

Military Analyst Call
Tuesday, July 19, 2005

Briefers: [REDACTED]

Hosts: Mr. Bryan Whitman, Mr. Dallas Lawrence

OSD Staff: Ms. Tara Jones, LCDR Greg Hicks

Transcriber: Murphy

ON BACKGROUND and embargoed

(tape started in progress)

[REDACTED] There are a lot of nuggets in this report, and I think – unfortunately you don't have it in front of you, but you'll see it on DefenseLink; it'll be posted on the web sometime this afternoon on DefenseLink. But I think if I can give you on an embargoed basis some of the nuggets in there it may be of help.

First let me say a couple things about context and the tone. The tone of the report is deliberately non-alarmist. I mean, the Secretary of Defense wanted us to be factual, descriptive, analytical; so it just lays things out; it doesn't have a lot of alarmist adjectives. On the other hand, a lot of the stuff in there is, as I'll mention, a lot of it is worrisome. On the other hand, the point – the report talks about limitations. I mean, there are a lot of things the Chinese cannot do. They cannot do a full-scale amphibious invasion – certainly not do it very easily or without giving us a lot of strategic warning.

They are not yet able to project power significantly outside, you know, their immediate periphery. So there is some good discussion of some weaknesses; on the other hand there are a lot of things in there that are – I think are worrisome.

And the context of this – again, the President believes we have a good relationship with China, a constructive relationship with China in a lot of spheres, and that is the context in which we write this report. We're not beating the war drum; we're not, you know, saying China is a threat or not a threat; we're being descriptive. And as I say, that's partly because that – this is the context of the President's overall policy which we are a part of.

All right, the second aspect of context is interagency clearance. This is a good news story. This report has been massaged several times in several drafts through the interagency. The State Department, the NSC staff, the intelligence community have had a good look at this, various stages. A lot of the rumors out there are wildly off the mark about, you know, huge brawls in the interagency.

This has been a pretty good process of clearance. The final product – in fact, for several months or weeks this has been blessed and we've been refining it ourselves for the last several weeks, and the interagency process has been pretty good. And Secretary Rice even said this. She was just in China last week and we held the thing for a week so it wouldn't come out just before or during her trip. But she was totally aware of this. She even told the press and the Chinese that she endorsed the report. It reflects not only Pentagon concerns, but the U.S. government's concerns. So this is blessed by the whole U.S. government, and that's very important. It's an antidote to a lot of these wild stories of brawls, and it gives even greater weight to the conclusions of the report.

But let me mention a bunch of things that I think you'll find interesting, and that I find a little worrisome. One is we've tried to make the point that China's interest – China's modernization is not just a matter of concern to the United States, it ought to be a concern to the region. And we say this explicitly. And you might also go back and look at Secretary Rumsfeld's speech in Singapore, where he talked about this. And in Singapore, he made a point of say, look this isn't just a U.S. issue, it's not just a U.S.-China matter, it's, you know, an issue of interest to everybody

in the region. The speech that the Secretary gave on June 4, you can find it on, you know, DefenseLink. But that's a point we make. So a lot of the report is written, you know, not to say oh, this is U.S.-China faceoff, but it concerns the region. And there are a couple of maps to show the ranges of Chinese missiles. And, you know, it shows around the periphery of China and particularly mobile missiles, which they have an increasing number of, and even the missiles opposite Taiwan – a lot of them are mobile.

So this is something that we hope the whole region will take note of.

A second point, somewhat related, is it's clear that a lot of Chinese military planning is geared to Taiwan. But there are also some quotations from Chinese analysts suggesting that ultimately, their longer-range objective is beyond Taiwan, and ultimately they do hope to have a power projection capability beyond just a Taiwan scenario, and a capability that could down the road affect, you know, the militaries of other nations.

So again, this is something we point to not exaggerating their present capability but just noting what they say, and some of the capabilities they're developing to support that and just giving people a head's up about, you know, their strategy – strategic objectives beyond Taiwan.

