

**Hearing on “China's Military Modernization and Its Impact on  
the United States and the Asia-Pacific”  
A Congressional Perspective:  
Congressman Duncan Hunter (R-CA)  
March 29-30, 2007**

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Madam Chairman Carolyn Bartholomew and Vice Chairman Daniel Blumenthal, thank you for the opportunity to offer my perspective and concerns regarding the People Republic of China's (PRC) military modernization efforts and its impact on the United States, the Asia-Pacific region, and the world.

Since 2000, this Commission has informed Members of Congress with its policy analysis and legislative recommendations, which are aimed at protecting and advancing U.S. economic and security interests given the uncertainty of China's desire to increase its regional and global roles. On behalf of my fellow Members of Congress and my fellow Americans, I commend you for your hard work and dedicated service.

This hearing is timely. Earlier this year, China conducted a direct-ascent anti-satellite (ASAT) test—a provocative act signaling the communist country's indisputable capability to challenge the United States in space. As someone who has watched China's military build-up closely for over a decade, the timing of this test was unexpected, but the act itself was not surprising. In 2003 the Department of Defense predicted that “China is believed to be conducting research and development on a direct-ascent anti-satellite (ASAT) system that could be fielded in the 2005-2010 timeframe” in its annual report to Congress on Chinese military modernization. Four years later, the world witnessed a suspected intention evolve into a tested capability when the Chinese intercepted and destroyed one of its aging weather satellites.

A few weeks after the ASAT test, China announced that its 2007 defense budget would be increased by 17.8 percent over the previous year—increasing its military spending from \$35 billion in 2006 to \$45 billion in 2007. The Pentagon believes China's military spending is two to three times greater than the public budget numbers. China's continued double-digit defense increases demonstrate its resolve to transform and evolve its military into one that can challenge its regional neighbors first and then into a force that can conduct offensive operations globally. The October 2006 surfacing of a Chinese SONG-class diesel submarine near the USS Kittyhawk coupled with its ASAT test point to the likelihood that we are on the brink of seeing China's investments in modernizing its military pay off.

I came to Washington with the strong belief that the primary responsibility of Congress is to protect the American people. Today, my convictions are even stronger when considering 21<sup>st</sup> Century challenges to U.S. security. As we prosecute the Global War on Terrorism, much of the public's attention is focused on the Middle East and the on-

going military operations in Iraq and Afghanistan. But it is the responsibility of leaders—from our military commanders on the front lines to policy makers in Washington—not to lose sight of the vast range of potential security challenges that may threaten our way of life.

The Pentagon's 2006 Quadrennial Defense Review Report (QDR) noted that China was at a strategic crossroads and it had the "greatest potential to compete militarily with the United States." In 2006, the House Armed Services Committee (HASC) conducted its first-ever bipartisan Committee Defense Review (CDR) to complement the Pentagon's QDR. Unlike the QDR, our analysis and findings were based primarily on threats. However, the Committee's efforts also recognized China as a potential strategic challenge to the United States. Some of our key findings included:

- China's military capabilities are developing in a direction that could challenge U.S. Armed Forces;
- China's defense spending is rapidly growing and the military is undergoing a general downsizing to free up resources to accelerate modernization;
- The People's Liberation Army is an increasingly professional force equipped with the latest generation of advanced military hardware; and
- The PRC's air and naval forces have dramatically improved their capabilities to extend the battle space beyond Chinese territorial waters and increasingly focused on anti-access and area-denial capabilities.

While it remains uncertain if China will emerge as a responsible regional and global partner, China's military modernization ambitions and its increasing global aspirations to become a political, economic, and military power are beyond doubt. Therefore, the American people and our allies deserve the highest levels of diligence in understanding how China may evolve into a strategic challenge and threaten the security and economic prosperity of the United States, the Asia-Pacific region, and the world. Our constituents also deserve informed leaders who make the necessary and difficult decisions about what America requires to maintain the strength necessary to deter and prepare for these potential Chinese challenges.

As the former Chairman and Ranking Member of the House Armed Services Committee, I offer my concerns regarding China's military modernization efforts for your consideration:

### **American dollars are paying for Chinese military modernization**

In the last ten years, I have watched China become the world's third largest trading power by devaluing its currency to achieve an export advantage over its trading partners. This action makes Chinese goods less expensive on the global market. As a result, China's trade surplus with the United States has grown to more than \$200 billion in 2006, a 25 percent increase from 2004. Despite a slight currency re-valuation in 2005, the Chinese Yuan remains undervalued by approximately 40 percent. By undervaluing its currency, China has given itself an unfair advantage to strengthen its manufacturing base at the

expense of American manufacturers. This unacceptable practice, coupled with other tariffs and trade penalties, creates an uneven playing field and a one-way street for trade.

At the beginning of this Congress, I joined my colleague and good friend, U.S. Rep. Tim Ryan (OH) in reintroducing the *Fair Currency Act*, which would level the playing field for U.S. workers and reverse the one-way trade deals that are eroding the U.S. manufacturing base. If enacted into law, our proposal would define “exchange-rate manipulation” and permit American workers and manufacturers to seek relief against imports from countries that regulate the value of their currency, including China.

In the context of this hearing, I believe our legislation would also directly impact China’s rapid economic growth, therefore indirectly reducing the pace and scope of China’s military modernization by making it more difficult for the Chinese to use American greenbacks to purchase its ships, planes, and missiles.

