

## CHAPTER 9

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# Domestic and International Challenges to the Xi Jinping Leadership

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My papers presented to the NIDS conferences of the last two years mainly concentrated on China's deeply-seated security worries related to the US pivot that had squeezed China's strategic space in Asia and to the lingering regional flashing points, such as rising maritime disputes and North Korean instability. This year I will pursue Beijing's security concerns with a domestic and external nexus. I have selected three security challenges that trouble Xi Jinping's leadership: 1) rampant corruption in the military and Xi's effort to rectify it; 2) Xi's new approach towards regional security order in general and territorial disputes in particular; and 3) the People's Liberation Army (PLA)'s worry of the widening of the capability gap with the US and its efforts to catch up. Compared with the issues I raised in previous years, these are relatively more strategic in terms of China's domestic politics, especially to its regime security. Internationally, the Chinese countermeasures will exert great impact on the defense sector in the region.

### **Xi Jinping's Control of the Gun as New Commander-in-Chief**

Even after two years in office, Xi is still coping with the legacies of his predecessors Jiang Zemin and Hu Jintao whose "reign without rule" approach towards the commanding of the gun gave rise to serious corruption throughout the rank and file members in the PLA, soldiers' slacked discipline and disunity among the top brass. Xi thus wasted no time to tackle these problems with a distinctive political leadership as soon as he became commander-in-chief, proving that personality and leadership styles matter enormously. Xi assertively ended Hu's technocratic approach in running state and military affairs<sup>1</sup>.

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<sup>1</sup> On this technocratic leadership, see Xiaowei Zang, "The 14th Central Committee of the CCP: Technocracy or Political Technocracy," *Asian Survey*, Vol. 33, No. 8, 1993. John Wong and Yongnian Zheng, *Leadership Succession: Problems and Prospects*, Singapore University Press, 2002.

***Rebalancing civil-military authority***

Hu's passive leadership style worsened the Chinese Communist Party (CCP)'s corruption, the level of its severity is gauged by how deeply it penetrated into the PLA. Clearly, Xi is not the solution to these systemic challenges to the Party, but his assertive way of tackling them seems to have prohibited the tempo of the worsening officialdom. His early power consolidation has been the result of both his maneuvering among CCP/PLA elites and his Maoist charismatic and populist pursuits in society where he is gaining huge popularity. Anti-corruption is a key component of both methods. During the whole process, the PLA has been firmly behind him<sup>2</sup>. In fact, a defining feature of Xi's political leadership is his inclination of using the military to forge policy consensus at the top. Some visible changes have taken place in civil-military relations under Xi.

The single most significant game changer in CCP/PLA relations under Xi is his hands-on leadership style versus the top brass. This includes both positive support to PLA transformation and negative suppression of the generals' rogue behavior in wielding power, especially their corruptive deeds. After all, the PLA is Xi's primary power base and he cannot afford to repeat Hu's "hands-off" approach that allowed his CMC deputies to handle PLA daily management without effective civilian oversight, leading to their serious abuse of power.

Thus Xi Jinping has to strike a new balance between effective Party control and sufficient military autonomy. Such a balance is important in that if the former is ineffective, generals may be tempted to seek overt influence in state policy making and if the latter is insufficient, civilian control can be intrusive destabilizing bilateral relations and professional PLA pursuits. Here CCP/PLA dynamics lies in the Politburo's strategic guidance of PLA affairs and CMC autonomy in daily military administration and operations. Yet the balance is never easy to strike, as the boundary of CCP political leadership and CMC autonomy has never been clearly laid out, and is very dependent on the CMC chair on behalf of the Party and his personal power level vis-à-vis his CMC colleagues. Post-Deng CMC chairs were inherently weak as they lacked revolutionary credentials and military experience, prerequisites for effective control of the gun in CCP/PLA tradition<sup>3</sup>. Although this

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<sup>2</sup> All senior PLA officers vie with each other to express personal loyalty and support to Xi and his policies. *The PLA Daily* published their pledges in whole pages, something rare in the post-Deng China.

<sup>3</sup> Li, Nan (ed.) *Chinese Civil-Military Relations*, Routledge 2006.

power deficit can be somewhat offset by the CMC chair's one-man rule institution, the effective civilian control of the military lies ultimately in how the Party leader uses his organizational and personal authority as commander-in-chief. It is plain that a powerful civilian leader like Deng is capable of confidently suppressing the soldiers' resistance to his policy preference. Hu's weakness obliged him to avoid such occasions. His 'give-and-take' exchange of mutual support with the CMC weakened Party control of the top brass with profound consequences as indicated by Xu Caihou's abuse of power.

Xu's case of corruption reveals that the formulas of "give-and-take" and "reign without rule" that defined Hu's approach of PLA leadership created fault lines in civilian control of the gun. "Give-and-take" increased generals' bargaining chips vis-à-vis civilian leaders. An asymmetric interdependent relationship emerged that enshrined the civilian leadership in name but favored generals in substance<sup>4</sup>. Xu demonstrated institutional fault lines in the civilian control of the gun. The CMC is a Party organ but is entirely composed by professional soldiers, while all but one member in the Politburo is charged with military affairs. This organizational separation of CCP/PLA elite and their differentiated functional responsibilities ensure a high level of PLA autonomy. In the CCP's hierarchical chain the CMC is under the Politburo. In actuality the CMC largely operates outside the latter's reach. For instance, the Party's Central Organizational Department has no say to PLA cadre management<sup>5</sup>. The PLA's legal and discipline system operates in a highly autonomously of the Party's. This is one of the reasons for senior PLA leaders like Xu to abuse power for such a long period of time without being caught. Xu was actually the ultimate boss of the PLA's judiciary and discipline system. The Maoist Politburo/CMC separation in functions creates a situation where the Party leadership over the PLA is one of political and ideological, derived much of organizational teeth.