Another point to mention – there's a Deng Xiaoping quote, which we've used in previous reports; it's called the 24-character maxim. And we've used this in past reports; we report a little more attention to it this time, and you'll spot it. It's a maxim that goes back to Deng – the early 90s he used it in a lot of speeches and it is quoted to this day by senior national security people; it's used in – we think in some of their internal security documents. I'll read it. It's a maxim that says, "Observe calmly, secure our position, cope with affairs calmly, hide our capacities and bide our time, be good at maintaining a low profile, and never claim leadership."

You may have heard the phrases in their "hide our capacities and bide our time." We think this is a pretty good encapsulation of China's long-term strategy. Clearly they try to downplay the significance of what they're doing now. They act modestly and say, "Oh, we're not a major power." But they are building up to give themselves options for the future. And it seems to us a patient, long-term strategy. And that's, as I say, it seems to be a very apt description of what they're doing. They're building up what they call their comprehensive national power. There's a cliché out there that they're just building up their economy; all they care about is their economy. Well, they are building their economy, but their economy is fueling double-digit increases in their defense budget, and, which of course funds the modernization that we're describing in detail in the report.

So this is of interest. As I say, it's a public – it's a quotation that they've used a lot and that we've pointed to, but I think that it deserves some attention.

Their defense budget – just a little nugget – I think the Secretary may have said this in his Singapore speech. We talk a little bit about the lack of transparency in their defense budget. We think they're actual defense spending as we measure it is about two or three times their official figure. We say that in the report. And – yeah, which makes it the highest in Asia and the third in the world. And even by their own figures they, you know, they – the double-digit increases every year are in their own figures and we think that applies.

A couple of other nuggets, at least something that I am struck by. You know, I mentioned the mobile ICBMs. They have this – the DF-31 is a road mobile, solid fuel ICBM that we think is going to come, you know, have an IOC in the next couple years, and that's discussed in the report. And that's, it seems to me an indicator this is not a Third World military power. There are some areas in which they are becoming a First World military power, and this seems to be one example. And the DF-31 is a DF-31A a longer-range variant that will come down the pike. But this is a significant system and it, you know, they have some opposite Taiwan I think and, but, well, I don't

know where – I am not sure where they are but it's a strategic system and they – it's, you know, as I say, it's going to be deployed in the next few years.

There's a doctrinal point – they used to use the phrase "local wars under high-tech conditions," that was their definition of the kind of war they expected to fight. They've refined this. They use a new phrase now. It's called "local wars under conditions of informationalization." Local wars under conditions of informationalization. It's a kind of clumsy translation, but they're obviously trying to keep up with the revolution in military affairs. We don't know too much about what this new phrase means, but that's their doctrine; that's what they – how they now – that's what they gear their planning to. It's, you know, one of the new developments we talk about.

There's another point in the report, just mentioned in passing, that a lot of their new systems are things that we didn't know about. They have a habit recently of rolling out a new system whose development we were not aware of. This has happened in a few instances and that's mentioned in the report. And I think that's worth of note.

And the last thing I'll mention now is – there's a long discussion of European effort to lift the arms embargo, the EU arms embargo, on China. This has been a big preoccupation of my office and in fact of the whole U.S. government, trying to fight this and discourage the Europeans from lifting the arms embargo. And we have achieved at least a temporary success.

But in this report, we spent some time explaining why this is – why this is of concern and what we are worried about. You know, we think the Chinese would be able to obtain in Europe a lot of military or dual-use technologies that would be of great qualitative benefit to them, and you know, again, I think we've mentioned it in the past but this time we spend a little more time on this, you know, explaining why we object to European sales of technology.

Lastly there's a point – again, this is another point I don't want to forget – I think we've said this in previous reports – that the balance of power is shifting in the Taiwan Strait. That's the trend. I know we've said this before, but we have to say it again. The balance of power in the Taiwan Strait is shifting in Beijing's favor because of this, you know, modernization, and because of Taiwan's, you know, so far inability to keep up their defense spending.

