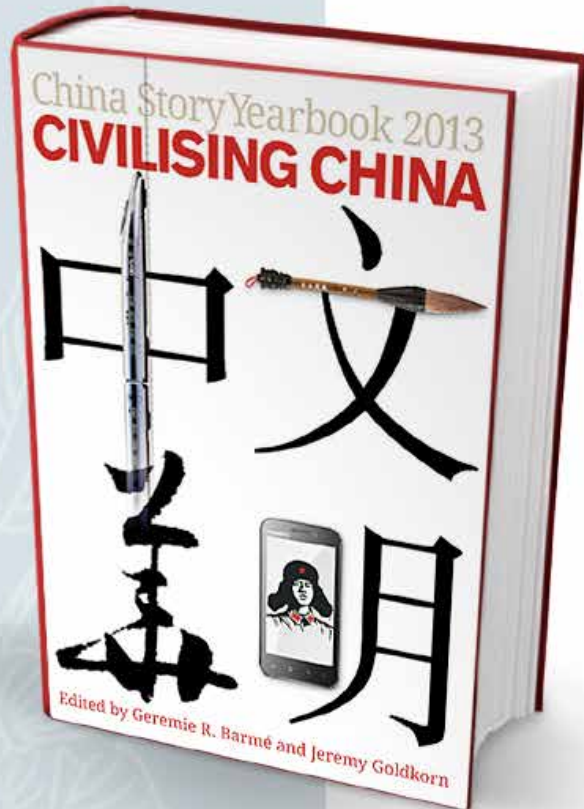


The China Story



China Story Yearbook
is available online:
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CHAPTER 1

FOREIGN POLICY FOR A GLOBAL CHINA

Richard Rigby and Brendan Taylor

Excerpt from

CHINA STORY YEARBOOK 2013

CIVILISING CHINA

文明中华

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Canberra, Australia

The China Story
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ISBN 978-0-9873655-3-8

First published in October 2013
THIS BOOK IS NOT FOR SALE

Published by:
Australian Centre on China in the World
The Australian National University

Art direction, typesetting and illustration by Markuz Wernli
Printed by Union Offset Printers, Canberra, Australia

The Australian Centre on China in the World is an initiative of the Commonwealth Government of Australia and The Australian National University

As China becomes wealthier and more confident on the global stage, it also expects to be respected and accommodated as a major global force — and as a formidable civilisation. Through a survey and analysis of China’s regional posture, urban change, social activism and law, mores, the Internet, history and thought — in which the concept of ‘civilising’ plays a prominent role — *China Story Yearbook 2013* offers insights into the country today and its dreams for the future.

