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China's Military Rise

and the Implications for European Security

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Executive Summary





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Executive Summary

Understanding China's military rise

It is increasingly difficult to have a dispassionate understanding of Chinese military power. For many, China is already an ideologically incompatible and unstoppable juggernaut; for others, it is unlikely to ever entirely match Western military capabilities. Also, China's ability to project power within the South China Sea, East China Sea, and Taiwan Strait has been the focus of most analyses. As a result, we lack a comprehensive assessment of the overall development of China's military capabilities and what these will mean outside of the Western Pacific, especially for European states.

By developing a typology based on historical examples of other rising powers, this report moves beyond the hype and the tendency to reflexively view China as either intrinsically benign or nefarious. This process yields a two-part framework, delineating motivations and manifestations, for assessing the extent of China's rise. This includes the current state of China's military power, an analysis of how it arrived at current capabilities, and the trajectory through 2035. The ultimate objective of this approach is the development of an evidence-based foundation for thinking about the potential consequences of China's military rise and European and Dutch policy options to address it.

The main finding of the report is that China exhibits almost all of the factors that characteristically drive great power expansion outside of the region. It is following a typical rising great power trajectory in almost all respects, although it is still on an upward path, and is implementing a long-term strategy to be able to project power extra-regionally, which it is expected to be increasingly able to between now and 2035.

Framework: the military rise of great powers throughout history

Historically, great powers have emerged through multifaceted and multi-decade trajectories that fuel competition with other states. They are responsible for the majority of interstate conflict, both between great powers and with lower-level powers. Great powers pursue military expansion to augment security, maintain access to or obtain resources, satisfy domestic interest groups, and bolster prestige. These drivers are not always rational from the perspective of outside observers.

Small or middle powers tend to think of security in terms of territorial defense or extended defense; in contrast, great powers, by virtue of the outsize role they play in the system, are concerned with the global balance of power. A great power's military rise manifests itself in extra-regional power projection capabilities, developing and maintaining sound infrastructure, establishing bases, fostering alliances, transferring arms to other states, engaging in military operations and in military assistance and cooperation.

Great powers pursue military expansion to augment security, maintain access to or obtain resources, to satisfy domestic interest groups, and to bolster prestige.

Today China is the dominant force in its own backyard, gradually pushing US power projection capabilities away from its coast.

China's motivations

Our report finds that China is following a typical trajectory for rising great powers in terms of its increasing willingness and ability to project power outside its region. This can be seen in three of the four factors that typically drive rising states to project power: security, access to resources, and status and prestige. Analysis of the fourth factor, domestic pressure groups, was outside the research parameters for this report. China's objective of being able to project power beyond the Western Pacific is closely linked to the domestic political agenda of President Xi Jinping and the security concerns of the Chinese Communist Party, both of which will remain powerful influences on Chinese strategic thinking for the foreseeable future. China increasingly treats the South China Sea as its own territory; this will be a drain on Chinese defense resources, but it will also provide a foundation for projecting power outside the region.

Chinese strategic planning assumes that China needs to project power beyond the Western Pacific to protect its economic, political, and military interests in the Indian Ocean, Middle East, and Africa. Chinese policymakers believe that what they view as a declining West, led by the United States, will not be able to prevent China from projecting power in the South China Sea and beyond the Western Pacific already by 2027, at which point they believe China will already possess a world-class military.

In response to two events after the end of the Cold War, namely the US victory in the 1991 Gulf War and the Taiwan Strait Crisis in 1996, China undertook a rapid and ambitious modernization and expansion of its military, which has accelerated over the last decade. This project has been, by any measure, successful. Today, China is the dominant force in its own backyard, gradually pushing US power projection capabilities away from its coast.

China's military capabilities: an assessment

China has developed almost all capabilities necessary for regional power projection and is currently 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 in all contingencies, but it should be able to mount missions to intimidate and coerce small and medium-sized powers 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 with which it can pressure its neighbors and states operating in its vicinity, 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 needed to operate further from its territory. 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. Towards 2035, demographic, economic, political, technological and security developments may impede the continued development and maintenance of especially China's far seas military capabilities and, to a lesser extent, its 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. These resources give 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 State-Owned Enterprises (SOEs).

China lacks (in) formal alliances but instead has established a large number of strategic partnerships. These partnerships, which are attractive to many non-democratic regimes in Africa, the Middle East, and the Indian Ocean region, may pose a challenge to 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.

Table 1 on the next page summarizes the extent to which the various aspects of China's ability to project military power have increased between 1996 and 2021 and are expected to increase between 2021 and 2035 – within each of the six aspects that make up the military dimension of (extra-)regional influence individually. The table rates China's capabilities along these six aspects on a scale from one-to-five. Simply put, while a score of one refers to a state that is not able to project any real military power (e.g. China in 1996), a score of five refers to a militarily fully developed great power, or "a super power" (e.g. the United States throughout the 1990s).

