of passage through internationally navigated straits; relevant rights as defined by UNCLOS in other countries' EEZs and continental shelves.                                       |

Source: State Oceanic Administration, *China's Ocean Development Report 2009* (*Zhongguo haiyang fazhan baogao 2009*; 中国海洋发展报告 2009), (Beijing: Ocean Press, 2009), pp. 103-104.

Maritime rights then have very specific meanings. When China states it has maritime rights in its EEZ, it means it has sovereignty over any natural resources that may exist in the EEZ and rights of administration for any environmental issues or manmade structures that are connected with those resources. China has sovereign ownership of any offshore oil in its EEZ. It has the right to have administrative oversight over any manmade platform that is drilling for oil. When China is talking about its maritime rights on the high seas, it is referring to freedom of navigation, state-flag rights over its merchant ships, and the right to access to marine resources in the high seas and international seabed.<sup>59</sup>

China follows UNCLOS and international practice in interpreting these laws in most cases. There is one major exception, and that is on the status of military ships in EEZs. Unlike the United States and other maritime powers, China has consistently argued that the status of military vessels operating in another country's EEZ has not been settled by UNCLOS and that freedom of navigation in an EEZ does not extend to such activities as survey operations by naval ships. Chinese legal analysts view the claims that military ships have the right to conduct hydrological and survey operations in an EEZ as a residual claim from a more imperialist past. They believe that the language of UNCLOS cannot be interpreted by the United States and others as guaranteeing the right of military vessels to operate in another country's EEZ.<sup>60</sup>

The Chinese use the term "maritime interests" to refer to a benefit or privilege related to the above maritime rights that a country either possesses or hopes to attain.<sup>61</sup> That is, in the PRC's legal lexicon, the term "maritime interests" is not a blanket term that can be applied to any interest connected with the maritime domain. Rather, the phrase is applied to specific interests that derive from China's rights under international maritime law.

Examples of what China calls "maritime interests" are:<sup>62</sup>

- Protecting marine resources, such as fishing grounds in the Yellow, East China, and South China seas
- Drilling for oil and natural gas within its EEZ

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<sup>59</sup> China has secured international developmental rights to parts of the seabed even though no technology exists to exploit such resources. See Zou Keyan, "China's Efforts in Deep sea-bed Mining: Law and Practice," *The International Journal of Marine and Coastal Law* 18, no. 3 (2003): 481-508.

<sup>60</sup> See Zou Keyan, "Law of the Sea Issues Between The United States and East Asian States," *Ocean Development and International Law* 39 (2008): 69-93; Hyun-Soo Kim, "The 1992 Chinese Territorial Sea Law in the Light of the UN Convention," *The International and Comparative Law Quarterly* 43, no. 4 (October 1994): 894- 904; and interviews with Chinese analysts.

<sup>61</sup> State Oceanic Administration, *Ocean Development Report 2009*, pp. 97 and 99-104.

<sup>62</sup> Ibid.

- Preventing territorial claims in the Arctic from impacting its ability to use the Arctic Ocean as a transportation route to Europe should the Arctic become ice free.

The introduction of the concept of maritime interests thus involves an expansion of China's interests in the maritime domain beyond territorial issues. It shows that China's interests in maritime issues are expanding to include legal rights and privileges related to the economic exploitation of the oceans and their use for navigation in support of trade. It is also a very clearly defined expansion based on international maritime law rather than a declaration that China has interests in all aspects of the maritime domain. However, with the introduction of the "New Historic Missions," it appears that Chinese leaders are further extending the scope and quantity of interests in the maritime domain.

### Globalization and expanding national interests

In his "New Historic Missions" speech, Hu Jintao identified expanding national interests beyond China's borders as a mission for the PLA. He stated that globalization was tying China to the rest of the world and that "China needed the world and that the world needed China."<sup>63</sup> This phrase is also included in the 2006 Defense White Paper.<sup>64</sup> Furthermore, Hu said that the oceans were a key medium of "international contact" that connected China with its new and expanding overseas interests.<sup>65</sup> Essentially, this was an open-ended declaration that any economic interest of China's anywhere in the world that is in any way connected to the sea is a potential maritime interest. As two professors from the PLA's Dalian Naval Academy noted:

In the past, the military's "New Historic Missions" emphasized the need to respond to external (*waibu*; 外部) security threats, [and] protect the country's territorial land, seas, and airspace, and the scope of military vision was restricted geographically and physically to three-dimensional space. [Now, however,] the military's "New Historic Missions" have been expanded to include not only defense of the nation's survival interests (*shengcun liyi*; 生存利益) but also defense of the nation's [economic] development interests (*fazhan liyi*; 发展利益). This means not only protecting the security of territorial land, sea, and airspace; it also means protecting maritime security, space security, and electromagnetic security as well as other aspects of national security. These new requirements reflect major changes to [China's] security situation, and have affected a major expansion of the military's missions, tasks, and strategic field of vision.<sup>66</sup>

<sup>63</sup> Hu Jintao, "New Historic Missions."

<sup>64</sup> *Ibid.*, and *China's National Defense in 2006* (Beijing: Information Office of the State Council, 2006).

<sup>65</sup> Hu Jintao, "New Historic Missions."

<sup>66</sup> Fang Yonggang and Xu Mingshan, "Focusing on Implementing the Military's Historic Missions and Strengthening Navy Grassroots Development," *Zhongguo Junshi Kexue*, no. 4 (2006): 84.

Clearly, therefore, China's maritime interests have steadily expanded, from predominantly territorial and sovereignty interests, to economic interests connected with the EEZ, to global maritime interests. This is reflected in ongoing discussions of expanding China's naval operations.

### **Evolving operational and strategic concepts: From “offshore active defense” to “distant seas” operations**

Along with the expansion of China's interests in the maritime domain, there is an emerging discussion about what kinds of missions the PLAN will undertake beyond regional waters and how it should operate at long distances. It is unclear whether this discussion indicates that the “offshore active defense” will eventually be replaced by a new strategic concept or whether China will continue to have an “offshore” operational navy while developing the ability to conduct long-distance missions.

As noted previously, the “offshore active defense” is a strategic concept that provides context for developing doctrine and operational concepts that are focused on regional operations in order to protect China's sovereignty and territorial interests and its economic interests in the EEZ. As Rear Admiral Yao Wenhui describes it:

The offshore area is the zone of competing national interests between China and its neighbors. Increasing the PLAN's offshore comprehensive operational capabilities to protect stability and security in the maritime direction is a key component of Navy modernization.<sup>67</sup>

The exact scope of offshore operations is unclear: different Chinese sources use “offshore” to refer to different geographic areas, which complicates our understanding of what is meant by the term. For example, Chinese authors have used the term “offshore” in reference to a PLAN operational zone demarcated variously by the EEZ, the First or Second Island Chain, or beyond (see map 1 in the previous chapter).<sup>68</sup> The authoritative PLA National Defense University volume *Science of Service Strategy* notes that “offshore” is most appropriately understood as a flexible strategic concept rather than a fixed geographic one.

The operational range of the offshore defense includes . . . the area of the sea that is under China's legitimate jurisdiction as well as any area that can be used by an enemy to threaten China's security . . . As China's strategic environment evolves and the PLAN's strategic capabilities are

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<sup>67</sup> Yao Wenhui, “Build a Powerful Navy, Defend China's Maritime Strategic Interests.”

<sup>68</sup> Niu Baocheng, “From Sea Power to Military Sea Power,” *Dangdai Haijun*, vol. S-1 (December 2000): 32; Yang Huaqing, “The Great Ideological Weapon Guiding Construction of the People's Navy,” *Qiushi*, no. 15 (August 2000): 26; Liu Xinhua, “Dealing with the Development of China's Sea Power Strategy,” *Fudan Xuebao*, no. 6 (2001); and Ye Zicheng and Mu Xinhai, “Some Reflections on China's Sea Power Development Strategy,” *Guoji Zhengzhi Yanjiu* 97, no. 3 (2005): 5.

enhanced, the future range of “offshore operations” could be expanded as required to effectively guarantee China’s national security.<sup>69</sup>

The offshore defense could, then, be extended well into the Pacific if that is what is required in terms of operational range to protect Chinese interests within the First Island Chain. Furthermore, as the “New Historic Missions” speech has made clear, China’s leaders are now thinking much farther out geographically in terms of “offshore” and “distant seas” than in the past. As a result of these changes, since 2004 a new term has emerged in official documents and the writings of Chinese security analysts: “distant seas” operations (*yuanhai zuozhan*; 远海作战).<sup>70</sup>

At its broadest meaning, “distant seas” capability refers to the ability to conduct blue-water missions beyond China’s regional waters.<sup>71</sup> Chinese military analysts vary somewhat when describing what types of blue water capabilities come under the label of distant seas operations. One 2007 *Military Science* article defined “distant seas” capabilities as:

The ability to protect strategic SLOCs and preserve freedom of movement on the high seas. Distant seas capabilities include: maritime patrols, surface and subsurface operational capabilities, island and reef offensive/defensive operational capabilities, seaboard assault capabilities, at-sea operations command, and comprehensive support capabilities.<sup>72</sup>

The article went on to state that the interests that are to be defended under the concept of “distant seas” include energy assets in the Persian Gulf, Africa, and Latin America; SLOCs between China and the Middle East; more than 1,800 Chinese fishing vessels operating on the distant seas and off the waters of 40 different nations; ocean resources in international waters; and the security of overseas Chinese.<sup>73</sup>

Many of the writings on distant seas capabilities by Chinese military and civilian analysts tend to focus on what Chinese writers refer to as military operations other than war (MOOTW).<sup>74</sup> That is, there is a focus on peacetime naval missions. These include:

- SLOC protection

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<sup>69</sup> Huo Xiaoyong, ed., *The Science of Service Strategy* (Beijing: NDU Press, 2006), p. 242. See also: Tang Fuquan and Wu Yi, “A Discussion of China’s Maritime Defense Strategy,” *Zhongguo Junshi Kexue*, no. 5 (2007), p. 94.

<sup>70</sup> The term *yuanhai* has also been translated as and “open oceans.” We have chosen “distant seas,” as the term is usually used to describe missions which would require long-distance movement from Chinese bases. “Open oceans” is too easily confused with “high seas,” which has a specific legal meaning.

<sup>71</sup> Interview with Chinese analyst.

<sup>72</sup> Lu Xue, “Views on Improving the Armed Forces’ Ability to Execute the Historic Missions,” *Zhongguo Junshi Kexue*, no. 5 (2007), p. 107.

<sup>73</sup> Wang Shumei, Shi Jiazhu, and Xu Mingshun, “Carry Out the Historic Mission of the Army and Establish the Scientific Concept of Sea Power,” *Zhongguo Junshi Kexue* (February 2007): 139-146.

<sup>74</sup> “MOOTW” was originally an American term.

- Non-traditional security threats at sea
- Protection of China's overseas interests
- Naval diplomacy.<sup>75</sup>

Since 2009, Beijing has been using the concept of “harmonious seas” to emphasize that many of these missions—for example, anti-piracy operations in the Gulf of Aden—are cooperative in nature and contribute to good order at sea for the benefit of all maritime nations.<sup>76</sup>

It is unclear whether, or how, the concept of “distant seas” will modify the concept of the offshore defense, which is still the official guiding concept for PLAN force development. Some security analysts indicate that the PLAN will continue to focus on building an offshore defense but will develop capabilities for occasional long-distance missions as contingencies arise. However, other military analysts have written articles that suggest that the ability to conduct long-distance operations will become a more routine mission in the future and that the distant seas operations concept will replace that of offshore defense. A recent article by Tang Fuquan, a professor at the PLA Dalian Vessel Academy, notes that while the “offshore defense” concept remained useful throughout the 1980s and 1990s, since the new century Hu Jintao has been emphasizing that

the PLAN must continue increasing its operational capabilities within the offshore sea area, [but] it must also gradually begin to transition to distant seas defense (*yuanhai fangwei*; 远海防卫) and develop “distant sea mobility operations capabilities” (*yuanhai jidong zuozhan nengli*; 远海机动作战能力).<sup>77</sup>

PLAN Political Department Deputy Director Rear Admiral Yao Wenhui has argued that developing distant seas capabilities is vital for protecting China's national security and development:

As modern PLAN weapons increase in range and precision and the naval battlefield expands from the offshore to the distant seas, the development of distant seas mobile capabilities will become increasingly important for protecting national security and development.<sup>78</sup>

More recently, Senior Colonel Chen Zhou, of the Academy of Military Science, has suggested that China needs to take greater steps towards protecting its overseas interests.

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<sup>75</sup> Interviews with Chinese analysts.

<sup>76</sup> For an authoritative statement on how China sees its cooperation with other countries in maritime and other issues, see *China's Peaceful Development* (Beijing: Information Office of the State Council, 2011).

<sup>77</sup> Tang Fuquan and Wu Yi, “A Discussion of China's Maritime Defense Strategy.”

<sup>78</sup> Yao Wenhui, “Build a Powerful Navy, Defend China's Maritime Strategic Interests.”

Arguing that China should be able to project power, especially naval power, in pursuit of peacetime missions in support of China's legitimate overseas interests, Chen notes,

We should expand the sphere of maritime activity, strive to demonstrate our presence in some critical strategic regions, use diplomatic and economic means to establish strategic supporting points, and make use of berthing points to which we legally get access from relevant countries in relevant sea areas.<sup>79</sup>

While Chen makes it clear that he is not talking about a permanent global network of bases, he is making the case that China should consider the development of some kind of support facilities in more than one region that could be used to support a routine, though not necessarily permanent, presence for the Chinese navy in the future. He also discusses the need for some pre-deployment.<sup>80</sup>

While the views of Chen Zhou and other military analysts do not necessarily reflect official policy, Chen's work does indicate that there is growing interest in thinking about what the PLAN will need if it is to operate at long distances on a more regular basis. As one Chinese naval officer told us, the current anti-piracy operations off the Horn of Africa are a temporary mission, but that type of mission is not.<sup>81</sup>

In sum, while Chinese views of their maritime interests are expanding beyond those of a regional maritime power, there is still considerable debate about what exactly what kind of naval power China will be and what kinds of blue-water capabilities it will need to develop. To understand better why China has made the transition from a strictly regional maritime navy to one with incipient blue-water interest in so short a time, and to foresee where it may be headed in the future, it is necessary to look at drivers of change.

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<sup>79</sup> Chen Zhou, "On Development of China's Defensive National Defense."

<sup>80</sup> Ibid.

<sup>81</sup> Interview with Chinese defense analyst.



## Chapter 4: Factors driving changes in Chinese maritime views

*The world is changing, China is changing, and the PLA Navy is changing.*  
— Chinese analyst<sup>82</sup>

This chapter identifies and analyzes the key drivers of change that are shaping China's emergence as a maritime actor and that are likely to drive China's approach to the maritime domain in the near future. By "drivers of change," we mean those factors that impel changes in actions, decisions, roles and missions, objectives, and actors. This chapter, therefore, does not simply discuss what is driving change in the PLAN and its missions. It also helps build an understanding of the broader context by analyzing what factors are propelling change in how Chinese policy-makers think about the relative importance of the maritime domain, what their concerns are, and what their policy choices they have.

The chapter is in two parts. First, it provides an overview of the Chinese Communist Party's enduring goals: preservation of Party rule, defense of sovereignty and territorial integrity, and pursuit of national economic development. These three goals shape what matters to Chinese leaders, what issues are priorities, and what factors are likely to drive changes in policy and national strategy. What makes something a driver is that it matters in terms of Chinese leaders' ability to achieve one or more of these three goals. Second, the chapter examines specific drivers related to these goals that are impelling change in China's approach to maritime issues, and discusses the major implications of those changes.

### Three enduring goals of the CCP

The Chinese Communist Party has consistently pursued three main goals that shape national security objectives. These goals have been reflected in numerous official statements over the past three decades. In 2009, during the First U.S.-China Strategic and Economic Dialogue, State Councilor Dai Bingguo stated that these were China's "core" interests.<sup>83</sup> They are:

- Maintaining the rule of the Communist Party, which has been the most important goal since the establishment of the People's Republic of China in 1949
- Defending sovereignty and territorial integrity, which has also been a key goal since 1949
- Promoting national economic development, which has been a key goal since 1979.

