

## **Chapter 6**

---

### **China**

The year 1999, marked by the 50th founding anniversary of the People's Republic of China (PRC) and the return of Macau to the motherland, was a memorable one for China. The government of President Jiang Zemin sought to rally the people around the Communist Party of China (CPC) by appealing to their patriotism, seizing upon these great events. Meanwhile, preparation for grooming succeeding leaders is well under way. However, there is no gainsaying the fact that destabilizing factors — mounting unemployment and resistance to suppression by religious groups — are on the rise.

On the diplomatic front, events that challenged China's policy goals — multipolarization of the world order and reunification of Taiwan — have occurred one after another. They are the bombing of Yugoslavia for humanitarian reasons by the "U.S.-led NATO," and the movements that have arisen in Taiwan and the United States that, as China views, are pursuing or supporting for the independence of Taiwan.

Because the real world moves in a direction far removed from what China sees as an ideal one, China has no choice but to strive to strengthen its comprehensive national power including its military strength. China thinks that by doing so, it can become an important polar of the world and create a multipolar world and a unified China.

## **1. Glory and Agonies: PRC in Its 50th Anniversary**

### **(1) The Display of Leadership of Jiang Zemin and the Legitimacy of His Regime**

The People's Republic of China celebrated two grand events — the 50th founding anniversary and the return of Macau to the motherland — in 1999. The ceremonies celebrating these two events were strongly tinged with a design to show off the strong leadership of the CPC led by Jiang Zemin. Jiang viewed these events as a heaven-sent opportunity to inspire patriotism and

strengthen solidarity under the leadership of the CPC. To accomplish these aims, the Chinese government has put stronger-than-usual emphasis on securing social stability since the beginning of 1999. In parallel with such efforts, the CPC has stepped up ideological education of party cadres to foster the next-generation leadership. The second session of the Ninth National People's Congress has added Deng Xiaoping Theory to the PRC Constitution on a par with Marxism-Leninism and Mao Zedong Thought, suggesting that the Chinese government will hold fast to its reform and opening-up policy. This means that the policy adopted at the 15th National Congress of the CPC in September 1997 was expressly written into the Constitution. It was presumably intended to display legitimacy of Jiang Zemin as Deng Xiaoping's successor.

The fourth plenary session of the 15th Central Committee of the CPC was held from September 19–22, 1999. During the session, the Central Committee adopted a decision about the reform of state-owned enterprises, and elected Hu Jintao as vice chairman of the Central Military Commission (CMC). Hu had been serving as a member of the Standing Committee of the CPC Political Bureau, and since March 1998, also as vice president. With this appointment, he was raised to the second-highest rank after Jiang Zemin in the hierarchy of the state and the military, although he ranked fifth in the party. Ascendance to the coveted position at relatively young age (he was born in 1942) makes him the most likely candidate for China's next-generation presidency. However, as he had never served in the military, his real power will depend on whether — or how soon — he can establish his control over the People's Liberation Army. Hopefuls of his generation waiting in the wings include Wu Bangguo (born in 1941) and Wen Jiabao (born in 1942), both a vice premier and a member of the Political Bureau, and Zeng Qinghong (born in 1939), an alternate member of the Political Bureau who became head of the Organization Department of the

**Table 6-1. Composition of the CPC Central Military Commission**

Post Held in CMC	Name	Rank	Year Born	Other Assignments
Chairman	Jiang Zemin	—	1926	General secretary of the CPC, member of the Standing Committee of the Political Bureau and president
Vice chairman <sup>a</sup>	Hu Jintao	—	1942	Member of the Standing Committee of the Political Bureau, member of the Secretariat of the CPC and vice president
Vice chairman	Zhang Wannian	Gen.	1928	Member of the Political Bureau and member of the Secretariat of the CPC
Vice chairman	Chi Haotian	Gen.	1929	Member of the Political Bureau and minister of national defense
Member	Fu Quanyou	Gen.	1930	Member of the CPC Central Committee and chief of the General Staff
Member	Yu Yongbo	Gen.	1931	Member of the CPC Central Committee and director of the General Political Dept.
Member	Wang Ke	Gen.	1931	Member of the CPC Central Committee and director of the General Logistics Dept.
Member	Wang Ruilin	Gen.	1930	Member of the CPC Central Committee and deputy director of the General Political Dept.
Member	Cao Gangchuan	Gen.	1935	Member of the CPC Central Committee and director of the General Armament Dept.
Member <sup>a</sup>	Guo Boxiong	Gen.	1942	Member of the CPC Central Committee and executive deputy chief of the Gen. Staff <sup>b</sup>
Member <sup>a</sup>	Xu Caihou	Gen.	1943	Member of the CPC Central Committee and executive deputy director of the General Political Dept. <sup>c</sup>

Source: Data from the issues dated September 23, 1999, and other dates of the *Jiefang Junbao*.

<sup>a</sup>Took office September 22, 1999.

<sup>b</sup>It was learned from the October 1, 1999, issue of the *Jiefang Junbao* that he had taken office as executive deputy chief of the General Staff.

<sup>c</sup>It was learned from the September 30, 1999, issue of the *Jiefang Junbao* that he had taken office as executive deputy director of the General Political Department.

CPC in March 1999. Such being the situation, it may be yet too early to say that Hu Jintao has established his position as the successor to Jiang Zemin.

On October 1, 1999, the PRC celebrated its 50th founding anniversary. In an address delivered at Tiananmen Square in Beijing, Jiang Zemin underscored political stability, economic development, solidarity of all the ethnic groups in, and improved international status of, China as accomplishments of the leadership provided by the CPC, and attempted to inspire the people with patriotic passion. And by mentioning that Mao Zedong and Deng Xiaoping had once stood before the same podium as he did then, he sought to impress the audience — and the world at large — that he stood on par with these leaders as the third-generation supreme leader.

In parallel with the campaign to appeal to the patriotism of the Chinese people as he did at the anniversary ceremonies, various efforts have been made to firmly maintain the hold of the CPC's leadership on the country. At a meeting of those involved in ideological and publicity work in January 1999, Jiang Zemin instructed them "not to let them [negative factors] interfere with the overall strategies of our party and government." And at the second session of the Ninth National People's Congress (NPC) in March 1999, Premier Zhu Rongji urged leaders of central and local governments to maintain social stability while cautioning them not to "use dictatorial means against the people."

One factor that may have prompted the leaders of the Chinese government to take this circumspection was the forthcoming 10th anniversary of the Tiananmen Incident on June 4. The Renmin Ribao (People's daily), the organ of the CPC, issued immediately before the 10th anniversary, said that the suppression of the "political disturbance" (meaning the Tiananmen Incident) in 1989 was necessary to maintain the integrity of national independence and economic development, and warned the people afresh against attempts by hostile forces, domestic as well as foreign, "to infiltrate, subvert or disrupt" China. And the authorities had tightened secu-

rity in and around Tiananmen Square and managed to carry out the 10th anniversary functions without confusion.

Immediately after the NPC in March 1999, the CPC stepped up an ideological education campaign called "three emphases education" for party cadres and bureaucrats. The campaign derives its origin from the instruction given to party cadres by Jiang Zemin urging them to emphasize "theoretical study, political awareness and being honest and upright." It is thought that the campaign is designed to root out corruption rampant among party cadres, encourage loyalty to Jiang Zemin and select party cadres to support the next-generation leadership of the party.

## **(2) Anxiety under the Reform**

The government had managed the function celebrating the 50th founding anniversary in an orderly manner and has been carrying out programs for the selection and ideological education of party cadres, but there is no denying the fact that elements of uncertainty are coming into bud here and there. And they include an economic slowdown, stalemate of reforms of state-owned enterprises, a massive increase in unemployment, rampant corruption among party cadres and bureaucrats, and the advent of dissident groups who openly take issue with the policies of the CPC. For all that, however, the Jiang Zemin regime has so far successfully checked the rapid spread of these uncertain factors, and they are highly unlikely to pose a threat to the rule of the CPC.

As Jiang Zemin suggested in the address he delivered at the ceremony of the 50th founding anniversary, one of the sources of legitimacy of the CPC lies in the track record it has established in developing the economy of China. Needless to say, it has been brought on by the reform and opening-up policy. However, the real growth rate of gross domestic product (GDP) has tended to slow down in recent years — from 9.7 percent in 1996 to 8.8 percent in 1997 to 7.8 percent in 1998, and it is believed to have declined to about 7.1 percent in 1999.

If only to maintain the forward momentum of its economy, reforms of utterly inefficient state-owned enterprises are essential. In a press conference following his assumption of office as premier in March 1998, Zhu Rongji declared that he would pull money-losing state-owned enterprises out of their plight within three years, and in a speech delivered before the NPC in March 1999, he expressed his strong will to achieve the goal. However, the Central Committee of the CPC decided at its fourth plenary session in September to put off, in effect, the achievement of the goal until 2010.

One factor behind a marked slowing of the pace of reforms is a sharp increase in the number of workers thrown out of their jobs by the restructuring of state-owned enterprises. During the past few years, the jobless rate announced by the government has leveled off at about 3 percent. However, this represents only the jobless rate of urban areas, and does not include workers who were temporarily laid off, whose number rose to 7.42 million during the first half of 1999 alone. Fueled by the swelling ranks of the unemployed, the widening gap between rich and poor, and the rampant irregularities and corruption among party cadres and bureaucrats, popular discontent has been mounting.

