

# MAPPING CHINA'S GLOBAL FUTURE

PLAYING BALL OR ROCKING THE BOAT?

edited by **Axel Berkofsky** and **Giulia Sciorati**

introduction by **Paolo Magri**



ISPI



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**ISPI**

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# Introduction

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It is almost a platitude to recall that China's international role has grown immensely over the past few decades. Beijing's stance on the world stage has expanded in economic, political, and military terms.

In 1990, the US economy was over 16 times larger than China's. Thirty years later it is just 1.5 times larger, and the gap is closing rapidly. In fact, at purchasing power parity, China had overtaken the US already seven years ago, in 2013. Sure, Beijing's "hard power" still lags behind, with a current defence budget that is about one third of the US's. But here, too, the rise has been spectacular, with China's defence budget growing nine-fold in just two decades.

China's foreign policy ambitions have skyrocketed as well, in particular since the start of Xi Jinping's term as the country's President in 2013. Within just a few years, Xi has informally shed Beijing's "peaceful rise" narrative – the official policy under his predecessor Hu Jintao (2004-2012). The message sent to the world through the "peaceful rise" narrative was crystal clear: despite the country's economic boom, Beijing would continue to act with self-restraint and moderation on the world stage. This message was clearly too "timid" for Xi's "China Dream", which implies a much more assertive stance both within the region (especially on Taiwan, Hong Kong, and the South China Sea) and on the global stage, with ambitious projects such as the Belt and Road Initiative and the Asian Infrastructure Investment Bank. Xi also tried to buttress China's credentials as a defender

of economic multilateralism. But the country's growing assertiveness is now for everyone to be seen.

However, questions abound on whether Beijing's global strategic outreach is sustainable, either in terms of material resources (economic and military) or in terms of potential reaction of allies and competitors to its rise. While past economic growth rates have been exceptional, the country cannot be expected to keep up with this trend for much longer. Indeed, recent evidence hints at the fact that China's growth is slowing (the IMF sees it at 6% in 2020, down from 11% in 2010). Problems that have been haunting Chinese policymakers for over a decade (but had been deftly postponed) are now in for a reckoning. It would suffice to mention the country's burgeoning debt, especially for households and corporations (and, in particular, banks and state-owned enterprises). Moreover, the Chinese economic malaise is under way while China is still far from having caught up with developed economies, at least in terms of income per capita. Indeed, Beijing still has a long way to go: currently, it ranks below the 60th place globally, and it can still be considered a middle-income economy.

The second hurdle China faces is how the others (allies and competitors) react to its rise, both within and beyond the Asia-Pacific region. Beijing's growing assertiveness has generated a backlash from its neighbours and regional partners. The construction of artificial islands in the South China Sea has scared some ASEAN countries, leading to public outcries over what they see as Beijing's encroachment on their sovereign rights. The Chinese government's vocal support for "Chinese unification" towards Taiwan has contributed to ward off the island's policymakers and put reconciliation on hold. And Beijing's efforts to exert increasing influence over Hong Kong has unleashed the most violent and pervasive protests in decades. Meanwhile, China's trade and industrial practices are being increasingly questioned not only by the US, but even by the European Union. Up until recently, Brussels had adopted a much softer stance; but in 2019 the EU started to screen foreign direct



investment into the bloc to protect its strategic companies, and in the 2019 review of its global strategy, for the first time, the EU referred to China as a “systemic competitor”.

This mixture of China’s strengths and weaknesses is proof that there is a pressing need to explore some of the key aspects of Beijing’s regional and global foreign and security policy. This is precisely what this Report sets about to do, as its authors attempt to analyse the core tenets that motivate and shape China’s preferences and actions on the global stage, and their effects on its partners, allies, and rivals.

In the opening chapter, Kerry Brown examines the consequences and repercussions of Xi Jinping’s so-called “China Dream”. The Communist Party is the “custodian” of the China Dream, making sure that the “dream” as advertised by Xi is perceived as beneficial and a blessing for the Chinese people and does not turn into a “nightmare”. As Brown puts it, China is not sufficiently prepared to assume global leadership, and has built its foreign and security strategy on shaky grounds.

In his chapter, Zhao Suisheng adds that Beijing’s foreign and security policy agenda has assumed and maintains highly assertive tones. President Xi does not shy away from calling China a global power, which alarms some US policymakers and allies in the Asia-Pacific region. Put simply, in a marked turn of events, Chinese big power diplomacy is contributing to the kind of power politics that Beijing once opposed.

In this vein, Shin Kawashima sheds light on Xi’s conceptualisation of a global international order. From China’s perspective, the current international order is biased towards the US’s preferences and favours US and Western interests. Beijing has now come to the point of formulating and proposing a number of alternatives to Western principles. At the same time, China does not completely oppose the UN or the principles of international law, instead endorsing or dismissing them as it suits its interests, in a pragmatic or – some might argue – exploitative fashion.

Political narratives are also at the heart of the chapter by Giulia Sciorati. The author analyses a new addition to the landscape of China's foreign policy documents: the "White Paper on National Defence", issued first in 2015 and then in 2019 by the State Council. The document targets an international audience, and is therefore a reliable indicator of how China wants to portray itself to the world. Sciorati underlines that the White paper is a direct response to the US "pivot to Asia" strategy, and that the 2019 editions contains many more references than the 2015 one both to "defence" (thus hinting at China's military preparedness and capacity to respond to threats) and to "development" (and therefore to China's ambition to project its "soft power" abroad).

The next three chapters investigate the practical implications of China's current stance in the world. First, Harsh V. Pant examines India-China geopolitical relations in South Asia in light of Beijing's increased regional assertiveness. The author stresses that, although China has acquired more "room for manoeuvre" on India's periphery, smaller states in South Asia have not yet openly aligned with either China or India. On the contrary, they have been relying on a strategy revolving around their own national interests, thus moving alternatively in the direction of one power or the other.

Chen Changwei and Nikola Stojanović put the spotlight on China's presence in yet another periphery – the EU's. The authors argue that China is on the frontline in the Balkans and Eastern Europe, due to economic interests that it shares with numerous countries in that region. The China-sponsored infrastructure projects in the 17+1 framework will continue to fuel tensions between the EU and the countries in the Balkans and Eastern Europe that are receiving Chinese funds for infrastructural projects, and between the EU and China itself.

Finally, Axel Berkofsky argues that the EU and China have become "systemic competitors", at least by looking at official EU documents. When Brussels published the strategic communication "EU-China – A strategic outlook" in March 2019,

policymakers in Beijing accused their counterparts in Brussels of joining forces with the US and Japan in seeking to contain China's economic and military rise. Berkofsky argues that Beijing's attempts to replace analysis with politicized comments depicted China as an alleged "victim" of US-driven containment and of Washington's policies to "keep China down".

However, the EU's concern on security issues are legitimate, and dialogue and a sober approach are sorely needed in order to tackle them. As China develops and becomes a global player, it should come as no surprise that experts, scholars and the wider public wonder what the country's future role on the world stage will be. Does China really have the capacity to project power and influence not only at the regional but also at the global level, as the BRI seems to suggest? Or, given its present and future material capabilities, is China bound to remain a regional power or a "partial (super) power", as David Shambaugh argued back in 2013? As this Report highlights, the answer to these questions will not only depend on China, but also – and, possibly, especially – on how other actors, at both the regional and global level, react to Beijing's impetuous rise.

*Paolo Magri*  
*ISPI Executive Vice President and Director*

# 1. The China Dream: The Regional and Global Strategic Story

Kerry Brown

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In part, the Xi era since 2012 has been one of what could be characterised as hybrid normalisation: China becoming like the rest of the developed world in some respects, while striving to maintain the uniqueness of its own model. In effect, it became normal with Chinese characteristics. At the heart of this complex idea was the objective of preserving the self-interest of the ruling party, the Communists. They have placed themselves in what is ostensibly an unmoveable and unchangeable part of the story of China's renaissance and its rise again to great nation status, delivering the "China Dream". The narratives of the Party State under Xi Jinping are that while all is geared towards achieving this modern dream of being a "strong powerful country" (*fuqiang guojia*), something that has been present since the end of the Qing Dynasty in 1912, there is a supplementary, subliminal story: without the unity, focus and strategic role of the Party, this great project will be in jeopardy. China stands in danger of reverting to the nightmare of a history of disunity, vulnerability and poverty which it experienced in the "century of humiliation" as it is called in domestic historiography from the mid-XIX century onwards. Under no circumstances, the Party promises, can that happen. Therefore the reverse side of the "China Dream" is the "China Nightmare". The Party is the custodian of both, ensuring one happens, and that the other never does.

The “China Dream” appeared in the discourse of the Party officially around late 2012<sup>1</sup>. Writers like the retired People’s Liberation Army (PLA) general Liu Mingfu had written of the dream a few years before, in a controversial book that came out in Chinese in 2010 and spoke of a national quest for hegemony in the region, and a desire for China to be uncontested in its rise<sup>2</sup>. This followed from the earlier language in the Hu Jintao period of China’s “Peaceful rise”. Sponsored by the semi-official voice of Zheng Bijian from the Party School around 2005, the term had been criticised for its slightly ominous tone. Was the rise to a more assertive, more dominating entity what was being planned, critics asked? And what about the consent and role of parties around China, in particular Japan, Vietnam, Thailand, South Korea and other countries? Liu’s language was more strenuous and overt in the declaration of its intentions than the more decorous diplomatic language of Zheng. China was rising, whether the world liked it or not. It had the economic assets now, and was fast acquiring the military ones to be able to increasingly get its own way in the region that mattered to it – that of Asia. The role of the world was either to accept this, or simply fight a losing battle and get overwhelmed by the tides of history.

Liu’s was not a voice that was officially sanctioned by the government. But in an environment where censorship was de rigueur, the assumption was that the book would not have been publicly available without at least some level of consent from within the Party itself. Liu had to have had his patrons in order to issue something like this. Generals who still had some active

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<sup>1</sup> One of the earliest references in the Xi era from November 2012, was a speech the new Party leader made to the exhibition in Beijing, “The Road to Rejuvenation”, “Achieving Rejuvenation is the Dream of the Chinese People”, given on 29 November the same year. See Xi Jinping, *The Governance of China*, vol. 1, Beijing, Foreign Languages Press, 2014, p. 37 ss.

<sup>2</sup> This was eventually published in English as Liu Mingfu, *The China Dream: Great Power Thinking and Strategic Posture in the Post-American Era*, Beijing, CN Times Book, 2015.

role, such as Xiong Guangkai, also passed around the think tank summits of the world stating similarly muscular positions. And once more their comments were uttered in a context of ambiguity – who were they really speaking for? Themselves or some more significant cohort of leaders back in Beijing?

In the late 2000s, the immediate response by the rest of the world was nervousness followed by pushback. Hillary Clinton as Secretary of State in 2009 famously declared that the Asia-Pacific was a priority strategic space for the US. The US was now a Pacific power<sup>3</sup>. Chinese commentators seethed over this language, with some wondering why it was that even in their own closest territory, they were not allowed the kind of licence that the US was near its own littoral borders. There was, however, a very sound reason for this, despite the shrillness of Chinese bloggers responding to Mrs Clinton's language, which can be summed up in one word: geography. The US, with only two shared borders with largely benign democracies, and vast sea space surrounding it, was largely untroubled in its own space. China had fourteen neighbours, most of which had experienced difficult and long histories with it, many of which did not share its political values, and some of which were treaty allies of the US. China's region was a heavily circumscribed and owned one, where a thick network of different relationships and allegiances criss-crossed the vast spaces of water between different countries. In many ways, the increasing problems of the South and East China Sea were simply proxies for this issue. China wanted to have more agency and control in the region around it, but was met by plenty of impediments, one of which was the US.

Thankfully, the route of simple military action was only spoken about in the more fanciful rhetoric of those with no power to enforce what they actually said, such as Xiong and Liu. For policymakers at state and military level in China, the simple reality was that for all the very considerable reforms and

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<sup>3</sup> See Hillary Clinton, "America's Pacific Century", *Foreign Policy*, 11 October 2011 (last retrieved on 13 July 2019).

investments made in its armaments and weapons, the US and its alliance system remained too far ahead to truly contest for many decades to come. The costs of a real military clash with the world's remaining superpower were too high. China had to consider a different, more patient route to gain what it wanted, which was a secure, uncontested place in its own region. With this in place it could focus on sorting out its domestic issues – issues that still meant that increasingly China was necessarily opening up to the world around it and therefore exporting its security risks. For the mindset of the Party leadership, this meant finding ways of imposing, by guile or consent, their own concept of stability and security beyond their borders, sometimes to partners they had no history of co-operation or even trust with. The one way to achieve this was the simple means of appeal to self-interest, with economic and material inducements at the forefront.

The “China Dream” was in domestic discourse a statement that, having achieved the primary stage of socialism with Chinese characteristics, the country was now able to deliver to its people a level of living that was equal to that of middle income countries. But it was also about selling the dynamic vision of a future where, with the centenary goals of 2021 and 2049 mapping out the future, Chinese would soon be able to live like Americans, and Europeans<sup>4</sup>. To do this, they needed to maintain good quality growth (so not large GDP increases, but ones which resulted in a more service-oriented, sustainable economy) in order to deliver materially for people, but also to achieve something more abstract and challenging – status for Chinese people globally. China needed to be restored to its place as a great entity, something that official narratives made clear was what had been the case in the imperial past<sup>5</sup>. The

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<sup>4</sup> The two centenary goals are to mark the hundredth anniversary of the founding of the Communist Party in 1921 and of the People's Republic of China in 1949.

<sup>5</sup> For how this works, see K. Brown, *China's Dream: The Culture of the Communist Party and the Secret Sources of its Power*, Cambridge, Polity, 2018.

“China Dream” was partly connected to a golden era, the periods of time when China under its various imperial dynasties was regarded as a great civilisation (at least by itself), and one with deep and rich intellectual, cultural and spiritual resources. The irony of the Communist Party, who under Mao had castigated this dynastic history as one primarily about exploitation, feudalism and inequality now starting to embrace it and mine it for political resources was poignant. But for Xi and his colleagues, it was a natural space to seek legitimacy when Marxism Leninism as an ideology clearly had little if any traction for the vast majority of people outside the Party elite itself. For all its dynamism and forward-looking tone, the “China Dream”, linked so closely to the language of national renaissance (*fixing guojia*), is also tinged with nostalgia. Before the 45th President of the United States came to power in 2017, the People's Republic was on a track to “make China great again”.

The elision of domestic and international in the “China Dream” is therefore significant. The partition of internal and external policy language in China has been one of the consistent features of politics in the People's Republic in the years since 1949. There was the world, and there was China, with a mental Great Wall dividing them. This came to exist even in the supposedly global common good of the Internet and cyberspace, where China's “Great Firewall” ensured that there was no easy link between the two spaces. There was China's Internet, and that of the outside world. This was even figured in a more ideological language with Xi's talk of internet sovereignty.

The very act in the “China Dream” and its associated discourse of coupling internal and external in this way meant, by logical implication, that in the areas closest to it physically one gets under Xi Jinping this new phenomenon of international space with Chinese characteristics and increasing attempts by China for international influence. Part of this has been a product of necessity. As China sought to change its economic model to a more sophisticated, less manufacturing-based, more innovative one, it needed to have different, more specific relations



with partners across the world. It was no longer in the simple business of importing raw materials and exporting manufactured goods, engaging in transactions that were predominantly physical. It was involving itself in rising levels of finance flows, some involving the RMB which was slowly internationalising, and larger and more diverse amounts of outward investment. Much of this was in geographies, and in resource sectors, which were high risk. The Communist Party, as the risk management entity par excellence, needed to somehow do all it could in environments where it lacked the main tools of control it enjoyed domestically to preserve itself from harm and financial or asset loss. To compound matters, it had to do this with the great impediment of having a political model and a mode of talking to the world which was often regarded as alien, and even more often misunderstood and mistrusted.

But beyond necessity there was also the simple fact of China under Xi being married to official narratives that involved status. China was, in Xi's response to President Obama in Sunnylands, California when they met in 2013, a Pacific power. Since 2010 it had become the world's second largest economy, overtaking Japan. It was therefore also a global power. It wanted, and felt it merited, strategic space around it, and some more voice in its own region. From this time, therefore, the New Silk Road started to figure, quickly transforming into the One Belt, One Road, and then in 2015 the Belt and Road Initiative (BRI). Alongside this, entities initiated by China like the Asian Infrastructure Investment Bank (AIIB) also appeared. All were contested by the US, but embraced by many others. All were focussed on crafting a more sympathetic, positive international space for China, and all were initially strongly committed to the Asian region. They also flowed from the demand that Xi himself had made when coming to power in 2012 to 2013 to "tell the China story". The "China Dream" was the domestic story. But it had to have a more outward facing aspect, for the reasons spelled out above – economic necessity and status. It is in this nexus that the message towards the aspirations of the Chinese people made

by the Party under Xi are linked with the world around. The “China Dream”, the argument seems to go, is also one that is good for the world, bringing opportunities for material enrichment, and a different kind of stability than that of the US and its hegemony which had been in existence till now. China was not in the business of military opportunism, but wanted to present a different kind of geopolitics, based on economic growth, and more diversity. These were the positives, at least.

If the “China Dream” is the domestic aspect of the current holistic global vision of Xi’s People’s Republic, then the BRI is its outward face. The softer side of this is to operate firstly as a means through which China can learn to engage more with the wider world, and the outside world can find ways of working better with China, sometimes by simply adopting some parts of what has been called the “China Model”. This phrase, once deployed by scholars outside China, is now one that Xi himself used in his epic speech at the 19th Party Congress October 2017. The BRI offers a binding narrative, whereby China states, as cogently as it can, the centrality of its growth potential for countries around it. The surface of this is the “win-win” language which often figures on government propaganda. Beneath this is a hardnosed appeal to self-interest. The Chinese party state is saying that it controls access to the greatest potential economic asset in the world – the spending and consumption potential of the emerging, urbanised, middle class working in the service sector within the country. This group currently amounts to 300 million. It may well rise to double this in the next decade. The ability of this “bourgeoisie with Chinese characteristics” to figure increasingly in global trade and use of services is largely unquestioned by economists inside and outside China. In some ways, the BRI flaunts (subliminally rather than overtly) the access and use of this group for not just domestic but global growth. But it is also clear that getting closer to this group carries with it costs – costs which are levied both by the Chinese government, but also that arise from the complex relationship between the government and this middle class.

There is a simple reason for this. While the contemporary emerging Chinese middle class, the group most targeted by the notion of a “dream”, whose aspirations are so key to Xi and the fulfilment of his grand programme to make China a great powerful nation again, are emotionally open to and find the nationalism of his administration appealing, the Party state looking to exploit this kind of nationalism is also a double edged sword. The outside world, still key to China’s growth plans and policies and from which stability and at least some kinds of collaboration are needed, not least in validating the country’s renaissance and its global status, has limited experience of what nationalism with “Chinese characteristics” means. What it has seen, in the form of fierce protests about the South and East China Seas, and against Japan during rocky periods in their relationship a decade ago, troubles it. For the Xi leadership, the social contract that has emerged in the last few years has drifted from simply promising to deliver better material living standards and pumping out daily GDP rises to a more complex one, where, as this growth inevitably slows down (nowhere can maintain double digit growth perpetually) new sources of legitimacy are sought. Nationalism fills this space, and lies at the heart of some of the most persistent and powerful new themes of Chinese party state messaging. This has intensified particularly in the period after summer 2018 when the US started to increase its pressure and move towards a trade war. Chinese people were told to get ready for another long march. Xi himself visited some of the hallowed spaces of Communist sacrifice and suffering during its period coming to power<sup>6</sup>. These made it clear that Chinese nationalism is likely to become purer, more potent, and more dangerous. Xi’s government has to deliver on its promises to ensure that the country is powerful and great and that, across the region, no

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<sup>6</sup> See the report of Xi’s visit with his chief economic advisor Vice Premier Liu He to Yadu, the place where the Long March started in the 1930s, Zhou Xin, Wendy Wu and Kinling Lo, “[Chinese President Xi Jinping sounds Long March rallying call as US trade war tensions rise](#)”, *South China Post*, 20 May 2019 (last retrieved on 13 July 2019).

one is seen as undermining or challenging it. Even for a democracy speaking to like-minded countries around it, this is a tough message to deliver. For China, isolated by its unique political model, the sell is even harder. Even under the softest language of economic appeal and mutual benefit, reinforced by the commitments to non-interference in the affairs of others, there always lurk claims that the PRC is simply buying or blackmailing others to do things that end up being finally in its own interests.

The perceptions of China's ambitions and its role in the region therefore are not straightforward. They focus on the ways in which what it does and what it says are heavily circumscribed by a common apprehension of what it really wants – to be dominant and exist at least in its own neighbourhood as the number one. It does not want to do this primarily by the expensive outlay on military and hard power, but through a subtle network of trade, technology and other kinds of commitments, which at the very least make outside partners careful, or sometimes simply curtail, their more critical instincts about China. Debt, it is claimed, has been saddled on some countries. On others, fierce diplomacy has made it clear of the costs of crossing China (witness the behaviour at the Pacific Islands forum in 2018). Other modes of influence are less overt – use of more sympathetic local networks, many of them consisting of the Chinese diaspora, in places from Malaysia, to Australia, New Zealand, and Singapore. Sometimes this backfires, as it did when a New Zealand MP Jian Yang figured negatively because of claimed links to his native China during the 2017 national election<sup>7</sup>. More often than not it has resulted in an environment in which one of China's key aims in the BRI – to be better and more sympathetically understood – has turned into media claims that through business, Confucius Centres<sup>8</sup>, and other means, China is trying to enforce a view of it from the outside world which is uncritical and benign – and complacently naïve.

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<sup>7</sup> See T. Philips, “China Born New Zealand MP Denies Being a Spy”, *The Guardian*, 13 September 2017 (last retrieved on 13 July 2019).

<sup>8</sup> Funded by the Chinese government.

Chinese leaders may have objective reasons for complaining about much of this coverage. Their strongest arguments are that just in keeping a fifth of humanity in increasingly decent living standards, in eradicating poverty (which the Xi government looks set to do within the next few years) and contributing so much to overall global growth, particularly since the great economic crisis of 2008, they have been a largely positive force in the world. The more adventurous amongst them might also spell out exactly what an unstable, fragmenting China might mean to the region and world around it. Compared to these dystopian scenarios, even if China is engaged in propaganda wars, these are largely small beer compared to what might be alternatives. But that does not detract from the amount of anxiety that China's prominence and perceived new assertiveness has given rise to in 2019. The question is whether the dynamics of its domestic politics as described above, with the aspirations of a middle class more important, and nationalism as a principle mode of emotional mobilisation by the Party state, is in fact a real security and strategic threat, or something less worrisome.

While it is clear that China is keen for more sympathetic views towards it from the wider world, and has put significant resources into this in terms of media, soft power support, etc., what is far less clear is whether this poses a threat, and if so what kind of threat that might be. There are claims about China's designs and ambitions aplenty. But in terms of actions, if the evidence were clear, then there would be more consensus than there is in the region and further afield about whether China is indeed a threat. One thing is certain: China is an exclusive and excluding power. When it talks of exporting the above-mentioned "China model", this is largely a set of economic practices that often work more in ways that China likes rather than aim to create duplicate China polities around it. China has shifted from the Maoist era in trying, with very mixed success, to proselytise and export Maoist governance models, to now ironically regarding its unique experiment in what one scholar called Confucian Leninism as in fact central to its identity, and

something relevant only for itself<sup>9</sup>. It is not in the business of selling Sinified-Marxism, or Socialism with Chinese characteristics to the outside world for the simple reason that to be able to embrace these one has to be Chinese – and arguably only China can do that!

