

Chapter 3

China: Xi Jinping's Administration— Proactive Policies at Home and Abroad

For China, 2014 was a year when initiatives of the Xi Jinping administration came to the forefront. In domestic politics, it was a year of important changes, as the anti-corruption campaign continued to make itself felt, resulting, for example, in Zhou Yongkang, a former member of the Politburo Standing Committee, and Xu Caihou, former vice chairman of the Communist Party of China (CPC) Central Military Commission (CMC), being expelled from the party. Xi Jinping, who was already president as well as general secretary of the party, took the position of chairman of the new National Security Commission and created a number of small leading groups, part of his efforts to strengthen his structural authority. Meanwhile elements of instability grew as well, such as the number of bombings that took place in the Xinjiang Uyghur Autonomous Region, and the CPC is cracking down vigorously.

President Xi has assertively engaged in foreign policy, leading at times to strong unilateral positions such as China's location of oil drilling equipment in the South China Sea. China is seeking to form "a new type of major-power relations" with the United States, but China's actions in the South China Sea and the confrontation over cyber spying make it unclear whether China will be able to achieve the kind of US-China relations it desires. President Xi is also engaging in periphery diplomacy, seeking to ensure China's peaceful development by reinforcing its economic relations with its neighbors and calling for an Asian New Security Concept, while strengthening its criticism of the system of alliances centered on the United States. Lastly, China has been taking an ever more rigid and unilateral position toward many of the items that it recognizes as core interests.

Xi Jinping is also pushing forward with reform of national defense and the military, and some of the efforts drawing particular attention are establishment of a joint operations command center within the CMC, the possibility of sharp reductions in the number of troops, and possible consolidation of China's seven main military regions. China used the China-Russia Joint Sea-2014 naval exercises to demonstrate the strength of that bilateral relationship, just as it used its first participation in RIMPAC (Rim of the Pacific exercises) as a sign of a stable US-China relationship. Chinese weaponry has also drawn attention: testing of the Wu-14 hypersonic glide vehicle, development of the DF-41 long-range ballistic missile, timing of the commission of the Luyang III Type 052D class of guided-missile destroyer, and development of helicopters for military use.

1. Strengthening Power of Xi Administration and Deepening Problems of Xinjiang Province

(1) The Crackdown on Corruption and Consolidation of the Administration's Power

President Xi continues to strengthen his power and is trying to demonstrate the strength of his leadership. The anti-corruption campaign has been a means to that end. The campaign has been constantly carried on since the Xi administration's inauguration in 2012, with the main goals seeming to be (1) enhancing its power, (2) promotion of reform, (3) winning the support of the people, and (4) eliminating corruption and tightening discipline of the CPC.

In the struggle for power, in 2014, an exceptional occurrence came about in Chinese politics, that was undertakings of investigation and punishment of Zhou Yongkang, a former member of the CPC Politburo Standing Committee, and Xu Caihou, former vice chairman of the CPC's Central Military Commission. A member of the Politburo Standing Committee is one of the country's highest leaderships, while a vice chairman of the CMC is the top of the uniformed People's Liberation Army (PLA; President Xi concurrently serves as chairman of the CMC), and persons in those posts have never been investigated and arrested. Breaking this unwritten rule was a noteworthy change.

Ever since the Eighteenth National Congress in 2012, the Xi administration has been investigating and punishing persons associated with Zhou Yongkang, prudently preparing to target him like building a moat around him. During his career, Zhou established personal connections in three strains: public security strain (as a secretary of the Central Political and Legal Affairs Commission), oil strain (as a general manager of the China National Petroleum Corporation, CNPC), and Sichuan provincial strain (as a secretary of the Party Committee of Sichuan Province). People around Zhou in these three strains were one after another investigated for violation of discipline and punished. Those investigated and punished include persons close to Zhou such as Li Dongsheng (vice minister of Public Security), Jiang Jiemin (director of the State-owned Assets Supervision and Administration Commission of the State Council), Wang Yongchun (CNPC deputy general manager), and Ji Wenlin (vice-governor of Hainan Province and Zhou's former secretary), and relatives such as Zhou Yuanqing (Zhou Yongkang's

younger brother) and Zhou Bin (Zhou Yongkang's son) were investigated and punished. They were indications of the possible investigation of Zhou Yongkang himself (Figure 3.1), along with the widespread rumors.

On July 29, 2014, the Central Commission for Discipline Inspection (CCDI) announced Zhou Yongkang's investigation for "serious disciplinary violations." Provincial and military Party Committees successively expressed their support for this decision of the party's Central Committee.¹⁾ On December 5, Zhou was expelled from the Party, and his case was passed to judicial proceedings.

The anti-corruption campaign is also conducted in the military, and on June 30, the expelling from the Party of Xu Caihou, former vice chairman of the CMC and former member of the Central Political and Legal Affairs Commission was announced for the accusation of his abuse of power to gain control over promotions and the acceptance of bribes. It is extremely rare for someone who had been a ranking leader of the military to be expelled.

The expulsion of Gu Junshan, former deputy director of the General Logistics Department, is also considered to be related to Xu's case. He was removed from his post in February 2012 for corruption involving land sales, but this matter was never officially made public. Gu allegedly passed the bribe he received to Xu Caihou.²⁾ Even while the anti-corruption campaign was being conducted in the party and the government, there was very little specific news released about corruption in the military. Gu Junshan's case was first publicized domestically in January 2014.³⁾

It was rumored that Xu Caihou, viewed as being a close associate of Zhou Yongkang, had been under house arrest for some time, but it was only on March 15 when Xu's investigation was formally decided. Media reporting on corruption in the military began to increase from that point, and in May a researcher associated with the armed forces wrote in an article in the *Global Times*, an international news publication under the *People's Daily*, "There is corruption of unprecedented proportions in the armed forces," And continued that no matter how high-ranking an officer might be, there was no excuse for responding to the anti-corruption campaign with excuses of a need to protect military secrets.⁴⁾ On June 18, the *PLA Daily* carried an article on its website with the headline "There is nowhere in the military for corrupt elements to hide."⁵⁾ It was amidst such hints of punishment that the expulsions were made public. Following the decision to expel Xu Caihou, the PLA and the People's Armed Police expressed their support

Table 3.1. Major CPC leaders brought down by the anti-corruption campaign

Name	Main titles, positions	Punishment	Crimes charged
Zhou Yongkang	Former member of CPC Politburo Standing Committee, former Secretary of Central Political and Legal Affairs Commission	Stripped of party membership	Taking bribes, leaking party and national secrets, adultery
Xu Caihou	Former member of Politburo, former vice chairman of Central Military Commission, General	Stripped of party membership, removal from military, cancellation of general's rank, sent for indictment	Taking bribes, abuse of authority
Ling Jihua	Head of United Front Work Dept. of CCPCC; vice chairman of National Chinese People's Political Consultative Conference	Removed from post, investigated	Disciplinary violations
Su Rong	Vice chairman of National Chinese People's Political Consultative Conference	Removed from post	Disciplinary violations
Zhou Bin	Son of Zhou Yongkang	Arrested	Taking bribes, Mafia ties
Li Dongsheng	Member of CPC Central Committee, vice minister of Public Security	Removed from office, stripped of party membership	Taking bribes
Jiang Jiemin	Member of Central Committee, director of State Council State-owned Assets Supervision and Administration Commission, former CNPC chairman	Removed from office, stripped of party membership	Taking bribes
Wang Yongchun	Alt. member of 18th CCPCC, vice gen. mgr. of CNPC, gen. mgr. of Daqing Oilfield Co. Ltd	Removed from position, stripped of party membership	Taking bribes
Liu Tienan	Dep. dir. of National Development and Reform Commission	Removed from office, stripped of party membership, life imprisonment	Taking RMB35.58 million in bribes
Gu Junshan	Former dep. dir. of General Logistics Dept., lt. general	Arrested, indicted	Graft, taking bribes, misappropriation of public funds, abuse of authority

