China, the world’s most populous country, has a vast landmass surrounded by a long borderline shared with 14 countries as well as a long coastline. China is also a nation with various races, religions, and languages. China, with a long history, has been shaping and maintaining a distinct culture and civilization. China’s pride in its unique history and semi-colonial experience in and after the 19th century is driving its desire for a strong nation and fueling its nationalism.

In recent years, China has increased its presence in the international community. For example, China takes a proactive stance towards efforts in non-traditional security areas and makes personnel and financial contributions to UN PKOs. In addition, China has been sending its ships continuously for counter-piracy activities off the coast of Somalia and in the Gulf of Aden. Furthermore, China has participated proactively in humanitarian assistance and disaster relief activities. These activities have been highly appreciated by the international community. There continues to be high expectations for China to recognize its responsibility in the international community, accept and comply with international norms, and play an active role in a more cooperative manner on regional and global issues.

Yet, while advocating “peaceful development,” China, particularly over maritime issues where its interests conflict with others’, continues to act in an assertive manner, including attempts at changing the status quo by coercion based on its own assertions incompatible with the existing international order. These actions include dangerous acts that could cause unintended consequences. China remains poised to fulfill its unilateral demands without compromise, which has included making steady efforts to turn these coercive changes to the status quo into a fait accompli. There is strong concern regarding the impact of these actions on the security environment of the region including Japan and of the international community.

In addition, China faces various problems domestically including human rights issues. The spread of bribery and corruption among the central and local leadership of the Chinese Communist Party (CCP) has become a significant political problem. Furthermore, China’s rapid economic growth has brought with it emerging problems such as regional disparities between urban-rural and coastal inland regions, the issue of the tax system that facilitates these disparities, wealth gaps among urban residents, inflation, environmental pollution, and lack of agricultural and industrial water. More recently, China has witnessed a slowdown in its economic growth. In the future, China is also expected to face issues associated with the rapid aging of the population, including pension and other issues related to the social security system. The Chinese Government has been tightening its control over society as these potentially destabilizing factors to the government administration expand and diversify. However, it is suggested that controlling activities of the masses becomes increasingly difficult with the spread of the Internet, coupled with other factors. Additionally, China confronts issues concerning ethnic minorities in the country, with their staging protests and carrying out campaigns in pursuit of separation and independence in the Tibet Autonomous Region, the Xinjiang Uyghur Autonomous Region, and elsewhere.

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1 The term China’s “peaceful development” began to come into formal use in around 2004. According to a paper presented by then State Councilor Dai Bingguo on March 11, 2011, “peaceful development” is thought to refer to China’s development whose nature is (1) peaceful, (2) independent, (3) scientific, (4) cooperative, and (5) common with other countries.

2 For example, regarding the so-called “nine-dash line” asserted by China in the South China Sea, “historic rights” claimed by China were rejected by the Philippines-China arbitration award (July 2016).

3 According to the National Bureau of Statistics of China, China’s gross domestic product (GDP) grew by 6.7% year-on-year in 2016. While it was along the lines of the Chinese Government’s target of 6.5% to 7.0%, the growth was the slowest since 26 years ago in 1990.

4 See Chapter 2, Section 3-2 (7 Education and Training) for China’s promotion of the national security legal system. In January 2017, a notice was issued requiring permission to provide VPN services, which are used to avoid Internet censorship by the Chinese authorities. It has been suggested that this measure is part of the Chinese Government’s tightening of censorship over the Internet.
In the meantime, since December 2015, the People’s Liberation Army (PLA) has been undergoing what can be described as its most significant reforms since the founding of the country. Also, in China, under the policy of cracking down on both “tigers” and “flies,” “corruption” has been subject to severe charges, including that conducted by former prominent leaders of the party and military such as Zhou Yongkang, then a Politburo Standing Committee member, as well as then Vice Chairman of the Central Military Commission (CMC), Guo Boxiong and Xu Caihou. The Communique of the sixth plenary session of the 18th CCP Central Committee in October 2016 refers to “comprehensive, strict governance of the CCP” and it is expected that corruption within the party and the military will continue to be addressed in the lead-up to the 19th National Congress of the CCP to be held in autumn 2017. At the same plenary session, the party also demonstrated its intention to further bolster the power foundations of the current regime, which included the designation of General Secretary Xi Jinping as the “core” of the Central Committee. The relevant developments will be a point to watch out for.

On the diplomatic field, it is believed that, in order to maintain national stability, China strives to maintain stability in the strategic international environment by sustaining good relations with major powers such as the United States and Russia, while deepening relations with neighboring countries, and is strengthening cooperation with developing countries. In addition, China seeks to promote multipolarization of the world through building China-led multilateral mechanisms and to secure interests necessary for economic development such as natural resources and energy supply.

On the military front, for over a quarter century, China has strengthened its military forces broadly and rapidly by sustaining large increases in its defense budget. In particular, China gives priority to the Taiwan issue as an issue pertaining to the “core” interest of national sovereignty. It is deemed that China is strengthening its military forces for the time being with the aim of improving military capabilities to prevent Taiwan’s independence. As part of such efforts, China is believed to be enhancing its asymmetric military capabilities to deter military forces of other countries from approaching and advancing to China’s surrounding region, and to inhibit their military activities in the region (so-called “A2/AD” capabilities). Additionally, China has made active efforts to acquire capabilities for missions other than for dealing with a Taiwan contingency such as the enhancement of operation execution capabilities in distant waters. As China now has considerable influence in the international community politically, economically, and militarily, other countries are closely watching its military trends.

2 Military Affairs

1 Defense Policies

China regards that the buildup of strong defense capabilities and powerful military forces constitutes a strategic mission to modernize the state, and that it ensures the security of the state under “peaceful development.” China considers the main goal and mission of national defense policies as: to adapt to the changes in the new security environment; to accomplish the strategic guideline of active defense to realize the CCP’s goal of building a strong military; to accelerate the modernization of national defense and the military forces; to firmly protect its national sovereignty, security, and development interests; and to provide strong assurances for realizing the “Chinese dream” of the great revival of the people of Chinese ethnicity. China contends that these defense policies are defensive in nature.

China has a policy to actively promote “Revolution in Military Affairs with Chinese Characteristics,” which mainly aims to encourage mechanization and
informatization of its military power, based on its military strategy to win informatized local wars. This is in response to global developments in military affairs observed in the Gulf War, the Kosovo War, the Iraq War, and other wars. It is believed that China emphasizes not only physical means but also non-physical means in military affairs and warfare. It has incorporated the concept of “Three Warfares” — “Media Warfare,” “Psychological Warfare,” and “Legal Warfare” — into the tasks of the political work of the military. In addition, China has set forth a policy of close coordination between military struggle and political, diplomatic, economic, cultural, and legal endeavors.

Dealing with a Taiwan contingency is believed to be a top priority in China’s strengthening of military forces; more specifically, improving its capabilities to hinder the independence of Taiwan and foreign military support for it. Furthermore, in recent years, China is working actively to acquire capabilities for missions other than dealing with a Taiwan contingency, and is steadily enhancing operation execution capabilities in more distant waters. With regard to China’s military strengthening, China proclaims that it would “realize the basic mechanization and achieve major progress in construction of informatization by 2020” and “by focusing on the capability to win local wars under informatized conditions, it will improve the abilities to accomplish diversified military missions and thoroughly complete the historical military missions in a new phase of the new century.” These suggest that China’s military forces will be developed in tandem with the enhancement of its national strength.

China has sustained large increases in its defense spending and broadly and rapidly reinforced its military forces, mainly its nuclear and missile force as well as its Navy and Air Force. As part of such efforts, it is understood that China is strengthening its so-called “A2/AD” capabilities. In addition, China is working to improve joint operational capabilities, enhance capabilities for extended-range power projection, conduct practical exercises, cultivate and acquire personnel for administering operations of informatized forces, improve the foundation of its domestic defense industry, and ensure law-based military governance. Furthermore, China has rapidly expanded and intensified its activities quantitatively and qualitatively in sea areas and in airspace, including the East and South China Seas. China, particularly over maritime issues where its interests conflict with others’, continues to act in an assertive manner, such as attempts at changing the status quo by coercion. China also remains poised to fulfill its unilateral demands without compromise, which has included making steady efforts to turn these coercive changes to the status quo into a fait accompli. Japan has great concerns over such Chinese military activities and security issues, and needs to keep utmost attention to them. These activities also raise security concerns for the region and the international community.

2 Military Transparency

China has not disclosed specific information on possession of weapons, procurement goals and past procurements, organization and locations of major units, records of main military operations and exercises, and a detailed breakdown of the national defense budget. Moreover, China has neither set out a clear and specific future vision of its military strengthening, nor ensured adequate transparency of its decision-making process in relation to military and security affairs.

China has released defense white papers including “China’s National Defense” every two years since 1998. China also conducts numerous dialogues with national defense authorities of other countries. The Chinese Ministry of National Defense has been giving monthly

11 The defense white paper “China’s National Defense in 2008” also states the following target: “by and large reach the goal of modernization of national defense and armed forces by the mid-21st century.” It is regarded that this target takes into account the 100th anniversary of the founding of the People’s Republic of China (2049), one of “the two 100 years,” with the other being the 100th anniversary of the CCP (2021).

12 See Part III, Chapter 2, Section 1-4 for examples of dialogue with Japan.
press conferences by a spokesperson since April 2011. In November 2013, the position of spokesperson was newly established at seven departments, including the Navy and Air Force.\(^\text{13}\) Such moves can be perceived on the one hand as efforts that contribute to the improvement of the transparency of military forces, and on the other as efforts to strengthen “Media Warfare.”

However, China has not provided a detailed breakdown of its national defense spending. In the past, China disclosed the total amounts and general purposes for the following three categories: personnel; training and maintenance; and equipment.\(^\text{14}\) Nonetheless, such explanations have not been offered in recent years. Moreover, in China’s defense white papers released since 2013, the contents have been limited to selective topics. The papers make no reference to national defense spending that was described in previous defense white papers, and the overall volume of the text has decreased. In this respect, transparency is declining, and China has not yet achieved the levels of transparency expected of a responsible nation in the international community.

Incidents have been occurring that incite concerns over China’s military decision-making and actions, including Chinese explanations against the facts. For example, details have yet to be disclosed regarding the causes of the Chinese nuclear-powered submarine’s submerged navigation in Japan’s territorial waters in November 2004 although it constitutes a breach of international law. Furthermore, with respect to the incident of a Chinese naval vessel directing its fire-control radar at an MSDF destroyer (January 2013), among other incidents, both the Chinese Ministry of National Defense and Ministry of Foreign Affairs gave explanations which were inconsistent with the facts; that is, they have denied the use of the radar itself. With regard to the incident in which Chinese fighters flew abnormally close to aircraft of the MSDF and ASDF (May and June 2014), the Chinese Ministry of National Defense gave explanations that were contrary to the truth; it claimed that Japanese aircraft “entered the airspace for the Chinese drills without reporting to China and conducted dangerous acts.” Particularly since 2016, China has repeatedly made claims that are contrary to fact. In the case where SDF aircraft scrambled against Chinese aircraft intruding into Japanese territorial airspace, China claimed that the SDF aircraft “conducted interference at close distance and shot IR flares, endangering the safety of the Chinese aircraft and its crew.”\(^\text{15}\) In recent years, amid the significant changes in the environment surrounding the military, including advances in military specialization and diversification of missions associated with military strengthening, some see that relations between the CCP leadership and the PLA have become increasingly complex. Others opine that the military’s level of influence on foreign policy decisions has been changing.\(^\text{16}\) Attention will be paid to such situations also as an issue of crisis management.

Chinese false explanations are also evident in China’s coercive, rapid, and large-scale development on features in the South China Sea.\(^\text{17}\) In September 2015, at the U.S.-China Summit Meeting, President Xi Jinping stated, “China does not intend to pursue militarization” in the South China Sea. However, since then, deployment of what appears to be surface-to-air missiles to the Paracel Islands, the deployment of what is presumed to be anti-aircraft guns on the Spratly Islands, and other activities have been detected, causing serious concern within the international community.\(^\text{18}\)

As China’s influence in the international community has risen politically, economically, and militarily, other countries are closely following China’s moves. In order to allay their concerns over China, it is becoming more important for China itself to explain its military activities according to the facts and improve the transparency of its national defense policy and military capabilities. It is strongly hoped that China will increase transparency concerning its military affairs by such efforts as disclosing specific and accurate information pertaining to its defense policies and military capabilities.

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13 The seven departments are: then PLA General Political Department; then PLA General Logistics Department; then PLA General Armaments Department; PLA Navy; PLA Air Force; then PLA Second Artillery Corps; and People’s Armed Police.

14 The defense white papers “China’s National Defense in 2008” and “China’s National Defense in 2010” provided a breakdown of personnel expenses, training and maintenance costs, and equipment costs for the active force, reserve force, and militia, limited to the FY2007 and FY2009 defense budget expenditures, respectively.

15 For example, on December 10, 2016, the Chinese Ministry of National Defense announced, “When Chinese Air Force aircraft mobilized for regular blue water training in the Western Pacific and passed through the Miyako Strait (sic) airspace, the Japanese SDF mobilized two F-15 fighters and conducted interference against the Chinese aircraft at close distance and shot IR flares, endangering the safety of the Chinese aircraft and its crew.” On October 28 of the same year, the spokesperson of the Chinese Ministry of National Defense made a similar announcement. See Chapter 2, Section 3-5 (3).

16 For example, some point out that in recent years, the PLA increasingly expresses its position on security issues concerning national sovereignty or maritime interests. Others point out that the extent of the military’s involvement in the party’s decision-making process is limited because the number of PLA representatives to key decision-making bodies of the CCP is fewer than in the past. Meanwhile, the PLA has repeatedly stressed “absolute instruction of the forces by the party.”

17 See Chapter 2, Section 3-2-5 (d); Chapter 2, Section 6-4; Chapter 3, Section 3-3-7 and 3-3-8.

18 For example, in response to the deployment of equipment that appears to be surface-to-air missiles on the Paracel Islands, then Defense Secretary John Kerry stated in February 2016 that “there is every evidence, every day that there has been an increase of militarization of one kind or another — it’s of serious concern.” In October 2015, the spokesperson of the Ministry of Foreign Affairs of China stated, “China has a number of necessary military facilities of a limited and purely defensive nature.”
3 National Defense Budget

China announced that its national defense budget for FY2017 was approximately 1.444 billion yuan. This initial budget amount represented a growth of approximately 7.1% (approximately 68.2 billion yuan) compared to the initial budget amount for the previous fiscal year. China’s announced national defense budget has increased at a rapid pace every year since FY1989. The nominal size of China’s announced national defense budget has grown approximately 49-fold in the 29 years since FY1988 and nearly 3-fold in the 10 years since FY2007. China positions the buildup of defense capabilities as important as a task as economic development. It is believed that China continues to invest resources in the improvement of its defense capabilities in tandem with its economic development. Attention will be paid to how the slowdown in China’s economic growth affects China’s national defense budget.

