THE ATLANTIC COUNCIL
OF THE UNITED STATES
ASIA PROGRAMS

CHINA'S CHANGING ROLE IN ASIA

BY

WANG JISI

INSTITUTE OF AMERICAN STUDIES
CHINESE ACADEMY OF SOCIAL SCIENCES

JANUARY 2004

China's Changing Role in Asia

This paper is aimed at providing a Chinese perspective on China's role in Asia and strategy toward its Asian neighbors.[1] It attempts to answer three conceptual questions: (1) What is China's response to the widely shared perception in recent years about the "rise of China"? (2) What are the principal Chinese concerns in Asia that shape China's strategy toward the region? And (3) what are the main threads of China's strategy toward the region against the broader background, especially its relations with the United States?

The Rise of China

Despite the aftermath of 9/11 and the war against Iraq, the "rise of China" continues to attract a great deal of international attention. While there are pessimistic assessments pointing to the "coming collapse of China,"[2] most observers are impressed with China's economic achievements and social progress.[3] The leadership transition in 2002-2003 went smoothly. Both Hu Jintao, the new general secretary of the Communist Party, and Wen Jiabao, the new premier, have projected the image of being moderate, confident, and competent leaders. Few analysts predict political upheavals in the People's Republic of China in the foreseeable future. At least in the next few years, there will be more continuities than changes in the PRC's foreign as well as domestic policies.

The international discourse on the "rise of China" and its global and regional impact has already caught the attention of the Chinese leadership. It goes without saying that praises of China's successes are well received by Chinese leaders and ordinary citizens alike and arouse their sense of national pride. Chinese official speeches, reports, and media coverage for domestic consumption are inundated with descriptions of success stories that have proved the accountability of the Communist Party and the correctness of its policies. They call for the Chinese people to unite and work together to realize the "great revival" of their nation by the middle of the 21st century by

[1] Copyright Wang Jisi 2003. Reprinted with permission. This is an occasional paper in a series published by the Asia Programs' project on China, the United States and the Changing Strategic Environment. The views expressed are those of the author and are not necessarily those of the Atlantic Council.

[2] The best known writing on this theme is Gordon G. Chang, *The Coming Collapse of China,* New York: Random House, 2002.

[3] For a recent discussion of the emergence of China's power, see William H. Overholt, *The Rise of China*, New York: W. W. Norton, 2002.

building up a "well-off society," the goal set up by the 16th Communist Party Congress held in November 2002.

By contrast, however, in the international arena the PRC leadership is rather restrained in promulgating the notion of the "rise" or "revival" of China. The Chinese are aware that, despite the progress China has made so far, the existing gap between China and the developed nations, and the United States in particular, is enormous in term of national wealth, standard of living, education, and science and technology. It will take at least decades for China to catch up with the Western world. In the interim, formidable impediments lie on the road ahead that might derail modernization programs.[4] The latest example of such impediments is the unexpected consequences of the epidemic of SARS (severe acute respiratory syndrome), which has caused a sharp reduction of tourism and international commercial activities in China in the spring of 2003 and damaged China's image abroad.

China has been keeping a low profile faced with increased international attention to a "rising" China. The Chinese leadership is conscious of the ambivalent feelings in neighboring countries as well as in the United States and Europe about the growth of Chinese power. The Chinese carefully read comments on "the China threat," "the coming collapse of China," and other opinions expressed in international media, but have not overreacted to them. As Vice Premier Qian Qichen, China's foreign policy architect, commented on Gordon Chang's book *The Coming Collapse of China*, "[The author] only wants to promote sales by giving the book such a sensational title." Qian added, "The 'China threat' theory and the 'China collapse' theory appear to contradict each other, but they are in fact two sides of the same coin. They both reflect the views of anti-China elements in the world. …They are not worth refuting anyway." According to Mr. Qian, if China's comprehensive power today were at the same level as it was decades ago, there would be no such loud voices about the "China threat," and there will be no market for this theory in a few decades from now when China becomes much more developed.[5] The Chinese leadership has reached the realization that exaggerations of Chinese economic achievements, either by foreigners or by Chinese themselves, might result practically in a reduction of foreign aid and pressures for China to reevaluate its currency and to use more of its foreign trade surplus. In the coming years China is likely to make strenuous public relations efforts to reshape its international image, especially in Asia.

Among Chinese political analysts, a general consensus is that China's comprehensive national strength is more often than not overrated by the media, including China's own official media, and

[4] For an official description of China's gap with the developed world and difficulties in socioeconomic development, see Jiang Zemin, *Zai Zhongguo Gongchandang Di Shiliu Ci Quanguo Daibiao Dahui Shang De Baogao* (Report at the Sixteenth National Congress of the Communist Party of China), November 8, 2002, Beijing: The People's Press, 2002, pp. 18-19.
[5] "The international situation and China-U.S. relations since the 9/11 event," interview with Qian Qichen, *Study Times* (a weekly published by the Central Communist Party School), October 14, 2002.

the projection of Chinese power abroad will remain very limited in the coming years. However, there are divergent views among Chinese political analysts regarding how China should respond to its actual and perceived growth of power and influence in the world. The pessimistic view is that the rise of China will be constrained by the domination of the United States in world affairs, which will never allow a strategic challenger and competitor as large as China to rise up in Asia. The rhetoric of the "offensive realists"[6] and neo-conservatives in the Bush administration and U.S. think tanks has provided new ammunition to fuel this pessimism. Some Chinese thinkers are concerned, for instance, that as China is increasingly dependent on oil and natural gas supplies from the Middle East and Central Asia, the United States may use its newly gained influence there to impede these supplies, when it thinks necessary, to contain China.