In an effort to alleviate popular discontent, the authorities stepped up ideological education of party cadres and the prosecution of corruption, and have held elections of village heads in a growing number of rural areas. On the other hand, with a view to deterring attempts of those economically or politically discontented to form a democratic and anti-Communist force or minority ethnic groups to launch a separatist or independence movement, the government is severely restricting the formation of political parties or the activities of social organizations. The warning issued by Jiang Zemin against "negative factors" mentioned earlier probably was directed toward such democratic and separatist activists.

In 1999, the CPC faced an unexpected but formidable challenge. On April 25, about 10,000 people (20,000 according to one report)

staged a sit-in outside Zhongnanhai, the compound housing the central government and the Central Committee of the CPC. They were practitioners of Falun Gong, a Buddhist-oriented Qi Gong group. According to a report from Hong Kong, they staged a sit-in to demand the release of their fellow practitioners arrested by the authorities and the legalization of their organization.

Initially, however, the authorities employed relative moderation by persuading them to disperse. Subsequently, however, the Renmin Ribao carried in its June 21 issue an editorial denouncing Falun Gong as "a superstition," and the government mounted an open campaign against it in earnest. On July 22, the government banned the activities of Falun Gong, and on July 29 placed on a wanted list Li Hongzhi, founder of Falun Gong who was then living abroad, while continuing to arrest the group's activists in China.

Factors that intensify the sense of crisis of the Chinese authorities are these: Falun Gong has grown into a gigantic organization (that has a membership of approximately 40 million) almost on a par in scale with the CPC (60 million), that its membership includes a large number of CPC members and military officers; it continues to carry out activities despite stringent control enforced by the authorities; organizations other than Falun Gong that rally the people around them with religious teachings are emerging. It is said that its membership includes a large number of former employees of state-owned enterprises who were forced out of their jobs through restructuring and hold grudges against the government. Worthy of special mention in this connection is the fact that Falun Gong maintains contact with its domestic and overseas members through the Internet. And the Internet is being utilized by pro-democracy groups also to spread their cause. For a China that wants to spread the use of the Internet to bolster the momentum of its economy, its utilization by "negative factors" is posing a serious challenge.

## 2. China's Diplomacy Aimed at Creating a Multipolar World Order

### (1) Rivalry and Cooperation

China has argued that the post-Cold War world has been moving toward multipolarization and that it is a desirable tide of history. China defines mutual respect for sovereignty and territorial integrity, and non-interference in each other's internal affairs as the most important principles that must be observed in international relations. And this view seems to have something to do with a number of problems — the question of Taiwan and the separatist movements of ethnic minorities — that China has to contend with. To unify Taiwan and safeguard its territorial integrity is the foundation of legitimacy of the CPC.

The year 1999 was the one in which China's world outlook and foreign policy principles were challenged by the movements of other countries. In the first place, the "U.S.-led NATO" forces, in the eyes of China, had attacked Yugoslavia "in the name of humanitarianism" in the absence of an enabling resolution of the U.N. Security Council. China characterized the bombing as an act of "hegemonism" and "power politics," and strongly condemned it as an act of "a new form of interventionism that puts human rights above sovereignty." Furthermore, these "hegemonists" had bombed the Chinese Embassy in Belgrade and had thus "violated the sovereignty" of China.

Second, in the eyes of China, such hegemonism and "the old security concept" based on military alliances manifested themselves from time to time not just in Europe but in East Asia. China has condemned the passage by the Japanese Diet of the bills related to the Guidelines for Japan-U.S. Defense Cooperation and the launch of a Japan-U.S. joint technology research on ballistic missile defense that they are nothing short of a move that "goes against the historical tide."

Third, China takes the view that Taiwan is attempting to gain

"independence" from China, and feels that "anti-China forces" in the U.S. Congress is backing Taiwan. China believes that if the United States provides Taiwan with technologies for theater missile defense (TMD), Taiwan will be separated permanently from China, and the territorial integrity of China will be undermined.

Such perception of the situation has led China to attach importance to forming a strategic partnership with Russia, which, as with China, has ethnic minority problems within its borders and entertains antipathy against a "unipolar world order" dominated by the United States. The opposition shared by China and Russia to the bombing of Yugoslavia, the development of TMD, the separatism of ethnic minorities and religious extremism have strengthened their ties.

However, China may not necessarily want to challenge the leadership of the United States head-on in cooperation with Russia. The Chinese leadership undoubtedly thinks that China has much to gain through cooperation rather than rivalry with the United States. That Premier Zhu Rongji had visited the United States to negotiate terms for joining the World Trade Organization (WTO) soon after NATO started bombing Yugoslavia seems to support such speculation. As for Japan, China seems to believe that the economic cooperation of the country is indispensable to accelerating its economic development. China is likely to continue its efforts to consolidate its comprehensive national power by strengthening its partnership with industrial countries, including the United States and Japan, become an important polar itself, and build thereby a multipolar world order and a stable strategic equilibrium China has been seeking to establish.

### (2) Grating Relations with the United States

While aiming at establishing a multipolar world order, China attaches importance to building a "constructive strategic partnership" with the United States, which it regards as the one and only superpower. Moreover, the United States is China's largest export

market. When viewed from China's perspectives, 1999 became a year in which its partnership with the United States ran into troubles on account of "power politics" and "interference with internal affairs" of other countries by the United States.

The year 1999 fell on the 20th anniversary of diplomatic relations established between the United States and the People's Republic of China. On the occasion of Jiang Zemin's visit to the United States in October 1997 and Clinton's visit to China in June 1998, the leaders of the two countries indicated that they would work toward building a "constructive strategic partnership" between them. However, the propitious atmosphere was punctured by a suspected theft of nuclear and missile technology that came to light early in 1999.

As the year rolled on into 1999, mass media in the United States carried stories one after another alleging that China had stolen technology from the United States to upgrade its nuclear capability. On May 25, a U.S. House select committee chaired by Rep. Christopher Cox released to the general public a report containing findings of its investigation, titled U.S. National Security and Military/Commercial Concerns with the People's Republic of China, also known as the "Cox Report." The report alleged that China had stolen cutting-edge technology from the United States to develop miniaturized warheads mated to submarine-launched ballistic missiles, neutron bombs and an intercontinental ballistic missile Dong Feng-31.

Whenever such stories and reports appeared, the Chinese government refuted the allegations as "completely unfounded." In a press interview on April 8, Zhu Rongji, who happened to be in the United States to negotiate terms of joining the WTO, pointed out that the U.S. authorities have not been able to find evidence.

On May 7 (May 8 Beijing time), U.S. aircraft accidentally bombed the Chinese Embassy in Belgrade. The Chinese government had continuously taken the position consistently opposing NATO's intervention in Kosovo. Immediately after the accident,

the Chinese government issued what it called "the strongest protest" against "the act of U.S.-led NATO," and announced the postponement of high-level military contacts with the United States. On May 14, Clinton called Jiang Zemin to apologize for the accidental bombing, but the Chinese continued to demand the United States clear up its cause. China's ill feeling toward the United States, inflamed by allegations of technology theft, was about to come to a head.

Prior to the incident, some in the U.S. Congress argued that the strengthened nuclear and missile arsenals of China was posing a threat to the security of Taiwan. On March 24, 1999, the U.S. Senate introduced the Taiwan Security Enhancement Act, that was designed to strengthen U.S. military sales to Taiwan, and on May 18, a similar bill was presented to the House of Representatives. In reaction, the Chinese government expressed strong opposition to the act on the ground that it "will serve to block China's peaceful reunification cause by further interfering in China's internal affairs."

On July 6, President Lee Teng-hui of Taiwan made a remark characterizing the China-Taiwan relations as "special state-to-state relationship." And this has sparked fears about the possibility of rekindling military tension involving China, Taiwan and the United States like the Taiwan Strait crisis of March 1996.

The Chinese authorities took the view that Lee Teng-hui's remark had something to do with the introduction of the Taiwan Security Enhancement Act by anti-China forces that supported Taiwan's "independence." This is the very reason why China urgently wanted the U.S. government to indicate in no uncertain terms its opposition to the independence of Taiwan at this specific moment. In response, the Clinton administration, appealing for a peaceful solution to the problem, repeatedly announced that it would stick to a one-China policy immediately after Lee Teng-hui made the remark. It indicated that it did not support Taiwan's independence. And the Clinton administration has made efforts to

gain a “better understanding” of the Taiwan authorities about Washington’s views. Meanwhile, Clinton personally explained his administration’s policy to Jiang Zemin over the telephone on July 18 and again at a meeting he had with him in Auckland, New Zealand, on September 11. In response, Jiang stressed that China is not committed to abandoning the use of force on the issue of Taiwan, but the Renmin Ribao said that the meeting was “positive and constructive.”

Already toward the end of July, negotiations for compensation for the human loss sustained from the accidental bombing of the Chinese Embassy in Belgrade were completed. The reaffirmation of the one-China policy by the United States has helped ease to a certain extent China’s stance against the United States that had only stiffened since the beginning of the year.

