CARNEGIE ENDOWMENT
FOR INTERNATIONAL PEACE

DARK CLOUDS ON THE HORIZON:
THE CNOOC-UNOCAL CONTROVERSY
AND RISING U.S.-CHINA FRICIONS

THE CARNEGIE ENDOWMENT
WASHINGTON, D.C.

12:00 NOON – 2:00 P.M.
THURSDAY, JULY 14, 2005

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MICHAEL SWAINE: Well, thank you very much. I feel actually I should probably yield my time to have a follow-up from Carolyn to have some back-and-forth on this. But I have been asked to address an issue that is somewhat related to this in the larger sense. But I guess it’s part of the current sense of concern that they raise over the U.S.-China relationship. It relates to the Unocal deal certainly in some ways, but it is also a larger issue in other ways. And that is the question of China’s military modernization and its impact on U.S. perceptions, and specifically that there have been indications of a much greater level of U.S. government alarm in recent months over China’s military modernization program, and that this has had an impact on U.S. policy.

We’ve certainly seen indications of comments by U.S. officials, very senior U.S. officials, in recent months, including those in early ’05 in February by the new CIA Director Porter Goss and by the DIA Director Jacoby about China’s military developments, their potential for altering the strategic balance, concerns over that, remarks by Secretary of Defense Rumsfeld in Singapore last month at the Shangri-la dialogue that China’s buildup is causing concern due to its significantly increasing capabilities and that there is no apparent reason for this kind of development by the Chinese, and so what is going on, controversy over the delay in the Defense department’s annual report on China’s military capabilities and suspicion that this is as a result of discussions within the U.S. government about how to characterize China’s military modernizations with arguments increasing that it should be given much greater sense of alarm and concern over this, and of course, all of this accompanied by a spate of media articles and journals, journal articles that have been talking about the increase in Chinese military capabilities and the concern, indeed, alarm that this is creating among U.S. military planners and U.S. senior officials that in some cases arguing that the U.S. has been sort of caught unaware, and et cetera, et cetera.

The implication being that the pace and the scope of PLA modernization has generated such a concern and it’s creating friction in the relationship, and pushing for a shift in policy away from what I would argue is a post-9/11-induced cooperation between the U.S. and China in many areas to a much more confrontational stance that regards China as an unambiguous strategic threat and adversary, a threat to the balance of power in the region, and hence, to U.S. interests.

So what I’d like to do in my time is to really address three sets of questions that relate to this issue. First is, indeed, is U.S. security policy shifting towards a more fundamentally adversarial stance as a result of China’s military modernization? Secondly, how should one interpret and assess both the actual advances in Chinese military capabilities and the implications of these advances for the Taiwan issue and for the larger question of the U.S. strategic presence and role in Asia? And specifically there, what do advances in PLA capabilities imply for the so-called balance of forces in the Taiwan Strait and China’s willingness to use force in that issue, and also what they imply for the larger strategic situation in Asia and China’s willingness there to counter and eventually indeed perhaps degrade or dislodge the U.S. from the region? And then finally, a couple of comments on what the implications are for the preceding for possible U.S.-China conflict and changes in policy for the future and the longer term.
So the first question – I mean, is currently U.S. policy becoming more deliberately adversarial in response to PLA modernization? Well, the short answer in my estimation is no. U.S. security policy, as far as I can see, toward China continues as it has done for a long time to incorporate two basic critical elements. On the one hand, there is a continued desire to sustain cooperation with the Chinese and to avoid a crisis with the Chinese that results from a whole range of different factors from the huge challenges that are being presented to the U.S. government from the global war on terror, which require, in some cases, Chinese cooperation and then certainly it requires avoidance of a crisis with the Chinese to add to yet the existing list of crises the U.S. is facing already. Also, as a result of growing Sino-American economic trade and investment, financial interdependence, about which we have already heard quite a bit. Also, a reflection of China’s ever-deepening involvement and in many instances support for the existing international order. Also, as a result of the ever turbulent North Korea nuclear crisis, which requires U.S.-China cooperation in many respects. And then finally, the policy is based on the idea that there is an absence, in my view, of clear evidence that China is committed to employing force against Taiwan or to dislodging the U.S. from Asia. If either of those two factors were to shift markedly toward a conclusion by the U.S. government that the U.S. (sic) indeed was attempting to do either of these things, then they dynamic would change, I think, very significantly. But in my view, that has certainly not occurred.

