

When will China attack?

The four main factors that will influence the timing of China's attack are:

1. Readiness of the Chinese military.
2. State of the fill of the Chinese strategic petroleum reserve.
3. The US presidential election cycle
4. State of the Chinese domestic economy

Readiness of the Chinese military

China's naval building programme is discussed in a recent report by the Congressional Research Service: [China Naval Modernization: Implications for U.S. Navy Capabilities – Background and Issues for Congress](#). Table 5 in that report suggests that there has been no acceleration in Chinese naval shipbuilding in recent years. The total number of vessels in the Chinese fleet approached 300 with almost a third of those being small, missile-armed fast attack craft. Qualitatively there has been a large improvement in the Chinese navy in recent years, as well as the army and air force. The Chinese are likely to think that they have sufficient forces for a naval and air battle against Japan, with or without Japan being supported by the United States.

The excuse that the Chinese are likely to provide for an attack in Japan is their view that the Senkaku Islands are rightfully theirs. In itself the uninhabited Senkaku Islands are not much of a prize. They are too small and steep to host an airfield and basing any permanent forces on these islands would be difficult. Seizure of the Senkaku Islands could be effected by landing troops by helicopter but it would be a difficult position to hold. The Senkaku Islands are 340 km from the Chinese mainland and 160 km north of the Yaeyama Islands, part of the Japanese Ryuku island chain. The Yaeyama Islands are 250 km east of Taiwan.

If the Chinese were to be successful in seizing and holding the Senkaku Islands, only a little more effort would be needed, morally and militarily, to seize and hold the Yaeyama Islands as well. The Yaeyama Islands are currently home to 47,000 Japanese. Relative to the size of the war required with Japan, the Senkaku Islands would not be much of a prize. The Yaeyama Islands would provide plenty of basing opportunities and have the benefit of enveloping Taiwan, significantly reducing the amount of military effort required to subjugate that island nation.

A Chinese plan for seizing the Yaeyama Islands would likely involve staging naval exercises southeast of Taiwan and from that position attacking the Yaeyamas from the south. This would be combined with swarming of fast missile attack boats from the mainland to the northwest. The first stage of the attack would involve Chinese special forces seizing the four airfields in the Yaeyamas, denying them to the Japanese and making the defence of the Chinese positions much easier. The Japanese may get only as little as half an hour's warning of the Chinese attack. The Chinese may be able to concentrate 40 capital ships and 40 fast attack missile boats in the Yaeyama Islands overnight. China would rush reinforcements into the airfields that it was able to capture intact. Japan would then be in a difficult position of trying to recapture the islands with a traditional opposed landing.

Taiwan is very likely to remain neutral in a Chinese attack on Japan. Amongst other things, China and Taiwan are mutually supportive in their claims on islands in the Spratly group in the South China Sea.

