

Chapter 4

China— “Peaceful Rise” in Light and Shadow

The government of President Hu Jintao has entered its second year and has gradually begun to show its individuality. One typical example is its advocacy of China's "peaceful rise" theory. Under this theory, his government seemed to position itself to sweep away the "China threat" theory externally and to create an environment conducive to economic development over the opposition of hard-liners internally. This was supposed to serve as a platform for promoting omnidirectional diplomacy, mainly for the purpose of spurring Chinese economic development. However, the government's new policy line has been wavering in practice and, despite Jiang Zemin's retirement from public life, a new era has yet to arrive.

As it has in the past, China's foreign policy stresses peace in the international arena. However, the biggest obstacle standing in the way of China's peaceful rise is the Taiwan issue. Taiwan's President Chen Shui-bian was reelected on a platform of a national referendum to adopt a new constitution. China views a new constitution, if adopted, as tantamount to independence from the mainland and warned that it would not rule out the use of force to prevent that from happening. It may be said that China is seeking effective measures to curb the growing movement within Taiwan that is attempting a process of "reverse Sinocization" to establish a Taiwanese identity.

The People's Liberation Army (PLA), which is responsible for preparing for the worst-case scenario in the Taiwan Strait, has been accelerating the pace of its modernization in various areas including equipment, organization, and training. In particular, it has often carried out "joint" (*yitihua*) training of its troops with the use of force against Taiwan and the blocking of US military intervention in mind. Meanwhile, Taiwan has been emulating its rival China by carrying out the modernization of its own armed forces. However, as the opposition alliance held on to a majority in the Legislative Yuan (legislature) election, it is uncertain whether the government's budget proposal for the procurement of large military equipment such as submarines would be approved intact or not. This has added to the uncertainties surrounding the military balance across the Taiwan Strait.

1. Is a Hu Jintao Line Emerging?

(1) Jiang Zemin Bows Out

Two years have elapsed since President Hu Jintao assumed power, but a new era is yet to arrive. On September 1, 2004, Jiang Zemin sent a letter to the Central Committee of the Communist Party of China (CPC), informing that he would be resigning as chairman of the Central Military Commission (CMC) of the CPC, and the fourth plenary session of the 16th Central Committee of the CPC held on September 19 accepted his resignation. Hu Jintao was elected in his place, but Zeng Qinghong, long considered as a close aide to Jiang Zemin, was not elected as CMC vice chairman. Strictly speaking, Jiang Zemin remained in office as chairman of the Central Military Commission of the People's Republic of China (PRC) but Hu Jintao replaced him in this capacity too at the National People's Congress (NPC) in March 2005. As Jiang Zemin did before him, Hu Jintao has consolidated his power base by holding the top posts of the Communist Party (general secretary of the CPC Central Committee), the state (president of the state), and the military (chairman of the CMC).

Since the 16th National Congress of the CPC held in 2002, the strained relations between General Secretary Hu Jintao and CMC Chairman Jiang Zemin have been reported in the foreign press on repeated occasions. Until the first half of 2004, Jiang Zemin showed no signs of retiring. As late as June 1, Jiang Zemin flaunted his control over the PLA by promoting 15 officers to the rank of general. In an effort to demonstrate his loyalty to Jiang Zemin, Hu Jintao reiterated on many occasions the important thought of the "Three Represents," an ideology advocated by Jiang Zemin to the effect that the CPC must always represent: (a) the requirements of development of China's advanced productive force; (b) the orientation of development of China's advanced culture; and (c) the fundamental interests of the overwhelming majority of the people in China. It appeared that Hu Jintao tried to steer clear of a new line lest such would be considered a challenge to the orthodoxy of Jiang Zemin's line.

Even after Jiang Zemin's retirement, it is not clear whether a Hu Jintao line that would mark an epoch distinct from the Jiang era is in existence. One key phrase coined by the Hu Jintao government that is steadily catching on is the "scientific concept of development" that stresses balanced economic development. The policy of reform and opening-up had suffered a setback on account of the

Tiananmen Square incident of June 1989. By seizing a change in the political mood touched off by the so-called "South China Speeches" made by Deng Xiaoping in 1992, the Chinese government continued to fine-tune the policy of reform and opening-up. It introduced measures to: improve the ecological environment (1995); narrow regional income disparities—the "great strategy

of Western China development" (1999); address social security and unemployment issues (2000); and solve problems facing agriculture, rural areas and farmers—the "three farm-related measures" (2002).

In May 2002, then President Jiang Zemin proposed the idea that the first two decades of the 21st century offer a last "strategic opportunity" for China to achieve rapid economic growth. At the 16th National Congress of the CPC in November 2002, the CPC adopted the slogan "a well-off society" (*xiaokang shehui*) as its policy objective and aimed to quadruple the 2000 figure for gross domestic product by 2020. The severe acute respiratory syndrome (SARS) that spread throughout many parts of the country in 2003 jolted the leadership into an awareness of social contradictions. The third-generation leadership led by Jiang Zemin had espoused the "well-off first theory" (*xianfulun*), which allowed part of the population or certain localities to become well-off first through hard work that earned them greater income; but the new leadership, confronted with such social contradictions, had to steer the course of its policy toward one in favor of "common prosperity" (*gongtong fuyu*), which it had thought should have been pursued in parallel with the well-off first theory.

According to Hu Angang, a professor at Tsinghua University, the conventional type of economic development that had made light of balanced development was faced with five problem areas. These were: (a) the disparities in income between cities and farming communities; (b) the disparities in economic development among regions; (c) the disharmonies between economic and social development; (d) the disharmonies between natural resources, the environment, and economic development; and (e) the disharmonies between

Jiang Zemin (center), who had resigned as chairman of the CMC of the CPC, and his successor Hu Jintao (right) (September 19, 2004) (Xinhua News Agency/Kyodo Photo)

economic growth and employment growth. True, economic growth has raised living standards and strengthened national power, but it has aggravated these contradictions. In fact, mass suicides and demonstrations in protest against the nonpayment of wages have occurred frequently in many regions and discontent among people left behind by the development is growing.

The scientific concept of development stresses the importance of shifting priority from goods-centered to people-centered development and aims at comprehensive, coordinated, and sustainable development. This concept owes its genesis to the disturbances touched off by SARS. Party leaders repeatedly stressed that the scientific concept of development must be fully understood and seriously implemented and instructed key party and government officials to systematically study it. Thanks to these efforts, it has become firmly established as an integral part of the new government's economic and social policies. The scientific concept of development adjusts the reform and opening-up policy of the Jiang Zemin era. In this sense, it has largely been inherited from the preceding generations.

(2) Departure from Socialism and Laggard Political Reforms

One carryover from the Jiang Zemin era to the Hu Jintao era is the evolution of an ideology away from socialism, as indicated by an amendment to the constitution. Since 1954, China has made wholesale constitutional amendments on three occasions. The current version, adopted in 1982, is called "the Deng Xiaoping Constitution," which was partially amended three times later. The current amendment, the fourth, indicates the acceleration of the move away from socialism. The first point worthy of note is the creation of legal grounds—the listing of the important thought of the "Three Represents" in its preamble next to Marx-Leninism, Mao Zedong Thought, and the Deng Xiaoping Theory—allowing the Communist Party to shed its image as a political party representing a particular social class.

Secondly, the amended constitution clearly specifies that the state protects the lawful rights and interests of nonpublic economies, such as individual economy and private economy; that it encourages, supports, and guides the development of nonpublic economies; and that it supervises and administers nonpublic economies in accordance with the law. Thus the amendment made clear a policy affirming the development of nonpublic economies. It may be said that the idea of nonpublic economies, which had come under severe

criticism from so-called leftist ideologues up until a few years before, survived and became a national consensus in the course of the country's joining the World Trade Organization (WTO) in December 2001 and implementing various institutional reforms associated with it.

Third and finally, a section clearly provides protection for private property. More specifically, it says that the state shall not encroach upon and protect citizens' lawful private property and inheritance rights in accordance with the law, and that it may impose or expropriate—and compensate for—citizens' private property in accordance with the law where the public interest so requires. The protection of private property, a barometer of the evolution away from socialism, has thus been written into the constitution.

Will the Hu Jintao government be able to deliver political reforms that would lead to democratization? The concept of human rights was written into the constitution for the first time by virtue of the recent amendment stating that the "state shall respect and safeguard human rights." However, the term "the people's democratic dictatorship" in Article 1 of the Constitution of the People's Republic of China denies the universality of human rights. The idea underlying this article is that the concept of human rights differs from class to class, and that while the principles of democracy rule the affairs of working class people, dictatorship is enforced against the enemies of the working class. Therefore, the incorporation of the idea of human rights into the constitution represents a step in the evolution away from socialism, and may be seen as a preparatory step for ratifying the International Covenant on Civil and Political Rights. One might be reminded of the fact, however, that the constitution has contained expressions such as "freedom of speech, of the press, of assembly, of association, of procession and of demonstration." At present, these freedoms are countenanced only to the extent that the people defend—and do not oppose—the Communist regime. In China, the concept of human rights can be exercised only to the extent tolerable under the single party dictatorship of the CPC. Therefore, the process has to be gradual and protracted of necessity.

