

CENTRE FOR LAND WARFARE STUDIES (CLAWS)

SEMINAR ON

CHINA'S NEW LEADERSHIP UNDER XI JINPING: PUSHING FOR CHANGE?

10 OCTOBER, 2013

Introduction

The Centre for Land Warfare Studies (CLAWS) organised a seminar on “China’s New Leadership under Xi Jinping: Pushing for Change?” on 10th October at the Seminar hall in CLAWS. Noted experts gathered to discuss issues of governance, internal politics, and economic scenarios in China as well as recent developments in its neighbourhood. Maj Gen Dhruv C Katoch, SM, VSM (Retd), Director, CLAWS, delivered the welcome address. The seminar was well attended by serving officers and veterans of the Indian armed forces and members of the strategic community

Opening Remarks: Maj Gen Dhruv C Katoch, SM, VSM (Retd), Director, CLAWS

After having analysed events in China over the years, it is only obvious that there has been a generational shift in the new Chinese leadership. Since there would occur a similar shift in India’s political scenario next year, it will be interesting to see as to how these leaders will impact two major countries of the Asian continent. This seminar will delve deep into Chinese Communist Parties and its internal configurations, ethnic conflict inside China and the Chinese economy.

SESSION I: Issues of Governance, Internal Political and Economic Scenario

Mr Jayadeva Ranade: Chinese Communist Party (CCP): Emerging Internal Configurations after Tryst with Domestic Ethnic Rumbblings

China is on the threshold of change. The circumstances under which Xi Jinping was installed as President will impact on the future course in the Chinese leadership. He was not selected by veteran cadre this time but by the ones who currently occupy positions or had recently retired.

Bo Xilai was expelled from the party because he chose to challenge their might and had built up bases of influence in conflict security apparatus. The party was in a state of paralysis and decided to move against Bo Xilai and elevate members who stuck to the ideology and

discipline of the Party. Hu Jintao and Xi Jinping were working in a close cooperation with each other which went on to influence many appointments to the 18th Party Congress. Xi Jinping is moving at a great speed and has taken various steps to encourage simple living and root out corruption. The protests against corruption have been rising to the extent that they have now started naming the culprits. Children of the senior cadres have attended public gatherings and have raised certain troubling issues like expenditure on high end cars and lavish lifestyles. People have lost confidence in the Chinese economy. Amount of money being made by private businessmen has been receiving criticism. Xi has begun assembling economists from key institutes in the Party which proves that the President of China will not just confine to macro-economic policies but also focus on the micro level. Xi's vision for China is quite explicit and he wants to make the Chinese people wealthier while rejuvenating the nation. A muscular policy on the border issues has been adopted while asserting the fact that children have grown up with school textbooks which defined the extent of their borders—this is their destiny which shall be fulfilled.

Most of the leaders joined the CMC and remain wedded to it despite the atrocities they were subjected to during the Maoist revolution. The Party is currently threatened by corruption and fears its disintegration. Consequently, tough checks have been adopted which has led to a situation where one out of three persons is watching the other. They are concerned about the ethnic minorities in the troubled provinces of Xinjiang and Tibet—having to deal with these problems primarily owing to isolation of these areas. There is apprehension that the US might fan the fire in Tibet with Indian assistance. In 2010, they organised a Tibet development forum and initiated several developmental initiatives in Tibet, which involved construction of roads, mining projects etc. To diffuse the problem further, they also sent an investigative team to study the fate of Tibetans. In 2011, a person from the United Front Cadre was sent to Lumbini to unveil a \$3 billion project for its redevelopment. The project included construction of hospitals and monasteries for monks along the Indian border—thus managing to come right at India's doorstep. The same person also came to Dharamsala to meet the Dalai Lama where he received full support from the Ministry of Tourism when other ministries were trying to stall the process. He went ahead to invite Dalai Lama to Hong Kong and simultaneously to Beijing if the Dalai Lama gets ready to give up his political position on Tibet. The Chinese are determined that the reincarnation of Dalai Lama has to be from within China. Few key appointments by Xi Jinping go on to suggest that there is Party's surveillance in Tibet taking stock of whether the economy and leadership is committed to the ideology. Xi's leadership has taken an initiative on Tibet, affecting India directly.