In addition, it must be noted that the amount of the defense budget announced by China is considered to be only a part of its actual military expenditures. For example, it is believed that the announced defense budget does not include all the equipment procurement costs and research and development (R&D) expenses.

4 Military Posture

China’s military forces are composed of the PLA, the People’s Armed Police Force (PAP), and the militia. It is provided that these bodies be instructed and commanded by the Central Military Commission (CMC). The PLA is defined as a people’s force created and led by the CCP, comprising the Army, the Navy, the Air Force, and the Rocket Force, etc.

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**Fig. I-2-3-1 Changes in China’s Announced Defense Budget**

<table>
<thead>
<tr>
<th>Year</th>
<th>Defense Budget (in 100 million yuan)</th>
<th>Year-on-year Growth Rate (%)</th>
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<td>09</td>
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</table>

Note: This basically shows the defense budget within central fiscal expenditures. Note that the FY2002 budget was calculated on the assumption that the disclosed rate and amount of growth represents the actual defense expenditure in FY2001, because the FY2002 budget was not disclosed and discrepancies arise when the disclosed rate and amount of growth are applied to the initial budget of the previous year. Since FY2015, the Chinese Government announced only the defense budget within the basic expenditures of the central government (part of the central fiscal expenditures). For the FY2015 defense budget, however, since the local relocation expenditure amount in FY2015 was announced separately at a later date, it was added to calculate the FY2015 defense budget within central fiscal expenditures. Regarding the FY2017 China’s state-run Xinhua News Agency announced the FY2017 defense budget as a “statement by a senior Ministry of Finance officer.”

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19 Reported by China’s state-run Xinhua News Agency as a “statement by a senior Ministry of Finance officer.” While converting national defense budgets of foreign countries into another currency simply by applying currency exchange rates does not necessarily reflect an accurate value due to differences in price level, China’s national defense budget for FY2017 is equivalent to approximately 17,754.7 billion yen, hypothetically, it is converted using the rate of 17 yen per yuan (FY2017 rate that the Japanese Government uses for official purposes).

20 Calculated for FY2016 from the basic expenditures of the central government for FY2016 and FY2017, since China released only the national defense budget amount as part of the basic expenditures of the central government, which do not include local relocation expenditures among other expenses.

21 China’s announced national defense budget within central fiscal expenditures achieved double-digit growth on the initial-budget basis every year from FY1989 to FY2015 except in FY2010. For FY2015 and FY2016, the defense budget was announced within the basic expenditures of the central government. However, since the local relocation expenditure amount, etc., for FY2015 were released separately, this was added to calculate the national defense budget within central fiscal expenditures.

22 The U.S. DoD’s “Annual Report to Congress: Military and Security Developments Involving the People’s Republic of China” (June 2017) estimates China’s military-related defense spending as having been at least US$180 billion in FY2016. The same report indicates that China’s announced defense budget (US$144.3 billion) does not include major categories of expenditure such as R&D expenses and foreign procurement.

23 Missions of the PAP include security of party and state, border security, social projects, and firefighting activities. According to the defense white paper “China’s National Defense in 2002,” “it is to maintain state security and social stability, and assist the PLA in wartime in defense operations.”

24 The militia engages in economic development in peacetime and other activities and has a duty to provide logistic support for combat operations in wartime. The defense white paper “China’s National Defense in 2002” explains, “[u]nder the command of military organs, the militia in wartime helps the standing army in its military operations, conducts independent operations and provides combat support and manpower replacement for the standing army. In peacetime, it undertakes the tasks of performing combat readiness support, taking part in disaster relief efforts, and maintaining social order.” According to a PLA Daily article dated October 9, 2012, “China now has six million primary militia members” as of 2010.
(1) Military Reform

China is currently carrying out reforms of the PLA which are seen as being the largest in the country’s history.

In November 2015, for the first time at the CMC Reform Work Conference, President Xi Jinping unveiled China’s official position on a specific direction of the military reforms, announcing that the military reforms would be carried out by 2020, which would include: establishment of “theaters of operations” and a command structure for joint operations as well as reduction of troops by 300,000 personnel.

Recently, these military reforms have taken shape at a rapid pace. In late December 2015, a ceremony was held in Beijing for the establishment of the PLA Army Headquarters (PLAA), Rocket Force (PLARF), and Strategic Support Force (PLASSF). In January 2016, the four general departments that were the headquarters for the entire PLA were replaced by 15 functional sections under the CMC, including the Joint Staff Department, Political Work Department, Logistic Support Department, and Equipment Development Department. In February 2016, the PLA’s seven Military Regions were abolished, and five theaters of operations responsible for command of operations were newly created, namely, the Eastern Theater, Southern Theater, Western Theater, Northern Theater, and Central Theater. Furthermore, in September 2016, the establishment conference for the Joint Logistics Support Force was held in Beijing.

It is considered that these series of reforms are designed to build military forces that can fight and win wars by improving their joint operational capabilities and strengthening the military’s readiness, including the development of military capabilities and organizational management from peacetime. It is suggested that the realignment of the Four General Departments was aimed to decentralize the leading organs, strengthen the direct leadership of the CMC and its Chairman, and tackle corruption at the center of the military. While China is expected to continue these reforms, there are views that dissatisfaction is growing within the military because of the rapid military reforms. Attention will be paid to the progress of the reforms as well as their outcomes, including their effects on the security of Japan and the rest of the region.

(2) Nuclear and Missile Forces

China has made independent efforts to develop nuclear capabilities and ballistic missile forces since the mid-1950s, seemingly with a view to ensuring deterrence, supplementing its conventional forces, and maintaining its voice in the international community. It is regarded that China’s nuclear strategy is to deter a nuclear attack on its land by maintaining a nuclear force structure able to conduct retaliatory nuclear attacks on a small number of targets.

The PLA was considered a large organization of the Army, and therefore, a headquarters of the Army did not exist. The ongoing reforms have given the Navy, Air Force, and Rocket Force (the Strategic Missile Forces) the same status as the Army. The headquarters for each service previously consisted of commander and deputy commanders, political commissar and deputy political commissars, headquarters, Political Department, Logistics Department, and Armament Department. It has not been announced whether the new PLAA has been organized in a similar manner.

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26 The establishment of PLARF is seen as a de facto elevation of the Second Artillery Force.
27 PLASSF is identified as a new force for maintaining national security. Reportedly it is in charge of cyber, outer space, and electronic warfare capabilities.
28 General Staff Department, General Political Department, General Logistics Department, and General Armament Department.
29 Shenyang Military Region, Beijing Military Region, Jinan Military Region, Nanjing Military Region, Guangzhou Military Region, Chengdu Military Region, and Lanzhou Military Region.
30 At a ceremony for the establishment of the theaters of operations, President Xi Jinping commented on the role of the theaters and of military services that, “The CMC conducts the overall management, theaters supervise operations, and military services build up forces.”
31 The guidance and command institution of the PLA. Formally, there are two CMCs—one for the CCP and another for the state. However, both commissions basically consist of the same membership, and both are essentially regarded as institutions for the CCP to command the military forces.
32 The report “China’s Incomplete Military Transformation” (February 2015) by the U.S.-China Economic and Security Review Commission and the RAND Corporation identifies the weaknesses of the PLA as the following: (1) organizational structure (e.g., party-military relations); (2) organizational culture (e.g., corruption); (3) force structure (size of the PLA, recruitment system, veteran’s benefits); (4) command structure (e.g., military regions); and (5) human capital (e.g., decline in the quality and mindset of new soldiers stemming from the one-child policy, etc.).
33 At a regular press conference at the end of November 2016, the spokesperson of the Chinese Ministry of National Defense stated, “as the next stage, the armed forces will successively implement further measures concerning reforms based on the demands of the overall goals of the reforms and actively and securely promote the reforms of defense and the armed forces.”
34 Veterans and others held demonstrations in front of the Chinese Ministry of National Defense in October 2016 and near the building that houses the CCP Central Commission for Discipline Inspection in February 2017. Some view that these demonstrations and dissatisfaction with the military reforms are interrelated.
of targets such as cities in the adversary’s country, should China be subject to nuclear attack.\(^\text{35}\) The PLA Rocket Force was newly established with equal status as the Army, Navy, and Air Force as part of the ongoing military reforms, suggesting that China will continue to attach importance to its nuclear and ballistic missile forces.\(^\text{36}\)

China possesses various types and ranges of ballistic missiles: ICBM; SLBM; IRBM/Medium-range ballistic missile (MRBM); and short-range ballistic missile (SRBM). The update of China’s ballistic missile forces from a liquid propellant system to a solid propellant system is improving their survivability and readiness.\(^\text{37}\) Moreover, it is believed that China is working to increase performance by extending ranges, improving accuracy, mounting warheads, and by other means.

China’s main ICBM strategic nuclear asset had been the fixed-site liquid-fueled DF-5 missile.\(^\text{38}\) However, it has been suggested that China has in recent years deployed the DF-31, which is a mobile-type ICBM with a solid propellant system mounted onto a transporter-erector-launcher (TEL), as well as the DF-31A, a model of the DF-31 with extended range, and that China will increase the number of DF-31A in particular. China is also viewed as developing a new ICBM known as DF-41. With regard to SLBM, it is considered that Jin-class nuclear-powered ballistic missile submarines (SSBNs) to carry the JL-2, whose range is deemed to be approximately 8,000 km, are currently operational. If the Jin-class SSBNs begin nuclear deterrence patrols, it is believed that China’s strategic nuclear capabilities will improve significantly.\(^\text{39}\)

As for the IRBM/MRBM covering the Asia-Pacific region including Japan, China has the solid-propellant DF-21 and DF-26, which can be transported and operated on a TEL. These missiles are capable of carrying both conventional and nuclear warheads. China possesses ballistic missiles carrying conventional warheads with high targeting accuracy based on the DF-21, and deploys the DF-21D anti-ship ballistic missile (ASBM) carrying conventional warheads, which could be used to attack ships at sea including aircraft carrier.\(^\text{40}\) The DF-26,\(^\text{41}\) which has a range including Guam, is considered the “second-generation ASBM” developed on the basis of the DF-21D, and is thought to be capable of attacking moving targets. In addition to IRBM/MRBM, China possesses the DH-10 (CJ-10), a cruise missile with a range of at least 1,500 km, as well as the H-6 (\(\text{Tu-16}\)), a bomber that is capable of carrying this cruise missile. It is deemed that these missiles will complement ballistic missile forces, covering the Asia-Pacific region including Japan. China is likely developing these ASBMs and long-range cruise missile assets to strengthen its “A2/AD” capabilities. Concerning SRBM, China possesses a large number of solid-propellant DF-16, DF-15, and DF-11, and they are believed to be deployed facing Taiwan.\(^\text{42}\) It is believed that their ranges also cover a part of the Southwestern Islands including the area surrounding the Senkaku Islands, which are inherent territories of Japan.

Furthermore, in order to acquire striking force that will be capable of penetrating layered anti-missile defenses, China is considered to be rapidly developing the hypersonic glide vehicle WU-14, which is launched

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35 The defense white paper “China’s Military Strategy” (May 2015) states that “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 never enter into a nuclear arms race with any other country.” On the other hand, the U.S. DoD’s “Annual Report to Congress: Military and Security Developments Involving the People’s Republic of China” (June 2017) states that there is some ambiguity over the conditions under which China’s “no first use” policy would or would not apply.

36 Observing the Rocket Force institutions for the first time in September 2016, President Xi Jinping stated that “the Rocket Force plays an important, irreplaceable role in deterring the threat of war, securing a favorable strategic posture for the security of our country and in maintaining global strategic balance and stability.” The defense white paper “China’s Military Strategy” (May 2015) lists “having both nuclear and conventional forces” as part of the strategic development of the military forces for then Second Artillery Corps.

37 For differences between the liquid-propellant system and solid-propellant system, see Chapter 2, Section 2-1-3 (3).

38 The DF-26 is thought to carry multiple independently targetable re-entry vehicles (MIRVs).

39 The U.S. DoD’s “Annual Report to Congress: Military and Security Developments Involving the People’s Republic of China” (June 2017) indicates that “China continues to produce the JIN-class SSBNs with four commissioned and others under construction” and that the SSBNs, which are equipped with JL-2 SLBMs, “are the country’s first viable sea-based nuclear deterrent.”


41 DF-26 is called the “Guam killer” (Annual Report of the U.S.-China Economic and Security Review Commission [November 2015]).

42 The U.S. DoD’s “Annual Report to Congress: Military and Security Developments Involving the People’s Republic of China” (June 2017) states that China possessed approximately 1,200 SRBMs, including the DF-16.
by a ballistic missile. This weapon is said to travel at ultra-high speed and be difficult to intercept by a missile. Attention will be paid to the relevant developments.  

China announced that it conducted tests on midcourse missile interception technology in January 2010 and 2013. Attention will be paid to China’s future trends in ballistic missile defense.

(3) Ground Forces

The size of the Chinese ground forces is the second largest in the world, next to India, with approximately 1.15 million personnel. Since 1985, China has continuously sought to modernize its armed forces by curtailing the number of personnel and streamlining organizations and systems in order to improve efficiency. China aims to develop highly capable military forces, while reducing units inferior in equipment and technologies. Specifically, it is improving mobility by such measures as switching from the past regional-defense model to a nationwide-mobile model, working to motorize and mechanize its infantry. China is also believed to be strengthening its airborne troops (belonging to the Air Force), amphibious forces, and special operations forces and helicopter units. China undertakes efforts to make its military units multifunctional, to build a command system for improvement of its joint operational capabilities and efficient operations, and carries out reforms to improve its logistical support capabilities.

China has annually conducted mobile exercises that cut across multiple regions such as Stride and Firepower. These are aimed at verifying and improving capabilities necessary for deployment of Army units to distant areas such as capabilities for the Army’s long-distance maneuver and for logistics support including mobilization of militia and public transportation. Furthermore, the Navy and Air Force reportedly took part in Mission Action 2013, and since 2014, have conducted combined military branch and service exercises under Joint Action. These suggest that China intends to improve joint operational capabilities as well.

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43 China reportedly conducted flight tests of its WU-14 in January, August, and December 2014, June, August, and November 2015, and April 2016 (total: 7 times). Some reports refer to it as DF-ZF.

44 In addition to these two tests, China claims that the test conducted in July 2014 was another missile interception technology test. However, it is pointed out that this was actually an anti-satellite weapon (ASAT) test. (See Chapter 3, Section 4-2-4.)