In China, the degree of freedom of speech enjoyed by intellectuals has been increasing year by year, and signs have emerged of a questioning of the wisdom behind government policies. Jiang Yanyong, a physician at the No. 301 Hospital of the PLA who had promptly disclosed the government's initial attempts to cover up the spread of SARS and thus effectively helped improve the transparency of the governmental measures against the epidemic, reportedly sent

a letter to the NPC and the National Committee of the Chinese People's Political Consultative Conference (CPPCC) asking them to take a second look at the Tiananmen Square incident of June 1989. An article entitled "Declaration of the Campaign against the Publicity Department of the CPC Central Committee" authored by Jiao Guobiao, an associate professor at the School of Journalism and Communication, Peking (Beijing) University, was published on the Internet. Tian Jiyun, former vice chairman of the NPC Standing Committee and senior reformist member of the Political Bureau of the CPC Central Committee, published an article in the October 2004 issue of the monthly journal *Yanhuang Chunqiu*, in which he sang the praises of the "historical achievements" made by Hu Yaobang, who was sacked as general secretary of the CPC Central Committee for failing to rein in "bourgeois liberalization" in 1987. As Hu Jintao had once been a subordinate of Hu Yaobang, the article may have been designed to restore the honor of the late Hu Yaobang. Such isolated remarks were heard now and then, but they failed to touch off an organized movement.

In October 2004, the CPC Central Committee issued regulations to protect the rights of CPC members. This is an important document as it shows the direction of political reforms that the Hu Jintao government has been groping for. When compared with a set of regulations enforced on a trial basis in January 1995, several new measures aimed at promoting inner-party democracy can be found. Up until then, the party had reached a decision by a show of hands or by ballot. The new regulations, however, introduced a secret ballot. The regulations guarantee members a certain degree of freedom of speech such as criticism of the party, but "no party member may make public any viewpoint that contravenes the decisions" of the Central Committee.

As this indicates, members can express their dissenting views only at closed party meetings, and the CPC promotes inner-party democracy only within the framework of the system of "democratic centralism." The direction of political reforms proposed at the fourth plenary session of the 16th CPC Central Committee held in September 2004 was not aimed at institutionalizing a system of checking the party but rather at building up the party's ability to govern the country. Put another way, the political reforms pursued by the Hu Jintao government may be characterized as a combination of measures for controlled inner-party democracy and an age-old anticorruption campaign. As such, it may be said that they are not intended to undertake a structural, democratic reform of the political system in China.

(3) The "Peaceful Rise" Theory in Disarray and Development of Great-power Diplomacy

On the diplomatic front, President Hu Jintao has sought to establish his own foreign policy line. The debate has centered on the "peaceful rise" theory that is aimed externally at sweeping away the "China threat" theory and internally at creating an environment conducive to economic development over the opposition of the hard-liners. It is a strategic concept formulated by Zheng Bijian, chairman of the China Reform Forum, who reportedly organized a series of research projects for this purpose. The theory is intended to show that the objectives, nature, means, and effects of China's peaceful rise theory are all for peaceful purposes, and that China will never repeat the mistakes made by Germany and Japan in the periods up to the Second World War which, as rapidly rising powers, challenged the world order and the status-quo powers at that time. In an address delivered at Harvard University in December 2003, Premier Wen Jiabao said that "China today is a country in [the process of] reform and opening-up and a rising power dedicated to peace." At a seminar marking the 110th anniversary of the birth of the late Chairman Mao Zedong, Hu Jintao said that China would steadfastly tread the path to a peaceful rise.

Although the slogan "peaceful rise" is not couched in the official language adopted by the party machinery, the references made to it by the two top leaders at official forums added significant weight. It is also to be noted that the language has met with criticism in China and fell into disuse soon thereafter. Some members of the CPC Central Committee's Political Bureau Standing Committee, who are believed to have toed the Jiang Zemin line, have never uttered these words, and it is said that Jiang Zemin himself did not like the term. The peaceful rise theory has reportedly come under scrutiny within the CPC. Those who doubt the wisdom of the "theory of a peaceful rise of China" argued that (a) the word "peaceful" is liable to send a wrong message that China will not use force against Taiwan; (b) it self-imposes restraints on China's defense and military buildup; and (c) it not only makes it difficult to refute the "China threat" theory but also creates too strong an impression about the "rise" of China. Taiwanese President Chen Shui-bian's inaugural address on May 20, 2004, contained favorable references to China's peaceful rise, and this further undermined the theory. Although Zheng Bijian persisted in his argument for China's peaceful rise, Chinese leaders have stopped using the words. Retraction of the theory so soon after its debut suggests that the

new-generation leadership of Hu Jintao and Wen Jiabao has met with checks within China.

The fact of the matter is that few significant changes in Chinese foreign policy have emerged on Hu Jintao's watch. While China is trying to develop better relations with Russia, Europe, and neighboring countries by using its economic leverage, it is quarreling with the United States over arms sales to Taiwan and with Japan over differences concerning the interpretation of history. Thus far, no progress has been made in solving North Korea's nuclear issue.

In 2004, China's economic relations with the United States improved steadily and, on the security front, relations remained stable thanks to its cooperation with the United States on counterterrorism. On the other hand, China took sharp exception to the export of US arms to Taiwan, poisoning the political relations between the two countries. During a visit he made in April 2004, US Vice President Richard B. Cheney showed consideration for China's concern over the Taiwan issue by stating that the United States would adhere to the one-China policy based on the three joint communiqués between China and the United States, and stressed that the United States would not support Taiwan's "independence," or any unilateral actions to change the status quo of the two sides of the Taiwan Strait. But he made no compromises on the question of arms sales to Taiwan. When the then US national security adviser, Condoleezza Rice, visited China, then CMC Chairman Jiang Zemin and other leaders she met with also sharply criticized the US policy toward Taiwan, including the arms exports.

The United States toughened its demands on China over issues pending between the two countries without making any compromises on the Taiwan issue. Meanwhile, for the first time in three years, the United States introduced a motion censuring China at a plenary meeting of the United Nations Commission on Human Rights. Colin L. Powell, then US secretary of state, asked European countries not to lift the arms embargo on China, and the State Department expressed concern over China's failure to elect a chief executive of Hong Kong Special Administrative Region through a direct election. In a press interview he gave after talks with President Hu Jintao during his visit to China in October 2004, Powell said that they had agreed to resume the bilateral human rights dialogue. He also said that he strongly urged China to resume cross-strait dialogue with Taiwan that had been suspended, and reiterated that the United States would not cease providing Taiwan with arms as requested by China.

Meanwhile, cooperation with its northwestern neighbors through the Shanghai Cooperation Organization (SCO), a regional cooperation organization made up of China, Russia, Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan has been increasing, and steady progress has been made in bilateral energy cooperation and settling border issues. The SCO established an Executive Committee of the Regional Anti-terrorism Structure in Tashkent in June 2004 and its member states conducted a joint counterterrorism military exercise in September 2004, as they had in 2003.

On October 14, 2004, President Hu Jintao had talks with Russian President Vladimir Putin then visiting China and signed a Joint Statement (Declaration) committing themselves, among other things, to counterterrorism cooperation. They also announced an "Implementation Outline" (Action Plan) aimed at further strengthening the bilateral "Strategic Partnership." This is a basic document that defines working-level cooperation in diplomatic, military, and economic fields from 2005 through 2008. In addition, they signed a Complementary (Additional) Agreement between the People's Republic of China and the Russian Federation on the Eastern Section of the China-Russia Boundary that solved all the disputes over the demarcation of borders between the two countries. According to *Wen Wei Po*, a PRC-affiliated Hong Kong daily, there is a likelihood of garrisoning a PLA unit on Heixiazi Island (Bol'shoy Ussuriskiy Island). The two countries also agreed to create a joint business council to solve trade issues, and Russia agreed to increase the supply of oil and natural gas to China, where demand for both has increased sharply of late. For China, which depends on Russia for 8.5 percent of its energy requirements, stable relations with its resource-rich neighbor are crucial.