What China clearly wants is a world order that works for it, and one where it is able to enjoy benefits without making politically and economically costly security commitments to others. Its creed is a self-interested one. It seeks therefore to work in ways which can be interpreted as geared towards common destiny, but which are primarily in its own interests with the assumption that others will have the same mindset and that this will therefore be a just and workable international arrangement. The message it is now selling is that what is in China's interests is by definition also in the interests of the rest of the world. That interpretation of win-win, not often clearly spelt out, is what guides the Belt and Road and almost every other diplomatic endeavour that China engages with. If this interpretation is right, China operates as a threat not for offensive or malign intent, but through selfishness. It wants a world that works for it – something that a lot of the time might well be fine for others too, but which, not infrequently, simply does not suit them. At these times, arguments and issues with China become all too real.

Accommodating China's self-interested worldview in ways that work for those trying to do this is likely to become one of the great challenges of the next decade or so. China's unique political model, its indigenisation of capitalism, and the ways in which it now exists as a huge, but entirely *sui generis* actor, mixing western and Chinese intellectual traditions and producing something hybrid and hard to categorise (except by the constant deployment of the unhelpful words "with Chinese characteristics" attached to them) means that while a unipolar world

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<sup>9</sup> See L. Pye, *The Mandarin and the Cadre: China's Political Cultures*, Michigan, Ann Arbor, Center for China Studies, 1988, p. 38.

centred on the US may be slowly coming to an end, it is not so much multipolarity that will replace this, but a bipolar order. In this bipolar world China's security threat will not be an overt one – except over issues like Taiwan and the South and East China Seas which directly matter to it. It will not be seeking security commitments unless they absolutely relate to its interests, and it is more often likely to engage with these in partnership with others to share the risk. There is every likelihood that with this kind of mindset, it will be China's unwillingness to engage in matters it does not define as of central security importance to it, rather than actively getting involved, which will be the issue. China may well have the capacity, and in some areas it might be granted this sort of role by the wider world – but it is unlikely to have the will. The “China Dream” after all is one that appeals to people's sense of their own wellbeing, and the satisfaction of their own aspirations and desires. It is not one easily translated into a more altruistic language. Ironically, it is not China's desire to mould and take over the world around it that will prove challenging in the bipolar age we are moving into, but its resistance to any role that does not place satisfaction of its own need directly at its centre. The greatest threat is not China's ambitions, but its selfishness, and this will define the coming decades.

## 2. President Xi's Big Power Diplomacy: Advancing an Assertive Foreign Policy Agenda

Suisheng Zhao

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Chinese President Xi Jinping has emphasised China's big power status and promoted "*big power diplomacy with Chinese characteristics*" to utilize China's growing power and influence in advancing the "*China Dream of Grand National Rejuvenation*". In contrast to his predecessors, who were reluctant to endorse the concept, reflecting concerns over the emerging perception of China as a threat, President Xi is no longer hesitant to refer to China as a big power, which must have a big power's way of thinking and sense of responsibility and manner<sup>1</sup>. Big power diplomacy has asserted China's interests but caused alarm in the United States and among China's neighbours. As a result, China's relations with the US and other major powers have become increasingly competitive and its relations with its neighbours have become more fraught. Put simply, Chinese big power diplomacy has contributed to the kind of power politics that it once opposed.

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<sup>1</sup> Hu Weixing, "Xi Jinping 'Big Power Diplomacy' and China's Central National Security Commission (CNSC)", *Journal of Contemporary China*, vol. 25, no. 98, 2016.



## China's Big Power Dream

President Xi's Big Power diplomacy is an instrument to achieve his China Dream, which he presented to the Chinese people after taking the helm of the CCP in November 2012. The central theme of the China Dream is the idea of a Chinese renaissance and a national rejuvenation to return China to the glory of global centrality it once enjoyed when the Chinese empire unified and incorporated vast areas into its territories. Xi's China Dream has achieved global resonance with the “*two centenary goals*”. To achieve its 2021 goal, China would have to become the world's largest economy or surpass the US. This newfound economic power would help shape strategic power distribution and global geopolitics. The achievement of the 2049 goal would restore China to a position of regional primacy and eventually place China at the centre of the world.

In essence, the Chinese dream is a big power dream to increase Chinese influence and impact global politics and security. As President Xi stated at the 19th Party Congress in October 2017, while China emerged under Mao Zedong and became rich or moderately prosperous under Deng Xiaoping, China's goal for its New Era is to become powerful. China has never been closer to the centre of the global stage or to reclaiming its power as a major power and making itself heard worldwide.

Xi's China Dream also has a strong military dimension. Just one month after taking the helm of the CCP in November 2012, Xi boarded a guided-missile destroyer patrolling disputed waters in the South China Sea and told the sailors that the China dream “is the dream of a strong nation. And for the military, it is a dream of a strong military. To achieve the great revival of the Chinese nation, we must ensure there is unison between a prosperous country and strong military”<sup>2</sup>.

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<sup>2</sup> “中国梦引领强军梦 强军梦支撑中国梦” (*Zhongguo meng yinling qiang jun meng qieng jun meng zhi cheng zhongguo meng* – “The Chinese Dream Leads the Strong Army, the Dream of the Army Supports the Chinese Dream”), December 2013.

Xi's strong military dream played well with military hawks like Colonel Liu Mingfu, the author of the 2010 book, *China Dream*. Liu praised President Xi stating that "China finally has a leader who is bold enough to resist the United States"<sup>3</sup>. Liu indeed claimed that China's rise and revival cannot be limited to the economic sphere. A rich nation without a strong military is an insecure and hobbled power that cannot endure. Only by becoming a military power can China effectively maintain its security. China's military strength must be more powerful than any rivals' so that no nation can contain China's rise<sup>4</sup>.

Indeed, Chinese leaders have determined to seek both prosperity and power, explicitly rejecting the Japanese model that focuses primarily on prosperity. The commanders of the People's Liberation Army (PLA) were pleased to endorse the dream of a strong military because it meant securing the defence-spending increases to fund costly weapons such as aircraft carriers and stealth fighter jets. Consequently, the Chinese government has continued to increase the nation's military spending even as economic growth slowed down after President Xi came to power.

## Burying Low-Profile Diplomacy

Big power diplomacy marks the full enunciation of a more activist approach to China's foreign relations, effectively applying China's growing power to an ambitious foreign policy agenda. Burying the low-profile policy, the Xi leadership has advanced a more proactive diplomacy to match the mood of the expectations from renewed Chinese nationalism and self-assertion. Instead of following Deng's low profile dictum, China now reminds the West of the tough statement that Deng once made:

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<sup>3</sup> Liu Mingfu, "The World Is Too Important to Be Left to America: A Chinese bestseller charting a path for global dominance appears in English for the first time", *The Atlantic*, 4 June 2015.

<sup>4</sup> Ibid.

“no one should expect China to swallow the bitter fruit that hurts its interests”<sup>5</sup>.

Speaking at the “Central Work Conference on Peripheral Diplomacy” in October 2013, President Xi emphasised “enthusiastically striking points, moving forward along with time changes, acting more proactively” in international affairs<sup>6</sup>. Foreign Minister Wang Yi during his inaugural press conference at the first session of the 12th National People’s Congress in March 2014 used the term “pro-active striking” to characterize the new leadership’s diplomatic approach to let the world hear of “the Chinese solutions and Chinese voices”<sup>7</sup>. While Premier Li Keqiang’s portfolio is the economy, a substantial portion of his Government Report at the Congress was devoted to foreign and military affairs. Laying down the rationale for a “leap forward” in defence modernisation, Premier Li highlighted China’s ambitions to become a “strong maritime power” with the commensurate goal of “protecting China’s maritime rights”. Echoing Xi’s strong army dream, he went so far to say that “we must place war preparations on a regular footing and boost [...] the defence of borders as well as maritime and air boundaries”<sup>8</sup>.

Big power diplomacy was also the central theme of the “4th Central Foreign Affairs Work Conference” in November 2014, which was to establish “the guidelines, basic principles, strategic goals and major missions of China’s diplomacy in the new era”. Xi’s speech at the conference called to “develop a distinctive diplomatic approach befitting its role as a major power. China’s diplomacy should show salient Chinese features, Chinese style

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<sup>5</sup> “Press conference of the PRC State Council Information Office for contacts between Central Government and Dalai Lama”, *Xinhua*, 11 February 2010.

<sup>6</sup> “Xi Jinping, Rang Mingrun Gongtongti yishi zai zhoubian guojia loudi shenggen” (“Let the concept of the community of common destination to take a root among China’s peripheral countries”), *Xinbau Net*, 25 October 2013.

<sup>7</sup> “Waijiaobu buzhang Wang Yi jiu zhongguo wanjiao zhengche he duiwai guanxi huida zhongwai jixzhe tiwen” (“Foreign Minister Wang Yi Meets the Press”), 8 March 2014.

<sup>8</sup> “Li Keqiang zhengfu gongzuo baogao” (“Political Report by Premier Li Keqiang”), *Chinanet*, 5 March 2014.

and Chinese confidence”. Placing an unprecedented emphasis on advancing and protecting China’s “legitimate rights and interests”, Xi explicitly stressed that these diplomatic undertakings were designed to effectively use its strength in achieving the double centenary objectives of the China dream<sup>9</sup>.

While China still claims to follow the road of peaceful development, China’s commitment is conditioned by the external accommodation of China’s core national interests and premised on reciprocity<sup>10</sup>. China will forcefully protect its core national interests even though it still claims to purport a “peaceful development” as the fundamental principle of China’s foreign policy. Beijing’s commitments to peaceful development would not prevent China from taking forceful action to protect its core interests. As a result, China’s foreign policy practice moves more toward “bottom-line thinking”. Setting “red lines” that other countries cannot cross, Chinese leaders have become forthright in telling other countries that China cannot tolerate the infringing of China’s core national interests.

## A New Model of Big Power Relations

Big power diplomacy sets the stage for a potentially dangerous tussle with the US and other big powers, as well as for tensions with its neighbours. One conceptual building block of Xi’s big power diplomacy is a “New Model of Big Power Relations”. Although the new model includes China’s ties with traditional and emerging powers, none of these relations is as important as the Sino-US relationship. Only the US and China, as the two largest economies in the world, qualify in China’s view as

<sup>9</sup> “习近平出席中央外事工作会议并发表重要讲话” (*Xi Jinping chuxi zhongyang waishi gongzuo huiyi bing fabiao zhongyao jianghua* - “Xi Jinping Attended the Central Foreign Affairs Working Conference and Delivered an Important Speech”), 29 November 2014.

<sup>10</sup> Wang Jiangwei, “Xi Jinping’s ‘major country diplomacy’: a paradigm shift?”, *Journal of Contemporary China*, vol. 28, no. 115, 2019.

big powers that must work together to build the new model to manage their bilateral relationship and resolve global issues<sup>11</sup>.

President Xi proposed three essential features in describing the new model: no conflict or confrontation, mutual respect and win-win cooperation. However, Beijing has made it clear that mutual respect of each other's core national interests is the precondition for good relations<sup>12</sup>. The new model, therefore, is not just another *façade* for the old rhetoric of peaceful coexistence. China and the US can coexist peacefully only if they respect each other's core interests and make their strategic aspirations compatible<sup>13</sup>.

The Obama administration initially responded positively to the proposal because it resonated with the long-standing US effort to peacefully integrate China into the US-led international system. Speaking at the 2014 US-China Strategic and Economic Dialogue, President Obama said: "We are committed to the shared goal of developing over time a 'new model' of relations with China defined by increased practical cooperation and constructive management of difference"<sup>14</sup>. However, the previous US administration soon realised that it could not accept China's core national interests as a pre-condition for building the new model and became reluctant after 2015 to officially endorse the concept without having agreed with its concrete contents and finding solutions on the specific and controversial issues first<sup>15</sup>. Sino-US relations turned increasingly competitive in the second term of the Obama administration, and have fallen into all-out confrontation since President Trump came to office in 2017.

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<sup>11</sup> Zhao Suisheng, "A New Model of Big Power Relations? China-US strategic rivalry and balance of power in the Asia-Pacific", *Journal of Contemporary China*, vol. 24, no. 93, 2015.

<sup>12</sup> Li Jingtian, "Building on the Bottom Line", *People's Daily*, 1 July 2013.

<sup>13</sup> Zhao Suisheng (2015).

<sup>14</sup> The White House, "Statement by the President to the U.S.-China Strategic and Economic Dialogue", 8 July 2014.

<sup>15</sup> Zhao Suisheng, "American Reflections on the Engagement with China and responses to President Xi's New Model of Major Power Relations", *Journal of Contemporary China*, vol. 26, no. 106, 2017.

Competing with the US, China has differentiated “developing big powers” or “newly emerging powers” from other developing countries and prioritised working with a handful of large, rapidly developing and politically influential countries, noticeably the BRICS countries of Brazil, Russia, India, China, and South Africa and the emerging non-Western states of the G-20 such as Argentina, Mexico, India, Indonesia, Saudi Arabia, Turkey, Iran, and Thailand. To advance relations with these emerging powers, Beijing has concluded bilateral “strategic partnership” agreements with all of them and collectively engaged subsets of them through multilateral fora such as the BRICS summit and multilateral institutions such as the BRICS bank.

## **A Dominant Power in China's Greater Periphery**

Furthermore, President Xi has developed a new concept of the “greater periphery” reflecting Beijing’s growing power and influence to build China-inspired networks of non-Western countries in order to draw developing nations into Beijing’s grip. The greater periphery goes beyond the geographic belt around China to include West Asia, the South Pacific, and Eurasia, reflecting China’s expanding interests as it transitions from a regional to a global power. Xi’s big power diplomacy is to reclaim China’s global greatness and establish itself over time as the preeminent power, not only in Asia but across the world stage. His most significant platform has been the Belt and Road Initiative (BRI) launched in 2013. Through cooperation agreements with 125 countries and 29 international organisations, China has spent billions of dollars on the construction of infrastructure projects in partner countries to strengthen connectivity across a large part of the world. This initiative is supported by a Silk Road Fund and the China-initiated Asian Infrastructure Investment Bank (AIIB), which focuses on financing infrastructure projects in the Asia-Pacific region. The BRI has become a signature of Xi’s big power diplomacy to expand China’s political influence

and pursue China's security interests in the greater periphery.

In this case, Beijing's emphasis on the greater periphery reflects not only the perception of the rising importance of the region to China but also the perception of potential threats in the region for China's power aspirations, notably US predominance in the Western Pacific. Behaving as a typical muscle-flexing big power to challenge US primacy, China aims to push the US out of its periphery, or at the very least reduce its influence, to achieve regional dominance. Known in Chinese as "cutting skirt edges layer by layer", China believes that cutting off the left and right arms and legs of the US alliance framework one by one will eventually isolate and defeat the superpower<sup>16</sup>. As one observer suggests, the simple logic is that America's position in Asia has been built on its network of alliances and partnerships with many of China's neighbours, and the bedrock of these alliances and partnerships is the confidence America's Asian friends had that America was able and willing to protect them. Weakening these relationships is the easiest way to reduce US regional power and enhance China's power<sup>17</sup>. China is therefore ready to do anything it can to weaken the US-dominated alliance structure in the region.

For this purpose, some Chinese scholars have begun to advocate China's "Monroe Doctrine" to "drive America out" of its periphery. Carrying out a de-Americanisation of foreign policy, President Xi engaged national leaders of Asian countries in summits hosted by China through the so-called "Host-country Diplomacy". He demonstrated clear intentions to drive the US out of the region at the 2014 Shanghai summit of the Conference of Interaction and Confidence-Building in Asia (CICA), where he announced the three points of a New Asian Security Concept: "Asian issues should be taken care of by Asians, Asian problems should be handled by Asians, and Asian security should be maintained by Asians". In other words,

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<sup>16</sup> Zhao Suisheng (2015).

<sup>17</sup> H. White, "Explaining China's Behavior in the East and South China Seas", *Lowey Interpreter*, 22 May 2014.

Asia is strong and wise enough to take care of its own security without a US presence<sup>18</sup>. This little-known regional summit had languished for years. President Xi invigorated it because its membership did not include the US and most US allies and partners<sup>19</sup>.

## Big Power Posture in Maritime Territorial Disputes

Xi's big power diplomacy has complicated China relations with its neighbours due to China's increasing willingness to flex its muscles in maritime territorial disputes. Believing that some of China's neighbours capitalised on China's previous self-constraints to assume control of disputed islands, Beijing has opted for an increasingly assertive and indeed aggressive approach in territorial disputes with Japan and several Southeast Asian countries.

Exerting growing pressure on Japan to admit that the Senkaku/Diaoyu Islands, controlled by Japan since the 1970s but also claimed by China, are under dispute, China launched its first foray in 2010 by sending fishing boats to the territorial waters claimed by Japan. This evolved into a diplomatic crisis after Japanese coast guard vessels intercepted a Chinese fishing boat on 7 September 2010. China displayed its coercive power and forced the Japanese government to come to Beijing's terms of resolution. After the Japanese government's decision to nationalize three of the five Diaoyu/Senkaku islets on 10 September 2012, China started regular patrol activities around Japan's claimed territorial waters to challenge Japan's de facto control of the islands. One *People's Daily* commentary stated that the patrol missions had become a regular action (常规行动) that the Japanese had to get used to. China would be persistent in such regular missions to defend its territorial sovereignty and legal rights. "China needs persistence and has enough will

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<sup>18</sup> Wang Jianwei (2019).

<sup>19</sup> Zhao Suisheng (2015).



and strength to be persistent”<sup>20</sup>.

Demonstrating its increasingly tough stance, in November 2013 China announced the establishment of the East China Sea Air Defense Identification Zone (ADIZ) that covered the disputed Diaoyu/Senkaku Islands as well as the greater part of the East China Sea, including the Socotra Rock (also known as Ieodo or Parangdo) controlled by South Korea but claimed by China as the Suyan Rock. While Beijing's increasingly tough stance generated significant concern outside China, one observer pointed out that many Chinese analysts believed that Beijing's growing willingness to demonstrate China's "bottom line", i.e. the limits of what is acceptable to the Chinese government, actually reduced the strategic uncertainties surrounding China's foreign policies, preventing other countries from misjudging China's intention and resolve to protect its national interests<sup>21</sup>.

In the South China Sea, China had for a long time taken a delaying strategy characterised by strategic ambiguity. It avoided officially stating the extent, meaning, nature and legal basis of its claims, being specific about what the U-shaped line meant or what its rights were within the boundary<sup>22</sup>. Beijing's strategy of ambiguity was to leave space for its ambitious claims and prevent the other claimants from making counter-claims to force China into clarifying its stance.

But China switched from strategic ambiguity to clarity in 2012 when Beijing started to forcefully expand its maritime law enforcement operations by sending patrol ships regularly to escort fishing fleets, clashing with the ships of Vietnam and the Philippines. President Xi made the very consequential decision in 2013 to scale up land reclamation and construction of

<sup>20</sup> “钟声：中国需要这样的坚守” (*Zhongsheng: Zhongguo xuyao zhe yang de jianshou* - “China needs such persistence”), *People's Daily*, 8 October 2012, p. 3.

<sup>21</sup> Zhang Jian, “China's new foreign policy under Xi Jinping: towards ‘Peaceful Rise 2.0?’”, *Global Change, Peace & Security*, 2015.

<sup>22</sup> M.T. Fravel, “China's Strategy in the South China Sea”, *Contemporary Southeast Asia*, vol. 33, no. 3, 2011, p. 297.

facilities on and around the disputed islands, including ports that could accommodate combat ships, runways and aircraft hangars and radar for military use. While some Southeast Asian claimant states also engaged in land reclamation activities, these were on a much smaller scale compared with China's. China expanded and strengthened its grip on the South China Sea by constructing much larger islands at a much faster pace, turning small islets into artificial islands with military facilities deployed in contested waters. These facilities have strengthened China's position in asserting its territorial claims and have overwhelmed the military forces of any other South China Sea claimants. For this reason, Xi Jinping praised the island-building in the South China Sea as a "highlight of his first five years" at the 19th Communist Party Congress<sup>23</sup>.

Frustrated with lacking viable alternatives to stop China's increasingly assertive actions, the Philippines filed a Notification and Statement of Claim at the International Tribunal for the Law of the Sea (ITLOS) in January 2013 to seek determination if certain features in the disputed waters were entitled to the legal definition of islands and 200 nautical miles EEZ to the fish and mineral resources<sup>24</sup>. The Tribunal ruled in favour of the Philippines on 12 July 2016 that China has "*no legal basis*" to claim historic rights in the areas within its nine dash line and all the features in the South China Seas are either low-tide elevations or rocks *that cannot sustain human habitation or economic life*.

In response, former State Councillor Dai Bingguo described the forthcoming verdict as "merely a piece of waste paper"<sup>25</sup>. When the international tribunal ruled in favour of

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<sup>23</sup> "Full text of Xi Jinping's report at 19th CPC National Congress", *Xinhua*, 3 November 2017.

<sup>24</sup> J. Gomez, "Philippines Taking S. China Sea Fight to Tribunal", *Jakarta Post*, 22 January 2013 (last retrieved on 19 October 2015).

<sup>25</sup> Dai Bingguo, "南海仲裁结果是一张废纸" ("The South China Sea Arbitration is a Piece of Wasted Paper"), *Caixin*, 6 July 2016 (last retrieved on 14 April 2017).

the Philippines' claims, the Chinese government issued a white paper, declaring "four nos": non-participation, non-recognition of the arbitration panel's jurisdiction, non-acceptance, and non-enforcement of the award. Furthermore, Chinese Foreign Minister Wang Yi presented the so-called "Three Illegals" – illegal initiation of the arbitration, illegal formation of the arbitration court, and illegal ruling of the arbitration – to state that the tribunal lacked jurisdiction, was biased, and had no legal basis"<sup>26</sup>.

In this case, although the ruling was regarded by some people at the time as a "game-changer" to bring home to all concerned the importance of the UNCLOS in establishing a rules-based order for the oceans and seas<sup>27</sup>, China has never submitted to the ruling because a big power does not recognize the jurisdiction of others or surrender its territorial claims due to international pressures. That China ignored the ruling is an indication that China is rising and exercising big power privilege<sup>28</sup>.

## An Asian "Monroe Doctrine"?

China's coercive actions over disputed territories are widely seen as a litmus test of China's big power aspirations. Many of China's neighbours are alarmed when Chinese leaders talk about the shared future in the context of China Dream of restoring the glory of the Chinese empire, recalling the old days of the Chinese order, in which the Chinese Empire dominated much of East Asia. The connection became evident in Xi's project to revive the ancient Silk Road when China was an empire.

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<sup>26</sup> Wang Yi, "仲裁庭背后的政治操作必将大白于天" ("The Political Maneuvers behind the Arbitration must be opposed"), *Xinhua*, 26 July 2016, (last retrieved on 14 April 2017).

