# EAST ASIA MILITARY MONITOR

VOLUME 1 | ISSUE 1 | JULY-AUGUST 2018





#### INSTITUTE FOR DEFENCE STUDIES AND ANALYSES

No. 1, Development Enclave, Rao Tula Ram Marg, New Delhi - 110010

## EAST ASIA MILITARY MONITOR VOLUME 1, ISSUE 1 JULY-AUGUST 2018

**Editor** 

Swati Arun

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## **EDITOR'S NOTE**

♦ he current regional order in Asia treads on imbalance — now, much more felt than before. East Asia is rapidly evolving with the shifts in the regional order. As China is developing, its economic and military reach compounded by its growing influence, has led to the great powers adjusting to the so-called shifts in International order. Keeping in mind the fast changing military situation in the East Asian region, the East Asia Centre at IDSA has taken the initiative to launch East Asia Military Monitor.

East Asia Military Monitor is a bimonthly newsletter, focussing on the significant military and security developments in the region, particularly in China, Japan and Korean Peninsula. This newsletter is intended for the policymakers and the academic community. The information is drawn from speeches, articles, ministries and regional forums with special emphasis on area sources.

In the last months of July and August the region saw serious developments that will have long lasting changes in the region politics and bilateral relations within. The US's National Defence Authorisation Act was signed into law on 13th August and subsequently the Pentagon released the Annual Report to Congress on Military and Security Developments Involving the People's Republic of China 2018. Both documents charged China with expansionist motives and China reacted to them as interventionist and pure speculation, respectively.

The following issue carries analyses and interview pondering over similar questions on changes in the regional order on collective and individual. While mapping the East Asia region, it is clear that in the past two months China and the region continued to go through conflictual periods and the competition to expand and regain influence peaked.

One will have to see how China will respond to the past and current changes in the US posturing in the Indo-Pacific.

Looking forward to the continued engagement.

Swati Arun

## **EXPERT COMMENTARY**

# India-China Relations Post-Dolam Incident and Wuhan Summit

Lt Gen. SL Narasimhan (Retd), Member of National Security Advisory Board



China embarked on military reforms in November 2015. The reform process will be completed by 2020. By the time the Dolam (or Doklam) incident happened, the reforms had run the course for a year and a half. China had established five Joint Theatre Commands disbanding the seven military regions that were existing previously. In addition, she had also undertaken reforms in her higher defence organisation, organisational structure and command and control.

It will not be incorrect to say that the Chinese PLA was in a state of flux when the Dolam incident happened due to the sweeping reforms that it was undergoing. It is a well-known fact the Indian troops thwarted the attempt by the PLA to construct a track up to Chela on Jampheri Ridge. The consequent standoff that took place for 72 days revealed that though the Chinese built up forces to back up their troops in Dolam, the offensive intent was seen to be lacking. Due to constant diplomatic communications and efforts the Dolam incident was resolved. What set the tone for this increase in communications was the brief interaction that Mr Modi and Mr Xi Jinping had in Hamburg, during the G 20 summit.

After the disengagement of troops from the standoff site, it was expected that the Chinese troops will continue to stay on in that area. That expectation was proved right. To facilitate the stay of its troops, Chinese PLA constructed shelters to house approximately a battalion size force in that area. This was done, as the troops would have to live under harsh winter conditions. Till today, these shelters remain in that area albeit some distance away from the standoff site. Contrary to the reports that appeared in the media that China has reinforced the Dolam area there seems to have been no change to the deployment there. The same was confirmed by the spokesperson of the Ministry of External Affairs.

The informal summit between Prime Minister Narendra Modi and President Xi Jinping in May 2018 at Wuhan, has resulted in improvement of ties between India and China. The official statements indicate that the two leaders would give strategic directions to their armed forces to ensure peace and tranquility along the Line of Actual Control and surprises to each other be avoided. There were other issues like strategic communication that were agreed upon. Ever since that summit, incidents transgressions and face offs along the Line of Actual Control have shown a reduction in numbers. The recently concluded visit by a 27 member delegation led by Gen Wei Fenghe, China's Defence Minister, has resulted in further ensuring better relations between India and China. It was agreed during the visit that the MOU on Defence Cooperation will be worked upon. This is because the earlier one signed in 2006 has expired. It was also decided to enhance the cooperation between the Armed Forces of India and China in training, Joint Exercises and other professional interactions. Greater interaction at the working level to encourage peace and tranquility along the Line of Actual Control was to be worked upon. The hot line between India and China, which has been under consideration for some time now, will also be made operational at an early date.

Considering all these, it is likely that the relationship between India and China continue to improve in the near term. However, the issues that need to be resolved between India and China continue to remain. Therefore, any hopes of radical changes in the bilateral relations may be misplaced.

As mentioned earlier, both the leaders agreed to give strategic directions to their respective armed forces. If both sides simply follow the Standing Operating Procedures that have been established for handling the border incidents and follow the various agreements that have been signed between India and China peace and tranquility along the Line of Actual Control will prevail.

## **OUTLOOK FROM THE REGION**

#### INTERVIEW

#### Dr Hu Shisheng

Director, Institute of South and Southeast Asian and Oceanian Studies at the China Institutes of Contemporary International Relations



#### Q1. The study of a rising China has been underway for decades now, can we say China has risen?

No, China is still on the process of rising. Although China's GDP is secondary to the US since 2010, there is still a big gap to the US, and the per capita GDP ranks only 70<sup>th</sup> in 2017. And more importantly, the technology innovative edge or power is quite lagging behind, especially compared with the US, Japan, Germany and in some areas behind South Korea. China is still not an innovative economy. And China is still lack important sayings and rule-making or rule-revising powers and capacities in the international institutions.

## Q2. How does China understand "Rules Based International System"? How does China justify their opposition to military overflights and the presence of US naval vessels in their claimed zones of influence in SCS?

China in a general way regards itself as a big beneficiary of the existent rules based international system, but still regards this system needs some improving, due to the facts that these rules are made mainly by the developed western countries, not reflecting the new scenario and the emerging powers like China and India still lack sayings and rule-making powers appropriate with their comprehensive powers and rankings in the world.

As for the rules in terms of regional security, China is mainly the target of the rule-makers, especially in the western pacific region.

What China can do to the so called free navigation operations by the US navy: one is safeguarding determinately and persistently China's national sovereign interests by forcing the US ships outside of the sovereign waters but avoiding conflicts. The other is to building up more crisis management mechanism with the US, like "the Code for Unplanned Encounters at Sea (CUES)" reached between China and the US.

## Q3. How does China visualise a post-US superpower international system? Is China capable of stepping up to the challenges of a global/regional power?

In the post-US superpower international system, the sayings and interest will be more and more represented and taken cared about. There will be no more dominant powers in any region. The international community could more democratised in making policies. Each region, there will some powers who have more responsibilities and sayings than others, but also more obligated in providing public goods to others. Such a multi polarised world maybe safer, maybe not, due to the fact that there will be no exclusive military alliance system. China has no ambitions to challenge any powers beyond the western pacific region. China has little intension to become a world police like the US, but would like to form a certain kind of collective mechanism in addressing regional and even global non-traditional security challenges, like the SCO.

# Q4. How does China feel about the proposed Quadrilateral partnership between the US, India, Japan and Australia? If the 'Quad' becomes a reality, what potential security architecture is China contemplating to match up their military build-up?

China believes the QUAD aims to maintain the current maritime security order in the areas from the Indian western shores to the US's western shores. Such order has been made and controlled by the US and its allied countries and new strategic partners, in order to maintain the US supremacy and mainly check China's influence. The focus of QUAD could be stop any disturbance and changes in the South China Sea order, which has been controlled and dominated mainly by the US. The US and its allies are concerned much about China's future role in SCS.

However, among the four, India is different. India doesn't want QUAD to be a strategic arrangement to check any powers, whether it is China or Russia or any other countries. India regards Indo-Pacific regional should be open, free and inclusive. So once New Delhi is insisting its current position, the QUAD will never function in the Indo-Pacific region as a whole.

What China can do, is like the US and Japan to build up good and stable relations with India, Russia and even Japan, by making more efforts in building up an inclusive developmental cooperation with them. China believes an inclusive developmental community could be more easier in realising a sustainable security than building up an exclusive military alliance like what the US has been doing for so many years.

The QUAD will not succeed, if New Delhi doesn't want to be one part of it. The QUAD idea is still the product of the Cold War mentality. By the way, China doesn't believe that New Delhi would sacrifice its strategic independency by becoming one member of the QUAD, which is aiming at checking or containing a rising China. It will not serve India's national interests.

Besides, China will jointly with other members of SCO to make SCO a much more capable mechanism in addressing the various challenges faced by all the members.

## Q5. What are Chinese views on nuclear proliferation? How does China feel about being boxed in by four nuclear powers in Asia?

At least, the US policies are very problematic, playing some destructive and discouraging role in maintaining a strong non-proliferation regime, like its pulling back from the Iranian deal, not sincere in addressing the North Korea's security and regime concern (using it as a card to play against China), even practicing some flexible policies to some non-CTBT, non-NPT signature members with some exceptions which works to dismantle the current non-proliferation regime much before building up a new one.

What China can do is to encourage its nuclearized neighbours to live peaceful with each other, encourage them to focus on economic and social development, to improve their relations. No other effective policies beside to admit their nuclear capacities finally. Although China is persistent in its de-nuclear and free of nuclear weapon systems in Peninsular, but the key in not in the hand of China.

