Evolving Strategies in the U.S.-China Military Balance

By Anthony H. Cordesman with the assistance of Joseph Kendall

Working Draft: August 9, 2016
Please provide comments to acordesman@gmail.com
# CHAPTER 1: EVOLVING STRATEGIES IN THE CHINA-U.S. MILITARY BALANCE

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chinese Strategy</td>
<td>3</td>
</tr>
<tr>
<td>China’s Emerging Power and Uncertain Grand Strategy</td>
<td>5</td>
</tr>
<tr>
<td>China’s Declared Public Strategy</td>
<td>4</td>
</tr>
<tr>
<td>Key Trends in Chinese Military Modernization</td>
<td>5</td>
</tr>
<tr>
<td>China’s View of Its Strategic Position Relative to the United States</td>
<td>8</td>
</tr>
</tbody>
</table>

## PUTTING CHINA IN PERSPECTIVE: AMERICA’S DEVELOPING STRATEGY IN ASIA

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>The U.S. Shift to “Rebalancing” to Asia in 2012</td>
<td>14</td>
</tr>
<tr>
<td>Secretary of Defense Panetta’s Summary of U.S. Views of China at the Shangri-La Dialogue in 2012</td>
<td>15</td>
</tr>
<tr>
<td>Secretary of Defense Hagel’s Summary at Shangri-La Dialogue in 2013</td>
<td>17</td>
</tr>
<tr>
<td>The 2014 U.S. Quadrennial Defense Review</td>
<td>18</td>
</tr>
<tr>
<td>Secretary Ashton Carter’s Speech in May 2015</td>
<td>20</td>
</tr>
<tr>
<td>The 2015 Asia-Pacific Maritime Security Strategy</td>
<td>21</td>
</tr>
<tr>
<td>From Rebalncing to Asia to Global Rebalancing</td>
<td>22</td>
</tr>
<tr>
<td>Secretary Ashton Carter’s Speech at 2016 Shangri-La Dialogue</td>
<td>24</td>
</tr>
</tbody>
</table>

## THE CHINESE RESPONSE

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actions speak as well as word</td>
<td>33</td>
</tr>
<tr>
<td>Competition and Cooperation</td>
<td>34</td>
</tr>
</tbody>
</table>
EVOLVING STRATEGIES IN THE CHINA-U.S. MILITARY BALANCE

China’s emergence as a global economic superpower, and as a major regional military power in Asia and the Pacific, has had a major impact on its relations with the United States and its neighbors. China was the driving factor in the new strategy the United States announced in 2012 that called for the U.S. to “rebalance” its forces to Asia-Pacific region. At the same time, China’s actions on its borders, in the East China Sea, and in the South China Sea have shown that China is steadily expanding its geopolitical role in the Pacific, and having a steadily increasing impact on the strategy and military developments in other Asian powers.

As a result, the People’s Republic of China (PRC), the United States, and China’s neighbors face a critical need to improve their understanding of how each state in the region is developing its military power, and find ways to avoid the kind of military competition that could lead to further tension or conflict.

Chinese Strategy

Chinese strategy sets the stage for all the other aspects of China’s military development, but it is important to note that China’s unclassified strategy documents are highly political documents that are exercises in strategic communications. As the chapters of this analysis show, they have also become less detailed as China’s forces have become stronger, and as China’s has emerged as a major military power and become more challenging.

China’s Emerging Power and Uncertain Grand Strategy

China is clearly asserting its growing power and status in the Eastern Pacific from the Straits of Malacca to Northeast Asia, and in ways that challenge the U.S. and its neighbors. It is extending its power and influence into the Indian Ocean, and to the edge of the Gulf – its key source of petroleum. It has previously joined the naval anti-piracy campaign off the costs of Yemen and Somalia, and has acquired limited basing rights in Djibouti. It is creating a network of new “Silk Roads” through Pakistan, Myanmar, and across Central Asia to Europe. It is seeking to make Russia a major strategic partner, and take advantage of what some experts call Russia’s “tilt to Asia” – a reaction to Europe’s efforts to sanction it for its invasion of the Ukraine.

The U.S., Japan, South Korea, and many of the nations of Southeast Asia that have competing claims in the South China Sea see China’s strategy as one of developing the capability to not only defend against outside attack, but to assert its power on a far broader regional level; become the dominant sea, air, and air power in the Eastern Pacific; and be able to secure its key lines of imports and exports. Each country (and a wide range of exports) differs as to China’s focus and how aggressive or threatening its action may be.

China’s ability to fully modernize its military forces, and its strategic goals and the timing of such efforts remain unclear. So do its intentions. China’s declared strategy, like the U.S. strategy in the Pacific, indicates that China is not seeking confrontation or conflict. What may seem aggressive to outside states and experts is seen in China as the natural strategic result of its global economic power and ability to put an end to centuries in which China’s status and security were limited by outside power and threats.
China is emerging as a major global power after centuries of outside attack, invasion, and exploitation from the first Opium War in 1839 to Deng Xiaoping’s decision to adopt the major economic reforms that have allowed China to develop one of the world largest and most competitive economies. Chinese strategists may see China’s growing military power and challenge to the U.S. and neighboring states as both defensive and a reaction to what some call centuries of humiliation. They also see the need for caution, the necessity for China to avoid direct confrontation with the U.S. until its forces are fully ready, to rely on limited advances using asymmetric means like fortifying offshore reefs, and emerge securely as the key power in Asia without any serious conflict.

The problem for China – and all the other states affected by its rise – is that there is no clear way to predict how peaceful China’s rise will be, how far China will go, and the end result in changing the balance of power in Asia, the Pacific, and the global economy. These challenges and uncertainties also create a clear need for China to use its declared strategy as a political tool and do so with care. All nations use their declared military strategies and policies as a form of political leverage, but China has even more incentive to do so than most.

China’s Declared Public Strategy

The end result is that there are many debates over how well China’s public statements of its strategy reflect its real strategy and intentions. The details of such statements have varied in recent years, but China’s summary of the People's Liberation Army’s (PLA) strategic goals in its 2015 defense white paper, China’s Military Strategy, is largely consistent with China’s previous white papers over the last four years, and does provide broad insights into China’s publically stated strategic goals:

China's national strategic goal is to complete the building of a moderately prosperous society in all respects by 2021 when the CPC celebrates its centenary; and the building of a modern socialist country that is prosperous, strong, democratic, culturally advanced and harmonious by 2049 when the People's Republic of China (PRC) marks its centenary. It is a Chinese Dream of achieving the great rejuvenation of the Chinese nation. The Chinese Dream is to make the country strong. China's armed forces take their dream of making the military strong as part of the Chinese Dream.

Without a strong military, a country can be neither safe nor strong. In the new historical period, aiming at the CPC's goal of building a strong military in the new situation, China's armed forces will unswervingly adhere to the principle of the CPC's absolute leadership, uphold combat effectiveness as the sole and fundamental standard, carry on their glorious traditions, and work to build themselves into a people's military that follows the CPC's commands, can fight and win, and boasts a fine style of work.

In the new circumstances, the national security issues facing China encompass far more subjects, extend over a greater range, and cover a longer time span than at any time in the country's history. Internally and externally, the factors at play are more complex than ever before. Therefore, it is necessary to uphold a holistic view of national security, balance internal and external security, homeland and citizen security, traditional and non-traditional security, subsistence and development security, and China's own security and the common security of the world.

To realize China's national strategic goal and implement the holistic view of national security, new requirements have been raised for innovative development of China's military strategy and the accomplishment of military missions and tasks. In response to the new requirement of safeguarding national security and development interests, China's armed forces will work harder to create a favorable strategic posture with more emphasis on the employment of military forces and means, and provide a solid security guarantee for the country's peaceful development.
In response to the new requirement arising from the changing security situation, the armed forces will constantly innovate strategic guidance and operational thoughts so as to ensure the capabilities of fighting and winning. In response to the new requirement arising from the worldwide RMA, the armed forces will pay close attention to the challenges in new security domains, and work hard to seize the strategic initiative in military competition.

In response to the new requirement coming from the country's growing strategic interests, the armed forces will actively participate in both regional and international security cooperation and effectively secure China's overseas interests. And in response to the new requirement arising from China's all-round and deepening reform, the armed forces will continue to follow the path of civil-military integration (CMI), actively participate in the country's economic and social construction, and firmly maintain social stability, so as to remain a staunch force for upholding the CPC's ruling position and a reliable force for developing socialism with Chinese characteristics.

China's armed forces will effectively perform their missions in the new historical period, resolutely uphold the leadership of the CPC and the socialist system with Chinese characteristics, safeguard China's sovereignty, security and development interests, safeguard the important period of strategic opportunities for China's development, maintain regional and world peace, and strive to provide a strong guarantee for completing the building of a moderately prosperous society in all respects and achieving the great rejuvenation of the Chinese nation.

China's armed forces mainly shoulder the following strategic tasks:

- To deal with a wide range of emergencies and military threats, and effectively safeguard the sovereignty and security of China's territorial land, air and sea;
- To resolutely safeguard the unification of the motherland;
- To safeguard China's security and interests in new domains;
- To safeguard the security of China's overseas interests;
- To maintain strategic deterrence and carry out nuclear counterattack;
- To participate in regional and international security cooperation and maintain regional and world peace;
- To strengthen efforts in operations against infiltration, separatism and terrorism so as to maintain China's political security and social stability; and
- To perform such tasks as emergency rescue and disaster relief, rights and interests protection, guard duties, and support for national economic and social development.

Key Trends in Chinese Military Modernization

China’s 2015 white paper also provides broad insights into the reasons why China is making key changes to its armed forces. The white paper notes that:

In the implementation of the military strategic guideline in the new situation, China's armed forces must closely center around the CPC's goal of building a strong military, respond to the state's core security needs, aim at building an informationized military and winning informationized wars, deepen the reform of national defense and the armed forces in an all-round way, build a modern system of military forces with Chinese characteristics, and constantly enhance their capabilities for addressing various security threats and accomplishing diversified military tasks.

Development of the Services and Arms of the People's Liberation Army (PLA) and the People's Armed Police Force (PAPF)

In line with the strategic requirement of mobile operations and multi-dimensional offense and defense, the PLA Army (PLAA) will continue to reorient from theater defense to trans-theater mobility. In the process of building small, multi-functional and modular units, the PLAA will adapt itself to tasks in different regions, develop the capacity of its combat forces for different purposes, and construct a combat force
structure for joint operations. The PLAA will elevate its capabilities for precise, multi-dimensional, trans-theater, multi-functional and sustainable operations.

In line with the strategic requirement of offshore waters defense and open seas protection, the PLA Navy (PLAN) will gradually shift its focus from "offshore waters defense" to the combination of "offshore waters defense" with "open seas protection," and build a combined, multi-functional and efficient marine combat force structure. The PLAN will enhance its capabilities for strategic deterrence and counterattack, maritime maneuvers, joint operations at sea, comprehensive defense and comprehensive support.

In line with the strategic requirement of building air-space capabilities and conducting offensive and defensive operations, the PLA Air Force (PLAAF) will endeavor to shift its focus from territorial air defense to both defense and offense, and build an air-space defense force structure that can meet the requirements of informationized operations. The PLAAF will boost its capabilities for strategic early warning, air strike, air and missile defense, information countermeasures, airborne operations, strategic projection and comprehensive support.

In line with the strategic requirement of being lean and effective and possessing both nuclear and conventional missiles, the PLA Second Artillery Force (PLASAF) will strive to transform itself in the direction of informationization, press forward with independent innovations in weaponry and equipment by reliance on science and technology, enhance the safety, reliability and effectiveness of missile systems, and improve the force structure featuring a combination of both nuclear and conventional capabilities. The PLASAF will strengthen its capabilities for strategic deterrence and nuclear counterattack, and medium- and long-range precision strikes.

In line with the strategic requirement of performing multiple functions and effectively maintaining social stability, the PAPF will continue to develop its forces for guard and security, contingency response, stability maintenance, counter-terrorism operations, emergency rescue and disaster relief, emergency support and air support, and work to improve a force structure which highlights guard duty, contingency response, counter-terrorism and stability maintenance. The PAPF will enhance its capabilities for performing diversified tasks centering on guard duty and contingency response in informationized conditions.

**Force Development in Critical Security Domains**

The seas and oceans bear on the enduring peace, lasting stability and sustainable development of China. The traditional mentality that land outweighs sea must be abandoned, and great importance has to be attached to managing the seas and oceans and protecting maritime rights and interests. It is necessary for China to develop a modern maritime military force structure commensurate with its national security and development interests, safeguard its national sovereignty and maritime rights and interests, protect the security of strategic SLOCs and overseas interests, and participate in international maritime cooperation, so as to provide strategic support for building itself into a maritime power.

Outer space has become a commanding height in international strategic competition. Countries concerned are developing their space forces and instruments, and the first signs of weaponization of outer space have appeared. China has all along advocated the peaceful use of outer space, opposed the weaponization of and arms race in outer space, and taken an active part in international space cooperation. China will keep abreast of the dynamics of outer space, deal with security threats and challenges in that domain, and secure its space assets to serve its national economic and social development, and maintain outer space security.

Cyberspace has become a new pillar of economic and social development, and a new domain of national security. As international strategic competition in cyberspace has been turning increasingly fiercer, quite a few countries are developing their cyber military forces. Being one of the major victims of hacker attacks, China is confronted with grave security threats to its cyber infrastructure. As cyberspace weighs more in military security, China will expedite the development of a cyber force, and enhance its capabilities of cyberspace situation awareness, cyber defense, support for the country's endeavors in cyberspace and participation in international cyber cooperation, so as to stem major cyber crises, ensure national network and information security, and maintain national security and social stability.

