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China's Military Rise

and the Implications for European Security

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Chapter Five

Chapter Five. **An Assessment of China's Military Rise**

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This chapter synthesizes the key findings of Chapter Two, Three and Four. It uses the theoretical framework presented in Chapter One to assess China's military upward rise for the period 1996-2035. In examining motivations and manifestations of China's military rise, it evaluates where China was (1996-2020), where it is now (2021) and where it is projected to be (2021-2035). In so doing, the chapter first looks at China's motivations before turning to China's military capabilities to project power.

The chapter finds that China is exhibiting all of the factors that typically drive great power expansion outside of the region. It has shown signs of most of the motivations for expansion that great powers typically exhibit and has made enormous strides in its stated goal of developing a world-class military, though it stills falls short in some key areas. In short, it is following a typical trajectory for a rising great power, even though it lacks behind in some key aspects that enable the use of military capabilities far from home, and is implementing a long-term strategy to be able to sustainably project power outside its region.

The six aspects of extra-regional military capabilities include the development of extra-regional power projection capabilities, the maintenance of sound infrastructure, the establishment of overseas and overland bases, the conclusion of formal and informal alliance relationships with other states within multilateral or bilateral frameworks, the transfer of arms and other military equipment, and the extension of military aid through various forms of military-to-military cooperation.

5.1 China's motivations for projecting power

China exhibits all of the drivers that have been typical of rising powers seeking to project power outside of their own region in the past.

5.1.1 Security

Typically, as great powers perceive that their national security is threatened, they invest in regional military capabilities and then in extra-regional military capabilities to prevent peer competitors from projecting extra-regional power. China is showing clear signs of this tendency. *China's National Defense in the New Era*, a defense white paper published in 2019, emphasized that China was challenged by myriad and complex security threats. Among them, the primary one came from the trends and activities of Taiwanese independence. The CCP regards enforcing "sovereignty" over the island along with maintaining control over Xinjiang, Tibet and Hong Kong, as its core interests. Land-based threats, most realistically from India but – if relations worsen – also from Russia, with which China shares the world's longest border, are another key area of concern that is prioritized over sea-based threats. The report also identified the US, NATO, Russia, and the European Union as international strategic competitors, and argues the PLA must have the capabilities necessary to engage with, and deter from acting against China's interests in the far seas: beyond the South China Sea, the Taiwan Straits, and the Western Pacific. PLA power growth, combined with a demonstrated ability to project power at long range, most importantly in the Indian Ocean and adjacent waters, is an essential element in China's grand narrative of its rise to global dominance against a declining West, centered on the US.

5.1.2 Resources

Another reason rising powers seek to develop extra-regional power projection capabilities is to ensure they can meet a growing demand for resources, spurred by economic, demographic, and technological developments. In addition to its concerns about Taiwan, Tibet, and Xinjiang, *China's National Defense in the New Era* makes clear that access to resources is another reason to bolster China's military power. China gets much of its oil supplies from the Middle East and Africa and depends on secure SLOCs to those regions. Furthermore, in addition to its need to protect extensive and growing investments in places such as Africa and the Middle East, China needs to protect the large number of PRC expatriates employed overseas by Chinese companies. In the past, China was unable to defend the interests of overseas Chinese and has prioritized developing capabilities in this regard.

5.1.3 Domestic pressure groups

Pressured by domestic constituencies, rising powers tend to develop power projection capabilities in order to exert control over foreign markets, labor, or resources. There is ample evidence that such constituencies are operating in China and exert some degree of influence over its foreign policy. However, given the nature of the research framework, this report was unable to evaluate this factor in a comprehensive fashion.

5.1.4 Status and prestige

Historically, a desire for prestige has prompted aspiring great powers to develop military capabilities, both as a symbol of power and as a tool to expand territorially. Through official pronouncements, President Xi has made clear that the overarching national goal is *Great Rejuvenation of Chinese People*, which includes overturning the last vestiges of humiliation the nation endured at the hands of Western powers and Japan during the 19th century and restoring what he sees as China's rightful place as the pre-eminent nation in Asia. Xi has emphasized that emerging as a world-class military power is vital to this goal.

5.2 Assessment of China's military capabilities

The PLA now ranks among the most powerful militaries in the world. China's overall progress on the six aspects that together make up the military dimension of extra-regional influence¹ over the last 25 years has been impressive but unevenly distributed.

The following section assesses China's progress within each of the six aspects that make up the military dimension of extra-regional influence individually by analyzing the progress China made between 1996 and 2020, zooming in on where it stands in 2021, and by making a projection on how its trajectory it is likely to develop between 2022 and 2035. Table 35 rates China's capabilities along these six aspects on a scale from one-to-five. Table 36 below provides more detailed descriptions of how each of these dimensions has been operationalized.

