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## *China's Military Representatives: Striving Toward Professional Contracting and Procurement*

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### Summary

China's military contracting and procurement system is undergoing significant changes intended to raise its professionalism, efficiency, and effectiveness. One major focus of these reforms is the Military Representative Office (MRO) system that oversees contracting and procurement under the General Armament Department (GAD). Improvements in GAD's MRO system could raise the military's overall effectiveness by improving quality and reducing graft and waste. The People's Liberation Army Navy (PLAN) MRO pilot program currently underway may pave the way for integrated change across the service arms and enhance GAD's role.

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## THE MILITARY REPRESENTATIVE SYSTEM

The military representative system (军事代表) is a potentially critical part of the development and production of weapons and equipment from the General Armament Department and Service Headquarters level down to the end-users in operational units (see chart on p. 20). It is tasked with ensuring that military production meets contract specifications prior to its distribution to military units. Military representatives linked to GAD perform weapons and equipment procurement oversight primarily at state-owned and commercial production facilities. The PLAN MRO pilot program, which complements ongoing organizational developments within GAD, may provide a new template for continuing enhancements of military representative capabilities, including the realization of a more capable and joint operational capability.

GAD oversees weapons and equipment production compliance through a network of regional military representative bureaus (军代表局), which in turn manage military representative offices (军事代表室) that are generally co-located with major military weapons and equipment production facilities. The bureaus, which are managed by GAD's Army Armament Scientific Research and Procurement Department, oversee and test the quality of weapons and equipment according to established standards, in addition to managing procurement contracts.

China's armed forces, Second Artillery, General Staff Department (GSD), and General Logistics Department (GLD) also have their own networks of military representatives. In addition to factories, military representatives have been identified at research institutes, military districts, and other administrative areas. Other military representatives assigned to China's lines of communication, particularly rail, play a key role in national mobilization and training for exercises.

At its founding in 1927, the PLA relied on military liaison personnel to coordinate civil provisions and other support to its military forces. After liberation, a more formal system of support using military representatives developed during the 1950s, with military personnel being dispatched

to both newly established military regions and to individual factories producing military equipment and weapons. The military representative system was suspended during the Cultural Revolution (1966–1976), only to be re-established in the late 1970s. Despite their relatively long history in the PLA, military representatives have remained weak, partly due to personnel problems that have been aggravated by broad mandates, and partly due to gaps in regulatory guidelines, standardization, enforcement, specialized training, and education. The PLA's engagement in commercial business also had a corrupting influence throughout the military procurement and production system, leaving a stain on the military representative system in particular.

Beginning in the 1990s, new regulations sought to address the military representative system's shortcomings. The establishment of GAD in 1998, followed by the downgrading of the Commission for National Defense Science, Technology and Industry (COSTIND) ten years later, contributed to the professionalization of military representatives, but progress has been slow. New and updated regulations relevant to military representatives were promulgated in 2006. These delegate extensive responsibilities to military representatives in a manner aimed at ensuring the quality of weapons and equipment through oversight and inspection in accordance with contractual specifications. In 2010, the Central Military Commission (CMC) directed the PLAN to lead a military representative pilot program aimed at becoming a model for application across the PLA and facilitating joint coordination between GAD and the armed services.

Military representatives stationed in factories have extensive responsibilities throughout the materiel development process, ranging from the contract bid phase to final delivery of products. In some cases, they have even developed and tested new equipment for production and identified and corrected major manufacturing deficiencies at the factory level. These cases are rare, but may indicate a meaningful direction for enhancing MRO capabilities in the future.

MROs also help determine which companies can bid on a contract. They evaluate each bidder's past performance for contract compliance, techni-

cal research, production capabilities, level of service and support, quality management, and product evaluation systems. Military representatives also implement the contract bidding invitation instructions and supervise the selection of parts suppliers for the equipment that the manufacturing unit is bidding on.

Under the authority of the end-user, military representative bureaus determine which companies can submit bids for equipment manufacturing contracts. They review each bidder's compliance qualifications based on an assessment of the company and organize the quality control process for equipment development (including participation in new equipment demonstrations), design review, and technical design review prior to inspection by the military end-user. MROs are also expected to understand product pricing and production finances for each piece of materiel under their purview.

Military representatives are identified in PLA-related publications as the primary liaison between the factory and the military, but it is unclear what mechanisms, if any, allow end-users at the operational level to communicate their concerns and influence the production process. Military representatives provide direct support to unit commanders by establishing and maintaining information management systems, but this assistance appears to take place only after the equipment has been fielded.

A key mission of the military representative system is to enforce contractual compliance, providing stewardship over military resources and ensuring delivery of consistent quality in accordance with contract specifications to end-users. To carry out these responsibilities, military representatives test and inspect to ensure quality and control and monitor production to promote on-time delivery of weapons and equipment. They strive to ensure quality control throughout the entire development process.

## **SHORTCOMINGS**

The GAD military representative system has historically suffered from multiple and persistent problems that have inhibited it from achieving its assigned missions and responsibilities. The distribution of personnel, for example, is often

inefficient. Representatives from multiple headquarters and services are often sent to unrelated departments or unnecessarily assigned overlapping duties. Quality control processes are often insufficient and only partially carried out. Factories often control day-to-day operations, which limits the ability of military representatives to operate independently and exert influence over the production process.

Other problems are linked to a personnel management system that fails to produce trained military representatives who can carry out essential functions. For example, many military representatives have not received basic education in procurement management. They frequently lack the technical education and military experience to fully understand the increasingly complex equipment produced by the factories they oversee, and the system offers few opportunities for continuing education or on-the-job training. These problems are exacerbated by a failure to develop an effective means of attracting and retaining qualified personnel.

