

# WebMemo



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## A Chinese Military Superpower?

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On March 4, China's National People's Congress announced that it would increase the country's military budget 17.8 percent in 2007 to a total of \$45 billion.<sup>1</sup> Despite the fact that this was the biggest single annual increase in China's military spending,<sup>2</sup> the Chinese government reassured the world that this spending hike was normal and need not worry anyone. "China is committed to taking a path of peaceful development and it pursues a defensive military posture," a spokesman said.<sup>3</sup> But the evidence suggests instead that China's intent is to challenge the United States as a military superpower.

A closer look at China's military spending raises profound questions about China's geopolitical direction. In terms of purchasing power parity (PPP), China's effective military spending is far greater than \$45 billion, or even the U.S. Department of Defense's \$105 billion estimate.<sup>4</sup> In fact, it is in the \$450 billion range, putting it in the same league as the United States and far ahead of any other country, including Russia.<sup>5</sup> This figure reflects the reality that a billion dollars can buy a lot more "bang" in China than in the United States.

Within a decade, perhaps much sooner, China will be America's only global competitor for military and strategic influence. Director of National Intelligence Michael McConnell told the Senate on February 27 that the Chinese are "building their military, in my view, to reach some state of parity with the United States," adding that "they're a threat today, they would become an increasing threat over time."<sup>6</sup> Nor is this a revelation to Washington

policy-makers. McConnell's predecessor John Negroponte testified to the Senate Intelligence Committee in February 2006 that "China is a rapidly rising power with steadily expanding global reach that may become a peer competitor to the United States at some point."<sup>7</sup> In June 2005, Secretary of State Condoleezza Rice observed that the U.S. must help integrate China into the international, rules-based economy before it becomes a "military superpower."<sup>8</sup> Rice, with a doctorate in Soviet studies and years of experience in the White House during the last days of the Cold War, would not use the term "superpower" lightly.

It remains to be seen whether China's now massive stake in the global economy will result in Beijing becoming a responsible stakeholder in global affairs, but Beijing seems poised for true global status as a "military superpower." The latest figures from the econometricians at the Central Intelligence Agency—whose data come from the World Bank—peg China's 2006 GDP, adjusted for purchasing power parity, at \$10 trillion, with a nominal exchange-rate value of \$2.5 trillion.<sup>9</sup>

Despite the Chinese Communist Party leadership's espousal of China's "peaceful rise," the unprecedented peacetime expansion of China's military

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capabilities betrays a clear intent to challenge the United States in the Western Pacific and establish itself as the region's predominant military power. With China's massive GDP and military spending at an estimated 4.5 percent of GDP, the resources that Beijing now devotes to its armed forces surely make it a top global power.<sup>10</sup> The exact methodology that U.S. intelligence agencies use to arrive at this estimate is classified, but it reportedly takes into account the fact that China's budget figures do not include foreign arms purchases, subsidies to military industries, any of China's space program (which is under the command of the Central Military Commission), or the costs of the 660,000 strong "People's Armed Police."<sup>11</sup> It appears that some defense spending sectors that are not counted in the

defense budget have increased much faster than the budget itself.<sup>12</sup>

At a time when The Heritage Foundation is encouraging sustained U.S. defense spending of 4 percent of GDP in an initiative called "Four Percent for Freedom,"<sup>13</sup> China's military budget could be called "Four-and-a-Half Percent Against Freedom" due to its involvement in countries like Burma, Sudan, Zimbabwe, North Korea, Uzbekistan, and Iran, not to mention its actions against freedom in Taiwan and, of course, in China itself.