In 2004, it became clear that Europe, in addition to Russia, had assumed greater importance in Chinese diplomacy. As Europe is an industrialized region far removed from, and less threatening to, China geopolitically, China expects Europe to provide it with weapons and dual-use technologies. Furthermore, US civil aircraft makers are vying with their European competitors for a bigger share of the Chinese market. Europe is also in competition with Japan to construct high-speed railways. If the European Union (EU) lifts its arms embargo on China, Russia will have to promote its weapons more vigorously in China, in competition with European weapons makers. The EU imposed the arms embargo on China to punish it for its human rights abuses during and following the Tiananmen Square incident in June 1989. Subsequently, China

was received back into the international community fold and has formed a variety of partnerships with the EU and its major countries. *China's EU Policy Paper*, released in October 2003, states in part that the "common ground between China and the EU far outweighs their disagreements." It also states that both "China and the EU stand for democracy in international relations," obliquely expressing the hope that the EU will play a role in restraining US unilateralism. One Chinese leader after another paid visits to European countries. During the first week of May 2004, timed to coincide with the launch of an enlarged 25-member EU, Premier Wen Jiabao visited Germany, Belgium, Italy, Great Britain, Ireland, and EU headquarters to discuss measures to further develop economic relations with these countries and strongly urged them to lift the arms embargo on China. Premier Wen Jiabao met with European Commission President Romano Prodi and asked him to lift the embargo that had been in place since 1989 as soon as practicable and to grant China full "market economy status" under the WTO rules. At that meeting, the two leaders signed an agreement on customs cooperation aimed at preventing copyright infringements and also agreed to cooperate in space development projects. President Hu Jintao visited France early in the year, and Poland, Hungary, and Romania in June. Chairman of the NPC Standing Committee Wu Bangguo visited Bulgaria, Denmark, and Norway, and Chairman of the 10th National Committee of the CPPCC Jia Qinglin embarked on a tour of South Korea, Australia, Spain, and Portugal from August 26. Four top leaders of the Hu Jintao government thus visited Europe after the EU enlargement in May to win recognition of its "market economy status" and the lifting of the arms embargo on China. This unprecedented all-out diplomatic effort suggests that China views Europe as a strategic breakthrough in getting the sanctions by industrialized nations in the wake of the Tiananmen Square incident completely lifted. At a China-EU summit meeting held in The Hague in December, the leaders discussed the lifting of the embargo, and the EU side confirmed its political will to continue to work towards this end. In response, US Secretary of State Powell urged the EU to continue the embargo on grounds of the lack of improvement in human rights protection in China.

For all the mediating efforts by China, the Six-party Talks on the North Korean nuclear issue remain deadlocked. Appreciative of the role played by North Korea as a buffer zone, China does not want to see a sudden and sharp change in the status quo. For this reason, China has not been able to exercise its

influence over North Korea as strongly as the international community would like. Symbolic of China's intricate position was the closing down by the Chinese authorities of *Strategy and Management (Zhanlue yu Guanli)*. The journal carried in its August issue an article written by Wang Zhongwen, an academic at the Tianjin Academy of Social Science who argued that North Korea had not given any thanks at all for the support and economic assistance that China had provided; that it had not shown adequate understanding and support toward China at crucial times; and that China has no moral obligation to extend its wholehearted support to such a country. He demanded suspension of assistance to North Korea. By virtue of its food and energy aid to North Korea, China holds de facto power of life and death over North Korea, but China has not used it as a trump card, at least not yet.

China has been actively playing the role of a diplomatic mediator. To the extent that China seeks to bring to fruition a nuclear-free Korean Peninsula through diplomatic means, China's national interests coincide with those of Japan and the United States, but their interests also diverge over many other issues. In fact, what China gained from North Korea's National Defense Commission Chairman Kim Jong Il when he visited China in April 2004 was a mere promise to continue the Six-party Talks, and precious little progress was made with respect to the crucial issue of suspending the nuclear development programs. US President George W. Bush was reelected in November 2004, and it is hardly conceivable that his government will allow North Korea still more time to develop nuclear weapons by allowing the Six-party Talks to drag on as they have in the past. It is anybody's guess what the outcome of China's mediating diplomacy will be, as it is seeking compromises from both the United States and North Korea. On the multilateral diplomatic stage provided by the SCO and the Association of Southeast Asian Nations (ASEAN), where it can take a leadership position, China has achieved some results. However, on issues such as problems on the Korean Peninsula, it cannot be denied that China sometimes encounters difficulties despite all the lengths it goes to.

(4) Fragile Relations with Japan

China's fragile relations with Japan, which have often been described as "cold politically while warm economically," continued into 2004. The dollar value of China's trade with Japan recorded all-time highs for five consecutive years from 1999, reaching approximately \$132.43 billion in 2003, up 30.4 percent

from the previous year. Meanwhile, official mutual visits by the heads of state agreed to in the Japan-China Joint Declaration on Building a Partnership of Friendship and Cooperation for Peace and Development of 1998 have remained suspended, and there is no sign yet of an improvement in the political atmosphere between the two countries. When Prime Minister Junichiro Koizumi visited the Yasukuni Shrine, where Japan's war dead are enshrined, on New Year's Day 2004, China showed strong indignation and expressed its condemnation. The "New Thinking" on China's relations with Japan—an argument proposed from late 2002 to promote better relations with Japan by transcending the thorny issues of history—was a diplomatic policy advocated by private citizens with a view to taking a strategic approach to developing relations with Japan, but it was drowned out by a wave of nationalistic opposition.

The Japanese were shocked by anti-Japanese outrages perpetrated by Chinese supporters at the Asian Football Confederation Asian Cup matches in July–August 2004, including the supporters' inflicting damage on a car belonging to the Japanese Embassy. Some of the Japanese mass media attributed the rising anti-Japanese sentiment among the Chinese to patriotic education centering on anti-Japanese education promoted by the Chinese government, and the Chinese mass media were infuriated at their comments. It was reported that the Chinese authorities have intervened and made the mass media restrain their anti-Japanese comments. One of the big problems clouding the news coverage of Chinese mass media is more their long-running failure to portray Japan as it really is. Instead, they have played up Japan's militaristic era and focused their coverage on affairs that tended to mislead their readers and viewers into associating present-day Japan with those times. Ordinary Chinese are often fed with knowledge biased against the Japanese and with uniform views invented by the establishment that are prejudicial to the Japanese. There is no denying that Japan-China relations have been taking on growing importance, but bad blood between the two peoples could complicate the already worsening situation.

During an ASEAN+3 (Japan, China, and South Korea) Summit held in October 2003, Prime Minister Koizumi had informal talks with Premier Wen Jiabao and, at an Asia-Pacific Economic Cooperation (APEC) summit meeting held in November the same year, he also had talks with President Hu Jintao. However, during an Asia-Europe Meeting held in October 2004, the Japanese prime minister and the Chinese premier merely had a short discussion while

standing. Despite the lack of communication between the two leaders in recent periods, a summit meeting with the Chinese premier eventually did not materialize. Prime Minister Koizumi spoke with President Hu Jintao during the APEC Summit in November 2004 and with Premier Wen Jiabao during the ASEAN+3 Summit in the same month, but they merely talked about the former's visit to the Yasukuni Shrine. These serve to symbolize the frosty political relations prevailing between the two countries. In a customary year-end press interview in *People's Daily (Renmin Ribao)*, China's minister of foreign affairs, Li Zhaoxing, discussed the accomplishments of Chinese diplomacy during the year 2004 but made no mention of China's relations with Japan.

In 2004, several conflict-of-interest problems came to the fore. Chinese vessels had conducted maritime research near Japan's territorial waters or its exclusive economic zones without giving prior notification to Japan, in violation of an agreement between the two countries. China has also been developing gas fields in areas near the midway line between the two countries that Japan has long insisted upon. While the impression has been growing stronger in Japan that China was making inroads in the ocean in disregard of Japanese concerns, a submerged Chinese nuclear-powered submarine entered Japanese territorial waters in November 2004. This did not fall into the category of innocent passage through the territorial waters of another country and was therefore in violation of international law. The Japanese government issued a maritime security operation order to the Maritime Self-Defense Force (MSDF), whose aircraft and ships tracked the movements of the submarine. The Chinese government later revealed that the submarine belonged to the PLA Navy.

The Chinese government said that the entry of its nuclear submarine into the Japanese territorial waters was caused by "technical reasons" and expressed its "regret." Hardly any news media of consequence in China reported the fact that the nuclear submarine that had infiltrated the territorial waters of Japan belonged to the PLA Navy or that the Chinese government had expressed its regret to the Japanese government. During an APEC summit meeting held in Santiago, Chile, on November 20, 2004, Prime Minister Koizumi spoke with President Hu Jintao. At that meeting, Prime Minister Koizumi asked President Hu Jintao for his understanding of the traditional and cultural backgrounds against which he had visited the Yasukuni Shrine and at the same time called upon the president to prevent any recurrence of Chinese submarines infiltrating Japanese territorial waters and to take appropriate steps to restrain the

development of gas fields in the East China Sea. In response, President Hu Jintao insisted that Prime Minister Koizumi's visit to the Yasukuni Shrine was to blame for the stalled political exchange between the two countries. The first Japan-China summit meeting held after the retirement of Jiang Zemin as CMC chairman gave the impression that the position of the new leadership of China on the issue of history has not changed much from that of its predecessor. During an ASEAN+3 summit meeting on November 30, 2004, Prime Minister Koizumi met with Chinese Premier Wen Jiabao. At that meeting the Chinese premier again criticized Prime Minister Koizumi for his visit to the Yasukuni Shrine and asked the prime minister to take appropriate action. It appears that the Hu Jintao government's policy in foreign and cross-strait relations has become increasingly susceptible to public opinion and the nationalism of its people.

