

“CHINA: MILITARY AND SECURITY DEVELOPMENTS”

**PREPARED STATEMENT OF
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TESTIMONY BEFORE THE HOUSE ARMED SERVICES COMMITTEE

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Mr. Chairman, I would like to thank you for the opportunity to appear before this Committee and to speak about recent military and security developments in the People’s Republic of China (PRC), an issue of continuing significance for U.S. foreign and defense policy in the Asia-Pacific region and beyond. Since the Committee’s last hearing on this topic, in June 2008, we have witnessed several significant developments – some positive, others troubling – many of which were documented in the 2009 edition of the Secretary of Defense’s annual report on *Military Power of the People’s Republic of China*. Although this report will form the backdrop for much of my testimony this morning, I would note that this hearing will also provide an opportunity to speak to several important developments that have occurred in the intervening months and that are informing our efforts as we prepare the first edition of the Secretary of Defense’s annual report on *Military and Security Developments Related to the People’s Republic of China* that is due to Congress in March of this year.

In his July 27, 2009 speech before the opening session of the U.S.-China Strategic and Economic Dialogue, President Obama observed that the “relationship between the United States and China will shape the 21st century, which makes it as important as any bilateral relationship in the world.” Accordingly, the United States has committed itself to the pursuit of a relationship with China that is positive, cooperative, and comprehensive – an aspiration that was re-affirmed in the U.S.-China Joint Statement on November 17, 2009.

The President and Secretary of Defense recognize that sustainable and reliable U.S.-China military-to-military ties are an important component of the overall bilateral U.S.-China relationship and have committed, with PRC President Hu Jintao and Central Military Commission Vice Chairman General Xu Caihou, to work to develop further and improve our contacts and interactions in this area.

From our perspective, we believe that the complexity of the security environment, both in the Asia-Pacific region and globally, calls for a continuous dialogue between the armed forces of the United States and China, at all levels, to expand practical cooperation where our national interests converge and to discuss candidly those areas where we have disagreement. It is especially important during periods of friction and turbulence.

By building cooperative capacity, fostering institutional understanding, and developing common views on the international security environment and related security challenges, the U.S. and Chinese militaries will be better positioned to seize opportunities for cooperation, improve our mechanisms for communication, and reduce the risk of incidents or accidents between our military forces when they operate near each other.

Uncertainty over China's Strategic Intentions and International Role

As President Obama has said, "we can't predict with certainty what the future will bring, but we can be certain about the issues that will define our times." China's growing presence and influence on economic and security questions of regional and global consequence has become one of these defining issues. Indeed, China has made substantial progress over the past thirty years in raising national incomes and in achieving higher living standards for the Chinese people. We respect and applaud this achievement of historical importance. The United States has done much to encourage and facilitate China's development and prosperity through its engagement with the international community. The United States welcomes a strong, prosperous, and successful China

that plays a greater and more responsible role in world affairs. Yet at the same time, we have been watching carefully as China has also embarked on a comprehensive effort to translate its increasing economic capacity into military power.

To understand military and security developments related to the People's Republic of China, we must recognize that the relationship the United States has with China is a complex one: it has elements of cooperation as well as competition, opportunities, as well as challenges.

For example, some of China's emerging military capabilities have allowed it to contribute cooperatively in the delivery of international public goods, from peacekeeping and counter-piracy, to humanitarian assistance and disaster relief. There are other capabilities China is developing that are destabilizing to regional military balances, that could restrict access to the maritime, air, space, and cyberspace domains, or that could enable China to exercise military aggression or coercion against its neighbors. China's growing capabilities also entail greater responsibility, and we remain concerned over the relative lack of transparency from China into the military capabilities it is acquiring, the intentions that motivate those acquisitions, and the resources dedicated to the task. It is this multi-faceted picture of military and security developments in China that I will focus on for the rest of my prepared remarks this morning.

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

In speaking of U.S.-China relations, President Obama has said that "our ability to partner is a prerequisite for progress on many of the most pressing global challenges." The Department of Defense and other parts of the U.S. Government are investing in an expanded suite of mechanisms for dialogue and consultation with the People's Republic of China, such as the State and Treasury-led Strategic and Economic Dialogue, an enhanced program for military-to-military exchange, DoD's Defense Consultative Talks,

and an invigorated Military Maritime Consultative Agreement process to manage maritime safety issues between our two armed forces.