## Q6. Please elucidate the role of PLA, CMC, National Security Committee in the national security policy making? What does China's shift of focus to maritime suggest about China's long term policy in South China Sea?

PLA is mainly the one to implement the policies and strategies made by the CMC and NSC, although PLA also takes part in the process in making the national security policy. But all these are absolutely under the leadership of CPC. CPC has the final sayings in the making of any national security policy.

China has to get more sayings in the SCS area, since SCS is the vital part of China's lifeline. China has to have the capacity to maintain a free navigation system in SCS. China has to have the capacity to provide more public goods to the users of SCS. And China has to have the capacity in safeguarding its legal rights

in SCS. And China would like to make more coordinated efforts jointly with the ASEAN members to maintain peace and calm in SCS. China will practice two ways at the same time: one is the negotiate the disputes with relevant countries involved bilaterally, and the other is to negotiate a collective code of interactions in SCS and a collective mechanism in maintaining peace in SCS with ASCEA as a whole with COC in particular.

#### Q7. Could you explain, in brief, the significance of recent changes in the CCP since President Xi Jinping?

CPC becomes much responsive, much cleaner, much responsible, much capable, and much obligated with the historic mission to realise the two China Dreams and much capable in addressing the various challenges China is facing in fulfilling the mission of realising national rejuvenation. The CPC position has been much enhanced since its relentless anti-corruption campaign, especially the setting up of various accountability and discipling mechanisms and systems.

Q8. China held a working conference on foreign affairs, following the overarching Xi Jinping thought on diplomacy, directives were given to solidify China's position in international order, 'advance major country diplomacy with Chinese characteristics to fulfil the mission of realising national rejuvenation'. How does China view the current international order and its position in it? How would you define 'major country relationship' and the direction it is advancing?

China is the biggest beneficiary of the current international system, however, the system and order, which has mainly been made by the westerners after the WWII, it needs to be improved to reflected the much changed world especially after the end of the cold war and the much developed globalisation. Now China has more capacities and resources to make its own contributions to improve it alone and with others like India and other BRICS members. Now China's voices can be heard and its tangible contributions to a much bettered international regime can be felt. China is becoming the much stronger upholder to the current international system, not like TRUMP's US. What China wants is to improve it, not dismantle it.

The major country relationship in the past refers to China's efforts in building up stable relations with major powers (with no confrontation or conflicts, mutual respect for each other's core interests, and win-win situation through cooperation, as the essence), besides its neighbourhood policies, its 'multilateralist' policies. But now this policy has transformed into "new type of international relations" with its emphasise focused upon such guiding principles and spirits as mutual respect, equity, justice and win-win cooperation. I personally believe that such changes mean that China will pursue its foreign policy as a major power, not just pursue a foreign policy toward major powers.

#### Q9. China has not used the term major country in reference to India. What does it mean?

China is now regarding India as the major powers in the world arena.

#### Q10. Where do you see India-China relations heading after Doklam?

The bilateral relations become much more stable and rational. Such a stand-off has forced both sides to realised how important it will be to maintained a mutually understood relationship. We have more effective interactions and even new mechanisms. At least the top leaders have reached consensus that China and India have to live with each other. It serves the national interest to both of China and India to cooperate. Only through cooperation, these two can achieve human miracles. I personally believe there will be no more Doklam incident any more in the future.

### MAPPING EAST ASIA

#### **C**HINA

#### Chinese Aircraft Carrier Acquires Initial Combat Readiness

Reuters quoted Chinese Defence Ministry spokesperson Ren Guoqiang as informing that China's first aircraft carrier, the Liaoning, had acquired "initial combat readiness." The report underlined that although not much details about this aircraft programme are available in the public, achieving this readiness is a major development in China's ongoing military modernization. However, the aircraft carrier still has some years to go before entering service. The report informed that Chinese aircraft carrier "lack the powerful catapult launch technology that U.S. carriers have." The Chinese media indicates that "China needs at least six carriers" as opposed to the US' 10, which "plans to build two more." The report quoted as saying "developing such a force (aircrafts) will be a decades-long task for China, but progress on a home-built carrier boosts prestige for Beijing" and will "erode U.S. military prominence in the region." The Liaoning has recently "sailed around Taiwan and into the South China Sea." Ren Guoqing stated that its exercises have added to the PLA Navy's "combat operations in the open seas" capabilities which include "a system combat capability."

#### Chinese Strategic Bombers Flies to Russia

The media noted that the Chinese strategic bombers participate in the International Army Games in Russia held in late July and early August. The PLA has termed this drill as "an effective practice under real combat conditions." Chinese airborne troops will use J-10A fighters, JH-7A fighter-bombers, H-6K bombers, IL-76 and Y-9 transport aircraft. H-6K bombers and Y-9 transport aircrafts will be used abroad for the first time. "The H-6K, the most modern modification of the license-built copy of the Soviet Tupolev Tu-16, is a twin-engine strategic bomber that is potentially capable of confronting US carrier battle groups to defend China's airspace." H-6K bombers, with nuclear strike capability, have been used in long-range drills near Japan, the South China Sea, and the Taiwan Strait. The Games saw the participation from 32 countries and 26 military contests. China secured second place "behind Russia and ahead of Kazakhstan" in terms of its performance in 2017.<sup>2</sup>

#### Military Exercises as Military-Diplomatic Posturing in Taiwan Strait

In mid-April, China conducted live-fire military drills in the Taiwan Strait. The exercise was an aggressive military-diplomatic signalling to demonstrate its naval strength to Taiwan's Tsai Ing-wen government, whom it accuses of supporting Taiwan's independence. In the 1990s and the 2000s, such war games for this diplomatic purpose very common. However, 2008 onwards when KMT's Ma Ying-jeou became president on "no independence, no unification and no war" plank, Taiwan and Mainland China entered a diplomatic truce and these exercises stopped. Thus, the present war games were the first in the Taiwan Strait since 2016. The game "were held in a two-square-mile area that includes two islets off the city of Quanzhou in Fujian Province. That area is about 125 miles west of the city of Hsinchu on Taiwan's west coast."

<sup>1</sup> Reuters Staff, "China Says Carrier Group has Reached 'Initial' Combat Readiness", Reuters, May 31, 2018, at https://www.reuters.com/article/us-china-defence/china-says-carrier-group-has-reached-initial-combat-readiness-idUSKCN1IW18F

<sup>2 &</sup>quot;Beijing to Send Strategic Bombers for 'Real Combat' Practice during Int'l Army Games in Russia", August 1, 2018 (story updated), https://www.rt.com/news/433011-chinese-strategic-bombers-russia/

<sup>3</sup> Austin Ramzy, "China Conducts War Games, and Taiwan Is the Target", *The New York Times*, April 18, 2018, at https://www.nytimes.com/2018/04/18/world/asia/china-war-games-taiwan-.html

On its part, in early June 2018, Taiwan also conducted a major military drill involving fighter jets, helicopters and large number of troops simulating fighting back Chinese invasion. The media reported that the drills were "live-fire drills" in which Taiwanese military simulated "surprise air and coastal assaults from China." This simulation has the backdrop of China's intensified diplomatic pressure on Taiwan and aggressive military posturing. President Tsai Ing-wen observed this exercise, code named "Han Kuang" (Han Glory) in which 4,100 soldiers, attack helicopters and fighter jets like F-16 participated. A C-130 Hercules aircraft was seen dropping supplies during the exercise. The pilot of an F-16 lost its life in the drill.<sup>4</sup>

#### US Accuses of China Training for Strikes against US and Its Allies

Recently, the Pentagon report, submitted to the US Congress, noted that "over the last three years, the PLA has rapidly expanded its overwater bomber operating areas, gaining experience in critical maritime regions and likely training for strikes against US and allied targets." The reports has assessed that China's defence spending exceeded USD 190 billion in 2017. The report also recorded how "in August 2017, six Chinese H-6K bombers flew through the Miyako Strait in the south-west of the Japanese islands, and then for the first time turned north to fly east of Okinawa, where 47,000 US troops are based." However, China's Defence Ministry has termed the assessment, as "pure guesswork". The assessment assumes significance as it has come at a time when Sino-US relations are passing through a tense phase due to trade war between them. The media reported that the ministry lodged its complaint in this regard with its US counterparts.

Separately, in a curious yet notable development, the US media reported that there have been 20 incidents since September 2017 in which US aerial operations in the Pacific were targeted by lasers. The US military sources suspected the sources of these laser flashes were Chinese. However, no "medical complaints or injuries" have been reported. Notably, a similar incident reportedly took place, earlier this year, near Djibouti on eastern coast of Africa, where the suspected source of the flesh was a Chinese base there. In that incident, lasers injured some US military airmen. Chinese foreign ministry spokesperson has called these accusation in the US media "totally groundless and purely fabricated."

Incidentally, it has been recorded that the US has been warning, through various ways, about Chinese military activities in the Himalayas. In the Pentagon report presented to the US Congress, it specifically mentioned the Doklam military stand-off between India and China as an evidence of China's willingness to "employ coercive measures to advance its interests."