Brig Raj Shukla: Central Military Commission (CMC) and the PLA: An Aggressive

Trajectory

The Party–Army symbiosis was a legacy of the guerrilla wars - a form of politico - military combat in which the fusion of political and military elites was inevitable. The symbiosis, however, did not imply congruence between the party and military leaderships; on the contrary, competition and rivalries were rampant during the Mao years, but rather than manifesting across civil-military institutional boundaries, these rivalries led to the formation of personalised leadership factions and cliques that cut across party-army boundaries. In sum therefore, today's PLA seems to be an organisation where there is emphasis on continued professionalisation of the military, albeit one driven by "politically reliable professionals." It is an outfit with a calibrated regional orientation and reasonable capacity, a developing but still nascent global worldview and bare capacity, as also one whose traditional are sought to be recast in a framework defined by a more modern military tenor and technological muscle.

The Chinese Communist Party's 18th Congress, held in November 2012, sought to reaffirm the party's political control over the PLA. The authority exercised by the PLA's General Political Department (GPD) and Political Commissars over the operational structures was authoritatively reinforced by Xi Jinping, an intervention rendered necessary because of recent debates revolving around questions as to whether the PLA was a National Army or that of the Party and the salience of political reliability as a criteria for promotions in the PLA. The central CMR (civil–military relations) principle in China is more 'party over PLA,' and not so much 'civilian over PLA,' best exemplified by the fact that when Jiang continued to hold on to the CMC chair after relinquishing the appointments of party leader and state, the PLA Daily in an editorial, said that such a position was ill–advised, since it led to dual power centres. The practice was discontinued when Xi assumed leadership. In his rise through the Communist Party ranks, Xi forged close ties with the military – first as a reservist, then, by assuming leadership of a provincial garrison and subsequently as a senior aide to the defence minister. When Xi was appointed vice chairman of the CMC in autumn 2010, the official résumé that accompanied the announcement made much of his previous military positions. His wife, Peng Liyuan, is also linked to the military, having served as a civilian member of the army's musical troupe. Xi Jinping's standing in the CCP aristocracy and his close affinity with the PLA will perhaps ensure that the latter will continue to play a substantial role in foreign and strategic policy formulations. In the new leadership structure, it would appear that the hard 'yin' of President Xi Jinping and his backers in the People's Liberation Army is unlikely to be offset by the supposedly soft 'yang' of the reformist premier, Li Keiqang.

In November 2012, five generals were promoted and made members of the CMC which is not a military organisation, but a party organisation comprised of military personnel and the ultimate source of military authority in the country. For the first time in the history of the People's Republic of China, one of the two current vice chairmen of the CMC, is an Air Force General and former Commander of the PLAAF - Xu Quiliang. This is evidence yet again, of attempts being made to breach the Army's stranglehold over the CMC - where of the ten possible military members, six continue to be from the Army including the Minister for National Defence, General Chang Wanquan. Xu for long an advocate of a greater role for the PLAAF in space operations is likely to revive internal competition over which part of the PLA will have primary responsibility for an increasingly critical mission - one that Chinese strategists see as potentially decisive in future wars.

A new assertiveness points to the possibility that the PLA will play an increasingly independent role in foreign and strategic policy, one that is in divergence with civilian preferences. While the PLA may constitute a constraint on "new conciliatory thinking" on territorial and sovereignty issues, it is not as yet, an institution, pushing China in a more militant direction as an independent stakeholder.

