Chinese Foreign Policy

An Introduction

Marc Lanteigne



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This textbook is an introduction to the study of contemporary Chinese foreign policy. Examining the patterns of engagement with various domestic and international actors that have shaped Beijing's foreign policy since the Cold War, it explores a series of ongoing questions and trends, as well as offering an in-depth look at key points of China's current global relations.

Bringing together the many different facets of China's foreign interests, the volume presents a comprehensive overview of the country's international affairs, covering such key issues as:

- the rise of globalisation;
- the country's bilateral and multilateral approaches to international problem-solving;
- the increase in the number and types of international organisations;
- modern security challenges;
- the question of American hegemony;
- Beijing's changing political, strategic and economic linkages with the developed and developing world.

Chinese Foreign Policy will be of great interest to upper-level students of Chinese international relations, Asian politics, comparative foreign policy and international relations, as well as professionals interested in China's changing place in the global system.

Marc Lanteigne is a Lecturer at the School of International Relations, University of St Andrews, UK. He is the author of *China and International Institutions: Alternate Paths to Global Power*; and co-editor of *The Chinese Party State in the 21st Century* (both published by Routledge).

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Abbreviations

ABM anti-ballistic missile

ACFTA ASEAN-China Free Trade Agreement

AFC Asian Financial Crisis, 1997–98

ANZUS Australia-New Zealand-United States Security Treaty

APEC Asia-Pacific Economic Cooperation

APT ASEAN-plus-three
ARF ASEAN Regional Forum
ASAT anti-satellite (weapon)

ASEAN Association of Southeast Asian Nations

ASEAN-ISIS ASEAN Institutes for Strategic and International Studies

ASEM Asia-Europe Meeting

AU African Union

BRIC Brazil, Russia, India and China

C₄I command, control, communications, computers and information

CACF China–Arab Cooperation Forum
CASS Chinese Academy of Social Sciences

CC Central Committee of the Chinese Communist Party

CCP Communist Party of China

CFSP Common Foreign and Security Policy (European Union)

CIIS China Institute of International Studies CMAC Central Military Affairs Commission

CNNIC Chinese Internet Network Information Centre
CNOOC Chinese National Offshore Oil Corporation
CNPC Chinese National Petroleum Corporation

COMECON former Council for Mutual Economic Assistance
CPPCC Chinese People's Political Consultative Committee

CR Cultural Revolution

CSCAP Council for Security Cooperation in the Asia-Pacific

CSI Container Security Initiative

DMZ demilitarised zone
DNS denial of service

DPP Democratic Progressive Party (Taiwan)

DPRK Democratic People's Republic of Korea (North Korea)

EAS East Asian Summit
EC European Commission
EEZ Exclusive Economic Zone

x Abbreviations

EFTA European Free Trade Association

ETIM East Turkestan Independence Movement

EU European Union

FOCAC Forum on China-Africa Cooperation

FSU Former Soviet Union G-7 Group of Seven

G-20 Plus Group of Twenty Plus

GATT General Agreement on Tariffs and Trade

GCC Gulf Cooperation Council
GDP gross domestic product
GLF Great Leap Forward
GWoT Global War on Terror

IAEA International Atomic Energy Agency
ICBM inter-continental ballistic missile
ICC International Criminal Court
IMF International Monetary Fund
IPE international political economy
ISI import-substitution industrialisation

KEDO Korean Peninsula Energy Development Organisation

KMT Kuomintang (Nationalist Party, Taiwan)

KWP Korean Workers' Party

LAS League of Arab States (Arab League)
LDP Liberal Democratic Party, Japan

MES market economy status MFA Multi-Fibre Agreement

MII former Ministry of Information Industry, China

MIIT Ministry of Industry and Information Technology, China MITI former Ministry of International Trade and Industry, Japan

Ministry of Foreign Affairs, China MoFA **MOFCOM** Chinese Ministry of Commerce Ministry of Public Security, China MPS MSS Ministry of State Security, China Missile Technology Control Regime MTCR NAFTA North American Free Trade Agreement NATO North American Treaty Organization **NEAT** Network of East Asian Think Tanks NFU 'no first use' (of nuclear weapons) non-governmental organisation NGO

NIEO New International Economic Order (NIEO)

NPC National People's Congress, PRC NPT Nuclear Non-Proliferation Treaty

NSC 'New Security Concept'

NTB non-tariff barrier

NTD New Taiwan Dollar (also NT\$)
OAS Organization of American States
ODA overseas development assistance

OECD Organisation for Economic Cooperation and Development
OSCE Organization for Security and Cooperation in Europe

P.5 Permanent Five members of the UN Security Council

PAP People's Armed Police

Partnership and Cooperation Agreement (China and European Union) **PCA**

PLA People's Liberation Army

PLA Air Force PLA(AF) PLA(GF) PLA Ground Forces

PLA(N) PLA Navv

People's Republic of China **PRC** Preferential Trade Agreement PTAProliferation Security Initiative **PSI** RATS Regional Anti-Terrorism Structure

ReCAAP Regional Cooperation Agreement on Combating Piracy and Armed

Robbery against Ships in Asia

renminbi, currency of the PRC (currency unit = 'yuan', also '\(\frac{1}{2}\)' or ' $(\frac{1}{2})$ ') **RMB**

RMSI Regional Maritime Security Initiative

ROC Republic of China (Taiwan) Republic of Korea (South Korea) **ROK**

South Asian Association for Regional Cooperation SAARC

Special Autonomous Region SAR

severe acute respiratory syndrome (feidian) SARS

Scottish Centre for Chinese Social Science Research (SCCSSR) **SCCSSR**

Shanghai Cooperation Organisation **SCO**

former Southeast Asian Treaty Organization **SEATO** (US-China) Strategic Economic Dialogue **SED**

former State Economic and Trade Commission, China **SETC**

Special Economic Zone SEZ.

SHS Shanghai Institute of International Studies Stockholm International Peace Institute SIPRI submarine-launched ballistic missile SLBM

SLoCs sea lanes of communication SOF state-owned enterprise

Six-Party Talks (on the Korean Peninsula) **SPT**

TAC Treaty of Amity and Cooperation Turkistan Independence Party TIP

TMD theatre missile defence

UN United Nations

United Nations General Assembly UNGA

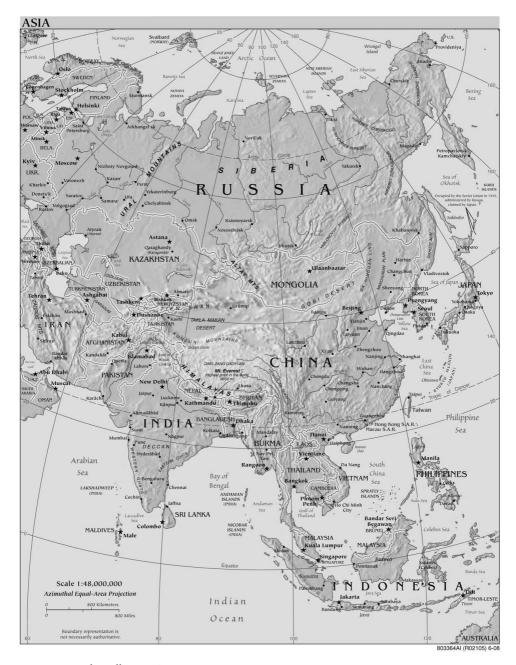
UCCL Universities' China Committee in London

UNSC United Nations Security Council

United States US

USSR former Union of Soviet Socialist Republics

weapons of mass destruction WMD World Trade Organization WTO



Source: Central Intelligence Agency

Introduction

The reconstruction of Chinese foreign policy

The rise of China (*Zhongguo*) within the international system has been heralded as one of the most significant changes in turn-of-the-century global relations. Much has been written and discussed about China's growth in power, often referred to as a 'rise' or an 'ascent' from an isolated state to a regional power to a potential great power capable of exerting much influence not only within the Asia-Pacific region but also increasingly internationally. This growth and influence are visible in a variety of international relations areas, from security to economy to culture and the environment, all of which leads to the question of the direction the country will take from here. Will it become a global power alongside the United States, and, if it does, what kind of global power will it be? Assuming China continues to accumulate power, these questions become ever more important in understanding changes to Chinese foreign policy.

Foreign policy has often been described as the interplay between various political *agents* (including individuals with specific needs and wants) and *structures* formed by social relationships (such as the state, as well as organisations and rules which are commonly constructed). In the case of China, the biggest change in that country's foreign policy development has been the expansion of the number of 'agents' involved, directly or indirectly, in the foreign policymaking processes, and in the number of China's international interests as well as global-level 'structures' with which it can interact. In the space of sixty years, China's foreign policy interests, originally only regional in scope, now encompass many more international relations concerns which can truly be called global. As with other countries, identifying a clear separation between China's domestic political interests and its foreign policy can be very difficult, but the dividing line has become increasingly blurry as the number of Chinese international interests and responsibilities grow and more actors, both individuals and groups, within China become involved with global affairs.

The decision-making process in foreign policy matters is comparatively more centralised than that of other states, including those in the West, as since the Chinese Revolution of 1949 the Chinese government has been dominated by a single political actor, the Chinese Communist Party (CCP, *Zhongguo Gongchandang*). However, Beijing still has to undertake frequent balancing between its domestic interests, including improving standards of living, promoting stability and continuing with the process of governmental reform begun in the late 1970s, while developing a modern foreign policy. This ongoing process of simultaneous government bargaining in domestic and foreign relations, often referred to as a 'two-level game', has become ever more complex in the

Chinese case. This is because Beijing has to keep up the momentum of socio-economic reforms in the country while at the same time overseeing the country's rapid rise in power within the international system.

This book examines the main issues and challenges facing China in the realm of foreign policy, through two major themes. First, China is a rising power in the international system and is arguably a 'great power' on the regional (Asia-Pacific) level as well as increasingly on the international level. However, the country has not yet achieved the status of 'global power' or 'superpower', a designation shared by both the United States and the then-Soviet Union. It has been frequently demonstrated throughout the history of international relations that great powers have very distinct, and often more numerous, foreign policy interests than other states, and as China grows in global strength and capabilities the same pattern can be seen. Many of the cases examined here will reflect the effects of China's rapid growth and its commitment to 'peaceful development'.

Second, China's foreign policy is not only undergoing a process of expansion (*kuozhang*) but also of reconstruction (*chongjian*). This is taking place in a variety of ways. The institutions within China which are responsible for foreign policy development are by necessity undergoing reform permitting them to adjust to changing domestic and international circumstances. However, equally important is the fact that *ideas* about international relations in China, among both its government and other actors, are also slowly being reconstructed. Outdated ideas are being discarded, previously ignored concepts are being given a fresh airing, and in addition there is a greater willingness in China to learn from other states and other international players (such as organisations). This reconstruction is affecting all aspects of China's interests abroad, and the process will affect much current and future thinking relating to the country's future foreign policy goals.

Foreign policy developments before the reform era

Mao Zedong was born in 1893 in Hunan province to a poor agricultural family. During his university days he studied the doctrines of Marxism-Leninism and was present at the founding of the Chinese Communist Party in Shanghai in 1921, and his background influenced his thought that the peasantry rather than the working classes should form the basis for a socialist revolution in China. This ran counter to traditional Marxism, which advocated the rights of the working classes as the basis for revolution. Mao was a military leader in the battles against both the Japanese occupation forces and the opposition Nationalist (Kuomintang, KMT) front, and by 1945 he had assumed the leadership of the CCP. It was when the Communists took Beijing in October 1949 that Mao declared the success of the Revolution at Tiananmen Square and that the Chinese people had 'stood up' (qilai). The first decade of the People's Republic saw a strong policy of close alignment with the Soviet Union and mutual dedication to exporting the communist revolution abroad. At the same time China's international relations reflected a deep suspicion of the West, especially the United States, which by the end of the Chinese Civil War in 1949 was openly supporting exiled Nationalist leader Chiang Kai-Shek and his government on Taiwan.

China's early foreign policy perceptions of the international system were shaped by two events which created a deep scepticism about the benefits of such organisations to the country. The first was the unsuccessful initial attempt by the PRC in 1949 to attain a seat in the United Nations in recognition of its victory over the *Kuomintang*, which was still viewed by much of the West as the only true government of China. By the 1950s

when it became apparent that neither government was going to be able to unseat the other in the short term, nations had the difficult choice of deciding which 'China' to formally recognise. The United States, after having failed to broker a power-sharing deal between the CCP and the KMT, opted to support the Nationalists. Adding to the problem was Beijing's refusal to permit dual recognition of both itself and Taipei, a policy still in effect. However, not all states were willing to follow the American lead and conduct relations only with Taiwan. Initially, primarily socialist or underdeveloped countries were willing to flout the Western line and recognise Beijing.

One early exception was the United Kingdom, which, despite American disapproval and for a number of reasons, opted to extend de jure recognition to the People's Republic in January 1950 out of concerns for its colony in Hong Kong and in recognition of British Commonwealth members which desired links with Beijing. London was also hoping to salvage its extensive financial investments in China left over from the Imperial and Republican eras. By the 1960s, many American allies had begun to rethink their position on recognition and in early 1964 France defied its American and European allies within the North Atlantic Treaty Organisation (NATO) and recognised the Maoist government in Beijing. Despite progress, albeit slow, towards international acceptance, the initial diplomatic isolation did much to influence China's early Cold War foreign policy thinking and its relations with the Soviet-dominated Eastern Bloc.

Another event which raised Chinese suspicions about international institutions, while doing much to cement China's position as a non-participant in the international system, was the 1950-53 Korean War. Following the invasion of South Korea by the communist North in 1950, and with the temporary Soviet withdrawal from the United Nations Security Council, which precluded a Soviet vote of dissent, a UN peace enforcement mission was established, with the United States taking the lead. The allied forces assumed that China, battered from both the war against Japan and the civil war, would be too ill equipped to defend its allies in the DPRK. With US-led forces edging closer to Chinese territory, Mao made the decision to send forces to North Korea to bolster communist forces in October 1950. In addition to demonstrating his commitment to preventing 'imperialist' encroachment in Asia, Beijing made use of the Korean conflict to consolidate CCP control in China's southwest. In a speech justifying Chinese intervention, Mao noted that if American aggressors were able to seize Korea they would then have a platform to launch attacks all across Asia. Thus Mao began to whip up Chinese support for Korean communism under Kim Il-sung in the 'Resist America, Assist Korea' (kang Mei yuan Chao) campaign of 1950.3 The introduction of Chinese forces into the conflict contributed greatly to the military stalemate which suspended the conflict in 1953, with neither North nor South gaining any appreciable territory.

Beijing's pro-Moscow stance was codified in 1956 at the first National Congress of the CCP to take place since the People's Republic was declared. Party statesman Liu Shaoqi confirmed that Chinese foreign policy priorities included strengthening linkages with the USSR and her allies as well as opposing imperialist practices while supporting the growing trend in the developing world towards de-colonisation and independence. The gathering also marked the official introduction of the 'Five Principles of Peaceful Coexistence', tenets which would become the focus of Chinese foreign policy thinking well beyond the Maoist era. Of note within these views was the implication that cooperation with non-socialist states was a policy option, a departure from Mao's previous doctrine of remaining strictly within the socialist world. Mao noted that while 'leaning to one side' (pianxie) towards the USSR was the best strategy, blatantly copying Soviet policies was not necessary.

4 Introduction

The Great Leap Forward (GLF) (Dayuejin, 1958–60) was an attempt by the Maoist regime to accelerate the country's transition to 'true' communism and marked a major turning point in China's domestic and foreign affairs. Agriculture was formally collectivised and peasants moved into communes, contributing to a famine which claimed perhaps as many as 30 million lives and caused catastrophic damage to the Chinese economy. Mao wanted to consolidate the Chinese revolution by bringing about more rapid industrialisation and modernisation to the country's still agrarian-based economy. It was only in 1961, after the Communist Party acknowledged the excesses of the GLF that the commune system was scaled back, but by that time much damage had been done both on the domestic level and in China's relations with the Soviet Union. The GLF failed not only because of a breakdown in the food distribution system and the forced removal of skilled workers needed to maintain stability, but the Soviet Union contributed to the catastrophe as Khrushchev demanded immediate payment for weapons sold to China for their use in the Korean War.

Part of the rationale for the Great Leap Forward was Mao's unhappiness with Soviet policies after the death of Joseph Stalin in 1953. His successor, Nikita Khrushchev, was seen by Mao to be too weak, too eager to deviate from revolutionary doctrine and too willing to accept peaceful co-existence with the United States and the West. The GLF was in one way an attempt to move China beyond what Mao saw was a flagging Soviet model of communist development. Mao was also displeased with a lack of Soviet support for both of China's failed attempts to retake Taiwan militarily via the nearby Nationalistheld islands of Jinmen (Quemoy) and Mazu (Matzu), first in 1954–55 and then in 1958, as well as Sino-Indian border disputes at that time which led to a brief conflict in 1962. Moscow's response to Mao's criticisms of Khrushchev included removing all advisors, personnel and aid from China in 1960, exacerbating the economic damage. The middle of the decade saw China isolated from both East and West, with few diplomatic relations with any countries even in the developing world. Any hopes of reconciliation were further dashed in October 1964 when China test-exploded its first nuclear weapon.

During the 1960s, Mao was unhappy with what he saw were insufficient policies designed to help China recover from the Great Leap Forward, and was worried that the revolution was sliding into reverse due to the influence of revisionism and imperialism. Moreover, after Stalin was posthumously criticised by Khrushchev in the now-infamous secret speech of 1956, Mao was worried that he might suffer the same fate following his death. With that, despite his advancing age, he was able to launch the Great Proletarian Cultural Revolution (Wenhua Dageming) in 1966, designed to further entrench the revolution and to promote a strong, independent China. Many moderate politicians, including a younger politician named Deng Xiaoping, were purged during the Cultural Revolution (CR), and comparative radicalists were promoted in power, including Lin Biao. Defence Minister Lin was a staunch supporter of revolutionary thinking, was strongly against the West, and was the major advocate of ongoing struggle against China's enemies.

The CR marked a low point in Chinese foreign policy as the country was cut off from most diplomatic contacts and few outside observers could directly witness the internal strife going on both within the CCP and the state itself. In 1964, the first editions of the now-iconic *Quotations from Chairman Mao* (*Mao zhuxi yulu*), often known in the West as the 'little red book', began to be distributed. Mao's chosen successor, the moderate Liu Shaoqi, was arrested and died in prison, and Deng Xiaoping was forced into exile in the Chinese interior. Teachers, writers and other intelligentsia were hounded and abused, derided as *choulaojiu* ('stinking intellectuals'). Universities were closed and students often

despatched into the interior for manual labour, and any historical and cultural influences seen as negative were attacked. CCP members themselves were often denounced in political infighting, and those accused of having rightist sympathies or being 'capitalist roaders' (zouzipai) were often dismissed or arrested. So-called 'Red Guards' (hongweibing), little more than fanatical youth mobs, attacked perceived enemies, and often each other, in the name of the Party. This dark time marked the nadir of communist China's engagement with the international system, as, with few exceptions, foreign contacts were greatly reduced.

By 1969, Mao was able to contain the worst of the conflict and again attempted to take a more moderate line on revolutionary affairs. However, by now Defence Minister Lin Biao had risen to the post of Mao's deputy and potential successor, and his alliances with radical government members continued to create chaos in the government. Mao became increasingly distrustful of Lin's attempt to install his own power base, and matters came to a head in 1971 when Lin allegedly attempted to assassinate Mao. His alleged attempt failed, and he died in a plane crash in Mongolia under mysterious circumstances, with his death allowing for the promotion of the comparatively more moderate Zhou Enlai as premier.4 Zhou was a more conservative figure who was much more at home with foreign dignitaries and was frequently responsible for overseeing summit meetings with international leaders, including the first official contacts with the American government initially undertaken by Henry Kissinger and then by President Richard Nixon in 1972.

By the early 1970s, Chinese foreign policy was moving away from a strong fixation on the superpowers. With the recovery from the Second World War of Europe and Japan and the growth of other large developing states such as India, the international system was well on its way to becoming a looser bipolar system. China began to seek improved relations with developing states and often referred to the country as developing, as well. Mao began to talk openly about the international system being composed of 'three worlds', the great powers, the smaller advanced economies and the developing states, a noteworthy departure from Mao's traditional bipolar theories of international order.

By the end of the 1960s, the situation with the Soviet Union had gone from tense to intolerable. The USSR under Stalin had openly acknowledged its long border with China, but after his death the situation changed. Small-scale incidents began to occur along the Ussuri River region between Soviet and Chinese border guards in January 1969. Two months later, an armed clash took place at Zhenbao (Damansky in Russian) Island in the Ussuri River on the frontier. The Soviet government was concerned the incident would be a precursor to a wider border war, and Moscow reportedly considered the pre-emptive use of nuclear weapons to discourage Chinese aggression. All-out war was only avoided after tense talks resulted in a tentative agreement to maintain the border status quo, to pull their forces back from the disputed zones and to discourage further armed incidents.⁵

This case study is the first time two nuclear powers engaged in armed conflict without the bomb actually being used, and it was thought that neither side wanted to inflict that level of damage and gain so much international condemnation by using nuclear weapons. However, the agreement did not stop both sides from heavily fortifying the border regions with defensive and offensive armaments. Mao did not trust Soviet leader Leonid Brezhnev in the 1970s any more than he had trusted his predecessor, Khrushchev, and considered the new Soviet president a supporter of imperialist policies, especially when the USSR used force to put down the Prague Spring protests in Czechoslovakia in 1968. Until Mikhail Gorbachev came to power in Moscow in 1985 and made rapprochement with China a regional policy priority, both sides maintained an uneasy relationship and a fortified border.

Despite China's problems with the Soviet Union, Beijing's foreign policy was successful in many other parts of the world. During the early 1970s, many non-communist states established diplomatic ties with Beijing, and the US position of diplomatic isolation was rapidly appearing untenable. China was anxious to reinvent itself as a champion of the developing world, and both Mao and Zhou supported increased contacts with developing countries in Asia and Africa. By October 1971, Beijing had accrued enough support in the United Nations to regain its seat at the UN and take its place as a permanent member of the Security Council. Taiwan, despite its calls for a dual-seat arrangement, was ejected from the UN and has not succeeded in regaining representation. The United States, at first wary of any supposed Sino-Soviet split, began to view China differently when it became clear that it was no longer attached to the Soviet bloc. US policymakers were hoping that a warmer relationship with Beijing would both help the United States with its war in Vietnam as well as further isolate the Soviet Union. China was also seeking a stronger relationship in the hope of gaining support against the USSR.

Low-level contacts began in the late 1960s, and then-Secretary of State Henry Kissinger made two visits to both Mao and Zhou Enlai in 1971, with Nixon meeting Mao a year later. The event was little short of a watershed, especially since Nixon himself had been the frequent target of anti-American propaganda prior to his visit. The meetings resulted in the creation of the Shanghai Communiqué in February 1971, which codified US policy as accepting that there is only one China and that Taiwan was a part of China, in addition to calling for a peaceful resolution to the cross-Strait dispute. The United States also agreed to remove all American forces from the island in response to cooling tensions between Beijing and Taipei.

As Mao began to decline in health, political forces began vying for higher positions before the Chairman's death, with the question of Mao's successor a crucial one in the 1970s. Zhou Enlai, the premier, was also in declining health and was not considered a viable candidate. Mao wanted to choose someone who could stave off radical influences while preserving a tightly controlled government along with more reformist economic thinking. He chose then-vice-premier Hua Guofeng with the words 'with you in charge, I am at ease' (Ni ban shi, wo fang xin). Mao died in September 1976, and Hua was slated to take over as paramount leader. However, Hua's position became increasingly challenged by the radical section of the Party, which favoured the continuation of the Cultural Revolution and the further radicalisation of the CCP. This wing was led by the 'Gang of Four' (Sirenbang), with Mao's third wife, Jiang Qing, at the forefront. Jiang and with three of her main supporters sought to eliminate political opposition to the Cultural Revolution, simultaneously taking advantage of their roles to build their own power base. One of their most noteworthy acts was to convince Mao to eliminate Deng Xiaoping, who was again purged from the Party.

Right after Mao's death, Hua's government, with the support of the People's Liberation Army (PLA, renmin jiefangjun), arrested the Gang of Four and placed them on public trial in 1980, where they were denounced as enemies of the Party and imprisoned. Although Hua was able to survive the challenge from the Gang of Four, he could not withstand Deng Xiaoping, who had returned from his final purge in 1977 where he took up the post of vice-premier. Hua was unwilling to significantly alter Mao's domestic, and especially economic, policies. Deng, by contrast, was willing to question the excesses of the Cultural Revolution and call for a rethinking of China's economic priorities, moves which made him popular with reformers and the public. Hua was gradually pushed aside by Deng, first being stripped of most of his administrative powers in December 1978 and

then being removed as CCP General Secretary in 1981. Hua retained his membership in the Party but fell into obscurity for the rest of his life and career until his death in August 2008. Once secured in power, Deng began making his own political appointments, including Hu Yaobang as General Secretary and Zhao Ziyang as premier.

Deng was adept at removing any leftover elements of the Cultural Revolution in order to establish his power base and set the stage for not only serious reforms on the domestic level, especially in the economic realm, but also the massive reform of Chinese foreign policy which would see the country rapidly change from isolated backwater to world power. However, Deng made it clear that his reformist interests extended to economics and foreign policy, but not to the leadership role of the CCP itself. The new leader was hoping that with improved standards of living for the country and increased international ties, major sources of protest within the country would be removed. For the most part he was correct, but this delicate balance began to falter by the late 1980s.

Deng was aware that more openness would create strains on the Party, especially as foreign ideas began to slowly enter Chinese socio-political life. Nevertheless, Deng saw this as a necessary price to pay for gaining foreign information and capital, and, as he noted, it was 'impossible to open a window without some flies getting in'. At the same time Deng wanted to ensure that after his passing there would be no attempt to return to command economics. As a result, the use of mass mobilisation political campaigns such as the Cultural Revolution was discontinued. However, the opening up to the international economy was helpful to some sectors, especially to services, but not others like agriculture, and the economic benefits were mostly concentrated in the coastal regions, beginning a trend towards widening income gaps between coast and interior.

Sweeping economic reforms were announced by Deng at the end of the 1970s, but he and his government denied that what was to occur was a capitalist transition. Instead, the official description of the economic reforms was the creation of socialism with Chinese characteristics. Agriculture was further de-collectivised and farmers were permitted to keep and sell any products over and above their quotas. Foreign investment was encouraged and in 1980 Deng facilitated contacts with international investors by establishing Special Economic Zones (SEZs) in southern China designed for direct contact with global markets, with more being added in subsequent years and representing a remarkable departure from the orthodox views of Maoist command economics.

Despite significant changes in China's economic and foreign policy reforms, domestic political reform was another matter. Like Mao, Deng was having a difficult time both trying to balance conservative and reformist influences within the Party and also choosing a viable successor. His first choice was Party Secretary Hu Yaobang, a moderate who supported greater economic and domestic reforms, which made him a magnet for intellectuals and scholars seeking change in the Chinese political system. After a series of university protests in China in 1986, Hu was sharply criticised by conservatives within the Party and was forced out a year later. Deng then turned to Premier Zhao Ziyang as his likely successor. Hu Yaobang's death in April 1989 was marked by students and dissidents calling for greater Party accountability and reform. Demonstrations remembering Hu in Tiananmen Square rapidly turned into protests against the Party, with participants seeking the expansion of Deng's economic reforms into the political arena. The situation was exacerbated when Soviet leader Gorbachev visited Beijing in May 1989 for a summit meeting with Chinese leaders in the hopes of warming relations and inadvertently providing much more international media exposure as reporters coming to the capital to cover the Gorbachev story began to focus on the protests as well.

The Party was divided on a course of action. On one side, Secretary Zhao called for calm and talks to end the situation, but hardliners demanded that force be used to suppress the protests before they spiralled out of control. Chief among the conservatives was Premier Li Peng, who opposed rapid domestic and foreign trade reform and refused any demands by the protesters to acknowledge Party corruption and excesses. Martial law was declared in May but protest leaders refused to disperse. On 3–4 June, the CCP decided to remove the demonstrators by force and PLA troops and tanks moved into the square. The protests were halted and many arrests were made, with anywhere between hundreds and two thousand fatalities depending on various reports. Zhao was dismissed and forced into house arrest until his death in January 2005. As a replacement, Deng searched for a more centrist political figure and found Jiang Zemin, former mayor and Party head of Shanghai. Despite Jiang's relative inexperience and lack of military background, he was able to retain the presidency after the death of Deng in February 1997.

Although Deng had technically retired in 1989, he retained his powerful influence well beyond that. During his Southern Tour (*nanxun*), in 1992, he praised economic reform efforts in Guangdong province and the fledgling stock exchange established in Shenzhen, as well as expressing hopes that more parts of China could emulate Hong Kong and other Asian 'tigers'. He insisted the state was powerful enough to withstand the effects of further market openings and that market development and the pursuit of socialism were not mutually exclusive. Finally, he created a major stir within Party ranks with his warning that 'China must watch out for the Right, but mainly defend against the Left', meaning that although China still needed to be vigilant against imperialist and bourgeois influences, a greater threat could be found from those opposing reform and preaching isolationism.

Chinese power and 'bigness' in the world today

Rarely in history has a single state grown so quickly in such a number of ways, and the case of China's rapid development presents a distinct set of questions for foreign policy study. Those looking at Chinese growth have a variety of measurements to choose from, and from a variety of viewpoints China can justifiably be referred to as a 'big state' (daguo). From a geographic point of view, China has always been viewed as a large state, with the third biggest landmass in the world (after that of the Russian Federation and Canada and ahead of the United States and Brazil), with a large coastline which opens up to the Pacific Ocean and the Asia-Pacific region, a region which has been seen for the past two decades as a part of the world expanding in power and influence.

At the same time, China has many neighbours in East, South and Central Asia, as it borders on fourteen other states, including Russia, India, Pakistan, Vietnam, the Republic of Korea (South Korea), the Democratic People's Republic of Korea (DPRK, North Korea) and Burma (Myanmar). The country also possesses maritime boundaries, some disputed, with six other states, including Japan and the Philippines; seven if one includes the island of Taiwan, which Beijing claims as part of its sovereign territory but which has maintained a separate government and economy since 1949. Thus, China has more neighbours than any country save for the Russian Federation. For much of the Cold War, many of these borders were sources of real or potential conflict for Beijing, and in one case, the disputed border with the USSR, the end result was almost a full-scale war between two nuclear powers. However, since the 1990s China has sought to improve relations with as many of its neighbours as possible. China also possesses the largest population in the world, with 1.32 billion persons as of 2008 (India is second with 1.1

billion), forming a little less than 20 per cent of the world's total population. The country also contains some of the world's largest cities, including Shanghai (14.5 million), Beijing (10.7 million), Guangzhou (8.4 million) and Shenzhen (7.2 million). China's population 'bigness' therefore has a major effect on many global matters relating to population, including migration, labour and increasingly the environment. Indeed, international-level decisions on these issues can no longer be undertaken without China's input.

From a security perspective, China is viewed as a rising military power but one which still lags far behind the West in many key areas. On one hand, China is a nuclear power, but in contrast its conventional weaponry remains largely underdeveloped compared to that of the United States and even other parts of Asia. In examining China's army, navy and air force, one sees that its ability to project power beyond its borders remains very limited, with much of its military dedicated to the self-defence of the country itself and with less emphasis on projecting power abroad. This situation, however, is slowly changing. China has been upgrading its military to depend less on strength of numbers and more on high technology. China's armed forces, the People's Liberation Army, have developed new weaponry, including fighter jets and submarines, and have purchased weapons from other states, especially Russia. In the recent past, Beijing has purchased destroyers and submarines from Moscow which are seen as more capable of potentially facing off against the West. The country also has between forty and forty-five missiles capable of intercontinental flight and the delivery of nuclear weapons, of which it has an estimated 400 warheads. At the same time China has been developing space technology for both civilian and military use. In October 2003, China sent its first person into space, becoming only the third country to do so, and in January 2007 the country created much international alarm by conducting its first test of an anti-satellite weapon. Policymakers and scholars in the West are frequently divided over whether China's military modernisation poses a direct threat to the international status quo or whether such updating is merely one aspect of China's overall modernisation policies.

It should be remembered, however, that China's military power is being updated from a very low starting point, a figure which today officially stands at less than one-tenth of American annual military spending. Thus many China scholars perceive the idea of a direct confrontation with the United States as unlikely, since Beijing would be at an obvious disadvantage and direct conflict between nuclear powers is extremely risky. Nevertheless, debate about a 'China Threat' (Zhongguo weixie) continues in the West, with some policymakers and scholars at times about arguing whether it is better to 'contain' China, along the same lines as the American containment policy against the USSR during the Cold War, or to further 'engage' it, encouraging Beijing to cooperate with international norms and organisations in the hopes of discouraging China from using force to get what it wants. In the meantime, after harbouring much suspicion about security cooperation, Beijing has altered its views considerably since the turn of the century and has been more in favour of multilateral security cooperation in areas such as arms control and peacekeeping.

The other major example of China's growth and influence in international relations is its economy. The transformation of China from an isolated command economy to one of the largest market forces in the world in the space of thirty years is unparalleled in history. Until the end of the 1970s, Beijing closely followed its own version of the closed Soviet communist model of economics, including state control over almost all assets and strong discouragement of international investment. These policies were exacerbated, to disastrous effect, during the Great Leap Forward campaign, which very nearly destroyed the

Chinese economy. By the beginning of the 1960s the split with Moscow left Beijing with few trading partners and no direct access to the widely developing global markets, led at that time by the United States, Europe and Japan. Worse for China, the decision to launch the Cultural Revolution created massive upheaval and chaos in both Chinese society and the CCP itself, and took place within a period of the country's most acute international isolation.

Following the Dengist reforms of the late 1970s, China's economy rapidly opened up to the world and the country attempted to make up for lost time, beginning with the solicitation of international economic interests, starting with financial assistance and later with international investment in the 1980s. In the late 1990s, Beijing began to encourage Chinese firms to 'go out' (zouchuqu) and join the international market, creating global brands and joining with foreign partners. Although China is a latecomer to globalisation theory and the ruling Chinese Communist Party remains wary of too much economic liberalisation, which might force unwanted political change, China's impact on modern globalisation has been enormous. China is now viewed as the factory of the world, producing many products for global markets. As has been argued in international relations theory, the purpose of foreign economic relations is largely to make the domestic policies of the state more compatible with the global economy.⁶ In the case of China, this goal has been realised in some cases but there remains much progress to be made. It is important to note that much of the Chinese economy remains in state hands, including state-owned enterprises (SOEs, guanban), and there is ongoing government supervision of the financial sector and currency trade. However, Beijing has also changed its policies concerning free trade in the past decade, strongly supporting the efforts of the World Trade Organization (WTO) to liberalise global trade, and is more willing to strike out on its own and negotiate preferential trade agreements both bilaterally and with regional organisations.

Economic growth in the country has hovered between 9 and 10 per cent over the past decade, and despite numerous predictions since the 1990s that what goes up must come down, the Chinese economy has weathered many shocks great and small with little evidence of a slowdown. After entering the WTO in 2001, Beijing now has the ability to greatly influence trade talks, while both the US and Europe worry about an influx of inexpensive Chinese goods, everything from textiles to computers, in global markets. By 2008, China held over US\$1.9 trillion in foreign currency reserves, a significant amount of that in American dollars. This has given the Chinese economy much pull in international investment, influence which began to grow as bank failures and economic downturns began to affect both the developed and developing economies by the end of that year. The large Chinese market has not only affected developed economies in the United States, Japan and the European Union, all of which have jumped to purchase Chinese products, but also developing states. As a result of China's rapid economic growth, the country is hungry for a large variety of commodities and energy products.

China, despite its economic progress and the envy of other developing states, is still a developing economy by international standards, with many parts of the country, especially in the interior, still struggling with high poverty levels. There has been much talk about a 'Beijing Consensus', a model of Chinese-influenced economic growth, as opposed to the traditional 'Washington Consensus' which was stressed by the United States and international economic organisations such as the International Monetary Fund (IMF) as the best way to develop struggling economies.⁸ While the latter promoted liberalisation and the reduction of state power, the former emphasises innovation and sovereignty rights. The Chinese model of economics, assuming one really exists, has arguably given

China something it could never hope to achieve under Mao, namely soft power, power based on attraction rather than force or coercion. A question now being increasingly asked by international political economy (IPE) specialists is whether China's experience in economic growth constitutes a 'model' which could be transplanted, in whole or in part, to other developing states. In the 1990s, many scholars were sceptical of the idea of China being a positive influence in global economics, and yet today many state populations have positive views of China, and according to some polls there are states that have a higher regard for China than they do for the United States.

Despite the rapid growth of globalisation, Beijing has been very emphatic about maintaining its sovereignty and has resisted international calls for greater democracy and human rights, arguing that such areas must be addressed by Beijing only and at a pace with which China itself is most comfortable. The 'colour revolutions' (yanse geming) in the former Soviet Union since 2003 (Georgia, 'Rose Revolution'; Ukraine, 'Orange'; and Kyrgyzstan, 'Tulip'), which saw autocratic governments being toppled by popular uprisings, have raised much concern in Beijing about a 'demonstration effect', or a similar situation arising in China, and greater safeguards have been undertaken to ensure that such a revolution, which China is concerned was the work of Western actors, will not take place in the PRC. Since Maoist times, Beijing has been concerned about so-called 'peaceful evolution' (heping yanbian), namely the concentrated attempt by outside actors, especially the West, to undermine socialism in China through a variety of political, socioeconomic and cultural pressures, similar to pressures placed on the Soviet Union during the Cold War which may have hastened its end. The colour revolution in the former USSR acted as proof to many in the Chinese government that a peaceful evolution strategy is still being undertaken by the West, and as a result the CCP has called for a 'smokeless war' (wuyan zhan) against such influences. In short, the Chinese state is seeking to better manage the forces of globalisation for the betterment of the state while ensuring that the Communist Party maintains its paramount role in Chinese governance.

Much of China's foreign policy thinking in the area of state-to-state relations has been based on the Maoist doctrine of the Five Principles of Peaceful Co-existence (heping gongchu wuxiang yuanze), which calls for 'mutual respect for each other's territorial integrity and sovereignty, mutual non-aggression, mutual non-interference in each other's internal affairs, equality and mutual benefit, and peaceful co-existence'. Today, in addition to strong Westphalian (state-centric) views on state sovereignty, much of modern Chinese foreign policy is guided by the 'four no's' (sibu), namely no hegemony, no power politics, no military alliances and no arms racing. 10 However, those who see China as a potential threat suggest that the state may be waiting until its strength is further increased before gradually shedding these ideals and behaving more like traditional rising powers. Beijing has countered these views with the assertion that it is interested in a peaceful rising in the international system and wishes to promote greater international harmony. As Chinese president Hu Jintao stated in his keynote speech at the CCP's 17th National Congress in Beijing in October 2007, Beijing wishes to promote better and fairer international relations through expanded cooperation and development:

Politically, all countries should respect each other and conduct consultations on an equal footing in a common endeavour to promote democracy in international relations. Economically, they should cooperate with each other, draw on each other's strengths and work together to advance economic globalisation in the direction of balanced development, shared benefits and win-win progress. 11

Each Chinese leader has endeavoured to place a distinct stamp on Chinese foreign policy and Hu Jintao is not an exception. Two major foreign policy concepts which have dominated his discourse have been 'peaceful rise' (heping jueqi) and 'harmonious world' (hexie shijie). The first idea refers to the fact that although China is a growing power, it will not grow along the same lines as other great powers of the past, namely not by military force and material acquisition. Scholars have frequently debated the usefulness of this policy, and even in China some officials worried that using the word 'rise' was also too confrontational, now preferring the term 'peaceful development' (heping fazhan) instead. Harmonious world refers to Hu's preference for global peace and stability through cooperation and communities rather than alliances and overt use of force. In keeping with these ideas, Chinese summitry has been increasingly multifaceted. Over the past five years, both Hu and Premier Wen Jiabao have made multiple trips to many parts of the world, including developing regions, to promote mutual cooperation, trade and dialogue; this diplomacy has often been called China's 'charm offensive' (meili gongshi).

China's determination to demonstrate its growing importance in the international system as well as its dedication to greater global cooperation was showcased at the August 2008 Olympic Games in Beijing. Despite controversies which affected the lead-up to the event, including unrest in China's far western region of Tibet the previous March and human rights demonstrations which frequently accompanied the international Olympic torch relay, the Games impressed many and were widely viewed as a showcase for both China's rich history and its rapidly developing modernity.

China's diplomatic power is also on the rise. After the Communist Revolution in 1949, Mao Zedong commonly railed against many international organisations which he claimed were proxies of imperialist powers such as the United States. China was shut out of the United Nations for much of the Cold War, with Taiwan acting on Mainland China's behalf. However, from the point at which Beijing regained its UN seat in 1971, China became one of the 'permanent five' (P5) members with veto powers on the United Nations Security Council (UNSC), along with the United States, the Soviet Union/Russian Federation, Great Britain and France, giving it much power to make (or break) international security initiatives. At the same time, China's support for international intervention today stands in contrast to its opposition to the policy during the Maoist era, a product of the 1950-53 Korean War, which saw PLA forces fighting alongside the communist North Koreans against South Korea, the United States and other UN forces. However, China has insisted that international intervention must be guided by the UN. As a result, Beijing has been supportive of UN peace operations in East Timor and the Middle East, but openly critical of non-UN missions such as the intervention by NATO in Kosovo in 1999, and has been ambivalent, but not obstructionist, about the current American-led 'coalition of the willing' operations in Iraq since 2003.

Beijing's engagement of other international institutions is also growing. From the time of its admission to the World Trade Organization the country has been an active member and has often defended the rights of developing states to a new global trade deal which better reflects their interests. At the same time, China's enthusiasm for free trade on a regional scale has also grown, and it has supported liberalised trade with Southeast Asia and to a lesser degree Japan and South Korea, as well as being a driving force behind the Asia-Pacific Economic Cooperation (APEC) forum, which hopes to create a free trade zone across the Pacific Rim to better compete with the European Union and North America. As well, China has been at the forefront of new Asian political communities, including the East Asia Summit (EAS), created in 2005 as a dialogue group for Asian

economies, and the Shanghai Cooperation Organisation (SCO), founded in 2001 and bringing together China, Russia and most of Central Asia for security and trade cooperation. China's diplomatic confidence has grown considerably as a result of these initiatives and the country is now being seen as a pivot state in the Asia-Pacific region. China's growing power means that it is not only better able to successfully join international organisations to benefit its foreign policy, but now able to shape their development in some cases, such as the SCO, and play a central role within them.

Finally, China's 'bigness' has also extended into health and environmental issues. Its large population is still attempting to address modern health care, and shortcomings in the system were graphically magnified as a result of the severe acute respiratory syndrome (SARS) crisis in 2002-03. Initially, Beijing was strongly criticised for its lack of a rapid response to the crisis, and the country later undertook a massive campaign to eradicate the disease. China is also seen as being highly susceptible to avian influenza which could also affect humans, and has participated in international endeavours to combat such an outbreak. Beijing also gratefully accepted international aid in May 2008 in the wake of a devastating earthquake which resulted in more than 700,000 casualties in Wenchuan County, in Sichuan province in central China, even requesting satellite information on affected areas from the United States. Analysts noted the contrast between Beijing's openness about the Wenchuan disaster and its conduct during the last major quake in Tangshan in 1976, when all offers of foreign assistance were rebuffed in the name of state secrecy. 12 China has also assisted with aid programmes elsewhere in the world, including disaster relief to South and Southeast Asia after the December 2004 Indian Ocean tsunami and to the United States after Hurricane Katrina in August 2005.

The environment is another problem in China which is more visibly affecting the international system. The state contains some of the most polluted cities in the world, and has recently surpassed the United States to become the largest single contributor of carbon and pollution emissions. These problems, affecting land, water and air quality, are beginning to produce residual effects well beyond China itself, including sandstorms, smog and potential contributions to global warming. Although China is a signatory to the 1997 Kyoto Protocol, which seeks to reduce global greenhouse gases, China's legal status as a developing state has exempted it from many of the agreement's provisions. However, as Beijing prepared for the 2008 Olympic Games, much local and global pressure prompted the Chinese government to think more in terms of how much of the country's income, in areas including health and infrastructure, may be lost due to environmental damage.13

Beijing is now growing increasingly concerned with its international status (guoji diwei) as it draws closer to the rights and responsibilities of a great power. Thus, in sharp contrast to the Maoist era, China is much more sensitive to the manner in which its identity and its foreign policies are perceived abroad. What has also changed, however, is that China now has access to many more tools in the international system which it can use to promote the idea that the country is returning to the great power status which it enjoyed centuries ago.

Great power diplomacy

In the past, the rise of a great power often involved the displacing of another great power from that rank, sometimes violently. This norm, however, has become much more risky in the modern era of nuclear weapons, which have served to deter great power conflict.

However, the ascent of China to the realm of modern great powers, especially in such a swift fashion, calls into question how other great powers in the modern international system will be able to accommodate China's arrival. One of the most significant changes in China's international relations is the fact that the state appears more comfortable in its dealings with great powers than was the case during the first decades of the People's Republic when Mao was quite focused on the two superpowers and the idea of bipolarity. After Chinese relations with the USSR soured, more attention was paid to non-great powers, including developing states. However, with China's power growth the question of how Beijing has related and should relate in the future to great powers has again risen in priority for the country's foreign policy.

Relations with the United States are of considerable concern to Beijing, and since the end of the Cold War relations have been on a virtual rollercoaster. In the 1990s, China was unhappy with the idea of a 'new world order' with the United States as the single superpower after the Cold War and repeatedly called for a more multilateral world system, with many great powers, including China, having a say in major issues. The Sino-American relationship took another turn after the terrorist attacks in the United States in September 2001 and the subsequent onset of the global war on terror (GWoT). After naming China as a 'strategic competitor' upon taking office, President George W. Bush sought Chinese assistance in combating international terrorism, a campaign Beijing, also worried about terrorism and extremism both domestically and internationally, agreed to join. However, the two countries have differed on occasion as to the definition of a terrorist threat.