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<sup>4</sup> Foreign Staff, "Taiwan Conducting War Games Simulating Repelling Chinese Attack Amid Heighted Tensions", *The Telegraph*, June 7, 2018, https://www.telegraph.co.uk/news/2018/06/07/taiwan-conducting-war-games-simulating-repelling-chinese-attack/

<sup>5 &</sup>quot;China is 'Rapidly' Expanding Bomber Training, Probably for US Strikes – Pentagon", *The Guardian*, August 17, 2018, https://www.theguardian.com/world/2018/aug/17/pentagon-claims-china-military-likely-training-strikes-us-targets

<sup>6</sup> Reuters Staff, "China Complains about Pentagon Report, Says It is 'Pure Guesswork'", Reuters, August 18, 2018, https://in.reuters.com/article/china-usa-pentagon/china-complains-about-pentagon-report-says-it-is-pure-guesswork-idINKBN1L300Q

Euan McKirdy, "Suspected Chinese Lasers Target US Aircraft over the Pacific, US Military Source Says", CNN, June 22, 2018, https://edition.cnn.com/2018/06/22/politics/pacific-ocean-us-military-jets-lasers-intl/index.html

<sup>8</sup> Rajat Pandit, "Pentagon Report Cites Doklam Standoff to Warn about China's Coercive Tactics", August 18, 2018, https://timesofindia.indiatimes.com/india/pentagon-report-cites-doklam-standoff-to-warn-about-chinas-coercive-tactics/articleshow/65444732.cms

#### The PLA Trains and Strengthens Capabilities in Tibet

Recently, Chinese PLA has held two important back-to-back military drills in Tibet. Its Special Forces "simulated a behind-enemy-lines infiltration mission at an elevation of 4,000 metres in Tibet" in which "pilots and Special Forces rappelled down to the ground from helicopters and conducted the mission together." The exercise "included ground training for helicopter pilots in order to test their skills in the high altitude region." Song Zhongping, a Chinese military expert, candidly opined that this "latest military exercises prepared participants for a potential military confrontation with India." However, he qualified that "it's normal for any military training to have an imaginary opposing force." On the specific tactic of infiltrating behind enemy lines, he informed, it was "an effective special operation that could be key to winning a battle. It's valuable for all forces to practice this kind of training." The PLA has focused on training its air force pilots for joint operations with the Special Forces "to understand each other need and strengthen battle cooperation." Joint training will "improve pilots' ability to survive out in the wild", Song remarked.<sup>9</sup>

Earlier, the PLA had tested their logistics and armament support capabilities in an important military drill in Tibet. The focus of this drill was "civilian-military" integration to boost logistics and strengthen capabilities. Then, Song had remarked, "The biggest challenge of battle at the high altitude is to provide sustainable logistics and armament support. In the 1962 China-India border conflict, China failed to protect its fruits of victory due to poor logistics support. Although local Tibetan residents provided soldiers with temporary support, it was not sustainable." He underlined the message of the drill saying that it had shown that "military-civilian integration is a feasible strategy and could help form stronger combat power." For example, "a local petroleum company supplied fuel immediately when the armoured unit ran out of fuel and the city government of Lhasa delivered a steady flow of food to soldiers after a day of mock battle." This exercise was the first exercise in Tibet since August 2017, when the PLA had conducted its training exercise to check its operational readiness amidst the Doklam standoff between India and China in 2017.<sup>10</sup>

Besides, in a separate exercise, the PLA tested its digital combat capabilities recently. A PLA digital combat unit held live-fire drills in the Qinghai-Tibet Plateau. It "mainly tested the complete digital combat system in the extreme environment." A large number of military vehicles equipped with advanced weaponry such as drones, early warning radar, howitzers and air defence missiles joined the drill. It was reported that "all units will regularly practice in the area."

In fact, recent months have seen many activities in Tibet relating to training and military-infrastructure building such as "China setting up an unmanned automatic weather observation station in Tibet close to Arunachal Pradesh border to provide meteorological assistance for its fighter jets and missile launches. The observation station with its data can assist aircraft with take-off and landings, along with the launch of missiles." The media reported that the PLA "set up oxygen stations and introduced high-pressure oxygen therapy and specially designed

<sup>9</sup> Express Web Desk, "Chinese Military Conducts Ground Combat Drills in Tibet", *The Indian Express*, July 20, 2018, https://indianexpress.com/article/world/chinese-military-conducts-ground-combat-drills-in-tibet/

<sup>10</sup> Cao Siqi, "PLA Holds High-Altitude Drill on Plateau in Tibet", *Global Times*, June 28, 2018, at http://www.globaltimes.cn/content/1108770.shtml

<sup>11</sup> PTI, "Chinese Military Conducts Live Fire Drill in Tibet", *The Indian Express*, August 17, 2018, at https://indianexpress.com/article/world/chinese-military-conducts-live-fire-drill-in-tibet-5312002/

<sup>12</sup> PTI, "Chinese Military Conducts Live Fire Drill in Tibet", *The Indian Express*, August 17, 2018, at https://indianexpress.com/article/world/chinese-military-conducts-live-fire-drill-in-tibet-5312002/

portable barracks to its troops stationed in the Qinghai-Tibet Plateau to boost combat capability in the highaltitude ranges where oxygen levels are low." As per the reports, "all frontline training troops and border outposts have been equipped with oxygen generators and oxygen cylinders." It also noted that "the Army Medical University's Xinqiao Hospital in Xigaze, which is close to the Line of Actual Control (LAC) with India, is developing a highpressure oxygen therapy that could effectively solve altitude stress for troops stationed on the plateau." <sup>13</sup>

Zhang Wenlong, head of the command logistics support department, explains that the climate and topology of the Qinghai-Tibet Plateau is not conducive for logistics and armament support. Difficulties are identified in personnel survival, delivery, material supply, rescue, emergency maintenance and road safety areas for a military-civilian integration strategy has been adopted.<sup>14</sup>

#### Chinese Nuclear Energy Plans

China is looking towards upgrading its nuclear power plants into the third-generation technology with a special focus towards reducing its reliance on importing core technologies. Most of these reactors that are under construction are made of foreign reactors and some nuclear power projects are generally constructed by Chinese and foreign companies. Thus, given the US disagreement on transfer of technology to China, there is a push towards increasing the domestic component of the nuclear power plants. It was reported that "the engines of most reactors in China are imported from foreign rivals like France's EDF Group or Germany-based Siemens... and nuclear power plants still use the main pumps and control systems made by US manufacturers". Similarly, China is also focussing on developing its own indigenous nuclear reactors that could also be exported to other markets. For instance, its Hualong-One has an ACPR-1000 design that was upgraded from its previous CPR-1000 technology. The Hualong-One, known as the HPR-1000 are being built in the Fangchenggang site. Moreover, "six units are planned for the Fangchenggang site. Units 1 and 2 are both domestic CPR-1000s and already in commercial operation. Units 3 and 4 are Hualong Ones and units 5 and 6 will be Westinghouse AP1000s". 16 In addition, in July 2018, the foreign designed reactors that has the most advanced features in nuclear safety such as passive cooling and airplane-crash proof shelf are being debuted in China in the Taishan nuclear power plant and Sanmen plant. Thus, China is being the biggest nuclear energy producers in the world and expected to construct more nuclear reactor plants more effectively than any other country. This would also lead China to dominate the nuclear energy industry as the Chinese expertise to construct nuclear reactors and also innovate on domestic design are increasing.

<sup>13</sup> PTI, "China Equips Troops in Tibet with Hi-pressure Oxygen Supplies to Highlight Military Preparedness", *The Indian Express*, at https://indianexpress.com/article/world/china-equips-troops-in-tibet-with-hi-pressure-oxygen-supplies-to-highlight-military-preparedness/; Liu Xuanzun, "Oxygen Therapy, Portable Barracks Enhance PLA Fighting Strength in Tibet", *Global Times*, August 14, 2018, at http://www.globaltimes.cn/content/1115197.shtml

<sup>14</sup> Cao Siqi, "PLA Holds High-Altitude Drill on Plateau in Tibet", Global Times, June 28, 2018, at http://www.globaltimes.cn/content/ 1108770.shtml

<sup>15</sup> Li Xuanmin, "China Fast Tracks Nuclear Energy Industry", Global Times, 24 April 2018, at http://www.globaltimes.cn/content/ 1099457.shtml

<sup>16</sup> Containment Dome Installed At China's Fangchenggang-3 Hualong One Reactor, Nucnet, 23 May 2018, at https://www.nucnet.org/all-the-news/2018/05/23/containment-dome-installed-at-china-s-fangchenggang-3-hualong-one-reactor

<sup>17</sup> Peter Fairley, "A Double First in China for Advanced Nuclear Reactors", the Spectrum, 5 July 2018, https://spectrum.ieee.org/energywise/energy/nuclear/a-double-first-in-china-for-advanced-nuclear-reactors

#### China's Nuclear Cooperation with Other Countries

China is actively seeking nuclear cooperation with other countries for two reasons. It jointly constructs or invests with advanced nuclear powers to gain expertise and knowledge about nuclear technologies. It also cooperates to enable it to export its own domestically produced nuclear reactors and become a leader in the nuclear export business. For instance, China had signed a Memorandum of Understanding (MoU) with Uganda on nuclear power cooperation and most significantly would use the HPR-1000 design reactor that is indigenously designed by China. With Russia, China has given consent to build Rosatom Corp's nuclear reactors namely the VVER-1200 through financing by China National Nuclear Cooperation for around 3.1 billion dollars. 18 The units would be built in Xudabao power plant in Liaoning province and Tianwan in Jiangsu province. In addition, China is also attempting to invest in nuclear energy in other countries. For example, it has a significant interest in the United Kingdom and its nuclear power industry. This interest started with Chinese bid to invest in Hinkley Point C project but later the approval was suspended. Whereas now, China has shown interest in to buy stake in a total of eight power stations in UK. The China General Nuclear Power Group (CGN) is emerging as an important player in Chinese overseas acquisition. Moreover the CGN has local partners in Pakistan, Argentina, Saudi Arabia, Ghana and the US. Most importantly, it has signed an cooperation with TerraPower to work on fourth generation nuclear technology through the establishment of Global Innovation Nuclear Energy Technology Co., Ltd. 19 This is significant as TerraPower's founder is Bill Gates and the organisation's plans to develop Wave Reactor Technology means that China would benefit significantly and its nuclear technology would leapfrog exponentially.