However, mainstream thinking in China seems more sanguine. In an earlier comprehensive report on the international environment in relation to the rise of China, the Chinese authors believed that both international political and economic circumstances were generally favorable.[7] A more recent assessment stresses domestic reform and balanced development as the top priorities to enhance China's international stature. The promotion of economic integration and common security in Asia, establishment of constructive cooperation and partnership with other great powers, and strengthening of capabilities for managing and solving crises, among other things, were also raised as prerequisites for China to become a more powerful player in world affairs.[8] Many Chinese observers emphasize China's "soft power" (strategic vision and cultural cohesion, for example) for expanding Chinese influence in international affairs. They also contend that the growth of Chinese power today is integrated into economic globalization and therefore is vastly different from the emergence of the Soviet Union, whose development was separated from the industrialized world. Unlike Japan and Germany before and between the two World Wars, they point out, China today is far from being militarized. Although these arguments may not sound as convincing to international observers as they are intended to be, they nonetheless reflect the seriousness of the Chinese in regard to their nation's path of development and in projecting a peaceful image on the international stage.

A new official doctrine, reiterated by the 16th Communist Party Congress, has confirmed the validity of the more moderate view about China's international surroundings. It states that China should take advantage of the "20-year period of strategic opportunities"[9] that provides the foundation for the formulation of a moderate and pragmatic Chinese international strategy, which is driven by a

---

[6] For representative views of "offensive realism," see John J. Mearsheimer, *The Tragedy of Great Power Politics*, New York: W. W. Norton, 2001.

[7] Yan Xuetong, Wang Zaibang, Li Zhongcheng, and Hou Ruoshi, *Zhongguo Jueqi – Guoji Huanjing Pinggu* (the international environment for China's rise), Tianjin, Tianjin People's Press, 1998.

[8] Huang Renwei, *Zhongguo Jueqi De Shijian He Kongjian* (the timeframe and space for China to rise up), Shanghai: The Shanghai Academy of Social Sciences Press, 2002.

[9] Jiang Zemin, op. cit., p. 19.

strong desire for the Chinese leadership to concentrate on domestic priorities. This pronounced optimism is based on a confident forecast that strategic confrontation between China and the United States, or any other major power, can be avoided.

What is lacking in the Chinese deliberation of the "rise of China" is any clear realization of the need to promote an institutionalized regional or global order in which China would play a major role in cooperation with other great powers, and in which China would be committed to more international obligations. As is pointed out by a report to the Trilateral Commission in 2001, "China's rapid rise is occurring in a region that lacks firmly established, integrating institutions like the European Union that help build trust. Asia has no security community in the transatlantic sense of peace in which resort to violence has become virtually unimaginable."[10]

Subtle changes in China's approaches to the North Atlantic Treaty Organization (NATO) can be detected as the Chinese press is now less critical of this Western alliance and the Chinese Foreign Ministry is exploring the possibility of establishing some relationship with it. In addition, the Chinese have shown some interest in participating in the G-8 meetings. However, these sporadic indications do not appear to have been developed into a systematic approach to dealing with the existing world order seen by the Chinese as "U.S.-led." The stated principles and goals of Chinese foreign policy remain abstractions such as "establishing a new international political and economic order," "promoting world peace and common development," "accelerating multipolarization," and "opposing hegemonism and power politics."

Defining China's Strategy toward Asia

As is shown by its official attitude toward the Iraqi war in March-April 2003, China is likely to take a generally detached position toward international events that do not directly affect the core interests of China. Privately, some Chinese have expressed dissatisfaction with the Chinese government's reaction to the Kosovo conflict in 1999. During the crisis and the following war in Yugoslavia, the Chinese staunchly sided with Slobodan Milosevic, the Yugoslav president, against the NATO alliance. While the tensions in that part of the world did not involve China's core interests, the defeat of Milosevic and the NATO bombing of the PRC embassy in Belgrade resulted in the deterioration of China's relations with the Western world, retarded China's entry into the World Trade Organization (WTO), and stimulated nationalistic sentiments that were not helpful to the Chinese leadership. Since then, the Chinese government has been more prudent in involving itself in European and Middle Eastern affairs.

---

[10] Charles E. Morrison, coordinator, *East Asia and the International System: Report of a Special Study Group*, The Trilateral Commission, 2001, p. 9.

