Highlights

- The PLA seems to be preparing for a potential attack against Taiwan, with regular military exercises in the region and the development of new capabilities.
- China’s National People’s Congress approved a 1.11 trillion CNY military budget for 2018 to support China’s military modernization program.
- China is stepping up its involvement in security and defense issues in Africa and hosted the first China-Africa Defense and Security Forum in June.
- Beijing continues to expand its out-of-area military facilities, building new military installations in the South China Sea and expanding its base in Djibouti.
- China continues to support the Iran nuclear deal, even after the United States’ withdrawal.

Focus Topic: China may be preparing to take Taiwan by force by 2049

After nearly a decade of relative quiet, the issue of reunification with Taiwan has come back into the spotlight, driven by Xi Jinping’s self-imposed goals to turn China into a global power and the fear that Taipei may move towards declaring formal independence from China. But this time Beijing seems more willing than ever to use force to take the island back. Beijing’s longstanding hostile rhetoric and its efforts to internationally isolate Taiwan are now accompanied by increasingly realistic maneuvers and drills by the PLA around the island and by the rapid development and acquisition of new capabilities designed to target Taiwan. This suggests that military action against Taiwan is no longer an unrealistic proposition in the eyes of the Chinese leadership.

Xi’s priorities have brought reunification with Taiwan back into the spotlight

In October 2017, during his speech to the 19th Communist Party Congress, President Xi Jinping announced that by 2049, the 100th anniversary of the founding of the PRC, China will have achieved the “great rejuvenation of the Chinese nation” and will have become “a strong, democratic, civilized, harmonious and modern socialist country.”

This goal has brought the issue of Taiwan back to the political forefront in Beijing. For the Chinese leadership, reunification with Taiwan is a critical element of these efforts to turn China into a strong socialist country, and a clear obstacle in their quest to return China to global prominence. As Xi Jinping said after the National People’s Congress (NPC) in March 2018, “it is a shared aspiration of all Chinese people and in their basic interests to […] realize China’s complete reunification.” An article published on the website of the official newspaper China Daily days after the 19th Party Congress also unambiguously stated that, “Taiwan [is] integral to national rejuvenation.”

By setting a deadline for “national rejuvenation” by 2049, Xi has created the expectation that progress on reunification with Taiwan will come in the short to medium term and, in any case, before mid-century.
Beijing may resort to force to take back Taiwan

Beijing has long maintained that it would prefer to reunify with Taiwan through peaceful means, although it has never ruled out the use of force. But its longstanding goal of peaceful reunification seems to be losing credibility among the Chinese leadership. Beijing’s plan to win the hearts and minds of the Taiwanese population or to pressure Taipei into surrendering seems to be failing. As demonstrated by recent polls, 75 percent of Taiwanese consider China and Taiwan as two separate countries. And the election of President Tsai Ing-Wen of the Democratic Progressive Party (DPP) in 2016 and the disarray within the more pro-Beijing KMT most likely helped to reinforce this perception.

Calls for action on the Taiwan issue have thus become increasingly frequent among the Chinese leadership. The commander of the PLA Ground Forces, General Han Weiguo, for example, said on the sidelines of the National People’s Congress (NPC) in March 2018 that whereas Beijing would prefer to unify Taiwan by peaceful means, “the problem cannot be postponed indefinitely; it should be solved as quickly as possible.” Xi Jinping has made his own views on the issue abundantly clear. In response to a new US law encouraging exchanges between senior officials from the United States and Taiwan, he announced that, “any actions and tricks to split China are doomed to failure and will meet […] the punishment of history.” This was followed by an editorial in the state-run Global Times newspaper, on March 22, which stated that, “the mainland must also prepare itself for a direct military clash in the Taiwan Straits.” This seems to suggest that Beijing has moved from considering the use of military force against Taiwan as a justified reaction to a potential declaration of independence to seeing it as a potential way to solve the issue of reunification.

The PLA has developed capabilities to target Taiwan

In the past, threats from Beijing to use force against Taiwan lacked credibility, both because of the United States’ support for Taipei, and because of the limited capabilities of the People’s Liberation Army (PLA). China’s rapid military modernization, however, has changed things. Ever since former President Hu Jintao, during the 18th Communist Party Congress in 2012, called for the modernization of the Chinese military, the PLA has focused on rapidly developing or acquiring the capabilities to project power internationally, including some that seem clearly designed to target Taiwan.

Over the past few months, the PLA has launched a new aircraft carrier, new destroyers with anti-air capabilities (such as the Type 052C), as well as new attack submarines, and is deploying fourth-generation naval aircraft designed to achieve superiority within East Asia’s first island chain. China has recently acquired Russian-made S-400 missile systems, which have a range that covers most of the Taiwanese airspace. The PLA has also announced that it is building more landing ships and that it will quadruple the size of its Marine Corps, capabilities that would be necessary for a land invasion of Taiwan.

