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# China boosts military spending warning Taiwan

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**Beijing:** China's military budget will increase 14.7 percent this year to 35 billion dollars, a senior official said, amid warnings that Taiwan's "secessionist forces" were moving towards independence.

"According to the draft budget given to this year's congress by the State Council, the proposed national defense expenditures for 2006 total 283.8 billion yuan (35 billion dollars)... up 14.7 percent from last year's," said Jiang Enzhu, a spokesman for the National People's Congress (NPC).

"I want to stress that China is a peace-loving country... China insists on a road of peaceful development and China has no desire nor the ability to considerably expand its military armaments," Jiang told a press conference.

The National People's Congress, which is constitutionally the state's highest body, opens on Sunday and is expected to approve the budget.

Military expenses are expected to constitute 7.4 percent of the nation's fiscal budget, roughly the same level as in the past few years, Jiang said.

The defense budget was "still relatively low" compared with other countries like the United States which spent 401.7 billion dollars in 2005, he said.

Jiang said most of the increase in military spending would go to raising salaries of military personnel and overcoming the increase in rising global oil prices.

"We also need to appropriately increase funds for building armaments and raise the defense and combat capability of the army," Jiang said.

At the same time, Jiang warned that Taiwan's recent move to scrap an advisory council on unification and its accompanying guidelines was a "dangerous step" that threatens cross-strait peace.

"This is a dangerous step on the road towards 'Taiwan independence'," Jiang said.

"It is a grave provocation of the 'one China principle'... and the status of peace and stability across the Taiwan Strait," he said.

Taiwan President Chen Shui-bian defied pressure from Beijing and Washington this

week by formally scrapping the council and its guidelines.

The council was considered largely symbolic and had been dormant since 2000 but his decision infuriated Beijing, which accused independence-minded Chen of pushing the region towards disaster.

"It's our steadfast will and determination to oppose 'Taiwan independence' secessionist forces and activities, maintain peace across the Taiwan Strait and safeguard China's state sovereignty and territorial integrity," he said.

Parliament last year passed an anti-secession law which gives the Chinese military the legal basis to attack Taiwan if it moves towards independence.

China and Taiwan split in 1949 after the Nationalist forces lost a civil war to the communists and fled to the island. China has since viewed Taiwan as part of its territory to be reunified, by force if necessary.

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(Below is a quick and concise summary of China's recently publicized military budget changes for 2006. Prepared by **Alexander Krauss**: Volunteer/intern at IPB. Originally from Canada, he has received his Bachelor in Philosophy in the US and is currently studying International Relations, in which he is in his last year of the master's program in Heidelberg, Germany.)

## **The growth of Chinese military expenditures is 'sky rocketing', although unfortunately not their transparency**

Beijing has announced that its military spending will rise by 14.7% in 2006 (BBC NEWS). This should not be a startling finding for the international community, since the Chinese Defense Department has enjoyed double-digit growth the past 17 years. The justification for its increase was that much of it is needed to boost soldiers' pay and to cover rising fuel prices. China, owning the world's largest army, claims their military budget was \$29.9bn in 2005. However according to the Stockholm International Peace Research Institute (SIPRI) – a leading think tank on military expenses – the total for 2004 (latest data) was \$35.4bn and the Rand Corporation (RAND), another independent research group, gives estimates of between \$42-51bn for 2004. What is astonishing is that the Pentagon inflates the figure to a projected \$90bn.

These conflicting figures lead to accusations from both governments: according to Washington, Beijing is understating its budget and according to Beijing, Washington overstates China's budget. Many observers believe transparency is a questionable issue in China's capital and the lack of it creates distrust in the international community – above all from Japan and the US. The undervalued Yuan has only intensified these problems. Chinese parliamentary spokesman, Mr. Jiang, attempted

to ease tensions by stating: "China's defense budget has risen in recent years along with the development of its economy" (BBC NEWS).

In spite of the differing calculations between governments and independent organizations concerning the military spending of the People's Republic of China, in reality China's military expenses make up less than 8% of the US military budget (according to SIPRI). This was the main logic behind Mr. Jiang's assertion (speaking on behalf of the Chinese government) that China is only in support of "peaceful development."

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## **Sources**

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SIPRI: <http://www.sipri.org/>

Rand Corporation: <http://www.rand.org/>