2. The Cross-strait Situation and President Chen Shui-bian's Reelection

(1) Chen Shui-bian's Victory and Frustration

Earlier it was noted that the Taiwan issue was one of the reasons why China's peaceful rise theory came in for such criticism. Developments that occurred in connection with the presidential election held in March 2004 have made China's concerns a reality. China had been trying to dissuade the Taiwanese from holding a national referendum because it would accelerate the pace of Taiwanese independence. As expected, incumbent President Chen Shui-bian proclaimed as his campaign pledge that he would hold a national referendum to ask the people (a) whether or not the government should purchase more advanced antimissile weapons to strengthen Taiwan's self-defense capabilities, and (b) whether or not the government should establish an organization to promote negotiations with mainland China. He also promised to enact a new constitution through a national referendum in 2006 and promulgate it in 2008.

China was deeply offended because, in its eyes, such a move would change Taiwan's legal status and could lead to its independence. In the past, China had been trying to curb Taiwan's move toward autonomy by threatening to use force. Since China started threatening Taiwan in 1996 by test-firing ballistic missiles and carrying out tri-service joint military exercises, the United States has been trying to restrain and persuade China. Thanks to US efforts, China has toned down threats to use force. At the time of the Taiwanese presidential

election in 2000, the then Chinese premier, Zhu Rongji, issued a verbal warning. In an editorial carried in its New Year issue, the *PLA Daily* (*Jiefangjun Bao*) said that to prepare for a military conflict was the year's most important mission for the PLA, but its tone was rather subdued. During the recent presidential election in Taiwan, China, perhaps conscious of the US position on the Taiwan issue and possible responses of the Taiwanese, refrained from publicizing the annual large-scale military exercise it carried out in the same period.

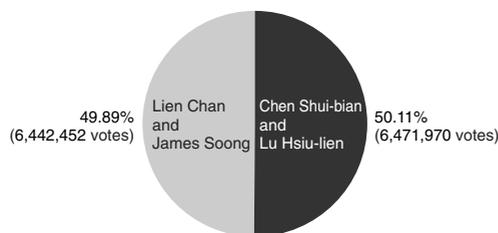
In exchange for showing self-restraint in its threats to use force against Taiwan, China called on the United States, Japan, and other countries concerned to restrain Taiwan. The Taiwanese government did convey to the United States in advance the specifics of the proposed national referendum, but the United States, which has attached importance to a peaceful and stable situation in the Taiwan Strait, did not disguise its displeasure when Taiwan disregarded its advice, took the plunge, and held a national referendum. Following an indirect expression of displeasure by a senior official from the Bush administration, the political atmosphere hanging over US-Taiwan relations has deteriorated, and the United States has reportedly refused to receive a special envoy planned by Taiwan. Japan officially sent word to Secretary-General to the President Chiou I-jen through the Taipei Office of the Interchange Association, Japan, expressing its concern over the national referendum. Chinese Foreign Ministry spokesperson Liu Jianchao praised the Japanese government for expressing its concern over the Taiwan issue. Given that China has been vigorously trying to restrain foreign governments from having political relations with the Taiwanese authorities, such praise would have been unthinkable in the past. France also joined the chorus of censure. When President Hu Jintao visited France, President Jacques Chirac strongly criticized the national referendum as "a grave mistake," and went out of his way to say that he opposed any measure, including the holding of a "referendum," aimed at unilaterally changing the status quo and exacerbating tensions in the Taiwan Strait. The Taiwanese authorities bitterly showed their resentment by complaining that industrialized democracies that are supposed to share values of freedom and democracy have sided with China, which is threatening Taiwan with the use of force.

One must say that holding a national referendum is an act of direct democracy, and as a matter of principle the United States, which advocates democracy, cannot completely deny the use of a referendum. Although the political

atmosphere between the United States and Taiwan has worsened, it did not necessarily degenerate into a tense confrontation, and no change has occurred in US policy towards Taiwan. It is thought that President Chen Shui-bian had persisted in the national referendum even at the risk of courting foreign criticism, because he calculated that putting the security of Taiwan on his agenda would enhance Taiwan's sense of identity and be strategically advantageous for his reelection. On the other hand, the opposition alliance that had pushed the referendum bill through the Legislative Yuan turned the scales against itself by opposing it when the national referendum was actually held, thus putting itself in the same position as the Communist Party of China. In the presidential election of 1996, Lin Yang-kang and Chen Li-an—and in the presidential election of 2000, Lien Chan and James Soong—repeatedly made pro-Chinese remarks and warned voters that if their opposing candidates Lee Teng-hui and Chen Shui-bian, respectively, won the election, a war would break out with mainland China. But these remarks provoked voters' antipathy, and these opposition candidates lost the elections to their respective rivals, Lee Teng-hui and Chen Shui-bian. As it turned out, the Lien Chan–James Soong ticket held the upper hand through most of the campaign period, but when the Chen Shui-bian camp organized a human chain of two million people on February 28, 2004, it turned the tables on them. By proposing Taiwan's defense as a national referendum theme, Taiwan's sense of identity received a boost and a large number of voters flocked to the Chen camp, creating a close fight in the final stage of the campaign.

For lack of decisive issues, both camps stepped up negative campaigns in the final stage. On the last day before voting, Chen Shui-bian and Lu Hsiu-

Figure 4.1. Results of the Taiwanese presidential election (March 2004)



Source: Data from the *United Daily News*, March 21, 2004.

Note: The turnout rate was 80.28%.

lien were wounded by gun shots while riding through a street of a southern town in a campaign car. The truth about this shooting incident is not yet known and what effect it had on voter behavior is a matter of speculation. As a result, candidate Chen Shui-bian won the presidential election by a slim margin.

However, as the referendum fell short of the required 50 percent or more voting of the eligible population, its result was declared null and void.

As the opposition Lien–Soong ticket lost the election by the slim margin of 29,518 votes (0.228 percent), the opposition candidates objected to the results and filed lawsuits to have them as well as the election itself declared void. Furthermore, a conspiracy theory about the shooting spread like wildfire, and the Lien–Soong pairing harped on about the Chen Shui-bian camp's election fraud and conspiracy, called on the voters to join protest demonstrations, as a result of which even incidents involving bloody confrontation ensued. As recounting of the votes found that, contrary to expectations, there were no large-scale irregularities, the approval rating of the People First Party (PFP) that had staged often violent protest rallies dropped, and opposition parties lost both lawsuits.

In the calendar of Taiwanese politics in 2004, the Legislative Yuan elections in December had importance second only to that of the presidential election. Until then, the ruling parties of the Chen administration were in the minority. Despite this handicap, President Chen Shui-bian has been promoting a movement toward de facto independence for Taiwan as demonstrated by his refusal to accept the one-China principle and the holding of a national referendum. Therefore, the focal point of the recent Legislative Yuan elections was whether the ruling party and its allies—the Democratic Progressive Party (DPP) and the Taiwan Solidarity Union (TSU)—could wrench a majority from the opposition alliance—the PFP and the Kuomintang (Chinese Nationalist Party)—and promote reforms such as the enactment of a new constitution.

However, the opposition alliance held on to its majority, and the ruling DPP, although it increased the number of its seats in the Legislative Yuan, failed to win a majority. There were two reasons for this: in an attempt to win a majority, the DPP and TSU had put up too many candidates using the multiple seat constituency system, with the result that its candidates vied

President Chen Shui-bian announcing his election victory (March 2004) (Kyodo Photo)

Table 4.1. Results of the Legislative Yuan elections in 2001 and 2004

Party	No. of seats		Ratio of votes won (%)	
	2001	2004	2001	2004
Democratic Progressive Party (DPP)	87	89	33.38	35.72
Taiwan Solidarity Union (TSU)	13	12	7.76	7.79
Non-partisan Solidarity Union	0	6	0	3.63
Other parties/ independents	10	4	8.71	5.94
Kuomintang	68	79	28.56	32.83
People First Party (PFP)	46	34	18.57	13.90
New Party	1	1	2.61	0.12

Source: Data from the Web site of the Central Election Committee.

