Chinese Defense Acquisition: Domestic Development, International Trade, and Foreign Relations

Tracy Nelson

A nation's defense acquisition processes and policies determine its military and defense capabilities and performance. The ability of a nation's military to acquire effective and modern technologies quickly, efficiently, and cost-effectively in order to meet its needs can determine the outcome of a conflict and shape the nation's defense policies, prestige, and posture. China's defense acquisition process and policies are hugely impacted by both Chinese domestic politics as well as Chinese international relations. The lack of domestic private ingenuity combined with tense international relations has constrained China's capability to acquire and develop the military technologies it may need.

China's military posture and strategies are influenced by these acquisition challenges. The nation's communist history and remaining command market characteristics limit the capabilities of the Chinese military and therefore influence its international relations and military posture. Expanding Chinese interests and military aspirations are constrained by the force structure and technological capabilities of the PLA. China may only pursue military action within the scope of its limited naval and aircraft capabilities. In this way, PLA strategy and posture has traditionally been constrained by acquisition challenges. However, force modernization and an increasingly independent and developed domestic defense industrial base will allow China to obtain the capabilities necessary to pursue a more globalized defense strategy.

Early Acquisition Policy under Mao Zedong: 1949-1976

From the early years of the People's Liberation Army (PLA), lack of domestic industry and technical know-how has shaped Chinese

acquisition strategy and processes. Chinese self-reliance hindered the nation from developing industry, including a defense technology sector, at the same rate as non-isolated industrializing nations. Because of this isolation, China lacked not only the industrial infrastructure necessary to produce competitive military technology but also the scientific knowledge to develop these new technologies domestically.

Due to the weaknesses of domestic defense technology development, the PLA has often relied upon foreign assistance, in the form of both physical assets and advisors, in order to remain a functioning and competitive military force. During the 1950s and up until the Sino-Soviet split beginning in the 1960s, the Soviet Union was an important contributor to PLA capabilities, providing weapons and equipment as well as technical and military advisors in order to help strengthen PLA capabilities as well as establish and strengthen the Chinese defense industrial base.[1] These Soviet contributions were extremely influential in creating the credible and competitive force that the PLA is today. For example, when Mao decided that acquiring nuclear capabilities was imperative to Chinese diplomatic activity and prestige, Soviet advisors were brought in to provide assistance with initial prototyping and development.[2] While the Chinese claim that the Soviets were only minimally involved in Chinese nuclear technology development, they played an indisputable role in the eventual successful development and testing of Chinese nuclear capabilities. Throughout the history of the PLA, development of new capabilities has often been linked to and reliant on foreign military trade and assistance.

Historically, the weakness of the Chinese defense acquisition process has constrained pursuit of PRC and PLA policy goals. In the 1950s, PLA focus was largely on possible conflict with the Republic of China (ROC), the nationalists occupying Taiwan. Nationalist ROC forces were positioned throughout the Taiwan Strait and perceived as a potential threat to PRC trade and security interests. United States military aid to the ROC strengthened the nationalist's technical assets and expertise. Meanwhile, the PLA struggled to acquire and maintain the

1. Laurie Burkitt, Andrew Scobell, and Larry M. Wortzel. *The Lessons of History: the Chinese People's Liberation Army at 75*. Carlisle, PA: Strategic Studies Institute, U.S. Army War College, 2003, 13.

2. Dallas Boyd, *Advanced Technology Acquisition Strategies of the People's Republic of China*, Threat Reduction Agency, 2010, 13.

assets necessary to deal with such a threat due to its lack of a domestic defense industrial base. This disparity in capabilities rendered the PLA unable to contest nationalist occupation of Taiwan or challenge the position of the ROC fleet.[3] Due to the limitations of the PLA's technical assets, the PRC was unable to pursue its policy goal of reunification of Taiwan with mainland China under communist rule.