45 According to the defense white paper “China’s Military Strategy” (May 2015), China identifies “mobile operations” as one of the strategies for enhancing the military capabilities of the Army.
(4) Naval Forces

The naval forces consist of three fleets: North Sea Fleet; East Sea Fleet; and South Sea Fleet. The Chinese Navy has approximately 740 ships (including approximately 60 submarines), with a total displacement of approximately 1.63 million tons. The Chinese Navy mass produces the indigenous Yuan-class submarines with superior quietness, as well as surface combatant ships with improved air defense and anti-ship attack capabilities. The Navy is also developing cruisers equipped with vertical launch systems (VLSs) capable of launching the latest YJ-18 anti-ship cruise missile. It is furthermore suggested that submarines are being developed capable of carrying anti-surface cruise missiles. In addition, the Navy is increasing the number of large landing ships and supply ships.

With regard to aircraft carriers, China renovated the Varyag, an incomplete Kuznetsov-class aircraft carrier purchased from Ukraine. The carrier was named Liaoning and commissioned in September 2012. It was thought that after the commission, China continued training of carrier-based aircraft pilots using domestic J-15 carrier-based fighters and takeoff and landing tests on the Liaoning mainly in the Bohai and Yellow Seas. In December 2016, live ammunition exercises by the carrier and a variety of other vessels including live ammunition firing by carrier-based fighters were carried out in the Bohai Sea. The exercises are considered the first comprehensive live action, live ammunition exercises since the commission of the Liaoning. Furthermore, later in the same month, the advancement of the carrier together with multiple vessels to the Pacific Ocean and the South China Sea was confirmed. These activities are believed to indicate a further expansion of the distant deployment capability of the Chinese Navy. In April 2017, a launching ceremony was held for an indigenous aircraft carrier with “a conventional power plant and a displacement of 50,000 tons” and “a ski-jump takeoff mode.” The Chinese Ministry of National Defense announced that “system and facility adjustments and rigging will be conducted as well as comprehensive berth tests.” Furthermore, China is building its second indigenous aircraft carrier, and it

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Yuan-class submarine
<Specifications, performance>
Water displacement: 3,600 tons
Speed: Unknown
Main armament: Ship-to-ship missiles (maximum firing range 40 km), torpedoes
<Description>
New type of domestic submarine adopting air independence propulsion (AIP) technology, which provides long-distance submerged navigation and high degree of quietness. More vessels under construction.

J-15 carrier-based fighter
<Specifications, performance>
Speed: Unknown
Main armament: Air-to-air missiles, air-to-ship/surface missiles (estimate)
<Description>
Carrier-based aircraft on the aircraft carrier Liaoning. It has many features in common with the J-11 and Su-33 fighters.
is suggested that this carrier may be equipped with a catapult system.

In view of these developments concerning the strengthening of the naval forces, China appears to be steadily building up capabilities for conducting operations in more distant waters in addition to near sea defense. It is necessary to continue to monitor the development of the Chinese naval forces.\(^5\)

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\(^5\) China’s defense white paper “China’s Military Strategy” (May 2015) identifies “offshore waters defense and open seas protection” as a strategy for enhancing the military capabilities of the Navy. According to the white paper, “the traditional mentality that land outweighs sea must be abandoned” and China will aim to “develop a modern maritime military force structure.” As implied by these references, it is deemed that China attaches importance to its maritime strategy.
It is pointed out that among the militia that is China’s armed force other than the military forces, the so-called maritime militia is playing the role of the advance guard for supporting China’s maritime interests. The maritime militia is said to operate in the South China Sea, etc. It is believed that the militia is made up of fishermen and residents of isolated islands, though the details of its actual situation have not been revealed. Given the emphasis on the necessity of “fully exerting the overall power of the military, security and militia” on the seas, it is necessary to continue to monitor these asymmetrical forces.

(5) Air Forces
The Chinese Air Force and Navy have approximately 2,720 combat aircraft in total. As for fourth generation modern fighters, China imported from Russia and produced under license the Su-27 fighter, and imported from Russia the Su-30 fighter equipped with anti-surface and anti-ship attack capabilities. China also mass produces the J-11B fighter, which is allegedly an imitation of the Su-27 fighter, and the domestic J-10 fighter. China’s domestic J-15 carrier-based fighter thought to be modeled on Russia’s Su-33 carrier-based fighter is carried on the aircraft carrier Liaoning. In November 2015, China reportedly signed an agreement with a Russian state-run military company to purchase 24 Su-35 fighters, considered the newest fourth generation fighter, and received the delivery of the first four in December 2016. Additionally, China is considered to have started test flights of the J-20 fighter, said to be a next-generation fighter, and the J-31 fighter is also under development. The Chinese Air Force has H-6K bombers that are thought to carry nuclear weapons as well as cruise missiles including the state-of-the-art YJ-12 air-to-ship missile. China is also making continuous efforts to improve capabilities which are essential for operations of modern air forces by introducing the H-6U tanker and KJ-500 and KJ-2000 Airborne Early Warning and Control system. Furthermore, in July 2016, China started the deployment of the indigenously developed Y-20 large cargo aircraft in order to enhance its transportation capability, and it is believed to be advancing efforts to produce the engines for the aircraft domestically. China is also deemed to be domestically developing a variety of unmanned aerial vehicles.

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51 In April 2013, when President Xi Jinping visited the maritime militia of Hainan Province to give encouragement, he reportedly gave instructions to the maritime militia to collect information on distant seas and actively conduct island construction activities and stated, “you are playing the role of the vanguard in protecting our maritime interests.”

52 For example, when Chinese naval and other vessels obstructed the U.S. Navy surveillance ship Impeccable on the high seas on the South China Sea in March 2009, maritime militia were said to be aboard the fishing boat that tried to take away a sonar from Impeccable. It is also pointed out that when the deep-water drilling rig Haiyang Shiyou 981 conducted prospective drilling to the south of the Paracel Islands from May to July 2014, steel-hull fishing boats manned by maritime militia also arrived as an escort fleet.

53 In August 2016, when Defense Minister Chang Wanquan made an observation tour of the maritime militia equipment in Zhejiang Province, he gave instructions on the necessity of “fully exerting the overall power of the military, security and militia from the perspective of ensuring the requirement to ‘win the battle.’”

54 The status of China’s maritime militia under international law is said to be unclear. In November 2015, Admiral Scott H. Swift, Commander of the U.S. Pacific Fleet, emphasized on the occasion of his meeting with then Admiral Wu Shengli, the former Commander of the PLA Navy, the importance of China’s forces including maritime enforcement agencies and maritime militia acting professionally according to international law.

55 At the Zhuhai Air Show in November 2016, the J-20 fighter conducted its first exhibition flight test. A prototype of the J-31 fighter has also been verified at the Zhuhai Airshow held in November 2014. It is suggested that in the future, the J-31 fighter could be turned into a carrier-based fighter or be exported. “The Military Balance 2016” anticipates that China’s first stealth fighter will become operational in around 2020 if the current pace of development is maintained.

56 The AG-600, which China is developing indigenously with the design completed in July 2016, will be the largest amphibious aircraft in the world. Although it is claimed that it will be used for civilian purposes such as natural resource research, the possibility of its conversion to military use has been pointed out. It has also been reported that China and Ukraine signed an agreement for consultations concerning the large transport aircraft An-225 for export to and production in China.
vehicles (UAV), including those capable of long-hour flights at high altitude for reconnaissance and other purposes (high-altitude long endurance [HALE]) and those capable of carrying missiles and other weapons for attack purposes. Some of these are thought to be being produced and deployed.

Judging from the modernization of the air forces, it is believed that China is not only improving its air defense capabilities for its national territory, but also aiming to build up capabilities for air superiority and anti-surface and anti-ship attacks in areas which are further distant from China, and improving long-range transportation capabilities. Further attention needs to be paid to these activities conducted by the Chinese air forces.

(6) Military Use of Space and Cyber Warfare Capabilities

China is said to have developed its space program in the shortest time in the world. In December 2016, China published the white paper “China’s Space Activities” for the first time in five years, which emphasizes peaceful use of outer space but does not reject its use for military purposes. As it is thought to be developing directed-energy weapons and satellite jammers in order to restrict and interfere with the use of space-based assets by adversaries in wartime, China may be using outer space for military purposes. In addition, China has interest in cyber space. Some have speculated that China is reinforcing its “A2/AD” capabilities by using cyber attacks to destroy an adversary’s network in the entire region. This can be attributed to the fact that information gathering and command and communication in the military sector, which are vital for swift and efficient exercise of military strength, increasingly rely on satellites and computer networks.

(7) Establishment of Joint Operational Posture

In recent years, organizational reform has been under way to improve integrated and combined operations capability among the military services. The CMC Joint Operations Command Center for the CCP to carry out decision-making at the highest strategic level is believed to have been established as part of this reform. In November 2015, President Xi Jinping, Chairman of the CMC, delivered an address regarding the specific direction of the military reforms, in which he elaborated on creating a sound command structure for joint operations of the CMC.

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57 HALE UAVs being developed by China include the Xianglong (Soar Dragon) considered the “Chinese Global Hawk.” The BZK-005 is a UAV that can be used for multiple purposes, such as reconnaissance, communications relay, and signals intelligence. It has been suggested that a UAV of unknown nationality that flew about 200 km north of the Senkaku Islands in September 2013 was the BZK-005. Some media have reported that this aircraft has been deployed to Woody Island of the Paracel Islands. Attack UAVs include the GJ-1 (“Yilong”) and CH-4 (“Caihong”), which are deemed to have taken part in the Peace Mission 2014 counter-terrorism combined exercise held in August 2014. “The Military Balance 2016” states that the GJ-1 is currently being operated by the Air Force.

58 The defense white paper “China’s Military Strategy” (May 2015) identifies “building airspace capabilities and conducting offensive and defensive operations” as a strategy for enhancing the military capabilities of the Air Force.

59 “China’s Space Activities 2016” states the objective of space exploration as utilizing outer space for peaceful purposes to promote human civilization and social progress and provide benefits to all humankind. At the same time, it also includes references to the demands of national security.
China is increasing its national defense budget at a fast pace and proceeding with the rapid modernization of its military forces against this backdrop. China appears to be modernizing its naval force in an effort to build up its capabilities for conducting operations in more distant waters. Specifically, it continues to bolster its fleet with new types of surface vessels as well as new types of submarines. Liaoning, the first Chinese air carrier, was commissioned in September 2012 and advanced to the Pacific Ocean for the first time in December 2016. The first indigenous aircraft carrier was launched in April 2017, and will allegedly be commissioned within two or three years. With regard to the modernization of its air force, it appears that China seeks not only to improve its air defense capabilities for its national territory, but also enhance its capabilities for armed conflict in more distant areas. Specifically, it has steadily increased the number of fourth-generation fighters and is said to have started test flights of its next-generation fighter J-20. In addition, it is now capable of developing, producing and deploying a wide range of indigenous military aircraft including fighters, aerial refueling tankers, early warning aircraft, and cargo aircraft. This strengthening of Chinese military forces has become a security concern to the region including Japan and the international community, partly because it has not been made clear how it will specifically manifest.

### Modernization of China’s Naval and Air Forces

#### Naval Force

- **New types of submarines**
  - (Number of vessels)
  - 91, 90, 95, 97, 99, 01, 03, 05, 07, 09, 11, 13, 15, 16, 17
  - Total number of Jin-, Shang-, Song-, Yuan-, and Jin-class submarines.
  - * Total number of Jin-, Shang-, Song-, Yuan-, and Jin-class submarines.
  - * Total number of Luyang III-class destroyers and frigates.
  - * China also had 19 Jiangkai-class corvettes as of 2016.

#### Air Force

- **Number of fourth/fifth-generation fighters**
  - 2017
  - J-10
  - Su-30
  - Su-27 (J-11)
  - J-15
  - J-16 (under test)
  - J-20 (under test)
  - Total

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and establishing a command structure for joint operations in theaters of operations. Indeed, a multiple department system was introduced to the CMC in January 2016 while five new theaters of operation were created the following month. As for assignment of senior military officials, in January 2017, Vice-Admiral Yuan Yubai became the first non-army officer to be appointed commander of a theater of operations. As only army officers had been appointed commanders of military regions or theater of operations until then, it can be assumed that progress is being made towards consolidation in the personnel assignments domain as well. As such, China may further develop
its joint operational posture as military reforms make further progress.

Furthermore, China has recently conducted drills aimed at the development of a joint operational posture, as demonstrated by long-distance mobile exercises which cut across theaters such as Stride and Firepower and the navigation of the aircraft carrier Liaoning, as well as the joint exercises conducted among the Army, Navy, Air Force, and other units such as Mission Action 2013 and Joint Action. The above drills are considered to be intended to further facilitate coordination among the different military services as well as the mobilization of assets across theaters. The relevant developments will be a point to watch out for.

5 Maritime Activities

(1) General Situation

In recent years, China is believed to be aiming to build up capabilities to conduct operations in more distant waters and airspace. Accordingly, China has rapidly expanded its maritime activities based on its sea and air powers both in qualitative and quantitative ways. In the sea areas and airspace surrounding Japan, Chinese naval vessels and navy and air force aircraft have been observed conducting training exercises, such as carrier-based helicopter flights and fleet formation and maneuver exercises, as well as information gathering activities. A large number of Chinese government ships that belong to maritime law enforcement agencies and their aircraft have been observed engaging in monitoring activities for the protection of its maritime rights and interests. Extremely regrettable are such activities by China, which include: intermittent incursions into Japan’s territorial waters by Chinese government vessels; intrusion into Japan’s airspace; and dangerous acts that could cause unintended consequences, including a Chinese vessel’s direction of a fire-control radar at an MSDF destroyer, the flight of Chinese military fighter jets abnormally close to an SDF aircraft, and activities that could infringe upon the freedom of flight over the high seas, such as the establishment of the “East China Sea Air Defense Identification Zone (ADIZ).” China is urged to act on the basis of the principle of the rule of law.