An event that symbolized the improvement in the relations between the two countries was the resumption of port calls by U.S. naval vessels at Hong Kong, which China had refused since the accidental bombing of its embassy in Belgrade. On October 31, the USS O’Brien was authorized to visit Hong Kong. And on November 19, Deputy Assistant Secretary of Defense Curt Campbell visited China to prepare for the resumption of full-dress military exchanges between the two countries.

Thus China and the United States groped for a reconciliation with one another starting from the common ground of a one-China policy. However, there remains a difference of position between China and the United States: China stands ready to use force if Taiwan declares its “independence” from China or if a foreign country intervenes on behalf of Taiwan, while the United States, in the words of President Clinton, “considers any effort to determine the future of Taiwan by other than peaceful means a threat to the peace and security of the Western Pacific area and of grave concern to the United States.” Because of the differences, China need to continue military exchange with the United States to prevent them from developing into a serious confrontation.

### **(3) Strengthening Partnership with Russia**

China views the strengthening of a “strategic cooperative partnership” with Russia as a key to establishing a multipolar world order and attaches importance to it. China defines its relationship with Russia as one “characterized by non-alliance and non-confrontation, and much less directed at any third country.” For all that, however, the year 1999 was one that saw a marked increase in actions taken by China on the world stage in concert with Russia obviously with the United States in mind.

One of them was the cooperative move China had made with Russia in opposing NATO’s intervention in the affairs of Yugoslavia. At a session of the U.N. Security Council on October 24, 1998, China announced its intention to exercise a veto, and Russia also took the position opposing the exercise of armed force against Yugoslavia. The two countries have thus blocked the possibility of the United Nations authorizing the use of force by NATO. When NATO’s bombing of Yugoslavia started in March 1999, China stepped up its criticism of the United States and NATO, and gave active support to Russia for its diplomatic initiative. On May 10, immediately after the accidental bombing of the Chinese Embassy in Belgrade, Russian President Boris Yeltsin called Jiang Zemin to discuss the bombing, and Yeltsin’s special envoy Viktor Chernomyrdin visited Beijing, and he and his Chinese counterparts agreed to call for an immediate cessation of the bombing. On June 8, Jiang Zemin and Yeltsin had a telephone conversation, in which Jiang stressed the necessity for the two countries to make concerted efforts at the United Nations, and Yeltsin agreed that the world should maintain a multipolar order.

While the concerted actions China and Russia had taken were directed against the United States and NATO, they were taken apparently with an eye on Taiwan and separatist movements of ethnic minorities in their respective countries. A joint statement issued by the heads of five countries (China, Russia, Kirghiz, Kazakhstan and Tajikistan) who gathered at a five-nation summit

in Biskek said that “human rights should not be used as a pretext for interfering with the internal affairs of a state,” and that “it is of significant importance to effectively fight against national separatism and religious extremism.”

Another action was the confirmation of China’s long-standing opposition to TMD/BMD as a common policy of China and Russia to be presented in the form of opposition to the amendment of the Anti-Ballistic Missile (ABM) Treaty. Wang Guangya, assistant minister of foreign affairs of China met with Georgiy Mamedov, deputy minister of foreign affairs of Russia on April 14, and they expressed serious concern that the concept of national missile defense (NMD) of the United States could lead to puncturing the ABM Treaty. Specific contents of their statement were made public in the form of a communique by the Ministry of Foreign Affairs of China on April 16. It said, “the buildup and deployment of anti-missile [TMD] systems in certain countries in the Asia-Pacific region may escalate the tension in the hot spots in the region.” On November 5, China and Russia introduced to the First Committee (Disarmament and International Security) of the U.N. General Assembly jointly with Belarus a draft resolution calling for compliance with the 1972 ABM Treaty, and have succeeded in persuading the committee to pass the resolution.

Introduction of Russian weapons and military technology into China’s arsenal constituted a large part of the partnership between the two countries. China cannot modernize its armed forces without introducing Russian weapons and military technology. For Russia, China is an attractive market for its weapons. Moreover, Russia seems to think that China’s military buildup to a certain extent is necessary for creating a multipolar world order.

Worthy of note in this connection was a nine-day visit (June 7–15) to Russia by Gen. Zhang Wannian, vice chairman of the Central Military Commission of China. At a meeting he had with Marshal Igor Sergeev, Russian defense minister, they exchanged views about promoting military exchanges and cooperation over a

long period of time. Subsequent thereto, Gen. Zhang visited Vladivostok to meet Adm. Mikhail Zakharenko, commander of the Pacific Fleet of Russia, and exchanged views about strengthening the military exchanges and cooperation between the two countries in the Asia-Pacific region. Although it was not reported in China, according to Russian media coverage during Zhang’s stay in Russia a provisional agreement was reached for the purchase of more than 50 Su-30 fighters from Russia. Concurrently with such developments, two Russian naval vessels paid a visit to Shanghai for a period of five days, October 2–6. And they took the occasion to conduct a bilateral exercise, the first ever, with China’s Navy.

#### **(4) With Ambivalence toward Japan**

On the one hand, China views Japan as an important economic partner, but on the other, it views with suspicion the passage of the bills related to the Guidelines for Japan-U.S. Defense Cooperation, also known as the Guidelines legislation and the Japan-U.S. joint technology research on BMD, and criticized Japan for such policies. In 1999, China aroused fears of Japan about its intention by stepping up its marine scientific research activities and those of its naval vessels in the exclusive economic zone (EEZ) of Japan.

Following President Jiang Zemin’s visit to Japan in November 1998, Prime Minister Keizo Obuchi of Japan paid a return visit to China in July 1999 (July 8–10). And they held talks on the occasion of the Informal APEC Economic Leaders’ Meeting held in Auckland in September the same year. At these meetings, they agreed to promote mutual cooperation toward the 21st century in the name of “Partnership of Friendship and Cooperation for Peace and Development.” When Obuchi visited China in July 1999, he made, in effect, a compromise agreement with China on terms for admitting China to the WTO, paving the way for China to join the world organization.

While the two countries have thus forged close economic ties over the years, China takes the view, according to Premier Zhu Rongji,

that “history is an important and sensitive political issue” in Japan-China relations. In the area of security, also, there are the following questions facing the two countries. First, China takes a critical view of the Guidelines legislation. Following the passage of the legislation, spokesperson Zhu Bangzao of the Ministry of Foreign Affairs of China said that China will watch the words and actions of Japan. He commented that the Guidelines legislation “goes against the historical tide.” His remark is based on China’s perception that reliance upon military alliances reflect “the old security concept.”

The question that China is most sensitive about was whether the Guidelines legislation will include Taiwan in the sphere of Japan-U.S. defense cooperation under the Japan-U.S. Security Treaty. It is for this reason that China strongly demanded that such cooperation should be limited to the bilateral sphere.

Second, the Chinese criticized Japan for undertaking a joint technology research on a theater missile defense (TMD) system — the Japanese calls it “ballistic missile defense (BMD) system” — jointly with the United States. For instance, Foreign Minister Tang Jiaxuan of China said in a press interview given after the National People’s Congress in March 1999 that it will “go far beyond the legitimate defense needs the relevant country has repeatedly indicated, and it will prejudice the peace and stability in the Asia-Pacific region.” At around the same time, Premier Zhu Rongji commented that “TMD would constitute not only a violation of international agreements on missiles but an interference in China’s internal affairs.” He worries that if a TMD system is deployed in Taiwan, it would permanently be separated from China. Implicit in his remark may be a misgiving that China could not retain Taiwan any longer without an effective threat of its nuclear weapons and missiles. In an editorial it carried in its February 13 issue, the *Renmin Ribao* pointed out that the “two countercurrents” — the Guidelines legislation and the TMD — “would connive and encourage ‘Taiwan’s independence.’” This suggests where exists the source of

concern for the Chinese authorities.

Third, what Japan is concerned over is the growing activities of China’s marine scientific research vessels and naval vessels. The number of Chinese marine scientific research vessels spotted operating in Japan’s EEZ has

increased sharply from 16 in 1998 to 24 during the first six months of 1999 alone. The sites of their operation were located in the East China Sea. In mid-May and mid-July, 12 and 10 Chinese naval vessels were spotted, respectively, in the EEZ of Japan north of the Senkaku Islands. In response to Japan’s representations, China, which claims sovereignty over the islands, merely said repeatedly that “the Chinese marine scientific research vessels were engaged in legitimate research activities,” and that “there was no problem.”

Defense exchanges between Japan and China have tended to be sluggish during the first half of 1999. Toward the end of August, however, a friendship mission headed by Lt. Gen. Wang Tailan, deputy director of General Logistics Department of the People’s Liberation Army (PLA), came to Japan at the invitation extended by the Japanese side during the July visit to China by Prime Minister Keizo Obuchi and had talks with key officials of the Defense Agency and the Self-Defense Forces (SDF), including Seiji Ema, then administrative vice defense minister. On October 7, the Sixth Japan-China Security Dialogue was held in Tokyo with the participation of bureau director-generals of foreign affairs and defense authorities for the first time in one year and 10 months. Discussions centered around the situation in the Korean Peninsula. On November 22, Vice Defense Minister Ema met with



**Minister of National Defense Chi Haotian of China having a talk with administrative vice defense minister, Seiji Ema of Japan (November 23, 1999)**

Lt. Gen. Xiong Guangkai, deputy chief of the General Staff and exchanged candid views on the situation in the region, defense policies of, and defense exchange between, the two countries. Dialogue between Japan and China has thus been resumed in the second half of the year.