Personnel are often selected from recent civilian and military college graduates who receive training, yet lack understanding of weapons and equipment employment needs and issues at the operational level. Military representatives often remain indefinitely within their narrow system, transferring from one job to another without ever being assigned to an operational unit. In addition to hiring recent college graduates, some military representative organizations even hire college interns. Many military representatives remain locked in a closed system for decades until retirement.

Given the limited military experience of many military representatives, it is not surprising that they are susceptible to corruption and manipulation by factory personnel as they try to perform their quality control duties. Since there are few consequences for factories that fail to meet contractual expectations regarding delivery time and cost, the military representatives' oversight role is often ineffective and contract provisions go unenforced at the factory level.

In the pursuit of improvement to China's military representative systems, foreign models have been analyzed and compared to the Chinese sys-

tem. The U.S. defense acquisition system, for example, provides in-depth training and professional education for acquisition officers. Although the Chinese acquisition training and education system has been portrayed in the favorable light of centralized management under GAD, it is clear that China's military representative training is highly fragmented between the services and other components. The U.S. system of regularly updated and centrally managed regulations has been noted as a positive example that GAD may emulate in its reforms of the military representative and procurement systems.

## PLAN PILOT PROGRAM

The CMC directed the PLAN to develop and implement a pilot program for comprehensive reform of its procurement and military representative systems in March 2010. The pilot program was officially launched in March 2011 for completion by the end of that year. Its creation suggests that the CMC and GAD recognize that continued inefficiencies and a lack of discipline in military production and procurement inhibits the PLA from achieving higher levels of military modernization. To counter endemic problems, the CMC directive called for the development of specialized offices on equipment procurement, and evaluation of bids, management and quality control, and auditing and negotiation of procurement contracts.

A primary effect of specialization could be to develop military representatives who are experts in specific areas of the weapons and equipment development process, rather than to continue to impose a broad mandate on undertrained and unqualified personnel. Under the reforms, military representatives would be tasked with overseeing a specific part of the procurement process rather than trying to evaluate multiple steps in the production process while stationed directly at factories. As a result, specialization could develop a stronger independent and objective capability under GAD to oversee the development and production of weapons and equipment.

The pilot program also acknowledges that military representatives in charge of approving procurement orders should receive more specialized training and managerial oversight. If suc-

cessful, the PLAN pilot program will be rolled out across the entire military, potentially normalizing the military representatives under a consistent set of duties and standards across the service branches, GAD, other general staff departments, and regional offices.

Two new offices have been ratified by the CMC and the GAD to oversee the proposed reforms. The PLA Armament Procurement System Reform Leading Group Office (全军装备采购制度改革领导小组办公室) announced these new units in March 2011: the Armament Procurement Audit Center (装备采购审计中心) and the Armament Procurement Appraisal Center (装备采购评价中心). These offices are in a "pilot" status for one year but could become permanent, and their programs may be expanded. Their mandate is to identify new methods for monitoring equipment development projects and evaluate procurement decisions in order to identify best practices. They will oversee the entire process from preliminary research through to production with an emphasis on the nearly 10,000 projects that are considered of highest priority to the military.

A number of military institutions appear to be actively participating in the program's development and implementation. Current and former heads of GAD's Comprehensive Planning Department (CPD, 总装备部综合计划部), for example, have appeared at meetings promoting the reforms. Among these, Major General Liu Sheng, the CPD's former head who was recently promoted to be a GAD deputy director, has been steadily advocating for the reform process. Other branches of GAD are involved as well. Representatives from new audit institutions under GAD's Audit Department (总装备部审计局), as well as the head of the GAD Logistics Department, Ran Wangde, have also participated in meetings on the pilot program, along with representatives from both the State Administration for Science, Technology, and Industry for National Defense (SASTIND) and the PLAN's political offices.

A new organization, the All-Military Equipment Procurement System Reform Leading Small Group Office (全军装备采购制度改革领导小组办公室) headed by GAD director General Chang Wanquan, was recently ratified by the CMC to oversee these reforms. Chang has made numer-

ous public speeches stressing the priority of the reforms to national security, echoing President Hu Jintao's language on the topic. In March 2011, Chang went on a joint 'fact-finding' tour of PLA military academies with PLAN Commander Admiral Wu Shengli to advocate reform with the next generations of officers .

News reports characterize the creation of the leading group as an important step, but its authority appears to be limited to issuing "requests" to other relevant branches of GAD for assistance in successfully implementing procurement reforms, which hints at potential challenges that the production and procurement reforms face both inside and outside GAD.

## CONCLUSIONS

An overarching systemic challenge to professionalizing the military representative system is the absence of an integrated joint system of officers to ensure quality control and delivery in accordance with the specifications of military contracting. The redundant systems that now exist throughout the PLA waste limited resources and inhibit the development of a cohort of experienced and professional experts in military procurement and production. Reforms of the research, development, and acquisition system will be difficult to achieve if quality assurance and contract compliance cannot be realized in the production of weapons and equipment.

The procurement and production reforms appear to be moving PLA weapons development and production in a more unified and professional direction. Military representative reform could raise

the requirements for MRO selection, training, and education, as well as MRO duties, responsibilities, and authority across the PLA, all with the goals of enhancing the production of modern weapons and equipment, reducing redundancies and inefficiencies, enhancing the enforcement of military contract specifications, and facilitating civil-military integration.

The outcome of the PLAN pilot program and the trial experiment of the Armament Procurement Audit Center and the Armament Procurement Appraisal Center may help push the PLA toward a joint military representative system that could facilitate horizontal joint integration, while reducing waste, corruption, and inefficiencies within the materiel production and procurement system. Monitoring the outcome of this pilot program and the steps taken to implement new procedures after its completion will give a clearer idea of the long-term direction the PLA is taking on materiel procurement and production issues.

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