¹ These are [1.] the development of extra-regional power projection capabilities, [2.] the maintenance of sound infrastructure, [3.] the establishment of overseas and overland bases, [4.] the conclusion of formal and informal alliance relationships with other states within multilateral or bilateral frameworks, [5.] the transfer of arms and other military equipment, and [6.] the extension of military aid through various forms of military-to-military cooperation

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Simply put, while a score of one refers to a state that is not able to project any real military power, a score of five refers to a militarily fully developed great power (“a super power”). To explain the logic behind the scale, two historical examples may be informative. The closest to a fully-fledged, five-star, military great power is the United States in the 1990s: completely in control of its own region; able to execute and sustain power projection operations in any region around the world, including the ability to dominate these regions; able to leverage a global network of overseas and overland bases around the world; having unhindered and unchallenged access to Middle Eastern oil; supported by a fleet of supply ships; owning – by a mile – the most sophisticated arms industry globally; standing at the head of the mightiest alliance network in history, including NATO and hub-and-spoke-alliances throughout the rest of the world; the definitive leader in global arms transfers and having the advantage of unrivaled operational and combat experience. A typical, one-star state starting out on its journey to achieve great power is China in 1996: Unable to deter a great power, the United States, from deploying military assets very close to its shores in order to hurt one of China's key interests; not able to win in combat against any power nor influence events outside of own region; entirely lacking overland and overseas bases; not owning infrastructure to sustain power projection and owning only limited industrial resources to repair and expand them; without alliances; limited to exporting arms to a limited number of states (mostly outcasts that other states do not want to touch); and lacking the operational experience to send its forces into power projection missions.

Military resources	Military resources (2)	1996	2006	2016	2021	2026 ²	2035
Near and far seas military capabilities	Near Seas Defense ³ (Within the first island chain)	+	+	+++	++++	++++	++++/ ++++
	Far seas Protection (ERPP and Long range strike capability)	+	+	+	++	++	+++/ ++++
Overseas and overland Bases		+	+	+	++	++/ +++	++/ ++++
Infrastructure	Overall	+	+	++	+++	+++/ ++++	++++
	<i>Resources to sustain: Access to oil</i>	++	+	++	++	+++	+++
	<i>Resources to sustain: Supply ships</i>	+	+	++	+++	++++/ ++++	++++/ ++++
	<i>Resources to repair and expand: Industrial resources: shipbuilding and repair and defense industry.</i>	+	++	+++	++++	++++	++++/ ++++
Alliances (formal; and informal)		+	+	+	+	+/ +++	+/ ++++
Arms transfers		+	+	++	+++	+++/ ++++	+++/ ++++
Operational experience; Military cooperation and assistance	Peace keeping; anti-piracy missions; exercises; port calls	+	+	++	++	++/ ++++	++/ ++++

Table 35: China's score on the six aspects of the military dimension of extra-regional influence

2 A forward slash is used to indicate a range of possibility (e.g. ++/++++) in order to appreciate the many uncertain variables that together determine the future development of the dimensions of China's ability to project power.

3 Officially, Chinese naval strategists also include enforcing sovereignty over Taiwan as a key part of National Defense. In this rating, only defense of the mainland and enforcing “sovereignty” over large swaths of the ESC and SCS is considered.

Military resources		+	++	+++	++++	+++++
Military capability	Intra-regional	Defenseless; major powers dominate; unable to safeguard interests	Inferior force; overshadowed by major powers; safeguards one or two prioritized interests	Substantial force; competes with major powers; safeguards some core interests	Dominant force; pushes out major powers; safeguards most core interests	Fully-fledged military great power; excludes major powers; safeguards all core and secondary interests
	Extra-regional	Cannot win in combat against any power nor influence events outside of own region	Can win in combat against one or two small powers and influence events in one outside region; cannot sustain operational requirements over extended periods of time	Can win decisively in combat against small and medium-sized powers and influence events in one outside region; can sustain operational requirements for some time	Can win decisively in combat against small, medium and large powers and influence events in two outside regions; can sustain operational requirements over extended periods of time	Can win decisively in major combat against other great powers and influence events in any outside region; can sustain operational requirements almost permanently
Overseas and overland Bases		Cannot help sustain power projection; zero or one in one outside region	Provides foundation for future sustainment of power projection; one or two bases in one outside region	Can sustain power projection in one region; multiple bases in one outside region	Can sustain power projection in multiple regions; multiple bases in more than one outside regions	Enables the possibility to sustain power projection globally; multiple bases in almost all regions
Infrastructure: The ability to sustain, restore and expand power projection		Access to vital resources easily blocked by major powers; does not own supply ships; does not command industrial resources	No guaranteed access to vital resources; owns supply ships; has some industrial resources	Can contest attempts to block access to vital resources; owns supply ships; commands industrial resources	Enjoys guaranteed access to vital resources; owns many supply ships; sophisticated and expansive industrial resources	Enjoys permanent access to vital resources; owns plenty supply ships; world-leading industrial resources
Alliances: Agreement to cooperate in the face of potential or realized military conflict		None	Enjoys one or several bilateral alliances (hub-and-spoke)	Takes part in a multilateral alliance network and enjoys many bilateral alliances (hub-and-spoke)	Is an important part of a multilateral alliance network and has many bilateral alliances (hub-and-spoke)	Stands at the head of a multilateral alliance network and enjoys many bilateral alliances (hub-and-spoke)
Arms transfers		Limited arms exporter; regular customer base in some countries; 0-2.0 percent of global arms trade;	Substantial arms exporter; regular customer base in several regions/a handful of countries; 2-6 percent of global arms trade.	Prominent arms exporter; regular customer base in multiple regions; 6-10 percent of global arms trade.	Leading arms exporter; regular customer base in most regions; 10-30 percent of global arms trade	Greatest arms exporter; worldwide regular customer base; 30+ percent of global arms trade; e.g. United States from 2016-2020
Operational experience; Military cooperation and assistance		No operational experience whatsoever	Some operational experience; some low-intensity combat experience; no high-intensity combat experience	Substantial operational experience; substantial low-intensity combat experience; some high-intensity combat experience	Plenty operational experience; substantial low-intensity combat experience; some high-intensity combat experience	Extensive operational experience; plenty low-intensity combat experience; substantial high-intensity combat experience

