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THE IMPLICATIONS OF CHINA'S RISE FOR ASIA AND EUROPE

Linda Jakobson





Executive summary

- **China has in a very short time span embraced multilateral mechanisms to address a broad range of issues and avoided confrontation with the United States. Both stances have shaped Asian and European views of a rising China.**
- **At present, Asian and European leaders take China's word regarding its peaceful intentions as a rising power. However, Asian and European policy-makers tend to refrain from confronting China too strongly on issues sensitive to Beijing (poor implementation of intellectual property rights, disregard for human rights, etc).**
- **The more prosperous China grows, the less influence any other country will have over Beijing's policies.**
- **A rising China is a challenge to others because of its sheer size, its great need for imported energy, and the environmental degradation it causes due to its ongoing industrialization.**
- **The troubled relationship between China and Japan is one of increasing concern and could lead to aggravated tensions in East Asia.**

Two underlying themes emerged during the international seminar "China's Rise and its Implications for Asia and Europe", organised by the Foreign Affairs Committee of the Parliament of Finland and the Finnish Institute of International Affairs (FIIA) in Helsinki on 6 April 2006. First, China's integration with Asian and European economies has taken place so rapidly that across both continents political leaders are still struggling to come to terms with the implications of China's rise as a major economic and political power. Second, the troubled relationship between China and Japan is one of increasing concern and could lead to aggravated tensions in East Asia.

There is broad consensus that changes in China over the past two decades have been phenomenal. China has attempted to assure both its neighbors and the rest of the world that others need not fear its rise because China is determined to continue on the path of peaceful coexistence. Beijing's leaders continuously remind both the Chinese populace and outsiders that China needs peace to tackle the innumerable and enormous problems at home.

China's behavior in the past 25 years confirms these benign intentions with the exception of its policy toward Taiwan. China has for the most part pursued policies that can be viewed as trying to take into account the concerns of its neighbors. Beijing has in a very short time span embraced multilateral mechanisms and international forum to resolve a broad range of problems. China has also avoided confrontation with the United States and has stated that it does not oppose the U.S. alliance system in Asia.

There is less consensus regarding the mid- to long-term implications of China's rise. Once China becomes more powerful, will China continue to accept the United States as the guarantor of security in Asia? And will China continue to pursue balanced policies toward its neighbors or will it seek to impose its will on others, using its economic clout as a means of gentle persuasion or even outright pressure? The second question, especially, is relevant already in the mid-term, for if China's economic growth continues at the estimated rate of 8 to 10 percent, its economic power projection will be even more substantial in ten years. Militarily, it will

take at least 25 years for China to be in a position to contemplate challenging the United States. Therefore, predictions of the possible military threat China could pose are mere speculation. It is impossible to foresee what the international order will be like after 2030.

At present, Asian and European leaders take China's word regarding its peaceful intentions as a rising power. However, already today China's increasing economic and political weight is evident: There is a tendency among policy-makers in Asian and European capitals to refrain from confronting China too strongly or to at least tread carefully when addressing issues that are known to be sensitive to Beijing (poor implementation of intellectual property rights, disregard for human rights, etc). The more important China becomes economically for Asia and Europe, the more Beijing will be able to impose its own will when dealing with controversial issues. Put another way, the more prosperous a China the less influence any other country will have over Beijing's policies.

The sheer size of the Chinese market and purchasing power will alone be factors that all economies will have to take into account. The consequences will be both positive and negative. The economic opportunities that China offers are obvious and have become a mantra of sorts following China's decision to implement open door and economic reform policies in the late 1970s. Only recently has the downside of China's economic rise been more widely recognized and discussed. Firstly, China's voracious appetite for imported energy is compelling countries worldwide to rethink their energy security strategies. Secondly, China's ongoing industrialisation and urbanisation will cause environmental degradation outside its borders. The forests of China's neighbor Myanmar are already being ravaged by the logging activities of Chinese companies. Other countries along the Mekong are struggling with water scarcity due to industrialisation upstream in China.

In sum, China's rise will be a challenge even if Beijing continues its efforts to be integrated in to the international community and strives toward building relationships based on trust, as it has done thus far.

EU is not militarily involved

An Asian approach to China does not exist any more than a European approach. Each Asian nation defines its own relationship with Beijing, based on its proximity to China, its history with China, its own security needs, its political system's divergence from or convergence with China's one-party authoritarian form of government, etc. Even the enlarged European Union does not have a coherent or unified China policy, though it is far more homogeneous than either East Asia or South East Asia, both of which are characterized by multi-layered political, ethnic, religious and/or unresolved historic tensions. Each European nation has its own history with China, and many European countries have competing economic interests. Also, there are different shades of sensitivities among the Europeans on human rights, or on the question of Taiwan's unresolved future, or the EU's arms embargo on China.