The salience of two aspects in China's military modernisation need to be highlighted. One is that China is possibly undergoing the most massive military modernisation in the history of mankind and two, that unlike other powers of the recent past which were either predominantly continental (USSR and Germany) or predominantly maritime (UK and USA), emerging China aspires to be both - a continental and a maritime power (the debates in India about maritime vs continental are a trifle misplaced if not irrelevant). The size of China's budget itself upsets existing military balances with neighbours while causing anxiety and exacerbating concerns in the region. The development of ISR – Strike Based, Anti-Access, Area Denial capacities and the consequent ability to target combat vessels, bases and interdict distant approaches will keep the Americans off China's near seas, and in the fullness of time, perhaps transform the Western Pacific into a contained enclosure within which Chinese dominance is assured, while putting at risk the larger structure of regional stability in the region. A wider military modernisation aimed at improving war fighting capacities across domains - land, air, sea, cyber, nuclear, missiles and space as also dimensions - manpower, doctrine, training, organisation, logistics, command and control, R&D and the defence industrial sector is also underway. Plans are also afoot to militarily flesh out Hu's directive of 'historic missions' in order that China's expanding interests regionally and globally can be secured. Consequently, upgrades in diverse spatial and functional areas are being embraced: IW, power

projection, long distance manoeuvrability, counter-terrorism, extended maritime reach and depth, as also robust strategic nuclear deterrence.

In the years to come, the PLA's growth trajectory will be defined by its ability to sustain high-intensity combat at progressively greater distances from the mainland, a pursuit in which, the PLAN, PLAAF and the Second Artillery would be the key players. The threesome, together, have made reasonable progress in that today they can cumulatively achieve operational affects that were simply unattainable a decade or two ago. Yet, attaining the capacities that the PLA aspires for, will necessitate far greater investments in naval and air capacities as also attendant organisational restructuring, to facilitate which, a dramatic change in the naval and air representation in the recent CMC reshuffle was speculated but did not happen. Despite the fact, that China has settled its border disputes with everybody else save India and Bhutan, there are concerns on land - the Army after all remains the ultimate guarantor for internal security. In fragile provinces like Xinjiang and Inner Mongolia, it has been assigned counter-terrorism and strategic deterrence missions and as part of the SCO Peace Mission moniker, strategic cooperation missions to include joint missile defence initiatives with Russia.

Mr MV Rappai: Chinese Model of Economic Growth: Recent Trends

Recently the International Monetary Fund's Asia Pacific Development had forecast that Chinese economy is likely to avoid a slowdown and grow by 7.75 percent in the second half of this year. Official sources in Beijing also predicted an overall growth of around 7.5 percent this year. This is not a bad scenario if they can sustain it. Land still remains a national property in China and this can lead to long-term advantages. In November 2012, at the time when the current leadership of the Communist Party of China (CPC) took over power under the leadership of Xi Jinping as Party General Secretary and President, the world was undergoing one of the worst economic crises. Economic pundits around the globe were worried about the capability of new leadership in China for managing a soft landing. However, a series of economic indicators have suggested that China is regaining traction after more than two years of cooling down of growth. This has already resulted in the up gradation of their outlook by some investment bankers.

During the past few decades, China has achieved impressive economic growth, achieved on the basis of an export driven economic growth model. Currently, the leadership in China is well aware that this model is no more sustainable. Since 2008, an economic crisis at varying levels has affected almost all nations of the world. The previous leadership of CPC under

former general secretary Hu Jintao was well aware about this fact. Former premier, Wen Jiabao advised his successors to shift their attention to the issue of domestic consumption. In his report to the 12th National People's Congress (NPC) in March 2013 he advised them to grasp "unswervingly" the expanding domestic demand as the government's long-term strategy. They have also shifted their production to low wage areas of Vietnam or garment units in Bangladesh.

It will not be easy to change habits formed by a vast majority of mid and lower level functionaries entrenched in the system. Besides, China still needs a vibrant agricultural sector not only for food production but also for catering to a variety inputs for its industrial sector. Land is becoming less productive by the day. At present, a large section of the economic policy managers at the national level are aware about the problems faced by them including. One is to manage the transition of economy to the next level of development. In order to achieve this China needs to avoid the problem of a middle-income trap. Second is, to manage the issues relating to its fiscal policies while facing the adverse impacts of the fiscal decisions taken by other major powers.