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<sup>82</sup> Interview with Chinese analyst.

<sup>83</sup> Li Jing and Wu Qingcai, "The First China-US Strategic and Economic Dialogue Touches on Major Issues Except Going to the Moon," *Zhongguo Xinwen She* Online in Chinese, July 29, 2009.

## Maintaining the rule of the Communist Party

China is as much a “Party-state” as it is a nation-state. The single most important goal of the Chinese Communist regime is to stay in power. The CCP dominates government, the military, and all key aspects of political life. As Hu Jintao stated, “Our military is a Party-led people's army; it is the armed group that carries out the Party's political tasks.”<sup>84</sup>

All key decisions are made by the Standing Committee of the Politburo. The function of the state apparatus, the military, and Party organizations is to implement the Party leadership' decisions and policies. The rationale for the Party's rule is that only it can secure China's future prosperity and well-being. Any change in the role of the Party represents a fundamental change in the nature of the Chinese polity and therefore the Party's primary reason for existence. The maintaining of that Party leadership shapes how the Chinese regime looks at all other issues, whether national security, economic growth, relations with other countries, or social and environmental issues.

This is an important point because ultimately what matters most for Chinese leaders is not what is an existential threat to China as the nation-state, but what is an existential threat to China as the Party-state. That is, it is inaccurate to assess Chinese goals and objectives simply in terms of perceived national interests. Chinese motives and goals need to be assessed in light of what the regime appears to consider important in order to maintain its own continuity.

This concern over maintaining Party rule is important for understanding how China approaches the maritime domain. First, evidence suggests that there remains considerable unease within the Party leadership due to the perception that, as President Hu Jintao stated in 2004, “Western hostile forces” are seeking to “westernize and divide up China, and attempting to use their political models and value systems to change us.”<sup>85</sup> The oceans are a potential avenue for a political attack aimed at undermining the political system. Thus, the United States is not just a potential threat to China; it is a potential threat to Party rule.

Second, China has significant internal political, social, environmental, and economic problems, and, as a result, there are growing levels of unrest in the country. In 2008 alone there were reportedly more than 120,000 protests, and many Chinese analysts are quick to point out that domestic stability is the Party's most important concern.<sup>86</sup> While maritime issues do not directly affect domestic stability, they can have an indirect

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<sup>84</sup> Hu Jintao, “New Historic Missions.”

<sup>85</sup> Ibid.

<sup>86</sup> Interviews with Chinese analysts. The figure of 120,000 comes congressional testimony by Murray Scot Tanner, citing Chinese police statistics. Murray Scot Tanner, “Unrest in China and the Chinese State's Institutional Responses,” Testimony Before US-China Economic and Security Review Commission February 25, 2011.

impact.<sup>87</sup> Any change in China's maritime environment, such as an interruption in trade, loss of access to key resources, or failure to protect territorial sovereignty, has the potential to exacerbate domestic issues. Because of the political stakes involved, Beijing may be less willing to compromise or yield in maritime disputes and Chinese reactions may at times seem disproportionate to outsiders.

### **Defending sovereignty and territorial integrity**

While all governments seek to defend sovereignty and territorial integrity, it is especially important in the case of China's government. A key component of the Chinese Communist Party's claim to legitimacy is that it "saved" China by reunifying the country and ending a century of foreign domination.<sup>88</sup> This makes the regime especially sensitive to any suggestion that it is unable or unwilling to defend Chinese sovereignty.

Defending China's sovereignty and territorial integrity entails three tasks:

- Preventing separatism by ensuring that Taiwan does not declare independence and that Xinjiang and Tibet remain part of China
- Ensuring the security of China's land and maritime boundaries
- Defending China's claims in disputed areas along China's border with India and in the South and East China seas.

Over the last two decades there has been a long-term trend towards greater emphasis on territorial and sovereignty issues at sea. As noted in the chapter "Setting the historical context," with the issuance of the new Military Strategic Guidelines in 1993, Taiwan became the focus of the main strategic direction and reunification became the most important sovereignty concern. Furthermore, China has moved to settle most of its land border disputes with its neighbors. Currently, the border with India is the only land border still in dispute.<sup>89</sup> All of China's other disputed territories and boundaries are along its peripheral seas. This too has heightened the importance of the maritime domain with regard to this CCP goal. As the previous chapter noted, territorial issues are a major maritime interest for the regime.

At the same time, China still has some serious concerns about its land borders. There are concerns over separatism in Tibet and Xinjiang, both of which are border provinces; the border with India has yet to be settled; and Central Asian countries may become less stable in the future. While the oceans are becoming more important economically,

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<sup>87</sup> State Oceanic Administration, *Ocean Development Report 2009*, explicitly states that securing maritime rights and interests is important for maintaining social stability, p. 98.

<sup>88</sup> See for example, History Research Institute of the Academy of Military Science, *Eighty Years of the People's Liberation Army*, pp. 1 and 5. This view is also included in PLA teaching materials. See Zopu Zhicheng, ed., *College Military Instruction Course of Study* (Changsha: Hunan University Press, 2004), pp. 9-11.

<sup>89</sup> For a detailed discussion and analysis of China's approach to border disputes see Fravel, *Strong Borders*.

politically, and in terms of territorial interests, there is still a need to worry about what happens along China's land borders. Whatever happens in terms of China's maritime policies, China will continue to be concerned about land power as well.

### **Promoting national economic development**

In 1979, China's then-leader Deng Xiaoping made an important speech in which he said that class struggle was no longer the "key link" for the CCP and that the focus was now on economic development.<sup>90</sup> That is, the central task of the CCP had shifted from class struggle—creating the basis for a Communist society—to economic development. In the entire history of the PRC there have only been two "key links." Class struggle dominated during the Maoist era, from 1949 to 1979, and economic development has dominated from 1979 to the present. This commitment to economic development as a primary goal is reaffirmed every year in the annual work report to the National People's Congress and in every key Party document. Therefore, there is a clear link between the Party's right to rule and its ability to deliver continued economic growth.

Increasingly, Chinese leaders are tending to link defense of national security and economic development. Hu Jintao makes this explicit in the "New Historic Missions," when he tasks the PLA with defending national security and protecting territorial integrity in order to create a stable environment to protect national development.<sup>91</sup> He further tasks the PLA with defending national interests beyond China's borders and promoting world peace. In his speech, he ties these missions to the world economy and China's expanding economic interests abroad.<sup>92</sup>

Therefore, any element of China's economic development strategy that depends on the seas, whether it be the littoral or the open oceans, makes the maritime domain more important to China's leadership.

In sum, the maritime domain increasingly matters to the PRC in three ways:

- There is an important political dimension, in that the oceans matter, at least indirectly, to the Party's main political interests.
- There is a national security dimension, in that the maritime domain contains the most important sovereignty issue—Taiwan—and a large share of China's unresolved territorial and boundary issues.
- There is an important economic dimension, in that the seas are essential for China's efforts to promote economic development.

These form the basis for understanding and identifying the key drivers of change.

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<sup>90</sup> *Selected Works of Deng Xiaoping*, 1976-1982 (Beijing: Foreign Languages Press, 1983).

<sup>91</sup> Hu Jintao, "New Historic Missions."

<sup>92</sup> Ibid.

## Identifying drivers of change

Based on writings of Chinese security analysts, material from official documents, and interviews with Chinese subject matter experts, this study identifies several drivers of change in the maritime domain. Each of these drivers touches on at least one of the enduring goals identified above and helps to explain the changes and uncertainties observed in the previous chapters. Furthermore, this study assesses that these drivers are likely to continue to shape the evolution of Chinese activity in the maritime domain for at least the near future.

The analysis groups drivers of change into four categories:

- Increasing importance of the oceans to Chinese economic development
- Changing perceptions of traditional security threats
- Growing recognition of non-traditional security threats
- Growing importance of nationalism and prestige.

As noted in the previous section, economic development is a primary goal of the Chinese Communist Party. It does not automatically follow that economic development leads to changes in the role of the maritime domain in Chinese national policy. Normally a large country such as China would rely on its own domestic market for much of its economic growth.<sup>93</sup> Furthermore, China is very much a land power and ever since the days of British geographer Sir Halford John Mackinder, arguments have been made that China's economic and political future lies in its being a land power and not a sea power.<sup>94</sup> However, what matters is the specific types of policies China has chosen to use in promoting its economic development. Three policies in particular—emphasis on trade-driven growth, emphasis on developing the marine economy, and promoting outward foreign direct investment—have all placed an increased emphasis on the maritime domain and, especially since the late 1990s, have been driving change in how Chinese analysts look at, and think about, the oceans. These economic policies are both impacting how Chinese writers look at regional issues and shaping how China addresses maritime issues on a global scale.

Traditional security threats—those posed by other state actors—are not new. China's traditional security concerns in the Western Pacific have not changed, and neither has its list of potential adversaries. However, some of the sources used for this study indicate that there are some changes in how Chinese military analysts regard those traditional threats.

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<sup>93</sup> For a discussion on why China should concentrate on its domestic economy rather than trade, see C. Fred Bergstein, Charles Freeman, Nicholas R. Lardy, and Derek J. Mitchell, *China's Rise: Challenges and Opportunities* (Washington: Center for Strategic and International Studies, 2008), chap. 6.

<sup>94</sup> See Robert D. Kaplan, "The Geography of Chinese Power," *Foreign Affairs* 89, no. 3 (May/June 2010).

Non-traditional threats have emerged as a major new driver of change in the first decade of the 21<sup>st</sup> century for China. Non-traditional security threats are affecting how China thinks about cooperation with other countries at sea, threats to its maritime interests, the navy it needs, and where that navy might need to operate.

Nationalism and prestige are other possible drivers for behavior. Interview data suggest that these appear to factor into China's growing interest in the oceans. However, it remains unclear how they influence the policies and actions of the PLAN and other Chinese maritime actors.

### **Economic policies as drivers**

This section focuses on three Chinese economic policies that figure prominently in Chinese sources, and are particularly important for understanding China's increasing activity in the maritime domain:

- Promotion of trade and security of SLOCs
- Development of the marine economy
- Promotion of Chinese foreign direct investment (FDI) overseas.

Since the 1990s, China has emphasized trade as an engine of growth.<sup>95</sup> The importance of trade to the overall economy has increased markedly in the past ten years, with trade revenue (exports minus imports) accounting for 12 percent of China's GDP.<sup>96</sup> As a result, the Chinese economy has become very dependent on trade for continued growth. Chinese figures vary as to how much of China's trade is carried by ships; however, the figures available for this study indicate that between 70 and 80 percent of Chinese trade by value depends on ocean transport.<sup>97</sup> As a result, China needs to find ways to protect the safety of its trade routes and continued access to the maritime commons.

The development of the marine economy is also an important driver. Beginning in the 1990s and accelerating over the last decade, the Chinese government has actively promoted those industries that are based on the exploitation of marine resources in the sea and the seabed. These industries have expanded and now account for an increasingly large share of total GDP; thus, the Chinese government feels compelled to find ways to protect and secure access to marine resources in its claimed EEZ and in the open oceans.

The third major driver of change is China's promotion of overseas investment. Known as the "go out" strategy, the Chinese government has been actively encouraging state-owned

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<sup>95</sup> See Barry Naughton, *Growing Out of the PLAN: Chinese Economic Reform, 1978-1993* (Cambridge: Cambridge University Press, 1996); also, Gregory C. Chow, *China's Economic Transformation*, 2<sup>nd</sup> ed. (London: Blackwell Publishing, 2007).

<sup>96</sup> World Bank, *World Development Indicators Database*, <http://publications.worldbank.org/WDI/>.

<sup>97</sup> The State Oceanic Administration gives a figure of 70 percent (see *Ocean Development Report 2009*, p. 105). Zhang Wei gives the figure as 80 percent (see *National Maritime Security*, p. 422).

enterprises to invest overseas in order to obtain access to important resources as well as to acquire technology. As a result, there has been a significant expansion in the number of Chinese companies operating abroad as well as the number of Chinese citizens living and working overseas. For the first time, the PRC government needs to think about how it is going to protect these new overseas interests and the lives and safety of an ever-increasing number of citizens abroad. Because the seas are a connecting link between these new interests and China, Chinese security analysts are thinking about how China can use maritime power to better ensure the safety and security of Chinese companies and workers overseas.

### *Trade and the need to protect maritime transportation routes*

Economic growth has been essential for China's re-emergence as a major power. China has been one of the world's fastest-growing economies, averaging 9.9-percent growth in GDP from 1980 to 2008.<sup>98</sup> As of 2009, China had a GDP of \$4.8 trillion at the official exchange rate.<sup>99</sup> In June 2010, China's GDP surpassed that of Japan, making China the world's second largest economy.<sup>100</sup> This phenomenal growth provides the basis for, among other things, increased defense capabilities, more influence over other countries, and a greater ability to meet a host of daunting domestic challenges. China is widely seen as a rising power because of its rising economy.

A key component of this spectacular growth has been China's promotion of trade as an engine of economic expansion. In 1978, China's total trade amounted to less than \$5 billion.<sup>101</sup> In the 1980s, and especially in the 1990s, Chinese leaders began to stress trade, particularly exports, as a means to grow the economy.<sup>102</sup> This proved a successful policy. The beginning of the 21st century marked the arrival of China as one of the world's major maritime trading states with a significant and growing global economic footprint. Figure 1 shows the growth of China's trade and share of world trade from 1993 to 2007.

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<sup>98</sup> Chow, *China's Economic Transformation*, pp. 24-46.

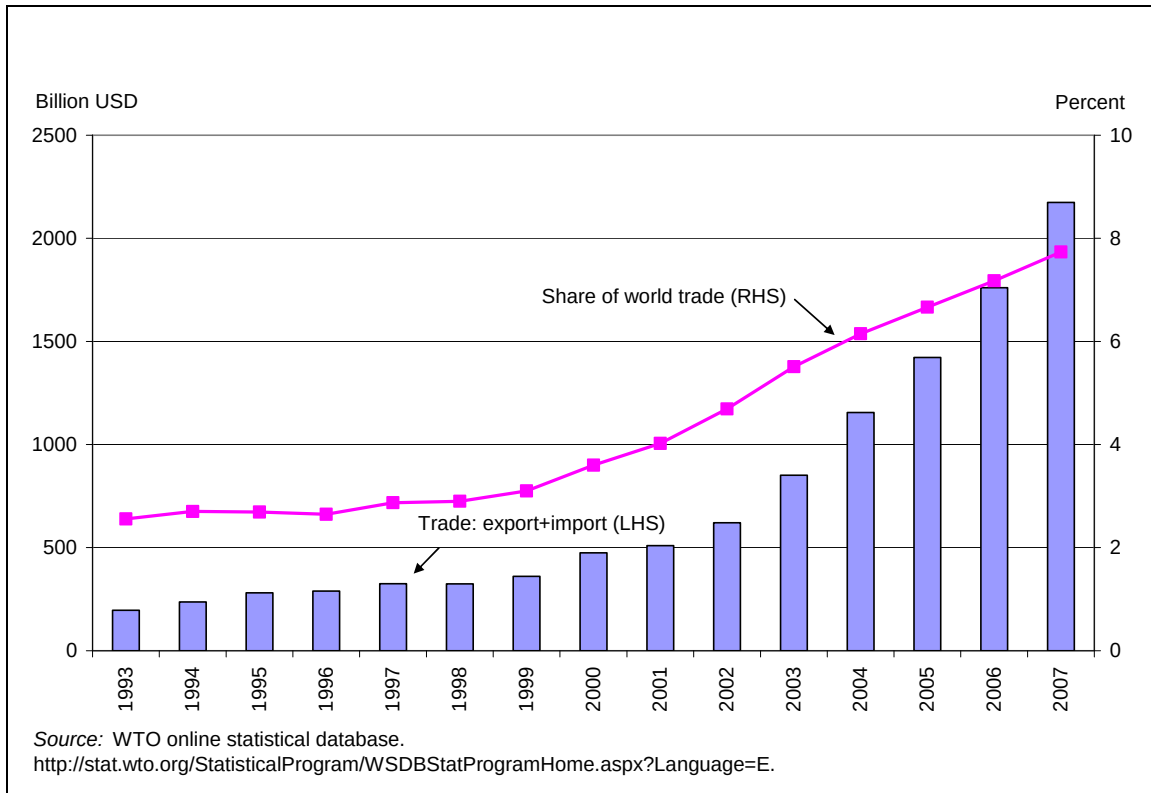
<sup>99</sup> World Bank, *World Development Indicators Database*, <http://publications.worldbank.org/WDI/>.