Defense Modernization and Deng Xiaoping: 1978-1992

Deng Xiaoping's foreign policy was marked by an increased focus on China within the context of the international environment. Rather than Mao's more isolationist views, concerned with uniting China under communism and securing the territorial integrity of the nation, Deng began to look beyond the continent to imagine China as an international player, economically and militarily. In order to enter the international stage, Deng noted that China must be competitive not only with its own past, seeking further improvement, but with the other nations on the world stage.

Many foci of Deng's rule were tied to the development of Chinese power, specifically economic power. In 1978, Deng Xiaoping announced a new focus on defense modernization, or the strengthening of military power.[4] Industrialization had been stagnated by the Cultural Revolution of the preceding years and the defense industry largely neglected. The PLA's capabilities had long lagged behind those of other international players as well as behind the needs of China's interests and ambitions. This modernization, as announced by Deng, was intended to close the gap between Chinese defense capabilities and those other nations. This modernization was considered "two-track" as it focused on meeting present needs through acquisition of foreign defense technologies as well as investing in the developing domestic defense industrial base. This "two track" approach was intended to provide for contemporary Chinese security while guiding the nation towards self-reliance and a domestic defense industry capable of meeting the PLA's needs into the future.[5]

Shifting Dynamics in the

3. Burkitt, Scobell, and Wortzel, *The Lessons of History*, 18.

4. Boyd, *Advanced Technology Acquisition Strategies*, 12.

5. Boyd, *Advanced Technology Acquisition Strategies*, 15.

Jiang Zemin Era: 1993-2003

Throughout Jiang Zemin's time in power, much of defense modernization and acquisition policy was heavily influenced by prevailing economic conditions. Continued modernization was to be checked by concerns about unemployment, corruption, and sustaining economic growth.[6]Modernization remained a priority as it had been under Deng's leadership, but many in power worried that the restructuring of industry necessary for strengthening domestic defense development would upset the carefully balanced transitioning economy. The transition from inefficient state-owned defense industry to smaller private enterprises was avoided because of these concerns about resulting unemployment and shocks to the economy. However, modernization continued, utilizing domestic and foreign industry. Modernization efforts continue today as the PLA seeks to define its capabilities and prestige as a modern military power capable of success in international conflicts.

This period was also marked by shifting civil-military relations. In the Deng and Mao eras, many leaders functioned in dual-roles, having both military and civilian experience and authority. However, during the transition to the Jiang era shifts in dynamics led to a clear distinction between military and civilian leaders, in both personnel as well as responsibilities. This division meant that in order to remain influential in national security policy decisions, the PLA had to lobby the CCP and the National People's Congress. Jiang, a leader with no significant military experience, also worked to reign in the powers of the PLA by checking their uninhibited spending and attempting to crack down on corruption. New civilian institutions, like the Committee on Science, Technology, and Industry for National Defense, were created in order to contribute to Chinese defense research and acquisition.[7] This era is said by some experts to have ushered in a new bargaining dynamic. The PLA, no longer represented by experienced military personnel in the upper echelons of leadership, assumed a slightly more external role and instead was to be consulted on relevant policy issues.[8] In terms of defense acquisition and national defense policy, these shifting dynamics meant that in order for modernization to remain a priority, the PLA had to continue to demonstrate some level of reasoning for such expenses

6. Andrew Scobell, Chinese Army Building in the era of Jiang Zemin, 2000, 3.

7. Andrew Scobell, *Chinese Army Building*, 18.

8. Andrew Scobell, *Chinese Army Building*, 18.

to the Central Military Commission, Jiang Zemin, and other relevant leaders.

Domestic Technological Development

While the gap between China's defense industrial complex and that of other nations is closing, vestiges of socialist economic planning constrain the possibilities of innovative domestic defense technology development. Previously entirely and still mostly government owned, Chinese defense industry firms face an entirely different industrial and business environment than that of their western counterparts. The Chinese defense industry lacks many of the characteristics that have led nations like the US to develop cutting edge technologies. These characteristics, like intellectual property rights and protections, innovation, competition, and open bidding, are generally associated with free markets.[9] While this sector is becoming increasingly privatized, it still lacks many of these characteristics, impeding success.