Now, alongside all these incentives for continued cooperation in avoiding crisis, there is also, nonetheless, a longstanding U.S. policy and desire to hedge against a possibility of a military crisis or a conflict over Taiwan with the Chinese. To sustain U.S. military operational predominance, particularly in maritime Asia, and to preserve the credibility of U.S. security assurances to key allies such as Japan, this hedging and this preservation of capability has been a hallmark of U.S. policy regarding China for a long time, and it hasn’t changed. In fact, in some ways, the hedging elements of this have increased to some degree. But this began in the latter years of the Clinton administration, and certainly not as a result of any recent revelations about Chinese military capabilities. Now, you have certain differences within the U.S. government certainly over tactics and relative emphasis between these two policy elements that I just outlined, but in my view, there is certainly no clear consensus that China’s growing military capabilities require a shift towards containment or over confrontation.

Now, having said all this, none of this means that things are not changing, that there is not concern. I would argue certainly senior U.S. officials and military leaders do see a much more capable PLA emerging. This has been particularly evident in the last five or six years, some would say even more recently than that. And the U.S. officials recognize the need to devote considerable, indeed perhaps increasing efforts to maintaining deterrence over Taiwan and to sustaining certain areas or aspects of U.S. predominance in the area as a whole. Now, in assessing this challenge, some U.S. officials no doubt interpret increasing Chinese capabilities as a growing potential threat of sorts to peace and stability, especially concerning the Taiwan issue. This most often, in my view, reflects concerns about increasing capabilities per se, not about any certain knowledge of PRC intentions. In other words, they are looking at changes in the
capabilities of the Chinese military and the potential implications of that for the Chinese calculus about the willingness to apply coercion of force in the Taiwan case in particular. And that raises concerns. Without assuming that the Chinese have decided they are going to use force, there is still a recognition, in my view, that the Chinese military capabilities improvements are essentially intended for deterrent purposes regarding the Taiwan situation.

But they also want to reflect, I think U.S. officials do, they want to draw attention on the part of the public, perhaps those in Congress, to the issue that the Chinese military indeed is increasing its capabilities in certain critical areas. They also, I think, in some cases want to generate more allied and friendly country support for a continued or enhanced U.S. military presence in Asia or, in some cases, specifically the case of Taiwan, for greater defense efforts of their own to sustain the requirements of deterrence across the Taiwan Strait and to prevent the Chinese from miscalculating about the use of force. I dare say it’s also the case that perhaps some defense planners, weapons developers, et cetera, also want to draw attention to China’s growing capabilities in order to justify the continued development of various types of advanced naval and air weapons systems that the general or the global war on terror arguably does not require, i.e. the idea that China is the most suitable rising near-peer competitor to justify acquisitions and planning for sophisticated conventional combat, perish the thought that they would have that motivation.

But nonetheless, I’m convinced that the Bush administration policy deliberately seeks to avoid depicting the Chinese as an actual threat that requires any basic change in policy. It does not want to drive the Chinese into an adversarial position. Now, this desire to strike that stance in some cases, I think, is carried to somewhat absurd lengths by some U.S. officials. I would say that indeed, last month’s comments by Secretary Rumsfeld in Singapore, which I was attending that conference in which the United States does not regard China as a threat in any way and that no one threatens China and hence that China has no conceivable reason for developing its military capabilities, et cetera, et cetera. No one believes this type of statement. (Chuckles.) It would be better served for the U.S. government to speak frankly about the hedging behavior that is going on between the two countries, going on on both sides, without assuming or stating that this is representative of a coming conflict, which it is not. It is a reflection of certain concerns on the part of both countries about capabilities and intentions, which I’ve already alluded to. Indeed, as I’ve said, the U.S. has been engaged in some time in hedging.