#### PLA Navy Celebrates 69th Anniversary and Concludes Fleet Review

China celebrated its 69th Anniversary on April 23, 2018 and on this day, China prepared the inclining test for its Type 001A type domestically built aircraft carrier. This aircraft is a significant leap for China from its previous Liaoning and would begin sea trials later. According to Global Times, "if the Type 001A can be commissioned into the PLA Navy and become combat ready as early as possible, the battle group of two carriers will multiply the navy's ability to project power and considerably enhance China's maritime deterrence. China can be more flexible with two carriers. In the face of long-term maritime security competition, China will gradually expand its maritime interests to include three or four new carriers, at the least, to meet its strategic needs". 20 As the anniversary ended, China conducted a fleet review in April 2018, where Chinese President Xi Jinping presided over the sea parade that was conducted at the South China Sea naval theatre of Sanya. According to the news reports, "six nuclear-powered submarines, including two that carry nuclear-capable intercontinental ballistic missiles, appeared during the parade. Seventy-six naval aircraft flew overhead, including helicopters, fighter jets, bombers and electronic warfare aircraft". 21 This was the first sea parade that China conducted in South China Sea. According to Wang Yunfei, a naval expert, "the recent uncertainty between China and the US has brought challenges to China's navy. Possible incidents including the US sending senior officials or naval ships to Taiwan carry the danger of military

<sup>18</sup> Russia Joins China's Race for Next Generation Nuclear Reactors, Bloomberg News, June 8, 2018 at https://www.bloomberg.com/ news/articles/2018-06-08/russia-joins-china-s-race-for-next-generation-nuclear-reactors

Xiang Bo, "Chinese Nuclear Giant Continues to Expand Overseas Cooperation", Xinhua, 3 March 2018, at http:// www.xinhuanet.com/english/2018-03/03/c\_137013831.htm

<sup>20</sup> Huang Panyue, "A Small Quick Step for China's PLA Navy", Global Times, 2 May 2018, at http://english.chinamil.com.cn/view/ 2018-05/02/content\_8020560.htm

China's naval parade in South China Sea showcases growing prowess of navy: State Media", Strait Times, April 16, 2018 at https:// www.straitstimes.com/asia/east-asia/chinas-naval-parade-in-south-china-sea-showcases-growing-prowess-of-navy-state-media

conflict. The requirement for China to use it navy and other military forces is increasing."22 Thus, this fleet review was also to showcase China's deterrence capabilities in the time of increasing friction between the US and China. The show of force is one of the ways that China has been signalling the US that its military capabilities are growing to counter increasing US military and diplomatic pressure.

#### **PLAAF Strategic Lift Capability**

China's military modernisation in last two decades is on overdrive, and there has been a paradigm shift from imitation to innovation. Development of niche technologies in the field of AI, stealth, quantum, cyber, space, ballistic missile defence, anti-ship cruise missile etc. The raison d'etre for this military modernization program as per president Xi is designed to improve the country's ability "to fight and win short- duration, high-intensity regional contingencies."

As per Pentagon report, PLAAF is undergoing "the most comprehensive restructure, unprecedented in its history, to become a force capable of conducting complex joint operations." PLAAF's consistent focus has been to develop stealth technologies, which in military terms, underscores major offensive operational advantage while denying the adversary, the time to mobilize and conduct defensive operations. The development of J-20 and its operationalisation and its expeditious induction into service.

Vast territorial expanse of the country throws up a major challenge in terms of mobilisation of TRSO(Trans regional Support Operations) formations from East to West, especially in TAR and XUAR. Concurrent mobilisation and application of military formations may create an operational criticality. The aspect gets accentuated specially keeping in view the China's ultra sensitivity to sovereignty claims, may need overseas deployment to defend its islands chain. Power projection beyond first islands chain and protection of assets constructed under BRI. All would require strategic lift capability, with this premise China has developed Y-20 heavy lift transport aircraft for PLAAF. The aircraft has been developed by Xi'an Aircraft Industrial Corporation, and this is the biggest domestic strategic lift aircraft, which made its first flight on 26 July 2013 and was introduced in service on 6 July 2016 and so far eight numbers have joined the PLAAF fleet. With maximum payload capacity of 220 tons, cruising speed of 918 kmph and endurance range of 45 Km, is a potent aerial platform, which tremendously enhances China's capability to deploy troops over large distances in the shortest possible time. This is a major force multiplier, however being recently added in the inventory, need to hone and refine drills. Last five years have witnessed sharp increase in China's participation in multinational military exercises; more importantly president Xi Jinping being the Chairman of CMC and Commander in Chief armed forces has been closely monitoring the domestic exercises and training events, have reinforced his thoughts on launching joint military operations with a singular objective of "winning informatised local wars."

#### PLA Joint Military Exercise with New Zealand

The first joint military exercise **SKYTRAIN 18** between China and New Zealand was conducted in June 2018. The exercise witnessed deployment of transport aircraft Ilyushin IL-76, which transported troops to island nation, The aircraft enroute to Auckland had a stopover in Philippines and Australia. The exercise was panned to train troops for deployment in humanitarian aid, disaster relief and maritime rescue operations. Closer analysis

<sup>22</sup> Yang Sheng, "PLA Navy at 69 Faces Increasing Challenges from US", Global Times, 23 April 2018, at http://www.globaltimes.cn/ content/1099311.shtml

exercise objectives draws a parallel from Falkland war, where Britain made a logistics bridge for sustenance of war and support troops deployed. In case of an operational contingency in any island, which may necessitate overseas deployment, hence China's PLA should be able execute this task. Also, lately China is paying enhanced credence to MOOTW (military operations other than war, as meets twin objective of practising and honing of military shills and also also showcase its military prowess of world class military outfit. This is also effective for posturing and signaling, as strong deterrent tool.

#### PLAAF Exercise "Blue Shield-18"

PLAAF conducted a joint air defense exercise codenamed "Blue Shield-18" which saw participation of air defense units from the PLA Army, PLAN and PLARF at a military training area in north China, which was conducted in June 2018. According to Xiang Chaoming, head of the exercise's directing group and deputy chief of the Ground Air Defense Directorate of the Air Force Staff Headquarters, this year's exercise focussed on realistic combat training in coordination of air defense troops of multiple military services. The aim of the exercise was to enhance the inter-service coordinated combat capability. The joint exercise rehearsed on aspects of force projection, combat planning, and air-ground confrontations. As per the exercise directing and controlling group, coordinated and joint operation is the key to success in the future battlefield and air defense base is the main entity in future air defense operation. Learning objective has been to lay greater emphasis more efforts to promote the normalization, standardization and institutionalization of the joint air defense training exercise, so as to boost the IT-based joint air defense capabilities of the PLA.

#### China-Russia military exercise

In August 2018, Russian Defence Minister Sergei Shoigu announced country's largest ever military exercise—Vostok 2018, engaging 300,000 personnel of Eastern and Central Military District. Russia will carry out the Vostok-2018 exercises from Sept. 11 to 15 at its Tsugol training range in the Trans-Baikal region. The games will include nearly 300,000 troops and 1,000 aircraft from the Eastern and Central military districts, the Northern Fleet, airborne troops, long-range and military transport aircraft, and command centers.

The PLA will send an estimated 3,200 troops — reportedly elite forces from the Northern Theater Command — as well as more than 900 pieces of weaponry along with 30 fixed-wing aircraft and helicopters. The PLA contingent, the largest military delegation to ever join a foreign military exercise, will primarily practice mechanized defense, fire strikes, counterattacks and other training.

For China, the exercises are a way for the PLA, one of the few major militaries in the world with no combat experience, to learn about modern fighting. The PLA fought its last major battles in 1979 against Vietnam. China would require to study insights the Russians have gained from fighting in Syria and Chechnya. Participation of the PLA contingent is also a way for Beijing to show its support for Putin and the tightening of ties between the two countries.

For Russia, it serves the purpose of reminding the West of its capable military, justified in "aggressive and unfriendly" attitudes towards Russia.<sup>23</sup> Mongolia will also dispatch troops.

