

Chapter 4

China— Achievements and Challenges of “Neighboring Diplomacy”

China has been carrying out active diplomacy in recent years. The examples include “neighboring diplomacy (*zhoubian waijiao*),” through which China seeks to expand and further develop cooperation with neighboring countries. In East Asia, China is trying to show leadership in the creation of an East Asian Community. In this context, China assigns high priority to its Japan policy and is seeking to break the prolonged deadlock in its relations with Japan, which are usually described as “cold politically while warm economically.” This notwithstanding, a series of anti-Japanese demonstrations broke out in major cities including Beijing and Shanghai in April 2005. Although the Hu Jintao administration attaches importance to improving China’s relations with Japan, differences may have surfaced within the leadership reflecting the strong anti-Japanese public sentiment. These divisions have stymied efforts to implement Hu’s accommodative foreign policy toward Japan.

China’s unstable Japan policy has combined with its Taiwan policy to create a bottleneck hampering the Hu administration’s active pursuit of neighboring diplomacy. At a meeting held in March 2005, the National People’s Congress (NPC) passed almost unanimously the Anti-Secession Law that provides for “non-peaceful means and other necessary measures” (in Article 8) to protect China’s sovereignty, meaning the use of force against Taiwan. While defining the Taiwan issue as an internal affair, China stepped up diplomatic pressure on the Chen Shui-bian administration by urging Japan, the United States, and the international community at large to oppose Taiwan independence. Although China wants to unify Taiwan with the mainland by peaceful means, at the same time the People’s Liberation Army (PLA) has been modernizing its nuclear and missile capabilities and its navy and air force to enable it to achieve unification by force in the future, and has been conducting various military exercises with that in mind. Taiwan President Chen Shui-bian, for his part, stresses the necessity of developing self-reliant defense capabilities, and has indicated his intent to restore defense spending to a reasonable level above 3 percent of Taiwan’s gross domestic product (GDP). However, due to confrontation between the ruling and opposition parties, the Legislative Yuan failed to pass a special budget bill that was necessary for the purchase of weapons for deterring China’s rapidly expanding ballistic missile and submarine capabilities—with the result that the military balance across the Taiwan Strait has begun tipping in China’s favor.

1. China's Self-contradictory Japan Policy

(1) China's "Neighboring Diplomacy" and Japan

The administration of Hu Jintao has been pursuing cooperative diplomacy more vigorously than that of his predecessor, Jiang Zemin. This is born out by the positive stance his administration has taken to expand cooperative relationships with China's neighbors especially in East Asia. During his years in power, former President Jiang Zemin likewise attached importance to bolstering regional ties, but the top priority of China's diplomacy was to maintain a cooperative relationship with the major powers. In the second half of the 1990s, China assumed "one superpower and four great powers"—one superpower (the United States) and four major powers (Russia, the EU, Japan, and China)—as actors that would have a decisive influence on the international relations in the post-Cold War era and engaged in "great-power diplomacy (*daguo waijiao*)" designed to create a "strategic partnership" with those powers.

The Hu Jintao administration came into power at the 16th National Congress of the Communist Party of China (CPC) held in November 2002. The Hu administration announced "neighboring diplomacy" as a policy line based on the new principle, "good-neighbor relationship and partnership" advocated in a report to the congress as his administration's foreign policy, and to which he attached a priority as high as that of "great-power diplomacy." Foreign Minister Li Zhaoxing said that relations with the major powers were the key to developing China's diplomatic policy and that those with surrounding countries were also vital. *China's Foreign Affairs (2004 edition)*, China's white paper on foreign policy, also stresses the importance of an "all-out promotion of friendly cooperation with surrounding countries" as a noteworthy accomplishment of China's foreign policy in recent years.

In fact, China has been building a regional cooperation mechanism with Russia and Central Asian countries through the Shanghai Cooperation Organization (SCO) that was formed in June 2001, and has been promoting cooperation with these countries in the area of security (joint counterterrorism military exercises) and energy (the construction of oil pipelines). In East Asia, China has been trying to take the initiative in creating an East Asian Community through strengthening its relations with the Association of Southeast Asian Nations (ASEAN). In October 2003, China and ASEAN issued a Joint Declaration on Strategic Partnership for Peace and Prosperity, and in November 2004 under China's

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leadership formulated a Plan of Action to implement the joint declaration over the next five years. In that Plan of Action, China promised to intensify its support for ASEAN’s integration efforts, to strengthen the various cooperation mechanisms now in place between the two, to make further efforts to resolve disputes over South China Sea issues, to build trust by continuing military-to-military exchanges, and to consider observing each other’s military exercises. China further promised to fully support the ASEAN-China Cooperation Fund (ACCF), and to contribute \$5 million or more if necessary to the ACCF for five years (2005–10) to implement the various activities and projects under this plan.

Among other things, China is most actively committed to East Asian cooperation based on ASEAN+3 (Japan, China, and South Korea). At a symposium hosted jointly by China’s Ministry of Foreign Affairs and the East Asian Studies Center of China Foreign Affairs University in April 2004, then Vice Foreign Minister Wang Yi predicted that the future direction of the developing regional cooperation would have a significant impact on creating a new regional order, and said that China must attach importance to regional cooperation in diplomatic strategy. As points for serious consideration in establishing the strategy, Wang mentioned forms and areas of cooperation, main actors, relations with Japan (ways for the two countries to work together in promoting East Asian cooperation and the improvement of China’s relations with Japan through East Asian cooperation), and those with the United States (expansion of dialogue and cooperation). At an ASEAN+3 Summit held in November 2004 that produced an agreement to hold an East Asia Summit, Premier Wen Jiabao stressed the necessity of regional cooperation by saying that “Asia can truly rise only through cooperation.”

If China is really serious about promoting regional cooperation for the creation of an East Asian Community, it is imperative not only to strengthen its relations with ASEAN countries but also to break the deadlocked relations with Japan—long described as “cold politically while warm economically”—and to take concrete steps to promote policy cooperation with Japan. As Vice Foreign Minister Wang Yi pointed out, improving relations with Japan is a top priority policy, and China has actually been seeking to break the deadlock and weighing up various options to arrange policy coordination with Japan. As part of such efforts, since the fall of 2004 China has been attempting to create a vice foreign ministerial “strategic dialogue” framework, and in May 2005 the first strategic dialogue, which the Japanese side called the “Japan-China comprehensive policy dialogue,”

was held. Furthermore, at a press interview held after the close of the NPC in March 2005, Premier Wen Jiabao made a “three-point suggestion” for improving Japan-China relations. First, the promotion of high-level exchanges and visits. Second, launching “strategic studies” between the two foreign ministries concerning ways and means to promote friendship between the two countries. And third, appropriate handling of the historical issue. The relegation of the historical issue to third place in the three-point suggestion indicates that the Hu Jintao administration attaches importance to improving its relations with Japan. As to the strategic studies, a Chinese foreign ministry spokesman raised wide-ranging bilateral and multilateral issues including steps to be taken to improve its relations with Japan for the promotion of East Asian cooperation. At a meeting held on April 17, 2005, the foreign ministers of the two countries were supposed to discuss ways and means to improve their relations and to work out policy coordination along the lines laid down in the “three-point suggestion.” However, the anti-Japanese demonstrations that broke out early in April 2005 wreaked havoc with the ministerial meeting’s agenda.

(2) Breakout of Anti-Japanese Demonstrations

In April 2005, a series of anti-Japanese demonstrations broke out in major Chinese cities, including Beijing and Shanghai. Some of the demonstrators went wild, chanting “*aiguo wuzui* (patriotism is not a sin)” and threw stones at the Japanese embassy and consulate general, further worsening relations between the two countries. One of the recent developments that touched off these demonstrations was the growing likelihood of Japan becoming a permanent member of the Security Council under United Nations reform proposals. A High-level Panel on Threats, Challenges and Change, an advisory body to the UN secretary-general created in November 2003, drew up in December 2004 a report entitled *A More Secure World: Our Shared Responsibility*, which proposed two concrete steps to be taken for the reform of the Security Council, including an increase in the number of permanent and nonpermanent members. With a view to reforming the Security Council, Japan, Germany, Brazil, and India formed a Group of Four, which actively pushed diplomacy aimed at winning permanent seats on the Security Council.