Now, the second question, what are the specific PLA advances that are prompting U.S. concerns, specifically regarding Taiwan and the larger Asia region? Well, let me just try and gloss over these quickly because I don’t have very much time. But there is no question, as I said earlier, that since at least 2000, perhaps 2002, the Chinese have been – efforts, there are long-term efforts to acquire, develop, deploy, train, and operationalize. Certain types of military capabilities have really begun to bear fruit. The pace of change in bringing together some of these capabilities in a more integrated way has been somewhat quicker than U.S. officials and analysts had anticipated prior to this date.
And indeed, it’s been reflecting really a decision by the Chinese to increase their efforts in this area that has originated from the late 1990s. Now this has included significant numbers of more capable ballistic missiles, air defense missiles, submarines, destroyers, and frigates, and strike and multi-role aircraft, many of them, of course, acquired from Russia. In some cases, unprecedented numbers of new platforms of these types of weapons have been produced during the past five years or so, as well as entirely new units have appeared on the scene, special operations forces and amphibious divisions, which we’ve never seen before. Improvements in long-range tracking and targeting, command and control, strategic and reconnaissance and intelligence, including likely space-based assets that have been more evident, enhanced amphibious capabilities as I said. And also in the area of force multiplier, so-called, AWAC’s, in-flight refueling, cruise missiles, these areas, although not yet deployed, are expected in the near term. There have been other indications increasing realistic training in a variety of ways. Military training, the growth of a significant non-commissioned officer corps within the Chinese military, all of this lends greater credibility to their capabilities.

Together, many of these capabilities are oriented towards dealing with the Taiwan contingency. And what that means is focusing on locating, tracking, targeting, and indeed, possibly attacking a carrier strike force that might come to the assistance of Taiwan in a crisis, and also in launching different types of attacks against Taiwan itself in a crisis. Now, this is most likely oriented toward a rapid air, naval, and special operations or fifth column design action that is intended to force Taiwan to capitulate or to agree to negotiate before the U.S. could bring adequate forces to bear, or to stave off U.S. forces for effective strikes. The idea is to try, I think, to overwhelm Taiwan very rapidly if force would have to be employed.

However, some analysts who look at this range of capability also think that the Chinese are trying to acquire some limited amphibious capability to actually seize Taiwan – I mean, seize Taiwan in a larger scale type of amphibious attack, not just to strike in a very quick way. I would argue that the requirements for such a broader amphibious attack are not there at this point, particularly in terms of logistics and lift capabilities.

However, of course some of these capabilities that I’ve just alluded to can be applied beyond Taiwan, and there are also some concerns there. There are even some reports that the Chinese might be contemplating over the longer-term in acquiring some type of carrier battle group capability, of carriers that have certainly smaller in size and scale than the U.S. deployed carriers, more along perhaps the French line, and that are oriented towards defending strategic lines of communication.

That’s in general outline, the sort of concerns that people are seeing when they look at the improvements in Chinese military capabilities. Now, a totally different subject though, not totally different but a related subject but a separate one is, what would be the actual effect of these capabilities if they’re deployed and if they’re used against the U.S. and say, Taiwan forces. And I’ll just use a minute or two to comment on that. And here, I would say that in the case of Taiwan, there is a growing number of analysts who
believe that if the Chinese continue on their current trajectory of acquiring capabilities, and if Taiwan does not increase its capability to deter the Chinese, particularly in the context of what would be considered a rapid strike against Taiwan, that the Chinese indeed will acquire the capabilities to overwhelm Taiwan fairly quickly by the end of this decade if Taiwan were not assisted by ample U.S. forces within say seven to ten days of the outbreak of a conflict. Of course, there are also some debates about how effectively Taiwan is trying to improve its capabilities on its own or with U.S. assistance rather, in order to deal with this type of growing threat. And there is a continued debate over how effectively Taiwan is reforming its own military, and certainly is aware of its need to improve, that’s a whole other subject, which we could get into, but it certainly is out there.