Liu Zheng	Dep. dir, of General Logistics Dept., lt. general	Investigated	Violation of law
Fang Wenping	Former commander, Shanxi Military Region, major general	Indicted	Disciplinary violations
Yang Jinshan	Deputy commander, Chengdu Military Region, lt. general	Stripped of party membership	Disciplinary violations
Yu Daqing	Deputy political commissar of Second Artillery Force, major general	Investigated	Violation of law
Ji Wenlin	Vice governor of Hainan Prov. (Zhou Yongkang's former secretary, dep. dir. in General Office of Ministry of Public Security)	Removed from office, stripped of party membership	Taking bribes, adultery
Li Chuncheng	Alt. member of 18th CCPCC, dep. secretary of Party Committee, Sichuan Prov.	Removed from office, stripped of party membership	Taking bribes, Mafia ties
Chen Chuanping	Alt. member of 18th CCPCC, standing member of Party Committee of Shanxi Province, secretary of CPC Party Committee, Taiyuan City	Removed from position	Violations of laws and regulations
Wan Qingliang	Alt. member of 18th CCPCC, secretary of Party Committee, Guangzhou City	Removed from office, stripped of party membership	Taking bribes, abuse of authority
Du Shanxue	Vice governor of Shanxi Prov.	Removed from position	Violations of laws and regulations
Ling Zhengce	Vice chairman of Shanxi Provincial People's Political Consultative Conference, older brother of Ling Jihua	Removed from position	Violations of laws and regulations
Xu Yongsheng	Dep. dir., National Energy Administration	Removed from office, stripped of party membership	Taking bribes, commercial activity using official position, favoritism, decadence
Li Chongxi	Chairman of Sichuan Provincial People's Political Consultative Conference	Removed from office, stripped of party membership	Taking bribes
Guo Yongshang	Vice governor, Sichuan Prov.	Removed from office, stripped of party membership	Disciplinary violations

Sources: Compiled from *People's Daily*, *Xinjing Bao*, People's Network, and Xinhua Network.

to the decision. Xu's case was referred to military prosecutors, and Xu is expected to be indicted.

The anti-corruption campaign is not aimed only at striking down President Xi's political enemies. Xi stated that his policy would be to "swat both tigers and flies"—both the big and the small—in carrying out the campaign. During 2013, the anti-corruption campaign took up 173,000 cases and punished 132,000 persons (up 11.2 percent and 13.3 percent respectively from 2012).⁶ Inspection teams were dispatched to every level of the party and all government agencies, checking the situation in them all. The aim has been to use such a campaign against large-scale corruption as a way to strike a blow against the vested interests of state-owned enterprises and similar groups, thereby promoting China's transition toward a model for economic development. As the economic growth rate has clearly been in a decline, it will be interesting to see how far such reforms can be advanced.

To push such reforms forward, President Xi is also concentrating his personal authority and consolidating his power in his administration. Part of this results from President Xi's leadership style, since he is trying to show himself a resolute leader, but the influence of his efforts to promote his institutional authority also cannot be overlooked. At the January 2014 session of the CPC Central Committee, new assignments of President Xi as chairman of the CPC Central National Security Commission, with Li Keqiang, prime minister of the State Council, and Zhang Dejiang, chairman of the Standing Committee of the National People's Congress, as vice chairmen. Another characteristic of Xi's rule has been the penchant for setting up new "small leading groups." A small leading group is set up, for example, within the party, the government, or the military to adjust and coordinate policy. By heading such small leading groups, President Xi is attempting to fortify his leadership over party policy. On February 27 he set up the CPC Central Cybersecurity and Informatization Small Leading Group, and March saw creation of the CPC Small Leading Group for Deepening National Defense and Military Reform of the CMC, with President Xi heading each of these. In the Hu Jintao administration and earlier, the CPC Small Leading Group for Financial

and Economic Affairs had been chaired by the prime minister of the State Council, but President Xi took over this concurrent position as well.

The crackdown on corruption in the military also seems to have the aim of gaining leverage in promoting reform in national defense and the military. The decision to investigate Xu Caihou was made on March 15, the very same day that President Xi set up the CPC CMC's Small Leading Group for Deepening National Defense and Military Reform and took his seat at its head.⁷⁾ The result was to strengthen not only the anti-corruption efforts but the CPC Central Committee's leadership over the armed forces as well. On October 30, the Military Political Work Conference met in Gutian. There, President Xi cited Xu Caihou's case as an example of the importance of stressing political work and of pushing forward with defense and military reforms.⁸⁾ Through the anti-corruption campaign, President Xi consolidated his power, thereby facilitating his reform agenda.

It seems that underlying such anti-corruption efforts on President Xi's part and his concentration of power is a sense of crisis regarding the long-term viability of the system of single-party rule by the CPC. At the second plenary session of the CPC's Eighteenth CCDI on January 22, 2013, President Xi stated that if the problem of corruption was allowed to worsen without any attempt to correct it, eventually both the party and the country would perish. It appears that keeping the party's discipline correct is essential not only to gain the support of the people but also to keep the party from becoming degraded. This suggests that having made progress in reforming the economic and political systems, and having achieved more efficient control, it will be necessary to use the anti-corruption campaign to undercut resistance to the reforms. At the fourth plenum of the Eighteenth CPC Central Committee held October 20–23, much emphasis was placed on “ruling according to the law,” and it is possible to interpret this as being part of the impetus for strengthening discipline within the party and use of the law for rule by the CPC.

(2) Worsening Domestic Problems and the Comprehensive National Security Concept

Domestically, problems demonstrating social insecurity occurred frequently, in particular bombings related to the Xinjiang Uygur Autonomous Region. The October 2013 car invasion incident in Tiananmen Square and two bombings in Urumqi are example of the string of incidents thought tied to Xinjiang's separatist groups.

The CPC National Security Commission held its first session on April 15,

2014, as domestic social problems became increasingly important issues for government policy. President Xi raised the topic of a Comprehensive National Security Concept, stressing the importance of dealing comprehensively with both external and domestic security. This concept covers security in the eleven areas of politics, land, military, economy, culture, society, science and technology, information, ecology, resources, and nuclear affairs.⁹⁾ According to the *PLA Daily*, in China's current security environment there is a tendency for domestic security matters to be internationalized and for international security problems to be given a domestic dimension. In other words, this view holds that if pressing domestic matters are not handled adroitly they could spark a chain reaction affecting the external environment, and if external problems are not handled likewise, they could generate greater internal instability.¹⁰⁾ The CPC National Security Commission was set up precisely to deal with such internal and external problems comprehensively. Also, the CPC National Anti-terrorism Small Coordination Group was elevated to become the CPC National Anti-terrorism Small Leading Group in August 2013 with Guo Shengkun, minister of public security, named as its head.¹¹⁾

The CPC Central Committee continues to step up its counterterrorism offensive. "Protecting National Security and Social Stability" was raised as the theme of the fourteenth Politburo group study session held on April 25, 2014, where Xi made a call for strengthening the struggle against terrorism.¹²⁾ Later that month, from the 27th through the 30th, President Xi visited Xinjiang, and speaking to the PLA troops stationed in the Nanjiang Military Region, he stressed the importance of striking against all terrorism, even against any signs of terrorism.¹³⁾

Immediately thereafter, however, on April 30 a bomb was set off in the Urumqi train station. It was no doubt a major shock to the party's central apparatus to have a bombing incident timed so closely to President Xi's visit to Xinjiang. In addition, the Conference on Interaction and Confidence-Building Measures in Asia (CICA, discussed further below) was held in Shanghai May 20–21, and immediately thereafter, on the 22nd, a bombing occurred there. The frequency of such incidents gives a vivid impression of the instability in Xinjiang.