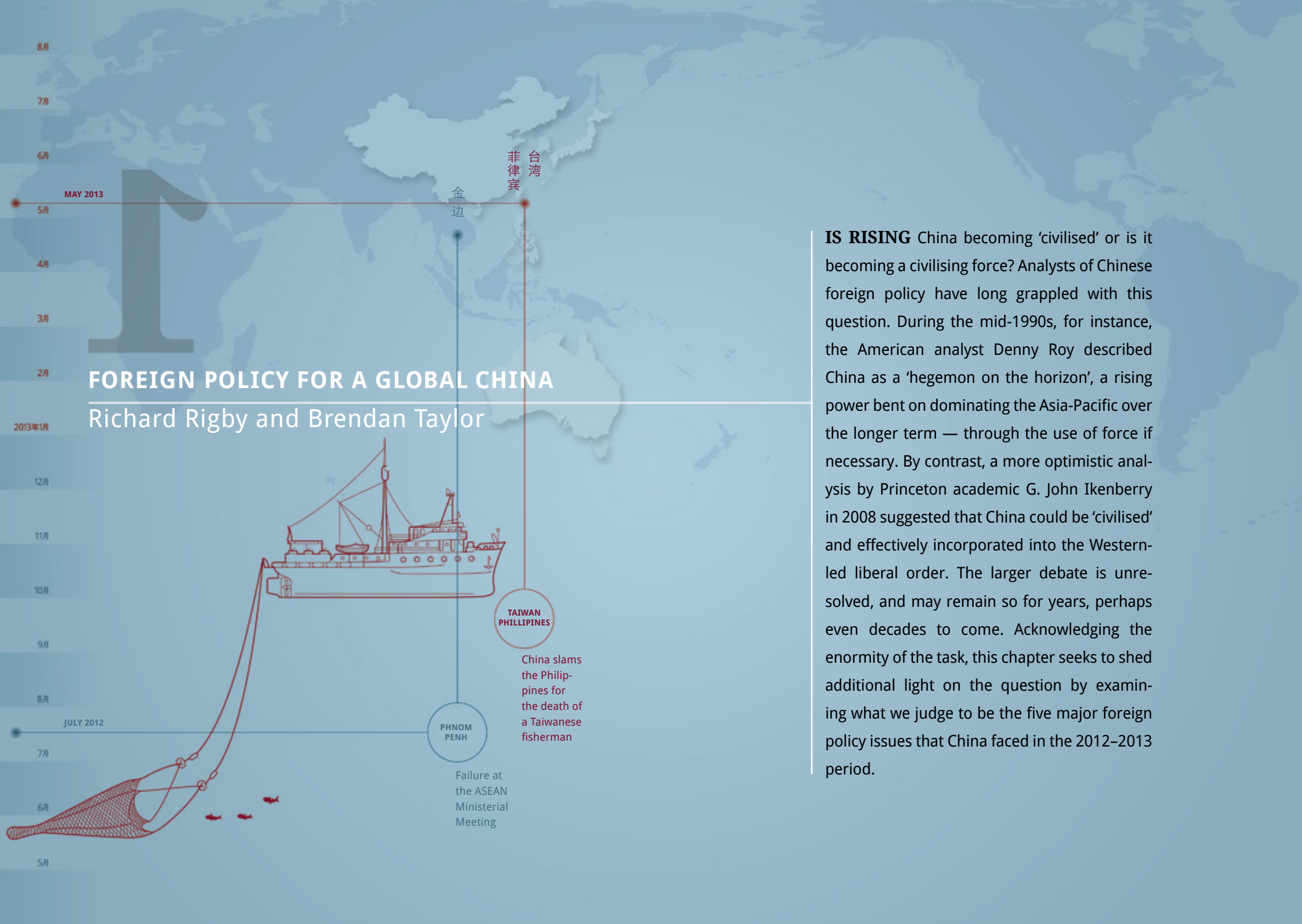


Chinese football fans, Guiyang, June 2011.
Source: ImagineChina

1

FOREIGN POLICY FOR A GLOBAL CHINA

Richard Rigby and Brendan Taylor



IS RISING China becoming ‘civilised’ or is it becoming a civilising force? Analysts of Chinese foreign policy have long grappled with this question. During the mid-1990s, for instance, the American analyst Denny Roy described China as a ‘hegemon on the horizon’, a rising power bent on dominating the Asia-Pacific over the longer term — through the use of force if necessary. By contrast, a more optimistic analysis by Princeton academic G. John Ikenberry in 2008 suggested that China could be ‘civilised’ and effectively incorporated into the Western-led liberal order. The larger debate is unresolved, and may remain so for years, perhaps even decades to come. Acknowledging the enormity of the task, this chapter seeks to shed additional light on the question by examining what we judge to be the five major foreign policy issues that China faced in the 2012–2013 period.

Will China Divide ASEAN?

In late 2011, a chorus of international commentators rushed to the conclusion that a rising China could be ‘civilised’ by its participation in Asia’s burgeoning multilateral institutions. The cause for their optimism was the East Asia Summit (EAS), held in November of that year. At this meeting, South-east Asian nations — with strong backing from a first-time EAS attendee, US President Barack Obama — convinced Chinese Premier Wen Jiabao to sit down with them to discuss the South China Sea and general maritime security issues.

ePassports and Sovereignty BRIAN TSUI

On 15 May 2012, the Bureau of Exit and Entry Administration of the Ministry of Public Security (*Gonganbu churujing guanliju* 公安部出入境管理局) began issuing new biometric passports to mainland Chinese citizens. With these, the People’s Republic of China joined more than ninety other countries in embedding chips containing critical information like the holder’s name, date of birth and photo in its ePassports. The Hong Kong and Macao special administrative regions, which maintain separate immigration regimes, have been issuing passports with the same technology since 2006 and 2009 respectively.

What appeared to be a mundane administrative measure made international headlines half a year after it was launched. And, while the changes were made by the Ministry of Public Security, it was the Ministry of Foreign Affairs that had to deal with the not-inconsiderable international fallout. In November 2012, Vietnam and the Philippines lodged complaints that a watermark map on a visa page, which depicted a large swathe of the South China Sea as belonging to China, infringed on their sovereignty. India also voiced displeasure that Chinese-controlled Aksai Chin and parts of Arunachal Pradesh — which China calls South Tibet — were included in the map. Taiwan cried foul over the incorporation of landmarks under Republic of China rule, including Sun Moon Lake and Green Island as illustrations in the document. Indonesian Foreign Minister Marty Natalegawa revealed in March 2013 that his government, too, had lodged a protest with Beijing shortly after the passports were issued. The controversial Chinese map, Jakarta claimed, extended into Indonesia’s Exclusive Economic Zone in the Natuna Sea.

The international controversy surrounding the ePassport is both figuratively and literally a graphic illustration of China’s simmering territorial disputes with its neighbours. As Richard Rigby and Brendan Taylor observe in this chapter, the last few years have seen Beijing robustly pursuing its territorial claims in the South China Sea. In diplomatic arenas and occasionally at sea, Beijing has been at loggerheads with both Hanoi and Manila. Meanwhile, despite the haltingly improving relationship between Beijing and New Delhi, the Indian media



The old passport and the new side by side.
Source: Baidu Baike

The 2012–2013 period covered in this *Yearbook* commenced quite differently. A July 2012 ASEAN Ministerial Meeting in Phnom Penh failed for the first time in the organisation’s forty-five-year history to deliver a communiqué at the end of its proceedings. Tensions reportedly revolved around the fact that Manila wanted the South China Sea, and, in particular, the standoff between Chinese and Philippines vessels at Scarborough Shoal in March 2012, explicitly mentioned in the communiqué. The Cambodian chair allegedly opposed the inclusion.

have frequently reported on Chinese incursions into disputed border areas. Finally, Taiwan’s objection to having its tourist attractions featuring in mainland passports highlights the sensitive and contested nature of national identity on the island. The current Nationalist Party administration, while retaining sovereign claim on mainland China, rolled out its own biometric passport in 2009 that depicted only scenes from Taiwan and Kinmen county.

The different countries involved adopted divergent approaches in dealing with the situation. Vietnam said it sent a diplomatic note to the Chinese embassy in Hanoi demanding correction of the map and refusing to paste visas into the new passports. The Foreign Secretary of the Philippines told reporters that he also wrote a note of protest to the Chinese embassy. Like Vietnam, the Philippines refused to stamp the Chinese documents and recognise what it sees as Beijing’s ‘excessive’ territorial claim. While not lodging a formal complaint, India began affixing visas bearing its own map in Chinese passports. Indonesia, which enjoyed warming ties with China, opted for what its Foreign Minister called ‘nice low key diplomacy’ and refrained from issuing a public statement on the dispute.

In Taipei, the Mainland Affairs Council issued a statement reprimanding Beijing for including territories that the latter did not have ‘authority to govern’ (*tongzhiquan* 統治權). In a subsequent statement, the Council distinguished ‘authority to govern’ from Republic of China sovereignty (*zhuquan* 主權), which claims to cover mainland China. The convoluted definition of the controversial ‘one China with respective interpretations’ (*yi Zhong gebiao* 一中各表) principle meant, however, that Taiwan didn’t need to act to avoid implicitly endorsing sovereignty claims on the latest passports issued by the People’s Republic. Taiwan has always issued separate entry permits for mainland Chinese visitors to be used alongside mainland travel documents. Taiwan officials only place stamps on these permits.