The second issue is regarding U.S. forces. And here I would say that most analysts seem to agree that the Chinese military improvements, both those up to the present and those likely over the foreseeable future will not come close to ensuring success against U.S. forces, especially including in a Taiwan contingency. The question really is, would the Chinese improve their capabilities sufficiently enough to give them a belief that it is worth taking the risk of employing forces in a coercive manner or in some other way to alter the circumstances of a Taiwan situation. And the U.S. of course does not want the Chinese to feel confident that they could apply even low levels of coercion, military coercion, against Taiwan. Now, some people believe that indeed the Chinese could acquire this kind of confidence in the near term. Other people in the analytical community are far more doubtful about the ability of the Chinese to prevail in a conflict, even given the kinds of improvements that I’ve been alluding to.

Regarding Taiwan, as I’ve said a minute ago, there is a pretty strong belief in certain quarters that the Chinese really do lack the requirements for a successful invasion of the island, that that really isn’t in the cards unless they would drastically alter some of their current trend lines in development. Without a credible ability to seize Taiwan in the foreseeable future therefore, they’d really have to rely more on the idea of either coercion involving political and potential military threat with the idea perhaps of this kind of rapid strike, which would depend on deception, a wide range of highly coordinated and precise actions, and a weak Taiwan will to resist. All highly uncertain, even under the best of circumstances for the Chinese. So that suggests that there is some real basis for caution.

Now, if you look at the larger issue of China as a near-peer competitor, I’ll just say a couple of remarks about this. I think there has been an enormous amount of irresponsible statements that have been made about this. With using criteria that come out of I don’t know where in terms of assessing Chinese capabilities and dealing with the United States as a peer competitor in Asia and even beyond. In my view, there is no significant shift going on in the balance of regional military capability between the U.S. Navy and the U.S. Air Force, which are the most critical services that count in this, and the Chinese Navy and Air Force. And I would just tick off sea control and the whole requirements of that, protecting energy, strategic lines of communication, and what that would require, and I can go into details on this if you want in question and answer. These two areas the Chinese have not acquired anything approaching the capabilities of what
would be required to challenge the United States in these areas. The use of ground force operations against neighbors to reclaim territory such as Russia or India, of course, comes up against the fact that those two countries are nuclear powers. And so, this conventional increase in capabilities is extremely complicated. And then there are a host of other areas of U.S. capabilities that are coming online now that really also would suggest that the United States will keep its position of superiority in many key indices, if you’re looking at this idea of near-peer competitor.

Now, what’s the implications of all this? I’ll just say a word about this and then I’ll end. I don’t think the military dynamics on either side are in themselves increasing the likelihood of conflict between the U.S. and China. However, in the case of Taiwan, the absence of a stable political modus vivendi increases the focus on military capabilities to deter conflict. And this in turn encourages a kind of creeping escalation of war thinking and war planning, which fosters a mindset that in some ways could regard conflict as more likely, and that is a danger. The U.S., of course, must continue to improve deterrence by sustaining its military capabilities. But it also has to balance sufficient levels of deterrence with effective politically diplomatic efforts to diffuse incentives to employ force.

The ultimate key to the stability of the Taiwan situation is not military; it’s political. And the problem is a political one, the solution has to be a political one. So as the U.S. develops counters to China’s military buildup and tries to maintain that deterrence, it has to also provide certain means of reassurance to the Chinese that the U.S. will not use its military capabilities to support Taiwan independence. And that is a fundamental requirement, otherwise we could very much be confronting a more capable Chinese military that regards the use of force as its only option in dealing with Taiwan.

On the larger, broader U.S.-China relationship, I think U.S. policy has to be aimed at working toward a healthier dynamic that produces a de-escalation of the upward military pressures that are existing in some ways because a conflict, a confrontation between these two countries would benefit no one. And if indeed the question is if the U.S. can get the Chinese to back away from over preparations for Taiwan-specific conflict scenario, can the U.S. live with a level of Chinese military modernization that one might consider normal? Because that’s what we’re going to see, even if the Taiwan situation goes away, the Chinese will continue to build their capabilities. The question then becomes what is our stance towards that kind of emerging China? And here I don’t see any alternative to, of course, keeping the U.S. strong in Asia, but keeping the U.S.-China relationship as healthy as possible and not on a downward spiral, which could very significantly alter risk calculations by both sides, and trying to strengthen common interests in dealing with the Taiwan Strait issue. And I’ll stop with that. Thank you very much.

(Applause.)