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Chinese Military Expansion: Slowing but Not Stopping

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SYNOPSIS

The COVID-19 pandemic has blunted but not stopped Chinese military modernisation. Defence spending increases may be less but military procurement and R&D (particularly in the realm of artificial intelligence) are proceeding unabated. China is still on track to becoming a world-class military power by 2049.

COMMENTARY

THE COVID-19 virus has up-ended many things. When it comes to Chinese military modernisation, however, the pandemic has blunted the pace of expansion but hardly stopped it. Overall, the People's Liberation Army (PLA) is still on track towards meeting its twin goals of achieving "complete military modernisation" by 2035, and becoming a "world-class" military by 2049.

In the first place, the COVID-19 pandemic has not really affected Chinese military expenditures. Beijing announced in May that spending on national defence in 2020 would rise to 1.268 trillion yuan, or US$186 billion, an increase of 6.6 per cent over 2019. This was the lowest annual increase in more than 20 years.

COVID-19's limited Impact on PLA Spending

However, it is important to note that the increase in Chinese military spending has been slowing for half a decade. For example, in 2019 military expenditures were only 7.5 per cent greater than 2018, also one of the lowest increases in recent years. The

increases in defence spending for 2018, 2017, and 2016 were, respectively, 8.1 per cent, seven per cent, and 7.6 per cent.

In other words, for five years in a row, defence spending increases have been stuck in single digits, compared to an average annual growth rate of 10 to 15 per cent that occurred from 1999 to 2015. This appears to signal a trend that Chinese military spending will be much more modest in the years to come, predating the COVID-19 outbreak.

Still, Chinese defence spending outstrips all other Asian and *all* European militaries, including Russia; China has become the second-largest defence spender in the world. If the PLA (as it has asserted in its defence white papers) spends one-third of its budget on equipment and R&D, then it has over $60 billion to spend on procurement – and it shows.

Secondly, the COVID-19 pandemic has not appreciably slowed the modernisation of the PLA. By implementing early on a quarantine of Wuhan (the origin and centre of the COVID-19 outbreak) Beijing was able to shield much of the rest of the company from the virus' ill effects. As such, most of China's defence industrial base – which is spread out among the country – has been spared from any great disruptions.

Limited Impact on PLA Procurement

One sector of the Chinese defence industry that we know was adversely affected is its diesel-electric submarine (SSK) industry, since Wuhan is the centre for the manufacture of such subs. Current-model *Yuan*-class (Type-039A) and *Song*-class (Type-039) SSKs are both constructed at Wuchang Shipbuilding in Wuhan, for the PLA Navy (PLAN) and for export.

Apparently, the Wuhan shipyards were temporarily closed down during the initial COVID-19 outbreak. However, according to Chinese news reports, these yards soon resumed construction of new submarines and began making up for "lost time".

The rest of China's defence industry appears to have been untouched, and the recapitalisation and modernisation of the PLA has proceeded unabated. Since the late 1990s, China's military has been engaged in an aggressive, concerted effort to upgrade its capabilities. It has spent years pursuing a "double construction" approach of mechanisation and "informatisation" in order to concurrently upgrade and digitise the PLA.

This "two-track" approach has largely been achieved, and it is being succeeded by a longer-term transformation effort based on "intelligentisation". Consequently, the PLA now possesses the largest navy in the world, according to the US Department of Defence.

In recent years, the PLAN has acquired six Type-055 cruisers, 23 Type-052D destroyers, 30 Type-054A frigates, 12 nuclear-powered submarines, and 30 modern diesel-electric submarines. The PLAN commissioned its first indigenous aircraft carrier in 2019, with a second carrier entering service in 2023. Moreover, the PLAN operates

more than 1250 short-range and medium-range ballistic missiles and cruise missiles, and over 1000 4th-generation and 5th-generation combat aircraft.

Advances in Military-Civil Fusion and Artificial Intelligence

As mentioned earlier, China is shifting toward “intelligentised warfare”. “Intelligentisation” particularly values artificial intelligence (AI) as a critical force multiplier, and as a result, Beijing is making strategic investments in AI in order to reap national security benefits. According to the US Defence Department, China AI is seeking to gain parity with other world leaders in AI by 2020, then achieve “major breakthroughs” in AI by 2025, and, finally, establish China as the global leader in AI by 2030.

Promoting military-civil fusion (MCF) in technological innovation is a key component of this strategy. MCF is part of a long-term and “whole of society” strategic effort by Beijing to position China as a “technological superpower,” by pursuing guns and butter, and having them mutually support each other.

Chinese leaders are using MCF to position the country to compete militarily and economically in an emerging technological revolution. Consequently, MCF has been an integral component of nearly every major Chinese industrial or technological initiative, including “Made in China 2025” and the “Next Generation Artificial Intelligence Plan”.

Chinese Military Expansion: Still on Course

The COVID-19 pandemic has made hardly a dent in China’s increasingly globalised ambitions to become a major superpower, and to back this up with a modern, world-class military. While Chinese defence spending growth may be slowing slightly, Beijing’s capacities for becoming a global power are hardly lessening. It may not have as much to spend on its military in the coming years, but it is still able to throw a lot of money at the PLA.

At the same time, China has not abandoned its militarisation of the South China Sea, its efforts to expand into the Indian Ocean ─ including the establishment of its first overseas military base in Djibouti, on the Horn of Africa ─ or its ambitious Belt-and-Road Initiative (BRI). This process has been strengthened by its continuing investments in cutting-edge technologies, particularly AI.

According to the US Defence Department, China is making progress in AI-enabled unmanned surface vessels which the PLAN plans to use to patrol the South China Sea, as well as unmanned ground systems and swarming technologies.

Altogether, the PLA is proceeding apace to develop a robust anti-access/area-denial (A2/AD) capacity within the First Island Chain, expanding eventually further into the Pacific Ocean. Whether one wishes to call it a threat or a challenge, China’s drive to become a major global power is unabated, and the COVID-19 pandemic is hardly going to make a dent in that campaign.

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