In response to such incidents, the CPC is seeking to use three approaches: First is an even more severe crackdown. On the evening of May 22, Minister of Public Security Guo Shengkun arrived in Xinjiang, and Meng Jianzhu, chairman of the Central Politics and Law Committee, held an emergency anti-terror conference on nationwide television. Meng stated that it was necessary to adopt an even more

resolute and decisive stance and take effective steps across the board to rein in the situation that had caused the string of terroristic bombings in Xinjiang and to quell the growing fervor of the violent terrorists.¹⁴⁾ The following day the National Anti-terrorism Small Leading Group decided that from May 23, 2014, until 2015, special activities would be carried out in the Xinjiang Uygur Autonomous Region in a program to resolutely strike a blow against violent terrorist activities.¹⁵⁾ Further, on May 24, security officials in the Xinjiang Uygur Autonomous Region released a notice that acting in the spirit of the law, they would strike a decisive blow against violent terrorist activities, giving more specific indications of the actions they would carry out.¹⁶⁾ Based on this announcement, public security and military elements made known their policies for carrying out this even more decisive crackdown. Guo Shengkun, minister of public security, by August 2014 had carried out three inspections in Xinjiang¹⁷⁾ and emphasized that they were using extraordinary measures in the forceful crackdown.¹⁸⁾ The Xinjiang Military Region authorities likewise laid out their policy as striking first to control the enemy, striking against all terrorism, and striking as soon as the first sign is seen.¹⁹⁾ As a result of this strict crackdown, more than 400 were arrested in May alone, and by August that number had risen to 800.²⁰⁾

The second approach being applied is raising the level of economic development and living conditions. This has the potential to bring stability to Xinjiang in the long term and is recognized by the CPC as being a necessary step. The Central Committee Politburo meeting of May 26 emphasized the importance of spreading the results of economic development broadly throughout Xinjiang to the minorities there, with employment as the first priority and with education being stressed as well.²¹⁾ At the CPC second central work conference on the Xinjiang Uygur Autonomous Region held at the end of May, President Xi made an appeal for strengthening governance in Xinjiang and emphasized building on a foundation of improving economic development and the standard of living to promote unity among the ethnic groups and repression of religious extremism.²²⁾ He also pictured Xinjiang as having a central role in a new Silk Road Economic Belt (discussed further below); strengthening Xinjiang's economic ties to its neighboring countries would promote its own economic development, and the transport infrastructure was being built up for that purpose. The Urumqi-Lanzhou high-speed rail system was inaugurated on December 26, 2014, covering 1,700 kilometers in nine hours. Proposals have been floated for extending this line

further beyond Urumqi to the countries of Central Asia. Such transport infrastructure is expected not only to advance Xinjiang's economic development but also to promote its unity with China proper.²³⁾

Third is promotion of international cooperation. There is an awareness that the series of bombings in China is tied to the burgeoning of global terrorism as seen in the Middle East and Central Asia. China is particularly nervous about the spread of messages and images via the Internet and the transport of goods, and it has given notice of its efforts to regulate such trends.²⁴⁾ In addition, there have also been indications that some of the separatist and independence groups in Xinjiang have taken part in activities of such groups as the Turkestan Islamic Party, the Islamic Movement of Uzbekistan, and even the Islamic State of Iraq and the Levant (ISIL), receiving training from them.²⁵⁾ International cooperation is essential in overcoming such a multinational arrangement. The leadership of the CPC is no doubt aware that the problems in Xinjiang are linked to a transborder movement, and this awareness likely underlies China's efforts to work together with the countries of Central Asia to fight terrorism.

Such new policies toward Xinjiang are not necessarily certain to cause fundamental improvement in the situation there. Bombings have also continued after the policies' introduction. As part of the crackdown started in 2013, Ilham Tohti, a professor at Central Nationalities University who cannot reasonably be called an extremist, on September 23, 2014, was sentenced to life imprisonment on charges of separatism. Handling all cases, including those of the activities of Uygur moderates, as if they were terrorists and separatists can only deepen the gulf between ethnic groups.²⁶⁾

2. The Xi Administration's Diplomacy and Security Policies

The most obvious traits of the Xi Jinping administration would be its emphasis on proactivity and initiative.²⁷⁾ At a CPC periphery diplomacy meeting in 2013, Xi Jinping said that in carrying out its neighboring diplomacy, China would "strive for achievement" (*fenfa youwei*) and create friendly, good-neighborly relations with nearby countries. This slogan on doing things in a proactive way is often cited in relation to "hide one's strength and bide one's time" (which here can be interpreted to mean taking no specific action against the United States but instead building up China's strength), the phrase favored by Deng Xiaoping that had been

the guiding principle for Chinese foreign policy since Deng's time. Commentators on Chinese affairs are divided on whether "striving for achievement" represents abandonment of "hiding one's strength and biding one's time." But while opinion may be divided on the ultimate implications of "striving for achievement," statements by Chinese leaders and reporting by the official media make clear that Chinese foreign policy is stressing assertiveness and independence. For example, at a press conference during the 2014 National People's Congress, Foreign Minister Wang Yi stated that the most vivid characteristic of Chinese diplomacy is that it moves forward autonomously, independently, thus pointing up the importance of assertiveness and autonomy.²⁸⁾

Further, at the CPC foreign affairs working conference held November 28–29, Xi Jinping presented a comprehensive picture of China's foreign policy. This conference recognized that while there was a clear drift in international affairs toward multipolarization and globalization and the struggle for international order would continue for the long term, in general, there had been no change in reform of the international system moving toward democratization. The conference thus confirmed that amidst the drift toward multipolarization, at this stage China was being offered the key to a great revival of the Chinese nation, highlighting the importance of carrying forward with China's unique major-power diplomacy.²⁹⁾

Based on China's self-confidence as a major power and the assertiveness and autonomy described above, China's current foreign policy can be divided into three themes: (1) the relationship with the United States, (2) its periphery diplomacy, and (3) China's core interests.

(1) An Unclear Course for the US-China "New Type of Major-power Relations"

The United States continues to be the most important major power for China, and China is seeking to forge a "new type of major-power relations" with it. Ever since Xi Jinping, then vice president, visited the United States in 2012, China has been making the case for such a new type of relationship with the United States. According to Foreign Minister Wang Yi, this new type of major-power relations between China and the United States would have three central principles: (1) avoidance of confrontation and rivalry; (2) building a win-win relationship; and (3) mutual respect for the other's core interests. The most problematical of the three would be the third, mutual respect for the other's core interests. China counts

matters involving its national territory and sovereignty among its core interests, and US acceptance of a new type of major-power relations would logically be tied into noninterference in such problems between China and its neighbors. In reality, even though the United States seems to be interpreting the term “new type of major-power relations” differently, China does seem to consider such acceptance a possibility.

During 2014, however, it was plain that the US-China relationship was not moving in the directions China expected. The main cause of this lack of progress from the Chinese standpoint was greater unilateral Chinese action on problems with its neighbors, which generated increased friction, and the clear US opposition to that situation.