China's domestic defense industrial complex is being pushed to rapidly develop due to international restrictions on weapon sales to China as well as increasing domestic demand during a period of military modernization. This development effort has taken multiple forms. Private investment is being encouraged and holdings are being transferred from public parent companies to private industry. However, inefficiencies still exist in domestic production of military technologies and additional financial capital is needed to overcome these issues. Chinese products are still reliant on foreign components and espionage is often used in the design of these domestic technologies. Officials hope that injection of market factors will help ease these struggles and reduce inefficiencies.

Additionally, the timeline of Chinese domestic development and production stretches out far beyond that of other nations. Often by the time a new technology is developed, created, and tested, other nations have had the technology for years and it is no longer the most effective and competitive technology available.[10] Even once completed, domestically produced Chinese military technologies are widely thought to be inferior to those produced by their western counterparts. However, accurate information about the performance, quality, and durability of

9. Robert Farley, "Can China's Defense Industry Catch Up?" *The Diplomat*, May 8, 2014.

10. Evan S. Medeiros, *A New Direction for China's Defense Industry*, RAND, 2005. 9.

Chinese produced weapons remains shrouded.[11] As it currently stands, the Chinese defense industrial base fails to produce technologies efficiently and competitively.

A primary weakness of the Chinese domestic defense industrial base continues to be its inability to innovate. Innovation is essential to being competitive with nations with more established and developed defense industries. A military cannot respond to evolving and emerging threats unless the technologies and tactics it utilizes to respond are also evolving and new developments emerging. Innovation is a unique characteristic of industry as it rarely comes about when industry is contained in silos or isolated. Innovative technology development flourishes most when there is interaction between developers, end users, and civilian technology sectors.[12] However, throughout the Chinese economy, weak intellectual property rights have lessened incentives for firms to innovate, as their developments and creations are not protected from intellectual theft. This environment means that the civilian sector cannot spur innovation in the defense sector the way it can in other nations.

Another factor that contributes to weak conditions for innovation within the Chinese defense industry is the lack of transparency throughout the industry. Firms are unaware of the developments and proposals other firms have made and therefore struggle to build off the innovations that others have made. This lack of innovation has left the defense industry, like other Chinese industries, dependent on industrial espionage for further innovation. In order to stay abreast of other militaries, the Chinese industrial sector emulates and sometimes directly copies the new military technologies and innovations of other nations. While this espionage allows the PLA to retain a modernly equipped force, a lack of innovation prevents the PLA from gaining certain capabilities.

Another aspect of the domestic political environment that compounds challenges to Chinese defense acquisition is the complex relationship between the PLA and the CCP. Historically, these two institutions have been relatively symbiotic, relying on one another for support and assistance. The PLA remained faithful to the party's

11. David Lague and Charlie Zhu. "Insight: China Builds Its Own Military-industrial Complex." *Reuters*, September 16, 2014.

12. Farley, "Can China's Defense Industry Catch Up?".

command while the CCP and other civilian bodies supported the PLA financially and politically, granting them the proper authority. However, in recent years tensions between the two groupings have arisen. The leadership of the CCP and PLA are now less intertwined than before and the lines of responsibilities and authority have been blurred.[13] Party membership and participation no longer carry the weight that they once did in determining ranks, leadership, and promotions. The PLA is no longer heavily involved in ideological tasks or indoctrination. Formal interaction and joint-policy making is now technically limited to the Central Military Commission. However, despite this seemingly increased divide between military and party, the PLA remains reliant on the CCP for funding. As a result, the PLA must lobby the party for its specific force needs, convincing the party that acquiring new technologies is cost-effective and beneficial for the party, as well as the national security interests of the entire nation.[14] This divide only further lengthens and muddles the defense acquisition process, creating an additional step in which the tactical needs of the military can be disregarded for political or financial reasoning.