<sup>23</sup> Up in arms over Russian exercises, Japan Times, 2 September 2018, at https://www.japantimes.co.jp/opinion/2018/09/02/editorials/arms-russian-exercises/#.W44TZJMzbOQ

#### Japan and The Korean Peninsula

#### India-Japan Defence Ministerial Dialogue held in Delhi

India-Japan Defence Ministerial Dialogue was hosted in New Delhi on August 20. Situating the annual dialogue within the framework of India-Japan Special Strategic and Global Partnership, Defence Minister Nirmala Sitharaman and her Japanese counterpart Itsunori Onodera prioritised maritime security cooperation in the Indo-Pacific region during the meeting given the mutuality of strategic interests and shared universal values. In the maritime security domain, the navies are intensifying efforts for signing of the Implementing Arrangement for Deeper Cooperation in addition to engaging with partners in the Indo-Pacific by way of capacity building. In terms of bilateral training interactions, both navies focussed on anti-submarine warfare and mine countermeasures. Buttressing cooperation between Indian Army and the Japan Ground Self-Defence Forces (GSDF), the maiden bilateral joint exercise focussing on counter-terrorism is scheduled in the fall of 2018. Earlier in 2017, Indian Army took part in the Japan-US exercise as observer to share experiences on natural disaster management. In addition, strengthening air force cooperation, Japan Air Self-Defence Force (JASDF) will participate in the upcoming Exercise Cope India as observer. During the ministerial dialogue, both sides encouraged visits of air assets to each other's air bases.

Besides maritime security, deepening exchanges between respective forces and bilateral defence equipment and technology cooperation was also discussed during the annual dialogue. Defence Minister Sitharaman has extended invitation to Japanese entities to participate in India's two Defence Industry Corridors including the Uttar Pradesh Corridor and the Tamil Nadu Corridor. Defence minister of India and Japan have signed the first project on Cooperative Research in the Area of Unmanned Ground Vehicle (UGV)/Robotics. In an effort to encourage deeper exchanges between the defence industries and foster cooperation among the public and private sectors, Japanese defence companies visited India this month with the objective of following up on the maiden India-Japan Defence Industry Forum held in Tokyo in September 2017 to encourage equipment collaboration including defence and dual-use technologies.

#### India-US-Japan Malabar Exercise 2018 conducted in Guam

The 22<sup>nd</sup> edition of Malabar Exercise, a trilateral drill involving the navies of India, the US and the Maritime Self-defence Forces of Japan (MSDF) was conducted from June 7-16 off Guam in the Philippines Sea, a key US naval base situated in the Western Pacific. This was the first time that Malabar Exercise was held off the coast of Guam. The scope and complexity of Malabar Exercise has grown to address a range of shared maritime security threats and the latest edition included a wide range of activities such as Aircraft Carrier operations, Air Defence, Anti-Submarine Warfare (ASW), Surface Warfare and Visit Board Search and Seizure (VBSS). The primary objective is augmenting the inter-operability, shared understanding while learning from each other's best practices. Malabar 2018 had two phases including the harbour phase and the sea phase. While ashore, the focus was on exchanges on matters of operations, maritime patrol and reconnaissance operations, anti-submarine warfare, medical operations, damage control, and helicopter operations among other things. At the sea phase, the emphasis was on advancing coordination among naves to execute tactical operations. Malabar Exercise started as a bilateral

<sup>1</sup> IN Ships arrive Guam to participate in Ex-Malabar 2018, Press Information Bureau Government of India Ministry of Defence, June 7, 2018, at http://pib.nic.in/newsite/PrintRelease.aspx?relid=179862

<sup>2</sup> U.S., JMSDF and Indian Naval Forces Conclude Malabar 2018, U.S. Embassy and Consulates in India, Release #032-18, June 19, 2018 https://in.usembassy.gov/u-s-jmsdf-and-indian-naval-forces-conclude-malabar-2018/

India-US drill in 1992 and subsequently expanded in 2015 to include Japan as a permanent member. At Malabar 2018, the Indian Navy reportedly participated with indigenously designed and built INS Sahyadri and Anti-Submarine Warfare corvette, INS Kamorta and Fleet Tanker INS Shakti and Long Range Maritime Patrol Aircraft P8I. Meanwhile the US Navy came with the Nimitz-class aircraft carrier, USS Ronald Reagan, two Ticonderoga class cruisers, USS Antietam and USS Chancellorsville, two Arleigh Burke class destroyers, USS Benfold and USS Mustin, a Los Angeles-class attack submarine and one Long Range Maritime Patrol Aircraft P8A. MSDF of Japan brought in Hyuga class helicopter carrier JS Ise with integral helicopters; Takanami class destroyer JS Suzunami; Akizuki class destroyer JS Fuyuzuki. Japanese Maritime Patrol Aircraft, P1 and a submarine.

#### India-Japan strengthens Special Strategic Partnership with Maritime Affairs Dialogue, Consultations on Disarmament, Non-Proliferation and Export Control

In the run up to Japanese defence minister's visit to India scheduled in August, the fourth round of Maritime Affairs Dialogue was hosted in New Delhi on 18 July where both sides discussed strengthening maritime security cooperation in the Indo-Pacific including humanitarian assistance and disaster relief and search and rescue operations. India-Japan Maritime Affairs Dialogue was instituted in 2013 with the objective of discussing non-traditional security threats, prospects of cooperation in shipping, marine sciences and technology and marine biodiversity. In addition, the seventh round of India-Japan Bilateral Consultations on Disarmament, Non-Proliferation and Export Control was held the following day where both sides agreed to further reinforce international non-proliferation efforts.<sup>3</sup>

#### India-Australia-Japan-US Senior Officials Consultation hosted in Singapore

Driven by the shared interests and objectives of upholding a rules based order in the Indo-Pacific, foreign ministry officials from India, Australia, Japan and the US held a consultation in Singapore on June 7, on the sidelines of the ASEAN-centred meeting. During the consultation, officials underscored India's approach to the Indo-Pacific drawing from Prime Minister Modi's keynote speech at the Shangri-La Dialogue where he articulated Indo-Pacific as free, open, inclusive region underpinned by ASEAN centrality and "includes all nations in this geography as also others beyond who have a stake in it." During this quadrilateral consultation, regional security issues such as Humanitarian assistance and disaster relief and maritime cooperation, counter-terrorism and non-proliferation were prioritised besides issues of safeguarding international law including freedom of navigation and overflight and enhancing connectivity in the Indo-Pacific. Earlier in November 2017, the first quadrilateral consultations on Indo-Pacific took place in Manila on the sidelines of the East Asia Summit.

India-Japan Maritime Affairs Dialogue & India-Japan Bilateral Consultations on Disarmament, Non-Proliferation and Export Control, July 19, 2018, Ministry of External Affairs, http://www.mea.gov.in/press-releases.htm?dtl/30133/IndiaJapan+Maritime+Affairs+Dialogue+amp+IndiaJapan+Bilateral+Consultations+on+Disarmament+NonProliferation+and+Export+Control

<sup>4</sup> Prime Minister's Keynote Address at Shangri La Dialogue, Ministry of External Affairs, June 01, 2018 https://www.mea.gov.in/ Speeches-Statements.htm?dtl/29943/Prime+Ministers+Keynote+ Address+at+Shangri+La+Dialogue+June+01+2018

<sup>5</sup> India-Australia-Japan-US Consultations, Ministry of External Affairs, June 7, 2018 https://www.mea.gov.in/press-releases.htm?dtl/29961/IndiaAustraliaJapanUS+Consultations

<sup>6</sup> U.S.-Australia-India-Japan Consultations, U.S. Department of State, June 7, 2018 https://www.state.gov/r/pa/prs/ps/2018/06/283013.htm

## Japan focuses on North Korean crisis at Shangri-La Dialogue; pursues defence diplomacy on the side-lines

Just prior to the US-North Korean Summit on June 12, Singapore hosted the Shangri-La Dialogue from June 2-4. Here Japanese Defence Minister Itsunori Onodera focussed his speech on the challenges of "De-escalating the North Korean Crisis" towards a lasting stability in the Indo-Pacific region. Owing to sustained international pressure, there is a marked shift in North Korea's rhetoric and behaviour. Stressing on precedents where Pyongyang backtracked on its denuclearisation commitments, Onodera argued that the only way to ensure peace is to ensure that North Korea undertakes tangible steps toward realizing the CVID in keeping with UN Security Council resolutions and stressed the importance of maintaining the maximum pressure campaign concurrently with diplomatic efforts.<sup>7</sup>

On the sidelines of the Shangri-La Dialogue, Defence Minister Onodera held trilateral defence ministerial meeting with Secretary James Mattis and Australian Counterpart Minister Marise Payne and shared concerns over developments in the South China Sea. Leaders called for making Indo-Pacific free, prosperous and open, founded on the universal value based principles, and agreed to draft a strategic action agenda presenting an enduring vision for US-Japan-Australia cooperation in the Indo-Pacific. In addition, US-Japan-South Korea defence ministerial meeting was held to discuss the security challenges in the Peninsula and further strengthen mechanisms for information sharing, policy consultation and joint exercises. Besides, a series of meetings were held with leaders from Vietnam, Philippines, Singapore, UK, Germany and France.

#### **US-Japan Defence Ministerial Meeting**

US-Japan Defence Ministerial Meeting between US Defence Secretary James Mattis and his Japanese counterpart Itsunori Onodera was hosted in Tokyo on June 29. Secretary Mattis underscored that ironclad alliance with Japan is the "cornerstone of Indo-Pacific stability" and focussed on augmenting alliance's capabilities to boost regional security environment. The key focus of the discussion was on regional security concerns such as developments in North Korea, US-Japan defence technology cooperation and issues related to the US Forces stationed in Okinawa. With regard to North Korea, both sides reiterated the goal of realizing Complete, Verifiable and Irreversible Dismantlement (CVID) of nuclear weapons and ballistic missiles programs on one hand and strictly complying with the United Nations Security Council Resolutions on the other. Explaining Trump administration's decision to suspend US-South Korea joint military drills, Secretary Mattis argued that this decision will increase the prospects for a peaceful resolution of the denuclearisation issue. With regard to developments in the East China Sea, Secretary Mattis reconfirmed US commitment under Article 5 of the Japan-US Security Treaty. Besides, other issues including problems concerning Foreign Military Sales including protected cutting-edge technologies and realignment of the US Forces in Japan were discussed. This was Secretary Mattis's fifth meeting with Minister Onodera in recent times.