Controversial map in the new passport.
Source: Baidu Baike

Many commentators attributed this outcome and the splintering of the ASEAN consensus to Chinese influence, suggesting that Cambodia had been swayed by the estimated US\$2.5 billion in investments and ‘soft loans’ provided to it by China. In the words of Stanford University academic Don Emmerson: ‘what happened in Phnom Penh evokes *divide et impera* with Chinese characteristics — divide ASEAN and rule the waves’. Emmerson’s observation here refers to Beijing’s preferred bilateral approach — as opposed to ASEAN’s favoured multilateral path — to addressing the South China Sea disputes. An analyst from the influential China Institutes of Contemporary International Relations (CICIR) concurred with Emmerson, observing that ‘we coordinated very well with Cambodia in that case and ... prevented an incident which would have been detrimental to China’. Ernest Bower of the Washington-based Center for Strategic and International Studies goes one step further, arguing that the significance of this episode lies in what it reveals about Beijing’s longer term intentions and aspirations. In his view, ‘what happened in Phnom Penh is a critical piece to answering questions about what China wants and what China wants to be’.

China’s use of the economic instruments of statecraft is not new. A new database launched by US researchers in April 2013, for example, revealed that China has committed US\$75 billion in foreign aid and developmental assistance to Africa over the last decade, allegedly with a view to making economic and political inroads on that continent. In Asia, throughout the ongoing North Korean nuclear crisis — which started over two decades ago — Beijing is rumoured to have used a combination of economic carrots and sticks to pressure Pyongyang back to the negotiating table. Similarly, following the diplomatic crisis sparked by the collision of a Chinese fishing trawler and a Japanese Coast Guard vessel in September 2010, Beijing reportedly cut off exports of rare earth elements to Japan. What differed in the case of the Phnom Penh episode, however, was the less discreet application of the economic instrument. Tighter restrictions imposed by China against the import of fruit from the Philippines at the height of the Scarborough Shoal standoff point toward a similar trend.

Dogs and Other Undesirables

‘This shop does not receive The Japanese The Philippines The Vietnamese And dog’, reads the English translation of a sign in the window of a restaurant serving Beijing-style stewed pig offal in the city’s popular Houhai tourist area. A photo of the bilingual sign posted on Facebook on 22 February 2013 by Rose Tang — a New York-based painter and writer — went viral on China’s social media platforms and sparked a debate over how patriotism should be expressed in China today. The sign was reminiscent of the infamous notice ‘Chinese and Dogs Not Admitted’ (*Huaren yu gou bu de ru nei* 华人与狗不得入内) allegedly posted outside Shanghai’s Huangpu Park prior to 1940, and which featured in the 1964 party propaganda song-and-dance extravaganza *The East is Red*, as well as Bruce Lee’s 1972 film *Fist of Fury*. Contrary to popular belief, such a sign never existed.

Similar signs have, however, popped up over the last few years, often at restaurants, usually advising that entry is refused to Japanese people in response

to some action by the Tokyo government, or a statement about China made by a Japanese politician. On this occasion, the three countries named were all involved in maritime disputes with China in 2012. Mr Wang, the shop’s owner, told journalists that his actions had nothing to do with the government and that banning certain nationalities was an act of ‘patriotism’ that was supported by his Chinese customers.

In response, Vietnam’s state-run *Tuoi Tre* newspaper ran a story saying the sign had ‘ignited online fury’ and claimed many Vietnamese saw it as an example of Chinese ‘extreme nationalism that deserves to be condemned’. On 27 February, Raul Hernandez, spokesperson for the Philippines’ Department of Foreign Affairs, called the act the ‘private view’ of one citizen about the territorial disputes, and said there had been no reports from Filipino citizens in China of discrimination.

The sign was taken down on 28 February 2013.



Beijing restaurant sign reading ‘This shop does not receive The Japanese The Philippines The Vietnamese And dog’.

Source: Tianya.cn

Opinion differs over why China's foreign policy approach has exhibited, in Hugh White's terms, this increasingly 'ruthless' character — as epitomised in the Phnom Penh episode. Some analysts, such as White, see this as a sign of China's growing confidence and diplomatic influence in Asia and the Pacific. For others, however, Beijing's continued reliance on the economic instruments of statecraft reflects an acute consciousness of its inability to mount any meaningful military challenge to US military power in this part of the world. It also illustrates a difference in China's foreign policy and strategic approach more generally. As the prominent Tsinghua University professor Yan Xuetong observes:

... the rivalry between the Soviet Union and the United States was like a boxing match. They tried to knock each other down to the point of death. But China and the United States try to win a game by scoring points. They try to win with smartness, strength and good strategy. There will be no major violence.



Slogan on the façade of a building reading 'Diaoyu Islands belong to China'.
Source: Wikimedia Commons

Another Sino-Japanese War?

Tensions with Japan resurfaced during the 2012–2013 period that were arguably more serious than those resulting from the aforementioned fishing boat collision. Analysts speculated about the prospects for armed conflict between China and Japan. Writing in the prominent American journal *Foreign Policy*, then Foreign Minister Kevin Rudd and China savant described maritime tensions in the East China Sea between these two historically great powers of Asia as akin to a 'tinderbox on water'. Rudd likened the situation to that in Europe prior to the onset of the First World War. Michael Auslin, an analyst from the conservative American Enterprise Institute agrees, suggesting that 'the two seem to be moving themselves into a corner from which it will be very difficult to escape ... Asia could face its greatest crisis since World War II'.

Tensions between Beijing and Tokyo resurfaced in September 2012, following news that the Japanese government intended to purchase three of the disputed Senkaku/Diaoyu Islands from their private Japanese owner. From Japan's perspective, this step was intended as a stabilising move designed to prevent the notoriously nationalistic and anti-Chinese governor of Tokyo, Ishihara Shintarō, from acquiring them. However, China did not read the gesture this way. The news sparked boycotts of Japanese imports and the eruption of large-scale anti-Japanese protests in approximately one hundred Chinese cities.