Meanwhile, Chinese strategists have been proposing active engagement in regional affairs on China's periphery. One difficulty of delineating China's Asia strategy lies in the perception gap between the Chinese and many international observers. To the majority of international observers, Asia means East Asia, and the Asia-Pacific region refers to East Asia, plus probably Australia, New Zealand, Canada, and the United States. In contrast, an increasingly frequent reference in recent Chinese publications is China's *zhoubian guojia* (surrounding countries), which are composed of not only East Asian states, but also other neighboring countries like Russia, Mongolia, Central Asian states, Pakistan, and India. This overlapping of definitions has an important policy implication: "China's regional strategy toward Asia-Pacific" is complicated by other geopolitical and geoeconomic factors, such as Russia, terrorism and conflicts in Southwest and South Asia, oil and natural gas supplies from Central Asia, etc. In other words, the Chinese are now looking beyond East Asia in formulating their regional strategy. This perception gap between China and other East Asian countries reflect the reality that China is historically a continental power, whereas most other East Asian countries are maritime or semi-maritime powers.

China's regional strategy is circumscribed by a cluster of overlapping issue areas: (1) momentum in East Asian economic cooperation; (2) the regional security environment, especially on the Korean peninsula; (3) arms control regimes and regional reaction to China's growing military capabilities against a larger background of the existing and possible institutionalization of security arrangements in the region; (4) the Taiwan issue; (5) its relationship with Japan; and (6) the United States as the most relevant independent variable, which, due to its, will be discussed separately from other issue areas.

(1) Regional Economic Cooperation

In the early 1990s, China was not very enthusiastic about regional trade arrangements of a more formal or structured nature, partly because it was not yet ready for rapid trade and investment liberalization at home, and partly because of its skepticism about Japan playing a leading role in the regional economy. The strong objection of the United States to the formation of any East Asia economic grouping (such as the East Asia Economic Caucus proposed by Malaysia) also revealed the political complications in any attempt to take new regional economic initiatives. China's participation in the Asia-Pacific Economic Cooperation (APEC) was largely circumstantial as it insisted that APEC should remain a "forum."

China has now reached a stage of economic development that enables it to open up further to international competition and to integrate itself into the regional and global economy for long-term gains. China's WTO accession and increasing economic ties with its neighbors will have a great impact on the region, as well as on China itself. WTO membership is compelling faster liberalization

of the Chinese economy and providing Chinese policymakers with a clear mandate to see reforms carried out in the face of the inevitable resistance from entrenched domestic interests. In terms of trade-to-GDP-ratio—one simple indicator of openness—China already has an open economy. The ratio is currently near 40 percent, compared to roughly 20 percent in Japan, the United States, and India. Likewise, in recent years foreign direct investment in the PRC economy has equaled about 18 percent of total investment, which compares to a 6 percent level in the United States.[11] China has been perceived as taking foreign investment away from other countries, but it is also rapidly becoming the main engine for economic growth in the region. It could even become an exporter of capital with East and Southeast Asian countries finding themselves on the receiving end.

As the largest exporter among developing economies, the PRC may be called upon to represent the interests of the developing economies of Asia and elsewhere, and could lead efforts to bring better balance between the interests of developing and developed countries in the multilateral trade regime. According to the *People's Daily*, the official newspaper of the Communist Party of China, a study of Asian economists showed that the plan to build a free-trade area between the Association of Southeast Asian Nations (ASEAN) and China would bring about mutual wealth, in part by diverting trade with ASEAN away from Western economic powers to China.[12] There have already been predictions that the China-ASEAN free trade arrangement will rival both the European Union and the North American Free Trade Agreement (NAFTA).[13]

However, China must guard against the scenario in which the challenges from Asia might lead some developed countries to abandon the WTO framework in favor of more limited multilateral arrangements, which would surely be detrimental to economic prospects in developed and developing countries alike. The various ideas and institutions of East Asian regional economic cooperation are overshadowed by the U.S.'s reaction to them.

China must also guard against the view that the burgeoning free trade arrangement with ASEAN is a way of complicating Japan's effort to establish its own free trade area with ASEAN countries. As a Chinese economist points out, "On the one hand, Japan is trying to sign a free trade agreement with ASEAN to exclude China from the East Asian free trade zone. On the other hand, Japan is also trying to make a breakthrough for substantive progress in regional economic cooperation by first signing bilateral free trade agreements with the Republic of Korea (ROK) and Singapore. China already decided at the "10+3" meeting in November 2001 to negotiate with ASEAN for establishing a

---

11 Myoung-Ho Shin, "Asian Economic Cooperation in the New Millennium: China's Economic Presence," Asian Development Bank, http://www.adb.org/Documents/Speeches/2002/ms2002060.asp.

12 "ASEAN-China free-trade plan to create 'double win'," *People's Daily*, February 13, 2003, http://fpeng.peopledaily.com.cn/200202/13.

13 "ASEAN-China free trade bloc will rival EU and NAFTA," *Express China News*, November/December 2001, Issue No. 01-6.

free trade area. However, as one type of South-South regional economic cooperation, it has a 10-year long transitional period, which predetermines the impossibility of attaching to it a significant substance in the short run."[14] Too many political considerations would encumber the long process of making meaningful successes in East Asian economic cooperation.

Since sustaining economic growth remains the top priority of China, the promotion of East Asian economic cooperation will be an integral part of China's regional strategy. However, it is not yet clear whether China harbors a strategic vision to promote an East Asian economic block comparable to European economic integration, or whether it believes that the desired regional arrangements such as the free trade agreements with ASEAN plus Japan and South Korea will provide more opportunities for China to integrate its economy into the process of economic globalization.