The weaknesses of the Chinese domestic defense industrial base in terms of innovation and efficiency have implications beyond the actual technical assets and capabilities of the PLA. The strength of a nation's domestic defense industrial base is extremely important to its military's capabilities as well as its military policy options. A strong domestic defense industrial base allows a nation to act in its own best interest with less consideration paid to the interests of nations upon which it relies for military capabilities. Nations that are dependent on international defense trade in order to acquire modern and competitive military technologies are somewhat constrained in their policy options. They must take the interests of trading partners into consideration so as to not damage these relationships and potentially hinder their ability to defend and advance their nation's interests. If a nation is capable of maintaining a modern and effective military through its own domestic defense industrial complex, it can pursue its policy interests more independently, without fear of ramifications for its technical capabilities.

However, trends within the domestic defense industrial base promise

13. David Shambaugh, *Civil-Military Relations in China: Party-Army or National Military*, Copenhagen Journal of Asian Studies 6, 2002, 11.

14. Shambaugh, *Civil-Military Relations in China*, 18.

strengthened production and innovation capabilities in the future. Subsidiaries of the large established military contractors are purchasing assets from their parent companies. This disbursal of assets, talent, and production promises a stronger industrial base for the future. It will help to increase competition and hopefully spur innovation within the sector. Additionally, Beijing has promised to increase the public listing of military contracts, allowing public bidding for these contracts.[15] This will encourage competitive firm behavior within the industry, increasing efficiency and incentivizing innovation and development. It will also allow smaller private firms to compete for contracts and funding, increasing the number of viable firms in the industry and improving conditions for innovation. As China's defense industry matures, it will be capable of supporting strategic military engagement beyond the short, intense, regional conflict it currently prepares for.

International Defense Trade

As previously noted, the Chinese have long been reliant on other nations in order to create and maintain a relevant and competitively equipped military. This reliance, in the form of defense trade as well as technical and military advisors, continues, albeit to a lesser degree, today. However, the ability of China to trade with, and therefore benefit from the developments of, foreign defense industrial bases and militaries is constrained by the international relations and communist history of China.

The 1989 Tiananmen Square incident has had long term ramifications for Chinese military capabilities and trade. After the massacre of student protestors, the United States and other Western nations passed limitations and bans on trade to Communist China. The United States passed legislation strictly prohibiting weapons trade to China after the incident. The European Union enacted a nonbinding ban on military trade, leaving it to member discretion to what extent to limit trade. Some nations have entirely prohibited trade of military assets and technologies to China, others allow and have participated in the trade of non-lethal military technologies. Nevertheless, the EU ban has restricted the ability of the PLA to obtain EU developed and produced military technologies as it pleases.[16] Chinese domestic political ongoings, like the Tiananmen Square incident, have had implications for China's

15. Lague and Zhu. "Insight"

16. Boyd, *Advanced Technology Acquisition Strategies*, 18.

international relations and thereby influenced China's ability to acquire foreign military technology, limiting PLA capabilities.

Prohibitions on weapons trade with China have not entirely prevented China from benefitting from United States military technology development. In an effort to build trust between the two nations and warm an otherwise chilly relationship, military to military contacts between the US and China have taken place in increasing frequency over the last few years. China benefits indirectly by its defense trade with Israel, a beneficiary of United State military aid. Israeli defense technologies have reaped the benefits of a close relationship and trade with the United States. By purchasing Israeli technologies, China is benefitting from United States technological developments.[17] Additionally, joint academic ventures, Chinese students studying in the US, and industrial espionage all allow China to continue to benefit from the military technology developments of the United States despite the weapons trade ban.

At present, China's defense trade partners are limited by international perceptions of China. Nations that have any concerns about China's international ambitions from the standpoint of their own security or the security of their allies will hesitate to participate in defense trade with China. For example, the United States' treaty bound obligations to the defense of Japan only further incentivize it to refrain from military trade with China. Should territorial conflicts over the Senkaku Islands escalate, the United States would not want its own military technologies to be used against its ally, Japan. Therefore, Chinese international relations are extremely important in shaping its defense trade relationships. The nations that choose to sell weapons and other military technologies to China include Russia, Ukraine, and Pakistan. Many of these nations already have close military and defense ties to China and share many of the same defense interests. China's ability to acquire defense technologies from abroad is hugely impacted by its relationship with potential trade partners and the level of shared interests between the two nations.