<sup>100</sup> *New York Times* online, "China Passes Japan as Second-Largest Economy," August 15, 2010, [www.nytimes.com/2010/08/16/business/global/16yuan.html](http://www.nytimes.com/2010/08/16/business/global/16yuan.html).

<sup>101</sup> Chow, *China's Economic Transformation*, p. 300.

<sup>102</sup> *Ibid.*, pp. 313-316; and Naughton, *Growing out of the Plan*.

**Figure 1: China's trade and its share of world trade**



As of 2010, China is the world's second largest trading state and the world's largest exporter of merchandise goods.<sup>103</sup> Trade serves as both an engine for growth and a means of integrating China into a more globalized world. As China's 2006 Defense White Paper noted, "Never before has China been so closely bound up with the rest of the world as it is today."<sup>104</sup>

China's economy is now heavily dependent on trade.<sup>105</sup> A large portion of China's growth has been driven by development of its export industries. As figure 2 shows, the value of China's exports of goods and services represents a significant percentage of its Gross Domestic Product (GDP) and that percentage has climbed considerably since China joined the WTO in 2001. The value of China's exports was nearly 40 percent of its GDP in 2006 and 2007, and while that declined somewhat in 2008, exports still amounted to more than a third of GDP.<sup>106</sup> Clearly, China's economy is very reliant on access to

<sup>103</sup> World Trade Report 2010 (WTO), online at [www.wto.org](http://www.wto.org), pp. 26-28.

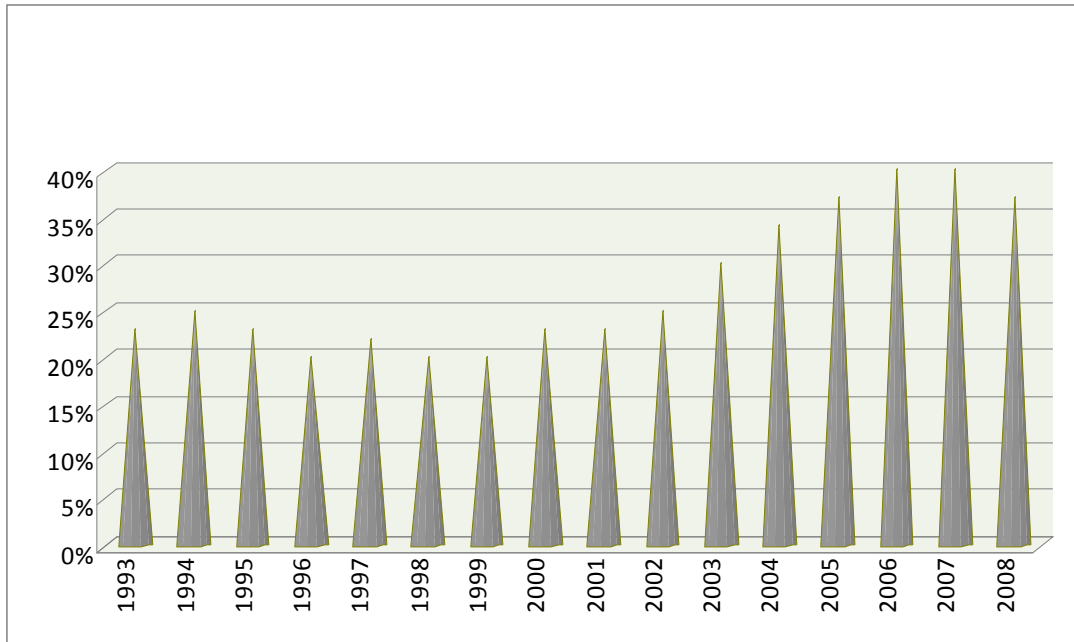
<sup>104</sup> *China's National Defense in 2006*.

<sup>105</sup> Some economists would argue that China depends too much on trade and that future growth will require China to stimulate its domestic economy. See Bergstein, Freeman, Lardy, and Mitchell, *China's Rise*, pp. 109-112.

<sup>106</sup> The year 2008 is the latest year for which trade data were available at the time of writing.

overseas markets and is likely to remain so for the foreseeable future. This suggests that there is considerable pressure on Beijing to ensure that the country's exporters continue to have access to those markets and that external events do not interrupt the flow of exports.<sup>107</sup>

**Figure 2: China's Exports of Goods and Services as Percentage of GDP**



Source: The World Bank, *World Development Indicators Database*, <http://publications.worldbank.org/WDI/>.

Most of China's trade depends on ocean transport. Chinese sources indicate that at least 70 percent of China's trade by value, and 90 percent by volume, travels by sea.<sup>108</sup>

Chinese economic growth has also led to increasing dependence on imported strategic resources such as oil, natural gas, and metal ores.<sup>109</sup> Some 28 percent of all imports are fuels or metals (foodstuffs made up 11 percent and manufactured goods made up the rest).<sup>110</sup> Projections from Chinese economic planners indicate that dependence on imported energy and strategic minerals will continue to increase in the future.<sup>111</sup> Therefore securing access to overseas sources of strategic raw materials will be a growing factor in China's national security concerns going forward.

<sup>107</sup> See, for example, Zhang Wei, *National Maritime Security*, pp. 456-457; also, Zhang Wenmu, "Modern China needs a new concept of sea power," *Huanqiu Shibao*, January 12, 2007.

<sup>108</sup> See Xia Zhengnan, "Concerns and Calls For Maritime Awareness Of The Chinese Nation—A Review of China's Maritime Rights And Interests," *Zhongguo Junshi Kexue*, no. 6 (2009): 143-146; State Oceanic Administration, *Ocean Development Report*, 2009, p. 105; Zhang Wei, *National Maritime Security*, p. 422; and interviews with Chinese analysts.

<sup>109</sup> Zhang Wei, *National Maritime Security*, p. 422.

<sup>110</sup> World Bank, *World Development Indicators Database*, <http://publications.worldbank.org/WDI/>.

<sup>111</sup> Eleventh Five Year Planning Team of the State Council Development and Research Center, available at <http://finance.aweb.cn/2005/3/22/11281211.htm>.

The best known example of China's resource dependence is its growing reliance on imported oil.<sup>112</sup> As noted in the chapter "Setting the historical context," China has been a net importer of oil since 1993 and, as of 2010, it now relies on imports for more than 50 percent of its needs—an amount sufficient to cause considerable concern among Chinese policy-makers.<sup>113</sup> This dependence on imported oil is likely to grow. The United States Energy Information Agency expects Chinese domestic oil production to peak in the near future and sees few prospects for new discoveries in Chinese territory.<sup>114</sup> Chinese sources also suggest that dependence on imports will grow. A recent study by the Chinese Academy of Social Sciences has suggested that by 2020 almost two-thirds of China's oil will need to be imported.<sup>115</sup> Most of China's oil use is in the transportation sector, making it especially vulnerable to disruptions in oil supply.<sup>116</sup>

In addition to oil, China is also increasing reliant on overseas sources of metals and other strategic raw materials. Examples include:

- Over 50 percent of China's iron ore is imported, mostly from Australia and Brazil.<sup>117</sup>
- Almost 66 percent of China's copper ore is imported, and Chinese planners expect that to rise to 82 percent by 2020.<sup>118</sup>
- Chinese economic planners expect growing dependence on manganese, lead, zinc, and other metals by 2020.<sup>119</sup>

Again, China is worried about domestic unrest—and any event that disrupts trade in these materials has the potential to exacerbate internal problems. For the Chinese government,

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<sup>112</sup> See, for example, Gabriel B. Collins, Andrew S. Erickson, Lyle J. Goldstein, and William S. Murray, eds., *China's Energy Strategy: The Impact on Beijing's Maritime Policies* (Annapolis: Naval Institute Press, 2008); and Erica S. Downs, "The China Energy Security Debate," *China Quarterly*, no. 179 (September 2004): 21-41.

<sup>113</sup> See, for example, Xiao Wan, "Crude Oil Imports to Increase This Year," *China Daily*, 5 February 2010; and Li Yanjie, "Energy Problems Looming for Ever-Growing China," *Global Times*, 8 February 2010.

<sup>114</sup> See Energy Information Administration of the U.S. Department of Energy, "2008 World Oil Production," available at <http://tonto.eia.doe.gov/country/index.cfm?view=production>.

<sup>115</sup> Cited in Michael Economides and Xina Xie, "China's Oil Imports Continued Upward Climb in '09," *Energy Tribune*, January 26, 2010, [www.energytribune.com/articles.cfm?aid=2982](http://www.energytribune.com/articles.cfm?aid=2982) (no further bibliographic information).

<sup>116</sup> Erica Downs, *China*, p. 13, and Murray Scot Tanner and Peter W. Mackenzie, *China's Emerging National Security Interests and their Impact on the People's Liberation Army* (CNA Forthcoming, 2011).

<sup>117</sup> Zhang Wei, *National Maritime Security*, p. 422; and Ministry of Industry and Information Technology website, [www.miit.gov.cn](http://www.miit.gov.cn).

<sup>118</sup> Eleventh Five Year Planning Team of the State Council Development and Research Center available at <http://finance.aweb.cn/2005/3/22/11281211.htm>; and Ministry of Industry and Information Technology website, [www.miit.gov.cn](http://www.miit.gov.cn).

<sup>119</sup> *Ibid.*

the ability to protect trade routes is becoming linked to its own security and its ability to maintain domestic stability.

Despite efforts by the Chinese government to develop alternative land routes, especially for oil, China remains dependent on seaborne transportation for most of its needs.<sup>120</sup> As China's total trade has grown, so has its dependence on access to the oceans. It has gone from an economy that was largely self-reliant and for which trade played only a minor role, to a country with key economic sectors that are critically dependent on unimpeded movement of merchant shipping around the world. (See the chapter "Setting the historical context.") As a result, Chinese security analysts have become increasingly concerned with the need to protect China's maritime trade routes.

In the past few years, Chinese security analysts have written extensively on the importance of sea lines of communication and chokepoints.<sup>121</sup> The following summarizes the principle areas of concern for Chinese maritime analysts:

- *The South China Sea* was clearly an area of concern in many of the writings examined. The South China Sea lanes are some of the busiest in the world. In addition, several Chinese maritime trade routes come together in the South China Sea. All Chinese seaborne traffic with Southeast Asia, Australia, Europe, Africa, and the Middle East passes through this body of water.
- *The Strait of Malacca* was also a primary focus of almost all of the writings examined for this study. Hu Jintao has identified the Strait of Malacca as an area of potential concern for China, especially in the event of a terrorist incident, noting that 80 percent of China's energy imports passed through the Strait.<sup>122</sup> The strait is the most critical chokepoint for China's seaborne trade as almost all of China's trade with Europe, Africa, South Asia, and the Middle East passes through this narrow channel—more than 130 Chinese ships a day in 2007, according to one senior Chinese naval analyst.<sup>123</sup>
- *The Indian Ocean* has also been the focus of a number of Chinese security analyses. After the South China Sea, it is the most important maritime trade route for China. Chinese sources indicate that at least 55 percent of the country's trade

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<sup>120</sup> For an analysis of China's efforts to diversify its trade routes and develop alternative land routes, see Tanner and Mackenzie, *China's Emerging National Security Interests*.

<sup>121</sup> For some representative examples, see Wen Han, "Hu Jintao Urges Breakthrough in 'Malacca Dilemma,'" *Wei Wen Po*, January 14, 2004; Yao Wenhui, "Build a Powerful Navy, Safeguard China's Maritime Strategic Interests," *Guofang* 7 (2007): 6; and Da Wei, "China's Maritime Security Strategy," in CICIR, *Sea Lane Security and International Cooperation (Haishang tongdao anquan yu guoji hezuo; 海上通道安全与国际合作)*, (Beijing: Shishi chubanshe, 2005). This book is the result of a conference sponsored by the Ministry of State Security think tank, China Institutes of Contemporary International Relations (CICIR).

<sup>122</sup> Wen Han, "Hu Jintao Urges Breakthrough in 'Malacca Dilemma'."

<sup>123</sup> Zhang Wei, *National Maritime Security*, p. 422.

by volume passes through the Indian Ocean.<sup>124</sup> Chinese writers also tend to stress that access to and from the Indian Ocean is impacted by four chokepoints: the Strait of Malacca, the Cape of Good Hope, the Strait of Hormuz, and the Red Sea.

- *The First Island Chain* is considered by many Chinese analysts to be a potential barrier that could be used to prevent Chinese civilian and military vessels from gaining access to the Pacific.<sup>125</sup>
- *Pacific sea lines of communication* appear to have received less attention in the open-source material used in this study, but are nevertheless of considerable importance to the Chinese economy as they connect China with markets and important resources in North and South America. One source indicated that some 25 percent of all Chinese trade by value travelled along these shipping routes. Another stated that just over 30 percent of Chinese trade by volume travelled along these SLOCs.<sup>126</sup>
- *Maritime trade routes through the Atlantic* received much less attention in the sources accessed for this study. Evidence indicates that Atlantic shipping routes are important for China. For example, Angola is China's second largest source of oil. Moreover, the Atlantic connects China with both Brazil and Europe. However, Chinese writers do not indicate that these routes are an important maritime security concern.<sup>127</sup>
- *Future trade routes through the Arctic*. A few sources indicated interest in future transportation routes through the Arctic Ocean as the polar ice cap recedes.<sup>128</sup> China's principal concern here is that competing territorial claims might impact shipping routes.<sup>129</sup>

Concern over the need to protect maritime trade routes and the need to keep potential chokepoints open appears to be driving China's approach to the maritime domain in two ways. First, it is reinforcing China's focus on the need for an "offshore" navy that operates within and beyond the First Island Chain. Chinese writers clearly emphasize the

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<sup>124</sup> See, for example, Xia Zhengnan, "Concerns and Calls," 143-146.

<sup>125</sup> See for example, Jiang Huai, "The West Pacific: The United States' Inland Lake, China's Gateway," *Shijie Zhishi*, no. 10 (August 2010): 20-21.

<sup>126</sup> The figure of 25 percent comes from Zhang Wei, *National Maritime Security*, p. 422. The figure of 30 percent for volume of trade comes from Xia Zhengnan, "Concerns and Calls." Both figures appear to rely on data from before 2008. South America is an important source of iron, copper, and other ores. It may become increasingly important in the future as a source of oil as Brazil's offshore oil industry grows. For more information on China and trade with Latin America, see R. Evan Ellis, *China in Latin America: The Whats and Wherefores* (Boulder, CO: Lynne Rienner, 2009).

<sup>127</sup> Interviews with Chinese analysts. One interviewee did indicate that China might send naval forces to West Africa if an increase in piracy in the Gulf of Guinea led to an international anti-piracy effort.

<sup>128</sup> See, for example, State Oceanic Administration, *Ocean Development Report 2009*, pp. 118-119.