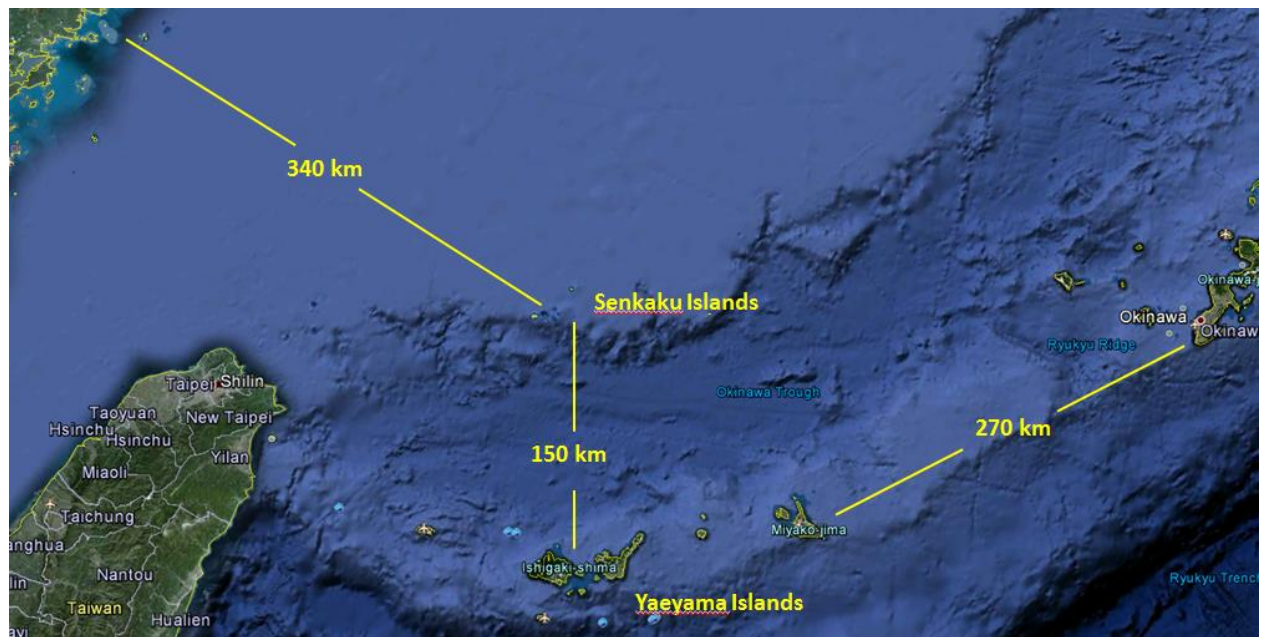


Figure 1: Location of the Senkaku and Yaeyama Islands relative to the Chinese Mainland, Taiwan and Okinawa

China probably feels that it currently has sufficient forces for an attack on Japan. It is unlikely to attack US forces on Okinawa in the hope that the US does not honor its treaty obligations with Japan. China's increased tempo of military exercises in 2013 will help disguise the concentration of forces for the attack.

State of the fill of the Chinese strategic petroleum reserve

Chinese oil consumption has risen strongly along with its economic growth, currently consuming about 9 million barrels per day of which a half of that is produced domestically. China started building a strategic petroleum reserve in 2004 with an initial capacity of 103 million barrels. Construction of Phase 2 of the stockbuild with a further 169 million barrels began in 2009. This is believed to have been completed in 2012. Phase 3 of another 169 million barrels in storage is now in train. At current average rates of filling of the strategic petroleum reserve of 74 million barrels per annum, China has the capacity to complete Phase 3 by 2015, five years ahead of its announced schedule. China also has mandated commercial reserves of 209 million barrels. Beyond all that, China has commercial storage capacity equivalent to 1,700 million barrels.

China is unlikely to launch an attack which might result in the blockade of its ports until it has substantially filled its strategic petroleum reserve. That might be as early as 2015, or even earlier. The current embargo on Iranian oil has resulted in China being able to fill its strategic petroleum reserve with heavily discounted Iranian oil.