Critics of current Chinese foreign policy, especially 'hard' or 'offensive' realists, argue that present Sino-American relations may be more of a marriage of convenience, and that great power competition between the two sides will inevitably take place. At present, China has been content to 'bandwagon' with the United States on a number of foreign policy issues, including security issues and trade, but there is the realist argument that as Beijing grows in capabilities it may seek to balance the power of the United States instead. Even so, comparing potential balancing behaviour of China to that of the USSR is problematic, since, unlike the Soviet Union, China has no sphere of influence à la Eastern Europe in the twentieth century and has neither the power nor the desire to create one.

China's relations with Russia have also warmed considerably since the end of the Cold War, and as a result the two countries have proclaimed a partnership and have shared information on issues related to regional security as well as joint international interests. The border hostilities which marked the latter half of the Cold War have been settled via long negotiation, and in June 2008 the last of the two states' 4300km border was settled, with 174km²; of disputed land to be returned to Chinese sovereignty. Despite some concerns in the West about a possible new alliance between the two large powers, the Sino-Russian relationship has been based primarily on partnership building, regional security concerns and increasingly on trade. There is the question, though, of how the relationship might evolve as Russia has begun to recover its international standing under Vladimir Putin and his successor, Dmitry Medvedev, and has developed a more assertive regional policy in bordering regions, as demonstrated by its military actions in neighbouring Georgia in the late summer of 2008.

Sino-European Union relations have also been transformed in the past decade, with many EU members now seeing Beijing as an alternative 'pole' to the United States as well as a promising multifaceted trade partner. China has expanded economic ties with EU

states and has encouraged Chinese tourists to visit in larger numbers. Beijing, meanwhile, has slowly adapted to dealing with the twenty-seven member EU as a multi-headed political entity. However, there have been some policy areas where the Union and China have diverged, especially in the areas of trade. China has been cited by the EU for unfair trade practices and high trade deficits, and Brussels has been concerned about the potential outflow of European jobs to China. Although free trade has been discussed between the EU and China, there is thus far little agreement among the membership as to how to proceed. It was a non-EU member, Iceland, which instead became the first European state to open free trade negotiations with Beijing in December 2006. As well, some EU states, at the beginning of the decade, began to quietly push for the lifting of an arms embargo against Beijing, implemented after the Tiananmen Incident in June 1989. However, after much internal dissent, as well as pressure from the United States, the European Union tabled this debate. Despite these political differences, China has become an increasing foreign policy priority for European states.

A majority of the most significant foreign policy initiatives during the government of Jiang Zemin in the 1990s tended to focus on the great powers, especially the United States and Russia, as well as improving relations with other Asian states, including former adversaries such as South Korea, Vietnam, India and Singapore. Jiang was very interested in setting up a stable periphery for China in order to prevent the border conflict which plagued both the Mao and Deng governments. Beijing was very successful in this regard and many of the lingering border conflicts were resolved, while China began to develop as an active member of many Asia-Pacific initiatives including APEC and the ASEAN Regional Forum (ARF). When Jiang was succeeded by Hu in 2003, many outside observers were unsure of the new leader's foreign policy priorities as he had travelled little and his background in international affairs was a mystery to analysts.

Not long after taking office, however, using as a foundation Beijing's diplomatic successes in Asia, Hu began to build a policy of cross-regional diplomacy, seeking to expand Chinese diplomatic ties with regions beyond the Asia-Pacific, including in Europe, as previously noted, but also in the developing states of Africa, the Middle East and Latin America. Much Chinese diplomacy there has been trade driven, as China has sought deals for regional commodities and energy. At the same time Beijing began to develop its role as an alternative partner to the West in these regions, and has been increasingly interested in developing diplomatic initiatives to better cement partnerships. High-ranking members of the Chinese government under Hu have visited many Latin American states and Chinese diplomacy has been especially successful with leftist governments in the region such as in Cuba, Venezuela and Bolivia.

In Africa, Beijing has been making many diplomatic inroads via trade and cooperation agreements, and a watershed in the relationship was reached with the development of regular Sino-African summits. 15 China is now widely viewed as an important diplomatic and economic partner, including a major source of loans, for sub-Saharan Africa, but the relationship has not been without its problems. Beijing came under Western criticism for its Africa policies, which have stressed non-interference in government affairs, in both Sudan, whose government is embroiled in a brutal civil conflict in the country's Darfur province, and Zimbabwe, with a regime increasingly becoming an international pariah due to its oppressive rule. Nevertheless, China has argued that its distinct approach to developing state diplomacy will increase mutual trade and combat poverty and underdevelopment. There is the question, however, of whether a rivalry between China and Western states will develop over trade deals with the developing regions and emerging markets. In short, China's cross-regional diplomacy has further underscored Beijing's increasing confidence in developing its foreign policy well beyond its original 'comfort zone' in the Asia-Pacific region. This has marked a major step in China's development from a regional power to one which is more comfortable in engaging the international system.

The topics and scope of the book

This book will examine how China's foreign policy interests have expanded and deepened in recent times and the effect of these changes on the modern international system. This will be undertaken through specific case studies as well as by broader analysis of developments, trends and ideas in Beijing's international relations. The key ideas expressed in this work will be that not only are Chinese foreign policy interests being expanded domestically and internationally, but China's foreign policy itself is currently in a process of reconstruction to better fit both a changed international system and China's rising power within it. Chapter 1 will examine the questions of who is currently responsible for developing China's foreign policy interests, and how the study of international relations can explain some processes of Chinese foreign policy decision-making. The answers to those questions are still very opaque, but as a result of China's growing foreign concerns the number of persons and institutions both within government and also without involved in China's foreign policy processes is growing. Although in many cases there is still much about the decision-making process which remains centralised, a 'diversification' of actors involved in the process can now be seen.

Chapter 2 will examine the effects of China's growing economic power on its foreign policy thinking and how trade and globalisation are now playing a much stronger role in international relations, a remarkable change from the closed economics of the Maoist era. China as a trading power is affecting many states in both the developed and developing world, and there is now the question of whether China's history of rapid development could serve as a model to other states. As well, after either shunning or being shut out of the various global endeavours to liberalise trade throughout the Cold War, China is now participating in large- and small-scale initiatives to improve international markets. Chapter 3 picks up on the theme of China seeking greater inclusion in the international arena, by exploring its changed approaches to international institutions. During the early decades of the Cold War, Beijing's policy reflected a deep suspicion of international organisations which added to its isolationism after the Sino-Soviet split (Zhongsu polie) of the early 1960s. Today, however, China is an enthusiastic joiner of many different types of institutions and is now confident enough in its abilities to pursue 'goods', including material gains, political power and greater prestige, though the selective engagement of international institutions.

China's security concerns have in some ways lessened, as it is no longer as concerned about border conflicts or military clashes with great powers. However, in addition to the Taiwan question there are also a number of newer security concerns which are considered less traditional, including terrorism, international crime, the safety of trade and shipping, and increased participation in global peacekeeping and war-to-peace transitions. As well, Beijing is still concerned about the long-term strategy of the United States towards it, as the gaps between American and Chinese power levels narrow. China has responded to these challenges by on one hand seeking to modernise its military, making it more capable of projecting power further abroad, but on the other looking for ways to

improve security via international cooperation and confidence-building. Chapter 4 will thus be based on Beijing's developing strategic thinking and the role played by the military in modern Chinese international relations.

Chapter 5 will look at the importance of one specific state-to-state relationship, that between China and the United States. From a myriad number of viewpoints, ranging from diplomatic to economic to strategic, the Sino-American relationship is now seen as not only crucial for both states but one of the most watched relationships in modern international relations. The chapter will trace the relationship from its beginnings through the Cold War and to the present situation of partnership in some areas but also of 'ambiguity'. The United States and China today are neither friends nor enemies but lie somewhere in between, and the direction of the relationship will have effects on the international system well beyond the two actors.

The following two chapters will track China's international interests after the start of the reform era from the regional to cross-regional level. Chapter 6 will examine Beijing's warming relations with countries in East and Southeast Asia as a result of its peripheral diplomacy policies of the 1990s, as well as the two regional cases of Japan and the Korean Peninsula, both of which have challenged China's regional policy and remain important concerns for Beijing. Chapter 7 will then examine the more recent phenomenon of Beijing's cross-regional diplomacy, tracing the government's tentative steps to engage regions beyond Asia, including Europe, the Middle East and increasingly Africa and Latin America, for political and economic gains. During a very short period of time, China has made its diplomatic presence felt in countries well beyond the Pacific Rim, challenging traditional ideas of 'spheres of influence' and underscoring China as an actor increasingly comfortable with international roles. The concluding chapter will discuss the challenges ahead as China continues the process of expanding and reconstructing its foreign policy to better fit its domestic concerns and its goals within the ever-evolving international system.

Notes

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Ouestions for discussion

- Can China now be called a 'great power'? If so, how does China differ from previous great powers?
- How does China's size in terms of its geography and its population affect its role in the international system?
- What are China's priorities in its foreign policy today?
- What did Hu Jintao mean by the need 'to promote democracy in international relations'?

Further reading

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1 Who makes Chinese foreign policy today?

People and policies

The decision-making process which guides the development and paths of Chinese foreign policy has been difficult to observe. Examining the agencies and persons responsible for foreign policy development often provides only a partial explanation or insight into Beijing's current or future policies, since much of the foreign policy decision-making process, such as decisions made about domestic politics, is still very opaque, especially to those observing from outside. The current perception of China's international relations being decided by a very centralised and cloistered elite in Beijing is no longer as valid as it used to be, as the number of actors who participate in the formation of the country's foreign policy has grown within the Chinese government as well as increasingly outside it. This chapter will examine the principle government figures and agencies responsible for crafting Chinese foreign policy today, beginning with the upper tier of the Chinese government and working towards lower-level government actors and others with much looser ties to the CCP.

At the same time, in trying to understand the role of domestic politics in the evolution of China's international relations, it is also necessary to look at what theories and ideas are being used in China and elsewhere, including traditional theories of international relations as well as the growing role of nationalism. Crafting an effective modern foreign policy while maintaining domestic affairs is a challenge for any state as the line between the two continues to blur in today's globalised world. However, in the case of China there is also the great challenge of developing foreign policy for a rising great power, while at the same time making sure that the Chinese domestic reforms begun thirty years ago are also maintained. In answering the question of who (and what) makes today's Chinese foreign policy, there are a number of different directions in which to look.

The view from the top

The first two paramount leaders of the People's Republic, Mao Zedong and Deng Xiaoping, had consolidated power to the point where they were central to much decision-making in both domestic and international relations policies. Under the governments of their successors, Jiang Zemin in the 1990s and Hu Jintao today, Chinese foreign policy took a turn towards greater conservatism, with a focus on developing economic links and good relations with the country's periphery and increasingly with other parts of the world. Great emphasis was placed upon how Chinese foreign policy could help bring the country the stability it required in order to accomplish a complex set of domestic reforms

designed to develop the country while keeping intact the paramount role of the Chinese Communist Party. By the time Hu Jintao came to office, Beijing could no longer ignore the label of 'rising power' which many international observers had placed on it. At the same time, the number of actors involved in developing China's foreign policy has grown considerably since the time of Mao and Deng, with more governmental and non-governmental actors having a real or potential voice in the process.

In 2003, the leadership transition was completed in China between Jiang and his former vice-president, Hu Jintao. Hu had considerably less foreign policy exposure than Jiang before assuming the presidency, and before coming to power kept his views on foreign relations largely quiet and away from public scrutiny. Hu was distinct in the sense that, unlike other Chinese leaders, he has been able to keep his position for much longer than other heirs apparent, especially in comparison with the Maoist era. This transition marked the first time that such a transfer of power was made peacefully and as planned, and it has been hoped that the Hu era would bring even more stability to both domestic and foreign policy in China. Like Jiang and many of China's current policy-makers, Hu hailed from a scientific and technocratic background, studying as a hydroelectric engineer and barely escaping the Cultural Revolution with a degree in the mid-1960s before universities were forcibly shut down in the midst of the political chaos gripping the country. Just as Deng Xiaoping chose Jiang to succeed him in the 1990s, Deng chose Hu to succeed Jiang.

Hu's early political career in the CCP was spent in some of China's most remote areas of the interior, including Gansu and Tibet, which analysts have argued explained his keen interest in fighting poverty and promoting economic equality. These interests have since been transferred to foreign policy, especially support for greater fairness in the international financial system and more of a focus on global aid, assistance and peace-building. Initially, many of his foreign policy ideas were echoes of Jiang, including his support for further trade development and the potential benefits from increased globalisation. He, like Jiang, was also critical of what he saw as lingering Cold War thinking and expressed his support for international multilateralism in different forms. His experience with the United States was especially narrow, with him only visiting the country for the first time in 2002. Although Hu favoured ongoing American engagement, he nevertheless expressed concerns about potential US containment policies directed towards Beijing in the post-Cold War era.

Jiang Zemin left office having made significant progress in developing China's international relations, including opening up contacts both with the Pacific Rim region and increasingly with other parts of the world, including developing states. Jiang was also able to return China to its international status, including that of an economic power, after Tiananmen, and oversaw the peaceful returns of Hong Kong and Macao to Chinese sovereignty in July 1997 and December 1999, respectively, as well as riding out the worst of the Asian Financial Crisis in 1997–98 which saw China ringed by economic crashes in East Asia, Southeast Asia and Russia. Foreign policy under his government completed the separation process between policy and ideology, and, unlike Deng and Mao, Jiang needed a wider base of expertise for his administration to craft and implement new post-Cold War international relations. One summary of his foreign policy ideas which he provided reflected a pragmatic and more impartial (*bupianxie*) approach along with the need for China to learn from global actors as well as the overall international system. He noted that China's foreign policy should encompass 'making cool observations, dealing with situations calmly, grasping opportunities and making the best use of the situation'. This

was a far cry from doctrines during the Mao era which stressed exporting the socialist revolution and direct policy alignment against the West and later the Soviet Union and its allies.

At the same time, Jiang began to slowly depart from Dengist foreign policy, which stressed taoguang yanghui (hiding China's capabilities and biding its time), in favour of more frequent experiments with daguo zhanlue (great power diplomacy). Starting with China's immediate neighbours, Jiang sought rapprochement and improved relations based not upon ideology but rather upon mutual benefits. It was under Jiang that China sought a policy of bilateral 'partnerships' (huoban) as well as increased multilateral cooperation, through international organisations, with interested countries which stressed political and often economic cooperation. As well, Jiang was more comfortable with the foreign policy of summitry, attending high-level governmental meetings with other state leaders to develop partnerships and other deals.

However, Jiang was less successful in other foreign policy areas. These included China's relations with the United States, which suffered from growing mistrust exacerbated by military encounters and policy differences between the two (see Chapter 5). Jiang was also unsuccessful in realising his goal of bringing Taiwan closer to the mainland. In fact, the opposite took place as Taipei began to assert greater independence with its own domestic and international affairs in the late 1990s, leading to the Taiwan Straits crises in 1995-96 and further diplomatic difficulties with Washington. Under Jiang, Taiwan was warned by Beijing in 2000 that any attempt to stall reunification talks indefinitely would raise the risk of armed force being used. Jiang was especially unhappy with the ascent to power of Chen Shui-bian and his pro-sovereignty Democratic Progressive Party (DPP). Although Beijing was no supporter of the Kuomintang (Nationalists), which governed Taiwan without interruption from 1949 until 2000, Jiang was even less pleased with the prospect of a pro-independence party in power, the possibility of greater moves towards independence and the possible response of other states, especially the West, to these events. Chen, in his eight years in office, attempted to avoid making overly provocative moves towards declaring outright secession but attempted some changes to the Taiwanese constitution and to passports. Hu had no better luck in dealing with the DPP government on the island, and Beijing's impatience was demonstrated in March 2005 when the Chinese parliament, the National People's Congress (NPC), passed the Anti-Secession Law, which was designed to protect Chinese territorial integrity. Especially problematic for Taiwan and the international community was Article VIII, which states that should Taiwanese separatist forces attempt to engineer secession of the island, Beijing would employ 'non-peaceful means' (feiheping fangshi) in order 'to protect China's sovereignty and territorial integrity'.

Beijing has been willing to allow for the same 'one country, two systems' (yiguo liangzhi) model in Taiwan which was offered for Hong Kong, meaning that Taiwan would receive a high level of autonomy in exchange for unification. However, differences related to political rights, freedom of the press and government accountability raised worries in Taiwan that the integrity of its governmental system would be adversely affected by accepting CCP sovereignty. The two systems policy was first articulated by Beijing in 1981, and stated that talks between the CCP and the then-governing Kuomintang should be carried out on a reciprocal basis. Both sides would increase exchanges of goods, mail and persons across the strait, and Taiwan should be allowed to retain a high level of autonomy and keep its own armed forces, a significant concession compared to the Mao era. Taiwanese persons would be allowed to serve in the PRC government

and allowed to invest on the mainland with no discrimination. As well, Taiwan's economic system would be legally protected. While Hu has taken a more conservative approach to the Taiwan question, no government or leader in Beijing can afford to be seen as 'losing' Taiwan, and Hu and his government have also been highly critical of any 'Taiwan independence' (*Taidu*) elements or movements on the island. The situation for Taiwan becomes more precarious because as China expands its diplomatic interests and its economic power many more states are unwilling to recognise Taiwan and consequently pay the price of being shut out of the Chinese market. Any potential power shift between Beijing and Taipei would greatly affect future negotiations aimed at settling the island's political status.

Beyond the Taiwan question, however, China's foreign policy, since the Hu government was solidified in 2003, in some ways remains similar to Jiang's. There is a great deal of emphasis on the protection of the international status quo and a high concentration on trade development and enriching China's people and economy. Both leaders have been quick to criticise 'old thinking' in other states and, for example, the persistence of alliances in the West and contests over establishing hegemony. However, one major difference has been that, while Jiang concentrated his diplomacy both on surrounding Asian states and on big powers such as the United States and Russia, diplomacy under Hu has been much more cross-regional, bringing in Europe, Latin America and Africa. The maintenance of good border relations with China's many neighbours has been seen as essential to both leaders, and China remains committed both to bilateral partnership and increasingly the UN and other international regimes. The relationship between China and the United States remains pivotal, and although the trade relationship continues to grow there are still numerous political differences which remain to be addressed. Another similarity between the Jiang and Hu governments is that both saw China as a rising power in the international system. Therefore China's international thinking has shifted considerably from that of a medium power seeking to overturn the status quo via revolution to that of a state seeking stability but also greater prestige associated with being a great power. Beijing's claim to great power status could be based on its growing market power and its advancing military capabilities, as well as its increased visibility in international regimes and its willingness and ability to promote its own interests abroad.

A look at the individual level of analysis in foreign policy also provides clues to the conservative views of foreign policy in the current Chinese leadership. Although there are many agencies in China responsible for contributing to foreign policy, with many having much more power than during the Maoist era, much of the overall decision-making power over both domestic and foreign affairs rests with the CCP Politburo Standing Committee, which includes the president, premier and other high-level officials. Many analysts seeking to gauge foreign and domestic policy directions often examine the composition of the Standing Committee as it changes every five years. The 'fourth generation' (disidai) of leaders currently in power in Beijing, including Hu and Premier Wen as well as Hu's former Vice-President Zeng Qinghong, all grew up in the 1960s during the trauma of both the Cultural Revolution and the Sino-Soviet split, and historians suggest that this generation has a greater respect for maintaining international stability and order. Jiang is considered to be the political representative of the third generation of Chinese leadership, while Mao Zedong and Deng Xiaoping were considered to be the leaders of the first and second, respectively.

As the head of the fourth generation, Hu Jintao's foreign policy sought to take advantage of China's improved standing in the international system, and Hu has

advocated the 'theory of opportunity' (jiyulun), stressing that Beijing should improve its security and its strategic policies by continuing its good-neighbour policies while expanding them beyond Asia. While Jiang's diplomacy was centred more on China's immediate periphery, including Southeast Asia, Russia and East Asia, the Hu government has been much more comfortable in pursuing cross-regional diplomacy (see Chapter 7) via a mix of economic and diplomatic initiatives. Upon taking office, Hu called for a yiren weiben ('putting people first') approach to diplomacy and foreign policy, and matched words with deeds by promoting greater transparency between foreign policymakers (especially the Ministry of Foreign Affairs) and the people, providing greater assistance to Chinese citizens working abroad, and permitting, to a point, the expression of public opinions about foreign policy issues (the anti-Japan protests in early 2005 being an example of this). At the same time, however, Hu, like Jiang, has been sensitive to any policies of weidu (containment) emanating from the United States in the name of weakening or restricting Chinese power abroad.³ Although American foreign policy has shifted emphasis under the George W. Bush administration to anti-terrorism and an international relations agenda dominated by Middle Eastern affairs, this tone may shift after 2008 under Bush's successor.

The *disidai* is also the first generation which matured during the time of Deng's open door economic policy and the associated political and socio-economic benefits. As such, the current generation is considerably less attached to the original ideas of Maoist ideology foreign policy and the need for socialist revolution. This has especially been obvious in the case of North Korea, as Beijing has adopted a much more no-nonsense stance with the government of Kim Jong-il (and its nuclear weapons development policies) despite their long-shared socialist history. As well, unlike previous generations the current crop of policymakers in China have considerably more travel experience and have been able to observe international activities more directly. Although Hu's foreign policy and travel experience was comparatively limited in his role as Jiang's vice-president, he more than made up for it with numerous trips around the world during his tenure for bilateral and multilateral meetings, including several to Europe, Latin America and Africa.

As Hu entered his second term in office, more scrutiny was given to the political generation which will take power after the current president. Representatives of the 'fifth generation' (diwudai) of Chinese leaders, commonly born in or around the 1950s, are now included in the highest-level decision-making body in the country, the CCP Politburo Standing Committee. The diwudai thus has been distinguished by greater exposure to the international system and higher education levels. At the same time this generation was better placed than its predecessor to appreciate the economic benefits of the Dengist reforms. After the October 2007 CCP Congress, two potential successors to Hu Jintao were elevated in ranking, but it is unclear at this point which individual will succeed Hu at the end of his term in 2012. Xi Jinping and Li Keqiang, both in their fifties, are seen as possible heirs apparent and many will be watching for hints about their foreign policy preferences. Both men became politically active after the Cultural Revolution and were deeply immersed in the state's domestic and international reforms.

Xi was a Party representative in the rich province of Fujian before being promoted to Party head in Shanghai, and thus has many international links. At the same time, Xi was considered a Party heir or 'princeling' (*taixi*) as his father was communist guerrilla leader Xi Zhongxun, who participated in the Long March in northern China during the Chinese Civil War in the 1930s, thus giving Xi the Younger much ideological support within the CCP. Li, a longstanding political ally of Hu Jintao, was based in two interior industrial

provinces, Henan and Liaoning, and has a somewhat less well-defined international record. He is also distinguished by his educational background, which is in economics rather than the hard sciences like many in the upper echelons of the fourth and fifth generation. Either individual might take the top post of Chinese leader in 2012, with the other possibly ascending to the second rank of premier.

Other diwudai members may also influence China's foreign relations in different ways. For example, another new Standing Committee member, Zhou Yongkang, began his career in the energy industry and was previously a manager for the China National Petroleum Corporation (CNPC), one of the largest oil companies in the country. In keeping with past traditions, however, it is unlikely that senior members of the diwudai will take strong public stands on foreign policy issues until Hu moves closer to retirement.

China's governing structure and foreign policy

Attempting to determine the domestic sources of Chinese foreign policy has in some ways become easier, but in others the question of who creates the policies which govern the country's international relations remains complex. Looking at foreign policy through the agent-structure prism, we see that, unlike in Western states, information on both agents and structures in China can often be incomplete or misleading. On one hand, the era of single leaders dominating foreign policy decisions is over, and instead most decisions on the international level must be made through ministerial and bureaucratic consultation. As well, non-governmental actors, including businesses, NGOs and lobby groups, have been transformed from irrelevant actors to stronger players in Chinese foreign policy. Globalisation has forced some areas of foreign policy to become more transparent, and Beijing's greater participation in international institutions has also assisted with providing more windows into the decision-making processes. The strong Westphalian stance of Beijing, stressing the sanctity of state sovereignty, has caused it to be extremely wary of foreign influence on its international relations decision-making. In short, the CCP still commands foreign policy, but the circle of decision-makers has become more diversified. As the Chinese state continues its economic and bureaucratic reforms, changes have begun to be observed on both the international and the domestic level.

Although the Chinese Communist Party has undergone a variety of changes since its creation, many of its institutions and political thinking are left over from its revolutionary days, as can be seen in the Chinese constitution, the structure of the CCP and its governing institutions. China today is a party-state, meaning that there is negligible separation between the apparatus of government and the structure of the CCP. Despite several moves away from Maoist philosophies, especially in the area of economics, the Party maintains its right to remain as the paramount political actor within the country as well as the right to maintain so-called *democratic centralism*, meaning that an individual is subordinate to the organisation and the minority is subordinate to the central committee. Although there have been sporadic attempts, especially under Deng Xiaoping, to more clearly separate Party and government, the two remain inexorably linked. The democratic centralist idea has meant that the governing structure of China is that of a sharply defined pyramid, with local CCP organisations and work units on the bottom, working its way upward to the county, city and provincial levels and eventually to the upper echelons of the Party based in Beijing.

At the same time, another guiding principle in Chinese politics has been the idea of collective leadership within the Party, making it impossible for the government to return

to one-person rule and the cult of personality which Mao enjoyed. Personality cults today are strongly discouraged under CCP statutes. At the same time, the idea of a paramount leader for China has also fallen from favour. Mao was able to exercise power even when he was not a formal member of the government, and Deng Xiaoping, despite having formally retired in the early 1990s, was also able to influence many aspects of Chinese governance until his death. Jiang, on the other hand, may have made an attempt to secure a similar role after 2003 as he was planning his own retirement. If that was the case, however, he appears to have failed, as he has been largely sidelined and his supporters in the highest levels of the Party appear to be increasingly phased out, although they have not disappeared altogether. The upper tiers of the CCP have thus become much more decentralised, with both the Jiang and the Hu governments unable to create laws without a great deal of support and information from various ministries. At the same time, the CCP itself has shown signs of developing specific factions based on political background, age, geography and political connections. The need for consensus-building, largely buried under Mao, has returned and is now a crucial part of day-to-day governance in China, an area which has extended into foreign policy and especially in the area of crisis management.

Another component of governance in China today is the growing tolerance of minority opinions within the Party, as long as they are dealt with within the Party structure and solved using Party norms. This has been seen through various anti-corruption programmes undertaken by both the Jiang and Hu regimes, as well as Jiang's attempts to widen the membership of the CCP and make it more diverse. The CCP claims a membership of approximately 73 million people as of 2008, and one major change from the Maoist era was that the prerequisites for membership have been significantly loosened. Many younger members have considerable experience abroad and can often make use of international ideas and models. Not only are workers and peasants invited to join, but those in the private sector and even entrepreneurs are also welcomed, thanks to reforms implemented by the Jiang government.

In looking at the structure of the party-state, it is important to separate the implied versus actual distribution of power within the government mechanism. In theory, the highest body in power in China is the NPC, which meets for about a week every five years to determine policy and debate new laws. However, the size of the NPC (the last main meeting in March 2008 featured more than 2,900 delegates) requires limits be placed on the number of topics which can be discussed. When the NPC is not in session, the Central Committee (CC) acts in its stead, but it too is a relatively large group, with about 200 members and 160 alternates. The CC originally acted as basically an approving body for the Chinese leadership, and even today, despite more open debates, especially in CC plenums which take place annually, much of the CC's work is codified by the Party's upper echelons. Despite the NPC and CC's apparent power, a majority of the true governing power in China has shifted to three bodies, the Secretariat, the Politburo and at the very top the CCP Standing Committee.

The small Secretariat (about ten persons) was responsible for the daily bureaucratic decisions of the government, and under Mao and Deng the group saw its power rise considerably until it was decided by then-Premier Zhao Ziyang that its power be downgraded in favour of the Politburo. Nevertheless, the Chinese President also holds the title of General Secretary of the CCP and head of the Secretariat. The Politburo acts as the leadership body of the CC and is normally larger, with about twenty to twenty-five members. Various political factions, those that are strong enough, will find their highest representatives based there. As a result, the richest and/or most populous regions in

China are over-represented among the members of the Politburo, despite complaints that this group should be more sensitive to the needs of the Chinese interior.

The top rung of the CCP leadership is the Standing Committee of the Party, which includes the President, Premier, the head of the NPC and the head of the Chinese People's Political Consultative Committee (CPPCC). The latter group serves as an internal think tank for the Party, seeking new policy development and directions. Rounding out the Standing Committee is a handful of senior officials acting as a layer of policymaking between the leaders and the mid-level of the organisation. Appointment to the Standing Committee always involves months and even years of intense lobbying by various Party factions and interests. Membership in the Standing Committee normally indicates that one has the patronage of the President, or belongs to a faction so strong that it cannot be excluded from the Party's upper echelons. Moving in and out of the Committee is seen as an indicator of political standing, and the current Standing Committee reflects major changes in power distribution at the top of the CCP. For example, the last two Standing Committees, named in 2002 and 2007, are larger than those which came before, with nine people, up from seven in the Committee from 1997-2002. This indicated a need to further decentralise power at the top, the need to represent a more diverse set of factions, or some combination thereof. During the transition only Hu Iintao was carried over from the previous Committee group. As well, with an average age of 58.6 years, the post-2007 Standing Committee is the youngest to date. This upper echelon determines not only domestic policy but also the state of foreign policy. However, unlike during the time of Mao and Deng, the Committee often has to examine information and advice from various ministries also charged with foreign policy development, including the Ministry of Foreign Affairs, the Ministry of Commerce and the People's Liberation Army.

The Ministry of Foreign Affairs (MoFA, Weijiaobu) is China's leading foreign policy body and has been charged with interpreting and often substantiating policy decisions made by the country's leadership, and the MoFA has become increasingly important as an information source to policymakers as China's foreign policy deepens and diversifies. While the central decision-makers in the CCP often create and promote policy for engaging states of central importance to Beijing, including the United States, Russia, the European Union and Japan, as well as China's immediate neighbours, the MoFA oversees more routine, low-level decision-making, including policies towards smaller states. As part of the Dengist reforms, in 1982 the MoFA began to hold regular press conferences, now a weekly event in light of the country's increasing foreign relations commitments. The MoFA has also sought to increase its transparency by posting papers, speeches and other relevant foreign policy materials on its website (www.fmprc.gov.cn).

Another actor in foreign policy development is the Central Military Affairs Commission (CMAC), which acts as the civilian oversight body for the PLA. By tradition, Chinese leaders, including Mao, transitional leader Hua Guofeng, Deng and Jiang, have also headed the CMAC, reflecting continuous close relations between Party and armed forces which have been a legacy of the CCP revolutionary days before the founding of the People's Republic. Jiang created a stir in 2002 when he stepped down from all of his positions but decided to remain head of the CMAC, a move seen by many as an attempt to continue to influence the Hu government with the backing of the military. For reasons still debated, Jiang decided a year later to cede the position of CMAC leader to Hu.

Adding to the various Party mechanisms are those specifically under the aegis of the government structure. The Premier of China (currently Wen Jiabao) acts as the head of government and also of the State Council of China, which is the main administrative

body of the government and is in charge of overseeing the Constitution, as well as the state budget and various laws and regulations designed to be submitted to the NPC. The exact amount of policy independence of the State Council vis-à-vis the Party is an open question, as in practice the two sides are very strongly linked. Also in the administrative section are various ministries and departments overseeing major sectors, such as foreign policy and defence. Various ministries are often lumped informally into larger groups, known as *xitong* ('governing system'), which often have complementary interests. Among the major *xitong* are organisation, Party affairs, education, economics and military.⁴ The ministerial structure within China went through a rapid change in the 1990s thanks largely to reform policies of the then-Premier Zhu Rongji. Soon after succeeding Li Peng as Premier, Zhu wanted to reduce the level of bureaucracy and government overlap not only to improve domestic governance but also to better prepare the country for increased engagement with the international economic system, including the WTO.

It was this latter reason that Zhu used as justification for his reforms of the ministerial system in 1997. The number of ministries was reduced from forty to twenty-seven, with some ministries absorbed into the newly created State Economic and Trade Commission (SETC), modelled in part after the now-defunct Ministry of International Trade and Industry (MITI) in Japan. The SETC thus became a 'super-ministry' designed to be more responsible and reactive to international challenges. In 2003, the SETC was broken up, with pieces merged with the Ministry of Foreign Trade to become the Ministry of Commerce (MOFCOM, Shangwubu), an even larger and more powerful group. However, as the ministries and committees were being streamlined, the 1990s and later also saw a wave of staff reductions, a move bitterly disputed by some ministries, which complained that such proposed cuts would greatly diminish their abilities. As well, the Ministries of Foreign Affairs and State Security argued that, if anything, their staff levels should be increased due to their rising importance. To soften the blow of so many job losses, some employees were given sideways promotions to other sections, others were transferred to universities for teaching and administrative jobs, and still others were transferred to the industrial sector. Despite these changes, the problem of overstaffed bureaucracies remains a complicated and politically sensitive area of China's reform process.

As a result of the centralisation process, other large centres of bureaucratic power were created, including the Ministry of Information Industry, or MII, which was derived from various ministries of post, electronics and telecommunications. However, not only does the MII oversee these forms of communication but it also plays a strong role in media oversight, including regulation of the internet, which is kept under tight government control and subject to restrictions on content perceived to be potentially damaging to the country. The MII has also been viewed as a gatekeeper for foreign corporations interested in expanding high-technology markets in China, and has had to walk the line between encouraging international investments in China's growing information technology industries while ensuring that content rules are maintained. As a result of ministerial reforms after the 2007 Party Congress, the MII was merged with smaller related departments and renamed the Ministry of Industry and Information Technology (MIIT, *Gongye Xinxi Huabu*) in June 2008.

An important actor in the Chinese government and in its international relations remains the People's Liberation Army, due to both its history and its numbers. Both Mao and Deng, in addition to being survivors of the Long March and the military struggle against both Imperial Japan and the Nationalists, were guerrilla leaders who were willing to incorporate military thinking into their political views. Both were seen as solider

politicians who believed that the Party should have direct control over the gun. As such, there was a strong amount of CCP-PLA symbiosis between 1949 and 1997, but there was also a low-level power struggle between both sides, with Mao and Deng often taking steps to prevent the armed forces dominating the political system. As well, the process of paring down the military was a constant issue, but could not be extensively undertaken until Mao's death. Deng, citing the need to fight limited wars under modern conditions rather than a grand 'people's war', accelerated the process of paring down the PLA and retiring elder members of the officers' corps. The PLA retains a central role in modern Chinese politics and foreign policy-making (see Chapter 4).

Beyond the centre: other actors in Chinese foreign policy

As China further assumes its place in the international system, the number of non-governmental actors, including individuals and groups, who are involved with, influence or are knowledgeable of foreign policy has continued to grow since the start of the reform era. Sources of foreign policy information which are accessed by the MoFA and other international relations actors within the government are now more frequently used by non-governmental actors, including academics, think tanks and consultants, many of which have links with counterparts abroad.⁵ As well, foreign policy issues are more widely discussed and debated in visual and print media. Increases in tourism and the number of Chinese students studying abroad have also contributed to a higher level of international relations awareness in the country.

It was not long ago that the government was the sole source of foreign policy information, but as China has globalised the number of information outlets has grown, including a more diverse news media and rapidly increasing internet use. A report released in July 2008 by the Chinese Internet Network Information Centre (English acronym CNNIC), Beijing's leading internet authority, stated that China had 253 million regular internet (hulianwang) users, surpassing for the first time the number of Americans online. This figure represented a jump of 43 million from the previous year, reflecting the rapid growth of Chinese citizens having regular internet access. The report also noted that China, as a 'rising internet power', was now hosting 1.92 million websites, and that the number of website names with the domain name '.cn', China's country code, had risen to almost 12.2 million, overtaking Germany's '.de' code.⁶ Limitations are maintained on some websites, including some foreign news services and sites which cover sensitive political topics such as Taiwan, Tibet and the banned Falungong spiritual movement, through a government censorship system commonly referred to as 'The Great Firewall of China' (fanghuo changcheng). However, the spread of online news organisations, blogs (boke) and wireless communications in China has provided many new sources of foreign policy information and discourse for Chinese citizens.

Chinese policymakers have been more receptive to recommendations from beyond the central Party apparatus, including think tanks with varying levels of connections to the CCP. For example, the concept of 'peaceful rise', that China is a rising power but one which is rising while respecting international rules and norms, originated from comments in December 2002 by Zheng Bijian, leading a delegation of members of the government-affiliated China Reform Forum. These comments touched off much debate in the Party leadership over how this idea should be interpreted and developed into policies. This case has been viewed as a high-level example of the government's willingness to engage foreign policy ideas further beyond the central decision-making

bodies.⁷ Many think tanks of various sizes exist today which focus on international relations, including multi-factional ones such as the Chinese Academy of Social Sciences (CASS) as well as the China Institute of International Studies (CIIS) in Beijing and the Shanghai Institute of International Studies (SIIS).

These groups and others have expanded their visibility and maintain contacts both with Beijing and with international actors, acting as data centres, research centres, consultants and producers of policy publications for the public and for internal (*neibu*) briefing purposes.⁸ As well, another foreign policy tool of Beijing outside the central government has been the rapid proliferation of Confucius Institutes (*Kongzi Xueyuan*) abroad. These institutes, created to promote Chinese language and culture along similar lines to the British Council, the Alliance Française (France) and the Goethe Institute (Germany), have grown to more than two hundred in number since the first Institute opened in Seoul in 2004.

China and 'great power' foreign policy

According to many schools of international relations theory, China's behaviour is very much in keeping with a growing great power. To use the terminology from work by Schweller, China has not developed into a 'jackal' state, protective of what it has but also willing to go to great lengths to gain more power and goods, but more of a 'lion' state, very willing to protect what it has but unwilling to take great risks in acquiring more.⁹ It has been argued that many decades of instability in China, created by international conflict, civil war and socio-political upheaval, have prompted the current conformist approach in Chinese foreign policy thinking. This would also be in keeping with neorealist ideas suggesting great powers are concerned about maintaining their place in the international hierarchy, and therefore will avoid seeking to gain more power unless absolutely necessary for self-preservation. As well, Beijing seems to be proving Kenneth Waltz's idea of the 'sameness effect' among great powers, meaning that once states reach the status of great power they tend to behave in a similar fashion to other great powers. This is because rising states tend to look at the successes of existing great powers and attempt to emulate their strategies and foreign policies hoping for the same good results. 10 The weakening of any state can and has been traumatic but, as history has repeatedly demonstrated, the weakening of a great power can produce aftershocks well beyond the state itself.

However, to claim that China has achieved superpower (*chaoji daguo*) status would be premature, as international relations theorists note that to be considered a 'super' or global power one must not only have the ability to project power throughout the world, an ability China still lacks, but also be able to manipulate and construct international systems on a global level. At present, only the United States is capable of this 'system-determining' power and China has neither the desire nor the capability at present to create alternative international rules and norms. Instead, Beijing has been content to operate within a Western-dominated international system of laws and norms, in keeping with its current policy of conservatism. At the same time, however, much modern Chinese international relations scholarship has been concerned about how its power is rising and where it ranks vis-à-vis other great powers. As Leonard notes, 'China must be the most self-aware rising power in history'¹¹ because of how it has closely examined the development of its power while seeking ways to make the best use of it. Moreover, China is the first great power to develop within the modern era of globalisation, which means that

it has many sets of eyes upon it while at the same time enjoying access to much more information about other states, big and small, powerful and not, than great powers of the past. As well, since China is rising under a great deal of international scrutiny, Beijing has paid much attention, since the 1990s, to its international image (*guoji xingxiang*).

There have been, however, some differences between Hu and Jiang's approaches to China's international relations while a developing great power. The first difference is the greater level of foreign policy confidence which the Hu government has created and maintained. Both Hu and Premier Wen Jiabao have been engaged in many varieties of summit diplomacy as well as increased participation in international organisations, not only in the Asia-Pacific but in many other parts of the world. This has been termed China's 'charm offensive' (*meili gongshi*) and it has accomplished much since 2002 in cementing Beijing's ties with many parts of the world, sometimes even at the expense of American diplomacy. For example, one BBC poll of 22 countries in December 2004 suggested that in total 48 per cent of those surveyed viewed China's international influence as positive, while only 38 per cent said the same of the United States.¹²

At the same time, there are signs that the Chinese population is generally satisfied with how their country is being perceived abroad. Polling results released by Pew Global in July 2008 suggest a large majority of those polled (77 per cent) believe that China is 'generally liked' internationally, and 55 per cent said that China's economic influence in the world is 'positive' (by contrast, only 21 per cent of Americans polled agreed, with 61 per cent saying that China's economic influence globally was 'negative'). ¹³ Under Hu, China has moved beyond primarily Asia-Pacific diplomacy to a larger form of cross-regional ties which has demonstrated that China has much more confidence in its abilities to interact with both developing states and great powers and still obtain the foreign policy goods it seeks from different parts of the globe. It has been argued that in light of the foreign policy problems of the United States in the wake of Iraq, China has been developing a trait which few believed China could develop, namely 'soft power' (*ruan shili*).

In the 1990s, some China sceptics noted that without the trappings of soft power Beijing was doomed to remain in the ranks of the medium powers. ¹⁴ However, as a result of China's more varied diplomacy and rising power, there is the argument now that Chinese soft power, while nowhere near as large as that of the United States, is significant and growing. Beijing's economic power and its ability to promote large-scale growth have made it a tempting model for other developing states, while China has not been reluctant to offer greater assistance to the developing world. The country has also taken a softer line on UN peacekeeping, even sending troops on some missions including those in the Middle East. From a strategic viewpoint, China has now accepted that some security problems are best solved multilaterally and thus China has been more active in the UNSC, as well as in regional security organisations such as the ASEAN Regional Forum and the Shanghai Cooperation Organisation. China was also one of the top contributors of foreign aid following the Asian tsunami of December 2004, and has been at the forefront of efforts to prevent North Korea from proliferating nuclear weapons. Whether these policies translate into soft power, meaning the ability to exercise power based on attraction rather than coercion, is another matter. While China's foreign policy is looked upon increasingly as conservative and benign, its cultural impact is small compared to that of the United States and China continues to attempt to solidify its foreign policy priorities in a number of areas. It must be remembered that China's isolation ended only about thirty years ago, and Beijing has much catching up to do in obtaining the information needed to lower the transaction costs inherent in any international relations.

Hu has also been seeking to place his own stamp on China's foreign policy based on the ideas of 'peaceful rise' (heping jueqi) and 'harmonious world' (hexie shijie). The first concept, which appeared as Hu was assuming office in 2002–03, is in reference to the idea that China is a rising power but that it cannot and will not rise as other great powers did in the past, namely through force and material acquisition. Instead, peaceful rise assumes that China will grow within the status quo and within international norms rather than seek to create a 'new world order', to use the American term. He argues that China's issues related to development must be tempered with the idea that there is still a great deal of work to do on the domestic level. Since China cannot become isolationist in the name of concentrating full-time on domestic problems, it must instead temper its foreign policy and rise peacefully. This idea gained much currency in some foreign policy circles in China around the time of the leadership transfer between Jiang and Hu, but others within the CCP argued that even using the term 'rise' suggested a potentially combative stance. Instead, the term 'peaceful development' (heping fazhan) began to be used more commonly by Hu and his government from the middle of the decade.

As opposed to its stance in the 1990s, China has become more accepting of its status as a rising power, but the Hu government has insisted that it is interested in building what has been termed 'comprehensive national power' (zonghe guoli) via a peaceful rise. Linking domestic and international interests, Beijing has stated its goal of improving its economic and political capabilities in order to create a more peaceful world in which China will grow. Beijing has frequently expressed a willingness to develop a multipolar world where many great powers can check each other, which partially explains China's interest in improving relations with both Russia and the European Union. For example, Hu and Premier Wen have been especially interested in improving EU ties, and both have noted that, save for differences over human rights, many international approaches between the two have been similar. China has been upbeat about Europe's potential both as a trade partner and as an alternative pole in a preferred multipolar system, and the recent trans-Atlantic rift over Iraq gave Beijing much more room to manoeuvre in improving Sino-EU relations (see Chapter 7).

'Harmonious world' has been developed more personally by Hu and has been used to explain his government's foreign policy preferences. This idea rests on the need for harmony and justice in international affairs, the democratisation of the international system which also respects the sovereignty of large and small states, the rejection of alliances and instead the building of security communities which reflect post-Cold War issues, and respect for international law and institutions such as the UN. The Hu government has respected globalisation and has paid more attention to the phenomenon than Jiang did, but at the same time 'harmonious world' calls for greater fairness in the international trade system, including more focus on ending poverty and greater attention paid to ensuring that international trade agreements are made more fair to developing states. The theory draws a much stronger link between economic prosperity and peace and security. The idea also flows from the traditional Dengist era line that China would 'never seek hegemony' (baquan) and at present the only sovereign territorial claims which China is making, specifically Taiwan and islets in the South China Sea, are sought because they are viewed in Beijing as inalienable components of China's territory. However, China under the CCP dropped its claims to the state of Mongolia (or 'Outer Mongolia'/Wai Menggu) and parts of eastern Russia, both of which were Chinese territory during the Qing Dynasty era. As well, one study of empirical evidence taken from conflict databases suggested that China during the Cold War years had been notably more dispute prone

than other great powers save for the United States. However, Beijing has engaged in conflict primarily when core interests were seen (rightly or wrongly) as being directly threatened, and over the time Chinese power grew the country became more conflict averse. ¹⁵

Beyond these two ideas, however, there are many other interpretations as to why China's foreign policy during the Jiang and Hu eras has been notably conservative and cautious towards the use of force or coercion despite the country's rising power status. First, there is the nuclear weapons factor, which today makes great power conflict over the international system unacceptably risky. China came very close to a nuclear conflict during the border skirmishes with the USSR in 1969–70, and has little desire to provoke such a conflict again. Unlike great powers of the past, China cannot challenge other such states without being cognisant of the risk of nuclear conflict. In contrast to Mao, who frequently took a radical approach to the power of nuclear weapons, Deng and his successors became increasingly sensitive to the problems of proliferation and the importance of disarmament regimes. In two current cases of non-nuclear states seeking to develop nuclear weapons, namely North Korea and Iran, Beijing has continuously pressed for a diplomatic solution and has been critical of force being a policy option.