We continue to see some positive examples of cooperation and partnership. On North Korea, Iran, Afghanistan and Pakistan, and host of regional and transnational security issues, we are working well with Beijing and others in the international community. But we believe China can and should do more. I understand my colleague from the Department of State will address the Administration's perspective on these issues in greater detail; however, I would like to discuss a number of these each briefly.

With respect to North Korea, we see Pyongyang's nuclear test and missile launches as underscoring the need for vigorous implementation of UNSC resolution 1874, including irreversible steps by North Korea to completely eliminate its nuclear weapons programs. We are encouraged by China's positive role in organizing the Six-Party process, and we believe China must be part of the implementation of a solution. In the absence of concrete and irreversible action by North Korea to denuclearize, the U.S. will continue to take enhanced security measures with our allies in the region, which inevitably will have ramifications for the larger regional security dynamic.

On Iran, we are committed to the dual track strategy of engagement and pressure and have made a concerted effort over the past year at engagement. Iran's pursuit of nuclear weapons could have major consequences for the stability of the Middle East. Iran has failed to live up to its international obligations and thus we have no choice but to begin pursuing the pressure track. China's support in pressuring Iran will be key. We were able to work together with China and the P5+1 to pass the IAEA resolution in November censuring Iran. As we move forward, we expect that China will continue to stay in line with the views of the international community and support the dual track approach.

Finally, we see a role for China to play in realizing stability and security in Afghanistan and Pakistan. We appreciate China's continued engagement on Afghanistan, but Beijing can contribute further in the fields of development, reconstruction, and agriculture, and could provide a greater level of general assistance in the form of direct budget support to the Afghan Government or contributions to multi-donor trust funds. China has also provided important support for economic progress in Pakistan. However, the PLA could use its ties with its counterparts in Pakistan to enable greater focus on the extremists who use sanctuaries there to attack Afghanistan and the Pakistani government, and to train terrorists for attacks against targets in the United States, China, and Europe.

We have also seen a return to stability and progress in the U.S.-China military-to-military relationship over the past year, following China's decision to suspend a number of planned exchanges in response to the October 2008 U.S. announcement of arms sales to Taiwan.

It is inevitable that our military relationship will be a complex and difficult one to manage. We have different interests in Taiwan. Because of our different histories and philosophies, we view many issues through different prisms. China is a rising power that is seeking a larger place in the world and a stronger military as part of that large role. As China's international role expands, our two militaries will increasingly find themselves operating in the same space. We need to have sustainable and reliable communication channels to ensure that encounters do not lead to incidents or accidents. We need to ensure that China understands our interests and does not challenge them militarily, as we welcome its own increased international role in pursuit of its own national objectives in ways that do not conflict with international norms. The United States and China must find meaningful ways to define the terms of our defense relationship, not by the differences we have, but rather by the interests we share. We also require a more balanced and reciprocal footing to ensure stability and consistency in our exchanges, and to break the on-again/off-again cycle. Stability in the relationship is necessary to build

mutual trust and establish rules of the road that can prevent or least reduce the risk of accidents or incidents.

To build cooperative capacity, for example, we are looking to build upon the positive experiences of our two navies working in concert with the international community to combat piracy in the Gulf of Aden. The United States welcomed China's strategic decision to deploy its assets to the region, bringing China's capacities to bear in support of the international community's effort to address a common threat. China currently participates in escort operations, but does not appear willing to assist in other counter-piracy operations. However, at China's invitation, the Combined Maritime Force, located in Bahrain, met with PRC officials in December to discuss the mechanics of Shared Awareness and Deconfliction (SHADE) and how China could support SHADE's efforts in the Gulf.

There is still much more to be done. There are ways in which our two militaries can work together to find common ground, whether it is countering piracy in other parts of the world, supporting international peace operations, pursuing our shared commitment to non-proliferation, combating infectious disease, or delivering humanitarian assistance and disaster relief to those in need. During Secretary Gates' October 27, 2009 meeting with China's Central Military Commission Vice Chairman General Xu Caihou, the two sides agreed to concrete and practical measures for working together on some of these issues in the year ahead, such as by conducting a joint maritime search and rescue exercise, a disaster management exchange, and military medical subject matter expert exchanges.