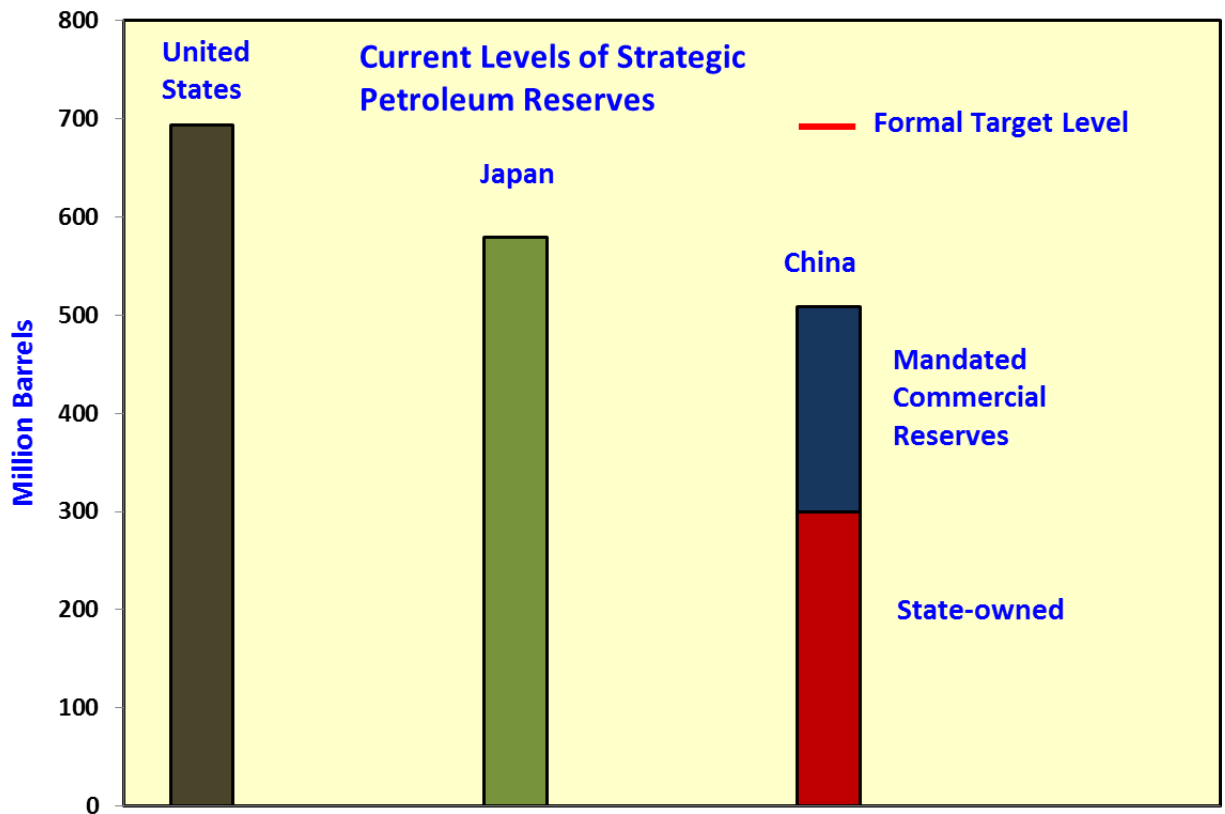


Figure 2: Strategic petroleum reserves of the United States, Japan and China

The US Presidential election cycle

In the east Asian region, the US has mutual defence treaties with Japan, South Korea and the Philippines. The big question is whether or not the US will honour its treaty obligations if Japan is attacked by China over the possession of minor islands. The current US president, President Obama, has drawn red lines on a couple of issues (the use of chemical weapons in Syria and Iranian possession of a nuclear bomb). He has reneged on the first of these commitments and it appears that he is in the process of reneging on the second. Another pointer to his likely actions in the event of a China-Japan war is the months of vacillation before he committed to the small airborne special forces assault on Bin Laden's residence in Pakistan. All these things suggest that President Obama is likely to dishonour the US treaty obligations to Japan.

The Chinese are likely to be aware of that. They are therefore likely to attack before the US presidential election in 2016 while the window of a dishonouring US is available to them.

State of the Chinese domestic economy

The Chinese economy has undergone strength growth over the last 15 years as profits from manufactured exports have been recycled into domestic housing stock build and infrastructure build. As a bubble economy, China's economy is very likely to contract as the credit-fuelled housing boom winds back. The legitimacy of the

Chinese Communist Party in ruling China as a hereditary nobility is conditional upon continually rising living standards. When growth falters, the Politburo will switch to getting its legitimacy from leading the country in war. The amount of emotional investment in remembering the century of humiliation means that the only target that could satisfy that emotional investment is Japan.

Summary

The confluence of events over the next few years is likely to result in China attacking Japan in the window 2014 to mid-2016.