Second, in much of its foreign policy, China has avoided overt 'balance of power' behaviour with the United States, and in many areas has actually 'bandwagoned' (meaning aligned its foreign policy with a strong state in the system in the hopes of gaining benefits) with Washington and other large powers instead. These included issues such as the post-2001 global war on terror, the sanctity of the international trading and lending system, the importance of the United Nations in international law, and combating transnational crime. China, unlike the Soviet Union, cannot construct an alliance similar to the old Warsaw Pact using coercion or strength, without unacceptable levels of political and economic suffering. However, there is also the alternative viewpoint that China in some areas is not so much bandwagoning but in fact 'free-riding' (receiving the benefits of cooperation without contributing enough to the cooperating group).¹⁶ For example, while China's direct participation in the GWoT has been limited compared to the West, it has benefited much from the removal of the Taliban regime in Afghanistan and the comparatively calmer security climate in Central Asia. Economically, Washington has complained that China has manipulated its large market status and a very weak currency to further enrich itself using largely Western trade rules and norms.

The international relations theory of liberal institutionalism also provides much insight into China's current conservative foreign policy. This is because China is the first rising power to develop within an international system characterised by what can be called 'regime saturation'. Since 1945 the number of international organisations and regimes has increased considerably, even more so since the end of the Cold War. Since the 1980s, Beijing has accelerated its engagement of many different types of regimes. This affects China's foreign policy in two ways. First, membership in organisations can be seen as restraining potentially revisionist behaviour on the part of China, since the country becomes committed to following many rules and norms in order to continue to receive the benefits of membership. Second, China has been gaining much information, goods, capital and prestige from regime membership, thus in theory lessening the need for China to use coercion to get what it wants. Unlike small powers, Beijing receives much attention in all of the organisations to which it belongs.

There is also the 'two-level game' issue, ¹⁷ stressing the connections between China's domestic and foreign interests as China engages in international negotiations. At present, Beijing has a long list of domestic problems which need to be solved in the short term for

the country to keep its development levels stable and rising. These include relieving poverty levels in the interior, improving governance and the country's legal system, addressing social security, dealing with environmental problems and weeding out corruption. Any of these issues could conceivably grow to cause great harm to the country, the Party and economic growth. Although China as an authoritarian state is less directly accountable to the people for foreign policy decisions, the diversification of foreign policy actors in China and the growing awareness in Chinese citizens of international events have resulted in the need for the policymaking elite to pay greater attention to the growing number of links between domestic issues and foreign policy decisions. Beijing is well aware that faulty foreign policy, especially as the country becomes further immersed in international networks and norms as well as globalisation, can often lead to internal chaos, a scenario which both Party and government want to avoid.

It has also been argued through the theory of 'offensive realism' that rising states often experience periods of instability which may prompt them to seek to change the status quo, as demonstrated both by Imperial Japan and Bismarckian Germany. 18 Thus, there is the concern that as China continues to grow it may be more tempted to discard a conservative approach to its foreign policy and unilaterally begin to challenge international norms, a common concern voiced by 'China Threat' scholars. As well, as neo-realist political theorists have pointed out, rising powers achieving a certain level of power may seek to consolidate their gains, possibly even by changing the international system to one more favourable to their position. Second, rising powers often find themselves becoming more ambitious, which may fuel a desire to exercise more control over their international environment. China's confidence in its foreign policy has grown considerably since the Maoist and Dengist eras. Under Deng, China approached some international actors with much trepidation, mainly out of concern that they would suffer high transaction costs due to incomplete information and the tendency for other states to take advantage of weaker powers. However, these concerns have been largely removed under Jiang and Hu, and it remains to be seen whether China will seek to make changes in the international system because of it. Third, neo-realist great power theory has noted that great powers inevitably have a larger number of international interests and commitments, and often seek to better protect their new interests through a more assertive foreign policy. 19

As China becomes further integrated into the international system and the globalisation process, there is the possibility that Beijing will wish to increase its diplomatic, economic and perhaps even strategic presence in more parts of the world, and then possibly engage in more balancing behaviour against the West. These are the concerns which have been expressed by the China Threat School in the West, primarily in the United States. The argument is that once China reaches a threshold level of power it will begin to act more in keeping with great powers of the past and become less willing to accept the Western-dominated norms of the international system. There is also the argument from this school that as China grows it may eventually begin to challenge the United States politically and perhaps even militarily. Events such as the Belgrade embassy bombing, the spy-plane incident and various economic disputes are seen by this school as the first sign that Chinese and Western international perceptions are beginning to diverge. Although China's military is still small compared to that of the United States, as Beijing adds more funds to its security budget the country's ability to project its power further away from the home state may grow. This is why American ideas on how to address a rising China have been split between the theory of containing Chinese power and engaging Beijing in the hopes that it will become a responsible global citizen.

The role(s) of nationalism

Another wild card in the study of Chinese foreign policy is the question of nationalism. It has been argued that as Maoism and the traditional ideas of Marxism-Leninism which defined the Maoist era become increasingly dated, the CCP is turning to nationalism as a way of augmenting both its domestic and its international credentials. There have been many examples of this which have ranged from benign to potentially problematic for Beijing's regional and international interests. On one side of the spectrum, there has been the integration of Jiang's 'Three Represents' (*sange daibao*) theory into both the Chinese constitution and current political thinking. Although the exact meaning is obscure, the idea is that the CCP would 'always represent the requirements of the development of China's advanced productive forces, the orientation of the development of China's advanced culture, and the fundamental interests of the overwhelming majority of the people in China'. The idea of the CCP as the only guarantor of the safety and prosperity of the Chinese state has continued under Hu, and on occasion this view has spilled over into foreign policy issues.

The idea of China's restoration (*fubi*) of its previous greatness before the last century of the Imperial era has manifested itself in many ways, including much celebration and attention paid to China's awarding of the 2008 Summer Olympic Games, Shanghai's hosting of the 2010 World Expo and China's admission to the WTO. Over the past few years, there have been calls within the Chinese government and even in the country's press for China to cease its habit of mentioning its perceived previous exploitation by international powers during the Imperial era, including references to the pre-1949 'century of humiliation' (*bainian guochi*). However, in recent years this practice has been increasingly denigrated by some scholars and analysts in China as a 'victim (*beihairen*) mentality' in modern Chinese foreign policy. Instead, scholars and analysts in China now argue, more attention should be paid to moving beyond such perceptions and managing the country as a rising power with many potential contributions to the international system.

Seeking to define Chinese nationalism has resulted in many interpretations. These have included the idea of 'pragmatic nationalism', which relies heavily on selective interpretations of history and is frequently modified to suit the needs of leaders and policy-makers. This type of nationalism relies less on ideology and more on loyalty to the state and the need for stability to promote prosperity and continued development. The Chinese Communist Party has staked its ongoing legitimacy on its ability not only to provide benefits at the domestic level but also to ensure that Chinese interests are best served in the international arena. Various concepts and models are borrowed from other states and subtly altered to match Chinese realities, such as the economic liberalisation programme which has been described as market socialism. Another Chinese foreign policy specialist has suggested a variation on this idea in the form of 'techno-nationalism', which suggests that since so many of China's current leaders have scientific and engineering backgrounds they tend to take a scientific approach to both domestic and foreign policy. The section in the interpretation of the property of the pr

However, there are concerns that Chinese nationalism could adversely colour its foreign policy thinking. Both the Belgrade and Hainan Incidents resulted in mass outpourings of anti-American sentiment and street protests which were tacitly supported by the government. As well, in March–April 2005, anger at Japanese history textbooks which Beijing claimed glossed over war crimes committed by Imperial Japan during the Second World War, as well as opposition to Japanese attempts to secure a permanent seat on the UN Security Council, again resulted in street protests in major Chinese cities and vandalism

of Japanese businesses and interests, and again the Chinese government did not immediately intervene to curtail these incidents. All of these events suggested to some that Beijing was willing to tolerate these protests as a way of deflecting its own shortcomings, but at the same time there are worries that permitting such displays of hyper-nationalism could have a backlash effect on Chinese domestic politics and damage China's attempts to develop a good-neighbour policy in Asia and the world.

The Chinese Communist Party has consistently maintained that it is the only body capable of overseeing the country's increasingly complex domestic and international policies. However, in the case of foreign policy, changes are under way in terms of who contributes to China's international policies. Under Mao, foreign policymaking was the privilege of a select few within the upper echelons of the Party, but since Deng the number of actors both from within the Chinese government and even from outside which routinely contribute to modern foreign policymaking has grown considerably. Newly active players from various ministries, the armed forces, the country's growing business sectors, academics and even fledgling non-governmental organisations have appeared on the scene, making the international relations process considerably more multifaceted. Chinese foreign policy is now less reactive (responding to international challenges as they occur) and much more proactive (openly seeking to improve its international status though unilateral and multilateral approaches). This leads to the question of how the CCP can adapt to these new participants and challenges and still continue to develop a cohesive foreign policy.

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Questions for discussion

- Why has Chinese foreign policy-making become increasingly decentralised since the time of Mao Zedong?
- How have the foreign policy priorities of Hu Jintao differed from that of his predecessor, Jiang Zemin?
- Which ministries are now seen as important sources of information and expertise on foreign affairs in China?
- Which international relations theories are best suited to explaining Beijing's international relations development?
- Are non-governmental actors taking a more active role in Chinese foreign policy? In what way?
- Will China be able to continue its policies of 'peaceful rise/development'?

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2 China in the world economy

Introduction: China Inc.?

China's rise as an economic and trading power has been impressive on many levels, and this chapter will examine the development of the Chinese economy and its remarkable transformation from having a negligible effect on the global economy to actively shaping it. Today, there is much debate over the development of what has frequently been called 'China Inc.' (Zhongguo gongsi) and how Chinese economic growth has affected its foreign policy development. Following the start of the economic reforms of the late 1970s, and especially after joining the World Trade Organization at the turn of this century, China's effect on the global economy has been staggering, and both scholars and economists have noted the increasing percentage of global trade coming from the country, its increasing stockpiles of foreign exchange and the gradual development of Chinese brands for sale internationally. The country is now competing directly with Japan for the title of strongest Asian economic player, and there has been much speculation as to when, not if, China will become the world's most powerful economy. This chapter will discuss how and why China has made the transition from a Stalinist command economy directly controlled and often restrained by the state to a more modern, but still reforming, economic and trading system.

However, side-effects of China's economic power have included frictions between China and the West over Beijing's trade policies, the value of China's currency, the growing pollution emitted from Chinese factories and, more recently, increasing concerns about the quality and safety of Chinese goods after a series of scandals in 2007–08. This chapter will also examine China's approach to globalisation, as on one hand Beijing is very anxious to continue to immerse itself in global trade, but at the same time the country worries about negative influences entering the country through trade routes as well as the internet economy. Moreover, China's economic powerhouse requires everincreasing amounts of resources, raw materials and energy, creating concern in the West about competition with Beijing over international oil and gas supplies.

In the area of international relations, it is difficult to avoid discussion and speculation about the rise of China and its development as a political and economic power. What has recently changed, however, is the fact that China's economic reach has expanded beyond the Pacific Rim and is now affecting both the developed and developing world in a greater number of ways. The fact that Beijing has accomplished this economic success so quickly, often ignoring Western-based rules and norms for developing states, has caused China to receive much attention from both developed and developing states.

China's economic rise and international responses

The results of Beijing's economic opening over the past quarter-decade have been remarkable by any standards. One author summed up China's myriad economic power as follows:

At the end of the day, it is this combination of factors that makes China unique. It is the world's largest country, fastest-growing major economy, largest manufacturer, second-largest consumer, largest saver, and (almost certainly) second-largest military spender.²

In 2005, China surpassed the United Kingdom to become the fourth-largest economy in the world in terms of gross domestic product (GDP), behind the United States, Japan and Germany. Between 1978 and 2004, China's total GDP quadrupled to approximately US \$1.4 trillion, and in that time period the country's international trade levels went from being negligible to becoming the third highest in the world after the United States and Germany. Today, China's GDP is estimated to be about US\$3 trillion (although there is much debate between economists over the exact figure). Assuming that Chinese growth remains constant, it is on track to exceed American economic output at some point between 2020 and 2050 according to various economic estimates.³ China is also on track to become the world's largest manufacturer of goods (17 per cent of total world output) in 2009, edging out the United States and underscoring the importance of the manufacturing sector to China's new economy. In 1990, China's share of global output of manufactured goods stood at only 3 per cent.⁴ At the same time, however, China is also seeking to develop its service and high-technology sectors, a far cry from the agriculture-dominated economy which existed in China under Mao Zedong.

As of late 2008, China held approximately US\$1.9 trillion in foreign exchange reserves, the largest amount of funds managed by a single state, as an insurance policy against domestic or international economic crises. A majority of these reserves are in American dollars, and this has been seen as a major part of what has been termed by one specialist China's 'symbiosis' with the American economy, meaning that successes or failures on one side would greatly affect the other. China's strong economic ties with the West became an increasing source of concern for Beijing as the United States, Europe and other developed economies began to enter an international-level recession by the end of that year. The depth of China's integration into the global economy was illustrated in February 2008 when the Shanghai stock market dropped nearly 9 per cent in value on a single day and rapidly affected other markets all across East Asia, the United States and Europe. As well, China's trade surplus, meaning the difference between the amount that it buys from and the amount it sells to the world, reached over US\$262 billion in 2007 according to government figures in Beijing, and its trade surplus has become especially acute with the United States and European Union.

These numbers are starting to create concern in both the United States and European Union, both of which have trade deficits with China over US\$100 billion, and have resulted in numerous debates over the fairness of Chinese trade. For example, China's dominance in the textile trade has caused concerns in both developed and developing states. There has also been the question of how fair China's policies are involving the method of conversion of its currency, known formally as the *renminbi* (or RMB, translating as 'currency of the people'); the unit of currency is the *yuan* and uses the symbols

'¥' or '元'. Critics in the United States and Europe have argued that the ongoing government control of currency rates, as well as the fact that the renminbi is undervalued, gives Beijing an unfair trading advantage. Since the 1990s, China has maintained a de facto 'peg' of its currency at 8.28 yuan to the American dollar. A currency peg is a policy whereby the value of a country's currency is fixed ('pegged') to a specific value of another country's currency, commonly the American dollar. This practice is commonly used among developing economies to avoid rapid and often destabilising changes to the value of their money overseas. However, critics of China's peg argued that Beijing's economy had matured to the point where the policy was unnecessary and called instead for the renminbi to 'float', meaning rise and fall in value more in keeping with global market conditions.

In July 2005 under international pressure China agreed to a change in foreign exchange policy and instead pegged the renminbi to a group (or 'basket') of currencies including the US dollar, the British pound, the euro, the Japanese ven and others, and also indicated that the value of the RMB would better reflect market realities. The value of the renminbi has increased slowly since then, and by the middle of 2008 had reached the value of about 6.85 yuan to the American dollar. This has not been enough to satisfy some critics in the US and Europe who claim that the yuan is still artificially low on global markets. Beijing has insisted that it is planning further currency liberalising, but only at its own pace, as China is well aware of what happened to Thailand and other Southeast Asian economies when they attempted to float their currencies seemingly too quickly in the late 1990s, namely the Asian Financial Crisis (AFC), which saw rapid drops in currency values and economic slowdowns throughout East and Southeast Asia in 1997-98.

Western businesses are now routinely hearing about the so-called 'China price', which means the cost of a good or service which can be provided by China, a price normally far lower than can be found in the West. However, unlike the United States and other large economies China's GDP per capita using purchasing power parity remains comparatively low, at about US\$7700 at the end of 2007, although here again different studies have suggested higher and lower figures using different methods of measurement.8 Moreover, these numbers do not reflect the wide gaps in living standards between China's coastal cities and populations in the interior. Economic growth has averaged 9.6 per cent between the start of the Dengist reforms and 2005, well above Western levels. Official GDP growth in 2006 was estimated to be 11.4 per cent, high even by Chinese standards. Therefore, Beijing has been seeking to cool off its economic growth rate in the hopes of avoiding runaway inflation, a problem which almost completely derailed the economy in 1994 due to rapidly escalating prices for goods and services. However, the inflation rate for China in 2008 was expected to reach 7 per cent, pushed upwards by high global prices for food and fuel.9 Although savings rates in China are high compared to Western countries, consumption rates are increasing more rapidly as more people are able to afford both necessities and luxury goods.

Looking at the Chinese economy today, it is sometimes easy to forget that before the reforms began thirty years ago the country had a solid command economy, meaning that all industry was state owned and heavy industry was favoured by the government, wages and prices were under central governmental control, services sectors and private industry were discouraged. Foreign trade was kept at a minimum, international investment was prohibited and China's currency could not be converted to other currencies overseas. Needless to say, these restrictions are no longer in place and the shape of Chinese trade has been altered considerably since the 1980s. Chinese exports went from negligible to rapidly accelerating during that decade as Beijing placed a high priority on acquiring hard capital through trade. At first, only a few sectors were well represented. For example, until 1985 China's largest export was petroleum, accounting for 20 per cent of total Chinese exports. After the introduction of the Coastal Development Strategy during that decade, however, exports became more numerous and more diverse. Another spike in export growth was recorded after 2002 when China joined the WTO, and many of these exports are composed of machinery, electronics and clothing. The country is being especially watched for its growing share of computers and other high-technology exports. The economic reforms under Deng Xiaoping were credited for developing high savings rates and government investment, a large and educated labour force and a growing middle class, or zhong jieji (although some Chinese studies use the less politically sensitive term 'middle stratum', or zhong jiceng), 10 eager to purchase consumer goods from China and increasingly abroad. As well, many more Chinese are in a position to travel and study abroad. Beijing maintains a list of 'approved destination status' states with bilateral tourism agreements, and by 2007 over 130 countries had struck such deals with China.

Much of China's growth can also be attributed to the development, since the 1970s, of a 'Greater China' economy, encompassing Hong Kong, Macao, Taiwan and overseas Chinese business communities in Southeast Asia and beyond. China itself is becoming increasingly linked with both Hong Kong, which still acts as a primary port, and Taiwan, which despite ongoing political differences is becoming increasingly tied to the Beijing economy. Both Taiwan and Hong Kong have lost manufacturing jobs to China, especially to the country's factory-dominated southeastern provinces of Guangdong, Fujian and Zhejiang, since the 1980s and as a result Taiwan and Hong Kong have begun to switch their economic focus to services and higher-technology areas. Taiwan's increasing of economic ties with the mainland has been a source of some worry in Taipei, however, as politicians are concerned that too much economic interdependence would give Beijing an increasing political advantage over the island. Nevertheless, the idea of 'Greater China' is being looked at more seriously as an economic power within Asia as well as internationally.

China as an economic model?

As China continues to expand its economic interests beyond the Asia-Pacific region, affecting more and more of the developing world, the term 'Beijing Consensus' (*Beijing Gongshi*) has evolved from a theoretical idea to one which is increasingly taken more seriously in analyses of both China's foreign policy and its growing economic footprint on a global level. Many developing states are considering emulating China's economic success by using some of the same policies. This concept, first coined by Joshua Cooper Ramo of the Foreign Policy Centre in London, suggests an alternative theory of development to the standard Washington Consensus model which was omnipresent in the 1990s and formed the cornerstone of loan and capital assistance policies issued by international financial regimes such as the World Bank and IMF, as well as the United States in its financial dealings with the developing world.

The Washington Consensus, first articulated by economist John Williamson in 1989, stressed 'neo-liberal' economic policies, including the reduction of the public sector, openness to foreign economic competition, fiscal discipline, the sale of state enterprises

and liberalised trade. Under this view, the state was to intervene as little as possible in favour of allowing trickle-down economics both within states and among them. These ideas were routinely used by developed world states and regions in their financial engagement of developing states in the name of improving the economic status of the latter. However, this approach soon came under harsh criticism in developing states, especially in the wake of economic crises in Mexico, Argentina, Russia and East Asia during the 1990s, for perpetuating neo-mercantilism and entrenching divides between rich and poor both within developing states and between the developing and developed countries. The backlash against the neo-liberal policies of the Washington Consensus has been keenly felt in Latin America, where leftist governments in Venezuela, Brazil and Bolivia have increased the role of the state in economic development. In the case of China, the state is very omnipresent in both domestic and economic affairs, but in a much different way than under Mao. Until the late 1970s, the Chinese economy was both heavily regulated and largely shielded from Western-dominated international markets. Today, China is open to both inward and outward investment, but much economic planning is still the exclusive purview of the state.

The Beijing Consensus rejects many aspects of the neo-liberalism model as well as the uniform approach to helping countries develop and prosper in the international economy. According to Ramo's study, 'China is in the process of building the largest asymmetric superpower in history', one which thus far has not been built on Western concepts of hard power and rigid policy ideas but rather developing alternative development ideas and adhering to a strong Westphalian view of the primacy of state sovereignty. It can therefore be argued that although it is now more generally agreed that China does matter as a great power and that questions over whether China will continue to dominate international discourse for the longer term have largely been answered, China as a great power is considerably different from like powers of the past.

The 'Consensus' itself rests on three assumptions. First, innovation is the key to economic growth, and the old model of starting with simpler technologies and then working one's way to more complex ones should not be taken as a given. Certainly, China's growth has upended the traditional 'flying geese' model of Asian economic growth, whereby the lead goose, Japan, transfers older technologies to geese further back (such as South Korea, Singapore and Taiwan, and then further on to Southeast Asia) as it becomes richer and develops newer industries based on higher technologies (for example from textiles to computer chips). Using this model, other Asian states also develop more modern economies but the lead goose retains its central role. 12 However, the centre of economic gravity in Asia has begun what seems to be an inexorable move from Tokyo to Beijing. The pivotal event which caused this switch has been widely accepted as being the Asian Financial Crisis, which saw China largely immune from its effects due to the fact that the value of the yuan was still tightly government controlled.

However, Beijing was affected peripherally as the Hong Kong stock market dropped suddenly in October 1997 and as surrounding states experienced currency crashes, Beijing resisted intense pressure to devalue the yuan to remain competitive. However, China further helped its reputation by offering a total of US\$4 billion in bailout packages to Thailand, South Korea and Indonesia. These events, plus the growing reputation of the Chinese economy being categorised by conservatism and rationalism, created the impression of the PRC as a safe haven in Asia among the economic chaos. Beijing banked on its new status as a regional 'white knight' by supporting regional organisations like the ASEAN-plus-three (APT) and later the EAS to prevent further economic meltdowns

in the Asia-Pacific and to promote Asian economic cooperation separate from North America. By contrast, the APEC forum, which encompasses nearly the whole of the Pacific Rim economies, was greatly discredited after not being able to reach a joint agreement on how to address the financial crisis.

As well, Beijing's policies and behaviour during the crisis also significantly contributed to Chinese efforts to convince its neighbours that its rise as an economic power was not a regional threat but rather an advantage to the region. China was favourably contrasted with Japan, which was rocked by its own economic problems throughout much of the 1990s and perceived as less effective in combating the regional crisis. Also, Taiwan, which pre-emptively dropped the value of own currency, the New Taiwan Dollar (NTD), in October 1997, was criticised for exacerbating the feeling of regional panic by doing so, further benefiting Beijing. In short, China was the beneficiary of much political capital as a result of its actions during the crisis, and this has encouraged Beijing to propose increased economic interdependence in the region, especially with East and Southeast Asia.

However, innovation is still an area in which China is lacking. A major priority for the Chinese economy today is the development of global brands which can successfully compete with international counterparts. After two decades of developing a policy of 'inviting in' (qingjin), meaning encouraging foreign firms to invest in China and develop joint ventures with domestic corporations, the catchphrase in China now is often 'zouchuau', meaning 'going out'. This policy calls upon Chinese firms, once they have developed global products and gained the necessary expertise, to venture out into international markets. 13 So far, results have been mixed, as although many products sold around the world are made in China, the number of truly international brands developed in China is very low compared to the United States, Europe and Japan. Some exceptions include Lenovo, a Chinese computer firm which bought IBM's personal computer division in 2005, Haier, which markets white goods and made an attempt to purchase the American firm Maytag the same year, the telecommunications firm Huawei, and TCL, an electronics company. However, as China faces more economic competition in Asia and domestically, the pressure is great for more global brands to be developed, and the Beijing Olympics has been seen as a way for large Chinese companies to obtain more global exposure.

The second assumption offered by the Beijing Consensus idea is that chaos is a constant in economic development but should nevertheless be minimised using measurements beyond traditional ones such as per capita GDP and instead as quality of life though sustainability and equality. Chaos management, therefore, becomes of paramount concern during the development process. The idea that a single economic reform approach can solve every developing country's ills is rejected, as well as the idea of shock therapy to push a given economy from command to liberal economics. Beijing has been critical of such approaches by the West, especially during the 1997–98 Asian Crisis. By contrast, China has strongly favoured a gradualist approach to economic reform to minimise potential disruptions. As well, the gradualist (jianbian) method has been interpreted by some observers as a rejection of rapid democratisation, which Beijing has stated increases the possibility for chaos, which can hamper economic goals. These ideas began to attract more attention in the West. For example, an article in the newspaper The Australian in August 2005 commented that China's growth proved that economic freedom and political freedom did not necessarily have to be linked, and that the post-Cold War 'end of history' argument that liberal democracy has been hailed as the only viable model of governance was looking increasingly shaky.14

The strong link between sustainable development and peace has been strengthened in many Chinese foreign policy papers, including its defence white papers, as Beijing has increasingly advocated that peace cannot be achieved without stronger anti-poverty measures and fairer access to resources. These views have placed China's thinking closer to that of other large emerging markets such as Brazil and India. Despite China's impressive economic growth, it still faces many challenges which, if not properly addressed, could dramatically slow or even reverse the country's economic gains. Near the top of the list are the environment and the question of sustainable development. China is facing severe environmental problems as an unwanted side-effect of its unchecked economic growth, and it has affected the country's air, land and water quality while causing great concern among China's neighbours. Health problems and other damages caused by pollution are on the rise in China.

Air pollution has become more chronic as a result not only of the heavy reliance upon coal-burning as a primary source of energy but also the burgeoning 'car culture' and the accompanying pollution in many Chinese cities. This problem was illustrated in Beijing in the weeks leading up to the Olympics, when driving restrictions were implemented in the capital in an attempt to cut down the level of exhaust fumes. City air quality has also been affected by the country's construction boom. Industrial pollution has had a detrimental effect on land, lakes and rivers, placing strains on fresh water supplies in the country. As well, the Gobi Desert in Western China is growing in size, fed by soil erosion, leading to increasing incidents of sandstorms, which now routinely plague Chinese coastal cities in the spring. These problems do not stop at the Chinese border, as many of these problems have also affected nearby states as well as Hong Kong, and it was suggested in 2007 that China has surpassed the United States as the single largest emitter of carbon dioxide into the atmosphere, which is contributing significantly to global warming threats. 15 There have also been international incidents caused by pollution crises, including a 2004 incident when tonnes of the highly toxic chemical benzene were accidentally spilled into the Songhua River in November 2005, not only leaving the northeastern Chinese city of Harbin without drinking water for days but also threatening fresh water supplies in Siberia.

Beijing is a signatory of the Kyoto Protocol, an international agreement which calls upon members to reduce emissions of greenhouse gases contributing to climate change, and began to observe its guidelines in 2005. The country has also participated in the Intergovernmental Panel on Climate Change and has acknowledged the potential severity of these issues. However, its status under Kyoto as a developing country has exempted it from the emission limits placed on developed states, which has caused some international disapproval, and concerns remain about the rising percentage of such gases being generated in China. Although China has generally been more accepting of the concept of the 'Green GDP', meaning the total GDP minus losses incurred due to environmental damage, implementing this has proven far more difficult. Both urban and rural centres have been highly resistant to centrally organised 'green' policies. At the same time, while there are signs of a growing 'green movement' in China, it differs from environmental NGOs in other countries as NGOs in China are usually more closely tied to the state. While it was hoped the Beijing Olympics would galvanise more serious governmental and non-governmental efforts towards environmental cleanup, it remains to be seen whether the country's pollution problems will begin to have an effect on both economic growth and the health of the population.

The third component of the Consensus argues there is the need for states to develop using their own methods, free from unwelcome international interference. Self-determination

should be a right of all states in the development process, a direct swing at Washington Consensus ideas of great power intrusion and an extension of China's traditionally conservative views of state sovereignty. These ideals were first elucidated in the late 1950s with the development of the 'Five Principles of Peaceful Coexistence', tenets which would become the focus of Chinese foreign policy thinking until well after the Maoist era. The principles, which borrowed heavily from Westphalian views of state supremacy and sovereignty, were mutual respect for territory and sovereignty, mutual non-aggression, mutual non-interference in other states' domestic affairs, the equality of states and mutually beneficial exchanges, and peaceful co-existence. These principles have been folded into China's current economic thinking, which tends to view all states as equal and deserving of non-interference.

As a whole, the Beijing Consensus has now evolved from an abstract idea to a policy concept frequently debated in the developing world, especially as Beijing increases its economic presence in Latin America, Sub-Saharan Africa and Central Asia. After developing a strong and stable periphery policy in the 1990s, China has expanded its international priorities to these parts of the world, culminating in a 'charm offensive' (meili gongshi) of diplomatic visits by Chinese leaders around the world, seeking to distinguish Chinese foreign policy, which stresses multilateralism and a mix of political and economic cooperation, from American policy, which has been increasingly viewed as too one-dimensionally fixated on security and anti-terrorism. Although Chinese investment in developing states is not at the levels of the West, the fact that China is seeking to diversify its imports to satisfy growing Chinese consumer demand, and that the country is serious about increasing investment abroad, has got the attention of many developing states and regions. This has led to the question of whether China is capable of wielding 'soft power' (ruan shili), meaning power gained through attraction rather than coercion or force and first proposed by the American scholar Joseph Nye, and if so, where the soft power is coming from. Not only has China gained much in terms of wealth and political prestige from its trade policies, but it is also argued that China gains security by convincing other states that its rise is not harmful but rather beneficial internationally.¹⁶ China's new international trade policies, therefore, can be viewed as a consolidation of Beijing's soft power, as well as an alternative model of economic growth uncoupled from established Western norms on how states should develop.

However, there is the question of how well China's development model can be exported to other developing states. China is in a distinct position due mainly to the size and strength of its market, features not seen in many other reforming states save for other 'BRIC' nations (Brazil, Russia and India, which along with China are seen as the largest emerging markets). In addition, much Chinese growth has not been led by research and development but rather by emulation of other models, including Western, and a strong focus on rapid development in terms of quantity over quality. Income gaps between China's rich coast and underdeveloped interior were the rationale behind Hu Jintao's call for a 'harmonious society' with greater attention paid to internal development. China's Gini coefficient, which measures, on a scale of 0 to 1, how equitably wealth is distributed within a country, reached 0.47 in 2007,¹⁷ and any figure above 0.4 is commonly seen as sufficiently unequal to create an enhanced risk of social disorder. The Chinese growth model also has to contend with a still-underdeveloped welfare state coupled with an aging population, governmental accountability, and issues of corruption which still affect both domestic economics and international investment.

Changing attitudes on trade and globalisation

China's method of growth as a developing state has been very distinct, because of both the size of its market and the speed with which it implemented market reforms. Not long after globalisation (quanqiuhua) was accepted into Chinese policy statements under President Jiang Zemin in the early 1990s, its identification as a source of both economic goods and risks was undertaken by the policymakers. In comparison with the West, the ideas of globalisation were somewhat slower in being introduced in Chinese policymaking and academic discourse, only appearing in the mid-1990s and even then in a very conservative fashion. There was the recognition that China could ill afford to continue to stay out of the modernising global economic system, despite its domination by Western markets, and that China had neither the means nor the desire to set up a separate system to better suit its needs, as the USSR attempted to do when it established the Council for Mutual Economic Assistance (COMECON) organisation during the Cold War with its Eastern European and Asian socialist satellite states. Although China is facing the same questions about globalisation as other states, including how best to take advantage of its social and economic potential while avoiding an unacceptable erosion of state power, Beijing has nevertheless approached some aspects of globalisation differently from the West.

On one side, globalisation in China's view could be seen as a primary method of enriching the state and sweeping aside archaic and ineffectual Maoist economic relics, such as SOEs incapable of standing up to international competition and often acting as a drain on state resources. However, to gain the benefits of globalisation, tight governmental control of the Chinese economy needed to be loosened in favour of the unpredictability of the market, raising fears not only of 'peaceful evolution', namely that the Chinese state would be eroded due to Western pressures caused by globalisation, but also concerns for the social impact for many workers forced to leave SOEs in search of other work. It was partially for this reason Jiang tended to view globalisation as being linked with comprehensive security and the links between poverty and conflict.

The adjustment of the Chinese economy to globalisation today takes place under the twin problems of what Zheng Bijian, author of the initial views on the concept of China's 'peaceful rise' in the international system, termed the 'mathematical propositions'. First, any socio-economic issue related to development, no matter how minor, has the potential to be multiplied exponentially by China's population of 1.3 billion. Second, the country's financial and material resources must be viewed as divided among said great population. This level of economic distortion caused by the population factor raises the country's sensitivity and vulnerability to the potential problems of globalisation to great heights in proportion to other emerging markets. At the same time, the population factor both underscores and helps to explain the cautious approach the Chinese government has taken towards maximising the benefits of its international opening while seeking to minimise the risks.

It was with these concerns in mind that Beijing under Deng, looking closely at the growing 'tiger' economies of East Asia, opted to develop a modified 'developmental' economy as it emerged from the no longer viable Maoist command system. The post-1978 opening of the Chinese economy has been described as implementing export-oriented policies designed to take advantage of China's strong position in both labour and manufacturing, while still retaining degrees of import substitution industrialisation (ISI) left over from the late Maoist/transition period (1972–78). An ISI system involves the

widespread blocking of imported industrial goods into a country, thus favouring and protecting domestic companies and strongly encouraging consumers to 'buy local'. This was a common practice among newly independent developing states in the last century, especially in Latin America, as a means of protecting infant industries. In order for China to open to international markets and be accepted into the WTO, however, its ISI system needed to be scaled back to permit foreign goods and services to be offered to Chinese consumers, and Chinese companies had to prepare for competition or run the risk of bankruptcy.

Yet, in looking at both Chinese economic strategies and policies during the initial stages of economic reform, an argument can be made that the economic system being created was not solely a mix of import substitution and export-guided policies but rather a modified developmental system designed to expand China's economic presence while keeping its economic mechanisms under a threshold degree of party-state control. The question here, however, is whether developmentalism will be a second stage in the country's shift from a closed economy to a liberalised one, or will the political and social pressures of globalisation assist in the perpetuation of developmental economics for the near term?

'Developmental' states have been rare in the international economic system, and the debate concerning the degree of developmentalism contributing to the rise of Asia as a strong economic region remains a subject of continued analysis. The Asian developmental model, used in Japan in the 1970s and later by South Korea and Taiwan in the 1980s, is defined by its observance and respect for market economics and private property, as well as the role of competition in international markets, with growth being seen as the primary goal. However, markets in this system are largely guided by a small group of highly skilled and educated elites. There are commonly strong links between government and major economic actors (firms, factories and unions, for example), which allow for mutual consensus-building on the direction development should take combined with much information sharing. The state bureaucracy has a commanding role in overseeing development, and often there is a 'pilot agency', such as the former MITI in Japan, to coordinate policymaking and the implementation of new schemes. China does not have an equivalent agency, and its model of developmentalism is also different from those seen elsewhere in East Asia.

For example, in China there has been a hazier line between state-owned and non-state-owned industries, and there is more emphasis on 'bottom-up development', encouraging the development of small businesses at very local levels as well as larger firms, but with more risk of corruption and gaps between rich and poor. The developmental model was studied as an alternative for developing states to the neo-liberal model of economic modernisation and market engagement. Also, those states using this model, as well as China today, largely liberalised their economies before developing democracy, a fact which has not gone unnoticed by current authoritarian states facing twin pressures to democratise and liberalise, often simultaneously.

China's views on liberalised trade agreements have become much more favourable as the country grows in economic power. Beijing remains an enthusiastic supporter of both the WTO and the current Doha Round of global trade talks, while at the same time often siding with those demanding more equitable treatment of developing states. However, support for the WTO and indeed Beijing's approach to globalisation have not been uniformly accepted by either policymakers or other economic specialists, including academics. The latter stages of the WTO negotiations in the 1990s were very difficult,

especially the direct negotiations with Washington, and as a result two separate schools of thought on these subjects emerged. On one side are liberalists, who have supported greater economic opening, and on the other is the so-called 'New Left Movement' (xinzuo pai), which has been highly critical of Beijing's rush to join economic institutions which are Western dominated. Their argument, which has manifested itself in articles and commentaries, is that China's rush to join international economic institutions and rapidly liberalise the Chinese economy has been inherently destabilising and has resulted in an overabundance of Western control over China's development. This debate between economic liberalists and 'new leftists' further underlines how the domestic and international economies in China have become increasingly blurred.

Since the Asian Financial Crisis, Beijing has been promoting the greater liberalisation of trade on a regional and increasingly a cross-regional basis as a way of protecting and developing its trade interests should the Doha Round of the WTO talks, which are already behind schedule and wracked with differences both between the US and EU and between developed and developing states, ultimately fail. A major blow to the Doha Round talks was delivered in Geneva in July 2008 when talks collapsed again in the wake of an impasse between the United States on one side and China and India on the other over the right of developing states to impose emergency tariffs on agricultural products. Rising global food prices since the middle of the decade have rendered many states increasingly sensitive to the security of their indigenous food industries and China has not been an exception, especially since the country still has a large agricultural sector and is both a major food supplier and a major consumer. Since joining the WTO, China has been increasingly proactive in its stance on trade rights for itself and other emerging markets.

China is now much more interested in diversifying its trade beyond the WTO as a hedge against future problems within the organisation. The main policy which Beijing is promoting is the reversal of its long-held suspicion of preferential trade agreements (PTAs) and the active support of them with selected states and regional regimes. China began this process within the Asia-Pacific region, and has completed bilateral PTAs with Chile, Hong Kong, Macao, New Zealand, Peru and Thailand. China is also negotiating free trade with more disparate states, including Australia, Brazil, India, Iceland, Japan, Mexico, South Africa and South Korea, as well as the Southern Common Market (Mercosur) in South America and the Gulf Cooperation Council (GCC) in the Middle East.²⁰ Beijing also hopes to have a deal completed with the ten ASEAN economies by 2010. This ASEAN-China Free Trade Agreement (ACFTA) was first proposed by then-Premier Zhu Rongji in 2000, and was at the time not only a policy bombshell but also the strongest indicator that Beijing was serious about developing regional preferential trade despite previous misgivings. Not only have these deals and negotiations cemented Beijing's reputation as a strong supporter of bilateral liberalised trade but its activities have prompted two of its neighbours who had also been sceptical of freer trade deals, namely Japan and South Korea, to reconsider their own policies.

China's newfound enthusiasm for free trade has become a major part of another new dimension of Chinese foreign policy, namely 'commercial diplomacy' (shangwu weijiao). This idea has two parts, according to one study. First, commercial diplomacy signifies the use of negotiations designed to influence government policy in the areas of trade and investment. Second, commercial diplomacy uses economic power to influence non-commercial decisions in the political or even strategic realm. If successful, the results are positive-sum rather than zero-sum, meaning that when two sides negotiate an economic or political

deal, both sides make gains rather than only one side benefiting.²¹ China's large market (actual and potential), with its accompanying power, has enabled it to engage in commercial diplomacy, and this is another area where the US and EU increasingly worry about Chinese competition. What is significant about China's approach to commercial diplomacy and PTAs is that it has been willing to enter into negotiations with states with much smaller economies and fewer economic sectors, both in the name of gaining more information about the PTA process and also in some cases to gain economic footholds in key regions. For example, there are many economic differences between China and the European Union which have hampered all but the very basic steps towards developing freer trade, but China has been more successful in opening up trade relations with two European states not in the European Union, namely Iceland and Norway, and is considering talks with Switzerland, also not an EU member.²² All three states have very small economies in comparison with China's, but PTAs with these states will provide Beijing with a useful window into the often-complicated European market system.

China, although not adapting all aspects of the developmental model, has created a modified version to account for the still-embryonic private property laws, a very large agricultural sector and a considerable percentage of the Chinese economy which remains directly state owned. The number of SOEs, along with their financial contribution to the Chinese economy, has been dropping since the accelerated reforms of the 1990s, but many are still kept in business through government and bank support. Then there is the simple fact that China is much larger, geographically and demographically, than the other developmental states of the past, presenting a different set of governance concerns for the party state and accentuating the need to avoid economic chaos which could spark domestic crises. China today is on a much different economic footing from the East Asian developmental states of the 1960s and 1970s, when they first adapted such policies.

Nevertheless, there are many points of comparison between Asian developmentalism and the modified Chinese version which continues to take shape. As with previous developmental systems, the Chinese state was insulated to a sufficient degree for it to implement developmental policies without facing strong domestic opposition, and also had the ability to make changes or repairs during the process, again without significant barriers. Also, the dominant role of the Chinese Communist Party in government allowed for the implementation of developmentalist policies as well as the 'capture' of emerging economic actors, especially business sectors, using economic incentives, a process commonly associated with what is studied in comparative politics theory as 'state corporatism'.²³ In the case of China, the often complicated division between SOEs and private and semi-private industries, as well as Chinese enterprises and the government, further allowed state oversight of major economic 'players' and the sharing of information.

As well, there is also the widespread practice in China of newly developed private companies registering themselves as 'collective enterprises' in the hopes of receiving better treatment from state agencies (such as access to loans), a practice known as *dai hongmaozi* ('wearing a red hat'). Former CCP members have also gone into business, becoming so-called *xiahai* entrepreneurs who often maintain governmental connections. The term *xiahai* ('jump into the sea') comes from the popular Chinese euphemism for entering the world of private business.²⁴ These trends have further blurred the line between public and private enterprise in China and have been an added challenge for foreign investors and analysts seeking to comprehend the country's economic landscape.

It has been argued that developmental states are not only rare but also appear in very specific cases, namely when state leaders perceive distinct and potentially very harmful

challenges to governance, namely the process of 'systemic vulnerability'. A state may seek developmentalist policies if they are facing the threat of economic instability precipitating mass unrest (such as Indonesia when the Suharto government was toppled in May 1998 in the wake of economic protests during the AFC), an increased need for foreign exchange and the wherewithal to fight wars based on national-level insecurity, and constraints on budgets caused by a lack of easily accessible sources of revenue.²⁵ It can certainly be argued that China falls into these three categories to varying degrees, and this would explain why Beijing would wish to retain developmental features even under globalisation pressures. As well, the Chinese party-state is painfully aware of the country's long history of peasant revolts during the imperial eras, conflicts which often led to the removal of dynasties and, in the case of the fall of the Qing Dynasty in 1911, warlordism and state balkanisation. An economic slowdown would magnify these problems and directly challenge the legitimacy of the party-state. However, the major difference between the precommunist era in China and today would be that a serious economic crisis in the country would now create considerable global aftershocks.

As China's economy continues to modernise, its level of engagement with the global economy has also, by necessity, expanded. The country's first few steps into the global market were tentative, but as a member of the WTO and as a recognised large emerging market China is demonstrating more confidence in its dealings with outside economic actors, even giants like the United States, European Union and Japan. However, as China adapts to globalisation, an area which China only started to look at seriously under Jiang in the early 1990s, many new questions about China's economic maturation have appeared. One of these questions is how China will adjust to its increasing need for raw materials, and especially energy, to fuel its ongoing growth. As well, there is the question of whether the international community will be able to adjust to a China with increasing international need for commodities. Will the future see cooperation with other great powers or increased and potentially dangerous competition?

'Resource diplomacy' and its effects

China's external trade and economic policies have gained much political capital in the developing world, notably in Latin America, Southeast Asia and increasingly Africa. States from all of these developing regions are contemplating expanded trade and even the possibility of free trade agreements with Beijing. The Chinese economic magnet continues to affect economies well outside the Asia-Pacific region, and has contributed much to rising commodity prices as well as a spike in south-south trade. China's economy is dependent upon a steady stream of raw materials, including base and precious metals, construction materials, wood and foodstuffs, and many of these resources are being imported from developing states. Unlike other economic booms in Asia, much current investment in Chinese infrastructure is domestic and paid for by the country's very high savings rates compared to other emerging markets. As well, China's approach to economic assistance considers that reforms in developing countries should be overseen by the countries themselves, meaning that Beijing does not enforce as many preconditions on aid or overseas development assistance, making China an increasingly popular option for developing states seeking international assistance. Maintaining such a strong division between politics and economics, say critics, has at times offered solace to authoritarian regimes. China maintains that its approach is more pragmatic and in the end more effective at alleviating poverty. Yet there is a concern about a backlash against Beijing's

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resource diplomacy within its newest trading partners. For the present, however, China's economic visibility in developing regions continues to grow.

China is in need of many raw materials, but it is in the area of fossil fuels, oil and gas, where its resource diplomacy is being most keenly felt internationally. Beijing is fast becoming a large energy consumer and that fact is also affecting how its foreign policy is conducted, especially with resource-rich states. The country, as previously noted, has a heavy reliance upon coal for the majority of its energy needs (about 69 per cent), with oil second, accounting for roughly 22 per cent, and natural gas only 3 per cent.²⁶ After a long history of self-sufficiency in oil, China became a net importer of oil products in 1993 and petroleum itself in 1996, and has seen its dependency rise steadily since then, with over 40 per cent of its oil now coming from international sources. China is now the secondlargest petroleum consumer in the world behind the US, having overtaken Japan in 2003, and is third in terms of petroleum imported as of 2004, after the United States and Japan, with China importing 117 million tonnes of crude oil in 2004, up from only 22.8 million in 1996. About 49 per cent of oil consumed in China is now imported, and at current trends this number could jump to 77 per cent by 2020 according to various estimates.²⁷ China's internal petroleum supplies are no longer able to keep up with demand as the need for both industrial and consumer energy supplies continues to rise.

