

# Get Ready for the Second Phase of Chinese Military Reform

David M. Finkelstein

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**Approved by:**

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A handwritten signature in black ink that reads "David M. Finkelstein".

Dr. David M. Finkelstein  
Vice President & Director  
CNA China Studies

## Executive Summary

- On 2-3 December 2016, Xi Jinping convened and chaired the “Central Military Commission Work Conference on Armed Forces Scale, Structure and Force Composition Reform,” a very good indicator that the second phase of Chinese military reform is about to unfold in 2017.
- The focus of the meeting, and of a major speech by Xi Jinping, was the need to rationalize the “size, structure, and organization” of the People’s Liberation Army (PLA) in order to comport with changes in modern warfare, adjustments to China’s security situation, and the expanding missions of the Chinese armed forces.
- While specifics are few at this point, it is highly likely that impending organizational changes will involve reducing the overall size of the PLA, rebalancing the numbers among the services, and reorganizing some units in some services.
- In 2017 we should expect the commencement of the 300,000-person reduction in force (RIF) that Xi Jinping announced in September 2015.
- Also to be expected in 2017, in conjunction with the RIF, is a rebalancing of numbers between the services—that is, between the PLA Army, PLA Navy, PLA Air Force, and PLA Rocket Force.
- The PLA Army will likely take the brunt of the reduction, and the PLA Navy and Air Force are expected to increase in size, although it is impossible at this point to speculate about numbers.
- Along with the reduction in force, we should also expect to see the reorganization of some operational units across the services. Once again, details are lacking at this point. Certainly the PLA Army will need to adjust its structure, assuming that it takes most of the reduction.
- Beyond changes to the line-and-block charts, or the impending RIF, we should also anticipate various systemic and institutional reforms. In particular, we should expect the PLA to significantly revamp aspects of its officer personnel management system.
- The aforementioned changes are part of the larger reform enterprise begun in 2016 and targeted for completion by 2020. The objective is to have a PLA

that is more operationally capable of prosecuting joint, high-tech wars fought primarily in the maritime-aerospace domains, that operates more efficiently as an institution, and that is more tightly tied to the Chinese Communist Party.

# December 2016 CMC Meeting Portends the Second Phase of PLA Reform

The year 2017 will see the Chinese armed forces undergo the second phase of organizational changes and institutional reforms that the PLA hopes to complete by 2020.

On 2-3 December 2016, Xi Jinping convened and chaired the “Central Military Commission Work Conference on Armed Forces Scale, Structure and Force Composition Reform.” In addition to top leaders from the Central Military Commission (CMC), some 200 senior military officers reportedly were in attendance to discuss impending adjustments.<sup>1</sup>

Procedurally, the convening of this meeting was a replay of the November 2015 conclave which preceded the announcement of the historic organizational changes of 2016. To recall, the changes of 2016 resulted in the creation of five joint warfighting Theater Commands focused on specific geographic contingencies, an expanded and empowered CMC that includes a new Joint Staff Department, new wartime command and control relationships, new services and adjusted service roles and missions, and newly created joint functional commands, as well as other initiatives.<sup>2</sup>

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<sup>1</sup> Cao Zhi and Li Xuanliang, “At a Meeting on the Work To Reform the Size, Structure and Organization of the Armed Forces Held by the Central Military Commission, Xi Jinping Emphasizes Seizing Opportunities, Getting it Done With One Vigorous Effort and Striking While the Iron Is Hot; Pushing Forward in a Down-to-Earth Manner the Reform in the Size, Structure and Organization of the Armed Forces” Xinhua, December, 3, 2016; and “Build Our Armed Forces into Forces That Have Multiple Functions and Are Capable of Performing All Types of Operations,” *PLA Daily*, December 7, 2016.

<sup>2</sup> For the details of the reforms of 2016, see David M. Finkelstein, *Initial Thoughts on the Reorganization and Reform of the PLA* (Arlington, VA: CNA DOP-2016-U-012560 Final, January 15, 2016); David M. Finkelstein and Alan Burns, *New Theater Commands Intended to Improve Joint Warfighting Capability* (Arlington, VA: CNA, Final, May, 2, 2016), and, David M. Finkelstein, “Breaking the Paradigm: Drivers Behind the PLA’s Current Period of Reform,” presented at the

# Few Specifics to Date, But Changes to Force Size and Structure Are Likely

According to official Chinese press reporting, Xi Jinping made a major speech (not in the public domain) at the December 2016 meeting that focused on the need to rationalize the “size, structure, and organization” of the People’s Liberation Army (PLA). The impetus for these needed adjustments is a combination of changes in modern warfare, changes to China’s security situation, the search for efficiencies, and the expanding missions of the Chinese armed forces.<sup>3</sup>

To date, there has been no authoritative PRC commentary on how the “size, structure, and organization” of the PLA will be changed, but that could come shortly. In the meantime, based on previously published official commentary, it is likely that the anticipated organizational changes will involve *reducing* the overall size of the PLA, *rebalancing* the numbers among the services, and *reorganizing* some operational units in some services.

