

THE RISE OF CHINA: REGIONAL AND GLOBAL POWER SHIFTS

China's rapid economic development is accompanied by an increasingly active foreign policy and growing military prowess. Power shifts at the expense of the West are looming both in East Asia and on the global stage. However, a fundamental change in the international system forged by the US would not be in Beijing's interest. Fears of a future Sino-American hegemonial conflict are exaggerated.



The leaders of China, Russia, and the US at the APEC summit in Hanoi, November 2006. *Jim Young/Reuters*

China's successful test of an anti-satellite missile in January 2007 has left the world surprised and wary. By downing an obsolescent weather satellite, the leaders in Beijing demonstrated their ability to degrade the space-based critical infrastructure for communication and reconnaissance if required. In doing so, they also hinted at the option of taking asymmetric measures against technologically superior armed forces. At the same time, the exercise was a demonstration of the vulnerability of the planned US space-based missile defense system and indirectly emphasized the Chinese demand for a treaty banning weapons in space.

Against the background of this display of power, the discussion about China's resurgence and its strategic consequences has regained attention, especially in the US. Although the issue has to some extent been placed on the backburner due to the "War on Terror" and the invasion of Iraq, China's

growing clout is one of the most important geopolitical developments of the early 21st century and poses a critical challenge for the West.

Rapid Modernization of the Armed Forces

There can be no doubt that China has become an economic superpower. After more than two decades of average growth rates of about ten per cent, the People's Republic today is the world's second-largest national economy and third-largest trading power. Although the planet's most populous state (1.3 billion inhabitants) faces massive socio-economic, ecological, and demographic challenges, a premature end of the accelerated modernization process is not in sight.

It is also apparent that China is currently undertaking measures to enhance its military capabilities significantly. According to official sources, defense spending has in-

creased by an inflation-adjusted 300 per cent over the past decade and will grow by another 17.8 per cent in 2007. The People's Liberation Army is being transformed from the world's largest territorial defense force into a multifunctional, mobile, smaller army with a current personnel strength of about 2.3 million soldiers. One main focus is the modernization of the navy, which will enhance China's capability for – initially regional – power projection. Beijing's military reach is still moderate and the Chinese armed forces remain easily outgunned by the US. And yet, the comprehensive reform process demonstrates that the era of Chinese self-isolation is a thing of the past, even in political and strategic terms, and that the national defense doctrine is becoming increasingly de-territorialized.

A Status Quo Power?

But what are the intentions of this awakening giant? China promotes the paradigm of "peaceful development" and never tires in presenting itself as a responsible power. However, some observers warn that ascending powers have historically tended to try to change the status quo. In the US, in particular, many experts fear an increasingly revisionist Chinese foreign policy and a Sino-American hegemonial conflict – especially since there are few signs that economic liberalization will bring about a democratization of the People's Republic.

An analysis of China's strategic situation reveals that its foreign policy is guided by two overarching goals: Creating favorable conditions for a sustainable economic development of the country (a prerequisite

for internal stability and acceptance of the Communists' single-party rule); and the attainment of a regional and global role that is commensurate with China's "rebirth" after 150 years of "national humiliation". Accordingly, we can identify four core foreign-policy interests. First of all, in view of its close integration with the global market, China requires a stable international environment. Secondly, it depends on reliable supplies of energy and other natural resources. Already today, the country is the second-largest consumer of petroleum – and its demand is projected to double before the year 2020. Third, China is aiming to limit the strategic dominance of the US and to expand its own area of influence. Finally, it will simultaneously be taking precautions against a possible US containment policy.

With these interests in mind, China will hardly have an interest in fundamentally questioning the existing international system. However, the People's Republic is likely to adopt positions that at times contradict Western governance efforts. In general, the power shifts accompanying China's rise can be expected to create significant frictions, but will hardly result in military confrontation.