Domestic oil supplies are no longer sufficient to satisfy China's economic demands, now placing the country in the same situation as other great powers, including the United States and Europe. China's primary oil field at Daqing, in the country's northeast province of Heilongjiang, reached peak production of one million barrels per day in 1975-2003, but has been steadily dropping since that time, while the Tarim Basin, located in China's far-western territory of Xinjiang, and the Bohai Gulf in northeast China might also act as indigenous energy sources. But it is far from clear whether those sources will be enough to sate China's increasing thirst for oil and gas. Beijing has responded to the concerns about domestic supplies and unstable international prices by establishing strategic petroleum reserve sites as a first phase of an oil stockpiling initiative. These concerns about access to energy have meant that China is now joining the international game of seeking out global oil and gas supplies while making optimum use of its indigenous resources. President Hu, in his October 2007 keynote policy speech at the 17th National Congress of the Chinese Communist Party, noted that the building of a more effective energy policy for the country was directly linked with environmental responsibility and the need for sustainable development.²⁸ Beijing released its first policy White Paper on Energy, which included calls for joint energy exploration with other states, encouraging foreign investment in power plants, improving the transfer of energy technology from other countries, maintaining stable political relations with energy producing states and preventing energy trade from being adversely affected by international politics.²⁹

However, there are several challenges facing Beijing as it seeks to maintain a steady energy supply. This has led to critical rethinking in China about the issues and problems of energy security (*neng anquan*), defined as the need to obtain sufficient and stable supplies of energy at prices which are suitable and under conditions which do not endanger 'national values and objectives'.³⁰ Energy security has been a concern of other large energy consuming states, including the United States and Europe, at least as far back as the energy shocks in the Middle East in the 1970s, but China now has to look at the same policy choices within an international milieu which is much more susceptible to energy competition. Adding to these issues is the fact that China remains a relative newcomer to

the politics of international energy trade and often has to engage regions such as the Middle East which have been heavily dominated by Western interests and firms.

The Gulf Region in the Middle East, including Saudi Arabia, is providing a majority of China's imported oil and gas, but China since the 1990s has also been striking deals with Central Asia (especially the Caspian Sea region), Latin America, Sub-Saharan Africa and Canada for joint oil and gas development. While Beijing has been willing to make use of its expanding economic resources to secure foreign oil and gas supplies, it has been wary of Western powers expressing concerns about how China's need for imported fossil fuels affects global prices and access to these resources. Those who look at international energy policy will be asking whether heightened international competition for oil and gas may take place as a result of Beijing's entrance into global energy markets.

Conclusions

As a July 2005 editorial in the Financial Times suggested, from an economic viewpoint, 'if the rest of the world doesn't know where China is going, neither does China'. 31 Even though Beijing itself is still experimenting with models of economic growth and faces a myriad of obstacles, its economic growth and its increasing effect on the developing world have opened a whole new area of power which China can wield in the international system. The country is in the difficult position of continuing to open up to international markets while undertaking complex and risky domestic economic reforms designed to further remove the old vestiges of the Maoist command system. Beijing is now focusing on its economic priorities after a difficult 2008 which saw not only many economic shocks, including harsh winter storms and the Sichuan earthquake, but also more gradual developments in areas such as rising global food and fuel prices and inflation concerns. As the Chinese government has tied much of its legitimacy to being able to continue the economic reform process in the country and further improve the living standards of its citizens, its ongoing ability to engage international markets, improve trade and economic cooperation, and build an identity as a responsible and helpful partner in the globalising world will continue to be tested.

China is now an indispensable part of the global economy, and its economic policies have after-effects which stretch well beyond its borders or even the frontiers of the Pacific Rim. Although many have suggested that the country is on track to become the largest economic power in the world, it being merely a question of when, much will depend not only on Beijing's ability to maintain stable and effective economic growth, but also on how other countries seek to address China's economic rise. As well, those examining the phenomenon of globalisation will increasingly need to look not only at how the West has developed within it, but how China has responded to it.

Notes

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Questions for discussion

- How have China's views on globalisation differed from those of the West?
- What have been the successes and problems of China's expanding trade policies?
- How has China's economic growth affected economies in the developing world?
- Will there be greater international competition between China and the West for resources, especially energy?
- Can the Chinese experience in rapid economic growth act as a model for other developing states?

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3 Multilateralism and international institutions

China reconsiders multilateralism

One of the most visible changes in China's foreign policy since the Dengist foreign policy reforms began has been in the country's approach to multilateralism and international regimes and organisations. As the country's global interests have expanded, China has optimised its use of organisations in order to gain more goods and information from the international system. Moreover, as China's power grows, it has greater ability to help shape the policies and directions of political, economic and strategic organisations, and as a result has seen its structural power rise. Structural power is a concept which has been described broadly as the ability to influence rules, norms and the 'structure' of the relationship patterns within the international system. This type of power is also based on the ability and capacity of an actor to 'socialise' with other actors in foreign relations to gain either material or political (such as prestige and diplomatic power) goods. This stands in contrast to the more traditional 'coercive power', namely the ability to use force or other pressures to prompt an actor to do something they would not normally do. 1 China has gone from having structural power levels which were, at best, negligible under Mao to possessing an abundance, as has been demonstrated by Beijing's recent behaviour towards a growing variety of institutions ranging from international (the United Nations) to more regional (such as the Asia-Pacific Economic Cooperation forum and the Shanghai Cooperation Organisation). As the number of international organisations continues to grow in the post-Cold War system, China is embedding itself more intensively in global networks. The effect of this deep engagement on modern Chinese foreign policymaking is a question worthy of further study.

The transformation of China's view of international organisations is especially remarkable when one considers its past history with them. Imperial China experienced a very harsh introduction to international regimes, including the perceived negligence of the League of Nations and the harsh conditions of the 1919 Treaty of Versailles. After 1949, Maoist China was shut out of the United Nations and then fought directly with American-backed United Nations forces during the Korean War. It was only under the reformist government of Deng Xiaoping and Jiang Zemin that China's views on multilateral institutions became increasingly favourable. Today, in many cases China has switched its policies towards existing regimes from primarily 'reactive', meaning focusing on observing and collecting information from within a regime, to a more active stance by openly proposing policies and reforms and occasionally seeking to manoeuvre regimes in new directions. China's rise has been matched by an increasing confidence in engaging international institutions. However, Beijing's ongoing concerns about containment via security

alliances has meant increasingly viewing the United Nations, as well as more informal security communities, as better tools in addressing international problems too large or complex for Beijing to solve alone. While China also continues to follow its longstanding practice of establishing one-to-one partnerships with selected states, and seeking partnerships with large states, it is also more open to engagement with smaller actors. Although China has not followed the lead of the Soviet Union in attempting to develop regimes to counter or balance the West along the lines of the old Warsaw Pact, Beijing is nonetheless signalling that it will no longer remain passive within the institutions that it joins.

One of the most distinct features of a rising China is that it is developing into a great and potentially global power within an international system now dominated by institutions, regimes, organisations, laws and norms, a considerably different situation faced by other rising powers, such as Britain, the United States and Soviet Union, which ascended to the highest ranks of states in a world considerably less multilateral in its global relations. The process of the 'institutionalisation' of international relations is seen as both entrenched and still developing.² As well, unlike in previous cases of great power development, China can make more extensive use of organisations to seek power and goods rather than constantly having to resort to hard power. Membership in international institutions does carry risks, including the possibility of some members 'defecting' (leaving an organisation, possibly weakening it), 'cheating' (breaking set rules) or 'free-riding' (benefiting from a regime without sufficiently contributing to it). Yet institutions have continued to grow in number and it has been suggested that the overall level of compliance in inter-state organisations is high, to the benefit of their memberships.³ Therefore, the current international system is very conducive for a state, especially a large one with much actual and latent power, to deeply engage them. China's approaches to multilateralism (duojihua) have matured considerably, becoming a major aspect of its foreign policy, especially important in today's climate of increasing ties between China and evergrowing numbers of regions, sub-regions and state actors well beyond Asia. However, Beijing's approach to multilateralism continues to evolve and in some cases, especially in defence matters, there remain some lingering suspicions about the potential loss of Chinese sovereignty as a result of deeper regime engagement.

Isolation and suspicion under Mao

Much of Mao's thinking was influenced by international events which soured him on the process of international treaties and rules. The unequal treaties which China had to sign with the West and Japan demonstrated that international legal processes were not guaranteed to be fair. Instead, international rules were perceived as establishing sovereignty of the strong over the weak. During the period of Republican China between 1911 and 1949, China was broken up into competing fiefdoms under the partial control of a variety of foreign powers, thus preventing China from entering the international system as a unified state. The May Fourth Movement of 1919 was prompted by public anger at both the Chinese government and foreign powers following the signing of the Versailles Treaty, which handed German-occupied parts of China to Japan. This was seen by many radicals as the final straw after decades of 'open door' (*kaimen*) policies which saw Europe and Imperial Japan carve up huge territories within Imperial and Republican China, often using treaties as legal cover. These protests did much to further weaken the fragile state of Republican China.

Throughout much of the Maoist era, Beijing was openly hostile to the growing web of international regimes and laws, viewing them as imperialist and Western dominated,

designed to hamper the development of international socialism. As a result, as post-war organisations developed, China was denied their benefits. Mao's 'leaning to one side' (vibiandao) strategy thus was based on adherence to the Soviet Union which, as Mao described it, was the side of equality and the benefits of Marxism-Leninism for China, and a stand against 'foreign reactionaries' and 'imperialists and their running dogs (zougou)'.4 China was left out of the rapidly developing set of post-Cold War regimes, including the General Agreement on Tariffs and Trade (GATT) and the IMF, which assisted other states in recovering from the conflict. However, Beijing's negative views on regimes would later extend to many of the USSR's own institutions, such as the Warsaw Pact, the Soviet Bloc's strategic alliance and the COMECON, the Soviet-overseen economic cooperation organisation. As Sino-Soviet relations worsened, China withdrew from its observer role in the Warsaw Pact in 1961 and stopped responding to invitations from the COMECON in 1966. With the development of the 'Brezhnev Doctrine' (named after the Soviet leader who devised it) in the 1970s, which sought to consolidate the socialist world under the aegis of the USSR, Beijing viewed Soviet-backed organisations as little better than Western ones.

After the Second World War, China was shut out of many reconstruction plans as well as the United Nations, which, despite Soviet objections, opted to recognise the Kuomintang (Nationalist) government in exile on Taiwan as the sole governmental representative of the entire Chinese state. The Korean War, a United Nations-backed operation spearheaded by the United States, further soured Mao on the organisation's impartiality. Finally, attempts to create a Western alliance in Asia to defend against communism and further American interests suggested to Mao that institutions were being created to contain the spread of socialism and further weaken Chinese interests. Mao was also highly critical of military alliances, and bristled when plans were put into place by Washington to copy the model of NATO in Europe to create the Southeast Asian Treaty Organization (SEATO) among US allies in the Pacific Rim. Mao denounced the SEATO idea, referring to it as running 'counter to the trend of history', while the United States sought to make the organisation a bastion against Beijing's influence in the region, a move which dismayed other members who preferred a more non-aligned approach. Even though SEATO was eventually a failure, attesting to concerns in Asia about the creation of strategic regimes which were overtly superpower dominated,⁵ its existence further increased China's suspicion of multilateral cooperation and institutions.

The strong Chinese views on the primacy of the state and the need for sovereignty in foreign policy development under Maoism also explain why China was reluctant to engage either economic or strategic regimes, or even those developing international laws, until the Dengist reforms. Participation in any international regimes, regardless of their size or function, entails a loss of sovereignty as well as the requisite transfer of information to the membership, costs which Beijing was unwilling to bear in the 1950s and 1960s. China's weaknesses as well as its lack of strong links with the international system made Beijing acutely aware of the 'prisoners' dilemma' of dangers based on cooperation without sufficient information. The Sino-Soviet split further isolated China from both Western and Eastern institutions, forcing Beijing to rely on limited bilateral ties. Self-reliance, along with Mao's views at the time that China was 'poor and blank' (yi qiong er bai), 6 became cornerstones of China's international thinking and further isolated the country from the ongoing development, primarily in the West, of international regimes.

Thus, Chinese views on international institutions until Mao's death were very much in keeping, albeit to an extreme extent, with traditional realist views of interdependence,

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namely that it created an atmosphere of both sensitivity and vulnerability to international actors and events which China, as a weak state, believed it could not withstand. This cost—benefit equation changed in Beijing's view after Deng came to power and realised China needed both hard capital and information about global norms and practices in order to pull itself out of its isolation and economic despair. In the 1970s, popular backlash against the Gang of Four, who believed any increased international contact would be harmful to China, also assisted Deng in changing opinions about multilateralism. Under Deng's 'cats theory' (the colour of the cat is irrelevant as long as the mice are caught), the approach to both the West and its now-advanced network of rules and norms was seen as necessary and potentially beneficial to Chinese interests.

Before Mao's death, some of the framework for what would become China's multilateralist policy was being constructed by Mao in the form of his 'Three Worlds Theory' (sange shijie) in the late 1960s. Departing from his traditional views that the world was largely divided into only two camps (capitalist and socialist), Mao later began to speak of a Third World outside of the rivalry between the superpowers, namely the newer states in Africa, Asia and Latin America which were emerging from colonialism. Through various diplomatic initiatives to developing states in the 1950s and 1960s, Mao sought to develop a Chinese identity as a large developing state but stopped short of directly engaging in many new institutions representing developing state interests. For example, China became an observer in the Non-Aligned Movement in the 1960s but declined full membership. Beijing also declined membership in the Group of 77, an organisation composed of developing states and former colonies lobbying for greater economic rights, and Beijing only tangentially supported the New International Economic Order (NIEO) when it was developed in the 1970s by developing states seeking greater economic fairness from the Group of Seven (G-7) most advanced economies. During the late Maoist period, China was seeking to walk a line between being viewed internationally as a developing state but also as a potentially important player in global affairs.

Regimes re-evaluated: Deng and after

In the Dengist reform era, China's approach to international organisations was constructed largely from nothing in the late 1970s. China was approaching each institution from a weakened position, as the years of isolation greatly reduced both Chinese diplomatic capabilities and the required information about the preferences and strengths of other actors. As liberalist theories of international organisation have frequently noted, this lack of data can often lead to problems, including mistrust, suspicion and abnormally high 'transaction costs' in terms of lost capital, goods or prestige.⁷ As well, China's precommunist history arguably increased its sensitivity to the issues of cheating. Finally, China's initial approach to international regimes was very much in keeping with Waltzian or 'hard' realism, namely that institutions and regimes were primarily extensions of great power foreign policy.⁸ It was only when détente with the United States began to pick up momentum in the late 1970s that Deng felt confident that engaging many Western-dominated institutions would not leave Beijing vulnerable to American manipulation.

There were strong motivators for China to begin the process of developing a multilateral strategy and engage international regimes. In addition to practical matters such as the need for hard capital, the international community required convincing that Maoist doctrine in China was becoming more accepting of the international system. From a constructivist viewpoint, Deng's reforms demonstrated shifts in China's identity, both in terms of how it saw itself and in how other governments should view it. Engaging institutions provided Beijing with many new forums to demonstrate its determination to be redefined as a status quo power rather than revisionist one. To use Wendt's Social Theory, China was seeking sweeping changes in the equation of its foreign policies and its perception by the international system. Along with the hard power, zero-sum thinking, previously dominating Maoist international policy, subsided and Deng had a greater ability to view international organisations in terms of positive-sum, that China could cooperate and gain benefits along with the other players. This is in keeping with the liberalist theory of 'shadow of the future', meaning that many international interactions, especially activities with regimes, are often repeated and that states which choose not to cooperate in the short term can be persuaded to change their minds if a series of potential long-term gains are demonstrated. 10 It has been argued that the political legacy of the CR and the late Maoist period has resulted in post-Maoist governments being highly sensitive to being labelled obstructionist or isolationist, and as China develops as a great power, international organisations are seen as key tools enabling Beijing to further refine its foreign policy interests.

China also had a significant advantage in the form of its size, and more specifically its market power, their desire to develop which many advanced economies, including America, Europe and Japan, made little secret of. This gave Beijing much additional leverage as well as bargaining power in its relations with organisations, while permitting China to selectively allow or withdraw market access based on the actions of potential partners. This was seen as a variation of the 'grim trigger strategy', namely that if Actor A defects or acts in a harmful manner, Actor B can punish it and continue to punish it even if Actor A behaves perfectly well afterwards. China's 'big market' (*da shichang*) factor has been seen as a major bargaining chip in its relations with international regimes, especially economic organisations. As China's economic power grows, it has the ability to utilise a grim trigger approach both to encourage cooperation from other states (and markets) and to influence the development of economic regimes and, to a lesser degree, other types of organisations.

Deng was very much in favour of a foreign policy approach of gradualism in the initial approaches to international regimes, a method he categorised as 'crossing a river by feeling the stones'. His preference was to start slow and engage with international lending organisations such as the IMF and World Bank in the early 1980s and then join the Multi-Fibre Agreement (MFA) in 1983 so that it could have a stronger say in the textile trade, which was and remains a major component of the Chinese economy. The lending organisations granted China access to hard capital, which was essential in building its economy, as well as convincing other potential donors, especially Japan, that it could handle the loan processes and behave as a responsible debtor. China proved very successful and external capital contributed much to Deng's plans to lift the country out of widespread poverty. In 1979, Beijing reversed its opposition to receiving overseas development assistance (ODA) and instead encouraged investment from Japan and Western Europe as well as Commonwealth members such as Australia and Canada. The end result was a steady influx of capital along with the first *de facto* 'lesson books' for Beijing on successful multilateral behaviour.

As well, these groups were considered good options to provide a basis for China's policy towards institutions. As one study noted, economic regimes were considered less risk prone than strategic ones during the expansion of Beijing's institutional engagement in the 1990s. ¹² Economic agreements are normally more transparent, and members who

markets and trade practices.

engage in 'cheating' or 'free-riding' are easier to identify and, if necessary, punish. In the case of cheating or defection, while the damage might be considerable, it would not place other members at great risk. In the case of security organisations, by contrast, defection or cheating can directly threaten other states in the agreement. Moreover, China was assuming, correctly, that as such a large market other members of economic regimes would treat it with respect in exchange for ready access to China's substantial consumer base.

Also, economic regimes provided China with badly needed information on international

In 1986, despite the fact that much of its economy had yet to be liberalised, China's confidence in its ability to develop its ties to the international economic system resulted in its announcement that it wished to join the GATT as a full member. The announcement was met with much scepticism by the West, especially the United States. Beijing first attempted to claim immediate membership on the grounds that the Nationalist government in Taiwan was granted GATT status but withdrew from it (illegally, in Beijing's view) in 1950; therefore China sought to claim retroactive membership. This claim was rejected by the GATT and as a result China began fifteen complicated years of negotiations to enter the trade body. Beijing had to deal with multiple political obstacles during the talks, along with concerns its economic system was too immature to withstand global liberalised trade. First, talks were put on hold after Tiananmen and it was not until the early 1990s that the talks could be effectively restarted. Second, the break-up of the USSR and the reforms in Eastern Europe meant that China had to wait in a much longer line. Third, a year after the completion of the Uruguay Round of the GATT in 1994, the World Trade Organization was created and China wished to join the WTO as a founding member but ran into strong opposition from the United States. Finally, pressure began to be applied to China after Taiwan announced that it wanted to join the GATT/ WTO as a customs union, and Beijing announced that under no conditions would it allow Taipei to enter before it.

The most important obstacle to China's WTO ambitions was undoubtedly the United States, which was concerned both about Beijing's lack of free market history and potential damage to the American economy by accepting such a large and still greatly unregulated market into the organisation. As per membership rules, Beijing was required to conclude liberalised trade agreements with all major markets before being allowed in and the United States proved to be the most complicated negotiation partner. Washington initially attempted to cite the Jackson-Vanik Amendment of the 1974 US Trade Act, which disallowed most-favoured nation trade status with a 'non-market economy' (meaning a communist state) unless the President requested permission to grant it every year. ¹³ Even with that provision waived, the US also insisted that China join the WTO as a developed economy, thus forcing it to accept more stringent trade rules than a member deemed a developing state. China protested against this provision, dragging out negotiations throughout the entire Clinton administration. US lawmakers citied numerous concerns over Chinese labour rights, the continued existence of state-owned enterprises, lack of intellectual property rights and an erratic taxation system as reasons to delay American support for membership.

China responded to the US and other critics by implementing further trade reforms, slashing taxes on a variety of goods and standardising others, and in the late 1990s greatly streamlining government ministries in charge of trade and economic reform. At the same time, China also began to remove so-called 'non-tariff barriers' (NTBs, rules or laws which impede trade outside actual tariffs). ¹⁴ Although the long process created much

dissatisfaction from some Chinese political actors both towards the United States and towards the Jiang government for its eagerness to cut deals, including 'New Left' academics and intellectuals concerned about China's embrace of globalisation, Beijing insisted that membership was necessary to achieve the next step in the development process. The deadlock was finally broken in 2001 and China joined in December of that year, with Taipei signing on a month later. Despite American concerns that China would seek to disrupt the WTO process upon gaining membership, China's relations with the organisation have so far been largely non-confrontational. Since becoming a member, Beijing has used the WTO's dispute settlement mechanism against the United States (over steel tariffs) and has also been a defendant (over Chinese subsidies to its computer chip-making firms), ¹⁵ but overall the China–WTO relationship has been steady in its first years.

There has been considerable interest as to why Beijing was willing to wait so long and make a considerable number of concessions in order to enter the WTO despite significant internal opposition. As the theory of 'club goods' notes, states will often incur high initial costs to join organisations out of strong fears of being left out of an exclusive body. ¹⁶ However, China at this stage was already seen as an indispensable economic player, an impression which would not have changed had Beijing remained out of the WTO. However, with China in, the country now has the ability to greatly influence the regime's direction as well as participate in the development of new trade rules. The current Doha Round of trade negotiations in the WTO, begun in 2001, has been beset by delays and disputes, with considerable splits between developed and developing economies. China is being increasingly seen as a country which could act as a go-between among the two camps, having gained credit for its coalition-building skills during the last few WTO meetings.

When the schism between emerging market states and advanced actors such as the United States and European Union grew during the Doha Round, China participated in the loose coalition known as the Group of Twenty Plus (G-20 Plus), advanced developing states which called for a final trade deal more equitable to developing economy interests. However, unlike the more outspoken members of the G-20 Plus coalition, such as Brazil and India, Beijing was praised for its role as mediator between the two sides for avoiding aligning itself with the more critical members of the group. Not only was this an example of China's newfound ability to operate effectively within informal groups, but it also illustrated China's determination to present itself as a large developing state with growing international diplomatic capabilities.

Another economic regime which China would court and be courted by was APEC, which was founded in 1989 with the primary goal of developing a free trade zone in the Pacific Rim. Australia, Japan and later the United States, Canada and Singapore would be APEC's early advocates, spurred on both by growing regionalism in Asia and by growing concerns about the development of other large international trading blocs. In North America, the Canada–US Free Trade Agreement was being finalised, with Mexico to be added later, to form the North American Free Trade Agreement (NAFTA), while the European Community, languishing in the early 1980s, received a push towards a single market with the signing of the Single European Act in 1985. Many Asia-Pacific states were concerned about being left outside these exclusive arrangements and desired a trade regime of their own. APEC planners wanted China to be added as a founding member, but the diplomatic fallout from Tiananmen and questions over how to include the economic powers of Hong Kong and Taiwan stalled the admission process for the first stages of APEC's development.

In 1991 a deal was brokered by South Korea which permitted China, Taiwan and Hong Kong to enter under specific conditions. APEC members would be referred to as 'economies' rather than states, and Taiwan had to accept the title 'Chinese Taipei', and Hong Kong the 'Hong Kong Special Autonomous Region' (SAR), in exchange for membership. APEC today has twenty-one member economies, including the US, Russia, China, Japan, Australia, Canada, Mexico and most of Southeast Asia. China has been an enthusiastic supporter of APEC both because of the fact that it is an anarchic regime, meaning that every member has veto power and therefore equal say over rule-making processes, 18 and because it gave China the ability to test its own trade liberalisation policies on a smaller group before bringing them up to the international level. Moreover, APEC as an institution was also defined by its adherence to 'open regionalism', meaning that APEC would be willing to extend club benefits to non-club members, and 'voluntarism', the idea that decisions would be made by consensus and members would not be pressured into accepting rules with which they disagree.¹⁹ The development of both concepts within APEC did much to convince Beijing that it would not be bound to a formal, rules-based regime. Thus, China took advantage of its membership by dropping tariffs within the organisation as a means of demonstrating to the WTO that it was serious about trade liberalisation. China also found itself one of the APEC economies unaffected by the Asian Financial Crisis of 1997-98, but at the same time the crisis did much to slow down APEC's momentum. Although APEC has promised the development of a complete free trade zone in the region by 2020 at the latest, there remain many obstacles to be overcome.

Deng's approach to international organisations suggested that this policy was part of his larger doctrine of 'bu dang tou' (not taking the lead) and avoiding hegemonic behaviour in international affairs. The need for China to develop a stronger knowledge base in global politics, international organisations and the comparative foreign policies of other states meant that in many organisations which China joined recently its representatives would adapt a watch, learn and wait approach to gatherings and meetings. This was demonstrated when China received its United Nations seat in 1971. Until that time, the PRC was largely against the idea of the UN, just as it was highly critical of its predecessor, the League of Nations, in the 1930s. All of these views changed by the 1970s, and instead China began to develop as one of the UN's strongest supporters, developing what has been called a 'system-maintaining' stance.²⁰ China has praised the UN's views on security-building and more recently on disarmament,²¹ and during the 1990s took a more conciliatory view on United Nations peacekeeping and humanitarian intervention, matching words with deeds by contributing more troops for UN peacekeeping missions than any of the other permanent five Security Council members.²² Despite fears by some Western states that Beijing would attempt to hamstring the UN, taking advantage of its veto power, Chinese voting behaviour throughout has been for the most part conservative, with China rarely using the veto compared to the two superpowers during the Cold War.

Expansion of bilateral and multilateral relations

After Deng's passing, China's interest in organisations beyond economic ones increased. Although Beijing, like other states, was concerned about the security dilemma, Jiang's government was considerably more confident of its foreign policy and far less fearful of being victimised by security organisations. Nevertheless, China approached this area very

cautiously, and even today is much more critical of security cooperation norms. Under Jiang in the 1990s, China sought to pursue multilateralism in security via the development of *huoban*, or partnerships with select states. The first partnership of note was with Russia under Yeltsin, formally burying the years of Sino-Soviet enmity. Throughout much of the late 1990s, other partnership agreements of varying width and depth were adopted including those with the United States, Great Britain, France, Pakistan, South Africa, Mexico and India.²³ These partnerships would form the backbone of Beijing's developing multilateral policy, enabling it to familiarise itself with issues beyond the immediate Asia-Pacific. By the turn of the century, China under Hu continued to place much importance on the partnership model, while simultaneously increasing its comfort level with multilateral strategic institutions,

China also began to mend fences in the 1990s with organisations previously seen as overtly hostile. For example, after a very difficult relationship with the Association of Southeast Asian Nations (ASEAN) during the 1960s and 1970s, Beijing in the 1990s began to meet more regularly with ASEAN members about a wider variety of topics. After the Asian Financial Crisis, Beijing proposed formal meetings with ASEAN, which by 1999 would develop into the ASEAN-plus-three (APT) grouping, bringing together all ten ASEAN members with Japan, China and South Korea. China also held direct bilateral talks between itself and ASEAN (ASEAN-plus-one). In November 2000 at an APT summit, then-Premier Zhu Rongji advocated a free trade agreement between itself and ASEAN. Since then, both sides have worked diligently towards developing a free trade area between them. Although the issue of sovereignty over the South China Sea and its various islets still divides the two sides, both China and Southeast Asia agreed in 2003 to settle the matter via diplomacy and to avoid any military posturing, especially over the Spratly Islands.

China is also seen as first among equals at the annual East Asian Summit, which originated in December 2005 and was an extension of previous annual meetings between China, Japan and South Korea with the ten ASEAN states. The EAS was designed to act as a forum to discuss primarily Asian region issues, and China was one of the major backers of the initiative, arguing that a forum specifically dedicated to Asian affairs would greatly assist political and economic cooperation. The United States was not invited and the European Union announced in April 2006 that it wished to be included as an observer. Australia, India and New Zealand were given last-minute invitations to the first EAS meeting despite Chinese objections, suggesting not only that Beijing's influence over the regime does have limits but also that other EAS members were concerned that China would take a dominant role in EAS decision-making. The shape of the EAS may be further altered if Russia joins, as Moscow has requested full-member status and China (along with India) has supported that bid, likely to counter the pro-West members of the group. Despite its newness, the EAS already appears to be caught in an internal dispute over its identity, with China in the middle.

Multilateralism has developed into a cornerstone in China's foreign and strategic thinking, a product of both late Cold War frustrations with the bipolar system and current concerns over American unipolarity. Beijing has made little secret of its preference for a multipolar world, and has often approached multilateralism today with this view. Chinese foreign affairs literature frequently downplays the idea of the current system as being unipolar, and often makes reference to *yi chao*, *si qiang* (one superpower, four great powers, namely the United States with China, Russia, Europe and Japan).²⁴ Much has been written about the role of 'socialisation' in multilateralism, namely the increased

acceptance of rules and norms of the international system by progressive embedding in inter-state rules, norms and networks. As a result of Beijing's growing acceptance of international regimes and norms both regionally and increasingly internationally, the socialisation process in China's case has been seen as proceeding very well.²⁵ China's socialisation has been viewed as a two-way street. China appears less concerned over lack of information and potential victimisation, accepting that it can gain many goods on its path to great power status through ongoing reciprocity and cooperation. At the same time, the country is hopeful other nations can be 'socialised' in accepting the idea of China as a great power but one which is experiencing a peaceful rise.

Critics of China's multilateralism policy suggest Beijing's embrace of international regimes and norms, while developing, is in many cases very shallow or conditional. The era of deep engagement in international institutions, it has been argued, only began in the mid-1990s and Beijing still exercises great caution within regimes, occasionally tending to be passive or even free-riding. One approach explained by Shambaugh was that China's interest in Asian regional institutions grew partially with the realisation that the United States was not necessarily dominating many of them (such as APEC), and that the open nature of many emerging Pacific Rim institutions presented an opportunity for Beijing to promote its own views on informal and non-hierarchical strategic cooperation.²⁶ Not only was China not at risk of being marginalised within these regimes, including by the United States, but they also offered Beijing an opportunity to further underscore its regional cooperation policies. Other analysts have described China's policy towards international regimes as being inherently self-interested and following what Kim termed a 'maxi-mini' principle, namely that China will only engage them if they can gain the maximum number of goods for the minimum costs.²⁷ However, it can certainly be argued that all states seek this outcome when engaging institutions, and great powers, being powerful, are in a much better position to choose which regimes they want to cooperate with and which goods they hope to gain from them.

Cooperation with security regimes

In comparison with economic and political organisations, China's engagement with security regimes has been more selective and has reflected a strong post-Cold War aversion to alliances. Since the 1990s, Beijing has argued that the need for alliances had faded with the demise of the Soviet Union and the need to protect against other state-based security threats. Instead, the post-bipolar international system was more congenial to the creation of 'positive-sum' international regimes which encouraged mutual security.²⁸ China's engagement policies have been focused on the creation of and engagement with security communities which concentrate on confidence-building and mutual cooperation rather than alignment and hierarchical power structures.

China's activities within the United Nations have also become much more unilateral since the 1990s, further reflecting greater comfort in working within the body. For example, Beijing made use of the veto to block two UN peacekeeping initiatives, one for Guatemala in 1997 and one for Macedonia in 1999. In both cases the states were recognising Taiwan.²⁹ In January 2007 Beijing, along with Russia, vetoed a UN resolution criticising Myanmar for its human rights violations, and Beijing has been accused of being wary of using the UN's enforcement mechanisms to place pressure on Iran to curtail its possible development of nuclear weapons and Sudan for its complicity in the conflict in the country's Darfur province.³⁰ There is also the question of whether China would

have abstained or used the veto had a UN resolution on the use of force in Iraq in 2003 been followed through. As well, Beijing has suggested how the United Nations Security Council could be reformed to better reflect the post-Cold War system. While Beijing had offered support for the possible inclusion of Brazil and Germany as permanent UNSC members, regional political rivalries in Asia are seen to have influenced the lack of Chinese support for either India or Japan getting such status. Beijing currently appears to be translating its increased foreign policy interests into a much more activist position in the United Nations.

From a regional viewpoint, while Beijing has accepted the idea that some security issues are better addressed on a multilateral level, China, like other states in the Asia-Pacific, has had to approach security problems in a region with still-underdeveloped strategic regimes. There is no equivalent of a NATO or an Organization for Security and Cooperation in Europe (OSCE) in the Pacific Rim. Hopes during the 1990s that the end of the Cold War and the removal of various ideological camps in the region would spark a greater push for formal security organisations have so far proven unfounded.³¹ Those organisations which do exist in the region are for the most part informal and lack strong policymaking powers. The ASEAN Regional Forum is a good example of this.

China agreed to join the ARF when it was created under ASEAN's auspices in 1994. The ARF is a large-scale security community (with twenty-seven members) which addresses regional strategic problems. However, unlike NATO, it lacks an enforcement mechanism and remains largely a consultative body. As its name suggests, ARF was created by the ASEAN states in order to address regional security issues and it was decided early in the organisation's development that China, along with the United States and Japan, needed to be included in order to strengthen the regime and maintain its physical and policy coherency. Although it has been argued that the ARF has been beneficial in engaging China on the subject of improving regional security, critics argue there are issues which Beijing has successfully kept out of the ARF dialogue, specifically Taiwan, which is not a member of the forum. As well, Beijing has kept cross-Strait security off the ARF agenda and did not participate in the 1993-94 meetings of the forum's informal 'Track II' advisory body, the Conference for Security and Cooperation in the Asia-Pacific (CSCAP), out of concerns that Taipei would be given too visible a role there. Only after an agreement was made to strictly limit Taiwanese participation to individual experts from the island did China begin to participate in CSCAP.³²

With these tacit caveats in place, however, China grew much more comfortable with the ARF's development as it became evident the group was not seeking to develop into a formal alliance. Its consensus-based method of decision-making meant that China did not have to worry about norms and rules being forced upon it, thus presenting it with an 'exit vs voice' problem (in other words, a choice of either leaving the group or attempting to wield influence to change its rules or structure). Moreover, in the eyes of other ARF members the forum could be used to channel China's growth as a strategic actor in more power directions and allow for Beijing to become more comfortable with an Asia-Pacific security dialogue. As well, despite the limitations of the ARF, the group's informality has prevented the development of great power politics and may have forestalled, for now, the development of a more formal, NATO-like Western alliance agreement in the Pacific Rim which could be used to encircle China.

The Six-Party Talks (SPT) which have taken place sporadically since 2003 provide another example of China's growing willingness to take the lead in regional security dialogue. While the SPT is not a formal regime, it nevertheless has developed into an

important foreign policy tool for Beijing in developing its views on multilateral security. Beijing, along with South Korea, Japan, the United States and Russia, is interested in addressing the crisis surrounding North Korea's development and testing of nuclear weapons. Since the inauguration of the SPT, Beijing has been the driver of the process, often using shuttle diplomacy to promote and at times revive the talks. As one of the few states with direct access to the Pyongyang government, China's negotiators have attempted to keep North Korea at the table despite various setbacks. It remains to be seen whether the SPT will be successful in denuclearising the peninsula, but should a permanent deal be reached the SPT could develop into a Northeast Asian security organisation.

In 2005, China became an observer within the South Asian Association for Regional Cooperation (SAARC), an organisation heavily dominated by India and including other states on the subcontinent such as Pakistan, Sri Lanka and Bangladesh. India was at first very reluctant to allow Beijing even observer status, but acquiesced as part of a deal proposed by Pakistan to permit Afghanistan to become a full SAARC member. However, in a bid to prevent China from dominating the organisation, India pushed for and was successful in allowing the United States to also sit as an observer.³⁴ Other large and medium powers such as Australia, Iran, Japan and the European Union also have observer status within SAARC. Although Sino-Indian relations have warmed somewhat since China reacted harshly to India's 1998 test of a nuclear weapon, there are still outstanding security issues between the two states relating to disputed territory. China currently occupies the Aksai Chin region of Kashmir, which India claims, and Beijing claims land in India's far-eastern state of Arunachal Predesh. From an economic viewpoint, SAARC members have been interested in strengthening economic ties with China. This includes India, which has sought greater economic ties with China and East Asia ever since the development in 1991 by then-Indian Prime Minister P.V. Narasimha Rao of a 'look east' policy and much talk about further economic integration with the Pacific Rim. China's future role with SAARC is still being debated among its disparate membership, but a proposal was floated in mid-2008 of a possible free trade area between China and SAARC members.³⁵

China's foreign policy confidence over the past decade has translated into taking on a more active role by both participating in existing regimes and also attempting to create new ones which better fit Chinese foreign policy priorities. The best example of this thinking has been the Shanghai Cooperation Organisation, a security regime, which represents the largest regime created primarily on Beijing's initiative. The SCO was created with much Chinese influence in June 2001, bringing together China, Russia and most of the former-Soviet Central Asian states in a security community. It evolved from more informal meetings beginning in 1996 between Beijing, Moscow and bordering Central Asian governments (Kazakhstan, Kyrgyzstan and Tajikistan) in order to oversee border demarcation issues left over from the Sino-Soviet split as well as to promote mutual security. The group, which came to be known as the 'Shanghai Five', began regular meetings on improving frontier security. The group was renamed the SCO after the inclusion of Uzbekistan in 2001. Following the resolution of all outstanding border issues between Beijing and the bordering post-Soviet states, by the turn of the new century the SCO's focus shifted to combating what it termed 'the three evil forces' (sange e shili) of terrorism, secessionism and extremism in Eurasia. A former Chinese diplomat, Zhang Deguang, was appointed as the SCO's first Secretary-General, further underscoring Beijing's guiding role in the SCO's evolution. In January 2007, Zhang stepped down and was succeeded by Bolat Nurgaliev, a Kazakh diplomat, who will hold the position until December 2009.

The organisation's official charter was unveiled at its second conference in St Petersburg in June 2002. The document confirmed the SCO's mandate to build 'mutual trust, friendship and good neighbourliness' and to encourage 'comprehensive cooperation'. Other key elements of the document included the confirmation that a Regional Anti-Terrorism Structure (RATS) would be created to act as an information nexus for regional security and that decisions would be based on mutual consensus. To demonstrate inclusiveness beyond regional concerns, the charter also gave support to other peace-building initiatives in the Asia-Pacific region, including the ARF and multilateral initiatives on security and cooperation on the Korean Peninsula and South Asia. The SCO Charter specified the organisation was not to be established as an alliance but rather would be based on respect for mutual interests and common approaches to dealing with regional and international problems, rather than uniting against an outside adversary. SCO members routinely share security information and have participated in joint military manoeuvres since 2002, and the RATS was opened in Tashkent in January 2004. The SCO has maintained that it is a security community interested in cooperating with other organisations such as NATO and ASEAN in the international war on terrorism (fankong zhanzheng), with no intention of developing into an anti-Western alliance despite Western tern criticism. The increased visibility of the SCO has attracted potential new members, with Mongolia, India, Pakistan and Iran having official observer status and others such as Belarus having expressed interest in becoming future observers. Although the SCO is a consensus-based body and lacks a strong central governing agency, it nevertheless is playing a stronger role in regional Eurasian security policy and Beijing remains the primary driver of the organisation.

The SCO has also endeavoured to coordinate joint military operations designed to further boost confidence among members and develop a coordinated military policy against potential threats. The first round of war games took place between China and Kyrgyzstan in October 2002, and an expanded set of exercises which featured all members save Uzbekistan was held in Kazakhstan and Xinjiang, China, in August 2003. In August 2005, the SCO's great powers, China and Russia, staged their own military exercises with the other SCO members, with Iran, India and Pakistan sending observers. Dubbed 'Operation Peace Mission 2005', the exercise took place near Vladivostok, Russia and Weifang, in China's Shandong province, and involved joint strategic planning followed by a mock offshore blockade, amphibious landing and airborne assault. Despite the apparent hard security dimensions of the simulation, it was nonetheless officially described afterwards as a non-traditional security, anti-terror exercise. 36 Semantics aside, the development of joint security operations under the SCO's aegis is strong evidence of the organisation's growing confidence, especially as it continues to seek a balance between various methods of security management and other forms of political cooperation. An expanded operation, 'Peace Mission 2007', which saw all six members being represented, was completed in August of that year near Urumqi, China, and in the Chelyabinsk region of the Russian Federation. Thus despite its relative newness the SCO has developed into both a strong strategic actor in the Eurasian region and a barometer of China's evolving policies on regional security cooperation.

Conclusion: China the social state?

The past thirty years will be remembered as a period of transformation in Chinese foreign policy for a variety of reasons, but one of the most important for the country as well as

the international system has been Beijing's reversal concerning multilateralism and international organisations from avoidance to embracing. The Chinese case has been a distinct one for a variety of reasons. China is a large state and a rising power which is developing within a global order, one becoming increasingly dominated by international agreement, rules and regimes. Moreover, China must overcome much suspicion of the motives of other states and actors while seeking to reverse its Maoist era isolation. As one study noted, despite the fact that China as a state is quite old, it suffered from being a 'novice' learner of the policies of modern international organisations. Moreover, Beijing had to learn about them at a rapid pace both to avoid being taken advantage of as well as use these organisations to allow for maximum benefit to China itself. Since the 1990s, however, China has become an enthusiastic joiner of various organisations and has a participation rate in them which is well above global averages.³⁷ This has given Beijing a variety of benefits, ranging from the tangible (better trade, access to new markets, security guarantees, improved cross-regional diplomacy) to the less quantifiable (foreign policy confidence, prestige and soft power).

At the same time, China has shown an increased willingness to engage many institutions which are Western dominated rather than seek alternative structures as the USSR sought to do. Chinese power, both coercive and structural, has therefore developed very effectively within the framework of many regimes which were established by the United States and other Western actors. As has been argued, China is making selective and strategic use of international organisations through engagement to advance its power and capabilities in the international system and move towards developing as a great and perhaps global power. However, what remains unclear is whether China's view on international organisations will change as Chinese power continues to grow. The development of the SCO and China's support of the East Asia Summit suggest that Beijing is also becoming more comfortable with organisations which do not include Western members or norms. There is the possibility that China may be more tempted in future to develop or support other organisations as a means of balancing Western power, but such actions would be risky. China has accrued many goods from working within the current system of organisations and has arguably used them to augment not only its power but also its sought-after 'international status'.38

China is now an inseparable part of the growing arrangement of international organisations and is unlikely to reverse this policy at this stage in its foreign policy development. The next questions, however, will concern the transformation of China's role within them, as the country's power continues to develop and how other states within international regimes will view the transformation. These questions are inevitably tied to the larger question of what kind of great power China will be.

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Questions for discussion

- What were Mao Zedong's motivations for limiting China's exposure to international organisations and how did that decision affect China's foreign policy thinking during his regime?
- How was engagement with international organisations tied to Deng's greater policy of 'reform and opening up' to the international system?
- Why did Beijing place a high priority on engaging economic organisations? Why was its drive to join the GATT and the WTO difficult and lengthy?
- Is China distinct in its ability to obtain what it wants from different types of international organisations? If so, how?
- How did the end of the Cold War alter China's view on security cooperation?
- Is China developing a more independent policy stance within the United Nations?
- Does the development of the Shanghai Cooperation Organisation signal a new maturity in China's security thinking and a departure from Western views on security?

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4 Strategic thinking and the roles of the military

The People's Liberation Army as a foreign policy actor

The past two decades have seen rapid change in China's security thinking, for two significant reasons. First, the end of the Cold War decreased the possibility of direct state-to-state conflict with Beijing's then-rivals, including the Soviet Union, with whom it had cut all political ties in the 1960s. Beijing suddenly found itself the beneficiary of a 'peace dividend' permitting it to focus on mending relations with many of its neighbours in the former Soviet regions, East, Southeast and South Asia. At the same time, China no longer has an interest in exporting its revolutionary thinking, a policy frequently attempted under Mao Zedong, to other developing states. Second, China's security concerns have become much more multifaceted and now include issues which are well beyond traditional security concerns (such as border security), such as terrorism, protection of economic goods, trade security, access to resources and energy, and transnational crime. At the same time, the Taiwan question, despite its being treated as a domestic issue, retains many international dimensions. Therefore, Beijing has needed to review its grand strategy development to better fit the post-Cold War security system.

Despite the increasing professionalism of the PLA, its role in crafting foreign policy in China has not diminished significantly. Moreover, the current Chinese military is still in the process of moving beyond its limited, ideologically based ideas of 'people's war' of the Maoist period. Instead it is focusing on modernisation and adaptation to modern strategic issues. Moreover, it has been frequently demonstrated that potential great powers frequently experience an expansion of their security concerns as they 'grow' within the international system. In the case of China, the country wishes to develop peacefully within the international system while remaining aware of various security problems which could curtail its domestic reforms. At the same time, there exists the potential for friction with other great power actors such as the United States, as China continues to transform from a regional power to an international one. Beijing has been reacting to this situation, it has been argued, in two ways. China has sought international partnerships and greater engagement with security organisations in order to underline its new status as an 'indispensable' partner in security areas, and it has attempted to promote itself as a responsible power not seeking to overturn the status quo and provoke other countries to align in tandem against rising Chinese power. Thus, the question of the type of role China will play in future international security will depend upon not only China itself but also others' interpretation and reaction to its ongoing 'rise'.

China's military forces and capabilities

The PLA was the successor to the Red Army forces created in the late 1920s by Mao Zedong along with other revolutionary leaders such as Zhu De and Peng Dehuai. Following the end of the Second World War and the Japanese withdrawal from Chinese territory, the brittle truce between the communists and the Nationalists led by Chiang Kai-shek had broken down completely and after June 1946 the Red Army under Mao was renamed the People's Liberation Army, reflecting a grander purpose in defeating the Nationalists and reunifying China. Through various conflicts such as the Korean War (1950-53), and subsequent border conflicts with India (1962), the Soviet Union (1969) and Vietnam (1979), the Chinese military maintained a strong role both in Chinese politics and foreign policy as well as in defence matters. Although China's borders are now largely peaceful and the PLA has not been involved in direct conflicts since the end of the Cold War, it is still an important political actor in China's government and continues to contribute a significant voice in modern foreign relations.