Our assessment is that China 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 for now it lacks behind in some key aspects that enable the use of military capabilities far from home, it is implementing a long-term strategy to be able to sustainably project power outside its region.

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 influence over the last 25 years has been impressive but unevenly distributed. 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 lacks (in) formal alliances but instead has established a large number of strategic partnerships.

Dimensions of power projection		1996	2006	2016	2021	2026 ¹	2035
Near and far seas military capabilities	Near Seas Defense ² (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	Peacekeeping; anti-piracy missions; exercises; port calls	+	+	++	++	++/ ++++	++/ ++++

Table 1: China's ability to project military power between from 1996 to 2035.

Policy implications of China's military rise

The report identifies security implications related to China's rise and develops potential responses for Dutch and European policymakers to consider. A more extensive and detailed overview of all policy recommendations is provided in Chapter Six.

- 1** In response to the risk of an outbreak of Sino-US conflict in the near seas, European governments are recommended to:

→ **Minimize the risk of wars fought close to China's shore and of nuclear escalation**

- It is recommended to promote confidence-building measures, focusing on great power dialogue and the assessment of the possibility for new forms of détente between the US and China in which the EU could take a mediatory role.
- In order to ensure that a Chinese conventional missile launch is not mistaken for a missile carrying a nuclear warhead, European states should implore upon China the importance of disentangling its conventional and nuclear missile arsenal.

1 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.

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

- **Develop national policy positions in European states long before US requests for military support in East Asia. Then, coordinate these positions on a European level.**
 - In arriving at that position, high level political and public discussions need to address Europe's place in the world.
 - The Netherlands is recommended to initiate a discussion, behind closed doors, with the leaders of France and Germany to coordinate a response to any US request for military support.
 - Public broadcasters could initiate round table discussions featuring experts with divergent views on whether or not to military intervene if a conflict between China and the United States breaks out.

- **Strengthen European defense capabilities.**
 - European states should develop additional capabilities and strategic enablers necessary for their own defense, which are mostly still provided by the US military in Europe.
 - European states should do this in cooperation with Washington so as to avoid temporary deterrence gaps in Europe.

- **Prepare for preemptive and retaliatory kinetic and cyberattacks against military and civilian targets.**
 - It is recommended to prepare contingency plans to deal with the possibility of informatized and kinetic warfare, especially where European forces are deployed in close proximity to Chinese capabilities, but also over longer distances where cyber warfare can still be utilized. European governments could produce a classified overview of places around the world where its military assets are in combat range of PLAN vessels and additional PLA troop deployments. European governments should require private companies and local or regional governments that are responsible for critical infrastructure to maintain minimal cyber security standards.

- **Assess which dependencies China could exploit in a scenario of conflict and which dependencies Europe can (threaten to) exploit to prevent coercion.**
 - As European support for US military efforts in the near seas risks a Chinese economic and technological embargo, the Dutch and other European governments should assess which areas of dependence on China can be exploited in a scenario of conflict and mitigate these – and which areas of dependence are innocuous today and in the future. Considerations of price and individual choice of corporations and universities will increasingly have to play second fiddle to considerations of national security.
 - European governments should, internally, assess the areas in which China has strategic dependencies on Europe such as on semi-conductor production and share such overviews on a European level.
 - In addition, European governments and the EU should engage with Indo-Pacific partners to diversify trade and economic relations, focusing on supply chain resilience, in line with the EU Indo-Pacific Strategy, to prevent deliberate and unintentional supply chain shocks.

- **Consider the crucial role that space assets play in modern warfare and mitigate their weaknesses.**
 - Policymakers should explore ways to improve the defenses of space-based ISR assets, focusing on countering “cheap, easy-to-deploy” offensive measures such as

“earth-based jamming devices, cyberattacks, [or] satellite-mounted lasers” that can disable the sensors of satellites.³

- At the same time, when it comes to space assets, the EU should consider lowering its dependence on third countries, including the United States.⁴
- At the European policy-level, space should be included in the Strategic Compass.⁵

→ **Put arms control on the agenda of high-level EU-China meetings.**

- European Union engagement can help put thinking about arms control on the agenda of China's top leadership.

→ **Initiate an EU-mediated track-two dialogue on the role of new technologies in arms control between all major military powers if a moment of détente occurs.**

- The EU should bring academics and think-tankers from China, Russia and the US together to discuss arms control.

2

In response to the use that China can make of its vast industrial resources in a protracted conflict, European governments are recommended to:

→ **Improve access to shipbuilding and repair capabilities.**

- To deter China from starting a protracted, conventional conflict and to be prepared in the event of hostilities, European governments need to consider investing in shipbuilding capabilities, prioritizing domestic industries for civilian and military shipbuilding tenders.