(2) The Regional Security Environment

Undoubtedly, the most imminent and difficult security problem China faces today is the North Korea nuclear issue—discussed separately below. Another potential flashpoint is the India-Pakistan confrontation. While maintaining a traditionally cordial relationship with Pakistan, Beijing has been sensitive to anxieties in New Delhi and Washington concerning the alleged Chinese sales of nuclear and missile technologies to Pakistan. The Chinese government is committed to tightened control of such sales in accordance with the Missile Technology Control Regime (MTCR) and the bilateral agreement between China and the United States. The two governments have committed themselves to preventing the export of equipment, materials or technologies that might help India or Pakistan in their plans to develop nuclear weapons or ballistic missiles that would carry these weapons.[15]

Meanwhile, China-India relations have overcome the difficulties resulting from the Indian nuclear tests in 1998 and are moving along a smoother path. The border disputes between the two countries remain to be settled, as the psychological wounds left by the border war in 1962 need more time to be healed. Reportedly, the United States has reached out to India for security consultations and cooperation partly aimed at the perceived "China threat." On the other hand, some Russian politicians and strategists have proposed greater Russia-China-India trilateral strategic coordination to balance U.S. influence in the region. However, none of these issues and events seem to constitute a stumbling block to the improvement of China-India relations.

---

[14] Li Xiangyang, "Quanqiu quyu jingji hezuo de fazhan qushi (global trends in regional economic cooperation), in Wang Luolin and Yu Yongding, eds., *Shijie Jingji Huangpishu 2002-2003* (Yellow Book of International Economy 2002-2003), Beijing: Social Sciences Documentation Publishing House, 2003, p. 208.

[15] Gu Guoliang, "Zhongguo de junkong yingdui celue: jianlun xiao Bushi zhengfu junkong sixiang yu zhengce de tiaozheng ji bianhua," (China's arms control tactics and the changes in Bush administration's arms control thinking and policy," *Zhanlue Yu Guanli* (Strategy and Management), No. 4, 2002, p. 82.

Other security problems of concern to China in this category include international terrorism, domestic turbulence in Indonesia and elsewhere, refugees and illegal immigration from China's neighbors, and crime and drug trafficking across Chinese borders. Judging from its behavior since the disappearance of radicalism in Chinese policy thinking, China will be rather reluctant to involve itself deeply in regional crises and other countries' domestic disturbances, although it will deal with human security problems very seriously. For instance, although there was strong public reaction in China to the victimization of ethnic Chinese in Indonesia during the recent crises in that country, China's official position remained that the vast majority of the ethnic Chinese are Indonesian rather than PRC citizens, and that the problem was an internal problem to be solved by the Indonesians. To this extent, China will continue to be a conservative or status quo power in the region. At the same time, China has indicated its concern about terrorist and pirate activities in Southeast Asia that cause Chinese casualties or suffering of PRC citizens, when a larger number of Chinese tourists and laborers have entered this area.

Since the 1990s, China has evidently played down the significance of the South China Sea territorial disputes with Southeast Asian countries. In retrospect, the disputes did not help China enhance its influence in the region and gave rise to suspicion about its long-term strategic intentions. From the Chinese perspective, the United States might want to take advantage of the territorial problems between China and ASEAN to drive a wedge between them. In addition, more urgent external and internal issues in recent years, including the Asian financial crisis, separatism in Taiwan, and the North Korean nuclear quagmire have eclipsed the strategic and economic importance of the tiny islets of the Spratlys and Paracels.

(3) The North Korea Nuclear Issue

China cannot afford to lose its influence over the events on the Korean Peninsula, in which its vital interest is at stake. The Peninsula is tied to painful historical memories like the Sino-Japanese war over Korea in 1894 that resulted in the cession of Taiwan, and the outbreak of the Korean War in 1950 that deprived the Chinese of their opportunity to gain control over Taiwan and resulted in national disunity ever since.

The current tensions over the North Korean nuclear issue have aroused a great deal of attention in Beijing. Unlike earlier occasions when problems related to the Democratic People's Republic of Korea (DPRK) were treated in the Chinese media with great discretion and sensitivity, since December 2002 the Chinese public has been provided with much more detailed information and commentary. An official news report on January 10 revealed that President Jiang Zemin had told President George W. Bush that China did not endorse North Korea's decision to withdraw from the

NPT, sending the message that in this particular case there is more common ground between Beijing and the United States than between China and North Korea. In April 2003, China hosted a three-way meeting between the United States, North Korea, and China, indicating once again its distance from North Korea on the nuclear issue.

It is difficult to provide a simple logic for China's political elite to understand the conflict over North Korea's nuclear ambitions. There are at least two priorities in China's strategic objectives toward the Korean Peninsula. First, it is definitely in China's best long-term interest to maintain a nuclear-free Korea. No other country would be strategically more concerned than China about nuclear threats, as China now borders on three powers with nuclear arsenals–Russia, India, and Pakistan–and must also deal with the United States that used to threaten China with its nuclear arsenal. An additional nuclear power so close to the very center of China's territory not only would generate a lasting problem for China's national security, but also could provide the rationale and pretense for other regional players to develop nuclear arms, notably Japan and Taiwan. There have already been reports of such arguments in Japan that touch China's sensitivities. U.S. apprehensions about possible North Korean nuclear proliferation to countries or terrorist groups outside the region also make sense to China.