Given the rapid progress in the modernization of the PLA’s capabilities, Xi has turned his focus to the armed forces’ ability to fight and win wars, with the ultimate goal of turning the PLA into a world-class force by 2049. This has led the PLA to conduct growing numbers of drills and exercises around Taiwan.
The PLA first sent bombers to fly around Taiwan in late 2016, after Tsai Ing-Wen's election. These fly-overs have become increasingly frequent in recent months, with Beijing sending H-6K bombers to encircle the island at least four times between January and June. During one of these encirclement drills, held in May, the PLA sent Su-35 fighter jets to accompany the H-6K bombers for the first time, in a simulation of a real attack against the island. These flights circumnavigating Taiwan serve several purposes: they are a way to rehearse a potential attack, they help put pressure on Taiwan and they also allow the PLA to check the reaction of the Taiwanese Air Force and the country's radars.

Furthermore, in January Beijing also opened a new air corridor for civil aviation in the Taiwan Strait. While seemingly innocuous, this move may make it harder for Taiwan to monitor airspace, potentially allowing Chinese planes to move more freely around the island.

Not only the PLA Air Force (PLAAF) has stepped up its presence near Taiwan. In the past few months Chinese ships have also exercised near Taiwan twice. In April 2018, the PLA Navy (PLAN) conducted a live-fire exercise around the island, marking the first naval exercise in these waters since September 2015. And in June the PLAN conducted yet another combat drill around Taiwan, this time involving its type 052C destroyer for the first time, which has phased array radars and air defense missiles that would be used in case of an attack.

**An attack against Taiwan is likely by 2049**

Driven by Xi Jinping's political goals and the fear that Taiwan is drifting away from China, Beijing is ramping up pressure on Taipei. Beijing's aggressive rhetoric comes hand in hand with the PLA's increased presence around the island and the armed forces' testing of capabilities and maneuvers that would be used in case of an attack against Taiwan. Given these changes, an attack to take back Taiwan by force in the short to medium term cannot be ruled out. The timeline for such a move is unclear, but it seems likely that Beijing will act before 2049, in order to meet Xi's goals of national rejuvenation and turning China into a global power by mid-century.

Whereas a PLA attack on Taiwan would likely have failed in the past, the balance of power in the strait is rapidly shifting, as China's military continues to modernize and invest in new capabilities. The potential for foreign, especially US, intervention in case of a cross-strait war may still act as a deterrent against an unprovoked Chinese attack. This deterrent, however, will only be effective as long as it is believable and as long as the PLA continues to feel inferior to the US armed forces. Given the speed of modernization of China's armed forces, this assessment is likely to change in the not-so-distant future.
Domestic developments

Foreign and Security Policy

- **Arctic Policy white paper published.** China issued its first Arctic Policy white paper in January. The document declared China as a “near-Arctic state” with a major role in Arctic affairs. For the first time, China’s interests in the region were explicitly identified as commercial rather than purely scientific. The white paper called for peaceful, sustainable, and rational “utilization” of the region, especially: development of shipping routes to build a “Polar Silk Road;” oil, gas, and mineral exploration; expanded fisheries; and sustainable tourism promotion. Notably, the paper largely omitted the national security dimension – a major driver of China’s interest in the Arctic.

- **NPC agrees on higher military spending.** As part of China’s ongoing military modernization program, the National People’s Congress in March approved a 1.11 trillion CNY military budget – an 8.1 percent increase year-on-year, and the largest increase in three years. However, China is not transparent about its defense budget. For instance, some military R&D spending and foreign weapons purchases (notably of the Russian Su-35 fighter jet) are not included. China’s civil-military integration further complicates calculations by blurring the lines between military and civilian budgets. Some estimates place China’s actual total military spending at more than double the official figure.

- **Veterans protest for better benefits, Ministry of Veterans Affairs is created.** In June, veterans again protested against poor pensions and post-service benefits, as well as alleged violence against earlier protestors. Following five days of protests in Zhenjiang, Jiangsu, the People’s Armed Police (PAP) were deployed to forcibly disperse at least 1,000 protestors who had gathered from across the country. The welfare of China’s 57 million veterans has been the source of numerous protests in recent years, leading to the April 2018 creation of a Ministry of Veteran Affairs. The new Ministry will seek to centralize veteran policies, including on pensions and retirement benefits, and help veterans into new employment – a key task following the 300,000-cut in the PLA’s headcount announced in 2015.