→ **National security may trump economic considerations when developing strategic assets such as vessels.**

- The development of vessels and other strategic assets is better not left to Chinese shipyards but instead to Dutch or European partners, or if need be by likeminded countries such as South-Korea and Japan.

→ **Expand cooperation initiatives and create synergies between defense R&D and the private sector.**

- Expand military research and development and meet the European Defense Agency's (EDA) two percent norm. Participation in military procurement initiatives is also encouraged.⁶

3

In response to China's hybrid actions in its near seas that erode international norms, European governments are recommended to:

→ **Continue to bolster respect for international law and freedom of navigation with like-minded countries.**

- European states should continue to strengthen respect for international law and freedom of navigation through multilateral, regional fora.

3 Hugo van Manen, Tim Sweijs, and Patrick Bolder, “Strategic Alert: Towards a Space Security Strategy,” *HCSS* March 31, 2021, 30, <https://hcss.nl/report/strategic-alert-towards-a-space-security-strategy/>.

4 Policy Department for External Relations - Directorate General for External Policies of the Union, “The European Space Sector as an Enabler of EU Strategic Autonomy,” December 2020, 39, [https://www.europarl.europa.eu/RegData/etudes/IDAN/2020/653620/EXPO_IDA\(2020\)653620_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/IDAN/2020/653620/EXPO_IDA(2020)653620_EN.pdf).

5 van Manen, Sweijs, and Bolder, “Strategic Alert,” 1.

6 Hugo van Manen et al., “Taming Techno-Nationalism: A Policy Agenda” (The Hague Centre for Strategic Studies (HCSS), September 2021), XIV, <https://hcss.nl/report/taming-techno-nationalism/>.

- European states should continue to impress on China the interest Beijing has in maintaining Freedom of Navigation.⁷
- European states should also press the United States to ratify UNCLOS, as its unwillingness to do so weakens the UNCLOS.
- European states and the European Union should especially focus on (individual member-states of) ASEAN in order to together express regional and extra-regional broad support among small and mid-sized (e.g. Indonesia) powers for the application of UNCLOS to the South China Sea.
- European states, China and the United States could attempt to build trust in dealing with maritime issues by starting to find common ground in the non-traditional security sphere also including ASEAN.

4 In response to China's expanding ability to project power in the far seas, European governments are recommended to:

→ **Block the transfer of (especially dual-use) critical Dutch and European technologies to China.**

- Considerations of national security will more often have to receive priority over the interests of individual corporations and universities that develop dual-use technologies.
- European governments should map which European companies and universities develop or sell the specific technologies that could be leveraged to help the PLA overcome the key capability gaps (see Table 29 and Chapter 3) that impede its ability to protect power in the far seas.
- European governments must assess which specific fields of the current technological revolution are likely to determine the future of warfare and limit China's access to leading research within these fields conducted in European universities and companies.
- Targeted investment screening and export control measures should be expanded within member-states focusing on these key technologies and then coordinated and harmonized within the European Union.
- The Dutch and other European governments should intensify visa-screening for students from "unfree" countries, especially at the PhD-level in these aforementioned fields.
- Universities, supported by the intelligence services and governmental expertise and knowledge centers for security in academic cooperation, should conduct due-diligence research before engaging in cooperation in these sensitive fields.
- These efforts should be coordinated with the United States, the United Kingdom, and Canada in order to ensure that these technologies are not "leaked" from other states. It is encouraged to expand and accelerate the work of the EU-US Trade and Technology Council (TTC) on technology and economic security, involving Canada, South-Korea and Japan in this process where possible.

→ **Expand maritime capabilities suitable to perform freedom of navigation operations in the Indo-Pacific.**

- The Dutch and European navies should invest in self-defence measures against missile attacks and in ASW, given the PLA(N)s ongoing investments in these capability categories. European states should maintain their relative advantage vis-à-vis China of having access to overseas bases in the Indian Ocean.

⁷ Siniša Vuković and Riccardo Alfieri, "Halting and Reversing Escalation in the South China Sea: A Bargaining Framework," *Global Policy* 11, no. 5 (November 2020): 598–610, <https://doi.org/10.1111/1758-5899.12868>.

→ **Distribute development funding in Indo-Pacific in line with strategic interests.**

- The Netherlands and other European states should consider competing with the Chinese Belt and Road Initiative (BRI) by deepening their ties to the region, for instance, through investment in strategic infrastructure such as ports. However, in the first place these funds should focus on projects closer to home such as in NATO's treaty area and in the second place on projects in the areas bordering Europe.
- The EU can use its European Green Deal to help third countries in their transition, which is one of the goals of the European Green Deal.
- It is further recommended that the EU pursue the partnership and trade proposals outlined in the EU Indo-Pacific strategy.