Initially, the Chinese government did not take a clear position on the possibility of Japan becoming a permanent Security Council member. In an address delivered

at the UN General Assembly on September 27, 2004, Chinese Foreign Minister Li Zhaoxing expressed support for necessary and rational UN reforms and indicated his approval of an expanded Security Council membership. However, he suggested China's opposition to Japan's admission to the Security Council as a permanent member by saying that such reforms should aim at making the Security Council a better reflection of the aspirations and needs of developing countries. Meanwhile, Chinese Foreign Ministry spokesman Kong Quan said that “we understand Japan's expectation to play a greater role in international affairs,” suggesting that the Chinese government did not explicitly oppose outright Japan's permanent membership.

In contrast with the government's stance, Chinese “public opinion” is clearly opposed to Japan's admission as a permanent member of the Security Council. After releasing a report entitled *In Larger Freedom: Towards Development, Security and Human Rights for All* on March 20, 2005, UN Secretary-General Kofi Annan said that Japan was a leading candidate for a permanent seat on the Security Council. Anti-Japanese patriotic groups in China reacted by posting messages on websites urging the public to sign up for a protest against admitting Japan as a permanent member of the Security Council, and by the end of March, more than 10 million signatures had been collected. At a press interview held on March 29, foreign ministry spokesman Liu Jianchao said that the Chinese government had taken note of the online signatures against Japan's bid and asserted that Japan should take a responsible attitude toward history to win the trust of the people of China and other countries in Asia. As is obvious from such responses, the online signature drive was a spontaneous manifestation of Chinese public opinion and at the same time reflected the view of the Chinese government to a certain extent. Although the online signature-gathering movement was organized by China-based anti-Japanese patriotic groups, Chinese ethnic groups based in the United States also showed their opposition in this way. The *Renminwang*, an Internet edition of the *People's Daily*, the official organ of the CPC Central Committee (dated March 22, 2005), headlined “More than 400,000 people in the world sign to protest against Japan's bid for permanent membership,” and carried six URLs on the website where it was possible to sign up.

In April, the Chinese press reported that the Japanese Ministry of Education, Culture, Sports, Science and Technology had authorized a history textbook compiled by the Japanese Society for History Textbook Reform, which the Chinese government has long criticized, and it added fresh fuel to the anti-Japanese

movement. At a directors' meeting held on April 1, the China Chain Store & Franchise Association, the largest retailing group, adopted a proposal to boycott Japanese products and urged its affiliated retail stores to remove some Japanese products from their shelves. The proposal leveled a stinging criticism, saying that "Some Japanese people and Japanese corporations make no attempt to acknowledge the major crimes against humanity once committed by Japan and are attempting to delete from history textbooks coverage concerning the Nanjing massacre, the military comfort women issue, and Army Unit 731. We Chinese and Chinese ethnic corporations cannot forget history. We support the boycott of Japanese products."

It is alleged that the CPC's Central Propaganda Department banned reports concerning the campaign to boycott Japanese products. Although foreign ministry spokesman Liu Jianchao said that he did not want to see the politicization of trade and economic issues between the two countries, he added that he hoped all circles in Japan would take a responsible attitude toward history and thus laid the blame for triggering the boycott campaign in China firmly at Japan's door. In response to their government's position, Chinese news media carried articles saying that Japan should show contrition, or that the online signatories demanded that Japan face up to the history issue. These news media reports might have given the people the impression that the Chinese government was condoning the anti-Japanese activism, which circulated via website messages and caused the series of anti-Japanese demonstrations. On April 2-3, anti-Japanese demonstrations broke out

in Shenzhen, Chengdu, and Chongqing, and the demonstrators attacked some Japanese supermarkets and restaurants in these cities. Some 10,000 people staged a demonstration in Beijing on April 9, 2005, and some 20,000 people did likewise in Shanghai on April 16, some of them chanting the slogan "patriotism is not a sin" while others were radicalized and threw stones at the Japanese embassy and consulate general.

Anti-Japanese activities, not confined to these demonstrations, have recurred in recent years. On October 30 through

Anti-Japanese demonstration in Shanghai
(April 16, 2005) (Reuters/Kyodo Photo)

November 1, 2003, anti-Japanese demonstrations broke out in Xi'an in protest against a skit performed by Japanese students residing in that city. At the final of the Asian Football Confederation Asian Cup 2004 held in August 2004, hostile Chinese spectators booed the Japanese soccer team and, in Beijing, a Japanese embassy limousine was attacked. The latest spate of anti-Japanese demonstrations continued for three weeks, gathering strength over the weekends, and became more frenzied as they spread to major cities across the country. The year 2005 marked the 60th anniversary of the “victory of the Chinese People's War of Resistance against Japanese Aggression,” and thus was a sensitive year for Japan-China relations. In September 1985, when the 40th anniversary of the victory was marked, anti-Japanese demonstrations, some several thousands strong, had also broken out. However, none of them was as large as the most recent cases. The latest string of anti-Japanese demonstrations represented a criticism of the Japanese people or Japan as a whole and, unlike demonstrations under previous administrations, was not limited to “a handful of right-wingers in Japan.”

(3) Chinese Politics over Its Relations with Japan

When about 10,000 people took to the streets in Beijing, some of China's top leaders were out of the capital. President Hu Jintao was touring through Shandong Province on April 7–10, and Premier Wen Jiabao was visiting Southeast Asian countries on April 5–12. Due in part to the absence of these political figures, the Chinese government was unable to react quickly to the demonstrations and the violence of some of the demonstrators, so a foreign ministry spokesman tried to muddle through the confusion by merely blaming Japan for the outbreak of the demonstrations.

Actually, it has not been easy for the Hu Jiantao administration to deal with the anti-Japanese activities of the Chinese people that have occurred frequently in recent years. The recent chain of demonstrations was triggered by incitement generated by website messages. In China, the number of Internet users exceeded 111 million at the end of 2005, and there were more than 694,000 websites. Although the Chinese government restricts the public exchange of information, it is impossible to stamp out Internet content entirely. As the anti-Japanese feeling prevalent among the young generation is a product of the patriotic education promoted by the Communist regime, deliberately discouraging such feelings would amount to a negation of its own policy. By seizing the opportunity offered

by the 40th anniversary of the victory of the war against Japan in 1985, the CPC stepped up patriotic education and in August 1994, a year before the 50th anniversary of victory, it adopted an *Outline on the Implementation of Education in Patriotism* (the Outline) to further intensify indoctrination of the younger generation, using China's modern and contemporary history. Pursuant to the Outline, a total of 200 bases of education in patriotism were established across the country in 1997 and 2001, and it was made mandatory for the younger generation to visit them. In November 2005, a further 66 locations were added to the list of bases. The principal objective of patriotic education, as set forth in the Outline, is to impress on the younger generation the noble spirit with which the CPC has led the people, and the brilliant achievements accomplished by the CPC in building a new nation. In this context, the Chinese victory against Japanese aggression symbolizes the role played by the CPC. The 66 additional bases still include many facilities that are related to the War of Resistance against Japanese Aggression, and the war provides one of the focal points of patriotic education.

The Communist regime cannot completely control the anti-Japanese feeling which it has instilled in the younger generation, at least in part, by patriotic education. Discouraging such anti-Japanese feeling would not only undermine the credibility of its own policies but also raise the possibility of the underlying frustration of the people being directed toward the Communist regime itself. Whenever an anti-Japanese tone of public opinion or anti-Japanese activities have surfaced in China in recent years, website messages have leveled criticism against the weak-kneed diplomacy of the Chinese government toward Japan. Late in March, when the number of signatures of those opposing Japan's bid for permanent membership of the Security Council surged in response to the calls published on the Internet, the March 29 edition of the *Dagongbao*, a Hong Kong newspaper, ran an article headlined "China attaches importance to public opinion in formulating its foreign policy." The article introduced a remark made by Qu Xing, vice president at China Foreign Affairs University, who said that the new-generation leadership of China conducts diplomacy for the populace and is accountable to the populace for its diplomacy, and that a popular antipathy toward Japan is a factor that should be taken into consideration in deciding on the course of its diplomacy.