## Reducing the Force

We can assume with a high degree of confidence that a reduction in force (RIF) of the PLA will begin in 2017. In September 2015, Xi Jinping announced a 300,000-person reduction of the 2.3 million-strong PLA. That decision was re-confirmed publicly in the very authoritative CMC “Opinion” of January 1, 2016, that announced the broad contours of the larger reform effort.<sup>4</sup> To date, however, that reduction has yet to commence, likely because it took quite a while to work out the details given the impact on force structure as well as the organizational and personnel equities at stake. The December 2016 CMC meeting is a good indicator that an acceptable path forward for the 300,000-person downsizing has been worked out.

The objective of the RIF is to cut the fat (non-essential, non-combat forces) and seek a higher-quality uniformed fighting force. In his December 2016 speech, Xi Jinping reportedly stated that the PLA needs to get smaller and more capable. The CMC

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CAPS-RAND-NDU conference, *Chairman Xi Remakes the PLA: Assessing China’s Military Reforms*, Washington, DC, 18-19 November 2016.

<sup>3</sup> Cao Zhi and Li Xuanliang, “At a Meeting.”

<sup>4</sup> “Central Military Commission’s Opinions on Deepening Reform of National Defense, Armed Forces,” Xinhua, January 1, 2016. (Hereafter, “CMC Opinion.”)

“Opinion” almost a year earlier presaged Xi’s comments, stating that the reduction of 300,000 was necessary to make the PLA “lean and strong” and “...accelerate the transformation of the military from a numbers-and-scale model to that of quality and efficiency.” Xi Jinping is also calling for a force that is “crack, integrated, smaller, modular and versatile.”<sup>5</sup>

## Rebalancing the Force

Also to be expected in 2017, in conjunction with the RIF, is a rebalancing in numbers between the services—between the PLA Army, PLA Navy, PLA Air Force, and PLA Rocket Force. This was an objective made clear in the January 2016 CMC “Opinion” as well as in the earlier “Decision” from the Central Committee’s Third Plenum in November 2013. The CMC “Opinion” called for the “optimization of the ratio” between the services. The Third Plenum “Decision” called for the PLA to “adjust and reform the relative sizes of the services....”<sup>6</sup>

Currently, there are no officially released details on the rebalancing between the services. That said, informed observers believe (rightly, in my view) that most of the 300,000 personnel will come out of the PLA Army (ground forces). This stands to reason, given that up to now the ground forces have constituted approximately 70 percent of the total force whereas the navy has constituted about 10.2 percent and the air force about 17.3 percent.<sup>7</sup> It is also commonly believed that the PLA Navy will

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<sup>5</sup> This language is strongly reminiscent of the “The Two Fundamental Transformations” concept (*liangge jiben zhuanbian*, 两各基本转变) attributed directly to Jiang Zemin in a speech made to an enlarged meeting of the CMC in December 1995. This provides some indication of how long the PLA has been trying to make these changes and how difficult it has been for them to do so for a variety of reasons. As originally explained in 1995, the “Two Fundamental Transformations” called for the PLA to transform itself, (1) from an army preparing to fight local wars under ordinary conditions to an army preparing to fight and win local wars under modern, high-tech conditions, and (2) from an army based on quantity to an army based on quality. A corollary which usually accompanied these two imperatives in PLA literature at the time was that the PLA must also transform itself from an army that is personnel intensive to one that is science and technology intensive. See David M. Finkelstein, “China’s National Military Strategy,” in *The People’s Liberation Army in the Information Age* (Santa Monica, CA: RAND, June 1999).

<sup>6</sup> See “CMC Opinion,” and “CPC Central Committee Decision on Deepening of Reforms,” Xinhua, November 15, 2013.

<sup>7</sup> According to the PRC’s 2012 defense white paper, the PLA Navy has 235,000 personnel and the PLA Air Force 398,000. Prior to the reforms of 2016, the 2<sup>nd</sup> Artillery (now an independent service—the PLA Rocket Force) was part of the ground forces. Therefore, of the 2.3 million total personnel that the PRC provided as an official pre-reform figure, approximately 1.6 million were assigned to the ground forces (which included the former 2<sup>nd</sup> Artillery). See PRC State Council, *The Diversified Employment of China’s Armed Forces*, April 15, 2013.

see an increase in personnel, given the rising maritime challenges the PRC believes it faces on its periphery and the “far seas protection” missions (blue-water and out-of-area missions) that the PLA Navy has been given as part of its current service strategy.<sup>8</sup> The PLA Air Force will also likely see some increase, given the need to project aerospace power across the various maritime-aerospace contingencies that currently dominate PLA contingency planning. While a plus-up for the PLA Navy and Air Force is highly likely, it is impossible to speculate about numbers at this point.