(2) Situation of Activities in Japan’s Surrounding Sea Areas

a. Activities of the Naval Fleets of the Chinese Navy

Regarding the activities of naval forces, the advancement of Chinese naval fleets to the Pacific Ocean continues with high frequency, with 10 advancements confirmed in 2016. Six advancements have been confirmed in 2017 as of June 30. Additionally, the advancement routes are multiplying. Chinese naval fleets have transited the sea area between the main island of Okinawa and Miyako Island several times every year since 2008, and have been found passing through the Osumi Strait and the sea area between Yonaguni Island and Nakanokami Island near Iriomote Island as well as the sea area between Amamioshima Island and Yokoatejima Island. Furthermore, naval fleets are beginning to routinely pass through waters north of Japan, transiting the Tsugaru Strait and the Soya Strait, among other sea areas. By diversifying routes in this manner, China appears to be

See Chapter 3, Section3 (Maritime Trends)
aiming to enhance its deployment capabilities to the open ocean. Furthermore, taking into account the nature of the activities it is conducting in distant areas, China is presumably aiming to enhance operation capabilities on the open ocean. In October 2013, China conducted Maneuver 5, the first joint exercise by its three naval fleets in the Western Pacific. In December 2014, a similar joint exercise involving the three fleets was reportedly conducted. In December 2016, the aircraft carrier Liaoning navigated the East China Sea together with other vessels and passed the sea area between the main island of Okinawa and Miyako Island to advance to the Western Pacific. On that occasion, a surveillance helicopter took off from a Jiangkai II-class frigate accompanying the carrier and flew in airspace approximately 10 to 30 km southeast of the territorial airspace over Miyako Island, as confirmed by scrambling SDF fighters, etc. This was the first confirmation of the advancement of the aircraft carrier Liaoning to the Western Pacific. Although no activities in the Western Pacific by carrier-based fighters were confirmed, the activities are worthy of attention as an indication of the enhancement of the capabilities of China’s naval forces and enhancement of its force projection capabilities to distant areas. In the Sea of Japan as well, the “confrontation exercises” by the Chinese naval fleet were announced for the first time in August 2016, and it is reported that naval vessels and aircraft conducted joint training in the same sea area in January 2017. Activities by naval forces in the Sea of Japan, in addition to the activities of air forces, may become more active going forward. As such, the trends in the activities of the Chinese naval force continue to require close attention.

Chinese naval vessels conduct operations in the East China Sea continuously and actively. Stating its own position regarding the Senkaku Islands, China alleges that patrols by Chinese naval vessels in the sea areas under its jurisdiction are completely justifiable and lawful. In June 2016, a Jiangkai I-class frigate of the Chinese Navy entered Japan’s contiguous zone around the Senkaku Islands. This was the first time a Chinese Navy combatant vessel entered Japan’s contiguous zone around the Senkakus. In this manner, Chinese naval vessels have recently tended to expand the sea area of their regular activities to the south, and are continuously operating in the area near Japan’s Senkaku Islands. In recent years, Chinese Navy intelligence gathering vessels (AGIs) have also been found conducting multiple activities. A Chinese Navy Dongdiao-class AGI repeatedly navigated back and forth outside of the contiguous zone south of the Senkaku Islands in November 2015 and in waters outside of the contiguous zone southeast of the Boso Peninsula in December 2015 and February 2016. In June 2016, the same type of AGI sailed in Japan’s territorial waters near Kuchinoerabu Island and Yakushima Island and then sailed within Japan’s contiguous zone north of Kitadaito Island. Subsequently, the vessel repeatedly conducted east-west passages outside the contiguous zone south of the Senkaku Islands. This was the first navigation in Japanese territorial waters by a Chinese Navy vessel in approximately 12 years. Recently, China has unilaterally escalated activities in waters near Japan, such as activities that are seen as actions based on their own assertions related to the Senkaku Islands and further expansion of its naval vessels’ reach to include the area around the Senkaku Islands, creating a situation that is of serious concern.

Dongdiao-class AGI

[Jane’s By IHS Markit]

**Specifications, performance:**
- Water displacement: 6,096 tons
- Speed: 20 knots (approximately 37 km/h)
- Main armament: 37 mm and 14.5 mm autocannons

**Description**

In June 2016, it navigated through Japanese territorial waters near the Kuchinoerabu and Yakushima Islands, subsequently navigated the contiguous zone to the north of the Senkaku Islands, and finally navigated back and forth east-west outside the contiguous zone to the south of the Senkaku Islands. It also navigated back and forth outside the contiguous zone to the southeast of the Boso Peninsula in February 2016 and other occasions.

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62 Some news reports call this exercise “Maneuver 6.” Some of the vessels that participated in this exercise subsequently circled Japan by transiting the Saya and Tsushima Straits.

63 On December 24, 2016 at approximately 4 p.m., the MSDF confirmed for the first time eight vessels including the aircraft carrier Liaoning in the middle area of the East China Sea. On the following day at approximately 10 a.m., the MSDF confirmed six vessels including the Liaoning passing between the main island of Okinawa and Miyako Island to advance to the Western Pacific. A surveillance helicopter was confirmed that afternoon.

64 For example, a China Military Online article (October 21, 2015) reported that in recent years, the average number of days in a year that all major combatants in the East Sea Fleet of the Chinese Navy conducted operations exceeded 150 days.

65 In November 2004, a Chinese nuclear submarine conducted “submerged passage through the territorial sea of another country” in Japanese territorial waters in violation of international law. In addition, in July 2017, a Chinese Navy Dongdiao-class AGI sailed through Japan’s territorial waters southwest of Matsushima-Kojima Island in Matsushima, Hokkaido, and subsequently sailed east through Tsugaru Strait and advanced to the Pacific Ocean.
b. Activities of Chinese Government Vessels

With regard to activities of Chinese government vessels, in December 2008, China Maritime Surveillance vessels hovered and drifted inside Japan’s territorial waters around the Senkaku Islands – operations which are not permitted under international law. Since then, China Maritime Surveillance and China Fisheries Law Enforcement Command vessels have intensified their activities in the aforementioned territorial waters. Such activities have intensified greatly after September 2012, when the Japanese Government acquired property rights to and ownership of three of the Senkaku Islands (Uotsuri Island, Kitakojima Island, and Minamikojima Island). Since October 2013, Chinese government vessels have repeatedly intruded into these territorial waters in a routinized manner, and the form of the intrusions have become more aggressive.66

China is seen to be steadily strengthening an operational posture intended to use Chinese government vessels to intrude into Japan’s territorial waters. For example, since December 2015, Chinese government vessels carrying weapons that appear to be cannons have begun to repeatedly intrude into Japan’s territorial waters.67 Additionally, government vessels deployed to seas near the Senkaku Islands are increasingly larger in size, with at least one of the government vessels intruding into Japan’s territorial waters being a 3,000 t or larger-class vessel since August 2014. Since February 2015, three 3,000 t or larger-class government vessels have been confirmed entering Japan’s territorial waters simultaneously multiple times. China is also building the world’s largest 10,000 t-class patrol vessels, and one vessel68 was incorporated into the fleet in July 2016.

It appears that the operation capabilities of Chinese government vessels in the sea areas around Japan are also improving. In early August 2016, approximately 200-300 fishing boats advanced to the contiguous zone around the Senkaku Islands. At that time, a maximum of 15 Chinese government vessels navigated within the contiguous zone simultaneously, and for five days a large number of...
Chinese government vessels and fishing boats repeatedly intruded into territorial waters. It was confirmed that the government vessels that advanced into those waters included many armed vessels. This case appears to indicate that China has the capability to simultaneously inject a large number of government vessels including armed vessels in the sea area around the Senkaku Islands.

These activities of Chinese government vessels in the sea area around the Senkaku Islands are an attempt to unilaterally change the status quo by force. Japan finds China’s actions which escalate the situation totally unacceptable.

In May 2017, it was confirmed that an object that appeared to be a small drone was flying from a Chinese government vessel that was intruding into Japanese territorial waters around the Senkaku Islands. This flight of an object that appears to be a drone also represents a unilateral escalation of the situation and constitutes an invasion of territorial airspace.

Retired Navy vessels were handed over to the China Coast Guard that was formally launched in July 2013. In 2014, the Navy and the China Coast Guard conducted a coordinated drill. Also, the Navy and the Maritime Safety Administration conducted the joint drill Poseidon 2014. It appears that the Navy is supporting maritime law enforcement agencies on both the operations and equipment fronts.

(3) Situation of Activities in Japan’s Surrounding Airspace

In recent years, activities by Chinese Navy and Air Force aircraft, which appear to be gathering information about Japan of some form, have been intensified. The number of scrambles by the ASDF against Chinese aircraft is also increasing dramatically, reaching a new high in FY2016.

As for the advancement of air forces into the Pacific Ocean, in July 2013, the advancement of a Y-8 early warning aircraft into the Pacific Ocean, passing between the main island of Okinawa and Miyako Island, was confirmed for the first time. Since then, advances into the Pacific Ocean via this airspace have continued, and five flights were conducted in 2016. The types of aircraft passing through the airspace are also increasing in variety year by year. It was confirmed that the newest bomber H-6K and Su-30 fighters advanced to the Pacific Ocean for the first time in May 2015 and November 2016, respectively. It has been confirmed by sight that at least one of the H-6K bombers that flew in September 2016 carried objects in the form of missiles. Flight patterns have also been changing. In November of the same year, H-6K bombers and other aircraft flew from the south of the Sakishima Islands to the East China Sea, passing between the main island of Okinawa and Miyako Island. On that occasion, two Su-30 fighters that flew from the East China Sea and passed between the main island of Okinawa and Miyako Island joined with the H-6K and other aircraft and reversed course, passing between the main island of Okinawa and Miyako Island. In December of the same year, H-6K bombers, Su-30 fighters, and other aircraft advanced to the Western Pacific, passing between the main island of Okinawa and Miyako Island. Later, the Su-30 fighters reversed course and went back in the direction of the continent, while the H-6K bombers and other aircraft flew in the direction of the Bashi Channel. In this manner, China’s air forces appear to be further enhancing operation capabilities. With regard to SDF aircraft scrambles against PLA aircraft intruding Japan’s

69 Since then, from mid-August, Chinese government vessels confirmed in the sea area around the Senkaku Islands have not conducted intrusion into territorial waters following Chinese fishing boats. The frequency of intrusions into territorial waters, etc. has returned to about the same level as before the activities in early August.
70 It has been suggested that three Jiangwei I-class frigates belonging to the Chinese Navy were repaired to be handed over to the China Coast Guard. Similarly, it has been suggested that two Luda-class destroyers will be handed over from the Chinese Navy to the China Coast Guard.
71 In FY2016, the number of times that ASDF aircraft scrambled against Chinese aircraft set a record at 851 times.
72 The total number of confirmed flights over waters between the main island of Okinawa and Miyako Island to the Pacific Ocean by the air forces since 2013 was five in 2013, five in 2014, six in 2015, and five in 2016. A spokesperson of the PLA Air Force announced that for the first time PLA Air Force aircraft flew over a strait between the main island of Okinawa and Miyako Island before conducting a drill in the Western Pacific. An announcement was also made that a similar drill was conducted on November 27 of the same year. Furthermore, on March 30, 2015, the spokesperson announced that Air Force aircraft flew over the Bashi Channel between Taiwan and the Philippines before conducting their first drill in the Western Pacific. An announcement was also made that a similar drill would be conducted on August 14 of the same year.
73 The Annual Report of the U.S.-China Economic and Security Review Commission (November 2015) states that the H-6K bomber’s ability to carry the DH-10 (CJ-10) land attack cruise missile, which allows for more long-distance attacks, enables China to target as far as the second island chain including Guam.
74 With regard to this flight of a PLA aircraft, Feng Shih-kuo, Minister of National Defense of Taiwan, stated on December 12, 2016 at the Foreign Affairs and National Defense Committee of the Legislative Yuan that the aircraft “cruised around Taiwan.”
Changes in the Number of Scrambles against Chinese fighters conducted activities believed to be warning and surveillance activities and that made public that Chinese military aircraft regularly in January 2013, the Chinese Ministry of National Defense activities in the East China Sea on a routine basis. In continue to intensify going forward.
in January 2017 passed through the Tsushima Strait same year, and eight aircraft including six H-6 bombers H-6 bombers, for two consecutive days in August of the same year, and three aircraft including two Y-9 intelligence gathering aircraft—passed through the Tsushima Strait and conducted activities in the Sea of Japan. Such may continue to intensify going forward.

China’s air forces are also actively conducting activities in the East China Sea on a routine basis. In January 2013, the Chinese Ministry of National Defense made public that Chinese military aircraft regularly conducted warning and surveillance activities and that Chinese fighters conducted activities believed to be Combat Air Patrols (CAP) in the East China Sea. In addition, in the Chinese defense white paper published in the same year, text was newly added concerning surveillance patrols by the Air Force in maritime airspace. On November 23, 2013, the Chinese Government announced that it established the “East China Sea ADIZ” including the Senkaku Islands which China described as if they were a part of China’s “territory,” and that the Chinese Armed Forces would take “defensive emergency measures” in the case where aircraft does not follow the relevant rules set forth by the Chinese Ministry of National Defense. The scope of the activities of PLA aircraft has tended to expand eastward and southward in recent years. As a result of this incremental expansion, PLA aircraft have recently been confirmed conducting activities actively in airspace closer to the main Island of Okinawa and the rest of the Southwestern Islands. The intent of the PLA aircraft may be to effectively operate the “East China Sea ADIZ,” as it appears that these activities are being conducted as part of ordinary warning and surveillance and training. In May and June 2014, incidents occurred where two PLA Su-27 fighters of the PLA came abnormally close to MSDF and ASDF aircraft that were conducting normal warning and surveillance activities in the East China Sea. It is alleged that in June 2016, a J-10 fighter of the PLA conducted a dangerous flight, approaching a RC-135 reconnaissance aircraft of the U.S. Air Force in international airspace over the East China Sea, and in May 2017, two Su-30 fighters of the PLA intercepted a U.S. Air Force WC-135 atmospheric-collection aircraft.

Regarding Japan’s airspace over and around the Senkaku Islands, territorial airspace intrusion by a fixed-wing aircraft of the SOA in December 2012 marked the first such instance by a Chinese aircraft. Subsequently, fixed-wing aircraft of the SOA were frequently observed flying near the airspace up through March 2014. Recently, it has been confirmed that the scope of the activities of PLA aircraft near the Senkaku Islands has tended to expand in the southward direction. In June 2016, ASDF fighters scrambled against PLA aircraft that flew southward closer to the Senkaku Islands. The Chinese Ministry

**KeyWord** Combat Air Patrol (CAP)

CAP refers to a mission where interceptors patrol or stand by in a designated airspace as a precaution.