<sup>27</sup> R. Beckman, *The South China Sea Ruling: Game Changer in the Maritime Disputes*, RSIS Commentary, no. 180, 18 July 2016 (last retrieved on 14 April 2017).

<sup>28</sup> Zhao Suisheng, "China and the South China Sea Arbitration: Geopolitics versus International Law", *Journal of Contemporary China*, vol. 27, no. 109, 2018, pp. 1-15.

Although the Chinese no longer speak of their neighbours as barbarians, they continue to take a condescending attitude toward them. The Chinese dominant order was closely linked to a framing of hierarchical relationships. From this perspective, Axel Berkofsky stated that China's changing approach to the regional context might transform the China Dream into a nightmare in disguise for many Asia-Pacific countries<sup>29</sup>.

The picture of China rising as a big power and staking out a larger role in its greater periphery while pushing the US out of the region may help achieve the "great rejuvenation of the Chinese nation" and restore China's historical centrality in Asia. Xi has called for improving ties with China's neighbours, but his unflinching assertion of China's big power status generated a pervasive level of insecurity among China's neighbours and made many in the US and East Asian countries nervous, undermining Beijing's peaceful development and good neighbour policy mantra. As one observer indicated, China's growing willingness to back up its interests through coercion caused concerns over the consequences of a Sino-centric regional order and raised the question of whether China wanted some kind of "21st century neo-tributary system or version of an Asian Monroe Doctrine"<sup>30</sup>. As the second-biggest military spender in the world, "China committed a series of diplomatic blunders that ultimately elicited a near-universal condemnation of Chinese diplomacy"<sup>31</sup>. It created a danger of negative feedback loops among many countries. China has to convince the world it is not another imperial Japan or Germany. Rather, it is just seeking its rightful place in the world.

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<sup>29</sup> A. Berkofsky, "Chinese Foreign and Security Policies: Dream at Home, Nightmare Abroad?", in A. Amighini (ed.), *China Dream: Still Coming True?*, Milan, Epoké-ISPI, 2016, pp. 65-80.

<sup>30</sup> R.A. Manning and J.J. Przystup, "China in the regional order: it's not about parity", East Asia Forum, 3 September 2013.

<sup>31</sup> R.S. Ross, "Chinese Nationalism and Its Discontent", *National Interest*, 25 October 2011.

### 3. Chinese New Terminology: “World Order” and “International Order”

Shin Kawashima

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How does China’s Xi Jinping administration see the international order? In international affairs, the Chinese government assumes that this order rests upon the Charter of the United Nations. On its trade and investment ties Beijing cites and depends the principles of a global free trade order<sup>1</sup>. This assumption is based on China’s new view on order, one that points out the problems of the current “World Order” revolving around the US, and that China seeks to replace with a new order – an “International Order”.

The World Order, also known as “Pax Americana”, is a security system structured around the UN and its related organisations. It is centred on the US as well as on the values espoused by Western countries. China’s view is that the International Order is also structured around the UN, its affiliated organisations, and international law, but it differs significantly on one important point. In international politics, China defies the idea of a US-centred order. On the other hand, when it comes to the international economic order, China accepts existing economic institutions such as the IMF, the World Bank, the WTO, and firmly objects to protectionist policies, behaving as

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<sup>1</sup> Zhao Lei, “Cong Shijie Geju Yu Guoji Zhixu Kan ‘Bainian Weiyouzhi Dabianju’” [“To see ‘major changes unseen in a century’ from the perspective of global landscape and international order”], gmw.cn/xueshu, Guangming Xueshuwang, 20 June 2019. All links below accessed on 1 October 2019.

the defender of a free and rules-based trade order. However, this does not mean that China also espouses liberal values in the realm of politics.

By examining the formative process of the Xi Jinping administration's concept of the international order, this work will analyse how China has perceived order in recent years<sup>2</sup>.

## The Formation of the Xi Jinping Administration's Foreign Policy Principles

The Xi Jinping administration, which took office in 2012, had been refining the One Belt One Road (OBOR) initiative as its key foreign policy concept until about 2014. Subsequently, the OBOR initiative was turned into a testing ground for a new model of international relations, in which China plays a more prominent and visible role<sup>3</sup>.

Xi did not create the “new model of great power relations”. This expression was already frequently used by the previous Hu Jintao administration, although it was not necessarily a pivotal

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<sup>2</sup> Kawashima Shin, “Diplomacy, Assistance, and Perceptions on the World Order – A Comparison of the Xi Jinping and Hu Jintao Administrations”, in Kawashima Shin, Endo Mitsugi, Takahara Akio, Matsuda Yasuhiro (eds.), *China's Diplomatic Strategy and the World Order: Concepts, Policies, and Local Views*, Showado, expected publication in December 2019.

<sup>3</sup> The One Belt One Road initiative is a policy combining the Shanghai Cooperation Organization, ASEAN-China, and other regional frameworks developed under Hu Jintao's Peripheral Diplomacy, and consisting in investments in infrastructures and the provision of international public goods while leading to the formation of an order. It goes without saying that this also has political and military implications, but it is also true that the economy was at the forefront of the initiative since to China, national power deriving from economic vitality is preferable to political and military strength. On the political and military front, China does not have enough power to oppose the US, while on the economic front, it wields a significant influence and is powerful enough to envision a potential opposition to the US. It is for this reason that regarding the economy, China supports the existing international order and uses that economy to strengthen its international influence.

concept under Hu, since his administration’s primary foreign policy concept was the principle of “hide one’s capability and bide one’s time”. In contrast, the understanding of the Xi Jinping administration is that today’s world is now at a turning point – one that occurs once-in-a-century. It is also aware that China will step forward onto the centre stage of the next world, and this is why it now considers a new model of two great power relations upon which would rest a new mutually profitable economic activity to be a key concept. For instance, half a year after his appointment, during a speech in Moscow on March 2013, Xi Jinping criticized the international order of the XIX and XX centuries, which was characterised by colonial imperialism, and that of the Cold War, stressing that it was necessary to create a new model of international relations operating on what Beijing typically refers to as a “win-win basis”<sup>4</sup>.

On the other hand, although some of the Xi administration’s foreign policy concepts and worldviews were inherited from the Hu Jintao administration, there have also been obvious changes. The principle of “keep a low profile and actively get something done”, a cornerstone of Hu Jintao’s foreign policy, is a case in point. At the Peripheral Diplomacy Work Conference held in Beijing in October 2013, Xi Jinping repeatedly used words associated with Hu Jintao’s so-called “peripheral diplomacy”, but he also said that “we must cooperate with neighbouring countries on the principle of mutual benefit, weave a closer network of common interests, and promote the integration of interests between the two sides to a higher level, so that neighbouring countries can benefit from China’s development, and that China can also obtain benefits from the common development of neighbouring countries”, and that “our peripheral

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<sup>4</sup> “Zai Mosike Guoji Guanxi Xueyuan Fabiao Zhongyao Yanjiangshi Qiangdiao Xijinping: Jianli Yihezuo Gongying Weihexinde Xinxing Guoji Guanxi” [“Delivering an important speech at the Moscow State Institute of International Relations, Xi Jinping called for the Building of New Type of International Relations with Win-Win Cooperation at the Core”], *cpcnews.cn*, *Zhongguo Gongchandang Xinwenwang*, 24 March 2013.

diplomatic strategy and work must keep pace with the times and be more proactive”<sup>5</sup>. In this address, Xi Jinping only partly continued this key concept of “keep a low profile and actively get something done”. The previous “low profile” mantra is abandoned, while emphasis is laid on “actively getting something done”. In other words, the idea of advancing carefully has disappeared in favour of proactivity.

However, while Xi sought to “actively do something” with his new model of international relations and the OBOR initiative, the world responded with scepticism. Beyond political and military issues, the OBOR initiative even raised concerns in the economic sphere. Notwithstanding China’s presentation of the OBOR as a win-win situation, some countries remained apprehensive of a system that would ultimately concentrate wealth in the hands of China. In September 2013, Foreign Minister Wang Yi attempted to respond to these worries with the concept of “accurate justice and profit”<sup>6</sup>. In an attempt to curry the favour of developing countries, this Chinese concept of justice (also referred to in China as “righteousness”) implied that China’s actions were not meant to seek profits, but were conducted out of a sense of righteousness.

On the other hand, Xi Jinping has also led a new foreign policy in the realm of security, building military facilities on the Nansha islands in the South China Sea that were occupied during the Hu Jintao era. Responding to the concerns of the Obama administration, China assured that there was no militarisation of the islands taking place, while building military installations presented as serving a defensive purpose. This was

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<sup>5</sup> Xij Jinping Zai Zhoubian Waijiao Gongzuo Zuotanhuishang Fabiao Zhongyao Jianghua [“Xi Jinping delivered an important address at the periphery diplomacy conference”], people.com.cn, *Renminwang*, 25 October 2013.

<sup>6</sup> “Wang Yi: Jianchi Zhengque Yiliguan – Jiji Fahui Fuzeren Daguo Zuoyong – Shenke Linghui Xij Jinping Tongzhi Guanyu Waijiao Gongzuode Zhongyao Jianghua Jingshen” [“Wang Yi: upholding justice while pursuing shared interests and playing an active role as a responsible great power – deeply understanding the spirits of Xi Jinping’s important address about work relating to foreign affairs”], *Renmin Ribao*, 10 September 2013.



one of the reasons why US-China relations worsened at that time. However, the rhetoric of the Xi administration remained careful, deciding to uphold Zhou Enlai’s Five Principles of Peaceful Coexistence and the Non-interventionism Principle. This rhetorical line was apparent in a series of events held during the visits of India and Myanmar’s heads of state in late June 2014 for the 60th anniversary of the Five Principles of Peaceful Coexistence<sup>7</sup>. Nevertheless, there have also been some changes in the administration’s rhetoric. On May 2014, at the 4th Conference on Interaction and Confidence Building Measures in Asia in Shanghai, Xi Jinping said, “it is for the people of Asia to run the affairs of Asia, solve the problems of Asia, and uphold the security of Asia. The people of Asia have the capability and wisdom to achieve peace and stability in the region through enhanced cooperation”, thus presenting a new view on the Asian security environment<sup>8</sup>. This was to be understood as an obvious challenge to the US.

However, this new vision of Asian security did not mean that China increased its criticism of the United States. During discussions held at the Central Conference on Work Relating to Foreign Affairs at the end of November 2014, China proposed to build a special great power diplomatic relationship with the US aimed at expanding common interests, creating a win-win situation, and respecting each other’s core interests<sup>9</sup>.

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<sup>7</sup> “Zhongguo Burentun ‘Guoqiang Bibalun’ Jianding Buyi Zou Heping Fazhan Daolu” [“China disapproves the theory that “great power must pursue hegemony” and determines to stick to peaceful development”], cpcnews.cn, *Zhongguo Gongchandang Xinwenwang*, 28 June 2014.

<sup>8</sup> “Xi Jinping: Jiji Shuli Yazhou Anquangan Gongchuang Anquan Hezuo Xinjunian – Zai Yazhou Xianghu Xiezuoyu Xinren Cuoshi Huiyi Disici Fenghui Shangde Jianghua” [“Xi Jinping: establish Asian security concept and jointly build new era of security cooperation – the speech at the 4th summit of Conference on Interaction and Confidence-Building Measures in Asia”], cpcnews.cn, *Zhongguo Gongchandang Xinwenwang*, 22 May 2014.

<sup>9</sup> “Zhongyang Waishi Gongzuo Huiyi Zaijing Juxing – Xijinping Fabiao Zhongyao Jianghua” [“The Central Conference on Work Relating to Foreign Affairs was Held in Beijing – Xi Jinping Delivered An Important Address at

Thus, in the two years that followed the formation of the Xi Jinping administration in 2012, the administration proposed a new model for international relations, came up with the OBOR initiative, the accurate justice and profits concept, continued the Five Principles of Peaceful Coexistence and the Non-intervention Principle, changed the “keep a low profile and get something done” into “proactively get something done”, presented a new vision of Asia’s security, and suggested a new and special major power diplomatic relationship. This series of foreign policy concepts were summarized in Xi Jinping’s address to the United Nations in 2015. During that speech, Xi explicitly placed importance on the UN, stressing that “China will continue to uphold the international order. [It] will stay committed to the path of development through cooperation. China was the first country to put its signature on the UN Charter. [It] will continue to uphold the international order and system underpinned by the purposes and principles of the UN Charter,” showing his attachment to the United Nations and presenting China as the protector of the international order<sup>10</sup>. This mark of attention also implied that China would be more active, sending more people to UN-related organisations and amending rules when need be. This UN-oriented attitude was also apparent during the 27th study meeting of the CPC Central Committee Politburo held on October 2015, when Xi explained that “there are various conflicts and injustices in the present world, not because the denominations and principles of the United Nations have become obsolete, but rather because these doctrines and principles have not yet been effectively

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the Conference”], *cpcnews.cn*, *Zhongguo Gongchandang Xinwenwang*, 30 November 2014.

<sup>10</sup> “Xijiping Zai Diqishijie Lianheguo Dahui Yibanxing Bianlun Shide Jianghua – Xieshou Goujian Hezuo Gongying Xinhuan Tongxin Dazao Renlei Mingyun Gongtongti” [“Xi Jinping’s speech at General Debate of the seventieth session of the United Nations General Assembly – jointly build a new type of international relations and create a community of common destiny for mankind”], *cpcnews.cn*, *Zhongguo Gongchandang Xinwenwang*, 28 September 2015.

implemented”<sup>11</sup>. Indeed, China’s position within the UN is favourable. It has veto power at the UN Security Council, and as the representative of developing countries, Beijing can mobilise a lot of votes at the General Assembly. In light of this, it comes as no surprise that to China, the United Nations has a useful value.

## “Two Orders” - The Problematic of the World Order and the International Order

2016 was a difficult year for China and its relations with the rest of the world. In July 2016, the Permanent Court of Arbitration issued a ruling on the South China Sea, rejecting China’s Nine-Dash line claim. China’s Ministry of Foreign Affairs called this ruling “waste paper”. This was inevitably interpreted as Chinese defiance against the international order. In fact, China stressed that what was problematic was the procedure rather than the decision itself, but this led the world to suspect that China was challenging the existing international order.

In the midst of these events, Susan Rice, then assistant to the President for National Security Affairs, visited China on 25 July 2016 and met with Xi Jinping. In an attempt to allay any suspicion, Xi Jinping replied, “when China grows strong, it will never seek hegemony. China does not intend to challenge the current international order or rules either”, and at the same time once more proposed a new model of great power relations, stressing that the two countries should respect each other’s core interests and build a win-win relationship<sup>12</sup>. Following

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<sup>11</sup> “Xijiping: Tuidong Quanqiu Zhili Tizhi Gengjia Gongzheng Gengjia Heli Wei Woguo Fazhanhe Shijie Heping Chuangzao Youli Tiaojian” [“Xi Jinping: promote justice and reasonability of global governance system and create favorable conditions for the development of our country and the peace of the world”], *cpnews.cn*, *Zhongguo Gongchandang Xinwenwang*, 4 October 2015.

<sup>12</sup> “Xi Jinping Meets with Assistant to the US President for National Security Affairs Susan Rice”, the website of Embassy of the People’s Republic of China in the Hellenic Republic, 25 July 2016.

this meeting, Susan Rice went back to the US without further ado. However, Xi Jinping's expression of "current international order" warrants serious analysis.

On the 6th of the same month, the chairperson of the National People's Congress Foreign Affairs Committee Yu Fing gave a speech titled "China and the Future of International Order" at Chatham House in the United Kingdom. On this occasion, Yu Fing distinguished the "World Order" from the "International Order". Yu Fing went on to explain that the World Order was the existing order centred around the US, while the new order that China proposed was the "International Order". The World Order was in essence Pax Americana, meaning a system that was 1) upholding values of the US and the West, 2) relying on the network of US military alliances, 3) and was built with the UN and other related international organisations. This World Order had spanned from the modern era to the Cold War, and represented a historical condition, a necessary prior stage to the advent of the International Order. In other words, it was a thing of the past. What is more, the US, as both the saviour and the leader of this system, had greatly benefited from it. In contrast, China's purpose is to improve the International Order, and not the World Order. This International Order was in other words an order 3) built with the UN and related other international organisations, as well as international law. This point partly overlaps with the preceding characterisation of the World Order, but diverges significantly regarding 1) and 2). In other words, China does not seek to create an entirely new order<sup>13</sup>. Finally, what is also very important is that these words were said to be those of Xi Jinping himself. Many researchers now quote this rhetorical distinction between World Order and International Order, as well as the conceptual understanding that the UN is the common denominator as if it is a template for discussion.

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<sup>13</sup> "China and the Future of International Order", Chatham House London, 6 July 2016. Also, "Full Text: Fu Ying's speech at Chatham House in London", *China Daily*, 8 July 2016.

In January, 2017, Xi Jinping gave a speech at the UN Secretariat in Geneva, and once more showed his UN bias. There, Xi stressed that “China will firmly uphold the international system with the UN as its core, the basic norms governing international relations embodied in the purposes and principles of the UN Charter, the authority and stature of the UN, and its core role in international affairs”<sup>14</sup>.

The Xi Jinping’s two-hour speech at the 19th Congress of the CCP in the fall of 2017 was based on this view of the above-mentioned International Order. In this speech, Xi unveiled the national objective of achieving power parity with the US by 2049. What was of interest here was that China insisted on the need for openness, pushed for international communication and international cooperation based on the OBOR initiative, and sought to increase connectivity<sup>15</sup>. This is where the behaviour of China as a supporter of the existing free and rule-based economic order becomes evident. This trend was confirmed by the end of December 2017, during the Foreign Ministry’s Annual Meeting, as well as in the words of Xi Jinping in his New Year address in early 2018, when Xi stated that China will “always contribute to the building of world peace and global development, and the safeguarding of international order”<sup>16</sup>. What is more, he stressed that “various sides have both expectations and worries about the prospect of peace and

<sup>14</sup> “Xijiping Zhuxizai Lianheguo Rineiwa Zongbude Yanjiang – Gongtong Goujian Renlei Mingyun Gongtongti” [“Building a community of common destiny for mankind together – President Xi Jinping’s speech at United Nations Headquarters in Geneva”], cpcnews.cn, *Zhongguo Gongchandang Xinwenwang*, 18 January 2017.

<sup>15</sup> “Xijipingzai Zhongguo Gongchandang Dishijiuci Quanguo Daibiao Dahui Shangde Baogao” [“Xi Jinping’s report at the 19th National Congress of the Communist Party of China”], cpcnews.cn, *Zhongguo Gongchandang Xinwenwang*, 28 October 2017.

<sup>16</sup> “Xijiping Jiejian Erlingyiqi Niandu Zhuwaishijie Gongzuo Huiyi Yuhui Shijie Bingfabiao Zhongyao Jianghai” [“Xi Jinping met the ambassadors who participated ambassadors’ annual work meeting of 2017 and delivered an important speech”], cpcnews.cn, *Zhongguo Gongchandang Xinwenwang*, 29 December 2017.

development for mankind, looking forward to China expressing its stand and attitude”, implying that since there were voices encouraging China to speak up, then it would do so when needed<sup>17</sup>. The 2016 speech of Yu Fing, the transformation process of the World Order into the International Order, and Xi Jinping’s national objective of achieving power parity with the US by 2049 all point to a rhetorical shift in which China is bound to gradually speak up. For the Xi Jinping administration, this may appear as a natural course, but the US saw this rhetoric change as a cause for alarm.

### **Sino-US Tensions and China's Position as the “Defender of the Existing Economic Order”**

Sino-US tensions become apparent in 2018. This is not only due to the US President Trump’s China policies, but also because from 2016 to 2017 China’s defiant attitude towards the US gradually became apparent to all. Tensions also flared up on the technological front, with Chinese breakthroughs in 5G technology, among other things, exacerbating already tense bilateral relations. However, what is important is that notwithstanding the hardening position of the US towards China, China did not completely revise or adjust its foreign policy concepts or its vision of the international order. Rather, regarding the tariffs problem, it criticised US moves towards protectionism, and, at least in matters of trade, portrayed itself as the protector of the existing free and rules-based economic order. The irony is that while in international politics, China continued to criticise the US, not endorsing a World Order but instead a UN-centred International Order, in global economics China acted as the defender of the existing global economic order (while not failing at the same time to criticize increasingly protectionist

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<sup>17</sup> “Guojia Zhuxi Xijinping Fabiao Erlingyibanian Xinnian Heci” [“President Xi Jinping sent New Year greeting message for 2018”], *cpcnews.cn*, *Zhongguo Gongchandang Xinwenwang*, 1 January 2018.

global US trade policies). This attitude was also on display during the National People’s Congress held in March 2018, when Li Keqiang mentioned China’s openness and that China was promoting an open economy<sup>18</sup>.

The Sino-US tensions influenced China in June 2018 during the Central Conference on Foreign Affairs Work, when Xi Jinping insisted that the relations between these two major power should be well managed, saying that “it is necessary to construct a framework to develop a major power relationship that is generally balanced and stable”, and starting with the Sino-US tensions, suggested that the balance be maintained with other major countries as well. However, this did not mean that Xi gave up or even revised the idea of reaching power parity with the US by 2049 (100 years after the founding of the PRC). At this conference, Xi upheld his view of history, perspective, and roles in international politics based on his understanding of the international situation. Regarding his views on roles, he said “we have analysed various international sites calmly, positioned ourselves, grasped problems in the relationship between our country and the world, clarified our position and role in the changing global framework, and objectively formulate our country’s foreign policy”. This seemingly careful approach was counterbalanced with the recognition that “currently, our country is in the best period for development since the modern era”, acknowledging that China is seeking new development opportunities around the world<sup>19</sup>.

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<sup>18</sup> “(Lianghui Shouquan Fabu) Zhengfu Gongzuo Baogao” [(Released with authorisation by the National People’s Congress and the National Committee of the Chinese People’s Political Consultative Conference) Government Work Report], *Xinhuanwang*, 22 March 2018.

<sup>19</sup> “Jianchi Yixinshidai Zhongguo Tese Shehuizhuyi Waijiao Sixiang Weizhidao Nuli Kaichuang Zhongguo Tese Daguo Waijiao Xinjiumian-Xij Jinping Zai Zhongyang Waijiao Gongzuo Huiyi Qiangdiao” [Stick to the guidance of thought on diplomacy of socialism with Chinese characteristics for a new era and break new ground in major country diplomacy with Chinese characteristics-Xi urges at the Central Conference on Work Relating to Foreign Affairs], *pcpnews.cn*, *Zhongguo Gongchandang Xinwenwang*, 24 June 2018.

At the ceremony for the 40th anniversary of the Chinese economic reform process initiated by Deng Xiaoping in the 1970s, Xi Jinping used a similar vocabulary, saying that “our world is increasingly approaching the centre stage, the international community recognizes China as the builder of world peace, a contributor to global development, and the defender of the international order”, while claiming that “no matter how much China develops, it will never seek a hegemonic position”<sup>20</sup>. Amid these Sino-US tensions, China has indeed reinforced international awareness regarding the fact that it is getting closer to the centre of the world stage, and that it is the defender of the international order.