<sup>129</sup> For more information on Chinese polar policy, see Linda Jakobsen, "China Prepares for an Ice-Free Arctic," *SIPRI Insights on Peace and Security*, no. 2 (March 2010).

need for a PLAN that can break through the First Island Chain.<sup>130</sup> Chinese analysts are also concerned about protecting Chinese shipping in the South China Sea, as well as the potential need to engage in anti-blockade operations in the event of a Taiwan scenario.<sup>131</sup>

Second, and potentially more important, the need to protect SLOCs is also driving Chinese policy-makers and analysts to think about ways to cooperate at sea with other countries to protect them. The current international anti-piracy operations off the Horn of Africa are a manifestation of this. A number of recent writings stress the need for international cooperation to protect shipping routes.<sup>132</sup> Trade is now too important for China to rely completely on other countries to guarantee access to the global commons. At the same time, China's ships are inadequate and it lacks overseas facilities that could be used to protect its SLOCs. If Beijing wants to have any role in protecting its maritime trade routes—and Hu Jintao has clearly tasked the PLA with protecting national interests overseas—it probably will need to engage in some form of international cooperation.<sup>133</sup>

That said, it is also possible that the need to protect maritime trade routes will compel the PRC to acquire the capacity to project presence in places such as the Indian Ocean. Some of the recent discussions of developing “distant seas” capabilities indicate that at least some analysts see the need for China to acquire berthing rights so that the PLA Navy can conduct occasional patrols outside of the Western Pacific.<sup>134</sup> While it is unclear to what extent Chinese ships will be operating on their own or in cooperation with other navies, Chinese interlocutors have made it clear that the PRC intends to conduct more operations aimed at protecting Chinese maritime trade.<sup>135</sup>

### *Development of the maritime economy*

A second driver of change is the growing importance of the maritime economy to Beijing's development strategy. The term “maritime economy” is used by the Chinese to refer to all industries that are involved in the exploitation of marine resources or make use of coastal areas and the open seas. This includes such diverse activities as fishing; offshore oil, gas, and wind power; coastal and ocean transport; and marine tourism.<sup>136</sup>

In the 1990s, Jiang Zemin and Chinese leaders identified the oceans as a key resource base that needed to be developed as an essential part of China's growth strategy.<sup>137</sup> As one Chinese official document from 1998 notes:

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<sup>130</sup> See, for example, Zhang Wei, *National Maritime Security*, p. 458.

<sup>131</sup> Goldstein and Erickson, “Gunboats for China,” p. 56

<sup>132</sup> See CICIR, *Sea Lane Security and International Cooperation*.

<sup>133</sup> Ibid.

<sup>134</sup> “Building PLA Strategic Power Projection Capability,” *Jiefangjun Bao* (August 26, 2010).

<sup>135</sup> Interviews with Chinese analysts.

<sup>136</sup> For an extensive discussion of these industries, see State Oceanic Administration, *China's Ocean Development Report 2009*, chap. 10.

<sup>137</sup> Ibid., pp. 374-76.

China is rich in land mineral resources, but the amount per capita is less than half the figure per capita worldwide. As a major developing country with a long coastline, China must therefore take exploitation and protection of the ocean as a long-term strategic task before it can achieve the sustainable development of its national economy.<sup>138</sup>

Essentially, the view of Chinese policy-makers is that China's land area has limited resources and they are being used up as China modernizes. The only way in which China can have "sustainable" resources is through the development of the oceans.<sup>139</sup> Chinese writings on the marine economy consistently refer to ocean resources as essential to China's long-term survival.<sup>140</sup>

- Accordingly, Beijing has actively promoted the development of China's maritime economy. In the past ten years, Beijing has issued three successive documents that provide policy guidance for the development of China's marine industries. All three call for greater coordination and integration among the various bureaucratic agencies that implement maritime policies.<sup>141</sup>

As can be seen in figure 3, the maritime economy has expanded considerably as a result of these planning efforts. By 2007, marine-based industries accounted for 10 percent of China's GDP. In 2008, these industries employed a total of 32.18 million people.<sup>142</sup> The maritime economy is clearly more important to China's economy than it was just ten years ago, and, given that the current planning outline was issued in 2008, Beijing will likely continue to develop and expand this area of the economy.

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<sup>138</sup> The Development of China's Marine Programs (Zhongguo haiyang shiye de fazhan; 中国海洋事业的发展) (Beijing: State Information Office, 1998).

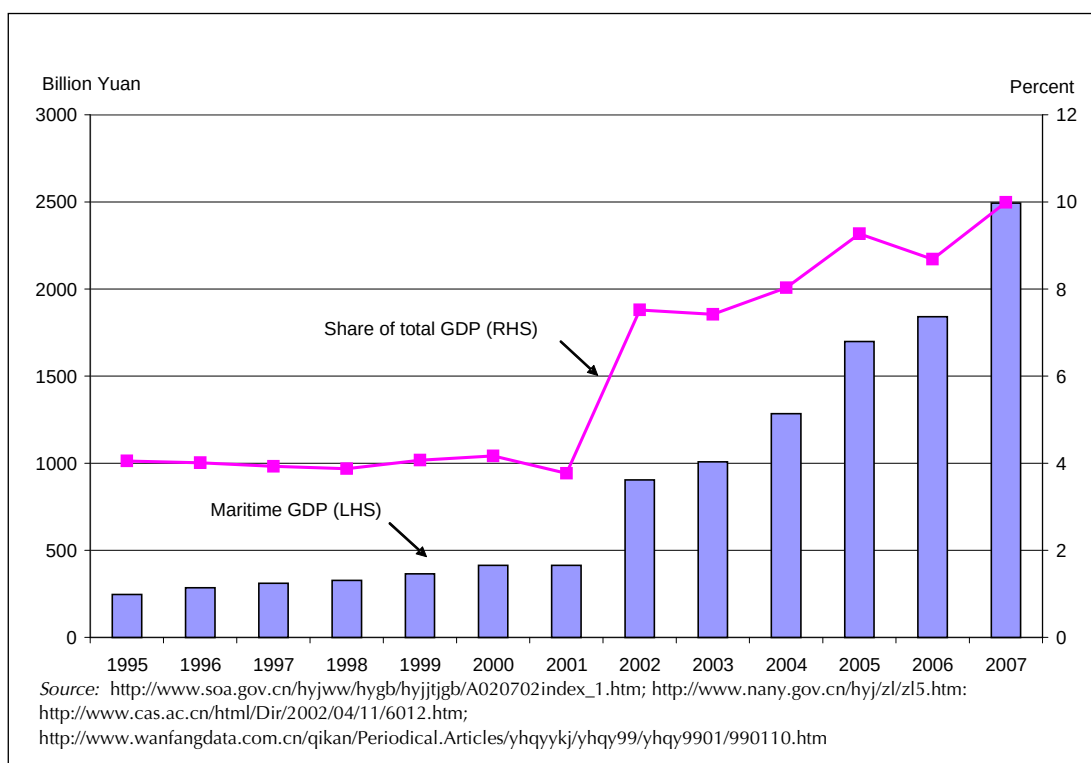
<sup>139</sup> The use of the term "sustainable" in many Chinese writings on the maritime economy does not appear to refer to wise or long-term use; rather, it implies that the oceans are an unending supply of resources that will sustain continued Chinese growth.

<sup>140</sup> The Development of China's Marine Programs.

<sup>141</sup> The documents are: The Development of China's Marine Programs (Zhongguo haiyang shiye de fazhan; 中国海洋事业的发展) (Beijing: State Information Office, 1998); National Maritime Economic Development Planning Outline (Quanguo haiyang jingji fazhan guiha gangyao; 全国海洋经济发展规划纲要), Information Office of the State Council of the People's Republic of China, 9 May 2003; and National Maritime Industry Development Planning Outline (Guojia haiyang shiye fazhan guiha gangyao; 国家海洋事业发展规划纲要), Information Office of the State Council of the People's Republic of China, 29 February 2008.

<sup>142</sup> State Oceanic Administration, *Ocean Development Report 2009*, p. 176; and "China's Marine Sector Up 11% in 2008," *China Daily*, February 13, 2009.

**Figure 3: Maritime economy and its share of China's total GDP, 1995-2007**



To date, most of the growth associated with the development of China's maritime industries has focused on its EEZ. Except for maritime transport and deep sea fishing, most of the industries are centered on the exploitation of resources in areas China claims as territorial waters or as part of its exclusive economic zone. However, given that Chinese policy-makers stress that China's long-term survival depends on the exploitation of marine resources, it is very likely that China will increase its efforts to access marine resources well beyond its waters. Preliminary reporting on the 12<sup>th</sup> Five Year Plan—which begins in 2011—suggests that China may be about to step up efforts to identify and survey maritime resources in the open seas.<sup>143</sup>

The maritime economy is an important driver because it increases the importance of China's claimed EEZ and territories in the Yellow, East China, and South China seas. Claims over the Spratlys, the Paracels, the Senkakus, and other islands are important for establishing the right of access to maritime resources and for determining EEZ claims. However, the issue is not just that these areas contain resources such as offshore oil, and gas, and fisheries.<sup>144</sup>

<sup>143</sup> Jia Wei, "Marine Economy Booming in China, *China Economic Net*, August 27, 2010, <http://ence.cn/Insight/201008/27/t20100827-21767892.ahtml>.

<sup>144</sup> *National Maritime Industry Development Planning Outline*, 2008.

Chinese maritime experts believe that China's continental shelf contains extensive energy reserves, claiming the existence of verified petroleum reserves of 20 billion tons and some 6 trillion cubic feet of natural gas.<sup>145</sup> Chinese maritime experts are hopeful that China will be able to develop the technology to exploit methane hydrates, which may represent the equivalent of an additional 70 billion tons of petroleum.<sup>146</sup> In addition, the EEZ contains important fishing grounds in the East and South China seas. It also provides space for the development of new industries, such as offshore wind power.<sup>147</sup>

The need to protect China's marine economy and prevent what China sees as encroachment by its neighbors is now affecting PLAN missions. For example, in 2007, PLAN commander Wu Shengli and political commissar Hu Yanlin noted the following as emerging missions for the PLAN in defending China's national interests:

- Protecting the security of normal fishing production, maritime resource exploitation, maritime surveying, and scientific investigation
- Ensuring China's jurisdiction over adjacent areas (*pilian qu*; 毗连区), the continental shelf, and the exclusive economic zone
- Providing effective protection for China's maritime rights and interests.<sup>148</sup>

The maritime economy also appears to be a driver for developing better maritime law enforcement capabilities. The 2008 Planning Outline identifies "more effective law enforcement at sea" as one of its goals, and all five of China's maritime law enforcement agencies have been expanding their capabilities.<sup>149</sup> Chinese maritime law enforcement vessels are now more active in disputed areas in the South China and East China Seas and are patrolling in new areas.<sup>150</sup>

This suggests that the new assertiveness of Chinese maritime security forces is partly attributable to the growing emphasis on the marine economy and its relevance to national economic development. It may also indicate that Chinese maritime security forces will continue to assert what Beijing considers its legitimate rights and interests in regional seas.

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<sup>145</sup> Zhang Wei, *National Maritime Security*, pp. 453-455; and Col. Lin Dong, "Historical Turning Point: Campaigns Of Maritime Exploration And Emergence of Maritime Industrial Revolution," *Zhongguo Junshi Kexue*, no. 1 (2010): 133-140.

<sup>146</sup> Zhang Wei, *National Maritime Security*.

<sup>147</sup> State Oceanic Administration, *Ocean Development Report, 2009*, pp. 176-177.

<sup>148</sup> Wu Shengli and Hu Yanlin, "Building a Powerful PLA Navy that Meets the Requirements of Our Army's Historic Missions," *Qiushi*, no. 14 (July 2007).

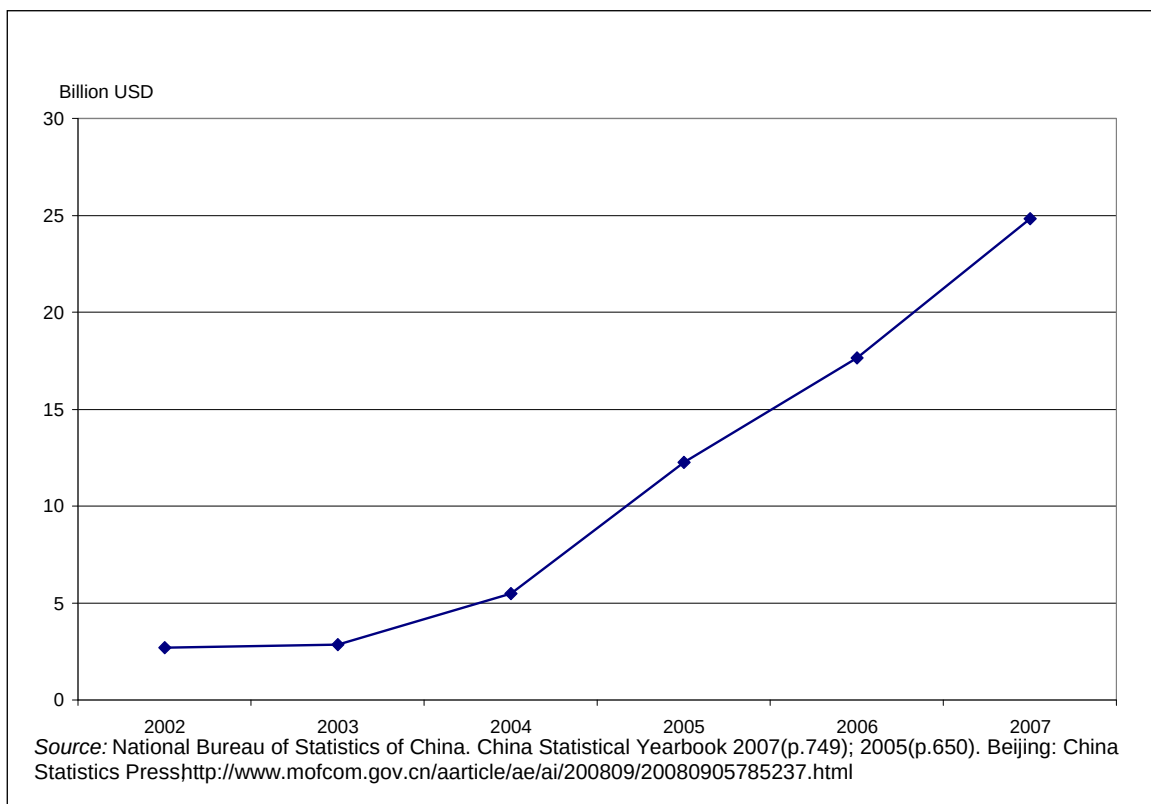
<sup>149</sup> Lyle Goldstein, *Five Dragons Stirring the Ocean* (Providence: Naval War College, 2009).

<sup>150</sup> Ibid.; also, "Patrol Boats To Escort Fishing Vessels in Disputed Spratlys," *South China Morning Post*, April 3, 2010.

### *China's "go-out" policy and pressures to protect Chinese property and citizens abroad*

Since 2001, the PRC government has been actively encouraging state-owned enterprises to invest overseas and acquire foreign assets. This "go out" policy has led to a massive expansion of Chinese business investment and operations overseas as well as sharp increases in the number of Chinese citizens living and working abroad. As can be seen in figure 4, in just the five years between 2002 and 2007, the level of Chinese Foreign Direct Investment (FDI) rose rapidly. Chinese investment abroad continues to expand: according to the Chinese government, some \$59 billion was invested in 2010.<sup>151</sup>

**Figure 4: China's overseas FDI, 2002-2007**



A large number of Chinese state-owned enterprises are now operating overseas and investing heavily in other parts of Asia, Africa, and Latin America. Along with the expansion of Chinese business operations has come a large outflow of Chinese workers. According to China's Ministry of Commerce, there were 778,000 Chinese workers overseas at the end of 2009.<sup>152</sup> However, several individuals interviewed for this study

<sup>151</sup> *China's Peaceful Development*, p. 6.

<sup>152</sup> PRC Ministry of Commerce website, Brief Report on Our Country's Foreign Investment and Cooperation Activities in 2009, January 6, 2010, at <http://www.mofcom.com.cn/aarticle/tongjiziliao/dgzz/201001/20100106752425.html>.

indicated that they thought the actual number was much higher.<sup>153</sup> The presence of so many state-owned enterprises and Chinese citizens abroad means that, for the first time, Beijing now has to worry about how to protect the legitimate rights and interests of its businesses and citizens abroad, and how to use the PLAN and People's Liberation Army Air Force to evacuate Chinese citizens if and when necessary.<sup>154</sup>

This is a particular concern for the PRC, as a significant portion of state-owned enterprise investments and many Chinese citizens are in countries that are potentially unstable. China has come late to overseas investment, and many of its companies have no choice but to work in areas that American, Japanese, and European companies deem unsafe. Thus, the Chinese are mining for copper in Afghanistan and exploring for oil in Sudan, Algeria, and Nigeria—all areas where there are insurgencies. A recent CNA study found that in 2006, one-sixth of China's overseas workers and one-fifth of its FDI were in countries that the World Bank ranked as seriously unstable.<sup>155</sup> Beijing has already had to evacuate its citizens from Timor and Tonga (in 2006), Chad (in 2008), and Kyrgyzstan (in 2010). In 2011, China has had to evacuate some 35,000 of its nationals from Libya.<sup>156</sup> This has been by far the biggest such evacuation to date and the first one to involve units of the PLA Navy and Air Force.