Tisunori Onodera, De-escalating the North in Crisis, IISS Shangri-La Dialogue 17th Asia Security Summit Singapore, June 2, 2018 http://www.mod.go.jp/e/d\_act/exc/iiss/pdf/17th\_speech\_e.pdf

<sup>8</sup> Joint Statement - Australia—Japan—United States Defence Ministers Meeting, Department of Defense, Australian Government, 3 June 2018 https://www.minister.defence.gov.au/minister/marise-payne/statements/joint-statement-australia-japan-united-states-defence-ministers

<sup>9</sup> Media Availability with Secretary Mattis and Defense Minister Onodera, Tokyo, Japan, U.S. Department of Defense, Press Operations, June 29, 2018 https://www.defense.gov/News/Transcripts/Transcript-View/Article/1564512/media-availability-with-secretary-mattis-and-defense-minister-onodera-tokyo-jap/

Japan-U.S. Defense Ministerial Meeting, Japan Defense Focus, No. 102, Ministry of Defense Japan, August 2018 http://www.mod.go.jp/e/jdf/no102/topics.html

#### Japan-China set up a maritime and air liaison mechanism

Japan-China maritime and air liaison mechanism is established on June 8 with the primary objective of jointly managing maritime crisis in order to maintain peace and stability in the East China Sea. This was agreed during Premier Li Keqiang's visit to Tokyo in May.<sup>11</sup> This maritime and air liaison mechanism is aimed at avoiding contingencies by bringing in clarity regarding the rules for communications between both sides' defence authorities. Both sides will establish a hotline between defence authorities and institute annual meetings at the directorgeneral and division chief rank officers. Beijing and Tokyo reportedly use particular frequencies, signals and abbreviations built on the Code for Unplanned Encounters at Sea (CUES) and the Convention on International Civil Aviation. Coast guards are not within the scope of this bilateral maritime and air liaison mechanism.<sup>12</sup>

#### Japan-Russia 2+2 Ministerial Meeting held in Moscow

Japan-Russia 2+2 Meeting involving Japanese Foreign Minister Taro Kono and defence Minister Itsunori Onodera and their Russian counterparts Sergei Lavrov and Sergei Shoigu was held in Moscow on July 31. Japanese Prime Minister Shinzo Abe is scheduled to meet Russian President Vladimir Putin in Vladivostok in September on the side-lines of the fourth Eastern Economic Forum. Regional security concerns were prioritised during the 2+2 Meeting. While Russia is concerned about implications of Japan's decision concerning introduction of Aegis Ashore missile defence system, <sup>13</sup> Japan has emphasised its unease about Russian military build-up in the contested Northern Territories. On North Korean issue, Japan has urged Russian cooperation to continue with UN sanctions till the goal of CVID is achieved besides resolving the abduction issue with Pyongyang. Within the structure of Japan-Russia Inter-Foreign Ministry Consultation Plan, both side will cooperate on goals of removing mines and providing humanitarian aid in Syria. Furthermore, trilateral cooperation on the subject matter of counter-narcotics involving Japan, Russia and the United Nations Office on Drugs and Crime (UNODC), both sides have agreed to explore the prospects of designing a database with the aim of following up on training outcomes. <sup>14</sup> Foreign Minister Lavrov suggested that both sides decided to continue cooperation on providing counter-narcotics training to police officials for Afghanistan and Central Asian countries. <sup>15</sup>

#### National security prioritised in Japan's Third Basic Plan on Ocean Policy

The third Basic Plan on Ocean Policy was approved by the Cabinet in May 2018. Marking a departure, the new policy has focussed on maritime security whereas previous plans stressed mostly on marine resource development.<sup>16</sup>

<sup>11</sup> Li Keqiang and Prime Minister Shinzo Abe of Japan Jointly Meet the Press, Ministry of Foreign Affairs of the people's Republic of China, May 10, 2018 http://www.fmprc.gov.cn/mfa\_eng/zxxx\_662805/t1558607.shtml

<sup>12</sup> Japan, China launch maritime-aerial communication mechanism, The Mainichi, June 8, 2018 https://mainichi.jp/english/articles/20180608/p2a/00m/0na/002000c

<sup>13</sup> Japan, Russia to work on denuclearizing N.Korea, NHK, August 1, 2018 https://www3.nhk.or.jp/nhkworld/en/news/20180801\_12/

Japan-Russia Foreign and Defense Ministerial Consultation ("2+2" Ministerial Meeting), Ministry of Foreign Affairs of Japan, July 31, 2018 https://www.mofa.go.jp/erp/rss/northern/page4e\_000884.html

<sup>15</sup> Foreign Minister Sergey Lavrov's remarks at a joint news conference following Russian-Japanese 2+2 foreign and defence ministerial consultations, Ministry of Foreign Affairs of the Russian Federation, July 31, 2018 http://www.mid.ru/en/web/guest/meropriyatiya\_s\_uchastiem\_ministra/-/asset\_publisher/xK1BhB2bUjd3/content/id/3310522

Japan focuses on maritime security in new ocean policy, KYODO, MAY 15, 2018 https://www.japantimes.co.jp/news/2018/05/15/national/politics-diplomacy/japan-focuses-maritime-security-new-ocean-policy/#.W3KzrdIzbIU

The Basic Plan on Ocean Policy is revised every five years. The first Plan came in 2008. Specific Measures in the 2018 Plan stresses on securing national interests in territorial waters by progressively augmenting defence capability founded on National Defence Program Guideline and Mid-Term Defence Program and further reinforcing maritime law enforcement capabilities centred on "Policy on the Strengthening of the Coast Guard System". It also calls for stronger Japan-US coordination on maritime security. Furthermore, the Plan underscores the importance of reinforcing international maritime order by coordinating in global frameworks for instance the G7, the East Asia Summit, the ASEAN Regional Forum and the ASEAN Defence Ministers' Meeting Plus. It has also urged for bolstering Maritime Domain Awareness capability with more patrol vessels, information gathering satellites, coastal radar, developing situational indication linkages and protected information sharing systems between Ministry of Defence, Japan Self-defence Forces and the Coast Guards. Furthermore, it stresses the need to preserve remote islands including limiting activities at Okinoshima to safeguard coral reefs and maintain and utilise designated port facilities on Okinoshima and Minamitorishima islands. Promoting the development of Exclusive Economic Zones keeping in accordance with the Future Policy for Extending the Continental Shelf was also highlighted. It further promotes Japan's Arctic policy by focussing on developing advanced technology for example Autonomous Underwater Vehicles for polar observations and supporting international joint research involving natural sciences, social sciences and the Arctic Challenge for Sustainability (ArCS). Besides, the Plan also outlines measures for promoting industrial use of ocean and conserving marine environment.

#### Japan upgraded first of its two Atago-class destroyers

Aim at better countering North Korean ballistic missile threats, Japan has upgraded first of its two Atago-class destroyers to operate the Aegis system on July 30. The first Atago-class destroyer named Maya, costing US\$1.51 billion, will be commission in 2020 while the second one is likely to be commissioned in March 2021. Maya is the seventh Japanese ship to be equipped with the Aegis System. Aegis Baseline J7 reinforced by the Lockheed Martin AN/SPY-1D-series radar is used in Maya. It has the capability to launch Standard Missile 3 Block IIA ballistic missile interceptors. It features the US-developed Cooperative Engagement Capability (CEC) system, allowing it to engage in an extensive grid of sensor and weapon platforms which permits other CEC-equipped ships to share surveillance information. It is furnished with multifunction towed array sonar systems and electronic warfare capabilities.<sup>17</sup>

#### Leading defence manufacturers Mitsubishi, Kawasaki registers declining defence sell

Defence sales of Japan's major defence manufacturer, Mitsubishi Heavy Industries (MHI) and Kawasaki Heavy Industries (KHI) have registered a southward movement. While overall MHI revenues in the first quarter of 2018 amounted to US\$ 8.6 billion with increased sales from its Power Systems division, but its Aircraft, Defence & Space (ADS) unit registered losses with 6 percent decline in orders and 12 percent dip in sales. KHI also had similar trends. While the net sales for the first quarter were US\$ 3 billion but aerospace sales waned owing to reduction in orders from the defence ministry which is likely to continue in 2018.