In 2019, as it incurred heavy trade losses, China did not revise its position. At the ceremony for the 70th anniversary of the People's Republic of China on 1 October 2019, Xi Jinping repeated the national objectives and also stressed that “there is no force that can shake the status of this great nation. No force can stop the Chinese people and the Chinese nation forging ahead”<sup>21</sup>. Regarding trade and international economy, there were more opportunities to oppose the protectionist tendencies of the Trump administration, and to pose as the defender of the existing order. For instance, at the APEC summit of November 2018, US Vice President Mike Pence virulently criticised China, but Xi Jinping responded by calling for “the support of the principles of openness, inclusiveness, and transparency regarding the various free-trade arrangements”<sup>22</sup>.

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<sup>20</sup> “Xi Jinping Zai Jiqingzhu Gaige Kaifang 40 Zhounian Dahui Shangde Jianghua” [Xi Jinping's speech at the grand gathering to celebrate the 40th anniversary of China's reform and opening-up], *cpcnews.cn*, *Zhongguo Gongchandang Xinwenwang*, 18 December 2018.

<sup>21</sup> “Xi Jinping Zaiqingzhu Zhonghua Renmin Gongheguo Chengli Qishi Zhounian Dahui Shangde Jianghua” [Xi Jinping's speech at the grand gathering to celebrate the 70th anniversary of the founding of the People's Republic of China], *cpcnews.cn*, *Zhongguo Gongchandang Xinwenwang*, 1 October 2018.

<sup>22</sup> “Xi Jinping: Bawo Shidai Jiyu Gongmou Yatai Fanrong -Zai Yatai Jinghe Zuzhi Diershiliuci Lingdaoren Feizhengshi Huiyi Shangde Fayan” [Xi Jinping: Harnessing Opportunities of Our Times To Jointly Pursue Prosperity in the



## Conclusion

This chapter examined how Xi Jinping's China views the international order, and what foreign policy concepts China propagates and seeks to translate into its actual foreign policies. It explained how and who China criticises the current world order as an order designed to benefit the US, and examined how China promotes the implementation of its version of an International Order, a system relying on an open and liberal economy and a system centred around the United Nations.

China, while rejecting a security system centred on the US and an order based on the values of the Western countries, accepts the pre-eminence of the UN and its related organisations, as well as of international law. Regarding international economy and trade, China supports the existing order and its affiliated institutional frameworks such as the IMF, the World Bank, and the WTO, while criticising protectionist trade policies. In this case, it behaves like the defender of a free and open economic order.

This is both the result of Xi Jinping's predetermined policy, as well as a result of current Sino-US tensions. If the transformation from a World Order to an International Order can be said to be the result of policies initiated in 2012, it can also be said – at least until an extent- that China's emphasis on portraying itself as the defender of the existing free and rule-based economic order is a consequence of these Sino-US tensions.

However, even if China insists that it is the defender of the existing economic and commercial order, it does not mean that it accepts liberal political and economic values. It is important to understand this complex situation.

## 4. In the Words of the Dragon: China's 2019 National Defence White Paper Unpacked

Giulia Sciorati

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On 24 July 2019 China published the first National Defence White Paper (NDWP) of the eighteenth National Congress of the Communist Party of China (CPC). The document was issued after a long hiatus from the last NDWP, which was published on 26 May 2015, a full decade after the People's Republic of China (PRC) had circulated the first such white paper. As NDWPs target an international audience, they are reliable indicators of the image China aims to project in terms of its military posture and the principles of its national and regional security strategies. Since white papers do not illustrate in detail the objectives of the CPC, their ambiguity is highly representative of what the Party wants the world to perceive. The image presented by this particular NDWP is still far from conventional.

This is just the second white paper released after President Xi Jinping came into power. While the previous NDWP has come to be known for its generic and rather vague contents – to the point of being considered mostly as “propagandistic material” by international observers<sup>1</sup> – the current white paper is surprisingly clear in presenting China's future goals and prospects, CPC jargon notwithstanding. It is no accident, then,

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<sup>1</sup> E. Kania and P. Wood, “Major Themes in China's 2019 National Defense White Paper”, *China Brief*, vol. 19, no. 14, 2019.

that Anthony H. Cordesman (2019) refers to the document as “a *clear and detailed* 51-page response to the massive shift in US strategy” (p. 1, *emphasis added*)<sup>2</sup>.

In practical terms, the 2019 white paper introduces three core themes. First, it defines more precisely the principle of “Community with a Common Destiny” (CCD) (人类命运共同体 *renlei mingyun gongtongti*) in Chinese diplomacy, after it was presented by President Xi at the first “Belt and Road Forum for International Cooperation” in May 2017<sup>3</sup>. Although CCD interprets the world as a “joint unit”<sup>4</sup>, China’s targets have so far been developing countries and multilateral organisations over which Beijing has proposed to resume its traditional role as leader. Second, the document offers insights on the country’s current response to competition with the United States. Third, the NDWP outlines China’s central strategic objectives. It is interesting to note that this particular text leaves no room for compromise on these objectives, not even with those members of the international community that might maintain a strong national interest over China’s strategic targets. Overall, these three themes paint a composite picture of China’s plans to reform the global security architecture to better reflect the country’s role as a global power that pursues strategic interests all around the world.

The following summative content analysis<sup>5</sup> aims to detect

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<sup>2</sup> A.H. Cordesman, *China’s New 2019 Defense White Paper: An Open Strategic Challenge to the United States, but One Which Does Not Have to Lead to Conflict*, Washington D.C., Center for Strategic & International Studies, 2019.

<sup>3</sup> The official translation in English of President Xi’s speech is available at [http://www.xinhuanet.com/english/2017-05/14/c\\_136282982.htm](http://www.xinhuanet.com/english/2017-05/14/c_136282982.htm). The principle of “Community of Common Destiny” is translated in the text with the sentence “Community of Shared Interests”.

<sup>4</sup> Zhang Denghua, “The Concept of ‘Community of Common Destiny’ in China’s Diplomacy: Meaning, Motives and Implications”, *Asia & the Pacific Policy Studies*, vol.5, no. 2, 2018, pp. 196-207 (p. 199).

<sup>5</sup> Summative content analysis, as theorized by Hsieh and Shannon, comprises “counting and comparisons, usually of keywords or content, followed by the interpretation of the underlying context” (p. 1277). Its added value as an analytical

changes in the narrative that China is pushing about its role as a regional and global power, as emerges in the text of the 2019 NDWP. Consequently, a comparison between the discursive landscapes of the 2015 and the 2019 white papers has the potential to offer an empirical characterisation of any variation in the image that the country aims to present to the world as well as significant changes in strategic goals.

### The Discursive Landscape of China's 2019 NDWP

China's posture in the international system was never solely determined by the country's strategic interests, but was reformed over time to reflect different factors. As Pu (2017) maintains, "as China's development has entered a new stage, there is increasing uncertainty over China's identity and roles"<sup>6</sup>. And this uncertainty is multi-layered. On the one hand, the international community is particularly attentive to any changes to China's presence in the international system in light of the vague practices and goals adopted by the country. At the same time, China supports lax strategic plans, as this is more easily accepted by the country's political élite: ambiguity in the country's strategic objectives actually makes them less politically costly. Furthermore, the country's renewed role in the international system would hinder the adoption of a long-term strategy shaped by the unbending principles of international politics. Nonetheless, the ambiguity surrounding China's global strategy can be partially disentangled by looking at the discursive landscape of its 2019 NDWP.

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method is that it allows for an "unobtrusive and nonreactive" investigation of a phenomenon (E.R. Babbie as cited in Hsieh and Shannon 2005, p. 1285). See H.-F. Hsieh and S.E. Shannon, "Three Approaches to Qualitative Content Analysis", *Qualitative Health Research*, vol. 15, no. 9, 2005, pp. 1277-88; and E.R. Babbie, *The Practice of Social Research*, Belmont, CA, Wadsworth Publishing, 1992.

<sup>6</sup> Pu Xiaoyu, "Controversial Identity of a Rising China", *The Chinese Journal of International Politics*, vol. 10, no. 2, 2017, pp. 131-49 (p. 148).

## Illustrating CCD

The structural changes to the global strategic landscape in recent years remain among the major themes set out in China's 2019 NDWP. In particular, the CCD – a longstanding concept for the country's diplomacy – is here elaborated in an effort to propose an alternative model of governance to the world. Back in October 2018, President Xi had drafted his second volume on the governance of China around this concept, the specification of which undoubtedly offers insights on the country's strategic stance and foreign policy agenda. As Yang Jiechi 杨洁篪, Deputy-Director of the Office of Foreign Affairs of the CPC<sup>7</sup>, stated “building a Community of Common Destiny is the goal and direction, and building a new type of international relations is a prerequisite and a path”<sup>8</sup>.

Although the CCD was placed at the core of China's diplomacy only under Xi's rule, the President borrowed the term and its core tenets from his predecessors. As an ideational concept, the CCD was in fact devised in Maoist times. It draws from the “Five Principles of Peaceful Coexistence” – set out by Premier Zhou Enlai 周恩来 in the mid-fifties – that include the principle of mutual respect for territorial integrity and sovereignty, mutual non-aggression, mutual non-interference in the internal affairs of states, and equality, cooperation and peaceful coexistence<sup>9</sup>. To these, in the opening speech of the second “Belt and Road Forum for International Cooperation” in 25 April 2019, President Xi added the principle of the “Three Shared” (三公 *san gong*) – which contends that shared growth is fostered

<sup>7</sup> To expand on the role of Yang Jiechi as China's security architect, see [http://www.chinavivae.com/biography/Yang\\_Jiechi](http://www.chinavivae.com/biography/Yang_Jiechi)

<sup>8</sup> Yang Jiechi, “以习近平外交思想为指导 深入推进新时代对外工作” (*Yi Xi Jinping waijiao sixiang wei zhidao shenru tuijin xintai duiwai gongzuo*), *Qinsbi* (blog), 1 August 2018.

<sup>9</sup> To expand on the “Five Principles of Peaceful Coexistence”, see Zhang, Shu Guang, “Constructing ‘Peaceful Coexistence’: China's Diplomacy toward the Geneva and Bandung Conferences, 1954-55”, *Cold War History*, vol. 7, no. 4, 2007, pp. 509-28.

by shared discussions and collaboration<sup>10</sup>. In practice, this particular concept extended beyond the economic domain to encompass global security. Indeed, Chinese leaders have emphasised the nexus between dialogue and development on several occasions. From this perspective, the resolution of international crises remains within the sphere of competence of the parties that are directly involved. The United Nations then plays the role of mediator. For instance, as Liza Tobin (2018) noted, China's solution for the Syrian conflict contemplates a political settlement as the only acceptable alternative, running counter to any pacification attempts from the West<sup>11</sup>.

Although drawing from the traditional, moderate principles of the country's foreign policy, China's stance on global governance became more assertive, with President Xi going as far as to calling on the country to "take an active part in leading the reform" (Xinhua 2018)<sup>12</sup>. The CCD therefore was envisioned as a multidimensional tool for China's own model of global governance, which is based on an idea of the country as "hub", with its partners revolving around it as if "spokes of a wheel"<sup>13</sup>. From this viewpoint, traditional alliances and treaties need to be replaced by a network of partnerships – a notion that directly reflects China's *guanxi* culture<sup>14</sup>. Lastly, the CCD operates in the fields of politics, security, development, culture and the environment<sup>15</sup>.

<sup>10</sup> F. Sapio, "The 'Three Shared' Principle: What's New in China's Foreign Policy", Italian Institute for International Political Studies (ISPI), 27 September 2019.

<sup>11</sup> L. Tobin, "Xi's Vision for Transforming Global Governance: A Strategic Challenge for Washington and Its Allies (November 2018)", Texas Scholar Works, The University of Texas at Austin.

<sup>12</sup> "Xi Urges Breaking New Ground in Major Country Diplomacy with Chinese Characteristics", *Xinhua News Agency*, 24 June 2018.

<sup>13</sup> L. Tobin (2018).

<sup>14</sup> To clarify on *guanxi* in China, see T.B. Gold, D. Guthrie, and D. Wank, *Social Connections in China: Institutions, Culture, and the Changing Nature of Guanxi*, Cambridge, Cambridge University Press, 2002.

<sup>15</sup> "Xi Urges Breaking New Ground in Major Country Diplomacy with Chinese Characteristics"..., cit.

Explicit references to the CCD are particularly striking in the section of the 2019 NDWP devoted to the Asia-Pacific region, whose states are depicted as being “increasingly aware that they are members of a community with common destiny” (The State Council Information Office 2019)<sup>16</sup>. As noted by Elsa Kania and Peter Wood (2019), a similar statement was included in a paper on “Asia-Pacific Security Cooperation” issued on 11 January 2017<sup>17</sup>. In that document, China took it upon itself to provide security at the regional and global levels, *de facto* finding another domain to compete with the US.

References to the CCD emerge throughout the text of the 2019 NDWP. Although unsurprising, this strongly suggests that China is now ready to adopt a less cautious approach in proposing reforms to the system of global governance.

### Responding to the US

Other than better presenting China’s own vision of the multi-lateral world order, the 2019 NDWP directly responds to the points put forward in the 2017 and 2018 US National Security Strategies (NSS)<sup>18</sup>. It is a first for this type of document, as China had consolidated its practice of refraining to respond directly to accusations, while emphasising the nature of its peaceful rise. The US is thus depicted as a “revisionist power” in striking opposition to China’s traditional narrative of “status quo” power. The dichotomisation of the US and China is even more striking as China justifies its growing presence in the world through the Belt and Road Initiative (BRI) by re-proposing the traditional principles of its foreign policy, which have remained unchanged since the mid-1950s.

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<sup>16</sup> “[新时代的中国国防](#)” (*Xin shidai de zhongguo guofang* – “China’s National Defense in the New Era Beijing”), Beijing, The State Council Information Office, 2019.

<sup>17</sup> “[China’s Policies on Asia-Pacific Security Cooperation](#)”, Beijing, The State Council Information Office, 2017.

<sup>18</sup> See Donald J. Trump, *National Security Strategy of the United States of America*, Washington D.C., The Office of the President of the United States, 2017, and 2018.

Over the past few years, trade frictions and threats to impose tariffs and sanctions have dominated China-U.S. relations, standing in for a systemic rivalry for global leadership. As reiterated in this and other documents as well as official speeches or editorials written by President Xi himself, China has indeed been promoting an alternative model of global governance that sees it in the leader<sup>19</sup>. Trade tariffs and technological competition can thus be interpreted as micro- and meso- variables of China's attempted global rise<sup>20</sup>. Moreover, the 2019 NDWP not only depicts the US as an aggressive power, whose increasing defence expenditure is to be considered as a symptom of revisionist tendencies, but also as a strategic competitor to China. In fact, if data on defence budgets for 2018 are compared, the gap between China and the US appears particularly significant: while the US's amounted to \$643.3 billion, China's was much lower at \$168.2 billion. Thus, the US defence budget for 2018 almost was four times higher than China's. Moreover, the US budget for 2018 roughly equalled the sum of the twelve next highest defence budgets in the world<sup>21</sup>.

China's definition of the US as a strategic competitor is particularly striking as it mimics the style of the accusations that the European Union brought against China in March 2019. A document jointly released by the European Commission and the Office of the High Representative maintained that "China has also increasingly become a strategic competitor for the EU while failing to reciprocate market access and maintain a level playing field" (p. 5)<sup>22</sup>. This was a way for the EU to highlight the opacity of China's Memoranda of Understanding on

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<sup>19</sup> For a full overview of the development of China's model for global governance, see L. Tobin (2018).

<sup>20</sup> J.A. Lewis, "Competing over Leadership: China vs the US", in *China's Race to Global Technology Leadership*, edited by Alessia Amighini (ed.), Milan, Ledizioni-ISPI, 2019.

<sup>21</sup> All data were gathered from International Institute for Strategic Studies (IISS), *The Military Balance 2019*. London, Routledge, 2019.

<sup>22</sup> European Commission, and Office of the High Representative, *EU-China – a Strategic Outlook*, Brussels, European Commission, 2019.



Cooperation within the framework of the BRI (MoU). Shortly thereafter, on 23 March 2019, Italy signed a highly controversial MoU with China, a first for a member of the Group of Seven (G7)<sup>23</sup>.

The growing competition between China and the US is thus highlighted on both sides, and focuses particularly on the role played by armed forces and technological innovation in the modernisation of the two powers. In this particular white paper, China identifies US military advances in the fields of artificial intelligence (AI), quantum engineering, and the Internet of things as gambits to achieve military superiority. And China is indeed running the risk of suffering from a technological generational gap, since as rapid as the modernisation of its military technology has been, it still started from a baseline that was much lower than the US's.

To an extent, the concepts presented in the 2019 NDWP in terms of China's competition with the US are driven by a vision of world politics that is consistent with the precepts of the realist school of International Relations (IR). In brief, realists contend that states, as the key agents of the international system, respond to systemic power imbalances by means of internal military build-ups, where economic assets are transformed into military capabilities. And indeed, these concepts are consistent with the emphasis China places on military technological innovation as a strategy to counter the US's growing power in the field. Also in line with this trend is the military parade celebrating the country's 70th anniversary that was held on 1 October 2019 in Tiananmen Square, which showcased the full breadth of China's gigantic army on global television. For the first time, every sector of the army – including peacekeepers and public security officials – was featured in a public parade. Nevertheless, this realist vision of world politics goes against China's opposition to alliances as envisioned in the country's

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<sup>23</sup> The full text of the MoU is available at [http://www.governo.it/sites/governo.it/files/Memorandum\\_Italia-Cina\\_EN.pdf](http://www.governo.it/sites/governo.it/files/Memorandum_Italia-Cina_EN.pdf) (in English).

## CCD policy.

### Prioritising public security

The third theme presented in China's 2019 NDWP deals with the issue of public security. This narrative builds upon two different but overlapping sub-themes. On the one hand, it touches upon the set of separatist movements that are currently providing a key challenge to the country's internal stability. On the other, it examines the current status of the "one country, two systems" constitutional principle (一国两制 *yi guo liang zhi*)<sup>24</sup>. References to the status of China-Taiwan relations, for instance, are prominent throughout the text, as the CPC is increasingly conscious that if the country's objective towards "national rejuvenation" is to be achieved by 2049, Taiwan needs to be reunited with the mainland. The tone used in the document is particularly commanding, and the text often conveys messages in absolute terms, *de facto* abandoning the "vagueness" for which Chinese diplomatic rhetoric has become known around the world.

The first sub-theme, that of separatism, can be traced to a precise statement, which contends that "the fight against separatists is becoming more acute" (The State Council Information Office 2019). Historically, China has been challenged by three separate waves of separatism, mostly in the West of the country: the Uyghur minority in the northwestern region of Xinjiang, the Tibetan minority in the southwestern region of Tibet and the Mongols in northern region of Inner Mongolia. Separatism in China has been combined by the CPC with phenomena of radicalisation and religious extremism to form a macro-conceptualisation that is currently used to refer to terrorism<sup>25</sup>. In particular, inquiries on the draconian counterterrorist measures

<sup>24</sup> To expand on the "one country, two systems" constitutional principle, see Li Gucheng, *A Glossary of Political Terms of the People's Republic of China*, Beijing, Chinese University Press, 1995.

<sup>25</sup> G. Sciorati, *Tiananmen 2019: Unpacking Political Contestation in Communist China*, ISPI Commentary, 3 June 2019.

allegedly adopted in Xinjiang against the Uyghur minority group that have been recently conducted by international media outlets have made it impossible for China not to include the issue of public security in a publication that traditionally targets an international audience. Data on China's public expenditure have shown that in 2013 – the year when President Xi came into power – the country devoted \$109 billion to public security, while, less than five years later, in 2017, public security expenditure totalled \$175 billion. Public expenditure for external defence, in contrast, only rose from \$104 billion to \$147 billion<sup>26</sup>.

Public security is once again on the front burner due to the violent unrest in the streets of Hong Kong since June 2019. And it is Hong Kong that joins the two public security sub-themes together. In fact, the violent protests that have been shaking the city have been equated with terrorism, like the Xinjiang and Tibet cases. At the same time, Hong Kong, together with Macau and, to some extent, Taiwan, is included in the “one country, two systems” constitutional principle. However, of the challenges to China's public security, Taiwan is the one that is discussed in more detail in the text of the 2019 NDWP. Since national reunification is a “fundamental interest of the Chinese nation” (The State Council Information Office 2019), the “one country, two systems” principle is now feared to hinder the conditions for reunification instead of facilitating them. In this regard, China adopts even more assertive tones in the document, which reads that “China must be and will be reunited” and that the country makes “no promise to renounce the use of force, and reserves the option of taking all necessary measures” (The State Council Information Office 2019). This aggressive rhetoric emerges after cooperation between the US and Taiwan increased, with Taipei signing off on an arms trade deal worth \$2.2 billion, and with Taiwan's presidential elections

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<sup>26</sup> Data estimates are taken from A. Zenz, “China's Domestic Security Spending: An Analysis of Available Data”, *China Brief*, vol. 18, no. 14, Washington D.C., The Jamestown Foundation, 2018.

being scheduled for January 2020<sup>27</sup>.

The main risk inherent in this narrative is that China's image of a status quo country will fade in the eyes of the country's partners, especially those belonging to the BRI system, thus making China's aims for its role in the global governance system more difficult to achieve.

## Conclusions: Which Changes?

China's assertive language in the 2019 NDWP is ultimately the most striking difference between it and the 2015 NDWPs. In the 2015 document, in particular, tones are strident and the language is rather ambiguous, especially in the official English translation<sup>28</sup>. This is all the more puzzling as the document is, by all definitions, devoted to an international audience. Figure 4.1 visually exemplify the word frequency landscape of the two white papers. Word frequency analyses of the two texts point to a consistency in the *type* of language employed in the documents. At the same time, there are also inconsistencies in the *amount* of language employed in the documents.

There are two particularly striking cases of divergence in word use between the two texts. One of the ten most frequently used words in the 2019 NDWP is *development*, a term that did not score as high in the 2015 NDWP. To an extent, this concept reiterates China's willingness to take a more active part in positively reforming the system of global governance. Second, the term *defence* went from being used about 30 times in the 2015 NDWP to cropping up 130 times in the 2019 NDWP. This can be interpreted as a direct consequence of the increasing competition with the US that China has been experiencing in the past few years, as well as an effect of the growing number of internal security challenges that emerged from China's domestic security arena.

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<sup>27</sup> L. Tobin (2018).

<sup>28</sup> E. Kania and P. Wood (2019).