Greater openness and transparency among nations leads to greater understanding, mutual trust, and stability in the international system. There are a great many opportunities ahead to expand reciprocal exchanges and cooperation, including those between mid-grade and junior officers, and among our institutions of professional

military education. To foster greater institutional understanding, the United States and China also need to find ways to sustain a comprehensive dialogue, even through periods of disagreement, based on open and substantive discussion of strategic issues. There is perhaps no area of greater importance in this regard than nuclear policy and strategy. Following a first round of talks on these issues in April 2008, China deferred continued discussion. Secretary Gates raised this matter with General Xu. General Chilton did likewise during General Xu's brief visit to U.S. Strategic Command. We are awaiting China's response.

High-level dialogues provide important platforms for building toward common views on the international security environment and related security challenges. During 2009, the visits to China by the U.S. Chief of Naval Operations and the U.S. Chief of Staff of the Army, in April and August, respectively, provided each side the opportunity to exchange views on current security challenges and explore new mechanisms to build relationships between our two militaries. The June 2009 Under Secretary of Defense for Policy-led U.S.-China Defense Consultative Talks and the December 2009 Deputy Assistant Secretary of Defense for East Asia-led U.S.-China Defense Policy Coordination Talks similarly served as platforms for the two sides to exchange views and explore avenues for cooperation across a diverse range of topics, including Iran, North Korea, piracy, and defense policy development.

As we continue to move forward and explore new areas for engagement with the PLA, we do so consistent with the provisions of Section 1201 of the *National Defense Authorization Act for Fiscal Year 2000*. Some have argued that these provisions should be changed. We do not believe that to be the case. There are many areas in which we can expand our exchanges that would not require revisions to the existing statute. U.S.-China military-to-military exchanges have not approached the point where the legal provisions would prohibit any activity in our mutual interest. Although our approach to these defense interactions complies with the law, it also makes for sound security policy,

balancing our interests. To engage the PLA without considering the inherent risk would be irresponsible. However, to avoid engagement altogether risks forfeiting opportunities to increase mutual understanding and lessen the chance for miscalculation, while also encouraging China's responsible behavior as an agent of positive influence on regional and global security affairs.

Despite our determination, as I mentioned earlier we remain troubled by China's continued lack of openness and transparency in military affairs. China's neighbors have voiced similar concerns. This opacity raises questions as to China's long-term intentions, and leads outside observers to compare China's observed behavior and capabilities against its declaratory policies, such as China's January 2007 Anti-Satellite (ASAT) test, for which we have yet to receive a satisfactory response.

Moreover, we remain vigilant in our watch for behavior that puts at risk the safety of our Soldiers, Sailors, Airmen and Marines or is in clear violation of international norms of behavior.

We have not observed a resurgence of the sort of harassment by PRC fishing vessels of U.S. naval auxiliary ships conducting routine and lawful military operations in international waters that occurred in spring 2009, but it could become an issue again. The Department will continue to use all available channels to communicate the U.S. Government position on these and other matters to our PLA counterparts, while taking advantage of opportunities for the two sides to discuss practical ways to reduce the chances for misunderstanding and miscalculation between our armed forces. We are seeking to invigorate the Military Maritime Consultative Agreement (MMCA) process, having held a special session of the MMCA in August 2009 and MMCA charter discussions in December 2009.

China's Military Power

At the Department of Defense, we have a special responsibility to monitor China's military modernization and to maintain deterrence of conflict. Consistent with this responsibility, the Secretary of Defense submitted in March 2009 his annual report on *Military Power of the People's Republic of China*. Although prepared by the Department of Defense and signed by the Secretary of Defense, it is a product of intensive interagency coordination and, as such, reflects the views held broadly across the U.S. Government regarding China's rapidly expanding military capabilities.

As our report shows, China's PLA is pursuing comprehensive transformation from a mass army designed for protracted wars of attrition on its territory to one capable of fighting and winning short-duration, high-intensity conflicts along its periphery against high-tech adversaries – an approach that China refers to as preparing for “local wars under conditions of informatization.” The pace and scope of China's military transformation have increased in recent years, fueled by acquisition of advanced foreign weapons, continued high rates of investment in its domestic defense and science and technology industries and far-reaching organizational and doctrinal reforms of the armed forces. The near-term focus for the PLA continues to be on preparing for contingencies in the Taiwan Strait, despite a significant reduction in cross-Strait tension since the March 2008 election of Taiwan President Ma Ying-jeou. On this point, I would like to make clear this Administration's position: we maintain our one-China policy based on the three joint U.S.-China communiqués and the Taiwan Relations Act. We take these obligations seriously and will continue to make available to Taiwan such defense articles and defense services necessary to maintain a sufficient self-defense capability.