##### **(5) China's Relations with North and South Korea**

China has resumed exchanges of visits of top-level leaders with North Korea, on the one hand, and has been building a partnership as it claims, with South Korea, on the other. And China has been seeking to enhance its influence in the Korean Peninsula by balancing its diplomatic efforts between North and South Korea.

China has announced on repeated occasions that the objective of its policy toward the Korean Peninsula is to preserve peace and stability in the peninsula. Perhaps, this is because an armed clash in the neighboring peninsula between North and South Korea would seriously disturb the security environment surrounding China. Therefore, China has been endeavoring to maintain and strengthen good relations with the two Koreas and urging them to exercise self-restraint, and has been a member of the Four-Party Talks, whose purpose is to establish a permanent peace regime on the peninsula. However, China has been maintaining its distance from the Korean Peninsula Energy Development Organization led by the United States, South Korea and Japan. Probably, this is because China is not happy with the United States gaining growing leverage in affairs of the Korean Peninsula.

China received a visit from a delegation of the People's Democratic Republic of Korea (DPRK) headed by Kim Yong Nam, president of the Presidium of the Supreme People's Assembly on June 3-8, 1999. Since the visit by the late President Kim Il Sung in October 1991, exchange of visits by top leaders between China and North Korea had stopped. It is believed that this is attributed at least partially to the establishment of diplomatic relations between China and South Korea in August 1992. However, Chairman Li

Peng of the Standing Committee of the National People's Congress said that on account of the observance of mourning for the late Kim Il Sung, North Korea could not continue "high-level exchanges of visits," and explained the recent visit by a North Korean delegation was "the resumption of high-level exchanges of visits" between the two countries.

In addition to Kim Yong Nam, the North Korean delegation was composed of Premier Hong Song Nam, Vice Marshal Kim Il Chol, vice chairman of the DPRK National Defense Commission and minister of people's armed forces, Choe Thae Bok, secretary of the Workers' Party of Korea Central Committee and chairman of the Supreme People's Assembly, and Paek Nam Sun, minister of foreign affairs. From the Chinese side, Li Peng, Zhu Rongji, Tang Jiaxuan and Chi Haotian met the delegation, and the North Korean delegation also met with Jiang Zemin. And they said that the visit of the North Korean delegation would "advance bilateral traditional friendship" between the two countries, and they condemned "the military attack on the sovereign state of Yugoslavia."

Defense Minister Chi Haotian of China had separate talks with Minister of the People's Armed Forces Kim Il Chol of North Korea, but the substance of their talks was not made public. In July, a delegation of the Korean People's Army headed by Gen. Ryo Chun Sok (the Chinese media called him "vice minister of people's armed forces") met with Chi Haotian. In August, a foreign affairs delegation of the People's Liberation Army of China (which included Maj. Gen. Luo Bin, director of the Foreign Affairs Office of the Ministry of National Defense) paid a return visit to North Korea to have talks with his counterpart Kim Il Chol. And the military exchanges between the two countries have thus become increasingly active.

Subsequently, on October 5, Tang Jiaxuan became the first Chinese foreign minister to visit North Korea in eight years, to commemorate the 50th anniversary of the establishment of diplomatic relations between the two countries. It was reported that the two countries had agreed to exchange visits by their leaders contin-

uously in coming years, but it is not clear whether their agreement included mutual visits of their real top leaders, Jiang Zemin and Kim Jong Il.

Meanwhile, China has been seeking to build “a cooperative partnership” with South Korea. In August 1999, Cho Seong Tae visited China as the first South Korean defense minister to do so and met with his Chinese counterpart Gen. Chi Haotian, and they agreed that efforts should be made to maintain peace in the Korean Peninsula. Prior to Cho’s visit, Sha Zukang, director-general of the Department of Arms Control, Foreign Ministry of China, visited Seoul in June to attend China-South Korea talks on disarmament and non-proliferation of nuclear weapons in Northeast Asia. At the talks, Sha Zukang said that China welcomed South Korea’s decision not to participate in the TMD program. Meanwhile, Chinese Foreign Ministry spokesman Zhu Bangzao expressed on August 17 China’s concern about the ULCHI FOCUS LENS combined command-post exercise conducted by the United States and the South Korea, and Chinese newspapers carried commentaries urging the United States and South Korea to refrain from exacerbating the situation involving North Korea.

#### **(6) Friction over the Spratly Islands**

Friction over the sovereignty of the Spratly Islands resurfaced between China and some Association of Southeast Asian Nations (ASEAN) countries in recent years. Different countries have tried to consolidate their effective control of the islands, but thanks to their diplomatic efforts, a direct armed clash has not occurred, at least for now.

On the one hand, China has been claiming that “China has indisputable sovereignty over the Nansha [Spratly] Islands,” but on the other, it has indicated the principle that “the disputes [existing with a neighboring country] should be settled through bilateral dialogue,” and that in case the dispute cannot be settled, “disputes should be put aside in favor of joint development.” However, on the

question of handling the issue through multilateral discussions, China takes a negative stance by saying that “involvement by any external forces would complicate the situation and that their involvement is undesirable.” It appears that China takes such a position because it does not want the United States or other external forces to get involved in the process of settling the issue.

In 1999, China enlarged the building, or “fishermen’s shelter” as China claims it to be, it had built on Mischief Reef, and this has touched off friction between China and the Philippines. The two countries agreed to hold bilateral talks, and on March 22–23, they held the first meeting of an Experts Working Group on Confidence-Building Measures in Manila. After the meeting, they issued a joint statement that said that they will “exercise self-restraint and not to take actions that might escalate the situation.” In May and again in July, Philippine naval vessels chased Chinese fishing boats on suspicion of unlawful fishing and sank them. On July 25, Secretary of Foreign Affairs Domingo L. Siazon of the Philippines met with his Chinese counterpart Tang Jiaxuan in Singapore, and Siazon promised to take steps to prevent the recurrence of such an incident. They have thus managed to avert the deterioration of the situation along the lines laid down in their joint statement of March 1999.

Meanwhile, Malaysia had erected a structure on the Investigator Shoal of the Spratly Islands, and in mid-May the Chinese government asked the Malaysian government to stop building the structure. Toward the end of May, Foreign Minister Syed Hamid Albar of Malaysia, and on August 18, Prime Minister Mahathir of Malaysia, visited Beijing, respectively. After meeting with their counterparts, they confirmed that the dispute over the Spratly Islands should be settled through bilateral friendly consultations and negotiations, and that they “oppose any involvement and interference by any outside force.”

Progress has been made on the border dispute between China and Vietnam. In February 1999, Secretary General Le Kha Phieu

of the Communist Party of Vietnam visited China for talks with President Jiang Zemin. And they agreed to sign a Treaty of Land Border between China and Vietnam within 1999 to put an end to the long-smoldering border dispute and confirmed their intention to settle the dispute over borders about the Gulf of Tonkin through negotiations within the year 2000. (The Land Border Treaty was signed on December 30, 1999.) In August, it was reported that the mine-clearing action, which the People's Liberation Army of China had started seven years ago in the areas of Yunnan province bordering on Vietnam, has been completed.

### **3. Defense Buildup with a Focus on Qualitative Improvement**

#### **(1) Rejuvenation of the High Command and Jiang Zemin's Leadership**

The year 1999 marked the 10th year since Jiang Zemin succeeded Deng Xiaoping as chairman of the Central Military Commission (CMC), the supreme leading organ of the armed forces of China. Although he had never served in the military, Jiang Zemin has steadily strengthened his leadership over the military by frequently visiting army units and inspecting their exercises. On the 50th founding anniversary of the People's Republic of China on October 1, a military review was conducted for the first time in 15 years since Deng Xiaoping had held one in 1984. And Jiang used the occasion to display to the world the hold he has gained over the military, the results the modernization of the People's Liberation Army (PLA) has achieved, and its "strong power."

When devastating floods struck China in the summer of 1998, Jiang mobilized PLA units to control the floods, rescue victims and restore the damaged land and infrastructure. Scenes of command exercised by Jiang Zemin, which were televised live on the spot day in, day out, were intended to impress the viewers with his strong leadership over the military. On April 1, 1999, the CMC under the

chairmanship of Jiang Zemin issued a decree to award Li Xiangqun, a soldier who died in the line of duty while engaged in a rescue operation against the floods, the honorary title of "a hero soldier of the new era." The Renmin Ribao and the Jiefang Junbao (Liberation Army daily) carried articles for several days in succession praising the heroism of the dead soldier and the authorities held events in his memory. One may say that this is a campaign reminiscent of a historical event — one that had occurred in the Mao Zedong era in which a soldier named Lei Feng who had died in an accident was made a hero and used to infuse loyalty to Mao Zedong into the hearts of soldiers and people. In parallel with this campaign, a "three emphases education" campaign — to teach the need to emphasize theoretical study, political awareness, and being honest and upright — which was designed to strengthen the leadership of Jiang Zemin and select and groom the next-generation leaders through checks for ideological correctness was carried out in earnest in the military.

Jiang Zemin elevated Hu Jintao, a younger-generation leader born in 1942 who had no military career, to the position of vice chairman of the CMC. Hu was already a member of the Standing Committee of the Political Bureau of the Communist Party of China (CPC) and was catapulted to the second ranking position of the CMC over the head of such veteran generals as Zhang Wannian and Chi Haotian (members of the Political Bureau) (Table 6-1).