The priority of preventing North Korea from going nuclear provides a sufficient incentive for China to cooperate with the United States and the international community in seeking a viable solution to the problem. In other words, China does not regard the problem as a bilateral one between the United States and the DPRK with China as a bystander. In fact, China and the United States share a strong and special interest in keeping other Northeast Asian players away from nuclear arms capability. Meanwhile, Chinese hesitation to act more vigorously on the North Korean issue is naturally related to what it sees as uncertainty in U.S. strategic plans.

China's influence on North Korea is undeniable but limited. The most frequently suggested way of using the Chinese influence is that the Chinese government should join others in imposing economic sanctions on, and political isolation of, North Korea. Leaving aside the questions of feasibility, legitimacy, and desirability of such a coordinated effort, the possible effectiveness of economic sanctions against the North at this stage is doubtful. Few historical cases, notably those of Cuba, Iraq, and the PRC itself in the 1950s, have proven that economic punishment of a people could change the behavior of its political leadership. On the other hand, China's economic levers could be used under certain circumstances, with or without international coordination.

Since the spring of 2003, the PRC, under the new leadership of President Hu Jintao, has adopted a significantly more proactive posture toward the Korean nuclear issue. In April, China hosted a three-way meeting between itself, the United States, and the DPRK. In August, China went further to

sponsor a six-party dialogue in Beijing to add the ROK, Japan, and Russia to the multilateral talks. Although no breakthrough was made on either occasion, the very fact that China took the initiative in getting the United States and the DPRK together in a multilateral setting has given hope that the two sides might reach some agreement that could be supported and guaranteed by the other four parties. This is the first time in China's diplomatic history that it is serving as a major mediator between two important rival powers. According to Chinese official reports, the Bush administration has praised China for playing a "leadership role" in the North Korean nuclear issue,[16] and the other parties are appreciative of China's role.

The second, but apparently more important, priority in China's strategic calculation is the preservation of peace and stability on the Korean Peninsula, including stability in the North. While the United States definitely prefers a peaceful solution to get out of the nuclear crisis, the Chinese and U.S. perceptions of North Korea's domestic stability diverge. Chinese analysts believe that their predictions of the DPRK's survivability in the 1990s were validated instead of the forecast of an imminent North Korean collapse made by many of their U.S. counterparts. Today the Chinese continue to believe in the likelihood of North Korea's survivability. The Chinese have a larger stake in maintaining stability in the North than any other country except, arguably, the Republic of Korea, not because of any ideological or political affinity with it, but mainly because of the geographic, demographic, and economic realities in China's northeast.

To China, a nuclear Korea would be catastrophic, but so would a military conflict there be.[17] Faced with this dilemma, China's maneuverability with regard to the nuclear crisis is circumscribed, particularly when both the United States and the DPRK are sticking firmly to their respective positions. When the Bush administration is preoccupied with the Middle East and terrorism, it is unlikely to react decisively to North Korea's prodding, and the North Koreans could move further to reactivate its nuclear devices and military maneuvers. Things may get worse before they get better. It is urgent to find a way to stop the spiral toward a dangerous escalation of tensions.

There should be a third priority in dealing with the situation: to assist North Korea's economic recovery. The DPRK's "siege mentality" has been exacerbated by its poor economic performance and the widening gap between the standard of living in North Korea and those of its neighbors. China supplies a sizeable amount of annual energy and food aid, as well as emergency assistance to

[16] http://news.enorth.com.cn/system/2003/09/06/000628512.shtml

[17] Chinese analysts have different views regarding whether China should set one priority over the other. Shi Yinhong, for instance, argues that "China's supreme strategic interest or primary strategic goal is to insulate North Korea from nuclearization." See his article "North Korean nuclear crisis and China's strategic security," *21 Shiji Huanqiu Baodao*, (21st Century World Herald), January 20, 2003. Jin Xide, in contrast, contends that China should not prioritize de-nuclearization over peace, and should never abandon North Korea as a friendly neighbor. See Jin's remarks in the report on the North Korean nuclear issue, *Shijie Zhishi* (World Affairs), No. 6, 2003, p. 15.

the North. Prompted by humanitarian and other considerations, the Chinese government also has to handle the matter of North Korean refugees residing in China.

(4) Arms Control Regimes and Regional Reaction to China's Military Modernization

A number of regional arms control issues, such as the planned U.S. missile defense system and Japan's willingness to participate in the program; the nuclearization of the South Asian continent; and the conceivable consequences of a North Korea possibly armed with nuclear weapons are contributing a dimension of defensiveness to China's strategic thinking. A natural response to these developments is to continue, if not speed up, the modernization of China's armed forces. In turn, improved Chinese defense capabilities may stimulate regional concerns in a "security dilemma." China has yet to convince its regional partners, in particular those with which China has territorial disputes, that a stronger Chinese military power will not pose a threat to them. A failure to do so might push the regional states to move more closely into U.S. orbit. The best approaches to reducing the suspicions and misunderstandings about China in the region are, first, increasing the transparency of China's strategic thinking, planning and defense capabilities and, second, strengthening regional security dialogues.

