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MISSION REPORT*

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Overview

1. China's rapid expansion is a clear global game changer. Its growing economic might affects every dimension of international affairs, including matters of peace and security. To better understand China's perspective on a range of critical international security issues, a delegation from the Sub-Committee on Future Security and Defence Capabilities (DSCFC) visited Beijing and Shanghai from 10-14 June. Joao Rebelo (Portugal), Chairman of the DSCFC, led the delegation of 13 MPs representing nine different NATO member states.
2. The visit highlighted significant gaps in perception between China and the West on a number of issues. Chinese interlocutors repeatedly expressed dismay at what they perceived as United States' aggressive moves in the international trade sphere, which they feared could spill over into other arenas. China has long benefited from international trade practices that have facilitated the remarkable growth of China's global economic footprint while shielding its domestic market from a parallel rise in international investment. The international community's goal in conferring such economic benefits during China's development over the past decades had been to encourage the country to be a 'responsible stakeholder' in the international system supporting its rise.
3. China's recent actions have led many to believe this policy has failed and that China is instead seeking to shift international norms by its contrarian actions. From its actions over disputed territories in the South China Sea to a lack of leadership vis-à-vis the North Korean nuclear question and the drivers of the ambitious Belt and Road Initiative (BRI), international perceptions about Chinese intentions are changing. The United States' most recent national security strategy reflects this, characterising China as a strategic 'near peer' competitor along with Russia, and its new Indo-Pacific strategy strongly emphasises all nations' rights to the freedom of navigation in international waters.
4. The U.S.-China trade dispute set the shape and tone of the week's meetings between the DSCFC delegation and Chinese interlocutors from the People's National Congress, the People's Liberation Army (PLA), think tanks, and Fudan University. Facing a European and Canadian delegation, Chinese speakers sought to portray the United States as an unreliable partner with whom any kind of stable deal cannot be struck. As Ms. Fu Ying, Vice-Chairperson of the Foreign Affairs Committee at the PNC, said of the United States' recent tougher stance toward China: "This is a tiger attacking a panda; the panda just wants to eat and sleep."
5. Ms. Fu also said the trade imbalance between the United States and China has long been lopsided, with the U.S. selling China mostly agricultural commodities, while China sells the U.S. finished manufactured products. A repeated trope the delegation heard when referring to China's well-documented theft of technology, however, was "how can we be stealing US or other nations' technology when our own is better?" Such a rebuke was repeated when referring to the current controversy over the Chinese telecoms firm Huawei's efforts to dominate planned 5G networks.
6. An interesting paradox to this repeated defence of Chinese economic espionage, however, was the admission by many Chinese interlocutors that some U.S. trade complaints were valid, particularly regarding Chinese violations of intellectual property laws. Still, a prevailing sentiment was that the United States and, by extension, its allies, was trying to bully China now that they are seriously confronted with its successful rise.
7. China's role in international security affairs has been increasing significantly alongside its economic rise. Since the 1990s China has been increasingly engaged in United Nations peacekeeping operations, sending over 36,000 personnel on over 30 peace operations over the past decades. China spends more and participates in more UN peace operations today than any other permanent member of the United Nations Security Council.
8. Investments in a modern and outward looking PLA have also grown significantly. Officials told the delegation China is investing approximately 7-8% of its total budget annually (approximately

USD 180bn) to modernise and restructure the PLA. The results are far more technologically advanced armed forces with global reach across all five domains – land, air, sea, space, and cyber.

9. Delegation Chairman Rebelo sought to broaden discussions throughout the week to broach the idea of broader cooperation between NATO and China on international security issues, such as international terrorism and counter-piracy, a suggestion met with limited interest. Chinese officials told delegates that China's position on fighting international terrorism has always been clear and consistent – China will fight terrorism in all of its forms. Chinese interlocutors rebuffed criticism of Chinese counter-terrorism policy, which has come under heavy international scrutiny in recent years due to its policies toward the Muslim Uighur population in Western China.