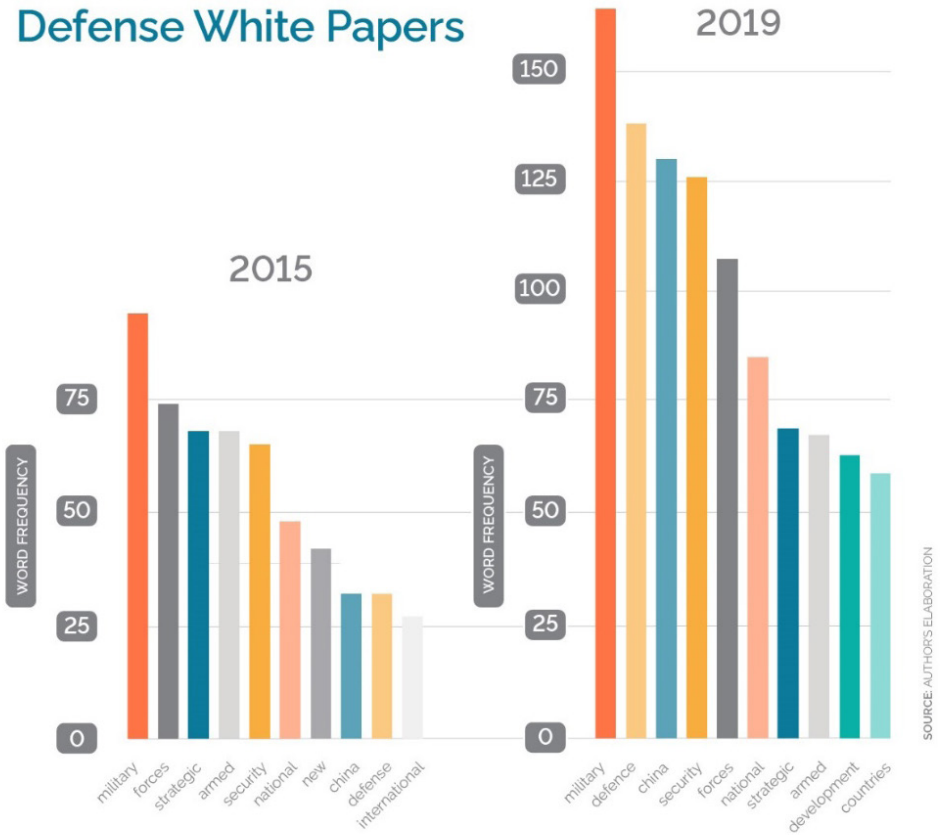
In terms of content, the most prominent difference in the texts of the two NDWPs remains that related to the type of model of global governance that China presents. While the CDC principle is presented in both texts, China's role as the underpinning power around which the model unfolds is indicated only in the document issued in 2019.

In sum, the 2019 NDWP presents a more assertive China, more confident in proposing its own version and vision of global governance. At the same time, the country also is depicted as a more conscious power, aware of the internal dynamics that can affect its global image. President Xi's "new era" for China thus seems to have come knocking on the door of the traditional system of international relations, with the country looking back to a security architecture that dangerously resembles the historical framework of the "Middle Kingdom".

FIG. 4.1

## Most Frequent Words in China's National Defense White Papers

ISPI



## 5. India in Sight, China's Imprint Grows in South Asia

Harsh V. Pant

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For a long time, the dominant narrative with regards to South Asia has been how the India-Pakistan rivalry has constrained Indian foreign policy options in the region, and prevented the region as a whole from attaining its full potential. That is now rapidly losing its salience, with the growing dominance of the South Asian landscape by the People's Republic of China (PRC). The country's rising profile and footprint in South Asia have been evident for some time now. What has been astonishing is the diminishing role of India and the rapidity with which it has been ceding strategic ground to China in the sub-continent. China is becoming the largest trade partner of most states in South Asia, including India. It entered the South Asian Association for Regional Cooperation (SAARC) as an observer in 2005, supported by most member states. India could do little about it and so acquiesced. Now, much to India's consternation, Pakistan, Bangladesh, the Maldives, Sri Lanka and Nepal are supporting China's full membership of SAARC.

Pakistan's "all-weather" friendship with China is well known, but the growth of China's reach in other South Asian states has been extraordinary. Bangladesh and Sri Lanka view India as being more interested in creating barriers against their exports than in spurring regional economic integration. Instead of India emerging as facilitator of socioeconomic development in Sri Lanka, Nepal and Bhutan, it is China's developmental assistance that is having a larger impact.

China's strategy towards South Asia is premised on encircling and confining India within the geographical co-ordinates of the region<sup>1</sup>. This approach of using proxies started with Pakistan and has gradually evolved to include other states in the region, including Bangladesh, Sri Lanka and Nepal. China is entering markets in South Asia more aggressively through both trade and investment, and improving linkages with South Asian states through treaties and bilateral co-operation. Following this up by building a ring of road and port connections in India's neighbourhood and deepening military engagements with states on India's periphery, China has firmly entrenched itself in India's backyard. China's Belt and Road Initiative (BRI) and its approval by India's neighbours such as Nepal, despite strenuous opposition from India, is the latest example of inroads made by China in the region, with the stated aim of promoting connectivity and growth.

This gradual Chinese assertion has enabled various smaller South Asian countries to exploit Indo-Chinese competition in the region for their own benefit. Most states in the region now play the "China card" to counterbalance the traditional pre-dominance of India in South Asia. Forced to exist between their two giant neighbours, the smaller states have responded with a careful balancing act.

This chapter examines the growing role of China in South Asia over the last decade and its regional impact, especially on Indian foreign policy priorities. For a long time, among India's neighbours only Pakistan neighbours used China to further its strategic agenda regarding India. China-Pakistan collusion on the nuclear issue represents perhaps the high point of this relationship. However, most of India's neighbours have increasingly been attempting to court China as an extra-regional power in order to prevent India from asserting its regional supremacy<sup>2</sup>.

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<sup>1</sup> For an overview of the present state of play in Sino-Indian relations, see H.V. Pant (ed.), *The Rise of China: implications for India*, New Delhi, Cambridge University Press, 2012.

<sup>2</sup> For an example of how smaller South Asian states have used China as a



This strategy of using China to counterbalance India has been followed by Bangladesh, Sri Lanka, and Nepal to varying degrees, while China has only been too willing to co-operate, as such an approach not only enhances Chinese influence in South Asia but also keeps India confined to South Asia, despite its aspirations to emerge as a global power of some consequence.

## **China and India: Competing Priorities**

India and China both view themselves as rising powers and as a consequence, their interests and capabilities are running up against each other not only in Asia but in various other parts of the world as well. The two states do not fully comprehend the complexities of each other's domestic politics. China's opaque political system fosters a lack of transparency that can only be dangerous over the long term, while India's often cacophonous domestic political system seems perpetually unable to attain a seriousness of purpose *vis-à-vis* China.

China's support for Pakistan's position on Kashmir at the United Nations Security Council (UNSC) in August 2019 has once again underscored the difficult trajectory of contemporary Sino-Indian relations<sup>3</sup>. The UNSC held closed-door informal consultations in response to a letter written by Pakistan's foreign minister Shah Mahmood Qureshi to the president of the UNSC on the situation in Jammu and Kashmir (J&K), which was supported by China. This was Pakistan's desperate bid to internationalise the issue of Kashmir. Its efforts also saw Beijing working with Islamabad to take up the status of Aksai Chin, a territory in Ladakh that China illegally occupies, arguing that New Delhi's decision to abrogate Article 370 challenged

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leverage in their dealings with India, see M. Dabhade and H.V. Pant, "Coping with Challenges to Sovereignty: Sino-Indian Rivalry and Nepal's Foreign Policy", *Contemporary South Asia*, vol. 13, no. 2, June 2004, pp. 157-169.

<sup>3</sup> M. Nichols, "China asks for UN Security Council to discuss Kashmir this week: diplomats", *Reuters*, 15 August 2019.

China's sovereign interests and violated bilateral agreements on maintaining peace and stability in the border area. Despite the isolation of China at the UNSC, the message to India was clear: Beijing would join forces with Pakistan to hurt Indian interests in every possible forum.

There were many in India who, rather unreasonably, expected China to moderate its behaviour *vis-à-vis* India in light of the so-called "Wuhan spirit". But this is a misreading of Chinese foreign policy as well as of Indian Prime Minister Narendra Modi's attempt to engage informally with Chinese President Xi Jinping in Wuhan in 2018. By backing Pakistan's request for the UNSC to discuss India's Kashmir move, China has signalled its priorities and made any normalisation of ties almost impossible.

China is making it clear that with India's consolidation of control over Ladakh – and by extension Aksai Chin – Sino-Indian border negotiations might be entering a new phase, and a hardening of its position should be expected. This despite the fact that Indian external affairs minister S. Jaishankar made it clear to his Chinese counterpart that the legislative measures being ushered in by New Delhi would have no implication for either the external boundaries of India or the Line of Actual Control (LAC) with China. China's response is also driven by its wider interests as the China-Pakistan Economic Corridor (CPEC) has pushed China to be even more aggressive on Kashmir. With China reportedly planning to set up a permanent military base in Pakistan for CPEC, India should be prepared for greater Chinese meddling on this matter.

India's deft diplomatic handling of the situation has ensured that China stands isolated at the UN. This has been happening repeatedly now. Earlier in 2019, China was isolated while trying to protect Masood Azhar from being declared a global terrorist, but had to later backtrack in the face of global opinion<sup>4</sup>. And at the UNSC consultations on Kashmir concluded

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<sup>4</sup> D.R. Chaudhury, "Here is why 'frustrated' China changed its stance on Masood Azhar", *Economic Times*, 3 May 2019.

without any outcome or formal statement. Most members supported India's stand that this was a bilateral issue to be resolved between India and Pakistan.

This repeated isolation notwithstanding, China remains unambiguously committed to sustaining its partnership with Pakistan. This is the strategic reality New Delhi will have to contend with. The Wuhan summit was an attempt by New Delhi and Beijing to defuse tensions after the Doklam crisis, and it succeeded in doing so. But the underlying factors that have shaped the trajectory of Sino-Indian relations over the last few decades remain unchanged. Moreover, as India becomes a more proactive player in the international order and China's troubles with the rest of the world continue to grow, Beijing will target New Delhi even more pointedly.

The risk arising from this growing friction does not necessarily mean that there will be a repeat of the 1962 Sino-Indian war in the near future. Although the simmering, unresolved border conflict makes un-foreseen clashes possible, those who draw parallels with the time of India's ignominious defeat in 1962 fail to acknowledge that India today has a much clearer view of China's intentions and of its own capabilities. The most likely outcome is an institutionalisation of antagonism that will take a toll on both sides. Notwithstanding the public cordiality displayed at fora such as the BRICS (Brazil, the Russian Federation, India, China and South Africa grouping) summit meetings, the level of strategic distrust has become so corrosive that the two states risk becoming open antagonists<sup>5</sup>. China's provocations are mounting and India is under pressure to respond with a greater degree of resolve in order to be viewed internationally as a credible emerging power. The Sino-Indian tensions are evident in the manner in which the two nations are engaging their South Asian neighbours.

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<sup>5</sup> H.V. Pant, "The BRICS Fallacy", *The Washington Quarterly*, vol. 36, no. 3, Summer 2013, pp. 91-105.

## China and Pakistan: An “All Weather” Partnership

Ever since an understanding was reached between Chinese and Pakistani leaders at the Bandung Conference of Asian and African states in Indonesia in 1955, Pakistan has occupied a unique position in China's foreign policy calculus. China's relations with Pakistan have been described as “arguably the most stable and durable element of China's foreign relations”. India has been the main factor that has influenced China and Pakistan's bilateral relations. Whereas Pakistan has gained access to civilian and military resources to balance the Indian might in the sub-continent, China, viewing India as a potential challenger in the strategic landscape of Asia, has tended to use Pakistan to counter Indian power in the region. Sino-Pakistan ties gained particular momentum in the aftermath of the 1962 Sino-Indian war, when the two nations signed a boundary agreement recognising Chinese control over portions of the disputed Kashmir territory. Since then the ties have been so strong that former Chinese President Hu Jintao has described the relationship as “higher than mountains and deeper than oceans”<sup>6</sup>. Chinese President Xi Jinping made his first official visit to Pakistan in April 2015, when he unveiled large-scale plans for expanding economic and military ties with Pakistan. The two nations set a target of increasing their total bilateral trade (imports plus exports) from \$16,000 million in 2014 to \$20,000 million. In 2015, in one of the largest defence deals ever drawn up by China, it agreed to sell eight diesel-electric submarines to Pakistan as well as 110 JF-17 Thunder fighter aircraft. During his visit President Xi also confirmed a \$46,000 million investment package towards the planned China-Pakistan Economic Corridor – CPEC – connecting Pakistan's Gwadar port on the Arabian Sea and the Xinjiang Uygur Autonomous Region in west China – which formed an important part of Beijing's

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<sup>6</sup> A.A. Zardari, “Sino-Pakistan Relations Higher than Himalayas”, *China Daily*, 23 February 2009.

ambitious Maritime Silk Road initiative (MSR – a Chinese strategic initiative to increase investment and foster collaboration across the historic Silk Road route from China to Central Asia and the Middle East).

To demonstrate to China how seriously it is taken by the Pakistani Government, Pakistan's former Prime Minister Nawaz Sharif introduced a "China cell" in his office to supervise all development projects to be executed with the co-operation of Chinese companies in Pakistan. This was an attempt to address the concerns of Chinese businesses about the poor state of their investments in Pakistan caused by the inefficiency of the Pakistani authorities. Meanwhile, China also needs the political and military support of the Pakistani Government to counter the cross-border movement of the Taliban and other militants who are collaborating with Uygur separatist groups in China's Xinjiang region.

Defence ties underpin the larger relationship, with the two sides involved in a range of joint ventures, including the JF-17 Thunder fighter aircraft, the K-8 Karakorum advanced training aircraft, space technology, airborne early warning and control systems, Al-Khalid tanks, and Babur cruise missiles (the dimensions of which exactly replicate those of the Hong Niao Chinese cruise missile). The JF-17 venture is particularly significant given the aircraft's utility in delivering nuclear weapons. In addition, it was reported in 2009 that China had agreed to supply Pakistan with its most advanced home-made combat aircraft, the third-generation J-10 fighter jets, in a deal worth around \$6,000 million<sup>7</sup>. Between 2008 and 2012 Pakistan purchased 55% of China's weapons exports, helping to make China the world's fifth largest exporter of conventional arms.

In March 2013 China confirmed plans to sell a new 1,000-MW nuclear reactor to Pakistan, following a pact that was secretly concluded between the China National Nuclear Corporation (CNNC) and the Pakistan Atomic Energy Commission during

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<sup>7</sup> A. Krishnan, "China's fighter jets for Pakistan", *The Hindu*, 11 November 2009.

a visit by Pakistani nuclear industry officials to Beijing in February of that year. This sale will once again violate China's commitment to the NSG and contravenes China's promise in 2004 when joining the NSG not to sell additional re-actors to Pakistan's Chashma nuclear facility beyond the two reactors that began operating in 2000 and 2011.

On the economic front, China and Pakistan signed a Preferential Trade Agreement in 2003, followed by a Free Trade Agreement in 2007. By 2017 China was supplying almost 20% of Pakistan's imports and buying over 18% of Pakistani exports. Total trade between the two countries at that time amounted to \$13 billion. Although US aid to Pakistan is substantially higher, China's "no-strings attached" economic aid is appreciated more. China and Pakistan are also working towards CPEC which is viewed as playing a crucial role in regional integration of the "Great South Asia", encompassing China, Iran and Afghanistan, and stretching all the way to Myanmar. China's economic co-operation with Pakistan is growing, with substantial Chinese investment in Pakistani infrastructural expansion, including the noted project at the Pakistani deep-water port at Gwadar in Balochistan province. China has always been eager to gain a strategic foothold in the Arabian Sea, and Gwadar is an attractive option. Despite some suggestions that the Chinese role in Gwadar would remain limited because of mounting instability in Balochistan and China's keenness to avoid antagonising India and the USA, China took the plunge into the murky waters of Gwadar by acquiring 40-year management rights over the strategically situated port<sup>8</sup>.

The China-Pakistan partnership serves the interests of both by presenting India with a potential two-front theatre in the event of war with either country. In their own ways, each is using the other to balance and hedge against India. India's disputes with Pakistan keep India preoccupied, thereby failing to

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<sup>8</sup> "Pakistan's Gwadar Port Leased to Chinese Company for 40 years", *Economic Times*, 20 April 2017.

attain its potential as a major regional and global player. China, meanwhile, guarantees the security of Pakistan when it comes to its conflicts with India, thus preventing India from using its much superior conventional military strength against Pakistan. Not surprisingly, one of the central pillars of Pakistan's strategic policy over the last four decades or more has been its steady and ever-growing military relationship with China, while preventing India's dominance of South Asia by strengthening Pakistan has been a strategic priority for China. There are, however, definite limits to China-Pakistan ties. The relationship remains fundamentally asymmetrical: Pakistan wants more out of its ties with China than China is willing to offer. Today, when Pakistan's domestic problems are gargantuan, China would be very cautious in involving itself even more. Moreover, the closer China gets to Pakistan, the faster India moves into the US orbit. Chinese involvement in Pakistan is unlikely to match the US profile in the country in the short to medium term, and it is not readily evident if China is actually seeking to match the US in this regard. Not surprisingly, while Pakistan pursues greater engagement with China, Beijing re-mains wary of being drawn into a tighter relationship. However, flirtation with Pakistan gives China crucial space for diplomatic manoeuvring *vis-à-vis* India and the US. An India in the ascendant makes Pakistan all the more important for Chinese strategy with regard to the sub-continent. As a consequence, Sino-Pakistan ties are likely to become even stronger in the coming years<sup>9</sup>.

## **China and Bangladesh: Growing Footprint**

At a time when Bangladesh's relationship with India seems to have become hostage to domestic political imperatives, China's role in Bangladesh has assumed a significantly higher profile. It

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<sup>9</sup> This argument has been elaborated in H.V. Pant, "The Pakistan Thorn in China-India-US Relations", *The Washington Quarterly*, vol. 35, no. 1, Winter 2012, pp. 83-95.

is ironic that this should happen to Indo-Bangladesh ties given India's central role in helping to establish the independent state of Bangladesh and the close cultural affinities, geographic ties and ethnic linkages that the two countries share<sup>10</sup>. Yet friends are as temporary as enemies in international politics. Instead, it is a state's national interests that determine the contours of its foreign policy. In the case of India and Bangladesh, these interests have been diverging for some years now, making this bilateral relationship highly susceptible to the domestic political narratives in the two states.

India is the central issue around which Bangladeshi political parties define their foreign policy agenda. This should not be a surprise given India's geographic, linguistic and cultural linkages to Bangladesh. Over the years political parties opposing the Awami League (AL) have tended to define themselves as in opposition to India, in effect portraying the AL as India's "stooge". Moreover, radical Islamic groups in Bangladesh have tried to buttress their own "Islamic identity" by attacking India. Ever since coming to power in December 2008, Sheikh Hasina has faced challenges to her authority from right-wing parties, as well as from fundamentalist organisations such as the Bangladesh Jamaat-e-Islami and Jamaat-ul-Mujahideen Bangladesh, which enjoy Pakistan's support. These groups are united in undermining efforts by the Bangladesh Government to improve ties with India.

Bangladesh's attempts to woo China – an extra-regional power – aim to prevent India from asserting regional supremacy in its relations with Bangladesh. China has been more than willing to invest in relations with Bangladesh so as to moderate India's influence over Bangladesh. Sino-Bangladesh bilateral ties have expanded in various directions since the establishment of formal ties in 1976. The signing of the "Defence Co-operation Agreement" in 2002, covering military training and defence production, was

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<sup>10</sup> K. Jacques, *Bangladesh, India, and Pakistan: International Relations and Regional Tensions in South Asia*, New York, St. Martin's Press, 2000, p. 161-65.



a significant milestone as it underscored Bangladesh's desire to look away from India with regard to defence issues. The agreement was signed during a period when Bangladesh was under pressure from India for allegedly allowing its territory to be used for anti-Indian activities. With the Chinese defence pact, Bangladesh signalled to India that it had the means to resist Indian pressure. By 2006 China was the largest supplier of arms to Bangladesh's defence forces, with supplies including 122-mm howitzers, rocket launchers, and small arms such as pistols and sub-machine guns, along with regular 82-mm mortars. In 2008, with the active participation of Chinese experts, the launch pad successfully test-fired a C-802A anti-ship cruise missile, a modified version of the Chinese Ying Ji-802, with a strike range of 120 km. There are plans to induct two Chinese submarines into the Bangladesh navy by 2019 as part of a \$203 million deal, while two frigates procured from China were commissioned in 2014. Furthermore, Bangladesh has signed pacts with China under which the Chinese military is now providing military support and training to Bangladesh's armed forces.

Meanwhile, energy co-operation between China and Bangladesh is growing, with Chinese oil companies helping with the development of oil and gas reserves in Bangladesh, offering the potential of Bangladesh exporting oil to China. China is investing in key infrastructure development projects in Bangladesh<sup>11</sup>. China has committed itself to assisting Bangladesh in the construction of the proposed 6.15-km Padma Multipurpose Bridge, which when completed would be South Asia's longest river crossing, as well as to help Bangladesh in the construction of deepwater ports at Chittagong and Sonadia, further heightening Indian fears of "encirclement".

Bangladesh's ties with China have continued to flourish even under the AL administration, which has been careful to avoid appearing to be too close to India<sup>12</sup>. Sheikh Hasina has

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<sup>11</sup> K. Stacey, "Chinese investment in Bangladesh rings India alarm bells", *Financial Times*, 7 August 2018.

<sup>12</sup> "Who is greater friend? India or China? Dhaka Debates", *Indo-Asian News*

described China as the “most dependable and consistent friend of Bangladesh” ever since the two states established their diplomatic ties more than three decades ago. A close relationship with China is one of the most potent ways in which Bangladesh can demonstrate its autonomy from Indian domination, especially when India has found it difficult to make significant progress on key thorny bilateral issues. Prime Minister Hasina visited China in June 2014 during which she signed five bilateral agreements, including one providing for the construction of a 1,320-MW power plant in Patuakhali with Chinese assistance and one on sharing with Bangladesh the technology pertaining to the cultivation of super-hybrid rice, something that China usually does not do. Given China’s growing profile in Bangladesh, the term “all-weather friendship” – normally reserved to describe China’s ties with Pakistan – is now also being used to underline the changing nature of the Sino-Bangladesh bilateral relationship. Bangladesh and China signed 40 agreements, including loan and investment deals in the infrastructure sector worth over \$20,000 million, as they upgraded their ties to a strategic partnership during Chinese President Xi Jinping’s visit to Bangladesh in October 2016<sup>13</sup>. Hasina again visited China in July 2019 when the two governments reiterated their cooperation since the establishment of China-Bangladesh Strategic Partnership of Cooperation in 2016. Beijing and Dhaka signed eight memoranda of understanding and agreements on power, loan, economic and technical and investment cooperation, exchanging of hydrological data, and cultural and tourism exchanges.

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*Service*, 19 March 2010.

<sup>13</sup> T. Parmar, “China’s Xi Jinping Makes ‘Historic Visit’ to Bangladesh”, *Time*, 14 October 2016.

## **China and Sri Lanka: Footprint in the Indian Ocean Region**

As India's ties with Sri Lanka have entered a turbulent phase in recent years, China's presence in Sri Lanka has become more significant, posing a serious challenge to Indian policy. Historically, India was the main driver in Sri Lanka's foreign policy, as reflected in the Sri Lanka Government's demand in 1957 that the British leave their naval base at Trincomalee and air base at Katunayake<sup>14</sup>. After China's victory in its 1962 war with India, however, Sri Lanka began to court China much more seriously. China, for its part, viewed India's role in Sri Lankan affairs as a means not only to "control" Sri Lanka and achieve "regional hegemony" in South Asia but also to "expel the influence of other countries"<sup>15</sup>. It was Sri Lanka's war against the Liberation Tigers of Tamil Eelam (LTTE – also known as the Tamil Tigers) that made India's role contentious both domestically and in Sri Lanka, and allowed China crucial manoeuvring space to enhance its profile in the country.