Doubtless, the PRC's strategic planning and arms control policy toward Asia are mostly directed at the United States. Some Chinese specialists have already made the proposal that the United States and China should be engaged in a strategic dialogue to discuss whether, and to what extent, the United States could allow China to obtain a reliable nuclear deterrent by adding more warheads and missiles to its nuclear arsenal.[18] The Chinese have also considered re-deployment of Chinese missiles across the Strait from Taiwan as a gesture to reduce tensions with Taiwan and the United States. In return, they would hope for some reassurances from the United States that would reduce Chinese anxiety over U.S. military cooperation with Taiwan. However, neither of these two proposals has received any substantive or positive response from the U.S. side. Failure to address those issues properly would be detrimental to Asian regional security.

(5) The Taiwan Issue

The Taiwan issue may be factored into China's regional strategy in several ways. First, there is the notion among many Chinese that the revival of the Chinese nation would not be meaningful and real if the mainland failed to achieve reunification with Taiwan. China's regional policies, therefore, should serve this national goal. Second, Taiwan's leaders have spared no effort to try to have their physical presence in East Asian countries, and their touring Japan or Southeast Asia could be viewed in China as its diplomatic failure. Third, it is always bothersome for the Chinese to deal with

[18] See Gu Guoliang, op. cit., pp. 82-83.

Taiwan's participation in regional organizations like APEC. In addition, while many of China's military modernization programs are designed to deter Taiwan from taking adventurous moves toward *de jure* independence, they nonetheless may give rise to unfavorable regional repercussions, and a hardened Chinese posture toward Taiwan would undermine China's assertions of being a benign power seeking harmonious relations with its neighbors.

Since 2001, there have been two subtle modifications in Beijing's conceptualization of the Taiwan issue. First, it is more apparent to the Chinese today that, despite conspicuous U.S. political support for Taiwan and its democratization, U.S. policy toward the island is not intended to encourage or endorse *de jure* independence of Taiwan. The Bush administration's consistent statement of not supporting Taiwan's independence has assured China that the U.S. government knows the "redline", that a provocative Taiwanese action to change the legal status of Taiwan would trigger a major confrontation between China and Taiwan, and could engage the United States in a deadly military conflict with the Chinese mainland. The United States, therefore, would rather see the status quo of "no reunification, no separation" in the cross-Strait relations maintained.[19] This interpretation contrasts with the previous mainstream Chinese perception that U.S. strategy toward Taiwan was designed to separate Taiwan permanently in order to contain China.

The other modification of China's posture is based on the reassessment that time is on the mainland's side in the long run, as the mainland's economy is growing much faster than Taiwan's economy and that the strategic balance of power is changing in the mainland's favor. China is hoping that the deepening socio-economic interdependence between the two sides will pave the way for ultimate political integration. This newly-enhanced Chinese confidence bodes well for a more accommodating and manageable relationship between the Mainland and Taiwan and also for a reduction of international tensions in East Asia.

(6) Japan – Partner or Competitor?

The relationship with Japan remains a centerpiece in China's regional strategy and deserves special attention. When new generations of Chinese elites with no personal experience of World War II come into political power, the historical imprint in China's policy toward Japan will hopefully fade away. However, this process is likely to take more than a few years and should be facilitated by the reduction of the unfavorable feelings about China currently on the rise in Japan. Moreover, the perception of Japan in China tends to be controversial and thus adds one more element of uncertainty to China's long-term strategy toward Japan. At the same time, there are enormous

[19] For this point, see Wang Jisi and Li Xiaogang, "Meiguo de shijie zhanlue yu Taiwan wenti" (America's world strategy and the Taiwan issue), in Lu Xiaoheng, ed., *Zhongguo Duiwai Guanxi Zhong De Taiwan Wenti* (the Taiwan issue in China's foreign relations), Beijing: Economic Management Publishing House, 2002, pp. 26-40.

reservoirs of realistic and sensible thinking as well as interests in both countries in favor of a more productive and friendly Sino-Japanese relationship.

Two dimensions of the recent development of East Asia are offering opportunities for Japan and China to become better partners rather than long-term competitors. The first dimension is the ongoing momentum of regional economic cooperation featured by ASEAN+3 (China, Japan, and South Korea).[20] The recovery of Japan's economy will paradoxically help to construct a more solid foundation for strategic as well as economic cooperation between the two Asian giants. The second dimension is the North Korea nuclear issue. China and Japan share many common interests on the Korean Peninsula. Both of them have a large stake in preventing the nuclearization of North Korea and in maintaining peace and stability there, and both will benefit from North Korea opening up economically. Nonetheless, there are few indications that these opportunities have been adequately grasped. Both China and Japan seem to be paying attention to other policy issues without injecting enough energy into their bilateral cooperation.