The civilian oversight is further compromised by the reign-without-overt-rule tradition of CMC chair in commanding the gun. If he does not step in to override a CMC decision, no one else in the Party and in the PLA would be willing to risk a

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<sup>4</sup> Xu was deputy CMC chair in charge of political and personnel affairs (2002-2012), the second ranking leader in the PLA and a powerful figure with a wide network of followers. Xi targeted him to deepen anti-corruption campaign in the PLA in 2014, one year after Xu was retired.

<sup>5</sup> Mu Song, "Mao Zedong and the creation of the PLA General Cadre Department," the *PLA Daily*, 14 September 2009.

serious fight against the PLA Politburo members. Hu's hands-off approach worked only when the two top soldiers Guo Boxiong and Xu were faithful to him in running CMC daily affairs. This give-and-take interaction gave Guo and Xu unprecedented space to wield power without effective oversight from either within or without. In fact, Xu's nepotism in officer promotion aroused protracted disgruntlement among generals immediately below the CMC, especially the "princeling generals." However Hu was highly reluctant to indict Xu for rational reasons<sup>6</sup>. First, Hu relied on Xu to manage PLA personnel for the bulk of his term as commander-in-chief. Throughout Hu's tenure, Xu showed no sign of disobedience to Hu. His support of Hu's decision on Bo Xilai was a major service. Secondly, Xu's long leadership over PLA political and personnel affairs allowed him to place his favored senior officers in strategic positions within the PLA. It would cause panic among senior military cadres and destabilize the PLA commands at various levels if Xu was exposed prematurely.

### ***Xi's political leadership and his command of the gun***

Xi's acute political leadership is reflected by his sound strategy to persecute Xu. He timed the arrest of Xu smartly as it took place after the 18th Congress but not too long after. This simultaneously minimized the shock waves to the PLA rank and file and comforted those generals who felt discriminated by Xu's personnel management. This has substantially boosted Xi's popularity in the PLA because the number of Xu's beneficiaries was far smaller than otherwise. Additionally the timing was also well designed after Xi's firm control of the PLA was established, which eliminated any chances of resistance by Xu's followers.

Xi's political leadership is most vividly reflected by the pace, depth and width of his power-consolidation. All PLA leaders now do not speak without first citing Xi's instructions. For instance, Zhao Keshi alluded to Xi's words as the "soul 魂" and "key link 纲" in daily PLA work, which was reminiscent of the Mao era<sup>7</sup>. As a politician, Xi has set up his new rules of the game vis-à-vis the generals, which prove that personal authority matters as much as institutions. This is a different route of power consolidation and employment as compared with Hu, whose PLA leadership primarily rested on his institutional post. In an authoritarian political structure, power institutionalization is sometimes not as reliable as personal

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<sup>6</sup> Interview information from PLA sources in Beijing in May 2014.

<sup>7</sup> "Zhao Keshi's speech to the PLA Audit conference," *The PLA Daily*, April 4, 2013.

authority in ensuring institutional efficiency, organizational cohesion and personnel centripetal tendency.

Xi has sought a balanced command of the gun. ‘Balanced’ is defined as the commander-in-chief allowing the top brass enough autonomy in running PLA daily management, while his control is hands-on. Indeed Xi’s much closer contacts with PLA soldiers and more direct personal involvement in PLA affairs draw a clear contrast with his predecessor.

- Xi habitually reads reports by Military Region level commands. He personally assigned specific topics for PLA headquarters to discuss key Party issues<sup>8</sup>.
- Xi regularly visits PLA units, probably second only to Kim Jong-un in terms of frequency. By March 2015, he has made 22 inspection visits that cover all MRs, Service headquarters and a good number of grassroots units. For instance, he personally issued CMC order to the PLA Air Force to take control of PLA space operational command<sup>9</sup>.
- In contrast to Hu, who appointed senior commanders mostly on CMC recommendations, Xi personally nominates and interviews appointees<sup>10</sup>.
- He inspects the credentials of candidates screened by the CMC in a more detailed manner.
- Xi also frequents grass-roots posts, has soldier meals in their dining halls, and gets into tanks, aircraft and warships. He is increasingly seen as the soldiers’ commander-in-chief<sup>11</sup>.

### ***Tighten war preparation as a way of commanding the gun***

When Xi paid his first inspection tour to PLA troops in the Guangzhou MR in December 2012, just days after becoming commander-in-chief, he issued an order to the PLA to prepare for war and win the next war<sup>12</sup>. In fact Jiang called the PLA to accelerate “military struggle” in 1999 and Hu urged the PLA to enhance war preparation. However, Xi’s is conceptually different from his predecessors’ in that Jiang/Hu’s preparation for war emphasized preparation but Xi’s on war-fighting<sup>13</sup>.