At the same time, Lt. Gen. Guo Boxiong, commander of the Lanzhou Military Region, and Lt. Gen. Xu Caihou, political commissar of the Jinan Military Region, were newly appointed as members of the CMC and promoted to the rank of general. They were the 57th and 58th officers to be promoted to general since the revival of the military rank in July 1988 and were the first to be promoted to that rank in their 50s. Subsequently, Guo Boxiong was appointed as executive deputy chief of the General Staff, and Xu Caihou as executive deputy director of the General Political

Department. These posts were newly created in 1999, and their new positions represent the second-highest posts in the operational and political chains of command, respectively. As aides to Vice Chairman Hu Jintao of the CMC, they are up-and-coming young generals who are expected to lead the next-generation armed forces of China. The rejuvenation of the leadership may lead to the acceleration of the modernization of the military.

Incidentally, 41 out of the 58 generals who have been promoted to the rank of general to date, and 20 out of the 21 generals (except Defense Minister Chi Haotian) who are in active service have been appointed by Jiang Zemin. This bespeaks the strong clout Jiang has built up with the military.

## (2) Toward More Efficient Management of the Armed Forces

China has been increasing its defense budget continuously, on the one hand, and has been trying to cut its military payrolls by reducing the number of its troops, on the other. At the same time, it is endeavoring to increase the efficiency of research and development, and procurement of military equipment by reforming its defense industry. These moves may be characterized as those designed to build the foundations of creating modern, efficient force that are capable of “winning local wars under high-tech conditions.”

In the Report on the Work of the Government delivered at the second session of the Ninth National People’s Congress in March 1999, Premier Zhu Rongji touched on the necessity “to improve the army’s defense capabilities and combat effectiveness under modern technological and especially high-tech conditions,” and cited as challenges facing the defense establishment of China the necessity for attaching importance to improving the quality of the army, for giving priority to developing key weapons and equipment, and for accelerating the reform of the national defense industry. At the same session, Zhu reported that the defense budget for 1999 amounted to 104.65 billion renminbi yuan (about \$12.6 billion).

**Table 6-2. Changes in the Defense Spending of China**

Year	Amount (millions of yuan)	Share in Gross Expenditure (%)	Growth Rate (%)
1985	19,153	10.4	6.0
1986	20,075	8.6	4.8
1987	20,962	8.6	4.5
1988	21,800	8.1	3.9
1989	25,146	8.3	15.4
1990	29,031	8.4	15.5
1991	33,031	8.7	13.8
1992	37,786	8.6	14.4
1993	42,580	8.1	12.7
1994	55,071	9.5	29.3
1995	63,672	9.3	15.6
1996	72,006	9.1	13.1
1997	81,257	8.8	12.8
1998	92,857	8.6	14.3
1999	104,650	8.5	12.7

Sources: Data from each year’s edition of *Zhongguo Tongji Nianjian* [China Statistical yearbook] and *Zhongguo Tongji Zhaiyao* [China Statistical digest], and from the March 7, 1999, issue of the *Jiefang Junbao*.

Note: Figures for the years up to 1998, inclusive, are the amounts actually spent, and that for 1999 represents the amount budgeted.

This represents a two-digit increase in defense spending for 11 consecutive years.

Reduction of the number of troops is continuing. This measure was taken in line with a policy announced by Jiang Zemin at the 15th National Congress of the CPC in September 1997 that “China will reduce its armed forces by another 500,000 in the next three years.” Subsequently, the *Renmin Ribao* reported in February 1998 that the Chinese government had started to reduce its armed forces. In the report mentioned earlier, Premier Zhu Rongji stated that “the work of reducing our armed forces by 500,000 men is going smoothly,” but he did not elaborate. Neither is it clear when “the three years” will end. However, a meeting of the Central Committee of the CPC, the State Council and the Central Military Commission (CMC) to discuss “the work of providing placement to demobilized military cadres” was held in April 1999. One report

said that the People's Armed Police Force, which is in charge of internal security, was among the organizations that would accept the placement of 80,000 demobilized military cadres. At that meeting, Hu Jintao, who was soon to take office as vice chairman of the CMC, urged those who were concerned to "carry through the program [of troop reduction] to the last." The problem of demobilization had thus confronted the authorities concerned with a difficult task of absorbing discharged military personnel and displaced workers of state-owned enterprises.

Progress has been made continuously in reorganizing the defense industry. In 1998, a General Armament Department was established in the PLA. Thus a relationship of supplier and purchaser has emerged between the Commission of Science, Technology and Industry for National Defense ("the Defense Science and Technology Commission") under the State Council, which oversees

**Table 6-3. Reorganization of China's Defense Industry**

New Enterprise	Old Enterprise
China National Nuclear Corporation China Nuclear Engineering-Construction Group Corporation	China National Nuclear Corporation
China Aerospace Science and Electronics Corporation China Aerospace Machinery and Electronics Corporation	China Aerospace Industry Corporation
China Aviation Industry Corporation I China Aviation Industry Corporation II	Chinese General Company of Aeronautics Industry
China State Shipbuilding Corporation China Shipbuilding Industry Corporation	China State Shipbuilding Corporation
China North Industries Group Corporation China South Industries Group Corporation	China Ordnance Corporation

Sources: Data from the *Jiefang Junbao*, April 27, 1999; Xinhua News Agency, July 2, 1999; and other relevant issues.

Notes: These are not all the state-owned defense industry enterprises in China. An inaugural convention was held on July 1, 1999, for the 10 group corporations known collectively as the "defense industry corporations" versus the "military industry corporations" as the five old enterprises were called.

the defense industry, and the General Armament Department of the PLA. Before it was established, a military officer had been appointed as minister of the Defense Science and Technology Commission and therefore, presumably the commission was under the control of the CMC, and there was no clear distinction between the purchaser and the supplier.

Furthermore, in July 1999, a division of roles was established between the Defense Science, Technology and Industry Commission, which owns and supervises defense industry enterprises that directly run businesses. At the same time the five defense industry enterprises were divided and reorganized into 10. This has created competition among them, if at least in form, in line with the government policy for the reform of state-owned enterprises.

In July 1998, the government banned the army from "being involved in business activities," and subsequently announced that it had completed "the separation of ownership" of army-run businesses such as hotels and department stores from the military by the end of the year. However, as late as January 15, 1999, Vice Chairman Zhang Wannian of the CMC issued a statement urging the military to consolidate the results accomplished in steering clear of commercial activities. It was also reported that "there are problems — such as the settlement of claims and liabilities, and the treatment of demobilized personnel — yet to be addressed." This suggests that "the separation" has not been completed as yet.

### (3) Building Up the Military with Science and Technology

The latest goal of the People's Liberation Army (PLA) is to prepare itself to "win local wars under high-tech conditions." By drawing on the lessons learned from the Gulf War of 1991, the PLA established in 1993 a Policy of Military Strategy for the New Era. Under this policy, the PLA has been pressing ahead with a program designed to create combined-arms army groups each with greater mobility and firepower, and improve its joint warfare capability. In addition, the weapons and equipment of the navy and the

air force have been modernized in an effort to “build up the military with science and technology.”

In 1999, the Chinese government attached importance to joint exercises of ground, naval and air forces. For instance, in a large-scale landing exercise conducted in the shores of Zhejiang province and Guangdong province in early September, the Second Artillery Corps (a strategic missile force) and reserves participated. At a meeting of the All-Army Chiefs of Staff Conference held on November 12, Jiang Zemin stressed that efforts should be made to “build a strong foundation of joint exercises among the three services,” and expounded his view attaching importance to improving the ability of command and staff personnel at all levels. Perhaps as a part of its efforts to promote jointness, the Chinese government promulgated the Outline Governing Joint Campaigns of the People’s Liberation Army of China in January. The government explained that it is an operational regulation to be observed in combat.

Importance is attached to exercises that employ science and technology, and Jiang Zemin has shown keen interest in such exercises. On January 5, for instance, he inspected the “operation of a military training simulation system” conducted by the National Defense University of the PLA. He also inspected a military exercise which “used scientific and technological results” conducted in April in the Beijing Military Region.

Aware that personnel training is essential to building up the military with scientific and technological know-how, the government has reorganized military educational institutions along lines that emphasized training in military science and technology. For instance, when the government reorganized the National Defense Science and Technology University of the PLA in June, Chi Haotian, vice chairman of the Central Military Commission and minister of national defense stressed that the objective of the reorganization of the university was to accelerate the modernization of the PLA by nurturing senior-level commanders well-versed in military science and technology, and senior-level engineers.

