

# EXECUTIVE SUMMARY

## UNDERSTANDING CHINA'S STRATEGY

### China's National Strategy

- ▶ The PRC's strategy aims to achieve "the great rejuvenation of the Chinese nation" by 2049 to match or surpass U.S. global influence and power, displace U.S. alliances and security partnerships in the Indo-Pacific region, and revise the international order to be more advantageous to Beijing's authoritarian system and national interests. This strategy can be characterized as a determined pursuit of far-ranging efforts to expand the PRC's national power.
- ▶ Despite challenges posed by the COVID-19 pandemic, Beijing continued its efforts to advance its overall development including steadying its economic growth, strengthening its armed forces, and taking a more assertive role in global affairs. In response to both long and short-term economic trends, the CCP unveiled a new economic strategic task, or a new "development pattern," called "dual circulation (双循环)."
- ▶ The PRC has characterized China's view of strategic competition in terms of a rivalry among powerful nation states, as well as a clash of opposing ideological systems. Beijing views the United States as increasingly determined to contain the PRC, creating potential obstacles to its strategy. Additionally, the PRC's leaders are increasingly willing to confront the United States and other countries in areas where interest diverge.

### Foreign Policy

- ▶ The PRC's foreign policy seeks to build a "community of common destiny" that supports its strategy to realize "the great rejuvenation of the Chinese nation." Beijing's revisionist ambition for the international order derives from the objectives of its national strategy and the Party's political and governing systems.
- ▶ In 2019, the PRC recognized that its armed forces should take a more active role in advancing its foreign policy, highlighting the increasingly global character that Beijing ascribes to its military power.

- ▶ In 2020, the COVID-19 pandemic was a driving force behind the PRC's foreign policy efforts, as Beijing sought to deflect any culpability for the virus and its initial spread, and to capitalize on its narrative of domestic success and foreign assistance.

## **Economic Policy**

- ▶ The PRC's military modernization objectives are commensurate with, and part of, Beijing's broader national development aspirations. The PRC's economic, technological, political, social, and security development efforts are mutually reinforcing and support Beijing's strategy to shape international and regional environments that accept and facilitate Beijing's interests.
- ▶ The PRC's economic development supports its military modernization not only by providing the means for larger defense budgets, but through deliberate Party-led initiatives such as Made in China 2025 and China Standards 2035, as well as the systemic benefits of the PRC's growing national industrial and technological base.
- ▶ In the rollout of the PRC's 14<sup>th</sup> Five Year Plan (2021-2025), the Party announced a shift to a new "development pattern" of "dual circulation (双循环)." Dual circulation is focused on accelerating domestic consumption as a driver of economic growth, shifting to higher-end manufacturing, and creating "breakthroughs" in key technologies along critical high-end global supply chains, all while emphasizing "mutually reinforcing" foreign investment in these key technologies to provide the capital and technology necessary to advance domestic technological innovation in support of the PRC's security and development objectives.

## **Military-Civil Fusion Development Strategy**

- ▶ The PRC pursues its Military-Civil Fusion (MCF; 军民融合) Development Strategy to fuse its economic, social, and security development strategies to build an integrated national strategic system and capabilities in support of the PRC's national rejuvenation goals.
- ▶ Beijing's MCF strategy includes objectives to develop and acquire advanced dual-use technology for military purposes and deepen reform of the national defense science and technology industries, and serves a broader purpose to strengthen all of the PRC's instruments of national power.
- ▶ The PRC's MCF development strategy encompasses six interrelated efforts: (1) fusing China's defense industrial base and its civilian technology and industrial base; (2) integrating and leveraging science and technology innovations across military and civilian sectors; (3) cultivating talent and blending military and civilian expertise and knowledge; (4) building military requirements into civilian infrastructure and leveraging civilian construction for military purposes; (5) leveraging civilian service

and logistics capabilities for military purposes; and, (6) expanding and deepening China's national defense mobilization system to include all relevant aspects of its society and economy for use in competition and war.

## **Defense Policy and Military Strategy**

- ▶ The PRC has stated its defense policy aims to safeguard its sovereignty, security, and development interests. The PRC's military strategy remains based on the concept of "active defense."
- ▶ The PRC's leaders stress the imperative of strengthening the PLA into a "world-class" military by the end of 2049 as an essential element of its strategy to rejuvenate the PRC into a "great modern socialist country." In 2020, the PLA added a new milestone for modernization in 2027, to accelerate the integrated development of mechanization, informatization, and intelligentization of the PRC's armed forces, which if realized would provide Beijing with more credible military options in a Taiwan contingency.
- ▶ In November 2020, the CMC issued the "Chinese People's Liberation Army Joint Operations Outline (trial) (中国人民解放军联合作战纲要(试行))" described as the "top-level law" of the PLA's combat doctrine system in the "new era" that would strengthen the requirements and procedures for joint operations, combat support, national defense mobilization, and political work, among others.
- ▶ In 2020, the PLA remained primarily oriented toward "safeguarding" its perceived "sovereignty and security" interests in the region, while emphasizing a greater global role for itself, such as through delivering COVID-19 aid abroad and the pursuit of overseas military facilities, in accordance with the PRC's defense policy and military strategy.