<sup>8</sup> “PLA Party construction since the 18th Congress.” *The PLA Daily*, 5 November 2013.

<sup>9</sup> Rear Admiral Yin Zhuo, *New Horizon, Yunnan TV*, 17 April 2014.

<sup>10</sup> “How many generals did Jiang and Hu promoted during their term in office,” *people’sdaily.net*, 19 November 2012.

<sup>11</sup> *China National Defense Newspapers*, 22 July 2013.

<sup>12</sup> “Xi Jinping called the PLA to acquire capability to fight and win war,” *The PLA Daily*, 11 December 2012.

<sup>13</sup> “The New Year Editorial,” *The PLA Daily*, 1 January 2015.

The former stressed accelerated construction of defense infrastructure that could better buttress PLA actions at a time of crisis. It is still in the category of peacetime preparation. The latter, however, urged the PLA to tighten combat readiness to cope with worsened external military threats in the advent of US pivot to Asia and maritime standoffs in the East and South China Seas (ESCSs). Xi's combat-oriented war preparation caters for the PLA's new threat assessment that leads it into a second sub-war state of affairs. Xi shares senior generals' view that to have the PLA in a winning position in the future wars it is better to rate the external threats more seriously so that a better preparedness can be achieved.

Now the PLA in its entirety has been mobilized to intensify combat-gear training. In 2013, over 40 large-scale war games have been planned with a focus on rapid deployment of PLA troops against expected and unexpected regional crisis<sup>14</sup>. To Xi, however, accelerated PLA war preparation serves more purposes than simply engaging PLA soldiers in improving their combat skills. First, intensive training has been an effective means to tightening up troop discipline and cohesion that has been lessened gradually over the long years of no-action<sup>15</sup>. Secondly, accelerated war preparation directs the PLA toward external security threats. Orienting the military toward international concerns also serves the PLA's vital interests in many ways, e.g., promoting its professionalization and corporate identity<sup>16</sup>. Thirdly, intensified war game drills in the name of intensified war preparation require substantially more financial support. The PLA received double-digit budgetary increases in 2013, 2014 and 2015. This double-digit rate of growth has become a symbol of civilian support to PLA transformation. Fourthly, Xi has given more support than Hu for the PLA's research and development of new weapons systems as a top priority in the civil-military agenda of war preparation<sup>17</sup>.

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<sup>14</sup> "The PLA's GSD introduced the annual war game exercises for 2013," *The PLA Daily*, 11 March 2013.

<sup>15</sup> Combat training has been designated as a strategic mission of the PLA. In the GSD annual directive on strengthening training on January 14 2013, the word combat (实战) appeared 11 times, in comparison of four times in the last year's document. "Directive on military training on all armed forces in 2013," *The PLA Daily*, January 14 2013.

<sup>16</sup> This has been proven by most world militaries in transformation. See Morris Janowitz, *The Professional Soldier: A Social and Political Portrait*, NY: Free Press, 1971, and You Ji, "China: From A Tool of Revolution to A Professional Military," in Muthiah Apalagapa (ed.), *The Professionalism of Asian Armed Forces*, Hawaii: East-West Centre Press, 2001.

<sup>17</sup> Zhang Youxia, "Realizing a great leap on arms development according to the requirement building a powerful PLA," *The PLA Daily*, March 29, 2013.

## Xi Jinping's Assertive National Security and Defense Policy

Xi Jinping has made qualitative changes in China's national security and defense policies as a response to changed security environment around China. In the domestic politics and foreign policy nexus Xi's pro-active response to the external challenges is also embedded in rising nationalist pressure of sovereignty disputes on the government. Heightened PLA urge to protect China's core interests has been behind Xi's diplomatic initiatives. His new approach to NS issues has been officially defined as *adjustment* in PLA writings. While upholding Hu Jintao's view that China's ascendance could be reversed by an unwanted war, Xi sees value in a measure of assertiveness in enhancing CCP legitimacy at home and in ensuring China's power status abroad.

### *The State Security Commission and regrouping of national state decision power*

Xi took most China-watchers by surprise by announcing the establishment of the State Security Commission (SSC) in November 2013, a surprise in a sense that Jiang failed to do it twice during his 14 years in power but Xi succeeded just one year in office. Without a good amount of Xi's personal push, the creation of the SSC would have been further postponed. This attests that personality is an important element in political leadership. Under Xi, some fundamental changes in CCP elite politics are taking place. The SSC is a major regrouping of the CCP's top power structure along the lines of power recentralization, especially in terms of NS decision process. It was a "New Deal" in Xi's endeavor to revitalize China that allowed him to integrate all NS agencies in times of internal and external challenges<sup>18</sup>.

Today, the SSC functions are being designed, personnel recruitment goes on and specific missions have been carried out. These include: 1) the draft of China's first NS strategy to be promulgated before the end of the year; 2) creation of an overarching national intelligence authority; 3) forming a high powered central internet watchdog; 4) unfolding of an integrated maritime coast guard; and 5) formulation of crisis management scenario plans by all NS agencies. In due time, coordination of China's NS policies and actions by Party/army/state agencies will be aggregated. This will help to end China's fragmented NS decision-making process by different Party leading groups, state functional bodies and military/intelligence organizations in the NS realm.