→ **Assess on a case-by-case basis whether future Chinese overseas military missions pose a threat to European deployments and commercial activities.**

→ **Expand ability to cooperate effectively with a Chinese UN peacekeeping contingent.**

5

In response to China's command of critical resources, European governments are recommended to:

→ **Expand access to critical raw materials and rare earth metals that are essential for military power projection.**

- European states should consider reopening mines at home to improve access to critical raw materials and rare earth metals.
- European states should intensify their efforts to obtain these materials in third countries.
- Implement additional actions outlined in the European Commission's 2020 strategy *Critical Raw Materials Resilience: Charting a Path towards greater Security and Sustainability* focusing on recycling.

6

In response to China's expanding economic & digital influence in the Indo-Pacific region, European governments are recommended to:

→ **Compete with China's digitalization initiatives in states around the Indian Ocean.**

- EU connectivity partnerships should be expanded. In addition, it is encouraged to expand digital partnerships with countries in the Indo-Pacific region.

→ **Assess whether arms can still be exported to states with growing ties to China.**

- Ensure that states in the Indo-Pacific region are not the "go-between" through which China acquires European defense technologies that will help it overcome key capability gaps in their far sees military capabilities, such as ASW and jet fighter technology.

→ **Safeguard European oil imports by offsetting China's influence over oil producers when necessary.**

- Working with alternative oil importers like India, Japan and South-Korea can offset China's influence as the dominant oil importer in the world when necessary.

7

In response to China's expanding arms exports, European governments are recommended to:

→ **Foster international talks and confidence building measures on export regimes with China.** China must be invited to join non-proliferation bodies and regimes such as the MTCR but European states should ensure that these are not politicized.

Security implication	Policy implication
1. The outbreak of Sino-US conflict in the near seas	1.1 Minimize the risk of wars fought close to China's shore and of nuclear escalation.
	1.2 Develop national policy positions in European states long before US requests for military support in East Asia. Then, coordinate these positions on a European level.
	1.3 Strengthen European defense capabilities
	1.4 Prepare for preemptive and retaliatory kinetic and cyberattacks against military and civilian targets.
	1.5 Assess which dependencies China could exploit in a scenario of conflict and which dependencies Europe can (threaten to) exploit to prevent coercion.
	1.6 Consider the crucial role that space assets play in modern warfare and mitigate their weaknesses.
	1.7 Put arms control on the agenda of high-level EU-China meetings.
	1.8 Initiate a EU-mediated track-two dialogue on the role of new technologies in arms control between all major military powers, if a moment of détente occurs.
2. China's industrial resources could provide an advantage in a protracted conflict	2.1 Improve access to shipbuilding and repair capacities.
	2.2 National security may trump economic considerations when developing strategic assets such as vessels.
	2.3 Expand cooperation initiatives and create synergies between defense R&D and the private sector.
3. China's hybrid actions in its near seas erode international norms	3.1 Continue to bolster respect for international law and freedom of navigation with like-minded countries.
4. China's expanding ability to project power in the far seas	4.1 Block the transfer of (especially dual-use) Dutch and European critical technologies to China.
	4.2 Expand maritime capabilities suitable to perform freedom of navigation operations in the Indo-Pacific.
	4.3 Distribute development funding in Indo-Pacific in line with strategic interests.
	4.4 Assess on a case-by-case basis whether future Chinese overseas military missions pose a threat to European deployments and commercial activities.
	4.5 Expand ability to cooperate effectively with a Chinese UN peacekeeping contingent.
5. China's command of critical resources	5.1 Expand access to critical raw materials and rare earth metals that are essential for military power projection.
6. China's expanding economic & digital influence in the Indo-Pacific region	6.1 Compete with China's digitalization initiatives in states around the Indian Ocean.
	6.2 Assess whether arms can still be exported to states with growing ties to China.
	6.3 Safeguard European oil imports by offsetting China's influence over oil producers when necessary.
7. China's expanding arms exports	7.1 Foster international talks and confidence building measures on export regimes with China.

Table 2: Overview of policy recommendations.

The time to act is now

These policy implications and recommendations can complement the existing policy frameworks of NATO, the EU, and individual member states, which identify China as an ascending great power but generally fall short on policy measures that specifically address China's military rise. Chinese President Xi Jinping is open about the central role he seeks for China in the world and what this means for Europe, the US and the global order: he declares that "the East is rising and the West is declining" and foresees profound changes to the international system "unseen in 100-years". It is in the interest of the Netherlands and other European states to take such pronouncements at face value and to start preparing accordingly.



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