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CHINA'S PRAGMATIC SECURITY POLICY: THE MIDDLE-POWER FACTOR

William Tow and Richard Rigby

The prevailing trend of Chinese foreign policy over the past two decades has been to promote an image of China as a cautious and pragmatic great power inclined to adopt “soft power” and responsible behavior as the best means to accrue regional and global influence. China’s smaller regional neighbors have a major stake in whether such a China actually emerges. A powerful China that has been conditioned to view multilateral institutions as legitimate and effective sources of security may be prepared to adopt cooperative positions on regional and global security issues.¹ Concerns are intensifying, however, that China’s leaders are increasingly prone to apply their country’s growing military and other hard power capabilities as leverage against challenges to core Chinese national interests.² The Chinese leadership’s apparent adoption of a more aggressive security posture has recently surfaced in relations with two of the Asia-Pacific’s “middle powers” with whom China has cultivated spectacular increases in economic ties and notable advances in political relations: Australia and the Republic of Korea (hereafter “South Korea” or “the ROK”).

Although much has been written about middle powers, there is no consensus on what the term actually means. International relations literature generally defines “middle powers” as countries which have sufficient material resources and diplomatic standing within the international community to exercise leadership on key issues relating to international rule-building and rule-adherence, but are not “great powers”.³ Applying the term to Australia and South Korea and how

¹ As envisioned by Alastair Ian Johnson and Paul Evans, “China and Multilateral Security Institutions”, in Johnston and Robert S. Ross (eds), *Engaging China: The Management of an Emerging Power* (London: Routledge 1999), pp. 235-72. Also see David M. Lampton, “The Faces of Chinese Power”, *Foreign Affairs*, Vol. 86, No. 1 (January–February 2007), pp. 115-27.

² US Department of Defense, *Military Power of the People’s Republic of China Annual Report to Congress* (Washington: USGPO, 2009) and Greg Sheridan, “Battle of Wills as China Seeks to Keep US Military Might at Bay”, *The Weekend Australian*, 14-15 August 2010.

³ Among the most prominent treatments of the subject found within the “classical” IR literature are Carsten Holbraad, *Middle Powers in International Politics* (London: Macmillan, 1984); Andrew F. Cooper, Richard A. Higgott and Kim Richard Nossal, *Relocating Middle Powers: Australia and Canada in a Changing World Order* (Vancouver: University of British

these two states' policy-makers manage their countries' ties with China, however, involves more than just acknowledging moderate population levels (Australia has a population of approximately 22 million while South Korea's population is 48 million) or economic capabilities (in 2009 Australia had the world's 13th-largest gross domestic product while South Korea ranked 15th).⁴

China's significance to Australian and South Korean policy-makers is informed by particular historical and strategic factors. Historically, both these countries' postwar foreign policies have been largely shaped by efforts to balance their ties between their US ally and a China which contends with the United States for regional predominance. Initially, Australian and South Korean policy architects achieved balance in their relations with China and the US by allying themselves with the latter country to contain the expansion of Chinese influence in both Northeast and Southeast Asia. More recently, successive Australian and South Korean governments have situated themselves as conduits to conjoin China's market socialism with an international economic system largely underpinned by American-led rules and norms that constitute the so-called "Washington consensus".⁵ Strategically, both countries are test cases as to how well China can develop independent and enduring relations with key industrialized Asia-Pacific countries unable to rival Chinese power in ways that Japan and India might but which maintain substantial security relationships with China's great competitor for long-term global influence—the United States. In response, Australia and South Korea must now exercise critical policy choices for their own security.

Any intensification of tensions in Sino-Australian and Sino-South Korean relations is unwelcome in both Canberra and Seoul. Successive Australian and South Korean governments have spent years pursuing independent and productive economic ties with Beijing while adhering to their respective defense alliances with the United States. They have done so by being careful not to challenge the vital regional security interests of either China or the US in the Asia-Pacific, while exercising creativity and flexibility in response to China's "smile diplomacy" toward its regional neighbors. Both Australia and the ROK have also contributed

Columbia Press, 1993); Richard A. Higgott and Kim Richard Nossal, "The Politics of Liminality: Relocating Australia in the Asia-Pacific", *Australian Journal of Political Science*, Vol. 32, No. 2 (1997), pp. 169-85; and John Ravenhill, "Cycles of Middle Power Activism: Constraint and Choice in Australian and Canadian Foreign Policies", *Australian Journal of International Affairs*, Vol. 52, No. 3 (1998), pp. 309-27.