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<sup>18</sup> *People's Daily*, 18 November 2013

At the strategic level, the SSC will induce a qualitative change in state governance in China. More concretely, the SSC's institution of one-man command will expand the basis of the CCP's three-in-one top power structure (general secretary, state presidency and CMC chair in one person) that Deng created for Jiang in 1990 to boost his authority at a time of political succession. Now Xi has taken the fourth power in hand: the post of NS chief, which can be more crucial in crisis management. This new four-in-one power restructuring greatly enhances Xi's personal authority and projects a generally conceived view of Xi already exceeding his predecessors in terms of personal power in his first year of office. The bold initiatives of the Air Defense Identification Zone (ADIZ) and the 981 Oil Rig were indicative of the kind of unprecedented level of his personal arbitration in making critical NS decisions.

### *Xi Jinping's sovereignty maintenance resolve*

Generally speaking, Xi's adjustment can be construed as focusing on two areas of NS defense-related foreign policy: a hardened approach to protect China's territorial integrity, mainly in the form of a retaliatory strategy; and Xi's tentative attempts to reshape the regional security order that jeopardizes Chinese national security.

His first move along this line was imposing an ADIZ to alter the existing US-centric ADIZ status quo. The ADIZ is a response to US and Japanese aerial spy activities close to PLA strategic bases. The PLA fully supports Xi's initiative as the ADIZ was a PLA design in the first place<sup>19</sup>. Yet its calculus based on tactical military needs for the ADIZ may have underestimated the strategic consequences of such a move, putting China in a negative geo-political situation<sup>20</sup>. ADIZ shows Beijing's recognition that when an external challenge to China's sovereignty hardens, an approach of overt "strategic patience" may arouse nationalist backlash at home and threaten leadership legitimacy, which can also be regime threatening<sup>21</sup>. CCP/PLA interaction has to address both issues as a historic dialectic. Very often, assertive diplomacy, if used properly, can facilitate domestic stability. Functionally the PLA serves as the foundation and

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<sup>19</sup> When Hu was commander-in-chief the PLA submitted the ADIZ proposal 16 times. Hu always asked PLA leaders to consult Yang Jiechi about it but Yang blocked it 16 times. When Xi came to power he simply approved the proposal without consulting any diplomats.

<sup>20</sup> You Ji, China's ADIZ: A Geo-strategic and Military Analysis, EAI Background Brief, No. 914, 2014. Xi has realized this outcome and called on Washington "not to upset the whole relationship because of *one event*" in Xi's opening speech to the 2014 Sino-US Economic and Security Dialogue, *The PLA Daily*, 10 July 2014, p. 1.

<sup>21</sup> Zhang Yingli, China's National Security Strategy in the New Era, Beijing, *The PLA National Defense University Press*, 2014, p. 192.

the tool of assertive foreign policy, a job assigned by the Party<sup>22</sup>.

Nevertheless, an assertive maritime strategy and the ADIZ setting are serious enough to arouse internal and external concerns about whether Xi has shifted away from Deng's low-profile strategy<sup>23</sup>. However, since his moves are basically reactive and selective by nature, the rebalancing cannot be seen as challenging US leadership and the regional order in any confrontational way. Likewise, it is premature to conclude that Xi has qualitatively deviated from Deng's guidance<sup>24</sup>. Firstly, Beijing's assertiveness is confined to sovereignty disputes and a small geographic area in Asia. Beyond this, Chinese international behavior has not altered much<sup>25</sup>. Xi has cautiously distinguished sovereignty issues from China's overall foreign pursuits. Deng, as a self-proclaimed nationalist, was as tough as other leaders on sovereignty issues<sup>26</sup>. Secondly, Xi is acting on another of Deng's points of advocacy: "China should behave like a big power, while taking no leading role over issues that do not directly concern Chinese security<sup>27</sup>." Third and more fundamentally, Xi upholds Deng's admonition by adhering to a non-confrontational US policy, which is the core and foundation of Deng's "keeping-low" guidance. Xi's concept of the new great power relations is one that does not challenge the US global leadership and one of confrontation aversion, albeit in the context of his resolve to protect China's core interests. Assertiveness in the ESCs takes place simultaneously with Beijing's resolve to maintain workable China-US relations through avoiding an irreversible China-US standoff. This redline resonates with Hu's effort of war avoidance, even if Hu's/Xi's approaches to external challenges are different. Territorial assertiveness is pursued with clear redlines drawn to limit excessive backlash to Beijing's overall interests.

<sup>22</sup> As above.

<sup>23</sup> "Already world number 2, still need to keep low?," *People's Daily*, 11 December 2012, p. 1.

<sup>24</sup> It is debatable to define the 981 Oil Rig as a reactive move. In Beijing's perspective it was a response to ExxonMobile's oil exploration in Block 143 on behalf of the Vietnamese since 2011 (a block not too far away from the 981 site). At the time Beijing merely protested without taking real action for the sake of concentrating on more urgent Japanese and Filipino challenges. The 981 deployment was also a pre-emptive measure to anticipate planned Vietnamese oil exploration in Block 188 and Block 189 later in the year. David Shambaugh (2014) "The Illusion of Chinese Power," *National Interest*, 25 June.