Unlike in the South China Sea, tensions between Beijing and Tokyo rapidly assumed a military dimension. Numerous naval 'face offs' occurred, at first involving Chinese fishing boats, maritime surveillance vessels and the Japanese Coast Guard. Before long, a Chinese maritime patrol aircraft penetrated Japanese airspace near the disputed islands for the first time since 1958. Japan responded by scrambling F-15 fighter aircraft. Beijing subsequently reacted by deploying two of its own J-10 fighters to 'monitor these aircraft'. Analysts immediately began talking up the prospects for a replay of the April 2001 EP-3 incident — which sparked a protracted diplomatic crisis between Beijing and Washington after a US EP-3 reconnaissance plane and a Chinese F-8 fighter collided in international airspace over the South

DIAOYU/SENKAKU ISLANDS DISPUTE



The *Diaoyu Islands* (Diaoyudao 钓鱼岛), known as the *Senkaku Islands* (Senkaku shotō 尖閣諸島) in Japan, are a group of uninhabited islands located in the East China Sea north-east of Taiwan. Records of the islands' existence date back centuries. The Chinese claim they have been under Chinese sovereignty from the fourteenth century, but Japan formally annexed them in 1895 following the

Sino-Japanese War of 1894–1895. Private interests owned the larger islands (the site of a failed bonito-processing plant) until the Second World War. The United States held custody of them until 1972, during which time they were used for bombing practice, returning them to Japan despite China's protests. The Kurihara family has been the nominal owner of the three largest islands since the 1970s. A proposal by the Mayor of Tokyo in April 2012 to buy back the islands, found in 1968 to be close to potential oil reserves, sparked the latest diplomatic battle between Japan and the People's Republic (with Taiwan a third player) over the question of sovereignty. Below is a brief timeline covering the progress of the dispute over the last year:

16 April 2012

Tokyo Mayor Ishihara Shintarō proposes that the city purchase the Senkaku Islands.

7 July

Japanese Prime Minister Noda Yoshihiko declares that the national government will consider purchasing and nationalising the islands. A budget is prepared.

27 July

The Tokyo government places an ad in the *Wall Street Journal* asking for US support in its bid to purchase the islands.

15 August

The Hong Kong-based Action Committee for Defending the Diaoyu Islands lands seven activists from the Mainland, Hong Kong and Macau on the largest island. The Japan Coast Guard detains fourteen Chinese nationals (those that landed and the crew on the boat) and repatriates them several days later. Mainland reports on the incident prominently feature a photo of the landing but tend to crop out the Taiwan Republic of China flag carried by one of the activists.

16–19 August

Small-scale demonstrations break out across China condemning Japanese imperialism and calling for the return of the Diaoyu Islands. In Shenzhen, some protesters smash Japanese cars and vandalise shops selling Japanese brands.

19 August

Ten Japanese citizens land on the largest island and tie a Japanese flag to the lighthouse.

3 September

The Japanese government enters into negotiations with the Kurihara family, the nominal owner of the three main islands; it is prepared to spend 2.05 billion yen (roughly US\$21.2 million).

9 September

At an informal APEC leadership conference, Hu Jintao talks with Noda Yoshihiko and tells him that China considers any Japanese purchase of the islands illegal and illegitimate.

11 September

Japan formally nationalises the three islands. China sends two patrol ships. China also begins issuing meteorological forecasts for the Diaoyu Islands and the surrounding area.

15–16 September

Over this weekend, anti-Japanese demonstrations break out in dozens of Chinese cities, including Beijing, Shanghai, Shenzhen, Guangzhou and Hong Kong. In many cities, demonstrators destroy Japanese vehicles and assault their drivers, set fire to Japanese factories and vandalise Japanese restaurants. Travel agencies cancel tours to Japan. China-based factories belonging to companies such as Honda, Nissan and Sony temporarily suspend operations.

17–18 September

Police and paramilitary exercise more visible control over the protests, protecting consulates and arresting perpetrators of violence and vandalism. In Beijing, protesters block a car carrying the US Ambassador Gary Locke from entering the Japanese embassy.

18 September

A small counter-protest is staged in Tokyo by Ganbare Nippon 頑張れ日本 ('Stand Firm, Japan') — a right-wing group.

21 September

China's State Oceanic Administration and the Ministry of Civil Affairs release a list of standardised names for the islands' geographic features.

25 September

The State Council Information Office releases the white paper *Diaoyu Dao [Islands], an Inherent Territory of China* and, on 28 September, publishes it in pamphlet form in English, Japanese and Chinese. In the area around the islands, seventy-five fishing boats from Taiwan clash with Japanese ships using water cannons and loudspeakers.

January 2013

Japan sends two F-15 fighter jets to the East China Sea in response to what it claims was a sighting of Chinese military planes there. China subsequently sends two J-10 fighter jets to the area. A Chinese naval vessel directed fire-control radar at a Maritime Self-Defense Force destroyer near the disputed islands and this was admitted in March.

23 April

Ganbare Nippon dispatches ten boats carrying about eighty activists to the islands, but they are escorted away by Japan's Coast Guard before they are able to land. China increases the number of its ships in the surrounding waters to eight.

8 May

The *People's Daily* publishes an op-ed by China Academy of Social Sciences academics Zhang Haipeng and Li Guoqiang calling for a reassessment of Japan's sovereignty over the Ryukyu Islands, which includes Okinawa (but not the Diaoyu/Senkaku Islands).



A car sticker in Beijing reading: 'Japanese and DOG no Nearing.'
Source: Baidu Baika

China Sea — and feared that Beijing and Tokyo did not have the diplomatic machinery in place to navigate such a crisis successfully.

Tensions deepened in January 2013, when Japan alleged that Chinese vessels had locked fire-control radar — a step preceding the firing of a missile — onto a Japanese destroyer and ship-based helicopter in two

separate incidents. It was unclear whether these incidents were part of a deliberate Chinese strategy or whether they reflected a lack of government coordination and had been initiated by lower-level officers. In a widely cited report published under the auspices of the Lowy Institute for International Policy, seasoned China-watcher Linda Jakobsen argued that Sino-Japanese tensions over islands in the East China Sea were dangerous precisely because domestic politics had distracted China's leaders, leaving open the potential for dangerous miscalculations to occur. Reports in February 2013 indicated that China's approach to the Diaoyu Islands alleviated these concerns somewhat.

Complicating this situation is the potential involvement of Taiwan — an equally flammable subject from Beijing's perspective, notwithstanding the diplomatic truce that has largely remained in place since Ma Ying-Jeou's election as President of Taiwan in March 2008. In January 2013, a Japanese Coast Guard vessel fired water cannons at a Taiwanese boat carrying activists intending to land on the Senkaku/Diaoyu Islands. In a similar episode involving the Philippines, another US ally, a diplomatic crisis erupted in May 2013 after a Taiwanese fisherman was shot dead by a Philippine law enforcement vessel in the disputed waters of the South China Sea.



