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“The China Challenge: Military and Security Developments”

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Chairman Gardner, Ranking Member Markey, members of the Committee, I appreciate the opportunity to give testimony today to examine China’s remarkable military modernization and its implications for U.S. interests. The strategic challenge posed by China is one of the most profound foreign policy issues the United States will confront in this century, and I commend the Committee for devoting appropriate time and attention to this critical subject.

Forty years after Deng Xiaoping’s decision to embrace reform and opening, China has emerged as a major player in international politics. Its rise has resulted in a rapid and profound shift in the global balance of power, with China today representing our most significant long-term strategic challenge.

A significant aspect of the China challenge is the implications of its military modernization program. From a single-service force of “millet plus rifles,” the People’s Liberation Army (PLA) today is large, increasingly modern and sophisticated, and capable of operating far from the Chinese mainland. While it still faces several significant challenges, the PLA today has the ability to challenge the U.S. military to defend its interests in East Asia, the Western Pacific, and beyond.

**Advancing Military Modernization**

While China’s leaders have to date refrained from publicly detailing a specific vision of a grand national strategy, a review of their statements and official Chinese state media suggests a fairly clear vision for the future. At the heart of this vision is a revitalized China that is stable and prosperous at home, dominant in Asia, and influential around the world in a way that ensures that the CCP is able to pursue its interests and prerogatives without restriction or interference – what I refer to as the establishment of a neo-tributary system.

In his major address to the 19th National Congress of the CPP, Chinese President Xi Jinping encapsulated much of these objectives as the “Chinese dream of national rejuvenation.” To achieve his objectives, Xi has laid out a two-stage development plan to realize socialist modernization between 2020 and 2035, and between 2035 and the middle of the 21st century to develop China into a great modern socialist country “that is prosperous, strong, democratic, culturally advanced, harmonious, and beautiful.”

correspond to similar objectives for the PLA identified by Xi in the same speech: “that by 2035, the modernization of our national defense and force is basically completed, and that by the mid-21st century our people’s army forces have been fully transformed into world-class forces.”

Since coming to power, Xi has overseen a significant transformation of the People’s Liberation Army in terms of composition, structure, and missions.

- **Composition:** While Beijing does not publish authoritative statistics on its military investments, it is clear that recent years have seen a significant shift in the PLA away from its traditional ground-centric orientation toward air power, naval power, and other capabilities that are essential to projecting power and fighting advanced adversaries. Indeed, while the overall size of the PLA has reportedly shrunk by 300,000 in recent years, the size of the PLA Navy and Air Force has actually increased. Indeed, the PLA Navy, Chinese Coast Guard (CCG), and the People’s Armed Forces Maritime Militia (PAFMM) form the largest maritime force in the Indo-Pacific today.

- **Structure:** Beginning in late 2015, the PLA began to implement the most significant set of reforms it has seen since the founding of the PRC in 1949. It included the disbanding of the old general departments, establishing a ground force headquarters, restructuring seven military regions into five joint theater commands aligned against specific regional challenges, transitioning the PLA service headquarters to an exclusive focus on “organize, train, and equip” missions, establishing a Strategic Support Force and a Joint Logistics Support Force, and establishing a new joint command and control structure to coordinate China’s responses to regional crises and conduct preparations for wartime operations.

- **Missions:** The PLA has dramatically expanded the aperture of missions and contingencies it must prepare for. According to the U.S. Department of Defense, Taiwan contingencies remains the PLA’s main “strategic direction,” while other focus areas for the PLA include the East China Sea, the South China Sea, and China’s borders with India and North Korea. In 2015, China outlined eight “strategic tasks” that the PLA must be prepared to execute:

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2 Ibid., 48.


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- Safeguard the sovereignty of China’s territory;
- Safeguard China’s interests in new domains such as space and cyberspace;
- Maintain strategic deterrence;
- Participate in international security cooperation
- Maintain China’s political security and social stability; and,
- Conduct emergency rescue, disaster relief, and “rights and interest protection” missions.⁵

These represent a broad mandate for the PLA. Safeguarding sovereignty, and conducting “rights and interest protection” missions, are clear references to Chinese efforts to assert its claims in the East and South China Seas. Moreover, the 2017 establishment of China’s first overseas military base in Djibouti, and expanded PLA Navy operations in the Indian Ocean and the Mediterranean, are further examples of how broadening national interests are driving PLA operations at increasingly greater distances from the Chinese mainland.