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75 See footnote 15 of this section
76 On the same day, a Tu-154 intelligence gathering aircraft and a Y-9 intelligence gathering aircraft respectively flew over the East China Sea, and the Chinese Air Force announced that it conducted its first patrol flight since the establishment of the ADIZ. In November 2016, a spokesperson of the PLA Air Force stated that the PLA Air Force had been continuously conducting patrols of the “East China Sea ADIZ” for the past three years. See Chapter 3, Section 3-1 (Trends Related to the “Principle of the Freedom of the High Seas” in the East China Sea and South China Sea).
77 See Chapter 3, Section 3-1 (Trends Related to the “Principle of the Freedom of the High Seas” in the East China Sea and South China Sea).
78 For example, on March 7, 2011, a Chinese Z-9 helicopter believed to belong to the SOA flew as close as approximately 70 m and as low as approximately 40 m above water around the Japanese destroyer Sazanami, which was patrolling the waters in the central area of the East China Sea. On April 12, 2012, a Y-12 aircraft believed to belong to the SOA flew as close as approximately 50 m and as low as approximately 50 m above water around the destroyer Asayuki.
of National Defense released an official announcement stating that SDF aircraft conducted provocations against PLA aircraft. However, SDF aircraft conduct scrambles in accordance with international law and the SDF Law, and it is not true that SDF aircraft conducted provocations against PLA aircraft.

In this manner, the activities of PLA aircraft in the airspace near the Senkaku Islands and elsewhere around Japan are expanding and intensifying. Moreover, Chinese announcements concerning the Japanese response have been one-sided, and it is extremely regrettable that the Chinese side is unilaterally making explanations contrary to fact, as doing so undermines the Japan-China relationship. It is necessary to continue to keep a close watch on the activities of Chinese air forces in the airspace around Japan with strong interest.

Figure I-2-3-6 Conceptual Image of Recent Chinese Activities in Airspace near Japan (The flight paths shown are an illustration)

(4) Situation of Activities in the South China Sea

China has also been intensifying its activities in the South China Sea, including waters around the Spratly Islands and the Paracel Islands, over which territorial disputes exist with neighbors, including some ASEAN member states. In March 2009 and December 2013, a Chinese naval vessel and other vessels approached and intercepted a U.S. Navy vessel navigating in the South China Sea. In May 2016 and February and May 2017, there have been incidents in which a PLA fighter allegedly flew close to a U.S. Forces aircraft, etc.

It is also reported that Chinese naval vessels fired warning shots at fishing boats of neighboring countries. Furthermore, in recent years, there has been growing friction between China and its neighboring countries over the South China Sea, as illustrated by protests by Vietnam and the Philippines against China’s development activities on the features in these waters, including land reclamation and various infrastructure development on the features.

79 Regarding the scramble by ASDF fighters against PLA aircraft that flew southward towards the Senkaku Islands on June 17, 2016, the Chinese Ministry of National Defense released the following announcement: “Chinese fighter jets were approached by two Japanese F-15 fighter jets in high speed. They conducted provocations and used fire-control radars against us. The PLA responded decisively and took measures such as tactical maneuver. Consequently, the Japanese fighter jets flew away after firing infrared jamming shells.”

80 See Chapter 3, Section 3-1 (Trends Related to the “Principle of the Freedom of the High Seas” in the East China Sea and South China Sea).

81 See Chapter 3, Section 3-1 (Trends Related to the “Principle of the Freedom of the High Seas” in the East China Sea and South China Sea).
Since 2014, on seven features in the Spratly Islands, China has pressed ahead with rapid and large-scale land reclamation works and developed various infrastructures that could be utilized for military purposes, such as runways and harbors. The Philippines-China arbitration award issued in July 2016 denied the rights claimed by China in the waters surrounded by the “nine-dash line” including the “historic rights” as the basis of the “nine-dash line” claimed by China, and determined the illegality of China’s activities such as land reclamation. However, China has made clear that it would not comply with the award and has continued to develop batteries and other military facilities as well as infrastructure such as hangars and radar facilities. In Fiery Cross Reef, the construction of a large harbor capable of receiving surface combatants continues to make progress. In January 2016, China declared completion of a 3,000 m-long runway which fighters and bombers can take off from and land on, and aircraft test flights were conducted willfully against the protests from countries in the area. In April 2016, a Navy patrol aircraft on patrol over the South China Sea landed at Fiery Cross Reef to evacuate emergency patients. At Subi and Mischief Reefs in July of the same year, China conducted aircraft test fights on a runway where large aircraft can take off and land for two straight days. It has been noted that buildings capable of being equipped with anti-aircraft guns are being built on these features. On the other four features, it has been pointed out that what appears to be large anti-aircraft guns and close in weapon systems (CIWSs) may have already been deployed, in addition to the progress made in the construction of facilities, such as harbors, helipads, and radars. If these features are used for full-scale military purposes, it could significantly change the security environment in the Asia-Pacific region. In the Paracel Islands, China has similarly carried out land reclamation and promoted their use for military purposes. In Woody Island, China has extended the runway since 2013. In October 2015, China deployed J-11 and other fighters, and in February 2016, the deployment of equipment likely to be surface-to-air missiles was confirmed. It was reported that this equipment, which appear to be surface-to-air missiles, had been withdrawn in July of the same year, but it was again alleged in January 2017 that the equipment may have been deployed. In recent years, Chinese vessels have allegedly been conducting what are likely to be survey activities in the Scarborough Shoal, where a standoff took place between Chinese and Philippine government ships in April 2012. The possibility of new land reclamation of the shoal in the future has been suggested as well. It has been suggested that if China conducts land reclamation and installs radar facilities, runways, and other infrastructure in the Scarborough Shoal, it could possibly increase its ability to track the situation and strategic capabilities in the surrounding sea area and ultimately enhance its capabilities in all of the South China Sea. Attention must continue to be paid to the situation going forward by taking into account such aspects.

The activities of the PLA in sea areas and airspace are expanding as well. In July and August 2016, after the Philippines-China arbitration award was rendered, a PLA Air Force H-6K bomber conducted “combat air patrol” in the airspace in the periphery of the Scarborough Shoal. The Chinese Ministry of National Defense announced that this patrol would “become the normal state.” In September of the same year, the China-Russia joint exercise Joint Sea 2016 was conducted for the first time in the South China Sea. In this manner, it appears that China seeks to expand its presence and enhance its operation capabilities in the South China Sea militarily.

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82 The seven features are: Johnson South Reef; Cuarteron Reef; Gaven Reefs; Hughes Reef; Fiery Cross Reef; Mischief Reef; and Subi Reef.
83 The U.S. DoD’s “Annual Report to Congress: Military and Security Developments Involving the People’s Republic of China” (June 2017) notes that China added over 3,200 acres of land in the Spratly Islands by late 2015 and completed the land reclamation.
84 China is believed to have conducted three test flights at Fiery Cross Reef on January 2, 3, and 6 of 2016. In response, the spokesperson of the Ministry of Foreign Affairs of Vietnam expressed strong opposition on January 2, and the Philippines protested in writing on January 8.
85 The Center for Strategic and International Studies (CSIS) and the Asia Maritime Transparency Initiative (AMTI) describe the runway at Subi Reef as 3,250 m long and 55 m wide, and the runway at Mischief Reef as 2,644 m long and 55 m wide.
86 On July 14, 2016, the spokesperson of the Vietnamese Ministry of Foreign Affairs protested that it was an infringement on Vietnamese sovereignty.
87 In March 2016, with regard to China’s activities near the Scarborough Shoal, U.S. Chief of Naval Operation John Richardson stated, “I think we see some surface ship activity and those sorts of things, survey type of activity, going on. That’s an area of concern...a next possible area of reclamation.” According to media reports, it has also been suggested that, “China will start reclamation at the Scarborough Shoal in the South China Sea later this year and may add an airstrip to extend its air force’s reach over the contested waters.”
88 There are reports that Chinese H-6 bombers flew along the “nine-dash line” in March 2015 and December 2016.
Such activities by China constitute acts that unilaterally change the status quo and further advance its efforts to create a fait accompli. Japan is deeply concerned about these activities, and the concern is shared with the international community, including the United States.\(^89\)

In response to the growing international concerns over the development on the features, China asserts that a number of ASEAN member states including the Philippines and Vietnam are illegitimately occupying features of the Spratly Islands and carrying out largescale construction work to build fixed facilities such as airstrips.\(^90\) However, China’s development work on the features is of a scale incomparable to the activities carried out by other countries and is being conducted at a rapid pace.\(^91\)

In any case, the issues over the South China Sea are of concern to the entire international community due to their direct implications for peace and security of the Asia-Pacific region. Countries concerned including China are urged to refrain from unilateral actions that heighten tension and act on the basis of the principle of the rule of law.

(5) Situation of Activities in the “Far Seas”

The Chinese Navy is thought to be shifting its naval forces towards “offshore waters defense and open seas protection,”\(^92\) and is steadily increasing its capabilities to conduct operations in more distant seas such as the Indian Ocean in recent years. For example, since December 2008, Chinese Navy vessels sail in the Indian Ocean to the coast of Somalia and the Gulf of Aden to take part in international counter-piracy efforts. Activities of Chinese Navy submarines are also beginning to be spotted continuously in the Indian Ocean. In 2014, a Song-class submarine reportedly conducted operations in the Indian Ocean and called at a port in Colombo, Sri Lanka, twice in the same year. This marked the first time that a Chinese submarine entered port overseas. It is reported that in May 2015 and May 2016, a Yuan-class submarine and a Shang-class submarine respectively called at a port in Karachi, Pakistan, and in January 2017, a Song-class submarine called at a port in Kota Kinabalu, Malaysia. Outside of the Indian Ocean, in September 2015, five Chinese vessels reportedly sailed in the high seas in the Bering Sea and sailed in U.S. territorial waters near the Aleutian Islands.\(^93\)

Additionally, China has been securing overseas bases

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89 As regards U.S. concerns, for example, on January 11, 2017, Rex Tillerson, who had been nominated Secretary of Defense, testified in his confirmation hearing by the Senate Committee on Foreign Relations that “[w]e’re going to have to send China a clear signal that, first, the island-building stops and, second, your access to those islands also is not going to be allowed.” On November 21, 2015, at the Halifax International Security Forum, Commander Harry Harris of the U.S. Pacific Command noted that “Tensions in the region were significantly heightened” because of China’s development work on the features in the South China Sea, and that it “raised concerns” among nations including the United States. As regards the concerns of the international community, for example, at the G7 Taormina Summit held in May 2017, the Leaders’ Communique stated that “[w]e remain concerned about the situation in the East and South China Seas and strongly opposed to any unilateral actions that could increase tensions.”

90 Remark by the spokesperson of the Ministry of Foreign Affairs of China on April 29, 2015.

91 The U.S. DoD’s “The Asia-Pacific Maritime Security Strategy” (August 2015) states, “As of June 2015, [China] had reclaimed more than 2,900 acres of land” and “China has now reclaimed 17 times more land in 20 months than the other claimants combined over the past 40 years, accounting for approximately 95% of all reclaimed land in the Spratly Islands.”

92 See the defense white paper “China’s Military Strategy” (May 2015).

93 According to the United States, the coastal state in this case, the Chinese vessels’ navigation did not violate international law.
Development on Features of the Spratly Islands and Its Impact on Security

Various countries are conducting development on features of the Spratly Islands, which extend from the center to the south of the South China Sea. China in particular has pressed ahead since 2014 with rapid and large-scale land reclamation works on seven features around the Spratly Islands such as Mischief Reef and Cuarteron Reef, building military facilities including batteries and developing a variety of infrastructure that could be utilized for military purposes such as runways and hangars, harbors, and radar facilities. Its implications on security can be considered as follows (two impacts).

First, if China builds ports on the Spratly Islands and secures deployment, supply and maintenance capabilities for military and government vessels, it will be able to continuously deploy and project military and government vessels in all of the South China Sea. As a result, China’s warning and surveillance as well as operation execution capabilities in the South China Sea could be enhanced significantly.

Secondly, by constructing runways and facilities deemed to be hangars on Fiery Cross, Subi, and Mischief Reefs, China will be able to forward project, supply, and maintain a variety of air force power. In addition, the deployment of radar facilities on the Spratly Islands will dramatically improve China’s warning and surveillance capabilities in the South China Sea. This situation may make it easier for China to reinforce its force projection capabilities and secure air superiority in all of the South China Sea, leading to the enhancement of its anti-access/area-denial (A2/AD) capabilities. Therefore, China’s aerial presence may grow even larger and the “South China Sea Air Defense Identification Zone (ADIZ)” might be established in the future.

The “Principle of the Freedom of the High Seas” and securing the safety of the sea lanes in the South China Sea are matters of great interest to Japan. In the case where China proceeds with the development of features and their military use, it cannot be denied that tension with countries in the area, etc. will not only increase, but that there would also be impacts on security such as increase in risk to the stable use of the sea lanes.

**Mischief Reef**

In July 2016, it was reported that at Mischief Reef, where a runway and other facilities are under construction, there are hangars capable of housing various military aircraft including fighters.

**Cuarteron Reef**

At Cuarteron Reef, it has been reported that construction of anti-aircraft guns and various infrastructure facilities are under way, including facilities that are presumed to be a close-in weapons system (CIWS).
of activities such as harbors, which would help support its far seas operations. For example, China is building “security facilities” at the new port in Doraleh, Djibouti, located in a strategic position in East Africa facing the Gulf of Aden. Some indicate that by supporting Indian Ocean countries to build port infrastructure under the “One Belt, One Road” initiative, China is aiming to secure places for making port calls and strengthening the defense of China’s sea lanes in addition to the expansion of its influence in the region. The Chinese Navy could further build up its capabilities to conduct operations in the Indian Ocean and other distant waters through these activities.

(6) Objectives of Maritime Activities
Taking into consideration such factors as the situation of the development of Chinese naval and air forces, activities in sea areas and airspace, statements in defense white papers, China’s geographical location and economic globalization, the maritime activities of the Chinese Navy, Air Force and other organizations are considered to have the following objectives.

The first is to intercept operations by adversaries in waters and airspace as far as possible from China in order to defend its territory, territorial waters and territorial airspace. Behind this objective is an increase in effectiveness of long-range attacks due to recent progress in science and technology.

The second is to develop military capabilities to deter and prevent Taiwan’s independence. China maintains that it will not allow any foreign intervention in solving the Taiwan issue and realizing the unification of China. In trying to prevent foreign intervention into Taiwan surrounded by the sea in all directions through China’s use of force, China needs to enhance its military operational capabilities at sea and airspace.

The third is to weaken the control of other countries over the islands to which China claims territorial sovereignty and to strengthen the claim through various surveillance activities and use of force at sea and in airspace surrounding the islands.

The fourth is to acquire, maintain, and protect its maritime rights and interests. China is engaged in oil and gas drilling as well as building facilities and surveying for the drilling in the East and South China Seas. It has been confirmed that in addition to the existing 4 platforms, China is building 12 new offshore platforms on the Chinese side of the Japan-China median line of the East China Sea since June 2013. In May 2016, superstructures were installed on 2 of the 12 platforms at which only a foundation had been installed. In late June 2016, the installment of an anti-surface vessel radar and a surveillance camera on one of the platforms was confirmed. Attention will be paid to developments in China related to the platforms, such as the purpose of the use of such equipment. Japan has repeatedly lodged protests against such unilateral development by China and demanded the termination of such work.