First of all, there were maritime problems. Regarding China’s actions in the South China Sea and the East China Sea, the United States made clear that it would not recognize changes to the status quo from Chinese unilateral use of force. For example, in a hearing in February 2014, Assistant Secretary of State for East Asian and Pacific Affairs Daniel Russel clearly criticized the “nine-dash line” claimed by China as being out of keeping with international law.³⁰⁾ During his official visit to Asia, President Obama declared that Article Five of the US-Japan Security Treaty would apply to Japan’s Senkaku Islands. In reaction, China recognized that the US “rebalancing” of its ties with Asia was fueling confrontation between China and its neighbors; it called on the United States to engage only in objective and well-considered words and actions and not to involve itself in problems between China and its neighbors.³¹⁾

China’s deployment of an oil rig in the South China Sea off the Paracel Islands in May also became a major problem between China and the United States. Secretary of State John Kerry called the Chinese actions provocative and aggressive. In reaction, during a May visit to the United States, Fang Fenghui, the PLA chief of General Staff, defended the propriety of China’s location of the oil rig and further criticized how the US rebalancing policy was fueling confrontation between China and its neighbors.³²⁾ The disagreement was carried over into the IISS Asian Security Dialogue (the Shangri-La Dialogue) at the end of the month. There, Secretary of Defense Chuck Hagel criticized China as taking unilateral actions that disrupt international order in the South China Sea. The United States, he noted, could not sit idly by as any country challenged the basic principles of international order, and Hagel made clear the firm US opposition to any country’s

resort to intimidation, force, or threat of military action so as to enforce its own claims. One of China's representatives at the dialogue was Wang Guanzhong, PLA deputy chief of General Staff. Wang responded vigorously to remarks by Hagel and Japanese Prime Minister Shinzo Abe, going beyond the written text of his speech to criticize the two.³³⁾ At the 2014 session of the U.S.-China Strategic and Economic Dialogue in July, the discussions achieved some degree of results regarding economic topics and cultural exchanges, but the conflict in the South China Sea left the two sides at loggerheads. In reaction to Secretary of State Kerry's characterization of China's actions, State Councilor Yang Jiechi added further criticism, saying that the United States was fomenting confrontation in the name of giving support to small countries.

Second, turning to US-China bilateral problems, the question of cyber espionage is growing into an important source of confrontation. On May 19, the US Department of Justice indicted five members of the Chinese military, charging them with stealing data from six American firms. The United States criticized China for longstanding cyber spying for the economic benefit of Chinese state-owned enterprises.³⁴⁾ The Chinese government reacted sharply, stating that there was no proof of the claims, only some hidden motive³⁵⁾, and halted bilateral talks on cyber matters. China has also undertaken reprisals against US companies such as Cisco, Microsoft, and Google. For instance, the day after the indictments, China announced that its government agencies would not use Microsoft Windows 8.³⁶⁾ A further example would be criticisms in the *People's Daily* that the American National Security Agency (NSA) had hidden surveillance tools in Cisco servers and similar locations.³⁷⁾

Third, dangerous and provocative actions by the Chinese military would be yet another problem. In August a Chinese military plane engaged in a near miss with a US military aircraft. On August 19, at a location in international airspace over the South China Sea more than 200 kilometers away from Hainan island, a Chinese J-11 fighter jet flew menacingly near a US Navy Poseidon P-8 patrol aircraft, coming within ten meters.³⁸⁾ This was not the first time for such a dangerous approach, as a number of near misses have occurred since 2013. The United States criticized the dangerous behavior, but China insisted its aircraft had maintained a safe separation and criticized the US surveillance activities there.³⁹⁾ China has also raised grave concern in Japan with two extreme approaches to Japanese Self-Defense Forces aircraft over the East China Sea in May and June.

There was, however, some progress in relations between the militaries and in multinational frameworks. For instance, the PLA Navy (PLAN) took part for the first time in RIMPAC exercises from June through August (discussed below). In addition, China agreed to a Code for Unplanned Encounters at Sea (CUES) at the Western Pacific Naval Symposium in April. CUES specified behaviors to be avoided in the case of chance encounters between military ships or aircraft, such as directing fire control radar at the encountered craft, performing acrobatic maneuvers, or conducting mock attacks. Although CUES carries no binding legal force, it does represent progress. At the Asia Pacific Economic Cooperation (APEC) summit in November, China and the United States reached agreement on reduction in gasses' contribution to global warming, also agreeing to set up a mechanism for communications to help avoid unplanned military encounters.

(2) Periphery Diplomacy and a New Asian Security Concept

Following the conference of November 2013 on the subject, periphery diplomacy has been another focus of China's diplomacy.⁴⁰⁾ China has offered no clear definition of "periphery," but it does not seem limited to the simple geographic meaning of China's immediate neighbors.

The fundamental goal of periphery diplomacy seems to be using diplomacy toward China's neighbors to further ensure China's peaceful development. Central to such periphery diplomacy is the deepening of economic ties through trade and currency circulation. China has raised the idea of a new Silk Road Economic Belt initiative that would promote economic relations with Central Asia and the Middle East and even Europe. China is also proposing to strengthen economic relations through a 21st Century Maritime Silk Road to encompass Southeast Asia, India, and Africa. Other goals of such diplomatic policies include acquisition of energy resources and ensuring access to routes other than through the Strait of Malacca.⁴¹⁾

China views infrastructure investment as important to bolstering its economic ties to its neighbors. In particular it hopes that its efforts to strengthen its economic relations with various neighbors by constructing high-speed railways for them—an approach sometimes called "high-speed rail diplomacy"—will also pay off in energy. China is said to be looking at construction of three high-speed railways, a Eurasia line, a Central Asia line, and a Pan-Asian line (Figure 3.1.). In April 2014 it started construction on a high-speed rail line in Venezuela, and in July a high-speed railway in Turkey, the first China ever built overseas under contract, went

Figure 3.1. China's proposed New Silk Roads



Sources: Compiled from Xinhuanet.com and *The Wall Street Journal*.

Note: This map is based solely on media reports; as of this writing the Chinese government has not officially announced the details of the proposed initiatives.

into operation despite an accident the very first day that kept the train carrying Turkish Prime Minister (now President) Recep Tayyip Erdogan waiting more than half an hour.⁴²⁾ The Chinese leadership has proposed rail construction in a number of regions and has in fact concluded some construction contracts. During his official May visit to Africa, Premier Li Keqiang signed rail construction contracts with Nigeria and Kenya among others; in June, Li agreed to Chinese companies' participation in construction of a London-Birmingham high-speed link.⁴³⁾ President Xi Jinping, during a visit to Brazil in July, proposed construction of a transcontinental railway between eastern Brazil and western Peru, with China providing the technology and some of the financing. Another example would be Thailand's agreement in August to a Chinese plan for a high-speed railway directly linking the two countries.⁴⁴⁾ At present China is conducting talks with some twenty to thirty countries for high-speed rail construction.⁴⁵⁾

China has also brought new banks into the mix as part of its initiative to increase the construction of infrastructure. This would be based on just over four trillion US dollars in foreign reserves. In October 2013, China called for the creation of an Asian Infrastructure Investment Bank (AIIB), with controlling shares held by

China. India and China have been struggling over which would exercise control in establishment of a BRICS development bank, but formal agreement was reached in July 2014. At a Shanghai Cooperation Organisation summit meeting in September 2014, China also agreed to setting up a Shanghai Cooperation Bank within the Shanghai Cooperation Organisation in the near future.