Xi has also sustained decades of significant investments in the military. China’s announced 2018 military budget – $175 billion, an increase of 8.1% from 2017⁶ – sustains decades of spending increases, making China the second-largest military spender in the world after the United States. Yet it does not tell the entire story; China’s announced military budget omits several major categories of expenditure, making China’s actual military-related spending significantly greater. The Department of Defense estimates China’s actual military-related spending at more than $190 billion in 2017.⁷

Ultimately, these dramatic changes are intended to enhance the PLA’s ability to conduct joint operations, improve its ability to fight short-duration, high-intensity regional conflicts at greater distances from the Chinese mainland in a diverse set of contingencies, and strengthen the CCP’s political control over the military.⁸ As a result of these changes, Xi has declared that China has “initiated a new stage in strengthening and revitalizing the armed forces.”

It is also important to note that other Chinese security forces such as the People’s Armed Police, the CCG, and the PAFMM also play significant roles in defending and advancing

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⁷ U.S. Department of Defense, Annual Report to Congress, 82.
⁸ Ibid., 1.
Chinese security interests. This is especially true of China’s efforts to take advantage of the “gray zone” to advance China’s claims in the East and South China Seas.

Continued Challenges

While some in the United States may in the past have not appreciated the significance of the challenge posed by China’s growing military power, it would also be a mistake to overestimate China’s military capabilities. Despite the incredible transformation we have seen from the PLA in recent years, it continues to face significant challenges – many of which Xi has sought to address with his recent reforms.

- Experience: the last time the PLA fought a war was against Vietnam in 1979. While it some units of the PLA have gained operational experience by conducting Peacekeeping Operations or counter-piracy operations off of East Africa, such experience is necessarily limited. Unfortunately, the U.S. military has much more experience in conducting combat operations and extended power projection – though not against an advanced military like the PLA.

- Political Loyalty: Party officials and PLA leaders repeatedly admonish officers and enlistees not to heed calls for “getting the Party out of the Army,” “depoliticizing the military,” or “nationalizing the armed forces.” These repeated remonstrations, as well as Xi Jinping’s focus on enhancing the PLA’s political loyalty as part of his reforms, suggests that these are issues of particular salience for China’s leaders. Yet as scholars at RAND have pointed out, “for the CCP leadership, the PLA’s status as a Party army is an important strength, not a weakness.”

- Joint Operations: Like the United States, China is likely to find joint operations easier to describe on paper than to conduct in reality. I expect that achieving true effective “jointness” will be a long-term objective for the PLA.

- International Relationships: Unlike the United States, China does not enjoy a network of alliances. Indeed, in my experience, Chinese scholars and officials often describe these relationships as fundamentally transactional and coercive in nature, suggesting that Beijing will be hard-pressed to establish the kind of close

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10 Michael S. Chase, Jeffrey Engstrom, et. al., China’s Incomplete Military Transformation (Monterey: RAND Corporation), 2015, 44.
relationships that Washington has cultivated for decades. This will likely impose a fundamental limit on the PLA’s ability to project and sustain power, especially during a conflict.

Implications for the United States

China’s rapid and significant military modernization program has significant implications for the United States, our allies, and our interests in the Indo-Pacific. China’s rise is already changing the balance of power in the Indo-Pacific, and will have profound implications for the future of the liberal international order. While China does not seek to fundamentally undermine this order, it does seek to exempt itself from the restrictions and responsibilities that such an order would entail – a version of “Chinese exceptionalism” – to a degree that would render it largely irrelevant. For the United States, its allies, and its partners, a more capable Chinese military should be major issue of concern and a driver of some significant shifts in policy and investment.

I agree with the current administration’s explicit recognition of the great power competition that is currently underway between China and the United States. Military issues play a significant role in that competition – the United States will not be able to sustain a “Free and Open Indo-Pacific” unless it accounts for the challenges posed by an increasingly capable PLA.

Unlike the United States, China does not have global responsibilities or the need to defend interests around the world against the full spectrum of military threats. Rather, the PLA can focus its investments and strategies in a relatively limited geography (e.g., China’s periphery and vital maritime sea lanes) against a relatively limited number of potential external threats (e.g., China’s neighbors and the United States). As a result, the PLA has been able to tailor its capabilities to exploit the perceived vulnerabilities of its potential adversaries while maximizing China’s geographic advantages in various contingencies.

The result is a layered set of capabilities spanning the air, maritime, space, electromagnetic, and information domains designed to conduct long-range attacks against adversary forces that might deploy or operate within the western Pacific Ocean. China is also increasingly capable of projecting power further afield from China’s mainland, enhancing Beijing’s

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ability to assert its preferences, defend its interests, and potentially to coerce adversaries at great distances.