The nuclear force is a strategic cornerstone for safeguarding national sovereignty and security. China has always pursued the policy of no first use of nuclear weapons and adhered to a self-defensive nuclear
strategy that is defensive in nature. China will unconditionally not use or threaten to use nuclear weapons against non-nuclear-weapon states or in nuclear-weapon-free zones, and will never enter into a nuclear arms race with any other country. China has always kept its nuclear capabilities at the minimum level required for maintaining its national security. China will optimize its nuclear force structure, improve strategic early warning, command and control, missile penetration, rapid reaction, and survivability and protection, and deter other countries from using or threatening to use nuclear weapons against China.

Military Force Building Measures

Strengthening ideological and political work. China's armed forces always treat ideological and political building as the first priority, and have endeavored to reinforce and improve their political work in the new situation. They will continue to practice and carry forward the Core Socialist Values, cultivate the Core Values of Contemporary Revolutionary Service Personnel, and carry forward their glorious traditions and fine styles. Moreover, the armed forces will uphold a series of fundamental principles for and institutions of the CPC's absolute leadership over the military, enhance the creativity, cohesion and combat effectiveness of their CPC organizations at all levels, make great efforts to cultivate a new generation of revolutionary service personnel of noble soul, competence, courage, uprightness and virtue, and ensure that the armed forces will resolutely follow the commands of the CPC Central Committee and the CMC at all times and under all conditions, and consistently retain the nature and purpose of the people's armed forces.

Pushing ahead with logistics modernization. China's armed forces will deepen logistics reform in relevant policies, institutions and support forces, and optimize strategic logistics deployment. They will innovate the modes of support, develop new support means, augment war reserves, integrate logistics information systems, improve rules and standards, and meticulously organize supply and support, so as to build a logistics system that can provide support for fighting and winning modern wars, serve the modernization of the armed forces, and transform towards informationization.

Developing advanced weaponry and equipment. Persevering in information dominance, systems building, independent innovation, sustainable development, overall planning, and emphasis on priorities, China's armed forces will speed up to upgrade weaponry and equipment, and work to develop a weaponry and equipment system which can effectively respond to informationized warfare and help fulfill the missions and tasks.

Cultivating new-type military personnel. China's armed forces will continue with the strategic project for personnel training and perfect the system for military human resources. They will deepen the reform of military educational institutions and improve the triad training system for new-type military personnel - institutional education, unit training and military professional education, so as to pool more talented people and cultivate more personnel who can meet the demands of informationized warfare.

Intensifying efforts in running the armed forces with strict discipline and in accordance with the law. Aiming at strengthening the revolutionization, modernization and regularization of the armed forces in all respects, China will innovate and develop theories and practice in relation to running the armed forces in accordance with the law, establish a well-knit military law system with Chinese characteristics, so as to elevate the level of rule by law of national defense and armed forces building.

Innovating military theories. Under the guidance of the CPC's innovative theories, China's armed forces will intensify their studies of military operations, probe into the mechanisms of winning modern wars, innovate strategies and tactics featuring mobility and flexibility, and develop theories on military building in the new situation, so as to bring into place a system of advanced military theories commensurate with the requirement of winning future wars.

Improving strategic management. It is necessary to optimize the functions and institutions of the CMC and the general headquarters/departments, improve the leadership and management system of the services and arms, and adhere to demand-based planning and plan-based resource allocation. China's armed forces will set up a system and a working mechanism for overall and coordinated programming and planning. They will also intensify overall supervision and management of strategic resources, strengthen the in-process supervision and risk control of major projects, improve mechanisms for strategic assessment, and set up and improve relevant assessment systems and complementary standards and codes.

In-depth Development of Civil-Military Integration (CMI)
Following the guiding principle of integrating military with civilian purposes and combining military efforts with civilian support, China will forge further ahead with CMI by constantly bettering the mechanisms, diversifying the forms, expanding the scope and elevating the level of the integration, so as to endeavor to bring into place an all-element, multi-domain and cost-efficient pattern of CMI.

Accelerating CMI in key sectors. With stronger policy support, China will work to establish uniform military and civilian standards for infrastructure, key technological areas and major industries, explore the ways and means for training military personnel in civilian educational institutions, developing weaponry and equipment by national defense industries, and outsourcing logistics support to civilian support systems. China encourages joint building and utilization of military and civilian infrastructure, joint exploration of the sea, outer space and air, and shared use of such resources as surveying and mapping, navigation, meteorology and frequency spectra. Accordingly, military and civilian resources can be more compatible, complementary and mutually accessible.

Building a mechanism for operating CMI. At the state level, it is necessary to establish a mechanism for CMI development, featuring unified leadership, military-civilian coordination, abutment of military and civilian needs, and resource sharing. Furthermore, it is necessary to improve the management responsibilities of relevant military and civilian institutions, improve the general standards for both the military and the civilian sectors, make studies on the establishment of a policy system in which the government makes the investment, offers tax incentives and financial support, and expedites legislation promoting military-civilian coordinated development, so as to form a pattern featuring overall military-civilian planning and coordinated development. It is also necessary to push forward with the shared utilization of military capabilities and those of other sectors, and establish a mechanism for joint civil-military response to major crises and emergencies.

Improving the systems and mechanisms of national defense mobilization. China will enhance education in national defense and boost the awareness of the general public in relation to national defense. It will continue to strengthen the building of the reserve force, optimize its structure, and increase its proportion in the PLAN, PLAAF and PLASAF as well as in combat support forces. The ways to organize and employ reserve forces will be more diversified. China will devote more efforts to science and technology in national defense mobilization, be more readily prepared for the requisition of information resources, and build specialized support forces. China aims to build a national defense mobilization system that can meet the requirements of winning informationized wars and responding to both emergencies and wars.

China’s View of Its Strategic Position Relative to the United States

At the same time, the 2015 Chinese White Paper focuses on a key underlying reality that shapes the development of both China’s forces and strategic posture. Whether or not China openly declares the motives behind its military development, every aspect of China’s strategy, the changes in its forces, and its military modernization is related to China’s view that China must pursue its interests in a troubled region, that it must be ready for conflict, and US is both a potential partner in some forms of military cooperation and a major competitor for strategic influence and a potential future threat.

Profound changes are taking place in the international situation, as manifested in the historic changes in the balance of power, global governance structure, Asia-Pacific geostrategic landscape, and international competition in the economic, scientific and technological, and military fields. The forces for world peace are on the rise, so are the factors against war. In the foreseeable future, a world war is unlikely, and the international situation is expected to remain generally peaceful. There are, however, new threats from hegemonism, power politics and neo-interventionism. International competition for the redistribution of power, rights and interests is tending to intensify. Terrorist activities are growing increasingly worrisome. Hotspot issues, such as ethnic, religious, border and territorial disputes, are complex and volatile. Small-scale wars, conflicts and crises are recurrent in some regions. Therefore, the world still faces both immediate and potential threats of local wars.

With a generally favorable external environment, China will remain in an important period of strategic opportunities for its development, a period in which much can be achieved. China's comprehensive national
strength, core competitiveness and risk-resistance capacity are notably increasing, and China enjoys growing international standing and influence. Domestically, the Chinese people's standard of living has remarkably improved, and Chinese society remains stable. China, as a large developing country, still faces multiple and complex security threats, as well as increasing external impediments and challenges. Subsistence and development security concerns, as well as traditional and non-traditional security threats are interwoven. Therefore, China has an arduous task to safeguard its national unification, territorial integrity and development interests.

As the world economic and strategic center of gravity is shifting ever more rapidly to the Asia-Pacific region, the US carries on its "rebalancing" strategy and enhances its military presence and its military alliances in this region. Japan is sparing no effort to dodge the post-war mechanism, overhauling its military and security policies. Such development has caused grave concerns among other countries in the region. On the issues concerning China's territorial sovereignty and maritime rights and interests, some of its offshore neighbors take provocative actions and reinforce their military presence on China's reefs and islands that they have illegally occupied. Some external countries are also busy meddling in South China Sea affairs; a tiny few maintain constant close-in air and sea surveillance and reconnaissance against China. It is thus a long-standing task for China to safeguard its maritime rights and interests. Certain disputes over land territory are still smoldering. The Korean Peninsula and Northeast Asia are shrouded in instability and uncertainty. Regional terrorism, separatism and extremism are rampant. All these have a negative impact on the security and stability along China's periphery.

The Taiwan issue bears on China's reunification and long-term development, and reunification is an inevitable trend in the course of national rejuvenation. In recent years, cross-Taiwan Straits relations have sustained a sound momentum of peaceful development, but the root cause of instability has not yet been removed, and the "Taiwan independence" separatist forces and their activities are still the biggest threat to the peaceful development of cross-Strait relations. Further, China faces a formidable task to maintain political security and social stability. Separatist forces for "East Turkistan independence" and "Tibet independence" have inflicted serious damage, particularly with escalating violent terrorist activities by "East Turkistan independence" forces. Besides, anti-China forces have never given up their attempt to instigate a "color revolution" in this country. Consequently, China faces more challenges in terms of national security and social stability. With the growth of China's national interests, its national security is more vulnerable to international and regional turmoil, terrorism, piracy, serious natural disasters and epidemics, and the security of overseas interests concerning energy and resources, strategic sea lines of communication (SLOCs), as well as institutions, personnel and assets abroad, has become an imminent issue.

The world revolution in military affairs (RMA) is proceeding to a new stage. Long-range, precise, smart, stealthy and unmanned weapons and equipment are becoming increasingly sophisticated. Outer space and cyber space have become new commanding heights in strategic competition among all parties. The form of war is accelerating its evolution to informationization. World major powers are actively adjusting their national security strategies and defense policies, and speeding up their military transformation and force restructuring. The aforementioned revolutionary changes in military technologies and the form of war have not only had a significant impact on the international political and military landscapes, but also posed new and severe challenges to China's military security.

…The strategic concept of active defense is the essence of the CPC's military strategic thought. From the long-term practice of revolutionary wars, the people's armed forces have developed a complete set of strategic concepts of active defense, which boils down to: adherence to the unity of strategic defense and operational and tactical offense; adherence to the principles of defense, self-defense and post-emptive strike; and adherence to the stance that "We will not attack unless we are attacked, but we will surely counterattack if attacked."

Shortly after the founding of the PRC in 1949, the Central Military Commission (CMC) established the military strategic guideline of active defense, and later, in line with the developments and changes in the national security situation, had made a number of major revisions of it. In 1993 the military strategic guideline of the new era was formulated, which took winning local wars in conditions of modern technology, particularly high technology, as the basic point in making preparation for military struggle
PMS). In 2004, the guideline was further substantiated, and the basic point for PMS was modified to winning local wars under conditions of informationization.

China's socialist nature, fundamental national interests and the objective requirement of taking the path of peaceful development all demand that China unswervingly adhere to and enrich the strategic concept of active defense. Guided by national security and development strategies, and required by the situation and their tasks in the new historical period, China's armed forces will continue to implement the military strategic guideline of active defense and enhance military strategic guidance as the times so require. They will further broaden strategic vision, update strategic thinking and make strategic guidance more forward-looking. A holistic approach will be taken to balance war preparation and war prevention, rights protection and stability maintenance, deterrence and warfighting, and operations in wartime and employment of military forces in peacetime. They will lay stress on farsighted planning and management to create a favorable posture, comprehensively manage crises, and resolutely deter and win wars.

To implement the military strategic guideline of active defense in the new situation, China's armed forces will adjust the basic point for PMS. In line with the evolving form of war and national security situation, the basic point for PMS will be placed on winning informationized local wars, highlighting maritime military struggle and maritime PMS. The armed forces will work to effectively control major crises, properly handle possible chain reactions, and firmly safeguard the country's territorial sovereignty, integrity and security.

To implement the military strategic guideline of active defense in the new situation, China's armed forces will innovate basic operational doctrines. In response to security threats from different directions and in line with their current capabilities, the armed forces will adhere to the principles of flexibility, mobility and self-dependence so that "you fight your way and I fight my way." Integrated combat forces will be employed to prevail in system-vs-system operations featuring information dominance, precision strikes and joint operations.

To implement the military strategic guideline of active defense in the new situation, China's armed forces will optimize the military strategic layout. In view of China's geostrategic environment, the security threats it faces and the strategic tasks they shoulder, the armed forces will make overall planning for strategic deployment and military disposition, in order to clearly divide areas of responsibility for their troops, and enable them to support each other and act as an organic whole. Threats from such new security domains as outer space and cyber space will be dealt with to maintain the common security of the world community. China's armed forces will strengthen international security cooperation in areas crucially related to China's overseas interests, to ensure the security of such interests.

To implement the military strategic guideline of active defense in the new situation, China's armed forces will uphold the following principles:

- To be subordinate to and in the service of the national strategic goal, implement the holistic view of national security, strengthen PMS, prevent crises, deter and win wars;
- To foster a strategic posture favorable to China's peaceful development, adhere to the national defense policy that is defensive in nature, persevere in close coordination of political, military, economic and diplomatic work, and positively cope with comprehensive security threats the country possibly encounters;
- To strike a balance between rights protection and stability maintenance, and make overall planning for both, safeguard national territorial sovereignty and maritime rights and interests, and maintain security and stability along China's periphery;
- To endeavor to seize the strategic initiative in military struggle, proactively plan for military struggle in all directions and domains, and grasp the opportunities to accelerate military building, reform and development;
- To employ strategies and tactics featuring flexibility and mobility, give full play to the overall effectiveness of joint operations, concentrate superior forces, and make integrated use of all operational means and methods;
To make serious preparations to cope with the most complex and difficult scenarios, uphold bottom-line thinking, and do a solid job in all aspects so as to ensure proper responses to such scenarios with ease at any time and in any circumstances;

To bring into full play the unique political advantages of the people's armed forces, uphold the CPC's absolute leadership over the military, accentuate the cultivation of fighting spirit, enforce strict discipline, improve the professionalism and strength of the troops, build closer relations between the government and the military as well as between the people and the military, and boost the morale of officers and men;

To give full play to the overall power of the concept of people's war, persist in employing it as an ace weapon to triumph over the enemy, enrich the contents, ways and means of the concept of people's war, and press forward with the shift of the focus of war mobilization from human resources to science and technology; and

To actively expand military and security cooperation, deepen military relations with major powers, neighboring countries and other developing countries, and promote the establishment of a regional framework for security and cooperation.