Note: The DPP is the ruling party to which the TSU is allied, and the opposition alliance is made up of the Kuomintang, the PFP, and the New Party.

for the same votes and failed together to win parliamentary seats; and the name rectification campaign—changing the name from “China,” “the Republic of China” and “Taipei” to “Taiwan”—put off middle-of-the-road voters. On the other hand, the opposition alliance won the elections in part because, out of fear of losing elections, it trimmed the number of its candidates down to minimum hopefuls. However, the overall ratio of votes for the opposition parties had long been in decline, making it difficult for China to predict what will happen in coming years. As a result, the pro-Chinese opposition alliance is highly likely to maintain its leadership in the Legislative Yuan, and the effort President Chen Shui-bian and former President Lee Teng-hui have been making to amend the constitution and promote the name rectification movement has thus been frustrated, for the time being at least. After the election, President Chen has indicated his willingness to cooperate with the opposition alliance, and some point out the possibility of President Chen steering his policy closer to his “new middle-of-the-road” line. As the PFP, which has lost some of its parliamentary seats, is still in a position to exercise a casting vote either by siding with the DPP or with the Kuomintang, its moves will bear close scrutiny.

(2) China’s Policy toward Taiwan

On the other hand, China’s policy toward Taiwan is in trouble. Since 1996, China has intervened continuously in Taiwanese presidential elections, but intimidation through a show of force came to naught and fostered Taiwan’s move toward independence. Although China refrained from making a similar

intimidation toward Taiwan in the last presidential election, Chen Shui-bian, a pro-independence candidate, was reelected. His reelection as president of Taiwan came as a shock to China. However, the invalidation of the national referendum and the violent protest rallies led by the opposition camp that continued after the election temporarily softened the blow. China stressed that the national referendum and the election results were rejected by the Taiwanese people and expressed the view that the advocacy of independence of Taiwan by Chen Shui-bian was not embraced by the Taiwanese people.

China severely criticized the Central Election Commission for announcing the election results one week after the voting and the representative offices and lawmakers of other countries for having sent congratulatory telegrams to President Chen Shui-bian. In a comment made on the social turmoil that had occurred in certain quarters of Taiwan, a spokesperson for the Taiwan Affairs Office of the State Council of China suggested the possibility of using force against Taiwan by saying: "We will not sit by watching should the post-election situation in Taiwan get out of control, leading to social turmoil, endangering the lives and property of our flesh-and-blood brothers and affecting stability across the Taiwan Strait." In reaction, Taiwan took offense, and the United States expressed its concern. In his testimony given before the US House International Relations Committee on April 21, 2004, Assistant Secretary of State for East Asian and Pacific Affairs James A. Kelly said that such moves by the Chen Shui-bian administration carried the potential for a dangerous response from China, and strongly urged Taiwan to restrain itself by saying that "there are limitations with respect to what the United States will support as Taiwan considers possible changes to its constitution." In its *Annual Report on the Military Power of the People's Republic of China* submitted to Congress on May 28, 2004, the US Department of Defense expressed concern over China's use of force against Taiwan. Under such circumstances, attention was focused on the inaugural speech President Chen Shui-bian was to deliver on May 20.

On May 17, three days prior to the inaugural speech, the Taiwan Affairs Office of the State Council of China issued a statement on cross-strait relations. Among other things, it said that (a) at present, the relations across the Taiwan Strait are severely tested; (b) China will never compromise on the one-China principle; (c) as long as the Taiwan authorities recognize that there is only one China in the world, cross-strait relations can hold out many bright prospects

including the “three direct links” (direct trade, transport, and postal links); and (d) should Taiwan declare independence, China will crush it at any cost.

Chen Shui-bian, as he had done four years ago, thus had to deliver his inaugural speech under pressure from both the United States and China. Chen Shui-bian accommodated the concerns of the United States and China by declaring that he would withdraw his campaign pledge to enact a new constitution by means of a referendum; would not touch on problems relating to the sovereignty and territory of the country and those relating to the question of unification or independence; and would follow the rules set out in the existing constitution and its amendments. He reaffirmed the promises and principles set forth in his inaugural speech of May 20, 2000, and said that these commitments had not changed over the previous four years and would not in the next four years, indicating that he would continue to observe the “five nos”—that is, as long as China has no intention of using force against Taiwan, Taiwan would (a) not declare independence; (b) not change its formal name; (c) not enshrine the words “state-to-state” in the constitution; (d) not endorse a referendum on formal independence that would change the status quo; and (e) not abolish either the National Reunification Council or the National Reunification Guidelines—during his term in office. He also declared that he would establish a Committee for Cross-strait Peace and Development; build a nationwide consensus and enlist the enlightened contribution of both the ruling and opposition parties on the issue; create a Peace and Stability Framework for Cross-strait Interactions; and strive to establish peace and stability on both sides of the strait and an enduring new relationship between Taiwan and China. Subsequently, however, Chen Shui-bian has been provoking China by advocating, in effect, a change to Taiwan’s official status and thus seeking to enhance Taiwan’s identity. For instance, he has reiterated on a number of occasions that “the Republic of China is Taiwan,” and indicated his intention to use “Taiwan” as an abbreviation of “the Republic of China.” On two occasions—on November 27 and December 5, immediately before the Legislative Yuan elections—Chen Shui-bian touched on the timetable he had proposed during the presidential election campaign, saying that he would hold a national referendum on the enactment of a new constitution in 2006 and promulgate the new constitution in 2008. He also referred to the name rectification campaign, which proposes to change the prefix attached to the name of overseas diplomatic missions and government-run enterprises from

"China," "the Republic of China," or "Taipei" to "Taiwan." A spokesperson for the US State Department said unequivocally that the United States would not support the proposed change of name for Taiwan's representative offices in the United States. Chen's speeches and policy changes seemed to be aimed at consolidating support for the DPP in the upcoming Legislative Yuan elections. As a result, many took the remarks Chen Shui-bian made in his inaugural speech on May 20 as a sign that he had not exactly given up on the idea of Taiwan's independence, and his remarks deepened the mistrust in the United States and in an international community that wanted to maintain the status quo in the Taiwan Strait.

But it was also around the time of Chen Shui-bian's inauguration ceremony that the United States and Taiwan began to take steps to mend relations; China's response, on the other hand, started to become increasingly frosty. China had reportedly given the US State Department advance notice of its statement that was scheduled for release on May 17. It is also reported that Chen Shui-bian consulted with the US government in advance concerning the contents of his inaugural address and that it was well received by the latter. In addition, the United States ordered an aircraft carrier to cruise in the waters around Taiwan in order to restrain China in the event of any contingencies. On the other hand, a spokesperson for the Taiwan Affairs Office of the State Council of China repudiated almost all of the claims made in the inaugural address and strongly suggested that China would use force by saying that Taiwanese independence would not lead to peace; that division would not breed stability; and that "the Chinese people will crush their schemes firmly and thoroughly at any cost."

However, a statement released by the Chinese government on May 17 did not directly refer to unification or the use of force, and this is symbolic of the Chinese government's current Taiwan policy. It may be said that the Chinese government is unable not only to come up with a Taiwan policy acceptable to the Taiwan authorities or to use force against Taiwan, but also to take a step further to adjust the existing policies. The Chinese government made it clear in December that the NPC Standing Committee would deliberate on an "anti-secession law," creating the impression that it may come up with a new policy toward Taiwan. It is thought that the introduction of an anti-secession law is based on the idea that if the United States keeps selling weapons to Taiwan in accordance with its Taiwan Relations Act, and if Taiwan pits itself against

China by amending its constitution, then China too should meet the challenge by enacting and enforcing a law.

Commenting on China's move to enact an anti-secession law, Taiwan's Mainland Affairs Council Chairman Jaushieh Joseph Wu strongly charged that it was an attempt to invent a pretext to legalize a unilateral change in the status quo of the Taiwan Strait by use of force against Taiwan. According to the findings of a public-opinion poll released by the Mainland Affairs Council on December 24, 73.2 percent of the respondents said that they did not accept the way China was trying to unify Taiwan forcibly by enacting the anti-secession law, and 82.8 percent of them said that they did not approve of the way China used the law as a pretext for using force against Taiwan. It appears that China announced the schedule for the deliberation of the bill after the Legislative Yuan elections in Taiwan in order to avoid having an impact on the election, but even then Taiwanese resentment against it ran extremely high.

(3) Debate over the Use of Force and the “Three Direct Links” Negotiations

China, whose threats that it would use force against Taiwan had been muted during the presidential election, became increasingly vocal after Chen Shui-bian delivered his inaugural address. On May 20, 2004, the day of Chen's inaugural address, *People's Daily*, the organ of the CPC, reported that Jiang Zemin, at a meeting with Hu Jintao and air force officials, had demanded that the PLA Air Force should contribute more to national reunification. As we will see later, the exercise conducted on Dongshan Island from the end of June was carried out with the use of force against Taiwan in mind and was reported through a PRC-affiliated Hong Kong newspaper. A so-called “unification timetable” plan—China will complete unification with Taiwan by 2020—was also circulated through a PRC-affiliated Hong Kong newspaper. During the election campaign, Chen Shui-bian remarked that Taiwan would promulgate a new constitution in 2008. The thinking behind this remark is his belief that China could ill afford to use force against Taiwan, if only to make the 2008 Beijing Olympics a success. In an attempt to discredit such thinking, Wang Zaixi, deputy director of the Taiwan Affairs Office of the State Council of China, strongly restrained Taiwan by saying that it could not rule out a cross-strait military conflict in 2008.