⁴ See International Monetary Fund, *World Economic Outlook Database, April 2010*, reproduced at [http://en.wikipedia.org/wiki/List_of_countries_by_GDP_\(nominal\)](http://en.wikipedia.org/wiki/List_of_countries_by_GDP_(nominal)) (last accessed 20 October 2010).

⁵ Amitav Acharya has observed that the economic growth of US allies in Asia leading to relative US structural power by the late 1990s allowed "middle powers" like Australia, Canada, Japan and ASEAN as a group to initiate multilateral institutions and exercise substantial regional leadership. South Korea was also substantially involved in such initiatives. See Amitav Acharya, "Ideas, Identity and Institution-building: From the 'ASEAN Way' to the 'Asia-Pacific Way'?", *Pacific Review*, Vol. 10, No. 3 (1997), pp. 322-23.

judiciously calibrated material resources to the United States' global counter-terrorism and peace-building efforts in ways that have earned Washington's gratitude without precipitating Beijing's wrath.

Recently, however, both Australia's and South Korea's relations with China have revealed differences that could test their relationships. Investigating why Sino-Australian and Sino-South Korean relations have recently devolved can be useful for understanding the relative strengths and weaknesses of their middle-power diplomacy.

The analysis that follows reflects two major factors. First, recent strategic thinking in China has undergone a series of complex and at times unanticipated adjustments that appear to challenge the "conventional wisdom" which international relations theory offers about how great powers contend with middle powers over prioritizing national interests. As evidenced by their role in hosting the Six-Party Talks on North Korean denuclearization, along with China's growing propensity to collaborate with other actors in countering terrorism, piracy and other "non-traditional security" threats, Chinese policy-makers have clearly developed entrepreneurial postures increasingly compatible with middle-power viewpoints. Leadership involving the projection of "soft power" into the regional and international communities is gradually becoming a more distinct component of Chinese foreign policy.⁶

China's current leaders may not have relinquished geopolitical aspirations commensurate with ensuring that their country achieves great-power status. Intermittent spikes of hyper-sensitivity over issues of sovereignty remain; so does a strong sense of Chinese nationalism (as evidenced in both Beijing's lingering suspicions over the purpose of American-led bilateral alliances and in its increasingly complicated relations with multinational corporations) and conservatism (sustained ideological opposition to Western influences and a perpetuation of China's formidable military buildup to ensure that it will "never again" be subjugated to outside powers). Both of these dynamics underwrite the image of a "China threat" rather than of a China ascending via "peaceful development". What is clear, however, is that contemporary Chinese policy-makers increasingly legitimize reciprocity and mutual respect in their international relations behavior.

Secondly, middle-power diplomacy exercised by Australia and South Korea toward China reflects the trend of systematic bargaining over security issues becoming more "normal" in the Asia-Pacific. Throughout the late 1990s and well into the first decade of the 21st century, the quest by Chinese leaders to make their country an active player in regional multilateralism seemed to validate the worth of such diplomacy. As Australia's and South Korea's recent difficulties with China have shown, however, it is by no means certain that middle-power diplomacy can, by itself, overcome various and ongoing tensions. Such tensions can "spill over" to affect region-wide stability and lead to regional states hedging against Chinese

⁶ Alan Hunter, "Soft Power: China on the Global Stage", *The Chinese Journal of International Politics*, Vol. 2, No. 3 (Summer 2009), pp. 373-98.

power by seeking intensified strategic ties with other external actors (namely, the United States).

Here we conduct a brief review of China's recent strategic thinking to understand the context of Australia's and South Korea's policy approaches toward the PRC. We will then use case studies to weigh both of these middle powers' policies toward China. The two "cases", we argue, concurrently illustrate the relative strength of soft-power strategy projected by China's policy-makers against their harder-line nationalist instincts. We conclude that excessive Chinese policy rigidity would prompt Australian and South Korean policy-makers to modify their middle-power diplomacy, and to adopt "hedging strategies" directed against China. We deduce, however, that policy-makers in both Australia and South Korea are better served by retaining their currently strong interest in promoting and assisting China's intensified regional engagement. Indeed, they have little other choice if the region is to avoid an intensification of security dilemmas and future conflict escalation.