At the same time, China likely has yet another goal in mind for its periphery diplomacy: driving in a wedge between those countries that have problems the United States and China view as touching on their respective core interests, and those countries that do not. It is becoming increasingly clear that China is particularly ready to criticize and seek to curb military alliances and existing international systems while creating new frameworks and raising to greater levels of activity those frameworks that do not include the United States. The Conference on Interaction and Confidence-Building Measures in Asia (CICA) in May saw participation by Vladimir Putin and leaders of various Central Asian states. There China raised its New Asian Security Concept. China's periphery diplomacy has three essential elements: (1) criticism of the US system of alliances, (2) promotion of cooperation with its neighbors in such areas as counterterrorism activities and economic cooperation, and (3) trying to make use of such cooperation to form new international frameworks where China can play a central role. At CICA President Xi noted that beefing up a military alliance targeted at a third party is not conducive to maintaining a common regional security and stressed that "After all, security in Asia should be maintained by Asians themselves." Xi declared that China would make its contribution in order to create a security environment in Asia that is conducive to peace, development, cooperation, and win-win relations. He further proposed that CICA be the platform for a security dialogue that encompasses all of Asia, and that Asia seek to use CICA as the foundation for a new regional security cooperation framework.⁴⁶⁾

A sentiment that was often repeated during the Hu Jintao years was that a peaceful environment surrounding China is essential for prolonged economic development. This sentiment is changing, however, reflecting China's increasingly autonomous posture. While President Xi stated that China needed to achieve a good peripheral environment for itself, others such as Foreign Minister Wang Yi have been stressing that China should build a stable and advantageous external environment⁴⁷⁾, and Wang Jiarui, the head of the international department of the CPC, has spoken of stabilizing the periphery, managing the periphery, and shaping

the periphery.⁴⁸⁾ Among Chinese researchers, some have advanced more aggressive arguments. For example, Yan Xuetong, a professor at Tsinghua University, has analyzed that in the past, China sought a “peaceful environment” but has now advanced to seeking “advantageous external conditions.⁴⁹⁾” What can be derived from this analysis is that China will be seeking to shape its peripheral environment into forms pleasing to China.

As multipolarization and globalization proceed around the world, President Xi has cited the need to oppose hegemonism and power politics and advance democratization in international relations, and Foreign Minister Wang Yi has stated that a common goal of states around the world is reform of the international system and qualitative improvement of global governance.⁵⁰⁾ Such statements can be seen as reflecting a desire for ongoing reform of the existing international order in ways that would be beneficial to China.

(3) Problems Related to China’s Core Interests

When dealing with matters that it views as its core interests, China is more than ever before stressing “principles” and insisting unyieldingly on protecting those interests. At the Politburo’s third group study session in January 2013, President Xi stressed the importance of peaceful development, but he also noted that China would never give up its legitimate rights and would never sacrifice its national core interests. No foreign state, he said, should have any hope of China trading away its core interests, nor of China accepting the unacceptable in the form of results that would injure its autonomy, its safety, or its benefits from development. At present, any time the Chinese leadership speaks of peaceful development, without fail there will also be reference to protection of China’s core interests. When Foreign Minister Wang Yi, for example, speaks of moving along the path of peaceful development by strengthening China’s ability to defend itself, he also points out that increasing China’s defensive capabilities is necessary to protect its national core interests. Some have even argued that determinedly protecting its core interests was China’s way of creating an advantageous environment.⁵¹⁾

Such stances seem to contribute to China’s formulation of some tough, unilateral policies. Its 2013 declaration of an air defense identification zone in the East China Sea and its location of an oil drilling platform in the South China Sea in May 2014 are very likely examples of measures carried out with an eye to the foreign policy directions stressed by the Xi Jinping administration, i.e., assertiveness

and autonomy.

This particularly applies to the South China Sea. On May 2, 2014, the China National Offshore Oil Corporation (CNOOC) placed the Haiyang Shiyou 981 deep-water semi-submersible drilling rig (HYSY981) near the Parcel Islands (known as the Xisha in Chinese and Hoang Sa in Vietnamese) at a location 130 nautical miles off Vietnam's coast. China dispatched over 80 maritime patrol and fishing vessels to the area, resulting in collisions between Chinese vessels and the Vietnamese maritime police and fishing inspection vessels that Vietnam sent out in reaction.

These actions by the CNOOC were not based solely on the corporate profit motive; to a great extent they seem to reflect the maritime strategy of China and the CPC. The key reference to China as a "maritime power" was brought up at the Eighteenth National Congress in 2012, and CNOOC Chairman Wang Yilin carried this theme forward by emphasizing the role to be played by his organization in achieving maritime power status for China.⁵²⁾ When the Haiyang Shiyou 981 drilling rig was put into operation in May 2012, Chairman Wang claimed that it was "movable national territory" and a strategic tool to drive development of the maritime petroleum industry, whose operations would contribute to achieving China's energy security, driving its maritime power strategy, and protecting the sovereignty of its territorial waters.⁵³⁾ The CNOOC is increasing its ties to China's State Oceanic Administration, and in February talks with State Oceanic Administration Director Liu Cigui, CNOOC's Wang stated that his organization had reached its operational goals for 2013 thanks to the strong leadership of the CPC and the State Council and direction and support from the State Oceanic Administration and other agencies.⁵⁴⁾

An additional reason for concern by the Philippines, Vietnam, and the United States has been Chinese expansion of islands and reefs through land reclamation and the build-up of facilities in such locations as Johnson South Reef (Chigua Reef in Chinese, Mabini Reef in Tagalog) and Fiery Cross Reef (Yongshu Reef in Chinese) in the Spratly Islands (Nansha Islands in Chinese). For instance, since 2012, China has added a little over seventy-four acres in reclaimed land to Johnson South Reef, using the added area to construct radar and satellite communications facilities, helicopter landing sites, and docks.⁵⁵⁾ These unilateral Chinese actions have sparked strong attention and reactions from the United States and the surrounding countries.

Around the time of the November APEC summit, China made some adjustments

in its stance toward Japan and Vietnam and sought to improve its diplomatic relations with these neighbors. In conjunction with APEC, Prime Minister Shinzo Abe and President Xi met for the first Japan-China summit talks in roughly three years.

3. Xi Jinping Administration Promotes Reform of Defense and Military, Modernizes China's Armed Forces

(1) Promoting Reform of National Defense and the Military

At the Third Plenum of the Eighteenth CPC Central Committee in November 2013, Xi Jinping, acting both as president and as chairman of the Central Military Commission, advocated executing reform of China's national defense and its military. This reform of national defense and the military was a part of other reforms.⁵⁶⁾ The new "Small Leading Group for Deepening Reform of National Defense and the Military" set up in the Central Military Commission held its first session on March 15, 2014. President Xi took his seat as head of the new small leading group, and the two vice chairmen of the CMC were installed as deputy heads of the small leading group. Army Gen. Fan Changlong, however, was not named standing deputy head; that title went to Gen. Xu Qiliang, the first PLA Air Force (PLAAF) leader named as CMC vice chairman.⁵⁷⁾ In November 2013, an editorial in the *People's Daily* gave an outline of the national defense and military reforms,⁵⁸⁾ and that outline implied that Vice Chairman Xu Qiliang would play the central role in those reforms in PLA. President Xi visited the PLAAF office on April 14, 2014, to meet with Air Force officers of deputy divisional commander and higher ranks,⁵⁹⁾ and attended the twelfth CPC congress of the PLAAF on June 17.⁶⁰⁾ These examples of Xi's posture showed a clear indication of the current emphasis on the PLAAF.

Reform of national defense and the military consists of three major themes: (1) adjustment and reform of the structure of the military; (2) adjustment and reform of the military policy system; and (3) greater coordination between the military and civilian sectors. The first consists of optimization of the CMC and the four general headquarters (the General Staff Department, the General Political Department, the General Logistics Department, and the General Armaments Department); strengthening of the command structure for joint operations; adjustment of the balance of manpower among the PLA Ground Forces, PLAN, PLAAF, and Second Artillery Force; and reduction of noncombat organizations

and personnel in the PLA. The second theme calls for professionalization of the officers; improvement of the conscription system, the noncommissioned officers system, and the system for reemployment of military veterans; and measure to prevent extravagance in the PLA. The third area includes promotion of military-civilian cooperation in the development of equipment; reform of education on national defense; and adjustment and rationalization of the defense management organization mechanism for maritime and air borders.⁶¹ Through such approaches, the Xi Jinping administration is embarking on comprehensive reform of national defense and the military.