At the domestic level, China's leadership is engaged in ending corruption and avoiding extravaganza at public expense. Since June 2013, CPC has launched a "mass line" contact programme all over China, like when in the Mao era a "rectification" campaign was launched to cleanse the Party through self-criticism, especially by senior level party cadres and functionaries. Therefore, the key question one has to face in the near future is that can China manage its key challenges? Can it become an innovation driven economy with sufficient resilience to cope up with unprecedented changes taking place all around it? Overall, the growth of China will not be smooth, one of the grey area being its aging population.

The current leadership of China and the Party does not have a single view on economic issues. There are broadly two camps; one looking for urbanisation led growth pattern and the other arguing for a more sustainable and holistic growth pattern. In relation to India—from an economic viewpoint, China is both a challenge and an opportunity. Therefore, it is for the Indian government and its business community to study the issue properly and take maximum benefit out of this complex relationship.

Remarks by the Chairperson: Gen NC Vij PVSM, UYSM, AVSM (Retd), former COAS

How India is viewed by China is a question worth analysing. Chinese premier's visit to India and Pakistan was touted highly in the Chinese media. However, the visit delivered mixed results leaving certain contentious issues untouched. Both the countries agreed to fix the

trade deficit. Formation of a Boundary Defence Cooperation Committee was agreed upon while also asserting the fact that no country can choose its neighbours therefore India and China should not seek any cooperation from outside. The two sides have agreed to continue resolving the dispute, in accordance with relevant principles of UN Charter. Still, India remains uncertain of Chinese intentions and its focus of keeping India 'in check'. The role of the Central Military Commission and PLA has increased manifold. The Chinese have tried to assess the implications of depoliticising military, which had led to the Soviet disintegration.

Domestic social unrest, wide resentment in China for many reasons such as lack of freedom has been rising. Chinese have come down heavily on social media while asserting that any ideological challenge to their integrity will not be tolerated. However, the Chinese dream cannot be realised without easing of social liberty. The young population in China is dwindling fast and the aging population poses a serious question over the sustenance of their current economic model as well as security for this segment of population. Having a higher defence budget than India, 70 percent of the Chinese defence production is indigenous. India's defence procurement procedures need a massive overhaul and must seriously consider the path of defence indigenisation.

Interactive Session

- Loopholes in India's Defence deals are putting it 7 or 8 years behind China. Equipment procurement takes 14 to 15 years in the present context. Procurement also tends to get stalled when charges of irregularities in the deal surface. This needs to change.
- There is no security against cyber-attacks, a vital aspect for battlefield management. India has not been able to produce cyber warriors by tapping into the vast pool of human resources. China already has 11 plants manufacturing chips. India needs to create naval and air assets to challenge the Chinese position.
- Chinese are sensitive to Indians helping America in the international strategic scenario. In Africa, Chinese already possess control over its entire strategic mines.
- Maoist nostalgia still remains in the Chinese political scenario and is further fanned by the left and pro-Maoist elements. Though several reforms have taken place in China but the Maoist sentiment has not been touched for fear of offending the ultra-left.
- India needs a military ally as it did in the war of 1971 when it received support from Russia.

Session II: Developments in China's Neighbourhood

Introductory Remarks by the Chair: Maj Gen Dhruv C Katoch, SM, VSM (Retd), Director, CLAWS

The focus is on the China-Pakistan equation. They talk very highly of their mutual relationship. The military component is very strong, but the economic relation remains weak with the US and the West remaining major benefactors of Pakistan.

Dr Monika Chansoria, Senior Fellow, CLAWS: China-Pakistan Ties: Evaluating Recent Trendlines

American rebalancing is going hand in hand with Chinese recalibration in South Asia. Pakistan is very central to its South Asian policy and a priority for its diplomacy. There are very close relations between the PML (N) and the CCP on the political front. Military assistance of China to Pakistan began in 1966, and became the largest supplier of arms. In the 1980s it was supplying 65 per cent of Pakistani aircraft and 75 per cent of tanks. Its role became crucial in 1990s when sanctions had been put on Pakistan on the issue of non-proliferation. 2011 was declared as the 'Year of Friendship' between the two countries. Areas of cooperation included transportation, telecom, hydropower, and various forms of energy including conventional, renewable and nuclear. Prime Minister Nawaz Sharif made an official visit to China, which heralds Chinese attempts at overall balancing in Asia. Economic cooperation between Islamabad and Beijing increased by \$12 billion dollars in 2012 with the southernmost province of China, Guangdong, having a sizeable Pakistani presence. Chinese infrastructure projects in Pakistan are being viewed as a solution to the rampant economic malaise in the country, especially "urgently needed" projects, details of which are not defined publicly.