10. NATO was not spared from Chinese criticism either, as interlocutors across the spectrum told the delegation time and again that while NATO may claim to be promoting international peace and security; it does so to the exclusion of Russia and China. Interlocutors were quick to note that such exclusion would only diminish the relevance of the NATO Alliance going forward. A key reason, many suggested, was the growing cooperation between Beijing and Moscow at all levels. As Dr Chen, President of the Shanghai Institute of International Studies (SIIS), told the delegation, "Russia and China's long-standing disputes have been settled; there is a deep structural change taking place, and China and Russia recognise they have shared values and norms, which will set the tone of future strengthened cooperation."

11. Joao Rebelo underlined to Chinese interlocutors on many occasions what he hoped to achieve with the delegation's visit: "We see a changing global strategic environment that necessitates increased cooperation. Inter-parliamentary cooperation is a clear means to start efforts to mitigate the challenges of the complex global security environment. Despite differing views on many issues, we hope to find the ways and means available to develop a cooperative relationship between the NATO PA and China in the future." Here again, the suggestion was met with limited apparent interest.

12. Ms. Fu told the delegation that China's position in international security is based on one of comprehensive peace. She said that, while China does not have any formal relationship with NATO, Beijing hopes "NATO's future actions can be based on common norms of international relations to promote broad-based international security." A troubling issue for the delegation throughout the visit was to pin down exactly what China understands those common norms defining international security cooperation to be.

Drivers of the Visit: A Changing Global Strategic Environment

13. China's approach to the rest of the world in its rise is different than the rise of great powers in the past; Beijing's whole of government approach to everything it does in its rise – from the Belt and Road Initiative (BRI), Made in China 2025, to the PLA's current military strategy – indicates a focused state-level approach to have China become a global norm changer at the economic, political, and security levels. As a result of the growing weight of China in international affairs and institutions, increasing strategic acquisitions, and the power projecting capabilities of the PLA far beyond its borders, China will have a growing impact on matters of international peace and security.

14. The Euro-Atlantic community of NATO nations will not be immune from the increasing influence of Chinese economic and security interests. This is true for many reasons, not the least of which being the growing rivalry between China and the United States, which is making the entire globe an arena of strategic competition between the two great powers. As delegates learned on the visit, there are likely three key domains in which China is relevant to all NATO Allies.

15. The first is the future of norms of the freedom of navigation of the high seas. China is developing an increasingly capable blue water navy capacity that is finding its way into all of the globe's strategic water spaces. As briefers told the delegation, the Chinese navy is increasing its exercises with Russia in the Pacific, Atlantic, and the Arctic. It is also increasingly interested in

protecting shipping routes for Chinese commerce across all major global seas – to include the new shipping route in the Arctic, the Northern Sea Route (NSR). China’s recent actions in the South China Sea, as will be developed further later in the report, signal potential growing challenges with China’s presence across the globe’s oceans. The second is outer space. China’s developments in outer space at both the commercial and military level will present potential future challenges to Allies’ ability to maintain secure satellite communications networks – which could have a broad-reaching effect on almost every facet of modern-day life. The third is the cyber domain, which has become an operational domain for China and will become an arena of strategic competition and disruption.

Development of the PLA – Toward the Elite Modern Forces of Tomorrow

16. Officials told the delegation China is investing approximately 7-8% of its total budget annually (approximately USD 180bn) to modernise and restructure the PLA. As briefers at China’s National Defence University told the delegation, “the world average is 3% [of national budget allocated to military spending], which does indicate a large gap between China and other nations, but the rise in China’s budget is only as high to parallel the growth of the Chinese economy.” Briefers noted that weaponry, personnel, and the PLA reform efforts take up the vast majority of the allocated funding.

17. Deep reforms in the PLA have been accelerated since 2015. The five-year plan for total reform to move toward a global modern force will therefore be finished by next year. The ultimate goal, Chinese briefers noted, is for Beijing to fashion the PLA into the premier elite modern military forces of the future – aligning the accomplishment of this goal with the arrival of the 100-year anniversary of the People’s Republic of China in 2049.