Table 36: Assessing great power military ability: Operationalisation of the six military dimensions of (extra-)regional influence⁴

The assessment concludes that in response to the end of the Cold War and demonstrations of unmatched US power in the 1990s, China undertook a rapid and ambitious modernization and expansion of its military, a project that has been, by any measure, successful, and one that has accelerated over the last decade. Today China is the dominant force in its own backyard, gradually pushing US power projection capabilities away from its coast. In its near seas, especially close to its shores like in the Taiwan Strait, the ECS and the Northern part of the SCS, China likely enjoys a military advantage over all its potential adversaries, including the United States.

4 Wezeman, Kuimova, and Wezeman, "Trends in International Arms Transfers, 2020," 2.

The assessment concludes that in response to the end of the Cold War and demonstrations of unmatched US power in the 1990s, China undertook a rapid and ambitious modernization and expansion of its military, a project that has been, by any measure, successful, and one that has accelerated over the last decade.

China has developed almost all capabilities necessary for regional power projection and is in the process of developing extra-regional capabilities. China is on the verge of a breakthrough and will be able to effectively project power extra-regionally within the next ten years: China will not necessarily be able to go toe-to-toe with the US and its allies, but it should be able to mount missions to intimidate and coerce small and medium-sized states through offshore threatening and protect supply chains in the Indian Ocean, Middle East, and Africa, certainly if not challenged by a peer competitor. China possesses a world-class missile arsenal and fleet of surface support ships, but still trails the most advanced Western militaries in terms of the number and sophistication of aircraft carriers and the capabilities of its carrier strike groups (CSGs), specifically in areas such as jet fighters and anti-submarine warfare. China is undertaking enormous efforts to remedy the shortcomings in its CSGs and will narrow the gap with the most advanced Western militaries – though by how much remains a matter of debate – by 2035. Within the same timeframe, a range of demographic, economic, political, technological and security developments are likely to put a strain on China's continued development and maintenance of especially relatively expensive China's far seas military capabilities and, to a lesser extent, on relatively cheap near seas capabilities.

Though China faces severe hurdles in its efforts to sustain power projection beyond the Western-Pacific, it commands enormous resources and is following a long-term strategy designed to support long-term power projection capabilities outside its region. Efforts to overcome shortcomings in its ability to sustain power projection are boosted by China's enormous industrial resources, including by far the largest ship-building capacity in the world, giving the PLA a distinct advantage in a protracted conflict. It also has a large and modern defense industry, is the world's fifth-largest arms exporter, and has a quasi-monopoly on critical raw materials. The relatively small number of supply ships it has to support military operations abroad could be, when necessary, supplemented by a massive reserve fleet of vessels controlled by Chinese SOEs.

China lacks (in)formal alliances but instead has initiated a large number of business-first strategic partnerships. The deep and broad apolitical commercial relationships it has created, which are attractive to many non-democratic regimes in Africa, the Middle East, and the Indian Ocean region, may challenge American and European alliances and serve as the foundation upon which a future alliance system can be built. China is in the process of supplementing its strategically located base in Djibouti – in East Africa, near the Middle East – with access to and influence over sites in Pakistan, Bangladesh, Myanmar, and Sri Lanka that may, in the long run, be used for military purposes. China has sought to limit the downsides of its dependence on oil supplies from the Middle East by forming constructive relationships with Iran, Saudi Arabia and other oil-producing states; over which it wields influence through its mass procurement of energy whilst avoiding entanglement in the region's political problems and military conflicts.