Major cash infusions could be possible. China has proposed the construction of an \$18 billion economic corridor with Pakistan, connecting Kashgar to Gwadar port. There are also proposals for laying down of a fibre optic cable for creating alternative routes for telecom. The Chinese company NORINCO is exploring avenues of solar power, underground train networks and mineral exploration.

Chinese rescue teams worked for flood relief operations in the Northern Areas. PLA donated 10 million Yuan to these areas. The Gwadar port should be seen more in strategic than economic terms. It is a big strategic victory for China, becoming its vanguard in the region. The PLAN is likely to use it as a berthing facility. 60 per cent of Chinese oil comes from the Gulf, and China would be able to diversify its land-based oil transportation routes. However,

Baluchistan is experiencing a raging insurgency and violent sectarianism with recurring targeting of Chinese workers. Chinese projects are grappling both with natural disasters and the inept local response to them. China has expressed concerns on the connections between Pakistan-based terrorist groups with the Islamic fundamentalist groups active in China especially Xinjiang.

Chinese footprint is growing in Pakistan-Occupied Kashmir (PoK) with a good number of infrastructure projects. The 1963 border agreement between the two countries legitimised Pakistani occupation of these areas. China is aiming at a greater military and diplomatic control of the region. There is an expansionist geopolitical Chinese agenda for this region. China is perched all along the 772 km LOC. The Karakoram Highway project is scheduled to be completed by 2014. China is also looking to construct a dry port on the Sino-Pak border, increase the connection to the Central Asian Republics and build the Bhasha Dam by 2016.

Chinese nuclear and missile transfers to Pakistan have changed the strategic situation and setting in South Asia permanently and irreversibly. The Hatf series have largely been based on the Chinese M-11 missiles. Many Chinese companies having dealings in the nuclear/missile realm with Pakistan are under direct control of the Chinese Premier and therefore it is difficult to believe that there has been no government sanction for the dealings. There is also the question whether Chinese assistance has been provided to Pakistan in its tryst with tactical nuclear weapons (TNWs). Both countries value each other as a strategic hedge against India. According to Husain Haqqani, for China, Pakistan is a low-cost, secondary deterrent to India; for Pakistan, China is a high value guarantor of security against India.

Prof Sujit Dutta: Increasing Chinese Assertiveness in the Foreign Policy Realm on Multiple Fronts in Asia

Chinese assertiveness in foreign policy has emerged mainly in the last two years but is deeply rooted in Chinese nationalism and is an integral part of its foreign policy behaviour. The latter has strongly been shaped by the historical narrative of the struggles against imperialism by the Kuomintang and the CCP. Generations of Chinese are taught in schools about the preeminent position of China in the 1840s and restoring the country back to that position. The assertiveness is largely viewed as being restricted to territorial sovereignty terms but it is not so as there are other factors as well. In the post-1979 period, strategic goals became much more complicated for China. It had come to follow a high growth model and had become greatly dependent upon the integration with the outside world. The economic reasons therefore are as important and trade, economic and investment interests need to be balanced with political and diplomatic interests.

Is the military approach towards disputes a right approach, even towards India? The bulk of the India-China trade is skewed in China's favour. It touched \$70 billion, but dropped to \$66 billion in 2012 and has the potential to mature into higher ranges in the coming years.