The first point worthy of particular attention in this reform of national defense and the military, as reported in sources such as the *Kanwa Defense Review*, is that in line with President Xi's ideas, a CMC joint operations command center was set up under the General Staff Department.⁶² *Kanwa Defense Review* also points out that with the designation of the East China Sea air defense identification zone in November 2013, an East China Sea Joint Operations Command Center was established under the command and control of CMC to direct naval and air force activities covering multiple military regions.⁶³ China's Ministry of National Defense has avoided any specific response to such reporting.⁶⁴ Also, President Xi attended a meeting of the PLA chiefs of staff held in Beijing on September 22, 2014, where he pointed out the importance of the command function in the military and praised the command organs at all levels in each of the military forces for thoroughly carrying out the instructions of the CPC leaders and the CMC.⁶⁵

A second point for attention is whether the PLA will engage in large-scale troop reductions. Ever since reform of national defense and the military was espoused in November 2013, publications such as the Beijing-aligned Hong Kong newspaper *Wen Wei Po* have talked of that possibility⁶⁶, but to date no defense ministry press officer has confirmed this at ministry press conferences.⁶⁷ Still, editorials introducing past military structural adjustment and reform in China were carried during 2014 in the *People's Daily* and the *PLA Daily*, and the fact that these editorials touched on such personnel cuts suggests that similar measures will be applied during the current reform of national defense and the military.⁶⁸

The third point for attention concerns the possible reorganization of the current seven main military regions. In November 2013, *Wen Wei Po* touched on that possibility, and Japan's *Yomiuri Shimbun* and *The Mirror* in Hong Kong and other publications have reported that the current seven regions would be consolidated

into five and that plans called for creating a General Army Department to join the four current general headquarters.⁶⁹⁾ The Ministry of National Defense, however, has continued to deny such reports.

(2) Training that Reflects Live Combat and Chinese Foreign Relations

On January 13, 2014, the PLA General Staff Department issued the Military Training Instructions for 2014. These instructions lay out that the Chinese military was to seek to elevate its overall deterrent and actual combat capabilities under information-based conditions. For this purpose, efforts should be made in three main areas: (1) improvement of actual-combat-based training, (2) positive engagement in joint operation training, trans-MAC (Military Area Command) based training, and similar training exercises, and (3) improvement of Chinese-foreign joint exercises.⁷⁰⁾ On March 20, the CMC released its Direction on Elevating Actual Combat Level Military Training. Based on the intentions expressed by President Xi, this guidance directed the Chinese military to (1) consolidate the actual combat standard, (2) strengthen the concept of actual combat training, (3) establish models for actual combat training, and (4) reinforce actual combat training practices, so as to fully elevate the military's deterrence and actual combat capability.⁷¹⁾ On August 20, the General Staff Department and the General Political Department jointly announced establishment of a Guidance for the Study and Propagation on the Direction on Elevating Actual Combat Level Military Training, which communicated the importance that the Chinese military and the People's Armed Police (PAP) had to recognize the unification of training and actual combat, based on the line of the Direction on Elevating Actual Combat Level Military Training.⁷²⁾ The PLA during 2014 applied these policies in carrying out wide-ranging training exercises reflecting actual combat.

In March 2014, an All-Forces Joint Operation Training Small Leading Group was set up to have sole responsibility for managing and evaluating joint operation training, and several joint operation trainings were conducted in each military regions under the codename Lianhe Xingdong-2014 (Joint Action-2014) directed by the General Staff Department and with participation by the PLA Ground Forces, PLAN, PLAAF, Second Artillery Force, militias, and reserves.⁷³⁾ The Joint Action-2014A held September 23 in the South China Sea including the PLAN, PLAAF, and Second Artillery Force premised joint operation at sea and focused on joint

command of a maritime operation based on information systems, air-defense and antisubmarine training, strikes by conventional missiles, and information countermeasures. The exercise was highly rated by the General Staff Department for achieving results in areas such as sharing of information, joint air defense, joint control of the seas, and joint destruction and interdiction of the enemy based on a united command platform between the various military branches.⁷⁴⁾ In June, the four General Headquarters sought to initiate regular military personnel movement exercises using joint transportation by issuing Regulations for Joint Forces Transportation Exercises, consisting of forty-five articles in nine chapters.⁷⁵⁾ Based on these regulations, exercises were held in the Shenyang Military Region (MR) making use of rail, road, sea, and air transportation capabilities.⁷⁶⁾

Trans-MAC training exercises codenamed Kuayue 2014 were held in May and September. The element called Kuayue 2014-Zhurihe was conducted May through July at Beijing MR training grounds under the direction of the four General Headquarters; troops from Beijing MR served as aggressor forces and carried out force-on-force exercises against troops dispatched from Nanjing, Guangzhou, Jinan, Shenyang, Chengdu, and Lanzhou MRs.⁷⁷⁾ Unmanned aerial vehicles, electronic countermeasure troops, and special forces units took part in the exercise, along with use of the Chinese manufactured BeiDou navigation satellite system.⁷⁸⁾ In a departure from past exercises, this training was not carried out according to a scenario; instead, it sought to provide a self-directed force-on-force exercise premised on actual combat. Of the seven exercises carried out, Beijing MR troops won six, and among the units from the various MRs, only Shenyang MR units brought in a victory.⁷⁹⁾ The four General Headquarters appraised that these exercises had achieved considerable results and established the future model for all the armed forces in terms of how to carry out exercises and real-combat tactical training at a training bases.⁸⁰⁾ In September, Kuayue 2014-Sanjie was conducted at the Nanjing MR Sanjie training bases. In this exercise, troops from Nanjing MR served as the aggressors and engaged in force-on-force training with units from Beijing MR premised on actual combat.⁸¹⁾

Turning to joint exercises conducted alongside foreign forces, first, in 2014 China again conducted joint naval exercises with Russia. Codenamed Haishang Lianhe (“cooperation at sea”) 2014, the exercise has held in May, earlier than in the past, to coincide with President Vladimir Putin’s visit to China, and both President Xi and President Putin attended the opening ceremony.⁸²⁾ A total of

fourteen surface vessels from the two countries participated in the exercise, of which China mobilized eight vessels. Three of these were destroyers, one of which was the missile destroyer *Zhenzhou*, a member of the Luyang II class (considered a Chinese version of Aegis destroyers), and the large supply ship *Qiandaohu* took part as well. Two submarines and six shipboard helicopters participated, as did fourth-generation jet fighters such as the Su-30 and J-10. Russia dispatched six vessels to the exercise, including the missile cruiser *Varyag*, an annual participant, and a large antisubmarine warfare ship, but none of its submarines.⁸³⁾

This exercise intermixed vessels from China and Russia and carried out actual combat training not based on a prepared scenario, setting surface vessels against the aggressor force represented by the submarines and providing training aimed to strengthen the actual combat capabilities of the PLAN. Simultaneously the two countries' forces jointly engaged in aircraft identification and air defense training for the first time, seemingly reflecting China's establishment of the East China Sea air defense identification zone. The exercise is also seen as aiming to have a restraining effect on Japan and the United States.⁸⁴⁾

A second example of China's joint exercises with other countries would be RIMPAC, held biennially by the US Navy, where Chinese naval forces took part in 2014 for the first time. China's contribution to RIMPAC consisted of four naval vessels: the Luyang II-class missile destroyer *Haikou*, the Jiangkai II-class missile frigate *Yueyang* that had been launched just in May 2013, the large supply ship *Qiandaohu*, and a large hospital ship. With participation by two shipboard helicopters, a special forces unit and a submarine unit, Chinese representation totaled over 1,100 personnel.⁸⁵⁾ Chinese naval units took part in seven exercises centering on nontraditional security areas, i.e., artillery firing, comprehensive drills, maritime security operations, surface warship drills, military medical exchange, humanitarian rescue and disaster-relief exercises, and diving. On the other hand, China could not take part in the exercises involving antisubmarine activities and response to land-based attacks.⁸⁶⁾