The China-U.S. Relationship: A Dominant Factor

If one had been asked to describe China's Asia strategy 20-25 years ago, the answer must have been the preoccupation with the Soviet strategic encirclement of China, reinforced by the Soviet-Vietnamese alliance. As recently as 10 years ago, China's regional strategy would have been predominantly overshadowed by an assertive United States that proposed the establishment of a "New Pacific Community" (a notion President Clinton put forward vaguely at the Seattle APEC meeting in 1993) that alarmed China. At the same time, under severe pressures to change its domestic policies after Tiananmen, China made painstaking efforts to keep its Most Favored Nation (MFN) status with the United States. The PRC was just about to establish or resume diplomatic relations with Seoul and Jakarta. No pondering of a comprehensive regional strategy was possible without marked improvement of China's bilateral relationships with the United States as well as its Asian neighbors.

To a lesser extent, China's regional concerns today still contain a strong U.S. element. For example, some Chinese strategists have expressed apprehension that the expansion of a U.S. military presence into Afghanistan, Pakistan, and Central Asia, along with an enhanced U.S-Indian strategic understanding since 9/11, will once again shape a formidable strategic encirclement of China. However, most Chinese policy advisors seem to remain unperturbed by these new security circumstances. Instead, they point to the much improved bilateral ties with China's neighbors,

[20] A shared notion among Chinese specialists is there is a vexing competition between China and Japan on which country should play a leadership role in East Asian economic regionalization. See Jiang Ruiping, "Dongya FTA re zhong de leng sikao" (cold thinking in the FTA fever in East Asia), *Shijie Zhishi* (World Affairs), No. 6, 2003, pp. 52-53.

contending that few, if any, Asian powers would have enough interest and motivation to join a U.S.-led coalition to contain the PRC. Increased Chinese vigilance against separatists, terrorists, and religious extremists in northwest China's national minority areas since 9/11 seems to have reduced Chinese interest in viewing the Shanghai Cooperation Organization as a counterweight to U.S. influence in the region.

Having experienced enough ups and downs in the China-U.S. relationship since the end of the Cold War, China's policy toward the United States is temperate and gradually maturing. While the cliché of China needing a peaceful environment to sustain its economic growth and social progress still applies, the Chinese government has been developing a long-term strategy based on some other fundamental assumptions. These assumptions are at the same time independent variables, subject to reassessment and readjustment by the Chinese leadership.

The first assumption is that the global strategic structure is seriously unbalanced in favor of the United States. If in the early post-Cold War years it could be argued that the rise of the United States to global primacy was debatable, there is little doubt today that a unipolar world is increasingly the reality with which China must cope. The Chinese projection of the "inevitability of multipolarity" does not prevent them from noting, at least privately, the "tide of the day" is otherwise—the United States will remain the only global hegemonic power for decades to come.[21] Chinese policy analysts, being realists, have few illusions about the feasibility of formulating a lasting international coalition that could serve as the counterforce to U.S. power. China has neither the capability nor the desire to take the lead in formulating such a coalition, let alone confronting U.S. hegemony by itself.

In the diplomatic showdown at the United Nations prior to the Iraqi War of 2003, China generally sided with France, Germany and Russia in an effort to stall a military solution, but did not run the risk of offending the Bush administration in doing so. The result of the Iraqi War once again illustrated the preponderance of U.S. military and political power and the U.S. willingness to use it unilaterally. An unofficial public polling in China prior to the outbreak of the war showed that over 80 percent of Chinese citizens were opposed to the use of force in Iraq, but the bulk of them supported the Chinese government's moderation in coping with the crisis.

Even without active Chinese resistance, U.S. hegemonic behavior will not go unchecked in the international arena. This is another belief firmly held by the Chinese, especially when they look at the Asia-Pacific region where few countries, if any, would give unequivocal support to a possible

[21] For a recent assessment of the power and influence of the United States, see Men Honghua, "Lengzhan hou Meiguo da zhanlue de zhengming jiqi yiyi (the debate on Post Cold-War U.S. grand strategy and its implications, in Hu Angang and Men Honghua, eds., *Jiedu Meiguo Da Zhanlue* (Decoding U.S. Grand Strategy), Hangzhou: The Zhejiang People's Press, 2003, pp. 3-22.

U.S. policy intended to isolate or contain China. This strategic situation will give China enough breathing space to enhance its stature and influence. With the growth of China's market and capital, Japan, South Korea, ASEAN, Russia and other regional powers will be increasingly motivated to strengthen their economic ties with China, and more political understanding between them and China is in sight. The general trend in Asia, therefore, is conducive to China's aspiration to integrate itself more extensively into the region and the world, and it would be difficult for the United States to reverse this direction.

One other Chinese assumption is that different views and interests regarding China continue to exist within the United States. Hardliners (centered on the so-called "Blue Team") within and without the Bush administration are balanced by moderate, realistic advisors, some of whom are respected China specialists with political experience. The military view that sees China as a threat is in conflict with commercial interests, when giants like Boeing, Motorola, Citibank, and Wal-Mart have an increasingly large stake in the China market. Engagement between China and the United States is so extensive today that the Bush administration could not get far in developing a China policy similar to U.S. policy toward the Soviet Union during the Cold War years.

Prior to and during the Iraq War, the Chinese calculated that, at least for a considerable period of time, the aggressiveness in U.S. national security strategy will mainly be directed at what Americans define as international terrorism, which is largely found in Islamic countries and societies. Although it would be "politically incorrect" to link terrorism to any religious belief or group, the 9/11 syndrome will continue to lead the U.S. strategic spearhead toward the Middle East, Central Asia, and South Asia to suppress terrorist elements and possible proliferation of weapons of mass destruction (WMD). Since China has neither the interest to ally itself strategically with countries that are seen as hostile to the United States nor the intention of proliferating WMD, it is unlikely that the United States will regard China as its principal strategic adversary in the coming years.