A man holding an inflatable sign declaring that the Diaoyu Islands are Chinese sovereign territory, location unknown.
Source: ImagineChina

Responding to the 'US Pivot'?

Sino-Japanese frictions in the 2012–2013 period shined light on broader questions regarding the sustainability of the so-called US 'pivot' to Asia (the 'pivot' is a prominent foreign policy initiative, begun during the first term of the Obama administration, that involves a strategic 'rebalancing' of US attention away from Europe and the Middle East and towards East Asia). Most of the groundwork for this strategy was laid during the preceding twelve months. This included President Obama's November 2011 announcement in the Australian capital, Canberra, that up to 2,500 US marines would be rotated through facilities in the north of Australia, and Secretary of Defense Leon Panetta's statement at the June 2012 Shangri-la Dialogue in Singapore that the US would increase its naval presence in the Asia-Pacific.

International attention during 2011–2012 focused on these developments. Notwithstanding American denials to the contrary, many observers interpreted them as a direct response to rising China's growing assertiveness, discussed in the 2012 *Yearbook*. A major preoccupation of strategic commentators in 2012–2013 has been Beijing's response to the US pivot strategy. In July 2012, when China established the new city of Sansha in disputed waters of the South China Sea, for instance, Robert Manning of the Atlantic Council described this development as 'Beijing's Pivot'. Similarly, in November 2012, when China, Japan and South Korea agreed that they would be initiating trilateral Free Trade Agreement (FTA) negotiations, some commentators read this as Beijing's response to the Trans-Pacific Partnership that many Chinese analysts regard as the economic centrepiece of Washington's rebalancing strategy. An article published in the *Global Times* at the conclusion of the first round of FTA talks in March 2013 observed



Government building, Sansha city.
Source: Baidu Baike

that: ‘The TPP pact is seen as the US reasserting its influence in the region to counter China’s rising economic and political power’.

Responses such as these on the part of Beijing prompted some analysts to question the prudence of the US pivot strategy, with some going so far as to suggest that it has sparked a new and deepening Cold War between the US and China. Most famously, the Harvard and Boston College professor Robert Ross wrote in *Foreign Affairs* that:

... if Washington continues on its current path, Chinese resistance to US policies will inevitably increase, preventing bilateral cooperation on crucial issues from trade to global economic stability. The outbreak of hostilities in the region will become a real possibility, as China pushes back against the United States’ growing presence on its borders.

Fudan University professor Wu Xinbo agrees, observing that: ‘To some extent, it was the US pivot that caused China to give even higher priority and devote more resources to the region’. An annual report published (in Chinese) under the auspices of the Chinese Academy of Social Sciences, concludes with the observation that Beijing shouldn’t underestimate the capacity of the US to sustain its re-engagement in the region.

Overall, these developments certainly suggest the emergence of an action–reaction dynamic in the Sino–US relationship. As Lanxin Xiang suggests in the International Institute for Strategic Studies (IISS) journal *Survival*: ‘Obama’s “pivot” has merely produced a classic vicious cycle, where each side continuously misreads the other’s strategic mind, offering something the other side does not want ... or asking for something the other side cannot give’. This strongly suggests — in line with what Jakobsen and others have already argued — that Chinese foreign policy is predominantly reactive, not informed by any kind of larger grand design. It also supports the mounting speculation that the US pivot is increasingly unsustainable and could, ironically, have important and potentially positive ramifications for Sino–US relations.

Xi Jinping’s Foreign Policy

The re-election of President Obama occurred around the same time as China’s leadership transition. Addressing an IISS gathering in December 2012, Kevin Rudd made the case that the coincidence ‘presents a unique opportunity for the US and China to forge a new strategic roadmap capable of guiding us through many of the shoals that lie ahead for all of us’.

China’s once-in-a-decade leadership transition unfolded over a matter of months and against the backdrop of the Bo Xilai scandal (discussed elsewhere in this *Yearbook*). The groundwork for the transition was laid approximately five years earlier, when now President Xi Jinping and Premier Li Keqiang were elected to the Politburo Standing Committee, China’s paramount leadership body. It formally commenced in November 2012 when the Eighteenth National Congress of the Chinese Communist Party elected a new 205-person Central Committee, as well as a twenty-five-person Politburo and seven-member Standing Committee. Almost immediately following the Party Congress, Xi Jinping was named Head of the Central Military Commission. The instantaneous nature of Xi’s appointment contrasts significantly with that of his predecessor, Hu Jintao, who had to wait two years after becoming president to take formal command of the armed forces. In March 2013, Xi and Li became China’s president and premier respectively, completing the transition.

There have been hints that Xi Jinping’s foreign policy will follow an even harder-line patriotic or nationalistic trajectory than that which began with China’s so-called ‘assertive diplomacy’ in 2009. During a visit to the US before becoming president, for instance, Xi Jinping notably dispensed with the usual statements of ‘strengthening strategic trust’ and ‘smoothing over differences’ as key objectives in Sino–US relations. Instead, he introduced the phrase ‘control[ling] and manag[ing] any differences’. The respected China watcher David Shambaugh notes that, since becoming President, Xi has visited numerous military facilities. Embracing the rhetoric of a ‘strong nation and strong military’ mentality, he has called upon the People’s Liberation Army (PLA) to be prepared ‘to fight and win wars’. Consistent with this, Tsinghua’s Yan Xuetong predicts that ‘the first priority will be to put strategic

interests ahead of economic interests. Second, the administration will emphasise active involvement in international affairs and issues, rather than try to keep a distance from conflicts that are not directly related to China’.