<sup>25</sup> *Ibid.*

<sup>26</sup> While issuing "low profile strategy," Deng also emphasized to Jiang that "you must be firm on territorial integrity. If you are soft, others will look down upon you." Deng Xiaoping, *Selected work of Deng Xiaoping*, vol. 3, (Beijing: Renminchubanshe, 1993), p. 320.

<sup>27</sup> Xi used the phrase "strategic steadiness" (战略定力) to express Beijing's resolve to maintain Deng's foreign policy guidance in a new global environment. "Politburo study session on foreign policy," *People's Daily*, 29 January 2013, p. 1.

The case of the 981 Oil Rig and China's on-going land reclamation in the Spratlys may be new signs of Xi's guidance of maritime disputes. It is difficult to define the 981 Oil Rig as a reactive move<sup>28</sup>. From Beijing's perspective, it was a response to ExxonMobile's oil exploration in Block 143 on behalf of Vietnam since 2011. Beijing then merely protested without taking action for the sake of concentrating on more urgent Japanese and Filipino challenges. The 981 deployment was also a pre-emptive measure to the planned Vietnamese oil exploration in Block 188 and Block 189 later in 2014. Yet the 981 standoff shows that it is subtle for a right balance to be struck between being reactive assertiveness and aggressive assertiveness. The line between asymmetric and proportional response is often thin. Moreover, China's marine deployment, enhanced patrols and island reclamation in the SCS are perceived by other claimants not as being reactive by nature but aggressive enough to arouse concerns<sup>29</sup>.

The 981 decision was a tactical misjudgment with profound strategic implications. When Yang Jiechi submitted the initiative to Xi with the PLA support, he may have underestimated the consequences of the move, similar to the PLA's decision to impose the ADIZ in the ECS. Xi's approval was also based on some narrow tactical calculus, i.e., Sino-Vietnamese relations were generally sound enough to endure the negative outcome. This was a concern to China-watchers, given his enormous power in making NS decisions that impact on regional security. The timing, for instance, was negative for both decisions in the lead-up to a number of key international events, i.e., the APEC in Beijing. The puzzle is, if the PLA could not stop US spy planes from approaching its strategic naval and air force bases through ADIZ enforcement, why announce it in such a hurry when Xi just acquired some basic understanding on his major-power-relations concept from Obama in their Sunnylands Ranch talk in May 2013? An answer might be that Xi and Chinese security establishments had new policy guidance in safeguarding the so-called core interests, expressed in an elastic civil-military formula of crisis pre-emption and management: not shy on a level of necessary confrontation but not too rigid to extinct possibilities of compromise, as shown by the 981 case—in and out according to calculus on more strategic and realistic concerns beyond oil exploration.

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<sup>28</sup> Some Chinese analysts attributed the 981 exploration to Beijing's SCS policy adjustment, not reaction to Vietnam's provocation. Comments by senior colonel Shao Xiaoling, Ye Hailin, Song Zhongping and Feng Lie in *The New Horizon*, *Yunnan TV*, 13 July 2014.

<sup>29</sup> For instance, see US Secretary of Defense Hegal's speech at the 2014 Shangri-la Dialogue on 31 May 2014.

## Xi Jinping's Bottom-line for China's Japan Policy

China's Japan policy has been in a state of inflexible choices since the Senkaku/Diaoyu (S/D) nationalization in 2011. The bilateral relations have clearly been at the lowest point since 1972<sup>30</sup>. The public perception of each country towards the other is basically negative. However, despite general hostility between them, both Beijing and Tokyo have devoted tremendous efforts to stabilize the precarious situation. These efforts, which have not been fully appreciated by the media and international observers, were remarkable and yielded the Four-Point-Accord (FPA) in November 2014. Indeed, the FPA has provided critical rules of crisis management to ease tension, and even drawn a roadmap for a gradual rapprochement in the years ahead.

The FPA tackled the two most troublesome issues in the bilateral relations: history and territorial disputes. Each state has its own uncompromising positions on them. Yet the fact that the Accord was reached indicated shared interests of Xi and Abe, namely, China and Japan are inescapable neighbors with important leadership role in regional affairs and therefore they have to seek ways from the current impasse. This was the particular message of Li Xiaolin, daughter of China's former president, Xi's childhood friend and currently his private foreign affairs messenger, in her two visits to Japan in the last two years. It was similar to Tokyo's view upon which Fukuda brokered the guidance for bilateral FPA negotiations<sup>31</sup>. This mutual understanding built the basis for the FPA document and common grounds for coexistence, even if in a competitive form. In fact, the three-month intensive discussion for the Accord produced more concrete results than the FPA's wording has shown. What has so far not been revealed to the public reflects Xi's bottom-line position for making Japan policy, as analyzed below.

### *Managing history*

Unfortunate Sino-Japanese history has created a special strategic culture in China towards Japan. However, Beijing's Japan policy is not normally formulated on the basis of history unless a red line is crossed, most notably the PM's visit to the Yasukuni Shrine. Without a firm response to this, the CCP government would be put in an awkward domestic situation. It is true that Xi emphasized the history side of

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<sup>30</sup> Ruan Zongze, "China's neighborhood diplomacy: striving a stable and prosperous neighborhood," *International Studies*, No. 2, 2014, p. 22.