5.2.1 Near and far seas military capabilities

Near Seas Defense

Military resource	1996	2006	2016	2021	2026	2035
Near Seas Defense (Within the first island chain)	+	+	+++	++++	++++	++++/+++++

The modernization of the PLA), which began in the wake of the Taiwan Strait Crisis (1995-1996), has greatly improved the security of the Chinese Mainland and its ability to accomplish its goal of Near Seas Defense. China has shifted from being largely impotent in the face of US military power, in 1996, to being the dominant force in its own backyard in 2021, gradually pushing US power projection capabilities away from its coast. China has accomplished this feat by investing in military capabilities across domains (sea and air) and in those specific technology areas (missiles) best suited to deter US CSGs in order to create conditions of Anti-Access/Area Denial (A2/AD). In fact, US Admiral Davidson has concluded that China fields “advanced A2/AD systems, aircraft, ships, space and cyber capabilities [...] that threaten the US ability to project power in the region”, showing that China has successfully limited the reach of the world’s most powerful navy.⁵

Far Seas Protection

Military resource	1996	2006	2016	2021	2026	2035
Far Seas Protection (ERPP and Long range strike capability)	+	+	+	++	++	+++/++++

The modernization of the PLA since 1996 has provided China with some ability to achieve its stated purpose of *Far Seas Protection*. These efforts have focused on ensuring China’s access to resources, defending its expatriate community, and protecting overseas investments. Whereas China had no modern, large-scale capabilities to project power extra-regionally and no conventional long-range strike capability from 1996 to 2006, it has modernized and expanded its naval capabilities. This provides some ability to project power extra-regionally, for instance, in the Indian Ocean and its adjacent waters.

The development of China’s *far seas capabilities* only began in the 1990s, in the wake of China’s expanding international economic links, and lags behind the PLA’s ability to provide *Near Seas Defense*. Chinese policymakers have devoted fewer resources to *Far Seas Protection* and the capabilities required for *Far Seas Protection* are more expensive and complex. However, towards 2035, China will likely have greatly expanded its extra-regional power projection capabilities.

1996-2020

From 1996 to 2006, China mostly lacked the ability to project power into its far seas. Instead, it relied mostly on inferior Russian or Soviet materiel. It was hampered by a shortage of surface combatant ships and lacked aircraft carriers in general, which would have been necessary to challenge the United States extra-regionally. China also had insufficient conventional

5 Philip S. Admiral Davidson, “STATEMENT OF ADMIRAL PHILIP S. DAVIDSON, U.S. NAVY COMMANDER, U.S. INDO-PACIFIC COMMAND BEFORE THE SENATE ARMED SERVICES COMMITTEE ON U.S. INDO-PACIFIC COMMAND POSTURE” (Washington DC, March 9, 2021), 7, https://www.armed-services.senate.gov/imo/media/doc/Davidson_03-09-21.pdf.

China has shifted from being largely impotent in the face of US military power, in 1996, to being the dominant force in its own backyard in 2021, gradually pushing US power projection capabilities away from its coast.

long-range strike capability and fighter/ground-attack aircraft that could be deployed in the far seas, if China had had overseas bases.

2021

China is able to defend its near seas, but only has a limited ability to project power in the far seas. This discrepancy persists in spite of the PLAN's rapid expansion of military capabilities in terms of quality and quantity. There are three factors limiting China's ability to project power in the far seas:

- The PLAN has not mastered the traditional method of projection power extra-regionally – the deployment of multiple CSGs – and therefore cannot protect its interests in the Indian Ocean and nearby waters in a scenario of high-intensity conflict. China's CSGs face technological shortcomings in individual systems, such as the aircraft carriers and carrier-based fighters, that impede their ability to act as a networked “system of systems.” Currently, its two aircraft carriers are not protected by next-generation fighter-jets, lack proper ISR capabilities – due to its inability to launch airborne early warning and control (AEW&C) aircraft – and can only make use of lesser Anti-Submarine Warfare (ASW) capabilities. The PLAN lacks the operational experience (“tribal knowledge”⁶) to deploy a CSG effectively. It also has little experience when it comes to sending large numbers of military forces outside its own region to fight in high-intensity combat situations.
- China is not able to use its world-leading – in both qualitative and quantitative terms – conventional (ballistic) missile arsenal in the far seas as effectively as in the near seas. The ability of two classes of ballistic missiles to strike large vessels calls into question the traditional dominance of CSGs, specifically in China's near seas. However, these missiles are highly unlikely to have the precision to strike targets in the far seas, especially those on the move, and launching missiles over land involves additional risks for nuclear escalation.
- The assets of its potential adversaries in the far seas are more numerous and, in some respects – qualitatively superior. This includes the United States and India, which is able to use the advantages of geography in the Indian Ocean. Japan, Australia, the United Kingdom, and France also have maritime capabilities committed to the Indian Ocean and adjacent waters.

2022-2035

Between 2026 and 2035, China will likely have erased the quantitative capability gaps and have obtained considerable experience operating CSGs – it should operate five or six carriers by 2035 – in conditions of peace. However, it may not have overcome specific technological gaps, especially in the area of airpower. Attempts to improve the quality of Chinese capabilities through theft or acquisition of Western technologies may prove unsuccessful as technologies become more complex and more difficult to incorporate. However, if the gaps in airpower are overcome, then China is also likely to be able to effectively deploy its large helicopter carriers in the far seas, expanding its capabilities.

Between 2026 and 2035, its intermediate-range conventional missiles will have become:

- More numerous.
- More precise, possibly allowing China to strike moving objects further from home, perhaps even in the far seas.

6 The term “Tribal Knowledge” is used by Andrew Erickson in an interview with the Economist and captures the immaterial dimensions of being able to use a carrier very well. The Economist, “China's First Aircraft-Carrier Bares Its Teeth.”