…Preparation for military struggle (PMS) is a basic military practice and an important guarantee for safeguarding peace, containing crises and winning wars. To expand and intensify PMS, China's armed forces must meet the requirement of being capable of fighting and winning, focus on solving major problems and difficulties, and do solid work and make relentless efforts in practical preparations, in order to enhance their overall capabilities for deterrence and warfighting.

Enhancing capabilities for system-vs-system operations based on information systems. China's armed forces will quicken their steps to transform the generating mode of combat effectiveness, work to use information systems to integrate a wide range of operational forces, modules and elements into overall operational capacity, and gradually establish an integrated joint operational system in which all elements are seamlessly linked and various operational platforms perform independently and in coordination. China's armed forces will endeavor to address the pressing problems constraining the capabilities for system-vs-system operations. They will make further exploration and more efficient utilization of information resources, strengthen the building of the systems of reconnaissance, early-warning and command and control, develop medium- and long-range precision strike capabilities, and improve the comprehensive support systems. In accordance with the requirement of being authoritative, streamlined, agile and efficient, they will strive to establish and improve the CMC command organ and theater-level command systems for joint operations.

Pushing ahead with PMS in all directions and domains. Due to its complex geostrategic environment, China faces various threats and challenges in all its strategic directions and security domains. Therefore, PMS must be carried out in a well-planned, prioritized, comprehensive and coordinated way, so as to maintain the balance and stability of the overall strategic situation. China's armed forces will make overall planning for PMS in both traditional and new security domains, and get ready to safeguard national sovereignty and security, protect the country's maritime rights and interests, and deal with armed conflicts and emergencies. To adapt to the upgrading of weaponry and equipment as well as changes of operational patterns, China's armed forces will further optimize battlefield disposition and strengthen strategic prepositioning.

Maintaining constant combat readiness. China's armed forces will continue to improve its routine combat readiness, maintain a posture of high alertness, and conscientiously organize border, coastal and air defense patrols and guard duties. The PLAA will improve its combat readiness system with inter-connected strategic directions, combined arms and systematized operational support, so as to ensure agile maneuvers and effective response. The PLAN will continue to organize and perform regular combat readiness patrols and maintain a military presence in relevant sea areas. The PLAAF will continue to observe the principles of applicability in peacetime and wartime, all-dimensional response and full territorial reach, and maintain vigilant and efficient combat readiness. The PLASAF will continue to keep an appropriate level of vigilance in peacetime. By observing the principles of combining peacetime and wartime demands, maintaining all time vigilance and being action-ready, it will prefect the integrated, functional, agile and efficient operational duty system.
Enhancing realistic military training. The PLA will continue to attach strategic importance to combat training in realistic conditions, and strictly temper the troops according to the Outline of Military Training and Evaluation (OMTE). It will constantly innovate operational and training methods, improve military training criteria and regulations, and work to build large-scale comprehensive training bases in an effort to provide real-combat environments for training. The PLA will continue to conduct live-setting training, IT-based simulated training, and face-on-face confrontation training in line with real-combat criteria, and strengthen command post training and joint and combined training. It will intensify training in complex electro-magnetic environments, complex and unfamiliar terrains, and complex weather conditions. It will also set up a training supervision and inspection system, so as to incorporate real-combat requirements into training.

Pursuing a security concept featuring common, comprehensive, cooperative and sustainable security, China's armed forces will continue to develop military-to-military relations that are non-aligned, non-confrontational and not directed against any third party. They will strive to establish fair and effective collective security mechanisms and military confidence-building measures (CBMs), expand military and security cooperation, and create a security environment favorable to China's peaceful development.

Developing all-round military-to-military relations. China's armed forces will further their exchanges and cooperation with the Russian military within the framework of the comprehensive strategic partnership of coordination between China and Russia, and foster a comprehensive, diverse and sustainable framework to promote military relations in more fields and at more levels.

China's armed forces will continue to foster a new model of military relationship with the US armed forces that conforms to the new model of major-country relations between the two countries, strengthen defense dialogues, exchanges and cooperation, and improve the CBM mechanism for the notification of major military activities as well as the rules of behavior for safety of air and maritime encounters, so as to strengthen mutual trust, prevent risks and manage crises. In the spirit forces will further develop relations with their counterparts in neighboring countries.

Also, they will work to raise the level of military relations with European counterparts, continue the traditional friendly military ties with their African, Latin American and Southern Pacific counterparts. China's armed forces will work to further defense and security cooperation in the Shanghai Cooperation Organization (SCO), and continue to participate in multilateral dialogues and cooperation mechanisms such as the ASEAN Defense Ministers' Meeting Plus (ADMM+), ASEAN Regional Forum (ARF), Shangri-La Dialogue (SLD), Jakarta International Defence Dialogue (JIDD) and Western Pacific Naval Symposium (WPNS). The Chinese military will continue to host multilateral events like the Xiangshan Forum, striving to establish a new framework for security and cooperation conducive to peace, stability and prosperity in the Asia-Pacific region.

Any assessment of China’s strategy and forces must recognize that Chinese developments focus on the US as a key strategic competitor, and do so both in terms of the forces the US can deploy and US ties to regional strategic partners.

**Putting China in Perspective: America’s Evolving Strategy in Asia**

At the same time, China’s actions and military modernization efforts have scarcely gone unnoticed by the U.S. and other states. The Executive Summary of the DoD’s 2016 Annual Report to Congress on the Military and Security Developments Involving the People’s Republic of China, the U.S. Department of Defense (DoD) stated that, “Chinese leaders have characterized the modernization of the People’s Liberation Army (PLA) as essential to achieving great power status and what Chinese President Xi Jinping calls the ‘China Dream’ of national rejuvenation.”

The U.S. report summarized China’s near and long-term strategic goals – and the thrusts behind its military modernization – in very different ways than China did in its declared strategy:
The long-term, comprehensive modernization of the armed forces of the People’s Republic of China (PRC) entered a new phase in 2015 as China unveiled sweeping organizational reforms to overhaul the entire military structure. These reforms aim to strengthen the Chinese Communist Party’s (CCP) control over the military, enhance the PLA’s ability to conduct joint operations, and improve its ability to fight short-duration, high-intensity regional conflicts at greater distances from the Chinese mainland. China’s leaders seek ways to leverage China’s growing military, diplomatic, and economic clout to advance its ambitions to establish regional preeminence and expand its international influence. Chinese leaders have characterized modernization of the People’s Liberation Army (PLA) as essential to achieving great power status and what Chinese President Xi Jinping calls the “China Dream” of national rejuvenation. They portray a strong military as critical to advancing Chinese interests, preventing other countries from taking steps that would damage those interests, and ensuring that China can defend itself and its sovereignty claims.

Throughout 2015, China continued to assert sovereignty claims over features in the East and South China Seas. In the East China Sea, China continued to use maritime law enforcement ships and aircraft to patrol near the Senkaku (Diaoyu) Islands in order to challenge Japan’s claim. In the South China Sea, China paused its land reclamation effort in the Spratly Islands in late 2015 after adding more than 3,200 acres of land to the seven features it occupies in the archipelago. Although these artificial islands do not provide China with any additional territorial or maritime rights within the South China Sea, China will be able to use them as persistent civil-military bases to enhance its long-term presence in the South China Sea significantly.

China demonstrated a willingness to tolerate higher levels of tension in the pursuit of its interests, especially in pursuit of its territorial claims in the East and South China Sea; however, China still seeks to avoid direct and explicit conflict with the United States. China’s leaders understand that instability or conflict would jeopardize the peaceful external environment that has enabled China’s economic development, which is central to the perpetuation of the CCP’s domestic legitimacy. In the near-term, China is using coercive tactics short of armed conflict, such as the use of law enforcement vessels to enforce maritime claims, to advance their interests in ways that are calculated to fall below the threshold of provoking conflict.

In the long term, Chinese leaders are focused on developing the capabilities they deem necessary to deter or defeat adversary power projection and counter third-party—including U.S.—intervention during a crisis or conflict. China’s military modernization is producing capabilities that have the potential to reduce core U.S. military technological advantages.

China’s officially-disclosed military budget grew at an average of 9.8 percent per year in inflation-adjusted terms from 2006 through 2015, and Chinese leaders seem committed to sustaining defense spending growth for the foreseeable future, even as China’s economic growth decelerates.

The PRC continues to focus on preparing for potential conflict in the Taiwan Strait, but additional missions, such as contingencies in the East and South China Seas and on the Korean peninsula, are increasingly important to the PLA. Moreover, as China’s global footprint and international interests grow, its military modernization program has become more focused on investments and infrastructure to support a range of missions beyond China’s periphery, including power projection, sea lane security, counterpiracy, peacekeeping, and humanitarian assistance/disaster relief (HA/DR). PLA global operations in 2015 included counterpiracy patrols, humanitarian assistance and disaster relief, exercises, and sea lane security operations. China’s November 2015 public confirmation of its intention to build its first overseas military support facility in Djibouti likely reflects this more global outlook, as it will be utilized to sustain the PLA Navy’s operations at greater distances from China.

During 2015, the PLA continued to improve key capabilities that would be used in theater contingencies, including cruise missiles; short, medium, and intermediate-range ballistic missiles; high performance aircraft; integrated air defense networks; information operations capabilities; and amphibious and airborne assault units. The PLA is developing and testing new intermediate- and medium-range conventional ballistic missiles as well as long-range, land-attack, and anti-ship cruise missiles, which once operational would extend the military’s reach and push adversary forces further from potential regional conflicts. China is also focusing on counterspace, offensive cyber operations, and electronic warfare (EW) capabilities meant to deny adversaries the advantages of modern, information technology-driven warfare.
Despite the PLA’s gains over the last two decades, its modernization program faces challenges. The organizational reforms unveiled by the leadership are part of a broader effort by President Xi to address the PLA’s deficiencies, such as corruption. Since Xi took power in 2012, more than forty senior officers have fallen in a wide-ranging anti-corruption campaign that last year ensnared the former top officer in the PLA. Moreover, Xi’s slogan exhorting the PLA to prepare to “fight and win” battles implies that the leadership is concerned about how the PLA, which has not fought a war in more than thirty years, would fare in combat.

**The U.S. Shift to “Rebalancing” to Asia in 2012**

America’s public strategy towards China and Asia has evolved more strikingly than China’s public strategy documents. China and the U.S. have long differed over the nature of China’s strategy and military modernization, and the U.S. has long seen both opportunities and risks in its military relations with China.

The US began to react to China’s growing strength more than a decade earlier. Indeed, there is some evidence that the shift in U.S. foreign policy focus towards Asia may have been a focus during the George W. Bush administration if not for the 9/11 attacks and the two subsequent wars in the Middle East. The U.S. formally announced the major shift in its strategy in 2012 that called for the U.S. to “rebalance” its forces to Asia. The U.S. did so in a document called *Sustaining US Global Leadership: Priorities for 21st Century Defense* that the Department of Defense issued on January 5, 2012.

The document did, however, address China’s military build-up as a key factor behind the limited “rebalancing” of U.S. forces.

U.S. economic and security interests are inextricably linked to developments in the arc extending from the Western Pacific and East Asia into the Indian Ocean region and South Asia, creating a mix of evolving challenges and opportunities. Accordingly, while the U.S. military will continue to contribute to security globally, *we will of necessity rebalance toward the Asia-Pacific region*. Our relationships with Asian allies and key partners are critical to the future stability and growth of the region. We will emphasize our existing alliances, which provide a vital foundation for Asia-Pacific security. We will also expand our networks of cooperation with emerging partners throughout the Asia-Pacific to ensure collective capability and capacity for securing common interests. The United States is also investing in a long-term strategic partnership with India to support its ability to serve as a regional economic anchor and provider of security in the broader Indian Ocean region. Furthermore, we will maintain peace on the Korean Peninsula by effectively working with allies and other regional states to deter and defend against provocation from North Korea, which is actively pursuing a nuclear weapons program.

The maintenance of peace, stability, the free flow of commerce, and of U.S. influence in this dynamic region will depend in part on an underlying balance of military capability and presence. Over the long term, China’s emergence as a regional power will have the potential to affect the U.S. economy and our security in a variety of ways. Our two countries have a strong stake in peace and stability in East Asia and an interest in building a cooperative bilateral relationship. However, the growth of China’s military power must be accompanied by greater clarity of its strategic intentions in order to avoid causing friction in the region. The United States will continue to make the necessary investments to ensure that we maintain regional access and the ability to operate freely in keeping with our treaty obligations and with international law. Working closely with our network of allies and partners, we will continue to promote a rules-based international order that ensures underlying stability and encourages the peaceful rise of new powers, economic dynamism, and constructive defense cooperation.

The 2012 document also underlined a key tenet of the United States’ rebalance efforts with the Asia-Pacific and China: the promotion and upkeep of a rules-based international order in the region. This focus on a rules-based order has subsequently been part of many American talking points, particularly in dealing with disagreements with China like the territorial disputes in the South China Sea.
It is important to note, however, that the U.S. only called for a rebalancing effort that involved limited shifts of air and seapower from Europe to the Pacific. The rebalancing strategy in the 2012 document – and in the US official strategy documents that have followed – never referred to a “pivot” to Asia and gave the Middle East the same strategic priority as Asia. Moreover, the U.S. did so at a time before the Russian invasion of the Crimea and the reemergence of a Russian challenge in Europe, and before the U.S. reengaged in Iraq and in a major campaign against ISIS, and before its domestic debates over the total U.S. budget placed growing limits on the modernization and readiness of U.S. forces.