In examining the political power of the PLA, it is useful to take note of its size and scope. Although PLA numbers have dropped from a high of about 5 million in the 1950s when the fusion between Party and army was at its highest, total PLA forces are estimated at about 2.1 million in 2008 (including army, navy, air force, missile forces and paramilitary forces), with reserve forces standing at about 800,000. China is in possession of one of the largest armed forces in the world. The actual 'army' forces of the PLA, also known as the PLA Ground Forces, or PLA(GF), make up the majority of China's total military personnel, about 1.6 million. In addition to reducing numbers, since the mid-1990s a campaign has been underway to transform the PLA from a labour-intensive (renli miji) force to one which stresses education and professionalism (jishi miji). This has meant that more emphasis has been placed on training and education, producing a greater comfort level with modern technology, in marked contrast to the Maoist 'people first' views, which stressed the power of numbers. At the same time, the PLA plays a key role in domestic security, including disaster relief such as during the July 2007 floods in central China and the May 2008 Wenchuan earthquake in Sichuan province.

China also retains a People's Armed Police (PAP) force, technically a civilian body with a membership of about 1.5 million. Established as a non-military police force in 1949–50, it was renamed the PAP in 1982 to augment security forces within the country. Many personnel who were retired from the PLA often joined PAP units. There has on occasion, however, been a blurring of its role. For example, until 2003, the PAP was responsible for overseeing the Chinese border with North Korea, but after that year that role was taken up by units of the PLA, offering the first hints that the special relationship between Beijing and Pyongyang had begun to sour. As well, various localities host People's Militia forces (renmin minbing) designed to keep law and order on a local level. Also assisting with domestic security is the Ministry of Public Security (MPS) which addresses public domestic security matters, and the Ministry of State Security (MSS, guojia anguan bu), a civilian organisation which investigates threats to internal security, monitors foreign activity on Chinese soil and protects against external influences and domestic espionage.² In foreign affairs, however, it is the PLA which has the greatest effect on policy, although to what degree is still subject to debate. It has been argued that as the Dengist era waned in the mid-1990s, the role of the PLA in foreign policy began to increase due to the more decentralised government under Jiang Zemin as well as the increased use of nationalism in the country's international relations.³ Nevertheless, the influence of the PLA in modern Chinese foreign policy remains a difficult variable to measure.

The PLA in Chinese politics

Strength of numbers and the PLA's historical legacy under Mao have ensured that the Chinese military has retained a role in shaping foreign policy, but the degree of its influence has waxed and waned in the decades after Mao's passing. The relationship between Party and army was strained during the advent of the Dengist reforms, as Deng was unhappy with what he saw as a bloated, overly politicised military which was becoming increasingly ineffective against modern security threats. The faulty invasion of Vietnam in early 1979 gave Deng the political clout required to announce sweeping budget cuts and reallocation of military funds into various economic and education sectors, as well as retiring and removing PLA leadership personnel and making cuts to the military's budget. While defence became one of Deng's 'four modernisations', it became fourth in priority, behind agriculture, industry and science and technology. During the 1980s, the PLA's overall numbers also continued to be cut.⁴ However, after Tiananmen it was necessary for both Deng and later Jiang Zemin to placate PLA leaders and to reward the military for its role in halting the demonstrations. Military budgets began to rise again in the 1990s as Jiang, who unlike his predecessors lacked a military background, began to more fully oversee military affairs. Although adherents to the China Threat school suggested that growth in military spending during the decade demonstrated China's development as a potentially belligerent power, in reality there were other reasons for the increases.

First, the rise in Chinese military spending can be seen as a natural outcome of China's overall economic growth and the need to maintain modern armed forces. Both Middle East Gulf Wars (1991 and 2003-present) and the war in Kosovo (1999) were taken as strong signals by Beijing that more attention needed to be paid to so-called C₄I systems, (command, control, communications, computers and intelligence) and the need to develop power projection skills.⁵ It was noted that the situation in Taiwan, and the growing need to prevent separatist movements there, was also a catalyst for increased military spending since the 1990s. The embarrassment of the 1996 Taiwan Straits crisis, when China could not effectively respond to the deployment of two American aircraft carrier groups near the island, was seen to illustrate the limits of China's near-abroad military power, thus necessitating increased military development and arms purchases.⁶ At the same time, day-to-day increases in expenses, including salary increases for the stilllarge numbers of military personnel, must be taken into account when examining budget increases.

Increases in military salaries were required in order to offset the losses incurred when Jiang Zemin ordered the PLA to divest itself of its business holdings in July 1998. When the Dengist reforms were announced twenty years earlier, members of the PLA eagerly began purchasing businesses, ranging from small outfits to large factories and corporations, as they were in an excellent position to take advantage of the economic liberalisation policies due to their entrenchment within the CCP and their access to economic information. However, both Jiang and Premier Zhu Rongji were growing increasingly frustrated with the fact that PLA-owned businesses were distracting from military development as well as inviting corruption.⁷ One notorious example was the Tiancheng Group, which was cited for tax evasion in amounts totalling at least 50 million yuan. Jiang called upon all members of the PLA to either sell off their business holdings or retire from the armed forces. Despite dire predictions that the PLA would resist the order, the divestiture was for the most part carried out, although some exemptions were negotiated.8 Third, as China's international interests move beyond the regional to more 78

international areas, Beijing has recognised the need to develop technologies which will allow it to operate further from Chinese territory. These issues include greater participation in peacekeeping, protection of international economic assets, combating terrorism and extremism, and joint cooperation with other states.

Beijing has repeatedly denied military spending increases have been designed to create a more offensive military, but the United States and others have called for greater transparency in Beijing's strategic policymaking. China has released White Papers on Defence since the late 1990s, but critics argue that China is not being sufficiently candid in terms of its defence spending or its strategic development. Beijing has responded by noting that overall spending lags well behind that of the United States, and that defence only makes up (officially) less than 2 per cent of Chinese GDP compared to 4 per cent in the United States. In 2008, China's defence budget was placed at approximately US\$59 billion, and has been increasing regularly, usually between 11 and 17 per cent each year since the 1990s, but remains very low compared to American spending, which was estimated at \$547 billion, more than nine times the official Chinese defence budget, in 2007. At current growth rates, even assuming, as some Western commentators suggest, that Beijing may be underreporting its military budget by a factor of two or even three, the prospect of future military parity or near-parity between China and the United States remains a remote possibility.

China as a nuclear power

With the testing, undertaken under the codename '596', of China's first nuclear weapon in the remote Lop Nur site in Xinjiang on 16 October 1964, the country became the fifth nuclear power and the last 'legal' nuclear power under the Nuclear Non-Proliferation Treaty (NPT) of 1968, although Beijing itself would not sign the Treaty until 1992. ¹⁰ China also became the first 'developing' state to deploy a nuclear weapon, and would remain so until India tested its first nuclear weapon in 1974.

Mao Zedong's views on nuclear weapons up until the Lop Nur test were at times very contradictory. He remarked that such weapons were 'paper tigers' (*zhilaohu*) of limited use in modern warfare, and that China because of its relative lack of development could not hope to match the stockpiles of either superpower. Mao noted to a visiting British official in 1961 that the best China could hope for would be a limited nuclear stockpile, or 'one finger' as opposed to the 'ten fingers' which the United States possessed. ¹¹ Yet despite these public views he was insistent that China develop nuclear weapons even in the face of rising opposition from the Khrushchev regime in Moscow. Since developing nuclear weapons, China has not attempted to match another power in terms of inventory, and has instead pledged that it would not be the first to use a nuclear weapon ('no first use', or NFU) during a conflict and that it would maintain an arsenal sufficient to deter an attack but not to overwhelm an adversary, a concept known as 'force de frappe'. ¹² As will be explained, China's views on nuclear weapons became increasingly conservative during the latter stages of the Cold War and after, but nuclear politics remain an important area of modern Chinese international relations.

Nevertheless, by the late 1950s, Mao was dedicated, even in the face of mounting Soviet opposition, to obtaining a bomb to deter a potential attack by the United States or its allies, to increasing China's stature both in the communist world and in Asia specifically, and to bolstering its power in supporting various wars of national liberation in the developing world. The prospect of a Chinese bomb greatly alarmed Washington, to the

point were it was revealed in the late 1990s via declassified documents that the Kennedy administration was seriously considering a pre-emptive strike on the Lop Nur base in order to prevent a Chinese test, and was even contemplating joint action with the Soviet Union to achieve this. However, as the test became more imminent it was decided that the risks and political damage from such actions would be too great, and in the end the US did not interfere.¹³ Today China is estimated to have between 200 and 250 nuclear weapons, a much smaller stockpile than the United States or the Russian Federation. Moreover, a majority of China's nuclear weapons are estimated to be at fixed sites, but there has been some movement within the Chinese military to develop more mobile warheads via the construction of nuclear submarines and submarine-launched ballistic missiles (SLBMs) of the *Julang-2* class. However, the relatively small size and general immobility of China's nuclear arsenal has caused Beijing to remain sensitive both to the much larger overall American stockpile and US attempts to develop anti-ballistic missile systems since the 1990s.14 China's missile arsenal, known as the Dierpaobing (Second Artillery), has also undergone much upgrading since the 1990s. The country possesses about 700 short range missiles, as well as about 40-45 inter-continental ballistic missiles (ICBMs).

Although there have been international concerns about China's nuclear modernisation, Beijing's views on nuclear arms control and disarmament have shifted greatly since the end of the Cold War. Before that time, China harboured deep suspicions about international efforts to reduce nuclear arms and largely viewed such efforts as only relevant to the affairs of two superpowers. By the end of the 1990s, however, China had agreed to sign or adhere to several non-proliferation agreements, including the NPT, the Missile Technology Control Regime (MTCR, which controls the export of missile technology) and the Zangger Committee (whose members agree not to export fissionable material or related equipment to non-nuclear states). China also agreed to dramatically scale back nuclear weapons-related cooperation with its previous partners in this area, including Iran and Pakistan, by the beginning of the following decade. By the turn of the century, China had begun to argue for maintenance of the status quo on nuclear affairs, strongly criticising the American decision to withdraw from the Anti-Ballistic Missile (ABM) Treaty and expressing concerns about US-led plans to develop missile defence technology which could theoretically negate China's small ICBM capability. After many decades of being viewed by the West as a potential obstacle to global arms control, Beijing has now positioned itself as a great power detractor of international WMD (weapons of mass destruction) proliferation.

Strategic thinking

The PLA's voice in foreign affairs is seen to be rising, partially as a result of the diversification of the decision-making process in Beijing. Unlike Mao and Deng, today's Chinese leaders cannot claim personal ties to the military, and therefore new leaders must cultivate relations with the PLA in order to maintain their positions. The PLA is also viewed as a major element of nationalist thinking in China, and can often affect decisions involving economics. In order to offset reforms to the military, which have involved personnel cuts, the military budget has been increased annually, in large part to cover salary increases and the purchase of more modern weaponry and materiel. At the same time, many military leaders have been seen as voices of conservatism, calling for restraint in areas of potential conflict. On occasion some military leaders have made belligerent comments, such as in January 1996 during the Taiwan Straits Crisis when a PLA official, General Xiong Guankai, noted that the US would not dare intervene because it 'cared more about Los Angeles than Taipei', ¹⁵ a quotation often cited by those concerned about a possible 'China threat'. For the most part, however, China's military policy has been centred more on modernisation and defence issues than possibly provoking international actors.

China's military strategy has also undergone a significant transformation since the Maoist era, both in terms of potential threats and methods of defence and offence. Under Mao, revolutionary strategic thought left over from the civil war era was prevalent in Chinese military thinking, especially embodied in the idea of 'people's war' (*renmin zhanzheng*). Mao believed in the supremacy of people over weapons, and that the best way of defeating an enemy was to lure threat forces deep into China's (vast) territory where they would be subdued by superior numbers. The Chinese military at the time placed much more emphasis on 'red over expert', meaning that advancement would be based on fealty to the revolution rather than practical expertise. Another major component of 'people's war' was the necessity of exporting the socialist revolution to other parts of the world through the support of armed insurgencies by communist forces, particularly in Southeast Asia. ¹⁶

As well, Mao was a believer in so-called 'total war', meaning that the next war would be a great power conflict requiring all of China's resources, as well as the inevitability of a nuclear conflict, which partially drove his desire to develop a nuclear weapon. Although many in Mao's inner circle were unconvinced that people's war would work under practical conditions, (the Korean War, for example, definitely did not fit that model as PLA forces fought extensively out of territory), it was not until Mao's death that the idea of people's war could be challenged and replaced with 'local war' (*jubu zhanzheng*), which included the development of smaller, more readily deployable units (or 'fist units', *quantou budui*).

Under Deng, the military began to change its strategic thinking. The inevitability of nuclear war was downplayed, and more attention began to be paid to the naval and air forces instead of just the ground forces. Debates began over the red versus expert idea, and traditional Maoist ideas of guerrilla warfare were updated to reflect changing threats. The USSR had replaced the United States as the most likely adversary, and total war was deemed less likely to occur than limited war which would not require a complete mobilisation of resources. By the time of Jiang and Hu, many Maoist ideas on people's war had been completely upgraded. The PLA today is expected to be more fully educated and be both red and expert as well as being prepared to adjust to high-technology conditions, including modern border defence, protection of strategic assets and the prevention of Taiwanese independence. The current phrase which embodies modern strategic thinking is 'local war under modern high-technology conditions' (xinxihua tiaojianxia jubu zhanzheng), and then later the idea of fighting wars within the 'conditions of informationalisation' (xinxihua tiaojianxia) was described in China's White Paper on Defence in 2004. ¹⁷

Since the fall of the Soviet Union, the United States has again been seen by PLA planners as the most likely adversary. Yet at present China cannot hope to match the US in terms of overall military power as its power projection capabilities are still very limited, reducing the PLA's effectiveness in out of home theatre operations. Indigenous military research and development, while growing, remain small and underdeveloped, which is why many branches of the Chinese military have remained dependent upon Russian arms purchases since the 1990s, including *Kilo*-class attack submarines and *Sovremenny*-class

naval destroyers which carry SS-N-22 anti-ship missiles, also known as 'Sunburns', which could be used against American vessels. ¹⁸ There have been improvements in local weapons manufacturing, including the *Jian-10* jet fighter, which was reportedly based on French *Mirage* and/or Israeli *Lavi* jet designs and is the equal of 1990s edition American F-16s. These jets will continue to replace older Chinese jets which borrowed heavily from Soviet-era MiG designs. It is expected that China will make more use of domestic weaponry in the near future rather than Russian purchases, especially since there have been complaints by the PLA that Moscow is only interested in selling cast-off technology. ¹⁹ At the same time, China is still under international weapons embargoes, although there was a brief period in 2004–05 when the European Union was quietly considering easing its restrictions.

Nevertheless, China is still missing many elements of great power-level armed forces. First and foremost, despite numerous attempts, Beijing has been unable to build or purchase an aircraft carrier, an essential component of any maritime theatre conflict. China attempted to purchase a carrier from France, Russia and Ukraine in the 1990s but was unsuccessful. As well, while much of the Chinese air force, or PLA(AF), remains ill suited to out of area operations, there have been reported improvements to the mid-air refuelling capabilities of PLA(AF) planes. Nevertheless, the PLA still lacks experience in both air and maritime combat, and the previous two wars which China fought, in India and Vietnam, were both largely land-based operations. Upon examining various Western military operations, including in the former Yugoslavia and Iraq, China is becoming more aware of the importance of airpower in modern combat.²⁰

These deficiencies, it is argued, have also prevented China from directly pressing its claims both to Taiwan and to the South China Sea. An amphibious assault against Taiwan would incur many mainland casualties, and it is likely that should Beijing attempt to attack Taipei, methods might include a softening up of Taiwanese defences using missile strikes before an invasion, or possibly a blockade using mines and/or naval vessels.²¹ Much would depend, however, upon whether the West would seek to directly intervene should such an invasion take place. As for the South China Sea, Beijing was able to seize and hold the Paracel Islands in the 1980s, but would find it much more difficult to overtake the Spratly Islands, which are further to the south and claimed by numerous other Southeast Asian states, including the Philippines, Vietnam, Malaysia and Indonesia.²² Although Beijing claims the entire South China Sea as its territorial waters, it lacks the ability to establish a full military presence there and so far has been willing to make nonaggression deals with the other claimants. China's navy is still more 'green water', meaning designed for coastal defence, than 'blue water', designed for use in the open seas, so Beijing is now seeking to address this imbalance.²³ There remains the concern, however, that the region's value both as a trade route and as a possible source of oil and gas reserves may push China into pursuing its claims in the South China Sea in the future.

Unlike the United States and Europe, China has very limited experience in military operations outside its home territory. The PLA has been attempting to remedy this via military exercises with Russia and Central Asia, and more limited operations with the West. Yet in terms of overall history China would be at a great disadvantage in military operations far from Chinese territory. China's ability to engage in high-technology combat is also lacking, but there have been signs of improvement there. One component of China's thinking on asymmetrical conflict is the ability to deprive an adversary of needed communications abilities, which is why China has reportedly been seeking the ability to knock out enemy communications both through denial of service (DNS) attacks

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on digital communications as well as the use of anti-satellite (ASAT) technology to physically destroy an adversary's satellites. In January 2007, the PLA tested what appeared to be an ASAT projectile weapon on one of its own satellites, an aged *Fengyun* weather satellite. The United States registered its displeasure at the test, noting that such actions were inconsistent with the need to prevent space from becoming an arena for international military competition. However, both the United States and the USSR had themselves tested ASAT weapons in the 1980s. Beijing responded to international criticism by stating that it was not seeking to spark a space arms race. The test could be viewed as a 'costly signal' (meaning a strategy which other actors might view as carrying an excessive political or security price), as well as a reaction to ongoing American anti-ballistic missile testing, which Beijing worries could be used against Chinese missiles, as well as the perceived dominant role of the US in space.²⁴ Beijing, however, has pressed the point that it does not want to start or engage in an arms race in space or elsewhere.

From a strategic viewpoint, China's defence concerns appear on the surface to be relatively minimal compared to various times in the past. Despite its large number of neighbours, Beijing was successfully able in the 1990s to conclude border agreements at various levels with all of them. Border disputes no longer plague Chinese relations with either Vietnam or the former Soviet Union, and those disputes which remain, including possession of the Aksai Chin region (occupied by China but claimed by India after their 1962 conflict), and the final status of the South China Sea region have been placed on hold in favour of developing economics-led good neighbour relations. At the same time, for the first time since 1949 Beijing does not have a direct great power adversary. Nevertheless, China remains concerned about both traditional and non-traditional security threats. Beijing has sought to modernise its strategic thinking to address these issues. Therefore, China's current strategic environment has seen a diversification of potential security threats, meaning that Beijing's planners are paying more attention to the issues of 'comprehensive' (quanmianhua) security rather than strictly military-based hard power considerations.

At present, there is no equivalent of a NATO in East Asia which would hypothetically create better security confidence-building and mediate regional disputes. Those mechanisms which do exist, such as the ARF, are comparatively very weak and act mainly as debate forums. However, China does view the ARF as useful in developing non-alliance forms of regional security cooperation. Thus, there is concern that the region remains conflict prone due to a lack of strong regional security mechanisms. For example, relations with Japan became increasingly strained by the turn of the century due to both historical grievances and regional security concerns. ²⁵ North Korea has been transformed from ally to troublesome neighbour of China after Pyongyang tested a nuclear weapon in October 2006, and concerns about American plans for the Pacific Rim region persist. It can be argued that the presence of a regional security organisation for Northeast Asia could be used at the very least to provide a forum to address these problems.

Although China and the US remain allies in the war on terror, Beijing's suspicions of American power persist and there is the concern by scholars in the US that the current partnership between Beijing and Washington is a marriage of convenience only. China appears uncomfortable with America's strengthening of traditional alliances, including the modernised security link with Tokyo, ongoing hegemonic behaviour, its pursuit of democratisation around the world, which Beijing believes is a cover for the policy of weakening potential adversaries, its shaky adherence to international law and its selective intervention in domestic disputes under the guise of humanitarian intervention. As well,

China is sensitive to the possibility that it may be the victim of so-called 'neo-containment' or 'encirclement' (*baoweiquan*) by the United States, especially since Washington has a military presence in Central Asia, Southeast Asia and Japan, maintains forces on the Korean demilitarised zone and is increasing the number of American personnel stationed on the Pacific island of Guam.²⁶

In a very short timeframe Beijing has had to revisit many areas of its strategic thinking to take into account not only changing international conditions, including new types of threats, but also new possibilities for strategic cooperation, as well as its own expanding size and influence in security areas well beyond its borders. The issues of so-called 'non-traditional security' and the rise of the global war on terror at the beginning of the new century best illustrate this new reality. It is within these security realms where China is also starting to make its presence felt, especially in its proposals involving alternative forms of cooperation to address non-state threats.

Non-traditional security and terrorism

From a non-traditional security viewpoint, China worries about trans-national crime, including smuggling and piracy, with terrorism moving to a primary strategic concern. Since 2001 Beijing has sought to share terrorism information with the United States, Russia and Europe and has called for anti-terror cooperation through organisations such as the Asia Pacific Economic Cooperation forum. While there was initial concern that Beijing would seek to link terrorism activities with 'splittist' or secessionist (*fenlie zhuyi*) forces (which could be interpreted as including Taiwan), this position never materialised and China, while not always in agreement with some Western policies on anti-terror, nevertheless has considered terrorism to be very much an international threat rather than strictly a regional one.

China's approach to the war on terror (fankong zhanzheng) over the past decade has largely been in step with international debates and practices. After 11 September Beijing was among the first governments to pledge support for American-led efforts to combat terrorism internationally and agreed to support an anti-terror resolution in the UNSC in the hours after the tragedy.²⁷ China's post-Dengist foreign policy has shifted greatly from a concentration on traditional security, namely the aspects of state-to-state conflict, to more non-traditional strategic issues such as terrorism and international crime. While China has pledged support through both bilateral and multilateral talks in fighting terrorism, this has not meant that Chinese and Western views on this subject are completely compatible. Many of China's concerns about terrorism stem from both its proximity to the former Soviet regions of Central Asia and from its own minority groups in the country's far west. There has been a common perception that China is a distinct entity from Central Asia, but an examination of the country's demographics and political history reveals much overlap between Western China and Central Asia in terms of peoples, politics and issues. Xinjiang and Tibet are China's westernmost territories, with sizeable minority populations, and are remote from the political centres of China. As a result, both areas have been designated 'autonomous regions' and concerns remain in Beijing that both could suffer from secessionist pressures.

Since 2001, Beijing has tried to illustrate the connection between political extremism in Central Asia and groups seeking to promote independence for the far-western territory of Xinjiang. Beijing has accused the East Turkestan (or *Tujue* in Chinese) Independence Movement (ETIM) and other splinter groups of seeking to destabilise Xinjiang and

linking up with cross-regional terrorist organisations including *Al-Qaeda*. China sought to bring international attention to ETIM and in 2002 the United States recognised the group as a terrorist organisation after much lobbying from Beijing.²⁸ In the months leading to the 2008 Beijing Olympics, the ETIM and a possibly related group, the Turkestan Independence Party (TIP), were blamed by Beijing for a series of incidents, including July blasts in Shanghai and Kunming and an attack on police officers using grenades and knives in the Xinjiang city of Kashgar (Kashi in Chinese) in August which resulted in sixteen casualties.

After 9/11, Beijing recognised that the problem of terrorism was too great to be addressed unilaterally, and supported US-led attempts to dismantle both *Al-Qaeda* and the Taliban regime in Afghanistan. After military operations began in Afghanistan, its border with China was sealed and Beijing was instrumental in prodding the Musharraf government in Pakistan to support the West, as well as calling for Islamabad to sever its ties with the Taliban regime. Beijing also offered political and economic support to the government of Hamid Karzai while at the same time maintaining a much closer watch on the narrow (76 km) Sino-Afghan border.²⁹ The Jiang government also interpreted the 2001 attack on the World Trade Center as being fuelled by extremists wishing to attack symbols of developing globalisation. As the Sino-American relationship becomes increasingly symbiotic, it has been in Beijing's interests to help Washington prevent terror attacks designed to create economic chaos.³⁰

Since the loss of three Chinese nationals at the World Trade Center, Chinese citizens have also been victims of terrorist attacks in the Middle East, including Israel and Iraq, as well as Central and Southeast Asia. The most devastating of these occurred in June 2004 when eleven Chinese guest construction workers in the northern Afghanistan province of Kunduz were killed. There have also been increasing signs that although Beijing remains wary of a long-term American presence in Central Asia under the aegis of the war on terror, it also worries about the regional impact of terrorist organisations regrouping in the region. In April 2007, China for the first time noted that terrorist cells were operating on the soil of its longstanding ally, Pakistan, and that some were directly connected to separatist activities in Xinjiang. When Beijing released its Defence White Paper in December 2006, in addition to traditional concerns about territorial conflicts and hegemonism, it also recognised the ongoing problem of terrorism in the international community, drawing links between terrorism and separatism as well as uneven economic growth internationally.

This does not mean, however, that China and the United States are in agreement on all aspects of the war on terror. Beijing has been wary of linking anti-terror to the current Iraq operations, and there have been signs that Beijing is concerned that US anti-terror policy, especially in Central Asia and Southeast Asia, has the added side-effect of tacitly containing Chinese regional power in the Pacific Rim. As then-Chinese foreign minister Qian Qichen sharply noted in November 2004, the American-led war on terror should not be seen as *carte blanche* for American military expansion around the world. This is why Beijing has long preferred a multilateral approach to addressing terrorism in Asia, through regimes such as the Asia-Pacific Economic Cooperation Forum and the ASEAN Regional Forum. The most recent APEC meetings have seen expanded discussions on the threat of so-called economic terrorism, meaning attacks designed to directly damage Asia-Pacific trade. It was for this reason that China opted to sign up to the Container Security Initiative (CSI) in 2005 despite the project being dominated by the United States, and has also been a participant in the Japan-led Regional Cooperation Agreement on

Combating Piracy and Armed Robbery against Ships in Asia (ReCAAP).³² China has also been making use of governmental and sub-governmental meetings to discuss other issues of trans-national crime including drugs, piracy and money-laundering.

As well, at the China-ASEAN talks in October 2006 Premier Wen Jiabao proposed a strengthening of security cooperation between China and Southeast Asia while still maintaining respect for state sovereignty. Beijing has also expressed concern that the American-led policies on anti-terror are insufficiently diplomatic and do not take into account the specific political and economic characteristics of developing states. Beijing has thus called for a much more comprehensive approach to combating terrorism which includes a military aspect but also diplomatic and economic dimensions.³³ Chinese concerns about potential misuse of American power in the name of anti-terror have also been reflected in Beijing's reluctance to sign up to the US Proliferation Security Initiative (PSI) in 2003 due to worries that the mechanism could be used to disrupt legal Chinese trading. At the same time, the US Department of Defence has criticised Beijing for maintaining diplomatic and economic links with countries suspected of supporting international terrorism. An American Pentagon report released in May 2007 on China's military power noted that Beijing's drive for greater access to international energy supplies was responsible for these political linkages. Beijing, however, has sought to distinguish anti-terrorism policies from many aspects of its economic diplomacy.

Beijing has also sought to develop its own mechanisms to address the issue of regional terrorism, the most visible of these being the Shanghai Cooperation Organisation. The major impetus for the creation of the SCO came from China, as months after the Central Asian republics gained independence after 1992 Beijing engaged the region with an eye to resolving the border disputes it had inherited from the former USSR. Annual meetings between China, Russia and three Central Asian states (Kazakhstan, Kyrgyzstan and Tajikistan) took place to discuss joint security matters after 1996, and in 2001 with the joining of Uzbekistan the 'Shanghai Five' became the SCO. After concentrating much of its policymaking effort and assuring border security in Eurasia, the SCO began to focus much more closely, especially after 9/11, on combating the three evils of terrorism, extremism and 'splittism'/separatism, creating both a secretariat in Beijing and a 'regional anti-terrorism structure' in Tashkent to coordinate security information. After many years of taking a conservative approach toward security organisations, the steps leading to the SCO represented the genesis of multilateral security and anti-terrorism cooperation in Eurasia through information sharing and joint 'anti-terrorism' military exercises.³⁴

Another key area of China's new more comprehensive security approaches has been energy security, meaning the protection of trade routes and key energy resources needed to maintain China's economic growth and development. Until 1993, China was an exporter of oil products, but it is now becoming increasingly reliant upon imports of oil and gas to fuel its economic growth and wean itself off excessive dependency on coal supplies.³⁵ As with the United States and Europe, the Middle East is China's major source of energy supplies, but at the same time Beijing is seeking partners beyond the Gulf region, including in Latin America, Canada and Sub-Saharan Africa. However, the ongoing American-led operations in Iraq as well as the presence of American forces in Afghanistan and Central Asia, another energy-rich region, have created concerns in China that the United States seeks to prevent China from gaining access to necessary external energy supplies. The political outcry in the United States when the Chinese oil firm CNOOC (the Chinese National Offshore Oil Corporation) attempted to purchase the American energy company Unocal in June 2005 only added to this impression.³⁶ Since

2006, China has responded to its energy vulnerabilities by establishing strategic petroleum reserves and seeking to diversify its fuel requirements into hydroelectricity, nuclear power and other alternatives.³⁷ However, there remains the potential for an energy rivalry between China, the United States and other developed and emerging economies.

Although China is geographically not vulnerable to blockade, a security problem which affected much strategic thinking in Imperial Japan in the late nineteenth and early twentieth centuries, Beijing is nonetheless concerned about the safety of energy trade routes. The Chinese government has staked much of its current legitimacy on its ability to continue to provide improving standards of living for greater numbers of its citizens and therefore Beijing's sensitivity and vulnerability to potential trade disturbances continues to develop. One of the most visible signs of this new thinking has been in the area of maritime security and the protection of what China views as increasingly vital sea-trade routes. As China is heavily dependent upon maritime trade for much of its consumer goods and raw materials, especially energy, from abroad, the question 'What if these routes are blocked or subject to interference from outside actors, state-based or otherwise?' is of growing concern to Beijing. The most visible manifestation of this thinking has been President Hu Jintao's enunciation of the so-called 'Malacca Dilemma', meaning that China has the potential to be greatly and adversely affected by blockages of key Asia-Pacific maritime trade routes, especially the Malacca Straits in Southeast Asia, a lifeline for much Chinese international trade.

The phrase 'Malacca Dilemma' (Maliujia kunju) was first mentioned by Hu at the closing of a CCP economic work conference in November 2003 when he publicly commented on the increasingly complex problem of energy security for the country in light of China's increasing dependence upon oil imports, especially from the Middle East. Hu noted that 'certain powers have all along encroached on and tried to control navigation through the strait'.38 The term referred to the value of the Malacca Straits to Chinese and East Asian trade, and Hu noted that China needed to remain vigilant against foreign attempts to exploit this 'jugular vein' for strategic advantage. The Straits provide China, Japan, Korea and Taiwan with high percentages of their imported goods and China with 80 per cent of its imported energy, mostly from the Middle East. Beijing has expressed concerns that should the Straits be blocked either by a terrorist act or by the intervention of another state China's economy would be severely affected. China has been highly sensitive to the idea that a great power seeking to contain China, such as the United States, could attempt to blockade the Straits, while the United States is worried that once China improves its naval forces it may seek to more directly control access to the waterway. Although neither outcome is likely in the short term, it is probable that China will want to increase patrols in the region, which would place Chinese interests there into more direct contact with both the United States and Southeast Asia.³⁹

China has also become more accepting of 'Track II' diplomacy in strategic matters, another area of traditional suspicion. Track II diplomacy has been increasingly used to address traditional and non-traditional security problems in regions where direct government-to-government contact is complicated. Rather than meetings between official state representatives or officials (or 'Track I'), Track II meetings involve persons from academia, think tanks and research centres, non-governmental organisations, businesses and oftentimes government functionaries representing themselves *de facto* rather than their offices. Oblitically difficult topics can be discussed more freely and often ideas can be circulated which would be too difficult to address on the governmental level. China has made increasing use of such Pacific Rim meetings, including CSCAP, the ASEAN

Institutes for Strategic and International Studies (ASEAN-ISIS) and the Network of East Asian Think Tanks (NEAT) to discuss delicate issues relating to regional security. ⁴¹ Beijing has been wary of allowing certain topics, especially Taiwan and the South China Sea, on to the agendas of these meetings, but other issues such as terrorism, trade security and maritime strategy are increasingly discussed by Chinese representatives.

Conclusion: the New Security Concept and future trends

The development of this new thinking on security and cooperation since the 1990s stemmed from Chinese displeasure at the methods employed by other great powers, especially those in the West, to ensure their security since the end of the Cold War. For example, a 1997 editorial in the Beijing Review noted that standard security practices among states were the creation of alliances designed to counter a mutual enemy, large powers protecting smaller ones, and weaker states deferring to stronger ones. Moreover, the security of states and state cooperation were traditionally seen as being 'incompatible' since measures taken by one country to better protect itself invariably created insecurities in others, a nod to the Western international relations concept of the 'security dilemma'. However, the piece argued that at the close of the twentieth century states' security interests had become so intertwined that it was necessary to approach the ideas of security and cooperation from a different, more conciliatory standpoint. These concerns were expressed within Beijing's 1998 White Paper on Security, which specified that '[t]o obtain lasting peace, it is imperative to abandon the Cold War mentality, cultivate a new concept of security and seek a new way to safeguard peace'. 42 This became the cornerstone of what came to be known as the 'New Security Concept' (NSC, xin anguan guandian).

The NSC, which was first developed at the ARF summit in 1996 and later promoted by Jiang Zemin, draws heavily on the Five Principles of Peaceful Coexistence. 43 The Five Principles have their origins in talks between China, Burma and India in the 1950s as means were sought to promote peaceful interaction between states with different social systems in ways which discouraged alliances or bloc mindsets, which the states agreed often led to mistrust and conflict. Chinese Premier Zhou Enlai was credited with their development into Chinese foreign policy doctrine in the mid-1950s. The Five Principles were also praised by China for their flexibility and resiliency, since they were adaptable to both Cold War and post-Cold War strategic interactions. Indeed, the Five Principles experienced a renaissance in the late 1980s and early 1990s as a result of international efforts led by the United States and the West towards humanitarian intervention, exemplified tacitly by the first Gulf War and more overtly by interventions in the former Yugoslavia, Somalia and Haiti during the 1990s. China's response to this international trend was that humanitarian intervention had the potential of damaging international law, giving a green light to strong countries wishing to impose their views on weaker ones. The Five Principles and later the NSC could therefore be seen as a firewall against such abuses.

A major facet of China's New Security Concept has been an obvious preference for security communities over alliances. Beijing has been increasingly hostile to the American preference for security alliances and has frequently noted that such cooperation is increasingly outmoded in the post-Cold War era. Although contacts between Beijing and NATO have improved somewhat, China's suspicion of this organisation has persisted since the NATO bombing of the Chinese embassy in Belgrade in 1999. China is also concerned about the possibility that American strategic partnerships with Japan, Australia,

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South Korea and Singapore might eventually lead to a more formal US-led alliance in the Pacific. 44 Instead, China has insisted that strategic cooperation should be in the form of security communities. Unlike alliances, which are strongly hierarchical and designed to create alignment against an adversary, security communities are based on shared strategic interests, mutual cooperation and respect for sovereignty, joint development and non-alignment against a third party. 45 China has also called for security communities which incorporate other shared interests, such as economic and cultural cooperation, and which are 'anarchic' in construction, meaning that every member has a *de facto* veto and decisions are made by consensus. Since the 1990s China has sought to build security communities in Asia, making use of regimes like APEC and the East Asian Summit, and being the force behind the creation of the Shanghai Cooperation Organisation. In China's view, alliances turn security into a zero-sum game, while security communities using the NSC model create potential 'positive-sum' outcomes, with all actors benefiting from peaceful discourse.

China has also softened its stance on the question of multilateral security and intervention, under specific conditions. During much of the Cold War, as China was shut out of the UN Beijing tended to view UN peacekeeping as mere tools of the great powers, an impression not helped by the Korean War. However, with the growing recognition that many security issues, including terrorism and maritime security, are too large and complex for single states to address, Beijing has warmed to the idea that there are good and bad forms of multilateral security cooperation and intervention. China's views on current multilateral intervention are that such operations are best undertaken via the United Nations and within the boundaries of international law. He Both the NATO operations in Yugoslavia and the current Iraq intervention have been criticised by China for going outside UN mandates, and the country has been resistant to the idea of using force both in the Iran and the North Korea cases.

However, China was supportive of the UN peacekeeping mission in East Timor even though it in theory set a precedent regarding separatism. China noted that since Indonesia agreed to allow a UN force into East Timor in 1999, and since the operation was completely under the aegis of the UN, the mission was acceptable to China, and Beijing even agreed to supply observers. This view stood in marked contrast to Beijing's hostility over military intervention in Kosovo that same year. 47 China has also supplied observers and troops to UN peacekeeping missions in Congo, Cambodia, Liberia, Sudan and Lebanon (where one Chinese UN observer was killed in an Israeli air raid in July 2006), and has supplied more forces to UN missions than the other four UNSC permanent members. As of March 2008, China had 1,978 personnel stationed abroad under the UN, making it the twelfth top contributor to UN missions.⁴⁸ All of this suggests a rapidly changing view on multilateralism and intervention, in keeping with the idea of 'peaceful rise', the creation of a strategic model which acts as an alternative to the Western approach. There are still some areas, however, where Beijing remains more wary of engagement in multilateral initiatives, most notably in the area of conventional weapons control. China, like other great powers such as the United States, Russia and India, declined to sign up to the 1997 Ottawa Treaty prohibiting the manufacturing and use of anti-personnel landmines. China has also been hesitant to support an international agreement on banning cluster bomb munitions, an agreement drafted in Dublin in May 2008.

China's current security policy has been one of conservatism and rests on several key ideas. These have included a greater enthusiasm for cooperation with multilateral strategic regimes under select circumstances, creating bilateral and regional partnership through

strategic and non-strategic dialogues designed to promote trust and understanding, expanding regional economic linkages with the idea that mutual prosperity greatly contributes to peaceful development, and removing distrust while lessening the security dilemma with other states. The underlying question, however, is whether China will retain this conservative, pro-status quo strategy as it continues to mature as a great power and addresses the current deficiencies in its military strength.

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Questions for discussion

- What are the major differences in China's security thinking between the Maoist era, the Dengist reforms and the current post-Dengist era?
- How have China's views on nuclear weapons changed between the Cold War and post-Cold War periods?
- What roles does the People's Liberation Army play in China's current foreign and defence policy?
- What accounts for Beijing's increasingly positive views on multilateral cooperation on security issues?
- How has 'non-traditional security' affected China's current strategic thinking?
- How has China reacted to the onset of the Global War on Terror?
- What are China's most crucial future security concerns?

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5 The United States views China (and China views the United States)

From the time of the Sino-American rapprochement between Mao Zedong and US President Richard Nixon in the early 1970s, the relationship between China and the United States has experienced a number of diplomatic highs and lows. While recognising each others' importance, each is also concerned about the long-term international intentions of the other, especially as China continues to develop into a great power. China's rising has led to divisions within American policymaking and academic circles over how Washington should address Chinese power. Those who argue that the relationship can and should remain stable point to the increasing dependence, politically and economically, each side has upon the other. At the same time, there is the argument that China will find common ground in issues with the United States, such as those related to economic cooperation, including the continuing health of global markets, and international security issues such as the threat of global terrorism. Adherents to this thinking note it would be in Beijing's interests as a growing great power to behave in a more conservative fashion in order to avoid threats to its development. A great power conflict, including one with the United States, would be incredibly risky due in no small part to the presence of nuclear weapons on both sides. Thus, the best option for Washington, it is argued, would be to encourage Chinese participation in global affairs and to seek common ground with Beijing in addressing global problems.

However, adherents to the 'China Threat' (weixielun) school in the United States, those who argue for a high probability of Sino-American conflict as Chinese power grows, point to China's growing military budget and its potential to challenge American strategic interests, especially in the Asia-Pacific region. More recently, this school of thought has also examined Beijing's ideological differences with Washington, pointing to nationalism concerns and differing views on individual rights, as well as growing economic differences based on American criticism of China's growing market power and still close relationship between the Chinese government and its large firms, 1 'China Threat' adherents point to historical precedent, noting that states which rise towards great power status are often war-prone as they seek a louder voice in international affairs and focus on protecting assets outside their immediate territory. There are also arguments that the policies of the United States and China differ widely on issues including human rights, democratisation and intervention in the affairs of other states. At the same time, the realist theory of power transition is frequently cited to suggest a possible Chinese threat, arguing that there is a significant potential for violence when a rising dissatisfied power (China) challenges a satisfied great power (America). However, this theory is based upon the supposition that Beijing is sufficiently unhappy with the current international order to consider challenging, directly or indirectly, American power.

Moreover, analysts have pointed to the major diplomatic gains which China has made in Africa, Latin America and Southeast Asia, gains which have been made at the expense of American influence there. Differences between the two states are also beginning to spill over into the economic realm as Washington has criticised Beijing for unfair trading practices benefiting Chinese manufacturers and also worries about the increasing amount of American currency which Beijing has purchased in recent years. As well, there is a potential rivalry between the two big states over natural resources, including energy, as China increases its purchases of international supplies of oil and gas. 'China Threat' supporters have often called for policies which attempt to limit Chinese growth as a great power to avoid a potential conflict with the US. This chapter will first analyse the course of the Sino-American relationship and then examine various interpretations of the relationship and possible outcomes accompanying China's rise.

Cold War relations

The literal translation of the Chinese word for the United States, *Meiguo*, is 'beautiful country', and the term adds much to illustrating the complicated relationship between the United States and China both before and after 1949. From an historical viewpoint, the relationship has been uneven at best and today the question is whether an established superpower wishing to remain at the top of the international power hierarchy chooses to accommodate a rising Chinese power.

The first official contact between the United States and China occurred when the American vessel Empress of China, carrying a supply of ginseng from the US, arrived in Guangzhou, returning with Chinese black tea and initiating an expansion of American trade with Imperial China in 1784-85. Before achieving independence, the American colonies had been barred by Britain from direct trade with China, so the new country was anxious to make up for lost time. The result was a growing trade rivalry between Britain and her former colony.² After the First Opium War in 1842, the United States was anxious to take advantage of the forced opening of Chinese ports and signed the 1844 Treaty of Wangxia, the first Sino-American treaty, which permitted extensive use of five Chinese ports for American vessels, exclusive trading status and groundbreaking special rights for American expatriates.³ China was more willing to make concessions, including allowing the building of American hospitals and churches on Chinese soil, both since the treaty was mutually agreed upon rather than forced, as was the case with many European treaties, and because the United States was uninterested in transporting opium. Thus, for much of the nineteenth century the United States was seen as a more pragmatic friend to Chinese interests. As a former British colony, the US was largely treated very sympathetically by Imperial China, and vice versa.

After the fall of the Qing Dynasty in 1911 and in the wake of China's subsequent descent into warlordism as well as growing Japanese occupation, the United States continued to treat China as a strategic ally. However, with the outbreak of the Second World War and the start of the Pacific War after 1941, Washington opted to ally itself with the *Kuomintang* under Chiang Kai-shek, further isolating the communists under Mao Zedong, who became convinced that the US was an imperialist power little better than those in Europe. In 1940, powerful American policymakers began to construct a pressure group advocating American support for Chiang, which later came to be known as the 'China Lobby'. This lobby group was made up of American officials and representatives who actively supported the policies of Chiang Kai-shek and the *Kuomintang* both before

and after the Nationalists' decamping to Taiwan, as well as a peripheral, multifaceted group sympathetic to Chiang's policies. Toward the end of the conflict, the United States attempted to promote a power-sharing agreement between Mao and Chiang, sending General George Marshall to China to mediate in January 1946. The talks were a complete failure, as neither side could be persuaded to trust the other. Nor were the Communists especially happy with the continuation of American arms shipments to the Nationalists under US President Harry Truman during the talks. Mao insisted that he would not be able to initiate ties with the United States or other Western powers as long as they continued to support Chiang.

By 1949 Mao was directly attacking the supposed American policy of deceitful diplomacy designed to weaken the Communist movement and turn China into a US colony. Despite a last-ditch attempt, spearheaded by American diplomat Leighton Stuart, to reach some kind of accommodation with Mao allowing for recognition of the Communists, the differences could not be bridged and Mao began his policy of 'leaning to one side', namely towards the Soviet camp. Thus began the era of a near-complete severing of direct communication between 'Red China' and the United States, with each side relying on intermediaries for any information about the other. The China Lobby was furious at the KMT's fall and opened an investigation into 'Who Lost China?', going as far as to suggest that pro-Communist supporters might be embedded in the American government, touching off a round of 'red-baiting' political inquiries. 6 The first Taiwan Straits crisis in the 1950s and the Korean War of 1950-53, which saw the US and China at direct military odds with each other, further strengthened the diplomatic deep freeze. Not only did the United States refuse to recognise the communist government in Beijing but it strongly encouraged its allies in the West to do the same. It was only after the death of Soviet leader Joseph Stalin and increasingly difficult relations between his successor, Nikita Khrushchev, and Mao that a new opportunity for a thaw appeared. In 1960, dismayed at Mao's launching of the radical Great Leap Forward policies, which the USSR saw as a twisting of communist ideals, Khrushchev withdrew personnel and aid from China.

The decision taken in the early 1970s by US President Richard Nixon to reopen the door to the People's Republic was in many ways a result of *Realpolitik* (practical concerns) rather than a matter of ideology. By the late 1960s the US had realised there was little chance of Moscow and Beijing mending fences, and that left China essentially isolated. As Nixon argued in his watershed 1967 Foreign Affairs article, it would be far more dangerous for the international community to continue to shun China and risk it turning into a revisionist power worse than the USSR than to attempt to bring it back into the international community. The idea did not sit well with many in his Republican party, especially the China Lobby, which was why the initial contacts with Mao in Beijing had to be undertaken covertly by Nixon and Kissinger. Nixon was also hoping to defuse tensions over Taiwan and gain support for China's disengagement from the Vietnam conflict, a battle which at this point was turning sharply against the Americans. The idea of America siding with China against the Soviet Union came to be known as playing the 'China card', and Kissinger was initially widely credited, or blamed, for originating it. In his memoirs, Kissinger denies that he was the source of the idea, noting that his intention had been to improve relations with both communist giants. Instead, Michael Pillsbury, an analyst at the research institute Rand, was seen as the source of the idea in the early 1970s. There were high hopes in Washington that bringing Beijing closer to the United States would seriously compromise Soviet policy interests, especially in Asia.