Chinese Strategic Thinking

Some Western analysts are convinced that the "rise of China" is synonymous with a "China threat". For example, John Mearsheimer, the dean of American neo-realist scholars, insists that "China will try to push the Americans out of Asia and dominate the [Asia-Pacific] region".⁷ Nationalist Chinese authors likewise speculate that Sino-American relations may well be on a collision course. In such works as *China Can Say No* (*Zhongguo keyi shuo bu* 中国可以说, published in 1996) and the more recent *Unhappy China* (*Zhongguo bugaoxing* 中国不高兴, published in early 2009), nationalist Chinese writers suggest that the decline of US power is inevitable, and demand that their country should stand up to Washington more directly and exert global leadership.⁸ Various sectors within both countries' military establishments identify with this zero-sum interpretation of Sino-American geopolitical relations.⁹

⁷ In Zbigniew Brzezinski and John Mearsheimer, "Debate: Clash of the Titans", *Foreign Policy*, Vol. 146 (January/February 2005), p. 50.

⁸ See what the editors of *China Can Say No* say are the main messages of their work in Zhang Xiaobo and Song Qiang, "China Can Say No to America", *New Perspectives Quarterly*, Vol. 13, No. 4 (1996), p. 55 and reprinted in Daojiong Zha, "Researching Chinese Nationalism: The Foreign Relations Dimension", in Pál Nyíri and Joana Breidenbach (eds), *China Inside Out* (Budapest: Central European University Press, 2005), pp. 64-65. An account of *Zhongguo bu gaoxing—da shidai, da mubiao ji women de neiyou weihuan* (*Unhappy China: The Great Time, Grand Vision and Our Challenges*) is offered by *The China Post*, 12 April 2009.

⁹ Retired Chinese Major General Luo Yuan, writing for the Liberation People's Daily, strongly criticized US-South Korea naval exercises scheduled for the Yellow Sea and demanded a tough Chinese response, noting that China's "respect" was at stake. Cited by Chris Buckley, "China PLA Warns US Over Fresh Military Drill in Region", Reuters,

A second and opposing school of Western thought envisions China ascending to great-power status without competing with the American-dominated liberal international order, and thus largely avoiding strategic competition with the United States as the latter's relative power inevitably declines over the first part of the 21st century. John Ikenberry has observed that the US–Chinese power transition can be very different from past great-power rivalries in international relations that resulted in war, both because China faces a multilateral Western-centric order that is “open, integrated and rules-based with wide and deep political foundations” and because it would be precluded from applying force against this order in a nuclear era. Accordingly, he concludes that China can gain full access to and benefit greatly from joining such an order instead of contesting it.¹⁰

Diverging interpretations of what “China's rise” means exist not only in the wider international arena but in the Asia–Pacific region as well. An Australian defense white paper published in 2009 observed that “the pace, scope and structure of China's military modernization have the potential to give its neighbors cause for concern if not carefully explained ...”—an observation rejected by both the Chinese Foreign Ministry and various Chinese analysts.¹¹ Australian government spokespersons, however, subsequently denied that their country's latest defense posture was shaped in response to any “China threat theory”.¹² South Korean policy-makers have likewise preferred to play down the notion of a “China threat”, largely due to their hope that China can still exert positive influence on the Democratic People's Republic of Korea (DPRK) to restrain Pyongyang's nuclear aspirations and to moderate North Korean behavior. Other policy leaders in the Asia–Pacific have also gone to some lengths to deny that their assessments of China are dominated by threat perceptions of that country.¹³ To understand better how Chinese strategy has actually evolved, recent doctrinal benchmarks are reviewed below.

12 August 2010. For official US threat assessments, see *Military Power of the People's Republic of China*, *passim*.

¹⁰ G. John Ikenberry, “The Rise of China and the Future of the West”, *Foreign Affairs*, Vol. 87, No. 1 (2008), pp. 23–37.

¹¹ Australian Government, Department of Defence, *Defending Australia in the Asia–Pacific Century: Force 2030* (Canberra: Commonwealth of Australia 2009), www.defence.gov.au/whitepaper/docs/defence_white_paper_2009.pdf (accessed 17 May 2009). The Chinese response was reported by Zhang Xin in “China's Military Modernization ‘No Threat’”, *China Daily*, 6 May 2009, www.chinadaily.net/china/2009-05/06/content_7747203.htm (accessed 17 May 2009). Also see Shulong Chu and Xiao Ren, *China's Peaceful Development Doctrine: Views from China*, NBR Project Report (Seattle: The National Bureau of Asian Research, October 2009).

¹² Australian Defence Secretary Nick Warner, for example, observed following the Australian 2009 Defence White Paper's release: “We don't see China as a threat. We see China as an opportunity.” “China ‘Not Concerned by White Paper’: Air Chief Marshall Angus Houston”, *The Australian*, 7 May 2009.