- **Terrorism remains a major concern.** According to official Chinese claims, there was a 16-fold increase in 2017 in the number of arrests of Chinese nationals seeking to return to China after allegedly participating in jihadist activities abroad, notably in Syria. In April, Ji Zhiye, former president of the China Institutes of Contemporary International Relations (a Ministry of State Security-linked institute, overseen by the Central Committee of the CCP), made these claims. The increase may in part stem from stricter border controls and entry processes.

Force Development and Capabilities

- **Party control of the military is a top priority.** Addressing the Central Military Commission’s (CMC) Discipline Inspection Committee in January, Zhang Youxia, Politburo member and vice chairman of the CMC, called on the committee to resolutely implement Xi Jinping’s policies on strict Party management of the military and improved discipline within the armed forces. Further measures between January and June include:
  - **Armed police ordered to uphold CCP leadership.** Speaking at a January ceremony, Xi ordered the PAP to uphold the Party’s absolute leadership.
- **Inspection into implementation of the "Chairman responsibility system."** The CMC in March began a three-month project to inspect implementation of the “chairman responsibility system,” whereby the CMC Chairman – Xi Jinping – has overall responsibility for the military. The inspection teams will inspect political loyalty and the selection and appointment of officials, among other issues.

- **Coast Guard moved under PAP control.** In March, China’s Coast Guard was placed under the command of the People’s Armed Police, which had recently been moved under the CMC’s exclusive control. The move not only ensures the Party's control over all armed forces but reinforces the Coast Guard’s ability to undertake military activities alongside the PLA Navy. In June the NPC passed a resolution consolidating and expanding the Coast Guard’s statutory responsibilities.

- **Frontier troops transferred from PAP to PLA.** In a further reorganization of China’s armed forces, the country’s frontier forces were in March removed from the PAP’s command and placed under the control of the PLA, simplifying the chain of command into an exclusively military structure.

- **New regulations to further modernize the PLA.** Between January and June, the Central Military Commission (CMC) approved several new regulations to improve the effectiveness of China’s armed forces, including:
  - **Military training regulations and guidelines.** The CMC in January approved new training regulations for the PLA. The new regulations target improved combat effectiveness by mandating actual combat training, joint training of all branches to promote “jointness,” and the upholding of the Party’s control of the military.
  - **CMC inspection work regulations.** The CMC’s inspection work regulations took effect on 15 January. These regulations set the parameters for the CMC’s inspection work within the military, aimed at improving discipline, centralization, and Party control within the armed forces – and the broader goal of modernizing China’s military.
  - **PLA profit-making work to be phased out.** The general offices of the CCP Central Committee, the State Council, and the CMC released a circular in June reiterating the importance of phasing out the PLA’s profit-making contract work, a process that begun in 2016. All projects that seek profit, deviate from the military’s core responsibilities, or provide solely civilian services, shall be terminated by the end of 2018.

- **Xi stresses building elite maritime force during navy inspection.** During a visit to Shandong-based naval forces on June 11, Xi called for the development of an elite maritime force through ideological work, targeted training, and top-level equipment.

- **Further developments in Civil-Military Integration (CMI):**
  - **Xi stresses CMI in new era.** Chairing a plenary session of the Central Commission for Integrated Military and Civilian Development in March, Xi called for deeper military-civilian integration in the new era. The meeting also adopted a guideline on military-civilian integration, a working plan for the Central Commission in 2018 and a plan for building innovation demonstration zones of national civil-military integration.
  - **PLA Air Force enlists courier companies for logistics help.** Private courier company SF Express has begun cargo flights to Tibet, with unspecified assistance from the PLA. In return, space on the flights will be reserved for PLA military cargo. The PLA has also signed broader agreements with five courier companies to support PLA logistics development. The application of SF Express drones was tested in various scenarios and found to outperform conventional delivery methods in military delivery exercises.
• **4,038 patents declassified** To aid military-civilian integration, 4,038 military patents were declassified in April. Registered within the previous three years, they were deemed especially conducive to civilian-military cross-pollination, in sectors including materials, measurement and testing, radar detection, and telecommunication technologies.