There seems to be a broad consensus among Chinese defense analysts that China needs to protect its overseas interests. However, the data suggest that there is no consensus on how to achieve this objective. (Indeed, during an interview, two interviewees had a vigorous disagreement as to how China should approach the problem.)<sup>157</sup> Some analysts argue that China should rely on local governments to protect its citizens.<sup>158</sup> Others argue that China needs to develop the force capabilities to protect its citizens abroad.

The possibility of China undertaking future missions to protect the lives and property of its citizens abroad represents a major shift in how some Chinese view maritime and global issues. Traditionally, the PRC's stance has been that it will not establish bases overseas or violate another country's sovereignty by intervening in its internal affairs.<sup>159</sup> Both those long-standing principles are beginning to change, at least among those who advocate a more active stance to protect Chinese economic interests abroad.

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<sup>153</sup> Interview with Chinese analysts.

<sup>154</sup> Ibid.

<sup>155</sup> See Tanner and Mackenzie, *China's Emerging National Security Interests*.

<sup>156</sup> "35,000 Chinese Nationals Evacuated From Libya" *Xinhua*, March 3, 2011, [http://news.xinhuanet.com/english2010/china/2011-03/03/c\\_13758221.htm](http://news.xinhuanet.com/english2010/china/2011-03/03/c_13758221.htm).

<sup>157</sup> Interviews with Chinese analysts. Most interlocutors indicated that there was no agreement on how China could or should protect citizens and economic interests abroad. Some argued that China would have to rely on other countries to protect its citizens; others thought that China should develop the capabilities necessary to protect those citizens.

<sup>158</sup> Interviews with Chinese analysts.

<sup>159</sup> Chen Zhou, "On Development of China's Defensive National Defense."

Some Chinese defense analysts are now arguing that China should reconsider long-held views on non-interference in other countries. In the past, the PRC has criticized Western countries for intervening overseas to protect the lives and property of their citizens, referring to their efforts as “imperialist and aggressive.”<sup>160</sup> Some Chinese defense experts are now advocating that China modify its stance, as it has a legitimate interest in protecting citizens and economic interests in other countries.<sup>161</sup> That is, now that China also has extensive economic interests abroad, it needs to protect them and the principle of non-intervention is no longer appropriate. While this is still not the official view of the PRC, anecdotal evidence suggests that there is growing sentiment among both subject matter experts and ordinary Chinese that China needs to be able to intervene in other countries if necessary.<sup>162</sup> This debate needs to be followed, as it is an important potential indicator of future Chinese intentions. Any change in official attitudes towards intervention in defense of legitimate interests could signal that China is prepared to use expeditionary capabilities in defense of its economic interests.<sup>163</sup>

In addition to the debate over whether China should intervene abroad, there is also increasing discussion about the need to get berthing rights and other shore facilities in order to support long-term deployments far from home. As mentioned in the previous chapter, discussions of “distant seas” operations are now accompanied by calls for some analysts to develop some type of forward deployment and supporting logistic facilities abroad. One interviewee noted that, while the PLAN might be used in an emergency in Southeast Asia—which is close to where most PLAN ships are homeported—the PLAN would not be able to reach Africa in a timely manner in the event of a crisis, due to the distance from any existing naval facilities.<sup>164</sup> While China was able to send a ship to Libya from its anti-piracy task force in the Gulf of Aden, this was a one-off situation in which a ship was conveniently located within sailing distance. Thus, until or unless the PLA acquires forward basing, China may need to find ways to cooperate with other powers should a future non-combatant evacuation operation (NEO) become necessary.

In sum, Chinese economic policies are simultaneously driving Chinese maritime policy in two directions: greater need for maritime forces that can go places and may need to stay for routine but not permanent missions; and a need to concentrate forces in the Western Pacific to protect resources in the EEZ from encroachment by neighbors.

In addition, given China’s still limited capabilities, China may seek to rely on political and other soft power tools to ensure the safety of its interests overseas. China will not have the force structure necessary to protect its SLOCs for some time and will need to

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<sup>160</sup> Ibid.

<sup>161</sup> Ibid.

<sup>162</sup> Interviews with Chinese analysts.

<sup>163</sup> As of the time this paper was going to press, the just-issued Chinese white paper on peaceful development indicates that China is unlikely to change its stance on this issue in the near future. See *China’s Peaceful Development*.

<sup>164</sup> Interviews with Chinese analysts.

seek cooperative arrangements. China will also need to develop good relations with developing countries, both for acquiring future shore facilities and for protecting its citizens abroad.

### **Traditional security threats**

Traditional security threats continue to be important drivers for China in the maritime domain. The threat of *de jure* independence for Taiwan, loss of territorial claims in the East and South China seas, and infringement on China's EEZ continue to be listed in maritime writings as the most pressing security concerns.<sup>165</sup> Until these issues are resolved, issues of territorial integrity and sovereignty will remain key factors in how Chinese leaders think about the maritime domain and set priorities.

The United States remains the country of greatest concern to China.<sup>166</sup> The United States can prevent reunification with Taiwan and the satisfactory (to China) resolution of the Senkaku Island dispute with Japan. It can also enable the countries of Southeast Asia to thwart Chinese claims in the South China Sea. Moreover, many Chinese military analysts view U.S. intentions with considerable mistrust and believe that the United States is trying to contain China—a fear which has increased since Secretary of State Clinton's 2010 speech at the ASEAN Regional Forum stating that the United States had a strong interest in the peaceful resolution of the disputes over the Spratlys.<sup>167</sup> One interviewee told us that many in the PLA believe that the United States will never allow a peace treaty between Taiwan and China because Taiwan is critical to U.S. containment of China.<sup>168</sup> Others saw the presence of U.S. forces in Central Asia as proof that the United States was seeking to encircle China.<sup>169</sup> A recent article in the journal of the Chinese Ministry of Foreign Affairs' think tank was simply titled "The West Pacific: The United States' Inland Lake, China's Gateway."<sup>170</sup>

The United States appears to be seen as the primary threat to China's goals in the region. Accordingly, any and all U.S. actions in the Western Pacific can affect how China approaches traditional security concerns in the region. Everything the United States says and does influences China's security policy.

In this sense, there is nothing particularly new about traditional security threats as drivers of Chinese behavior. These are the same issues and concerns that helped shape China's development of its offshore active defense and its pursuit of anti-access as an asymmetric means to counter the United States. What is new, and is of concern to some Chinese defense analysts, is that some regional navies are improving their capabilities and thereby

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<sup>165</sup> Interviews with Chinese analysts; and Zhang Wei, *National Maritime Security*, pp. 415-18.

<sup>166</sup> Interviews with Chinese analysts.

<sup>167</sup> Ibid.

<sup>168</sup> Ibid.

<sup>169</sup> Ibid.

<sup>170</sup> Jiang Huai, "The West Pacific: The United States' Inland Lake, China's Gateway."

complicating China's security environment.<sup>171</sup> As one PLA analyst noted, China has to continue to develop its asymmetric capabilities against the United States while preparing to face smaller regional navies which may use the same asymmetric capabilities against China.<sup>172</sup>

Discussions of regional navies in Chinese military writings tend to focus on three things:

- The increased capabilities of regional navies. The Japanese navy received the most attention in the sources examined, but other navies—such as the ROK navy, the Russian and Australian navies, and some ASEAN navies—also received attention.<sup>173</sup>
- The concern that regional actors might try to bolster their maritime forces by trying to involve the United States.<sup>174</sup> This fear has risen in 2011, with U.S. naval visits to Vietnam.<sup>175</sup>
- India's increased capabilities. Chinese analysts frequently express the concern over the possibility of Indian naval vessels operating in the South China Sea, and complain that Indians refer to the Indian Ocean as theirs.<sup>176</sup>

Clearly, from the Chinese perspective, security concerns in regional seas are becoming more complicated. This suggests that China will continue to develop and enhance its capacity to conduct operations in the South China Sea and other regional waters even if relations with Taiwan continue to improve. Taiwan may be the security issue of gravest concern in the maritime domain, but it is far from the only one. Furthermore, with the possible exception of India, all of China's potential adversaries in the maritime domain are geographically close. Resolution of one conflict will still leave other unresolved disputes close to home.

This further suggests that China may be reluctant to back down or show any conciliatory behavior on sovereignty and territorial integrity issues with either the United States or its own neighbors. If China weakens its position on one issue in the region, it could find itself less able to achieve its goals in other disputes.

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<sup>171</sup> See, for example, Xia Zhengnan, "Concerns and Calls"; Feng Liang, "Strategic Consideration on Stabilizing China's Maritime Security Environment," *Zhongguo Junshi Kexue*, no. 5 (2009); Tang Dongfeng, "Latest Trends in the Development of Weaponry and Equipment in the Navies of China's Neighboring Countries," *Dangdai Haijun*, no. 11, 2009: 18-22; and Zhang Wei, *National Maritime Security*, pp. 426-30.

<sup>172</sup> Interview with Chinese analyst.

<sup>173</sup> Xia Zhengnan, "Concerns and Calls"; Feng Liang, "Strategic Consideration"; and Tang Dongfeng, "Latest Trends."

<sup>174</sup> Feng, "Strategic Consideration."

<sup>175</sup> Interviews with Chinese analysts.

<sup>176</sup> *Ibid.*

While traditional security issues continue to focus Beijing's attention on regional seas, newly emerging non-traditional security threats (discussed below) in conjunction with the economic drivers cited above are pushing Chinese policy-makers to think about the maritime domain in broader terms.

### Growing perception of non-traditional threats

In the last few years, non-traditional security issues have become an important driver of change. Chinese definitions of non-traditional security concerns include the following activities: combating terrorism, countering piracy, and peacekeeping; countering transnational criminal activity, such as human trafficking and drug smuggling; and responding to natural disasters.<sup>177</sup> This is a relatively new driver of change and has only received significant attention in Chinese security writings since 2001.

Since then, the PLA has adopted the U.S. term “military operations other than war” (MOOTW) to describe military operations in response to non-traditional threats. The 2008 Chinese Defense White Paper devotes a section to discussing MOOTW. The PLA is now incorporating response to non-traditional security threats as one of its missions. The authoritative Academy of Military Science volume, *The Science of Naval Training*, states that MOOTW has already become an important component of PLAN military operations, and outlines five main types of MOOTW that the PLAN is training for:<sup>178</sup>

- Actions conducted domestically during peacetime, including emergency natural disaster relief, as well as closely coordinated actions with People's Armed Police Coast Guard units in support of law enforcement organizations (*zhifa jigou*; 执法机构) to combat smuggling, arrest drug dealers, and so on
- Demonstrations of armed force and military deterrence
- Actions focused on preserving national and social stability, and participating in maritime security cooperation (*haishang anquan hezuo*; 海上安全合作) missions, including peacekeeping actions (*weihe xingdong*; 维和行动) and counterterrorism actions (*fan kongbu xingdong*; 反恐怖行动)
- Military diplomacy
- At-sea search and rescue actions, including those conducted independently, in cooperation with other services and branches (*jun bingzhong*; 军兵种), civilian forces, or international forces.

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<sup>177</sup> See, for example, Zhang Wei, *National Maritime Security*, pp. 420-421.

<sup>178</sup> Zhang Yongyi, Ed., *The Science of Naval Training*, (*Haijun Junshi Xunlian Xue*; 海军军事训练学) (Beijing: Academy of Military Science Press, 2006), p. 250.

Several non-traditional security concerns are particularly important for China in the maritime domain:

- Dealing with natural disasters and humanitarian relief in the maritime domain. There is a growing recognition of the need to conduct this mission, both in the EEZ and waters near China and in the Indian Ocean and elsewhere. This mission is no longer just about responding to disasters that affect China. It is also about spreading Chinese influence and wanting to appear as a responsible actor in the international system. For example, as of the time of writing, China's new hospital ship was being dispatched on its first mission, which will be to the Indian Ocean. It will provide medical assistance during stops at Djibouti, Kenya, Tanzania, and Bangladesh.<sup>179</sup>
- Deterring and combating non-state actors (chiefly terrorists and pirates) that might threaten seaborne commerce.
- Combating trans-national crime, which is a growing problem for China and other countries in the region.
- Promoting maritime security.

Additionally, as of summer 2011, China has consecutively deployed nine task forces to the Gulf of Aden to perform anti-piracy escort missions. In March 2010, the South Sea Fleet political commissar, Huang Jiaxiang, noted that going out to perform open-ocean escort missions has already been incorporated as a regular PLAN mission. Huang also noted:

In addition to protecting national interests, protecting international interests, and doing our international and humanitarian duty, we also effectively raised the comprehensive operation capabilities of units both in terms of military capabilities as well as the ability to perform MOOTW. As a result, we are thinking about closely combining the performance of normalized distant sea (*yuanhai*; 原海) escort tasks with peacetime training tasks later so that we can temper and elevate our units while effectively completing our missions and tasks.<sup>180</sup>

In performing these missions, the PLA Navy has gained valuable operational lessons related to expeditionary operations. As Huang further noted, "By finding out where we fall short we are able to strengthen training and improve in these areas, thus improving [the PLA Navy's] ability to perform comprehensive tasks in open ocean operations."<sup>181</sup>

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<sup>179</sup> "Chinese Navy Hospital Ship Joins 6<sup>th</sup> Escort Flotilla in Gulf of Aden," *Renmin Ribao* online, September 17, 2010, <http://english.peopledaily.com.cn/90001/90783/7143031>. See also Peter W. Mackenzie, *Red Crosses, Blue Water: Hospital Ships and China's Expanding Naval Presence* (CNA: Forthcoming 2011)

<sup>180</sup> Chen Xin, Tao Hongxiang, and Mu Lianglong, "Navy will Strengthen Open Ocean Comprehensive Operations Capabilities Training," *China National Radio* 1, 6 March 2010.

<sup>181</sup> *Ibid.*

While this driver will generate change in the maritime realm, it will also likely push China toward greater cooperation with state actors, to include the United States. We therefore now have a unique situation: potential wartime conflicts are acting as a driver for China to see the United States as an enemy, but peacetime drivers—concerns over non-traditional security threats—are simultaneously pushing China toward greater cooperation with the United States and others.

### **Nationalism, status, and national dignity**

Finally we assess that nationalism and, to a lesser extent, concerns over dignity or national prestige are driving change in the maritime domain. Many of the Chinese subject matter experts that were interviewed for this study believed that nationalism was a factor in how Chinese leaders looked at maritime issues. Some said that “dignity” and “prestige” were also factors, noting that the term “dignity” or “honor” (*zunyan*; 尊严) was beginning to be used in speeches by national leaders.<sup>182</sup> Chinese interlocutors stated that rising nationalism among ordinary Chinese was putting pressure on Chinese leaders to take a tougher stand on international issues. However, none of our interviewees said that nationalism was a decisive factor in the maritime domain; nor could they articulate an event in which nationalism had clearly shaped an outcome.<sup>183</sup> It is possible that the increase in nationalistic sentiment may reduce elites’ room for maneuver on some maritime issues, particularly boundary disputes. This report therefore assesses that nationalism is an important—if intangible—driver that may affect Chinese behavior on some maritime issues.

### **Concluding thoughts**

Since the mid 1990s, significant internal and external changes have occurred that, taken together, are forcing Chinese civilian and military leaders to think beyond regional maritime issues. Chinese leaders are increasingly seeing the need for forces that can help protect Chinese economic and political interests, which are now truly global. At the same time, even as relations between Taiwan and the mainland improve, thus reducing the risk of a potential conflict, China’s concerns over maritime disputes with its neighbors are intensifying due to other concerns—e.g., other territorial issues, the desire to protect and control maritime resources in the EEZ and on the continental shelf, and a sense of nationalism.