¹³ See, for example, Japanese Prime Minister Taro Aso's speech in Beijing playing down prospects of China exerting threatening behavior. See an Agence France Presse report, “Aso Calls For Japan, China to Unite”, www.google.com/hostednews/afp/article/

Comprehensive National Power

Chinese policy analysts are keenly interested in measuring states' relative material capabilities as a basis for assessing their own country's "comprehensive national power" (*zonghe guoli* 综合国力). Comprehensive national power or CNP is a measurement of how key attributes (both qualitative and quantitative) in a particular state compare to those possessed by other major powers in a regional or international security system.¹⁴ In 1992, China's government adopted the CNP formula as a means of focusing on its economic growth which would, it was anticipated in Beijing, eventually "spill over" to generate more efficient military modernization and enhance China's diplomatic and strategic influence. This strategy intensified in the aftermath of 9/11. As a recent Brookings Institution report has noted, "... (w)ith America's strategic spotlight focused on counterterrorism ... China perceived a 'period of strategic opportunity' (*zhanlüe jiyu qi* 战略机遇期) in which it could concentrate on developing its 'comprehensive national power'".¹⁵ No total war involving China appeared to be imminent, allowing China's armed forces to be fully integrated into the processes of national economic development and the projection of Chinese influence abroad. Various Western analysts worry, however, that Chinese policy-makers are shifting their thinking about CNP from an approach designed to buy China time for achieving economic modernization and avoiding regional conflict toward a doctrine justifying China's aggressive pursuit of "core interests" and securing its foreign policy goals more rapidly and aggressively, regardless of the risk of confronting the United States or other large powers.¹⁶

[ALeqM5g_kvptVpiTE04vUJb9_MjEMTD4fw](#) (accessed 17 May 2009). Recent intensification of the Sino-Japanese territorial dispute over the Senkaku/Diaoyutai Islands, however, may well harden Japanese perceptions of a China threat.

¹⁴ How to define CNP is the subject of an ongoing and rigorous debate. For wide-ranging assessments of this issue, see Yan Xuetong, "The Rise of China and its Power Status", *Chinese Journal of International Politics*, Vol. 1, No. 1 (2006), pp. 5-33; Samuel S. Kim, "China's Path to Great Power Status in the Globalization Era", *Asian Perspective*, Vol. 27, No. 1 (2003), pp. 35-75; Michael Pillsbury, *China Debates the Future Security Environment* (Washington: National Defense University Press, January 2000), www.fas.org/nuke/guide/china/doctrine/pills2/ (accessed 18 May 2009); and Karl Hwang, "New Thinking in Measuring National Power", Prepared for the WISC Second Global International Studies Conference, University of Ljubljana, Slovenia, 23-26 July 2008, www.wiscnetwork.org/papers/WISC_2008-137.pdf (accessed 18 May 2009).

¹⁵ See Yuan-Kang Wang, "China's Grand Strategy and US Primacy: Is China Balancing American Power?" (Washington: Brookings Institution Center for Northeast Asian Policy Studies, July 2006), p. 9, <http://209.85.229.132/search?q=cache:ad1ZuEyyqosJ:www.brookings.edu/fp/cnaps/papers/wang2006.pdf+China+adopts+Comprehensive+National+Power+1992&cd=21&hl=en&ct=clnk&gl=au> (accessed 18 May 2009). Wang was quoting a passage from Yang Jiemian, "Zhongyao zhanlüe jiyu qi yu Zhongguo waijiao de lishi renwu" (Important Period of Strategic Opportunity and the Historical Mission of Chinese Diplomacy), *Mao Zedong Deng Xiaoping lilun yanjiu* (Study of Mao Zedong and Deng Xiaoping Theories), No. 4 (2003), pp. 60-67.

¹⁶ John Lee, "China's Rise and the Road to War", *The Wall Street Journal*, 5 August 2010.

Other analysts have regarded China's application of comprehensive national power into the region as a "defensive realism-rooted strategy" based on moderation and self-restraint. Chinese leaders desire their country to be viewed as a self-confident and responsible regional actor capable of exercising power without simultaneously precipitating fear. They insist, however, on projecting influence unconstrained by the desires of other great powers to impose their own will and interests against China.¹⁷ Developing CNP in a regional context thus entails a delicate balancing act: nurturing a sense of regional comfort about Chinese policy-makers' fundamentally benign intentions by "focusing on incremental capacity building, conflict avoidance and stability ..." without allowing China's material and ideational vulnerabilities to undermine its efforts to build such a positive image.¹⁸