Europeans are of course in an entirely different position vis-à-vis China than both Asians and Americans because Europe is not directly involved in the security of East Asia. A military conflict on the Korean Peninsula or in the Taiwan Strait would have dire consequences for hundreds of millions of Asians as well as American troops based in Asia. The lack of tension over Taiwan's status in particular is a feature that makes Europe's dealings with Beijing different from those of Washington's. European leaders, upon taking office, tend to initially emphasize the deepening economic ties their country has with China and then, under pressure from various domestic constituencies, attempt to confront Beijing on delicate issues concerning human rights abuses, unfair trade practices and implementation of intellectual property rights. This is in contrast

to several past American presidents, as well as the incumbent one, who have come to office promising a tougher China policy in the hope that this would change Beijing's behavior regarding contentious issues, only to realize that engagement is a more useful way to influence China's policy choices. The complex relationship that the United States has with China is a two-way street. Not only is the American economy, like Asian and European economies, becoming more dependent on China, but also Washington needs Beijing's collaboration on a broad range of security and diplomatic issues. The reverse applies to Beijing. The United States is a

significant Chinese market, and Beijing looks to Washington for support in several vital areas, above all to maintain the *status quo* in the Taiwan Strait.

Growing nationalist sentiment

For many Asian nations, the implications of China's rise are seen 'through the Japan prism'. Most Asians cringe at the thought of having to take sides in any rift between China and Japan (just as they do when contemplating

choosing sides between China and the US). The current fraught state of relations between China and Japan also overshadows efforts to genuinely deepen multi-lateral mechanisms or strengthen the basis of an East Asian Community. European leaders, for their part, have not yet fully recognised that the tug-of-war between China and Japan will also impact European relations with these two major powers.

The relationship between China and Japan has been deteriorating for more than a year, with little or no sign of genuine efforts on either side to conduct a meaningful dialogue. The most conspicuous issue is Japanese Prime Minister Junichiro Koizumi's insistence on visiting the war memorial Yasukuni Shrine



Photo: Peter Bullock

where, among others, also the souls of Japanese wartime criminals are honoured. Each visit to Yasukuni by a Japanese elected leader enrages Chinese (and Koreans) who view it as a sign that Japan does not genuinely repent its wartime atrocities.

Beyond the so-called history problem there are several other fundamental issues marring Sino-Japanese relations. Some of them relate directly to Taiwan and Japan's role as an ally of the United States. Beijing is wary of even the slightest indication that Washington or Tokyo would be shifting away from or redefining their 'One China Policy'. The issue of Taiwan precedes all others in determining Chinese foreign policy strategies.

Some of the issues shadowing Sino-Japanese relations relate directly to China's rise as a major regional power and, on the other hand, Japan's desire to be accepted as a 'normal' country with all the 'normal' obligations and rights of a regional power. A growing portion of the Japanese political elite wants to see the constitution modified, paving the way for Japan to have openly acknowledged defense forces, the right to send troops abroad, and a more active international role. Japan's pursuit of a seat on the United Nations Security Council reflects these aspirations, while China's inclination is to resist all moves by Tokyo to expand its political and military role. Beijing successfully appeals to sentiments across Asia when it states that it does not wish to see Japan return to the role it had as a military power in the first half of the 20th century.

Lastly, some of the thorny issues between China and Japan relate to a growing competition for energy resources. Exploration by both sides for natural gas and oil in the East China Sea increases the potential for a serious escalation of tensions.

One common denominator for friction between China and Japan is growing nationalistic sentiment in both countries. Misunderstandings abound. Emotions run high on matters perceived as integral to national pride. In Beijing and Tokyo, conservative elites intentionally drum up nationalist fervor. While high school textbooks that belittle or omit Japanese wartime atrocities have been widely publicized, less attention has been paid to the emphasis by the Chi-

nese government on the humiliation brought upon Chinese by the Japanese in the past century. Chinese are not only taught about Japanese aggression in school, but they are continuously, still today as adults, reminded of the past sufferings of the Chinese people. There are new textbooks, novels, and articles published every year commemorating the century of national humiliation, as well as museums, songs, and parks devoted to this theme.

The seminar shed little light on possible ways to defuse tensions between China and Japan. Dr. Huang Renwei of the Shanghai Academy of Social Sciences took the optimistic view that interdependence between the two countries would deter them from becoming enemies. Many share his view. China is now Japan's largest trading partner. Japan is a significant source of foreign investment for China. In addition, more than 150,000 Chinese students attend Japanese universities and language schools, and a million Chinese people work in Japanese companies. However, interdependence alone will not stem the growing political tensions between China and Japan. Political will on both sides is paramount – admittedly a tall order, but one that everyone should encourage Chinese and Japanese political leaders to strive for.

A summary of the presentations made at the seminar "The Implications of China's Rise for Asia and Europe" can be viewed at the FIIA website www.upi-fiia.fi -> Events -> Past events 2006.

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Linda Jakobson
Director of China Programme
linda.jakobson@upi-fiia.com

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