Economic and non-traditional security issues are the principal drivers that are pushing change in China’s approach to maritime issues beyond regional waters. China’s growing interest in global maritime concerns is driven by economic interests and concerns over

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<sup>182</sup> Interviews with Chinese analysts.

<sup>183</sup> Ibid.

non-traditional threats to Chinese interests. These are likely to create strong pressures to expand the presence of Chinese maritime security forces farther out and for longer periods of time. That said, the highest concentration of drivers is in the area that China refers to as the “offshore.” This strongly suggests that for the foreseeable future, the PLAN is likely to focus its attention on further development of its regional naval capabilities.



## Chapter 5: Expansion of maritime actors

*With no concrete leadership for national security, when many departments become involved, coordination is difficult, responses tend to be tardy, counter-measures lack focus, and constantly problems emerge in certain links among the institutions dealing with matters.*

— RADM (ret.) Yang Yi<sup>184</sup>

Due to the drivers discussed in the previous chapter, a growing number of civilian actors in the Chinese political system also have gained a stake in maritime issues over the past 30 years. As the importance of trade to the Chinese economy has grown, so have the number of civilian bureaucracies and state-owned enterprises that have a stake in the oceans. With the increased focus on the marine economy has come an increase in the role of Chinese government organizations in developing resources in the EEZ and in the oceans. Marine industries now make up a larger proportion of the Chinese economy. With the expansion of overseas FDI, state-owned enterprises have a larger stake in the consequences of Chinese foreign policy, and, in part, rely on Chinese policies with regard to maritime affairs for their own safety and well-being.<sup>185</sup> China's approach to maritime issues and policies is likely to be shaped by an increasingly complex blend of interests based on both civilian and military actors.

This chapter provides an overview of the main civilian and military actors in the maritime domain. It identifies, based on Chinese official sources and interviews, the key bureaucratic actors at the national level who play a role in policy implementation and who may play a role in policy formulation. Data collected for this study raise some important questions about policy coordination among these various civilian and military actors with corresponding implications for U.S. policy towards China with regard to the maritime domain. As noted in the introduction, the scope of this study does not extend to a full analysis of the processes by which Chinese maritime policy is made. Nevertheless, the research conducted for this study has found anecdotal information suggesting that some of the actors discussed below play a role as future drivers of Chinese policies related to the maritime domain.

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<sup>184</sup> As quoted in "China military risks treading on policy toes," Reuters, August 31, 2010.

<sup>185</sup> Linda Jakobsen and Dean Knox, *New Foreign Policy Actors in China*, SIPRI Policy Paper No. 26. (September 2010).

## National leadership and the maritime domain

China does not have a national-level administrative institution that is tasked with “studying, drafting, and promulgating” maritime policy.<sup>186</sup> Instead, China has a highly centralized decision-making body—the Standing Committee of the Politburo—which sets national guidelines. Actual implementation is executed through a variety of subordinate organizations that focus on particular aspects of the maritime domain, and that may or may not be coordinated across inter-agency boundaries. This section provides an overview of those national leadership actors that could be identified as having a role in maritime policy. It also provides an analysis of the implications of having a highly centralized decision-making body presiding over a fragmented structure for implementing maritime policy implementation.

### The Standing Committee of the Politburo

The Standing Committee of the Politburo is the most important actor with regard to the maritime domain. It is at the apex of the political system, and it is the body that makes all key political, economic, and national security decisions and sets the overall direction for national policy.<sup>187</sup> It currently consists of the nine highest-ranking members of the Communist Party and reportedly meets every 7 to 10 days.<sup>188</sup>

In the absence of a lower-echelon policy body for maritime affairs, the Standing Committee becomes the only institution in the Chinese political system that connects all the elements of maritime policy—naval policy, economic development policy, marine resource policy, and diplomatic policy. It appears that only the Standing Committee sets general guidance set for all the components of maritime policy.

This centralization has several important implications for maritime domain issues. First, overall Chinese maritime policy and guidelines are set only at the highest level. Second, the overall direction of Chinese policy towards the maritime domain changes slowly, and only when dealt with by the Standing Committee of the Politburo. The Standing Committee is a collective decision-making body, and, consequently, changes in any national policy reflect the degree of consensus among the nine members. This may leave lower-level actors without clear guidance on specific maritime issues; thus, some bureaucratic actors may be reluctant to act until there is direction from above, while other actors may continue in certain actions until the Standing Committee tells them to stop.

Third, there are likely to be coordination problems on maritime issues at lower levels. The Chinese political system tends to be very stovepiped, and coordination across

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<sup>186</sup> Interviews with Chinese analysts; and “Yin Zhuo: Maritime Hegemony .”

<sup>187</sup> For a good introduction to the Standing Committee and elements of the Chinese political system see Kenneth G. Lieberthal, *Governing China* (New York: WW Norton, 2003).

<sup>188</sup> A. L. Miller, “Hu Jintao and the Party Politburo,” *China Leadership Monitor*, no. 9 (Winter 2004).

agencies can be a challenge.<sup>189</sup> Given the increasing diversity of Chinese actors in the maritime domain, coordination will be very complex and potentially fragmented. Some Chinese sources suggest that the lack of more effective coordination and administration is, in fact, a real detriment to Chinese maritime policy.<sup>190</sup> While there may be a central set of guiding principles originating in the Standing Committee, there is no mechanism to coordinate policy across different types of maritime actors or to produce a set of policy documents that integrate maritime security policy and maritime economic policy.<sup>191</sup>

Fourth, this suggests, as some interviewees have indicated, that below the Standing Committee level, maritime policy and implementation is fragmented and each component receives direction and administration from several national-level entities that are subordinate to the national Party leadership.<sup>192</sup>

### **Subordinate elements of the national leadership**

Sources for this study identified three subordinate national leadership elements relevant to the maritime domain:<sup>193</sup>

- The Central Military Commission determines relevant policy for the armed forces and maritime policy.
- The State Council and its subordinate ministries and commissions enact policies and regulations that are relevant to civilian issues in the maritime domain.
- The National People's Congress and its standing committee play a role in passing resolutions and laws relevant to the maritime domain.

It is possible that there are other national-level organizations, such as organizations under the Party's Central Committee, which have a role to play in maritime affairs. However, there is no mention of such organizations in the sources used for this study.

### **The PLA as an actor in the maritime domain**

The People's Liberation Army Navy is obviously the most important military actor in the maritime domain. However, as its name implies, the PLA Navy is part of the PLA and its roles need to be understood within that larger context. While service identities do exist, the PLA is actually a single institution bound together by its role as a Party-army and its historical role in the Chinese Revolution. The PLA is an institution of the Chinese Communist Party and not the state. Most PLA officers are Party members, and the PLA

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<sup>189</sup> Lieberthal, *Governing China*.

<sup>190</sup> Wang Shan and Fu Yu, "International Rivalries"; and interviews with Chinese analysts.

<sup>191</sup> Interviews with Chinese analysts and "Yin Zhuo: Maritime Hegemony."

<sup>192</sup> Interviews with Chinese analysts; and Wang Shan and Fu Yu, "International Rivalries."

<sup>193</sup> Interviews with Chinese analysts and "CPPCC Representative Yin Zhuo."

is overseen by the Party's Central Military Commission (CMC), not the Ministry of Defense.

#### **Military maritime actors**

**Central Military Commission (CMC):** Sets policy for PLA and PLAN modernization, training, and deployments.

**General Staff Department, General Political Department, General Logistics Department, and General Equipment Department:** Implement CMC policy directives.

**The PLA Navy:** Includes submarine, surface, naval aviation, coastal defense, and marine forces, divided into three fleets.

**PLA ground forces:** Forms the bulk of the PLA. The ground forces would provide personnel and equipment for large-scale amphibious landing operations.

**PLA Air Force:** Provides most of the combat aircraft that would be used in any operations over water or against overseas targets.

**Second Artillery:** Controls the conventional long-range missile forces that would be used in an anti-access/area denial campaign or a blockade campaign, or in support of an amphibious island landing campaign.

**People's Armed Police Maritime Border Defense Force:** Is under civilian management in peacetime but would support the PLA in a maritime crisis.

**Maritime militia:** Has a maritime element that could support the PLA in a maritime crisis.

It is therefore inaccurate and misleading to think of the PLAN as a totally separate entity from the rest of the PLA. It would also be inaccurate to assume that the PLAN is the only part of the PLA to have an interest in maritime security. Some of the naval experts we interviewed for this study were ground force officers who were strong advocates of increased naval capabilities. Engaging with only the PLAN might result in missed opportunities to engage individuals elsewhere in the PLA who matter in planning maritime operations.

In addition, it is important to understand the PLAN in terms of the overall organization of the PLA. All PLAN activities are conducted within the context of a larger PLA that is dominated by the ground forces. Ground force personnel dominate the CMC and the four general departments. The commander of the PLAN is the only naval officer that sits on the CMC. Most staff positions that would be considered joint positions in the U.S. military tend to be occupied by ground force personnel in the Chinese system.

It is therefore important to recognize that non-naval elements will play a role in planning and executing maritime operations. For example, logistics planning for the anti-piracy deployments to the Indian Ocean might be planned by ground force officers in the General Logistics Department. Some of the strongest advocates of building a strong Chinese navy are actually ground force officers in Chinese military think tanks. Military

thinking on maritime issues in China is not exclusively a naval activity, even though the PLAN has by far the greatest role to play.

## **Main civilian actors**

Three sets of civilian actors are especially relevant to China and its maritime issues and policies:

- National-level ministries under the State Council
- Civilian maritime law enforcement agencies
- State-owned enterprises that have extensive business operations overseas.

At the national level, several ministries and commissions directly under the State Council have an important role in Chinese maritime affairs. These ministries and commissions primarily act as bureaucratic instruments for the implementation of national policy, though they may also be involved in the formulation of policy and planning in response to general guidelines from the Communist Party. It is possible that some, may be even all, of these organizations pursue their own bureaucratic interests and lobby for resources for programs and initiatives that come within their organizational purview.

Also at the national level, but below the ministerial level, are China's five maritime law enforcement organizations. Research by scholars at the Naval War College indicates that there has been a general movement towards upgrading the capabilities of China's maritime law enforcement forces.<sup>194</sup> These forces may take a more active role than in the past in areas that China claims for its EEZ and in encounters with the maritime forces of other states.

Finally, state-owned enterprises that operate overseas appear to be becoming more important as potential actors with regard to Chinese maritime policy. At a minimum, they represent a major reason why Hu Jintao has called upon the PLA to protect China's expanding national interests. They also maybe emerging as a potential interest group or set of interest groups with the ability to pressure China's leadership to take a more active stance in defending Chinese economic interests in other countries. While this is somewhat speculative, there is at least some anecdotal evidence to suggest that they are already doing so. These issues will be discussed further below.

## **Actors under the State Council**

At the national level, responsibility for maritime policy is not consolidated under any one ministry or institution. Rather, as with many other countries, tasks and responsibilities are

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<sup>194</sup> Goldstein, *Five Dragons*.

spread across a variety of organizations. Based on official government documents, State Oceanic Administration yearbooks, and interviews, there are at least 22 organizations under the State Council (see table 2) that administer and implement maritime policy with regard to areas such as maritime law enforcement, maritime security, and maritime economic development.<sup>195</sup>

**Table 2. Chinese national-level organizations involved in maritime affairs<sup>196</sup>**

| <b>Name of Institution</b>                          | <b>Maritime Administrative Functions</b>                                                                                                                                                                                                                                                                                            |
|-----------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>National Development &amp; Reform Commission</b> | Implements and coordinates economic and social development strategies; develops economic plans, including those related to the maritime domain.                                                                                                                                                                                     |
| <b>Ministry of Foreign Affairs</b>                  | Leads or participates in drafting policies concerning land and maritime borders and other foreign policy issues related to maritime affairs.                                                                                                                                                                                        |
| <b>Ministry of Science and Technology</b>           | Responsible for managing, regulating, and promoting the development of maritime science and technology.                                                                                                                                                                                                                             |
| <b>Ministry of Land and Resources</b>               | Protects and oversees the exploitation of China's natural resources, including its maritime resources. Manages and regulates activities in all coastal waters under Chinese jurisdiction. Its duties include law enforcement, environmental protection, overseeing scientific research activities, and laying underwater pipelines. |
| <b>State Oceanic Administration</b>                 |                                                                                                                                                                                                                                                                                                                                     |
| <b>China Geological Survey</b>                      | Responsible for organizing, regulating, and overseeing the execution of marine geological surveys.                                                                                                                                                                                                                                  |
| <b>State Bureau of Surveying and Mapping</b>        | Responsible for regulating and planning national surveying and mapping efforts, including those involving sea areas.                                                                                                                                                                                                                |
| <b>Ministry of Environmental Protection</b>         | Develops and implements environmental protection policies, including those on protecting the marine environment from land-based pollutants.                                                                                                                                                                                         |
| (continued on next page)                            |                                                                                                                                                                                                                                                                                                                                     |

<sup>195</sup> *National Maritime Industry Development Planning Outline*; State Oceanic Administration, *China Ocean Yearbook 2008* (Zhongguo haiyang nianjian; 中国海洋年鉴), (Beijing: Ocean Press, 2008); and interviews with Chinese defense analysts.

<sup>196</sup> *China's Ocean Development Report 2010*, OSC translation, pp. 107-110; Bickford, Velluci, and Holz, p. 66; PRC National Administration of Surveying, Mapping and Geoinformation official webpage: <http://en.sbsm.gov.cn>; The Chinese Government's official web portal "Ministry of Information Industry" webpage: [http://gov.cn/english/2005-10/01/content\\_74175.htm](http://gov.cn/english/2005-10/01/content_74175.htm); PRC Ministry of Agriculture website: <http://english.agri.gov.cn>.

| <b>Name of Institution</b>                                                | <b>Maritime Administrative Functions</b>                                                                                                                                                                      |
|---------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Ministry of Transport</b>                                              | Regulating, managing, developing China's maritime transport industry, including its sea ports, and maritime rescue and salvage activities.                                                                    |
| <b>Maritime Safety Administration</b>                                     | Supervising national maritime safety efforts, including the inspection of vessels and maritime facilities, navigation support management, administrative law enforcement, and coordinating rescue operations. |
| <b>China Maritime Search and Rescue Center, Rescue and Salvage Bureau</b> | Provides maritime emergency response services, salvages shipwrecks and sunken objects, maritime fire control, and cleaning up oil spills.                                                                     |
| <b>Ministry of Agriculture</b>                                            | Manages the maritime aquaculture and the fishing industries and enforces laws pertaining to fishing activities in China's territorial waters and EEZ.                                                         |
| <b>Bureau of Fisheries</b>                                                | Manages the fishing activities nationwide, which includes inspecting and supervising fisheries, fishing ports, and fishing vessels.                                                                           |
| <b>Ministry of Public Security</b>                                        | Shares responsibility with the Central Military Commission for overseeing the People's Armed Police (PAP).                                                                                                    |
| <b>Frontier Guard Administrative Bureau</b>                               | Responsible for off-shore and maritime public security.                                                                                                                                                       |
| <b>Ministry of Industry &amp; Information Technology</b>                  | Regulating and developing China's information industry, supervising the PRC's salt industry including sea salt, and managing national salt reserves.                                                          |
| <b>Ministry of Education</b>                                              | Responsible for coordinating international cooperation in such areas as education, science and technology, and culture.                                                                                       |
| <b>National Tourism Administration</b>                                    | Responsible for managing the national travel industry, including travel by sea.                                                                                                                               |
| <b>State Administration of Cultural Heritage</b>                          | Responsible for protecting and managing underwater cultural relics, as well as approving of related archeological exploration activities.                                                                     |
| <b>General Administration of Customs</b>                                  | Responsible for national anti-smuggling efforts both on land and at sea.                                                                                                                                      |
| <b>Anti-Smuggling Department</b>                                          | Affiliated with the MPS, it searches and pursues maritime smugglers; and propose regulations for fighting maritime smuggling, and organize their enforcement                                                  |
| (continued on next page)                                                  |                                                                                                                                                                                                               |

| Name of Institution                         | Maritime Administrative Functions                                                                                                                       |
|---------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>People's Liberation Army Navy (PLAN)</b> | Charged with ensuring China's maritime security, defending the sovereignty of its territorial waters, and protecting its maritime rights and interests. |
| <b>PLAN Navigation Support Department</b>   | Carries out basic hydrographic surveys for nautical charts.                                                                                             |

In addition, each of these organizations has a counterpart at the provincial level that also plays a role in issues related to the sea. For example, each coastal province, as well as the cities of Tianjin and Shanghai, has a local maritime economic development plan for the development of sea areas off their coasts.<sup>197</sup> Coastal provinces also have their own fishing and transportation fleets, which are administered through local bureaus for fishing and transportation, respectively.<sup>198</sup> It is not clear, based on the evidence available for this study, how much input provincial actors have on national policy.