China is able to defend its near seas, but only has a limited ability to project power in the far seas.

- Likely able to travel at greater speed, though they will still have to be fired over other countries, such as nuclear-armed India. This would involve many security risks, limiting the likelihood that they will be employed.

Today, the US navy still guarantees freedom of navigation and open sea-lanes around the world. All other things being equal, China's ability to project power outside its region between 2026 and 2035 will increase if US naval power recedes.

However, it is possible that between 2026 and 2035, demographic decline, structural economic problems, and social and political challenges will limit China's capability development and production. This will disproportionately affect its far seas capabilities, as aircraft carriers are more expensive than conventional missiles, both in terms of development and production and maintenance. Growth in China's spending on near and far seas capabilities may decrease as China's GDP growth slows down and other military challenges, such as threats from land-based adversaries, require additional defense spending. China has consistently spent approximately two percent of its GDP on defense in recent decades. If it does not increase these spending levels, but also depending on its economic growth rate, China may also encounter additional challenges in continuing its expansion and improvement of near seas capabilities, such as conventional missiles and drones, which are among cheaper military assets both in terms of development and maintenance.

5.2.2.1 Overseas and overland bases

Military resource	1996	2006	2016	2021	2026	2035
Overseas and overland bases	+	+	+	++	++/+++	++/++++

Traditionally, military bases have been essential to sustaining power projection. This is an area in which China has struggled, and one of the most pressing challenges facing it over the next fifteen years is whether it will be able to obtain access to additional foreign bases.

1996 - 2020

From 1996 to 2016, China had no overseas and overland bases. It rejected the concept of establishing foreign bases, viewing them as hegemonic acts. By 2016, China had reversed course and established its first overseas military base in Djibouti.⁷ However, the base did little to boost China's ability to project power extra-regionally, as it faced shortcomings in supply routes, capacity, and its ability to host large ships.

2021

China has expanded the capacity of its military base in Djibouti. In April 2021, it constructed a pier that is able to host aircraft carriers. This is an important step in boosting its ability to project power outside its region, but more bases would be needed. Moreover, Chinese SOEs have made investments in a number of ports around the Indian Ocean and its adjacent waters, potentially laying the groundwork for additional foreign bases.

2022 - 2035

Between 2026 and 2035, additional foreign military bases will likely provide China with additional means to sustain power projection extra-regionally. China may have a second or even third base, most likely in the western part of the Indian Ocean and its adjacent waters. There

⁷ This base is considered the first overseas base by China, as Beijing insists that the military outposts on the artificial islands in the South China Sea are located within China's territory.

One of the most pressing challenges facing China over the next fifteen years is whether it will be able to obtain access to additional overseas bases.

are four potential sites, all of which are connected to China's Belt and Road Initiative (BRI). China wields political or economic influence over each:

- Ream Naval Base in Cambodia.
- The Port of Gwadar in Pakistan.
- Kyauk Phyu in Myanmar.
- Hambantota Port in Sri Lanka.

Each of these sites could serve as the location of an additional foreign military base. The ports in Pakistan and Myanmar would be especially useful, as they would provide Beijing with a land route to resupply its naval assets, thereby increasing its ability to safeguard Lines of Communications (LOCs) to the Persian Gulf.

5.2.2 Infrastructure

Sound infrastructure is crucial for the effective deployment of extra-regional military capabilities. For overland power projection, railways, pipelines, inland waterways, and ground supply routes, including bridges, constitute a military's Lines of Communication.⁵³ At the same time, great powers need to command sophisticated and expansive industrial resources in order to produce the military capabilities that enable them to project power. At present and in the foreseeable future, three particular aspects of infrastructure are essential to sustain, restore and expand power projection extra-regionally: access to oil; supply vessels and industrial resources such as shipbuilding and repair facilities and a sophisticated defense industry.

Infrastructure	1996	2006	2016	2021	2026	2035
Overall	+	+	++	+++	+++ /++++	++++
<i>Resources to sustain: Access to oil</i>	++	+	++	++	++	+++
<i>Resources to sustain: Supply ships</i>	+	+	++	+++	++++ /+++++	++++ /+++++
<i>Resources to repair and expand: Industrial resources: shipbuilding and repair and defense industry.</i>	+	++	+++	++++	++++	++++ /+++++

5.2.2.2 Access to Vital Resources

1996-2020

As China's economy grew, so did its thirst for foreign oil – leading China to import 72 percent of its oil from abroad in 2019.⁸ Becoming a net-importer of crude oil in 1993, China has been increasingly dependent on imports of crude oil from abroad. It hence relies on access to SLOCs, like the Strait of Hormuz and the Strait of Malacca, for one necessary condition to project power extra-regionally: access to crude oil.