• **PLA unveils new equipment and capabilities.**
  - The PLA Navy’s Type 001A aircraft carrier – China’s first domestically-developed carrier – began its maiden sea trials in April. Shanghai Jiangnan Shipyard Group also confirmed it had begun work on the PLAN’s third aircraft carrier, which is likely to feature catapult-assisted takeoff. The People’s Daily also reported in February that the Type 072 III landing ship has been equipped with a prototype electromagnetic railgun. Besides, the PLAN’s South China Sea Fleet announced the deployment of the H-6G bomber, a new type of electronic warfare aircraft fitted with electronic countermeasure pods for electronic jamming, suppression, and anti-radiation.
  - The PLA Air Force (PLAAF) commissioned an undisclosed number of Russian-made Su-35 fighters in April. The Y-20 heavy transport aircraft and the J-20 fifth-generation stealth fighter were also confirmed to have entered service with the PLAAF.
  - The PLA Ground Force announced in January that the Changhe Z-18A transport helicopter had entered service.
  - The PLA Rocket Force (PLARF) commissioned the Dongfeng-26 medium- and long-range ballistic missile, which is capable of carrying both nuclear and conventional payloads. The PLARF also reportedly received the first regimental set of Russian-made Almaz-Antey S-400 Triumph self-propelled surface-to-air missiles in March.

• **China conducts several missile tests.** China’s Ministry of Defense announced in February the successful testing of a ground-based midcourse interceptor missile defense system. Furthermore, China is reportedly flight-testing an unnamed nuclear-capable air-launched ballistic missile together with a new long-range strategic bomber as a delivery platform, dubbed respectively CH-AS-X-13 and H6X1/H-6N by the US intelligence community. US intelligence estimates the system will be ready for deployment around 2025 and will be capable of striking the contiguous United States.

• **China’s defense industry announces new developments:**
  - **Wing Loong II UAV is combat-ready.** The Aviation Industry Corporation of China has reported that its domestically-developed Wing Loong II reconnaissance-strike unmanned aerial vehicle (UAV) is combat-ready following successful testing.
  - **First run for maritime unmanned vessel.** The Huster-68 unmanned surface vessel, developed by the Shenzhen Huazhong University of Science and Technology and intended to search for, investigate, and block seaborne targets, was successfully tested in February.
  - **Hypersonic drone model successfully tested.** Science and Technology Daily reported that a scaled-down prototype for a hypersonic drone was successfully tested in February. The vehicle reportedly reached Mach 5 (over 6,000 km/h) at orbital altitude before returning safely to earth. The full-scale space plane is intended to achieve the ability to penetrate missile defense systems as well as to lift tourists and other loads to space.
  - **China claims to have developed a laser assault rifle.** The ZKZM-500 portable laser assault rifle – developed by the Xi’an Institute of Optics and Precision Mechanics – is reportedly ready for mass production and could soon be used by PAP anti-terrorism squads, amongst others. The weapon fires a 15-millimeter diameter laser and is reportedly capable of firing one thousand two-second, non-lethal shots, but details are so far scarce.
CH-4 drone in combat use in Iraq. In February, the Iraqi Ministry of Defense released a video highlighting the operational performance of its fleet of Chinese-made CH-4B drones in more than 260 combat sorties against ISIS. Separately, China Aerospace Science and Technology Corporation, manufacturer of the CH-4, reported the system had a 96-percent accuracy rate, based on more than 400 missiles fired in over 1,000 sorties. The company’s knowledge of sorties conducted by foreign governments indicates likely data harvesting during technical support.
Security diplomacy

Defense Diplomacy

High-level meetings

- **CMC members meet high-ranking foreign defense officials.** Between January and June, CMC members met with officials from about 20 countries, both in Beijing and abroad. Most of these countries are located in Central or South East Asia, and are part of China’s Belt and Road Initiative.

- **Xi Jinping meets Kim Jong Un to discuss North Korea crisis.** Kim Jong Un made three visits to China in the first half of 2018. The first visit – conducted in secrecy in March and only announced after its completion – marked Kim’s first meeting with a foreign leader since taking power in 2011. This visit, together with a second to Dalian in May, came ahead of the Trump-Kim summit in Singapore, while the third, a week after the Singapore summit in June, was interpreted as an opportunity for Kim to debrief Chinese interlocutors on his meetings with Trump. Rhetoric used by both sides around the meetings stressed the two states’ historical ties, with Kim reportedly telling Xi that PRC-DPRK relations were like those amongst family members.

- **First China-Africa Defense Forum takes place in Beijing.** Beijing hosted the inaugural China-Africa Defense and Security Forum in June. The two-week event brought together high-ranking military officials from China and 49 African nations, as well as African Union officials. Security cooperation has become an increasingly important element of China-Africa relations, with Xi Jinping having pledged 100 million USD in military assistance to the AU in 2015.

