



CHINA CONTINUES DOUBLE DIGIT HIKE IN DEFENCE BUDGET

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Budget Hike and Official Reasoning

China has announced an increase of 12.2 percent in the defence budget for the year 2014ⁱ. The increase is largest since 2011. There was an increase of 12.7 percent in 2011, 11.2 percent in 2012 and 10.7 percent in 2013. The increase has also followed the pattern of nearly unbroken run of double digit hikes for the past two decadesⁱⁱ. In the early nineties the budget used to consist of a very small and comparatively miniscule amount. The official budget in 1992 was \$ 6.26 billion US. The budget is now pecked at \$132 billion US plus. "We will comprehensively enhance the revolutionary nature of the Chinese armed forces, further modernize them and upgrade their performance, and continue to raise their deterrence and combat capabilities in the information age," said Prime Minister Li Keqiang. He has further added that the government would "strengthen research on national defence and the development of new- and high-technology weapons and equipment" and "enhance border, coastal and air defences"ⁱⁱⁱ.

Some independent analysts like Jane's, have estimated the unofficial military spending could be much more, falling in the range of \$148 billion US. The Chinese economic growth for 2014 as per projections is likely to be around 7.5 percent. The economic rise has sustained the military growth and China remains the second largest military spender in the world. United States of America is the number one spender on military expenditures in the globe. ^{iv}As per SIPRI 2013 Russia is the third, Britain fourth and Japan fifth largest military

spender. India is the eight largest in the sequence. India's 2014-15 budget of \$ 37.7 billion US is less than one third of China's declared figure.

Likely Reasons for Increased Defence Budget

China is a growing economic and military power. On its way to becoming a globally recognized force, and in an attempt to challenge the existing world power United States, it has undertaken series of military development programmes and force projection measures. Developing offensive capability in space, sharpening and increasing the might of existing missile capacity, cyber warfare, acquiring futuristic military technologies, enlarging strategic aerospace capabilities with the development of stealth fighters, unmanned combat aerial vehicles etc, acquiring aircraft carriers and more frigates and more submarines for maritime power projections and reengineering in military hardware are some of the military programmes in which it is already engaged. In order to deal from a position of strength, with its neighbors, it already has forces and hi - tech weaponry in place on the borders or at required locations. It needs to further sharpen this weaponry. China has already made some power statements like the unilateral declaration of Air Defence Identification Zone (ADIZ). US and Japan have not recognized this though, with the US continuing to disregard this declaration. In order to back up these power statements China needs the additional economic funding of the Defence budget.

It is an ambition of China to become a power in the Pacific. It has recently deployed the new aircraft carrier "Liaoning" in service. The second aircraft carrier will be ready by 2018 as reported in the South China Morning post on 19 Jan 2014. Exercises far away from the coast to project as "Blue Water Navy" will cost additional logistics. Further, the budget hike is also likely to meet the training requirements of increased military systems and upgradation of military equipments of all three services. The budget is also likely to be used towards increase in the pay and allowances of defence personnels as per certain media reports. It should be noted that China has not been giving the details of utilisation of the budget. Deductions have therefore been drawn from the assessment of information available in the environment. Also, the statements of the Prime Minister as given above are

helpful. Further, programmes on military use of space, nuclear weapons programme etc may not be part of this budget and could fall under a separate head. In that case the actual defence budget figures will be much higher.

Global Reactions

The United States has mentioned that China needs to be more open about its arms buildup^v. Japan and Taiwan have expressed concern that details on utilisation of the military budget have not been given. Japan's chief cabinet secretary, Yoshihide Suga, said that China's lack of clarity in its defense policy and spending was a global concern. The Chinese have responded by saying "Some foreigners always expect China to be a baby scout. In that way, how can we safeguard national security and world peace?" A spokesman for Taiwan's Defence Ministry, said "The transparency of China's defence budget has always been questionable, as it is widely seen there are a massive amount of military items hidden".^{vi} Philippine Foreign Secretary Albert del Rosario was quoted saying that "Given China's assertive mode as viewed by the international community, a clarification on the significant increase in its military spending would be helpful."

Regional Security Environment

A significant rebalancing is occurring in Asia because of the strategic changes and growing military threats. There is an already existing volatile dispute between Japan and China over the Senkaku islands administered by Japan. Chinese call these islands as Diaoyu and lay claims on them. Both the countries are said to be flying military aircrafts over these islands regularly. Other Southeast Asian countries are also wary of the growing threat to them because of increased Chinese assertiveness in the South China sea. Chinese have been laying large territorial claims to the tune of 90 percent in South China sea which other Nations in the region have objected to. The South China Morning post on 10 Mar 14 has quoted a Chinese official that China's military will respond if provoked by neighbors^{vii}. Is this increase in the defence budget also aimed at settling of territorial disputes through use of military force, remains a question.

President Obama has described the strategic pivot as a means to keep United States active in Asia. Military officials of Japan and US are meeting shortly after 17 years to review their bilateral defence guidelines. While Japan wants to zero down to specific “grey zones” namely island dispute, the US wants to have a broader agenda^{viii}. Meanwhile, China's Foreign Minister Wang Yi recently said there was "no room for compromise" with Japan on questions of history and disputed territory, "each inch" of which it would defend from its Asian neighbor.

India Factor

India shares a long 3000 Kms plus land border with China. In this long border there are already previous territorial incursions that have been made by China. Very recently Chinese Army had moved in more than 15 kms in Indian territory as reported in media. Further, China is in illegal occupation of Indian territory in Aksai – Chin. Deployment of Army personnels and military hardware along the border is ever increasing. China has also constructed Karakoram highway in the occupied Indian territory which has been perceived as a strategic threat to India. Besides, China is ever persistent in its attempt to move into Indian Ocean and in the maritime zones which fall in close proximity to Indian coastlines. There are certain activities like locating a listening post in Coco islands which have been seen as provocative by strategic experts in India. These unfriendly activities have not been taken lightly as they are cause for concern to India. Hence, the military budget increase is bound to be noted by Indian military planners seriously.

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Conclusion

The Chinese defence budget increase in the year 2014 is significant and the hike has been happening for over a decade. There is also a lack of transparency towards the true use of Chinese defence budget and the reasons for the increase. Possible uses could be at best

guessed. Given the security environment in the region, implications of the increase will be felt by the countries in the region. It is anticipated that hike in the Chinese defence budget will accelerate the already existing Arms race in the region.

(Disclaimer: The views and opinions expressed in this article are those of the author and do not necessarily reflect the position of the Centre for Air Power Studies, CAPS)

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ⁱ Times of India 06 Mar 2014

ⁱⁱ Reuters <http://www.reuters.com/article/2014/03/05/us-china-parliament-defence-idUSBREA2403L20140305>

ⁱⁱⁱ New York Times 05 Mar - http://www.nytimes.com/2014/03/06/world/asia/china-military-budget.html?_r=0

^{iv} SIPRI 2012

^v Reuters <http://www.reuters.com/article/2014/03/05/us-china-parliament-defence-idUSBREA2403L20140305>

^{vi} Bloomberg <http://www.bloomberg.com/news/2014-03-05/china-boosts-defense-spending-as-xi-pushes-for-stronger-military.html>

^{vii} South China Morning Post – 10 Mar 2014 -<http://www.scmp.com/news/china/article/1440045/chinas-military-will-respond-if-provoked-neighbours-says-official>

^{viii} Reuters <http://www.reuters.com/article/2014/03/09/us-japan-china-defence-idUSBREA280RD20140309>