There were, however, earlier signs of a thaw in Washington's China policy. For example, in December 1963 Roger Hilsman, a foreign policy advisor to both the Kennedy and Johnson administrations, made a speech which subtly advocated a strengthening of ties between the US and China. Although very tepid in its wording, it was subsequently seen as the first sign Washington was open to the idea of breaking the diplomatic impasse between the two sides.⁷ Other cracks in the wall between China and the United States appeared in less traditional areas, including the 'ping-pong diplomacy' (*pingpang waijiao*) of the early 1970s which culminated in an American table tennis team being invited to Beijing in 1971. The initial diplomatic breakthrough between Nixon and Mao paved the way for gradually warming ties via the 1972 Shanghai Communiqué signed by Nixon and Chinese Premier Zhou Enlai. The document opposed the development of great power competition and the creation of spheres of influence in Asia. Most crucially for Beijing, the document included the American view that there was only one China and that Taiwan was a part of China, calling upon Beijing and Taipei to settle their differences peacefully.

With the thawing of relations, China suddenly turned from an isolated country to a pivot state during the remainder of the Cold War. Despite the mistrust of Deng Xiaoping by Ronald Reagan in the 1980s, China remained a US ally, useful in checking Soviet activities in Afghanistan and South Asia. For example, after the USSR invaded Afghanistan in December 1979, Beijing assisted with American-backed arms sales to the Afghan mujahedin rebels seeking to defeat Soviet occupation.⁸ Nevertheless, during the early 1980s the Sino-American relationship was largely held together by mutual antipathy towards Moscow. Moving beyond that factor, differences in foreign policy between the two sides frequently affected the relationship, especially the question of America's stillfriendly policy toward Taiwan even though Washington had officially severed ties with the island after recognising Beijing. By the end of the decade, China sought a more balanced position between the superpowers, assisted greatly by the diplomatic overtures of the Soviet Union's last leader, Mikhail Gorbachev, after he assumed power in 1986. By this time, China had experienced many years free from the diplomatic isolation of the Mao era and now began to develop more confidence in its diplomacy with both small and great powers.

The Tiananmen Incident of June 1989 resulted in China once more being isolated by the United States, ending any pretence of common diplomatic ground between the two sides. However, less than a month after the Incident, despite a ban imposed by Washington on high-level US government visits to China, two top officials from the government of George H.W. Bush went to Beijing to meet with Deng Xiaoping to convince him to ease tensions within the country and expressing hopes for the continuing maintenance of cross-state ties. Economic ties between the two states were quick to recover, but a ban on weapons sales to Beijing remains in place even today. With the fall of the USSR, China was no longer thought of as a pivot and buffer state by America, but rather as the largest remaining communist state and a revisionist power unhappy with the emerging post-Cold War unipolar order. At the same time, China's traditional views against global hegemony were sorely tested by the emergence of the United States as the lone global superpower. After the 1991 Gulf War, which demonstrated the superior weaponry of the US armed forces, there was talk by Bush of a 'new world order', a phrase which Beijing rejected in favour of a 'new international order', of a multipolar system rather than a unipolar one. However, as it became more obvious during the 1990s that the post-Cold War system would be more unipolar than multipolar, Chinese analysts

began to speak of a *yichao duoqiang* system (one superpower, many great powers).⁹ Concerns about US power and hegemonic behaviour would dominate Beijing's view of the United States in the years following the Cold War, while during the same period American attitudes toward China would go through several different phases.

The post-Cold War 'containment versus engagement' question

The loss of China as a Cold War ally meant that several issues between the two states which could be successfully buried before, such as democratisation, human rights, the Taiwan question, human rights concerns, the status of the South China Sea and others, suddenly resurfaced throughout much of the 1990s. It was during this time that the 'China Threat' school rose to the fore in both academic and analytical areas, especially among realist scholars and commentators as well as others writing on the future of American power. For example, Samuel Huntington's controversial book *The Clash of Civilisations* (1996) concluded with a hypothetical military scenario involving the United States versus China after Beijing orders an invasion of Vietnam, and John Mearsheimer's *The Tragedy of Great Power Politics* (2001), examining the international relations theory of offensive realism, pointed to China's growing economic power, which could readily be translated into military might which might challenge the current international order.

It was during the 1990s that the question of addressing China's rise assumed prominence among American policymakers. The issue of engagement versus containment was the core of this debate, which developed along with the 'China Threat' school in the US. The containment option was viewed as a way of halting Chinese growth in power by adapting regional policies designed to deter China from developing a stronger regional and international power base. The idea resembles that proposed for the Soviet Union during the Cold War and since the 1990s Beijing has worried that the US is covertly attempting the same strategies. There have indeed been examples of American foreign policy behaviour since the early 1990s which have suggested a containment stance. For example, the US not only did not abandon its Cold War alliance with Japan but actually strengthened it, affording Japan a more independent role in its security planning as a result of the 1996 Clinton-Hashimoto agreement. As one scholar noted, the US-Japan relationship can act either as a 'bottle cap', preventing Japanese rearmament or as an 'eggshell', preparing Japan for an eventual fully independent military, one which could more effectively assist in countering China. Beijing remains concerned that the United States is more interested in the latter outcome.¹⁰ Since the 1990s the US has also begun to adopt warmer relations with India, Southeast Asia and states in the former Soviet Union, and deepened its strategic relationship with Australia, adding to concerns in Beijing about being ringed by pro-Western states.

The engagement option has been more complex, but has involved drawing China into existing regimes and international agreements in the hope of enmeshing Beijing in a complex network of international norms, making it much more difficult for China to challenge the status quo. This could be seen as a variation of so-called 'sticky power', meaning the ability to bring states into complex regimes and organisations by promising benefits, and then once inside ensuring they cannot leave without incurring unacceptably high political or economic costs. ¹¹ China would then become socialised within the international system and become a supporter of its processes. The engagement idea was seen by many analysts as a more pragmatic approach to China's rise, and today the idea of diplomatically or economically isolating China is believed to be not viable in light of the high levels of modern Chinese power.

This does not mean, however, that the US has remained unconcerned about China's rise. US policy has been seen as sensitive to potential balancing behaviour on China's behalf, creating a balance-of-power situation reminiscent of the Cold War. However, in practice China has largely avoided overt balancing behaviour, including within international regimes, and instead has often been seen as 'bandwagoning' with the US on many key issues, ranging from the international trade structure to the war on terror. 12 Although China has occasionally sided with Russia to create a coalition countering some US policies, Iran being the most recent example, China has shied away from building an alliance specifically to balance US power. 'China Threat' adherents argue this policy is temporary while China strengthens, while those arguing for engagement note that such direct balancing would do much more harm to China than good. It has been demonstrated that the mere act of seeking alliances can be viewed as a hostile act and China is unwilling to appear revisionist to the US or to other international actors. As well, China's peaceful rise theory argues that the country has no desire to develop as a great power by challenging the current American-led world order.

Viewed through the lens of power transition theory, there is much evidence to suggest that as China approaches American levels of power the potential for policy or even military conflict becomes great. The theory suggests that if a rising power, unhappy with the international order, begins to reach the same levels as a satisfied, hegemonic power, the result is often direct conflict. Historians point to Imperial Germany's rise challenging British power in the early twentieth century and the Anglo-Spanish War in the sixteenth century as examples of violent power transitions. Contrarily, not all such transitions were marked by conflict, as evidenced by the US eclipsing British power after the Second World War. However, if the hegemonic state and the challenger have considerably different views on international relations, the possibility of these differences spilling over into war is considered high. Those in the United States who argue the high possibility of a China threat often make comparisons between the situation today and Europe in the Edwardian era of the early twentieth century, when England struggled with Wilhelmine Germany in a contest which culminated in the First World War. Before 9/11, the Bush government's views on China were largely based on concerns about a power transition, concerns which Jiang Zemin criticised as unsound and confused. However, critics of current American foreign policy have noted it is difficult to determine whether China or the United States is more in favour of the international status quo, especially when one compares the two countries' policies on the United Nations and international treaties and laws.

Chinese nationalism and the United States

The United States has also been seen as the main target for Chinese nationalism, which on many occasions has had foreign policy dimensions. The 1990s and the first years of the twenty-first century saw many incidents and policy differences which added to Chinese nationalism, fed by concerns over US power. In July 1993, a Chinese cargo vessel, the *Yinhe* (Milky Way Galaxy) was stopped by US warships in the Persian Gulf on the (erroneous) supposition that it was ferrying chemical weapons components to Iran, setting off diplomatic protests from Beijing. Two years later, Washington and Beijing were at loggerheads over a US decision to permit Taiwanese President Lee Teng-hui to make a speech at Cornell University, his *alma mater*. The situation deteriorated when in early 1996 Beijing initiated a series of missile exercises near Taiwan in the run-up to the

island's March elections, prompting two American aircraft carrier groups to approach the Taiwan Straits in a subtle show of balancing of power. ¹⁴ Sino-American tensions were increased in May 1999 when the Chinese Embassy in Belgrade, in the former Yugoslavia, was destroyed by an American bomber in the course of the military campaign by NATO against the Yugoslavian government. The incident, blamed by the American government on faulty maps which mislabelled the building, touched off waves of anti-American protests in Chinese cities as well as widespread disbelief that the attack was accidental. ¹⁵ Even before the incident, China was unhappy at the NATO intervention because the United Nations Security Council, of which China is a permanent member with veto power, was bypassed in the decision to attack Yugoslavia.

Critical thinking about the United States and its political as well as socio-cultural roles in the post-Cold War world began to manifest itself within China during the 1990s. In 1996, a controversial book appeared, entitled *China Can Say No (Zhongguo keyi shuo bu)*, which was highly critical of American post-Cold War foreign policy, at one point accusing the US of acting like a 'spoiled child' in the international arena. The Chinese government did not directly comment on the work, although political writings in China are strictly overseen by the government and this could have been interpreted by outside observers as further proof of worsening opinions of the United States. However, the book also came under heavy criticism even in China, and there was a counter-argument published in 1998 entitled *China Should Not Be 'Mr. No'*, (*Zhongguo dudang 'Bu Xiansheng'*) asserting that taking a rigid stance in international affairs and openly seeking to undermine international norms is exactly what hastened the end of the Soviet Union. The fact that this book was also released without comment from the CCP suggested that the government was interested in getting a balance of opinions out into public discourse.

The status of the Sino-American relationship during the eight-year government of George W. Bush is difficult to summarise. He came to office promising that Beijing would be treated as more of a strategic competitor than a partner and early events appeared to bear out that policy. Chief among these was the Hainan Incident of April 2001. On the first of that month, an American EP-3E Aries surveillance plane was challenged by two PLA(AF) J-8 fighter jets approximately 105 km from the southern Chinese island of Hainan. There was a collision between the US plane and one of the jets, causing the latter to fall into the Pacific Ocean, resulting in the loss of Wang Wei, the Chinese pilot. Heavily damaged, the American plane was forced to land at the PLA's Lingshui Airfield on the island, where the crew of twenty-four were taken into custody. This touched off a diplomatic incident lasting for eleven days as both sides blamed the other for the collision and Washington initially refused to formally apologise for the collision. Finally, Beijing was satisfied that the American government had adequately apologised for the incident after a letter was given to the Chinese Foreign Ministry from Washington which stated that the United States expressed 'feichang wanxi' (great sympathy) for the loss of the Chinese pilot and were 'feichang baoqian' (extremely sorry) that the American plane landed on Hainan without permission. The return of the plane was a more complicated matter, as it was not released until July 2001 following extensive negotiations over costs and the use of American personnel to recover the plane. Finally, the aircraft was returned to the United States, disassembled and flown back via a Russian cargo jet. As well, China attempted to present a bill to Washington of US\$1 million for compensation and housing costs for the American air crew, but the United States ultimately paid only US\$34,000 to Beijing.¹⁸ This latest incident served to suggest that Sino-American relations at the turn of the century would continue to deteriorate, possibly to the level of a new type of Cold War.

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11 September and after

Relations between the two states changed dramatically after the 11 September terrorist attacks in the United States by the Al-Qaeda terrorist group and the beginning of military operations in Afghanistan. President Bush visited Shanghai shortly after 9/11 to attend the annual APEC conference and soon afterwards the US and China signed agreements on the sharing of information related to terrorist threats. Despite some reservations, China did not object to American military intervention in Afghanistan, begun by the end of the year, to topple the Taliban government there and destroy Al-Qaeda installations, even though this placed the American military very close to China's sensitive Western borders. However, Beijing did try, unsuccessfully, to commit the United States to linking international terrorism with illegal separatist movements. 19 As well, the Bush government agreed to grant China permanent favoured trade status in keeping with Beijing's membership in the WTO. In October 2002, Jiang Zemin was invited to the Bushes' ranch in Crawford, Texas, for talks which included terrorism concerns as well as the deteriorating security situations in Iraq and North Korea. Not long after 9/11 Bush's original view that China should be treated as a 'strategic competitor' was no longer heard.

Yet, the ongoing rise of China and the potential for political, economic and possibly even military rivalry between the two sides have led to arguments that both the Iraq conflict and the war on terror are distracting the US from the so-called 'China challenge', namely China's growth and diplomatic inroads into many parts of the world, and that the best way to describe the current relationship is somewhere between an alliance and a rivalry. There is the general impression that although there are serious foreign policy differences between the US and China, especially over Taiwan, the United States would prefer to see a prosperous China capable of acting as a pivot in the international economy and a source for American trade, a stable China which does not seek to overturn the power distribution in the region, and an open China receptive to international organisations and confidence-building.

China's current American policy is based upon the fact that despite the view in the 1990s that a multipolar world would appear, the United States will remain, at least for the near term, the largest power in the system. Both American soft power and hard power, in terms of economics, military and diplomacy, are also rising. Despite current American difficulties in pacifying Iraq and Afghanistan, the American military is still viewed as greatly superior, well able to address the challenge of high-technology modern warfare. Potential competitors to the United States, including China and also Europe, Japan and Russia, are seen by Beijing as having too many internal issues to concentrate on countering US power. In the current post-Cold War period, most international institutions remain Western and US dominated, and therefore China must continue to acknowledge American preferences in foreign policy in order to obtain maximum benefit from joining these regimes. Conservative elements within the CCP, as well as policy actors within the PLA, have expressed dissatisfaction with current American foreign policies and specifically its tendency towards hegemony. This explains China's modern foreign policy of strong support for the development of a multipolar world. Beijing remains sensitive to perceived attempts at containing Chinese power and remains concerned about the possibility of American interference in Taiwan.

The US has expressed worries about Chinese military development and the country's growing military budget, and Washington is sensitive to efforts by China to increase its power-projection capabilities, especially in terms of naval power, which the US fears

could be used to compromise American policy in the Pacific, such as the security of the South China Sea, East China Sea and the Malacca Straits. The then Secretary of Defence Donald Rumsfeld, for example, raised some ire in Beijing in 2005 when he asked why China was concentrating on building its military budget during a time of relative peace.²⁰ China has been careful to avoid any military actions which could set off an arms race between itself and Washington, cognisant of the fact that such behaviour by the Soviet Union accelerated its demise because it could not keep up with American military technology. However, there have been incidents involving both sides' militaries since the spy plane affair, including diplomatic damage done when the American aircraft carrier USS Kitty Hawk was refused entry into Hong Kong in November 2007 and subsequently angered Beijing by sailing through the Taiwan Straits. Military demonstrations such as those in January 2007 when China conducted a test of its anti-satellite system and Chinese criticisms of a similar test conducted by the US in February 2008, when a faulty surveillance satellite was successfully shot down, further illustrate sensitivities over weapons development on both sides. There is a concern that although China and the US are unlikely to embark on an arms race, there is the possibility of what Nye termed an arms walk,²¹ namely a very low-intensity build-up of military power against each other.

A power transition?

An increasingly important question in current Sino-American relations concerns the potential bilateral and global effects should Chinese power begin to approach American levels and perhaps surpass them. This question is found within the realist international relations theory of power transition, which argues that if a rising power which is dissatisfied with the global status quo begins to approach the power levels of the dominant power (one which is usually pleased with the status quo, placing it at the top of the international hierarchy) the result could be great power rivalry or even conflict. The challenge posed by Germany under Bismarck to British power before the First World War is often offered as an historical example. However, the theory does not argue that a power transition automatically triggers war, as there is the case study of American power overtaking exhausted Great Britain after the Second World War with no conflict.²² Moreover, great power conflict today would be a far riskier game in the age of nuclear weapons, and therefore it is in the interests of large powers like the US and China to prevent relations from deteriorating to the point of military conflict.

Applying power transition theory to the Sino-American case is a complex process with many variables. One must first question whether China is a 'dissatisfied' power or will become one in the near future. If so, the next determination to be made is whether Beijing's level of dissatisfaction with American power or the American-dominated international system is strong enough to prompt policies designed to directly challenge the US despite the risks involved. History has demonstrated that a failed power transition can often be catastrophic for the losing side, as both world wars well demonstrated. There is also a lack of consensus as to when or even whether China will approach American levels of power. China's domestic concerns, including government reform and maintaining a stable economy, may continue to discourage it from directly challenging the West. Moreover, many Chinese policymakers and analysts have rejected the power transition scenario as being incompatible with China's stated foreign policy of peaceful rise or peaceful development. Finally, there is the argument that, unlike during times of previous power transitions, the current international system, which is saturated with many types of

international regimes and organisations, may further blunt a great power conflict even under power transition conditions. This would be because these regimes could serve as tools for dispute settlement and confidence-building to dampen potential hostilities. Nevertheless, a deterioration of relations between the two sides, for example over Taiwan, may trigger more assertive rhetoric from Beijing and significantly change the strategic relationship with the United States.²³

However, other forms of interaction may appear should Chinese power continue to grow. For example, there is the potential for China to engage in 'soft balancing' behaviour as a response to American power. While engaging in direct balance of power using military means, as occurred between the United States and the Soviet Union during most of the Cold War, is commonly seen as a provocative move, soft balancing theory suggests the use of tacit, low-level agreements and non-military policies which could be augmented when necessary. There is also the option of selectively declining cooperation with the superpower if terms are deemed excessively unequal. Both strategies are less direct but still-viable approaches to preventing a hegemonic state from expanding its power unchecked.²⁴ China has engaged in such activity in international regimes such as the UN, expressing, along with Russia, differences with American-backed attempts to punish Iran over its potential nuclear weapons development. Beijing's support for the East Asian Summit, which excludes the US, could also be seen as soft balancing behaviour *vis-à-vis* American economic policy in Asia. It remains to be seen, however, whether soft balancing may actually 'harden' as a result of growing China power or developing opposition to American policies.

The economic relationship

The economic relationship between China and the United States, which has grown steadily since Beijing's economic reforms, is now one of the strongest trade ties in the world, greatly benefiting both sides. The trading relationship between the two states has developed to the point where 'symbiosis' is said to have been reached, and each of the two economies is indispensable to the other.²⁵ This has created a situation of entrenched economic interdependence which makes it difficult for one side to change the trading relationship without affecting both sides. The American market has benefited from inexpensive Chinese goods, while China benefits from having a stable American market for its exports.

There have, however, been some negative effects for the Sino-American relationship as a result of growing Chinese economic power. As China continues to grow as a trade giant and accumulates more foreign currency and economic power, concerns have been raised in the US over Beijing's respect for trade rules and the perceived advantages to China from its allegedly undervalued currency, low labour costs and comparatively low level of regulation in areas such as environmental and labour laws. Beijing's foreign exchange policies became an especially difficult issue at the turn of the century as increasingly strident protests emanated from the American government about the tying of China's currency to the American dollar. After 2005, Beijing agreed to reform its currency policy, and since that year the value of the yuan has been slowly rising in comparison to the dollar. Nevertheless, concerns remain from some US policymakers that China's currency is still undervalued, providing Chinese goods with an unfair advantage in international markets and exacerbating an imbalance of trade (imports versus exports) between America and China. The US, along with other Western economies, has also noted the still-strong relationship between the Chinese government and many of its largest companies, creating debates over a Chinese economy which might grow to dominate global

markets. During 2007, American concerns were also raised about the quality of Chinese exports of certain products, including toys and pet food.

Fears over the outsourcing of American jobs and concerns that China's competitiveness will harm many US economic sectors have started to dominate much American domestic debate about China. Although Beijing was prompted to drastically reform its trading policies, including its tariff programmes, before gaining entry to the World Trade Organization in 2001, the United States and China have frequently clashed over Beijing's trade policies since then, including disagreements over products such as electronics and textiles.²⁶ As Chinese corporations have increasingly been seeking joint ventures with international firms, there have been incidents of perceived American protectionism which caused concern in China. For example, when in 2005 a Chinese oil firm, CNOOC, attempted to purchase the American energy company Unocal, the deal was abandoned due to considerable protests from American policymakers. A similar situation took place in early 2008 when a deal involving Chinese telecommunication firm Huawei and American networking company 3Com was scuttled, again under US political pressure. While there have been some successful Chinese deals with American firms, including the aforementioned 2004 purchase by China's Lenovo of the personal computer division of American giant IBM, questions remain as to whether future deals between American and Chinese companies might be affected by political concerns. There have also been political concerns about counterfeit Chinese goods made available in America, and more recently about Chinese quality control and the safety of Chinese products sold in the US and elsewhere.²⁷

The prospect of competition for energy between Beijing and Washington is another economic concern to both sides. China's growing demand for international energy, especially in the form of oil and gas, has prompted Beijing to seek out supplies in the Middle East, Central Asia and Africa, and in some cases Chinese and American energy diplomacy have collided. For example, Beijing has sought energy deals with Iran and Sudan, both considered 'rogue' states by Washington for their human rights abuses. As well, Sub-Saharan Africa, with many regions containing potentially rich oil and gas fields, is being increasingly courted by Beijing much to the concern of the United States (see Chapter 7).²⁸ Despite the fact that the United States and China are now arguably in the same boat, as both are large states heavily dependent upon external energy supplies and therefore have similar concerns about energy security, there is still the possibility of more overt competition for global supplies.

In an acknowledgement of the growing importance of maintaining stable Sino-American economic relations, a Strategic Economic Dialogue (SED) was founded in 2006 between Presidents Bush and Hu to create a forum for regular negotiations between high-level American and Chinese officials over potential areas of economic cooperation. The SED is held semi-annually, has produced agreement on aviation, energy and the environment and has been praised as a trust-building exercise for both sides.²⁹ The growing economic interdependence between the two states will continue to play a large part in future foreign policy directions.

Sino-American cooperation and competition in Asia

As Chinese power develops, there are many areas within Asia which are seen as platforms for either Sino-American competition or cooperation. Since the end of the Cold War there have been examples of both scenarios at work. Regional Asian security is another area in which China is worried about American motives. At the onset of the Cold War,

the United States attempted to establish a NATO-like alliance in the form of the Southeast Asian Treaty Organization with Western allies in Asia, but by the 1960s the grouping had become largely defunct. Washington instead moved toward a hub-and-spoke approach to developing Asian regional ties, adapting the US-Japan agreement to other area allies such as South Korea, Thailand and Singapore. There, arrangements were collectively known as the San Francisco System, named for the city where in 1951 America and its Pacific allies met to conclude an American peace treaty with Japan and to examine the post-war order in the Pacific Rim. Various agreements, including the US-Japan Pact, the Australia-New Zealand-United States pact (ANZUS) and the Philippines Treaty all fell under this rubric. With the Cold War's end, China has been promoting the informal cooperation model, especially the ASEAN Regional Forum, as a preferable solution to maintaining regional security and stability. Thus, China has remained concerned about the possibility of an eventual alliance developing which could involve Asian states close to the US, including Australia, Japan, Singapore and South Korea, possibly under the guise of fighting terrorism in Southeast Asia. The recent surge in American forces being deployed to the Pacific territory of Guam has not alleviated these concerns. The question of US ties vis-à-vis China has been especially complex for Australian foreign policy, as Australia remains a strong American ally but does not want to alienate itself politically or economically from a rising China. The election in late 2007 of Kevin Rudd, an Asian foreign affairs specialist and fluent Mandarin speaker, as Australian prime minister appeared to signal a more even-handed approach between China and the West.

Concerns about a Pacific alliance in China have abated somewhat in response to the heavy American regional concentration on the Middle East by the Bush administration, but the prospect of greater containment of China by the US remains a long-term concern and a major reason behind Beijing's ongoing 'charm offensive' in Asia. China remains sensitive to any attempt at neo-containment of its power, and sees the charm offensive in Asia as a way of dampening any American-led attempts to create a formal security structure like NATO in Asia via Japan, India or Australia.

Taiwan continues to be an important issue in Sino-American relations. Beijing remains sensitive to any US attempts to prop up Taipei, and has criticised the decision of the United States to allow the sale of weapons to the island. The last such shipment was authorised by George W. Bush in 2001. However, since that year Washington has taken a more restrained stance on Taiwan, and President Bush went so far as to call for restraint after the government of Chen Shui-bian in Taiwan called for changes to the island's constitution. The US maintains a policy of ambiguity on the subject of whether the US would intervene in a cross-straits military conflict. President Bush has wavered on this matter, starting in 2001 when he noted that the US would do 'whatever it takes' to defend Taiwan, a statement which the State Department subsequently had to tone down. However, by 2003 Bush had become increasingly critical of Chen's proposed reforms and suggested that such actions would only serve to inflame cross-Strait tensions. Nevertheless, it remains an open question in American policy in the Asia-Pacific as to whether Washington would defend the island if its relations with Beijing deteriorate to the point where force might be used, and the US has attempted to maintain its policy of ambiguity on that sensitive subject.

As well, the role of the US–Japan alliance in a potential Taiwan crisis has been enough to give both the CCP and the PLA pause, particularly after it was announced in 2005 that security in the Taiwan Strait would be a 'common strategic objective' of the US–Japan defence agreement.³¹ Although Beijing is concerned about America's long-term Pacific presence, Beijing recognises the US as a force for strategic stability, preventing a

potentially damaging arms race in Northeast Asia. China and the United States also serve as a useful pairing in the ongoing Six-Party Talks with North Korea, with the US providing the stick and China providing the quiet diplomacy. Both have recognised that the role of the other is essential in advocating that Pyongyang step down from developing as a nuclear power, a goal which the United States and China both desire, especially in the wake of Pyongyang's October 2006 nuclear test. Other forms of Asian multilateralism which China supports have been more problematic for Washington, including the development of the EAS, which has met annually since 2005. While America is not a member, some of its allies are, namely Australia, India and Japan. Nevertheless, the US has been wary of any kind of East Asian community-building which does not include the US and is also concerned that Beijing may take the lead in regime-building in Asia.

US-India relations are seen as another sign in China of potential conflict with America. Since the 1990s, the United States has sought to improve Indian ties, which during most of the Cold War were perpetually difficult. At the same time, relations between China and India were improving on the economic front, as both states began to appreciate the attractiveness of each other's markets. However, from a security standpoint there were major problems involving Delhi's decision to test nuclear warheads in May 1998. China was furious about the tests and refused to accept India as a 'legal' nuclear state. Thus, when George Bush announced in March 2006 that he would be willing to recognise India as a nuclear power and offer it civilian nuclear technology despite India's non-membership in the NPT, this move was seen by some as an attempt by the US to build up India as a firewall against China's growing power in Asia. The fact that Pakistan, still a major Chinese ally, was not offered a similar US deal (Pakistan having tested its first nuclear device also in 1998) added to this impression.

Central Asia is also developing into a key strategic area for both the United States and China, and both states see the former Soviet region as important both geographically and economically. On one hand, both the US and China are interested in preventing the region from developing into a haven for political extremism which could be directed against them. American forces remain in the region, based in Afghanistan and Kyrgyzstan, but China has also been extending its diplomatic reach into the region. The Shanghai Cooperation Organisation, the most developed security community in the Eurasian region, was originally written off in much of the West as irrelevant, especially after its tepid response to the immediate events following the 11 September attacks. However, current American concerns about the SCO stem from the possibility that it might develop through Russian and Chinese influence as a balancing actor in Central Asia, designed to minimise US influence. This was illustrated when Uzbekistan evicted American forces from their base in Karshi-Khanabad in late 2005, and when the SCO released a policy statement that year calling upon Washington to present a timetable for eventual withdrawal from both Afghanistan and Central Asia, a request which received no response from Washington.³³ Although at present Central Asia has diminished in importance in relation to the Middle East in the US's current Asian strategy, the region's status as both a geopolitical pivot and as a secondary energy producer may lead to future great power diplomatic competition between China and the United States, with Russia as a wild card.

Conclusions

The underlying question of modern Sino-American relations is whether and how the United States will be able to accommodate a rising China and whether Beijing will view the US

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in the future as a partner or as a barrier to its development as a great power. Thus, it can be argued that both sides need to adopt an equal sense of responsibility *vis-à-vis* the other, knowing that this particular relationship can have dramatic effects on much of modern post-Cold War international relations. Since the formal opening of relations in 1979, Sino-American engagement has become significantly more complex, incorporating issues well beyond security matters, including trade and finance as well as international organisations and norms. As a result, the relationship between China and the United States has developed into one of the most pivotal in the international system, but the question of whether this relationship will fall more on the side of cooperation or of competition remains open.

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Questions for discussion

- How has the relationship between China and the United States changed since the fall of the Soviet Union?
- Why did Sino-American relations cool significantly under the Clinton administration
- What are the ways in which the US might continue to 'engage' and is containment of Chinese power even possible for Washington today?
- Will the rising level of economic interdependence between the two states increase or decrease political tensions?
- Is a 'power transition' taking place between the two states and will it be peaceful?
- Has the advent of the international war on terror after 9/11 resulted in the improvement of Sino-American security relations?
- What are the risks of a Sino-American military rivalry or an arms race?
- How important is Taiwan to the current relations between Beijing and Washington?
- Are the two states moving towards a diplomatic competition in the developing world, such as in Africa, Central and Southeast Asia, and Latin America?

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6 China's peripheral diplomacy

The beginnings of China's 'good neighbour' policies

In the wake of the diplomatic damages caused to China by the Tiananmen Incident after 1989, the government of Jiang Zemin sought to repair relations with Asian neighbours via a series of foreign policy initiatives which came to be known as 'zhoubian' (peripheral) diplomacy. This involved attempts to improve international ties with bordering states in the Asia-Pacific region, including those with which China had limited or even non-existent relations. As a result, during much of the 1990s Beijing was engaged in improving its Asian relations, settling border and other disputes, and seeking to establish itself as a rising Pacific Rim power more interested in regional cooperation than competition.

Beijing's reasons for launching *zhoubian* diplomacy at this time are manifold. Primarily, the Chinese government wanted to assure its neighbours that in the wake of Tiananmen the country would not regress into the isolationism of the late Maoist era; nor was it interested in radically challenging the political order in East and Southeast Asia. As well, Beijing wanted to forestall a collective attempt by its neighbours, especially those which were more directly aligned with the West, to restrain or contain China's growing power in Asia by encircling it with states hostile to Beijing's regional interests. Third, as China's economic and diplomatic power began to grow, Beijing sought to convince its smaller neighbours that it was not seeking a hegemonic role in Asia but was interested in becoming an indispensable partner and potential alternative to American-led Western power in the Pacific Rim. Finally, during the 1990s the priorities of the Chinese government included reforms of China's economic system, which generally involved accelerating market reforms, and to a lesser degree reforming aspects of the party-state in order to modernise it and improve its accountability. Therefore, Beijing sought to create a stable, peaceful periphery to allow China to concentrate on these internal reforms since the country could ill afford to be drawn into regional conflicts as it had been in previous decades.

China's peripheral diplomacy, it can be concluded, has been very successful in achieving its primary goals. Beijing has resolved many disputes with its neighbours and has adopted a more conservative, diplomatic approach to addressing inter-state differences. With the exception of Taiwan, which did not factor directly in China's peripheral diplomacy, the chances of a conflict between Beijing and a neighbouring political actor are much lower than in previous decades. Moreover, China's growing economic power has attracted considerable attention throughout the Pacific Rim, especially after the 1997–98 Asian Financial Crisis, which resulted in Beijing being perceived as both an island of stability and a helpful partner.² As American focus in the Pacific Rim from the start of the George

W. Bush administration has been seen as waning in relation to other regions such as the Middle East, China has begun to increase both its soft power and its diplomatic presence in many parts of Asia. For example, it can be argued that China is eclipsing Japan as the most important economy in the Asia-Pacific. As well, as Asian regional organisations have slowly evolved following the end of the Cold War, China's engagement of them and participation in them are now very carefully scrutinised, further testifying to Beijing's developing power and capabilities.

This does not mean, however, that China has been totally successful in solving all outstanding problems and issues between itself and its neighbours. Indeed the successes of Chinese peripheral diplomacy have been somewhat unevenly distributed. While Beijing since the turn of the century has begun to engage in more cross-regional diplomacy with states well beyond its immediate milieu (as examined in Chapter 7), many issues remain to be addressed by China's foreign policy. This chapter will examine four cases of China's peripheral diplomacy since the 1990s. Two of these, South Korea and Southeast Asia, best illustrate the success of these diplomatic initiatives, while two others, namely Japan and North Korea, underscore the work which still needs to be done by China in improving the security and stability of its frontiers.

Japan

The current foreign policy climate between China and Japan is marked by many contradictions. Both countries have enjoyed peaceful relations since the Second World War and have expressed interest in developing an Asia-Pacific economy and more formal institutions. Historically, numerous political issues, both regional and international, have divided the two states, with one of the two countries being considerably weaker than the other. Today, both states are seen as increasingly powerful and questions are being raised as to whether a low-level hard power competition is developing between them. In the years leading to the Second World War, Imperial Japan's desire was to enhance its security through the development of its own empire in order to ensure greater economic self-sufficiency. This led to forced colonisation of Northern China, Korea and much of Southeast Asia before the decision was made in December 1941 to directly challenge American power in the Pacific Ocean via an attack on Pearl Harbour, Hawaii. The 'Greater East Asian Co-Prosperity Sphere' was designed to protect Japan from blockades and trade disruptions, and a major component was the puppet state of Manchukuo, forcibly carved out of Northeastern China by Japanese forces in the 1930s until Japan's surrender at the end of the Pacific War in 1945.

A major focus on economic and financial modernisation dominated Japanese domestic and foreign policies throughout much of the 1950s and 1960s, and the state's recovery from the war was extremely rapid, greatly assisted by American hegemony and protection against communist incursion. After the war, Japan adapted the Yoshida Doctrine, named after Shigiru Yoshida, prime minister during and for a few years after the American occupation, which called for a strong stand against communism, a resistance to a military build-up, and continued alliance with the United States in order to defend Japanese interests. Both Article IX of the Japanese Constitution, which states that 'the Japanese people forever renounce war as a sovereign right of the nation and the threat or use of force as means of settling international disputes', and the 1960 US–Japan Mutual Security Treaty were seen as important parts of the Yoshida Doctrine. However, two events occurred in the early 1990s, namely the (albeit short-lived) fall from power of the Liberal

Democratic Party (LDP), which had governed Japan throughout the post-war period, and the end of the Cold War, which caused a rethinking of some aspects of Tokyo's international and regional relations.³ Political scientists have argued that the military protection given to Japan during the Cold War allowed Tokyo to develop a strategy known as mercantile realism, a security policy based on the development of economic power and high-technology-led growth in order to protect Japanese economic sovereignty. In addition to maintaining a strong pro-Western stance for Japan, Yoshida was pragmatic about eventually improving relations with China. He noted in 1948 that he didn't care if China was 'red or green', but that China was a natural market which Tokyo could ill afford to ignore as it sought to develop its post-war economic system.⁴

Post-war Sino-Japanese relations, while at first frosty, were not completely hostile. Both Mao and Deng were unhappy with an extended American military presence there, but they viewed it as the best alternative to a remilitarised Tokyo. There was also considerable anger at Japan being used as a staging ground for UN forces during the Korean War. However, trade between China and Japan slowly increased during the 1960s, and relations were officially restored in 1972. The period from normalisation until recently was commonly referred to as the '1972 system' (or 72 tiasei in Japanese), commonly used to describe bilateral ties marked by sentimentality over pragmatism and avoidance of discussion of difficult bilateral issues in favour of declarations of amity. When Deng began to accept overseas development assistance, Tokyo became the largest single aid donor to China. Beijing, however, remained unhappy that Japan had not sufficiently acknowledged and apologised for atrocities committed in China during the Second World War, including the Nanjing Massacre in 1937, and routinely pressed Japan to make more open admissions of war crimes committed during that era.⁵ However, there remains the question of whether Imperial Japan's wartime conduct is being used to increase levels of nationalism in China.

The question of Japan's wartime conduct continues to affect Sino-Japanese relations for a variety of reasons. First is the controversy over Japan's Yasukuni Shrine, founded in 1869, which became a magnet for local and regional criticism when in 1978 fourteen Class-A war criminals, including wartime Prime Minister Hideki Tojo, were interred there. Visits by Japanese leaders to Yasukuni to honour Japanese war dead frequently aroused protests in China and South Korea, and the subject remains politically delicate in Tokyo while often being a focus of nationalist protest in China. Another issue has been the teaching about the Second World War in Japanese schools. Both Beijing and Seoul expressed concerns that some Japanese history texts glossed over the country's wartime behaviour. Chinese frustration with the situation peaked in April 2005 with the release in Japan of Atarashii Rekishi Kyokasho ('New History Textbook'), viewed as downplaying many examples of Japanese war crimes. Despite its criticism in Japan and its very limited release, news of the book was enough to spark anti-Japan riots in Beijing, Shanghai, Harbin and Guangzhou. The protests in the capital were the largest seen since 1989 and were largely informally organised. These demonstrations, which caused significant damage to many Japanese businesses and consulates, were allowed to proceed for a few days by Chinese authorities before being halted. Other factors have also contributed to negative views in China about Japan, including Tokyo's campaign to join the UNSC as a permanent member, which Beijing opposes. As well, China was unhappy with Japan's 2005 decision to cease ODA to China, a move which Beijing saw as largely punitive despite China's rapid economic growth.

China is concerned that, with the Cold War over, Japan is trading in 'mercantile realism', meaning a focus on financial and technological growth to provide state security, 6 for

more traditional hard power realism. This is happening when a new political generation with less firm ties with Beijing now routinely takes office in Tokyo. The US–Japan security treaty has been strengthened since the 1990s, and Beijing has been worried that the alliance could affect Chinese policies towards Taiwan. Moreover, both Washington and Tokyo have pledged support for the development of an anti-missile system which Beijing fears could be used to negate their small arsenal. The participation of Japanese forces in supporting roles both in the allied operations in Afghanistan and on the ground in Iraq since 9/11 has further raised Chinese concerns about a more independent Japanese military. Japan, in turn, has been concerned about the development of Chinese military power and the possibility of Chinese hegemony in East Asia. The rise of China since the 1990s has been a source of strategic concern for Tokyo, as evidenced by Tokyo's strong negative reaction to China's nuclear tests in 1995, which resulted in the temporary suspension of aid.

There remain some outstanding geopolitical issues between the two sides which have affected diplomatic relations over the past decade, namely the status of the disputed Senkaku/Diaoyutai Islands in the southern part of the East China Sea and the maritime boundaries of the East China Sea itself. The disputed, very small and uninhabited islands (less than 7 km²) known in Japan as the Senkakus and formally administered as part of Okinawa are claimed by Beijing as Taiwanese territory and by extension under the control of Beijing, creating issues of nationalism on both sides. In addition, studies suggest the islets may be sitting on substantial oil supplies, attracting the interest of both parties. In 1996, a makeshift lighthouse was assembled on the islands by a Japanese youth group, and also that year Tokyo claimed the islands as part of their Exclusive Economic Zone (EEZ). Then in 2004, Chinese fishing vessels near the islands were driven off by Japanese patrol vessels and later that year Chinese activists landing on the islands were detained by Japanese authorities. Although both Beijing and Tokyo seek a diplomatic solution to the dispute, neither side has retreated from its claims.

As well, the question of which country owns which parts of the East China Sea, which surrounds the islands, has also created recent frictions. The disputed zone which both countries claim includes the Xihu Trough, an area believed to hold considerable natural gas reserves. As both countries are now net energy importers, the possibility of having local access to such supplies has exacerbated the dispute. Current tensions began in May 2004 when Japan noticed that China had begun drilling operations in the Chunxiao gas field (Shirakaba in Japanese), very close to the disputed zone. Chinese drillers have expanded operations since then and Japan is growing increasingly worried that gas supplies, which they claim, are being confiscated.⁷ After the turn of the century, each side began to accuse the other of encroaching upon their maritime regions. In 2000, China began what it claimed were naval scientific research missions close to Japanese waters, missions which Tokyo claims are pretexts for spying. Especially difficult was a November 2004 incident of a Chinese Han-class submarine entering Japanese waters passing through the Ishigaki Strait, an event judged by some to be a demonstration of the Chinese PLA Navy's (PLA(N)) ability to operate effectively away from the Chinese coast. As Japan is heavily dependent upon sea routes for its economic well-being, the prospect of China dominating Asian waterways further affected Tokyo's security perceptions.

The short (2006–07) tenure of Shinzo Abe as Japanese prime minister created some opportunities for improvements to the Sino-Japanese relationship. Weeks after taking office, Abe visited both China and South Korea in hopes of improving relations, and he declined to visit Yasukuni. However, Abe's foreign minister Taro Aso was criticised in

Beijing for making frequent comments about the possibility of a China threat, and Beijing was also unhappy with Abe declining to publicly admit to the Imperial Japanese practice of forcing Chinese and South Korean women to work in brothels during the Second World War. Nevertheless, Abe was seen to be far more interested in developing summit diplomacy between China and Japan than his predecessor, and Abe's successor Yasuo Fukuda had vowed to continue the process of improving relations.

As Chinese power grows and Japanese power begins to redefine itself after the so-called 'lost decade' of the 1990s when Japan was beset by chronic economic and political crises, the relationship between the two countries has been marked by a considerable disconnect between political and economic relations. Various political issues continue to aggravate the relationship, while from a trade viewpoint both sides are eager to deepen economic interdependence and help build an Asian market through such organisations as the ASEAN-plus-three and the East Asian Summit. From a power politics viewpoint, there is the question of what will happen should both China and Japan claim to be the pivot states in East Asia. The wild card might be the United States, and much will depend on whether the US decides to scale back its future military commitments in the region. The April 2007 Tokyo 'ice-melting' meeting between Abe and Chinese Premier Wen Jiabao which followed Abe's 'ice-breaking' trip to Beijing produced some agreements on trade and cooperation but much work remained on issues related to the East China Sea dispute.

As Chinese scholars have noted, the relationship has best been described as 'cold politics, hot economics' (zhengleng jingre).8 While economic ties between China and Japan are growing and both states have shown much enthusiasm for both bilateral and regional trade and economic integration, the relationship remains prone to political shocks and issues of nationalism and chauvinism. There remains the possibility that mutual concerns about economic development, terrorism and North Korea may help smooth out the political differences between the two sides.

South Korea

Relations between the Republic of Korea and China were seriously strained in the wake of the Korean War in the early 1950s, which resulted not only in the Communist North failing to annex the pro-Western south but also in thousands of American forces being stationed on the demilitarised zone (DMZ) between the two Koreas, uncomfortably close to China's northeastern frontier. However, as China began to open up to the West and to its economic regimes in the 1980s, a policy not copied by North Korea, South Korea began to be looked upon as an intriguing economic model for Beijing to emulate. As the Cold War began to fade, China reconsidered its traditional stance that there was only one Korean government, namely in Pyongyang, and began to support a two Korea regional policy. This stance was codified in 1991 when China gave its support for both Koreas obtaining seats in the United Nations General Assembly, and then the following year when diplomatic relations between Seoul and Beijing commenced. The talks, referred to as 'Operation East Sea' in Seoul, led to the establishment of relations in August 1992. The decision to open negotiations was largely trade-driven, and shortly after relations were established, bilateral trade between the two states began to be much more valuable to Beijing than Sino-North Korean economic links. South Korea was also adept at making use of its middle power diplomacy in breaking the diplomatic logiam, which allowed China, along with Taiwan and Hong Kong, to join APEC in 1991, and the

growing number of regional organisations in Asia has provided many more occasions for the two governments to confer on mutual international interests.

With China's rise and the American role in East Asia not certain, Seoul has been seeking a more equalised policy between the two powers and has been careful not to directly antagonise Beijing in strategic matters. For example, when the United States began to develop plans for a theatre missile defence (TMD) system which would in theory protect American allies in Asia against rogue missiles, South Korea, unlike Japan, stated in 1999 that it would not participate in its development, apparently due to both concerns over China's reaction and its stance against proliferation. At the same time, representatives from Beijing and Seoul have met regularly during rounds of the Six-Party Talks designed to promote security on the Korean Peninsula and to convince North Korea to cease its development of nuclear weapons.

More than a decade after recognition, trade continues to dominate the Sino-South Korean relationship, and Beijing is now the centrepiece of what was called South Korea's 'Three Number Ones', namely that China is Seoul's biggest trading partner, largest export market and trade surplus source. 10 Although political relations are warm, there have been some concerns about the effect on South Korea of China's continued growth as a regional and international power. One incident which highlighted sensitivities in this area took place in 2003 when Chinese historians, undertaking what has been termed the 'Northeast Project' (dongbei gongcheng), suggested that the kingdom of Koguryo which existed on the Korean Peninsula from the first century BC to the seventh AD was actually a tributary government of Imperial China. The project has upset many Koreans and created concerns about Chinese nationalism and attempts by Beijing to rewrite aspects of Korean history, more troublesome in light of China's growing regional power.¹¹ Nevertheless, Beijing has been successful in engaging South Korea and strengthening ties with a country which had been shut out of Chinese foreign policy until less than twenty years ago, and the relationship is one of the strongest Beijing maintains in Asia. Strategically, China and South Korea share a concern that the Peninsula should be made into a nuclear weapons-free zone and both are committed to finding a multilateral solution to the North Korean crisis. Moreover, China has been able to promote the greater balance in South Korean foreign policy between itself and the United States while benefiting from the many economic opportunities Seoul can provide. Although there are some diplomatic differences affecting bilateral relations, the China–South Korea relationship is one of the most obvious examples of China's peripheral diplomacy.