Diminishing US Power in East Asia

China's shift from an isolationist stance to a proactive foreign policy is felt most acutely in the country's East Asian and Central Asian neighborhood. The People's Republic is making increasing inroads into the center of Asia and pushing Japan back to its former peripheral position. For example, China has intensified its bilateral relations with the Southeast Asian states and concluded partnerships with Russia, India, and Pakistan. The US as the currently dominant regional power is also an occasional target of Chinese charm offensives, and Beijing has repeatedly stressed that maintaining stable Sino-American relations is a top priority of Chinese foreign policy. Only Sino-Japanese relations have failed to improve significantly lately, not least because of Japan's history as an Asian colonial power.

It is notable that for several years, China has been fostering the establishment of regional multilateral structures too. Beijing maintains close relations with the *Association of Southeast Asian Nations* (an "ASEAN+1" free trade zone is planned for the year 2010) and participates in the *ASEAN Regional Forum* as well as the *Asia-Pacific Economic Cooperation* (APEC) group.



China and its neighbors

Furthermore, China initiated the *Shanghai Cooperation Organization* (SCO), which includes Russia as well as four Central Asian republics, as a forum for discussing security and trade issues. This multilateral engagement is a good example of China's ambivalent regional diplomacy. On the one hand, Beijing is striving to win the confidence of its neighbors and to promote trade. But simultaneously, it also aims to expand its influence, sometimes at the expense of the US. For example, the SCO has called on the US to withdraw its troops from Central Asia. Furthermore, it has granted observer status to Iran, but not to the US.

China's neighbors have reacted to Beijing's advances with a mix of rapprochement, integration of their own (ASEAN recently enacted a remarkable round of deepening including defense policy cooperation), and seeking stronger reassurances from the US. Washington's response to the Chinese challenge is similarly multifaceted. In addition to its policy of engagement by way of economic cooperation, as well as political and military dialog, the US is also pursuing a strategy of hedging. This includes not only reinforcing the US Navy presence in the Pacific and an expansion of the bilateral defense relations with Japan, South Korea, and several Southeast Asian countries, but also strategic cooperation with India.

Sino-American relations will continue to be characterized by a combination of cooperation, distrust, and rivalry for the foreseeable future. The significantly improved cooperation within the Six-Party talks since North Korea's nuclear test in October 2006 shows

that Washington and Beijing are certainly able to join in exerting their power to shape the outcomes of issues where their interests converge.

At the same time, the squabbles over influence in East and Central Asia can be expected to become more accentuated, and it seems inevitable that US hegemony in the Far East will be diminished in relative terms. Trade conflicts – for example, over the US trade deficit or China's product piracy – will remain the order of the day. However, the real bone of contention will still be Taiwan, which is regarded by Beijing as a renegade province, but is strongly supported by Washington for its democratic system. And yet, even in the case of this most volatile of East Asian hot spots, a military confrontation would only be conceivable if one of the parties involved should unilaterally change the status quo.

Undermining the West's African Policies

At the global level, China is also striving to demonstrate its sense of great-power responsibility. For example, the People's Republic has made far less use of its UN Security Council veto than the other permanent members. Furthermore, it takes part in UN peace operations and has recently sent 1,000 soldiers to Southern Lebanon, although China's overall engagement so far remains low-key. The leaders in Beijing have also lately issued clear statements in support of sustainable development for China. This is a matter of great importance to global climate and security policies, in view of the fact that China will replace the

US as the main source of carbon dioxide emissions within a few short years.

However, at the same time, China frequently pursues policies (especially outside of the OECD area) that contravene the Euro-Atlantic governance efforts and degrade the influence of the West in those regions. At its core, this strategy is not consciously aimed at rolling back the West. Instead, the discrepancy between Chinese interests and those of the European and North American industrialized nations is due to China's traditional views on sovereignty and its strict observance of the principle of non-interference in domestic affairs, as well as its huge demand for imports of raw materials and new outlet markets for its goods. For these and other reasons, China's foreign policy, which is often synonymous with energy policy, is tailored particularly towards winning the favor of resource-rich developing and emerging countries. For the latter, this constitutes an attractive alternative to the West, since Beijing does not make its cooperation conditional on any political demands such as good governance or the protection of human rights.