**Secretary of Defense Panetta’s Summary of U.S. Views of China at the Shangri-La Dialogue in 2012**

Like China, the U.S. also remained cautious about any direct confrontation with China or describing its rising military power as hostile. Then Secretary of Defense Leon Panetta updated the U.S. view of Chinese military developments in more detail in a speech at the Shangri-La Security Dialogue in Singapore on June 2, 2012. He did not announce increases in US forces. He instead acknowledged the growing constraints on US military resources, and focused on the need for US and Chinese cooperation and dialogue:

> The purpose of this trip, and of my remarks today, is to explain a new defense strategy that the United States has put in place and why the United States will play a deeper and more enduring partnership role in advancing the security and prosperity of the Asia-Pacific region, and how the United States military supports that goal by rebalancing towards this region.

> ...America’s fate is inexorably linked with this region. This reality has guided more than six decades of U.S. military presence and partnership in this region -- a defense posture that, along with our trading relations, along with our diplomatic ties, along with our foreign assistance, helped usher in an unprecedented era of security and prosperity in the latter half of the 20th century.

> In this century, the 21st century, the United States recognizes that our prosperity and our security depend even more on the Asia-Pacific region. After all, this region is home to some of the world’s fastest growing economies: China, India, and Indonesia to mention a few. At the same time, Asia-Pacific contains the world’s largest populations, and the world’s largest militaries. Defense spending in Asia is projected by this institute, the IISS, to surpass that of Europe this year, and there is no doubt that it will continue to increase in the future.

> Given these trends, President Obama has stated the United States will play a larger role in this region over the decades to come. This effort will draw on the strengths of the entire United States government. We take on this role not as a distant power, but as part of the Pacific family of nations. Our goal is to work closely with all of the nations of this region to confront common challenges and to promote peace, prosperity, and security for all nations in the Asia-Pacific region.

> ...As we take existing alliances and partnerships in new directions, this rebalancing effort also places a premium on enhancing partnerships with Indonesia, Malaysia, India, and Vietnam, and New Zealand. In the coming days I will travel to Vietnam to advance bilateral defense cooperation, building off of the comprehensive memorandum of understanding that our two nations signed last year. From Vietnam, I will travel to India to affirm our interest in building a strong security relationship with a country I believe will play a decisive role in shaping the security and prosperity of the 21st century.

> As the United States strengthens these regional partnerships, we will also seek to strengthen a very important relationship with China. We believe China is a key to being able to develop a peaceful, prosperous, and secure Asia-Pacific in the 21st century. And I am looking forward to traveling there soon at the invitation of the Chinese government. Both of our nations recognize that the relationship -- this relationship between the United States and China is one of the most important in the world. We in the United States are clear-eyed about the challenges, make no mistake about it, but we also seek to grasp the opportunities that can come from closer cooperation and a closer relationship.
I’m personally committed to building a healthy, stable, reliable, and continuous mil-to-mil relationship with China. I had the opportunity to host Vice President Xi and later Defense Minister General Liang at the Pentagon in the effort to pursue that goal. Our aim is to continue to improve the strategic trust that we must have between our two countries, and to discuss common approaches to dealing with shared security challenges.

We are working with China to execute a robust military-to-military engagement plan for the rest of this year, and we will seek to deepen our partnership in humanitarian assistance, counter-drug, and counter-proliferation efforts. We have also agreed on the need to address responsible behavior in cyberspace and in outer space. We must establish and reinforce agreed principles of responsible behavior in these key domains.

I know that many in the region and across the world are closely watching the United States-China relationship. Some view the increased emphasis by the United States on the Asia-Pacific region as some kind of challenge to China. I reject that view entirely. Our effort to renew and intensify our involvement in Asia is fully compatible -- fully compatible -- with the development and growth of China. Indeed, increased U.S. involvement in this region will benefit China as it advances our shared security and prosperity for the future.

In this context, we strongly support the efforts that both China and Taiwan, both have made in recent years trying to improve cross-strait relations. We have an enduring interest in peace and stability across the Taiwan Strait. The United States remains firm in the adherence to a one-China policy based on the Three Communiqués and the Taiwan Relations Act. China also has a critical role to play in advancing security and prosperity by respecting the rules-based order that has served the region for six decades. The United States welcomes the rise of a strong and prosperous and successful China that plays a greater role in global affairs.

Another positive step towards furthering this rules-based order is Asia’s deepening regional security architecture, which the United States strongly supports. Last October, I had the opportunity to be the first U.S. secretary of defense to meet privately with all ASEAN defense ministers in Bali. We applaud the ASEAN Defense Ministers Meeting Plus for producing real action plans for multilateral military cooperation, and I strongly support the ASEAN decision to hold more frequent ADMM-Plus discussions at the ministerial level. We think this is an important step for stability, real coordination, communication, and support between these nations.

The United States believes it is critical for regional institutions to develop mutually agreed rules of the road that protect the rights of all nations to free and open access to the seas. We support the efforts of the ASEAN countries and China to develop a binding code of conduct that would create a rules-based framework for regulating the conduct of parties in the South China Sea, including the prevention and management of disputes.

On that note, we are obviously paying close attention to the situation in Scarborough Shoal in the South China Sea. The U.S. position is clear and consistent: we call for restraint and for diplomatic resolution; we oppose provocation; we oppose coercion; and we oppose the use of force. We do not take sides when it comes to competing territorial claims, but we do want this dispute resolved peacefully and in a manner consistent with international law.

We have made our views known and very clear to our close treaty ally, the Philippines, and we have made those views clear to China and to other countries in the region. As a Pacific power, the United States has a national interest in freedom of navigation, in unimpeded economic development and commerce, and in a respect for the rule of law. Our alliances, our partnerships, and our enduring presence in this region all serve to support these important goals.

Secretary of Defense Hagel’s Summary at Shangri-La Dialogue in 2013

His replacement, Secretary Chuck Hagel, gave a similar speech at the May 31, 2013 Shangri-La Forum:

...[T]he world is undergoing a time of historic transformation, and Asia is at the epicenter of that change. The 21st century will be defined by the rise of new powers; the rapid spread of information, goods, and
technologies; innovation and economic integration; new security coalitions that take on shared challenges; issues of trade, energy and the environment; and greater opportunities for people of all nations to have a voice in shaping their future.

With this incredible promise come complications and challenges. In Asia, we see a range of persistent and emerging threats, including:

- North Korea’s nuclear weapons and missile programs, and its continued provocations;
- Ongoing land and maritime disputes and conflicts over natural resources;
- The continued threat of natural disaster, the curse of poverty and the threat of pandemic disease;
- Environmental degradation;
- Illicit trafficking in people, weapons, drugs, and other dangerous materials – including the proliferation of weapons of mass destruction;
- And the growing threat of disruptive activities in space and cyberspace.

…Building a positive and constructive relationship with China is also an essential part of America’s rebalance to Asia. The United States welcomes and supports a prosperous and successful China that contributes to regional and global problem solving. To this end, the United States has consistently supported a role for China in regional and global economic and security institutions, such as the G20. We encourage our allies and partners to do the same.

The United States strongly supports the efforts made by the PRC and Taiwan in recent years to improve cross-Strait relations. We have an enduring interest in peace and stability in the Taiwan Strait. The United States remains firm in its adherence to a one-China policy based on the three joint U.S.-China communiques and the Taiwan Relations Act.

While the U.S. and China will have our differences – on human rights, Syria, and regional security issues in Asia – the key is for these differences to be addressed on the basis of a continuous and respectful dialogue. It also requires building trust and reducing the risk of miscalculation, particularly between our militaries.

President Obama and President Xi, who will soon meet for a summit in California, have both been clear that they seek a stronger military-to-military relationship. I am pleased that the dialogue between our armed forces is steadily improving. Over the course of the past year, positive developments include:

- We hosted then-Vice President Xi Jinping at the Pentagon, and later hosted China’s Minister of Defense;
- Secretary Panetta, General Dempsey and Admiral Locklear led delegations to China;
- The first ever Chinese observation of the US-Philippine Balikatan exercise;
- The first-ever joint counter-piracy exercise in the Gulf of Aden;
- The U.S. invitation for China to participate in RIMPAC, the Pacific’s largest multilateral Naval exercise;
- An agreement to co-host a Pacific Army Chiefs Conference with China for the first time;
- Later this year, I look forward to welcoming the Minister of Defense to the Pentagon.

While we are pleased to see this progress, it is important for both the United States and China to provide clarity and predictability about each other’s current and future strategic intentions.

Accordingly, China, the United States and all nations of the region have a responsibility to work together to ensure a vibrant regional security architecture that solves problems. America’s bilateral relationships and Alliances will continue to underpin the region’s security and prosperity, but multilateral institutions provide critical platforms and opportunities for countries to work together.

…The United States has been committed to ensuring peace and stability on the Korean Peninsula for sixty years. That means deterring North Korean aggression and protecting our allies, and achieving the complete
denuclearization of the Korean Peninsula. The United States will not stand by while North Korea seeks to develop a nuclear-armed missile that can target the United States.

The United States has been clear that we will take all necessary steps to protect our homeland and our allies from dangerous provocations, including significantly bolstering our missile defense throughout the Pacific. No country should conduct “business as usual” with a North Korea that threatens its neighbors. We are working closely with our ROK and Japanese allies to strengthen our posture and ability to respond to threats from North Korea. The prospects for a peaceful resolution also will require close U.S. coordination with China.

Beyond the peninsula, the United States also remains concerned over the potential for dangerous miscalculations or crises posed by numerous competing territorial claims in the region.

The United States has been clear that we do not take a position on the question of sovereignty in these cases. That does not mean, however, that we do not have an interest in how these disputes are addressed and settled. The United States stands firmly against any coercive attempts to alter the status quo. We strongly believe that incidents and disputes should be settled in a manner that maintains peace and security, adheres to international law, and protects unimpeded lawful commerce, as well as freedom of navigation and overflight.

In the South China Sea, the United States continues to call on all claimants to exercise restraint as they publicly pledged in 2002, and to seek peaceful means to resolve these incidents. In that regard, we support the recent agreement between China and ASEAN to establish crisis hotlines to help manage maritime incidents. The U.S. also welcomes efforts to start talks on a Code of Conduct for the South China Sea. We encourage claimants to explore all peaceful means of settling their territorial disputes and the use of the dispute adjudication resolution mechanisms provided by the Law of the Sea Convention. Such efforts should not hinder progress towards developing a binding Code of Conduct.

Even as we seek to uphold principles in well-established areas, we must also recognize the need for common rules of the road in new domains.

The U.S. and all nations in the region have many areas of common interest and concern in cyberspace, where the threats to our economic security, businesses and industrial base are increasing. In response, the United States is increasing investment in cyber security and we are deepening cyber cooperation with Allies in the region and across the globe. Next week I will attend a meeting of NATO Defense Ministers devoted to cyber issues.

We are also clear-eyed about the challenges in cyber. The United States has expressed our concerns about the growing threat of cyber intrusions, some of which appear to be tied to the Chinese government and military. As the world’s two largest economies, the U.S. and China have many areas of common interest and concern, and the establishment of a cyber working group is a positive step in fostering U.S.-China dialogue on cyber. We are determined to work more vigorously with China and other partners to establish international norms of responsible behavior in cyberspace.

The United States and its Asian-Pacific allies and partners are far more likely to be able to live peacefully and prosperously in a world where we are bound together by strong economic ties, mutual security interests and respect for rules, norms, and the institutions that underpin them.

**The 2014 U.S. Quadrennial Defense Review**

The U.S. did place more emphasis on China’s military modernization in the Quadrennial Defense Review it issued in March 2014. This document was issued after the Russian invasion of the Crimea and beginning intervention in the Ukraine in February 2014, but was developed before the Russian actions, before the scale of the U.S. intervention in Iraq and Syria was fully clear, and before it became clear the U.S. would have to stay in Afghanistan for years beyond its planned deadlines for withdrawal.

Powerful global forces are emerging. Shifting centers of gravity are empowering smaller countries and non-state actors on the international stage. Global connections are multiplying and deepening, resulting in greater interaction between states, non-state entities, and private citizens. In a fundamentally globalized
world, economic growth in Asia; aging populations in the United States, Europe, China, and Japan; continued instability in the Middle East and Africa; and many other trends interact dynamically. The operating environment is increasingly enabled by technology, which provides the types of capabilities once largely limited to major powers to a broad range of actors. The rapidly accelerating spread of information is challenging the ability of some governments to control their populations and maintain civil order, while at the same time changing how wars are fought and aiding groups in mobilizing and organizing.

Regional and global trends in the security environment, coupled with increasing fiscal austerity, will make it imperative that the United States adapt more quickly than it has in the past and pursue more innovative approaches and partnerships in order to sustain its global leadership role.

...Rebalancing and sustaining our presence and posture abroad to better protect U.S. national security interests. In striving to achieve our three strategic objectives, the Department will also continue to rebalance and sustain our global posture. We will continue our contributions to the U.S. rebalance to the Asia-Pacific region, seeking to preserve peace and stability in a region that is increasingly central to U.S. political, economic, and security interests. Faced with North Korea's long-range missiles and WMD programs - particularly its pursuit of nuclear weapons - the United States is committed to maintaining peace and security on the Korean Peninsula. As part of our broader efforts for stability in the Asia-Pacific region, the United States will maintain a robust footprint in Northeast Asia while enhancing our presence in Oceania and Southeast Asia. As we end combat operations in Afghanistan, we are prepared to transition to a limited mission focused on counterterrorism and training, advising, and assisting Afghan security forces.

...The United States has been a Pacific power for more than a century, with deep and enduring economic and security ties to the region. Particularly in the past six decades, the United States has helped ensure peace and prosperity in the Asia-Pacific region through our commitment to free and open commerce, promotion of a just international order, and maintenance of open access to shared domains. U.S. economic, security, and people-to-people ties with the region are strong and growing.