**Table 6-4. Reorganization of PLA Educational Institutions**

Date Established	New Organization	Old Organization
June 18, 1999	National Defense Science and Technology University (Changsha)	Four military schools in Changsha were consolidated into former National Defense Science and Technology University.
June 25, 1999 <sup>a</sup>	Navy Engineering University (Wuhan)	Navy Engineering Institute, Navy Electronic Engineering Academy
June 30, 1999	Army Aviation Academy	Newly established.
July 1, 1999	Shijiazhuang Army Command College	Army General Staff College, Armored Force Command College
July 1, 1999	PLA Institute of the Artillery Corps (Hefei)	Hefei Institute of Artillery Corps, Nanjing Institute of Artillery Corps
July 1, 1999	Second Artillery Corps Officers School	Second Artillery Corps Command Academy, Qingzhou Branch
July 2, 1999	PLA Information Engineering University (Zhengzhou)	PLA Zhengzhou Information Engineering College, PLA Electronic Technology College, PLA Topography College
July 2, 1999	PLA Science and Engineering University (Nanjing)	PLA Institute of Communications Engineering, PLA Engineering Institute of Engineering Corps, Meteorology Institute of the Air Force, PLA General Staff Department No.63 Research Institute
July 23, 1999	Air Force Engineering University (Xian)	Air Force Engineering Institute, Air Force Missile Academy, Air Force Telecommunication Engineering Institute
July 27, 1999	Ulmuqi Army Academy	Xian Army School, Ulmuqi Branch, Lanzhou Medical College, Hutubi Branch

Source: Data from the June 19 and July 3, 1999, issues of the *Jiefang Junbao* and other sources.

<sup>a</sup> The date of its media report.

Meanwhile, there were cases in which several academies have been integrated into a university (Table 6-4).

In addition, measures to raise the pay of non-commissioned officers and attach greater importance to volunteer servicemen than to

compulsory servicemen have been taken — all with a view to raising the status and quality of non-commissioned officers who constitute the backbone of a professional military. The emphasis on the volunteer service was legislated by an amendment of the Military Service Law effected in December 1998 for the first time in 14 years. Among other things, the amendment deleted the clause that the military service system should be based primarily on the compulsory service and cut the term of their active service to two years.

As the lessons learned from the Gulf War prompted the PLA to attach greater importance to building up itself with science and technology, the experience Yugoslavia had during the Kosovo conflict will have influence in one form or another on the military thinking of China. From newspaper comments and articles contributed by officials of the Defense Ministry, one gains the impression, first, that Chinese military leaders reconfirmed their belief that factors deciding the outcome of a war are the quality of weapons and military intelligence, and, second, that they were surprised to see Yugoslavia doggedly holding out for close to three months against overwhelming odds NATO had posed. It appears that these Chinese military leaders think that Yugoslavia was able to hold out thanks to the effectiveness of its air defense that shot down a Stealth fighter and the success it has achieved in spiritually mobilizing its people.

In 1999, China reconfirmed its policy attaching importance to the development of its nuclear force. For instance, prior to the 50th founding anniversary of the People's Republic of China, Jiang Zemin declared that if China had not developed "two bombs and one star" (meaning atomic bomb, hydrogen bomb and satellite), it would not have achieved the international status it enjoys. In the form of a rebuttal of the charge that China had stolen nuclear technology from the United States, Zhao Qizheng, director of the Information Office of the State Council told the media that "China had mastered the neutron bomb design technology and the nuclear

weapon miniaturization technology" as early as in the 1970s and 1980s.

#### **(4) Continuing Modernization of Military Equipment**

The military review held on October 1, 1999, in celebration of the 50th founding anniversary of the People's Republic of China and the military parade that followed displayed a large number of modern weapons, which China claimed to have developed on its own, were designed to exhibit to the world the results of the efforts the PLA had made to modernize its equipment and its "strong power."

While the troop reduction was primarily made in the ground force, China devoted much effort to the modernization of its navy, air force, and nuclear force. In January 1999, the Jiefang Junbao carried an article about a new type of submarine deployed in the South Sea Fleet. It is believed that this submarine was one of the Kilo-class submarines bought from Russia or a Chinese-made Song-class diesel-electric submarine. In February, a destroyer, which had recently completed a trial voyage, was placed in the East Sea Fleet. Perhaps, this was the Luhai-class guided-missile destroyer (about 6,000 tons), the newest and largest surface combatant ever domestically built by China. A destroyer of this class is equipped with 16 units of C-802 anti-ship missile launchers and eight units of HQ-7 short-range surface-to-air-missile launchers, and has much stronger surface warfare and air defense capability than those of the conventional class in China's inventory. These missiles were displayed during the military parade staged as part of the 50th founding anniversary celebration.

Where the air force is concerned, the Western media reported that the first Su-27SK fighter aircraft that China had started building under a Russian license carried out a test flight in January 1999, and China is expected to produce about 200 of them in coming years. The Su-27SK has a combat radius of 1,500 kilometers, almost double that of J-8 fighter aircraft (800 kilometers), the

most advanced China has had. China has imported about 50 of them from Russia. China has started introduction of Su-30MKK multirole fighter aircraft from Russia that were developed from Su-27K and have stronger air-to-surface capability. Initially, Russian media reported that China had bought more than 50 of them, but subsequent reports put the number at 60 to 72.

During the military parade in October 1999, domestically-built H-6 refueling aircraft and FBC-1 fighter-bombers, in addition to Su-27SK, flew over the parade ground. If these refueling aircraft become operational, the combat radius of the Chinese air wings would be greatly extended over the Taiwan Strait and the South China Sea. Pakistani sources reported that when Defense Minister Chi Haotian visited Pakistan in February, China agreed to sell 50 domestically-built Super 7 fighter aircraft to the country.

As demonstrated by the advent of the Dong Feng-31, China has been pressing ahead with a program designed to modernize its missile force. On August 2, the Xinhua News Agency reported that China had successfully test-launched a new type of long-range surface-to-surface missile. Soon thereafter, the Guangzhou Ribao, a local newspaper, confirmed that it was the first test-launch of the Dong Feng-31 ballistic missile. It is believed that it has a range of 8,000 kilometers and it was highly likely that China intended to demonstrate its missile technology by conducting a test launch of the missile particularly with the United States in mind. In addition to a container, which, China claimed, carried a Dong Feng-31 ballistic missile, the two short-range missiles — the Dong Feng-11 (CSS-7/M-11), which China used in exercises conducted in the Taiwan Strait in 1995 and 1996, and the Dong Feng-15 (CSS-9/M-9) with respect to which China is suspected to have provided its missile technology to Pakistan (each with a range of 280 kilometers and 600 kilometers, respectively) — and an intermediate-range ballistic missile, the Dong Feng-21 with a range of 2,500 kilometers, all produced domestically, were displayed during the military parade and were intended to show off China's ballistic missile technology.

## 4. Taiwan Approaching a Post-Lee Teng-hui Era

### (1) A Three-Way Election Campaign and the Devastating Earthquake

In 1999, de facto campaigns for a presidential election scheduled for March 2000 intensified in a field crowded with candidates of the ruling party and the opposition party, and an independent candidate. The big earthquake that had struck Taiwan in September 1999 claimed a large number of lives, but social order was maintained remarkably well, and the economy only suffered a minor slowdown thanks to the "savings" Taiwan had made prior to the earthquake.

Following the one that had elected Lee Teng-hui as president in March 1996, the election scheduled for March 2000 will be the second direct presidential election in the history of Taiwan. The ruling Kuomintang (the Nationalist Party, or the KMT) announced a ticket with incumbent Vice President Lien Chan as a candidate for the presidency and Vincent C. Siew, premier, as his running mate. Subsequently, James C. Y. Soong (former governor of Taiwan province) who was highly popular among the general public seceded from the ruling party and ran for the presidency as an independent. Meanwhile, the Democratic Progressive Party, the largest opposition party, put up as its candidate Chen Shui-bian, former mayor of Taipei who is also highly popular among the general public. Thus, the presidential election in effect became a three-way contest among Lien Chan, Chen Shui-bian and James C. Y. Soong.

The killer earthquake that struck the mid-portion of Taiwan at dawn on September 21, 1999, and its aftershocks caused devastating damage that included 2,100 dead and 8,700 wounded. However, the Taiwan authorities dealt promptly with the situation, and many countries extended aid to the victims of the earthquake.

Although candidates had temporarily toned down the pitch of their campaigns in the wake of the earthquake, they subsequently debated about the measures to be taken for the reconstruction of

houses and infrastructure damaged by the quake. Non-KMT candidates used campaign rhetoric reflecting the complaints of the earthquake victims about the inadequacy of the relief activities and rehabilitation work carried out by the government, and their complaints provided the non-KMT candidates with the ammunition they badly needed for criticizing KMT candidate Lien Chan.

Prior to the earthquake, gross domestic product (GDP) of Taiwan was expected to grow by about 5.7 percent in 1999. Although production was temporarily suspended in certain areas because of the damage done to infrastructure by the earthquake, the direct damage to the high-tech industry, the mainstay of Taiwan's economy, turned out to be relatively minor. As a result, its economy was estimated to have grown by about 5.5 percent for the whole year.

With China consistently following a policy of not recognizing the establishment of diplomatic relations with Taiwan by any country, Taiwan has been trying to enhance its own international "space for survival." With those countries that support or respect the one-China policy of the Chinese government, Taiwan has been trying to maintain and strengthen business relations, and has established — has been trying to establish — diplomatic ties with several developing countries by offering economic aid.

In January 1999, Taiwan established diplomatic relations with Macedonia by using economic aid as a lever. In June 1999, Prime Minister Ljubco Georgievski of Macedonia visited Taiwan, and in August, Premier Vincent C. Siew of Taiwan visited Macedonia to confirm Taiwan's policy to provide Macedonia with aid for its economic rehabilitation.