When the Sri Lankan government of Mahinda Rajapaksa decided to launch an all-out offensive against the Tamil rebels, after being humiliated by LTTE air prowess, it also made a decision to court China more actively in the defence sphere. When India made it clear that it would not send offensive weapons and weapon systems such as radar, and the West suspended military aid on account of human rights concerns, China decided to come to the rescue of the Sri Lankan government. Sri Lanka signed a \$38 million deal in 2007 to buy Chinese ammunition and ordnance for its army and navy, even as China supplied Sri Lanka with fighter jets to counter the LTTE's air power. Today, China not only supplies military hardware and training to Sri Lanka, but it has also assisted Sri Lanka in gas exploration

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<sup>14</sup> D. Mohan Prasad, *Ceylon's Foreign Policy under the Bandarnaikes (1956-65): A Political Analysis*, New Delhi, S. Chand, 1973, pp. 304-88.

<sup>15</sup> J.W. Garver, *Protracted Contest: Sino-Indian Rivalry in the Twentieth Century*, Seattle and London, University of Washington Press, 2001, pp. 308-9.

and the construction of a modern port in the southern town of Hambantota. China's arms transfers included fighter aircraft, armoured personnel carriers, anti-aircraft guns, air surveillance radars, rocket-propelled grenade launchers and missiles, thereby strengthening the position of the Sri Lankan military against the first terrorist organisation in the world to boast of an army, navy and air force, along with a small submarine force.

Chinese military supplies to Sri Lanka are estimated at \$100 million per year, with China supporting the Sri Lankan defence forces in boosting their capabilities regarding high-technology aerial warfare, and restructuring and re-orientating the military. Moreover, China has encouraged Sri Lanka's participation in multilateral regional military activities, and Sri Lanka was accepted as a Dialogue Partner to the Shanghai Cooperation Organization (SCO) in 2009. China emerged as the largest foreign finance partner of Sri Lanka in 2010, overtaking India and Japan, and became its third largest trading partner in 2012. Sri Lanka is also committed to joining the MSR initiative, which is a vital strategic project for China in the Indian Ocean. For China, Sri Lanka is a gateway port up the western coast of India and further west, to Iran, an important oil exporter to China.

China's support was crucial for Sri Lanka during the final phase of the war against the LTTE. Chinese support also proved invaluable when Sri Lanka was subsequently confronted by US-backed resolutions at the UNHRC. As a result, the two nations now have a declared "strategic co-operation partnership"<sup>16</sup>. For China, its ties with Sri Lanka give it a foothold near crucial sea lanes in the Indian Ocean, as well as entry into what India considers its sphere of influence. China is financing more than 85% of the Hambantota Development Zone, to be completed over the next decade. This will include an international container port, a bunkering system, an oil refinery, an international airport and other facilities. The port in Hambantota,

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<sup>16</sup> For a discussion of the factors responsible for the defeat of the LTTE, see H.V. Pant, "End Game in Sri Lanka", *Yale Global Online*, 23 February 2009.

deeper than the one at the Sri Lankan capital, Colombo, is to be used as a refuelling and docking station for the Chinese navy. Although the two sides claim that this is merely a commercial venture, it is viewed by the authorities in the Indian capital of New Delhi as yet another pearl in China's string, which aims to encircle India in the Indian Ocean. In July 2017 the Sri Lankan Government approved a revised agreement on the structure of Chinese investment in Hambantota, in a move designed to placate Indian fears over Chinese military expansion. Under the agreement, the state-owned China Merchants Port Holdings was to take a lease on the port for a fee of \$1,100 million, but a separate company controlled by the Sri Lanka Ports Authority would retain responsibility for authorisations<sup>17</sup>.

China's policy of using financial aid to developing countries in gaining or acquiring assets of global strategic importance has been evident in Sri Lanka. The Chinese Government extended a loan to Sri Lanka for building and making operational the Hambantota port, which is important because of its strategic geographical location. China gifted a frigate – "P625" – to Sri Lanka reflecting the "good friendship between the two countries".

Sri Lanka assured India that the port would remain under its sovereign control and that Indian interests would be taken into account. However, Sri Lanka was unable to repay the high-cost loan to China and, as an alternative, offered control of the port to China with a lease of 99 years. This is the most significant acquisition of a strategic asset by China in India's backyard.

India's political and economic influence in Sri Lanka has diminished significantly since strong domestic Tamil sentiment against supporting Sri Lanka's counter-insurgency strategy prevented India from playing a meaningful role in the defeat of the LTTE. As noted earlier, Colombo turned to Beijing for military supplies after New Delhi refused, and with this India's

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<sup>17</sup> "Sri Lanka, China sign US\$1.1 billion Hambantota port deal", *The Hindu*, 29 July 2017.

strategic space in Sri Lanka shrank to an all-time low, despite its geo-strategic advantage and economic influence. After the civil war, China's diplomatic support helped Sri Lanka deflect Western criticism of its human rights record in defeating the LTTE. India had hoped that following the defeat of the LTTE it would be able to regain its former influence in the island nation.

Where India has to balance its domestic sensitivities and strategic interests, China faces no such constraint in developing even stronger ties with Sri Lanka. This will continue to shape China's role in Sri Lanka in the coming years. Sri Lanka matters because the Indian Ocean matters. The "great game" of this century will be played out in the waters of the Indian Ocean. Although India's location gives it great operational influence in the Indian Ocean, it is by no means certain that it is in a position to hold on to its geographic advantages. China is rapidly catching up, and its ties with Sri Lanka are aimed at expanding its profile in this crucial part of the world.

## Conclusion

China's presence looms large over the South Asian landscape today, emerging as the single most important external power in the region. In addition to Pakistan, Bangladesh and Sri Lanka, other smaller states in the region including Nepal, The Maldives and Afghanistan have also seen an expansion of the Chinese footprint. This has weakened New Delhi's influence, alarming Indian policymakers, especially as this is happening at a time when Sino-Indian relations have acquired strong competitive undercurrents. Former Indian Prime Minister Manmohan Singh has suggested that "China would like to have a foothold in South Asia and we have to reflect on this reality [...] It's important to be prepared"<sup>18</sup>. In addition, former Indian Minister

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<sup>18</sup> A. Scrutton, "Manmohan Singh says China wants a foothold in South Asia", Reuters, 7 September 2010.

of External Affairs Salman Khurshid has emphasised that India must accept “the new reality” of China’s presence in areas it considers exclusive, in apparent acknowledgement that both the South Asian and Indian Ocean regions are rapidly being shaped by the Chinese presence<sup>19</sup>. One of the priorities of the Narendra Modi Government, which assumed office in May 2014 and was re-elected in May 2019, has been to consolidate India’s strategic profile in the country’s immediate neighbourhood, which has brought Sino-Indian rivalry in South Asia into even sharper relief<sup>20</sup>.

With the rise in the economic and military capabilities of both China and India, there has been increasing friction between the two powers as China expands its presence in South Asia and the Indian Ocean region and India makes its presence felt in East and South-East Asia. India’s long-term challenge in South Asia is to respond effectively to the impact of a rising China on the geopolitics of the sub-continent. At the same time, China’s growing profile in India’s neighbourhood has given greater strategic space to smaller countries in the region for diplomatic manoeuvring between the two regional giants, whereby they promote their national interests by not explicitly aligning with any one major power, but pursue policies that preserve their independent existence. This is a standard strategy adopted by small states in regional systems that are dominated by two or more major powers. China’s rising profile in South Asia and the Indian Ocean region is no longer a new phenomenon; rather, it is a reality that India and the wider world will have to learn to live with. It will be interesting to see whether New Delhi will fight back to regain its lost strategic space in regions traditionally considered India’s periphery.

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<sup>19</sup> “India has to accept China’s presence in ‘exclusive’ areas, says Salman Khurshid”, *India Today*, 11 December 2012.

<sup>20</sup> On Modi government’s China policy, see H.V. Pant, *Indian Foreign Policy: The Modi Era*, New Delhi, HarAnand Publications, 2019.

## 6. China's Choice of Strategic Partners within the 17+1 Initiative

Chen Changwei, Nikola Stojanović

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The cooperation between the small and medium-sized countries in Central and Eastern Europe (CEE) and China has improved and made significant strides forward in the relatively short span of a decade. Economic exchanges have surged; political ties have been strengthened; and construction of social and cultural bridges is progressing at a notable pace. In 2012, China established a comprehensive regional framework for cooperation with Central and Eastern European countries (now called the 17+1 Initiative)<sup>1</sup>, and in parallel reinforced its bilateral ties with several CEE nations, establishing various forms of strategic partnerships with Serbia, Poland, Czech Republic, Hungary, Greece and Bulgaria. Why have some bilateral relations between China and individual CEE countries been upgraded to a level of either strategic partnership or a comprehensive strategic partnership, while China's partnership diplomacy has not been extended to the rest of the 17 countries (namely, Albania, Bosnia and Herzegovina, Croatia, Estonia, Latvia, Lithuania, North Macedonia, Montenegro, Romania, Slovakia and Slovenia)? This chapter analyses the internal dynamics within the 17+1 initiative, seeking to shed light on China's treatment of a subset of strategic partners within the larger cohort of CEE countries,

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<sup>1</sup> The cooperation framework was originally branded as 16+1 Initiative, however changed its designation after Greece officially joined to become the 17+1 initiative.



and to explain the rationale behind China's choice of strategic partners within these countries.

## China's Partnership Diplomacy

The rise and proliferation of strategic partnerships as a relatively recent form of international alignment goes hand in hand with the transformations of the international system in the post-Cold War era<sup>2</sup>. They are facilitated by the globalisation of the international economy, technological developments, removal of ideological barriers to interstate exchanges, and new forms of transnational threats requiring a joint approach. Strategic partnerships have emerged as one of many new types of cooperative interstate behaviour and interactions in an increasingly multi-nodal and pluralistic world that defies the logic of bipolar security competition. They can be conceptually defined as structured frameworks for collaboration between states (or other actors) which are organized in a loose and non-binding way, and which aim to enable the pursuit of shared interests. They seek to address common challenges in various fields and facilitate future cooperation<sup>3</sup>. Strategic partnerships are usually formed to ease cooperation in non-military fields, such as fostering people-to-people contacts, business cooperation, economic, cultural and scientific cooperation, and/or health and welfare cooperation. Sometimes, they are also formed to address non-traditional security challenges (such as terrorism, religious extremism, separatism, etc.). Over the past two decades, strategic partnerships have become a notable element in the

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<sup>2</sup> C. Chidley, "Towards a Framework of Alignment in International Relations", *Politikon: South African Journal of Political Studies*, vol. 41, no. 1, February 2014, pp. 141-157; and T.S. Wilkins, "'Alignment', not 'alliance' - the shifting paradigm of international security cooperation: toward a conceptual taxonomy of alignment", *Review of International Studies*, vol. 38, January 2012, pp. 53-76.

<sup>3</sup> G. Strüver, "China's Partnership Diplomacy: International Alignment Based on Interests or Ideology", *The Chinese Journal of International Politics*, vol. 10, no. 1, January 2017, p. 36; and T.S. Wilkins (2012), p. 67.

diplomatic portfolio of numerous countries (China, the United States, Russia, India, the EU, Germany, etc.).

Strategic partnership diplomacy is one of China's key diplomatic mechanisms in organising and conducting bilateral and multilateral relations. The choice of this diplomatic tool is seen as reflecting the shift in China's foreign policy attitude from being largely ideology-driven to being more pragmatic and focused on the specific features of each international player<sup>4</sup>. Officially, the conceptual premise of strategic partnerships – win-win thinking without targeting any third party – fits in well with China's choice of embracing economic globalisation and a peaceful development strategy. Another major consideration is that China, historically, has not favoured or relied on alliances in its diplomacy; rather, it pursued a non-aligned path prioritising independence, greater autonomy, and manoeuvrability<sup>5</sup>. Today, China is the sole major power that claims to uphold the non-alliance policy. At the present time, China's partnership diplomacy is actually a continuation and a creative interpretation of China's long-held policy of non-aligned movement. As early as in 1998, a Chinese White Paper on Defence qualified institutionalised partnerships among major powers as a constructive alternative to military alliances and regarded enlargement of military blocs and the strengthening of military alliances as Cold War leftovers that add elements of instability to international security<sup>6</sup>. Therefore, for China, “partnership rather than alliance (结伴而不结盟)” serves both to advance its role as a major power and to promote an alternative model for security enhancement in the post-Cold War period.

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<sup>4</sup> Feng Zhongping and Huang Jing, *China's strategic partnership diplomacy: engaging with a changing world*, European Strategic Partnerships Observatory, Working paper 8, 2014, p. 11.

<sup>5</sup> E.S. Medeiros, *China's International Behavior: Activism, Opportunism, and Diversification*, Rand Publishing, 2009, pp. 88-89.

<sup>6</sup> 《1998年中国的国防》白皮书 ([http://weifang.dzwww.com/js/201304/t20130415\\_8236328.htm](http://weifang.dzwww.com/js/201304/t20130415_8236328.htm), date of access 19 October 2019).

There are several motives driving this kind of international alignment. First, partnership arrangements have become an effective tool in gathering international support for China's core interests (e.g. non-interference in domestic affairs or "One China" policy or Taiwan)<sup>7</sup>. Second, China's strategic partnerships aim to create a better environment for China's continuous rise and to enhance China's economic presence in the world, especially in the developing countries. Third, China's strategic partnership diplomacy is focused on building a more favourable international order, with the concepts of multipolarity, new world order, democratization of international relations, diversity, and a harmonious world repeatedly appearing in numerous official documents<sup>8</sup>.

China established its first strategic partnership with Brazil in 1993. Since then, building strategic partnerships has become one of the most notable dimensions of Chinese foreign policy. By the end of 2017, the number of China's partnerships with various countries and international organizations has reached over 105<sup>9</sup>. Such a vast number of partnerships is grouped in three main categories: simple partnerships, strategic partnerships, and comprehensive strategic partnerships. In general, simple partnerships are characterised by a relatively low level of interactions and represent a diplomatic attempt to place future bilateral relations on a more solid footing. Strategic partnerships coincide with a broader agenda of cooperation and more formalised consultation mechanisms. While strategic partnerships are still limited to cooperation only in some important areas, and often confined to closer economic cooperation, comprehensive strategic partnerships represent the highest

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<sup>7</sup> Feng Zhongping and Huang Jing (2014), pp. 9-13.

<sup>8</sup> *Ibid.*, p. 13.

<sup>9</sup> 王峥: 《新时代中国特色大国外交: 伙伴关系外交的新演变和新特征 (2013-2017)》, 载《当代世界与社会主义》, 2018年第4期, 第170-171页。(Wang Zheng, "Diplomacy with Chinese Characteristics in the New Era: The Evolution and Characteristics of Partnership Diplomacy (2013-2017)", *Contemporary World and Socialism*, no. 4, 2018, pp. 170-171).

form of China's bilateral cooperation. They regularly include detailed agendas for bilateral collaboration and usually lead to the establishment of specific communication channels to facilitate exchanges between the heads of state and high-level representatives of different government units. Conditions leading the Chinese government to establish a comprehensive strategic partnership with a country include political trust, strong economic ties, cultural exchanges, and good relations in other sectors. Moreover, any potential comprehensive strategic partnership candidate should have at least one important role in its geographical region<sup>10</sup>.

### China-CEEC cooperation

The China-CEEC Cooperation Framework (17+1 initiative) is a relatively new platform for regional cooperation officially established in 2012 during Chinese Premier Wen Jiabao's meeting with the leaders of the then-16 countries of Central and Eastern Europe in Warsaw. Based on annual leaders' meetings, dialogue, consultation mechanisms at various levels and diversified functional platforms, this multilateral cooperative framework was jointly set up to deepen individual CEE countries' bilateral relations with China and to reinvigorate China's ties with the CEE region as a whole. Called the 16+1 initiative when established, as the cooperation framework included 16 CEE countries (Albania, Bosnia and Herzegovina, Bulgaria, Croatia, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Macedonia, Montenegro, Poland, Romania, Serbia, Slovakia and Slovenia), the initiative was rebranded into 17+1 in 2019 when Greece officially joined the framework. At first, the initiative envisioned cooperation in the fields of investment, trade, finance, and people-to-people exchange. It was later expanded to new areas such as innovation, science and technology, health, production capacity, Eurasian interconnection, etc. Its

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<sup>10</sup> Classification of partnership agreements taken from G. Strüver (2017), p. 45; and Feng Zhongping and Huang Jing (2014), p. 15.

cooperative bodies range from central governments and enterprises to local governments, universities, think tanks, and so on<sup>11</sup>. However, the 17+1 cooperation “does not blindly expand the scope of cooperation” – ideological issues, geopolitical disputes, and military cooperation were never intended to be included in the joint framework<sup>12</sup>.

Due to the Initiative, China-CEEC relations have witnessed significant improvements over the last eight years. Before the establishment of the 17+1 mechanism, China-CEEC ties were the weakest part of China-EU relations, both in terms of political contacts and volume of economic and trade cooperation. Now, this trend is being reversed through the rapid advancement of multilateral, multi-channel exchanges. For instance, Chinese Premier Wen's trip to Poland in 2012 was the first visit by a Chinese premier to this country in 25 years<sup>13</sup>. Now, with the 17+1 Annual Leaders Meetings, political exchanges on a high level have drastically multiplied. Chinese leaders have met with their CEE counterparts more than eight times in less than a decade – in Warsaw (2012), Bucharest (2013), Belgrade (2014), Suzhou (2015), Riga (2016), Budapest (2017), Sofia (2018), and Dubrovnik (2019), to name a few. In addition, to increase communication and facilitate implementation of agreed outcomes, participating countries have set up a permanent Secretariat for Cooperation between China and CEE under the Ministry of Foreign Affairs of China<sup>14</sup>. More than twenty

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<sup>11</sup> Liu Zuokui, Ju Weiwei and Ma Junchi, *The Development and Evaluation Report of China-CEEC Think Tanks Exchange and Cooperation (2015-2016)*, Beijing, China Social Sciences Press, 2017, pp. 37-38.

<sup>12</sup> Huang Ping and Liu Zuokui, *The cooperation between China and Central & Eastern European countries (16+1); 2012-2017*, China, Social sciences academic press, 2017, p. 37.

<sup>13</sup> Kong Tianping, “16+1 Framework: Progress and Prospect”, in Huang Ping and Liu Zuokui (eds.), *China-CEEC People to People Exchange: Past, Present and the Future*, Beijing, China Social Sciences Press, 2017, p. 59.

<sup>14</sup> *Introduction of the Secretariat for Cooperation between China and Central and Eastern European Countries*, Secretariat for Cooperation between China and Central and Eastern European Countries (last retrieved on 14 April 2017).

sectorial cooperation platforms have been established in different CEE countries, covering a wide range of areas including economy, trade, investment, tourism, local cooperation, transportation, logistics, technical cooperation, think tanks, health, etc.<sup>15</sup>. Compared with other similar cooperation platforms linking China with a specific region – the Forum on China-Africa Cooperation (2000), the China-ASEAN Cooperation Mechanism (2003), the China-Arab States Cooperation Forum (2004), the China-Pacific Island Countries Economic Development & Cooperation Forum (2006), and the Forum of China and the Community of Latin American and Caribbean States (2015), the China-CEEC “17+1 cooperation” mechanism stands out for its uniqueness, innovativeness, and frequent high-level political meetings<sup>16</sup>. Moreover, thanks to the “17+1” cooperation framework, all CEE countries have joined the “One Belt and One Road Initiative” (BRI) with China, completing the full coverage of BRI in the region of Central and Eastern European<sup>17</sup>.

Regarding the vitality of non-political exchanges, the 17+1 initiative significantly boosted the volume of economic cooperation by introducing series of trade-facilitating measures. For instance, between 2012 and 2016, China's trade with 16

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<sup>15</sup> For instance, China-CEE Tourism Coordination Center under the Hungarian National Tourism Agency; China-CEE Association on Transport and Infrastructure Cooperation under the Ministry of Communications of Serbia; China-CEE Maritime Secretariat under the Ministry of Maritime Economy and Inland Navigation of Poland; or China-CEEC Association of Governors of Provinces and Regions under the Ministry of Internal Affairs of the Czech Republic. Huang Ping and Liu Zuokui, *The cooperation between China and Central & Eastern European countries (16+1): 2012-2017...*, cit.

<sup>16</sup> 《中国外交70年专家谈（之三）——全球治理、军事外交、中东欧合作、中等国家关系》，《国际展望》2019年第5期，第10页。（“Experts' Views on China's Diplomacy of the Last 70 Years (3): Global Governance, Military Diplomacy, Cooperation with Central and Eastern European Countries, Relations with Middle-sized Countries”, *International Outlook*, no. 5, 2019, p. 10).

<sup>17</sup> 鞠豪：《浅谈“16+1合作”的影响因素》，《欧亚经济》2019年03期，第90页。（Ju Hao, “On the Influencing Factors of ‘16 + 1’ Cooperation,” *Eurasian Economy*, no. 3, 2019, p. 90).

countries in Central and Eastern Europe rose over 30%, reaching 52.654 billion dollars<sup>18</sup>. Also, China's outward foreign direct investments increased from about \$400 million in 2009 to about \$1.7 billion in 2014. Trade between CEE and China is growing much faster than the trade between China and the whole of Europe over the same period. To illustrate, CEE exports to China grew by a staggering 173% over the five years to 2014, almost double the 91 percent increase in exports from the EU to China. Another unique feature of cooperation between China and countries of Central and Eastern Europe is local cooperation. For instance, as of December 2017, more than 160 pairs of sister city relations have been established at the provincial and urban levels. More and more direct flights between China and CEE countries are available, facilitating economic and trade communication and personnel exchanges between the two sides. Despite various obstacles, many China-Europe Railways Expresses went into service, connecting cities such as Suzhou and Warsaw, Yiwu and Riga, Chengdu and Lodz, Changsha and Budapest, and others<sup>19</sup>.

During President Xi Jinping's visit to Greece in November 2019, China and Greece agreed to go ahead with a Chinese Euro 600 million investment by China's COSCO Shipping Corporation Limited into Greece's largest port, Piraeus. COSCO plans to turn Piraeus port into the biggest commercial harbour in Europe to boost its role as a hub in rapidly growing trade between Asia and Europe<sup>20</sup>.

It should also be noted that not all CEE countries are members of the EU. Montenegro, Bosnia and Herzegovina, Macedonia, Albania, and Serbia are located in the Western Balkans and are currently in different phases on the EU accession path. Still not fully integrated in the EU system, their

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<sup>18</sup> P. Huang and Z. Liu, *The cooperation between China and Central & Eastern European countries (16+1): 2012-2017...*, cit., p. 15.

<sup>19</sup> Data on local cooperation taken from *ibid.*, p. 3.

<sup>20</sup> “China, Greece Agree to Push Ahead with COSCO's Piraeus Port Investment”, *Reuters*, 11 November 2019 (date of access 28/11/2019).

behaviour displays several distinct features. These countries cannot take full advantage of various kinds of EU support (such as the EU structural and cohesion funds), and are thus more dependent on support for their economic development from outside the EU. Naturally, they are not fully subject to the EU's legislative jurisdiction<sup>21</sup>.