- **US Defense Secretary Mattis visits Beijing.** US Defense Secretary Jim Mattis in June visited Beijing for meetings with his Chinese counterpart Wei Fenghe as well as Xi Jinping – the first such visit by a US Secretary of Defense since 2014. Ahead of the visit, which came amidst tensions linked to the South China Sea, Taiwan, and trade, Mattis stated that he wanted “to have a conversation.” According to Chinese state media, Xi told Mattis that, “we cannot lose even one inch of the territory left behind by our ancestors.”
Military aid and training

- **Cambodia receives Chinese military aid ahead of elections.** On the occasion of the second Sino-Cambodian joint military exercises, dubbed Golden Dragon, this March, China donated approximately 100 tanks and armored personnel carriers to the Cambodian army in a bid to strengthen ties between the two militaries. Amid cooling US-Cambodia relations China pledged more than 100 million USD in military aid ahead of Cambodia’s July general election.

- **China-built military training center opens in Tanzania.** Tanzanian President John Magafuli in February opened the Chinese-built Comprehensive Training Center, located at Mapinga on the Tanzanian coast. At a cost of 30 million USD, the Center will provide the Tanzania People’s Defence Forces modern training, including in amphibious landing and counter-terrorism operations. China had also previously constructed the Tanzanian Military Academy.

- **China increases military relations with Latin America.** Between January and June, the PLA donated military vehicles to the armed forces of Barbados, Dominica and Uruguay. Latin American generals are reportedly being invited on all-expenses-paid study trips to China, according to commander of the US Southern Command Admiral Kurt Tidd’s testimony before the US Senate Armed Services Committee in February.
- **PAP hosts international counter-terrorism forum.** The People’s Armed Police in May hosted the Great Wall 2018 International Forum on Counter-Terrorism in Beijing. The four-day event – focused on mountain counter-terrorism strategy – was attended by military and police representatives from 28 countries, including France, Pakistan, Egypt, and Mexico.

**Port calls and joint exercises**

- **PLA Navy ships visit African countries.** On their way back to China after completing their anti-piracy missions in the Gulf of Aden, the 27th and 28th escort task forces visited several strategically important ports in Africa, including Morocco, Ghana and South Africa.

- **PLA participates in twelve joint drills and exercises.** Between January and June, the PLA participated in several, mostly non-combat joint drills, with a focus on humanitarian rescue and passage exercises. However, Chinese forces also participated in a handful of larger multinational exercises, including Komodo 2018 in Indonesia and Khaan Quest 2018 in Mongolia, both of which involved around 25 countries total, including the US, Russia, France and Germany, among others.

- **China disinvited from RIMPAC.** The United States in May rescinded an invitation to China to participate in the 2018 edition of its biennial Rim of the Pacific Exercise. The disinvitation came in response to China’s militarization of the South China Sea. The US Department of Defense cited China’s actions as “inconsistent with the principles and purposes of the RIMPAC exercise.” China previously participated in the 2014 and 2016 exercises. Chinese Foreign Minister Wang Yi criticized the move as indicative of a “negative mindset.”
Leadership in Regional Security Frameworks

- **SCO summit held in China, Iran attends.** In June, Qingdao hosted the latest summit of the Shanghai Cooperation Organization – the first attended by India and Pakistan as full members, following their accession in 2017. UN Deputy Secretary General Amina Mohammed, speaking at the summit plenary session, said the move showed the SCO “is assuming even greater importance” and “will have implications for peace, stability, and prosperity across the region and far beyond.” Also notable – in the context of the US withdrawal from the Joint Comprehensive Plan of Action (JCPOA) – was the attendance of Iranian President Hassan Rouhani. Iran has observer status at the SCO – and is an applicant member since 2008. The summit’s Qingdao Declaration focused on counter-terrorism and non-interference in domestic affairs, reflecting China’s security priorities. However, India continued to refuse to endorse the BRI in the Summit Declaration – Delhi being the only SCO member to withhold its support.

- **8th China-ASEAN Defense Ministers Informal Forum.** In February, the eighth edition of the China-ASEAN Defense Ministers Informal Forum was held in Singapore. Co-chaired by Singaporean Defense Minister Ng Eng Hen and China’s Minister of Defense Chang Wanquan, the forum welcomed the first China-ASEAN maritime exercises, scheduled to take place in 2018.
Conflict Prevention and Resolution

- **China-Japan hotline opens.** China and Japan in June opened the Maritime and Aerial Communication Mechanism to avoid accidental escalation around disputed territory in the East China Sea. Following years of deadlock after an initial agreement in 2007, the hotline became operational in May.

- **China and India agree to improve mil-to-mil communication.** During Indian Prime Minister Narendra Modi’s April visit to Wuhan to meet with Xi Jinping, the two sides agreed to enhance military-to-military communication around the disputed China-Bhutan-India borders – including the Doklam plateau, the scene of several standoffs in 2017 which had exposed the limitations of the two countries’ low and midlevel military communication channels in case of crisis.