...The Asia-Pacific region is increasingly central to global commerce, politics, and security. Defense spending in this region continues to rise. As nations in the region continue to develop their military and security capabilities, there is greater risk that tensions over long-standing sovereignty disputes or claims to natural resources will spur disruptive competition or erupt into conflict, reversing the trends of rising regional peace, stability, and prosperity. In particular, the rapid pace and comprehensive scope of China’s military modernization continues, combined with a relative lack of transparency and openness from China’s leaders regarding both military capabilities and intentions.

A multilateral security architecture - composed of groups such as the Association of South East Asian Nations (ASEAN) and regional actors collaborating on issues ranging from humanitarian assistance to maritime security to counterterrorism - is emerging to help manage tensions and prevent conflict. Traditional anchors of regional security such as Australia, Japan, and the Republic of Korea (ROK), and growing powers such as India and Indonesia, are taking on additional leadership roles to foster increased communication and shared understanding.

As many Asia-Pacific countries seek to achieve greater prosperity, establish regional norms, and strive for a stable military balance, North Korea remains closed and authoritarian. North Korea’s long-range missile and weapons of mass destruction (WMD) programs - particularly its pursuit of nuclear weapons in contravention of its international obligations - constitutes a significant threat to peace and stability on the Korean Peninsula and in Northeast Asia and is a growing, direct threat to the United States.

...In striving to achieve our three strategic objectives, the Department will also continue to rebalance and sustain our global posture. We will continue our contributions to the U.S. rebalance to the Asia-Pacific region, seeking to preserve peace and stability in a region that is increasingly central to U.S. political, economic, and security interests. Faced with North Korea’s long-range missiles and WMD programs - particularly its pursuit of nuclear weapons - the United States is committed to maintaining peace and security on the Korean Peninsula. As part of our broader efforts for stability in the Asia-Pacific region, the United States will maintain a robust footprint in Northeast Asia while enhancing our presence in Oceania and Southeast Asia. As we end combat operations in Afghanistan, we are prepared to transition to a limited mission focused on counterterrorism and training, advising, and assisting Afghan security forces.

...U.S. interests remain inextricably linked to the peace and security of the Asia-Pacific region. The
Department is committed to implementing the President’s objective of rebalancing U.S. engagement toward this critical region. Our enduring commitment to peace and security in the Asia-Pacific region requires a sustained ability to deter aggression, operate effectively across all domains, and respond decisively to emerging crises and contingencies. In support of these goals, we are enhancing and modernizing our defense relationships, posture, and capabilities across the region.

The centerpiece of the Department of Defense commitment to the U.S. Government’s rebalance to the Asia-Pacific region continues to be our efforts to modernize and enhance our security alliances with Australia, Japan, the ROK, the Philippines, and Thailand. We are taking steps with each of our allies to update our combined capacity and to develop forward-looking roles and missions to address emerging regional challenges most effectively. We are also deepening our defense relationships with key partners in the region, such as Singapore, Malaysia, Vietnam, and many others. Through both our alliances and partnerships, we are focused on enhancing our partners’ capacity to address growing regional challenges in areas such as missile defense, cyber security, space resilience, maritime security, and disaster relief.

With China, the Department of Defense is building a sustained and substantive dialogue with the People’s Liberation Army designed to improve our ability to cooperate in concrete, practical areas such as counter-piracy, peacekeeping, and humanitarian assistance and disaster relief. At the same time, we will manage the competitive aspects of the relationship in ways that improve regional peace and stability consistent with international norms and principles.

Underpinning all of the Department’s engagements in the Asia-Pacific region is our commitment to key principles and values that are essential to regional peace and security. We are working to support and expand the flourishing network of multilateral organizations and engagements that are taking root in the region. We are focused on promoting responsible behaviors and establishing mechanisms that will prevent miscalculation and disruptive regional competition and avoid escalatory acts that could lead to conflict. This includes supporting trilateral engagements and exercises, as well as strengthening ASEAN’s central role in the region through participation in institutions such as the ASEAN Defense Ministers’ Meeting-Plus.

As we end combat operations in Afghanistan, we are prepared to transition to a limited mission focused on counterterrorism and training, advising, and assisting Afghan security forces. We will continue efforts to help stabilize Central and Southwest Asia and deepen our engagement in the Indian Ocean region to bolster our rebalance to Asia. The stability of Pakistan and peace in South Asia remain critical to this effort. The United States supports India’s rise as an increasingly capable actor in the region, and we are deepening our strategic partnership, including through the Defense Trade and Technology Initiative.

**Secretary Ashton Carter’s Speech in May 2015**

Growing tensions over air defense zones, the East China Sea, and South China Sea helped lead Secretary Hagel’s successor, Ashton Carter, to put still more emphasis on competition with China when he spoke at the 2015 Shangri-La Dialogue. Secretary Carter did call for “a regional security architecture where everyone rises,” and for cooperation with China. Yet, Secretary Carter also focused on U.S. strategic partnerships and regional security arrangements in Asia, and was very specific about China’s actions in the South China Sea.12

*Yet, one country has gone much further and much faster than any other. And that’s China.*

China has reclaimed over 2,000 acres, more than all other claimants combined…and more than in the entire history of the region. And China did so in only the last 18 months. It is unclear how much farther China will go. That is why this stretch of water has become the source of tension in the region and front-page news around the world.

The United States is deeply concerned about the pace and scope of land reclamation in the South China Sea, the prospect of further militarization, as well as the potential for these activities...to increase the risk of miscalculation or conflict among claimant states. As a Pacific nation, a trading nation, and a member of the international community, the United States has every right to be involved and concerned. But these are not just American concerns. Nations across the region and the world, many of you here in the room today,
have also voiced the same concerns and raised questions about China’s intentions in constructing these massive outposts.

So let me make clear the position of the United States:

First, we want a peaceful resolution of all disputes. To that end, there should be an immediate and lasting halt to land reclamation by all claimants. We also oppose any further militarization of disputed features. We all know there is no military solution to the South China Sea disputes. Right now, at this critical juncture, is the time for renewed diplomacy, focused on finding a lasting solution that protects the rights and the interests of all. As it is central to the regional security architecture, ASEAN must be a part of this effort: the United States encourages ASEAN and China to conclude a Code of Conduct this year. And America will support the right of claimants to pursue international legal arbitration and other peaceful means to resolve these disputes, just as we will oppose coercive tactics.

Second, the United States will continue to protect freedom of navigation and overflight – principles that have ensured security and prosperity in this region for decades. There should be no mistake: the United States will fly, sail, and operate wherever international law allows, as U.S. forces do all over the world. America, alongside its allies and partners in the regional architecture, will not be deterred from exercising these rights – the rights of all nations. After all, turning an underwater rock into an airfield simply does not afford the rights of sovereignty or permit restrictions on international air or maritime transit.

Finally, with its actions in the South China Sea, China is out of step with both the international rules and norms that underscore the Asia-Pacific’s security architecture, and the regional consensus that favors diplomacy and opposes coercion. These actions are spurring nations to respond together in new ways: in settings as varied as the East Asia Summit to the G-7, countries are speaking up for the importance of stability in the South China Sea. Indonesia and the Philippines are putting aside maritime disputes and resolving their claims peacefully. And in venues like ADMM-Plus and East Asia Maritime Forum [sic: Expanded ASEAN Maritime Forum], nations are seeking new protocols and procedures to build maritime cooperation.

The United States will always stand with its allies and partners. It’s important for the region to understand that America is gonna remain engaged...continue to stand up for international law and universal principles...and help provide security and stability in the Asia-Pacific for decades to come.

The South China Sea is just one issue we will face as the Asia-Pacific continues to rise and prosper. There will surely be others. We cannot predict what challenges the future holds, but we do know how we can work to ensure the peace and prosperity...the region, and the opportunity to rise for all nations and all people...for that to happen, we must do so together. What the region needs instead, is an architecture where everyone rises and everybody wins.

The 2015 Asia-Pacific Maritime Security Strategy

U.S. strategy and the U.S. force posture in the Pacific has continued to evolve, although – as Chapter Sixteen explores in depth – the U.S. has still not shaped clear plans to fully implement its strategy of rebalancing of forces and creating strategic partnerships in Asia.

The U.S. issued a new version of its Asia-Pacific Maritime Security Strategy in July 2015 that reiterated the U.S. commitment to maintaining regional stability. The document emphasizes greater U.S. cooperation with regional allies and security institutions. A particular portion directed towards China restates the U.S. policy that “The Department will continue to fly, sail, and operate wherever international law allows.

It outlined four major priorities for U.S. forces in the region:”

First, we are strengthening our military capacity to ensure the United States can successfully deter conflict and coercion and respond decisively when needed. The Department is investing in new cutting-edge capabilities, deploying our finest maritime capabilities forward, and distributing these capabilities more widely across the region. The effort also involves enhancing our force posture and persistent presence in the region, which will allow us to maintain a higher pace of training, transits, and operations. The United
States will continue to fly, sail, and operate in accordance with international law, as U.S. forces do all around the world. The Department will continue to fly, sail, and operate wherever international law allows.

Second, we are working together with our allies and partners from Northeast Asia to the Indian Ocean to build their maritime capacity. We are building greater interoperability, updating our combined exercises, developing more integrated operations, and cooperatively developing partner maritime domain awareness and maritime security capabilities, which will ensure a strong collective capacity to employ our maritime capabilities most effectively.

Third, we are leveraging military diplomacy to build greater transparency, reduce the risk of miscalculation or conflict, and promote shared maritime rules of the road. This includes our bilateral efforts with China as well as multilateral initiatives to develop stronger regional crisis management mechanisms. Beyond our engagements with regional counterparts, we also continue to encourage countries to develop confidence-building measures with each other and to pursue diplomatic efforts to resolve disputed claims.

Finally, we are working to strengthen regional security institutions and encourage the development of an open and effective regional security architecture. Many of the most prevalent maritime challenges we face require a coordinated multilateral response. As such, the Department is enhancing our engagement in ASEAN-based institutions such as the ASEAN Defense Ministers Meeting Plus (ADMM-Plus), ASEAN Regional Forum (ARF), and the Expanded ASEAN Maritime Forum (EAMF), as well as through wider forums like the Western Pacific Naval Symposium (WPNS) and Indian Ocean Naval Symposium (IONS), which provide platforms for candid and transparent discussion of maritime concerns.

The report showed, however, that the U.S. was also seeking to increase military-to-military cooperation and transparency with China in the hopes of avoiding “accidents of miscalculations” that could damage relations. U.S. officials want China to cooperate in order to improve regional security.¹⁴

China’s rise as a political, economic, and military actor is a defining characteristic of the 21st century; and we have a broad, complex relationship that has both elements of cooperation and competition. As a result, our defense engagement strategy considers both elements. The Department pursues an objectives-based military-to-military relationship with China that seeks to deepen cooperation in areas of mutual interest and to manage security competition and friction in a way that supports overall stability. To reach these objectives, DoD pursues a defense relationship with China based on three pillars and related efforts.

First, DoD pursues sustained and substantive dialogue through policy and senior leader engagement to develop common views on the international security environment and related challenges. Second, we are attempting to build concrete, practical areas to develop the capacity to cooperate in areas of shared interest. Lastly, DoD is enhancing risk reduction measures through focused activities that seek to improve operational safety and to develop and institutionalize modalities (such as the Defense Telephone Link) that can reduce the potential for accidents or miscalculations that could derail the overall bilateral relationship.

**From Rebalancing to Asia to Global Rebalancing**

Moreover, by this time, the U.S. had also begun to make major qualifications to its strategy of rebalancing to Asia. Budget limitations had a major impact in limiting the size and readiness of U.S. forces, and rising tensions with Russia, growing U.S. military commitments in the Middle East to deal with threat like ISIS and Iran, and the Afghan war, had begun to lead in 2014 to a broader global approach to “rebalancing.” This was clearly reflected in the FY2016 Defense Budget Overview that the Department of Defense submitted as part of the President’s FY2016 budget request in February 2015 – which made some quiet adjustment in the emphasis of the 2014 QDR.¹⁵

The 2014 QDR outlines three mutually-supporting pillars that shape our defense priorities: protect the homeland; build security globally; and project power and win decisively:

- Protect the homeland to deter and defeat threats to the nation and to mitigate the effects of potential attacks and natural disasters. This means making selective investments in missile
defense, nuclear modernization, and cyber capabilities. It also means sustaining capacity to protect
U.S. airspace and shores, as well as reshaping the ability of the military forces to provide support
to civil authorities when needed.

- Build security globally to preserve regional stability, deter adversaries, support allies and
partners, and cooperate with others to address common security challenges. In practice, this means
continuing to rebalance the Department’s posture and presence to the Asia-Pacific while
maintaining a focus on the Middle East. It also means working closely with European partners to
strengthen their capabilities, maximizing the impact of a relatively small U.S. presence in Africa,
and working with interagency partners to counter illicit drug trafficking and transnational criminal
organization activity.

- Project power and win decisively to defeat aggression, disrupt and destroy terrorist networks,
and provide humanitarian assistance and disaster relief. Sustaining superior forces remains a top
priority for force planning and development, so the following focus areas will be key: countering
anti-access challenges; space; counterterrorism; precision strike; intelligence, surveillance and
reconnaissance; and resilience.

The U.S. forces will be capable of simultaneously defending the homeland, conducting sustained,
distributed counter-terrorist operations, and deterring aggression as well as assuring allies through forward
presence and engagement in multiple regions. If deterrence fails, the military forces will be capable of
defeating a regional adversary in a large-scale multi-phased campaign, and denying the objectives of — or
imposing unacceptable costs on — a second aggressor in another region. The President’s budget provides
the resources to build and sustain the capabilities needed to conduct these operations, although at higher
levels of risk for some missions, most notably if the military forces are confronted with a technologically
advanced adversary or required to respond to more than one major contingency simultaneously. Across
each of the three pillars, the Department is committed to finding creative, effective, and efficient ways to
achieve U.S. goals. Innovation—within the Department and with interagency and international partners —
is a central line of effort.