International defense trade is essential to not only meeting the present technological needs of the PLA but also allowing the domestic defense sector to develop. International trade allows Chinese industry

17. Boyd, *Advanced Technology Acquisition Strategies*, 27.

to acquire models for its own products. These foreign designed and manufactured products can be studied and ultimately replicated or emulated in domestic production. Purchase of foreign technology is also important for the domestic industrial sector as certain sectors of the defense industry, such as aviation development, rely heavily on foreign produced component parts in order to produce end products. Without import of Russian engines, electronics, and munitions, the Chinese aircraft industry would be largely inept.[18] These hybrid products are essential to the capabilities of the PLA, further tying international defense trade to Chinese military prestige and success.

Until it develops a domestic defense industrial base capable of independently providing and innovating military technologies needed by the PLA, China's international relations will be a crucial determinant of Chinese defense acquisition processes and resulting military capabilities. Nations will determine whether or not to participate in trade in accordance with their perceptions of China's ambitions and their support of or dissatisfaction with Chinese domestic political dealings. Additionally, as previously discussed, reliance on foreign military technologies and advisors can limit policy options for the Chinese. Overall, Chinese reliance on international defense trade has limited its capabilities as well as its policy options, checking its ambitions and constraining interests.

Case Study: The PLAAF and the Military Aviation Industry

The Chinese aviation industry has historically lagged far behind foreign industry. From the early days of the PRC, very few resources or energy were focused on the development of the PLAAF (People's Liberation Army Air Force) as Mao believed ground forces would be more important for preserving the stability of the PRC from both domestic and foreign threats. The early PLAAF was small and heavily reliant on training and equipment support from the USSR. The Sino-Soviet split stalled the progress and development of the PLAAF and resulted in a Chinese air force that was far behind other nations in terms of technology and capabilities. In the 1980s, Western powers saw Chinese air strength as a possible counterbalance to Soviet dominance

18. Boyd, *Advanced Technology Acquisition Strategies*, 16.

of the airspace in the region and provided technical aid to the PLAAF.[19] However, the 1989 Tiananmen Incident severed this beneficial relationship and left the PLAAF once again struggling to keep up with technological development.

The push for PLA modernization that began in the 1990s resulted in a new focus on improvement of the PLAAF's inventory and capabilities, as well as focus on developing the domestic aviation industry. The Chinese aviation industry, both civilian and military, is made up of many production and development entities of various sizes, focusing on discrete mechanical parts and mission sets. However, these smaller entities are all part of one larger state-owned conglomerate corporation, the China Aviation Industry Corporation (AVIC). This industry structure results in very little competition as there is no strategic interest in directly competing with another component entity.

Due to the challenges facing general technology innovation, as previously discussed, as well as a consolidation of production ownership within the aviation industry, the majority of Chinese military aircraft is heavily replicative of foreign developed technologies. Many domestically produced military aircraft harken back to 1950s Soviet style aircraft.[20] They fail to provide many of the sophisticated operational and tactical capabilities necessary to keep up with the military aircraft being produced in other countries and the demands of modern warfare. The Chengdu J-10, a mainstay in the PLAAF's fighter aircraft inventory, is highly reminiscent of aircraft developed and produced in foreign countries, the Israeli Lavi and Eurofighter Typhoon.[21] While the practice of slightly modifying internationally developed aircraft is extremely common within the Chinese military aviation industry, other Chinese produced aircraft are directly modeled after foreign aircraft. The Xian H6, the PLA's primary bomber aircraft, is a Chinese version of a 1950s Soviet bomber, the Tupolev Tu-16. The PLAAF's transport aircraft, essential for cargo and troop transport as well as refueling, are foreign

19. Andrew J. Nathan and Andrew Scobell. *China's Search for Security*, New York: Columbia UP, 2012, 35.

20. *Annual Report to Congress: Military and Security Developments Involving the People's Republic of China*. Ft. Belvoir: Defense Technical Information Center, 2014, 43.