Taiwan's defense spending has been declining while Beijing's has been going up. And this is not a – I mean the trend is disturbing and we call attention to that. There is, as you know, a special budget – what is it -- \$15 billion or so? Fifteen, sixteen billion that is before the Taiwan legislature that would purchase some important systems, but there's, but there's some – as I say, in our report, there's a theme that, you know, if the Taiwanese don't, you know, take on greater responsibility and show, you know, enough discipline or commitment on their own that it's going to make things harder. And we're not jumping to conclusions about how a conflict would come out but we're pointing to a disturbing trend in the Taiwan Strait. And it's important that Taiwan be able – you know, be difficult to defeat. We all know that, you know, our possible intervention is a factor here, maybe decisive. But (we?) think a part of the balance ought to be carried by Taiwan, and that's a disturbing, and that's a disturbing trend in that respect.

Anyway, let me stop there. These are little nuggets I think you might find of interest. There's a lot of other stuff in there. A lot of good, useful information I think. And let me stop there. I am happy to answer some questions.

Mr. McCausland: This is Jeff McCausland. Two quick questions. One, is there any suggestion of the Chinese being involved (x?) proliferation activities, particularly Pakistan and their weapons development. And second of all, you mention quite rightfully that this is a regional threat at least for the moment. Can you give us any insight in discussions with our Japanese allies, perhaps the Russians, or even the recent discussions we had with the Indians how they perceive this change in China's military power? And a big hi to [REDACTED]

Hey sir; how are you?

Mr. McCausland: Good.

The first point about proliferation. We don't spend a lot of time on it in this report; there are other I think – other publications we do on Chinese proliferation activities, and I've done some testimony on this myself. So that's not what this report is about. Second, on the regional threat, we don't characterize what other governments are thinking; that's for them to say, I guess on background, well this whole discussion's on background, but I do know we, we certainly have conversations with a lot of these countries on this subject. And, you know, the Japanese – you may remember the U.S.-Japanese joint statement of a few months ago; it was a ministerial meeting here and there was a joint statement in which both sides mentioned the Taiwan issue as a matter of a common strategic objective or common – I think that was the phrase. There's no – and the Japanese defense white papers speak quite explicitly about the Chinese missile threat and so forth. I can tell you it does come up in discussions with the Indians, with the Vietnamese -- the Vietnamese prime minister was here a few weeks ago – with Southeast Asian countries. And Secretary Rumsfeld was in Singapore in June for this multi-lateral conference of defense ministers and he mentioned this in his speech, precisely to make that point. And they say the feedback he got from just about everybody was -- you know, they view this with the same concern, and none of us – but the bottom line is, nobody wants to prejudge what this means, or nobody's saying the conflict is inevitable, and there's a tendency in most of the region to, you know, hope for some constructive evolution, but I think we are – and that's our view, as well. But I think we've done something constructive here if we've added some realism into the discussion because I think you have to face this reality.

Mr. McCausland: Thank you.

The Russians, I don't know. You mentioned the Russians. I think we have started to put this on the agenda with the Russians. They are overwhelmingly the biggest arms supplier and selling the most dangerous systems. And I know this – and there's a debate within Russia for years about whether this is smart from the Russian point of view. But that's something we haven't made a lot of headway. We've made headway with the EU; we've made headway with the Israelis in, you know, trying to constrain or shut down some of this trade. But with the Russians, that's a big problem.

Mr. Maginnis: Mr. Rodman, Bob Maginnis. A two-part question. One on the Blue Sea Navy (?) and whether or not their submarine force is not only becoming larger, but far more sophisticated. And then secondly, Global Security sent out something recently with some pictures of an old Soviet aircraft carrier. Is fact is it going to be a casino as they suggest perhaps, or is it going to be used?