North Korea

Mao's successful campaign of reunifying China under the socialist banner greatly influenced North Korean leader Kim Il-sung's impatience in doing the same for the Korean Peninsula, by force if need be. Since he was unsuccessful, and after failing in the Korean War to conquer the Western-backed Republic of Korea, North Korea adopted a policy of ostensible diplomatic and economic 'self-reliance' (*juche*), and today the country remains one of the most closed in the world. This barrier against excessive Soviet or Communist Chinese influence moulded political, economic and military policies around the core ideological objective of eventual unification of Korea under Pyongyang's control. In reality, however, the country was heavily dependent upon Soviet and Chinese assistance, and with the fall of the USSR North Korea has few allies save for China, which protected the DPRK during much of the Cold War and traditionally referred to the relationship as 'close as lips and teeth' (*chunchi*).

A formal alliance between Beijing and Pyongyang (the only alliance which China still maintains) was codified in 1961. However, the ties which brought the two together, including suspicion of the West and strong adherence to traditional Marxism-Leninism, quickly eroded as Beijing launched its economic and foreign policy reforms in the 1980s, ¹² The state has been run as a totalitarian regime with a corresponding cult of personality. Kim's son, the current ruler Kim Jong-il, was officially designated as Kim's successor in 1980 and assumed a growing political and managerial role until his father's death in 1994, when he assumed full power without opposition. Kim Il-sung remains 'eternal' head of state, while Kim the Younger is head of government and of the sole legal governing body, the Korean Workers' Party (KWP). Both leaders built a near-unshakeable isolated regime which endures today, long after the end of the Cold War and despite many outside pressures and internal crises.

The state remains one of the most reclusive in the world and reliable information about the state's domestic and international politics is extremely scarce. The economy of the state has all but collapsed due to faulty central planning, and industrial output has been in steady decline for decades. The state has experienced severe food shortages since the 1990s, including the Great Famine of 1996-99. Part of the reason for ongoing shortages was a massive flood in June 1995, from which the country is still trying to recover. The famine touched off much controversy in the United States and Asia over whether to provide assistance to a hostile regime. The country is also facing chronic shortages of energy and hard capital, with poverty rampant throughout the state. However, unlike in Eastern Europe in the 1980s, the isolation of the regime and the refusal of Kim to attempt political reform have prevented the rise of opposition forces or other pressures from globalisation. With the fall of the USSR, China remains North Korea's only major financial backer. Trade between the two sides reached US\$1.5 billion in 2005, and Beijing still gives millions in aid and technical assistance to Pyongyang annually. However, following recent events, Beijing's impatience with the Kim regime has grown more apparent.

Full societal control in the DPRK has been accomplished through two methods. First, there is complete control of information and state media, foreign contact and travel. Second, there is the constant psychological pressure of the juche programme and the personality cult. Anti-imperialism and capitalism are maintained. As well, North Korea's seongoon chungchi ('military-first' politics, or army-based policy) emphasises that top policy priority should be given to the Korean People's Army and its military capabilities, adding to the psychological insulation. A 4 km wide, 250 km long DMZ has separated North from South Korea since 1953, with only 194 km separating Pyongyang from Seoul. The region remains one of the most armed in the world, with about 27,000 American forces augmenting a South Korean military of approximately 687,000 personnel. North Korea is estimated to have armed forces of 1.1 million, most of which are thought to be deployed near the DMZ.¹³

Since the 1990s the country, strongly encouraged by China, has been gradually emerging from its diplomatic isolation, by participating in Track II dialogues as well as in the ARF, which was created in 1994 as an international discussion forum for Asian security. As well, North Korea agreed to sit in on Northeast Asian talks on joint environmental issues and has also been experimenting with greater media openness, as was demonstrated in April 2004 when a train explosion in Ryongchon took place shortly after Kim Il-sung had passed through on his return from Beijing. The explosion was ruled an accident but there was speculation that it might have been a failed assassination attempt.

North Korea is distinct in its extremely weak trade development, a product of its concerns about allowing too much foreign influence to seep into the country. China, Russia and Japan are the country's primary trade partners, with little attempt at diversification. The regime has sought hard capital and subsidies from several actors in the hopes of keeping its economy afloat. China still provides 'fraternal assistance' to Pyongyang, and despite ongoing talk about *juche* and self-reliance, Pyongyang has shown little reluctance to accepting foreign aid and assistance, especially since the fall of the USSR. China has been trying to encourage North Korea to develop its own Special Economic Zones to promote reform, and the most ambitious of these has been the Tumen River Development Project, designed to develop a hydroelectricity sector between China, North Korea and Russia. However, progress has been very slow and it remains unclear when and if this project will ever come on-line.

Responsibility for the current rift between China and North Korea can largely be attributed to two areas. First, despite much prodding from Beijing, Pyongyang refuses to accept anything but the most minute attempts at economic reform. Moreover, North Korea became increasingly uncomfortable with China's reform programmes and its opening to the West in the 1980s and 1990s, a situation made worse when China in the late 1980s began to reverse its policy of refusing to recognise South Korea. Despite ideological differences, China under Deng Xiaoping began to look at South Korea as a potentially valuable trade partner as well as a model for Chinese economic reform. Relations were formally established in 1992 and the relationship became increasingly warm, largely buoyed by trade. Since that time, China's 'dual recognition' strategy towards both Koreas left the North feeling increasingly isolated, creating a chill in the relationship which has not yet been fully reconciled.

Second, despite China's Cold War history of assisting North Korea with nuclear weapons development, Beijing was hopeful it could persuade Pyongyang not to test such a weapon, attempts which failed in October 2006. North Korea has a long history of seeking nuclear weapons, dating to the 1950s when the DPRK sought the bomb in order to respond to veiled American threats of nuclear weapons possibly being used during the Korean War. The United States became aware of Pyongyang's nuclear development in the early 1980s through the use of satellite monitoring. The Soviet Union provided North Korea with its first nuclear components, but by 1985, as a result of Gorbachev's foreign policy reforms, the USSR had persuaded North Korea to sign onto the Nuclear Non-Proliferation Treaty, which *de facto* forced North Korea to stop all attempts to develop a nuclear bomb. However, by the end of the 1980s it became apparent that, membership or not, the country remained intent on creating nuclear weapons in defiance of international law.

Exactly where North Korea located the material and expertise to develop nuclear weapons is a subject of dispute. Both China and the Soviet Union have been considered likely early suppliers, and more recently media reports have suggested that the Pakistani scientist Adbul Qadeer Khan may have also sold North Korea plans to assist the state's nuclear enrichment programme. ¹⁴ In 1992, North Korea agreed to an inspection of its nuclear reactors by representatives of the International Atomic Energy Agency (IAEA). In exchange for the warming relations between the DPRK and the West, the United States and Korea agreed to cancel the military simulation, known as *Team Spirit*, which had been held annually and had been seen by Pyongyang as a mock-up for an eventual North Korean invasion. Pleased, Pyongyang called for the suspension to become permanent in the name of improving relations. However, the North Korean government resented the

IAEA's rigorous inspection agenda and its calls for access to a larger list of suspected testing sites. When Pyongyang's plutonium enrichment programme became known, the United States, Japan and South Korea all threatened punitive sanctions which North Korea said it would view as an act of war. 15 In 1993, Pyongyang announced that it would withdraw from the NPT.

The American government under President Bill Clinton entered into direct negotiations with Pyongyang between 1993 and 1994, culminating in the Agreed Framework in October 1994. Under the agreement, North Korea would remain within the NPT and suspend further nuclear weapons development in exchange for an agreement by the US not to attack the DPRK. As well, the US, Japan and South Korea would provide two light water nuclear reactors, which were to have been completed in 2003, as well as periodic oil shipments. A multilateral regime, the Korean Peninsula Energy Development Organisation (KEDO), would be created to oversee the energy-related aspects of the agreement. However, North Korea later accused the other side of being tardy with its commitments, and when George W. Bush came to power he was highly critical of the Framework, stating that it rewarded aggression and did not solve the problem of future conflicts with the North. North Korea, at the same time, was unhappy with the slow pace in both providing regular oil shipments and building the reactors. By the end of the 1990s, both the Agreed Framework and KEDO were being regarded more sceptically by both Pyongyang and Washington.

A subsequent North Korean nuclear crisis began in October 2002 when DPRK officials informed the American government that they had defied the 1994 Framework Agreement and were again developing a uranium-enrichment programme in preparation for the development of nuclear weapons. North Korea was also furious at being cited as part of the 'axis of evil' by Bush. Unlike in the Iraq case, the United States responded to this potential WMD threat by urging a diplomatic solution and encouraging confidencebuilding in hopes of getting the Kim regime to reverse its decision. Nevertheless, seals placed on North Korean nuclear reactors by the IAEA were removed that December during the same month the DPRK announced that it was withdrawing from the Nuclear Non-proliferation Treaty. Washington ignored requests from Pyongyang for direct bilateral talks and instead China organised multilateral negotiations to solve the crisis.

As China was not directly involved in either the Agreed Framework or KEDO, Beijing wished to play a more direct role in Korean disarmament talks. As well, China was concerned that the United States might use force to deal with Pyongyang, an outcome no more appealing now than it had been in the early 1990s during the first crisis. In addressing this latest emergency Beijing insisted upon a negotiated settlement which included a complete denuclearisation of the peninsula and the maintenance of regional peace and stability. Using shuttle diplomacy, then-Deputy Foreign Minister Dai Bingguo was directed in early 2003 by President Hu to lay the groundwork for negotiations. The United States agreed to the diplomatic initiative, in no small part because it was currently engaged in Afghanistan and was commencing the first stages of an invasion of Iraq. In 2003-04, three rounds of SPT between the Koreas, China, Japan, Russia and the United States were held in Beijing, opening communications but producing limited results. 16 During that time, North Korea was accused of continuing to prepare materials for nuclear weapons, which the government claimed was necessary for their defence. China's patience with Pyongyang had been tested in 2003 by two incidents. First, in February there was a shutdown of an oil pipeline between China and North Korea which the former blamed on a technical fault but which was widely seen as a pressure tactic.

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Second, in September Beijing announced the replacement of civilian police guarding the North Korean border by People's Liberation Army soldiers.

The country has one known functioning nuclear reactor, in the city of Yongbyon, which can supposedly produce enough plutonium for approximately one nuclear weapon per year. However, it is unknown whether other forms of nuclear weapons development are being pursued elsewhere in the country. As well, North Korea has stockpiles of shortrange Nodong missiles capable of striking South Korea and Japan, and has tested a longer-range Taepodong missile, which if fully operational, some analysts fear, could strike the North American West Coast. The August 1998 test of a Taepodong I missile, which flew over Japanese airspace before crashing into the Pacific, was seen as proof that North Korea was close to developing heavy-lift and ICBM technology. Pyongyang stated it had been attempting to launch a satellite, a claim neither Washington nor Tokyo believed. This test was also seen as the impetus for American attempts at developing theatre missile defence, with increased Japanese assistance. In February 2005, North Korea announced the suspension of its participation in talks concerning its nuclear programme for an 'indefinite period', blaming the Bush administration's lack of respect for Pyongyang's security, and KEDO lapsed into inactivity in May 2006. Since the crisis began the US had repeatedly refused DPRK demands for direct one-to-one talks, and the US remains unwilling to offer another version of the oil and assistance deal of 1994, out of concern that such actions would reward bad behaviour. Pyongyang inched closer to a regional confrontation when in July 2006 it conducted tests of seven missiles, six of which were short-range vehicles (Nodongs and Scuds) and the last was a suspected Taepodong II missile. Although the Taepodong crashed well short of target and was regarded as a failure, China joined other regional powers in expressing concerns about this seemingly provocative act.

Finally, on 9 October 2006 North Korea detonated an approximately 1 kiloton nuclear device near the city of Gilju near the border with China, thus making the DPRK the *de facto* ninth nuclear power, although it has not been formally recognised as such. Beijing received warning only minutes before the test via a phone call from Pyongyang, and the Chinese government launched an unusually strong public criticism of the blast, calling it 'flagrant' (*hanran*), wording normally used by Beijing when an adversary, not an ally, commits an objectionable act. Shortly afterwards, China sided with the rest of the UNSC in passing Resolution 1718, imposing economic and military sanctions on the DPRK. However, Beijing favoured a return to the SPT rather than threats of force to solve the crisis. The talks restarted at the end of 2006 and produced a tentative stopgap agreement in March 2007, although even this was marred by North Korean intransigence over the status of US\$25 million in DPRK funds the US had ordered frozen in a Macao bank.

The 2006 nuclear crisis and its after-effects placed Beijing in a difficult position for several reasons. First, the test proceeded despite Chinese pressure, illustrating the degree of erosion of Beijing's diplomatic power over the DPRK since the Cold War. As well, Beijing had placed much political capital on the SPT, but this process will be greatly complicated now that North Korea has crossed the nuclear threshold. Many Chinese government officials still view North Korea as an essential ally and fear an implosion of the country would bring American forces back to the Chinese border, as well as a massive influx of North Korean refugees (or *tuobeizhe*) into China's northern provinces. PLA forces now guard the Sino-North Korean border and they would be hard pressed to merely stand by if North Korea were to fall apart. Despite cooler relations, North Korea still provides an important buffer zone between China and Western allies in Northeast

Asia. Moreover, North Korea's economic dependence upon China has grown as a result of the loss of other supporters, especially the Soviet Union.¹⁷ However, China does not want another nuclear power on its doorstep. Despite China and North Korea remaining nominal allies, Beijing remembers the example of Vietnam demonstrating that even ideological partners can turn on each other in the name of Realpolitik. There is also the possibility of a 'fire-chain' scenario, where Japan, South Korea and possibly Taiwan also develop the bomb in order to counter North Korea. Pyongyang has remained wary of Japan, and at times overtly hostile, for example when the former threatened in September 2004 to turn the latter into a 'nuclear sea of fire', 18 and Beijing fears that Tokyo may also be pressed into developing a nuclear weapon, a process which would take little time and create a intolerable situation for China.

China, Japan and the United States are all wary of the possibility the DPRK may export nuclear technology to hostile states and perhaps even terrorist organisations in exchange for hard capital. These concerns appeared justified when it was reported that a suspected Syrian nuclear facility, destroyed by Israel in September 2007, was partially supported by North Korea. Beijing has been insistent that North Korea should not be allowed to help other nuclear threshold states develop a nuclear capability. As Pyongyang is suffering through a shortage of funds, it is likely these types of concerns will persist until a disarmament agreement can be finalised. Another tentative breakthrough was made in June 2008 when Pyongyang destroyed a cooling tower at its Yongbyon site and expressed willingness to negotiate a possible disarmament blueprint in exchange for a resumption of fuel shipments.

Although the Sino-DPRK relationship has cooled, China is still seen as the only state with enough diplomatic leverage against Pyongyang to convince it to abandon its nuclear programme. However, Beijing has come to realise that any progress on rolling back a North Korean bomb will require assistance from the United States. Pyongyang insists upon direct, strictly bilateral talks with the United States, but Washington has been unwilling to take part in such talks and Beijing insisted that China needed a chair at the negotiating table. In the latest round of SPT in September 2007, Pyongyang agreed to disable its nuclear programme indefinitely and allow for inspection in exchange for increased diplomatic and economic contacts with the US and Japan. However, North Korea missed an agreed deadline of January 2008 to fully disclose its nuclear programme to date. Attempts to continue the SPT again stalled in early 2008 amid concerns about US commitments, and in April Pyongyang issued a warning to newly installed South Korean President Lee Myong-bak that any policy of confrontation would not be tolerated. Despite the ongoing problems with the talks, China has maintained that the organisation is still the best method of ensuring security on the Peninsula. Beijing's future policies towards the DPRK will greatly depend upon the course of the talks and whether Pyongyang can be convinced to forgo its nuclear programme. Should North Korea retain nuclear weapons, China and the other major actors in the region will continue to be concerned about the security of Northeast Asia. North Korea remains a major challenge to China's policy of promoting regional stability.

Southeast Asia

China's southern neighbours have undergone a variety of changes since the end of the Cold War, with the removal of the ideological splits in Southeast Asia permitting the region to build stronger ties and slowly develop the main regional organisation in the area. ASEAN

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was created in 1967 in part due to concerns about socialist expansion, including from China. Today, however, the China challenge facing Southeast Asia has assumed a more benign visage, with the rise of China and its good neighbour policies towards the south since the 1990s. Despite many outstanding regional issues between China and Southeast Asia, the ASEAN region is regarded as another example of China's peripheral diplomacy producing tangible results in both the diplomatic and the economic fields.

Before the thawing of Sino-Southeast Asian relations in the 1980s, Beijing tended to view its southern neighbours primarily as chess pieces, first in competition with the United States and then later with the USSR. Southeast Asian policy under Mao has been marked by strong support of communist movements in the region, most notably in Indonesia, where China was blamed for backing an attempted communist coup in Jakarta in 1965. After Sino-Soviet relations deteriorated, Beijing began to view Vietnam as a Soviet proxy. As a result of border disputes followed by Hanoi's overthrow of the Khmer Rouge government, which was nominally allied with China, Beijing attempted, unsuccessfully, to fight a limited war in northern Vietnam. In early 1979, two weeks of fighting resulted in China pulling its forces back. Ultimately, Vietnam's Cambodia policy remained unchanged and the weaknesses of the PLA in fighting out of area were exposed despite its determination to 'teach Vietnam a lesson'. 19 However, as a result of the Dengist reforms and a desire to disengage from supporting communist elements in Southeast Asia, Beijing undertook a more conciliatory approach to peace-building in the area. China sat with the other permanent members of the UN Security Council to draft the 1989 Paris peace agreement designed to end fighting in Cambodia, and assented to a UN peacekeeping force to be deployed there in order to facilitate elections in Phnom Penh in 1993.

Southeast Asia assumed a very important role in Jiang Zemin's peripheral diplomacy, as two states which were isolated from China, Brunei and Singapore successfully negotiated full diplomatic relations in 1991. As well, China agreed to ARF in 1994 despite its traditional mistrust of security regimes, and shortly afterwards China became a formal dialogue partner with ASEAN.²⁰ The coming of the 1997 Asian Financial Crisis did much to underscore the changed economic relationship between China and ASEAN, as many of the worst-hit economies as a result of the currency value meltdown were in that region, including Thailand, Indonesia, Malaysia and the Philippines. During that tumultuous time, Beijing assumed the role of the region's 'white knight' through a variety of actions. First, it refused, unlike Taiwan, to devalue its own currency as a defensive measure against the rising prices of its exports in comparison with Southeast Asia. Second, Beijing arranged for emergency financial assistance to crisis-hit states, including authorising a US \$1 billion transfer to the IMF to assist the flagging Thai economy. Third, it was able to accomplish this while also protecting Hong Kong's currency, which also risked a meltdown in the wake of the former colony's stock market crash in October 1997. Finally, Beijing was widely seen in Southeast Asia as an island of stability and increasingly as an economic pivot for its conservative and helpful approaches to dealing with the economic chaos. In the aftermath of the AFC, China became a major contributor to the development of the ASEAN-plus-three, which brings together ASEAN, China, Japan and Korea to discuss mutual economic interests.21

From a strategic viewpoint, however, there were still serious issues between China and ASEAN which affected the relationship in the 1990s. The largest of these was the status of the South China Sea and the administration of the small island chains within it. Beijing has maintained that it has full sovereignty over the whole of the Sea, and official Chinese

maps feature a broken-line boundary as far south as the northern Malaysian and Brunei coasts. The two main island groups in the Sea, namely the Spratly (Nansha) and Paracel (Xisha) groups, are claimed by China in full. However, Vietnam also claims the Paracels, which were seized by China from Hanoi in 1974, and the Spratlys are in the middle of an even thornier legal dispute, as they are claimed in part or in full by China, Taiwan, Brunei, Indonesia, Malaysia and the Philippines. Beijing has maintained, however, that the islands have been in Chinese possession for centuries during Imperial times, possibly dating back to the Han Dynasty in the second century AD.²² Although the islands themselves are small and uninhabited, they are seen as valuable both due to potential oil and gas supplies which may lie under them and because they are located along heavily trafficked sea routes.

Concerns among the ASEAN nations over China's territorial designs for the Spratlys came to a head in 1995 when the PLA(N) seized one island, the aptly-named Mischief Reef (Meiji Jiao), and ejected Philippine fishermen while subsequently setting up permanent structures to assert Chinese claims. The ASEAN membership reacted with concern but restraint, and eventually presented Beijing with a joint expression of their dismay over China's actions.²³ The prospect of a heightened level of tension over the final status of the Spratlys seemed a strong possibility. However, since then Beijing has sought to allay fears about further aggressive moves towards Southeast Asia in the Spratlys while at the same time not relinquishing its claims. In November 2002 China struck an agreement with ASEAN in Phnom Penh to commit to a peaceful solution to the dispute, and the following year Beijing signed the Treaty of Amity and Cooperation (TAC) with ASEAN, which included a promise not to threaten the security of other signatory states. Since that time, there have been no other major provocations in the region, but the matter remains very much unresolved, possibly rising to the surface again as China modernises its naval forces with vessels capable of operating further from Chinese

A related issue for China in Southeast Asia is the security of sea lanes of communication, or SLoCs, vital to Chinese trade. Chief among these is the Malacca Straits, a corridor for an increasing amount of Chinese imports, especially oil and gas. Security for the very narrow maritime passage is overseen by the surrounding states, namely Indonesia, Malaysia and Singapore, but Beijing is concerned that should passage through the Straits be blocked either by terrorists or by a state seeking to interdict Chinese trade, Beijing would be vulnerable as it currently lacks the means to effectively patrol the region. Hu Jintao remarked on this 'Malacca Dilemma' (Maliujia kunju) in a 2003 speech, noting that China's increasing energy imports would be at risk if another state attempted to blockade the Malacca region. Beijing has responded both by seeking to modernise its naval capability and by working with Southeast Asian states to augment security in the region.²⁴ This case study further underlines the fact that Chinese and Southeast Asian security issues are becoming increasingly interlinked.

The international war on terror has also affected Sino-Southeast Asian relations, but both sides have endeavoured to cooperate and share information on potential terrorist threats. Concerns about terrorism and extremism have escalated in Southeast Asia, rising from concerns about links between radical organisations in the region and international terrorist groups. In seeking to engage ASEAN on these concerns, Beijing has stressed multilateralism and consensus-building, as well as respect for sovereignty, in its strategic dialogues with the ASEAN states. The New Security Concept, which stresses cooperation and equality among dialogue partners, has been used as a model for Chinese security

cooperation with its southern neighbours.²⁵ At the same time, however, some Southeast Asian governments are wary of too much Chinese strategic influence and have argued instead for a security balance between the United States and China.

In recent years, economics have begun to dominate the relationship between China and Southeast Asia, as illustrated when Beijing in 2000 proposed an ASEAN-China Free Trade Agreement which would liberalise trading links between the two sides, creating one of the world's largest free trade zones, the target date being set for 2013.26 Since that time, Beijing made great diplomatic strides in Southeast Asia, and it has been argued that this region is one of the main beneficiaries not only of China's peripheral diplomacy but, it has been argued, of Beijing's 'charm offensive' under Hu Jintao. Moreover, the question has been raised over whether American diplomacy in the region is being overshadowed by Chinese soft power and its policy of offering a combination of political and economic carrots to Southeast Asia since the AFC.²⁷ This has been seen as being in increasingly marked contrast to American diplomacy in the ASEAN region, considered more security oriented. China has also been a major actor in the newly created EAS, which brings together Northeast and Southeast Asia along with Australia, New Zealand and India for annual meetings on regional affairs. Although the EAS came about partially as a result of Japanese and Southeast Asian unease over China's growing regional power, Beijing remains a major player within the group despite the inclusion of Australia and India. (Beijing regretted their admittance, concerned that they would both dilute China's role and act as American proxies, but was unable to convince ASEAN to keep them out.) At the EAS meeting in Bali, Indonesia, in November 2007, China called for cooperation in non-traditional security issues, especially climate change and environmental policy.

Although China's relations with Southeast Asia have been increasingly warm, there are some potential trouble spots in addition to the ongoing question over the status of the South China Sea. Events in Myanmar (Burma) in late 2007 highlighted some complications for China's regional diplomacy with ASEAN. When anti-government demonstrations ignited in September of that year, led primarily by Buddhist monks, the country's military government ordered a brutal crackdown, prompting an international outcry and placing Beijing in a difficult position. China and Myanmar's government had been close and economic ties between the two countries were growing, prompted by agreements over energy and transportation. Due to those links, Beijing was prompted by the international community to influence Yangon to take a softer line. At first, Beijing kept with its traditional views on non-intervention but later called upon the government to settle the dispute in a more peaceful manner. China, along with Russia, had resisted attempts by the UN Security Council to impose sanctions, but it was suggested that should the political situation in Yangon worsen, Beijing might find it more difficult to maintain its Myanmar links in the face of international pressure, including from other states in ASEAN who worry that China's ties with Myanmar might prevent the latter from being a more responsible regional actor.

Conclusions

These case examples illustrate the progress which Beijing has made in developing stronger and more peaceful relations with its immediate neighbours in the Asia-Pacific region. Since the 1990s, many outstanding political issues have either been directly addressed or put into a better position to be solved in the future. At present, unlike in previous decades, the possibility of a border war or regional conflict involving China (Taiwan being

possibly an exception) is very remote. Beijing has linked regional stability with its own domestic reforms in the hopes of concentrating more on internal development issues. Many of its evolving strategic views on creating security communities and partnerships have been tested, often with great success, in East and Southeast Asia. Moreover, China's diplomatic approach combining improved governmental relations with economic incentives has attracted the attention of many actors in China's periphery and has dispelled perceptions held during the Cold War of a China which seeks to overturn the regional order. Warmer relations with South Korea and ASEAN (despite some political and territorial issues affecting the latter relationship) have suggested that this mixed diplomacy on China's part is working well.

China's growth as a regional and international power will have many effects on the country's neighbours, but Beijing is seeking to mitigate its rise by demonstrating a policy of cooperation and joint problem-solving. However, as the cases of Japan and North Korea demonstrate, there are still outstanding regional issues which require Beijing's attention, both bilaterally and multilaterally. In the case of Japan, there is the concern that a rising Beijing and a recovering Tokyo, despite their economic linkages, may run into other areas of political and strategic conflict which might be further affected by nationalism on both sides. As for North Korea, despite some positive movement it retains a nuclear weapons capability which Beijing does not want to see develop. At the same time China is concerned a collapsed state would have a negative security impact on the entire Northeast Asian region. Thus, Beijing faces the problem of applying just enough pressure on Pyongyang to improve its regional relations but not enough to smash the Kim regime.

Changed diplomacy with China's neighbours in East and Southeast Asia has not only provided Beijing with greater security and improved regional relations but has also increased China's confidence in expanding its relations with actors well beyond its periphery. As it will be argued, while the 1990s were the heyday of China's peripheral diplomacy, the following decade saw an advancement of China's international interests into cross-regional diplomacy.

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Questions for discussion

- What were the reasons behind Beijing's decision to undertake 'peripheral diplomacy'?
- What role does nationalism play in affecting current Sino-Japanese relations? Will the growing economic ties between the two states improve their political relationship?
- How does history continue to affect the Sino-Japanese relationship?

- What were the incentives for China and South Korea to set aside their Cold War mistrust and open relations in the 1990s?
- Why is China limited in its options for dealing with North Korea's nuclear weapons programme? What, in Beijing's view, are the best solutions for peace in Korea?
- What are Beijing's views on developing greater regional cooperation between itself and Southeast Asia?
- Will China and ASEAN be able to reach an agreement on the status of the South China Sea?
- Why does China's rise in East and Southeast Asia present both opportunities and challenges for these regions?

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7 Moving beyond Asia

China's cross-regional diplomacy

Beijing adopts cross-regional diplomacy

The early years of the Cold War appeared to separate a clustering of the world's nations into two distinct camps, allies and supporters of the United States and of the Soviet Union as the twentieth century's superpowers. However, by the middle of the Cold War period, a larger number of non-aligned states appeared in the developing world as the era of colonialism abated. At the same time, a greater focus was placed upon the development of regions rather than alliances, and the methods by which these regions established their own political, economic and strategic identity. This trend appeared to accelerate after the fall of the Soviet Union as states which were closely tied to one superpower camp or another could now more directly engage their own neighbours and develop regional organisations which better suited more local geopolitics. However, with the onset of globalisation and the ever-growing number of linkages via organisations, trade, laws and person-to-person connections ranging from government contacts to individuals, it has been argued that the world's regions are growing more 'porous' and often more difficult to differentiate, due to increased economic ties but also shared diplomatic and strategic concerns. This has led to much new study in international relations being given over to 'cross-regional' diplomacy, which has been a common practice of superpowers and great powers but a facet of foreign policy which China has only recently embraced to any great degree.

As noted in previous chapters, during the first decade of China's foreign policy reforms under Deng Xiaoping and Jiang Zemin, much foreign policy attention was placed on the superpowers and great powers, including the United States and the USSR/Russian Federation, as well as China's immediate neighbours in East, Southeast and Central Asia. China sought to establish a stable periphery by strengthening relations with surrounding Asia-Pacific states (see Chapter 6) through improving bilateral ties, such as the complicated relationship with Japan, and multilateral cooperation with regional regimes such as APEC, the ARF and the SCO. However, in the last few years of the Jiang government and especially after the start of Hu Jintao's presidency, Beijing has been seeking to build upon its Asia-Pacific diplomatic successes and has sought to forge deeper ties with states and regions far beyond the Pacific Rim. Since the turn of the century, China has been active in improving diplomatic relations through summitry, economic cooperation and multifaceted diplomatic initiatives. In the 1990s, Jiang sought improved ties with selected states via the development of bilateral 'partnerships' (huoban) based on closer international cooperation and shared regional and/or global interests. The first such partnership was with Russia in 1996, but similar deals were also struck with the United States,

Canada and Mexico (1997), the European Union (1998) and South Africa, Egypt and Saudi Arabia (1999).² These agreements signalled China's first tentative steps into modern cross-regional diplomacy and provided Beijing with the first windows into regional political and economic affairs beyond China's periphery.

These policies, often referred to as parts of Beijing's overall global 'charm offensive' have brought up a question once considered a non-issue by international relations scholars, namely does China have so-called 'soft power' capabilities to wield power via attraction rather than coercion? As previous chapters have noted, China's current foreign policy has been influential on an increasing number of states. At the same time, China's more activist foreign policy in further-flung regions has raised the issue of whether Beijing is or will be in competition with the United States for diplomatic influence, especially in regions such as Latin America and the Middle East where Washington traditionally has enjoyed unchallenged levels of influence since the end of the Cold War.

As with China's peripheral diplomacy, Beijing has had different levels of success with its still-developing cross-regional foreign policy initiatives, but it can be argued that we have seen only the beginning stages of this process and further progress will depend greatly on the politics of both China and those states with which it is seeking deeper relations. This chapter will examine how China's cross-regional diplomacy has evolved in recent years by examining case examples of this process, specially in the regions of Europe, Latin America and the Middle East.

Europe

The European Union has developed into one of China's most visible multilateral challenges, as Beijing has had to adjust its European policies to take into account both Union and country-level decision-making procedures, further complicated by the lack of a cohesive EU foreign policy. Nevertheless, since the 1970s China has embraced a policy of cooperation with Europe and views the continent as an important alternative pole to the United States. By the 1980s, China was seeking a more independent foreign policy which did not lean too far towards either the West or the Eastern Bloc, and encouraging ties with Europe was seen as a means for Beijing to diversify its foreign policy interests. At this time, Europe had begun the first tentative steps towards creating a common market, and China was aware of the potential economic benefits of encouraging closer ties. Deng Xiaoping remarked to former British Prime Minister Edward Heath in 1985 that Europe was becoming increasingly important to Beijing's nascent reformist trade policy, both as a source of technology transfer and a developing trade conduit. Deng concluded by noting, 'For the past three years we have been considering how to increase economic ties with Europe. It is our policy to do so'.3 China had normalised relations with the then-European Community in 1975, and during that decade many European states had opted to switch their diplomatic recognition from Taiwan to the People's Republic. For example, France, despite American pressures, recognised Beijing in early 1963, followed by Italy in 1970 and other Western European states in the early 1970s. The United Kingdom, concerned about the status of Hong Kong and cognisant of pro-Beijing opinions among many Commonwealth members, took the step of recognising the PRC much earlier, in January 1950. Today, the only European state which does not recognise Beijing is the Vatican (Holy See).

Since the European Union's creation and expansion after 1992, it has developed into Beijing's largest trade partner, with overall trade increasing by a factor of sixty between

1975 and 2005 to €210 billion (US\$326 billion), ⁴ Beijing formally established relations with the European Economic Community in 1975, and since that time has considered Europe to be a crucial economic partner. China published a White Paper on its European ties in 2003 which acknowledged differences over human rights issues but noted the growing number of shared geopolitical interests, and signed a partnership agreement with Brussels two years later. China has been enthusiastic about increasing political, educational and cultural ties with EU states. By the 1990s and following a brief break in the Sino-European Economic relationship after the Tiananmen Incident in 1989, the European Union began to recognise China's growing economic and political importance, and in 1995 the European Commission (EC), the executive branch of the Union responsible for lawmaking and governance, outlined its goals for future engagement with Beijing. These included improving political dialogue and encouraging the development of human rights and legal reform in China, further integrating China into the global economy, making better use of the EC's resources in engaging China and raising the Commission's profile in China.⁵ By this time both China and the EU were viewing each other as important alternative trading partners to North America. However, Beijing faces the daunting task of developing an economic relationship with a European entity which is neither a single superstate nor a normal collection of states, but rather something in between. Despite attempts since the 1980s to develop a Common Foreign and Security Policy (CFSP) for Europe, there remain many divisions within the EU over foreign policy directions, making it difficult for China, along with many other states, to develop a coherent policy of engaging 'Europe'.6

By the turn of the century there was some debate as to whether closer economic ties between China and Europe would also lead to stronger political links between the two great powers. This discussion received new focus in the wake of the American decision to militarily intervene in Iraq in 2003, a move which was greeted with suspicion by Beijing as well as many European states, who were unhappy that the decision was made without direct consultation with the UN Security Council. Further European engagement was beneficial to Beijing as a means of tacitly balancing American power as well as encouraging 'multipolarisation' (duojihua) in the international system. There have been differences of opinion between American and European views on China's rise, with the US focusing on the development of Chinese hard (military) power and European states tending to view the rise through the lens of China's ongoing domestic reforms and transition to a more liberalised economic system. At the same time, Europe has tended to define its principal security concerns as being non-traditional in nature as opposed to hard military threats. These 'softer' threats involve trans-national crime, environmental issues, health, energy and poor governance, and countries in Europe have tended to view China as a necessary partner in addressing these issues.⁷ Since 2005, Chinese and EU representatives have met in the name of developing a 'strategic dialogue' on mutual concerns, but so far the dialogue has been very broad based, with decisions yet to be made on which topics could and should be included in the process.8

Beijing has also signed up to other economic cooperation deals with Europe, including the ambitious Galileo satellite navigation project. The Galileo system, when completed, would act as an alternative to the American Global Positioning System, and China signed up to the project in September 2003, promising economic investment and coordination with the EU in establishing the network. Since that time, China has shifted its position somewhat and has sought to develop its own indigenous system known as *Beidou* ('Big Dipper')/*Compass*, which may be compatible with the European network. This link,

however, has been viewed with concern in the United States because of the sensitivity of the technology involved and whether it could be used for strategic purposes as well as commercial ones.

High-ranking members of the Chinese government also meet with European leaders every other year at the Asia-Europe Meeting (ASEM). ASEM seeks a strengthening of political, cultural and economic ties between the EU and Pacific Rim in recognition of the growing cross-regional ties between the two continents. Since its first meeting in 1996, ASEM's membership has grown to forty-five members, including the twenty-seven current members of the EU plus the European Commission, the ASEAN-ten, the ASEAN Secretariat and China, India, Japan and Mongolia, Pakistan and South Korea. The ASEM process was designed to act as the third 'leg' in the triangle of institutions connecting North America, Europe and Asia, with the other two being APEC and the Organisation for Economic Cooperation and Development (OECD), which connects European and North American economic interests. The ASEM process is composed of three major 'pillars', political cooperation, economic linkages and social-cultural engagement between Europe and Asia. However, as with APEC, the membership of ASEM is very large, and its role to date has been more in line with that of a policy discussion forum.

The China–EU relationship has not been without problems, both economic and political. Brussels has frequently been frustrated with its growing trade deficit with Beijing and has periodically cited China for improper 'dumping' (selling goods at below production costs to increase market share) practices. In the latter half of 2007, the Union's trade deficit with China had grown to €132.2 billion (US\$195.5 billion), which raised some concerns among European companies about access to the Chinese market. Like the United States, the EU has also been critical of China's monetary policy, expressing concerns that the low value of the Chinese yuan gives Chinese products an unfair advantage in global markets. These concerns about the maturity of China's market and trade practices prompted the decision by the EU to withhold from Beijing official 'market economy status' (MES), which would have been the next higher classification from China's current designation of 'transitional economy'. In making the decision, EU officials pointed to steps remaining for Beijing to undertake, including continuing to pare down the number and output of inefficient state-owned enterprises, undertaking deeper legal reforms and further separating the Chinese financial sector from the state. However, the MES decision was seen by Beijing as being largely influenced by political motivations, with Beijing noting that Russia, despite not yet being a member of the WTO, was granted that status by the EU.9 Moreover, the decision was seen as flying in the face of the increasing number of trade and economic links between the two sides in recent years.

At the China–EU bilateral conference in Helsinki in September 2006, Chinese and EU representatives agreed to launch talks to create a Partnership and Cooperation Agreement (PCA), and negotiations commenced the following January. However, these preliminary contacts have so far not led to formal talks on developing a preferential trade agreement, and instead the focus of the PCA has been on intellectual property rights, natural resources, product standards and non-tariff barriers as well as other peripheral issues. ¹⁰ Even at that, progress has been slow, with differences between both sides on procedural matters as well as differences among various Union members over Chinese trade. The negotiations have yet to address the more central issues related to tariffs and investment; nor has ASEM acted as a viable means to jump-start preferential trade negotiations between Europe and China. Instead, China has sought out non-EU European states for free trade talks, with negotiations with Iceland commencing in late 2006. Two years later

the groundwork was laid for similar talks with Norway and Switzerland (all three states had decided to grant China MES). All three states did recognise China as a market economy, and all three (along with Liechtenstein) are members of the European Free Trade Association (EFTA), a looser economic organisation of states which have declined to join the EU. This 'side-door' (bianmen) approach on China's part to liberalising trade with Europe has allowed Beijing to gain greater understanding of European economic policies without committing itself to direct negotiations with the EU.

There have been some substantial political differences between China and the EU and some of its members in recent years. In 2004-05, some European states began to quietly debate lifting the post-1989 arms embargo against China. Beijing had been arguing for a lifting of the ban, noting that the strategic relationship between China and Europe had grown to the point where maintaining the embargo was contradictory and outdated. As well, Beijing noted that its strategic dialogue with Brussels was becoming increasingly incompatible with the maintenance of an EU arms ban. However, the United States argued staunchly against moves by any European country to lift the ban, exacerbating Washington-Brussels divisions over the issue and prompting much debate within the EU membership. France under President Jacques Chirac, for example, had expressed support for removing the embargo late in his last term.

The failure of the proposed European Constitution to be accepted via referendum votes in France and Holland in 2004, and the election in Germany of Angela Merkel, who advocated a more cautious line on China than her predecessor, Gerhard Schröder, slowed the momentum on this issue. This debate in Europe was effectively tabled in the wake of the Union's uneasiness over Beijing's ratification of the Anti-Secession Law in March 2005, which allowed for the use of force in the event of a Taiwanese push for independence.¹¹ China remains hopeful, however, that the issue may again be considered by future European governments as the country is interested in diversifying its markets for both military and 'dual-use' technologies, markets which at present remain dominated by Russia. The case of the embargo underlined the still sensitive path that Europe must walk between maintaining its traditional ties with the United States and engaging a country which it is believed will continue to grow as a strong player in future international relations.

As well, in the months leading up to the Beijing Olympics there were occasional highlevel diplomatic incidents between Beijing and some large European states. For example, China cancelled high-level meetings with the German government and bilateral relations chilled following Chancellor Merkel's meeting in September 2007 with the Dalai Lama, the exiled Tibetan spiritual leader considered by Beijing a separatist figure. Then in April 2008 China protested comments by the French President Nicolas Sarkozy that he might boycott the Beijing Olympics in protest against the Chinese government's actions in Tibet during unrest there a month before. As well, pro-Tibet and human rights demonstrations which took place in Paris during the Olympic torch relay led to a short-lived boycott in China against Carrefour, the French-owned grocery chain with many stores in China. Other Tibet-related protests along the European leg of the Olympic torch relay in Athens and London also dismayed Chinese officials.

The February 2008 unilateral declaration of independence of the province of Kosovo from Serbia also highlighted Chinese and European political differences. Since 1999, the province had been in a state of quasi-independence largely under United Nations administration. Serbia, which had considered Kosovo (with an Albanian Muslim majority population) part of its historical territory, had refused to agree to a negotiated secession, thus creating a political stalemate. Shortly after the declaration, a majority of European

Union member states (some exceptions being Greece, Spain, Portugal and Romania), along with the United States, Australia, Canada and Japan, announced that they would recognise the new Kosovo state, while China and Russia, both concerned about legal precedent and respect for state sovereignty, announced that they would decline to recognise Kosovan independence. Beijing explained its position by noting that the move by Kosovo constituted a 'severe and negative impact on peace and stability of the Balkan region', and called upon representatives from Serbia and Kosovo to resolve the issue. ¹² Should the issue of recognition of Kosovo reach the United Nations in the near future, China with its veto power could, along with Russia, become involved in a difficult debate with both the US and Europe over the breakaway republic's ultimate international status.

Nevertheless, while there are a number of outstanding economic and political issues which divide China and European states, the trading relationship between both sides continues to flourish and there has been an understanding that differences are best resolved via dialogue rather than confrontation. As one specialist notes, the integration (yitihua) and expansion of the European Union constitute an example of peaceful rise, since today's EU began with a much smaller membership and cooperation in much fewer areas, but over time grew and developed expanded methods of cooperation in political, economic and strategic fields to become one of the most peaceful regions of the world as well as an example of the effective use of soft power and the effective use of international institutions. Thus China could and should view the EU as a useful model.¹³ There has also been an expansion of non-governmental ties between China and Europe via academics and research institutes. There had traditionally been much criticism of Chinese studies in Europe for being under-specialised and less rigorous in comparison with North America. There was also the problem of research centres focused on China being unevenly distributed throughout Europe. However, with the increase in the number of China-related European programmes and institutes as well as greater research links between the two sides, overall China scholarship in Europe is growing at a significant pace. 14 In short, the number of linkages between the two sides continues to grow due to converging economic interests as well as changing geopolitics.

Africa

China's post-1949 history with Sub-Saharan Africa has been long and complex, with the focus of the relationship transforming from that of ideology, especially opposition to colonialism and neo-imperialism (both of the Western and Soviet varieties), to one which has stressed mutual benefits, partnerships and trade, especially in energy and commodities. The Sino-African relationship has developed since the turn of the century into one of the most visible examples of China's growing confidence in cross-regional diplomacy, as well as further underscoring Beijing's commitment to expanding trade with developing regions.

During the Maoist era the African continent grew in importance to China as Beijing sought to begin distancing itself from its previously staunch pro-Soviet policy of 'leaning to one side' (pianxie) and instead moved towards a more 'three worlds' (sange shijie) approach by the 1960s, recognising the growing importance of the developing world in international affairs. Mao would later articulate his 'three worlds' thinking in a dialogue with President Kenneth Kaunda, the first leader of Zambia, in 1974. His statements referred to the United States and the Soviet Union as being part of the 'first world' and smaller developed states such as Japan, Europe and Canada were members of the second.

Mao saw China as being part of the third world with the majority of developing nations.¹⁵ It was this shift in emphasis on Beijing's part which opened up many new diplomatic channels with Africa. In the wake of decolonisation in Africa along with Asia in the 1950s, Beijing sought to position China as a friend of the developing world and a potential leader and guide. Thus in one speech in 1959 Mao described Africa as an important player in the 'struggle against imperialism', stating that China stood ready to assist the continent in what the Chinese leader saw as a long and protracted conflict. 16 This viewpoint had been introduced at the now-famous 1955 conference in Bandung, Indonesia, which saw the gathering of many developing world heads of state. Premier Zhou Enlai took this opportunity to further articulate the 'Five Principles of Peaceful Co-existence' theory, which had first been drawn up as a guideline for cordial Sino-Indian relations, a year earlier. As a result of the momentum from the contacts made at Bandung, China established its first diplomatic relations with an African country, namely Egypt, in 1956.

As relations between China and the Soviet Union continued to falter towards the end of the decade, Beijing attempted to align itself more closely to the developing world and references to the 'Bandung Spirit' became common in Chinese foreign policy speeches by the early 1960s. In 1963, Zhou made a well-publicised tour of several African states in the hopes of gathering support for greater cooperation among non-aligned states. However, his attempt to play both the diplomat and the revolutionary simultaneously during his tour was not well received.¹⁷ Much of the talk about cooperation and leadership was rhetorical and very much influenced by ideology, as well as the hopes that Beijing could establish a diplomatic beachhead on the continent in competition with both the United States and the USSR.

However, in Africa there were some concrete policies which brought China politically and economically closer to the continent. One of these was the TanZam (Tanzania-Zambia) Railway, constructed between 1970 and 1976 and representing one of Beijing's most ambitious aid and development projects, more so given China's limited financial resources during the latter years of its Cultural Revolution. China also offered medical aid and loan assistance to Sub-Saharan Africa, but at the same time supported various liberation movements in the region. Some of these liberation movements found themselves split over whether to accept Soviet or Chinese patronage. During the Cold War, China provided military support to several guerrilla and liberation movements in Africa, including leftist armed groups in Algeria, Angola, Congo, Mozambique and Rhodesia/ Zimbabwe. 18 However, in comparison with the two superpowers, China was not at that time able to maintain a very high visibility in the region, except arguably in Tanzania under Julius Nyerere. China unseated the United Kingdom as Dar es Salaam's primary aid-giver in 1971.