Some newspapers report that Jiang Zemin had supported this hard-line policy before he resigned and that he tried to maintain his influence by taking

advantage of the strait crisis, and that, as a result, the policy options of the Hu Jintao government have narrowed. Put another way, in attempting to deflect criticisms that their policies were too soft on Taiwan, Jiang Zemin and Hu Jintao fell foul of one another by each vying to make his policy appear tougher than the other's. A source close to the meeting leaked to the press that when he met with Condoleezza Rice, then US national security adviser, Jiang Zemin criticized the US weapons sales to Taiwan and said that China had no choice but to attack Taiwan. Staunch hard-liners on Taiwan also made their voices heard: Senior Colonel Luo Yuan, a military expert with the Academy of Military Sciences of the PLA, said that the United States should be made aware of the cost of intervention; and Yan Xuetong, director of the Institute of International Studies at Tsinghua University, argued that the sooner the independence of Taiwan is checked by force the better. Emotional, hard-line arguments have thus been conspicuous in China.

However, an article published on the Internet after Chen's inaugural address by Guo Zhenyuan, a research fellow at the China Institute of International Studies, suggests that even if further changes were to occur in Taiwan in the coming months, they would be unlikely to lead directly to the use of force. He argued that the solution to the Taiwan issue should be incorporated into, and subordinated to, China's overall strategy and that only by achieving such an overall strategy as a modern state through economic development can China create the optimum conditions for solving the Taiwan issue and finally bring the complete unification of the country to fruition. He firmly maintained that the use of force should not be rashly advocated because, while preserving the integrity of sovereignty is one objective of unification, a deeper objective lies in maintaining the stability and prosperity of a unified China and therefore only the relationship between the means and objectives of unification has any significant meaning.

Meanwhile, in a National Day message delivered on October 10, Chen Shui-bian urged China (a) to use the results of the 1992 meeting in Hong Kong as a basis for resuming the long-stalled negotiations; (b) seriously consider the issue of arms control and establish a code of conduct across the Taiwan Strait; and (c) open talks on the "three direct links." Taiwan had reportedly consulted with the United States in advance about the substance of his proposal, but China showed no positive reaction to it.

Even if no significant change emerges in China's policy toward Taiwan, close attention will have to be paid as to whether or not China and Taiwan will

allow private negotiations for the implementation of the “three direct links” to proceed separately from the one-China principle. In 2003, the number of Taiwanese firms that had invested in mainland China had risen to 68,115. Taiwanese investors are eagerly awaiting the establishment of direct flight links between China and Taiwan, and further delays would have a damaging influence on Taiwanese economic competitiveness. In July 2002, then Vice Premier Qian Qichen of China declared that it was not necessary for Taiwan to mention the political definition of “one-China” in negotiations over the “three direct links.” The question as to whether the badly strained cross-strait relations could be restored to that level would become a focal point to watch.

During the Taiwanese presidential election campaign, Chinese leaders made remarks that conveyed the impression that China had receded to a position linking the one-China principle to the “three direct links.” In a policy paper on the “three direct links” made public in December 2003, the Taiwan Affairs Office of the State Council of China stated that “cross-strait direct air and shipping services are air and shipping routes” across the strait and that China would “resolutely oppose anyone who attempts to describe ‘three direct links’ as links ‘between nations’ or as ‘quasi-international’ links, or to ‘internationalize’ them in [a] disguised form.” On May 17, after the Taiwanese presidential election, a statement from the Taiwan Affairs Office said that if only the Taiwan authorities were to recognize the one-China principle, China would implement comprehensive, direct, and two-way direct links. In July, Wang Zaixi, deputy director of the Taiwan Affairs Office, called the “three direct links” a “domestic” route.

In the policy paper on the “three direct links” mentioned earlier, China vaguely referred to the sovereignty issue by using new expressions describing the “three direct links,” for instance, as “affairs between both sides of the Taiwan Strait,” or “internal affairs of the Chinese,” thus showing signs that China may separate the “three direct links” from the one-China principle. In a press interview held on May 25, 2004, a spokesperson from the Taiwan Affairs Office said that the “three direct links” was an economic issue that should not be politicized and stopped short of saying that the links were out of the question unless the Taiwan authorities recognized the one-China principle. As Jiang Zemin has retired, Hu Jintao’s policy options may broaden, if only slightly, opening a window of opportunity for Hu Jintao to return to the position taken by Qian Qichen two years ago. Taiwan’s Mainland Affairs Council Chairman

Jaushieh Joseph Wu said that if China were to return to the line taken by Qian Qichen, Taiwan might take the plunge and sit down with Chinese representatives to discuss the "three direct links." China, too, welcomed the idea of entrusting negotiations to private groups. What impact the opposition alliance that won a parliamentary majority in the December election will have on the talks over the "three direct links" warrants close attention.

3. Military Trends in the People's Republic of China and Taiwan

(1) Advancing Integration and Modernization in the People's Liberation Army (PLA)

The fourth plenary session of the 16th CPC Central Committee held on September 19, 2004, approved the resignation of Jiang Zemin as chairman of the CMC and elected Vice Chairman Hu Jintao (general secretary of the CPC Central Committee and president of the state) as his successor. At the same time, the Central Committee promoted Gen. Xu Caihou to the vice chairmanship of the CMC and added Gen. Chen Bingde (director of the General Armament Department), Lt. Gen. Zhang Dingfa (PLA Navy commander), Gen. Qiao Qingchen (PLA Air Force commander), and Lt. Gen. Jing Zhiyuan (PLA Second Artillery Corps commander) as its new members. Of these, Chairman Hu Jintao promoted Lt. Gens. Zhang Dingfa and Jing Zhiyuan to the rank of general on September 25. Hu Jintao's assumption of the post of CMC chairman was a foregone conclusion, but the appointment of commanders from the Navy, the Air Force, and the Second Artillery Corps as CMC members is symbolic of a change in its composition into a more fully integrated and more professional command structure. Although this was the first personnel shakeup carried out by Hu Jintao, it was in line with a previously adopted policy and may be considered as a sign of tri-service integration, to which the PLA has attached importance in recent years.

Since around February 2004, the PLA, in an effort to promote the "Revolution in Military Affairs with Chinese Characteristics," has been stressing the need to intensify joint training among the services by frequently trumpeting the slogan "joint" (*yitihua*) training. In a New Year's Day editorial, the *PLA Daily* emphasized the intensification of joint training among services and arms at all levels using sophisticated high-tech equipment. The Outline of

Table 4.2. Members of the CPC Central Military Commission

Chairman	Hu Jintao (general secretary of the CPC Central Committee and president of the state)
Vice Chairmen	Guo Boxiong (member of the CPC Central Committee's Political Bureau), Cao Gangchuan (member of the Political Bureau and minister of national defense), Xu Caihou (member of the Secretariat of the CPC Central Committee)
Members	Liang Guanglie (chief of the General Staff), Li Jinai (director of the General Political Department), Liao Xilong (director of the General Logistics Department), Chen Bingde (director of the General Armament Department), Zhang Dingfa (PLA Navy commander), Qiao Qingchen (PLA Air Force commander), Jing Zhiyuan (PLA Second Artillery Corps commander)

Sources: Data from the *PLA Daily*, September 20 and 21, 2004.

Military Training in the New Year, issued by the General Staff and carried in the *PLA Daily* dated February 1, 2004, made frequent references to joint training. This term seems to refer to simultaneous and parallel training given to various services and branches, all of which are connected through communications systems and, by operating on the thus shared information, seek to foster their joint combat and logistic capabilities—a sign that the PLA is keenly aware of the importance of joint operations.

Underlying this approach is thought to be the idea that the joint operations of all services are essential in order to win a modern war, and that a highly organized command and control system based on efficient information sharing is necessary. Furthermore, in order to promote the so-called “mechanization” and “informationization” of the PLA, training reforms as well as development of various items of equipment are essential. An article carried in the July 27, 2004, issue of the *PLA Daily* points out that joint training is a product of information warfare and represents an important reform in the area of PLA military training. The same article goes on to point out that joint training and “informationization” are inextricably linked and that joint training embodies the practice of training the troops through science and technology.

Generally speaking, the education and training of troops are carried out in stages, from basic to advanced. The level of training is raised, from one based on small units to larger ones, from one based on a single branch of the service to group training consisting of all branches, and from one based on a single service to joint training consisting of all services. Joint training is the most

sophisticated type of training, requiring the accumulation of a wealth of experience to achieve the desired results. If PLA unit training has reached the level of joint training, it means that the PLA has the capability of carrying out joint operations.