Looking over the long-term, PLA modernization trends suggest that Beijing is generating capabilities to employ military force in support of Beijing's political objectives in other regional situations.

This modernization is truly transformational with no part of the PLA today not undergoing some type of reform or modernization, from force structure re-capitalization and doctrinal evolution, to a rejuvenation of the personnel system with extensive human capital reforms, ranging from building a professional non-commissioned officer corps to overhauling the professional military education system.

China's comprehensive military modernization is supported by continued increases in government funding. China's announced 2009 defense budget was approximately \$70.6 billion, a 14.9 percent increase from the previous year. This continues more than two decades of double-digit percentage annual increases in the military budget. However, estimating China's actual defense spending is difficult due to a lack of accounting transparency and China's still incomplete transition from a command economy. Moreover, China's public defense budget does not include large categories of expenditure. DoD estimates that China's military-related spending for 2009 could total \$150 billion, or more.

With this context, I would like to summarize briefly some specific and notable developments we have observed in China's military modernization.

We see in China at least 10 varieties of ballistic and cruise missiles deployed or in development. China has the most active land-based ballistic and cruise missile program in the world. China's Second Artillery Corps has at least five operational short range ballistic missile (SRBM) brigades, each deployed within striking range of Taiwan. The PLA ground force controls two additional SRBM brigades garrisoned opposite Taiwan. Over the past decade, China's deployed conventional SRBM force has grown at a rate of approximately 100 missiles per year and there are more than 1,000 SRBMs currently assigned to brigades opposite Taiwan.

China continues to upgrade the quality of its existing SRBM systems to increase their range, lethality, accuracy, and reliability – including counters to ballistic missile defenses. The Second Artillery Corps is also moving to develop and field conventional theater-range ballistic and cruise missile systems to enable it to threaten Taiwan or other potential adversaries from launch sites deeper on the mainland and at ranges that go far beyond that which can be reached by SRBMs. The Second Artillery Corps' emerging inventory of conventional anti-ship ballistic missiles also provides Beijing with an extra employment option to enhance its anti-access/area denial strategies against off-shore threats associated with, and potentially beyond, a Taiwan Strait scenario.

In addition to these conventional strike systems, China continues to field its road-mobile, solid-propellant DF-31 and DF-31A intercontinental-range ballistic missiles. It is also qualitatively modernizing and upgrading older versions of its strategic missiles, and continues to pursue a viable sea-based deterrent with its new Type-094 (JIN-class) ballistic missile submarine and developmental JL-2 submarine launched ballistic missile. These improvements will bring greater range, mobility, accuracy, and survivability to China's strategic forces, making them capable of striking many areas of the world, including the continental United States.

China continues to invest heavily in a robust undersea warfare program with a mixture of second generation nuclear powered submarines, namely the Type-093 (SHANG-class) nuclear powered attack submarine, and conventionally powered, diesel electric boats, such as the SONG-class and YUAN-class submarines (with the latter having, possibly, an air independent propulsion (AIP) system), as well as the 12 KILO-class boats China purchased from Russia.

China's investment in submarine programs is complemented by its investment in new surface combatants designed to improve the PLA Navy's capacity for anti-surface and anti-air warfare. The PLA Navy recently received two LUYANG II-class guided

missile destroyers (DDG) fitted with an indigenous long-range surface-to-air missile (SAM); two LUZHOU-class DDG equipped with the Russian-made SA-N-20 long-range SAM; and four (soon to be six) JIANGKAI II-class guided-missile frigates (FFG) to be fitted with a medium-range, vertically launched naval SAM currently under development. Finally China is continuing construction of its new HOUBEI-class wave piercing catamaran hull missile patrol boat, each equipped with Chinese designed anti-ship cruise missiles.

China also has an active aircraft carrier research and development program, and we believe China's ship building industry could begin construction of an indigenous platform if the leadership were to choose to do so. China may be interested in building multiple operational aircraft carriers by 2020.

