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THE AUSTRALIAN Centre on China in the World engages with the public and policy discussion of relations with the People’s Republic of China and the Chinese world. Australia-China Agenda 2013 is our contribution to this important election year and the on-going consideration of the bilateral relationship.

This is a relationship that touches on virtually every aspect of our national life. A mature and beneficial engagement of such breadth and depth requires the leadership and support of government at all levels, as well as public stewardship, media understanding, educational enhancement and the strategic involvement of the business community.

Australia-China exchanges are also profoundly influenced by regional and bilateral relationships. Australia and China trade in goods as well as culture, politics and people, ideas and education, community and personalities.

Australia-China Agenda: 2013 brings to the attention of the public and the media, politicians and specialists some reflections and policy ideas authored by specialists with a professional interest and involvement in the relationship.

—Geremie R. Barmé
Founding Director, CIW
THE CHINESE military is undergoing a rapid transformation. This transformation is simultaneously unfolding in three areas:

- Changing civil-military relations embodied in new post-Deng patterns of interaction between the Chinese Communist Party and the People’s Liberation Army (PLA).
- An organisational overhaul in terms of the army’s personnel composition and structure.
- Force modernisation driven by doctrinal innovation, capability enhancement and war game plans.

These changes have deepened and accelerated since Xi Jinping became China’s commander-in-chief in November 2012 – Xi has ordered the PLA to concentrate all its efforts on raising combat readiness in order to win the next war.

What is unique about the transformation of the PLA in military terms is that it is not merely a process of normal modernisation of hardware and software as a result of technological innovation at home and abroad. It is war driven, catering for particular external security threats, specific adversaries and anticipated combat modes. Its practical objective in the short-to-medium term is to turn absolute US military superiority vis-à-vis China to one that is relative, which by the calculus of Beijing’s strategists would make Washington balk at confronting the PLA directly in any US regional intervention (such as a US intervention to buttress Asian states in challenging China’s territorial claims).

To this end PLA transformation has been capability-based, reflecting an accelerated generational upgrade of the order of battle. The PLA is pursuing this goal in multiple ways, but crucial to its realisation is possession of Mutually Assured Destruction (MAD) capabilities at both the strategic and tactical level.

Strategic-level MAD is guaranteed by possessing a nuclear arsenal that is minimal but reliable for use in a second strike. Tactical-level MAD is informed by the PLA’s ‘Star Wars’ designs to hit the enemy’s soft underbelly through knocking down a portion of its military satellites. Any armed
A pre-emptive military strike on China is a top scenario both envisaged by the Pentagon’s Air-Sea Battle (ASB) guidance and meeting PLA criteria for launching its tactical space operations. This program constitutes an indispensable form of the kind of asymmetric warfare capabilities to be used against a more powerful adversary.

More generally, China’s military transformation is ambitious but with clearly designed roadmaps to guide policy formulation and force modernisation. Generally, it has been embodied in the following endeavours:

- Changing the PLA from being a military of quantity to becoming a military of quality.
- Changing the PLA’s posture from being defensively-offensive (home-land defence) to one that is capable of being offensively-defensive (sustained operations involving long-range power projection).
- Changing the PLA’s force structure from being army-centric to one that suits joint operations with the special services, especially the PLA Air Force and the PLA Navy, playing a primary role in war preparations.
- Changing PLA command structures from being multiple-layered and vertically-distributed to one that is horizontally arranged with fewer layers of command, control and communication
- Changing the PLA’s force development from focusing on mechanisation to focusing on paralleling mechanisation and informatisation
- Changing the PLA’s weapons Research & Development (R&D) and equipment priorities from high-tech hardware modernisation to those that combine both platform upgrades and IT-software advancement for future network-centric warfare.

action in outer space would generate a MAD outcome. This tactical MAD capability is essential for the PLA to deny the enemy’s one-way battle transparency, without which it is almost impossible for the US military to pre-emptively strike China’s key homeland military assets. A pre-emptive military strike on China is a top scenario both envisaged by the Pentagon’s Air-Sea Battle (ASB) guidance and meeting PLA criteria for launching its tactical space operations. Thus, minimal but reliable tactical aerospace power is of strategic importance for PLA transformation and constitutes the foundation of its anti-access/area-denial (2A/AD) operations, as it provides the requisite technology for China’s long range precision missile attack against America’s forward deployed bases and weapons systems. This program constitutes an indispensable form of the kind of asymmetric warfare capabilities to be used against a more powerful adversary.
The list of changes can be much longer. Suffice it to say that the PLA is clearly changing and taking on a new look.

An important research question for PLA watchers to answer is about how much PLA transformation has led to power shifts in the Asia-Pacific region, and how long PLA transformation will take before US superiority in East Asia is eroded to the point at which Washington’s resolve in protecting its allies is compromised. This has far-reaching impacts on Sino-Australian relations in general and the Australian Defence Force (ADF) in particular.

Now with the US ‘re-balancing’ to Asia and the Pacific and Chinese countermeasures, Australia’s conflicts of interests seem to be more structural.