The Outline of Military Training circulated throughout the PLA by the General Staff defined 2004 as a year for promoting the "Revolution in Military Affairs with Chinese Characteristics" and making greater efforts to deepen the creation and development of a new mode of military training, and went on to set out, as it did a year ago, key areas of military training. The 2004 version refers more frequently than that of 2003 to the focus on operations and training reforms under the conditions of "informationization" and the need to intensify joint operations training. With regard to the latter, it says that, in keeping with the requirements of integrated joint operations, the PLA will build a joint training model, accelerate the pace of development of military equipment and "informationization," and create the contents, methods, and mechanisms for joint training. In addition, it makes various demands on middle-ranking and senior commanders, military regions and military schools. Various types of PLA training are carried out in accordance with the policy and points of emphasis shown in this outline. Actual training started early in 2004. On January 7, a destroyer flotilla from the North Sea Fleet and a PLA Air Force division carried out joint arms and aircraft combat training under modern high-tech conditions in the Yellow Sea for three purposes: to improve the level of cooperation in an attack jointly mounted by naval vessels and aircraft; to enhance the exchange of data and communications coordination under high-tech conditions; and to improve joint operations capabilities. On January 12, a PLA Air Force division was divided into "Red" and "Blue" teams and engaged in tactical confrontational training to boost the tactical awareness and air battle capabilities of its pilots and to improve command capabilities at command posts on the ground. The April 2, 2004, issue of the *PLA Daily* reported that a Group Army from the Chengdu Military Region carried out joint training under modern high-tech conditions. At the exercise command post, the location of an enemy unit operating in a remote area was reportedly shown on a screen; the command and control systems, information networks, fire control, and logistic systems were put into operation; and an armored corps, a cannon corps, and an electronic warfare corps operated in close coordination with one another. The emphasis on command, control, and coordination shifted to relatively complex

training—from joint training within the same service (for instance, between two army units) to joint training between different services (for instance, between the army and air force, or between the navy and air force). This suggests that the PLA is pursuing the joint training mandated in the aforementioned Outline of Military Training.

On November 10, 2004, a nuclear-powered submarine of the PLA Navy was cruising submerged in the territorial waters of Japan. MSDF vessels and aircraft tracked the Chinese submarine under a maritime security operation order issued by the Japanese government. The Chinese submarine continued to travel submerged even after it had moved out of the territorial waters and left Japan's air defense identification zone. On November 16, the Chinese government admitted that it was one of the PLA Navy submarines. If that submarine was engaged in "normal" training as the Chinese government claimed, it may be seen, judging from the waters where it was spotted and the course it traveled, as a sign that the PLA Navy's mission has definitely changed from defending its coastline to one defending areas beyond its coastal waters. That the Chinese submarine had cruised submerged in relatively shallow waters for a number of hours suggests that it was familiar with the underwater topography of the area and that the PLA Navy was trying to upgrade its submarine training.

Another way of looking at the various forms of training noted earlier and the submarine incident would be that they demonstrate the improved ability of corps commanders, their staff and indeed the units themselves to perform the complex task of command, control, and coordination. It may also be said that the various types of military equipment, communications and network systems that support command, control, and coordination have steadily improved. As the training and exercises of this nature are carried out on a national level, one can surmise that the combat capability of the PLA as a whole has improved.

The PLA considers the strengthening of logistics as a critical element of its modernization. An editorial carried in its New Year's Day issue of the *PLA Daily* described the strengthening of logistics as "deepening logistical reforms." It is thought that the PLA, as the industrialized countries have done before, is trying to strengthen the logistics that support its frontline combat units. It appears that the PLA is trying to improve logistical support for its entire army, from its subordinate brigades to divisions. More specifically, the June 4, 2004, issue of the *PLA Daily* reported that a Group Army of the Beijing Military Region launched a "comprehensive field quartermaster support exercise" on

Taihang Mountain. It was also reported that an air force unit had improved a supply capability for its new fighter aircraft by carrying out a 10-point reform measure to meet future information operations requirements. On June 12, 2004, the General Staff, the General Logistics Department, and the General Armament Department promulgated and enforced the Regulations on Routine Service of the People's Liberation Army. This is reportedly the first set of military regulations relating to military and other supplies for the three services published after the adjustment and reform of the arms and equipment control systems. They spell out procedures, methods, processes, standards, and requirements regarding the procurement and supply of military and other supplies for the three services; technical equipment maintenance; professional training; the research, development, and reform of military science; and the control of expenditure. On July 24, the Regulations on Guaranteeing Armament Supplies for the Combined Arms Unit of the People's Liberation Army were promulgated and enforced. These regulations are considered as the PLA's first military regulations to codify the armament supply activities of the combined armed units across the board, gearing them up for future joint operations conducted under the conditions of "informationization." They are considered a component part of the PLA's new-generation system of operations and equipment regulations. As such, they constitute a legal basis governing armament supply and training conducted at division, brigade, and regiment levels. In other words, these regulations constitute a legal basis for centrally organizing and operating armament supply units to supply various units with the armaments necessary for joint operations.

Therefore, it may be seen that the joint operation and logistic support capabilities of PLA units have improved at all levels thanks to their "informationization" efforts, transforming them into a modern army. It can be gleaned from the *PLA Daily* articles relating to various types of training that "informationization" within the PLA has made considerable advances. However, an article referring to this topic carried in the July 19, 2004, edition of *Outlook Weekly (Liaowang)* pointed out that it would take 30 to 40 years or even longer before the PLA could build an information infrastructure, and cited as reasons impeding faster progress in this area the laggard development of an information society in China and the Chinese defense industry.

(2) Development of the PLA's "Military Diplomacy"

In recent years, China has been stepping up military exchanges with other countries under the slogan of "military diplomacy." According to an article in the August 2003 issue of the *PLA Daily*, China's military diplomacy is omnidirectional and wide-ranging, calls for frequent visits and substantive dialogue, and involves exchanges of high-ranking military officials. The article gives China's military diplomacy good marks for playing a positive role in safeguarding its security interests; in creating a peaceful and stable environment in the international community as well as with its neighboring countries; and in promoting the modernization of national defense and the military. One recent characteristic is that the PLA has actively carried out joint exercises with other countries and has opened its military exercises to foreign observers.

The PLA has actively carried out joint military exercises with foreign countries in recent years. On March 16, 2004, the PLA Navy conducted its first ever joint exercise with the French Navy off the coast of Qingdao, a port city in Shandong Province in Eastern China. This exercise was reported by the *PLA Daily* for two days (March 16 and 17) as the first joint exercise with a major Western power. In the exercise, Chinese and French navy vessels and about 700 officers and troops participated in fleet formation changes, maneuvers with shipborne helicopters flying and landing while at sea, replenishment exercises at sea, and search and rescue exercises. According to a press report, French Navy vessels have visited Chinese ports 12 times since 1978, but this was the first time a joint exercise had been carried out. On June 20, vessels of the PLA Navy conducted a joint exercise with their British counterparts for the first time, also off the coast of Qingdao. In the exercise, the PLA Navy's 14 vessels and 4 helicopters participated in various types of drills—search and rescue at sea, fire fighting, mutual shipborne helicopter flights and landings, and casualty evacuation.

On August 6, 2004, troops from the PLA and the Armed Forces of Pakistan carried out a joint antiterrorism exercise in the Xinjiang Uygur Autonomous Region. This exercise was code-named "Friendship 2004," and about 200 officers and soldiers from the PLA's Xinjiang Military Area Command border defense units and Pakistani border defense units participated in the exercise. Lt. Gen. Zheng Shouzeng, deputy commander of the Lanzhou Military Region, said that the successful conduct of this exercise had helped to strengthen friendship between the armies of the two countries, expanded bilateral cooperation in nontraditional security fields, and improved the joint counter-

terrorism capabilities of both armies. The PLA and Australian navies carried out a joint exercise in the Yellow Sea during the period October 10–14, 2004. In 2003, the PLA Navy conducted a joint counterterrorism military exercise with the five member countries of the SCO and the first joint maritime search and rescue exercises off the Chinese coast with the visiting Pakistan Navy in October and the Indian Navy in November. Since then, China has strengthened its cooperation with many countries in the field of counterterrorism and is expected to actively carry out similar joint exercises in the future.

On September 2, 2004, the PLA conducted the first amphibious landing maneuvers to which it had invited foreign observers. This was the second military exercise watched by foreign observers, the first having been conducted in August 2003. The latest exercise was staged by the PLA Navy's South China Sea Fleet at an amphibious operation and training base in Guangdong Province in the presence of military observers from foreign countries including France, Germany, the United Kingdom, and Mexico. After the maneuvers, the foreign military personnel had an exchange of views with their Chinese counterparts on issues of common interest. On September 25, the PLA invited military leaders from 16 countries including SCO and ASEAN member countries and defense attaches from 13 countries to watch a military exercise code-named "Iron Fist-2004." This marked the third military maneuvers open to foreign observers. The *PLA Daily* gave the maneuvers extensive coverage, including commentaries to trumpet the efforts China has been making to promote multilateral military cooperation.