China-U.S. Coordination

In the final analysis, a policy of avoiding confrontation with the United States is consistent with China's domestic political agenda. Many Americans look at China's political system with distaste, and the United States provides sanctuary to representatives of virtually all Chinese groups regarded as anti-government. But political conflict with the United States could only worsen the situation. As China's reform agenda emphasizes the rule of law, democracy, and market economy, and has accepted the concept of human rights, many political issues between the two nations can be discussed through dialogue. In addition, excessive nationalistic feelings, most of which are directed against the United States and to some extent against Japan, would not be helpful in enhancing the authority of the Chinese leadership. A stable political situation in China is partly contingent on

successful diplomacy that can better manage its relationship with the only superpower in the world today.

This strategy toward the United States is not, of course, without problems and difficulties. The contrast between media coverage of international affairs on the one hand, which may inflame undesirable and unnecessary nationalistic sentiments, and the actual policy thinking and practice on the other hand, is a serious disconnect. Interagency coordination within the Chinese government has proven a daunting task, especially in crisis management. The nature of the Chinese political structure exacerbates the difficulty in engaging the United States, whose political strength lies largely in its pluralist society rather than the concentration of power.

In general, the reduction of mutual suspicion and mistrust between China and the United States will pave the way for generating more creative and proactive Chinese approaches to regional security and economic cooperation. There is also a realization among China's leading strategists that the rise of China must be accompanied by the rise of Asia as a whole, as such structural changes in the global balance of power should place China in a better position vis-à-vis the United States.

Conclusion

The following features are discernible in China's relations with other Asian powers that define China's role in Asia: (1) improved bilateral relationships with all neighboring states; (2) more active participation in multilateral security and economic arrangements and cautious initiation of new forms of regional economic cooperation; and (3) a serious consideration of U.S. influence and interests in the region in conjunction with China's own strategic goals.

China's concentration on domestic development, the Chinese consciousness of international sensitivities to the perceived and actual "rise of China," and successful pragmatism in China's international behavior in the post-Cold war era combine to preclude an excessively assertive Chinese posture toward the Asia-Pacific region.

Meanwhile, a few questions remain with regard to the future role of China in Asia. First, although the PRC has become a full-fledged regional player, its relationships with the other two major players–the United States and Japan–are still in flux, and recent improvements are not yet irreversible. Second, and related to China-U.S. and China-Japan relations, the Taiwan problem lingers, and how China manages it will make a strong impact on other Asian countries' perceptions of the PRC. Third, the nature of the Chinese polity constitutes a large gap with most of its Asian neighbors, who are generally content with the market-oriented reforms carried out in China, but have doubts about its

ultimate destination. Finally, what kind of value system China upholds now at home and internationally, and will uphold in future when its power further grows, is a perplexing question.

Wang Jisi

Professor Wang Jisi is Director of and Senior Researcher at the Institute of American Studies at the Chinese Academy of Social Sciences (CASS) in Beijing. He entered Peking University in 1978 and obtained an MA degree there in 1983. He is concurrently Director of the Institute of International and Strategic Studies at the Party School of the Central Committee, the Communist Party of China, a guest professor of Peking University and Tsinghua University, and President of the Chinese Association for American Studies. He is a Founding Member of the Pacific Council on International Policy in Los Angeles, an International Council Member of the Asia Society in New York City, an Advisory Council Member of the Center for Northeast Asian Policy Studies of the Brookings Institution in Washington D.C., and an Adviser to the Asia Center, Harvard University.

From 1983 to 1991, Wang Jisi taught at Peking University's Department of International Politics. He was a visiting fellow at St. Antony's College, Oxford University (1982-83), a visiting scholar at the University of California, Berkeley (1984-85), and a visiting associate professor at the University of Michigan, Ann Arbor (1990-91). He taught at Claremont McKenna College in California as a Freeman Professor of Asian Studies for the fall semester, 2001. In February-March 2002 he taught and did research at the Singapore Institute of Defence and Strategic Studies as an S. Rajaratnam Professor.

Professor Wang's scholarly interests cover international relations theory, U.S. foreign policy, Chinese foreign policy, and China-U.S. relations. He has published numerous works in these fields, including a volume in Chinese entitled "Lonely at the Top: U.S. Global Strategy and Position in the Post-Cold War World." His articles in English include "International Relations Theory and the Study of Chinese Foreign Policy" (1994), "Engagement or Containment: U.S. Policy toward China after the End of the Cold War" (1995), "The Role of the United States as A Global and Pacific Power: a View from China," (1997), "Building a Constructive Relationship between the United States, China, and Japan" (1998), "China's New Identity and Peace in Northeast Asia" (2000), and "Hot Peace – Not a New Cold War – between China and the United States" (2001), "China's Response to G.W. Bush: A Tactical Move, or a Strategic Reorientation?" (2002), and "America: Rogue Superpower, But Needed Economic Engine" (2002).