The fifth is to defend its sea lanes of communications. In the background is the fact that its sea lanes of communications, including its crude oil transportation

94 In December 2015, Mahamoud Ali Youssouf, Minister of Foreign Affairs of Djibouti, mentioned at the Forum on China-Africa Cooperation that, “The PLA base will be established in a section of the new Doraleh port under construction,” following which, in January 2016, the spokesperson of the Ministry of Foreign Affairs of China announced that China and Djibouti held consultations and reached agreement regarding the building of “security facilities.” In November of the same year, the Chinese Ministry of National Defense announced that Fan Changlong, CMC Vice Chairman, had visited the “security facilities.” The Chinese word for “security” has the meaning of “support.”

95 China is collaborating on port development projects and other programs with local governments at such ports as Gwadar Port in Pakistan, Hambantota Port in Sri Lanka, and Chittagong Port in Bangladesh. Gwadar Port in Pakistan officially commenced operations in November 2016.

96 On November 1, 2016, Foreign Minister Kishida revealed that new gas field drilling was taking place in that sea area and stated that “it is extremely regrettable that [China] is continuing with acts towards unilateral development.”

97 With regard to resource development in the East China Sea, in September 2010, China unilaterally announced postponement of the negotiation to conclude an international agreement with Japan for implementing the so-called “June 2008 Agreement.” While the negotiation has not been resumed yet, it is pointed out that China is highly likely carrying out gas production in the Kashir gas field (Tianwaitian in Chinese) and elsewhere. Meanwhile, China’s SOA announced that the “Haiyangshiyou 981” oil rig succeeded in its first drilling in the South China Sea in May 2012.
routes from the Middle East, are extremely important for the globalizing Chinese economy. The question of which parts of its sea lanes of communication the Chinese Navy deems it should defend depends on such factors as the international situation at the time. However, given the recent strengthening of the Chinese Navy and Air Force, it is believed that they will develop a capacity to defend areas past China’s near seas to the “far seas.”

Given these objectives and recent trends in China’s maritime activities, it is believed that China plans to further expand the sphere of its maritime activities, and further intensify its operations in waters surrounding Japan, including the East China Sea and the Pacific Ocean, as well as the South China Sea and the airspaces over these sea areas. Therefore, more attention needs to be paid to activities such as operations of naval vessels and Navy and Air Force aircraft, various surveillance operations near Japan, developments of facilities that serve as bases for these activities, and evolution of China’s interpretation regarding the nature and scope of rights in China’s exclusive economic zones (EEZs) and other areas.

Meanwhile, in recent years, China has shown interest in taking steps to avoid and prevent unexpected situations at sea areas and airspace. For example, in April 2014, China, together with other countries such as Japan and the United States, agreed to the Code for Unplanned Encounters at Sea (CUES), which sets forth the standards of behavior in the case that the naval vessels or aircraft of the Western Pacific Naval Symposium (WPNS) member states have unexpected encounters. In September 2014, Japanese and Chinese defense authorities agreed in principle to resume consultations to swiftly begin the implementation of the Maritime and Air Communication Mechanism, which China had not agreed to since September 2012. In November 2016, the sixth Joint Working Group meeting was held for the first time in one year and five months.

In recent years, the PLA has been emphasizing nontraditional security missions such as peacekeeping, humanitarian assistance and disaster relief, and counter-piracy. In order to carry out these missions, it has actively dispatched its units overseas. It is believed that in the background of the PLA’s stance on international military activities is the expansion of China’s national interests beyond its national borders, which in turn increased its necessity to protect and promote its national interests overseas, as well as China’s intent to raise its stature by demonstrating its will to fulfill its responsibilities to the international community.

China vows to consistently support and actively participate in UN PKOs. According to the Ministry of National Defense of China, it has sent more than 35,000 military personnel to them. According to the UN, as of late May 2017, China has contributed a total of 2,512 troop personnel, police officers, and military observers to UN PKOs, including UNMISS, and has significantly increased its share of the PKO budget. In this manner, China has actively made personnel and financial contributions and has a growing presence in UN PKO. It is deemed that partly underlying China’s proactive attitude towards UN PKOs is China’s wish to strengthen its relations with the regions where PKOs are conducted, particularly with African nations, by way of these activities.

Moreover, China has been actively participating in counter-piracy activities off the coast of Somalia and in the Gulf of Aden as well as humanitarian assistance and disaster relief activities. In view of the deteriorating situation in Libya, China carried out an evacuation operation of Chinese nationals from the country from February through March 2011. In this operation, China dispatched a Navy vessel and Air Force transportation aircraft to Libya. This is the military’s first participation

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98 China is reportedly constructing a large-scale naval base that has underground tunnels for nuclear-powered submarines in the city of Sanya located in the southern tip of Hainan island. Experts point out that the base is in a strategically important location that secures access to the South China Sea as well as the western Pacific, and that China is advancing construction work in order for the base to play a role as a major hub of the South Sea Fleet, including for the deployment of aircraft carrier.

99 It is pointed out that, in recent years, China aims to limit military activities of other countries in coastal areas of China’s EEZs by employing its own interpretations of the UN Convention on the Law of the Sea (UNCLOS). For instance, the Chinese Government announced in a statement by the Ministry of Foreign Affairs on November 26, 2010 that it is opposed to unsanctioned military activities by any country in coastal areas of China’s EEZs.

100 See Part III, Chapter 2, Section 1-4 (4 Japan-China Defense Exchanges and Cooperation).

101 According to the Chinese Ministry of National Defense website. (last viewed May 2017)

102 In September 2014, China’s State Council and CMC decided to deploy 700 infantry personnel to South Sudan. From January to March 2015, China’s first UN PKO operational units arrived in South Sudan.

103 China’s share of the UN PKO budget was approximately 6.6% in 2015, ranking it sixth. It then increased significantly in 2016, exceeding Japan and ranking China second after the United States. Its share in 2017 is approximately 10.3%.
in an evacuation operation of Chinese nationals living overseas. More recently, in response to the Ebola virus disease outbreak in West Africa, China provided assistance to Sierra Leone and Liberia centered on medical assistance, including the dispatch of units to help fight Ebola. From March to April 2015, based on the worsening situation in Yemen, the Chinese Navy’s counter-piracy forces docked at the ports of Aden, Al Hudaydah, and elsewhere for the evacuation of Chinese nationals and foreign nationals, including one Japanese national, living in Yemen. China’s humanitarian assistance and disaster relief activities have received international praise. It has been pointed out, however, that through such activities, China aims to build a pacifist and humanitarian image of its military forces and demonstrate, both domestically and internationally, its intent to place priority on military operations other than war. It is also suggested that China hopes to test its ability to project its military power to distant locations.

### Education and Training

In recent years, the PLA has conducted practical exercises including large-scale exercises such as joint exercises of the Army, Navy, and Air Force, confrontation exercises, landing exercises, and exercises that cut across military regions and theaters of operations, as well as night-time exercises and joint exercises with other countries in order to strengthen its operational capabilities. The goal of “being able to fight and winning battles” was repeatedly mentioned in statements by President Xi Jinping as well as in the military training instructions given by the general staff. This is construed as evidence that the military is promoting implementation of more practical exercises. The Outline of Military Training and Evaluation, in effect since 2009, highlights training for military operations other than war (MOOTW), education in knowledge and expertise required for informatization, simulated training of high-tech weapons and equipment, network training, and training in complex electromagnetic environments where electronic interference occurs, in addition to joint exercises by different services.

In the education spectrum, the PLA aims to develop military personnel versed in science and technology. In 2003, it launched a human resource strategy project to develop human resources capable of directing joint operations/ informatized operations and of building informatized armed forces. The project has a goal of achieving a big leap in the development of military personnel to 2020. On the other hand, in recent years, a variety of issues have been raised in relation to benefits, including remuneration, the personnel development system, and the treatment of veterans.

China has been developing a mobilization system to make effective use of civilian resources in the case of war and other emergencies. In February 2010, China enacted the National Defense Mobilization Law, which is the basic law for wartime mobilization, and in July of the same year, put the law into effect.

China outlined the promotion of “rule of law” at the fourth plenary session of the 18th CCP Central Committee in 2014 and is proceeding to develop various related laws. In November 2014, China revised the existing National Security Law and enacted the Anti-Spy Law to strengthen the domestic espionage prevention mechanisms, and the law entered into force on the same day. Following this, in July 2015, a new National Security Law was enacted that covers not only security from external threats, but a comprehensive range of national security areas including stability, security, and development. Furthermore, in January 2016, the Anti-Terrorism Law, which aims at strengthening state control, entered into force. In April of the same year, the Law on Management of Domestic Activities of Overseas Non-governmental Organizations, which strengthens control of overseas NGOs, entered into force. This is also explained as part of “rule of law.” Attention will be paid to how the security-related legislation will be implemented.

### National Defense Industry Sector

While China imports highly sophisticated military equipment and parts that it cannot produce domestically from other countries such as Russia, China is believed to place emphasis on their indigenous production. The country manufactures much of its military equipment domestically and actively carries out R&D of new equipment. China’s national defense industry sector appears to be making advances due to the improvement of private industry infrastructures accompanying economic

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104 In November 2016, the CMC announced the “Provisional Provisions concerning the Strengthening of Practical Military Exercises” to enter into force on January 1, 2017. It appears to be part of efforts for the strengthening of practical exercises by the military.

105 See footnote 34 of this section.

growth, use of dual technologies, the absorption of foreign technologies, as well as its own efforts. The sector serves the role of supporting the strengthening of Chinese military forces.\textsuperscript{107}

Growth in the Chinese defense industry was once hindered by inefficiency caused by excessive secrecy and other factors. However, in recent years, reform of the defense industry has progressed. Under the State Administration of Science, Technology and Industry for National Defense (SASTIND) of the Ministry of Industry and Information Technology, a department of the State Council, China has formed ten corporations to develop and produce nuclear weapons, missiles, rockets, aircraft, vessels, and other conventional weapons. In doing so, China promotes, in particular, two-way technological exchanges where military technologies are utilized for developing the national economy, and, in turn, civilian technologies are absorbed for a buildup of national defense. As a result, specifically, the technologies of the defense industry have contributed to the development of civilian space exploration, the aviation industry, and the shipbuilding industry.

Furthermore, China encourages and supports international cooperation and competition in dual-use industries. China is thus thought to have interest in absorbing foreign technologies through dual-use industries.

3 Relations with Other Countries

1 General Situation

China, particularly over maritime issues where its interests conflict with others’, continues to act in an assertive manner, including attempting to change the status quo by coercion. China remains poised to fulfill its unilateral demands without compromise, which has included making steady efforts to turn its acts into faits accompli. In addition, China has acted to create its unique international order. In May 2014, President Xi Jinping criticized military alliances and proposed “the security of Asia by the people of Asia” at the CICA. Furthermore, China has proposed to build a “New Model of Major-Country Relations” with the United States,\textsuperscript{108} and calls on the United States to respect China’s “core interests.” Some have speculated that through this concept, China attempts to have the United States accept the partitioning of U.S. and Chinese interests in the Asia-Pacific. On the other hand, China recognizes that a peaceful and stable international environment is necessary for maintaining sustainable economic development and enhancing China’s overall national power. Based on such recognition, in its relationships with other countries, China proactively carries out military exchanges including reciprocal visits by senior military officials and joint military exercises. In recent years, China has been engaged in dynamic military exchanges not only with major powers such as the United States and Russia and with its neighboring countries including Southeast Asian countries, but also with countries in Africa and Latin America. At the same time, the objectives of China’s promotion of military exchanges are thought to include alleviating other countries’ concerns regarding China by strengthening its relations with these countries, creating a favorable security environment for China, enhancing China’s influence in the international community, securing stable supplies of natural resources and energy, and building foreign bases. China is believed to consider military exchanges as a strategic means to safeguard its national interests, and as such, to position military exchanges as an element in China’s overall diplomatic strategy. Moreover, China has set forth the “One Belt, One Road” concept as its foreign policy. In the international finance domain, China plays a leading role in the establishment of the New Development Bank (BRICS Development Bank) and AIIB.

2 Relations with Taiwan

China upholds the principle that Taiwan is a part of China, and that the Taiwan issue is therefore a domestic issue. The country maintains that the “one-China” principle is the underlying premise and foundation for discussions between China and Taiwan. China also claims that it would never abandon its efforts for peaceful unification, and expresses that it would take up policies and measures to solve issues of Taiwanese people’s interest and to protect their due authority. Meanwhile, China is strongly

\textsuperscript{107} The U.S. DoD’s “Annual foreign Report to Congress: Military and Security Developments Involving the People’s Republic of China” (June 2017) states that China uses various means including cyber theft in order to acquire foreign military and dual-use technology.

\textsuperscript{108} “New Model of Major-Country Relations” dates back to 2012, when then Vice President Xi Jinping visited the United States and utilized the term during his talks with then President Obama. China explains that the concept is based on: (1) no conflict, no-confrontation; (2) mutual respect; and (3) win-win cooperation.
opposed to any foreign intervention in the unification of China as well as any move towards the independence of Taiwan, and on this basis, has repeatedly stated that it has not renounced the use of force. The Anti-Secession Law, enacted in March 2005, clearly lays out the non-renunciation of the use of military force by China.109

Former President Ma Ying-jeou (Kuomintang) of Taiwan advocated a policy of pursuing Taiwanese economic development by expanding economic exchanges with China and maintaining the status quo rather than gaining independence. As a result, the bilateral relationship deepened primarily along the economic realm. In November 2015, President Xi Jinping and then President Ma Ying-jeou held the first China-Taiwan Summit Meeting since the two had split.

However, when the Democratic Progressive Party (DPP) administration led by Tsai Ing-wen was inaugurated in May 2016, China announced in June of the same year that exchanges with Taiwan had already been suspended against the Tsai Ing-wen administration, which had not taken a clear position regarding the principle of “One China.”110 Moreover, international organizations have refrained in succession from extending invitations to Taiwan to meetings before and after the inauguration of Tsai Ing-wen, while countries that have diplomatic relations with Taiwan announced the breaking off of relations with Taiwan and the establishment of diplomatic relations with China.111

It was under these circumstances that the telephone talk between President Tsai Ing-wen and then U.S. President-elect Donald Trump was held on December 2, 2016. This was the first time that a Taiwanese President and a U.S. President or President-elect held direct talks since the establishment of diplomatic relations between the United States and China. China reacted harshly, issuing a stern protest among other responses. Attention will focus on the efforts of the new U.S. administration and China’s response going forward.

Regarding the Senkaku Islands, China and Taiwan have their own assertions,112 and Taiwan has expressed reluctance to work with China.