Yet there is strong reason to believe there will be more continuity than change in Chinese foreign policy, at least during Xi’s initial five-year term. This is due to the influence of the formidable domestic and external constraints he faces. Internally, for instance, widespread anti-Japanese sentiment prevents China’s new leaders from deviating too far from their cur-

rent hardline stance towards Tokyo. As Fudan University professor Ren Xiao puts it: ‘when ordinary people with strong views on the Diaoyu issue are angry, no leader dares to be seen as “soft” toward Japan’. Externally, even as strategic distrust between China and the US intensifies, Beijing, like Washington, remains constrained by the high degree of their trade and financial interdependence. Speaking to a press conference at the Pacific Islands Forum in September 2012, for instance, Chinese Vice Foreign Minister Cui Tiankai explicitly rejected suggestions that China is intent upon competing with the

China and the BRICS

In 2001, Jim O’Neil, an economist at Goldman Sachs, coined the acronym BRIC. BRIC stands for Brazil, Russia, India and China — four large and fast-growing developing countries that epitomise the shift in global economic power away from the developed countries that dominated the last half of the twentieth century. The concept appealed to leaders of the four countries, and on 16 May 2008, their heads of state held a summit meeting in Russia. In 2010, the group invited South Africa to join, and South African president Jacob Zuma attended the first BRICS summit (now with an ‘S’) in China in April 2011.

The fifth BRICS summit took place on 26–27 March 2013 in South Africa. China’s new president Xi Jinping attended the meeting as part of his first overseas trip as head of state. He stopped in Moscow and Dar es Salaam before arriving in South Africa and visited the Republic of the Congo (Congo-Brazzaville) on his way back to China.

The theme of the fifth BRICS summit was ‘BRICS and Africa: Partnership for Development, Integration and Industrialisation’. This was the first time that the annual BRICS meeting took place in Africa, and it completed a full cycle of each of the five member countries having hosted a summit meeting. The event in Durban was also significant for the tentative steps taken towards creating BRICS institutions, including the creation of a BRICS Development Bank, an idea upon which the five leaders agreed ‘in principle’, although there is no consensus yet on how such a bank would be funded or operate.

Other initiatives discussed at the Durban summit included:

- a Contingent Reserve Agreement to pool foreign reserves to insulate members against global financial crises, with China contributing \$41 billion, Brazil, India and Russia \$18 billion each and South Africa \$5 billion
- a Multilateral Agreement on Co-operation and Co-financing for Sustainable Development between the development/export–import banks of each member country
- a Multilateral Agreement on Infrastructure Co-financing for Africa and another on Green Economy Co-financing.

Following the pattern of previous BRICS summits, the leaders’ meeting in Durban discussed a wide range of subjects but initiated few, if any, concrete measures. Nevertheless, the first ‘African summit’ was notable for its focus on how the BRICS nations can support African industrialisation.

BRIC/BRICS summits:

2009: Yekaterinburg, Russia (no theme)

2010: Brasilia, Brazil (no theme)

2011: Sanya, China: *Broad Vision and Shared Prosperity*

2012: Delhi, India: *BRICS Partnership for Global Stability, Security and Prosperity*

2013: Durban, South Africa: *BRICS and Africa: Partnership for Development, Integration and Industrialisation*

The next summit is scheduled to take place in Brazil in 2014.



The leaders of the BRICS countries.

Source: Wikimedia Commons

China–Africa Relations

In November 2006, Hu Jintao, then President of China, read out a declaration at the summit of the third Forum on China–Africa Cooperation (FOCAC) in Beijing. Flanked by dozens of African leaders, Hu announced both the creation of the China–Africa Development Fund to expand Chinese investment in Africa and more than US\$5 billion in concessionary loans to the continent. At the largest ever summit on African affairs held outside of Africa, China was presenting itself as a major economic partner for Africa. There have been two FOCAC summits since then: Egypt hosted the fourth in 2009 and the fifth again in Beijing in 2012.

On the face of it, the relationship between China and the nations of the African continent is based on a mutually beneficial economic exchange in which Chinese manufactured goods and investment are exchanged for African natural resources. Bilateral trade stood at just over US\$10 billion in 2000, the year of the first FOCAC meeting, held in Beijing. By 2012, this figure had rocketed to US\$198.5 billion, an increase of around nineteen percent on 2011 and far higher than the value of US–African trade, which was US\$108.9 billion in 2012. According to data cited by the independent Canadian think tank Global Research, China imports around 870,000 barrels of oil per day from Africa — a third of China's total oil imports. Angola is China's leading supplier of oil, the Democratic Republic of the Congo of cobalt and South Africa of manganese, chromium and platinum. South Africa is China's only African trade partner that also exports to China substantial amounts of manufactured goods.

Using conventional measurements of Outbound Foreign Direct Investment, Chinese investment in Africa is still far behind that of Western nations despite jumping from US\$100 million in 2003 to more than US\$12 billion in 2011. Yet, while investment from Europe and the US in Africa typically divides along the lines of private-sector direct investment on the one hand and Official Development Assistance (usually undertaken by the government sector with the goal of promoting welfare and development), China combines trade and investment with aid. Thus, China commonly makes use of natural resources-backed lines of credit; in other words, a Chinese policy bank like the Exim Bank uses preferential access to natural resources in Africa as collateral for infrastructure projects or as a means to repay loans.

A deal that China signed in the Democratic Republic of the Congo in 2001 set the tone for many more in the years to come: China would provide US\$280 million for dam construction and receive loan payments in oil. It concluded a similar deal in Angola in 2004 when Exim Bank provided US\$2 billion for the development of energy, telecommunications, railway and water infrastructure. As part of the repayment terms, Angola agreed to supply China with 10,000 barrels of oil per day. In a pattern that would be frequently repeated, one Chinese business was awarded contracts for the infrastructure projects, while rights for extracting natural resources accrued to another, a Chinese oil company. Following these agreements, Chinese contractors, extractors and other business people have flocked to Africa, extracting resources and building urban infrastructure, railways and mines. China constructed the grand 51,887-square-metre African Union headquarters in Addis Ababa, opened in January 2012, as a 'gift'.

Although the relationship is theoretically based on mutually beneficial exchanges, it has not been problem-free. For example, there have been labour disputes, including one particularly troubling instance in Zambia in 2010 when Chinese managers opened fire on their African workers. There have also been complaints in various African countries that some of the public buildings constructed by Chinese companies as part of resource deals have already started to crumble, and some African countries have grumbled about the large influx of Chinese labourers and business people. And clearly, not all Africans are enamoured by strong links with China. In an article in the *Financial Times* on 11 March 2013, Nigerian Central

Bank President Lamido Sanusi complained about the Sino–African trade relationship as being slanted in favour of China:

China takes our primary goods and sells us manufactured ones. This was also the essence of colonialism. Africa is now willingly opening itself to a new form of colonialism.