<sup>31</sup> *Phoenix TV News*, 21 November 2014.

the bilateral relations more than his predecessor due to the general state of affairs in Beijing/Tokyo interaction after the S/D purchase. On the other hand, Xi has sensibly separated history and diplomacy towards Japan as long as the red line is observed. This paved the way for the FPA to be reached.

More concretely, Xi has exercised a necessary level of ambiguity to manage the history issues. For instance, in the FPA negotiation process the Chinese bottom line was that if some acquiescence could be found on the Yasukuni visit, Beijing would not insist on Abe to make an announcement of it. This followed the precedent of Abe's first China tour in 2006. Then both sides used the sentence 'China and Japan were committed to handle political obstacles' as a synonym to Yasukuni so that sensitivity to Abe in domestic politics would be reduced. As far as Beijing is concerned, with the FPA in place now it is more difficult for Abe to pay a shrine visit as prime minister. The ball is in his court. Ironically, it would be good for Beijing if Abe visits the Shrine again. It may help solve many of Chinese problems with the neighbors. His 2013 the visit got Beijing off the hook of the ADIZ announcement. Another visit to the shrine would certainly strengthen Beijing's position in world politics.

Related to this point is Beijing's position that while it sees importance of Japan's proper statements on history, it will not force Tokyo to make an apology as a precondition for the bilateral relations to move ahead. This is to state that Beijing has delinked the issue of apology from making Japan policy. Furthermore, Beijing's Japan policy is not reflected by high volume of anti-Japanese rhetoric from both the officialdom and the public. For instance, many Chinese analysts see Abe purposefully augmenting S/D disputes to exaggerate China's threat so that he could move on collective defense and constitution-revision<sup>32</sup>. In a way, the rhetoric is mainly for domestic consumption, as the issues involved reinforces the legitimacy of the Xi leadership in the eyes of the population. Xi has to respond to it in a proper way, such as his speech to the event of the Nanjing massacre in December 2014, when he also emphasized the need to turn the page after some proper arrangement could be made.

### ***Managing the territorial disputes***

Despite Xi's toughening of China's maritime security policy, he is aware that dispute mismanagement may lead to standoffs that may in turn lead to armed confrontation.

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<sup>32</sup> Ruan Zongze, "China's neighborhood diplomacy," p. 22.

As this is a matter of war or peace, he is very cautious not to exercise assertiveness beyond a point. The good thing for Beijing is that it has realized, although belatedly, that Tokyo does not intend to escalate tension in the S/D areas, i.e., by sending public servants to the islands, which was a worst case scenario from Beijing's anticipation. Most recently Tokyo again turned down the city of Ishigaki's initiative to conduct environmental inspection in the S/D islands, a goodwill gesture showing Tokyo's efforts to stabilize the situation<sup>33</sup>. Moreover, Beijing could not have failed to notice Tokyo's patience towards China's civilian surveillance ships that enter the waters of 12nm from the islands.

In turn, Xi has ordered the PLA and the state maritime authorities to observe a number of "Nos" so that S/D confrontation could be avoided and normal bilateral diplomacy on dispute management can proceed. Specifically, these include the following:

- No PLA naval vessels and aircraft inside the 12nm from the islands and their adjacent waters
- No swapping of the disputed waters with large numbers of fishing boats as an effective means of pressure, as it may trigger Japan's massive expelling actions with US support
- No ADIZ enforcement in the S/D areas
- No PLA plan to capture the islands by force
- No oil exploration in the ECS areas inside Japan-claimed a medium line
- Entry of PLA aircraft into Japan's ADIZ as "an attitude of opposition," rather than a pattern of combat actions to escalate tension<sup>34</sup>. For instance, the PLA arranged five slow special planes without escorts to fly through the first islands chain via Miyako-jima in December 2014
- No targeting against Japanese economic interests in China

This list of the "Nos" is much longer than those mentioned above. Xi has tried to compartmentalize territorial dispute from the Sino-Japanese overall bilateral relations as much as possible, although some negative implication is inevitable.

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<sup>33</sup> Live broadcast of the Chinese world, *Phoenix TV*, 24 December 2014.

<sup>34</sup> Western analysts see this as a turn for the situation to get worse. Michael Cole, "Japan, China Scramble military jet in the East China Sea," *The Diplomat*, 11 January 2013.

The best achievement of the FPA is the establishment of a minimum stability-maintenance mechanism. These include: 1) the resumption of military-to-military talks on rules of engagement governing naval encounters in the West Pacific. The first round took place in January 2015. Hopefully, this would extend to air force patrols in the overlapped ADIZs. At least both sides are exploring measures to keep an amount of critical distance between their patrol aircraft; 2) Japan's continued self-restraint in not expelling Chinese surveillance ships inside the waters of 12nm from the islands in exchange of reduced frequencies of Chinese entry; 3) continued efforts to de-militarize disputes. Indeed, with mutual understanding and constraints, an equilibrium has been basically established, although precariously. Beijing hoped that Tokyo would hint at the degree to which the S/D area can be disputed. It would then continue to acquiescence to Japan's de facto control of the islands. Then, the 1972 mechanism of dispute control could be restored to the benefit of both sides.