18. Briefers noted that already 50 percent of PLA personnel have been cut to make the institution more efficient. Chinese defence officials said that the nation’s defence development serves the needs of the nation at any given moment, and that the nation defines its interests and the threats to them, and that the PLA will be developed to meet these threats and service the broader Chinese grand strategy. The 2015 Chinese military strategy reflects China’s understanding of its broadening interests – as briefers noted, power projection capabilities have been largely following China’s increasingly global footprint.

19. The PLA restructuring has focused on adopting technology to larger weapons platforms as a means of supporting a modern array of armed services capable of interoperability with precision strike abilities across all services. In addition, it was noted, there has been a focus on strengthening civilian control of the armed forces and a broad-based anti-corruption campaign to root out legacy problems in the officer class. The anti-corruption campaign has seen the stripping of the stars of very high-level commanding officers of all services as a strong message about the path forward for the PLA.

20. China’s grand strategy now refers to China’s ability to compete or dominate in the major domains of warfare. Briefers talked of China’s particular focus on blue waterpower projects as a means of protecting Sea Lines of Communication (SLOCs) and global economic interests; this is translating, the delegation was told, into doctrine focused on offshore defence and open seas protection. There is also a flow of resources going into China’s space capabilities, as they noted that China’s modern space architecture will be vital for joint force operations. In parallel, China is also focusing heavily on its cyberspace capabilities, as it was also identified as a key domain of national interest.

21. Regarding the PLA’s services, the new structuring is focused on moving from theatre defence to trans-theatre mobility; i.e. the ability to move beyond the areas they are garrisoned. This is a shift to focus on coordinated mobility. Briefers noted that the Chinese Air Force is also shifting from a past focus on territorial defence to defence and offence capabilities. All of this is translating to a move from regional commands to strategic theatre commands that have strategic direction capability in the air, on land, and at sea. For example, the southern theater command is focused toward the

South China Sea. The PLA has also set up a new strategic support force, which can be understood to be an enabling structure. The PLA Rocket Force, which controls the nation's nuclear forces, is now independent. As briefers at the Chinese NDU noted, China advocates a non-first use policy when it comes to its nuclear forces; which they said should be followed by other nations. They stated that China's nuclear policy is straightforward: to oppose any nuclear threat against China; to mitigate the nuclear threat environment via the destruction of nuclear weapons by all nuclear states, as agreed upon in the Non-Proliferation Treaty (NPT).

22. As briefers noted, investment in modern technology is the core of the PLA capability. As a result, new equipment is changing the nature of the PLA – the introduction of domestically-produced heavy lift transport aircraft (up to 400 new planes) will change the PLA's ability to deploy strategically at distance. As noted above, the People's Liberation Army Navy (PLAN) is moving to be a blue water navy, not a brown water navy, which requires a huge investment in new destroyers, submarines, corvettes, amphibious landing ships, and carriers – the PLAN is now larger in terms of the number of ships than the US Navy. In addition, the development of hypersonic weapons (cruise missiles), artificial intelligence, etc. are all also being given priority today. With this focus on the technological development of their armed forces, the Chinese hope to reach parity with the West in the next decade.

23. Attention to civil-military restructuring and integration of a core civilian policy guidance institution is accelerating the PLA's modernisation efforts. Civilian management techniques are being incorporated to help with overall stability of the institution. Finally, as briefers concluded, the anti-corruption efforts are underpinning the whole restructuring efforts. The PLA is gradually implementing a law and rule-based organisation structure – this will increase the efficiency of PLA management.

NATO-China: NATO Nations' Military-to-military Engagements with the PLA and Possibilities for Future Cooperation

24. When asked about NATO-China relations, Chinese briefers noted that there are only a few potential convergence points. They said France and the United States are Pacific nations and, therefore, have different relations with China than the rest of the Allies as a result. At these bi-lateral levels, officials continued, there is a good degree of mil-to-mil communication as well as professional military educational exchanges at the officer level. Both France and the United States work in the region to reduce risks. Germany has also established good military medical cooperation.