Chinese and African workers sit side by side.
Photo: Sam Seyffert

Sanusi derided China's relationship with Africa as carrying a 'whiff of colonialism', and concluded that Africa must see China for what it is: a competitor.

Xi Jinping proceeded to Africa on his first foreign diplomatic trip as President of China in March 2013, and delivered a policy speech on China–Africa relations in Dar es Salaam on 25 March in which he reaffirmed China's commitment to be a faithful and valuable partner for Africa. In private diplomatic discussions, such as that with the Congolese President, Xi Jinping reportedly also made veiled references to Sanusi's claims by assuring his host of China's good intentions in Africa. Nevertheless, Sanusi's broadside did apparently cause some distress among Chinese officials, at least those in Nigeria. Quoting unnamed 'diplomatic sources', the Nigerian newspaper *This Day* reported in April that Sanusi's article had elicited complaints and denials from Chinese diplomatic staff in the country, and reported that some 'indications' seemed to suggest that the Chinese government may have embarked on a comprehensive review of its 'business role' in Nigeria.

In July 2013, the South African Minister of Public Enterprises, Malusi Gigaba, also expressed doubts about China's role in Africa, although in a slightly less provocative fashion than Sanusi. Gigaba called for greater scrutiny of funding from China and other BRICS countries for infrastructure investment in Africa, and warned Africans not to 'sell our souls' to secure funding in a world where finance was becoming less available for infrastructure. In Gigaba's view, Chinese funding should not be refused but nor should it come at the expense of the development of African skills and manufacturing potential. Some Western commentators and politicians have also painted China as a neo-colonial overlord in Africa.

The following are some of the most noteworthy events involving China and Africa over the past twelve months:

- August 2012: Thirty-seven Chinese criminal suspects are arrested in Angola and extradited to China for crimes carried out against other Chinese nationals in Angola.
- March 2013: In his first foreign trip as President, Xi Jinping visits Tanzania, South Africa and the Republic of Congo, signing a number of trade deals.
- May 2013: The Chinese government offers to provide 500 troops to the United Nations to bolster the peacekeeping force deployed in Mali. China previously contributed almost 2,000 peacekeepers to other UN operations, but this offer marks the first time it has put forward its peacekeepers for a role that has a strong probability of involving military action.
- June 2013: Ghana deports 3,877 Chinese miners during a clampdown on illegal mining. The Chinese miners, hoping to take advantage of a gold rush, are blamed for security problems in mining regions.

China and Latin America

China's relationship with Latin America, like its relationship with Africa, represents an important aspect of the country's growing and more confident engagement with the developing world. As in Africa, China has vastly increased its trade and investment in Latin America, but the relationship stirs less controversy than do China's ties with Africa.

When China entered the World Trade Organization in 2003, annual trade between China and Latin America amounted to just US\$14.4 billion. By 2012, this had risen to US\$255.5 billion, which was also an eight percent increase on 2011. Sino-Latin American trade now grows faster than US trade with Latin America — which only increased 6.2 percent from 2011 to 2012 — although the volume of US trade with Latin America is still three times larger than that of China.

Latin American exports to China largely consist of raw materials such as oil (Venezuela), copper (Chile), iron ore (Brazil), and soybeans (Brazil and Argentina). Latin America, in turn, imports from China electronic items, equipment and machinery, auto parts and textiles. While there are parallels between the two, a significant difference between Sino-African and Sino-Latin American trade is that Latin America maintains a substantial trade deficit with China: US\$150 million in 2011 and blowing out to a full US\$6.6 billion in 2012. This illustrates how challenged Latin American manufacturers are in their home markets by Chinese imports. Over recent years, there have been sporadic protectionist moves in Latin America. For example, in September 2011, the Brazilian finance minister announced a thirty-point increase in the country's industrial product tax on imported cars in an attempt to stem the increasing flow of Chinese automobiles into the local market.

China's investment strategy in Latin America echoes its approach to Africa, although exact data is impossible to compile due to the fact that most Chinese investment in Latin America flows into tax havens such as the Cayman Islands and the British Virgin Islands. Nevertheless, according to the Economic Commission for Latin America and the Caribbean, as much as ninety percent of China's confirmed investments in Latin America up to 2011 were aimed at the extraction of natural resources. Other targeted sectors include the automotive, financial, and chemical. Figures released at the Fifth China-Latin America Business Summit (an approximate Latin American equivalent of the Forum on China-Africa Relations) claimed that by the end of 2011, China's total investment in the region was approximately US\$23 billion. Yet according to a dataset compiled by the conservative US-based think tank the Heritage Foundation, Latin America received only 3.9 percent of total Chinese investment in 2011–2012, with the vast majority of that going to Brazil.

Since 2010, China has attempted to diversify its investments in Latin America to include deals in the manufacturing, infrastructure and services sectors. The Chinese tech firms Huawei, ZTE and Lenovo have become prominent investors in Latin American telecommunications and electronics, but other companies are involved as well. In February 2010, for example, Sany Heavy Industry, one of China's largest construction equipment manufacturers, ploughed US\$200 million into a factory in the Brazilian state of São Paulo. The Chinese auto manufacturers Zhongxing, Geely and Changan have all established auto manufacturing plants in Mexico. And China's ZTE has started producing smartphones in Argentina together with local white goods manufacturer BGH, and plans to make tablet computers in Brazil.

In recent months, both US and Chinese leaders have toured Latin America. President Barack Obama visited Mexico and Costa Rica in May, and Vice President Joe Biden called in on Colombia, Trinidad and Tobago and Brazil. Just after Biden left the region, China's President Xi Jinping toured Trinidad and Tobago, Costa Rica and Mexico. An op-ed in the *China Daily* in June 2013 gloated:

During his visit to Latin America and the Caribbean, President Xi offered more than \$5.3 billion in financing, with few conditions attached, to its newfound Latin American friends Making available this financing comes on top of the already \$86 billion in financing provided by China to Latin American governments since 2003. Simply put, the US and the array of largely Western-dominated international financial institutions have been surpassed by China's financial strength Welcome to the brave new world!