Of course, this is heavily dependent on the overall political atmosphere surrounding the two countries. This may be the biggest challenge to both Xi and Abe. A slow rapprochement is based on each state respecting the other's core interests. In addition geo-political and geo-economic factors play a role too. Beijing's primary challenge is Washington, not Japan according to PLA strategists<sup>35</sup>. Abe's top priority is economic growth. And he may have realized the need to accommodate China's rise<sup>36</sup>. These may help prevent confrontation. Abe called for improving relations with Beijing and Seoul in his speech for establishing a new Cabinet on 24 December 2013<sup>37</sup>.

On the other hand, despite the agreement on the FPA, Beijing may have given up on Abe in seeking a rapprochement, because it sees Abe's continued efforts to realize collective defense targeting China and his promotion of a regional democratic arc against China. In Wang Yi's 2015 new-year speech, he did not mention Japan when he mentioned a number of major powers. This may have reflected Xi's assertive attitude towards Tokyo. Sentimentally, he holds stronger views on history than Hu due to his family influence and early childhood socialization in the Mao era. He is also a stronger believer in power politics, and therefore places more emphasis

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<sup>35</sup> "To win decisive battle at sea, in the air and on land," a PLA sponsored TV program, Gansu TV, 20 December 2014.

<sup>36</sup> Miguel Oropeza De Cortez-Caballero, "The China-Japan Détente Examined Through the Soviet Prism," *The Diplomat*, 26 December 2014.

<sup>37</sup> *Asahi Shimbun*, 25 December 2014.

on physical power in conducting foreign affairs in the context of China's historical humiliation. This means it is unlikely that he would develop any personal diplomacy with Abe. But Beijing has to face the fact that Abe may lead Japan for another six years. Under Xi's understanding that neither of them can escape the other, Beijing will continue to work with Abe. The positive signs have emerged from the FPA, as listed below

- The removal of the obstacles for the Summit meetings
- Shared views on Abe's depiction for the bilateral relations: strategic and mutually beneficial relations
- Abenomics factors in positive Chinese market for Japan's economic growth. For instance, the number of Chinese tourists to Japan hit a record high in 2014.
- The bilateral military-to-military contacts have started to increase. The attendance of President of NIDS to the Xiangshan Forum in October 2014 was well received by senior PLA officers. Before the FPA was reached, it was difficult for the PLA personnel to attend the Japanese Self-Defense Force's formal occasions as an official delegation and it was reasonable for Tokyo to send 'delegates' rather than a delegation to the PLA forums in terms of diplomatic reciprocity. Now, the hurdles seem to have been removed and a new beginning is emerging.

## **PLA Strategy, War Designs and Capability Enhancement**

The PLA has singled out four most likely war scenarios in the coming decades. On top of the hierarchy is an all-out war with the US, which is bent on regime change in Beijing. A major war in the Taiwan Strait ranks second in severity<sup>38</sup>. The third category is projected as a medium-sized war caused by territorial disputes: land warfare with India and maritime conflict in the ESCSs. The fourth scenario is low-intensity warfare, such as war against terror in Xinjiang. Unless there is a regime change in Taipei in 2016, the third scenario is potentially the most realistic in PLA calculation: frequencies of war-eruption have dropped in the new century but those of crisis-eruption are on the rise, largely due to maritime territorial disputes<sup>39</sup>. The US military pivot to Asia has further heightened the danger of armed confrontation

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<sup>38</sup> You Ji, "The Anti-Secession Law and the Risk of War in the Taiwan Strait," *Contemporary Security Policy*, Vo. 27, no. 2, August 2006.

<sup>39</sup> The Strategic Study Department, *The Science of Military Strategy, the PLA Academy of Military Science Press*, 2013, p. 99 and p. 114.

involving China, as the Air-Sea Battle (ASB) concept operationalizes US war-footing against the PLA in the years ahead<sup>40</sup>. In the diplomacy/defense nexus, the PLA strategy addressed two missing links in the war preparation: specific war objects and absence of an overarching linkage between a direction-setting strategy and concrete sea-battle plans based on required capabilities. War preparation is now projected against particular crisis situations.

The PLA transformation is driven more by capability enhancement than an overarching strategy. Acute threat perception due to the enduring generational gap with the US in arms justifies the PLA's efforts to acquire catered capabilities for national defense. A solid material base is essential for an effective/assertive maritime security policy that dictates the PLAN to achieve sea denial within a distance of 1,500 km from the West Pacific to the Spratlys. For instance, winning sustained sea battles in the SCS dictates the PLAN to establish sea control and air control in the SCS that substantially expends the navy's current sea control and air control range within 500 km from the coastal line. While in the medium term PLA transformation focuses the ESCS scenarios, the long-run strategic objectives aim at US presence in the Indo-Pacific region.

The PLAN's capability enhancement has been impressive. Both 2012 and 2013 saw about 20 capital ships either entering service or going for sea trial. In 2014, about 40 capital ships were either inducted, under sea trial or under construction<sup>41</sup>. This has been unprecedented world-wide in peacetime. Now, the PLAN boasts the largest number of ships in the world, although its average tonnage is much smaller. The overall force structure remains relatively light due to lack of combatants over 10,000 tons and thus hinders its high-sea operations. It is the large combatants that can better fulfill the navy's three basic missions of coast defense, territorial safeguard and SLOC protection, especially the last mission. The PLAN's capability-strengthening simultaneously addresses the mission requirements.

