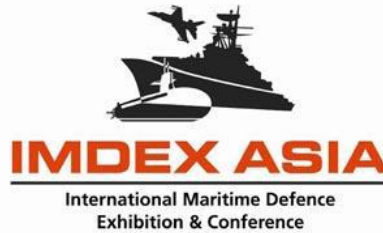


Chinese Naval Market Overview



Chinese naval shipbuilding, training and operations continue to reflect patient and balanced force development strategy

AMI continues to review Asia-Pacific naval market prospects in its role as Knowledge Partner with Singapore Airshow and Events Pte Ltd (SAe) for IMDEX Asia 2011 (International Maritime Defense Exhibition and Conference). IMDEX is to be held in Singapore 18-20 May 2011.

This August edition looks at the Chinese naval market. A review of projected naval ship construction for the next decade highlights China's continued emphasis on acquiring a wide range of new submarine and large surface combatants as well as smaller patrol and missile craft and support forces.

AMI projects that China will accept nearly 100 new construction naval ships over the next decade. These range from the first hull in an indigenous aircraft carrier program to destroyers, frigates, as many as 20 new submarines (nuclear and conventional power), and new amphibious and mine warfare platforms.

While the opportunities for international suppliers in the China new construction naval market remain somewhat limited, there are niche capabilities and materials which China will continue to seek from foreign suppliers as it pursues a robust fleet construction plan over the next 10 years.

Chinese Naval Market and Force Development Trends:

- A look at the current inventory of the three Chinese fleets, as well as recent exercises, shows the PLAN continuing a deliberate strategy to balance general purpose naval force investments in shipbuilding, training, and operations across all three fleets—North, East and South.
- Changing mission requirements—especially security of China's sea lines of communication via SE Asian straits into the Indian, as well as the basing of many of China's newest general purpose naval combatants in the South Sea Fleet—reflect a PLAN keenly aware of its growing energy dependency and need for a more balanced fleet structure in southern waters closer to the Indian Ocean to better assure security of those energy inflows.

- The Chinese Navy's training and distant operations that improve capabilities to protect energy and maritime transport security are consistent with themes regularly addressed in PLAN doctrinal writings and leadership remarks.

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