U.S. intelligence agencies can plainly see where the money is going. China is assembling a blue-water navy, with a submarine fleet of 29 modern boats, including 13 super-quiet Russian-made Kilo class subs and 14 Chinese-made Song and Yuan

1. See Edward Cody, "China Boosts Military Spending; Senior U.S. Official Presses Beijing to Clarify 'Plans and Intentions,'" *The Washington Post*, March 5, 2007, p. A12, at [www.washingtonpost.com/wp-dyn/content/article/2007/03/04/AR2007030400401.html](http://www.washingtonpost.com/wp-dyn/content/article/2007/03/04/AR2007030400401.html).
2. This was the biggest increase in yuan terms and the biggest annual percentage increase in dollar terms. The biggest previous yuan-denominated increases were 20.3 percent in 1994 and 18 percent in 2001.
3. Jim Yardley and David Lague, "Beijing Accelerates Its Military Spending," *The New York Times*, March 5, 2007, p. A-8, at [www.nytimes.com/2007/03/05/world/asia/05military.html](http://www.nytimes.com/2007/03/05/world/asia/05military.html).
4. Office of the Secretary of Defense, "The Military Power of the People's Republic of China," May 23, 2006, p. 20, at [www.defenselink.mil/pubs/pdfs/China%20Report%202006.pdf](http://www.defenselink.mil/pubs/pdfs/China%20Report%202006.pdf).
5. Russia plans to spend 4.939 trillion rubles (about \$185 billion) by 2015. See Oleg Vladykin, "Russia's Defense Spending Gradually Taking Off," *The Moscow News*, January 21, 2006, at [english.mn.ru/english/issue.php?2006-21-1](http://english.mn.ru/english/issue.php?2006-21-1).
6. Bill Gertz, "China expands sub fleet," *The Washington Times*, March 2, 2007, p. A-1, at [www.washingtontimes.com/national/20070302-012440-4462r.htm](http://www.washingtontimes.com/national/20070302-012440-4462r.htm).
7. John D. Negroponte, "Annual Threat Assessment of the Director of National Intelligence for the Senate Select Committee on Intelligence," February 2, 2006, at [intelligence.senate.gov/060202/negroponte.pdf](http://intelligence.senate.gov/060202/negroponte.pdf).
8. Neil King, Jr., "Rice Wants U.S. To Help China Be Positive Force," *The Wall Street Journal*, June 29, 2005, Page A-13, at [online.wsj.com/article/0,,SB112001578322872628,00.html](http://online.wsj.com/article/0,,SB112001578322872628,00.html).
9. For World Bank figures, see World Bank, "World Development Indicators 2006 (2004 data)," at [devdata.worldbank.org/wdi2006/contents/Table1\\_1.htm](http://devdata.worldbank.org/wdi2006/contents/Table1_1.htm).
10. See Central Intelligence Agency, *The World Factbook 2006* (Washington, D.C.: CIA, 2006), at [www.cia.gov/cia/publications/factbook/geos/ch.html](http://www.cia.gov/cia/publications/factbook/geos/ch.html). The CIA defines "a nation's GDP at purchasing power parity (PPP) exchange rates [as] the sum value of all goods and services produced in the country valued at prices prevailing in the United States." The CIA's estimate that 4.5 percent of China's GDP is devoted to the military suggests a PPP figure of \$450 billion for China's 2006 military budget. Add onto this 2007's 17.8 percent increase, offset somewhat by a 10 percent GDP increase, and a 5 percent U.S. dollar-RMB Yuan exchange rate increase.
11. See, e.g., Mark Magnier, "China announces military budget hike" *The Los Angeles Times*, March 5, 2007, p. A-01.
12. See Information Office of the State Council, People's Republic of China, "China's National Defense in 2006," White Paper, December 29, 2006, at [www.fas.org/nuke/guide/china/doctrine/wp2006.html](http://www.fas.org/nuke/guide/china/doctrine/wp2006.html). For example, "In 2005, the output value, added value and gross revenue of the entire spectrum of defense-related science, technology and industry increased by 24.3 percent, 20.7 percent and 21.6 percent, respectively, over the previous year."
13. See Baker Spring, "Defense FY 2008 Budget Analysis: Four Percent for Freedom," Heritage Foundation *Backgrounder* No. 2012, March 5, 2007, at [www.heritage.org/Research/Budget/bg2012.cfm](http://www.heritage.org/Research/Budget/bg2012.cfm).