China is going through a major internal transition as it attempts to change from its export-oriented economy. Bringing back the Maoist ideology will not be easy, save only to root out corruption from party ranks. The anti-corruption drive is a difficult and complex task and could rub political leaders in a bad way as the highest levels of leadership are also involved. The external response to the Chinese show of military power and expansion of its territorial limits has not been positive. The US is building up its relations with Philippines and Vietnam. The Indo-US defence cooperation is also increasing which is a matter of concern for China. Chinese dealings with Japan have also led to an increase in Japanese nationalism. The political mood in Japan has dramatically shifted, with long-term implications for China. Asia and Asian power structures are in great transition. China began its modernisation process much earlier than India and has shown greater interest in risk-taking. China is confronted with significant military challenges mostly from US and its alliance systems. If there is going to be a confrontation between India and China, then it would be largely from a failure of India's balancing.

Maj Gen Dipankar Banerjee (Retd): Recent Trends in Sino-Indian Ties: Policy Imperatives for India

Memory of the 1962 War is not there in China. China thinks of India from a different perspective. There have been 26 interactions between India and China. Many agreements have been signed covering areas of security, trade and economy among others. Bilateral trade has increased dramatically. People to people contact and visitor exchanges among the two countries are the lowest. Very few Chinese know about India. China's economy is growing at the rate of 7.5 per cent of the GDP. India's image as a major power has taken a dent. There is a strategic economic partnership agreement and a Border Defence Cooperation Agreement could be signed two weeks from now. However border patrolling incidents and cross-LAC violations have increased. China's power asymmetry will grow. Economically, China is a world power and is a permanent member of the UNSC. Like the former Soviet Union, it has huge vulnerabilities but its leadership knows how to handle them. It is not likely to break up either. According to Kautilya's Mandala theory, China being an immediate neighbour will always remain hostile. The belief that as China grows stronger comprehensively, military conflict will become inevitable is not true, because other factors also determine conflict. A two-front war with Pakistan is also not necessary as big powers

do not fight small powers' wars. The issues between the two countries require pragmatic consideration.

Among the Chinese vulnerabilities, the key ones include:

- Will an 86 million strong CCP be able to rule over a country having 1.3 billion people?
- There is high level of corruption in every branch of Chinese society, especially at the highest level of the Party.
- How long will it ensure that the PLA remains subservient to the Party and not the nation?
- Is economic growth sustainable at 7 per cent growth for another decade?

Strategic imperatives for India include:

- Integration and development of border regions
- Enhancement of space, cyber and other frontier war fighting techniques
- Development of a robust nuclear deterrent capability
- Strong political consensus and will and an effective government
- Economy gaining at 10 per cent for at least for the next 15 years
- More integrated national war fighting structure
- Comprehensive infrastructure development
- Disbanding Border Roads and Defence Public Sector units

Interactive Session

What was the quantum of Chinese assistance to Pakistan in the overall context of assistance to it by others countries as well? Assertiveness of China is shown only to weaker powers. This is not true. In many instances China has used force against stronger powers as well. The enormity of the economic corridor is not being realised. What does the Border Agreement contain? Even if the contents are not known, such agreements are necessary for reducing tensions. Should the border resolution be along the IB or the LAC? Negotiations must be on the IB.

The Indian statement on Tibet is entirely mistaken. If the Government accepts Tibet as part of China, then it imposes questions on Arunachal Pradesh which China has now started claiming. How can the Government therefore take such a stand? The boundary settlement is a much more complex issue than it is made out to be. The Indian nuclear doctrine calls for massive punitive retaliation in case of a nuclear attack, but what in the case of attack by

TNWs? Roads in the border areas should be improved and responsibility for maintaining the quality needs to be fixed.

Closing Remarks by the Chairperson

The strong relationship between Pakistan and China should be looked at. China has become the fifth largest exporter of weapons primarily due to its exports to Pakistan. China building the economic corridor is likely to increase its own vulnerabilities considering the security situation in Baluchistan and Khyber Pakhtunkhwa. Gwadar has its own vulnerabilities, which is why Singapore withdrew. China was but a reluctant entrant to replace Singapore in Gwadar.

We need to exercise great care in the maps we use. Many maps sourced from US and Chinese sites distort India's borders and we need to be sensitive to this fact. Also, there is no requirement to use Chinese terms or narratives. We need to use our own and not refer to terms such as Xijang or South Tibet.