Apart from the four participating naval vessels, China also dispatched an intelligence-gathering ship to international waters near the site of the exercises. In reaction, a US Pacific Fleet Command press officer noted that the United States had taken the necessary steps to safeguard all important information, and that the Chinese vessel would continue its activities outside of US territorial waters and was

not expected to pose any obstacle to the joint exercise. The press officer also pointed out that the Chinese intelligence-gathering vessel's activities were within the scope of international law, but he noted that to the best of his knowledge, this was the first time that a country participating in RIMPAC had assigned a patrol vessel to the waters off Hawaii. It was also reported that a source in the US Department of Defense called the Chinese actions ill-mannered and expressed discomfort.⁸⁷⁾

Xu Hongmeng, a deputy commander of the PLAN, explained China's participation in RIMPAC as an important duty under China's military diplomacy. The purpose of Chinese participation in RIMPAC, Xu said, are: (1) building a new model of relations between China and the United States and their militaries, (2) strengthening friendly relations with other countries involved in the South Pacific; and (3) bolstering the Chinese navy's capacity to perform the increasingly varied military duties facing it.⁸⁸⁾ When the PLAN fleets returned home from participating, Wu Shengli, commander of the PLAN, also noted how navy's participation would contribute to formation of the new type of major-power relations between China and the United States.⁸⁹⁾ Comments by Zhang Junshe, deputy director of the Naval Military Academic Research Institute under the PLAN, likewise highlighted the contribution Chinese participation would make to building the new type of major-power relationship and to stability in the Asia-Pacific region. Zhang also stated that such participation would forestall certain states making territorial claims in the East China Sea and the South China Sea from using any disharmony between China and the United States for their own profit.⁹⁰⁾ China thus has seemed to view RIMPAC participation as both a way of improving the China-US bilateral relationship and as a means to drive a wedge between Japan and the United States.

(3) Military-Civilian Cooperation in Development of Equipment, and Modernization of Equipment

Military-civilian cooperation is another theme for China under the reform of national defense and the military, as it seeks to take the technological achievements of the civilian sectors during China's rapid economic growth and apply these accomplishment to military technology. In May 2014, CMC vice chairmen Fan Changlong and Xu Qiliang inspected the First Civilian Enterprise Exhibition of Advanced Scientific and Technological Achievements, which was jointly sponsored by the General Armaments Department, the Ministry of Industry and

Information Technology, the State Administration for Science, Technology and Industry for National Defense, and the All-China Federation of Industry and Commerce.⁹¹⁾ There, Zhang Youxia, director of the General Armaments Department, highlighted the importance of the war industries maintaining its initiative, while also drawing civilian industry into military production.⁹²⁾ In June, the four General Headquarters, the Ministry of Industry and Information Technology, and the State Administration for Science, Technology and Industry for National Defense jointly released the Regulations for Fostering Human Resources to Support Military Equipment Technology in Sectors Entrusted with Equipment Manufacture.⁹³⁾ In December, President Xi presided at a PLA conference on armament work, where topics included promoting the modernization of equipment with the emphasis on a central role for establishing information-led development, resolution of technological problems that create bottlenecks in equipment development, and the importance of further development in military-civilian cooperation.⁹⁴⁾

In 2014 China did indeed put effort into the modernization of its military equipment. It is worth note that the *Washington Free Beacon* reported that in January 2014, China successfully tested its Wu-14 hypersonic glide vehicle. That publication's website points out that the Wu-14 achieved a maximum speed of Mach 10.⁹⁵⁾ While China's Ministry of National Defense acknowledged the test flight, it also noted that it was not aimed at any particular country.⁹⁶⁾ There have been reports that a second test in August was a failure,⁹⁷⁾ though Ministry of Defense press officials have avoided any definite comment regarding this.⁹⁸⁾ A third test was held in December, and the Ministry of Defense repeated the same type of response it made about the earlier success.⁹⁹⁾

A second point for attention is the trend in China's nuclear weaponry. In June, the US Department of Defense released its annual report to Congress on "Military and Security Developments Involving the People's Republic of China 2014," which noted that the DF-41 intercontinental ballistic missile, capable of reaching any point in the continental United States and carrying a multiple individually targetable reentry vehicle (MIRV), was under development, and that the JL-2 submarine-launched ballistic missile was expected to be deployed during 2014.¹⁰⁰⁾ The *Global Times* English-language edition recognized the existence of the DF-41 based on contents of the Shaanxi Provincial Environmental Monitoring Center website.¹⁰¹⁾ The United States is increasingly cautious about China's promotion of

its nuclear capacity.¹⁰²⁾

A third point would be that in March, the guided missile destroyer *Kunming* became the first ship in the Luyang III (Type 052D) class to go into commission.¹⁰³⁾ In the *PLA Daily*, Zhang Junshe, deputy director of the Naval Military Academic Research Institute, indicated that the *Kunming* surpassed conventional destroyers in its new command system, large active phased array radar, vertical launching system, and other advanced equipment as well as its overall capabilities, its combat power, and its stealth abilities. It can offer, Zhang said, greater area air defense and antiship combat capabilities. At the same time, however, Zhang recognized that the new destroyer still had room for improvement, noting that as the level of informatization and technological maturity rises, it may still fall short of the world's best.¹⁰⁴⁾

A fourth point worth note is the trend in development of military helicopters. The Chinese army has shown an appreciation of the importance and usefulness of helicopters in conducting combat in informationized warfare and is proceeding with domestic production of the WZ-10 attack helicopter.¹⁰⁵⁾ *Kanwa Defence Review*, however, has reported that production of the WZ-10 is lagging behind and that deployment in the field has been delayed.¹⁰⁶⁾ Chinese domestic media have reported that the new Z-20 utility helicopter had its first successful flight in December 2013. As has been pointed out, the helicopter's body resembles the United States' Blackhawk.¹⁰⁷⁾ *Kanwa Defence Review*, however, reports that engine problems will make it difficult for the Z-20 to be deployed in the near future.¹⁰⁸⁾ According to *Jane's Defence Weekly* in August 2014, China was moving ahead with development of the new Z-18F antisubmarine helicopter for the PLAN; the report theorized that it could be stationed on the aircraft carrier Liaoning or on large dock landing ships.¹⁰⁹⁾

Fifth, *Jane's Defence Weekly* reports that China has the IL-78 air tanker. According to that report, in 2011 and 2012 China signed contracts for the purchase of three of the IL-78 and five of the IL-76 large-scale transport planes from Ukraine, with one of these craft delivered to China in 2013.¹¹⁰⁾ By using the IL-78, China will be able to provide in-flight refueling to the Su-27 and Su-30, expanding the range of aerial combat activities over the East and South China Seas.

China-Taiwan Relations May Move Toward Greater Tension

China and Taiwan have long avoided direct government-to-government contacts, leaving any negotiations to the two nongovernmental organizations they established for that purpose, the Association for Relations Across the Taiwan Straits (ARATS) established on the mainland in December 1991, and the Straits Exchange Foundation (SEF) set up in Taiwan in March 1991. In July 1999, however, with the end of his term in office approaching, President Lee Teng-hui advocated a “special state-to-state” basis for bilateral ties with Beijing, and China hardened its stance toward Taiwan. From that point until the Chen Shui-bian administration (2000–2008) left power, any real negotiations between ARATS and SEF were frozen.