21. Medeiros, A New Direction for China's Defense Industry, 162.

purchased and many are decades old.[22]

However, the PLAAF has managed to rapidly advance in its capabilities by pouring resources into the domestic aviation industry and partnering with other nations in development projects. As the reliance of the PLAAF on foreign developed technology and innovation decreases and PLAAF capabilities continue to move towards matching those of the international community, the PLAAF is able to take on an expanded role within the PLA, both in a support capacity as well as independently. In recent years, China has begun to play a larger role in the international security environment. The nation strives not only to protect its territorial integrity and regional interests but also to increase its influence and reach beyond its borders. A strong and capable air force is an essential part of these foreign policy objectives. Expanded use of the PLAAF will be necessary to maintain and transport Chinese forces and assets throughout the world. This role would become especially important should the PLA engage in conflict away from the region immediately surrounding China. Additionally, the types of conflicts in which China might engage abroad would require increased focus on naval and air assets rather than purely ground forces. China's evolving international relations and military posture will call for greater use of the PLAAF. Should the Chinese aviation industry continue to modernize and develop, the PLAAF will have a relatively modern fleet capable of assuming a larger role within the PLA and meeting the demands of this new posture.

Case Study: The PLAN and Aircraft Carrier Development

Aircraft carriers represent the ability of a nation to exert influence in regions beyond their own immediate surroundings. Carriers provide floating outposts of sorts for personnel, aircraft, and other equipment. They also serve as centers of communication, intelligence, and strategy. Such detachments are helpful in expanding one's political and military spheres of influence. China has yet to indigenously produce or develop an aircraft carrier, an important piece of technology for increasing global military presence. However, it has taken steps in order to obtain a carrier and develop one in the near future. China's first aircraft carrier, the CV-16 Liaoning, was commissioned in 2012. This carrier is a Soviet-developed Varyag carrier. The ship was first built in 1988 and

22. Medeiros, *A New Direction for China's Defense Industry*, 166.

landed in Chinese hands in 1998. The PLAN (People Liberation Army Navy) refurbished and upgraded the carrier.[23] While the Liaoning meets the immediate needs of the PLAN, China's inability to domestically produce a carrier could eventually hinder the PLAN's capabilities. It remains to be seen whether the PLAN will be able to repair the Liaoning after mechanical issues took the carrier out of commission.[24] Chinese inexperience in dealing with carrier development and mechanics may mean foreign help will be necessary in order to get the Liaoning to full working order. In the meantime, the PLAN is working to develop the first domestically produced aircraft carrier. The U.S. Department of Defense predicts that this carrier will be complete sometime early next decade.[25]

The case of the PLAN's aircraft carrier acquisition can be viewed as indicative of larger Chinese military acquisition patterns and activity. The PLA continues to pursue a policy of modernization. However, without a defense industrial base capable of producing certain technologies, in this case an aircraft carrier, the PLA is reliant on foreign trade. This can result in outdated technologies and issues with maintaining, upgrading, and repairing technologies. The pursuit of an aircraft carrier is also representative of Chinese investment in non-ground force investments. The PLA has made substantial progress in development and acquisition of these equipment types that are essential for expanding influence internationally.

Implications for Chinese International Relations

With the current focus on development of the Chinese domestic defense industry in the form of privatization and subsidiary growth, it is important to understand the possible future constraints and capabilities that may result. The Chinese military has been historically structured in such a way that it is capable of fighting short duration, high intensity, regional conflicts. Its technological capabilities and holdings reflect this strategy and posture.[26] In this military posture, China need only match the capabilities of other regional powers rather than attempt to match the military power of nations like the United States. Geographic

23. *Annual Report to Congress*, 68.