A current point of contention is a controversial Chinese project in Nicaragua, where a Chinese company aims to build the 'Nicaragua Canal' — a proposed waterway through Nicaragua that would connect the Caribbean Sea and Atlantic Ocean with the Pacific Ocean. A newly registered Hong Kong company, HKND Group, was officially awarded the concession agreement in June giving it the rights to construct and manage the canal and associated projects for fifty years. HKND is led by Wang Jing, who runs the company Xinwei Telecom and denies any connection with the Chinese government. The massive US\$40 billion project gained approval from Nicaragua despite criticism from environmental groups and widespread scepticism about its economic viability. Once the project commences, it will take Chinese involvement in the region to a new height and, in the words of *China Daily*, usher in a brave new world.



Alicia Bárcena, executive secretary of Comisión Económica para América Latina y el Caribe (CEPAL), meeting with Vice Premier Hui Liangyu.
Source: CEPAL ONU

US in the South Pacific. The regional backlash in 2012–2013 from Japan, the Philippines, Vietnam and other Asian countries in response to Beijing's approach to territorial disputes and military modernisation might be seen as a further external constraint upon Chinese foreign policy.

A Charm Offensive

By the middle of 2013, there were indications that China's leaders were increasingly aware of the severe diplomatic damage caused by its assertive posture of recent years. Beijing may be on the cusp of initiating a new 'charm offensive'. Two examples support this hypothesis.

China has traditionally backed its longstanding North Korean ally in times of crisis, such as in the wake of the March 2010 *Cheonan* sinking where Beijing stridently opposed joint US–South Korean military exercises in waters adjacent to China. But there are signs that relations between Pyongyang and Beijing are fraying as the latter's patience wears thin in the face of the constant provocations from the North. Speaking at the opening ceremony of the Boao Forum for Asia in April 2013, Xi Jinping asserted in a statement widely interpreted as being directed at Pyongyang that 'no one should be allowed to throw a region and even the whole world into chaos for selfish gains'. Similarly, following North Korea's third nuclear test in February 2013, China supported a fresh set of United Nations sanctions (UN Security Council Resolution 2094) designed to punish Pyongyang. Of particular interest, according to statements issued by South Korean officials, Beijing has been performing uncharacteristically well in ensuring that these measures are implemented at the local government level.

A second example is the new 'strategic partnership' with China announced by then Australian Prime Minister, Julia Gillard in April 2013. Beijing reportedly offered a similar deal to Canberra during the tenure of the Howard government, which refused it. The partnership was allegedly prompted by a letter from Gillard to Xi in 2012 and followed up with a visit from her envoy, then Secretary of the Department of Foreign Affairs and Trade, Dennis Richardson. Gillard subsequently called Xi in the month prior to her visit. The agreement will see Australia's Prime Minister meet annually with the Chinese Premier, as well as separate annual dialogues between the two country's Foreign Ministers and Treasurers and 'working level' talks between the Australian Department of Defence and the People's Liberation Army addressing regional security issues.

However, there are, inevitably, many sides to every China story. Among the commentators who don't believe that such developments indicate any significant shift in Chinese foreign policy is Rowan Callick, the highly regarded Asia-Pacific editor of *The Australian* and the author of *Party Time: Who Runs China and How* (2013). Callick sees the 'strategic partnership' as nothing more than a Machiavellian ploy on Beijing's part to draw Canberra away from its longstanding strategic ally, the US. In his terms, 'this is a long-term strategy, which is easier for China's new leaders, who anticipate a ten-year term ahead, to conceive than the Australian government'. Similarly, sceptical analysts regard Beijing's current distance from North Korea as nothing more than a temporary, tactical gesture designed to rein in Pyongyang while deflecting American calls for Beijing to exert more forceful economic leverage against the North. From this perspective, North Korea's strategic importance as a buffer against American encirclement of China makes Pyongyang too precious for Beijing to consider abandoning — no matter how much of a liability it becomes.

China 2013: Civilised or Civiliser?

This chapter suggests that efforts by other powers to 'civilise' China's foreign relations have largely failed. Indeed, a strong case can be made that they have proven counter-productive. ASEAN attempts to 'civilise' Chinese foreign policy through the use of multilateral mechanisms, for example, have arguably prompted Beijing to make a concerted and largely successful effort to undermine that body. It could also be argued that the US pivot has produced a similar backlash from Beijing. Given that China has regarded itself as the very pinnacle of 'civilisation' for most of its 2,000-plus year history, this outcome should not be surprising.

At the same time, there's little evidence to support the proposition that China is emerging as a civilising force on the global stage. Its priorities remain focused quite close to home. As Yuan Peng of CICIR has observed:

In reality, China is not currently facing its greatest challenges, these challenges will arise in the next 5–10 years. These challenges will not come from the international scene or the Asian region, but instead will come from within; there will be a pressing need for internal reform or rectification of our social system. Real danger will not come from military confrontation or conflict, but instead will stem from the realms of the financial sector, society, the Internet and foreign affairs.

Evidence suggests that China remains quite a fragmented actor that is struggling to ‘civilise’ elements of its own foreign and national security machinery — particularly the military.

Internal Chinese debates on this subject have been lively. One concept being debated and discussed in intellectual circles is that of *Tianxia* — which translates literally as ‘All-Under-Heaven’ and has historically been used to connote both the country under the rule of a particular leader or power structure and the world at large. Developed by the philosopher Zhao Tingyang, and inspired by the model of the Zhou dynasty (1100–256 BC, tradition-



Flags of China and Brazil flying on Tiananmen Square.
Photo: Fernando Jácomo

ally considered an ideal polity), *Tianxia* theory discussed in the Introduction of this *Yearbook* and in the following Forum, envisages a completely new, more inclusive vision of global order that champions ‘the world’ as opposed to the ‘nation state’ as the central unit of global politics.

Without associating himself with Zhao’s work, Tsinghua’s Yan Xuetong reinforces the view that foreign policy in China is a highly contested issue:

Western countries wonder what kind of leadership China is going to provide. Actually, this is very strange for a Chinese policy maker: ‘wait a minute, our policy is that we won’t provide any leadership The question is: should China offer international norms? Should China take on international responsibility? Should China become the leader? Should China become a superpower? Before we discuss how we go about leading we must answer these questions.

In the final analysis, the 2012–2013 period has raised more questions that it has answered regarding China’s foreign policy approach and larger global role. Yan Xuetong’s observation suggests we could well be living with this reality for some time yet.