In fact, the attitude taken by Chinese Foreign Minister Li Zhaoxing at a meeting with Japanese Foreign Minister Nobutaka Machimura on April 17, 2005, pointedly reflected the "sentiments of the Chinese people." Although Machimura demanded

that the Chinese government take sincere and prompt action against, and apologize for, the destructive activities and acts of violence committed by Chinese demonstrators against the Japanese embassy, Japanese businesses, and Japanese nationals during the course of the demonstrations, Li refused, saying that: the Chinese government had never done anything to the Japanese people for which it owed an apology to them; the problem is that the Japanese government has hurt the feelings of the Chinese people by the attitude it has taken on the Taiwan issue, the historical issue, and the international human rights issue; the Chinese government has adhered to the spirit that every problem will be dealt with in accordance with the law of China; and, at the same time, that China hopes that the Japanese side will clearly understand these root causes.

However, China’s prioritization of the relations with Japan in its overall foreign policy was not necessarily changed by the outbreak of these demonstrations, and its importance still remains real. In an effort to prevent Japan-China relations from deteriorating further, the Hu Jiantao administration began to curb the anti-Japanese demonstrations. On April 19, 2005, a meeting on current Sino-Japanese relations was held in Beijing under the auspices of the CPC’s Central Propaganda Department, the Work Committee of Organs Directly Under the Central Authorities, the Work Committee of Central State Organs, the Ministry of Education, the PLA Central Political Department, and the Beijing Municipal CPC Committee. At that meeting, Foreign Minister Li Zhaoxing delivered a report on Japan-China relations in which, while expressing concern over the emergence of a negative aspect in Japanese policy toward China in recent years, he affirmatively acknowledged the tremendous advances that have been made in all aspects of China-Japan relations. Li stressed that the realization of healthy and stable Sino-Japanese relations would go a long way toward ensuring and prolonging “important strategic opportunities,” fulfilling the great cause of China’s reunification, stabilizing the peripheral environment, and giving impetus to regional cooperation. The policy attaching importance to Japan-China relations must have been readopted for confirmation at a meeting of the Political Bureau of the CPC’s Central Committee that convened on April 15, 2005. No report is available indicating whether or not they discussed China’s relations with Japan at that meeting. However, as it was the first meeting of the Political Bureau after the outbreak of anti-Japanese demonstrations, and a commentator’s article carried in the April 17 edition of the *People’s Daily* stressed the importance of ensuring social stability, this may suggest that China’s top

leaders intended to curb the expansion of anti-Japanese demonstrations.

As a follow-up to that Political Bureau meeting, a meeting on current Sino-Japanese relations that discussed the importance of the two countries' relations was held, and lecture groups on Sino-Japanese relations launched jointly by the CPC's Propaganda Department and the Ministry of Foreign Affairs toured major cities across China to explain the history of Sino-Japanese relations and the present and future policy toward Japan to key officials of the government, the CPC, the PLA, and students. On April 23, 2005, a summit meeting took place between President Hu Jintao and Prime Minister Junichiro Koizumi, who were visiting Indonesia to attend a ceremony marking the 50th anniversary of the Asian-African summit. Although he wore a stern look at the summit, President Hu expressed his hope that the two countries would regard the meeting as a turning point and take feasible measures to solve disagreements, surmount difficulties, and make joint efforts to advocate the healthy and steady development of bilateral relations. Having said that, he put forward a "five-point proposal." This stated that: (a) the Japanese government should strictly abide by the Sino-Japanese Joint Statement, the Peace and Friendship Treaty, and the Sino-Japanese Joint Declaration; (b) the Japanese government should regard history as a mirror to reflect on its wartime past, and the Japanese side should adopt a serious and conscientious attitude toward history and deal with the historical issue in a serious and sincere manner, and remorse expressed for Japan's aggression against China should be translated into action; (c) the Taiwan question should be correctly handled, and the Japanese side should fulfill its commitments by demonstrating through concrete actions its adherence to the one-China policy and opposition to Taiwanese independence; (d) differences between the two nations need to be resolved through dialogue and peaceful negotiations; and (e) the two countries should further strengthen communication and cooperation in various areas. In a press interview given after the summit, President Hu Jintao said that Prime Minister Junichiro Koizumi fully agreed with his five-point proposal. On the basis of this agreement, China decided to endeavor to break the deadlocked relations with Japan.

In a move by the Chinese government to break its deadlock, Vice Premier Wu Yi visited Japan on May 17, 2005. On May 12, China's Ministry of Foreign Affairs announced Vice Premier Wu's itinerary and said that she would meet with Prime Minister Koizumi during her visit. The vice premier herself explained that one of the purposes of her visit was to push the process for overcoming difficulties

confronting the relations between the two countries and to implement common understanding of the five-point proposal that had been reached between the respective leaders. During the meetings she had with Japanese Minister of Economy, Trade and Industry Shoichi Nakagawa (whom China considers as a hard-liner toward China) and business leaders while she was in Japan, she indicated China's intention to improve relations between the two countries. However, she suddenly canceled the meeting with Prime Minister Koizumi scheduled for May 23 because of urgent but unspecified matters and returned home. In a statement explaining the reasons for the vice premier's sudden departure, China's Ministry of Foreign Affairs said that she had to cancel the meeting because “Japanese leaders repeatedly made remarks about visiting Yasukuni Shrine, which go against efforts to improve bilateral relations.”

At a session of the Committee on Budget of the House of Representative held on May 16, 2005, Prime Minister Koizumi said that other countries should not interfere with Japan's internal affairs by denouncing his visits to Yasukuni Shrine, and that he would “make an appropriate decision as to when to make a visit.” It appears that opinions are divided within the Chinese leadership over how to interpret Prime Minister Koizumi's remark in light of the five-point proposal, to which the Chinese side claim that he had unequivocally agreed, and that Vice Premier Wu Yi had started her tour of Japan while there was division within the Chinese leadership over the interpretation of Koizumi's remark. If the Chinese leadership had unanimously taken exception to Koizumi's remark, Vice Premier Wu, who was scheduled to visit Japan the following day, should have postponed or canceled her visit. However, that Vice Premier Wu started her tour of Japan on May 17 as originally scheduled seems to indicate that the Hu Jintao administration had reaffirmed its commitment to improving its relations with Japan as a priority. The abrupt cancellation of an appointment with Prime Minister Koizumi suggests that some Chinese top leaders took exception to giving priority to improving China's relations with Japan after the Chinese vice premier had started her tour of Japan. In other words, the five-point proposal made by President Hu Jintao said that the remorse Japanese leaders have expressed for Japan's military past should be translated into “action”, but some Chinese top leaders might have argued that Koizumi's remark was evidence of Japan not having translated such remorse into action, and this made it difficult for the Hu Jintao administration to carry out his policy to improve China's relations with Japan as he had advocated in mid-April 2005.

For China, the development of healthier and more stable relations with Japan is essential to ensuring economic growth and a stable underlying international environment, the realization of the reunification of Taiwan, and the promotion of regional cooperation in East Asia. Chinese top leaders shared such a view and strove to repair its relations with Japan damaged by the anti-Japanese demonstrations. Now that the patriotic education the Communist regime has pursued over the past 20 years has fomented anti-Japanese feelings among the Chinese people, it is difficult for the present leaders to carry out a policy that attaches importance to Sino-Japanese relations with neglecting such anti-Japanese public sentiments. The Hu Jintao administration has been carrying out a self-contradictory foreign policy. That is to say, on the one hand he severely criticized Japan for the stance it took on the historical issue and the Taiwan question to soothe anti-Japanese public sentiment, while on the other hand stressing the unchanging course of his foreign policy and attaching importance to friendly relations with Japan. It is fair to say that the Chinese leadership shares an overall policy that attaches importance to improving its relations with Japan, but it is difficult to create a consensus about how much importance should be given to improving its relations with Japan when to implement such a policy.