21

<sup>17</sup> Kosuke Takahashi, Japan launches first Improved Atago-class destroyer, IHS Jane's Defence Weekly, 30 July 2018 https://www.janes.com/article/82066/japan-launches-first-improved-atago-class-destroyer

Jon Grevatt, Mitsubishi posts further defence losses, IHS Jane's Defence Weekly, 07 August 2018 https://www.janes.com/article/82237/mitsubishi-posts-further-defence-losses

<sup>19</sup> Jon Grevatt, Kawasaki reports falling defence sales, IHS Jane's Defence Weekly, 31 July 2018 https://www.janes.com/article/82117/kawasaki-reports-falling-defence-sales

#### US IN EAST ASIA

## President Trump signs the National Defence Authorisation Act, 2019; China calls it interference in internal affairs

The National Defence Authorisation Act (NDAA) for the financial year 2019 was signed by US President Donald Trump into law on August 13. The Act authorised military spending of US\$717 billion. While the past defence reports had portrayed China as a competitor, in NDAA, the US for the first time explicitly stated 'the long-term strategic competition with China' as its principal priority'. The new US defence act called for a "re-designation, expansion, and extension" of Washington's Southeast Asia Maritime Security Initiative.<sup>1</sup>

Key spending has been allocated towards development of hypervelocity glider weapons: aerodynamic warheads that are boosted into orbit by ballistic missiles before falling back to Earth, under guidance, at incredible speeds. The allocation follows the alleged realisation of growing gap in modern warfare capabilities between the US and China and Russia. According to Pentagon, Arms supplier Lockheed Martin has been contracted to design an Air-Launched Rapid Response Weapon (ARRW), on a budget. It has been limited to just \$480 million for design and development work<sup>2</sup>. The House had previously passed a \$675 billion bill funding the Pentagon and blocking the military from any dealings with Chinese telecom companies ZTE and Huawei, citing the possible national security threats.

The National Security Strategy 2017 labelled China as an aggressor, raising the accumulated tensions from the ongoing trade war, marking a very low point in China-US relations. Evidently China protested against the Act, calling the Taiwan provision in the military budget authorisation a "full cold war thinking"... "interfering in China's internal affairs". In a statement released by Chinese Defence Ministry, the US was accused of exaggerating the level of conflict between the two countries. It said, "The content of this law abounds in Cold War thinking, exaggerates the level of the China-US confrontation, interferes in China's internal affairs, violates the One-China principle and three China-US communiques, undermines the atmosphere of development of China-US military ties, damages China-US mutual trust and cooperation"<sup>4</sup>.

#### Pentagon Report to Congress on Chinese Military Development 2018

Followed by NDAA, Pentagon released the ANNUAL REPORT TO CONGRESS on Military and Security Developments Involving the People's Republic of China 2018 on 16th August 2018. In the report to Congress, China was once again painted as an adversary trying to expand its economic influence and military capabilities,

With a wary eye on China's maritime expansion, the US is switching up a gear in the Indo-Pacific SCMP, 23 August 2018; https://www.scmp.com/comment/insight-opinion/united-states/article/2160782/wary-eye-chinas-maritime-expansion-us

Air Force awards hypersonic weapon contract, Secretary of the Air Force Public Affairs, August 13, 2018 https://www.af.mil/ News/Article-Display/Article/1600963/air-force-awards-hypersonic-weapon-contract/

China Blasts US Military Bill as Interference in its Affairs, the Associated Press via military.com, 15 August 2018 https://www.military.com/daily-news/2018/08/15/china-blasts-us-military-bill-interference-its-affairs.html

US 2019 Defense Spending Bill Focuses on Countering Russia, Sputnik news, 14 August 2018; chinahttps://sputniknews.com/military/201808141067190391-us-defense-bill-russia/Chinese military protests against US defense bill, Ministry of National Defence, 14 August 2018 http://eng.mod.gov.cn/news/2018-08/14/content\_4822544.htm China protests US Defense Act, The BRICS Post, 15 August 2018; http://thebricspost.com/china-protests-us-defense-act/#.W49QPpMzbOR

boosting Beijing's influence at the cost of other countries in the Indo-Pacific, including the US. China was charged with upsetting the international order, gaining influence in the region, and leveraging the economic prosperity achieved through the US led international order. Following from the previous reports on defence and security, the US impressed upon the dangers of China's rising military power and lack of military transparency.

#### The key findings<sup>5</sup> of the report are as follows:

- 1. The report resonated the message sent by the President Xi Jinping during the 19th Party Congress of harnessing the initial two decades of the 21st century as a 'period of strategic opportunity' to facilitate expansion of country's 'comprehensive national power'. The Chinese leader are seeking to leverage China's growing economic diplomatic and military clout to establish preeminence and unwavering influence on the region.
- 2. China is committed to building a more capable PLA; cutting 300,000 personnel, flattening to a brigade structure, building expeditionary capability, and placing paramilitary forces solely under the control of the PLA. The PLAN Marine Corps (PLANMC) is expanding. Previously consisting of 2 brigades, approximately 10,000 personnel, and limited in geography and mission, by 2020, the PLANMC will consist of 7 brigades, may exceed 30,000 personnel, and will have expanded its mission to include expeditionary operations. In 2017, the PLAN launched an aircraft carrier and a cruiser, and three destroyers, additional surface combatants, support ships, and intelligence-collection ships entered service. The world's largest seaplane also completed its first flight in December 2017.
- 3. The PLA Air Force (PLAAF) has been re-assigned a nuclear mission. The deployment and integration of nuclear-capable bombers would, for the first time, provide China with a nuclear "triad" of delivery systems dispersed across land, sea, and air. The report also stated that "the PLA has rapidly expanded its overwater bomber operating areas, gaining experience in critical maritime regions and likely training for strikes against U.S. and allied targets."

#### China's reaction to the Report to Congress

Chinese Defense Ministry spokesperson Wu Qian dismissed the report<sup>6</sup>, arguing that "the Chinese military has strengthened its modernisation drive in order to safeguard the country's sovereignty, security and development interests, and safeguard world peace, stability, and prosperity. The reform of the Chinese military, the development of weapons and equipment, and the building of cyberspace defence capabilities are justified. The accusations in the U.S. report are pure speculation." He defended Chinese moves in the South China Sea, asserting that the Spratly Islands and Taiwan were part of China. The ministry also accused the U.S. military of escalating the situation through "Freedom of Navigation" patrols that "provoke and create tensions, which is the real threat to regional peace and stability." The statement urged that the US must 'abandon the Cold War mentality, objectively and rationally view China's national defence and army building, stop publishing irrelevant reports, and take practical actions to maintain the stable development of relations between the two militaries'.<sup>7</sup>

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Annual Report to Congress, FACT SHEET: Military and Security Developments Involving the People's Republic of China 2018; https://media.defense.gov/2018/Aug/16/2001955283/-1/-1/1/2018-CMPR-FACT-SHEET.PDF

China opposes US report judging its military and security development: Defense Ministry spokesperson, Xinhua, 19 August 2018, http://www.chinadaily.com.cn/a/201808/19/WS5b78a6b5a310add14f38683f.html

China on its way to becoming powerful enough 'to beat any military in the world,' US says; Newsweek, August 23, 2018; https://www.newsweek.com/us-says-china-way-becoming-powerful-enough-beat-any-military-world-1086473

#### US-China trade negotiations amid the ongoing trade war<sup>8</sup>

As the White House prepared to levy new tariffs on \$US16 billion worth on Chinese imports, officials ended two days of talks aimed at easing trade tensions without clear breakthrough, continuing the tension between Washington and Beijing and adding to the uncertainty of the global market. China responded with equal measure of tariffs on US goods. Lindsay Walters, the White House deputy press secretary, said the two sides had "exchanged views on how to achieve fairness, balance and reciprocity in the economic relationship" but gave no indication that any serious progress had been made. Washington's fundamental concerns such as China's trade practices, industrial subsidies, and state-led intervention in the economy affecting global markets, were not raised.

#### US aid in South Asia

The US announced on 13 August 2018, it would grant Sri Lanka US\$39 million to boost maritime security as China develops its strategic hold on Indian Ocean island. The State Department has announced to provide the funds as "foreign military financing" to boost maritime security. The Central Bank of Sri Lanka announced it had secured US\$1 billion Chinese loan as the island develops close relations with Beijing. Sri Lanka had to be bailed out of US\$1.5 billion loan by the International Monetary Fund in June 2016°. The announcement followed the US President Trump signed the NDAA which allowed funding for foreign military under its Asia Maritime Security Initiative.

US-China trade negotiations end with little progress, Financial Times, 24 August 2018, https://www.ft.com/content/fa72e338-a71c-11e8-926a-7342fe5e173f

US gives Sri Lankan military US\$39 million, countering China's investments in strategic island, SCMP, 14 August 2018, https://www.scmp.com/news/asia/east-asia/article/2159546/us-gives-sri-lankan-military-us39-million-combat-chinas

## PERSPECTIVE ON THE REGION

#### SCO's Peace Mission 2018: Moving towards Greater Synergy

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Throughout the Cold War years, China did not attempt to take efforts for establishing and leading a regional organisation. It was only after the end of the Cold War that regional cooperation began to take shape in Chinese foreign policy priorities. The Shanghai Cooperation Organisation (SCO) turned out to be a great start in that regard, providing China a leading role in the regional dynamics.

The SCO which comprises eight countries including Russia, China, India, Pakistan, and four Central Asian countries has gone from strength to strength since its formation in 1996 as the *Shanghai Five*. Shanghai Five was upgraded and renamed as SCO in 2001 by the leaders of Russia, China, Kyrgyz Republic, Kazakhstan, Tajikistan and Uzbekistan. The grouping accepted India and Pakistan as members in 2017, which earlier had the 'observer' status in the grouping.

