

# China's Rise and the Changing Rules of the Game in the International Order

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*Just as Europe once exported its own state system of international relations to the rest of the world, so too are Asian countries now reshaping the international system. The conditions for international relations are changing to the advantage of large countries with a strong state, and China plays an important role in this process. If the European Union wants to remain an influential player in the international order, it needs to make clear political-strategic choices.*

A characteristic of many countries in Asia is the fact that their governments are willing to intervene extensively in international economic relations in order to achieve political goals that directly serve their own strategic interests. As these countries, led by China, emerge as influential players, they are changing the rules of the game in international relations to the advantage of large countries where the state has greater influence over economic activity. Small countries and countries with open economies have (even) more difficulty getting their voices heard. The rise of big Asian countries is thereby accelerated, while European countries lose influence. Europe can only keep up with these changes if it maintains a coherent strategy that integrates political and economic goals and ambitions in its policies towards newly emerging powers.

China's role in reshaping international relations is of crucial importance, and can be viewed from two perspectives. On the one hand, China's international actions originate in factors that are specific to the country. On the other hand, China's way of practicing international politics can be understood as an exponent of the Asian model of international relations. Put differently: China is 'merely' the most recent example that generates the most attention today – particularly because it challenges the hegemony of the United States.

China's economic influence has a global reach, which is evident in many fields, including international trade and finance. Developing as well as developed economies

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profit from China's rise, whether in terms of market access, the availability of cheap labour, the import of Chinese products or Chinese investments and capital.

In all these fields, the policies of the Chinese state are of the utmost importance. Chinese investment funds, banks and most multinationals are all directly controlled by the state. All direct foreign investments by Chinese companies need to be approved by various government institutions, including the Chinese embassy in the recipient country. Moreover, the government has a profound influence on the extent to which foreign companies gain access to the Chinese market.

It should be emphasised that Chinese economic affairs do not primarily aim to gain political influence abroad. Continued economic growth and, by extension, legitimacy of the Communist Party are core national interests in the eyes of Chinese political leaders. The most effective instrument available to Beijing to protect these interests is its economic relations. This also goes for the defence of China's foreign security interests at large. When the Chinese government deems it necessary, it will not refrain from using its economic clout for political goals. First and foremost, this relates to those political interests that the Communist Party regards as Chinese domestic issues. The endeavour to isolate Taiwan internationally and to undermine international support for the Dalai Lama and domestic dissidents illustrate this point. At the same time, however – and contrary to common understanding – it should be noted that Asian powers and China in particular are not entirely unwilling to flex their economic muscles to achieve political change abroad.

Formally, respect for national sovereignty is one of the main pillars of China's foreign policy, but in practice the Chinese government is quite flexible about this. Beijing's aim of protecting Chinese 'domestic' interests, such as those relating to Tibet or Taiwan, often results in attempts to interfere in matters that are part of other countries' sovereign rights. Also, China increasingly has an interest in international stability and in playing the role of a responsible great power. As such it has used its economic influence to pressure the Sudanese government into allowing a UN peacekeeping mission to work in Darfur. At the same time the Chinese government has also used economic incentives to strengthen its access to raw materials and to shipping routes in a great number of countries. In principle, any issue seen by Beijing as directly relevant to its vital security needs can be addressed through economic means. Respect for other countries' national sovereignty does not necessarily form a boundary that Beijing will not cross.

Just as Europe exported its own (Westphalian) state system of international relations to the rest of the world, so do the Asian countries now shape the international system. After all, the Asian countries share a relatively extensive state influence in the economy and use economic diplomacy. The primary difference amongst Asian states is whether the strong role of the state is organised in formal ways (China, Vietnam, Singapore) and or more informally (Japan, South Korea, Indonesia). The common view of the role of the state thus bridges national differences in political and economic systems. It is therefore an illusion to think that the use of economic tools for political purposes will decrease with a change in economic model (from state- to free-market capitalism) or political system (from authoritarian to democratic).

European governments also use economic means for political purposes, for example through trade and programmes for bilateral and multilateral development aid. The main difference is that European governments rely primarily on their established position in international institutions, rather than the use of international economic relations as tools of influence. Furthermore, the potential of western governments to practice economic realism is more restricted, since the state interferes less in the domestic economy than in Asian countries. When European countries use economic means for political goals, they

typically seek to bring about normative change in another country. Emphasising their attractiveness in terms of culture, political ideals and policies, they aim, for example, to further their political interests and ideals including democratisation, promotion of respect for human rights and good governance.

Political aims in the foreign policies of Asian countries tend to be more specific, and are more directly related to economic and security interests. Consequently, at least in the short and medium term, the European approach cannot match or counter the Asian strategy.

The use of economic (as an alternative to military) means is increasingly important as the economic power of China and other Asian countries grows. As China's biggest trade partner and a major trade partner of several other Asian countries, the European Union should be able to take advantage of this situation, but the opposite appears to be happening. The most important step that EU countries *should* take in their policies towards Asian countries is one that is as necessary as it is politically sensitive. That is, to interconnect political and economic policy at the Union level. In the EU's present China policy, the relationship between economic and political goals is grossly unbalanced. The European Commission has a strong mandate in economic affairs, while member states prefer to settle political matters with China individually. The EU thereby loses the chance to use significant economic potential for internal *and* external political goals that it promotes in China and certain other Asian countries.

A call to interrelate economic and political external policy in answer to growing economic realism is *not* a call for protectionism. Rather, it is important that European countries make clear choices about where their priorities lie, for example concerning welfare, safety, environment, human rights and development cooperation. Clarity about priorities is at the basis of an effective response to the changing rules of the game, without betraying one's own political-economic model.