2. China's Policy toward Taiwan

(1) Enactment of the Anti-Secession Law

China has handled Taiwan affairs in line with the principle of “pinning hope on the people of Taiwan” that was confirmed in 1998. It is a policy proposed as part of “the struggle against the ‘Taiwan independence’ secessionist forces and their activities,” and it might be designed to restrain independence movements led by former Taiwan President Lee Teng-hui and incumbent President Chen Shui-bian, whom Beijing considers to be at the head of a pro-independence faction. More specifically, it is a policy designed to undermine the popular support for them by promoting practical exchanges between China and Taiwan and by thus fostering a common perception of trust in China among the people in Taiwan. The report to the 16th National Congress of the CPC approved this policy, and the Hu Jintao administration also adopted policies consistent with it. In January 2003, a seminar was held in commemoration of the eighth anniversary of the “eight-point proposal” on the Taiwan issue put forward by Jiang Zemin. Wang Zhaoguo, a member of the

China in search of “strategic dialogue”

On May 13–14, 2005, a Japan–People’s Republic of China comprehensive policy dialogue was held for the first time in Beijing, in which Japan’s Vice Minister for Foreign Affairs Shotaro Yachi and China’s Executive Vice Minister of Foreign Affairs Dai Bingguo participated. According to the Ministry of Foreign Affairs of Japan, the comprehensive policy dialogue was held for the purpose of exchanging candid views concerning bilateral, regional, and international affairs based on medium- and long-term perspectives. Meanwhile, China named the comprehensive policy dialogue as a “strategic dialogue” and has sought to institutionalize it as a strategic dialogue in and after 2004. According to the Chinese side, the first round of the strategic dialogue between Japan and China took up such wide-ranging topics as the issue of Prime Minister Koizumi’s visit to Yasukuni Shrine, Japan’s bid for a permanent membership of the UN Security Council, the development of resources in the East China Sea, and the nuclear issues of the Korean Peninsula. As the Japan–China strategic dialogue is aimed at preventing differences between the two countries over these problems from escalating, it may be categorized as a strategic dialogue for crisis management.

China characterizes the strategic dialogue as a new model for dealing with major-power relations. China built a strategic dialogue framework with France in 1997, has been holding regular summit meetings with Russia since 1996, and has established a mechanism of regular Sino-Russian prime ministerial meetings to promote cooperation in many fields. Following a proposal by Chinese Premier Wen Jiabao at the eighth China–EU summit meeting held in Beijing in September 2005, the two sides agreed to create a strategic dialogue mechanism to further strengthen the comprehensive strategic partnership between China and the EU. In December the same year, the first-ever China–EU strategic dialogue was held in London. These dialogue mechanisms are designed to build strategic cooperative relations on the basis of results achieved thus far. As such, they may be characterized as a mechanism to deepen relations.

In August 2005, visiting US Deputy Secretary of State Robert B. Zoellick and China’s Executive Vice Minister of Foreign Affairs Dai Bingguo held the first US–China senior dialogue in Beijing. Although China characterized this as a strategic dialogue it may be viewed as a crisis management dialogue. During the APEC summit held in Chile in November 2004, President Hu Jintao and US President George W. Bush had agreed to build a framework of strategic dialogue between the two countries, and Executive Vice Minister Dai Bingguo, who visited the United States early in December the same year, asked Secretary of State Colin Powell and National Security Adviser Condoleezza Rice for the early creation of a strategic dialogue framework. At the first strategic dialogue held in August 2005 and a second held in December 2005, the representatives of the two countries exchanged views on wide-ranging topics such as energy, terrorism, trade, and military affairs. The central topic of their talks was reportedly the Taiwan issue. President Hu Jintao said that “the Taiwan issue is the most important and sensitive core issue in Sino-US relations,” and when viewed from the standpoint of crisis management, it is natural for China to set the Taiwan issue as the main topic of the dialogue.

The framework of strategic dialogue, be it to deepen relations or for crisis

management, is applicable mainly to major-power relations, and the importance of the other party in the strategic dialogue is high. In its strategic dialogue with Japan, which follows a crisis management format, China wants to discuss wide-ranging topics that are related to its bilateral relations with Japan. In view of the importance of Japan-China relations in the East Asian region and the international community, some specialists both in China and Japan hold the view that the two countries should seek to build a cooperative relationship for the stability of the region and the international community at large. In other words, the two countries should change their stance on strategic dialogue from crisis management to one that enables them to deepen their relations.

CPC's Political Bureau who chaired the seminar, characterized the eight-point proposal as the basic principles for solving the Taiwan issue and indicated that the Chinese government would actively promote the development of relations between the two sides of the Taiwan Strait. At the seminar, the participants discussed ways and means for an early realization of the "three direct links" (postal, transport, and business links). An editorial in the *People's Daily* dated January 25, 2005, also urged Taiwan to resume bilateral dialogue and expressed the hope for a forward-looking response from the Taiwanese authorities.

However, the hopes China pinned on the people of Taiwan were dashed in the presidential election of 2004, when pro-independence incumbent Chen Shui-bian was reelected. In his inauguration address in May 2000, President Chen Shui-bian pledged his continued observance of the "five nos," stating that Taiwan would: (a) not declare independence, (b) not change its formal name from the Republic of China, (c) not enshrine the words "state-to-state" in the constitution, (d) not endorse a referendum on formal independence, and (e) not abolish the National Reunification Council or the National Reunification Guidelines. However, in August 2002, President Chen used the phrase "one country on each side of the strait" that in effect carries the same meaning as the phrase "state-to-state," and stressed that "Taiwan and the nation on the other side of the strait are two nations," and that "we have to be very clear about the distinction." On the question of the future political status of Taiwan, he said that the people of Taiwan must give serious consideration to the enactment of referendum legislation. The reelection of Chen Shui-bian as president made it difficult for China merely to hold on to the benign policy based on the principle of "pinning hope on the people of Taiwan."

According to President Yu Xintian of the Shanghai Institute for International Studies (SIIS), there are four pillars that underpin China’s policy toward Taiwan, and she lowered the relative priority of a policy of “pinning hope on the people of Taiwan.” The four pillars are: (a) to deter Taiwan independence with the international community, (b) to check Taiwan’s independence by force, (c) to check Taiwan’s independence by law (the Anti-Secession Law passed by the NPC in March 2005), and (d) to win over Taiwanese public opinion. The CPC has certainly not entirely given up its policy of “pinning hope on the people of Taiwan.” At the first session of the 10th NPC held in March 2003, President Hu Jintao stated that China must step up the policy and reaffirmed in March 2005 that “we will never change the principle of pinning hope on the people of Taiwan.”

However, as the Chen Shui-bian administration accelerated the pace of its movement for independence, the Chinese side began considering various options to counter such a move. One of them was to check independence by law. After President Chen had advocated a policy of “one country on each side of the strait,” NPC deputies and members of the National Committee of the Chinese People’s Political Consultative Conference (CPPCC) called for special legislation. According to President Yu Keli of the Institute of Taiwan Studies, Chinese Academy of Social Science, opinions calling for special legislation had also been advanced by overseas Chinese who participated in a symposium on cross-strait relations held as early as in 1991. When former Taiwan President Lee Teng-hui visited the United States in 1995, not only overseas Chinese but also specialists from mainland China had also made similar proposals. However, when President Lee Teng-hui presented the “state-to-state” slogan in 1999, and President Chen Shui-bian took office in 2000, calls for special legislation arose not only from specialists but also from NPC deputies and members of the CPPCC.

When the Legislative Yuan of Taiwan passed the Referendum Law in November 2003, and President Chen announced in December the same year that he wanted to hold a referendum on his policy demanding China remove its missiles targeted at Taiwan and to abandon its policy to use force against Taiwan, the Chinese government reportedly started studying the nature and specifics of the special legislation. The chairmanship meeting of the 10th NPC Standing Committee of December 17, 2004, held one week after the Legislative Yuan election in Taiwan, decided to introduce an anti-secession bill before the third session of the 10th NPC scheduled for March 2005. The specifics of the anti-secession bill were not made

available at that time, but speculation had it—and concern among the international community mounted—that the law would authorize the Chinese government to use force against Taiwan. The substance of the bill introduced on March 8, 2005, was made public, but it used the term “non-peaceful means” rather than the use of force. After token modifications, the ten-article anti-secession bill was passed into law by the NPC at its third session of March 14, 2005, by a near unanimous vote (2,896 in favor, zero against, and two abstentions).