The Department must rebalance the Joint Force to address major changes in the security environment.

**Rebalancing for a broad spectrum of conflict.** Future conflicts could range from hybrid contingencies
against non-state actors to high-end conflicts against states armed with weapons of mass destruction and/or
advanced anti-access and area-denial capabilities. To address this diverse range of challenges, the U.S.
military will broaden its capabilities to the full spectrum of possible operations. While preserving hard-won
expertise in counterinsurgency and stability operations, the Joint Force must also be prepared to battle
sophisticated adversaries employing advanced warfighting capabilities, to include space and cyber
capabilities. The Department will sustain robust investments in science, technology, research, and
development in areas most critical to meeting future challenges or where there is greatest potential for
game-changing advances.

**Rebalancing and sustaining presence and posture abroad to protect U.S. national security interests.**
In meeting its priorities, the Department will continue to rebalance and sustain its global posture. The
Department will continue its contributions to the Asia-Pacific rebalance, while remaining fully committed
to the security of allies and partners in the Middle East. The Department will continue to work with allies
and partners in Europe to promote regional security, Euro-Atlantic integration, enhanced military
capability, and enhanced interoperability. Across the globe, DoD will ensure that the Joint Force is properly
manned, trained, and equipped in the event of a crisis.

**Rebalancing capability, capacity, and readiness within the Joint Force.** After more than 10 years of
conflict and amid ongoing budget reductions, the Joint Force’s full spectrum readiness capabilities have
atrophied.

It is important to note that U.S. strategy was changing more visibly in response to both China
and other regional concerns than China’s declared strategy was changing. China’s actions,
however, involved arising confrontation over claims in the South China Sea, claims to islands
occupied by Japan and air zone rights in the Northeast Pacific, efforts to expand Chinese ties to
South Korea and prevent the deployment of missile defenses in that country, efforts to expand
strategic ties to Russia, and an effort to create a New Silk Road to expand Chinese influence in the Indian Ocean and Gulf as well as create new land transit capacity to Europe.

**Secretary Ashton Carter’s Speech at 2016 Shangri-La Dialogue**

This may help explain why Secretary Carter gave a more reserved speech at the Shangri-La Dialogue in June 2016. While Carter underlined comments from his 2015 speech about US intention to “fly, sail, and operate wherever international law allows”, the focus was more on encouraging China to cooperate with the United States and other regional parties within a rules-based international order.16

As we weave these bilateral, trilateral, and multilateral relationships together, it’s important to remember that this principled network is not aimed at any particular country: it is open and excludes no one. This means that as nations want to contribute to regional stability and security, they can work together with other nations in the network to do so.

The United States welcomes the emergence of a peaceful, stable, and prosperous China that plays a responsible role in the region’s principled security network. We know China’s inclusion makes for a stronger network and a more stable, secure, and prosperous region.

In all of our interactions with our Chinese counterparts, the United States consistently encourages China to take actions that uphold – and do not undercut – the shared principles that have served so many in Asia-Pacific so well.

The region will be stronger, safer, and more prosperous when all countries are working toward a common vision in which shared principles are upheld, all countries enjoy equal treatment irrespective of their size or strength, and disputes are resolved peacefully and lawfully.

Unfortunately, there is growing anxiety in this region, and in this room, about China’s activities on the seas, in cyberspace, and in the region’s airspace. Indeed, in the South China Sea, China has taken some expansive and unprecedented actions that have generated concerns about China’s strategic intentions.

And countries across the region have been taking action and voicing concerns publicly and privately, at the highest levels, in regional meetings, and global fora. As a result, China’s actions in the South China Sea are isolating it, at a time when the entire region is coming together and networking. Unfortunately, if these actions continue, China could end up erecting a Great Wall of self-isolation.

Now, the United States is not a claimant in the current disputes in the South China Sea. And we do not take a position on which claimant has the superior sovereignty claim over the disputed land features.

But, the United States will stand with regional partners to uphold core principles, like freedom of navigation and overflight, and the peaceful resolution of disputes through legal means and in accordance with international law.

As I affirmed here last year and America’s Freedom of Navigation Operations in the South China Sea have demonstrated, the United States will continue to fly, sail, and operate wherever international law allows, so that everyone in the region can do the same.

And the United States will work with all Asia-Pacific nations to ensure these core principles apply just as equally in the vital South China Sea as they do everywhere else. Because only when everyone plays by the same rules can we avoid the mistakes of the past, like when countries challenged one another in contests of strength and will, with disastrous consequences for the region.

The United States views the upcoming ruling by the UN Arbitral Tribunal on the South China Sea as an opportunity for China and the rest of the region to recommit to a principled future, to renewed diplomacy, and to lowering tensions, rather than raising them. All of us should come together to ensure that this opportunity is realized.

The United States remains committed to working with China to ensure a principled future. Our two countries have a long-standing military-to-military relationship. We recently completed two confidence-building measures, one on maritime rules of behavior and another on crisis communications. The regular
U.S.-China Military Maritime Consultative Agreement talks were just held in Hawaii. And China will also be back at RIMPAC this year. In fact, the United States and China plan to sail together from Guam to Hawaii for RIMPAC, conducting several exercise events along the way, including an event to practice search-and-rescue.

And the United States wants to strengthen those ties. I plan, at President Xi’s invitation, to discuss this deeper cooperation as well as the concerns I’ve outlined here, when I travel to Beijing later this year. America wants to expand military-to-military agreements with China to focus not only on risk reduction, but also on practical cooperation. Our two militaries can all also work together, bilaterally or as part of the principled security network, to meet a number of challenges – like terrorism and piracy – in the Asia-Pacific and around the world.

After all, both our nations share so many interests. And we face many of the same global challenges. The United States expects and welcomes a China that plays a responsible role in world affairs commensurate with its wealth and potential influence. Together in a network represented by all the delegates in this room, we all can do so much. And the United States wants to work with China to find solutions for the global problems we’re both facing and seize the many opportunities before us.

By networking security together, the United States, China, and all others in the region can continue to ensure stability and prosperity in a dynamic region. We can become more interconnected; we can develop greater interoperability; we can innovate together on shared capabilities. And we can continue to ensure that this region’s historic change becomes historic progress…giving everyone and every nation in the Asia-Pacific the opportunity to rise and prosper and win.

The Department of Defense document presenting the President’s FY2017 budget request did mention China but only as one of the strategic focuses in U.S. strategy.

The geopolitical developments of the last year have only reinforced the need to adequately resource the Department of Defense (DoD). The Department’s response to recent events, which include the Islamic State of Iraq and the Levant (ISIL) offensive into Iraq and Syria, the Russian Federation’s aggressive acts and attempts to intimidate neighboring countries, China’s continued anti-access military modernization programs and its island-building and sovereignty claims in international waters, as well as high-profile cyberattacks, have placed additional pressures on DoD that would be extremely difficult to resource should the Department be forced to return to sequester level funding after FY 2017.

Like the FY2016 defense budget request before it, it focused on global rebalancing rather than rebalancing to Asia. This reflected a key change in U.S. strategy, and the need to respond to increased tensions in other regions and with powers like Russia. It called for the U.S. to seek a balanced Joint Force to meet worldwide needs, and, not for rebalancing to Asia.

For much of the past decade, the DoD focused on fighting terrorism and countering violent insurgencies. The Department will continue the fight as long as these threats exist. But the security environment is rapidly changing as warfare evolves across all domains. The defense strategy outlined in the 2014 QDR and supported in this budget focuses on a Joint Force with the ability to simultaneously protect the homeland; provide a global presence in support of U.S. interests; and project power against a range of adversaries and challenges across the spectrum of conflict.

The FY 2017 budget request is consistent with the FY 2016 budget request in planning to adjust the size of the force over the next several years to a level of 980,000 soldiers, 308 ships, 182,000 active-duty Marines, and 55 Air Force tactical fighter squadrons. The budget continues to make informed choices to achieve a modern, ready, and balanced force to meet the full range of potential military missions. The restructured force will sustain its technological edge, be capable of deterring and, if necessary, defeating aggression, and improve its readiness to accomplish key missions.

… The United States continues to face a rapidly changing security environment, as warfare evolves across all domains. The Department must maintain ready forces with superior capabilities to deter potential adversaries and defeat attacks across the full spectrum of conflict and address a wide range of security challenges. The nation faces emerging challenges in particular from Russia and China, who continue to develop military systems and doctrine that could erode traditional U.S. military advantages in specific
The nation will also continue to confront terrorists around the globe, most immediately in Iraq and Syria as part of operations to counter the Islamic State in Iraq and the Levant (ISIL). Thus, the Department’s strategic approach to resourcing and developing the Joint Force must be to ensure its ability to deter aggression posed by these priority threats while continuing to prosecute counter-terrorism operations. The Department’s budget must enable the Joint Force to fight and win today while simultaneously prioritizing and protecting its capability and readiness to ensure the United States can fight and win in possible future conflicts.

The Department must balance the Joint Force and adapt to changes in the security environment. The Secretary of Defense has directed the Department to prioritize the challenges presented by ongoing or possible future aggression from China, Russia, Iran, and North Korea, as well as maintaining the capabilities to conduct ongoing counter-terrorism operations. These five challenges are informative to balancing the Joint Force.

Balancing for broad spectrum of conflict. Future conflicts could range from hybrid contingencies against state or non-state actors to high-end conflicts against states armed with weapons of mass destruction and/or advanced anti-access and area-denial capabilities. To address this diverse range of challenges, the U.S. military will continue to invest in a broad range of capabilities to support the full spectrum of possible operations. While preserving hard-won expertise in countering insurgency and stability operations, the Joint Force must also be prepared to battle sophisticated adversaries employing advanced warfighting capabilities, especially space and cyber. The Department will sustain robust investments in science, technology, research, and development in areas most critical to meeting future challenges or where there is greatest potential for game-changing advances.

Balancing presence and sustaining posture abroad to protect U.S. national security interests. In meeting the defense priorities of the nation, the Department will continue to ensure the right balance is achieved to sustain a global posture that deters aggression and safeguards the nation’s allies. The Department will continue its contributions to the Asia-Pacific rebalance, while remaining committed to the security of allies and partners in the Middle East.

The Department will continue to work with allies and partners in Europe to promote regional security, Euro-Atlantic integration, enhanced military capability, and enhanced interoperability. Across the globe, DoD will ensure that the Joint Force is properly manned, trained, and equipped in the event of a crisis.

The Chinese Response

China too, however, updated its view of the strategic choices between cooperation and competition. In 2015, the Deputy Chief of the PLA General Staff Department, Admiral Sun Jianguo, responded with much the same care and moderation as Secretary Carter in his speech at the Shangri-La Dialogue:

Let me take this opportunity to illustrate China’s policies, concepts, practices and proposals on safeguarding peace and security.

I. China adheres to the path of peaceful development and is committed to promoting regional and international prosperity and stability.

We have but one planet and countries share one world. Committed to peaceful development, China upholds a national defence policy that is defensive in nature. A more developed and stronger China will bring important opportunities, common prosperity and positive energy to countries around the world.

China advocates the building of a community of shared destiny, providing its strategy for peace and development of mankind. Our world today is witnessing in-depth development in multipolarisation and economic globalization, and constant progress is being made in IT application and cultural diversity. It has become a salient feature of human progress that countries are increasingly interdependent and they fall and rise together. As early as in 2012, based on his profound insight into the future of human destiny, Chinese President Xi Jinping put forward the idea of building a community of shared destiny for all mankind. At the Boao Forum for Asian Annual Conference last March, President Xi further advocated that countries need to
respect each other and treat each other as equals, seek win-win cooperation and common development, pursue common, comprehensive, cooperative and sustainable security, and uphold inclusiveness and mutual learning between civilizations. This grand vision transcends national and ideological boundaries. It is a new vision that will promote the world to enduring peace and common prosperity, and represents China’s wisdom to work with the rest of the world to build a better home for mankind.

China is committed to promoting win-win cooperation and a new model of international relations that meets the security and development needs of all countries. Confrontation must be replaced with cooperation and zero-sum game with mutual benefits if the purposes and principles of the UN Charter are to be carried forward. And this is also the way to achieve peaceful development. To keep up with the times, we cannot live in the 21st century with outdated thinking from the age of colonial expansion or the zero-sum mentality of the Cold War. Cooperation for win-win outcomes should be adopted as the fundamental goal in interactions between countries. And it is necessary to seek common ground while shelving differences, increase common interests and defuse disputes, and pursue peace, development and security through cooperation. While seeking security and development for themselves, countries need to accommodate the security of others and work for common development of all.

China advocates common, comprehensive, cooperative and sustainable security and the building of a path towards security that is shared by and win-win to all. In today’s world, security means much more than before and its implications go well beyond a single region or time frame and all kinds of factors are becoming increasingly complex and intertwined. No country can enjoy the security of its own while leaving the rest insecure. Nor can one seek absolute security of itself at the expense of the security of others. Countries should resolve disputes and differences through peaceful dialogue and negotiation and accommodate the security concerns of others while safeguarding their own. It is important to take into consideration both history and reality concerning security issues and tackle traditional and non-traditional security issues in a coordinated way. It is important to emphasize both development and security, encourage partnership instead of alliance, and establish more inclusive and constructive partnership without setting imaginary enemies or targeting any third party, so as to promote sustainable security through sustainable development.