Lack of official PRC pronouncements, however, has not deterred the Hong Kong and regional media from such speculation, to include providing the specific numbers by which the ground forces will be reduced and the other services or service branches (to include the PLA Navy Marines) might be increased. These reports should be read with the greatest caution. The prudent analyst will wait for authoritative data, which, it is hoped, will be provided further down the road.

## Reorganizing the Force

Beginning in 2017, we should also expect to see the reorganization of some operational units across the services. All of the key official documents associated with this reform initiative, starting with the Third Plenum “Decision” of November 2013, have stated or implied that the PLA’s combat forces need to be adjusted in order to: (1) accommodate new weapons and systems; (2) better prepare for specific contingencies associated with the “strategic directions” (*zhanlüe fangxiang*, 战略方向) assigned to the newly created theater commands; (3) get rid of non-combat essential organizations; or (4) adjust to the reduction in force.

Here again, the intent is clear but the specifics are not. Yet, authoritative PRC media suggest that plans have been made. According to Xinhua’s report on the December 2016 reform meeting chaired by Xi Jinping, CMC Vice Chairman General Xu Qiliang “...explained the plan for carrying out the reform of the size, structure and organization of the armed forces.”<sup>9</sup>

It is fair to say that the PLA Army will be the service most subject to some degree of reorganization, especially if it bears the brunt of the reduction in force as expected. A large RIF will have an impact on the PLA Army’s basic formations: group armies,

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<sup>8</sup> The formal name of the PLA Navy’s current service strategy is “Near Seas Defense, Far Seas Protection” (*jinhai fangyu, yuanhai huwei*, 近海防御远海护卫). This strategy likely replaced the PLA Navy’s long-time strategy, known as “Near Seas Defense,” in the 2010-2013 timeframe.

<sup>9</sup> Cao Zhi and Li Xuanliang, “At a Meeting.”

divisions, and brigades. Moreover, most of the “fat” in the PLA is likely in the ground forces. This is not to say that there will be no adjustments to the PLA Navy, PLA Air Force, or PLA Rocket Force. There very well could be. At this point, we can only wait and watch.

## Expect Systemic and Institutional Reforms

Beyond changes to the line-and-block charts, or the impending reduction in force, the heart and soul of this reform enterprise remains myriad systemic adjustments to how the PLA manages itself as an institution. These reforms may prove the hardest to achieve as they cut to the issue of much-needed changes in some aspects of PLA organizational culture.

The PRC reporting on Xi Jinping’s speech at the December 2016 CMC meeting hints that that the second wave of reform, in 2017, will also focus on systemic issues, particularly personnel management reforms (“cadre work,” in the parlance of the PLA).

Attracting, training, managing, and retaining the officers and non-commissioned officers needed to fight the 21<sup>st</sup> century wars envisioned by the PLA is a challenge that still bedevils the PRC armed forces. But, they are working on those problems and we should expect adjustments to the officer personnel management system this year. The best indicator is that General Zhang Yang, director of the Political Department of the CMC (whose responsibilities include personnel management), briefed members of the Standing Committee of the National People’s Congress in mid-December 2016 on PLA plans to create a “rank-centered” officer personnel system. General Zhang’s briefing suggests that he was preparing China’s legislature to pass a new national law governing military officer management. While no details have been placed in the public domain to date, this likely foreshadows significant changes to—and possibly the demise of—the PLA’s dual grade and rank system as it has existed for decades, changes to the officer assignments process, new criteria for promotion, and various other officer management issues.<sup>10</sup> This is but one example of the various systemic adjustments or institutional changes that are likely to unfold over the coming year.

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<sup>10</sup> “China to Build Rank-Centered Military Officer System,” Xinhua, December 19, 2016. Also at [http://english.chinamil.com.cn/view/2016-12/19/content\\_741452.htm](http://english.chinamil.com.cn/view/2016-12/19/content_741452.htm).

## Conclusion

Unprecedented changes to the PLA's national-level military structure were made in 2016. As 2017 unfolds, the leadership of the PLA will implement the next major phase of this multi-year reform enterprise.

To review, this next phase will entail moving forward with the previously announced reduction in force. It will also likely encompass a rebalancing between the services in terms of size, and adjustments to the organization of some operational units. We can also expect the announcement or implementation of various institutional reform initiatives. Changes to the officer personnel management system will surely be made. At this point, we can only speculate as to the other changes that will unfold. We will also have to wait and see whether this next phase of reform is heralded with the same amount of media fanfare and relative levels of transparency as last year's initiatives.

As we wait for the details that are lacking at this point, the general intent of the larger enterprise is clear. This ongoing period of re-energized military reform is being impelled by three drivers that are all interacting at this moment in time: (1) the PLA seeking the operational capabilities it needs for 21<sup>st</sup> century warfighting, (2) changing assessments of China's national security situation, and (3) domestic political considerations.

When this process is complete, Beijing hopes to have a military that is more operationally capable of winning joint, high-tech wars fought primarily in the maritime-aerospace domains; that operates more efficiently as an institution; and that is more tightly tied to the Chinese Communist Party.



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