For instance, a deepening power shift would, one day, bring an end to unipolarity both globally and in the region. Traditionally, Australians draw great comfort in unipolarity and absolute US military superiority. When these comforts gradually give way to something different, it will result in tangible levels of uncertainty among Australians, leaders and people alike. This fact underlined the 2009 Defence White Paper, one that unprecedentedly named China as the source of Australian security concerns much to the annoyance of the Chinese authorities. In a way, China’s rise is partially responsible for the fact that Canberra no longer has a long-term China policy. For a considerable time, the policy of ‘having one’s cake and eating it too’ (that is, taking advantage of Chinese economic benefits and the US security blanket) worked well for Canberra. Now with the US ‘re-balancing’ to Asia and the Pacific and Chinese countermeasures, Australia’s conflicts of interests seem to be more structural. This substantially reduces Australia’s capacity to manoeuvre between its two most important partners. Its China policy has thus become ad hoc, short-term and bound up with its relations with Washington.

This is reflected in Canberra’s presentation of its bilateral military ties with Beijing. On closer examination it is evident that there is hardly any substantial military dimension in the bilateral ties, despite mutual visits by military personnel at various levels and occasional naval port calls. The next one of these will take place in September 2013 when a PLAN flotilla is due to participate in Australia’s naval day celebrations. Lack of meaningful defense co-operation is fine, as there are no signs of direct security threats that each poses to the other, thanks in no small part to the vast area of ocean separating them. In reality, the PLA has neither the intention nor the capability to mount hostile activities in Australia’s approaches, and neither does the Australian Defence Force.
Force *vis-à-vis* China. Furthermore, neither military has the desire to lift the bar of defense contacts beyond what can be permitted by their respective domestic politics or in light of the third party factor for some time to come. This is especially true in the case of Canberra, which may have prescribed Australia-China military ties only as a necessary supplement to a broader bilateral relationship that is beneficial to the Australian economy.

However, the military dimension of Australia-China relations is potentially large when the third party – the US – is factored in. This factoring in can have two elements. First, Sino-US conflict has a military aspect that may embroil Australia in an armed confrontation, such as in the Taiwan Strait, if Washington requires Canberra to invoking the *ANZUS Treaty*. Secondly, Australia may, passively or actively, join in a US-led collective effort against China due to the changing security environment in the Asia-Pacific region, such as in an escalation of armed skirmishes as a result of the sovereignty disputes in the South or East China Seas. Australia may not be able to refuse a US request to intervene in a wider security context. Therefore a worst-case scenario involving tripartite relations entails the question of war or peace. This seems to have increasingly triggered ‘security anxiety’ in Australians.

Chinese officers never consider the ADF as a potential military threat, something defined by intention and capabilities. However, they are suspicious about why Australia needs twelve advanced conventional submarines and seven area air-defence destroyers, all recommended by the ADF’s White Papers of 2009 and 2012. Each post-Cold War Australia Defence White Paper clearly stipulates that the ADF’s defence purpose and posture are for homeland security. Yet twelve advanced conventional submarines and seven area air-defence destroyers are hardly in line with such policy pronouncements. PLA strategists see such weapons systems as embodying a hidden agenda, one with the PLA as its target. Twelve powerful submarines and seven advanced destroyers could help Australia participate in expeditionary objectives related to US global-force deployment and war efforts more so than for homeland defense (such as intercepting refugee boats). For instance, twelve large submarines are very useful in chasing Chinese conventional submarines in relatively shallow waters in the Western Pacific, while US nuclear submarines may not be as optimal in combat situations. They are also useful for anti-submarine warfare against Chinese strategic submarines sneaking into the South Pacific to launch intercontinental missiles against the US mainland. Australia may not be able to refuse a US request to intervene in a wider security context. Therefore a worst-case scenario involving tripartite relations entails the question of war or peace.
(when the PLAN’s fourth-generation SSNBs are operational). The ANZUS Treaty would create some potent intention requirements and the above-mentioned force capabilities may realise ADF intentions. The third-party factor may pit two navies against each other for reasons not of their own bilateral making.

The prospect of this has increased with the US rebalancing to Asia, something which operationalises the military aspect of a hedging strategy in relation to China’s rise. Enhanced forward basing arrangements are a crucial dimension of this. Since 2009, the concept of Air-Sea Battle has increasingly underpinned thinking in the Pentagon. ASB is an offensive endeavor with pre-emptive measures to sustain it. Such a strategy will not be efficacious without the support of US allies on the front line. For instance, a sea blockade is a significant measure against China’s soft underbelly – the Sea Lanes of Communication (SLOCs) that support its extremely large sea-borne trade. Senior US strategists have told me that Australia has a key role in the division of labour for any blockade against China’s southern lines of communications, although to Canberra the bulk of goods intercepted by any such action would most likely be Australian goods and resources being shipped to Chinese markets.

The good news is that Beijing and Washington do not have direct cause for military confrontation and therefore they can manage their conflicts in relation to regional territorial disputes involving US allies.

Against this backdrop the concept of the Indo-Pacific has emerged to guide Australia’s strategic thinking, and to match US re-balancing in the region. To Beijing, this concept also helps explain the US marine deployment in Darwin.

A changed international environment reshapes Australia-China relations and renders Australia’s China policy dynamic and short-term based. This tendency is furthered by uncertain Sino-US military interactions, which have seriously conditioned the ADF’s options. The good news is that Beijing and Washington do not have direct cause for military confrontation and therefore they can manage their conflicts in relation to regional territorial disputes involving US allies. Under these circumstances, Australia-China military ties may not, for the foreseeable future, enter negative territory.
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