### **China’s Preparations for War Over Taiwan**

China is likely to continue a regional campaign to achieve re-unification with Taiwan by shaping and influencing diplomatic, economic, and security initiatives. While economic integration with Taiwan is far along and likely to continue, it is also likely that China will continue to prevent the independence of Taiwan through coercive means and continue to expand its regional influence. This policy China’s sustained military threat is evident by the deployment of over 800 short-range ballistic missiles to garrisons facing Taiwan. Additionally, China continues to modernize its offensive air capabilities, including modern tactical fighters and precision weaponry. China continues to improve its surface-to-air-missile system, including the Russian variant, S-300 PMU2/SAM, which if placed on the coast opposite Taiwan would give China the capability to intercept aircraft operating over the island within a range of 200 kilometers.

While it is not likely that China will seek a military confrontation with the United States, third party events or actions could initiate a regional conflict. As such, the House Armed Services Committee’s CDR determined that China is also continuing to modernize its military capabilities to deter and defeat any American forces that may be sent to protect Taiwan. It is safe to assume that China will continue to develop and modernize its cruise and intermediate-range ballistic missiles along with its integrated air defenses. It is also likely that China will continue to expand its conventional submarine forces while reportedly arming them with novel missiles, such as the Russian SS-N-Sizzler.

### **China’s Ambitions to Modernize Its Strategic Forces**

China’s ASAT test earlier this year shocked most of the world, getting the attention of all who have assets in space, including commercial entities. From a security perspective, China’s ASAT test illustrated its progress in expanding its offensive capabilities beyond the traditional battlefield. For the United States, it revealed the potential vulnerability of our military and commercial space assets and marked the

commencement of a new era of military competition in space. This is happening whether we like it or not unfortunately.

Protecting our war fighting capabilities and our economic interests compels this nation to take the necessary steps to ensure our forces cannot be targeted through an adversarial space strike. In a letter to the President, U.S. Rep. Terry Everett (AL) and I expressed these concerns and asked the Department of Defense to review its programs intended to preserve American space assets and to put in place new programs which “provide protection, redundancy, and reconstitution.” We also recommended that the United States review all potential space cooperative activities with China in order to deny the Chinese any space technologies that could advance its military space ambitions.

China’s modernization of its strategic forces is not limited to counter-space operations. China’s strategic force ambitions also include building a robust arsenal of short-, medium- and long-range ballistic missiles and making large investments in submarine launched ballistic missiles, asymmetric capabilities such as cyber warfare, advanced submarines, and unmanned aerial vehicles. Significant strategic developments that have caught my attention include China’s successful development of solid-fueled and road-mobile DF-31 and DF-31A, intercontinental ballistic missiles (ICBMs) which could target the United States, and the reported completion of five domestically-produced nuclear submarines. There are also some independent military experts who believe the Chinese may be equipping their silo-based ICBM’s with multiple warheads.

Over the years, I have spoken to U.S. military commanders and administration officials regarding the quality and quantity of China’s nuclear arsenal and nuclear ambitions. Although there is some uncertainty, there is consensus that China is actively seeking to expand its strategic capabilities, including participating in counterintelligence activities to acquire advanced technologies. From these accounts, it is also clear that China’s strategic posture should be calculated in the U.S. strategic equation.

### **China’s Future Power Projection Capabilities**

In addition to seeking capabilities to dominate regionally, it is evident that China seeks capabilities to project military power into the Pacific and well beyond the South China Sea. In our defense review, the Armed Services Committee concluded that the Chinese air force has an interest in acquiring an aerial fueling and airborne early warning (AEW) capabilities, turning some older bombers into tankers and modifying A-50/IL-76 transport aircraft to perform the AEW mission. The resulting capabilities would provide greater reach and command and control functions for the Chinese military. In terms of Chinese naval power, we found that the Chinese are transforming from a coastal navy to a deep-water fleet centered on anti-access and area-denial vessels, such as the four Sovremenny-class destroyers equipped with the advanced SS-N-22 Sunburn ship-to-ship missiles; modern submarines, including twelve modern KIL0-class diesel submarines from Russia and its five domestically produced nuclear submarines; and advanced weapons systems, such as long-range anti-ship cruise missiles and naval mines.

## **China's competition for regional and global influence**

Lastly, China's rapid economic growth and military modernization ambitions may reflect a nation seeking greater influence not only in the Asia-Pacific region but globally. Although China's global military influence is limited, focused primarily on participation in peacekeeping operations and arms sales, its diplomatic and economic roles are expanding. If you look around the world, you will see a Chinese presence in different regions, including Africa and Latin America. You will also find China increasing its demand for capital, technology, and natural resources beyond its regional neighbors. Although not widely accepted today, I believe that it is probable that China's expanded economic interests around the world may shift its justification for its military modernization from defending its sovereignty to building a military capable of defending its global interests. This is a possibility I recommend that this Commission watch closely.

## **Closing**

In closing, China's rapid economic growth, double-digit defense spending, investments in military modernization with a focus on power projection and its strategic forces, and increasing presence around the world require a policy employed by one of America's great leaders, Ronald Reagan – "Trust, but verify." America and its allies cannot afford to wait on the sidelines as China continues its upward trajectory. We must devise and implement a strategy to counter China's ambitions now so we are not unprepared for the future.