In broad terms, the Anti-Secession Law may be characterized as an extension of China’s policy designed to deepen its relations with Taiwan. Article 6 of the law enunciates the intentions of the Chinese government to maintain peace and stability in the Taiwan Strait and promote cross-strait relations, and specifies five measures to be taken: (a) to encourage and facilitate personnel exchanges across the strait, (b) to encourage and facilitate economic exchanges and cooperation, to realize “three direct links,” and to bring about closer economic ties between the two sides of the strait, (c) to encourage and facilitate cross-strait exchanges in education, science, technology, culture, health and sports, (d) to encourage and facilitate cross-strait cooperation in combating crime, and (e) to encourage and facilitate other activities that are conducive to peace and stability in the Taiwan Strait and stronger cross-strait relations. Article 7 states that China stands for the

achievement of peaceful reunification through consultation and negotiation on an equal footing between the two sides, and takes the position of being ready to consult with Taiwan on the following matters: (a) officially ending the state of hostility between the two sides, (b) mapping out the development of cross-strait relations, (c) steps and arrangements for peaceful national reunification, (d) the political status of the Taiwan authorities, (e) a Taiwanese sphere of international operation commensurate with its status, and (f) all other matters concerning the achievement of peaceful national unification.

The National People’s Congress passes the anti-secession bill by a vote of 2,896 in favor, zero against, and two abstentions (March 14, 2005). (Kyodo Photo)

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Judging from the context outlined above, China’s basic policy of “pinning hope on the people of Taiwan” has not been abandoned. The proposal in the 11th Five-Year Plan on National Economy and Social Development that was adopted at the fifth plenary session of the 16th Central Committee of the CPC in October 2005 also clearly states that China will not abandon the policy of “pinning hope on the people of Taiwan.” However, for all the good intention expressed in that proposal or the Anti-Secession Law, the passage and enforcement of the Anti-Secession Law fanned the flames of revulsion among the Taiwanese people and political parties—ruling as well as opposition—against mainland China. On March 26, 2005, more than a million citizens took to the streets of Taipei in protest against the Anti-Secession Law. As President Chen Shui-bian himself joined the demonstration, China’s *Xinhua News Agency* distributed among newspapers a piece by one of its commentators which said that the Taiwanese ruling Democratic Progressive Party (DPP) and the extremist Taiwan independence secessionists have been malevolently distorting the principles of the Anti-Secession Law to mislead the people of Taiwan. However, according to polls taken by leading newspapers in Taiwan, only six percent (*United Daily News*) or three percent (*China Times*) of the respondents supported the Anti-Secession Law, and thus China failed to win the sympathy of the Taiwanese people, on whom China had pinned its hopes.

While China was in the process of drafting special legislation regarding Taiwan, a rumor spread that the special legislation would become a “national unification law.” In the end, the version of the special legislation that was enforced turned out to be the Anti-Secession Law. The difference between the two lines can be summed up as follows. If China had passed special legislation in the form of a national unification law, it would have been tantamount to an outright expression of China’s will to actively push for the unification of Taiwan, and as such, it

Participants in the huge demonstration against the Anti-Secession Law gather in front of the Presidential Office in Taipei (March 26, 2005).
(Kyodo Photo)

would have had to prescribe concrete steps aimed at unification. The Chinese government would have had to take measures pursuant to the provisions of such a national unification law. However, even if a national unification law had provided concrete measures, the possibility of the Chen administration complying with measures dictated by the Chinese side would have been almost nil. Therefore, an expression of the will of the Chinese side in the form of a national unification law is now highly likely to become an unrealistic prospect, and the Chinese government will come under pressure to employ force on Taiwan only as a last resort.

By contrast, while the Anti-Secession Law is aimed at achieving the ultimate goal of reunification of Taiwan in the long term, it places its emphasis on checking Taiwan's secession from China in the short term. Under the Anti-Secession Law, the Chinese government will not employ non-peaceful means and other necessary measures as long as the situations envisaged in Article 8 of the law do not occur. They are: (a) (if secessionist forces in Taiwan) should act to cause Taiwan's de facto secession from China, (b) if a major incident entailing Taiwan's secession from China should occur, or (c) when the possibilities for a peaceful reunification are completely exhausted. Until such time as the Chinese leadership decides that any of these situations has occurred, it cannot employ non-peaceful means and other necessary measures referred to in Article 8. Therefore, it may be said that the Anti-Secession Law, in contrast with the national unification law, makes it harder for the Chinese government to employ non-peaceful means and other necessary measures. In other words, the Anti-Secession Law is a legal countermeasure aimed at checking the accelerating moves of the Chen administration toward independence, and as such, reflects the realization of the Chinese leaders that an early unification with Taiwan is difficult to achieve. Given the difficulties in achieving unification through peaceful means, the possibility of using force as a last resort cannot be ruled out, and as the Anti-Secession Law expressly prescribed the option of employing non-peaceful means and other necessary measures, the international community cannot help but pay close attention to developments occurring across the Taiwan Strait.

(2) "Internationalization" of the Taiwan Issue

When Beijing's plan to introduce an anti-secession bill before the NPC came to light in December 2004, the Chen administration reacted strongly. Taiwan's Mainland Affairs Council Chairman Jaushieh Joseph Wu called it a serious

provocation that could unilaterally change the cross-strait status quo and criticized the enactment of a law that could lead to an armed invasion of Taiwan by China, which could become the biggest threat to peace and stability in the Asia-Pacific region. The United States also took a stand against the decision to introduce the anti-secession bill. US State Department spokesman Richard Boucher gave a warning to China by stating that “neither side (of the Taiwan Strait) should do anything to unilaterally change the status quo. So we think it’s time to focus on dialogue and not for hardening of positions.”

In Japan, there has been mounting concern about China’s military trends, including the Taiwan issue. The *National Defense Program Guidelines* adopted in December 2004 (2004 NDPG) clearly state that “China, which has a strong influence on the security in this region, has been modernizing its nuclear and missile capabilities as well as its naval and air forces, and has been expanding its area of operation at sea. We have to remain attentive to its future course.” The report by the Council on Security and Defense Capability, *Japan’s Visions for Future Security and Defense Capabilities* (the Araki Report) that was released in October 2004 in the course of formulating the 2004 NDPG took note of Chinese military moves as an East Asian security problem facing Japan. More specifically, the Araki Report points out that the impact of China’s military development on Japan’s security raises three issues that cannot be overlooked: (a) China’s military trends as a nuclear power, (b) the possibility of armed clashes across the Taiwan Strait and (c) the development of natural resources in the vicinity of Japan. The 2004 NDPG states that the Japanese government “will on its own initiative engage in strategic dialogue with the United States on wide-ranging security issues such as role-sharing between the two countries and the military posture such as force structure of the US forces in Japan.” As part of these efforts, Japan has been discussing China’s military trends with the United States aiming at hammering out a common perception about the security environment surrounding Japan. As a first step, Japan and the United States held a meeting of the Japan-US Security Consultative Committee (the “2+2” talks) on February 19, 2005, and issued a joint statement that unveiled “common strategic objectives” for the Asia-Pacific region and the world at large, called upon China “to play a responsible and constructive role,” and defined the development of cooperative relations with China as one of the common objectives to be achieved in the Asia-Pacific region. It also included issues concerning the Taiwan Strait in the common strategic

objectives as encouraging peaceful resolution through dialogue, and urged China to improve the transparency of its military affairs.

The Chinese government criticized the common strategic objectives for including the Taiwan issue. However, the demands of Japan and the United States for a peaceful resolution of issues concerning the Taiwan Strait through dialogue are nothing new. Japan's position on China-Taiwan relations is that it firmly hopes that the issues concerning the Taiwan Strait can be solved peacefully through direct dialogue between the parties. However, Chinese foreign ministry spokesman Kong Quan stated that the Chinese government is firmly against the joint statement on the grounds that it interferes with China's sovereignty, and some leading Chinese newspapers also carried staunchly critical commentaries. For instance, a commentary in the February 21 issue of the *People's Daily* asserted that the Chinese people could not accept the common strategic objectives because "it interferes severely with China's sovereignty, territorial integrity, and national security." These criticisms notwithstanding, there are reasons to suspect that China predicted the possibility of the China-Taiwan issue being included in the common strategic objectives. The January 24 issue of the *Global Times*, a newspaper affiliated with the *People's Daily* that specializes in international affairs, carried an article that said that if vigilance against China were shared between Japan and the United States in the course of their consultations, such common views would become a serious hindrance to the solution of the Taiwan issue. While showing vigilance in respect of what went on at the Japan-US consultations, the article acknowledged the possibility of the Taiwan issue being incorporated into the common strategic objectives of the two countries.