These developments raise the risk of U.S. operations throughout the Indo-Pacific, and especially within what Chinese strategists refer to as the “first and second island chains.” Every day, U.S. forces likely fly, sail, and operate within range of advanced Chinese military capabilities. Our military bases in Japan and the Republic of Korea similarly live within range of Chinese military power. In peacetime, these risks are in my estimation manageable – we simply must reacclimate ourselves to life with an advanced military competitor. Still, even in peacetime, China’s growing military power will be a significant asset for Beijing in their efforts to assert territorial claims, undermine or adjust international law, and coerce nations smaller, less powerful, and with less capable militaries than the United States.

In a war, China will also pose significant challenges. While I will leave official military estimates to my former colleagues in the U.S. military, I will convey my personal assessment that the U.S. retains the ability to prevail against China in every conceivable contingency. Yet as the PLA grows increasingly capable, such victories will likely come at an increasingly high cost.

Several recent scholarly works have focused on the potential for conflict between rising great powers and established powers. Yet one point often lost in these historical analyses is that major power conflicts often include, and at times are triggered by, interventions in peripheral geographical areas. It is for this reason that I am most concerned about the potential for crisis and conflict between China and the United States along China’s periphery, and why I will focus on three of those areas to illustrate the implications for the United States of China’s military modernization.

Taiwan

After years on the strategic back burner, Chinese pressure on Taiwan is reemerging as a major issue in East Asia and in relations between China and the United States. Since Tsai Ing-wen was inaugurated as President of Taiwan in 2016, five countries have switched

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14 Chinese officials and scholars would likely dispute that it is appropriate to include Taiwan as part of China’s periphery, arguing that Taiwan is part of China itself. I have not included Taiwan in this analysis as a way to make a statement about Taiwan's formal status, but rather to point out the geographic realities of a potential conflict between China and the United States over Taiwan.
diplomatic relations from Taipei to Beijing: Sao Tome and Principe, Panama, the Dominican Republic, Burkina Faso, and El Salvador. Cross-strait tourism has dropped dramatically, and Beijing has dramatically increased military pressure on Taiwan. As described by the U.S. Department of Defense,

the PLA continued to develop and deploy increasingly advanced military capabilities intended to coerce Taiwan, signal Chinese resolve, and gradually improve capabilities for an invasion. These improvements pose major challenges to Taiwan’s security, which has historically been rooted in the PLA’s inability to project power decisively across the 100nm Taiwan Strait, the natural geographic advantages of island defense, Taiwan's armed forces’ technological superiority, and the possibility of U.S. intervention.\footnote{U.S. Department of Defense, \textit{Annual Report to Congress}, 93.}

As a result of China’s military modernization effort, Taiwan’s historic technological and geographical advantages have significantly eroded. Taiwan has made important shifts in both investments and strategy to account for these changes, and is reportedly working to develop new concepts and capabilities for asymmetric warfare. According to the Department of Defense, some specific areas of emphasis include offensive and defensive information and electronic warfare; high-speed stealth vessels; shore-based mobile missiles; rapid mining and minesweeping; unmanned aerial systems; and critical infrastructure protection.\footnote{U.S. Department of Defense, \textit{Annual Report to Congress}, 102.} Yet more will need to be done to develop an effective asymmetric and innovative strategy for Taiwan to defend itself. One critical aspect will be in the defense budget: Taiwan has consistently under-invested in its military, and costs associated with transitioning to an all-volunteer force have already diverted resources away from defense acquisition programs as well as training and readiness.\footnote{Ibid.}

Unlike with its formal allies, the United States does not have a formal commitment to defend Taiwan. Rather, as codified in the Taiwan Relations Act, it is the policy of the United States “to maintain the capacity of the United States to resist any resort to force or other forms of coercion that would jeopardize the security, or the social or economic system, of the people on Taiwan.”\footnote{Taiwan Relations Act of 1979, Pub. L. 96-8, 22 U.S.C. 3301 et seq.} As China’s military grows increasingly capable, the United States will need to make the necessary investments to ensure it retains the capacity to defend Taiwan, enhance Taiwan’s ability to defend itself, and make it clear to Beijing and to the rest of the world that Taiwan is a priority.
Korea

The Korean Peninsula has been at the center of East Asia’s geopolitics for centuries. Since the late 19th century, the question of which regional major power would dominate the peninsula has been a central issue for three major regional wars. Considering the historic significance of the Korean Peninsula as a flashpoint in U.S.-China relations, and the pressing realities generated by North Korea’s illegal nuclear weapons and ballistic missile programs, demand a careful consideration of U.S.-China military dynamics on the Korean peninsula.