## **MISSIONS AND TASKS OF CHINA'S ARMED FORCES IN THE "NEW ERA"**

- ▶ With a force that totals approximately two million personnel in the regular forces, the PLA has sought to modernize its capabilities and improve its proficiencies across all warfare domains so that as a joint force it can conduct the range of land, air, and maritime operations as well as space, counterspace, electronic warfare (EW), and cyber operations.
- ▶ The PLA's evolving capabilities and concepts continue to strengthen the PRC's ability to "fight and win wars" against a "strong enemy (强敌)" [a likely euphemism for the United States], coerce Taiwan and rival claimants in territorial disputes, counter an intervention by a third party in a conflict along the PRC's periphery, and project power globally.

- ▶ In 2020, the PLA continued to make progress implementing major structural reforms, fielding modern indigenous systems, building readiness, and strengthening its competency to conduct joint operations.

## **Developments in the PLA's Modernization and Reform**

- ▶ In November 2020, a PRC Defense Ministry spokesperson stated that the PLA accomplished its modernization milestone to “generally achieve mechanization” in 2020 that was previously set by CCP leadership. The goal of mechanization can be broadly understood as the PLA seeking to modernize its weapons and equipment so they can be networked into “systems of systems” and utilize more advanced technologies suitable for “informatized” and “intelligentized” warfare.
- ▶ **The People's Liberation Army Army (PLAA)** has approximately 975,000 active-duty personnel in combat units. Despite the COVID-19 pandemic, border clashes with India, and other significant events in 2020, the PLAA accelerated its training and fielding of equipment from the already fast pace of recent years. The PLAA also strove to increase the realism of its training and the effectiveness of Opposition Force (OPFOR) units.
- ▶ **The People's Liberation Army Navy (PLAN)** has numerically the largest navy in the world with an overall battle force of approximately 355 ships and submarines, including approximately more than 145 major surface combatants. As of 2020, the PLAN is largely composed of modern multi-role platforms. In the near-term, the PLAN will have the capability to conduct long-range precision strikes against land targets from its submarine and surface combatants using land-attack cruise missiles, notably enhancing the PRC's global power projection capabilities. The PRC is enhancing its anti-submarine warfare (ASW) capabilities and competencies to protect the PLAN's aircraft carriers and ballistic missile submarines.
- ▶ **The People's Liberation Army Air Force (PLAAF) and PLAN Aviation** together constitute the largest aviation force in the region and the third largest in the world, with over 2,800 total aircraft (not including trainer variants or UAVs) of which approximately 2,250 are combat aircraft (including fighters, strategic bombers, tactical bombers, multi-mission tactical, and attack aircraft). In October 2019, the PRC signaled the return of the airborne leg of its nuclear triad after the PLAAF publicly revealed the H-6N as its first nuclear-capable air-to-air refuelable bomber.
- ▶ **The People's Liberation Army Rocket Force (PLARF)** organizes, mans, trains, and equips the PRC's strategic land-based nuclear and conventional missile forces as well as associated support forces and missile bases. In 2020, the PLARF advanced its long-term modernization plans to enhance its “strategic deterrence” capabilities.

- The PRC is developing new intercontinental ballistic missiles (ICBMs) that will significantly improve its nuclear-capable missile forces and will require increased nuclear warhead production, partially due to the incorporation of multiple independently targetable reentry vehicle (MIRV) capabilities. The PRC has commenced building at least three solid-fueled ICBM silo fields, which will cumulatively contain hundreds of new ICBM silos.
- The PLARF continues to grow its inventory of road-mobile DF-26 intermediate-range ballistic missiles (IRBMs), which are capable of conducting both conventional and nuclear precision strikes against ground targets as well as conventional strikes against naval targets.
- In 2020, the PLARF began to field its first operational hypersonic weapons system, the DF-17 hypersonic glide vehicle (HGV) capable medium-range ballistic missile (MRBM).
- ▶ **The PLA Strategic Support Force (SSF)** is a theater command-level organization established to centralize the PLA’s strategic space, cyber, electronic, information, communications, and psychological warfare missions and capabilities. The SSF oversees two deputy theater command-level departments: the Space Systems Department responsible for military space operations, and the Network Systems Department responsible for information operations (IO), which includes technical reconnaissance, EW, cyber warfare, and psychological operations.
- PRC continues to develop counterspace capabilities—including direct ascent, co-orbital, electronic warfare, and directed energy capabilities—that can contest or deny an adversary’s access to and operations in the space domain during a crisis or conflict.
- **The PRC’s space enterprise** continues to mature rapidly and Beijing has devoted significant resources to growing all aspects of its space program, from military space applications to civil applications such as profit-generating launches, scientific endeavors, and space exploration. The PRC is employing more sophisticated satellite operations and is probably testing dual-use technologies in space that could be applied to counterspace missions.
- ▶ **Military Readiness:** The CMC’s focus is on improving the PLA’s combat readiness and the guidance issued by senior leaders is increasingly evident in the PLA’s training and exercises. The PLA is training to “fight and win” through increasingly realistic combat training that uses dedicated “blue force” opponents and other elements to improve realism. Despite initial delays and cancellations in military training, exercises, research, and recruitment in the early months of the COVID-19 pandemic, impact to the overall readiness of the PLA remains minimal.