### 3 Relations with the United States

There are various outstanding issues between the United States and China, such as human rights in China, the Taiwan issue,113 and trade issues. However, since a stable U.S.-China relationship is essential for China to develop its economy, it is believed that China will continue to aspire to maintain stable relations with the United States.

The United States states that it welcomes the rise of a stable, peaceful, and prosperous China, and that it will continue to further deepen cooperative relations between the two countries. At the same time, the United States calls on China to uphold international rules and norms on global issues, including maritime security, international trade, and human rights, and states that it would continue to closely monitor China’s military modernization and expanding presence in Asia.114 Furthermore, the United States sees China as one of the “revisionist states” that are challenging international norms, and perceives that it poses serious security concerns.115 Conversely, China seeks to establish what it calls a “New Model of Major-Country Relations” based on mutual respect and “win-win” cooperation. However, the United States and China have not necessarily reached a consensus on what this relationship exactly entails.116

Regarding the Senkaku Islands, the United States has reiterated that the Japan-U.S. Security Treaty applies to the islands. This was confirmed in a document between the Japanese and U.S. leaders for the first time in February 2017, in the joint statement from the first Japan-U.S. Summit Meeting since the inauguration of the Trump administration, which explicitly referred to the application of Article 5 of the Treaty to the Senkaku Islands. The same interpretation is reiterated in the “Annual Report to Congress: Military and Security Developments Involving the People’s Republic of China” published in June 2017 by the U.S. DoD. China has indicated that it would strongly protest these developments. With regard to the issues over the South China Sea, the United States is concerned about such dimensions as obstruction to the freedom of navigation in maritime transport routes, restrictions on...
the activities of U.S. Forces, and the worsening security situation in the entire region. The United States has requested China to comply with international norms, and has repeatedly criticized China’s unilateral and assertive actions.\textsuperscript{117} The United States implements the Freedom of Navigation Operation\textsuperscript{118} in the South China Sea to counteract excessive claims to maritime interests by China and other countries.

China and the United States have deepened military exchanges and conducted various policy dialogues. A military hotline between the defense departments of the two countries was set up in April 2008. China has also dispatched observers to U.S. military exercises, and joint drills have been conducted between the Chinese and U.S. navies on mutual port visits. In November 2013, the U.S. and Chinese armies conducted a humanitarian assistance and disaster relief exercise. In addition, in 2014 and 2016, Chinese navy vessels participated in the Rim of the Pacific Exercise (RIMPAC). However, China also asserts that there are a number of issues that must be resolved in order to realize the sound development of the relations between the two militaries. The issues include U.S. arms sales to Taiwan, activities of U.S. military vessels and aircraft within China’s EEZs, legal hurdles in mutual military exchanges, and a lack of strategic trust in China on the part of the United States.\textsuperscript{119} Some unstable facets have been observed in military exchanges of the two countries.\textsuperscript{120} For example, China notified suspensions of the major military exchanges with the United States when the U.S. DoD notified Congress of possible arms sales to Taiwan in October 2008 and January 2010. On the other hand, the United States asserts that U.S.-China relations must be undergirded by a process of enhancing confidence and reducing misunderstanding. With regard to military exchanges, it is believed that the aim of the United States is to improve the current situation, wherein such exchanges are frequently suspended once problems arise, and to build relations that are capable of maintaining more stable channels of decision-making for mutual understanding. In recent years, for instance, Strategic Security Dialogues have been established in 2011 in the U.S.-China Strategic and Economic Dialogue, and these dialogues had been held annually. In April 2017, it was decided at the U.S.-China Summit Meeting that the U.S.-China Diplomatic and Security Dialogue would be established as part of the U.S.-China Comprehensive Dialogue that replaced the previous Dialogue, and the first meeting was held in Washington, D.C. in June of the same year.\textsuperscript{121} In addition, in November 2014 and September 2015, it was announced that an agreement was reached on confidence-building measures aimed at lowering the risk of unintended encounters between the United States and China.\textsuperscript{122}

\section*{Relations with Russia}

Ever since the China-Soviet confrontation ended in 1989, China and Russia have placed importance on their bilateral relationship. They have emphasized the deepening of their “strategic partnership” since its establishment in the mid-1990s. In 2001, the China-Russia Treaty of Good-Neighborliness and Friendly Cooperation\textsuperscript{123} was concluded. In 2004, the long-standing issue of border demarcation between the two countries came to a settlement. The two countries have a common view on promoting the multipolarization of the world and the establishment of a new international order, and have further deepened their relations.

On the military front, since the 1990s, China has purchased modern weapons from Russia, including fighters, destroyers, and submarines. Russia is currently the largest supplier of weapons to China.\textsuperscript{124} Meanwhile, their trade amounts are said to be declining in recent years due to the advancement of indigenous weapon production in China. However, it is suggested that China has shown strong interest in continuing to import Russia’s advanced equipment. For example, in November 2015, China reportedly signed an agreement with a Russian state-run military company to purchase 24 Su-35 fighters, which are considered 4.5-generation fighters, and received delivery.

\textsuperscript{117} See Section 3, footnote 89.
\textsuperscript{118} As part of the Freedom of Navigation Operation of the U.S. Forces, U.S. Navy vessel USS Lassen sailed within 12 nautical miles of Subi Reef of the Spratly Islands in October 2015. The U.S. Navy vessel USS Curtis Wilbur sailed within 12 nautical miles of Triton Island of the Paracel Islands in January 2016. The U.S. Navy vessel USS William P. Lawrence sailed within 12 nautical miles of Fiery Cross Reef of the Spratly Islands in May 2016. In October of the same year, U.S. Navy vessel USS Decatur conducted the same operation near the Paracel Islands. In May 2017, it was reported that U.S. Navy vessel USS Dewey navigated within 12 nautical miles of the Spratly Islands and the Mischief Reef.
\textsuperscript{119} According to remarks by then CMC Vice Chairman Xu Caihou in a meeting with then U.S. Secretary of Defense Robert Gates (October 2009).
\textsuperscript{120} When the U.S. DoD notified Congress of possible arms sales to Taiwan in December 2015, while China expressed strong opposition, no major military exchanges between China and the United States were cancelled.
\textsuperscript{121} It was reported that consultations were held on the issue of North Korea, the South China Sea, U.S.-China military exchanges, among other matters.
\textsuperscript{122} See Chapter 2, Section 3-2-5 (6).
\textsuperscript{123} Regarding the military field, this treaty mentions military confidence building or strengthening of mutual troop reductions in border areas, military cooperation such as military technical cooperation, and holding discussions in the event that there is awareness of any threat to peace.
\textsuperscript{124} According to SIPRI, Russia accounts for 57% of China’s arms imports from 2012 to 2016.
off the first four aircraft in December 2016. It is also suggested that an agreement was reached between China and Russia regarding the import of the S-400 surface-to-air missile system. At the same time, it is pointed out that Russia, which shares a land border with China, has a policy of not supplying sophisticated weapons to China that would cause a threat to Russia and of differentiating the performance of the weapons it exports. It is also suggested that Russia has concerns about competing with China in arms exports.\footnote{126} China and Ukraine have deep ties in the field of arms procurement, as indicated by China’s purchase of the Ukrainian unfinished Kuznetsov-class aircraft carrier Varyag, which became the basis of the aircraft carrier Liaoning. In this regard, attention will also be paid to the relationship with Ukraine.\footnote{125}

Military exchanges between China and Russia take place in such forms as routine mutual visits by senior military officers and joint exercises. For example, the two countries have held the large-scale naval combined military officers and joint exercises. For example, the Joint Sea exercise was held in April 2012, July 2013, May 2014, May and August 2015, and September 2016 in the Yellow Sea, the Sea of Japan off the coast of Vladivostok, northern East China Sea, the Mediterranean Sea, the Peter the Great Gulf, and the South China Sea, respectively. It has been announced that the exercise would be held in 2017 in the Baltic Sea in July and the Sea of Japan and the Sea of Okhotsk in September.

As for its relations with countries in Southeast Asia, reciprocal top-level visits and other activities continue to be carried out actively. In 2016, Aung San Suu Kyi, State Councilor and Minister of Foreign Affairs of Myanmar (August), Rodrigo Duterte, President of the Philippines (October), and other dignitaries visited China, while President Xi Jinping visited Cambodia (October). China is also actively involved in multilateral frameworks such as ASEAN Plus One (China), ASEAN Plus Three (Japan, China, the ROK) and the ASEAN Regional Forum (ARF). In September 2016, Premier Li Keqiang attended multilateral meetings in Laos including the ASEAN Plus One Summit and the East Asia Summit Meeting. Furthermore, China has developed bilateral relations through infrastructure development support, etc. under the “One Belt, One Road” concept. For example, in January 2017, the construction of the China-Laos railway got under way.

On the military front, actions can be seen aimed at building trust in the military domain, such as, for example in October 2016, PLA Navy vessels that had participated in counter-piracy activities off the coast of Somalia and in the Gulf of Aden made friendship visits to Myanmar, Malaysia, Cambodia, and Vietnam. In January 2017, a Song-class submarine made the first port call in Malaysia. These efforts can also be considered to have the objective of securing bases for the activities of the PLA Navy in the distant sea areas of the Indian Ocean.

Meanwhile, some ASEAN member states have shown alarm over China’s advancements in the South China Sea. For example, China’s drilling in the oil and gas fields in the Paracel Islands in May 2014 has escalated tension between China and Vietnam. As for Indonesia, the so-called “nine-dash line” claimed by China overlaps with Indonesia’s exclusive economic zone around the Natuna Islands. Conflict between the two countries is manifesting, for example, in the form of the multiple cases of seizure of Chinese fishing boats in 2016. In addition, the Philippines instituted arbitral proceedings against China regarding their disputes over the South China Sea, including Scarborough Shoal and Second Thomas Shoal, in accordance with UNCLOS.\footnote{129}

\begin{itemize}
  \item \textbf{Relations with Other Countries}
  \item \textbf{(1) Relations with Southeast Asian Countries}
  \end{itemize}

As for its relations with countries in Southeast Asia, reciprocal top-level visits and other activities continue to
In July 2016, a final award was rendered in which nearly all of the Philippines’ submissions were ruled in favor of the Philippines. However, in the joint statement of the Philippines-China Summit Meeting held in October 2016, it was explicitly stated that “regarding the South China Sea” “[b]oth sides affirm that contentious issues are not the sum total of the China-Philippines bilateral relationship.” At the same time, towards China, which continues to develop facilities on the Paracel Islands, then Foreign Minister Yasay stated that “this is a provocation and we will not refrain from protesting.” Attention will be paid to the development of the Philippines-China relationship going forward.

(2) Relations with Central Asian Countries
The Xinjiang Uyghur Autonomous Region, located in the western part of China, is situated next to Central Asia. It shares borders with the three countries of Kazakhstan, Kyrgyzstan, and Tajikistan. It has ethnic minorities settled in the areas straddling borders, and there are lively exchanges between the people of those countries. Therefore, China is deeply concerned about the political stability and security situations in Central Asian states such as terrorism by Islamic extremists. Such concerns of China appear to be reflected in China’s engagement in SCO, which was established in June 2001. Moreover, China is strongly interested in the abundant energy and natural resources of Central Asia, with a view to diversifying its supply source and procurement methods of these resources. China promotes cooperation in the energy field with Central Asian countries, such as the construction of oil and natural gas pipelines between China and Central Asian nations.

(3) Relations with South Asian Countries
China has traditionally maintained a particularly close relationship with Pakistan, and mutual visits by their leaders take place frequently. Their cooperation in the military sector, including exporting weapons and transferring military technology, is also considered to be deepening. As the importance of sea lanes increases for China, it is believed that the importance of Pakistan is rising for China, partly because of the geopolitical features of Pakistan which faces the Indian Ocean. Gwadar Port in Pakistan, whose construction China had been assisting, officially commenced operations in November 2016.

China and India have undemarcated areas, and it is deemed that “problems” over this area have arisen between the two countries even in recent years. On the other hand, China has recently striven to improve its relationship with India, while also paying consideration to maintaining balance with Pakistan. Identifying China’s relationship with India as a strategic partnership, the leaders of the two countries actively conduct mutual visits. It is believed that the deepening of bilateral relations is attributed to the importance China places on the economic growth of both countries as well as China’s response to strengthening U.S.-India relations.

In recent years, China has also been deepening its relations with Sri Lanka. Initially after taking office, President Maithripala Sirisena, who had campaigned to shift from a diplomacy oriented towards China to a diplomacy oriented towards all countries and won the election in January 2015, suspended the Colombo Port City development projects financed by China. However, he subsequently announced their resumption in January 2016, and new development projects with China are also showing progress. In October of the same year, China and Sri Lanka agreed on the provision of a Chinese coastline patrol vessel. Furthermore, it has been suggested that Sri Lanka is considering withdrawing its policy to ban Chinese submarines from making port calls as the President had initially announced. Additionally, China is deepening its relations with Bangladesh, such as by developing the harbor in Chittagong where a naval base is located and exporting arms. In October 2016, President Xi Jinping became the first Chinese President in approximately 30 years to visit Bangladesh.

With regard to military exchanges, China has conducted a variety of joint exercises with Pakistan and India since 2003, including joint naval search and rescue exercises and counter-terrorism exercises.

130 It had been pointed out that over the last several years China had been dispatching maritime law enforcement vessels appearing to belong to the Chinese Coast Guard around Scarborough Shoal to interfere with Philippine fishing boats approaching the Shoal. According to CSIS/AMTI, it was confirmed that Philippine fishing boats were operating around Scarborough Shoal after the Philippines-China Summit Meeting in October 2016. In November of the same year, the spokesperson of the Chinese Ministry of Foreign Affairs confirmed that China was allowing Philippine fishing boats to operate, stating that “the matter of Philippine fishermen conducting fishing was dealt with appropriately based on friendship.”
131 China identifies CPEC, a ground transport route that starts from the port of Gwadar in Pakistan, as a flagship project of the “One Belt, One Road” initiative, and announced that China would invest US$46 billion in CPEC.
132 They include the Kashmir region and the state of Arunachal Pradesh.
134 President Xi Jinping and Prime Minister Narendra Modi of India met three times in 2016—in June (Tashkent, Uzbekistan), September (Hangzhou, China), and October (Goa, India). At the June meeting, Xi Jinping reportedly stated that “the common interests of China and India are much larger than their differences in views.”
135 According to SIPRI, Bangladesh accounts for 19% of China’s arms exports from 2012 to 2016, which is the second largest share.
(4) Relations with EU Countries

For China, the European Union (EU) countries are now as important a partner as Japan and the United States, especially in the economic field. China, through diplomatic opportunities, strongly requests EU countries to lift their arms embargo against China which has been imposed since the Tiananmen Square incident in 1989.136

Regarding information technology, avionics, and AIP systems for submarines and other areas, EU member countries possess more advanced technologies than China or Russia which exports weapons to China. Therefore, if the EU arms embargo on China were lifted, the weapons and military technologies of EU countries would transfer to China and would be utilized as a bargaining chip to gain the edge in weapons transactions with Russia. For this reason, Japan has consistently expressed to the EU its objection to the lifting of the arms embargo on China, as well as requested EU member states to carry out more rigorous management of the exports of arms, dual-use goods, and their technologies to China. Although it was explicitly stated in the EU’s China strategy, which was adopted for the first time in 10 years in July 2016 that the position concerning the arms embargo against China remained unchanged, continuous attention will need to be paid to future discussions within the EU.