Beijing’s objectives for the Korean Peninsula are to maintain stability, to denuclearize the Korean peninsula, and over the long-term to diminish U.S. power and influence in the Peninsula. But the first objective – maintaining stability – is the fundamental driver of Beijing’s approach, and has two aspects. First, China seeks to avoid a war on the Korean Peninsula. Beijing sees both Pyongyang and Washington as dangerous and potentially destabilizing, and modulates its strategy over time to ensure neither side goes too far. Concurrently, Beijing seeks to prevent severe economic sanctions that could threaten to undermine the stability of the Kim regime in Pyongyang.

Relations between China and North Korea may have seen a nadir in 2016 and 2017, as Pyongyang conducted a series of ballistic and missile tests in direct contradiction of UN security council resolutions and despite China’s publicly-expressed “grave concern and opposition.” Yet it is clear that relations have improved since that time, and relations between China and North Korea have warmed considerably. Xi Jinping has met with North Korean leader Kim Jong Un three times in 2018, and the propaganda produced by both sides from those summits sent a strong signal of two leaders with a close working relationship. While it is doubtful that relations between Beijing and Pyongyang will ever return to the “lips to teeth” alliance of decades past, it is clear that China sees significant value in keeping relations with North Korea productive – at least while Pyongyang continues to refrain from taking provocative and destabilizing actions.

Should a crisis or conflict occur on the Peninsula, China’s leaders would have several military options to choose from, including securing the China-North Korea border and coming to the defense of North Korea to defend Kim Jong Un. As my friend and colleague Dr. Mastro has written, China’s military modernization has given its leaders more options.

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than before – China now has the ability to manage instability on its borders while also conducting major military operations in the Peninsula. I agree with her assessment that China may intervene extensively and militarily on the peninsula. But any decision by Beijing to intervene in a Korea contingency would not be taken out of a legalistic commitment to the 1961 Sino-North Korea Mutual Aid and Cooperation Friendship Treaty, but rather as the result of a calculation of China’s likelihood of success, of the potential for escalation, and which option is believed to maximize China’s geopolitical position in the region vis-à-vis the United States.

Today, the threat of war on the Korean Peninsula is diminished compared to the “fire and fury” rhetoric of 2017. I expect Beijing is pleased that Pyongyang has refrained from taking any provocative actions, and that both Washington and Pyongyang are committed to a diplomatic process that involves the suspension of U.S.-ROK joint military exercises. By conducting three summits at the leader level, Beijing has sent a clear signal that it has a major role to play on this issue, and it will not just go along with Washington’s preferences.

**The East and South China Seas**

In recent years, China has dramatically enhanced its capabilities and intensified its operational posture in the East and South China Seas. Beijing’s goal is to advance its territorial claims in those areas, and more broadly to expand its geopolitical power at the expense of its neighbors.

In the East China Sea, Beijing’s efforts to advance its claims has involved the use of low-intensity coercion operations by the PLA Navy, the CCG, and the PAFMM. These so-called “gray zone” tactics fall below the level of a confrontation that would demand a traditional military response, yet over time have the effect of gradually increasing pressure on Tokyo and testing its resolve and that of the U.S.-Japan Alliance.

Similarly, in the South China Sea, Beijing seeks to use its military and paramilitary forces to assert its claims and gradually intensify pressure on its neighbors. Yet unlike in the East China Sea, Beijing in the South China Sea has conducted a campaign of island reclamation and military construction that is unprecedented in terms of speed and scale. China has added over 3,200 acres of land to the seven features it occupies in the Spratly Islands, and has constructed aviation and port facilities, barracks, weapons stations, sensor emplacements, and communication facilities.

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These outposts are undeniably military in nature, and are capable of supporting military operations in the Spratly Islands and throughout the region. As described by the U.S. Department of Defense, “This would improve China’s ability to detect and challenge activities by rival claimants or third parties, widen the range of capabilities available to China, and reduce the time required to deploy them.”

During his confirmation hearing earlier this year, Admiral Philip Davidson stated that China’s militarization of the Spratly Islands means “China is now capable of controlling the South China Sea in all scenarios short of war with the United States.”

I agree with the Admiral’s assessment, and I would note that this has significant implications for the other claimants in the South China Sea and for the United States. As we are currently engaged in a peacetime competition with China, it is incumbent on the United States to make it clear that it will not be cowed or coerced. This is why it is critical that the United States – and its allies and partners – continues to fly, sail, and operate in the South China Sea and wherever else international law allows – it is an undeniable demonstration to our competitors, allies, and partners of U.S. resolve and capability.