25. In line with China's increasing international military cooperation, Chinese forces have also stepped up their participation in UN peacekeeping missions. Today, China is the largest contributor of forces to UN missions among the five permanent members of the UN Security Council (UNSC P5). Beijing is also now the second largest budget contributor. In total, briefers noted, China has contributed almost 40,000 troops to over 24 UN peace operations since 1990.

26. Besides this bigger footprint in international military cooperation and efforts, Chinese interlocutors noted relatively little interest in expanded NATO-China cooperation. Several interlocutors noted a degree of misunderstanding between China and NATO today because of the lack of attention paid to China by the International Secretariat in Brussels. Others noted the legacy of ill-will due to the fact that the generation in power in China today largely had their first contact with NATO via the inadvertent bombing of the Chinese embassy by NATO forces during the bombing campaign on Serbia in 1998. Other Chinese interlocutors noted that as NATO attempts to become more of a political organisation in the balance between political and military, there have been initial forays between the two organisations to find areas of common interest for cooperation. The resounding consensus was that, as NATO seeks to look to counter asymmetrical threats, principally terrorism, then there may be future avenues for cooperation. Still, as Ms. Fu Ying noted: "NATO says it is an organisation for promoting world peace, but it does not include China or Russia. In the future we will have to think about more inclusive international structures. Global security has to mean cooperation at the global level. Terrorism is a commonly shared threat, for example, which can elicit

broader cooperation, but NATO Allies refuse to understand China's challenges with terrorism and call it domestic ethnic challenges instead."

Belt and Road Initiative

27. Discussion with the various Chinese interlocutors – from government to academic to think tank – often turned to the BRI. Briefers consistently tried to convey to the delegation that the West continues to misunderstand the BRI – they repeatedly said this is surprising as China is quite open about the initiative. All told, they said, about 130 countries have signed an MOU with China to cooperate on BRI.

28. China now has the ability to move its development capacity beyond its borders, briefers told the delegation. The delegation heard that this development assistance is needed badly across the globe, and China is ready to help as developing nations around the world need access to the capital and technology assistance that China is ready to lend. Chinese briefers noted that, of course, such assistance would be mutually beneficial, as it would provide markets for Chinese investments, but the benefit of the absolute gains should remain the focus when thinking of the BRI.

29. The strategy of the initiative is relatively straightforward. China will find the ways and means to invest in and develop with partner nations' assets that will enable the transportation of goods and services both to and from China across the globe. Europe is a key destination of the BRI: to facilitate access to the largest economic market in the world, China is helping nations across Central and South Asia into the Middle East and Africa to develop modern road, port, and telecommunication facilities. Many of the geographic routes hone the historical 'silk road' trading routes that connected China to these regions centuries ago.

30. The BRI is even focusing on partnering with Russia on an Arctic 'ice road' to facilitate use of the NSR. As several Chinese briefers noted, developing useable sea lanes of communication in the Arctic is of great strategic importance to China. They noted that China seeks to also be a partner in the joint development of Arctic resources. In addition to the value of saved time and distance of the NSR, it was said, Arctic sea routes also have the benefit of avoiding the piracy threats in the Malacca Straits and in the Gulf of Eden.

31. As Chinese briefers noted to the delegation, development initiatives that are part of the BRI are done "with extensive consultation, joint responsibility, and shared principles with partnering nations." Chinese interlocutors quickly dismissed criticism of the BRI as being part of a broader 'debt trap diplomacy' strategy of China to be able to not only park capital abroad, but to seize and control strategic assets and territories when partnering nations are not able to service their debts to the Chinese state-controlled industries investing in BRI projects. Briefers consistently referred to the positive example of Chinese influence in Africa as a counter-argument to criticism of the BRI. They noted that, due to Chinese investment in vital infrastructure such as roads, many African nations have been able to diversify their economies and help their populations out of poverty – noting that when young people find jobs, a nation is far more stable. As interlocutors at the Chinese People's Congress noted, however, "these are not charities, they are investments; the Chinese people also want a return on investment." An often-cited positive example was the Chinese-led effort to construct the Nairobi to Mombassa railway, on which 3,000 Chinese workers collaborated with over 30,000 local employees to a successful and mutually-beneficial conclusion.