- **China reiterates support for Israel-Palestine two-state solution.** Addressing the UN Security Council’s quarterly open debate on Palestine, PRC Deputy Permanent Representative to the UN Wu Haitao reiterated China’s support for a two-state solution based on 1967 borders. China continues to advocate for its own four-point proposal, which calls for a two-state solution, adherence to durable security, coordinated international efforts and a holistic approach to promote peace through development.

- **Iran, China discuss Syria in Sochi.** Chinese and Iranian diplomats met on the sidelines of a Syria peace conference hosted by Russia in Sochi in January. The talks extended a trilateral Russia-Iran-Turkey process previously hosted in Kazakhstan. The United States, France, and the United Kingdom did not accept Russia’s invitation to attend as fellow UN Security Council permanent members. Xie Xiaoyuan, China’s special envoy to Syria, and Hossein Jaberi Ansari, special assistant for political affairs to the Iranian foreign minister, agreed that cooperation was needed between Tehran and Beijing to achieve peace in Syria.

- **China engages Baloch militants for CPEC security.** The Financial Times in February reported that China has been holding talks with Baloch separatists for over five years in order to protect its 60 billion USD investments in the CPEC. According to a Pakistani official, “the Chinese have quietly made a lot of progress.” Citing further Pakistani officials, the FT reported that the content of China’s talks has not been shared with the Pakistani government. China’s Ministry of Foreign Affairs refused to confirm the reported talks.

- **China tries to bring Afghanistan-Pakistan closer.** China continued efforts to revive Afghan peace talks with the Taliban, meeting in January in Pakistan with Taliban representatives, alongside Pakistan and Qatar. A delegation of five officials traveled from the Taliban’s Qatar-based Political Office to Islamabad for discussions on establishing a durable peace process. In May Beijing hosted the third China-Afghanistan-Pakistan Trilateral Vice Foreign Ministers’ Strategic Dialogue – the latest in a series begun by China in 2015 to ease Afghan-Pakistani tensions centered on the Taliban’s use of Pakistani bases to launch attacks into Afghanistan. Peace between Pakistan and Afghanistan is essential for the development of the BRI.

Law Enforcement Cooperation

- **China seeks extradition of Uighurs from Malaysia.** China in February sought the deportation to China of eleven Uighurs detained in Malaysia following their escape from detention in Thailand. The eleven were part of a larger group of over 200 Uighurs detained in Thailand in 2014 following raids on people traffickers close to the Thai-Malaysian border. More than 100 members of the group were forcibly removed to China in July 2015, causing international criticism amid concerns about their likely treatment in China. Malaysia does not have an extradition treaty with China.
- **Tajikistan extradites economic crime suspect to China.** A man suspected of committing economic crimes was extradited to China from Tajikistan in March. He had been apprehended in February following a 2015 arrest warrant issued by Shanxi police. The extradition is a success for China’s Fox Hunt campaign targeting economic crime and corruption suspects who have fled overseas.

- **Spain transfers evidence, extradites two Taiwanese nationals to China.** In June, Spanish police transferred evidence to their Chinese counterparts as part of the operation The Wall, a joint investigation begun in 2016 by Spanish and Chinese police into Spain-based telecommunications fraud targeting China. This followed Spain’s deportation in May of two Taiwanese suspects to China (of 269 suspects arrested in the case in 2016, 219 are Taiwanese nationals), a move criticized by UN human rights experts. Spain has an extradition treaty with China.

- **Laos transfers 104 telecom fraud suspects to China.** Lao authorities in January conducted a handover ceremony at Vientiane’s Wattay International Airport for the transfer of 104 suspects to Chinese police. The suspects’ alleged telecommunications fraud operations in Vientiane and Luang Prabang province were disrupted by a joint investigation by Chinese and Lao police.

- **Philippines extradites 78 Taiwanese fraud suspects to China.** Manila in April deported 78 Taiwanese nationals arrested in the Philippines on suspicion of cyber fraud. The suspects had allegedly targeted approximately 100 Chinese business owners and had entered the Philippines on tourist visas.
Force projection

Military Operations Other Than War

Peacekeeping Operations

- **Chinese participation in UN peacekeeping continues.** Between January and July, China continued its participation in eight existing UN peacekeeping operations. Total deployment remained broadly stable, with 2,519 personnel deployed at the end of June. China’s largest single ongoing participation in a UN peacekeeping mission remains in South Sudan. In March, China completed its 14-year peacekeeping deployment in Liberia.

Counter-piracy

- **China continues participation in counter-piracy operations in Gulf of Aden.** The PLA Navy’s 28th and 29th task forces continued counter-piracy operations in the Gulf of Aden, including escorting and protecting commercial shipping.