Nowhere can this trend be seen more clearly than in Africa. China has for several years been pursuing a highly active policy towards the African continent featuring generous financial and technical support, rapidly increasing direct investment, and a wide range of energy and trade agreements. Already today, the People's Republic purchases more than one-third of its oil from Africa. When Angola refused to meet the IMF's requirements for further loans, Beijing swiftly stepped in with financial backing for its most important supplier of oil. One of the reasons why the government of Sudan has so far been able to dodge Western demands in the Darfur conflict is because China – the main buyer of Sudanese oil – has been unwilling to apply pressure to Khartoum. Another example is the regime in Zimbabwe, which has realigned its foreign policy eastwards ("Look East") in response to Western criticism and has introduced Mandarin lessons in schools after being promised loans and arms by China.

The first Sino-African summit in Beijing in November 2006, which was attended by almost 40 heads of governments and states, was an opportunity for the Chinese leaders to highlight the strategic relevance they attribute to Africa. Unsurprisingly, President Hu Jintao during his two-week tour of Africa in early February 2007 promised

China and selected Western powers in comparison					
	China	USA	France	UK	Germany
Population in million	1 315	296	61	60	83
GDP (PPP) in billions of US\$	9 862	12 456	1 977	2 063	2 615
GDP in US\$ per head	7 498	42 024	32 474	34 242	31 675
Defense expenditures for 2005 in millions of US\$	103 956	495 300	53 128	51 696	38 044
Defense expenditures 2005 as percentage of GDP	1.3	4.0	2.5	2.3	1.4
Members of armed forces (x 1.000)	2 255	1 506	255	191	246
UN military deployments	1 484	27	1 873	289	995
Non-UN military deployments	0	193 262	4 701	14 174	7 791

Sources: *The Economist (Country Briefings)*; *ISS Military Balance 2007*

to double China's development aid and to offer its partners new favorable loan arrangements.

Growing Influence in the Middle East

In the Middle East, too, China's foreign policy is determined by increasing energy dependency. Considering that Beijing imports nearly half of its oil from this region, it cannot afford to ignore the political developments in this crisis zone. As in Africa, China has become a favored trading partner in this region, and its policies have indirectly weakened Western governance and democratization efforts. Beijing's energy deal with Tehran to the tune of US\$100 billion, for example, was harshly criticized by the US.

However, China will also prove a disappointment to those in Tehran and the Arab world who occasionally envisage a Muslim-Confucian counterweight to the US. It is true that the People's Republic has expanded its relations with these countries, and that Beijing has used the establishment of the China-Arab Cooperation Forum and its negotiations with the Gulf Cooperation Council members to underline its interest in close cooperation. However, at the same time, it maintains good relations with Israel, including cooperation in the sphere of military technology, and shares the West's concern for regional stability and secure waterways.

China's support for the EU- and US-designed "Road Map for Peace" in the Middle East conflict shows that its policies are based on pragmatism and not on anti-Western ideology. Beijing's remarkably active special representative is always closely attuned to the Near East Quartet, which some in Beijing would like to see expanded into a Quintet.

Europe's Quest for a Strategy

It remains to be seen whether China will eventually ascend to superpower status. It is already certain, however, that its regional and global influence will continue to grow. While a vigorous debate is under way in the US concerning the adequate response to the Chinese challenge, Europeans have so far failed to address the matter comprehensively. Although the EU and some of its members have concluded "strategic partnership" agreements with China, the Europeans still tend to view the People's Republic from a predominantly economic perspective.

However, Beijing's policies in Africa now seem to have accentuated the EU's awareness that China's ascent has already gone beyond changing the strategic constellation in East Asia, and may directly impact European interests in the expanded EU neighborhood. Yet, the elaboration of a coherent Chinese strategy can be expected to pose a severe challenge to Europe, as illustrated by the continuing disagreement over the arms embargo imposed by the Europeans in 1989. The US fears that the EU could diverge from Washington's China policy and is accordingly wary of the idea of any Sino-European partnership.

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