(5) Relations with Middle East and African Countries, Pacific Islands, and Central and South American Countries

China has been enhancing its relations with Middle Eastern and African nations in the economic realm, including providing active assistance for their infrastructure development and investment in their resource and energy development, and has been further expanding its influence in the region. In recent years, not only interactions among state leaders137 and senior military officials but also arms exports and exchanges between military forces are actively conducted. Underlying these moves could be China’s aim to ensure a stable supply of energy and natural resources and to secure overseas hubs in the future. China has strengthened its engagement in the region, actively sending personnel to UN PKO in Africa and holding the Forum on China-Africa Cooperation (FOCAC) Summit in Africa for the first time in December 2015.

As regards China-Australia relations, a Chinese company’s agreement with the Northern Territory Government of Australia to lease Darwin Port raised debates over security.138 China has also been boosting its relations with the Pacific islands. It has been developing oil, natural gas, and cobalt mines in Papua New Guinea and has signed an agreement on military cooperation with the country. Proactive and continuous economic assistance has also been implemented in other islands. Furthermore, military exchanges are being promoted with Fiji and Tonga.139

China has strived to further deepen its relations with Central and South American countries. Chinese senior military officials have continuously visited countries, such as Argentina and Brazil. In January 2015, China and the Community of Latin American and Caribbean States (CELAC) held their first ministerial meeting. In November 2016, the APEC Economic Leaders’ Meeting was held in Lima, Peru, and President Xi Jinping visited Ecuador, Peru, and Chile.

6 International Transfer of Weapons

China’s arms export total has surpassed its arms import total since 2010. China has expanded provision of weapons such as small arms, tanks, and aircraft to developing countries in Asia, Africa, and other areas. Specifically, it is reported that the main recipients are Pakistan, Bangladesh, and Myanmar, while weapons are also being exported to African countries such as Algeria, Nigeria, Sudan, Tanzania, Ghana, and Kenya, to Central and South American countries including Venezuela, and to Middle Eastern countries such as Iraq and Iran. Some experts claim that China transfers weapons in

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136 For example, in November 2010, then Chinese President Hu Jintao visited France, and on this occasion, China and France announced a joint statement that included text supporting the lifting of the arms embargoes against China. It is deemed that some EU countries have positive opinions about the lifting of their arms embargoes against China.

137 In January 2016, President Xi Jinping visited Saudi Arabia, Egypt, and Iran, and announced economic assistance of about 6.3 trillion yen for the Middle East.

138 In November 2015, at the U.S.-Australia Summit Meeting in Manila, then U.S. President Obama reportedly told his counterpart that the United States would have liked a “heads up” about Australia’s lease of Darwin Port to a Chinese company and to “Let us know next time.”

139 From August to September 2014, China’s hospital ship conducted the medical service mission Harmonious Mission 2014, offering services in Tonga, Fiji, Vanuatu, and Papua New Guinea.
order to strengthen its strategic relationships with allies, enhance its influence in the international community, and secure energy and natural resources. China does not participate in some of the frameworks of international arms export control, and some observers point out that there is proliferation of missile-related technology.\textsuperscript{140} Attention will be paid to whether China will increase the transparency of international weapons transfer in response to the concerns of the international community.

4 Military Capabilities of Taiwan

1 Relations with China

Tsai Ing-wen (Democratic Progressive Party) won a landslide victory over Zhu Lilun (Kuomintang) in the presidential election in January 2016, and the DPP administration headed by President Tsai was inaugurated on May 20 of the same year. Present Tsai has not outlined a clear stance regarding the “1992 Consensus,” which positions China as the political foundation of cross-Strait relations and which exemplifies the “One China” policy.\textsuperscript{141} At the same time, President Tsai has upheld the “maintenance of dialogue and communication of intent” and the “maintenance of the promotion of the peaceful and stable development of cross-Strait relations”\textsuperscript{142} from the beginning, and called on China to engage in dialogue even after China announced the suspension of exchanges with Taiwan.\textsuperscript{143}

However, international organizations successively refused the attendance of Taiwanese representatives and refrained from extending invitations to Taiwan to meetings before and after the inauguration of President Tsai Ing-wen, while countries that have diplomatic relations with Taiwan announced the breaking off of relations with Taiwan and the establishment of diplomatic relations with China.\textsuperscript{144} Taiwan is strongly protesting, citing these actions as “Chinese acts that shrink the international space of Taiwan.”

On the economic front as well, it is said that the number of Chinese visitors to Taiwan has declined since the inauguration of President Tsai Ing-wen. It was reported in September 2016 that 20,000 people including those in the Taiwanese tourism agency held a protest demanding that the government take measures.

On December 2, 2016, the Presidential Office of Taiwan announced that President Tsai Ing-wen held a telephone talk with then U.S. President-elect Trump. The Taiwanese side claimed that “there were no deep discussions,”\textsuperscript{145} and indicated that it would place importance on relations with both China and the United States. However, the Chinese side strongly protested, stating that “it is merely a cheap trick done by Taiwan.”

Attention will be paid to the future direction of cross-Strait relations going forward including developments in the U.S.-Taiwan relationship under the new U.S. administration.

2 Military Capabilities of Taiwan

Under President Tsai Ing-wen, Taiwan has put forth a national defense development plan with “Safeguard the Nation,” “Cultivate a Professional Military,” “Realize Defense Self-Reliance,” and “Protect People’s Wellbeing,” “Strengthen Regional Stability” as the strategic goals and “resolute defense, multi-domain deterrence” as the military strategic concepts, and aerospace, shipbuilding and information security as the core fields.\textsuperscript{146}

Taiwan, for improving the expertise of its military

\textsuperscript{140} For example, China does not participate in the Missile Technology Control Regime (MTCR), and some observers point to proliferation of Chinese missile-related technology to Pakistan and other countries.

\textsuperscript{141} On May 20, 2016, President Tsai Ing-wen stated in her inaugural address: “In 1992, the two institutions representing each side across the Strait (SEF & ARATS), through communication and negotiations, arrived at various joint acknowledgements and understandings. It was done in a spirit of mutual understanding and a political attitude of seeking common ground while setting aside differences. I respect this historical fact.”

\textsuperscript{142} In her inauguration address on May 20, 2016, President Tsai Ing-wen stated that she would “work to maintain current mechanisms concerning dialogue and communication of intent” and that “the two sides should maintain the peaceful and stable development of cross-Strait relations on the existing political foundations.”

\textsuperscript{143} In a speech given on October 10, 2016, President Tsai Ing-wen stated that “there has been no change of any word or phrase in my inauguration address, and we shall make the greatest of efforts to maintain cross-Strait dialogue and communication of intent.”

\textsuperscript{144} In 2016, the Taiwanese representative was forced to leave an Organisation for Economic Co-operation and Development (OECD) meeting on iron and steel on April 18, and Taiwanese officials were shut out of the Food and Agriculture Organization (FAO) Committee on Fisheries (COFI) meeting held in July. Furthermore, it is reported that participation by Taiwanese representatives in the International Civil Aviation Organization (ICAO) and International Police Organization (ICPO) plenary meetings in August and November were postponed. Taiwan claims that these are due to Chinese demands and urgings. It was announced that São Tomé and Príncipe and Panama severed diplomatic relations, while established relations with China in December 2016 and June 2017, respectively.

\textsuperscript{145} The spokesperson of the Office of the President of Taiwan commented on December 3, 2016 that “there were no deep discussions regarding specific details. Good cross-Strait relations and good relations with the United States are equally important, and there is no conflict or clash between them.”

\textsuperscript{146} According to the Quadrennial Defense Review (QDR) that the Ministry of Defense of Taiwan released on March 16, 2017, “resolute defense...protect the homeland” and “achieving multi-domain deterrence, comprehensive strategy” are listed in the military strategy.
personnel and other purposes, aims to reduce the total forces from 215,000 personnel at the end of 2014 to 170,000-190,000 by 2019 while transforming its armed forces consisting of drafted personnel and volunteers into all-volunteer forces. At the same time, the Taiwanese armed forces attribute importance to the introduction of advanced technologies and improvement of joint operational capabilities. Additionally, in light of the serious damage that occurred from the typhoon in August 2009, the Taiwanese armed forces identify disaster prevention and relief as one of their major missions.

With regard to Taiwan’s military power, at present, ground forces, including the Navy Marine Corps, have a total of approximately 140,000 personnel. It is believed that approximately 1.66 million reserve personnel of the air, naval, and ground forces would be available in case of war. Regarding naval capabilities, in addition to Kidd-class destroyers which were imported from the United States, Taiwan possesses relatively modern frigates and other vessels. Regarding air capabilities, Taiwan possesses F-16 A/B fighters, Mirage 2000 fighters, Ching-kuo fighters, among other assets.

### Military Balance between China and Taiwan

While China has continued to increase its defense budget by a significant margin, Taiwan’s defense budget has remained mostly unchanged for nearly 20 years. As of 2016, China’s announced defense budget was roughly 15 times larger than Taiwan’s defense budget.

While the PLA proceeds to enhance its missile, naval, and air forces, the Taiwanese military still struggles to modernize its equipment. The U.S. DoD has notified Congress of possible arms sales to Taiwan based on the Taiwan Relations Act. Taiwan has announced that it will continue to purchase advanced weapons, and continued attention needs to be paid to related developments.

Taiwan also promotes the independent development of military equipment. Tien Kung II surface-to-air missiles, Hsiung Feng II anti-ship missiles, and Hsiung Feng IIE surface-to-surface cruise missiles with long-range attack capabilities are deployed. Additionally, in order to counter large vessels including aircraft carriers, Taiwan is moving to induct a new model of indigenous stealth high-speed missile ships mounted with Hsiung Feng III supersonic anti-ship missiles. Moreover, Taiwan is developing the Tien Kung III surface-to-air missile in order to acquire anti-ballistic missile capability and promoting the indigenous development of its main vessels and aircraft and has started indigenous construction of submarines.

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147 Originally, the Ministry of Defense had aimed to transition to all-volunteer forces by the end of 2014, but in September 2013 announced that this would be postponed until the end of 2016. Later, in December 2016, Minister of National Defense Feng Shih-kuan responded to a question in the Legislative Yuan from one of its members that “a draft would not be conducted in 2018 and beyond.”

148 On November 17, 2016, the Taiwan Air Force announced that it would begin the upgrade of its F-16A/B fighters to F-16V fighters with enhanced radar performance, etc. beginning on January 16, 2017. It states that four aircraft will be upgraded in the first year and the project will be completed by 2023.

149 This figure was obtained by comparing China’s announced FY2016 defense budget of approximately 954.4 billion yuan and Taiwan’s announced FY2015 defense budget of approximately 32.1 billion Taiwan dollars by converting them into U.S. dollars using the exchange rate for FY2015 released by the Central Bank of Taiwan (US$1 = 6.6445 yuan = 32.318 Taiwan dollars). China’s actual defense budget is reportedly larger than the amount announced, and therefore, the actual difference in the defense budgets of China and Taiwan could be greater.

150 Recently, the U.S. DoD notified Congress of possible sales to Taiwan of PAC-3 missiles, LH-60 helicopters, Osprey-class mine hunters, and other assets in January 2010, possible arms sales including equipment necessary to upgrade F-16A/B fighter aircraft in September 2011, and possible sales of two Oliver Hazard Perry-class missile frigates, 36 AAV7 amphibious vehicles, and other assets in December 2015.

151 It is said that Taiwan has sought the sale of F-16C/D fighters and conventional submarines from the United States but they have not been achieved. “Asia-Pacific Rebalance 2025” published by CSIS notes, “Taiwan has stopped requesting F-16C/Ds and probably hopes that the United States will eventually make available F-35s, perhaps in a decade.” In addition, in June 2017, the Trump administration for the first time since its inauguration notified Congress that approximately US$1.4 billion worth of arms would be sold to Taiwan. However, it is reported that this does not include the F-35 and other high-performance weapons.

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The military capabilities of China and Taiwan are generally characterized as follows:

1) Regarding ground forces, while China possesses an overwhelming number of troops, their capability of landing on and invading the island of Taiwan is limited at this point in time. Nevertheless, China has been steadily improving its landing and invasion capabilities in recent years, such as building large landing ships.\(^{152}\)

2) Regarding naval and air forces, China, which overwhelms Taiwan in terms of quantity, has also been rapidly strengthening its naval and air forces in recent years in terms of quality, where Taiwan had superiority over China.\(^{153}\)

3) Regarding missile attack capabilities, Taiwan has been strengthening its ballistic missile defense, including upgrading PAC-2 to PAC-3 and newly inducting PAC-3. China possesses numerous short-range ballistic missiles and other assets with ranges covering Taiwan. Taiwan is deemed to have few effective countermeasures.

In addition to the size of forces and performance and quantity of military equipment, a comparison of military capabilities should take into account various factors such as the objectives and characteristics of envisioned military operations, the operational posture, proficiency in military personnel, and logistics. Nevertheless, as China is rapidly strengthening its military power, the overall military balance between China and Taiwan is shifting in favor of China, and the gap appears to be growing year by year. The strengthening of both the Chinese and Taiwanese military capabilities, U.S. weapon sales to Taiwan, and indigenous development of the main equipment by Taiwan require close attention.

Fig. I-2-3-7 (Changes in Taiwan’s Defense Budget); Fig. I-2-3-8 (Changes in the Number of Modern Fighter Aircraft of China and Taiwan)

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\(^{152}\) The Ministry of National Defense of Taiwan states in the 2015 National Defense Report published in October 2015: “The PLA plans to complete the establishment of a formidable military arsenal for conducting military operations against Taiwan before 2020.”

\(^{153}\) China has 789 fourth-generation fighters, whereas Taiwan has 328. In addition, China has about 80 destroyers and frigates and about 60 submarines, whereas Taiwan has about 20 and four, respectively. Furthermore, China commissioned the aircraft carrier Liaoning in September 2012 and launched an indigenous carrier in April 2017.