Before and after the joint exercises the PLA conducted with its French and UK counterparts, Gen. Liang Guanglie, chief of the General Staff of the PLA, visited France and the United Kingdom. The May 14, 2004, issue of the *PLA Daily* reported his trip to France, emphasizing that the strategic partnership between the two countries had entered a new stage in 2004, the 40th year since the normalization of their diplomatic relations. The May 26th issue of the same paper reported on his visit to the United Kingdom and commented affirmatively on the improving relations between the two countries. At work behind the extensive coverage given to his European tour is China's hope to win "market economy status" under the WTO rules and the lifting of the EU arms embargo on China. As noted earlier, four top leaders of the CPC, including President Hu Jintao, had made successive visits to European countries as part of its diplomatic campaign, and Liang's visit may be seen as an act of military diplomacy in support of this diplomatic campaign.

The question of lifting the arms embargo on China was discussed at a China-EU summit meeting held in December in The Hague, at which the EU indicated its policy to lift the embargo in the future. If the EU's arms embargo on China, which has been in place since the Tiananmen Square incident of 1989, is lifted, European state-of-the-art weapons may find their way to China. As such a development could alter the military balance between the two sides of the Taiwan Strait, the United States is said to be wary of such a scenario. As the European Union Code of Conduct on Arms Exports restricts weapons exports to countries outside the EU, the lifting of the embargo does not necessarily mean an unregulated export of weapons to China. However, the lifting of the arms embargo would mean the emergence of competitors for China's traditional weapons suppliers like Russia, which may in turn raise the level of performance of their weapons sold to China to win business.

Major suppliers of weapons and military technology to China are Russia and Ukraine, and the bulk of them are from Russia. Typically they include *Kilo*-class submarines, *Sovremennyy*-class destroyers and Sukhoi fighters. In December 2003, Minister of National Defense Cao Gangchuan, then Director of the General Armament Department Li Jinai and leading military personnel in charge of armament visited Russia and, in April 2004, Defense Minister Sergey Ivanov of Russia visited China to have talks with his Chinese counterpart. They probably discussed the possibility of supplying weapons and military technology, suggesting Russia's continuing cooperation with China in this field. If European countries export advanced weapons and related technology to China in addition to those from Russia, China's military capability and weapons-making technology could improve dramatically. In this sense, developments in China's military diplomacy must be monitored very closely.

(3) A Growing Sense of Crisis in Taiwan

The news media in Taiwan and Hong Kong reported that China's PLA was planning to stage large-scale landing maneuvers in areas surrounding Dongshan Island, Fujian Province. Although with 18,000 troops the scale of the exercise was to be far smaller than that held in 2001, when about 100,000 soldiers participated, according to their reports it was the first to feature fighting for air supremacy over the Taiwan Strait as its objective. It was said that the exercise would represent a departure from the conventional, army-centered strategy that the PLA had previously followed. The PLA was planning to use advanced

weapons in the exercise, including Su-27 fighters, FBC-1 (JH-7) Flying Leopard (*Feibao*) medium-range fighter-bombers, Il-76 medium-range transport aircraft, Zhi-9 helicopters, *Sovremennyy*-class destroyers, *Kilo*-class submarines, and DF-15 short-range ballistic missiles (SRBMs). *Wen Wei Po*, a leading PRC-affiliated Hong Kong daily, commented that the joint landing maneuver to take place on Dongshan Island was part of maneuvers carried out across theaters of operation, provinces and cities (such as Pingtan Island, Zhoushan Island, Shantou, Zhenhai, and Zhenjiang).

An expert at *Wen Wei Po* said that the Dongshan Island exercise would have three objectives: to check the results achieved by the PLA exercises, to demonstrate the Chinese will and capability to solve the Taiwan issue by force, and to declare to the world that this issue is an internal affair and China will brook no external intervention. During the same period, Taiwan was planning to carry out an exercise code-named "Hankuang 20," and US forces also planned to stage "Summer Pulse 04" involving a series of military exercises around the world. Before-the-fact reporting of Chinese military maneuvers by PRC-affiliated news media is unprecedented, and the logistic support exercise planned off the coast of Fujian Province in support of the Dongshan Island exercise was also reported. This provides a glimpse of the Chinese design to restrain Taiwan. However, the long-awaited details of the Dongshan Island exercise itself were not reported. In a comment released toward the end of August, the Taiwanese side hinted that it was possible that the Dongshan Island exercise had been suspended, and by unilaterally taking it as a sign of "goodwill" on China's part, Taiwan stopped the live fire exercise during the "Hankuang 20." Although China has reportedly denied having suspended the Dongshan Island exercise, it may be taken to mean that China had achieved its objectives within a short period. There are reports that China had already finished the test-firing of missiles planned during the exercise, and this suggests that China has accumulated sufficient results from these maneuvers.

On June 1, 2004, in China, the Commission of Science, Technology and Industry for National Defense and the State Development and Reform Commission jointly published an Outline of the Policy for Science, Technology and Industry for National Defense. This deserves close attention as a guideline for developing defense science, technology, and industry that produces weapons and military equipment. The outline's emphasis on several items—such as the acceleration of modernization of defense science, technology and

industry, the promotion of development and production of high-tech weaponry, and a speedy dual-directional shift of the military and civilian technology—may be seen as a sign of the positive stance taken by both the PLA and the Chinese government for a rapid development of the defense industry.

At a hearing on US-China relations held by the Subcommittee on East Asian and Pacific Affairs of the US Senate Foreign Relations Committee, Deputy Assistant Secretary of Defense Richard Lawless testified on the present state of military capabilities of China. In that testimony, Lawless said that “China continues to improve quantitatively and qualitatively the capabilities of its conventionally armed SRBM force” and has deployed “between 500 and 550 SRBMs” opposite Taiwan. In addition, regarding the PLA’s organization, armament, and operation, there are reports that China’s naval and air force capabilities will surpass those of Taiwan during the 2006–2008 period. Faced with such prospects, a sense of crisis is growing in Taiwan.

According to an article in the Taiwanese daily *China Times* dated June 18, 2004, Taiwan plans to purchase 10 categories of key weapons in and after 2005 under the Ten-year Military Development Plan, and its investment in military hardware is expected to top NT\$1 trillion. The special budget for arms procurement approved by the Executive Yuan on June 2, 2004, appropriates NT\$144.9 billion for upgrading the three existing sets of Patriot Advanced Capability (PAC)-2Plus surface-to-air missiles to PAC-3 standard and for procuring six new sets; NT\$53 billion for 12 P-3C antisubmarine warfare aircraft; and NT\$412.1 billion for eight diesel-electric-propelled submarines. In addition to long-range early-warning radar and *Kidd*-class destroyers that have already been authorized, Taiwan plans to spend approximately NT\$200 billion to procure AH-64D Apache Longbow attack helicopters and M109A6 Paladin self-propelled howitzers over the next five years, for a grand total of NT\$610.8 billion. On June 17, Legislative Yuan President Wang Jin-pyng inspected P-3C antisubmarine warfare aircraft and Aegis-equipped destroyers in Hawaii during his tour of the United States. However, as the opposition parties that control a majority of the Legislative Yuan opposed the special budget, it failed to pass the Legislative Yuan in November, just one month prior to the Legislative Yuan elections. What is more, as the opposition alliance won a majority in the December election, the fate of the arms procurement budget hangs in the balance.

A shadow of crisis also hangs over the “Hankuang” exercise. Under the 2004 plan announced by the Ministry of National Defense of Taiwan, the “Hankuang

20" exercise was to be held in three stages during the period from April through November. In recent years, Taiwan has been carrying out anti-amphibious landing exercises with a PLA amphibious invasion in mind. In 2004, Taiwan carried out for the first time in 26 years an emergency landing exercise, with its fighters using expressways. During the exercise, two Mirage 2000 fighters, operating under the assumption that an airfield runway had been destroyed by PLA airstrikes, landed on a stretch of expressway early on the morning of July 21 and, after refueling and maintenance checks, their engines were restarted and they took off from the expressway. Before and after the exercise, the army conducted a map exercise and the navy carried out live fire and antisubmarine exercises, as well as parachute exercises. Taiwanese leaders showed a keen interest in the exercises and, on July 29, President Chen Shui-bian boarded a submarine to watch them. *China Times* denied the connection between these exercises and the recent PLA maneuvers, but it is fair to say that Taiwanese leaders are conscious of the military maneuvers that have been carried out on the other side of the Taiwan Strait. It is necessary to keep a close eye on changes occurring in the military balance on both sides of the strait, the modernization of their weapons and equipment, and the way the authorities on both sides are running their armed forces, including their command and control.