All the organizations listed above have seen a recent expansion in roles and tasks related to maritime issues. The National Reform and Development Commission plays a role in all aspects of economic development and has played a role in the drafting and implementation of China's maritime economic development plan.<sup>199</sup> The Ministry of Commerce and the Ministry of Transport have gained wider responsibilities as China's trade has expanded. The Ministry of Commerce touches on China's expanded global economic interests through its role in trade policy and its role in promoting FDI.<sup>200</sup> In addition, both the National Development and Reform Commission and the Ministry of Commerce are reported to be increasingly important actors in the China's foreign policy as a result of their roles in international economic policy.<sup>201</sup>

The Ministry of Transport is concerned about SLOC security. Evidence indicates that the ministry played at least a consulting role in the decision to begin anti-piracy operations in the Horn of Africa and may have played an active lobbying role in pushing the decision to deploy PLAN vessels to the area.<sup>202</sup> All of the ministerial-level organizations have multiple functions and a large part of their duties are based on land. That said, the maritime aspects of these organizations all appear to be expanding as a result of China's increasing role in the world economy and the importance of the marine economy to

<sup>197</sup> Shanghai and Tianjin are cities that are equivalent of a province in terms of their administrative level.

<sup>198</sup> Detailed information on provincial level maritime activities and planning can be found in the China Ocean Yearbook Series. See for example, China Ocean Yearbook Committee, *2008 China Ocean Yearbook* (2008 *Zhongguo haiyang nianjian*; 2008 中国海洋年鉴), (Beijing: Ocean Press, 2008).

<sup>199</sup> Interviews with Chinese analysts.

<sup>200</sup> Ibid.

<sup>201</sup> Jakobson and Knox, "New Foreign Policy Actors in China."

<sup>202</sup> Interviews with Chinese analysts.

China's overall economic growth. For example, as the role of ocean transport has increased, so has the role of the Ministry of Transport in maritime affairs.<sup>203</sup>

The State Oceanic Administration is also an important actor though at one level below that of a ministry. It appears to be have a growing role in coordinating and implementing scientific research and environmental issues in China's EEZ. Since 1998 it also has a law enforcement function for the EEZ (see next section).

### Civilian maritime law enforcement

China also has five maritime law enforcement forces, each under a different ministry or bureau. These are summarized in the following box.

| Maritime law enforcement                                                                                                                                                                                                                                                                                                                                                                                              |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>The Maritime Safety Administration:</b> Subordinate to the Ministry of Transportation, this organization is the largest of the maritime law enforcement agencies, with at least 20,000 personnel. Its missions include inspecting and registering foreign and Chinese vessels, controlling marine traffic, maintaining navigation aids, implementing domestic and maritime laws, and conducting search and rescue. |
| <b>People's Armed Police Border Defense Maritime Force:</b> Jointly controlled by the CMC and the Ministry of Public Security, this force is also known as the Chinese coast guard. It is primarily tasked with border police functions and security at ports. It is the second largest maritime law enforcement force and is reportedly the best armed of the five maritime law enforcement agencies.                |
| <b>China Marine Surveillance:</b> Subordinate to the State Oceanic Administration, this organization was founded in 1998. Its primary missions are coastal surveillance and investigation and prosecution of violations of Chinese law in the EEZ. In 2008, its deputy director announced that it would become a reserve unit of the PLAN.                                                                            |
| <b>The Fisheries Law Enforcement Command:</b> Subordinate to the Ministry of Agriculture, this command is tasked with the protection of fisheries in Chinese territorial waters and the EEZ.                                                                                                                                                                                                                          |
| <b>General Administration of Customs:</b> This force has primary responsibility for maritime anti-smuggling operations.                                                                                                                                                                                                                                                                                               |

There are five civilian law enforcement organizations that are active in China's territorial waters, contiguous zone, and EEZ. There is some overlap in the functions of these five services and there has been considerable debate in China regarding the possibility of merging these organizations into a single coast guard service modeled on that of the United States.<sup>204</sup> However, given the complexities involved in such a measure, some Chinese interlocutors note that it is unlikely that these five services will be merged anytime soon.<sup>205</sup>

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<sup>203</sup> Ibid.

<sup>204</sup> Interviews with Chinese analysts.

<sup>205</sup> Ibid.

Evidence suggests that at least three and possibly all five organizations are being modernized in terms of capabilities and personnel.<sup>206</sup> These law enforcement forces will likely be taking a more active role in enforcing protection of marine resources in areas that China claims as territory and in its EEZ. They will also, as they expand, play a greater role in establishing Chinese presence in areas under dispute. In 2010, there were reports that China Marine Surveillance vessels harassed Japanese coast guard vessels in waters near the Senkaku Islands.<sup>207</sup> These law enforcement vessels may increasingly encounter USN ships in international waters off China.

### State-owned enterprises

Beijing's "go out" policy has led to an extensive expansion in the number and scope of overseas activities by Chinese state-owned enterprises. Many of these companies now have extensive economic holdings abroad. For example:

- China National Petroleum Corporation has projects in 44 countries.<sup>208</sup>
- China National Offshore Oil Corporation has operations in a number of countries, including Indonesia, Australia, Nigeria, and Chad.<sup>209</sup>
- China Forestry Group has extensive logging concessions in Brazil, Gabon, and Russia.<sup>210</sup>
- Sinochem has operations in Europe, South America, Africa, and Southeast Asia.<sup>211</sup>
- COSCO Group, China's largest marine transport enterprise, operates in 1,500 ports in over 160 countries.<sup>212</sup>

Some interviewees stated that large state-owned enterprises (SOEs) are beginning to emerge as interest groups in their own right and are occasionally able to influence policy-makers.<sup>213</sup> While the evidence provided by interviewees is far from conclusive, it is worth noting that the heads of some large state-owned enterprises hold the equivalent of

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<sup>206</sup> Lyle Goldstein, *Five Dragons*.

<sup>207</sup> "New Contests Quietly Unfolds Between China and Japan in the East China Sea," *Guoji Xianqiu Daobao* Online, 14 May 2010.

<sup>208</sup> CNPC website, [www.cnpc.com.cn/en/cnpcworldwide/](http://www.cnpc.com.cn/en/cnpcworldwide/).

<sup>209</sup> China National Offshore Oil Corporation website, [www.cnooltd.com](http://www.cnooltd.com).

<sup>210</sup> China Forestry Group website, [www/CFGC.cn/en/English/qymll.asp?=/directory](http://www/CFGC.cn/en/English/qymll.asp?=/directory).

<sup>211</sup> Sinochem website, [www.sinochemintl.com/en/index\\_en.asp](http://www.sinochemintl.com/en/index_en.asp).

<sup>212</sup> COSCO website, [www.cosco.com.cn/en/index/jsp](http://www.cosco.com.cn/en/index/jsp). Some interviewees cited COSCO as an important actor in maritime policy. Interviews with Chinese analysts.

<sup>213</sup> Interviews with Chinese analysts.

vice-ministerial rank and a few even serve on the Communist Party's Central Committee.<sup>214</sup>

SOEs also provide the Chinese government with almost one-sixth of its income.<sup>215</sup> This suggests that the top management of large state-owned enterprises at least has the opportunity to influence or lobby Chinese officials. It is possible that, as China's economic footprint expands, large Chinese companies may become drivers of future maritime policy.

## Conclusions

As China's stake in the maritime domain has expanded, so has the number of civilian actors. Several civilian bureaucracies now have an enlarged stake in Chinese maritime policy. They may play a greater role in determining the direction of China's overall maritime policies. There is at least some evidence to suggest that the Ministries of Transport and Commerce have played a role in the decision to send the PLAN into the Indian Ocean to fight pirates—meaning that civilian ministries are influencing the use of the military in the maritime domain.

State-owned enterprises have also expanded overseas, and there is some anecdotal evidence to suggest that they are becoming actors in their own right, at least at the margins. It may be the case that civilian concerns—especially economic ones—will increase as a factor in maritime policy-making. That is, economic issues and trade may drive what kind of navy China builds in the future. Our interviews provided interesting, but far from conclusive, evidence suggesting that civilian actors may be attaining more influence in terms of policy direction. Such analysis is beyond the scope and resources of this paper; however, further research on the topic could yield important insights into maritime policy in China.

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<sup>214</sup> Jakobson and Knox, "New Foreign Policy."

<sup>215</sup> Ibid.



## Chapter 6: Conclusions and implications

*The PLAN is at a crossroads and it is vital that China develop a clear strategy as to what form the PLAN should take and how China will use its navy.*

— Chinese analyst<sup>216</sup>

### Some general observations

#### On China

At the beginning of this study, the question was raised as to what kind of maritime power China will be. The answer for now appears to be that it is unclear and that Chinese policy-makers and the subject matter experts who support them are still wrestling with this issue. As noted previously, China's interests in the maritime domain, and the debate about what kind of maritime forces it needs to have, have evolved rapidly. Thirty years ago, China's maritime security interests were coastal and its interests in the wider oceans were limited. Before 1979, Chinese leaders had little interest in trade and interests overseas were primarily ideological. Interests in the seas were primarily limited to territorial concerns and the fear of attack from the sea. Indeed, the term for the legal concept of "maritime rights and interests" had not even entered the Chinese political and legal lexicon prior to 1992.

All that has changed. China's interest in the oceans has expanded considerably and is likely to continue expanding in the near future. There are now more bureaucratic actors involved the maritime domain than before. China has emerged as a state with global economic interests. It is the second largest trading state in the world, and is dependent on that trade for the health of its commercial sector and the importation of oil and other strategic materials. In addition, there has been a significant expansion of overseas Chinese investment, with Chinese state-owned enterprises now operating on every continent. China has global interests and, as President Hu Jintao acknowledged, the oceans are what connects China to the world.

Yet, it is not clear how, or whether, these global economic interests translate into a clearly defined overall approach to the maritime domain. China has never produced a white paper on maritime issues or published a strategy for the civilian or military elements of maritime power. As noted in the previous chapter, it has no comprehensive body of policy that unites the various elements of its maritime interests for effective coordination—even though anecdotal evidence presented in that chapter indicates that there is a widespread desire among Chinese maritime subject matter experts for such an entity. Nor is it clear how China's multiple actors in the maritime domain interact with

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<sup>216</sup> Interview with Chinese analyst.

each other or to what extent they drive the development of policy or are implementers of that policy. All of these factors suggest that China's institutional arrangements for dealing with maritime affairs are still in the early stages of development and that China has yet to fully address multiple issues related to regional seas as well as global economic interests that depend on access to the global commons.

Many of China's interests in the maritime domain are focused on regional seas; certainly this is the case with its maritime territorial interests. China also stresses the importance of maritime economic interests close to home. Beijing has placed a priority on the development of its EEZ producing two sets of guidelines for the development of the marine economy in this past decade. While these guidelines do include plans for the exploitation of marine resources on the high seas, the overwhelming focus is on the littoral—China's territorial waters and claimed EEZ. Even the term “maritime rights and interests”—which covers rights in territorial waters, the EEZ, and the high seas—appears to be mostly used in references to describe the exercise of maritime rights in the EEZ.

However, Hu Jintao has clearly designated access to the maritime commons as essential to expanding Chinese national interests. Both civilian organizations and military writers talk about the need to protect SLOCs and the need to protect Chinese citizens abroad. There is a clear acceptance at both the leadership level and the level of military and civilian maritime analysts that China now has global maritime interests.

In some respects, China resembles the sea powers of 18<sup>th</sup>- and 19<sup>th</sup>-century Europe in that it has significant global economic interests which need protection and yet most of its most important maritime security interests remain close to home. The British and French navies needed to be able to protect their commerce on distant seas; they also needed to maintain strong home fleets to deter aggression by their principal rivals, who also happened to be their neighbors. China is in a similar position at the beginning of the 21<sup>st</sup> century.

China is at a potential turning point. In many respects, it still focuses on coastal and regional maritime issues and is still predominately a land power. At the same time, there are powerful drivers pushing it to think globally about maritime issues and to develop policies and actions that can protect those interests. There are also emerging actors that are connected to those new global interests. How China resolves these issues will have important implications for what kind of actor it will be in the future and what kind of navy it will need.

### **On the PLA Navy**

China is also at a distinctive crossroads in its naval development. First, the PLAN is becoming a force which has to operate as two types of navy: It needs to be a regional force that is equipped, organized, and trained for the defense of security and economic interests within and just beyond the First Island Chain. At the same time, it needs to be a navy that can engage in long-distance operations in support of China's increasingly global economic and political interests.

Second, it must be able to support a much greater variety of missions than it could 10 to 15 years ago. In the 1990s, its primary task was to be able to conduct asymmetric operations against the United States in the event of a conflict over Taiwan. That mission remains. But its potential missions have expanded, to include countering a variety of non-traditional security operations, as well as showing presence and gaining influence.

Third, it is becoming a navy that is designed as much for peacetime operations as for war. In the past, the PLAN primarily served to deter and prepare for war. Those missions still exist. But new missions being assigned to the PLAN will require a different mix of equipment, capabilities, and training. Many of its peacetime tasks—such as the current anti-piracy operations, and perhaps SLOC protection and future NEOs—will require cooperation with other states and their navies.

Fourth, even with China's continued economic growth, the sheer variety of tasks being assigned to the PLAN suggests that there will have to be trade-offs in terms of what the PLAN can actually do. It is important to note in this context that, except for Taiwan—which remains the “Main Strategic Direction”—none of the Chinese sources used for this study have any information that indicates how the PLAN or Chinese leaders intend to prioritize the proliferating number of potential missions in the maritime domain.

Fifth, as the discussion of drivers makes clear, there are very strong pressures on China to develop a navy that is capable of more than just conducting regional operations. But, as yet, there is no evidence to suggest that the Chinese are intent on building a global navy that is intended to challenge the United States. That may change in the future, but for now the primary drivers that are pushing Beijing to develop long-distance capabilities are aimed at protecting China's economic interests and countering those non-traditional threats that it is concerned about.

## **China's likely future trajectory as a maritime power**

As China does not have a published maritime strategy or doctrine, it is not possible to state with certainty what its maritime security objectives are. However, the analysis presented in the previous chapters, based on Chinese open-source material, provides some indicators of what China's future trajectory is likely to be. In this section, we present our best assessment based on our analysis of maritime interests, drivers, and actors.

### **Objectives as an “offshore” maritime power**

Assessing Chinese maritime priorities is problematic. Outside of the issue of reunification of Taiwan, there is no official list of objectives. However, based on material presented in previous chapters, we assess that at the present time, China's highest priorities are concentrated within the area that the Chinese military refers to as “offshore.” This assessment is based on several points. First, protecting territorial integrity and

sovereignty is one key goal of the regime. All of China's maritime sovereignty issues are within the First Island Chain. Second, there is a high concentration of drivers related to the regional seas that Chinese refer to as "offshore." The marine economy is mostly a coastal economy. All of China's pressing traditional security concerns are concentrated in regional seas. Third, many of the bureaucratic actors that matter in the maritime domain focus on the offshore region.