On July 5, 1999, Taiwan announced that it had established diplomatic relations with Papua New Guinea. However, under strong criticism that came from China, other countries and domestic sources, Prime Minister Bill Skate of Papua New Guinea had to resign and new Prime Minister Mekere Morauta changed his successor's policy. The country broke off diplomatic relations with Taiwan

on July 21. On December 29, 1999, Taiwan established diplomatic relations with the Republic of Palau.

## **(2) The Armed Forces under a New Leadership**

In 1999, the military leadership of Taiwan underwent an extensive change. The new leadership has since been seeking to reduce the number of personnel but enhance combat capabilities and, particularly its air defense capability. Against this backdrop Taiwan showed a strong interest in introducing a sophisticated missile defense system.

The Taiwan authorities carried out a change of its military leaders on February 1, 1999, and appointed Chief of the General Staff Tang Fei as minister of national defense and Commander in Chief Tang Yao-ming of the army as chief of the General Staff. Tang was the first native Taiwanese to be appointed as chief of the General Staff.

Taiwan's armed forces have a total of approximately 400,000 men that include 200,000 in the army, 60,000 each in the navy and in the air force, military police and coast guard. The army has 1,300 tanks, the bulk of which are M60A3 tanks, and 1,400 artillery pieces. The navy has 30 principal surface combatants, including Kang-ting-class (French La Fayette-class) frigates and four submarines. The air force has some 560 combat aircraft including F-5E, F-16A/B and Mirage 2000-V fighters. They include Ching-kuo Indigenous Defense Fighters.

At present, a reform program called Armed Forces Restructuring Program is under way. Designed to reduce number of personnel but enhance capabilities, the program will reduce the total number of military personnel from 450,000 in 1997 to 400,000 by 2001, and the Defense Ministry announced in July 1999 that it has entered the final stage.

The ax of the reduction program will fall mainly on senior officers, particularly of the army. The army has been reorganizing it-

**Table 6-5. Military Chain of Command of Taiwan**

Current Assignment	Name	Rank	Date Appointed	Previous Assignment
<b>Ministry of National Defense</b>				
Minister	Tang Fei	Gen.	Feb. 1, 1999	Chief of the General Staff
Vice Minister	Wu Shih-wen	Adm.	Feb. 1, 1999	Commander in chief of the Navy
<b>General Staff Headquarters</b>				
Chief of the General Staff	Tang Yao-Ming	Gen.	Feb. 1, 1999	Commander in chief of the Army
Deputy chief of the General Staff	Teng Tsu-ling	Lt. Gen.	Mar. 1, 1999	Deputy commander in chief of the Army
Deputy chief of the General Staff	Miao Yung-Ching	Vice Adm.	Feb. 1, 1999	Deputy commander in chief of the Navy
Deputy chief of the General Staff	Wang Han-ning	Lt. Gen.	Feb. 1, 1999	Deputy commander in chief of the Air Force
Director, Military Intelligence Bureau	Hsu Chu-shen	Lt. Gen.	Feb. 1, 1999	Chief, Dept. of Security Affairs of the Office of the President
<b>General Headquarters of Each Service</b>				
Commander in chief of the Army	Chen Cheng-hsiang	Gen.	Feb. 1, 1999	Commander, Armed Forces Reserve Command
Commander in chief of the Navy	Lee Chieh	Adm.	Feb. 1, 1999	Deputy chief of the General Staff
Commander in chief of the Air Force	Chen Chao-ming	Gen.	June 1, 1998	Deputy commander in chief of the Air Force
Commander in chief of the Combined Services Force	Yang Teh-chih	Gen.	April 1, 1998	Deputy chief of the General Staff and executive deputy chief of the General Staff
Commander of the Military Police Command	Yang Yucun	Lt. Gen.	April 1, 1998	Deputy commander of the Military Police Command
Commander of the Armed Forces Reserve Command	Chin Ching-en	Gen.	Feb. 1, 1999	Deputy commander in chief of the Army

**Others**

President, Armed Forces Univ.	Hsia Ying-chou	Gen.	Feb. 1, 1999	Deputy chief of the General Staff
Strategy Adviser, Office of the President	Wang Wen-hsieh	Gen.	Feb. 1, 1999	Vice minister of national defense
Director-general, National Security Bureau	Tin Yu-chou	Gen.	Feb. 1, 1999	Director, Military Intelligence Bureau

*Source:* Data from the Web site of the Ministry of National Defense of Taiwan.

self from a traditional one based on divisions to one reduced in scale and composed of combined-arms brigades with enhanced fire-power and mobility. Combined-arms brigades are divided into motorized infantry brigades, armored infantry brigades, air cavalry brigades and special operations brigades.

Along with the restructuring, Taiwan has been pushing ahead with equipment modernization. In an effort to improve its front-line equipment, the army had made an arrangement to import 400 M60A3 main battle tanks from the United States and it has taken delivery of 330 units as of September 1999. The navy had originally planned to buy eight Knox-class frigates from the United States, but Taiwan called off the deal by leasing two of them from the U.S. Navy in October 1999. As early as 1998, Taiwan had imported eight frigates of the La Fayette-class from France and has commissioned them.

The air force had imported a total of 60 Mirage 2000-V fighters from France by November 1998, with which a plural number of Mirage fighter squadrons have been formed. In addition, about 100 F-16A/B fighters have been imported from the United States, which were divided into four F-16 fighter squadrons. Three of these had been stationed in the western half of Taiwan as before, and the remaining one was formed and stationed in the eastern half of Taiwan at Hualien Air Base in March 1999. Perhaps, this deployment in the eastern part of Taiwan is designed to provide against the extended combat radius of Chinese aircraft that can reach the

**Table 6-6. U.S. Arms Sale to Taiwan (1998 and 1999)**

Date Announced <sup>a</sup>	Description <sup>b</sup>
<b>1998</b>	
Jan. 28	Three <i>Knox</i> -class frigates, one MK 15 <i>Phalanx</i> close-in weapons system, one AN/SWG-1A <i>Harpoon</i> launcher, two sets of MK 36 MOD 5 Super Rapid Bloom Off-board Countermeasures decoy launching system, ammunition and other related articles and support services for an estimated total cost of \$300 million.
June 1	28 sets of <i>Pathfinder/sharpsooter</i> navigation and targeting pods, integration of the pods with the F-16A/B aircraft and related services and elements of program support for an estimated total cost of \$160 million. The prime contractor was the Lockheed Martin Corp.
Aug. 27	131 MK 46 MOD 5(A)S torpedoes and related support services and equipment for an estimated total cost of \$69 million. The prime contractor was Raytheon Systems Company, Naval and Maritime Systems Unit.
Aug. 27	58 <i>Harpoon</i> missiles, eight <i>Harpoon</i> training missiles and related services and equipment for an estimated total cost of \$101 million. The prime contractor was McDonnell Douglas Aerospace.
Aug. 27	61 Dual Mount <i>Stinger</i> Missile Systems for an estimated total cost of \$180 million. The prime contractor was Raytheon Missile Systems.
Oct. 9	Nine CH-47SD <i>Chinook</i> helicopters, related equipment, maintenance parts and related services for an estimated total cost of \$486 million. The prime contractor was Boeing Corp.
<b>1999</b>	
May 27	240 AGM-114K3 <i>Hellfire</i> air-to-surface, anti-armor missiles, maintenance parts and related articles and services for an estimated total cost of \$23 million. The prime contractor was Lockheed Martin Electronics and Missiles.
May 28	Five exportable AN/VRC-92E SINGARS radio systems, five Intelligence Electronic Warfare Systems configured on High Mobility Multipurpose Wheeled Vehicles (HMMWV), five HMMWVs, maintenance parts, and related equipment and services for an estimated total cost of \$64 million.
July 30	Spare parts in support of F-5E/F fighters, C-130H transport aircraft, Indigenous Defense Fighters (IDF) and F-16 A/B, and U.S. systems and subsystems of the aircraft, and related equipment and services for an estimated total cost of \$150 million.
July 31	Two E-2T <i>Hawkeye</i> 2000E aircraft, two AN/APS-145 radars, two T56-A-427 engines, other related electronic equipment, and other related equipment and services for an estimated total cost of \$400 million. The prime contractor was Northrop Grumman Corp.

Source: Data from the U.S. Department of Defense Web site.

<sup>a</sup>The dates on which the U.S. Department of Defense announced the substance given in the description column.

<sup>b</sup>These represent the contents of “the possible sale” to the Taipei Economic and Cultural Representative Office in the United States as announced by the U.S. Department of Defense, and they do not necessarily indicate that these weapons systems have been actually sold.

eastern portion of Taiwan. In addition, Taiwan has since been importing F-16A/B fighters and it is reported that the import of the entire 150 fighters originally planned will be completed during 1999.

In addition, Taiwan seems to be interested in purchasing the latest generation of Patriot surface-to-air missile systems (Patriot Advanced Capability-3, or PAC-3), P-3C maritime patrol aircraft and Aegis destroyers from the United States. As we will discuss later, the importation of PAC-3 is believed to have something to do with the debate over the introduction of the missile defense system.

Taiwan has been curtailing its defense spending in recent years. It has earmarked 265.4 billion New Taiwan dollars (NT\$) in the defense budget for fiscal 2000, and this represents 17.2 percent of its total budget, down from NT\$284.4 billion, or from 22.7 percent of the total budget for fiscal 1999.