- China's decision to build aircraft carriers may be historically proven to be a strategic blunder, given the carrier's low survivability in extended naval warfare. However, CBGs are a huge boost to a navy's overall capability, as

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<sup>40</sup> For instance, in *The U.S. Army Operational Concepts: Win A Complex World* (2014) China was singled out as potentially the most likely country the US will fight a war with pp. 9-12.

<sup>41</sup> *Jane Defense Weekly*, 8 January 2015.

a carrier itself is a hi-tech embodiment and its large escort fleet significantly alters the naval structure in favor of ocean-going ships. SLOC operations dictate formation of carrier-based expeditionary fleets. The PLAN will have up to three CBGs combat ready and two mothballed<sup>42</sup>. The escorts of each will generally include two nuclear attack submarines, two 052C/D (or 055, which is under R&D) aegis destroyers, four 054A/B area air defense frigates and at least one large supply ship.

- The PLAN's mission of protecting its maritime interests in the ESCS will require it to acquire large amphibious assault ships. Each of these will also need escort destroyers and frigates. The type-071 class is relatively small in size and displacement, about 20,000 tons, and unable to carry a necessary number of helicopters. The 081 class is now under intensive R&D, which is about Mistral Class in capability<sup>43</sup>. The PLAN needs at least six of them to cope with ESCS disputes in the medium term. It needs more if the Taiwan situation is factored in.
- The 09 Unit will be enlarged as the key component for long range A2/AD national security operations. It is also essential for "reverse-deterrence" operations to disrupt the enemy's naval and commercial routes. As 093 and 094 becomes obsolete, the 095 and 096 program enjoys top priority in research, financial allocation and technology innovation. The PLA will ensure induction of their initial ships by 2020.

The list can be much longer. For instance, among the priority development projects are long range (2,000 km) anti-ship and land attack supersonic missiles; the next generation AIP submarines and a number of "Global Eagle" and X-47B type UAVs. The PLA has prioritized informatization systems as capability amplifiers. Huge investment for network-centric systems helps reduce the US lead in information warfare superiority. China's unprecedented scale of military R&D poses a key question to PLA watchers. For a long time the PLA weapons policy has been defined as "pocket of excellence." Now has China moved to a new direction of comprehensive development? The answer seems to be positive.

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<sup>42</sup> A carrier normally has a lifespan of 40 years. This means that when China's second generation carriers enter the service, the two Liaoning Class carriers may still be able to operate, although more likely to be mothballed. According to a PLA roadmap between two generations of carriers (each has two boats) is CVN 18, which is an experimental ship for the second generation carriers that would be nuclear powered, use electromagnetic catapults and induct China's fifth-G combat aircraft, which is similar to the F-35s.

<sup>43</sup> "The Chinese Navy, its Regional Power and Global Reach," *Strategic Analysis*, Vol. 36, No. 3, 2012.

## Conclusion

Xi Jinping, as the new commander-in-chief, can rely on this new team for power consolidation at an earlier date. His influence in the PLA has already been strong, or even stronger than Hu Jintao at the end of his tenure. Consequently the PLA, as Xi's primary power base, will serve Xi's political leadership style in way of making it available to Xi's call, either for his domestic reforms or external initiatives. With PLA backing in addition to his supporters in the Politburo, he has established authority that far exceeds that of Jiang Zemin and Hu Jintao at the height of their power. The Xi era starts in a smooth way. This underpins his assertive leadership at home and assertive foreign policy in regard to territorial disputes. However his core-interest/war-aversion dialectics points to his general policy orientation: peace is more preferred than war. Therefore, he will seek crisis management through status quo maintenance, politics of ambiguity over disputes and economic statecraft rather than just show of force.

Internationally Beijing is now concerned about how to manage China-US rivalry at the military/operational levels<sup>44</sup>. Despite a strong response to Hegal's criticism of China in the 2014 Shangri-la Dialogue, the PLA continues to emphasize China-US military cooperation, i.e., a large naval flotilla joining the Rim of the Pacific Joint Naval Exercises. The central theme of PLA participation at the 2014 China-US economic/security dialogue was cooperation and commitment to building a positive bilateral relationship<sup>45</sup>.

Sino-Japanese relations may have bottomed up. At least both countries now emphasize common interest as the two most important counties in the region and the world. The good thing is that they have found a formula to stabilize the troubled relations in the FPA, although implementation may be a big challenge. In Southeast Asia Beijing is still endeavoring to repair the damages caused by placing its 981 Oil Rig in the Paracel waters in May 2014. To the relief of many watchers of Xi Jinping, his approval of the earlier pull-off of the 981 Rig indicated that ultimately he was sensible and sensitive to such security incidents, and he was not excessively

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<sup>44</sup> Geng Yansheng, the PLA's spokesman, reiterated this in his news brief on 24 February 2012. He said that the PLA had never wanted to challenge the US military unless it had to react to certain issues that it could not avoid.

<sup>45</sup> Chief of Staff Fang Fenghui's speech at the reception of US military delegates to the Dialogue. *The PLA Daily*, 9 July 2014.

hijacked by nationalist tendencies at home. In sum, we have seen a Xi assertiveness/war-avoidance dynamic on the basis of shared domestic priorities and externally oriented crisis-management amid war preparation, which will dominate Chinese national security and military policies for a long time to come