Pacific-Asia Security Challenges

32. Chinese interlocutors outlined Asia-Pacific security issues from essentially three different aspects. **First**, the Asia-Pacific region is increasingly at the heart of the international system due to four key factors; **economic** - the region represents 60% of the global economy by GDP, total regional trade volume is 50% of the global total, there are 3 billion consumers (many of whom are growing into middle income status), **political** – the region is home to 4 of 5 major global powers; 4 of 10 top

global economies, 3 of the Permanent 5 members of the UNSC; 5 of 7 nuclear powers, and 6 of 10 largest military powers. **Second**, the US has pivoted its foreign policy to the region and has just released its INDOPACIFIC strategy, which denotes the region's global strategic centrality. The United States is increasingly lumping Russia and China as its major competitors. In addition, China's rapid rise has increased the significance of this region. Further, strategic competition in the region is increasingly intense; with Japan actively engaged in regional affairs, trying to increase its say. **Three**, the region's 'hot spots' keep intensifying – this means they are harder to solve – often cited to underscore this sentiment were the examples of the DPRK/Korean peninsula challenge, and the South China Sea conflicting claims, as well as the growing arms races between powers in the region.

33. **DPRK** – The challenge of Korean security peninsula was raised on several occasions. The issue clearly remains complicated and the centre of global attention. The Korean peninsula remains quite volatile, with the DPRK and the United States being the most challenging variable. As briefers noted, with no agreement reached at the second summit in Vietnam, the situation is back at an impasse – which they noted is reflected in the total lack of substantive dialogue between the countries since then – and has even led to acrimonious exchanges between each other on the global stage. Both countries have set conditions for restarting dialogue (the DPRK says the US requires unilateral denuclearisation by them, while the DPRK wants the US to stop trying to bully the DPRK to abandon its attempts to insure its security, and Pyongyang wants the US to present viable options that may help move the dialogue forwards). The United States, however, has required the DPRK to show its bona fides before restarting dialogue and is, in the interim, stepping up sanctions against the DPRK. Briefers noted that both countries have, until now, failed to find a feasible roadmap and timeline for moving forward. Finally, there is a lack of mutual trust between the nations – this is the fundamental hurdle to moving the talks forward. Chinese interlocutors expressed a view that the key problem is the U.S. expecting everything from the DPRK, without giving anything in return. Still, they all agreed, some positive factors remain – both the DPRK and the U.S. are willing to continue with dialogue, and denuclearisation is still considered to be a political solution. Chinese briefers consistently expressed China's strong support for the continuation of dialogue between the two nations.

34. **The South China Sea (SCS) Issues** – The challenge of the territorial disputes and freedom of navigation in the South China Sea was also a recurring theme. As briefers told the delegation, territorial disputes principally centre on the conflicting claims over the Spratly Islands. Briefers noted that, if the thousands of years of Chinese imperial claim over the SCS was not valid, then it should at least be understood that since the 1930s, all major countries have acknowledged Chinese sovereignty over the islands – particularly after the retreat of the Japanese post-WWII. Chinese officials noted that the Philippines and Vietnam agreed to the islands being part of China as recently as the 1970s. The competing claims, they noted, only really ramped up after the discovery of natural resources in and around the islands, at which time regional states took advantage of China's distraction by efforts to consolidate the Communist revolution internally to make the competing claims.