China is thus maintaining the position that the Taiwan issue is an internal affair and therefore rejects foreign interference. However, in order to check the accelerating tendency of the Chen administration toward Taiwanese independence, China does not rule out the option of internationalizing the Taiwan issue. Prof. Yan Xuetong, director of the Institute of International Studies, Tsinghua University, said that a point worthy of consideration in the question of Taiwan independence would be the effectiveness of China or the international community in bringing pressure to bear on the Taiwanese authorities. SIIS President Yu Xintian also mentioned joint restraint of the Taiwanese independence movement by China and the international community as one of the four pillars of China's Taiwan policy. According to President Yu, China had been urging the United States to oppose

Taiwanese independence, but China now should deter Taiwan independence jointly with the United States. She went a step further and said that China should also involve the international community to place more pressure on the Taiwanese authorities, as this would be a progressive step in China’s Taiwan policy.

Indeed, China did appeal to the United States for assistance and has increased pressure on the Chen administration under the assumption that the United States would honor its appeal. When he met with Vice President Richard Cheney in April 2004 after President Chen Shui-bian’s reelection, President Hu Jintao asked the vice president to oppose any move the Taiwanese leader might make to change the status quo. On October 25 the same year, then Secretary of State Colin Powell visited China and had meetings with President Hu Jintao and Premier Wen Jiabao. An announcement issued in this connection by China’s Ministry of Foreign Affairs on October 21, 2004, said that these leaders from the two countries were to discuss the Taiwan question, North Korea’s nuclear development program, and terrorism. On the Taiwan issue in particular, foreign ministry spokesman Zhang Qiyue stated that the United States should stop selling arms to Taiwan, should not develop any military relations with Taiwan, and should not take any action that was liable to send a wrong signal to Taiwan. President Hu Jintao expressed his hope that “the United States see clearly the nature and serious harm of the ‘Taiwan independence’ forces and really turn its (the United States’) promises on the Taiwan question into concrete actions.” Gen. Liang Guanglie, chief of general staff of the Chinese PLA met with then Secretary of State Powell and US Air Force Gen. Richard Myers, chairman of the Joint Chiefs of Staff, on October 28, 2004, to discuss military-to-military exchanges and strongly urged the United States once again to translate its promises on the Taiwan question into action.

In 2005, China sought to step up military-to-military exchanges with the United States with a view to checking the moves the Chen administration was making toward Taiwanese independence. The first-ever special defense policy dialogue between US Deputy Assistant Secretary of Defense Richard Lawless and Director Zhang Bangdong of the Foreign Affairs Office of the Chinese National Defense Ministry was held in Beijing for two days (January 31 and February 1). They discussed wide-ranging issues—the creation of a mechanism for building trust between the military of the two countries and a military-to-military exchange plan for 2005—but the major topic of their discussion was reportedly the Taiwan issue. Gen. Xiong Guangkai, deputy chief of the General Staff of the PLA, who had met

with US Deputy Assistant Secretary of Defense Lawless after the special defense policy dialogue, also noted that the Taiwan question is a serious matter of principle that touches China's sovereignty and territorial integrity as well as the fundamental core interests of the Chinese nation and that the issue remained "the biggest factor" affecting Sino-US relations. Having said that, he urged the United States to translate its promises into action by expressing the hope that the United States would honor its commitment to adhere to the one-China policy, observe the three Sino-US joint communiqués, and oppose Taiwanese independence.

Following these talks, the USS *Blue Ridge*, the command ship of the US Seventh Fleet, visited Zhanjiang, home port of the South China Sea Fleet just across from Taiwan, for three days (March 28–30). The *Blue Ridge*'s goodwill visit was aimed at improving the transparency of military affairs between the two countries, but China highly rated its importance for the impact it had on the Taiwan issue. According to the Political Department of the South China Sea Fleet, the fact that the US Seventh Fleet's command ship *Blue Ridge*, the mission of which is to prevent an emergency occurring in the Taiwan Strait, had visited Zhangjiang where the South China Sea Fleet of China is based at all would amount to a reminder to the Taiwan authorities that the United States did not want to see a crisis in the Taiwan Strait. On August 1–2, 2005, the first-ever "senior dialogue" was held in Beijing between the United States and China. It was held following the proposal President Hu Jintao had made to hold a strategic dialogue when he met with President George W. Bush in November 2004. According to Chinese newspapers, China sought to firmly impress upon the United States that it wanted to dispel US suspicion about China through strategic dialogue and that China would not tolerate any challenge against its core interest, namely, the Taiwan question.

However, the United States has not exactly conceded to all of China's demands with regard to the Taiwan issue. The United States has reiterated that it "does not support Taiwan independence," and that "neither side should do anything to unilaterally change the status quo of the Taiwan Strait," and has given both sides a warning not to take unilateral action. Moreover, the United States has shown vigilance against the Chinese military buildup, more particularly, against the reinforcement of short-range ballistic missiles in the coastal area of the Taiwan Strait, and refused to concede to China's call for a cessation of arms sales to Taiwan. Aware that the military balance in the Taiwan Strait is shifting in favor of China, according to some newspapers, US Secretary of Defense Donald Rumsfeld

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conveyed to Taiwanese military leaders his view that Taiwan should raise its defense budget to 3.5 percent of its GDP and strongly urged Taiwan to accelerate its military modernization. In an address he delivered at the National Defense University of Taiwan in September 2005, President Chen Shui-bian acknowledged that China’s threat to use force against Taiwan is not only clear and imminent but also has been increasing constantly, adding that his administration would “increase the annual budget for military spending on a yearly basis and will gradually return the annual national defense budget to a level equivalent to 3 percent of the country’s GDP.”

Faced with the accelerating moves of the Chen administration toward independence, China has stepped up its campaign to rally the support of the United States and the international community to prevent it, but the United States is highly unlikely to concede to China’s demand in a wholesale way. Given that, one approach China should take is to regain the hearts and minds of the Taiwanese that were lost by the enactment of the Anti-Secession Law. At the invitation of Hu Jintao in his capacity as general secretary of the Central Committee of the CPC, Chairman Lien Chan of Taiwan’s Kuomintang (KMT) visited China from April 26 through May 2, 2005, and a meeting between top leaders of the two parties was held for the first time in 60 years in Beijing on April 29. General Secretary Hu Jintao characterized the meeting as a historical step not only for the improvement of relations between the CPC and the KMT, but also as one toward normalizing cross-strait relations. Aware of the mounting concern of the international community in the wake of the promulgation of the Anti-Secession Law, Wang Zaixi, deputy director of Taiwan Affairs Office of the CPC Central Committee, commented that the meeting of the top leaders of the two parties was highly welcomed by the international community. China’s policy here seems to have allayed the fears of the Taiwanese people to a certain degree. According to a poll conducted on April 30 by the *China Times*, a Taiwanese daily, 56 percent of the respondents said they were satisfied by the results of Lien Chan’s visit to China, and 19 percent said they were dissatisfied. The CPC stepped up its diplomatic pressure on the Chen administration by inviting leaders of the other opposition parties in Taiwan—Chairman James Soong of the People First Party (May 5–13) and Chairman Yok Mu-ming of the New Party (July 6–13). Such maneuvering intensified debates in the Legislative Yuan of Taiwan over the policy to be taken on its relations with China. Even members of the ruling Democratic Progressive Party

were divided over the Chen administration's policy on its relations with China, so China's maneuverings have thus served to destabilize Taiwanese politics.

Another task China must tackle is to enter into a dialogue with the Chen administration that was elected by a direct popular vote. China's strengthening pressure on Taiwan without dialogue with the Chen administration would not necessarily bring about the desired result for China. If public opinion in Taiwan is divided over its relations with China, the Chen administration might come up with a more radical independence policy. If China increased pressure on the directly elected Chen administration instead of promoting dialogue, China not only might fail to win back the hearts and minds of the Taiwanese people but also might arouse concern in the international community over the possible destabilization of the Taiwan Strait such an approach could bring about.