Most distressingly, China’s assertiveness in the East and South China Sea both questions fundamental aspects of traditional American foreign policy – freedom of navigation – and implicates explicit U.S. commitments to its allies in Japan and the Philippines. A miscalculation by Beijing in either of these areas could rapidly escalate into a crisis and confrontation with the United States.

I do not see China’s actions in the East and South China Seas to date as fundamentally altering U.S. calculations when it comes to China. At the most, these actions increase the potential for, and severity of, crises between Beijing and Washington. Though I can no longer state so authoritatively, my expectation is that U.S. will and ability to defend its allies and interests in the region are unchanged. The challenge for Washington is to develop realistic and effective strategies to counter China’s “grey zone” tactics and to enhance relationships with its allies and partners to form a more effective resistance to Chinese assertiveness.

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25 This is about more than international law as codified by the UN Convention on the Law of the Sea (UNCLOS). Recall that the first war ever fought by the United States – against the Barbary Pirates (1801-1815) – was fought over freedom of navigation.
U.S. Options

Sustained, significant investments in relevant military capabilities will be essential for the United States to sustain its advantages and address emerging challenges vis-à-vis China. This does not just apply to the U.S. defense budget – the U.S. competition with China encompasses all elements of national power, and all tools of competition will require resources. This includes diplomacy, security assistance, and trade and investment policies that deepen ties between the United States and the rest of the Indo-Pacific.

There are other areas where the U.S. has the opportunity to significantly enhance its ability to compete militarily with China. Specifically, the U.S. should develop policies and initiatives to enhance its posture in the region. This could include a multi-billion dollar initiative to enhance deterrence and U.S. posture in the Indo-Pacific by investing in new capabilities, new exercises, and new infrastructure tailored to enhancing U.S. capabilities in the Indo-Pacific.26

Additionally, the U.S. could develop initiatives designed to empower its regional allies and partners to do more to contribute to public goods and enhance their defensive capabilities. Allies and partners have played an important role in American foreign and national security policy since before the founding of our nation, and we should continue to play to our strengths. By implementing a strategy to empower its allies and partners in the Indo-Pacific and more effectively drive them to contribute to the health and success of the regional liberal order, the United States has an opportunity to proactively address emerging regional challenges and sustain American regional power and leadership. Such a strategy would not only enhance regional stability and prosperity – it will also enhance the ability of the United States to compete with China. While this would not necessarily be an anti-China strategy, it does recognize the extent of the challenge posed by China and would represent a positive approach to advance the interests of the United States and its allies and partners.

This approach was suggested by Secretary of Defense Ash Carter’s speech at the 2016 Shangri-La Dialogue in Singapore. Secretary Carter described the U.S. role in the Indo-Pacific as providing, with its network of allies and partners, the “oxygen” of regional stability that has underwritten rapid economic growth and the development of security ties. He advocated for the further development of the increasingly interconnected region

into a "principled security network." Such a network would entail "nations building connections for a common cause, planning and training together, and eventually operating in a coordinated way."\(^{27}\) The United States would continue to serve as the primary provider of regional security and a leading contributor to the region’s principled security network, while at the same time empowering its allies and partners in the region to do more for themselves.

Considering the challenges it faces, the United States should work with its allies and partners to preserve the key principles that have enabled the region’s stability and prosperity, while also adapting its approach to reflect the requirements of a changed world. At a geopolitical level, this will mean sustaining the key attributes of the international order that it has trumpeted since the end of World War II, which were described by Henry Kissinger as “an inexorably expanding cooperative order of states observing common rules and norms, embracing liberal economic systems, forswearing territorial conquest, respecting national sovereignty, and adopting participatory and democratic systems of government.”\(^{28}\)

As Secretary of Defense James Mattis said, “History is clear: nations with strong allies thrive, and those without them wither.”\(^{29}\) I agree entirely, and strongly believe that a focused and engaged United States, along with empowered and capable allies and partners, are our best answer to the significant challenges posed by an increasingly capable Chinese military.

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*The views expressed are the authors alone, and are not necessarily those of the Wilson Center or of the U.S. Government.*


\(^{29}\) “Stenographic Transcript Before the United States Senate Committee on Armed Services To Conduct a Confirmation Hearing on the Expected Nomination of Mr. James N. Mattis to be Secretary of Defense,” January 12, 2017, [https://www.armed-services.senate.gov/imo/media/doc/17-03_01-12-17.pdf](https://www.armed-services.senate.gov/imo/media/doc/17-03_01-12-17.pdf)