2021

In 2021, China lacks the resources necessary to sustain power projection beyond the Western Pacific, making power projection in the Indian Ocean difficult. However, it has improved its access to vital resources, especially oil, of which it needs enormous amounts to fuel its economy. China remains vulnerable when it comes to accessing oil and is dependent on supplies from the Persian Gulf, the Middle East and Southern Africa. These supplies are

8 Frank Tang and Orange Wang, "Is China Biggest Winner from the Oil Price War between Saudi Arabia, Russia?," South China Morning Post, March 11, 2020, <https://www.scmp.com/economy/china-economy/article/3074664/oil-price-war-between-saudi-arabia-russia-set-offer-chinas>.

In 2021, China lacks the resources necessary to sustain power projection beyond the Western Pacific, making power projection in the Indian Ocean difficult.

then shipped through the Straits of Hormuz and Malacca. The importance of China to oil-producing countries in the Middle East has increased: as a result of the tight oil and shale gas revolutions, the United States has achieved a larger degree of energy independence and the EU imports only a limited volume of oil from the Persian Gulf.⁹ These technological developments – shifting the oil market from a seller's to a buyer's market – have improved its position somewhat: oil-producing countries are increasingly dependent on Chinese SOEs.

2022-2035

In spite of the progress, it will have made by 2035 in shifting away from fossil fuels in its civilian economy, China will still be dependent on crude oil resources from abroad for its military activities. This means that, as oil demand from other continents such as Europe is likely to decrease by 2035, China will have more leverage over oil-producing countries.

5.2.2.3 Supply Ships

One additional resource is important to sustain power projection: supply ships, which can provide a temporary alternative for resupply via overseas bases. Between 1996 and 2020, China has become a dominant power in global maritime connectivity, positioning itself “at the nexus of global trade.”¹⁰ In 2021, China has a relatively small number of supply ships to support military operations abroad, but it has a massive reserve fleet in the form of vessels controlled by Chinese SOEs. In fact, China owns the second-largest fleet in the world.¹¹ Based on current trends, the expanding needs for (re)supply of its expanding naval capabilities and its continued lack of overseas military bases, China is likely to continue to expand its number of supply ships as well as maintaining its massive commercial SEO fleet as a back-up for a scenario of conflict between 2022 and 2035.

5.2.3 Industrial Resources

China has had enormous success in developing an industrial base – both in terms of shipbuilding and defense industry – necessary to rapidly expand and repair its military capabilities. As China became the factory of the world, a growing share of the world's shipbuilding and repair industry moved to China, making it the undisputed global leader in ship production capability. The PLAN has an enormous advantage over the United States and Europe in fighting a protracted conflict as a result. China has pursued an active policy to achieve synergies between its innovative civilian economy and its defense sector by initiating a process of Military Civil Fusion (MCF).

1996-2020

In 2006, China had growing resources to expand and repair power projection capabilities, as more and more shipbuilding orders from the rest of the world were outsourced to China. At the same time, China still imported Russian military technology, such as vessels, engines and aircraft, on a large scale to indigenize (see Figure 7).

2021

In 2021, China is the world leader when it comes to possession of the resources necessary to rapidly expand and repair extra-regional power projection capabilities. Its industrial resources

9 O'Sullivan, *Windfall*.

10 ChinaPower, “How Is China Influencing Global Maritime Connectivity?,” ChinaPower Project, April 30, 2021, <https://chinapower.csis.org/china-ports-connectivity/>.

11 Hellenic Shipping News, “China-Owned Fleet Becomes World's Second Largest | Hellenic Shipping News Worldwide,” September 13, 2018, <https://www.hellenicshippingnews.com/china-owned-fleet-becomes-worlds-second-largest/>.

As China became the factory of the world, a growing share of the world's shipbuilding and repair industry moved to China, making it the undisputed global leader in ship production capability.

are formidable. This includes the largest shipbuilding capacity in the world, which is used for both civilian and military purposes. In 2020, China built 40% of all ships around the world; 97.1% of all ships were built in Asia; whereas the United States, France, the United Kingdom and Germany combined constructed less than 1% (see Table 30).¹² China has a large and modern defense industry. China has a quasi-monopoly on critical raw materials, which are necessary to produce military capabilities.

2022-2035

By 2035, China will have expanded its ability to expand and repair extra-regional power projection capabilities. Its defense industry will have grown in sophistication. It will still have a huge shipping industry – though competitors such as the United States might redevelop theirs.

5.2.4 Alliances

Military resource	1996	2006	2016	2021	2026	2035
Alliances (Formal and informal): Agreement to cooperate in the face of potential or realized military conflict	+	+	+	++	+ /+++	+ /++++

One of the greatest question marks of the upcoming decade and a half is whether China will opt to become involved in the conflicts of the world by establishing alliances, or whether it will stick to its policy of merely closing politically inconsequential “strategic partnerships”. Today, China’s “closest thing it has to an alliance is with North Korea; its closest relationship is with Pakistan.”¹³ Alliances, Beijing claimed, are hegemonic in nature as they are focused against third parties. The strategy of maintaining open-ended strategic partnerships, directed against nobody, allowed China to establish deep commercial ties to the states around the Indian Ocean and its adjacent waters during the unipolar moment and kept China free of alliance obligations to “client” states. China is far from establishing a network of alliances.