## China's Partnership Diplomacy in Central and Eastern Europe

Officially, all the 17 CEE countries “are China's equal cooperation partners and they have the same importance to China”<sup>22</sup>. Nonetheless, China's bilateral ties with certain countries display higher levels of complementarity, and at the same time, these countries play a more significant role in enhancing the 17+1 mechanism. The easiest way to identify these front-runners in China-CEE cooperation is to look at China's portfolio of strategic partners in the CEE region. Before the establishment of the Initiative in 2012, China had strategic relations with only two countries in Central and Eastern Europe – Serbia and Poland. Yet, by 2019, China's regional network of strategic partners has expanded to include the Czech Republic, Hungary, Bulgaria and Greece.

Serbia was the first CEE country to establish a strategic partnership with China in 2009 as well as the first country to elevate its relationship with China to a level of comprehensive strategic partnership in 2016. According to the former Chinese

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<sup>21</sup> Actually, their legal framework is being harmonized with the EU through a gradual adoption of the *acquis communautaire*. Nonetheless, this is an ongoing process and the Western Balkans countries are the “freest” in their economic and foreign policies among the CEEC. See: A. Hackaj, “How Could the ‘16+1 cooperation’ Promote the Belt and Road Initiative after the Belt and Road Forum for International Cooperation,” in Huang Ping and Liu Zuokui (eds.), *How the 16+1 Cooperation promotes the Belt and Road Initiative...*, cit., pp. 17-19.

<sup>22</sup> Huang Ping and Liu Zuokui, *The cooperation between China and Central & Eastern European countries (16+1); 2012-2017...*, cit., pp. 3-4.



Ambassador to Serbia Zhang Wanxue, similar historical experiences, complementary economic structures, equivalent views on certain international and territorial issues, as well as joint opposition to foreign interference in internal affairs of countries were the underlying reasons for China to add Serbia to its portfolio of strategic partners in Central and Eastern Europe<sup>23</sup>. In 2009, Belgrade adopted a “four pillars” foreign policy doctrine, proclaiming Beijing as one of its principal international partners (along with Brussels, Moscow and Washington)<sup>24</sup>. With regards to the 17+1 Initiative, Serbia can point to a significant number of achievements – the first infrastructure project financed and delivered by China in Europe; the first nation in Europe to establish bilateral visa-free entry regime for Chinese citizens; the first thermal power station which meets EU standards built by Chinese enterprises; the first high-speed train that is going to be constructed by Chinese companies in Europe is the Belgrade-Budapest railway, etc<sup>25</sup>. Overall, Sino-Serbian bilateral ties have been on an upward trajectory and have significantly expanded in both depth and breadth over the last decade, as illustrated by a growing number of diplomatic visits, exchange mechanisms and bilateral agreements<sup>26</sup>.

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<sup>23</sup> S. Arežina, *Odnos NR Kine sa Jugoslavijom i Srbijom od 1977. do 2009. godine* (PR China's relationship with Yugoslavia and Serbia from 1977 to 2009), unpublished doctoral dissertation, University of Belgrade, Faculty of Political Sciences, 2013, pp. 37-40.

<sup>24</sup> D. Đukanović and D. Živojinović, “Strateška partnerstva Republike Srbije” (“The Republic of Serbia Strategic Partnerships”), *Godišnjak Fakulteta Političkih Nauka*, no.6, December 2011, pp. 306-310; and D. Pavličević, “The Sino-Serbian Strategic Partnership in a Sino-EU Relationship Context”, University of Nottingham, China Policy Institute Briefing Series, no. 68, April 2011.

<sup>25</sup> Huang Ping and Liu Zuokui, *The cooperation between China and Central & Eastern European countries (16+1); 2012-2017...*, cit., p. 4; D. Pavličević, “The geoeconomics of Sino-Serbian relations: The view from China”, in *China's investment in influence: the future of 16+ 1 cooperation*, A. Stanzel and A. Kratz (eds.), European Council on Foreign Relations (ECFR), 2016, pp. 12-14.

<sup>26</sup> D. Pavličević, “The Key Influencers on the Serbia's Relationship with China: Beyond China-centric Explanations”, China-CEEC Think Tanks Network, 7 August 2017.

Another comprehensive strategic partner that plays a significant role in promoting the cooperation under the 17+1 initiative is Hungary. The breakthrough in Sino-Hungarian bilateral relations came in 2011, after the Hungarian government launched the “Eastern Opening”, a new foreign policy concept that aims to decrease country’s dependence on Western European markets by increasing its trade with Asia – especially China – through effective diplomatic support<sup>27</sup>. Another notable advantage Hungary has in developing political, economic and cultural relations with China is the fact that it hosts the largest Chinese diaspora in Central and Eastern Europe<sup>28</sup>. Under the 17+1 initiative, “China-Hungary relations have created a lot of Firsts”: Hungary is the first country in Europe to officially sign a MOU on jointly building the Silk Road Economic Belt and 21st Century Maritime Silk Road; Hungary is the first country in CEE to establish a Renminbi clearing bank and to issue bonds in yuan; Hungary is also the first country in Europe to implement bilingual education in Hungarian and Chinese<sup>29</sup>. Finally, Hungary, together with Serbia, is an important component of the China-Europe Land-Sea express route, a landmark project of the Maritime Silk Road in Central Europe (passageway linking the Piraeus port in Greece and Budapest)<sup>30</sup>.

Poland is also on the list of China’s strategic partners in Central and Eastern Europe. Initially established in 2011, the Sino-Polish strategic partnership was raised to a comprehensive level during China’s President Xi visit to Poland in 2016. In fact, the blossoming of Sino-Polish relations coincided with

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<sup>27</sup> The 2008-2009 financial crisis affected Hungary severely due to, among other, a trade dependence of approximately 80% on the Western-European markets. See: V. Eszterhai, “Financial Cooperation Between China and Hungary: A Hungarian Perspective”, in Huang Ping and Liu Zuokui (2018), pp. 158-159.

<sup>28</sup> P. Goreczky, “Chinese FDI in Hungary – experiences and challenges”, in Huang Ping and Liu Zuoku (eds.), “16+1 Cooperation”..., cit., p. 37.

<sup>29</sup> Huang Ping and Liu Zuokui, *The cooperation between China and Central & Eastern European countries (16+1); 2012-2017...*, cit., p. 4; V. Eszterhai (2018), p. 167.

<sup>30</sup> Huang Ping and Liu Zuokui, *The cooperation between China and Central & Eastern European countries (16+1); 2012-2017...*, cit., p. 26.

a new Polish foreign policy approach of “leaning towards the east”. This adjustment in its diplomatic approach, which became apparent in 2015, was motivated by two principal factors: first, Polish desire to gain a stronger position in the EU and to build resilience to the influence of bigger and older EU members; and second, Warsaw’s attempt to mitigate its economic overdependence on Europe<sup>31</sup>. As a result, Poland became the only Central and Eastern European country to be listed as a founding member of the Asian Infrastructure Investment Bank<sup>32</sup>. Officially, economic concerns are at the core of Polish interests to forge better relations with China – Warsaw is seeking to expand its exports, to narrow a huge trade deficit, and to attract Chinese investment<sup>33</sup>.

The Sino-Czech relationship is a textbook case of China’s improved image in Central and Eastern Europe. The Czech Republic used to be a vocal critic of China regarding human rights. The Sino-Czech relationship was also beset by issues such as the latter’s welcoming the Dalai Lama and loudly proclaiming Czech-Taiwan cooperation. However, after President Miloš Zeman assumed office in 2013, the Czech Republic dramatically altered its China policy<sup>34</sup>. Zeman was the sole leader from the European Union to attend the military parade to celebrate the 70th anniversary of the end of World War II in Beijing in 2015<sup>35</sup>. Sino-Czech relations reached their zenith in

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<sup>31</sup> J. Szczudlik, “When the Silk Road meets the EU: towards a new era of Poland-China Relations?”, in A. Stanzel and A. Kratz (eds.), *China’s investment in influence: the future of 16+ 1 cooperation*, European Council on Foreign Relations, 2016, pp. 10-11.

<sup>32</sup> Yuan Hang, “China’s Strategic Narrative and Challenges: The Case of Poland”, *Stosunki Międzynarodowe*, vol. 54, 2018, p. 121–141.

<sup>33</sup> Liu Zuokui, “The Pragmatic Cooperation between China and CEE: Characteristics, Problems and Policy Suggestions”, Working Paper Series on European Studies, Institute of European Studies, Chinese Academy of Social Sciences, vol. 7, no. 6, 2013, p. 6.

<sup>34</sup> B. Kowalski, “China’s foreign policy towards Central and Eastern Europe: The ‘16+1’ format in the South-South cooperation perspective. Cases of the Czech Republic and Hungary”, *Cambridge Journal of Eurasian Studies*, April 2017, p. 10.

<sup>35</sup> R.Q. Turcsanyi, “Is the Czech Republic China’s New ‘Bridge to Europe’?”, *The*

March 2016, when Prague welcomed China's President for the first time in the 67 year-long diplomatic history between the two countries. On this occasion, China and the Czech Republic established a strategic partnership and signed a number of bilateral cooperative documents in the fields of e-commerce, investment, science and technology, tourism, culture and aviation<sup>36</sup>. As the two countries continue working on integrating their respective developmental strategies, such as "Made in China 2025" and "Czech Industry 4.0", Sino-Czech cooperation is expected to further expand in areas of finance, Internet economy, new energy, business model innovation, etc<sup>37</sup>.

In 2019, the portfolio of China's strategic partners in CEE was expanded to include two more countries – Greece and Bulgaria. The Sino-Greek comprehensive strategic partnership was originally established in 2006. However, this became relevant for the China-CEEC cooperation framework only in April 2019 when Greece officially became part of the Initiative. Later on, in July 2019, during Bulgarian President Rumen Radev's visit to China, the two countries lifted their ties to a strategic level, making Bulgaria China's sixth strategic partner in the 17+1 Initiative.

## **The Rationale of China's Choice of Strategic Partners in CEE**

### Economic dimension

Previous research has found economic interests to be the most important driver of China's policy to build a global partnership network across the world. Trade/economic gains, access to natural resources, and inroads into world regions have proven to

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*Diplomat*, 12 September 2015.

<sup>36</sup> Liu Zuokui, Ju Weiwei and Ma Junchi, *The Development and Evaluation Report of China-CEEC Think Tanks Exchange and Cooperation (2015-2016)*, Social Sciences Press, Beijing, 2017, pp. 24-25.

<sup>37</sup> *Ibid.*, pp. 29-30.

be statistically significant predictors of China's alignment decisions<sup>38</sup>. The CEE region does not seem to be an exception to this rule<sup>39</sup>.

China-CEEC trade data is a fairly positive and significant indicator of China's alignments decisions in the CEE region. This is particularly true in the case of the CEE EU member states. Four out of five top China's trade partners in CEE region are also its strategic partners – Poland (27% of the total China-CEE trade flows): the Czech Republic (18%), Hungary (12%), and Greece (8%). For China's strategic partners in the Balkans – Bulgaria (3% of total China-CEE trade flows) and Serbia (1%) – this is not as striking. However, this discrepancy is better explained by looking at the data on China's investments in the CEE region<sup>40</sup>.

In fact, Chinese investments in CEE countries is a major factor in understanding China's alignment decisions. The top three Chinese investment destination countries are all among China's comprehensive strategic partners in the region. Despite exhibiting a fairly low level of trade exchanges with China (around 1%), Serbia is attracting a disproportionately high percentage of its investments (around 27%). Similarly, Greece, the longest serving of China's strategic partners in CEE, attracted 27%. The same is true for Hungary, which attracted 14% of its investments.

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<sup>38</sup> For instance, see G. Strüver (2017).

<sup>39</sup> Data on the volume of China-CEEC trade flows has been obtained from the annual reports on China's trade statistics from the Ministry of Commerce of the People's Republic of China. "[Bilateral Economic and Trade Data](#)", Ministry of Commerce of the People's Republic of China, Department of European Affairs (last retrieved on 10 June 2019).

<sup>40</sup> Information on the Chinese investments in CEEC have been taken from the China Global Investment Tracker, *The China Global Investment Tracker*, The American Enterprise Institute and the Heritage Foundation (last retrieved on 10 June 2019). It should be noted that the variable stock of Chinese investments encompasses both the Chinese FDIs and Chinese funded constructions projects in Central and Eastern Europe.

China's economic interests, therefore, explain the rationale behind its strategic alignment decision in CEE well. Data on bilateral trade flows, taken together with China's stock of investments, indicate most clearly which countries China could establish strategic partnership with within the 17+1 initiative. While trade flows better explain China's initial decision to form a strategic partnership with the CEE EU member states, China's investments seem to predict well why it established comprehensive strategic partnership arrangements with Serbia, Greece, and Hungary.

### Ideological dimension

Previous work on alliance formation shows that ideological affinities and solidarity, together with the traits of the domestic regime, have a positive effect on countries' inclination to establish security cooperation and form alliances. In particular, one study applied this ideological approach to the post-communist world and found that "regime type continues to be a strong predictor" of alliance choice for Eastern European and Central Asian countries – democratic regimes show a preference for NATO membership and alignment with neo-liberal democracies, whereas the neo-communist authoritarian regimes display a strong mutual attraction as allies<sup>41</sup>.

This is especially relevant in light of the recent "illiberal turn" and "democratic backsliding" in Central and Eastern Europe, with countries such as Hungary and Poland receiving international condemnation for interfering in the work of the state media, regulating unfriendly NGOs, and controlling public institutions for private use<sup>42</sup>. The assumption is that the democ-

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<sup>41</sup> S. Horowitz and M. Tyburski, "When are similar regimes more likely to form alliances? Institutions and ideologies in the post-communist world", *Post-Soviet Affairs*, vol. 32, no. 2, 2016, pp. 189-196.

<sup>42</sup> M. Abramowitz and N. Schenkan, "How Illiberal Leaders Attack Civil Society: What's Happening in Central Europe Is Part of a Larger Trend", *Foreign Affairs*, 6 April 2018; and S. Hanley and J. Dawson, "Poland Was Never as Democratic as It Looked", *Foreign Policy*, 3 January 2017.

racy measure is not just capable of capturing regime types and domestic political institutions, but also may be associated with foreign policies and external objectives that make specific alignment choices more or less desirable<sup>43</sup>. Therefore, an inquiry into China's alignment preferences needs to have an ideological dimension<sup>44</sup>.

Democratic governance, nonetheless, does not seem to be of relevance to China's strategic alignment decisions in Central and Eastern Europe. According to the Freedom House's *Nations in Transit* annual reports, none of the three least-democratic CEE countries, classified as hybrid regimes (Bosnia and Herzegovina, North Macedonia, and Albania), are China's strategic or comprehensive strategic partners. Conversely, Poland and Czech Republic are widely regarded as consolidated democracies. Therefore, regime features do not necessarily sway China's strategic partnership preferences among the 17 countries.

Strategic partnership arrangements simply denote qualitatively different modes of international cooperation compared to traditional security alliances. They represent much more loose, flexible, and interest-driven arrangements. They depict China's foreign policy in the CEE region in a rather pragmatic tone. This is not surprising, given that such a non-ideologically based diplomatic attitude is enshrined in many official China's documents on establishing strategic partnerships with CEE countries. For instance, the joint statements on establishing strategic partnerships with Serbia and Poland contain a pledge to transcend "differences in social systems and ideologies"<sup>45</sup>.

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<sup>43</sup> A similar method of operationalizing ideological affinities in countries' foreign policies is employed in S. Horowitz and M. Tyburski, "When are similar regimes more likely to form alliances? Institutions and ideologies in the post-communist world", *Post-Soviet Affairs*, vol. 32, no. 2, 2016, pp. 185-187; and G. Strüver (2017), pp. 47-48.

<sup>44</sup> National levels of democracy in Central and Eastern European countries are based on Freedom House's *Nations in Transit* annual reports. "*Nations in transit 2018*", Freedom House (last retrieved on 10 June 2019).

<sup>45</sup> "Joint Statement of the People's Republic of China and the Republic of Serbia on Establishing a Comprehensive Strategic Partnership", Ministry of Foreign

## Political autonomy

A recurring point of disagreement with regards to the 17+1 initiative is whether China has a specific political purpose towards countries in Central and Eastern Europe, seeking to partner with those that have an above-average level of disagreements vis-a-vis the European Institutions in Brussels. The political autonomy of CEE countries does seem to be a meaningful indicator when analyzing China's strategic partnership policy in this region. The level of politically autonomous behaviour towards Brussels is particularly high in the case of China's comprehensive strategic partners - Hungary and Poland<sup>46</sup>. For instance, the relationship between Viktor Orban's government and European institutions has been strained due to the Hungarian government's alleged populist, anti-immigrant agenda, its attacks on civil society and independent media, and its attempts to close down the liberal Central European University<sup>47</sup>. Similarly, Poland's ruling Law and Justice Party has been locked in a prolonged dispute with the European Commission over the changes in Poland's judicial system. In June 2017, the European Commission launched an infringement procedure against Hungary, Poland and the Czech Republic for failing to comply with their obligations under the disputed EU refugee relocation scheme<sup>48</sup>. Serbia, a country that displays the lowest level of foreign policy alignment with the

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Affairs of the People's Republic of China (last retrieved on 8 April 2018); "[Joint Statement of the People's Republic of China and the Republic of Poland on Establishing a Comprehensive Strategic Partnership](#)", Ministry of Foreign Affairs of the People's Republic of China (last retrieved on 8 April 2018).

<sup>46</sup> A typical example is Poland's, Hungary's and Czech's unwillingness to accept the EU imposed quotas on refugee resettlement in Europe. See "[EU Refugee Crisis Quota Plan Rejected By Hungary, Czech Republic, Slovakia And Poland](#)", *International Business Times* (last retrieved on 25 April 2018); and N. Stojanović, "Krizna u mediteranskom susedstvu: test za migracionu politiku Evropske unije" ("The crisis in the Mediterranean neighborhood: A test for EU migration policy"), *Međunarodni Problemi*, vol. 4, 2015, pp. 328-348.

<sup>47</sup> M. Abramowitz and N. Schenkkan (2018).

<sup>48</sup> M. Vetrovcova, "EU-China Relations – The Visegrad Group as a Doorway to Europe", in Huang Ping and Liu Zuokui (eds.) (2018), p. 70.



EU Common Foreign and Security Policy among the Western Balkans nations, is also one of China's comprehensive strategic partner. Among the non-EU Western Balkans countries, Serbia's EU accession path is the most complicated one, primarily due to the issue of Kosovo, its southern province that proclaimed independence in 2008.

This should, however, not be understood as Beijing's attempt to divide Europe, or in the case of the non-EU Western Balkans countries, to divert them from the EU accession path. Since the EU is neither a passive onlooker nor an equal partner to the "17+1" mechanism, it has been taking a watchful position regarding China's cooperative relations with CEE countries. China and its CEE partners are fully aware of this and have been carefully treading a line to avoid alienating the most important players in European affairs. Therefore, in numerous official documents, as well as joint statements establishing strategic partnerships with CEE countries, Beijing consistently stressed the sub-regional character of the 17+1 Initiative. The China-CEEC cooperation mechanism is aimed at supplementing, rather than replacing, China-EU cooperation mechanisms. For instance, the Medium-Term Agenda for Cooperation between China and Central and Eastern European Countries (2015) explicitly recognizes the China-EU 2020 Strategic Agenda for Cooperation as "the guideline document"<sup>49</sup>. Starting with the Belgrade Summit of in 2014 the EU has regularly sent its representatives to attend China-CEEC Annual Leaders Meetings<sup>50</sup>.

On the contrary, the high degree of political autonomy shown by China's strategic partners should be understood as a consequence of CEE countries' political manoeuvring within the EU framework. Their principal aim is not to divide or undermine the EU, but rather to amplify their voice and increase their political weight within the EU system. For instance, the

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<sup>49</sup> Huang Ping and Liu Zuokui, *The cooperation between China and Central & Eastern European countries (16+1); 2012-2017...*, cit., p. 20.

<sup>50</sup> For instance, during the Suzhou Summit in 2015, EU, Austria and European Bank for Reconstructions and Development (EBRD) participated as observers.

officially stated goals of the Hungarian “Eastern Opening” and Polish “leaning towards the East” foreign policy approaches are: to reduce these countries’ dependence on Western European markets, to increase their trade with the Asian economies, and to gain a stronger position in the EU. By diversifying external partners, individual CEE countries are seeking to gain more leverage and improve their standing with regards to the EU policy making processes. In the long term, economic and social progress in CEE countries will – as it is argued among Chinese scholars – prove to be beneficial for overall EU economic prosperity. Indeed, Chinese scholarship broadly agrees, if the “17+1” cooperation turns out to be an effective mechanism to promote the political and economic development of the Central and Eastern European countries, the gap between CEE countries and Western European countries will be greatly narrowed, paving the way for the emergence of a more economically homogeneous Europe<sup>51</sup>.

## Conclusion

China is transitioning from being a significant regional player to becoming a full-fledged global power. As part of its strategy of peaceful development, China decided to pursue a policy of building friendships and establishing partnerships with other nations based on mutual benefits, regardless of ideological, political and economic differences, rather than choosing a path to form alliances with other countries. China’s strategic partnership choice in CEE reveals its strategy to intensify economic cooperation and increase investment opportunities, while simultaneously bridging dissimilar regime features and ideological differences.

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<sup>51</sup> 鞠豪：《浅谈“16+1合作”的影响因素》，《欧亚经济》2019年03期，第93页。(Ju Hao, “On the Influencing Factors of ‘16 + 1’ Cooperation”, *Eurasian Economy*, no. 3, 2019, p. 93.)

China's choice and treatment of strategic partners within the 17+1 Initiative lie in the aggregation of its own economic interests and CEE partners' capabilities to maintain autonomous policy direction *vis-à-vis* the European institutions in Brussels. Cooperation with more politically autonomous countries does not entail that Beijing should pursue a deliberate strategy of exploiting disagreements within the EU. Instead, the individual CEE governments use strategic ties with China to improve their political standing within the EU framework. Evidence on China's strategic partnerships formation suggests that these loose forms of international alignment do exert a positive impact on China's economic relationships with the CEE countries. The strategic partnership diplomacy in Central and Eastern Europe, therefore, displays a multitude of positive outcomes for China, its strategic partners, and China-EU relations.

Whatever directions future research may take, there is no doubt that China's role in Central and Eastern Europe, and the world as a whole, will continue to gradually increase in the decades to come. The global network of partnerships will need to continue developing and adapting to successfully address increasingly complex and multifaceted sets of challenges in an unprecedentedly globalised and interconnected environment. As long as widely touted principles such as multipolarity, diversity, inclusiveness, sovereign equality, win-win cooperation, democratisation of international relations are genuinely respected and faithfully implemented, partnership networks linking China and smaller nations will surely continue to deepen and proliferate, not only in Central and Eastern Europe, but also in the wider world.