China firmly believes in the approach of upholding justice while pursuing shared interests and values faith, friendship, justice and principles in international affairs. Committed to upholding justice while pursuing common interests, China has provided assistance to other countries to the best of its ability and shall always be a reliable friend and sincere partner of other developing countries. China strives to play a constructive role in international affairs with an objective and impartial position, and will never depend on or subjugate itself to any external forces. Believing in openness and inclusiveness, China respects the social systems and development paths chosen by the people for their own countries and stands for tolerance and mutual learning among civilizations, with a view to jointly contributing to human progress.

II. China actively fulfils its international responsibilities and obligations and plays a constructive role in safeguarding regional and international security and stability.

As a permanent member of the UN Security Council and a responsible major country, China has actively engaged in international security cooperation and played a unique role in the effort to create a peaceful, stable, prosperous neighbourhood and provided public services to address global problems and challenges.

First, fulfil international obligations as a major country and actively participate in the missions under the UN Framework. Since 1990, the Chinese military has sent over 30,000 officers and soldiers to participate in 24 UN peace-keeping missions. This year, for the first time, China sent an infantry battalion of 700 personnel to South Sudan. China is the largest force contributor among the permanent members of UNSC. Authorized by the UNSC resolutions, China has sent 20 task groups of 59 naval vessels to the Gulf of Aden and the waters off Somalia since 2008, providing protection to nearly 6,000 ships of which half are from foreign countries. Answering to the call of the UNSC and OPCW, Chinese naval ships accomplished the task to escort the ships delivering Syria’s chemical weapons for destruction in 2014.

Second, promote humanitarian spirit and actively participate in disaster relief and emergency response efforts. China shares the pain and difficulties of the affected countries and stands ready to provide personnel, financial and material assistance to the best of its ability. In responding to the typhoon disaster in the Philippines, in searching for the missing passenger plane of Malaysian Airlines, in fighting the Ebola
Third, address common security challenges and deepen practical security cooperation. China has actively enhanced its bilateral and multilateral defence and security cooperation in a bid to work with the rest of the world to deal with security threats and challenges. Up to now, the Chinese military has conducted over 100 joint military exercises and training activities with more than 50 countries. In April this year, the Chinese and U.S. naval ships held the CUES exercise in the South China Sea. In the middle of this month, the Chinese and Russian navies carried out a joint exercise in the Mediterranean Sea aimed at protecting open sea shipping. A few days ago, China sent personnel to take part in the 4th ARF disaster relief exercise in Malaysia. Over the years, China helped train tens of thousands of military personnel of various kinds for more than 130 countries. China has also taken an active part in international humanitarian mine clearance assistance by training technical personnel from Afghanistan, Iraq and Sudan, donating mine clearance equipment and providing assistance to relevant countries.

Fourth, enhance mutual understanding and trust and strengthen defence and security dialogue and exchanges. China is actively advancing the steady development of the new model of military-to-military relationship with the United States, enriching the security connotation of China-Russia comprehensive strategic and cooperative partnership, building up a closer China-ASEAN Community of Shared Destiny, taking the initiative to launch China-ASEAN Defence Minister’s informal meetings, establishing defence and security consultation mechanisms with 27 countries and actively participating in multilateral defence exchanges within the frameworks such as Shanghai Cooperation Organization, ASEAN Regional Forum and ASEAN Defence Ministers’ Meeting Plus.

Fifth, safeguard regional peace and stability and properly handle disputes over territorial sovereignty and maritime rights and interests. China commits to forge friendship and partnership with its neighbours and foster amity, sincerity, mutual benefit and inclusiveness in its neighbourhood. So far, China has completed the delimitation of land borders with 12 of its 14 neighbours, and established the maritime boundary with Vietnam in the Beibu Gulf. China has signed treaties of good neighbourliness, friendship and cooperation with eight of its neighbours and has started the negotiation on a similar treaty with ASEAN. When dealing with maritime disputes with relevant neighbouring countries, China has always kept in mind the large picture of maritime security. In spite of the sufficient historical and legal evidence and its indisputable claims of rights and interests, China has exercised enormous restraint, making positive contributions to peace and stability of the region and the world at large.

At present, the situation in the South China Sea is on the whole peaceful and stable, and there has never been an issue with the freedom of navigation in the South China Sea. China has carried out construction on some islands and reefs in the South China Sea mainly for the purpose of improving the functions of the relevant islands and reefs and the working and living conditions of personnel stationed there. Apart from meeting the necessary defence needs, it is more geared to better perform China’s international responsibilities and obligations regarding maritime search and rescue, disaster prevention and relief, maritime scientific research, meteorological observation, environmental protection, safety of navigation, and fishery production services.

China has built an oceanic survey station for the United Nations on the Yongshu Jiao and started the construction of two multifunctional lighthouses on the Huayang Jiao and Chigua Jiao, and these construction projects are for the purpose of providing international public services. As a major country, the scale and pace of its construction is in line with the international responsibilities and obligations China assumes in the South China Sea.

I want to reaffirm that these construction projects fall well within the scope of China’s sovereignty and are legitimate, justified and reasonable. They do not target any other countries or affect the freedom of navigation. There are no changes in China’s claims in the South China Sea, no changes in China’s position on peaceful resolution of the relevant disputes through negotiation and consultation, no changes in China’s
will to safeguard the freedom and safety of navigation in the South China Sea, and no changes in China’s
goal to uphold peace and stability in the South China Sea. We hope relevant countries will work together in
the same direction to build the South China Sea into a sea of peace, friendship and cooperation.

I wish to explain to you that it only took China several decades to accomplish the progress developed
countries made in several hundred years, which China undoubtedly can be proud of. China has become
the world’s second largest economy since 2010 in aggregate terms. However, with a total population of over
1.3 billion, China’s per capita GDP ranks around the 90th place in the world, and China is still the largest
developing country in the world. China’s water, oil and gas resources in per capita terms are only about
25%, 20% and 5% respectively of the world average, and its per capita farmland is less than half of the
world average. Each year, another 10 million workers need to find jobs in cities, and there are over 8.5
million people with disabilities in China.

According to World Bank standards, there are still over 200 million people living under the poverty line in
China. What’s more, China is under huge pressure when it comes to treatment of environmental pollution
and ecological protection. These difficulties that China faces in its development are beyond the imagination
of other countries. In spite of such circumstances, China has actively fulfilled various international
obligations and done its utmost to help countries and peoples in need, and this demonstrates the earnest
effort of the Chinese government and people to translate the vision for a community of shared destiny into
reality.

III. Vigorously enhance defence and security cooperation and make greater contribution to common
security of the region and the world. Peaceful development needs the joint efforts of all
countries. Defence departments and militaries of various countries should strengthen defence and security
cooperation and jointly safeguard regional and world security and stability. Here, I would like to share with
you the following ideas and proposals in this profession.

- Pursue enduring peace. History and reality have told us that wars, like devil and nightmare, bring disaster
and deep sufferings to mankind and must be resolutely prevented. Peace, like air and sunshine, is hardly
noticed when people are benefiting from it, but no one can survive without it and utmost care must be given
to look after it.

The Chinese military will unswervingly defend the core national interests, unswervingly promote defence
and security cooperation, unswervingly shoulder international responsibilities and fulfil international
obligations. We are ready to work with defence departments and militaries of all countries, stay committed
to taking history as a mirror, and make joint efforts to safeguard the post-war international order with the
United Nations as the core and based on the purposes and principles of the UN Charter, jointly safeguard
world peace, so that people of all countries can share peace and happiness.

- Uphold mutual trust and inclusiveness. Only when countries treat each other with mutual trust, honouring
of commitment, mutual understanding and inclusiveness, can they find more common ground, resolve
differences, and work together for the common interests. We should take mutual respect as the prerequisite.
All countries, big or small, rich or poor, strong or weak, are equal members of the international community
and enjoy equal rights to participate in international affairs.

The affairs of a country should be run by that country independently. We should uphold fairness and
objectiveness, and make assessment of things taking place on the international stage on the basis of their
merits or demerits, rather than following double standards and making irresponsible remarks based on
one’s own subjective preferences or sowing discord. We should value inclusiveness as a principle. Since
countries have different histories, cultures and traditions, the defence departments in various countries
should have more understanding and trust, and less suspicion or misgivings, so as to really turn mutual trust
into a bridge and bond for realizing common security and building a community of shared destiny for
mankind.

- Adhere to the effective approach of dialogue and consultation. It is not so terrible to have differences.
What is important is to find the measures and ways to resolve them. We should seek resolutions to disputes
and differences step by step through strengthening mutual understanding and consensus building via
peaceful negotiations while preventing conflicts and confrontation. We should focus on common interests
and strive to expand common interests through strengthening cooperation.
We should continue to construct and use well the existing regional security cooperation mechanisms, such as the Shanghai Cooperation Organization, the Conference on Interaction and Confidence-Building Measures in Asia, the ASEAN Regional Forum, and ASEAN Defence Ministers' Meeting Plus, so as to provide guarantee for enduring peace in the region. At present, China and ASEAN countries are exploring the establishment of crisis management measures such as bilateral defence telephone links. China and Japan have restarted consultation over maritime and air liaison mechanism. Currently, China is working with the U.S. to further improve the Rules of Behaviour for Safety of Air and Maritime Encounters.

- Meet the inherent demand for sharing responsibilities. All countries, big or small, have the equal rights to participate in regional security affairs and share the responsibilities to maintain world peace and regional stability. Big countries should take on responsibilities for a big country and should not bully small countries. Small countries need to meet responsibilities for a small country, provoke no incident and refrain from hijacking regional security for selfish gains.

Developed countries possess and control a larger part of global resources and should shoulder more responsibilities in the joint endeavour to meet global challenges and major security threats. Developing countries should strive to overcome difficulties and take progressive steps to gradually improve their security environment and play a role corresponding to their strength in promoting international security.

- Uphold the core concept of win-win cooperation. In the new historical era, force cannot build peace and power cannot guarantee security. Only through win-win cooperation can we do big and good things which can last in the long run. China proposes the “Belt and Road” initiative, and is in the process of establishing the Asian Infrastructure Investment Bank, and all of these will bring tangible benefits to countries in the region. In October this year, China will host the China-ASEAN Defence Ministers’ Special Meeting and the 6th Xiangshan Forum in Beijing. We are ready to discuss with other countries the way ahead for defence and security cooperation. We hope that all countries in the world will, in the spirit of win-win and all-win cooperation, strengthen communication and consultation, and make concerted efforts to safeguard peace and stability.

A year later, at the Shangri-La Dialogue in 2016, Admiral Sun returned with only a slightly more combative message. With the resolution of the China-Philippines Permanent Court of Arbitration case looming, he noted that, “China’s South China Sea policy has not and cannot change.” Admiral Sun offered an expansive and more stern overview of China’s developing defense policy, but one that still stressed the need for peace and cooperation.20

The Chinese army is currently undergoing a holistic, revolutionary transformation, including the disarmament of 300,000 service personnel. I believe that when the current Chinese army is held in comparison to the world’s advanced armies, the disparity is relatively great, and the per capita military expenditure on each serviceman is only US$60,000, hugely disparate from the US, the UK, France, and Japan’s more than US$200,000 to US$300,000 per capita expenditure. And so, China’s army must drive reform forward, increase benefits, strengthen construction and speed up development.

China holds the banner of peace, development, cooperation and mutual profitability high, and has all along pursued a defensive national-defence policy. China holds no ambition to proclaim itself hegemon. After being reformed the army will increase self-defence and defence capability, and make even more and even better contributions to regional and international peace and security. It will promote the mutual establishment of cultural exchange across different civilisations, and forge a firm foundation for security governance.

There are many different nationalities, religions and cultures in the Asia-Pacific region; societal systems, development paths, and the standards of economic development are all different. The acknowledgement of and concern about related security issues is not the same. China opposes linking terrorism to a particular religion; to establish contact, it promotes strengthening cultural-exchange dialogue, shows tolerance to mutual establishments. It is a proponent of harmony and diversity, it transforms cultural diversity and differences between countries into development vigour and power, so that the different cultures of the Asia-Pacific region can peacefully coexist and become a model of harmonious symbiosis.

China’s Ministry of Defense and army have actively developed comprehensive international communication and mutually beneficial cooperation, deepening mutual trust with all countries,
continuously enriching the content and form of communication and cooperation. We strive to build a new type of mutually trusting, cooperative, non-conflicting and non-confrontational Sino-US military relationship, supporting measures to reduce disasters, keeping peace, countering pirate activity and other domains – the continued deepening of communicative cooperation.

In the interim, both China and the US are preparing to participate in the RIMPAC 2016 military exercises. China and Russia’s military relations are maintained at a high level; not long ago, both armies conducted United anti-missile computer exercises for the first time, and pragmatic cooperation continues to deepen. The Chinese and Pakistan armies built a significant China–Pakistan Community of Shared Destiny consensus in accordance with the leaders of both countries, continuously deepening and expanding regional counter-terrorism cooperation. China’s and India’s armies and ministry of defence leaders will exchange visits within six months to jointly promote the relationship between both armies entering into a new phase of development. China and Japan’s defence talks are currently resuming step by step. They will persist in dialogue whereby mutual understanding and mutual compromise will be discussed, leading the way to a new idea of security governance.

The notion of the weak being prey to the strong belongs to a different time and place. Engagement in wars of aggression at will does not create peace. Only through mutual understanding and mutual compromise can stability be attained; only through sticking steadfastly to righteousness and justice can lasting security be won. With regard to complex regional issues of special interest, all parties concerned will remain cool-headed, hold fast to peace, negotiate and cultivate honest friendships with neighbours, control crises through the establishment of a control mechanism of rules and regulations, alleviate tension through the promotion of mutual trust, resolve crises through political strategy and progressively promote the resolution of issues.