However, its deep economic and diplomatic ties and its disinterest in human rights and good governance clauses on which cooperation relies provides a foundation upon which Beijing may choose to develop an alliance system in the next fifteen years. China is developing deep commercial and diplomatic relations with all major states in the Gulf Region, which is important to China for its natural resource endowment, in spite of hostilities between Saudi Arabia and Iran. In short, China has used a “hedging approach” to lay a solid foundation of economic and diplomatic influence during the unipolar era, “taking advantage of US commitment to maintaining the Gulf status quo in order to develop relations with all states in the region.”¹⁴ Some have argued that China’s approach to Libya, Syria and Iran has already shown early signs of a more political approach to the region, as it resembles a strategy of “offshore balancing”. This means that it uses “diplomatic and economic means in MENA to undermine the position of the US, the strongest power there.”¹⁵

12 United Nations Conference on Trade and Development, “Beyond 20/20 WDS - Table View - Ships Built by Country of Building, Annual,” Unctadstat, 2021, <https://unctadstat.unctad.org/wds/TableViewer/tableView.aspx?ReportId=89493>.

13 Peter Martin, *China's Civilian Army: The Making of Wolf Warrior Diplomacy*, 1st edition (New York, NY: Oxford University Press, 2021), 9.

14 Fulton, “Friends with Benefits,” 33.

15 Andrea Ghiselli and Maria Grazia Erika Giuffrida, “China as an Offshore Balancer in the Middle East and North Africa,” April 28, 2021, 19–20, <https://www.rusi.org/explore-our-research/publications/rusi-journal/china-offshore-balancer-middle-east-and-north-africa>.

One of the greatest question marks of the upcoming decade and a half is whether China will opt to become involved in the conflicts of the world by establishing alliances, or whether it will stick to its policy of merely closing politically inconsequential “strategic partnerships”.

1996-2020

In 2006, China had no network of alliances or clients to supplement its power projection capabilities (or function as a “force multiplier”) in the far seas.

2021

By 2021, China has entered into a large number of strategic partnerships, although none of these have the character of formal alliances. These strategic partnerships are the formal expression of its deepening economic ties that could be used as a foundation for the conclusion of tighter alliances in the future. For now, however, China still has no network of formal alliances that can supplement its power projection capabilities (or function as a “force multiplier”) in the far seas.

2022-2035

Towards 2035, the establishment of a system of alliances would be a radical break with tradition of Chinese foreign policy, but the possibility – especially as the United States puts larger demands on its own allies to limit dealings with China – of the establishment of an alliance system cannot be discarded. Based on current trends,¹⁶ towards 2035 – the relative weight of China's economic ties will have become of even importance to the 30 states around the Indian Ocean and adjacent waters, even though China will likely feel the brunt of economic structural issues and demographic decline.

5.2.5 Arms Transfers

Military resource	1996	2006	2016	2021	2026	2035
Arms transfers	+	+	++	+++	+++/++++	+++/++++

Even though it has experienced considerable growth in absolute terms, China's total arms sales still trail those of the most prolific weapons exporters and have remained relatively modest, even trailing behind Germany's in 2020. This is an underdeveloped area in China's rise as a great power and could hinder China's ability to project power outside its region, though the overall impact is difficult to quantify and might only be minor.

1996-2020

In the early 2000s, China was a net importer of weapons. Among the countries around the Indian Ocean and its adjacent waters, Chinas' only significant customers were a collection of underserved countries, namely Iran, Myanmar, Bangladesh and Pakistan. However, by 2020 China had become a major exporter of arms, trailing only the United States, Russia, France and Germany.¹⁷

2021

China is a significant exporter of weapons. Its arms exports to the 30 countries around the Indian Ocean region have doubled from the period between 1996 and 2005 to the period between 2005 to 2016 (See Appendix 9). However, they still remain lower than those of France and Russia and are dwarfed by those of the United States. China's main customers in this region are still the same limited set of countries: Iran, Myanmar, Bangladesh and Pakistan. One potential explanation for its inability to match the leading arms exporters is that it entered

¹⁶ See the graph and visualization in The Economist, “Joe Biden Is Determined That China Should Not Displace America,” *The Economist*, July 17, 2021, <https://www.economist.com/briefing/2021/07/17/joe-biden-is-determined-that-china-should-not-displace-america>.

¹⁷ Wezeman, Kuimova, and Wezeman, “Trends in International Arms Transfers, 2020,” 2–3.

Towards 2035, the establishment of a system of alliances would be a radical break with tradition of Chinese foreign policy, but the possibility – especially as the United States puts larger demands on its own allies to limit dealings with China – of the establishment of an alliance system cannot be discarded.

the market much later than French, Russian, and especially US manufacturers. China, since 2019 the largest exporter of Unmanned Aerial Vehicles (UAVs), is not a member of the Missile Technology Control Regime (MTCR), an arms control treaty that strongly inhibits the sale of UAVs.¹⁸

2022-2035

Based on current trends, there is a strong possibility that China will have broadened and deepened its customer base by 2035 (See Appendix 9). Given its enormous industrial capacity, increasingly sophisticated command of military technology, and the strength of its economic relationships with countries in the Indo-Pacific region, it could eat into the French, UK, US and Russian market shares.