class diesel electric submarines that are reportedly improved versions of the Kilos. At least 10 more of these submarines are in China's shipyards, together with five new nuclear ballistic missile and attack boats.<sup>14</sup> China's surface fleet is also undergoing a similar modernization.<sup>15</sup>

China's power in the air and in space is also on the rise. The People's Liberation Army (PLA) Air Force has about 300 Russian-designed fourth-generation Sukhoi-27 Flankers and a number of Chinese-built Jian-11 planes and 76 Sukhoi-30 multi-role jets. With Russian and Israeli assistance, the PLA Air Force has acquired an additional 50 or so Jian-10 fighters based on U.S. F-16 technology and reportedly plans to build 250 more.<sup>16</sup> China's rocket forces are also expanding at an unprecedented pace, with production and deployment of short-range ballistic missiles targeted at Taiwan increasing from 50 per year during the 1990s to between 100 and 150 per year today.<sup>17</sup> Presumably, output from Chinese ICBM factories is expanding at a similar pace. Most recently, China's January 12 test of highly sophisticated direct-ascent "kinetic kill vehicle" (KKV) technology, coupled with attempts to blind or laser-illuminate a U.S. reconnaissance satellite in 2006, are convincing evidence of the PLA's intention to neutralize the United States' military assets in space in any conflict.

Indeed, China's 2006 "White Paper" on national defense describes a China that is moving onto the offensive:

The Army aims at moving *from regional defense to trans-regional mobility*, and improving its capabilities in air-ground integrated operations, *long-distance maneuvers*, rapid assaults and special operations. The Navy aims at gradual extension of the strategic depth for offshore defensive operations and enhancing its capabilities in integrated maritime operations and nuclear counterattacks. The Air Force aims at speeding up its transition from territorial air defense to both *offensive* and defensive operations, and increasing its capabilities in the areas of air strike, air and missile defense, early warning and reconnaissance, and *strategic projection*. The Second Artillery Force aims at progressively improving its force structure of having both nuclear and conventional missiles, and raising its capabilities in strategic deterrence and conventional strike under conditions of informationization.<sup>18</sup>

The ultimate question must be whether Beijing's leaders have any purpose in assembling a military machine worthy of a superpower other than to have the strength to challenge the United States' strategic position in Asia. It is time to take China's military expansion seriously.

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14. Bill Gertz, "China expands sub fleet," *The Washington Times*, March 2, 2007, p. A-01, at [www.washingtontimes.com/national/20070302-012440-4462r.htm](http://www.washingtontimes.com/national/20070302-012440-4462r.htm), and Vivek Raghuvanshi, "Leased Akulas Advance India's Blue-Water Plans," *DefenseNews*, March 5, 2007, p. 12.

15. For a comprehensive survey of China's naval buildup, see Ronald O'Rourke, "China Naval Modernization: Implications for U.S. Navy Capabilities—Background and Issues for Congress," *CRS Report to Congress*, Congressional Research Service, June 2, 2006.

16. Benjamin Kang Lim, "China unveils indigenous fighter jet," Reuters, January 6, 2007.

17. SRBMs were deployed against Taiwan at a pace of 50 per year between 1996 and 2002. Bill Gertz, "Missiles Bolstered Opposite Taiwan," *The Washington Times*, April 29, 2002, p. A12. By the end of 2006, new SRBM deployments had reached a rate of at least 100 per year. The Pentagon estimates that deployments of M-9 and M-11 missiles increased from 500 to 690 in the Taiwan Strait theater between 2003 and 2004. See Office of the Secretary of Defense, "The Military Power of the People's Republic of China," May 23, 2006, p.3, at [www.defenselink.mil/pubs/pdfs/China%20Report%202006.pdf](http://www.defenselink.mil/pubs/pdfs/China%20Report%202006.pdf). Previous reports are available at <http://www.defenselink.mil/pubs/china.html>.

18. Information Office of the State Council, People's Republic of China, "China's National Defense in 2006" (emphasis added).