Mr. Rodman: The Blue Sea, well the submarines – yeah, there's a lot of discussion of that. I think we know that that's a threat – the Chinese are developing this capability with not just the kilos (?) from Russia but their own indigenous production. I mean, there are limitations – there are a lot of capabilities they don't have yet. We think our Navy, you know, out matches anybody else. But they're – they're developing this and there's a lot of discussion of that. General Allen wants to –

We watch the submarines pretty closely; the combination of what they're doing with their Song class submarines, their type 98 nuclear attack boat – 93, sorry – that's coming out; the new Youn class submarine which is, by the way, a submarine that we didn't know existed until it was rolled out. Those are some fairly sophisticated systems. So obviously we're watching the roughly five concurrent submarine programs, to include the kilo purchase and a new ballistic missile submarine, we're watching those very closely. We can't get inside them, but we suspect there is some fairly significant technological improvement over some of the older class subs that they have.

Voice (): The carrier, what do we think about the carrier? I don't think...

: We haven't decided yet what's going to happen to the carrier. It would be a hell of a good casino (laughter) if they developed that capability, but they may be developing it just to test some future capacity for building a carrier or for naval aviation, or they could be restoring it, although it's in really in pretty bad shape. So I think the jury's still out within the intelligence community on where this thing is going to go. But that's a good question. Because pursuit of a carrier is a very clear indicator of some naval aspirations and national aspirations simply for – beyond the current configuration; it's going to be a sea-controlled navy if we start seeing carrier being built.

Mr. Lawrence: Next question?

Mr. Allard: Yeah, Ken Allard. Have you guys seen any indications – and I am fascinated by the references to informational conditions because I have been an avid fan of their stuff ever since I read that white paper on unrestricted warfare that came out back in the late 90s. Have you seen any indications that that is anything more to them than pure doctrinal speculation? Although they appear to take that very seriously.

: Well, I'll ask General Allen to pitch in. But I think they clearly see this as the definition of modern warfare. They analyze closely everything we do; everytime we're involved in a campaign there's a spate of articles analyzing it. Sometimes they put themselves in the shoes of our opponent; sometimes they try to see what can we emulate that the Americans have done. You know, they have a long way to go in, you know C4ISR and integration of things, but I think they are clearly interested in that and see how – that's the way to go. I don't know what – and we see them doing a lot of R&D(?) anti-satellite capabilities – clearly, computer network operations of different kinds, and there's definitely some discussion of that in this report.

Voice (): If you have a chance to look at it – the 2004 Chinese – the PRC defense white paper uses this term for the first time – local wars under the conditions of informationalization. And as says correctly, we're not entirely sure what that means. We know they have followed very closely the improvements and sophistication of our command and control capabilities, the improvements in our ISR, both in terms of enhancing command and control and targeting, and in particular, they have followed the augmentation by space of our command and control – C4ISR capacity in war.

If you -- one of the folks that we actually quote in the report is General Jiany Guang-kai who I would assume is known to some of you. He has written on this issue – I hope I am not tainting my source immediately by mentioning his name, but I think he is emblematic of the interest in the revolution of military affairs, the advent of knowledge-based warfare, the improvement in space-based ISR and command and control support to operations, and some of the quotes we offer in the report provide indications of how much the Chinese are interested in this, and the fact that they would employ this as a new doctrinal term would seem to indicate that they're headed off in this direction.

Mr. McInerney: Tom McInerney for either the general or What do you say about the recent pronouncement by the major general about using nuclear weapons and hitting our cities in the event of a Taiwanese event?

Well, it's not in the report but you're right to ask. You know – a couple of things can be said. Now, the Chinese government has repudiated his remarks; they've said that there's no change, that he's speaking for himself, that they stick to their, you know, previous policy on Taiwan and no first use.