## Capabilities for Counter Intervention and Power Projection

- ▶ The PLA has fielded, and is further developing, capabilities to provide options for the PRC to attempt to dissuade, deter, or, if ordered, defeat third-party intervention during a large-scale, theater campaign such as a Taiwan contingency. U.S. defense planners often refer to these collective capabilities as anti-access/area-denial (A2/AD) capabilities.
- ▶ The PLA's A2/AD capabilities are to date the most robust within the First Island Chain, although the PRC is beginning to field significant capabilities capable of conducting operations out to the Second Island Chain and seeks to strengthen its capabilities to reach farther into the Pacific Ocean and throughout the globe.
- ▶ In addition to strike, air and missile defense, anti-surface and anti-submarine capabilities improvements, the PRC is focusing on information, cyber, and space and counterspace operations. The PLA's focus on an integrated approach to the cyber domain using advanced technologies likely will lead to the PLA improving its ability to conduct cyber operations over the next several years.

## Nuclear Capabilities

- ▶ Over the next decade, the PRC aims to modernize, diversify, and expand its nuclear forces.
- ▶ The PRC is investing in, and expanding, the number of its land-, sea-, and air-based nuclear delivery platforms and constructing the infrastructure necessary to support this major expansion of its nuclear forces.
- ▶ The PRC is also supporting this expansion by increasing its capacity to produce and separate plutonium by constructing fast breeder reactors and reprocessing facilities.
- ▶ The accelerating pace of the PRC's nuclear expansion may enable the PRC to have up to 700 deliverable nuclear warheads by 2027. The PRC likely intends to have at least 1,000 warheads by 2030, exceeding the pace and size the DoD projected in 2020.
- ▶ The PRC has possibly already established a nascent "nuclear triad" with the development of a nuclear capable air-launched ballistic missile (ALBM) and improvement of its ground and sea-based nuclear capabilities.
- ▶ New developments in 2020 further suggest that the PRC intends to increase the peacetime readiness of its nuclear forces by moving to a launch-on-warning (LOW) posture with an expanded silo-based force.

## **Chemical and Biological Research**

- ▶ The PRC has engaged in biological activities with potential dual-use applications, which raise concerns regarding its compliance with the Biological and Toxins Weapons Convention (BWC) and the Chemical Weapons Convention (CWC).
- ▶ Studies conducted at PRC military medical institutions discussed identifying, testing, and characterizing diverse families of potent toxins with dual-use applications.
- ▶ Based on available information, the United States cannot certify that the PRC has met its obligations under the Chemical Weapons Convention (CWC) due to concerns regarding the PRC's research of pharmaceutical-based agents (PBAs) and toxins with potential dual-use applications.

## **THE PLA'S GROWING GLOBAL PRESENCE**

- ▶ CCP leaders believe that the PRC's global activities, including the PLA's growing global presence, are necessary to create an international environment conducive to China's national rejuvenation.
- ▶ The CCP has tasked the PLA to develop the capability to project power outside China's borders and immediate periphery to secure the PRC's growing overseas interests and advance its foreign policy goals.

## **China's Global Military Activities**

- ▶ The PRC has increasingly determined that its armed forces should take a more active role in advancing its foreign policy goals. In 2020, a revision to the National Defense Law tasked the PLA with defending "overseas development interests," further cementing the PLA's involvement in the PRC's global economic and diplomatic activities.
- ▶ As the PRC's overseas interests have grown over the past two decades, the Party's leaders have increasingly pushed the PLA to think about how it will develop the capabilities to operate beyond China's borders and its immediate periphery to advance and defend these interests. This has led to the PRC's greater willingness to use military coercion—and inducements—to advance its global security and development interests.
- ▶ In 2020, the PLA continued to normalize its presence overseas and build closer ties to foreign militaries, primarily through COVID-19 related aid.