3. Military Trends in China

(1) The Military Balance across the Taiwan Strait

Crises over the Taiwan issue have occurred on several occasions in the past, but one of the factors that has prevented them from escalating into a military clash was the laggard modernization of the Chinese military. However, as the Chinese economy steadily grew, China stepped up the pace of its military modernization and has since been seeking to improve the military capabilities necessary for the unification of Taiwan. If China decides to unify Taiwan by force, it will weigh the possibilities of carrying out landing invasions of Taiwan as part of its operation. To achieve this objective, China must secure the command of the Taiwan Strait. With this in mind, China has purchased Sukhoi fighters (Su-27s and Su-30s) from Russia and sought to strengthen its anti-ship capability. The PLA has been conducting large-scale military exercises in Dongshan Island, Fujian Province, since 1996. The July 3, 2004, issue of the *China Youth Daily* reported on a joint military exercise in the island planned by the three services of the PLA. According to the *Daily*, it is necessary to secure the command of the sea and the air in order to successfully carry out a landing invasion of Taiwan, thus the PLA had decided to give priority to securing the command of the air during the exercise. In reality, however, securing the command of the air over the Taiwan Strait by the PLA would not be that easy. With F-16 fighters purchased from the United States and Mirage fighters from France, Taiwan has also improved its air force's capabilities. In addition, in

December 2005, Taiwan purchased from the United States—and has formally deployed—two *Kidd*-class destroyers that have improved air-defense capability.

If the PLA carries out operations for the unification of Taiwan by force without first securing air superiority, it will have to destroy Taiwan’s operational capabilities by launching an intensive attack with short-range ballistic missiles (SRBMs) in the initial stages of such an operation. According to the *Annual Report to Congress: The Military Power of the People’s Republic of China* released by the US Department of Defense (DOD) in July 2005, China has deployed some 650–730 mobile Dong Feng-15 (CSS-6 with a range of 600 kilometers) and Dong Feng-11 (CSS-7, 300 kilometers) SRBMs in garrisons opposite Taiwan. Deployment of these missiles is increasing at a rate of about 100 missiles per year, and newer versions of these missiles feature improved range and accuracy. In addition to these SRBMs, China is modernizing its cruise missiles. At a roundtable discussion held in Beijing in August 2004, a China Aerospace & Industry Corporation researcher reported on a successful test launch of a new type of missile that had been carried out by the PLA a few days before. Details are not available, but it is highly likely that the test launch was of a type of cruise missile dubbed “Hong Niao.” The *2004 National Defense Report*, released by the Ministry of National Defense of Taiwan in December 2004, said that there was a possibility that China might deploy land-launched cruise missiles in 2005. As cruise missiles fly at low altitudes, it is difficult to detect them. If China deploys them in garrisons opposite Taiwan, it could launch long-range precision attacks on Taiwan and, coupled with the SRBMs already in place, China’s capability of striking major targets in Taiwan would be improved markedly. What is more, China is reportedly pressing ahead with a project to convert J-6 fighters, which it has been decommissioning since the mid-1990s, into unmanned drones. On September 20, 2005, the Chinese website *Zhonghuawang* carried a photo of J-6 fighters that were supposed to have been converted. Its May 10, 2005, edition had carried an article claiming that converted J-6 fighters would have wide-ranging uses should a war break out in the Taiwan Strait. More specifically, it stressed that the J-6 fighters could be converted into “cruise missiles” equipped with a global positioning system (GPS) and smart bombs.

The PLA has been strengthening its missile capability and at the same time has carried out regular military exercises with unifying Taiwan by force in mind. According to Taiwan’s Ministry of National Defense, the PLA has built an exercise base on Dahuo Island off the coast of Guangdong Province that replicates a

Taiwan Air Force airfield. In September 2005, the PLA carried out artillery and multiple rocket launch system (MRLS) attack drills from Hailing Island, located eight kilometers west of the exercise base on Dahuo Island. The island's topography is supposed to be similar to that of Jinmen Island or Matsu Island that are in effect controlled by Taiwan, and it is believed that the PLA has carried out simulated attacks on airfields located on Taiwanese islands such as Jinmen, Matsu, or Penghu. According to Taiwan's *China Times*, PLA special forces have carried out parachute drills and air raids by fighters on ground targets by taking advantage of the base.

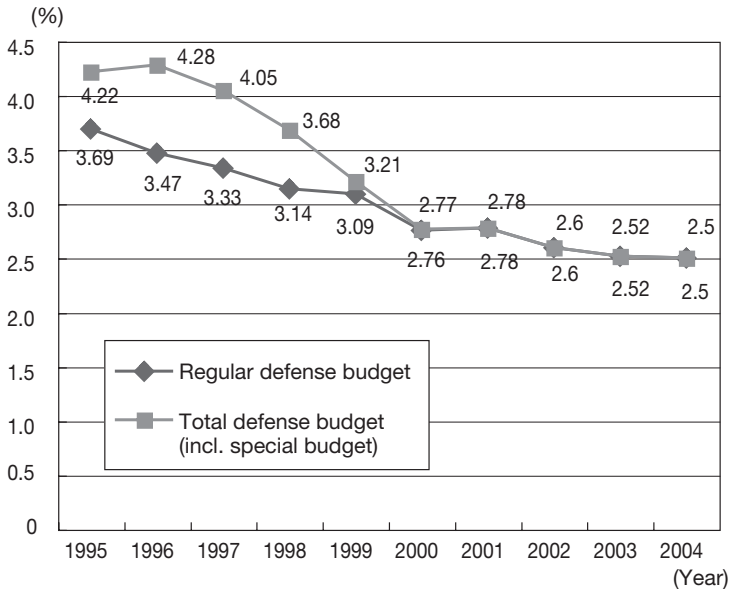
This is certainly not the first such exercise base to be built by the PLA. An airfield modeled on Chingchuakang Air Base in Taichung and another one modeled on Hsinchu Air Base in central Taiwan were built in Dingxin, Gansu Province, part of the Lanzhou Military Region in China. In Sanjieshan, Anhui Province, in the Nanjing Military Region, there are similar military facilities. Dongshan Island and Pingtan Island in the Nanjing Military Region have a topography similar to that of the main island of Taiwan, and as noted earlier the PLA has been conducting large-scale, Taiwan invasion-centered military exercises since 1996. Since the PLA has recently carried out a military exercise in the Guangzhou Military Region, coupled with the fact that units participating in the exercises have been established—and have been increasing—in military regions other than the Nanjing Military Region, this suggests that the PLA as a whole has been steadily accumulating experience from military exercises with unifying Taiwan by force in mind.

As China has rapidly modernized its nuclear and missile capabilities and its naval and air forces and steadily accumulated experience in military exercises aimed at unifying Taiwan by force, the military balance across the Taiwan Strait has begun tipping in favor of China. In the *Annual Report to Congress: The Military Power of the Republic of China* mentioned earlier, the DOD takes the view that “the cross-strait military balance appears to be shifting toward Beijing” as a result of China's sustained efforts to modernize its military capability, and points out that Taiwan has come under pressure to take countermeasures to avoid being quickly overwhelmed by the PLA. Aware that the military threat of China has become clearer and more imminent, President Chen of Taiwan pointed out that the military balance between the two sides could shift toward China as early as 2006. Just prior to the enactment of the Anti-Secession Law in March 2005, Taiwan's Minister of National Defense Lee Jye explained the findings of a simulation of the military

balance between the two sides conducted by the Integrated Assessment Office of his ministry and expressed his concern about the shifting military balance toward China. He stated that unless Taiwan strengthened its military, China’s rapidly modernizing military capabilities could tip the military balance to a ratio of 2.87 to 1 in favor of China by 2012. According to him, if such a situation were to arise, the PLA could invade Taiwan with confidence, and Taiwan’s armed forces could hold out against the PLA for only two weeks at best.

Aware of such exigencies, President Chen indicated that he would restore defense spending to a reasonable level above 3 percent (2.5 percent in 2004) of its GDP and stressed the urgency of the need for self-reliant defense efforts. As part of such efforts, the Chung Shan Institute of Science and Technology, the military technology research arm of Taiwan’s National Defense Ministry, has been developing a cruise missile named “Hsiung Feng II-E” (Brave Wind). In its June 5, 2005, edition, the *China Times* reported that “the military has successfully tested a 1,000-kilometer range cruise missile, the Hsiung Feng II-E” and “a small number of cruise missiles will go into production later this year (2005) or next year.” It was reported in July that production of a small number of the missiles was set to begin and in August that Taiwan’s first-ever strategic missile force would be set up, to which Taiwan has begun deploying Hsiung Feng II-Es. In the past, it was thought that they could only be deployed in 2008 at the earliest, due to technical problems and related law provisions. However, as China had quickly strengthened its missile capability, Taiwan might have decided to bring forward the cruise missile production schedule. In a comment about the Hsiung Feng II-E, Vice Minister of National Defense Tsai Ming-hsien said that possessing a certain number of cruise missiles was strategically necessary and thus did not deny the plan for deploying them. If Taiwan has actually deployed 1,000-kilometer range cruise missiles, Chinese military bases (in Shanghai, Guangzhou, Nanjing, Wuhan, and the eastern part of Hainan Island) would be within their range.