Taiwan has been selectively drafting an average of 150,000 men a year to maintain its regular armed forces, but it has been revising the military service system pursuant to the Restructuring Program. In September 1998, the Ministry of the Interior adopted a policy designed to divert part of the compulsory recruits to social service duty starting in 2000. Moreover, Defense Minister Tang Fei announced in June 1999 that the present two-year period of military service will be cut by two months.

In an effort to provide against an armed attack by China, the Taiwanese armed forces have been endeavoring to improve their combat readiness and combat capability by carrying out military exercises and maneuvers. In mid-May 1999, the armed forces carried out the Hang Kung No. 15 maneuver as they have been doing each year. The maneuvers took place in the main island of Taiwan

and in the sea area off Kinmen Island with the aim of improving the overall mobility and test combat readiness.

## 5. Tension across the Taiwan Strait

### (1) The “Special State-to-State Relationship” and the “Two-State Theory”

In the early months of 1999, the dialogue between China and Taiwan was expected to produce positive results during the year. As the months wore into the second half of the year, however, a tense situation continued to prevail between the two countries due to Lee Teng-hui’s “a special state-to-state relationship” remark of July 1999, and China’s attempt to display sovereignty over Taiwan on the occasion of a great earthquake that hit Taiwan in September.

In 1999, Wang Daohan, chairman of the Association for Relations Across the Taiwan Straits of China had planned to visit Taiwan and meet with Lee Teng-hui. This was meant to be a visit to be made in return for the visit Koo Chen-fu, chairman of the Straits Exchange Foundation of Taiwan, had made in October 1998 during which he had met Jiang Zemin. At preliminary working-level talks held in late June in Beijing, it was agreed that Wang Daohan will visit Taiwan sometime in September or October.

However, when Lee Teng-hui characterized the cross-strait relations as “a special state-to-state relationship” in a statement on July 9, China vehemently opposed his characterization. On account of this happening, Wang Daohan’s visit to Taiwan was in effect shelved and did not materialize as originally scheduled.

Lee Teng-hui made the remark in an interview with a German radio station. In that interview, Lee stated that the 1991 amendments of the Constitution of Taiwan “recognizes the legitimacy of the rule of the People’s Republic of China on the Chinese mainland.” Having said that, he explained that the amendments have placed the cross-strait relations as “a state-to-state relationship or

at least a special state-to-state relationship.” Before that, Lee Teng-hui had once characterized the China-Taiwan relationship as that of “two equal political entities” or “the historical fact that China is currently divided.” However, the latest remark “a special state-to-state relationship” marked a step forward in that it could be taken to mean characterization of China and Taiwan as two separate states.

Chinese leaders defined the remark of Lee Teng-hui as a “Two-State Theory” that challenges China’s “one China” principle, and vehemently opposed it. For instance, in an interview with the press, a spokesperson of the Ministry of Foreign Affairs of China warned Lee Teng-hui and the Taiwan authorities “not to underestimate the firm resolve of the Chinese government to safeguard state sovereignty, dignity and territorial integrity.”

The Chinese government hinted at the possibility of using force. On July 14, for instance, Chinese Defense Minister Chi Haotian stressed, when he met a military delegation from North Korea, that “the People’s Liberation Army is ready at any time to safeguard the territorial integrity of China and smash any attempts to separate the country.” In a conversation he had with U.S. President Bill Clinton on September 11 in Auckland, New Zealand, Jiang Zemin accused Lee Teng-hui of “escalating separatist activities” and stated that “China will never commit itself to abandoning the use of force in order to safeguard its national sovereignty and territorial integrity. ...”

Meanwhile, China leveled criticisms personally at Lee Teng-hui and trumpeted that opposition to the Two-State Theory has been mounting among Taiwan compatriots. However, according to the results of an opinion poll announced by the Mainland Affairs Council of the Executive Yuan on September 3, 66 percent of the respondents said they approved the remark made by Lee Teng-hui.

When a big earthquake struck Taiwan on September 21, China toned down its criticism of Lee Teng-hui. On September 22, Foreign Minister Tang Jiaxuan of China, speaking at the 54th

Session of the U.N. General Assembly, thanked “the international community for their sympathy, condolences and offer of help” extended to “Taiwan province of China.” The statement incensed Taiwan leaders, who lashed out against China accusing it of turning to political advantage the aid given to victims of the earthquake by the international community.

## (2) “China’s Missile Threat” and “Taiwan Missile Defense”

Even today, the armed forces of China and Taiwan are at daggers drawn with one another across the Taiwan Strait. In such circumstances, China and Taiwan had a bitter exchange with each other — Taiwan over China’s missile threat, and China over Taiwan’s talk of introducing a missile defense system. China hinted at the possibility of using force in response to Lee Teng-hui’s “a special state-to-state relationship” remark, heightening the tension in the Taiwan Strait.

On February 9, 1999, newspapers in Taiwan quoted Minister of National Defense Tang Fei as saying that “China is capable and ready to attack Taiwan with at least 120 missiles at virtually any time.” A report titled *The Security Situation in the Taiwan Strait*, the U.S. Department of Defense had submitted to Congress in late February, said that Chinese ballistic missiles are posing “a serious threat” to Taiwan.

In response, Premier Zhu Rongji of China refuted at a news conference given after the conclusion of the second session of the Ninth National People’s Congress in March 1999 that “these missiles have by no means been targeted at our brothers and sisters in Taiwan,” but he went on to say that “although we hope to achieve peaceful reunification of the country, we cannot declare that we renounce the use of force. ...”

The debate about “China’s missile threat” between China and Taiwan — occasionally involving the United States — has been closely related to the possible introduction of a missile defense sys-

tem by Taiwan. Since he took office as minister of national defense of Taiwan, Tang Fei has seized every opportunity to stress the necessity for introducing such a system. According to him, the threat posed by China’s cruise missiles currently under development is more serious than that of ballistic missiles. He said that therefore, what Taiwan needs is not a upper-tier missile defense system but a lower-tier system.

At a meeting of the Central Standing Committee of the KMT on August 18, 1999, Lee Teng-hui said that the establishment of a missile defense system is in line with the long-term interests of Taiwan, and at a meeting of the Executive Yuan held the following day a policy was adopted to establish a “missile defense system” in stages by taking necessary financing into account. However, it did not make clear as to whether the government was considering the same missile defense system as has been envisioned by the United States as theater missile defense (TMD). On August 23, Defense Minister Tang Fei said that what Taiwan needs is a “Taiwan missile defense” and that his ministry estimated the establishment of the missile defense system would take 10 years and cost NT\$300 billion. Given the fact that Taiwan’s defense budget for fiscal 1999 was NT\$284.4 billion, the plan may run into fiscal difficulty.

Commenting at a news conference on August 20 on the decision by Taiwan to introduce a missile defense system, a spokesman of the Chinese Foreign Ministry charged that the decision “exposed his [Lee Teng-hui’s] evil motives of resisting reunification and

**Soldiers of Taiwan’s armed forces taking up their position on Kinmen Island** (Reuters-Kyodo Photo)

splitting the country,” and warned the United States that cooperation with Taiwan in establishing a TMD system would constitute a violation of the sovereignty of China.

Aside from the exchange over the “China’s missile threat” and the “missile defense system,” there has emerged a view in Taiwan and China that China had stepped up military pressure in reaction to Lee Teng-hui’s remark about “a special state-to-state relationship.” For instance, Defense Minister Tang Fei of Taiwan expressed the view that the successful launch of the Dong Feng-31 by China on August 2 was psychological warfare directed against Taiwan. An article of Huanqiu Shibao (Global times) published in Beijing pointed out that with the independence movement of Taiwan in mind, the People’s Liberation Army has successfully launched a new type of long-range surface-to-surface missile (Dong Feng-31) on August 2, and that it has carried out a joint exercise in the Lanzhou Military Region.

It was frequently reported that the frequency of its patrol flights over the Taiwan Strait increased, and military exercises that presumably simulated landing operation against Taiwan were conducted. For instance, the August 8, 1999 issue of the Jiefang Junbao reported that to repay Lee Teng-hui for his immoral remark with actual deed, the navy’s marine corps was training in the South China Sea to master the skills for cross-sea operations. During the first week of September also, a large-scale joint landing exercise was carried out in coastal parts of Zhejiang province and the southern part of Guangdong province. The ground force, navy, airforce, Second Artillery Corps, and reservists participated in the exercise. After the conclusion of the exercise, Gen. Zhang Wannian, vice chairman of the Central Military Commission said that “the exercises displayed the Chinese military’s strong determination to safeguard national sovereignty and its strength to maintain national unity,” and warned that any one “who plays with fire will get burned.”

China’s military pressure to dissuade Taiwan’s leadership from

asserting “a special state-to-state relationship” has thus been turned up. However, China did not go so far as firing missiles into the seas near Taiwan as it did in 1995 and 1996. China had to concentrate on the preparations for the 50th founding anniversary of the People’s Republic of China on October 1, 1999 and the return of Macau on December 20 drawing closer. It viewed the inhabitants of Taiwan separately from Lee Teng-hui. And China took care not to disturb its relations with the United States. These factors made China refrain from escalating its reaction.