China bases some 490 combat aircraft within un-refueled operational range of Taiwan. Although many of China's aircraft are obsolete or upgraded versions of older aircraft, modern aircraft from Russia and China's own F-10 fighter make up a growing percentage of the force. These improvements, combined with advances in China's integrated air defense system, have reversed Taiwan's historic ability to maintain dominance of the airspace over the Taiwan Strait. In the future, an increasingly sophisticated array of armaments, and the development of aerial re-fueling will further improve China's offensive air capabilities.

The PLA is making significant strides in evolving its concepts for cyber-warfare, from defending PRC networks from attack to include offensive operations against adversary networks as part of its larger strategy of developing an advanced information warfare capability to establish control of an adversary's information flow and maintain dominance of the battlespace. In recent years, numerous computer systems around the world, including those owned by the U.S. Government, continued to be the target of intrusions that appear to have originated within the PRC. Although these intrusions

focused on exfiltrating information, the accesses and skills required for these intrusions are similar to those necessary to conduct computer network attacks. It remains unclear if these intrusions were conducted by, or with the endorsement of, the PLA or other elements of the PRC Government. However, developing capabilities for cyber-warfare is consistent with authoritative PLA military writings on the subject.

In addition to an emphasis on cyber-warfare, we are seeing China's emergence as an international space power. China is investing heavily in a broad range of military and dual-use space programs, including reconnaissance, navigation and timing, and communication satellites, as well as its manned program. Complementing China's space access capabilities is a growing ability to threaten and deny access to space by others through a robust and multidimensional counter-space program featuring direct ascent anti-satellite weapons, directed energy weapons, and satellite communication jammers. China's January 2007 demonstration of a direct-ascent anti-satellite weapon – for which China has yet to provide a satisfactory answer to the international community's legitimate questions regarding intentions – is simply one aspect of this growing and disruptive capability.

Despite the welcome development of China's routine publication of defense white papers (the most recent being *China's National Defense in 2008* published on January 20, 2009), much more could be said by China about the purposes and objectives of the PLA's evolving doctrine and capabilities. Our annual report does not attempt to answer all of these questions, but it does raise them. As Secretary Gates has said, "These are *assessments* that are in this publication [emphasis added]. It would be nice to hear first hand from the Chinese how they view these things." Until China's leaders begin to see transparency less as a transaction to be negotiated and more as a responsibility that accompanies the accumulation of national power, the insights contained in our report will remain incomplete, bridged only by such assessments and by informed judgment.

Conclusion

As President Obama has said, “[the U.S.-China] relationship has not been without disagreement and difficulty. But the notion that we must be adversaries is not pre-destined.” The Department of Defense, along with our partners across the U.S. Government, will continue to engage China to develop further those areas where we can cooperate and where it is in our mutual interest to do so. At the same time, we will continue to encourage China to improve transparency and openness in its military affairs, recognize the importance of integrating more firmly with a globalizing world, and act in ways that support and strengthen international political, economic, and security systems.

We are working to develop and implement a multi-faceted program for U.S.-China military-to-military cooperation and dialogue. However, the choices of China’s leaders will continue to have a major effect on progress in this relationship: choices regarding transparency versus opacity, substance versus symbolism, and implementation versus negotiation.

We will continue to use military engagement with the PRC to demonstrate U.S. commitment to the Asia-Pacific region and to encourage China to play a constructive role in the region, and act as a partner in addressing common security challenges. But we also will maintain our presence and alliances in Asia, develop our capabilities, and clearly communicate U.S. resolve to maintain peace and stability in the Asia-Pacific. For although we see opportunity in China’s military modernization for greater cooperation we also see risks: risks that China may one day calculate it has reached the tipping point in the Taiwan Strait and issue an ultimatum; risks that China may use its military to exercise coercion against its neighbors; and risks that misunderstanding or miscommunication between the United States and China could lead to confrontation, crisis, or conflict. The United States has made a consistent choice over multiple decades that our interests lie in constructive engagement with China combined with a strong

network of alliances and partnerships in the region. How China responds and the choices that it makes, will play an important role in determining how we move forward.

Secretary of Defense Gates has said that “it is essential for the United States and China to cooperate whenever possible.” Managing this relationship in such a way that our two countries and our two peoples can maximize the benefits of our interactions requires patience, leadership, and strategic vision. I am confident that through an invigorated defense relationship, the armed forces of both sides can build a solid foundation for cooperation in the service of regional peace, stability, and prosperity.

Thank you.