On the other hand, I think we're entitled to draw some conclusions. I mean, it is clear that some people in the Chinese establishment are not so comfortable with no first use, and might be

advocating some reevaluation of that. It also just highlights the risk of Chinese miscalculation. There's another theme in the report I think in various places, where (we're?) at the risk the Chinese might miscalculate (inaudible) in a crisis, or that just any crisis involved (involves?) an inherent risk of things happening in ways that the sides don't expect. So I think it's something that we have to pay attention to. It shows – reminds us of risks of escalation in a crisis, but I hope the Chinese, you know, are thinking of the same thing – the risk to them of any use of force. You know they may have in mind, for example, limited use of force, or coercive steps against Taiwan that, you know, they may think are, you know, are not all out war, but others who are the target of them may interpret them differently. So -- it's another element. I mean, the risk of miscalculation is something serious and it imposes a responsibility on us to deter unambiguously in my view.

Voice (Mr. McInerney?): Does it, does it suggest that perhaps there are elements in the Army that even the political apparatus doesn't feel they can control?

█ No. It may – I think they are a disciplined army but, you know, and policy, you know – as far as we know, their policymaking apparatus is disciplined. But, I mean, this fellow is somewhat outside the policymaking chain; he's in an academic setting; he has a reputation for popping off a lot. So I am not sure how authoritative – I mean, I wouldn't assume he is speaking authoritatively, but it obviously affects the view of some people in the military establishment. Dave, my colleague David Helvey who helped in the report – if you want to add something.

█ Well, I think as the Assistant Secretary said, there's some discipline; there's a good degree of discipline in China's, you know, civil military apparatus and decision making on the use of force. Now (and?) I would draw a clear distinction between this individual who is a military academic, and somebody that would actually be responsible for maintaining the chain of command for nuclear weapons use.

█ But I think you asked a central question. Is this indicative of whether there is in fact complete control over the military? And to me, the statement, while ludicrous, I was watching more the Chinese leadership reaction to the statement than I was General Zhu Chengu's comment in particular. And I frankly wasn't impressed by the Chinese - by the strength of their disavowal of that comment. One of the points we make in the, in the report is that this report attempts to identify the capabilities of the Chinese military, and its modernization, and the potential capacity of those capabilities in the future. What we say of course, the old intelligence equation which is threat equals capabilities plus intentions, in the report is we don't know the Chinese intentions and we seek to ferret those out in so many different ways. When we have a general who is a very senior leader in the National Defense University talking in those terms and receives only a velvet glove in return, then that may be an indication of an intention. So we've got to watch this sort of thing very closely.

Mr. Lawrence: We probably have time for two more questions.

Mr. Allard: Yeah, Ken Allard again. On the cross straits problem. Did you look at all at asymmetric capabilities that are often left out of the traditional calculus as to how would they do it if they chose to do it?

█ That is something we definitely looked at and there's some discussion here of different scenarios, you know, not only a full-scale amphibious invasion; there are a lot of coercive options which we think the Chinese are looking at that are more complicated from our point of view, precisely because they, you know, have asymmetric elements. David, do you want – John Allen?

█ One of the things that we do talk about – you mention the asymmetric capabilities – we talk about it within the context of anti-access, although I want to preface that remark that compared to the United States military just about anything would be asymmetric. But when we talk about anti-access, we look at some of the programs and systems that China is trying to

develop, many of which fall under this term of assassins mace types weapons systems, which in the Chinese context are programs and capabilities designed to generate turning points in battle. So we look at some of the new submarines, anti-ship cruise missiles, ballistic missiles, as well as – for example, some longer-range ballistic missiles that China might be looking at for an anti-access mission. So we do, we do address asymmetry quite a bit in this report.

Voice: Do you think you've got a (inaudible).

Voice: Yes, sir?

Voice: Yeah, those of use who are going to be queried by the media are going to undoubtedly be asked, well, how does one account if one possible can for the alleged delay in the report, and I'm not necessarily convinced there was any big delay, but that story is out there. How would one address something like that?

[REDACTED]: Well, I would say...

Voice: ...words put in my mouth,

[REDACTED] No, no, no. I appreciate your...

Voice: But this is something that people won't get off of.