After the death of Mao and the coming to power of Deng Xiaoping, the ideological justifications for African engagement faded and the country began to concentrate on domestic rebuilding. It was not until the 1990s that Africa again became a greater foreign policy priority for Beijing, and for three major reasons. These included the desire of Beijing to repair international relations after Tiananmen, growing interests in joint development of African commodities and energy resources, and China's growing comfort and confidence in cross-regional diplomacy. Beijing's lack of a colonial legacy in Africa has allowed it to symbolically separate itself from the continent's other great power trading partners. As a result of both diplomacy and the great volume of China's trade capabilities, China's political and economic presence in many African states has grown in a few short years from negligible to highly visible.

Africa had also been the subject of much diplomatic competition between Beijing and Taipei over the issue of recognition. As the economy of the PRC began to expand in the 1990s, it was in a much better position to practise 'yuan diplomacy' (i.e. the offering of trade deals and other economic incentives to African states in exchange for recognition), and as a result Taiwan's diplomatic influence began to wane as governments on the continent switched their allegiances to Beijing. The decision by South Africa, after long negotiations with Beijing, to break with Taiwan and recognise the PRC in January 1998 was an especially pivotal event which underscored China's growing presence in the region. Since that time, Taipei has continued to lose ground in the region's diplomatic chess game, a far cry from the situation in the 1970s when Taiwan was able to make use of its superior economic resources to link recognition with economic assistance. In January 2008, Malawi became the most recent African state to cut ties with Taiwan and recognise Beijing, and at the time of writing only Burkina Faso, Gambia, São Tomé e Principe and Swaziland in Africa still maintain diplomatic relations with Taipei.

The ideological dimension of Sino-African relations has largely been replaced today by economic considerations. The continent has been a major recipient of Chinese investment in the wake of Beijing's 'going out' business strategies of the late 1990s and many Chinese businesses of varying sizes have sought to develop a presence in Africa. Jiang Zemin, during his 1996 tour of the continent, outlined China's 'Five Points Proposal' for Africa, which was based on reliable friendship, sovereign equality, non-intervention, mutually beneficial development and international cooperation, ¹⁹ an echo of Zhou Enlai's proposals from the 1950s but reflecting modern political pragmatism rather than socialist ideology. Although China has sought increased African trade in agricultural products, timber, precious and base metals and foodstuffs, energy trade has been the most illustrative example of the growing economic linkages between the two sides. As China has been seeking to diversify its energy trade away from the Middle East, African oil and gas resources, which have been comparatively underdeveloped, are of great interest to Beijing. China has been able to compete with other international firms and secure petroleum deals with Angola, Gabon, Nigeria and Sudan. In the case of Nigeria, China was for a long time unable to enter its fossil fuels market due to the domination of Western energy interests there, but a series of development deals between Beijing and Abuja opened the door in the 2000s to energy investment by Chinese firms.²⁰

At current rates, Africa's share of Chinese oil imports may be as high as 30 per cent by the end of the current decade. Oil diplomacy has also been a factor in Beijing's policy of convincing African states to halt diplomatic recognition of Taiwan, as was evidenced in 2006 when the government of Idriss Déby in Chad hurriedly switched recognition to Beijing shortly before the CNPC began oil-drilling operations in the northern part of the country. Although China has had to play catch-up with American and European energy interests on the continent, there is now the question of whether Chinese corporations are currently in a position to compete directly with Western companies for future development of African oil and gas fields.

Spurred on by energy and commodity development, Sino-African trade grew to approximately US\$74 billion in 2007, a huge increase from just seven years earlier. In 2007, China overtook both Britain and France to become Africa's second-largest trading partner after the United States. Chinese investment on the continent has also grown dramatically, within China's Import–Export Bank planning on spending US\$20 billion in Africa in 2008–11.²² Since 2007, China has also been calling for greater financial ties with Africa in the form of Special Economic Zones, echoing those which were established in

China in the early 1980s at the start of the Dengist era. Hu Jintao has announced SEZs for Zambia, Mauritius and Tanzania, with other zones being considered for Cape Verde, Liberia and Nigeria. Some of these proposed SEZs would be hubs for commodities trade, while Cape Verde and Mauritius, comparatively more resource poor, have geostrategic advantages as they are island states on either side of the African continent. Beijing has sought to position itself as an alternative trade and assistance partner for Africa, and one less interested in interfering in local governance or attaching conditions to its economic deals. As part of its economic expansion into Sub-Saharan Africa, Beijing has engaged in sector-specific investments in countries including Angola (agriculture, waterworks), Namibia (agriculture, processing) and Zambia (cotton).²³

In November 2006, the third summit of the Forum on China-Africa Cooperation (FOCAC) was held in Beijing between Chinese leaders and forty-five African leaders to discuss cross-regional political and economic cooperation. This FOCAC gathering was the culmination of years of Chinese diplomacy in Africa and cemented Beijing's arrival as a great power supporter of the continent. The first Forum met in October 2000, also in Beijing, and was attended by nearly 80 ministers from 44 African countries, and a second ministerial conference was held in Addis Ababa, Ethiopia, in December 2003. The action plan assembled during the event encompassed a wide range of sectors, including economic cooperation, culture, the environment, health, human resources and education, and the declaration unveiled afterwards promised a deepening of cooperation 'through friendly consultation in keeping with China-Africa friendship and the long-term interests of the two sides'. ²⁴ Africa was referred to after the summit as a 'strategic partner'. Beijing prepared to back these plans financially with new loans, buyers' credits and an investment fund.

At the same time, China has matched its stated concern for improving security and stability in Africa by contributing to United Nations peacekeeping missions there. By 2007, Chinese personnel were serving as blue helmets in UN missions in Africa including in the Democratic Republic of the Congo, Liberia, Sudan and Western Sahara. China's peacekeeping interests in Africa make up the vast majority of Chinese forces stationed abroad for the United Nations.²⁵ In all, Africa is fast developing as a model for China's changing views on security and diplomacy as well as development. African diplomacy is another showcase for China's 'peaceful rise/development' policy, along with problem-solving through joint cooperation and the development of a fairer multipolar world.

China's evolving African diplomacy has also experienced some international controversy in the West, mainly due to Beijing's policies of seeking to maintain a clear division between economic partnerships and issues of governance with some of its trading partners in the region. The case of Sudan, the second African state to recognise Beijing (in 1958), has been a source of much international debate. China has increased economic ties with Khartoum at a time when Western firms were being strongly encouraged to leave Sudan due to the civil war between the northern and southern regions of the country in the late 1990s. As well, Khartoum was declared a terrorist-supporting regime by Washington in 1993 and the US has placed Sudan under economic sanctions for its alleged sponsoring of extremist organisations and for its military crackdown in rebellious regions. As the conflict between government and rebel forces in the far-western province of Darfur intensified, pressure mounted on Beijing to disengage from Sudan.

However, Beijing has been especially interested in developing Sudanese petroleum trade, and has invested heavily in fossil fuel industries in the state despite international pressures. Since the 1990s, China's overall economic presence in Sudan strengthened to

the point that by 2007 Beijing's trade represented about 64 per cent of Sudan's overall trade volume. Despite international pressures, China's extensive economic interests in Sudan have continued, as Beijing has been a longstanding investor in Sudanese energy, illustrated by the 1996 purchase by the CNPC of a 40 per cent share of the Greater Nile Petroleum Operating Company in Khartoum. By 2005, Sudan's share of China's oil imports had surpassed 5 per cent and in 2006 China imported 47 per cent of Sudan's total petroleum production.²⁶

Until 2006, China had argued against attempts by the United Nations to punish Khartoum for the violence in Darfur, despite the fact that its own economic interests were potentially at risk should the violence continue and spread. Nevertheless, China argued, a political solution to the conflict would be preferable to the threat of outside intervention and economic sanctions. However, as the security situation there worsened and international calls for a potential Olympic boycott over Darfur became more strident, Beijing in the autumn of that year was able to persuade the Sudanese government to accept a tandem UN-African Union (AU) peacekeeping force under an agreement in Addis Ababa that November, known as the Annan Plan after the former UN Secretary-General. China now finds itself in the position of being one of the few states with any significant diplomatic leverage over the government of Omar Al-Bashir and since 2007 has been gently but persistently seeking to convince Sudan to accept greater international participation in solving the Darfur conflict. When China's economic planning agency, the National Development and Reform Commission, announced in March 2007 that Sudan was no longer on Beijing's list of preferred trade partners, the move was considered by some observers as an attempt to influence Khartoum.²⁷ However, China reacted with concern at the July 2008 announcement by the International Criminal Court (ICC), that President Al-Bashir would be indicted for 'genocide and war crimes' in Darfur, with a Chinese Foreign Ministry spokesperson reiterating that the parties involved should restrain themselves from any actions which may complicate the Darfur situation further. Beijing continues to walk a fine diplomatic line by maintaining its political and economic links with Sudan while rebuffing assertions from the West that it is seeking to shield the Al-Bashir government.

Zimbabwe has been another foreign policy headache for Beijing in Africa in light of the longstanding relationship between the two states dating from early Chinese support of then-opposition leader and now President Robert Mugabe. Since the turn of the century the Mugabe government had come under mounting international criticism both for an increasingly authoritarian stance, suppression of personal freedoms and for widespread economic mismanagement and draconian land reform which exacerbated poverty levels in the southern African country. As Western concerns over Zimbabwe grew, the Mugabe government launched a 'look east' foreign policy in 2003 to reduce dependency on the West in favour of China. Widespread violence and accusations of intimidation of opposition figures during summer 2008 elections in the country galvanised Western-led efforts to sanction the Mugabe government at the United Nations. However, when the matter was brought to the UN Security Council in July 2008 China and Russia vetoed an American-proposed arms embargo and travel restrictions on the Zimbabwean government. Both governments argued that the issue was an internal matter outside of the UNSC's jurisdiction and best solved by talks between the government and opposition leaders. Both the Sudan and the Zimbabwe cases have showcased the problems of China's policy of drawing a solid line between economics and politics in its dealings with some African regimes.

There have also been periodic backlashes in Africa over increased Chinese trade, including protests in Namibia and Zambia over working conditions and salaries offered by Chinese firms in those countries. Beijing has also run afoul of energy security problems in some oil-producing African states, most notably Nigeria. Chinese workers have been threatened since 2006, by rebel groups opposed to foreign influence of the Nigerian oil economy, and as a result Abuja and Beijing signed security deals designed to protect the West African state's energy infrastructure. At present, many African states have also expressed concerns that trade with the PRC is highly lopsided in Beijing's favour and, as in other parts of the developing world, there are fears that inexpensive Chinese goods may crowd out local wares. One example of this took place after the Multi-Fibre Agreement, regulating global trade in textiles, expired in January 2005, resulting in a rapid increase in inexpensive Chinese clothing flooding markets in Africa as well as other developing regions.²⁸ As well, African economies have found it comparatively difficult to enter Chinese markets and there has been criticism of the tendency in some Chinese development projects on the continent to use Chinese rather than indigenous labour. There have also been issues of governmental transparency in some joint development deals with China, as illustrated by the outcry by rights groups in Niger in July 2008 over a US\$5 billion petroleum development deal between the CNPC and the government in Niamey which critics in Niger argued should have been more openly disclosed.

China's African diplomacy has started to factor more prominently in local politics in the region. The subject of Chinese investment and its potential damage to the indigenous economy was a hotly debated topic during the September 2006 Zambian elections when an opposition leader ran on a platform of reducing economic ties with China and instead recognising Taipei. Popular resentment against Chinese companies was spurred by an explosion in April of that year in a Chinese-owned Zambian copper mine.²⁹ Although the government of incumbent president Levy Mwanawasa was able to hold power after the vote, the event underscored some limitations to China's economic relationship with Africa, and Beijing is increasingly seeking to portray itself as a more responsible economic actor in the region.

The rise of China as an economic power, along with the growing trade presence of other large emerging markets such as Brazil, India and Indonesia, has revived long-dormant research into the question of 'south-south trade', meaning trading patterns among developing states. Africa has factored much more often in these new debates as well as the discussion (see Chapter 2) about whether China is presenting a new model of economic growth for developing states. Much attention has been paid to the economic dimensions of Sino-African trade, especially in the area of energy, and certainly resource diplomacy is driving many aspects of Beijing's engagement with many African states. Nevertheless, there are also important political and cross-regional diplomacy elements to this relationship. In January 2006, Beijing released a foreign policy paper, 'China's African Policy', which promoted not only economic linkages but also the requirement for stronger political ties via exchanges between leaders and governments, coordination of international affairs and actions against traditional and non-traditional security threats, and cooperation between China and the African Union. While there remain issues to be resolved in the relationship, China has maintained its commitment to developing Africa relations as a key part of its expanded diplomacy beyond the Pacific Rim.

Other cross-regional issues

Although the case studies of Europe and Africa have been used in this chapter to illustrate China's emerging cross-regional diplomatic efforts, other regions in the world have also experienced this phenomenon. The governments of Jiang Zemin and Hu Jintao expanded their foreign policy interests in Latin America and the Middle East (Southwest Asia) and have sought greater political and economic ties and partnership with governments in these regions. As with Europe and Africa, China's engagement of these areas of the world has raised further questions about whether Beijing will be competing with the West for diplomatic influence. Also, as with Africa, resource diplomacy has greatly influenced China's recent diplomatic dealings with these developing areas, but at the same time political interests have been a part of the foreign policy process.

For many decades, Latin America had been commonly viewed, both politically and economically, as being within the United States' sphere of influence. During the Cold War, the US was active in promoting democracy and combating communism in the region. As with Africa, China's engagement of Latin America under Mao was greatly ideologically driven, and with the exception of Cuba, which established ties with China early in the Cold War, China's engagement process with the rest of the region was slower to develop. Under Deng Xiaoping and Jiang Zemin the focus shifted to economic considerations but there were some political issues which affected Beijing's ties with the region. In the 1990s, Beijing threatened to veto a United Nations mission to Haiti and did veto a proposed UN mission to Guatemala over both states' ties with Taiwan. Nevertheless, these political differences did not stop growth in regional trade with China starting in the 1980s.³⁰ With the fall of the Soviet Union, the stage appeared to have been set for further cooperation in the Americas with the signing of the North American Free Trade Agreement and the promise of increased trade between the US and South America. However, at the turn of the century, political changes in Latin America coupled with a shifting of foreign policy priorities in Washington away from the region, especially after the onset of the war on terror, have made the diplomatic picture somewhat hazier.

As a result of these events, and increased Chinese engagement, Beijing's presence in Central and South America has grown considerably in the space of a few short years. Hu Jintao made a celebrated regional tour in 2004, visiting Argentina, Brazil, Chile and Cuba, and many regional leaders have also attended summits in Beijing. China's interest in engaging the Latin American economies has been prompted by the PRC's demand for raw materials, foodstuffs and agricultural products, and Chinese demand, as well as its interest in regional investment, has greatly benefited commodity industries in Latin America. To cite just one example, rapidly growing Chinese requirements for copper imports have been a boon to production in Chile and have greatly influenced that country's economy,³¹ and overall Chinese demand for other raw materials such as tin, aluminium, zinc and iron ore have also been a benefit to Latin American economies. However, those regional economies, including Mexico and some Central American states, which are more dependent upon manufactured goods such as textiles have been more wary of China's economic expansion in the region. Even larger economies such as Argentina and Brazil are worried about their increasingly lopsided trade balance with China and actual and potential job losses and lower-skilled sectors in the wake of Chinese competition.³²

Overall trade between China and the Latin American–Caribbean states rose from US \$8.2 billion to almost US\$70 billion between 1999 and 2006 (by 2007, the figure had jumped again, to US\$102.61 billion for the year). China has also been successful in improving political ties with left-wing governments in Latin America, including those of Luiz Inácio Lula da Silva in Brazil and Raúl Castro in Cuba. As well, Beijing signed strategic partnership agreements with Argentina, Brazil, Mexico and Venezuela and a variety of cooperation agreements with other governments in the region. However, by far

the closest partner of China in the region has been Hugo Chávez, president of Venezuela and detractor of the United States and its foreign policy since taking office in 1999.

Sino-Venezuelan political ties have been augmented by the growing energy relationship between the two states as Caracas has sought to distance itself from over-reliance upon Western markets and Beijing seeks a greater presence in Latin American oil and gas trade. In May 2008, the two sides agreed to jointly construct a refinery in China's Guangdong province for the specific purpose of refining Venezuelan oil. Despite the great distance between the two states and the costs of maritime oil shipping, the Chávez government has vowed to increase petroleum shipments to China to a million barrels per day by 2011. China is also seeking energy and commodity deals with Bolivia, Brazil, Colombia and Ecuador. Brazil has been of special interest to China due to both its vast economy and its potentially large oil reserves off the country's coast. In mid-2008, increased links were discussed between China's National Offshore Oil Corporation and Brazilian energy giant Petrobras to jointly develop both Chinese and Brazilian offshore energy reserves and Brazil is now looking at China as a primary destination for its energy exports. These developments are of growing concern to the United States, which despite frayed political relations still views Caracas as a key secondary source of imported petroleum.

As a result of these political and economic shifts, China is being looked at more seriously in the region as an alternative diplomatic and economic partner to Washington.³³ Since the 1990s, China has sought to engage various Latin American regional institutions, becoming a member of the Caribbean Development Bank in 1994, meeting with the South American Common Market (Mercosur) and the Inter-American Development Bank, and developing links with Chile, Mexico and Peru via annual meetings of the Asia-Pacific Economic Cooperation forum.³⁴ Beijing also signed a free trade agreement with Chile in November 2005, the first such deal for a Latin American economy, and in May 2004 China was granted permanent observer status by the Organisation of American States (OAS). China has also sent its forces to Haiti as part of the UN's peacekeeping mission there despite the lack of formal relations between Beijing and Port-au-Prince, marking the first time Chinese forces have been engaged in such a mission in the Western Hemisphere.

Like Africa, Latin America has been a diplomatic battleground between Beijing and Taipei, as Taiwan had made considerable economic inroads in the region and was able to secure much diplomatic support in the region. As of 2008, twelve Latin American states recognise Taiwan and have no official diplomatic ties with China, including El Salvador, Haiti, Honduras, Nicaragua, Panama and Paraguay. In recent years, Dominica (2004), Grenada (2005) and Costa Rica (2007) switched recognition from Taipei to Beijing, while the tiny Caribbean island of St Lucia, after recognising Beijing in 1997, decided ten years later to reverse that decision and reopen relations with Taipei, illustrating the still-unpredictable nature of the diplomatic shell game between the two sides in the region.

The Middle East/Southwest Asian region has also seen an increase in Chinese diplomatic attention for both political and economic reasons. The region was the recipient of Hu Jintao's shuttle diplomacy soon after the Chinese president took office. An early 2004 tour of Algeria, Egypt and the League of Arab States (LAS, also known as the Arab League) members by Hu brought forward two sweeping policy proposals. The first was the creation of the China–Arab Cooperation Forum (CACF), which would act as a conduit for China and the LAS, and the second was a proposed set of guiding principles for future relations which included improved political relations on the basis of mutual respect, as well as strengthened economic, social and cultural links and greater cooperation in the name of improving peace and development. Several high-level leadership meetings

between Beijing and Middle East policymakers took place afterwards, and the CACF continues to hold biannual governmental conferences, with the most recent being in Manama, Bahrain, in May 2008, where the Chinese delegation called for 'pragmatic' cooperation in improving economic and security ties.³⁵ As well, China has been seeking since 2004 to develop a free trade agreement with the Gulf Cooperation Council, an economic grouping which includes the energy-rich states of Saudi Arabia, Kuwait and the United Arab Emirates.

While Chinese relations with many Arab states have been longstanding, Sino-Israeli diplomatic relations were only formally established in 1992. However trade and economic contacts between the two states existed at least as far back as the mid-1980s. Since that time there have also been numerous bilateral military contacts, including Israeli arms sales to Beijing. In one incident, Israel had made plans to sell its Phalcon airborne early-warning system to China, but the deal was cancelled in July 2000 under pressure from Washington.³⁶ Despite this incident, Beijing has sought to maintain an even-handed diplomatic approach between Israel and its Arab neighbours.

Trade in commodities has also dominated the Sino-Middle Eastern relationship, as Beijing now sees the region as an importance source for raw materials including phosphate, manganese, cobalt and fibres for China's burgeoning textile sector.³⁷ As with the United States and Europe, China has paid very close attention to the Middle East as a source of fossil fuels, and much of Beijing's diplomacy in the region has focused on energy trade. Despite being a latecomer to Middle East energy politics as compared to America, Europe and Japan, Beijing has nevertheless been successful in establishing itself as a crucial consumer base for regional oil and gas. Despite attempts to diversify its energy partners as described previously, the Gulf Region remains China's primary source of imported oil and gas. As of 2008, about 60 per cent of China's imported oil comes from the Gulf Region, especially Saudi Arabia, Iran, Sudan and Qatar, because of the quantities of oil and gas found there as well as the quality of its indigenous oil, which is largely 'sweet' crude (meaning petroleum low in sulphur content, which facilitates later processing).

Iraq had also been viewed in Beijing as a primary energy partner for China, but because of the uncertainty of the conflict there since 2003 and the post-war American role in Baghdad, China's future trading role is at present questionable. It was announced in August 2008 by Baghdad that the Iraqi government was seeking to revive an energy deal signed with Beijing by former president Saddam Hussein in 1997, but much will still depend on the future stability of Iraq and its post-Hussein government. Beijing was unhappy with the decision made by the United States to invade Iraq without a United Nations mandate, as well as the fact that the UN-backed inspections for potential Iraqi weapons of mass destruction were not able to proceed. Concerns remain in Beijing that American goals for Baghdad will involve a long-term US presence in the country, including permanent military bases, even after formal military operations have ceased. The Anglo-American build-up to the conflict in Iraq was one of the motivating factors behind Beijing's decision to begin developing domestic energy stockpiles and improve infrastructure.³⁸

China, like the other large energy-consuming powers, has a vested interest in ensuring that energy exports from the Middle East region are maintained. While throughout much of the Cold War China's interests in the Middle East were ideological and strategic, more economic issues began to take precedence as China recognised the need to import fossil fuels, and Beijing has sought a balance in its policies on the Arab–Israeli conflict,

acknowledging the economic consequences of favouring either side. As one author noted, the size of the Chinese market and the country's increasing global trading presence make it unlikely that Beijing would be subject to a fuel embargo.³⁹ However, the strong American presence in the region, in terms not only of Iraq but also of Washington's established political ties with Riyadh, does present a challenge for long-term Chinese energy diplomacy.⁴⁰ There is the possibility that Saudi Arabia may increasingly view China as a counterweight to the West while ensuring that ties to American and European markets are not seriously damaged.

China has also sought to maintain energy relations with Iran despite a concentrated international campaign led by the United States to isolate and sanction Tehran, especially in light of concerns about possible Iranian nuclear weapons development. Sino-Iranian ties were strong throughout much of the late Cold War period (the two countries established diplomatic ties in August 1971), despite considerable ideological differences between Beijing and the first Iranian regime of Shah Reza Pahlavi and then the post-1979 theocratic rule of the Ayatollah Khomeini and his successors. China's insistence upon maintaining strong economic ties with Tehran, despite differences in political outlook, has run up against American efforts to curtail international investment in Iran and isolate its leadership. As with Sudan, Beijing has attempted to maintain a strict division between bilateral growing economic ties and non-interference in local governance. Total Sino-Iranian trade was expected to surpass US\$25 billion by the end of 2008 (up from US\$7 billion only four years before), with China importing increasing amounts of Iranian oil, gas and petrochemical products, and Tehran receiving more Chinese manufactured goods. China has also been involved in non-energy-related projects in Iran, including the development of the Tehran metro system as well as other transportation projects.⁴¹ In short, Beijing has disagreed with the American-led policy of economic isolation of Iran.

As with Central Asia, China has also been investing in Iranian energy infrastructure, much of which had been deteriorating in the wake of US-led sanctions after 1980, including investment in Iran's Yadavaran oilfield in 2004 and a 2007 deal to jointly develop Iranian natural gas in the North Pars region. Iran's status as the fourth largest oil producer in the world after Saudi Arabia, Russia and the US, and as the second-largest global gas producer after Moscow, meant that China as a growing energy consumer felt it could ill afford to ignore the benefits of maintaining economic ties with Tehran. The identification of Iran as part of the 'axis of evil' by the American government under George W. Bush after 2002 provided further diplomatic openings for both China and Russia. Geography has also played a role in Iranian energy trade, as the country is close enough to Russia (as a fellow oil and gas producer) and to China (as an energy consumer) to form what some analysts fear could be an Asian energy bloc which might be considerably more resistant to Western diplomatic pressures. 42 As was noted in Chapter 3, Iran is an observer state in the SCO, and the government of Mahmoud Ahmadinejad has made little secret of its desire for Iran to become a full SCO member, which might further pull Iran away from Western influence. The SCO is still debating over whether permitting Iran full membership would be beneficial to the organisation or too risky in terms of straining relations with the West.

However, the Iranian nuclear weapons question has greatly complicated Beijing's energy diplomacy policy. Since the turn of the century, concerns expressed by the United States and Europe that Iran was seeking to develop a nuclear weapon intensified political pressures on Iran and raised the possibility of military action against suspected Iranian nuclear sites. This has placed China in the difficult position of on the one hand seeking to

protect its economic and energy interests while on the other not wanting to see an Iranian nuclear bomb potentially destabilise the Middle East. Beijing, along with Moscow, has resisted the use of intense economic coercion or the threat of force to settle this issue and China has maintained that a diplomatic dialogue is the best way to prevent a potential crisis. However, progress on a solution has been slow and the question remains whether China would change its viewpoint should Iran inch closer to a nuclear weapons test.

Conclusions

While the development of China's cross-regional diplomacy is still very new, the political and economic benefits to Beijing have thus far been considerable. Beijing has been successful in incorporating a level of diplomacy based on shared international interests and the benefits of increased trade to make great progress in expanding its foreign policy beyond the Asia-Pacific region. At the same time, China has of necessity involved itself in a greater variety of international issues, including those which had traditionally been concerns of the West, including the United States. As one analyst noted when describing the recent shift in Beijing's international thinking, 'rather than playing defence, rather than just reacting to international affairs, they were ready to take the offensive, building a more sophisticated and powerful foreign policy'. An Thus, the adoption of a more active cross-regional approach to foreign policy on China's part is a significant step for the country in developing international relations more in keeping with its rising power status. The question remains, however, as to the response of the West, especially the US and Europe, to a more activist Chinese foreign policy in more parts of the world. Will the pattern which emerges as China continues to expand its foreign interests be that of Western accommodation or competition?

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Questions for discussion

- What were the reasons behind Beijing's decision to expand its foreign policy more deeply into regions beyond Asia?
- How have China's relations with Europe differed from those with the United States in recent years?
- How have Chinese economic policies in developing regions affected their trade and their political development?
- Will a diplomatic competition take place between the United States and China for influence in Africa, Latin American and the Middle East?
- To what degree is China's cross-regional diplomacy driven by Beijing's need for commodities and energy?

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Conclusions

The three phases of China's post-reform foreign policy

There have been three distinct phases of China's foreign policy reform since the beginning of the Dengist era in the late 1970s. First, between 1978 and the end of the 1980s there was the period of rapprochement with the West, including the United States, and the gradual removal of Maoist ideology from Beijing's international thinking, to be replaced with a greater pragmatism or, as one author phrased it, 'realpolitik'.¹ This period also saw a focus on the restoration of Chinese trade and the beginnings of the liberalisation of the country's markets as China sought to bring in badly needed international capital and expertise to rescue the state caused by the political traumas and isolation of the late Mao period. Financial institutions which were looked at with scorn by Mao were approached by Deng in order to secure loans and assistance essential to the country's economic recovery. Like Mao, Deng was the central figure in much domestic and international politics in China, but the Dengist government had begun to set the stage for a more diverse foreign policy mechanism in the 1990s.

The second phase began after the Tiananmen Incident and the retirement of Deng and his replacement by Jiang Zemin, who had much less stature within the party-state than his predecessor and by necessity required the support of many more political actors in order to continue the domestic reforms begun by Deng. Foremost in Jiang's foreign policy priorities was the need to promote a stable and productive set of relationships with China's periphery to allow Beijing to concentrate on deepening domestic reforms and preventing the border conflicts which had plagued the two previous governments. As a result, Beijing had opened up relations, and improved existing ones, with several East and Southeast Asian governments as well as India, Russia and Central Asia. Not every endeavour was successful, as Japan and North Korea relations remained troublesome and Sino-American relations cooled considerably in the wake of policy differences and the Taiwan question. It was only near the end of Jiang's presidency, in the wake of the 9/11 terrorist attacks, that American and Chinese foreign policies began to drift closer together as both states saw the need for international cooperation to fight global terrorism.

Concerns in the Asia-Pacific region that China would seek a hegemonic role in Asia as it expanded in power decreased as Beijing sought to assure its neighbours through both words and sometimes deeds, such as Chinese aid during the Asian Financial Crisis, that China was seeking partnerships rather than spheres of influence. It was also during this time that China began to develop its identity as a 'joiner' seeking membership in regional and international organisations, including the World Trade Organization and the Asia-

Pacific Economic Cooperation forum. Finally, this was the time when the world became much more aware of China as a rising political, economic and military power, and extensive debate began over what kind of great power China would develop into in the coming years.

China is now well into the third stage of its post-reform foreign policy evolution, which began at the turn of the century as Jiang began to hand over the reins of power to his designated successor, Hu Jintao. Hu continued to pay much attention to China's front yard, including taking an activist role in addressing North Korea's nuclear weapons development and promoting the development of the East Asian Summit and other regional cooperation organisations designed to improve ties between Beijing and Southeast Asia. China also paid more attention to its 'backyard' under Hu, as although it was Jiang who laid the framework for the restoration of Sino-Russian relations as well as helping to establish the Shanghai Cooperation Organisation, it was under Hu that Beijing's relations with Moscow and the former Soviet republics on China's western frontier developed more fully. However, Hu's foreign policy thus far will be more commonly known for the rapid development of cross-regional diplomacy, with parts of the world well beyond the Pacific Rim being invited to more deeply engage with Beijing. Through a combination of summit and shuttle diplomacy, multifaceted dialogues and the promise of greater access to China's now-burgeoning markets, Beijing was able to seek out and find partners and markets in countries well outside its home region. Many of these new cross-regional initiatives have taken place in parts of the world which had been seen as dominated by Western interests since the Cold War and before, including Africa, Latin America and even the Middle East. In these regions, China is now seen as an alternative market but also a potential political partner, leading to questions about how these new relations will affect Western policies in the developing world. As well, some examples of Chinese diplomacy with developing states have drawn international criticism for the 'keeping politics and economics separated' approach Beijing has taken with governments in Iran, Myanmar, Sudan and Zimbabwe.

The Hu government has also been much more in favour of the role of international laws and norms in international relations, and has been critical of the West for its views on issues such as state intervention, Iraq, Kosovo and arms control. Beijing has increasingly drawn linkages between more fair and more democratic international relations and the promotion of peace and stability, as well as ties between peace and the combating of poverty. Beijing's increasing visibility in many areas of international relations has cemented the view of China as a great power in the minds of many observers and analysts and sparked greater debate over the role of China as a major player in the modern international system. China is not like great powers of the past for several reasons. It has not sought territorial expansion, although it does persist in its historical claims to Taiwan and the South China Sea region. China's military, while growing, is still underdeveloped compared to that of the West, and unlike the United States and USSR it is not concerned with parity in nuclear weapons. This is not to say that China's military is irrelevant in measuring its power, but compared to previous great powers, which were often judged by their ability to use force, China does depart from that model. By contrast, the bulk of Chinese power is often seen as economic as well as 'structural', via the ability to make gains and collect goods by engaging the international system through its organisations, rules and norms. This third phase of Chinese foreign policy is far from over and predicting the transition to a fourth phase and what this phase will look like is still difficult at this point.

What lies ahead?

China has a number of foreign policy challenges ahead. Relations with the other big powers, including the US, Russia and the European Union, will be paramount, but other issues closer to home will also take much focus. Beijing is fortunate, since for the first time in decades it is not bordering an actively hostile state, and Beijing has tried to maintain that peace by actively undertaking 'peripheral' diplomacy designed to create peaceful borders and stronger regional harmony. However, some cracks in this policy have begun to show. Relations with Japan, despite a growing trading partnership between Beijing and Tokyo, have grown increasingly frosty, culminating at their lowest point with anti-Japanese protests in major Chinese cities in April 2005. As China continues to displace Japan as first among equals in the Asia-Pacific region, the question of what will happen when both sides equalise their power capabilities is an important one. Without an organisation like the EU, NATO or the OSCE present to assist the Asian region in settling disputes, regional frictions in Asia will be a constant issue.

Chief among these security problems has been North Korea. After decades of close partnership between Beijing and Pyongyang during the Cold War, the policies of the two governments began to diverge when the DPRK refused to follow China's lead in engaging in economic reform and, worse, began to develop nuclear weapons using at least partial Chinese technology. Pyongyang was also upset at China's moves away from a planned economy and its decision to recognise the government of South Korea in the early 1990s. As North Korea sought to develop a nuclear weapon, Beijing was placed in a diplomatic bind, since on one hand it did not want to see its ally collapse or be subject to Western military intervention, but on the other it did not want to see a nuclear power sitting on its doorstep. Beijing refused to permit a threat of the use of force via the United Nations and instead insisted on multilateral negotiations, later known as the Six-Party Talks, between the Koreas, itself, the United States, Russia and Japan to convince North Korea to give up its weapons development.

These efforts were severely tested by North Korea's nuclear test in October 2006, making it the ninth nuclear state although it has not been internationally recognised as such. After the test, China expressed its anger and insisted that disarmament talks continue. But while Beijing is the only actor which could conceivably coerce North Korea to step down from the nuclear brink, China has treated Pyongyang like an egg, refusing to apply pressure to the point where it could crack. The North Korean case has also helped shape Beijing's current views on nuclear proliferation, views which have moved closer to those of the West. In the early 1990s, after opting to remain outside the Nuclear Non-Proliferation Treaty, China joined and also agreed to observe various agreements prohibiting the sale of nuclear materials to non-nuclear states, even though it had been accused in the past of helping both Pakistan and Iran in their respective programmes. China has also been unhappy with American missile defence testing, claiming it violates international non-proliferation norms. However, Beijing has been unwilling to impose harsh sanctions on another trade partner, Iran, despite its reported nuclear weapons development, preferring a diplomatic solution.

Territorial issues also affect Chinese foreign policy, the greatest of which is the stillunanswered question of Taiwan's official status. China continues to maintain that Taiwan is a renegade province since it broke away from China in 1949 under the *Kuomintang* (Nationalist Party) led then by Chiang Kai-shek. Since that time, Beijing has refused to entertain any thought of the island becoming officially independent. Beijing has reserved

the right to use force should the island declare independence or if a third party seeks to intervene on Taipei's behalf. These views were further codified in 2005 when Beijing implemented the Anti-Secession Law, calling for the potential use of force against the island should it accelerate its attempts to break away. Since the 1970s, more and more states have switched their diplomatic ties from Taipei to Beijing, especially in the wake of the mainland's economic growth, thus rendering Taiwan increasingly isolated diplomatically.

Relations across the Strait were especially frigid during the eight-year administration in Taiwan of President Chen Shui-bian, which took steps to assert Taiwan's distinct identity, often angering Beijing. However, the March 2008 election of Ma Jing-yeou of the *Kuomintang*, which had become more supportive of closer ties but not reunification, has raised hopes of warmer relations and increased economic agreements. Since neither side is in favour of a military solution, the status quo remains, with Beijing continuing to maintain that any solution for Taiwan must include reintegration. Although Taiwan is considered by Beijing to be a domestic issue, the fact that the island has a separate, self-contained government, as well as the potential for other states in the region to be affected should conflict arise, means that there are also notable foreign policy dimensions to the Taiwan question.

Another thorny territorial issue for China and its neighbours has been the status of the South China Sea, which Beijing claims in full as its historical waters but which has also been claimed in part or in total by Taiwan and some Southeast Asian states. China has refused to entertain any division of sovereignty but has suggested that other states may lease islands in the region for economic use. The sea is significant not only as an important trade route but also as a potential source of nearby oil and gas. As well, China has been quarrelling with Japan over the maritime border in the East China Sea, a process complicated by the possibility of natural gas fields located near the disputed zones in the Sea. However, tensions there appeared to be cooling in the wake of a tentative deal in June 2008 which called for joint energy development of the disputed zone, and visits to China by the Japanese navy also calmed the diplomatic waters right before the Beijing Olympics.²

Many of these regional issues, as well as relations with great powers, suggest that nationalism has taken on a greater role in foreign policy thinking, replacing communist theories of exporting revolutions found during the Cold War. Nationalism in foreign policy has been an issue for China since well before the communist era, but today Beijing is seeking to channel nationalist ideas into promoting the primacy of the CCP as being eminently capable of overseeing modern China's foreign interests, as well as the idea that China itself is returning to the international status which it held in previous times. The idea of stateguided nationalism, what has also been termed 'pragmatic nationalism', 3 has also sought to prevent more harmful chauvinistic nationalism, as exemplified by anti-American protests in 1991 and 2001 and anti-Japanese demonstrations in 2005 in Chinese cities, from challenging the government. The issue of China's return to greatness has dominated much recent foreign policy discourse, but Chinese policymakers themselves are not certain where the country's foreign policy trajectories will lead them, thus suggesting a cautious approach to foreign policy development and recalling Deng Xiaoping's idea of 'crossing the river by feeling the stones'. On several fronts China's foreign policy development is engaging in two distinct processes simultaneously, namely expansion (kuozhang) and reconstruction (chongjian).

Expansion

As explained previously, China's geographic interests have grown considerably over the past decade in both the developed and the developing world. However, that is not the

only facet of the expansion idea, as one must also examine the number of international issues for which China has now developed more comprehensive policies. This has been visible in the security realm, as China continues to pay much attention to traditional strategic concerns, including border security, conventional and nuclear weapons proliferation, and the development of military power by other great (and small) powers. Taiwan remains a serious military concern for China as, despite the cooling of tensions between the two sides since the March 2008 elections, Beijing remains sensitive to any overt or even tacit attempts by the island to move towards independence. Although the question of Taiwan's status may be put 'on ice' in favour of developing cross-Strait economic links, Beijing and Taipei remain far apart on the issue of unification and this remains one of the greatest military concerns in the Asia-Pacific region.

However, non-traditional security is also of great importance today. While one may argue whether terrorism should continue to be classified as a 'non-traditional' security issue, China has become more sensitive to terrorist threats as well as the need to develop international cooperation to combat them. Beijing's policies with organisations such as APEC and the SCO have included coordination on non-state threats such as terrorist organisations with the understanding that a unilateral approach to these threats will not be as effective. Related non-traditional security concerns have included trade and maritime security, especially the need to ensure that as China becomes more dependent upon the global market safeguards are in place to ensure that vital goods are not prevented from reaching China by a state or non-state threat.

As well, China's status as an oil and gas importer has by necessity made Beijing sensitive to the problem of energy security and the need to develop energy trade and stable partnerships while in competition with other large energy consumers. Rising energy prices since the turn of the century and concerns over global supply have made China's entry into the global energy game a source of concern for some, while China itself has had to learn about energy diplomacy very quickly to keep up with the more veteran players. Finally, in the run-up to the Beijing Olympics, the question of the environment as a non-traditional security issue also became more visible, as China was faced with the daunting prospect of trying to clean up its worst environmental excess and present itself as a green-friendly rising power while ensuring that its rapid economic growth continues. Problems with trying to clean the Chinese capital's air immediately before the Games underscored this dilemma, 4 and the environment is fast becoming an international issue for China as the country continues to gain more global visibility.

China's economic expansion has been rapid, heady, and has challenged and sometimes upended commonly held views on how states could and should modernise. The core of China's economic successes has been its large market coupled with a large workforce, both of which were galvanised after the Dengist reforms and internationalised as a result of both globalisation and the pro-trade policies of the Jiang and Hu governments. China's economic power still lies largely in the manufacturing sector, but the country is seeking to move more swiftly into the modern economy dominated by services and high technology. The country is now buoyed by large currency reserves and its growing status as the centre of the Asian economy since the late 1990s. However, the economic reform process in terms of both domestic modernisation and trade policy continues. The Hu government is still fighting poverty and underdevelopment within China which threatens to dilute its economic successes, and China's economic growth must still be weighed against the fact that the country is in many ways still classified as 'developing'. At the same time, China is seeking to better 'brand' both itself and its international products and services more effectively, taking a page from other economic powers.⁵

The global trading network is becoming more heavily dependent upon China, and in the few years since Beijing joined the World Trade Organization the country has become more open to removing tariffs and other barriers to trade and has been seeking out preferential trade agreements from large and small states as well as regional organisations. The progress of the current Doha Round of global trade talks is in doubt regarding whether a deal can be struck to the satisfaction of all sides, but regardless of the outcome of the negotiations China is now a great influence on all sizes and types of trade agreements. However, while China has not sought to overturn the existing global financial networks and has instead pledged to work within them, China's overall economic size is enough to create concern in the West over what comparative power Beijing will develop in international economics and how it will make use of it. The Chinese government is still very much the dominant actor in modern Chinese economics and trade. As well, the country is now at the forefront of large emerging markets, along with Brazil, Russia, India and others, which are challenging the longstanding economic supremacy of North America, Europe and Japan. The question is how China and other emerging markets will be integrated without intensified competition over markets and energy.

Expansion can also be seen in China's networking capabilities in the international system. There are now more global and regional organisations, regimes, rules and norms than ever before, which on one hand serves to constrain state behaviour to varying degrees but on the other offers states goods and power which would otherwise be too difficult or too risky to pursue. China is the first great power to develop within an international system so dominated by institutions, and as it develops it has made masterful use of them in order to improve its power and standing on a global level. Beijing still retains concerns about state sovereignty and remains wary about strategic cooperation, but even those concerns are beginning to subside as China grows more confident of its foreign policy capabilities. China has many more outlets to the international system than during the Maoist era, ranging from government contacts to the opportunities for Chinese to increase international awareness via travel, education and communication. International criticisms remain about media freedoms and the role of the government in distributing information, but signs persist that China now has many more outlets for information about the world than in previous eras.

Reconstruction

Along with the expansion of China's foreign policy, there is also the process of reconstruction. This process can be seen both in the persons and groups who are now crafting China's international relations today and in the ideas and concepts which they are producing. Since Mao's death, the removal of socialist ideology from China's foreign relations and the subsequent end of the Cold War prompted much new thinking in the country about foreign affairs. It is now not possible for a single Chinese leader to take an overwhelming role in international relations, as with domestic politics, without the assistance of a much larger group of governmental and semi-governmental actors ranging from ministries to think tanks. This has led to a proliferation of new ideas about China's place in the world and which directions the country should take as it grows in power. While much attention has been paid to the 'peaceful rise/development' debate in China, this is but one of many debates over China's identity in the world which can now be

observed. Other issues, such as the promotion of harmony, China's development of comprehensive national power and the idea of being a responsible stakeholder among nations, are also key debates.

All of these issues take place within a China which continues to rise in power and is now more openly acknowledging that fact. As a result, old ideas are being discarded, including China's 'victimisation' mentality. Historical figures such as the fifteenth-century Chinese explorer Zheng He and the ancient sage Confucius have been revived in popular debate about China's history as well as current foreign relations.⁶ As well, one sign that China was becoming more comfortable with its rising status appeared in November 2006 when the documentary series Daguo Jueqi (The Rise of the Great Powers) was aired on Chinese Central Television. The series examined the development of historical great powers, including Spain, Germany, the United Kingdom, Russia and the United States, and was given the blessing of Beijing.⁷ In addition to the history lesson, the series also demonstrated greater Chinese understanding of the idea of becoming and being a great power. There is still the question of what kind of power China will be in the future, and the answer to that will be decided not only by China but also by the countries which engage it.

The question of nationalism is also a factor in looking at how reconstruction of China's foreign policy has been undertaken. China has demonstrated, in many aspects of its developing international relations, greater confidence in dealing with a larger variety of states and issues. There has been the debate over the restoration of China to its previous greatness during the Imperial eras, as demonstrated by the celebrations in the country during the return of Hong Kong to Chinese sovereignty in July 1997 and ongoing concerns over eventual reunification with Taiwan. The 2008 Beijing Olympics and the Shanghai Expo in 2010 are also now seen as platforms for China to demonstrate its growing international importance.

Foreign policy expertise will continue to be crucial to China's government from both a domestic and an international viewpoint. The Hu government completed a critical transition period with the October 2007 17th National People's Congress meeting. This CCP gathering marked the beginning of Hu's second and likely last term in power but also cleared the way for younger members, many with more extensive foreign experience, to enter the country's ruling inner circle. Hu's ability to maintain China's power will be an important gauge of his governing abilities, and at the same time he must maintain China's high economic growth by ensuring that international trade remains strong. Hu Jintao's successor is expected to emerge in the coming years, and many will be looking carefully at the next leader's foreign as well as domestic political credentials. The twin processes of expansion and reconstruction in China's foreign policy are far from over. The rise of China is one of the most significant changes to global affairs since the end of the Cold War, and it is for that reason alone that understanding how China interacts with the international system has become so important to the study of modern international relations.

Notes

- 1 Thomas J. Christensen, 'Chinese Realpolitik: Reading China's Worldview', Foreign Affairs 75 (5) (September/October 1996): 37-52.
- 2 'China, Japan Reach Principled Consensus on East China Sea', Xinhua/BBC Monitoring, 18 June 2008; Edward Wong, 'Getting in Shape for Games, China Strengthens Ties with Neighbours', New York Times, 5 August 2008: 6.
- 3 Suisheng Zhao, A Nation-State by Construction: Dynamics of Modern Chinese Nationalism (Stanford, CA: Stanford University Press, 2004), 248-90.

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- 4 Jamil Anderlini and Mure Dickie, 'China Unveils Emergency Pollution Plans', *Financial Times*, 31 July 2008.
- 5 Dominic Fitzsimmons, 'The Great China Branding Opportunity', Media, 15 May 2008.
- 6 Leong Weng Kam, 'Projecting Soft Power, The Confucius Way', Straits Times, 26 July 2008.
- 7 Joseph Kahn, 'China, Shy Giant, Shows Signs of Shedding Its False Modesty', New York Times, 9 December 2006.

Questions for discussion

- What are the major regional and international issues facing China's foreign policy today?
- Which types of power has China been most capable of developing in recent years?
- How did the Olympic Games in Beijing change China's global image?
- How will China's foreign policy change should it continue to develop as a great power?

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