Humanitarian Assistance/Disaster Relief

- **PLA medical teams deploy abroad.** Chinese military medical teams were present in Zambia, Ethiopia, Cambodia, Sierra Leone, Morocco and Sudan between January and June. Most of these deployments are regular year-long missions to work in the hospitals of the local armed forces and provide medical assistance to local communities. The 21st Chinese military medical team to provide medical assistance to Zambia, for example, departed for Lusaka in January and will provide services and training at the General Hospital of the Zambian Defense Forces.
**Troop Deployments and Counter-terrorism**

- **Nuclear submarine spotted near Senkaku Islands.** Japanese Self-Defense Forces in January detected a Chinese Shang-class nuclear attack submarine submerged close to Japanese territorial waters near the Senkaku Islands (Diaoyu Islands in Chinese). The submarine surfaced and raised a Chinese flag in international waters. The submarine’s presence was interpreted by Japan’s Ministry of Defense as intended to test Japan’s patrol and detection capabilities. Tokyo lodged a complaint with Beijing.

- **PLA puts on show of force in South China Sea, Taiwan Strait.** The PLA navy carried out several drills and exercises in the contested South China Sea and Taiwan Strait regions between January and June. One of these drills, conducted on April 18, included a live-fire exercise in waters near Taiwan. This show of force came amid rising trade tensions between China and the United States and US freedom of navigation patrols near the disputed Spratly islands.

- **China reportedly occupies north Doklam.** Indian media in January reported that satellite imagery showed the PLA had entrenched itself in north Doklam – in contrast to its perceived withdrawal following the 2017 standoff. Images showed significant infantry presence, as well as newly constructed infrastructure including helipads, trenches, and an observation tower. Tensions between China and India rose again in April ahead of Indian Prime Minister Narendra Modi’s Wuhan visit, when Beijing called on
India to “respect and obey” the Line of Actual Control, and protested Indian military patrols in Arunachal Pradesh.

**Out-of-area Logistics**

- **China continues militarization of disputed South China Sea islands.** Photographs published in February by the Filipino newspaper *Philippine Daily Inquirer* revealed the extent of Chinese military construction activities in the Spratly Island chain. The photographs, mostly taken between June and December 2017, showed a range of military installations, including runways, hangars and control towers on several reefs. In May, China for the first time landed strategic bombers on an airfield in the South China Sea. Video released by the Ministry of National Defense indicates that the landing and takeoff exercises were conducted at Woody Island in the Paracels.

- **UK, France sail ships through South China Sea.** France and the UK in June conducted joint freedom of navigation operations in the South China Sea. A French maritime task group, joined by UK helicopters and vessels, passed through the Mischief, Subi, and Fiery Cross Reefs and were followed by Chinese naval vessels.

- **China denies planned bases in Afghanistan, Vanuatu.** The Chinese Ministry of National Defense in January dismissed as “groundless” reports – originally published by Russian media and subsequently reported in US and Chinese state media – that China intends to build a military base in northern Afghanistan. Similarly, in April both Beijing and the government of Vanuatu denied reports in the Australian media that they were discussing a potential Chinese military base in the country. However, Vanuatu – a recipient of Chinese development aid – remains a plausible site for a tracking station to support China’s space rocket program.

- **Djibouti base continues to expand.** China’s Ministry of Defense in June announced that China is constructing a new anti-piracy facility at its Djibouti base – China’s first permanent overseas base. The announcement followed Western media reports that China was building a naval dock at the site, after satellite imagery showed a pier was under construction in April and May. In May, the Pentagon also complained to China that US military pilots flying into and out of the US Camp Lemonnier base in Djibouti had been targeted – and in one case injured – with military-grade laser beams shone into cockpits from China’s neighboring military base. The United States called on China to investigate the 10 incidents, but Beijing denied the allegations.

**Cyber and Space Capabilities**

- **China launches new rockets and satellites.** In January, China launched the Long March 11 solid-propellant rocket bearing a load of five Chinese SmallSats and one Canadian CubeSat. The launch was one of 35 planned for 2018 by China Aerospace Science and Technology Corporation. February also saw the launch of two further Beidou navigation and positioning satellites into medium Earth orbit. The satellites are number 28 and 29 deployed in the Beidou system to date, representing Beidou’s third stage, which extends coverage to countries included in the Belt and Road Initiative (BRI). Global coverage is planned by 2020.