35. Regarding the challenge over the Spratlys today, briefers noted that dialogue between China, Vietnam, and the Philippines is moving forward well. The problem of the US increasingly challenging China is making the issue more complicated again, it was often argued. Many times briefers noted the U.S. Indo-Pacific Command (USINPACOM) strategy as being aggressive and seeking to exclude China from the region, even the U.S. actively calls for the freedom of navigation on the seas. It became clear during briefings that the Chinese view the situation as a two-player game, taking place both inside and outside the region. Briefers also noted that the US military will likely step up its freedom of navigation exercises in the region and will attempt "to pull in the participation of its allies" when doing so. As a briefier at CIIS noted when asked about what steps China will take going forward: "China will continue to be patient, but will be active in its efforts to uphold stability in the South China Sea, and will react to US 'bullying' – the defence infrastructure in the Spratlys is part of China's legitimate right to self-defence." CIIS briefers concluded, however, that to maintain peace and stability, the only real way forward was for the joint management of the issue via increased cooperation in the region.

36. **Taiwan** – When broached, Chinese interlocutors noted that the Taiwan question is a very sensitive issue for Chinese people going back to the civil war that ended in 1949, getting at not only the territorial integrity of the nation, but also the core conceptions of national identity for the Chinese. As a think tank briefer noted: “There is only one China in the world, both belong to this concept – two indistinguishable parts of one whole.” Briefers noted that the current political structure in Taiwan continues to support separation of the two – since the Democratic People’s Party (DPP) came to power, Taipei has been challenging the One China policy. The DPP is making the issue challenging again, which has more or less frozen the dialogue. Still, briefers noted that civilian and economic ties across the straits remain positive, even while official dialogue is stalled. Briefers also consistently noted that Washington’s interference is the key reason the Taiwan issue continues to be unresolved. A briefer at CIIS noted, “The U.S. continues to play the Taiwan card as a means of containing China. This is the key reason cross straits relations are challenged today.” Briefers noted that China’s policy toward Taiwan consists of 4 pillars: One China Policy; peaceful reunification (one country – two systems); hope in the people of Taiwan seeking to push for reunification; and pressure against separatist activities on Taiwan island. All briefers noted that China does not rule out any possible actions to deliver the reunification of the island with the mainland.

China – US Relationship

37. When asked about the current trade tensions between the United States and China, Ms. Fu of the Foreign Affairs Committee at the People’s National Congress quipped: “This is a tiger attacking a panda; the panda wants to sleep and eat.” She continued by saying there has been a long-standing trade imbalance between the two nations; and technology exchange restrictions have also been present for a long time. She simplified the issue by stating: “The United States sells China soybeans, citrus fruits, pork, etc., while China sells back manufactured products. Some of the U.S. complaints about Chinese trade practices are valid, such as those surrounding intellectual property. The People’s Congress is trying to develop law to adhere to such laws, as there has been little precedent in China before to do so.” Throughout meetings with Chinese interlocutors, a common refrain was that the United States is seen as bullying China, and that was the real unfair trade practice. In addition, the reliability of the United States to adhere to signed agreements was also a common trope, with the example of the US withdrawal from the JCPOA being touted as a sign of US unreliability. As several interlocutors told the delegation as well, there is a common conception that Chinese telecoms technologies have long been ahead of the US in Europe and now China. As Ms. Fu stated: “The bullying makes negotiations harder – and it is annoying the Chinese people – the trade war is only making things harder and there is a sincere hope this will not escalate uncontrollably.”

38. When discussing escalating US-China tensions, briefers at the China Institute for International Studies took a slightly different approach to the topic than other Chinese interlocutors. As they noted, US-China relation is the focus of world attention today for good reason, given the potential disruption of further souring of relations between the two great powers. As one CIIS briefer said, “While pessimism prevails right now, there is reason for prudent optimism. The aim of the competition is to find some rules for the new world order. There is a new balance of power that each power needs to feel out. The biggest task for both sides is to find a way to coexist with one another on mutually agreed upon terms. The trade tensions today are from the United States, they threaten world order – China is seeking stability. China continues to advocate a multilateral approach. There is still political will on both sides to find a compromise.”