5.2.6 Operational experience; overseas deployments, port calls, and exercises

Military resource	Military activities	1996	2006	2016	2021	2026	2035
Military cooperation and assistance	Peace keeping; anti-piracy missions; exercises; port calls	+	+	++	++	++/++++	++/++++

China is also behind the typical rising great power trajectory when it comes to the types of activities necessary to gain experience in high-intensity combat, such as deploying large numbers of troops outside its region. Having fought its last war in 1979, the PLA – with all of its brand-new materiel and personnel – entirely lacks such experience. China's large-scale participation in peacekeeping missions and execution of anti-piracy missions and military exercises and port calls enables it to gain experience in using its new vessels, aircraft and armed vehicles, albeit at in times of peace or in a situation of low-intensity conflict.

1996-2020

From 1996 to 2003, China made limited contributions to peacekeeping missions and lacked experience in deploying military personnel far from home. However, starting in 2004, China began to significantly increase the number of troops it contributed to UN peacekeeping missions. In 2004 it contributed 1036 troops to UN missions; by 2020, that number had reached 2534 police and military personnel.¹⁹ In addition, beginning in 2008, China began the process of deploying more than ten thousand navy personnel in nearly twenty task forces in the Gulf of Aden. In the course of these deployments, Chinese naval forces escorted over six thousand Chinese and foreign commercial vessels. China's purpose in conducting these operations goes beyond fighting piracy and is intended, in large part, to give sailors valuable experience in long-distance operations and deployments. For instance, on some of the missions, Chinese submarines have accompanied the surface ships.²⁰

18 Danny Pronk and Claire Korteweg, "Onder de Vleugels van de Draak - Hoe China's Nieuwe Zijderoute Vleugels Krijgt," *Atlantisch Perspectief*, May 2021, 24, https://www.clingendael.org/sites/default/files/2021-05/AP_2_Hoe_Chinas_Nieuwe_Zijderoute_vleugels_krijgt.pdf.

19 Richard Gowan, "China's Pragmatic Approach to UN Peacekeeping," Brookings, September 14, 2020, <https://www.brookings.edu/articles/chinas-pragmatic-approach-to-un-peacekeeping/>.

20 Bruce Elleman and S. C. M. Paine, 'Navies and Soft Power', *Newport Papers*, 1 June 2015, <https://digital-commons.usnwc.edu/usnwc-newport-papers/42>, 163; Andrew S. Erickson, 'The China Anti-Piracy Bookshelf: Statistics & Implications from Ten Years' Deployment... & Counting', 2 January 2019, <https://www.andrewerickson.com/2019/01/the-china-anti-piracy-bookshelf-statistics-implications-from-ten-years-deployment-counting/>.

Of all the UN Security Council P5 states, China is the largest contributor to peacekeeping missions countries in terms of troops deployed.

2021

Of all the UN Security Council P5 states, China is the largest contributor to peacekeeping missions countries in terms of troops deployed. As of July 2021, it had contributed 2249 police and military personnel to UN peacekeeping missions, good for tenth overall.²¹ China continues to contribute to anti-piracy missions, and does port calls and joint military exercises, yet still lacks experience in deploying a large number of troops, far from home, under conditions of high-intensity combat.

2022-2035

As the PLAN produces new vessels, aircraft and additional capabilities, expanding the need for specialized, experienced personnel, and China's military competition with the United States further increases, the need for the PLA to gain (high-intensity) combat experience or at least familiarity in operating its complex military capabilities grows. Overseas deployments, such as participation in peacekeeping and anti-piracy missions, port calls and military exercises, will continue to serve – perhaps to an even greater extent – as a means for the PLA to boost its combat readiness levels.

5.3 Conclusion

This chapter has assessed China's intentions and capability development in its rise as a military great power, which has been typical for a rising great power but has been more successful in some of the six aspects than in others. The specific circumstances that resulted from the successes and challenges China has encountered on its way to military great power status – and its trajectory to 2035 – will present specific challenges to Europe. Meanwhile, the European Union in 2019 conceived of China – and described Europe's multi-faceted political, economic, cultural relationship with China – in the following way: China is “a cooperation partner with whom the EU has closely aligned objectives, a negotiating partner with whom the EU needs to find a balance of interests, an economic competitor in the pursuit of technological leadership, and a systemic rival promoting alternative models of governance”.²² Chapter 6 analysis the consequences of the military rise of China for the economic, political and defense policies of the Netherlands and other European states.

21 'Troop and Police Contributors', United Nations Peacekeeping, accessed 14 September 2021, <https://peacekeeping.un.org/en/troop-and-police-contributors>.

22 European Commission, “EU-China Strategic Outlook: Commission and HR/VP Contribution to the European Council (21-22 March 2019),” Text, European Commission - European Commission, March 21, 2019, 1, https://ec.europa.eu/info/publications/eu-china-strategic-outlook-commission-contribution-european-council-21-22-march-2019_en.



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