China's objectives in the offshore region are:

*Achieve reunification between Taiwan and the Chinese mainland.* Reunification with Taiwan, whether by peaceful means or by coercion, remains the primary security objective with regard to the maritime domain. Since 1993, the Main Strategic Direction has been Taiwan. Taiwan is the most important of the territorial issues for the Chinese Communist Party. The recent improvements in relations between Beijing and Taipei have not altered that basic fact. Beijing is likely to continue to use military, economic, cultural, and political assets in pursuit of this goal.

*Defend China's territorial and maritime boundary in the South China Sea, the East China Sea, and the Yellow Sea.* Of these, the South China Sea may have the highest priority, as it is an area where several drivers intersect. The South China Sea issue is not just a matter of which islands belong to China and where maritime boundaries should be drawn. As noted earlier in this study, the South China Sea is also about access to marine resources which Chinese leaders deem critical for the country's economic survival. The disputed areas of the South China Sea also lie close to China's main shipping routes headed to Australia and the Strait of Malacca. In the South China Sea, the political reputation of the CCP as defender of territorial integrity is at stake, as are important Chinese economic concerns. Moreover, China is concerned about the activities of neighboring states. After Taiwan, this appears to be where the highest concentration of drivers is.

The East China Sea and Yellow Sea are also important. The East China Sea presents both a territorial and an economic issue. China has important economic interests in the Yellow Sea, and there are still boundary issues with both Koreas that need to be resolved. Defending these claims is therefore also likely to be an important priority.

*Protect China's access to marine resources in the EEZ and elsewhere.* China views the protection of its maritime rights and interests in its territorial waters and claimed EEZ as important interests, and has identified them as such since 1992. China economic development policy also places heavy emphasis on the development of marine resources, especially in the EEZ. This objective also extends to protecting China's deep ocean fishing fleet and access to resources on the international seabed; however, most of the marine resources to be protected lie in areas claimed for China's EEZ. Efforts to defend China's territorial and maritime boundary claims and access to maritime resources will likely lead to further challenges by China.

*Prevent the First Island Chain from being used as a means to blockade China's access to the Pacific Ocean.* As noted in a previous chapter, a key driver is to prevent an opponent from using chokepoints as a means to deny China access to the oceans. As stated in a number of sources used in this study, the First Island Chain is a series of potential chokepoints from the Chinese perspective. All Chinese shipping to and from North America, South America, Australia, Africa, Europe, the Middle East, and South Asia must pass through either the Strait of Malacca or one of several channels through the First Island Chain. Preventing a hostile enemy from blocking chokepoints is a likely objective.

### **Objectives connected to “distant seas” operations**

Identifying objectives connected to what the Chinese refer to as “distant seas” operations is more difficult than identifying objectives of its offshore defense. As noted earlier in this study, serious debate about conducting these operations only began in 2004 or so; thus, there has been insufficient time to develop clear objectives and determine the means of achieving them. Furthermore, China's interests in the larger maritime domain are more diffuse. Today, piracy off the Horn of Africa represents the most active threat to SLOCs. Tomorrow, it might be maritime terrorism in the Red Sea, a major conflict in the Arabian Gulf, or piracy in the Gulf of Guinea.

Based on material presented in this study, there appear to be four primary maritime security concerns related to what the Chinese call distant seas operations.

*Protect SLOCs.* The need to protect SLOCs in order to ensure both the security of exports and the importation of energy and other strategic materials is an important driver of change. While energy SLOCs from the Middle East and Africa are obviously very important, many other SLOCs also need to be protected. China is therefore likely to use all elements of its maritime power to protect not just energy SLOCs but all SLOCs that matter to Chinese actors.

*Defend Chinese national interests overseas.* This task was clearly set by Hu Jintao in the “New Historic Missions.” However, this study was unable to find data that suggest that there are any clear priorities in what national interests overseas will be defended or what capabilities China will need or want in order to protect those interests. Chinese military writers appear to be still struggling to develop options other than simply relying on the goodwill of other countries. It appears from the debate on distant operations that some Chinese writers are articulating the need for some kind of overseas berthing facilities and forward deployment, which suggests that at least some Chinese subject matter experts anticipate the need for some kind of expeditionary capabilities.

*Counter non-traditional security threats.* Non-traditional security threats have also been clearly identified as an important driver. This suggests that China may pursue a number of related capabilities aimed at enhancing its ability to counter non-traditional security threats. One such objective is the ability to conduct anti-piracy and possibly anti-

maritime terrorism operations. Another is to be able to conduct HA/DR missions in support of China's interests and to promote China's image abroad.

*Build up influence.* As China builds up its foreign investments and trade and protects its citizens, it is likely to think more and more about how it can build up its influence in other regions to its advantage. Maritime forces are one possible route to developing goodwill. The fall 2010 deployment of the Chinese hospital ship, *Peace Ark*, to Tanzania, Djibouti, the Seychelles, and Bangladesh in order to provide humanitarian assistance is likely a harbinger of things to come.<sup>217</sup>

## Conclusions on China's trajectory

Altogether, the data presented in this study make it clear that China has powerful incentives to develop its maritime power beyond its own immediate region. At the same time, there are limits to how much it can develop its capacity to project maritime power long distance. For the foreseeable future, China will not become a true global maritime power capable of operating worldwide, though it will likely become a routine presence in many areas beyond its regional seas. We further assess that China will continue to develop all aspects of maritime power close to home, as the threats there continue to be the greatest from the Chinese perspective.

Based on the above discussion, it is clear that for the moment, PLAN modernization and force building is likely to stay focused on an "offshore" orientation. First, in this area, one task has a clear priority: reunification with Taiwan. Second, China's remaining territorial issues are also located within the First Island Chain, and territorial integrity and sovereignty have clearly been identified as primary missions for the PLA in the "New Historic Missions." Defense of the EEZ is important, not just for territorial reasons but also because of the high level of importance that Chinese leaders attach to the development of marine resources in the EEZ. China's Economic Development Plan for the marine economy states that marine resources in China's EEZ and in the open oceans are essential for China's survival. This suggests that China will have a strong and intense reaction if it perceives that these resources are being threatened. Given these concerns, it is in this area that China is most likely to find itself in a confrontation with another state actor. In sum, it is in the Chinese "offshore" area that China has the most drivers and the highest concentration of interests that it wants to defend.

While all "distant seas" concerns are important, they are also diffuse and intermittent. All these objectives are important, but they are also diffuse and intermittent. Protecting overseas interests is a broad category that encompasses a wide range of possible contingencies and, given the extent of Chinese investments, covers multiple continents. In addition, distant seas missions do not appear to have the same priority as missions in the offshore. We therefore assess that long-distance missions will continue to develop as

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<sup>217</sup> See Mackenzie, *Red Crosses, Blue Water*.

part of the PLAN's overall tasks but in general may have lower priority than missions offshore.

## **Implications for the PLAN and other Chinese maritime forces**

China's changing views on the maritime domain have several implications for the PLAN and maritime law enforcement forces:

- Both the Chinese navy and maritime law enforcement forces are facing an expanded and much more complicated range of missions.
- Both the PLAN and law enforcement forces may need to reorganize and change their force structures.
- The PLAN will likely need to develop better capabilities for long-range force projection, possibly including some kind of shore-based support facilities and forward deployment.
- The PLAN may have a greater role in extending Chinese influence
- The PLAN will likely seek more cooperative arrangements with other navies for operations outside the Western Pacific.

### **Expanded missions**

Both the PLAN and the five law enforcement forces are already facing an expanded and more complex range of missions. Maritime law enforcement forces may take on a greater part of the burden of providing maritime law enforcement missions and non-traditional security missions within China's EEZ. Some of these forces may also be assigned missions to police disputed areas and confront civilian and coast guard vessels belong to China's neighbors. While China is likely to continue to challenge the presence of Japanese and Southeast Asian ships in areas under dispute, it also has a vested interest in preventing these confrontations from escalating. Chinese coast guard vessels better suit this purpose than PLAN vessels. By the same token, China may also use coast guard vessels to confront USNS survey ships in the EEZ. There is therefore the possibility of continued and increasing negative interaction between Chinese maritime law enforcement forces and those of other regional countries and the United States.

The PLAN is increasingly being tasked with a full range of missions directed at SLOC protection, deterrence, presence, demonstration of force, HA/DR operations, anti-piracy operations, preparation for combat operations against the US, and preparation for combat operations against smaller naval forces that have asymmetric capabilities that can be used against China. This suggests that the PLAN will continue to develop new capabilities and may field a wider range of platforms and weapons systems to accommodate the greater range and complexities of its missions.

## **Reorganization and/or changes in force structure**

Data for this study suggest that there may be more calls in the future to reorganize both China's maritime law enforcement forces and the PLAN. Both maritime law enforcement and the PLAN are organized along lines established at a time when China was a purely coastal state and its interests were more limited.

As noted in the previous chapter, Chinese interlocutors have indicated that there is considerable debate about the need to establish a coast guard modeled on that of the United States. China's current law enforcement structure is likely to be increasingly inappropriate for its needs going forward. The five maritime law enforcement forces have overlapping missions, varying capabilities, and differing internal organizations. They are affiliated with different ministries, creating coordination issues.

There may also be some reorganization of the PLAN. The current organization of three fleets, each subordinate to a military region, is a relic of the time when the PLAN was a coastal defense force. While three fleets are appropriate for an offshore defense, the current structure may become less appropriate, and need to be reorganized if the PLAN takes on more long-distance operations. Already there has been some speculation in the Chinese media that there will be a separate command structure for China's first aircraft carrier which began sea trials in August 2011.<sup>218</sup>

The PLAN may also need to alter its force structure in terms of what types of platforms it operates. Anti-access missions favor submarines, but SLOC protection, non-traditional threats, and possible NEOs all require surface ships. The more peacetime operations the PLAN conducts, the more it will need a variety of different types of surface vessels. Unfortunately, this study was unable to find sufficient Chinese military writings in the public domain to assess what type of force mix naval analysts might be contemplating.

## **Better "presence" projection capabilities**

Long-distance missions require logistical support. While the initial anti-piracy deployments relied on supply ships for all their needs, the PLAN has apparently decided that this is not practical in the long run, as the Chinese now occasionally use ports in Aden and Oman. As noted in the chapter "China's perceptions in the maritime domain," there is an increase in literature in which some Chinese analysts are arguing for the consideration of some kind of basing/shore-based logistical support on a more permanent basis. In any case, securing this long-distance logistics tail will become more important as China initiates more long-distance operations.

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<sup>218</sup> See for example Robert Karniol, "China's Fourth Fleet," *The Straits Times*, September 11, 2011 [www.straitstimes.com](http://www.straitstimes.com).

Interestingly, some PRC analysts are also beginning to talk about a need for forward deployment. Currently all Chinese vessels are based in China. Given distances between Chinese ports and the locations where those ships might be needed to protect Chinese citizens, China may need to consider such an option.

### **Possible new cooperative security arrangements**

A key Chinese concern is maritime security and the safety of sea lanes and chokepoints. As one of the world's most important trading states, China has to worry about the safety of its global shipping. Given the length of China's SLOCs and its limited resources, it will likely have to think about building collective maritime security arrangements with other navies.

### **A possible greater role in extending Chinese influence**

The USN plays a role in promoting U.S. influence around the world through humanitarian assistance and ship visits. The PLAN is also beginning to take on this role. The Indian Ocean has many littoral states that are prone to natural disasters and some, such as Djibouti, are underdeveloped and could benefit from the kind of humanitarian assistance operations the USN does now. It is certainly possible that China may use its hospital ship on such a mission in the near future. Such a move would be a non-threatening means to further the presence of the PLAN in the Indian Ocean and could be used to build goodwill towards China.

In summary, we assess that the PLAN and other maritime forces are likely to expand their capabilities, operating areas, and missions. The PLAN will increasingly become a navy that operates on a routine, though not necessarily permanent, basis beyond the Western Pacific.

### **Implications for the United States and other countries in the region**

China's rise as a maritime power has several implications for the United States and China's maritime neighbors. First, China is no longer just a continental power. It is now a maritime power as well, and the maritime domain plays a greater role in Chinese national strategy than at any time in the country's history. This means that both the United States and China's maritime neighbors (the two Koreas, Japan, Taiwan, the Philippines, Malaysia, Vietnam, and Indonesia) will have to realize that China is a permanent maritime presence in the Western Pacific Rim and that the strength and capabilities of its maritime forces will grow. This does not necessarily mean that China is a threat to its maritime neighbors or to U.S. interests in the Western Pacific. It does mean that U.S. policy needs to take into account a stronger political, economic, and military presence by China when engaging countries in the region, and that the United States needs to be aware of how China's rise as a maritime power affects the interests and policies of America's allies and partners in the region.

Second, China is now a permanent, though limited, actor in the wider maritime domain. While China is likely to continue to focus on its maritime interests in its “near seas,” it will increasingly be active in the Indian Ocean and elsewhere. The United States may find China competing for influence as it tries to secure its economic interests in Latin American and Africa. The PLA Navy may use port visits, hospital ship missions, combined exercises, and other military diplomatic tools in support of China’s efforts to secure its expanding national interests. U.S. policy will need to adjust to the fact that the China will be a factor in many maritime-related security issues around the globe—in the Indian Ocean, the Arctic, and elsewhere.

Third, as a maritime power, China shares many interests with other maritime powers, especially when it comes to keeping order at sea. All maritime trading states, including China, have a stake in ensuring safe passage of merchant shipping. This means that in the future the United States and other maritime states may have multiple opportunities to encourage and develop mechanisms for cooperation with China in fostering good order at sea. China is already cooperating with the United States and others in anti-piracy operations in the Gulf of Aden. Future possibilities include response to natural disasters and humanitarian assistance in the maritime domain, counterterrorism at sea, and cooperation in dealing with transnational crime at sea.

Fourth, due to its increasing number of maritime interests and bureaucratic actors, China’s policy-making with regard to maritime issues will likely become increasingly complex. This will present the United States and others with both challenges in understanding the policy process in China and opportunities to engage both a wider range of Chinese actors and on a wider range of issues.

Finally, the rise of China as a maritime power means that the primary maritime relationship between the United States and China moves from one of primarily potential confrontation over Taiwan to one in which there are possibilities for both cooperation and confrontation. This new order will require more complex (and at times more subtle) engagement and interaction between the United States and China in order to manage their relationship at sea.

## **Conclusion**

China is in the midst of an important and potentially far reaching reassessment of how the maritime domain fits into its national security calculus. In less than 30 years, it has moved from an essentially coastal state with limited interests in the sea to a major emerging maritime actor with increasingly global interests. For the first time in its history, China has economic and political interests in every ocean and bordering state. China depends for its economic well-being on maritime trade routes to North America, South America, Europe, Africa, and the rest of Asia. Its policy-makers even show interest in the Arctic Ocean—a trade route that does not yet exist. Its overseas investments are expanding rapidly and Chinese policy-makers are concerned over how to protect the

economic interests of its state-owned enterprises and the lives of citizens abroad. China has joined the naval forces of other countries in combating piracy off the Horn of Africa and is preparing to engage in more missions to counter non-traditional security threats at home and abroad. At the same time, Chinese elites face what they consider to be a hostile environment in regional seas close to home, with significant challenges to China's sovereignty and offshore economic interests.

Chinese political, military, and economic elites are struggling to come to terms with all these issues. China has no indigenous maritime military tradition to serve as a guide and, as a result, is in the process of learning as it contends with the consequences of its emerging global role and debates how to protect global interests and how much of a global presence it may need. Chinese elites are reviewing principles and institutions set at a time when the PRC was a coastal state, not a global actor. New actors are emerging that will likely drive future debate and policy. How Chinese elites deal with these questions will have a huge bearing on what kind of global actor China will be.





**Cover photo credit:** REUTERS/POOL New

Helicopters fly past the Chinese Jiangwei II class naval frigate "Luoyang" at an international fleet review to celebrate the 60th anniversary of the founding of the People's Liberation Army Navy in Qingdao



**Cover Photo Credit:** REUTERS/Eliseo Fernandez

Sub-Commander in Chief of the Beihai Fleet of China Navy, Rear Admiral Wang Fushan, shakes hands with Chinese residents in Valparaiso port