## 7. The EU and China. From “Strategic Partners” to “Systemic Rivals”

Axel Berkofsky

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The gloves are off. Since March 2019, China is officially the EU’s “systemic rival”, according to “EU-China – A Strategic Outlook”, a document outlining some of the achievements and many of the shortcomings of EU-China relations and cooperation<sup>1</sup>. Gone are the days when Brussels was cheering its “strategic partnership with Brussels”, the “mutual understanding”, “common interests” and “sectoral dialogues” creating the instrumental basis to adopt joint policies and solve the many problems on the bilateral trade and investment agenda. The so-called EU-China “sectoral dialogues” (more than 60 of them by now) are still there and so is some of the soothing political rhetoric coming out of Brussels during bilateral EU-China encounters. However, it was high time that Brussels’ policymakers injected a dose of realism into bilateral relations with an authoritarian one-party dictatorship that has next to nothing in common with the EU in terms of its approach to international politics and security. And now? Attempts to find common ground and cooperate in the many areas listed in the EU-China sectoral dialogues (such as regional policy, security, maritime security, education, environment, food safety, agriculture, industrial

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<sup>1</sup> See European Commission and HR/VP contribution to the European Council, *EU-China – A strategic outlook*, 12 March 2019.

policy etc<sup>2</sup>.) should and will continue. However, the EU finally and officially admitting that China is not in any way the kind of “strategic partner” policymakers in Brussels have been talking about since 2003 has its advantages, too. For starters, officials in Brussels no longer have to pretend that they are able to influence and change Chinese domestic and foreign policies when this is arguably the last thing policymakers in Beijing want and/or allow when dealing with the EU (or anybody else for that matter). In short, ill-fated optimism that Beijing is open to outside advice and, God forbid, instructions from the outside not to detain and “re-educate” religious minorities, not to oppress and crack down on anything resembling opposition to the government and its authoritarian policies, and refrain from occupying and building military bases on disputed islands in the South China Sea is now seemingly replaced by a realistic assessment of EU influence (or lack thereof) on Chinese internal and external policies. And that is not – to put it bluntly – necessarily a bad thing: it gives the EU and its Member States the option to engage China when it wants to be engaged while reserving the right to back off when Beijing’s economic and foreign policies fundamentally run counter to EU approaches, values, and norms. Which they do much more often than not.

Cynically speaking, the timing is right put some real pressure on Chinese policymakers to play by the essentially Western rules of international politics, trade, and security. In fact, China already finds itself under enormous US pressure to address many of the trade, investment, and market access issues Brussels has also been unsuccessfully urging Beijing to address for years: the protection of intellectual property rights (IPR), market access to the Chinese banking and financial markets, and significant changes to the Chinese government procurement system (allowing European companies to make the same infrastructure investments Chinese companies are allowed to make in EU

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<sup>2</sup> For details see I. Musialkowska and M. Dabrowski, “EU-China Regional Policy Dialogue: Unpacking the Mechanism of an Unlikely Policy Transfer”, *Europe-Asia Studies*, vol. 70, 2018.

countries<sup>3</sup>). US President Trump's sometimes very erratic and often aggressive policy approach towards China has led Beijing policymakers to consider complying with US requests to re-adjust its trade and tariff policies. If Beijing decided to give in to US pressure and really address US complaints of Chinese trade and investment practices, then the EU would potentially have a strong case to urge China to make the same concessions for European investors in China. Not exactly conventional diplomacy, but the end justifies the means even if changes in Chinese trade and investment policies could be triggered by a US President whose international credibility and reliability is close to or indeed below zero<sup>4</sup>. Not exactly conventional diplomacy, but the end justifies the means, even if changes in Chinese trade and investment policies are triggered by a US President who can only generously be referred to as mentally stable, let alone "normal".

## **The Opposite of EU Norms and Values**

Since Xi Jinping took power in 2013, pressure on Chinese academia, scholars, and analysts to stay on message – the message of China's Communist Party (CCP) obviously – has increased steadily. This has also come at the expense of constructive dialogue and exchanges between European and Chinese scholars, with the former finding themselves at the receiving end of Chinese government propaganda promoted by Chinese colleagues. In recent years, Chinese authorities have invested

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<sup>3</sup> Brussels has been for years – albeit unsuccessfully – trying to impose the concept of "reciprocity", i.e. a level playing field in terms of trade and investment – onto Beijing. Beijing has typically "explained" that a developing country like China is not able and indeed not obliged to offer highly industrialized countries a level playing field.

<sup>4</sup> By time of this writing (November 2019) US-Chinese negotiations on a bilateral trade agreement are ongoing and it remains yet very unclear what a trade agreement would consist of and to what extent Chinese authorities are prepared to comply with US demands in the areas market access, tariffs, IPR and others.

enormous resources in intensifying censorship of Chinese social media outlets, and President Xi Jinping has more than once visited Chinese state-controlled media, ordering journalists and analysts to portray China and the government policies in a positive light, come what may. Cracking down and deporting foreign journalists, NGO workers, and others who refuse to endorse China’s very sophisticated and uncompromising system of self-censorship has become increasingly frequent, and the number of blacklisted foreign journalists and scholars barred from travelling to China is growing by the day. All of this is the very opposite of what the values of the European Union and (most of)<sup>5</sup> its Member States stand for. While there is some room for interpreting what exactly a “strategic partnership” stands for, the idea that such a partnership can be established between a democratic block of countries (EU) and an authoritarian state governed by a Communist Party that allows no dissent and challenge to its monopoly of power was always going to be a hard sell.

## **Systemic Rival**

Finally calling China a “systemic rival”, as the EU did in March 2019 on the other hand and it is something that should have been done a long time ago. For years, Beijing was allowed to remain confident that Brussels wouldn’t have the guts to confront it. And indeed, Beijing had good reason to believe that its strategy to offer economic and financial carrots to individual EU member countries in need of investment was working swimmingly: invest heavily in a Greek port, Beijing’s policymakers found out, and Greece would return the favour by vetoing a joint EU statement on human rights in China. In March, some

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<sup>5</sup> The governments in Hungary, Poland e.g. have taken an authoritarian turn over recent years, the reason why they get along with Beijing much better than many other EU countries. Budapest and Warsaw’s anti-EU instincts and policies further help to make them attractive and preferential interlocutor of Beijing.

rather histrionic analysts and parts of the media referred to the EU labelling China a “systemic rival” as a “dramatic” change in tone and attitude towards it<sup>6</sup>. However, they may have jumped to conclusions too fast, since Brussels used the words “cooperation partner” and “systemic rival” in the same sentence in the above-mentioned China policy paper. “China is, simultaneously, in different policy areas, a cooperation partner with whom the EU has closely aligned objectives, a negotiating partner with whom the EU needs to find a balance of interests, an economic competitor in the pursuit of technological leadership, and a systemic rival promoting alternative models of governance”. The only surprise is that it took the EU so long to come to the conclusion that the kind of engagement with China it sought over the last 15 years has turned out to be unrealistic.

## Driving a Wedge

European scholars like François Godement have long warned that Beijing prefers to deal with EU Member States individually, as it can get from them what it cannot get from EU institutions<sup>7</sup>. Around 2010, Beijing started to realise that a “strategic partnership” does not automatically translate into Brussels lifting the arms embargo it imposed on China after the shooting of unarmed crowds on Tiananmen Square in 1989. When the EU refused to acknowledge China’s Market Economy Status (MES), Beijing’s policymakers decided to complement China’s EU policies by dealing with individual EU member states in need of infrastructure development investments. Indeed, in the recent past China had been successfully taking advantage of EU disunity and the willingness of some of its Member States to “adjust” their policies towards China depending on the amount

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<sup>6</sup> “EU Slams China as ‘Strategic Rival’ as trade tension rise”, *Politico*, 12 March 2019.

<sup>7</sup> For details and analysis see F. Godement and A. Vasselier, *A New Power Audit of EU-China Relations*, European Council of Foreign Relations, December 2017.



of Chinese investments they received. In June 2017, for instance, Greece blocked the unanimous adoption of a joint EU statement on human rights in China, while in March of the same year Hungary prevented the EU from adding its name to a joint letter expressing concern about a report of lawyers in China being unlawfully detained and tortured<sup>8</sup>. A turning point in EU divisions over China came in 2012, when several Member States enthusiastically joined the China-initiated 16 plus One forum, which draws together China and 16 Central Eastern European (CEE) countries, all of which are particularly interested in receiving Chinese investments. When Greece joined in 2019, the 16 Plus One forum became the 17 Plus One forum<sup>9</sup>.

To be sure, reality might be a bit more complex, and accusing China of seeking to drive a wedge between EU institutions and its Member States has become an integral and oft-repeated part of Brussels' China rhetoric. However, it is undoubtedly true that Beijing has used its financial and economic clout to bypass EU institutions when making investments in individual Member States, which investments do not always comply with EU rules and regulations. This is the case with some Chinese investments in a subset of EU Member States (such Hungary, Greece, Slovakia and others). Greece and Hungary, however, are not the only Member States opting for divisive go-it-alone policies. The Italian government irritated Brussels when in March 2019 it signed up to China's Belt and Road Initiative (BRI), thus bypassing the EU Commission, which is in charge of coordinating the trade and investment policies of all EU members<sup>10</sup>. The populist/right-wing Italian government at the time, however, chose not to consult with the EU Commission

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<sup>8</sup> See S. Denyer, "Europe Divided, China Gratified as Greece blocks E.U. Statement over Human Rights", *The Washington Post*, 19 June 2017.

<sup>9</sup> See E. Kavalski, "China's '16+1' Is Dead? Long Live the '17+1'", *The Diplomat*, 29 March 2019.

<sup>10</sup> See "Italy's Plan to Join China's Belt and Road Initiative Ruffles Feathers", *The Economist*, 21 March 2019.

on its decision to join the BRI. At the time, Italy had a government embarked on a constant collision course with the EU and worried little about consulting with EU institutions on trade (and other) policies. Signing up to BRI, Rome announced at the time, would boost Italian exports to China and help the country to do something about its public debt, which amounts to more than 130% of its GDP.

### **Could not Care Less**

In practical terms, a joint EU statement on human rights in China would have scarcely mattered. As always, Beijing would have dismissed any EU statement on human rights as “illegitimate interference” in Chinese internal affairs. However, a human rights resolution signed by all EU Member States – including those which have received or are receiving Chinese foreign direct investments for infrastructure development – would nonetheless have sent a message of EU unity and one that principles rule over business, at least sometimes. Furthermore, Beijing would not have been able to exploit EU disunity, nor point to EU members falling out of line as “evidence” that not all EU Member States are prepared to “interfere” in Chinese domestic politics and impose the EU’s (usually undefined) “double standards”<sup>11</sup> onto China. The EU-China dialogue on human rights, the rule of law, and continuous EU requests to embrace and respect values such as freedom of speech and expression have not produced any tangible results whatsoever. While EU policymakers engaged in dialogue with their counterparts in Beijing continuing to point out that engagement remains important, they cannot realistically point to any tangible results that emerged from this process. The crude reality is that Beijing

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<sup>11</sup>Accusing the EU (and the US for that matter) of “double standards” is one of the favourite terms of Beijing’s policymakers when responding to outside criticism of its domestic and foreign policies. More often than not, however, it remains undefined what exactly the alleged “double standards” consist of.

continues to flout EU criticism of the state of human rights in China. In fact, back in 2013 Chinese policymakers – under direct orders from Xi Jinping – warned the Chinese people of what they called their “contamination” by Western values such as democracy and human rights.

## **Window-Dressing Security Dialogue**

The EU-China dialogue on security – the so-called EU-China High-level Strategic Dialogue, the last of which was held on 18 March 2019 – has not produced any results that would point to EU influence on Chinese foreign and security policy<sup>12</sup>. Tellingly, there is no substantive and/or detailed information available on the contents and results of that dialogue on the EEAS websites. The EEAS site on EU-China political and security relations devotes only a short paragraph to the dialogue, in essence saying that Brussels talks to China on foreign policy and security issues on a regular basis. That is not to say that the dialogue is necessarily completely useless, but the EU is clearly failing to inform the interested public on what Brussels and Beijing discussed and did or not did not agree on during a process that EU policymakers are “selling” as an important instrument to consult with China on foreign and security policies. In reality, against the background of Chinese “allergy” to anything resembling “interference” in Chinese domestic and foreign policies, the security dialogue with the EU looks like an act of goodwill on Beijing’s part, as opposed to one both Brussels and Beijing can benefit from. To be sure, nobody in Brussels really believes that the EU’s engagement with Chinese policymakers has any influence on Chinese regional and global foreign and security policies. In fact, every time Brussels’ policymakers voice and/or publish criticism of Chinese foreign and security policies – be it those towards Taiwan or those regarding territorial claims and expansion in the East and South China Seas – Beijing dismisses

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<sup>12</sup> See [China and the EU](#), European External Action Service (EEAS).

such opinions as unwanted “interference in China’s internal affairs”.

## **Charmed Less**

Some of the blame for Beijing’s ability to divide the EU also lies with those European scholars and analysts who have allowed Chinese policymakers and officials to seduce them into repeating nice-sounding rhetoric on “shared values” and “mutual understanding” during conferences and seminars hosted by Chinese institutions since the declaration of the EU-China strategic partnership in 2003. Far too many European scholars were unwilling to sacrifice VIP treatment in China, with stays in 5-star hotels and business class air travel, on the altar of academic integrity, independence, and courage. They thus opted for parroting Chinese propaganda instead of providing sober analysis<sup>13</sup>. Today, however, the number of European scholars and analysts selling their academic souls and integrity has fortunately decreased. To be sure, some Western scholars and analysts continue to write in Chinese propaganda newspapers like the *People’s Daily* or even worse the *Global Times*, but European scholars repeating Chinese rhetoric and propaganda on EU-Chinese “mutual understanding” and “shared values” have become a rare breed. To be sure, those Europeans today who go a step further and criticise Beijing and its domestic and external policies have ended up on Beijing’s “black lists” and

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<sup>13</sup> This author contributed to a significant number of conferences, workshops and seminars on EU-China relations hosted by Chinese think tanks, universities and the government. More often than not the Chinese hosts requested European scholars and analysts to stay on message, i.e. endorsing and repeating positive rhetoric on the quality of bilateral relations between the EU and China. Critical analysis examining and/or pointing to the contractions and obvious difficulties of cooperation in international politics and security between a democratic block of countries and an authoritarian one-party state were accused of spoiling the EU-China party, “interference” in China’s internal affairs, “neo-colonial attitude” and more and worse.

are no longer invited as frequently to China, let alone on business-class flights<sup>14</sup>.

## **Elusive Bilateral Investment Treaty**

The EU is China’s biggest trade partner, while China is Brussels’ second-largest one. Bilateral trade in goods amounts to 1.5 billion euros each day. The EU exported 198 billion euros worth of goods to China in 2017, and imported 375 billion euros in return. In 2017, the EU had a trade surplus in the service sector, with 45 billion euros’ worth of exports versus 28 billion in imports. Roughly six years ago, Brussels and China decided that there was room to expand bilateral trade and decided to adopt a bilateral investment treaty. The EU-China bilateral investment treaty negotiations, however, have been dragging on for six years with no immediate end in sight. Beijing claims it is very confident in the imminent adoption of the bilateral investment agreement, but the reality is vastly different<sup>15</sup>. Brussels still has a lot of issues to address before signing such an agreement, and these issues have remained essentially unchanged over the entire span of the negotiations: Chinese industrial subsidies, market access, and intellectual property rights (IPR)<sup>16</sup>. These issues are not going to go away until Beijing fundamentally changes crucial aspects of its industrial and investment policies – which it will not do. In fact, based on how Chinese policymakers and officials respond to EU requests to abolish the practice of forced technology transfers, which European investors and companies in China are subject to in many sectors, and to requests to

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<sup>14</sup> This author belongs that group of scholars.

<sup>15</sup> Chinese officials directly involved in the investment and trade agreement negotiations told this author in September 2019 that the adoption of the treaty is very likely to take place by the end of 2019. EU officials the author has spoken to deny this.

<sup>16</sup> See F. Cameron, *The European Union’s New Rival – China*, GIGA Focus/Asia no. 7, GIGA German Institute of Global and Area Studies Hamburg, October 2019.

enforce IPR and regulations protecting European companies from IPR theft, it must be concluded that the adoption of the above-mentioned bilateral investment will not take place any time soon, to say the least. Neither does it help that Chinese officials and policymakers continue to deny that European companies investing in China continue to be subjected to market access obstacles and forced technology transfers<sup>17</sup>.

Against the background of perceived unfair Chinese business practices, in March 2019 China's largest European trading partner, Germany, announced the launch of a new industrial strategy aimed at favouring so-called "national champions", a term usually associated with French business and investment activities favouring French over foreign companies. Berlin will be granting additional and special support for German companies producing batteries for electric vehicles, chemicals, and 3D printing. Machine engineering, medical devices and aerospace and defence will also be part of Germany's (unhealthy) turn towards protectionism<sup>18</sup>. It might be a coincidence<sup>19</sup>, but the strategy was announced a few months after Germany's biggest business association, the Bundesverband der Deutschen Industrie (BDI), published a report in which it explicitly urged European institutions to counter heavily-subsidised Chinese exports, industrial overcapacity and state-financed corporate bail-outs<sup>20</sup>.

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<sup>17</sup> Conversations with Chinese trade policy officials in 2018 and 2019 confirm that. Chinese officials typically assert that the Chinese market is completely open to business and that the obstacles Brussels and the EU member states cite do simply not exist. A sober analysis of issues related to market access, government procurement procedures etc., however, provide ample evidence that the Chinese assertions are simply not accurate.

<sup>18</sup> See J. Hanke, "Germany's Industrial Plan Signals Europe's Protectionist Lurch", *Politico*, 2 March 2019.

<sup>19</sup> Which of course it is not.

<sup>20</sup> For a summary of the report see "Strengthen the European Union to Better Compete with China", BDI Article, 10 January 2019.

## Conclusion

There is nothing wrong with trying to engage China politically and economically. However, when dealing with a country that does not want to be engaged, it is best to acknowledge this and change approach. Keeping the EU’s human rights dialogue with China alive is pointless when it has failed to produce any results whatsoever, to the extent that Beijing does not even agree with the EU on a common definition of the term human rights. Indeed, for years the EU has unsuccessfully tried to convince China to endorse the term human rights as defined by the United Nations – to include freedom of speech and expression, freedom of religion, the right to social protection, and the right to life and liberty<sup>21</sup>. Instead, Beijing adds the formula “with Chinese characteristics” to the term “human rights”, which it claims to define on behalf of 1.4 billion Chinese people. The result is that human rights “with Chinese characteristics” are rights such as the right to own private property and the right to replace poverty with economic prosperity. Of course Beijing usually dismisses the above-mentioned concerns that China is seeking to drive a wedge between EU institutions and its member states as not corresponding with the reality of bilateral and/or multilateral ties with Europe.

Then again, if one believes in applying “realpolitik” as the basis for foreign and security policy – as Chinese policymakers undoubtedly do – taking advantage of EU disunity and incoherence asking for concessions and favourable treatment from individual EU Member States is fair game. Money talks and China has lots of that.

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<sup>21</sup> United Nations, [Human Rights](#).

# Policy Recommendations for the EU

Axel Berkofsky and Giulia Sciorati

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China's rise as a major global power has been described as the rise of a "revisionist state" as well as the rise of a "self-interested state". At the same time, China's increased influence on the international system has been producing different responses from systemic actors. While some welcomed Beijing's economic and political rise and decided to profit from it economically without regards for the geopolitical repercussions, others (and above all the US) decided to be wary, thus countering a rising China with economic and military means. There is a widespread consensus that China's current positioning in the international system is aimed at challenging and indeed replacing the US-led *Pax Americana*.

The European Union finds itself either in a very difficult or a very comfortable position, depending on one's perspective. On the one hand, Brussels' policymakers realised that their political and economic engagement over the last 15 years has not yet come anywhere close to achieving the desired results. Many issues and problems on the bilateral trade and investment agenda that the EU has been hoping to work out through its numerous sectoral dialogues with China remain unresolved. Furthermore, EU influence on Chinese domestic and foreign policies remains limited, if not completely absent. A difficult position indeed as Brussels is charged with the task of explaining to the European public and its allies (above all, the US and Japan) how and to what extent it plans to continue its China engagement.



On the other hand, Brussels has recently decided to refer to China as a “systemic rival”, *de facto* countering criticism from within and outside Europe: a new and potentially beneficial position for the EU. Indeed, Brussels and its Member States have often been considered as too “soft” on China and too often willing to give the Chinese government and its state-owned enterprises the benefit of the doubt when investing in Europe. While the re-adjustment of official EU policy towards China is certainly appreciated in Washington and Tokyo, it also puts due pressure onto Chinese policymakers to review and adjust China’s investment policies towards Europe and – to a lesser extent – its foreign and security policy conduct in areas where the EU retains the most interests.

The time is ripe to **pressure China into playing by the rules of international economics, trade and investment** – that is, the kind of rules Beijing signed up to when it joined the WTO in 2001. From a “realpolitik” point of view now is a particularly favourable juncture as Beijing finds itself under tremendous pressure from the US to make concessions on issues and in areas that have been at the core of the EU’s requests to China for the last 15 years: above all, intellectual property rights, access to Chinese markets, and access to Chinese banking and financial systems.

To be sure, one can be excused for accusing the EU of “bandwagoning” with the US and taking advantage of the very confrontational approach towards China adopted by Washington. However, when the result is a China abiding more by the rules of the international economy and international politics, then one can borrow a line from Niccolò Machiavelli and conclude that “the end justifies the means”. Realpolitik at its best: a concept that is familiar to Beijing.

The EU is thus advised to play both good and bad cop when and if necessary. In practice, this means **engaging China when it wants to be engaged politically and economically**, while having the courage to **disagree with Beijing should their economic and foreign policies run counter to EU approaches**,

**values and norms.** China will undoubtedly continue to divide EU Member States, dealing with individual EU members in terms of trade, investment and approval for its foreign and security policies. When China decides to engage bilaterally with individual EU Member States, **the latter should be reminded that all Member States agreed to allow EU institutions to coordinate and regulate trade and investment policies on their behalf.** Members like Italy, Greece and Hungary – just to name a few – should remain open to Chinese business and investments. Yet the flow of cash and investments should not – as it has in the past – result in individual Member States failing to join the rest of the EU in endorsing human rights resolutions and statements. Business over principle is what individual Member States prefer, but it is not what the EU stands for, at least on paper. To be sure, Chinese investments and floods of cash are tempting, especially for those Member States that either fear being cut out from the “Belt and Road” trade lines or whose economies are in dire need of (Chinese) support. Still, these recipients of massive Chinese investments must remember that they remain EU Member States.

In the past, go-it-alone policies towards China sent a signal of EU disunity and weakness that Beijing was able to exploit. As it turns out, China is now the EU’s “systemic rival”, but this does not necessarily mean that Brussels and Beijing will from now find themselves in a permanent state of strategic rivalry or confrontation. However, calling China what it really is – a “systemic rival” with fundamentally different approaches towards international politics and security – adds a necessary dose of realism to the EU’s strategy towards Beijing. The EU is a block of democratic countries believing in shared sovereignty and interference in their domestic and foreign policies. China is an authoritarian regime led by a Communist Party that has maintained control over the country by limiting free speech and the press and detaining critics of the Party. That message has arrived in Brussels and it should no longer be ignored.

## The Authors

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