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# China's Military Procurement in the Reform Era

The setting of new directions

Yoram Evron



# China's Military Procurement in the Reform Era

The decisions that shape the policy of weapons procurement are an important area of national security policy. This is all the more true for China, which during recent decades has vacillated between different sources and directions of military buildup.

This book explores the politics of military procurement in China under the successive leaderships of Deng Xiaoping, Jiang Zemin, and Hu Jintao. It shows how China's political and military leaders have sought to adjust military procurement policy to meet China's strategic objectives, to relate it to nonmilitary needs, to strike a balance between the import of weapons and indigenous production, and to determine the connections between hardware and other components of military power. Exploring in detail five major shifts in the nation's military procurement, it traces the considerations and negotiations among China's civilian and military leaderships. By doing so, it attempts to offer both a conceptual framework and empirical grounds for evaluating the factors that shape China's military procurement directions, as well as their limitations, prospects, and operational implications.

As the first book to study comprehensively and systematically the attributes shaping China's military procurement directions, it will be of great interest to students and scholars of Chinese politics, Chinese history, and military and strategic studies.

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**To Dana**

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# Abbreviations

A2/AD	anti-access/area denial
AMS	Academy of Military Sciences
APV	armored patrol vehicle
AVIC	Aviation Industries of China
AWACS	airborne early warning and command system
C <sup>3</sup> I	command, control, communication and intelligence
C <sup>4</sup> I	command, control, communication, computers and intelligence
C <sup>4</sup> ISR	command, control, communication, computers, intelligence, surveillance and reconnaissance
CASC	China Aerospace Science and Technology Corporation
CASIC	China Aerospace Science and Industry Corporation
CCCPC	Central Committee of the Communist Party of China
CCP	Chinese Communist Party
CDIC	China's defense industry complex
CETC	China Electronics Technology Group Corporation
CIA	Central Intelligence Agency
CIIS	China Institute of International Studies
CIS	Commonwealth of Independent States
CMC	Central Military Commission
CNECC	China Nuclear Engineering and Construction Corporation
CNNC	China National Nuclear Corporation
CoCom	Coordinating Committee on Export Control
COSTIND	Commission of Science, Technology and Industry for National Defense
CSC	Central Special Commission
CSIC	China Shipbuilding Industry Corporation
CSIG	China South Industries Group Corporation
CSSC	China State Shipbuilding Corporation
CTBT	Comprehensive Test Ban Treaty
EW	electronic warfare
GAD	General Armament Department
GLF	Great Leap Forward
GMD	Guomindang (China's nationalist party)

xxii *Abbreviations*

GPD	General Political Department (of the PLA)
ICBM	intercontinental ballistic missile
IFF	identification of friend or foe
IISS	International Institute for Strategic Studies
IRBM	intermediate range ballistic missile
IW	information warfare
MAC	Military Affairs Commission
MBT	main battle tank
MEI	Ministry of Electronics Industries
MII	Ministry of Industry and Information Technology
MIRV	multiple independent reentry vehicle
MMB	Ministry of Machine Building
MOOTW	Military Operations Other Than War
MSG	Military Strategic Guidelines
NDIC	National Defense Industry Commission
NDIO	National Defense Industry Office
NDSTC	National Defense Science and Technology Commission
NORINCO	North Industries Corporation
PAP	People's Armed Police
PGM	precision-guided munitions
PLA	People's Liberation Army
PRC	People's Republic of China
R&D	research and development
SASTIND	State Administration for Science, Technology, and Industry for National Defense
SCO	Shanghai Cooperation Organization
SDI	Strategic Defense Initiative
SEZ	Special Economic Zone
SIPRI	Stockholm International Peace Research Institute
SLBM	submarine-launched ballistic missile
SOE	state-owned enterprise
SRBM	short range ballistic missile
UAV	unmanned aerial vehicle

# Introduction

China's military modernization is one of the most important issues in the world's strategic agenda at the start of the twenty-first century, if not the most important. Prior to the 1990s China's army was generally regarded as outdated, with very limited technological and operational capability. In the 1980s and 1990s the People's Liberation Army (PLA) had indeed undergone significant reforms in organization, conscription, doctrine, and training. Its size was reduced from over 4,000,000 to 2,500,000 personnel, many units were merged or phased out, its strategic doctrine was adapted to the contemporary threat map, and recruitment and training were made to match actual conditions. However, the arming of its units with obsolete weaponry, mostly the product of recycled and upgraded Soviet technologies of the 1950s, restricted the PLA's ability to finalize its modernization process. The outcome was that joint forces operations, efficient command and control capabilities, provision of sustained and ordered logistic support to its forces, and operations across the state's borders remained beyond its capacity.<sup>1</sup>

These shortcomings were well known to the Chinese leadership in the early years of the reforms. Nevertheless, in view of the country's extreme economic plight, coupled with some relaxation in the perception of national threat, China's leaders resolved to postpone the PLA's material modernization to a later stage. Meanwhile the country was obliged to somehow resolve the matter of rearmament to plug the holes in its national defenses, but without overburdening its budget. This dilemma assumed a new look in the late 1980s, when the ending of the Cold War transformed China's threat map, and the imposition of a military embargo on the country following the Tiananmen Square events in 1989 cut off Western sources for the supply of military technology. Further changes that demanded a response in the rearmament domain occurred during the 1990s, and peaked at the end of that decade, when the US launched several military interventions, some of them involving China, which revealed the PLA's weakness and transformed the US, in China's eyes, into a real and present focus of threat. To meet this challenge, the PLA clearly had to update its military doctrine and press ahead with its modernization in arms and equipment. The question was how to bridge the decades-wide technological gap without placing an unbearable burden on China's economy and imperiling the regime's most vital achievement: a continuous economic upsurge.