## PLA's Overseas Basing and Access

- ▶ The PRC is seeking to establish a more robust overseas logistics and basing infrastructure to allow the PLA to project and sustain military power at greater distances.
- ▶ Beyond its base in Djibouti, the PRC is pursuing additional military facilities to support naval, air, ground, cyber, and space power projection. The PRC has likely considered a number of countries, including Cambodia, Myanmar, Thailand, Singapore, Indonesia, Pakistan, Sri Lanka, United Arab Emirates, Kenya, Seychelles, Tanzania, Angola, and Tajikistan, as locations for PLA facilities.
- ▶ A global PLA military logistics network and PLA military facilities could both interfere with U.S. military operations and support offensive operations against the United States as the PRC's global military objectives evolve.

## The PRC's Influence Operations

- ▶ The PRC conducts influence operations, which target cultural institutions, media organizations, business, academic, and policy communities in the United States, other countries, and international institutions, to achieve outcomes favorable to its strategic objectives.
- ▶ The CCP seeks to condition domestic, foreign, and multilateral political establishments and public opinion to accept Beijing's narratives and remove obstacles preventing attainment of goals.
- ▶ CCP leaders probably consider open democracies, including the United States, as more susceptible to influence operations than other types of governments.
- ▶ The PLA has emphasized the development of its "Three Warfares" concept—comprised of psychological warfare, public opinion warfare, and legal warfare—in its operational planning since at least 2003. The PLA will likely continue to develop its digital influence capabilities by incorporating advancements in artificial intelligence (AI) to improve the quality and deniability of its messaging.

## RESOURCES AND TECHNOLOGY FOR FORCE MODERNIZATION

- ▶ The PRC's long-term goal is to create an entirely self-reliant defense-industrial sector—fused with a strong civilian industrial and technology sector—that can meet the PLA's needs for modern military capabilities.
- ▶ The PRC has mobilized vast resources in support of its defense modernization, including the implementation of its Military-Civil Fusion (MCF) Development

Strategy, as well as espionage activities to acquire sensitive, dual-use, and military-grade equipment. The PRC has substantially reorganized its defense-industrial sector to improve weapon system research, development, acquisition, testing, evaluation, and production.

- ▶ In 2021, the PRC announced its annual military budget would increase by 6.8 percent, continuing more than 20 years of annual defense spending increases and sustaining its position as the second-largest military spender in the world. The PRC's published military budget omits several major categories of expenditures and its actual military-related spending is higher than what it states in its official budget.

### **Science and Technology Goals Supporting Military Modernization**

- ▶ The PRC has continued its aggressive, top-level push to master advanced technologies and become a global innovation superpower. The PRC seeks to dominate technologies associated with the Fourth Industrial Revolution; this push directly supports the PLA's ambitious modernization efforts and its goal of becoming a "world-class" military capable of "intelligentized" warfare.
- ▶ The PRC continues its pursuit of leadership in key technologies with significant military potential, such as AI, autonomous systems, advanced computing, quantum information sciences, biotechnology, and advanced materials and manufacturing. As evidenced by the country's recent accomplishments in space exploration and other fields, China stands at, or near, the frontier of numerous advanced technologies.
- ▶ The 14<sup>th</sup> Five-Year Plan maintains the PRC's focus on technological independence and indigenous innovation in fields associated with the Fourth Industrial Revolution.
- ▶ As of 2020, the PLA has funded multiple AI projects that focus on applications including machine learning for strategic and tactical recommendations, AI-enabled wargaming for training, and social media analysis.

### **Foreign Technology Acquisition**

- ▶ The PRC uses imports, foreign investments, commercial joint ventures, mergers and acquisitions, and industrial and technical espionage to help achieve its military modernization goals.
- ▶ The PRC is investing in and seeking to acquire technologies that will be foundational for future commercial and military innovations including AI, robotics, autonomous vehicles, quantum information sciences, augmented and virtual reality, financial technology, and biotechnology. These technologies blur the line demarcating commercial versus military use.

## U.S.-PRC DEFENSE CONTACTS AND EXCHANGES IN 2020

- ▶ DoD's defense contacts and exchanges with the PRC in 2020 prioritized crisis prevention and management, risk reduction, and limited cooperation in areas where national interests aligned.
- ▶ In 2020, U.S.-PRC defense relations focused on building a framework with the PLA to advance DoD's objective to build a constructive, stable, and results-oriented defense relationship with the PLA. The Policy Dialogue System framework sought greater stability by prioritizing policy dialogue channels and strengthening mechanisms to prevent and manage crisis and reduce operational risk.