In May 2008, however, President Ma Ying-jeou’s administration took office, and in June top-level talks between the two associations were resumed after a nine-year hiatus. As of the end of February 2014, the two bodies had met ten times. As a result, a total of twenty-one agreements have been reached between China and Taiwan, including the Economic Cooperation Framework Agreement (ECFA) of 2010 and the Cross-strait Bilateral Investment Protection and Promotion Agreement (IPA) of 2012.

Stability in the China-Taiwan relationship also contributes to stability in the diplomatic environment that surrounds Taiwan. US provision of weapons to Taiwan is moving along well, with the exception of some items such as conventionally powered submarines and the F-16C/D jet fighters that Taiwan has wanted for many a year. Japan has also signed various agreements concerning open skies, investment, and fishing. After the ECFA, Taiwan also signed economic cooperation agreements with New Zealand and Singapore in 2013.

Still, even while the interchanges between China and Taiwan have become more intimate, centering on economy and trade, and people, goods, and money have increasingly been flowing back and forth, the other problems remaining between the two sides have steadily moved to higher levels. Even some matters that have been long-standing irritants have been shifted to the nongovernmental associations for negotiation. One example where they have achieved a breakthrough would be the formal talks held in Nanjing in February between Zhang Zhijun, director of China’s State Council Taiwan Affairs Office, and Wang Yu-chi, minister of the Mainland Affairs Council of the Executive Yuan. Nanjing was chosen as the site for these talks because it was in Nanjing that Sun Yat-sen first proclaimed the Republic of China in 1912, and also because Sun is buried there, making Nanjing the mainland city to which Taiwan has the closest ties. This meeting was used to discuss such topics as continuing talks pursuant to the ECFA and the mutual establishment of offices on Taiwan and the mainland by ARATS and SEF. Such matters continued under discussion at the second round of official talks held in Taipei in June.

There has been no change in China’s basic policies toward Taiwan, the “peaceful unification” called for since 1979 and the “one-country, two systems” approach called for by Deng Xiaoping. Since the Ma Ying-jeou administration

started, however, when dealing with Taiwan, China seems to be pushing themes such as the “1992 Consensus” and “One China” to the forefront and cutting back references to “one-country, two systems.” For its part, Taiwan is continuing various exchanges with China, making reference to the “1992 Consensus” as well as its view of “one China with different interpretations.”

More recently, China and the authorities in Hong Kong have clearly adopted a rigid stance toward Hong Kong residents’ calls for democratization of its elections, and this seems to have been accompanied by a hardening of China’s position toward Taiwan as well. On September 26, President Xi Jinping in his capacity as General Secretary of the CPC met with a visiting Taiwanese delegation of pro-reunification groups, where Xi stressed that China would appropriately apply “one country, two systems” to Taiwan, though Xi also noted that Taiwan was increasingly unwilling to accept that approach. In Taiwan, a Sunflower Student Movement appeared in March and April 2014 in reaction to a government decision to wrap up the legislative review of ratification of the Cross-Strait Service Trade Agreement, with the students occupying the Legislative Yuan. The Legislative Yuan also seemed to some extent to be putting the brake on progress in the China-Taiwan relationship by, for instance, deliberating the agreement’s provisions for regulating cross-straits consultations. That became clear in the local elections held throughout Taiwan in November 2014. In the elections held for heads of all of Taiwan’s twenty-two municipalities and counties, Taiwan’s ruling party, the Kuomintang (KMT), suffered a sharp decline from fifteen such offices to only six; President Ma Ying-jeou took responsibility for the loss by resigning as chairman of the KMT. The main opposition party, the Democratic Progressives, increased its share of these posts from six to thirteen. The KMT defeat is seen as criticism of the Ma administration’s policies favoring more rapprochement with China, and the prevailing opinion is that there will now be little movement in the China-Taiwan relationship until President Ma ends his term in May 2016. The view that the Democratic Progressive Party is more likely to win the next general election is also gaining even greater strength. Some commentators are also highlighting the possibility that China-Taiwan relations under a Democratic Progressive administration would, as during the Chen Shui-bian administration, move toward greater tension.

Hong Kong: Occupy Central

During autumn of 2014, Hong Kong was hit by the Occupy Central movement. Citizens of Hong Kong, primarily students, held demonstrations, staged sit-ins, and put up tent cities to occupy the city’s central business area. Starting on September 26, they occupied districts such as Central, Admiralty, and Causeway Bay, Hong Kong’s government and economic centers, to call for true universal suffrage in local elections. The police used teargas and pepper spray against the

demonstrators in the attempt to bring them under control. To protect themselves against the police riot-control measures, the demonstrating students tried to use only peaceful means such as umbrellas and goggles to ward off the tear gas, attempts that gave the demonstrations the name “the Umbrella Revolution.” Although the demonstrations and sit-ins seemed destined to be a long-term phenomenon, they were brought to an end after seventy-nine days when forceful official measures dispersed them on December 15.

The point of immediate contention in these demonstrations was whether and to what degree the elections for chief executive of the Hong Kong Special Administrative Region, scheduled to begin in 2017, would be democratic and meaningful with universal suffrage. When Hong Kong reverted to China, the holding of elections with universal suffrage was one of the stipulated conditions for the reversion. On August 31, 2014, however, the Standing Committee of the National People’s Congress decided that candidates for the chief executive position must have support of a majority of the nominating committee members and that the number of candidates would be limited to two or three. Opposition to these measures sparked the Hong Kong demonstrations.

Other factors underlying the demonstrations were likely the growing economic gap between Hong Kong and the Chinese mainland accompanying the ongoing economic and political fusion of the two, along with resistance in Hong Kong to being steadily absorbed into the mainland. The rich from the mainland had been coming into Hong Kong, one result of which had been skyrocketing real estate prices, which rose 2.5 times in six years. This made it difficult for younger people in Hong Kong to buy homes, and continuing inflation also drove up the cost of living. In addition, plans had called for “patriotism” to be added to the elementary school curriculum in 2012, but although this measure was withdrawn in the face of strong opposition, there was still growing dissatisfaction and opposition among Hong Kong’s young who felt that “one country, two systems” was increasingly becoming just an empty slogan.

In dealing with the demonstrations, the principle adopted by Beijing and the Hong Kong municipal government was to avoid bloodshed while staunchly refusing to accept any of the calls for democratic elections. At the beginning the Hong Kong municipal police used pepper spray and tear gas in the attempt to control the demonstrators, but when such measures drew strong social criticism, the Hong Kong government instead adopted delaying tactics and negotiations, bringing the situation to a deadlock. At the same time, people who opposed Occupy Central began to pressure the demonstrators, including the use of violence against them. It was also seen as important to secure the support of Hong Kong’s many entrepreneurs. As the occupation dragged out, the demonstrators became exhausted and support for them declined. On

December 15 the demonstrators were cleared away by force, and Hong Kong's chief executive C. Y. Leung proclaimed that the illegal occupation of its streets had been brought to an end. According to information released by the Hong Kong government, 955 people had been arrested in connection with the demonstrations, 221 of the demonstrators had been treated in hospitals, and 130 police had been injured.

One striking element of these demonstrations was the extreme degree to which the government in Beijing was wary and critical of the influence of the United States, Britain, and other countries. The media carried a string of articles criticizing the United States for being behind the demonstrations, and legislators from the British House of Commons foreign affairs committee were refused entry into Hong Kong. Underlying such wariness was extreme concern on China's part about appearance of another "color revolution." For China, a color revolution represented the United States and the countries of Europe inserting their own values of democracy and freedom into countries under authoritarian rule, where they would combine with those countries' social contradictions. As such, these efforts to China represent a Western plot, and China has become excessively sensitive about the same phenomenon appearing in Hong Kong.

Although the recent demonstrations were wrapped up without the government of Hong Kong having to yield anything, they were important because they brought the problem of one country, two systems back into the spotlight and intimated the possibility that a variety of contradictions could flare up anew.

NOTES

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