Under the premise that the Chinese army steadfastly defends national sovereignty, security and development interests, they devote their efforts to handling disputes with related countries appropriately, to jointly controlling risks, and to peaceful settlement of disputes. The Chinese and US armies concluded the Rules of Behavior for Safety of Air and Maritime Encounters Memorandum of Understanding, and expanded the important inter-operational notification-mechanism military operation, further strengthening communication between navy and air-force front-line commanders and pilots. The Chinese and Japanese ministries of defence are currently jointly driving forward the establishment of maritime- and air-communication mechanisms. China and India are actively developing a frontier-defence association, jointly defending the peace of the border area. At the informal meeting held last week in Laos by the Chinese [and] ASEAN ministers of defence, the Chinese side proposed holding a meeting next year with the armies of the ASEAN countries about the rules concerning the encountering of maritime accidents, combining drills for maritime search and rescue and disaster relief.

China has always insisted that the Korean Peninsula should denuclearise to safeguard the peace and stability of the peninsula and insists on settling the issue through dialogue and consultation. China will comprehensively and completely implement the United Nations Security Council resolutions together with the international community, and actively promote pulling the dialogue back to a conventional way of thinking in order to resolve the nuclear problem, and at the same time we resolutely oppose US deployment of Terminal High Altitude Area Defence systems in Korea, undermining strategic stability. Security infrastructure must be developed in accordance with regional characteristics, strengthening the mechanism of security governance.

The Asia-Pacific region countries must transcend cold war thinking, extend compatibility and non-confrontation, not be against any third party, and cooperate in mutually beneficial and mutually profitable security; move away from one string of dialogue as well as non-confrontation, form companionships as well as new non-aligned relationship routes. They should insist on mutual respect, unanimous agreement, take care of the Asian way of comfort for all parties, strengthen the coordination of security mechanisms in all regions, cross the river together in the same boat, jointly respond to challenges, and gradually adapt international cooperation of the Asia-Pacific region’s security needs.

China’s Ministry of Defense and army have actively participated in regional multilateral security dialogue and cooperation. We have deepened defence cooperation with the member countries of the Shanghai Cooperation Organisation, deterring the three forces, and jointly protecting the peace of the Central Asia region. China resolutely supports ASEAN exhibiting a leading role in cooperation in the East Asia region.
We show initiative in holding the informal ASEAN defence ministers’ meeting, comprehensively participate in the ASEAN minister of defence general assembly framework for dealing with concrete issues in every sphere, actively making our own contribution to related joint drills, and from next year China will work with Thailand as co-chair of the next round of the counter-terrorism specialist group. We will drive forward pragmatic counter-terrorism cooperation in conjunction with all member countries. At the same time, China is currently researching the establishment of counter-terrorism negotiation mechanisms with the Pakistan, Afghanistan and Tajikistan armies to strengthen efforts to crack down on regional terrorism.

Ladies and gentlemen, the South China Sea is currently the focus of attention of all parties, and I would like to emphasise that for a long time, with the cooperation of China and the neighbouring countries, the situation in the South China Sea has been completely stabilised. Freedom of navigation in the South China Sea is also not affected by the influence of some disputes, while we firmly safeguard territorial sovereignty and ocean rights. At the same time, we have all along insisted on negotiations and agreement to peaceful resolution of the dispute. We adhere to the rules and mechanisms for management and control of differences of opinion, we adhere to realising mutual benefits through cooperation, we adhere to safeguarding freedom of navigation in and flight over the South China Sea, [we] adhere to peace and stability in the South China Sea.

The consensus between China and ASEAN countries is bilateral dialogue and a consultation process to resolve the dispute. China and ASEAN countries have the ability to safeguard peace and stability in the South China Sea through cooperation, and foreign countries should play a constructive role, rather than the reverse. The present intensification of the South China Sea issue is due to individual countries deliberately causing provocation for their own interests. The South China Sea arbitration case brought by the Philippines uses international law as a pretence. Its essence negates China’s territorial sovereignty and maritime rights and interests in the South China Sea, to cover up its act of illegal occupation of China’s share of the island reef of the Spratly Islands.

I would like to emphasise that the arbitration method is not applicable to the China–Philippines-related dispute. China and the Philippines have already held bilateral negotiations, and have opted to adopt negotiation to settle this in the Code of Conduct of all parties in the South China Sea. In addition, the territorial-sovereignty issue does not fall under the scope of the Convention, and the Philippines matter relating to the maritime delimitation dispute has been excluded from the 2006 Chinese government statement. The Philippines’ unilaterally proposed arbitration is contrary to the China–Philippines protocol, is contrary to the related provisions of the Convention and violates international law. This arbitration is based, in the Philippines, on the basis of violations and illegal demands, has no jurisdiction; the result of the arbitration is non-binding as far as China is concerned. The Chinese government has already repeatedly made it clear that it will not accept it, will not attend the arbitration, does not acknowledge it and will not implement the result of the arbitration. This is not only not a violation of international law, it is precisely the exercise of the rights of international law conferred by law, and complies and safeguards the embodiment of international law.

We also note that some countries adopt joint rules of use of the international law, and do not conform to the agreeable approach of not taking unfair advantage, on one hand setting the example of implementing what is known as freedom-of-navigation operations in the South China Sea, openly flaunting its military force, and on the other hand pulling in help from cliques, supporting their allies in antagonising China, forcing China to accept and implement the result of the arbitration. China firmly opposes this. We don’t cause trouble, and we are not afraid of getting into trouble. China cannot swallow painful consequences, evil consequences; it cannot permit its sovereignty and security rights and interests to be encroached upon; it cannot sit idly and watch a minority of countries stir up trouble in the South China Sea.

I want to reiterate the speech given here last year: the Chinese people and armed forces have always believed in not believing evil, have always been reason-oriented, not power-oriented. And at the same time, I hope to again reiterate, China’s South China Sea policy has not and cannot change. China has the wisdom and patience to resolve the dispute through peaceful negotiation, and believes that the other countries involved have the wisdom and patience to collaboratively come over to this peaceful path, and countries who aren’t involved should not try to destroy the path we walk in order to benefit their own selfish interests.
Ladies, gentlemen, China proposes two objectives in this hundred-year struggle. We are in the process of trying to realise the revival of the Chinese dream, of the mighty Chinese race. This dream, along with the Asia-Pacific region and even the beautiful dreams of the people of every country in the world, are mutually harmonious and interlinked. The building of lasting peace, a jointly prosperous Asia-Pacific is our common aspiration. I am a veteran, and like the people and service personnel of every nation, seeking to win is my mission in life. Protecting the peace is my true dream. I have always firmly believed that shaking hands is better than making a fist, an open heart is better than a cocked gun. The two great world wars have given mankind a tragic and sorrowful lesson. We should reflect on history, treasure the current world peace, and cherish the hard-won peace and stability in the Asia-Pacific region. In the wake of the great development of economic globalisation, the common destiny of present-day mankind is inseparably linked, causing us to join hands in driving forward the building of the Asia-Pacific community’s destiny, jointly defending Asia-Pacific security, prosperity and stability, offering mankind an even more beautiful tomorrow.

**Actions Speak as Well as Words**

Declared strategy is one thing. Actions are another, and often speak more loudly. U.S. strategy documents tend to be more transparent and explicit than China’s. Although, a wise emerging power has more reason to be cautious than an existing power, and China’s history over the last two centuries has scarcely inspired confidence in either the west or its neighbors.

Indeed, China’s neighbors remained concerned by Chinese power projection in the region and beyond. China’s increasingly combative behavior, controversial island building, and rejection of the South China Sea international tribunal has led to great disquiet from all diplomatic corners of the world.

This concern seems extremely unlikely to slow down President Xi Jinping’s quest for the “China Dream”. President Xi has exerted substantial political capital into his “One Belt, One Road” (OBOR) initiative which seeks to build a series of “new silk roads” across Central and South Asia, the Middle East, Africa, before terminating in Europe. The exact motivation for developing these expansive trade routes remains opaque but ensuring the continued progress of the resurgent Chinese economy seems to be a top priority.

Indeed, China’s maritime disputes in the South and East China seas cannot be divorced from the fact that these are among the most important and well-travelled trade routes on Earth. China’s planned $46 billion investment into to the China-Pakistan Economic Corridor (CPEC) allows for a significant shortening of trade lines by cutting through Pakistan overland on way to the Gwadar Port on the Arabian Sea—which the Pakistani government has granted the Chinese full control over. Developing trade routes through a reliable ally like Pakistan allows China to rely substantially less on the Straits of Malacca and Asia-Pacific states that may become more oppositional towards China’s interests.

While OBOR certainly has economic goals, there is growing concern amongst the United States, Japan, South Korea, and other ASEAN countries that this is an exercise in building Chinese soft power across the world as China attempts to solidify regional dominance. This is reflected in the United States’ concerted efforts to establish and deepen alliances in the Asia-Pacific region. For example, the removal of the arms embargo on Vietnam and the diplomatic opening of Burma. Additionally, Washington has advanced defense agreements with India, the Philippines, and numerous others.

The U.S. has good reason to be concerned about the emergence of a regional superpower with unknown limits to its goals and ambitions. At the same time, it needs to remember its own regional ambitions and actions in emerging as a major power between 1789 and the present, and
the ambition it showed in issuing the Monroe Doctrine, or that President Wilson showed in seeking to reshape the world after World War I. One has to wonder how Britain appraised the U.S. in 1823 when President Monroe declared that any intervention by external powers in the politics of the Americas was a potentially hostile act against the US. – a U.S. that then had a tiny navy and virtually no other power projection capability.

**Competition and Cooperation**

Some degree of tension between China and the U.S. is inevitable as China continues to emerge as a major new global power in a world where the U.S. has been the preeminent power since the collapse of the former Soviet Union. And, if China’s military development has led to a major US strategic reaction, the U.S. is scarcely alone in this regard. Regional powers like Japan, South Korea, the states of Southeast Asia, and Taiwan also see Chinese military power as a possible threat – albeit for a wide variety of different reasons.

There is, however, a broader strategic context. China’s growing military power is the product of China’s even greater rise as a global economic power. This is a rise that has not only brought immense benefits to China, but also created a new structure of global economic interdependence. Military competition or cooperation between China and the U.S. must be seen from a grand strategic perspective in a world where geo-economics has superseded geopolitics as a dominant strategic interest.

China, the U.S. and all of the Asian states involved need to remember the grim lessons that Europe should have learned before August 1914. There is no way that that any form of military victory by either China or the U.S., can offset the strategic cost of a clash, even if it does not escalate to a major conflict. Any major crisis or confrontation – much less conflict – that triggers an arms race between China and the U.S. is likely to be more costly than achieving some form of compromise and stability. Any major conflict would cost the “winner” more than the victory is worth. In game theory terms, the only way to win is not to play, and competition must be balanced by cooperation.

Cooperation, however, requires transparency and dialogue on all sides, as well as the ability to look beyond the military and traditional geopolitical values that are the natural focus of national security strategy. The differences in each country’s political systems, and some aspects of China’s military development make this difficult. The U.S. is forced into a high level of transparency by its political system – although not necessarily into a high level of predictability. China’s political system often allows it to avoid a similar level of transparency; China sometimes deliberately obscures the details of its strategy, force plans, and modernization efforts.

China’s military buildup to some extent reflects the legacy of China’s history since the Opium Wars. Over the last two centuries, China has had scarce reason to trust outside states and few nations have suffered as much as China did between the 1930 and 1949. Some Chinese strategists and military analysts believe that the ability to conceal China’s efforts helps secure its emergence as a major military power, quoting Sun Tzu to defend this position.

The fact is, however, that China has now emerged as a major military power. Today’s challenges for China, the U.S., and other Asian states is to create a new and stable structure of regional military relationships based on mutual dialogue, transparency, understanding, and compromise. While China and the U.S. are just two of the actors involved, they are by far the largest in military terms and will set the tone for future cooperation. They both need to remember that their
economic cooperation is at least as important a grand strategic interest as any credible outcome of military competition. The U.S. and China also need to remember that there are many areas where they can benefit from cooperation in military and national security affairs. They share common strategic interests in maintaining regional stability, protecting global trade routes, and fighting extremism and terrorism. The stability of the Persian Gulf is critical both to China’s energy supply and Asia’s ability to provide a flow of critical exports to the U.S. They may compete to some extent in supporting Pakistan and India, but they would benefit far more from a stable and developing South Asia. For all of the problems outlined in later chapters concerning Northeast Asia, Taiwan, and the South China Sea, cooperation offers far more mutual benefits than any form of competition that leads to even local crises and confrontations.

At the same time, China and the U.S. face two “wild cards” that they will have to find ways to address. The first is the impact of Russia’s actions in the Ukraine on the security and stability of Europe and NATO. The second is the growing instability in the Middle East and the Gulf. Russian actions in the Ukraine since the spring of 2014 are forcing the US to rethink its future force posture in Europe and NATO, but no clear plans have yet been made public. Much still depends on future Russian actions in Ukraine and the rest of Europe. At the same time, China must rethink its position and decide how much backing it wants to give to North Korea, a power which threatens regional security.

The second set of challenges is the threat of Islamic extremism, exemplified by the rise of the Islamic State in Iraq and Syria, on stability in the MENA region and its effect on the security of energy exports. US withdrawal from Afghanistan and the hope of ending any military involvement in the Middle East now seem likely to be replaced with some form of lasting presence in the Gulf, involving low level combat by US forces in Iraq, due to a terrorist threat that ranges from the Philippines to Morocco. The future of China and U.S. strategic cooperation or competition outside Northeast Asia, the East China Sea, and South China Sea is an issue where neither power has yet chosen a posture.

The key question for both the US and China is how all these widely differing pressures will affect both their efforts at strategic competition and at cooperation. Much of the analysis that follows shows that their focus now seems to be increasingly on competition, even if their rhetoric still stress cooperation. China also still seems to be driven by fears of US efforts to limit and “contain” it -- a sentiment expressed by Chinese Ministry of Defense Chang in a recent dialogue with former Secretary Hagel. The U.S. in turn, sometimes seems to focus on worst cases when it should be trying to create opportunities.

---


17 p. vii, 1-3