24. James Holmes, "Relax, China's Aircraft Carrier Is Fine." *The Diplomat*, October 25, 2014.

25. *Annual Report to Congress*, 69.

26. Nathan and Scobell, *China's Search for Security*, 68.

nearness of possible conflicts and the region over which China seeks to exert its influence limits demands on the supply and transit as well as aircraft capabilities. This regional posture led the PLA to become a force focused on the development of ground forces and short range naval and aircraft assets capable of handling continental conflicts and border disputes.

Many have argued that China is beginning to pursue a more international, rather than regional, power role. Rather than being primarily concerned with territorial integrity and unfriendly neighbors, China seems to be more actively concerning itself with international disputes and conflicts. If China continues to move in this direction, stationing more of its military further from the mainland and engaging in conflict outside of the Asia-Pacific region, its force structure will be forced to adapt to provide the capabilities necessary for such a shift.[27] Increased focus on more reaching capabilities, such as those of the PLAN and PLAAF, will be necessary to support this expanded engagement approach. However, this shift will be constrained by the PLA's ability to acquire the equipment necessary to sustain these new operations. An increased focus on long range capabilities requires not only a different set of tactical capabilities but also additional resources directed towards supply chain support and transport.[28]

However, China's recent improvements in the PLAAF fleet as well as aircraft carrier acquisition provide for this shift. These force developments also allow increased communications, surveillance, transport, and supply chain capabilities as well as the ability to establish remote outposts of military power and influence. Ground and air assets can be more quickly deployed to conflicts abroad. Involvement in these conflicts can be more easily and effectively sustained and supported. The increased trans-regional mobility of the modern PLA allows it to expand its reach beyond the East Asian region where it has been primarily concentrated in the past. Combined with continuously advancing tactical capabilities, this expanded reach means the PLA represents a formidable international military threat, power, and influence.

In addition to the ability to support potential military engagement, the PLA's modernization allows it to continue to pursue a policy of "peaceful rise" (or "peaceful development). China intends to rise in

27. Anthony H. Cordesman, *Chinese Military Modernization and Force Development*. Center for Strategic and International Studies, 2013.

28. Medeiros, *A New Direction for China's Defense Industry*, 17.

global prominence in terms of economic, political, and military power but aims to do so peacefully.[29] For the first time, China's military technologies and capabilities rival those of the United States and other traditional major powers. This newfound military power gives China increased soft and political power as it is recognized as a major player in shaping the international security environment. The United States, among others, has acknowledged China's increasing military strength and importance and adjusted its own military posture in response, as well as increased focus on relations with China and other nations in the Asia-Pacific region.[30] With the ability to become meaningfully involved in international conflicts, China represents an important potential ally or enemy. Additionally, China now has increased coercion and deterrence capabilities, allowing them to more easily pursue their own policy goals in the region as well as in a broader international context. The increase in Chinese military power and prestige is expediting China's rise on the international stage.

Conclusion

As Chinese domestic politics and international relations continue to evolve, it is extremely important to understand their implications for defense acquisition and force capabilities. In the past, China's communist history, divisive foreign and domestic policy, and socialist economic vestiges have constrained domestic defense industry as well as international defense trade. Acquisition processes have failed to provide the PLA with technical capabilities efficiently and competitively. This has limited the ability of the PLA to pursue Chinese interests fully, as capability gaps and important defense trade relationships have stood in the way. However, with increasing privatization and defense industry development, the future of domestic production capabilities looks stronger than ever. China stands to be able to support the PLA, and thereby it policy and security objectives, from its own industrial base in the future. Improved military capabilities and overall strength will allow China to pursue its "peaceful rise", becoming an increasingly important international power.

29. Chansoria, Monika. "Rising Dragon: Military Modernization of China's PLA in the 21st Century." *The Journal of East Asian Affairs* 25.1 (2011): 26.

30. Nathan and Scobell, *China's Search for Security*, 220.