[REDACTED] Well, I appreciate your asking, because obviously this will be asked. The report is a little bit late. A lot of it is just the clearance process. It takes time; we have the State Department, the NSC, the intelligence community. We did a draft; it went through this process, then Secretary Rumsfeld saw it and he had his own contributions to it – I mean, it's his report, so he was entitled make suggestions of different kinds, so we had to, you know, go back again. The last few weeks part of it was, as I mentioned, Secretary Rice was in China and we ourselves had the wit to mention this to her and to say, look, we don't want this to come out just before you're there or while you're there, we'll wait til your back, and she agreed with that completely.

Voice: That's very helpful, thank you. It certainly comports with what my instincts were on what's going on. Thank you.

[REDACTED] I mean, you all know how the bureaucracy works...

Voice: Absolutely.

[REDACTED] And this was just, you know, bureaucratic stuff and nothing melodramatic.

Mr. Nash: One last thing, if I could. This is Chuck Nash. When you brought up that there were several systems that you did not know existed, that sort of, you know, runs back to the words intelligence failure, or whatever, when you hear those kind of things, so you might want to think about how you describe that when you put that out.

[REDACTED] Well, you're right. I mean, it's one sentence in the report, and we're obviously....

Mr. Nash: I know, but it's a, it's a, yeah.

[REDACTED] No, but deliberately, we're not trying to advertise this overly, and give the Chinese too much satisfaction, and it -- but it's something that's just a fact that we thought we ought to mention. And it's something we have to consider when we make assessments. And there's – there is a discussion in there about the lack of transparency; I mean, this is a theme of the report, they don't – you know, there's not transparency in their defense budget as I mentioned already, and there's just lack of transparency on a lot of things and plus, you know, a lot of traditional

Chinese state craft keeping things secret, but there's a little – no, you can read into that sentence what you want and I think you're correct to see some of the implications of it.

Mr. Nash: Well it also ...

[REDACTED] (crosstalk) the uncertainty about what they're up to and what their strategy is and maybe we have to be conservative given that – the recent experience of finding out that they're doing more than we expected.

Mr. Lawrence: Gentlemen, that's all we...

[REDACTED]: It also (inaudible) the question of what were those systems that we didn't know about? You mentioned the submarine.

[REDACTED] Well, the submarine is one of the dramatic examples. I think maybe we don't want to say too much in a public document about other things, but, the U-on (sp) submarine is one.

Voice: One last quick question. Can you review real quick – I assume the testimony is with what, the Senate Foreign Relations Committee or Senate Armed Services, who exactly is testifying? [REDACTED] are you testifying? Is General Allen testifying?

[REDACTED] Well, it's a briefing. It's Armed Services Committee in both places. It's a closed briefing doing first the HASC – the House Armed Services Committee in the early afternoon and then the Senate Armed Services Committee later, and it's staff and Members, so it's not a public hearing. It might well be – they may try to get us up there for a public hearing, you know, some later date, but that's not on today's agenda.

Voice: And you'll be doing the briefing sir?

[REDACTED] Probably I think they'll try to invite me; there's nothing scheduled at this point.

Mr. Lawrence: Gentlemen, thank you very much for calling in today. Just to recap, this is on background, anybody quoted should be quoted as a senior Defense Department official, and returning to Mr. Whitman's comments, this is embargoed until either after the briefing, or you're hearing it on TV, and as we all know, after the first House briefing, I am sure it will start to come out (laughter).

Once the report is available, we will email it to all of you. In addition, we'll get some of those quotes out to you that were from, that Secretary quoted during his briefing.

[REDACTED]: My whole, no, I think that, I don't, I'm calling those things to your attention on a background basis, because I say we're trying to, we're portraying the report as very balanced, and it has strengths and weaknesses. But I think you guys would appreciate some of these nuggets, and I think, you know, you should, you know, discover them for yourself, but I think, you know, I thought you'd welcome, you know, some pointers to what some of these interesting things are.

Mr. Lawrence: Thank you very much gentlemen.

Voices: Thank you.