Over the past two decades, the SCO has gone from strength to strength trying to overcome difference and work towards taking Confidence Building Measures (CBMs). A major milestone in that context was the SCO "Peace Mission 2018"- the seventh joint anti – terrorism military exercise as part of the SCO framework, where all the member states of the SCO participated. The joint exercise began on August 24, 2018 at Chebarkul, Russia and lasted till August 29, 2018. What makes the joint defence exercise crucial is the fact that for the first time-ever the new members of the grouping- India and Pakistan participated in the multilateral joint exercise. For the Peace Mission 2018, India, China, and Russia sent 200, 700, and 1700 personnel respectively, where mountain joint antiterrorism action comprising all three stages- strategic consultations, preparation, and 'war' implementation stages.

For India, this was an unprecedented situation where its contingent participated in the joint exercise alongside China and Pakistan with whom it has fought five wars in the past seven decades. While India has participated earlier in a few bilateral and multilateral joint exercises with China including the ASEAN-led ADMM Plus, and RIMPAC; with Pakistan it was the first-ever move except for the United Nations Peace Keeping missions.

One of the primary drivers for India in working with SCO is combating terrorism through regional efforts. India has been a major victim of terror attacks in urban spaces. Participating in an exercise with countries with which it does not regularly hold joint exercises definitely brings considerable learning experience for India as the exercise was themed on the counter–terrorism operations in urban landscapes. The participating countries also learnt new tools for "mutual understanding of drills and procedures, establishment of joint command and control structures and elimination of terrorist threat in urban counter terrorist scenario." Of particular interest for India has been a sub-grouping what is termed as the Regional Anti-Terrorism Structure (RATS).

Some skeptics have compared SCO with North Atlantic Treaty Organization (NATO) calling it an Asian NATO. That, however, is far from reality. While the NATO is a full-fledged security organisation working on the principles of collective security, SCO is yet to devise an institutionalised mechanism for responding to trans-national security threats. So far, SCO has not been driven by any counter balancing agenda against the United States or any other non-member country of the SCO. Leading powers of the wider Eurasian landmass-China, India, and Russia

have realised that there is a need to establish a basic mechanism to deal with trans-national security threats for the region which involves one-fifth of global Gross Domestic Production (GDP) and 40 per cent of the world population.

That India is paying considerable attention to the SCO is evident from the fact that Defence Minister Nirmala Sitharaman and External Affairs Minister Sushma Swaraj participated in the 2018 SCO Defence Ministers' and SCO Foreign Ministers' meetings respectively in China. Prime Minister Narendra Modi also participated in the SCO Summit held in June 2018.

The SCO joint exercise 2018 opens up new avenues for India to build bridges with China (and Pakistan) at another multilateral level and develop greater acclimatisation with Chinese forces in a wider regional setting, and in a peaceful and constructive manner.

#### India-China Border relations after Wuhan Summit

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In 2017, the military stand-off in Doklam marked a low point in recent Sino-Indian relations, which were already strained by increasing regional competition<sup>1</sup>. In a broader strategic perspective, there has been little sign of any advance in negotiations over the disputed border in the last few years, despite the push from Narendra Modi's government for an early settlement<sup>2</sup>. Although China and India have officially agreed to insulate this issue from other aspects of their relationship, they have understood that border relations are part of bigger domestic and international political contexts.

According to the Government of India, Chinese incursions beyond of the Line of Actual Control (LAC) have risen from 273 in 2016 to 426 in 2017, which were justified by Indian Minister of State for Defence Subhash Bhamre as a result of the countries' differing perceptions of the LAC<sup>3</sup>. However, many of these incidents have not been mere mistakes, but calculated actions by Beijing to exert political leverage on India or to show discontent over another issue in their relationship, such as Indian ambiguity on Tibet or refusal to join the Belt and Road Initiative. It is also worth mentioning that, since the Doklam incident, claims of provocation and warmongering from China and India have risen by media outlets in both countries, a practice which is dangerous for the political management of public opinion<sup>4</sup>.

To reset the relationship after a few meetings at ministerial level, PM Narendra Modi and President Xi Jinping had an informal summit at Wuhan in April 2018. One of the main outcomes, according to India's Foreign Secretary Vijay Gokhale, was the issuing of "strategic guidance to their respective militaries to strengthen communication", in order to "implement various confidence building measures which have already been agreed upon [...] and [...] strengthen existing institutional mechanisms to prevent and manage situations in the border areas<sup>5</sup>".

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The China-India Doklam crisis, its regional implications and the structural factor, BOLETIM DE CONJUNTURA, VOL2, NO 7, 2018, PP 56-69, at https://www.ufrgs.br/nerint/wp-content/uploads/2017/11/BOLETIM-7-NERINT-1-56-69.pdf

Indian Government to Encourage Settlements Along Disputed India-China Border, The Diplomat, June 21, 2014, at https://thediplomat.com/2014/06/indian-government-to-encourage-settlements-along-disputed-india-china-border/

Chinese incursions into India rose in 2017: Government data, Times of India, Feb 5, 2018, at http://timesofindia.indiatimes.com/articleshow/62793362.cms?utm\_source=contentofinterest& utm\_medium=text&utm\_campaign=cppst

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Transcript of Media Briefing by Foreign Secretary during visit of Prime Minister to China, MEA, Media Center, 28 April 2018, at http://mea.gov.in/media-briefings.htm?dtl/29855/Transcript\_of\_Media\_Briefing\_by\_Foreign\_Secretary\_during\_visit\_of\_Prime\_Minister\_to\_China\_April\_28\_2018

In his statement, Gokhale was referring to a series of bilateral agreements made in 1993, 1996, 2003, 2005, 2012 and 2013, which laid down the basis for the peaceful management and resolution of the border dispute. In fact, the path-breaking document Guiding Principles and Parameters (2005) had a strong bias in favour of status quo, especially because of Article VII, which safeguarded the interests of both countries' settled populations in the disputed areas. This came in line with the idea of a final settlement where each side would retain the regions under their actual control. However, after the Indo-US strategic rapprochement, China apparently reversed its stance in 2006, when it started calling Arunachal Pradesh as "South Tibet". More worryingly, China has also refused to exchange maps of the LAC, which prevents both countries from achieving a more stable status quo pending a final settlement.

In the last decade, both countries have begun to build infrastructure closer to the LAC and conduct an increasing number of regular patrols, leading to a rise in border incidents in all sectors. Reflecting this need for further confidence building measures, the Border Defence Cooperation Agreement (2013) laid down a five-layer mechanism: (a) border personnel meetings (BPMs); (b) regional level senior officers' meetings; (c) ministry level meetings; (d) Working Mechanism meetings; (e) the India-China Annual Defence Dialogue. The 2013 agreement also stipulated a military hotline to establish direct communications between both countries' armed forces, which have used their foreign ministries as interlocutors<sup>8</sup>. However, after five years, the hotline negotiations are still ongoing.

Since the Doklam standoff, the situation in India-China border and bilateral interactions have returned to the previous status quo. In December 2017, the 20th Special Representatives' Meeting was held after a gap of almost two years, a fact that symbolises the strain in border relations which predated the Doklam incident<sup>9</sup>. In March 2018, the 11th round of the Working Mechanism on Consultation & Coordination on India-China Border Affairs was also held in New Delhi. The BPMs were resumed in January 2018 and have been regularly conducted in several points of the LAC since then.

Following this normalisation, the next step was the recent visit of China's State Councillor and Defence Minister General Wei Fenghe in August 21-24, 2018. Being a close confidant of Xi Jinping, General Wei arrived in Delhi to gather Indian views on a number of issues from the relationship with Pakistan to Sino-Indian maritime relations in the Indian Ocean. The border issue was the highest point of the visit, aiming at moving forward with confidence building measures, such as the opening of two additional points of BPMs, the resumption of Handin-Hand bilateral annual exercises and the implementation of the hotline, which is still pending due to a disagreement on the military hierarchy of communication<sup>10</sup>.

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The Unresolved Sino–Indian Border Dispute: An Interpretation, John Garver, China Report, 47, 2011, at http://journals.sagepub.com/doi/pdf/10.1177/000944551104700204

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The strategic rationale for a détente in Sino-Indian border relations is the existence of more urgent matters for both countries elsewhere. The Modi government wants to focus on domestic economic development and on gathering support for a second term in the upcoming general elections in April-May 2019. China is trying to rebuild border relations with India in order to focus on more urgent issues of consolidating territorial claims in the South China Sea amid naval and trade competition with the United States. However, according to S. Kondapalli, "the mandate provided [to the military] by the Chinese civilian leadership is to 'manage' borders in the light of the intransigence in resolving the territorial dispute". In this sense, he argues that China's People's Liberation Army will continue to experiment in the Sino-Indian border by enhancing the claimed area, building dual-use infrastructure to change the operational status quo and fully utilising new assets, from the J-20 fighter to unmanned aerial vehicles<sup>11</sup>. If that is the case, the ambiguity in China's approach maintains the risk of another tense and prolonged encounter at the border.

Thus, the intended - and probably the best - outcome from Wuhan summit was the restoration of peace and tranquility along the LAC, followed by a few relevant operational improvements in confidence building measures and resumption of previous regular interactions to de-escalate tensions. However, these initiatives are not guaranteed to prevent further territorial conflict, since China and India have struggled to build trust in their relationship. Thus, the process of mutually agreeing on a stable LAC, short of a final settlement, will have a long way and it is going to depend not so much on technical issues, but on the status of broader Sino-Indian relations in Asia.

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<sup>\*</sup> All the footnotes were verified at the time of publication.