Even if Hsiung Feng II-Es were actually deployed, their number would of necessity be small, and it is therefore imperative for Taiwan to build an adequate missile defense system to counter China’s rapidly strengthening missile capability. Taiwan’s missile defense system would be built around the US theater missile defense (TMD) system mainly consisting of PAC-3, the latest model of the Patriot system. The PAC-3, which has more than twice the range of the PAC-2, is supposed to be capable of intercepting tactical and theater ballistic missiles—such as the

Figure 4.1. Ratio of Taiwan's defense budget to GDP

Source: Data from 2004 *National Defense Report* (Ministry of National Defense, Republic of China, 2004), p. 142.

Dong Feng-11 and the Dong Feng-15—at an altitude of 30 kilometers and at a range of 1,000 kilometers. According to the *Report to Congress on Theater Missile Defense Architecture Options for the Asia-Pacific Region* submitted by the DOD in May 1999, Taiwan needed at least 12 PAC-3s to cover important areas. However, Taiwan's Minister of National Defense Tang Yiau-min said in January 2004 that, given the continuing increase in the number of ballistic missiles in China's possession, the total of six PAC-3s Taiwan planned to purchase from the United States now represented only one third of what Taiwan needed. Although President George W. Bush had authorized the sale of eight diesel-powered submarines and 12 P-3C anti-submarine aircraft to Taiwan in 2001, the special budget proposal for the purchase of these weapons had been rejected by a divided Legislative Yuan more than 40 times by the end of 2005.

(2) China's Growing Nuclear and Missile Capabilities

In order to improve the military capabilities it needs for the unification of Taiwan, to ensure its deterrence of the United States, and to expand its influence in the international community, China has been making continuous efforts to develop its nuclear and missile capabilities. China has about 30 intercontinental ballistic missiles (ICBMs) and has been researching technologies to develop a multiple independently targetable re-entry vehicle (MIRV) for its nuclear warheads and submarine-launched ballistic missiles (SLBMs) to counter US missile defenses. The SLBM China test-launched in June 2005 is believed to have been the Ju Lang-2, an improved version of the Dong Feng-31 (DF-31) ICBM, which has an estimated range of 8,000 kilometers, sufficient to reach targets in the US mainland from the waters surrounding China. At the IISS Asia Security Conference (Shangri-La Dialogue) held in Singapore in June 2005, US Defense Secretary Rumsfeld expressed his concern over China's ballistic missile developments by observing that “China appears to be expanding its missile forces, allowing them to reach targets in many areas of the world, not just the Pacific region, while also expanding its missile capabilities within this (Asian) region.”

Until recently, China's news media had seldom reported on the Ju Lang-2. More recently, however, occasional articles covering the progress China has been making in developing SLBMs have appeared. An article carried in the September 2004 issue of *Jianzai Wuqi* (Shipborne Weapons), a Chinese monthly specializing in naval affairs, reported that the development of China's second-generation SLBMs had been accelerated and that their deployment was imminent. The SLBM the article referred to is believed to be the Ju Lang-2. Another article concerning China's SLBM development carried in the June 29, 2005, edition of the *Guofang Zhishi Bao* (Defense Knowledge News) says that China has successfully developed new-generation SLBMs (the Ju Lang-2), and that a new type of nuclear submarine carrying such SLBMs was already in front-line service. Ju Lang-2 missiles capable of reaching the mainland United States are likely to be deployed in the near future.

The Dong Feng-31 (DF-31), a solid-fuel three-stage mobile missile with a range of 8,000 kilometers, is supposed to have already been deployed. More recently, the range of the Dong Feng-31A (DF-31A) is believed to have been extended to 11,270 kilometers, and China is pressing ahead with the development of a ballistic missile, the Dong Feng-41 (DF-41), with a range of 13,000 kilometers. If China deploys Ju

Lang-2 in addition to the DF series, China could improve the survivability of its ballistic missiles and nuclear arsenal. If China is to hold on to the option of unifying Taiwan by force in future while pursuing peaceful means, it is essential for China to strengthen ballistic missiles capable of attacking the US mainland and to improve its survivability. In the event of the PLA carrying out operations to unify Taiwan by force, it will launch SRBMs against Taiwan intensively in the initial phase, before any United States military intervention. On the other hand, China might try to check any US military intervention itself by threatening a nuclear attack on the mainland United States with highly survivable ICBMs. In a comment made at an interview with the foreign press held in Beijing in July 2005 regarding the possibility of a military clash between the United States and China over the Taiwan Strait, Major Gen. Zhu Chenghu, dean of the Defense Affairs Institute, PLA National Defense University, touched on the possibility of a preemptive nuclear attack on the United States, hinted at the possibility of a preemptive use of nuclear weapons by saying that “If the Americans aim their missiles and precision-guided munitions on to a target on China’s territory, I think we will have to respond with nuclear weapons,” and that “We Chinese will prepare ourselves for the destruction of all the cities east of Xi’an. Of course, the Americans will have to be prepared for hundreds of cities to be destroyed by the Chinese.” He thus hinted at China’s improved nuclear and ballistic missile capabilities.

China does not have sufficient military power to deter the United States, because it lacks any early warning capability (detection, homing, and battle management) or C4I (command, control, communications, computers, and intelligence) systems. As a result, China still does not have the capability to launch on warning—the capability to detect the launch of enemy nuclear missiles and to instantly launch nuclear missiles in retaliation. Therefore, even if China accelerates the development of its nuclear and ballistic missile capabilities, they will be no match for those of the United States. As long as China insists on keeping open its option for the unification of Taiwan by force, it will have to continue to increase its numbers not just of SRBMs but also of highly survivable ICBMs and to develop MIRV missiles. Therefore, the countries concerned need to pay more careful attention to the progress China makes in these developments, to changes occurring in China’s perception of itself, and to its view of the United States.

As demonstrated by the successful launchings of the manned spacecraft Shenzhou 5 in October 2003 and the Shenzhou 6 in October 2005, Chinese rocket

technologies, which can be used to develop ballistic missiles, are advanced. China is the third country after the former Soviet Union and the United States to succeed in launching manned spacecraft. The booster rockets China used in launching these spacecraft are one of the series called “Changzheng” (Long March). The Shenzhou 5 and 6 used the two-stage Changzheng-2F rocket that had been under development since 1992. It is said that the Changzheng-2F is an improved version of Changzheng-2E to which an emergency escape system was added. However, according to Wu Yansheng, president of the China Academy of Launch Vehicle Technology, China is more than six years behind cutting-edge rocket technology, and is developing a next-generation rocket.

Basically, space development technology is a dual-use technology, and China has been developing satellite launch rockets in parallel with the development of ICBMs. Judging from the fact that Shenzhou 5 and 6 had been launched under the general direction of the Director of the General Logistics Department of the PLA (Shenzhou 5 under the command of Gen. Li Jinai and Shenzhou 6 under the command of Gen. Chen Bingde), there is no doubt that China’s space development has been carried out under the auspices of the PLA. More importantly, China’s military interest in space has mounted in recent years. The October 20, 2005, edition of the *PLA Daily* carried an article stressing that the national interests of China are constantly spreading to the oceans, space, and electromagnetic space beyond the traditional ideas of defending its territorial integrity, territorial waters, and airspace. This article intimated that China has a growing militaristic interest in space development by pointing out that a handful of major powers are vying for military superiority in space, and such rivalry is bound to have a serious impact on China’s security and economic development. It also said that unless China has control over space, it cannot take the military lead in the international community, and one of the PLA’s

The Changzheng-2F rocket carrying the Shenzhou 6 spacecraft lifts off from the launch pad at the Jiuquan Satellite Launch Center, China (October 12, 2005).
(Xinhua News Agency /Kyodo Photo)

missions is to defend the security of space. Encouraged by the successful launches of manned spacecraft, China will strive to build a military reconnaissance satellite launch capability, for both early warning and information-gathering satellites.