- **Overseas Beidou center set up in Tunisia.** The China-Arab Beidou System/Global Navigation Satellite System Center, the first overseas Beidou “center of excellence,” was inaugurated in Tunisia in April. The Center is co-managed by the China Satellite Navigation Office and the Arab Information and Communication Technologies Organization, and will promote the Beidou system in Arab countries, including through research and training.
- **China launches first privately-designed rocket.** In May, China for the first time launched a privately developed rocket, the Chongqing Liangjiang Star. The solid-fuel rocket was designed by Beijing-based private company OneSpace Technology, which aims to conduct ten carrier rocket missions in 2019.

- **China reportedly spying on AU headquarters.** Security audits by the African Union's technical staff have revealed suspected Chinese cyber espionage at the organization's Addis Ababa headquarters, built by China in 2012 to the tune of 200 million USD. Analysis revealed peak transfers of AU internal data to servers in Shanghai between 12 pm and 2 am – whilst the offices in Ethiopia were empty. China denied the claims initially reported in international media in January.

- **China hacked US Navy contractor and took sensitive data on submarine warfare.** In June, US officials reported Chinese hackers had earlier in 2018 compromised a US Navy contractor’s system and stolen 614 gigabytes of sensitive data on undersea warfare, including secret plans for a supersonic anti-ship missile for deployment aboard US submarines by 2020. Although highly sensitive, the data had been housed in the contractor’s unclassified network.

- **Chinese hackers target satellite and defense firms.** US cybersecurity firm Symantec in June reported that the Chinese hacking group Thrip has been conducting a hacking campaign targeting satellite operators, telecommunication companies, and defense contractors in the United States and Southeast Asia since at least January 2018. Symantec’s analysis indicated that Thrip targeted operational elements of satellite systems, suggesting that – beyond simple espionage – the group is seeking the ability to control and disrupt satellite systems.
Global security architecture

Influence in the UN

- **China supports Russia in bid to condemn US-led strikes on Syria.** On April 14, Russia presented a bid for the UN Security Council to condemn US, British and French air strikes on Syria over suspected chemical weapons attacks by Bashar al-Assad’s regime. The bid failed after it only obtained China’s and Bolivia’s support. China and Russia have repeatedly shielded the Syrian government from UN condemnations and investigations.

- **China, United States clash at UN Human Rights Council.** In March, China led a resolution at the UN Human Rights Council for the second time in nearly 12 years. This resolution, titled “Promoting mutually beneficial cooperation in the field of human rights” was adopted with 28 votes in favor, 17 abstentions and a single “no” vote from the United States. The US delegation accused China of trying to weaken the UN human rights systems with “feel good language.” Three months later, in June, the United States pulled out of the UN Human Rights Council, calling it a “mockery of human rights” for allowing China, among other countries, to join, and for its repeated criticism of Israel.

- **China continues to defend Myanmar government at the UN.** Media reports suggest that China is still blocking UN Security Council attempts to start an investigation into human rights violations in Myanmar’s dealing with the Rohingya crisis.

Non-Proliferation

- **China reiterates non-first use of nuclear weapons.** Speaking at the Munich Security Conference in February, Fu Ying, chair of the NPC’s Foreign Affairs Committee, stressed that China maintains a small, defensive nuclear arsenal for minimum deterrence and remains committed to its non-first use policy.

- **China criticizes new US nuclear posture review.** China in February accused the United States of having a “Cold War mentality” following the release of its 2018 Nuclear Posture Review – the first of the Trump administration. This document recommended the development of flexible, low-yield, non-strategic nuclear weapons, and “tailored deterrence” aimed at China, which suggested that a limited nuclear strike may be used in response to non-nuclear aggression from China. China’s Ministry of Defense called on the United States to “assume its special disarmament responsibilities, correctly understand China’s strategic intentions and objectively view China’s national defense and military buildup.”

- **China continues to support Iran nuclear deal, attends talks in Vienna.** Ahead of the Trump administration’s May 8 decision to withdraw from the 2015 Joint Comprehensive Plan of Action (JCPOA), China voiced its continued support for the nuclear deal with Iran. Meeting in January with the Chairman of the Iranian Parliament’s Committee on National Security and Foreign Policy, China’s foreign minister Wang Yi stated that Beijing would continue to work with Tehran to protect the agreement. Following the announcement of the United States’ withdrawal, China in May attended talks in Vienna with Iran, alongside the EU, France, the UK, Germany and Russia, to discuss a potential new deal and ways to salvage the old one.
Global Cyber Governance

- **Xi calls for reform of global cyberspace governance.** At a national conference on cybersecurity and informatization held in Beijing from April 20-21, Xi Jinping called for China to grasp the historic opportunity for informatization development in order to build the country’s strength in cyberspace. He also called for the reform of the global cyberspace governance system, following a “multilateral approach” with participation from governments, international organizations, the private sector and individuals.