Australian and South Korean leaders have related positively to CNP as long as they perceive it conforming to the second, more defensive-oriented model. Economists' speculation about China's growing wealth "supercharging" Australia's and South Korea's economies still command far greater attention within those two countries' public discourses than do threat perceptions relating to a "China growing strong".¹⁹ This may change, however, if Chinese policy-makers are viewed as using CNP as a basis of justification for Chinese nationalism and hubris or as a means to justify China's application of "divide and rule" tactics against Australia's and Korea's alliances with the United States.²⁰

The New Security Concept

Part of any Chinese balancing strategy to cultivate the growth of power without precipitating regional apprehensions entails the realization that even a strong and confident Chinese leadership cannot by itself underwrite regional and international peace and stability. Over the past decade, Chinese analysts and policy-makers have introduced several distinct postures in response to what they view as rapid structural change in the Asia-Pacific and in the international system. The most prominent of these postures is the "new security concept" (NSC) or *xin anquan guandian* (新安全观点). Various observers differ on precisely when the concept was initially formulated and under what context it was introduced or employed. In April 1997,

¹⁷ Tang Shiping, "The Rise of China as a Security Lynchpin", *Asia Times*, 21 June 2003, <http://iaps.cass.cn/English/articles/showcontent.asp?id=393> (accessed 20 May 2009).

¹⁸ Roy D. Kamphausen and Justin Liang, "PLA Power Projection: Current Realities and Emerging Trends", in Michael D. Swaine, Andrew D. Yang and Evan S. Medeiros, with Oriana Skylar Mastro (eds), *Assessing the Threat: The Chinese Military and Taiwan's Security* (Washington: Carnegie Endowment for International Peace, 2007), p. 111.

¹⁹ Terry McCann, "China Boom Defines Our Future", *The Australian*, 21 August 2010, and Sunny Lee, "Korea's Future Lies with China—Economically", *The Korea Times*, 27 June 2010.

²⁰ An example of Chinese polemics which could be interpreted as doing just this is an editorial, "US Must Not Try to Check China's Rising Power", appearing in *Renmin ribao* (People's Daily), English on-line edition, 17 August 2010 at <http://english.peopledaily.com.cn/90001/90780/91342/7107279.html> (accessed 21 August 2010).

Chinese diplomats applied the NSC's principles when signing The Agreement on Confidence Building Measures in Military Fields along the Border Areas and The Agreement on Mutual Reduction of Military Forces along the Border Areas with Russia and those Central Asian states constituting the "Shanghai Five" (later renamed the Shanghai Cooperation Organization). In December 1997, Chinese Foreign Minister Qian Qichen promoted the concept to an ASEAN meeting celebrating that organization's 30th anniversary. Three months later (February 1998) Chinese Defense Minister Chi Haotian called for its adoption by Asia-Pacific regional security actors.²¹

A broad consensus exists, however, that a definitive July 1998 white paper issued by the Information Office of China's State Council represented the first instance where the NSC was systematically and comprehensively developed. The white paper's basic argument was that the "Cold War mentality" and, by implication, those alliance arrangements which underwrote its perpetuation, needed to be supplanted by less confrontational approaches to security politics. These included "dialogue, consultation and negotiation" designed to generate a "fair and reasonable new international order".²² The 2002 version of this doctrine was presented to the Sixteenth Congress of the Chinese Communist Party (CCP). The essence of NSC was designated as cooperation on the basis of the UN Charter and the "Five Principles of Peaceful Coexistence": achieving dispute resolution through peaceful means; strengthening international economic and financial organizations; emphasizing non-traditional security areas as well as more traditional security sectors and conducting effective disarmament and arms control policy.²³

China promoted the NSC at a time when successive Australian and South Korean governments were exploring options for establishing more comprehensive Northeast Asian multilateral security frameworks emanating from the Six-Party Talks or other regional dialogues. Policy interest-convergence between the three countries in exploring soft-power processes and mechanisms for establishing and underwriting these frameworks was clearly evident. Less clear, however, was how middle powers such as Australia and South Korea, both with long-standing alliance ties to the United States, would manage the "harder edge" of the NSC

²¹ Zhu Mingquan, "Beyond Westphalia and New Security Concepts", GIS Working Paper (Hong Kong Baptist University), No. 6 (March 2005), www.irchina.org/en/news/view.asp?id=340 (accessed 16 June 2009).

²² "China to Continue to Pursue New Security Concept for World Peace", *People's Daily*, 27 December 2004, http://english.peopledaily.com.cn/200412/27/eng20041227_168809.html (accessed 16 June 2009). Authoritative accounts published in the West include Bates Gill, *Rising Star: China's New Security Diplomacy* (Washington: Brookings Institution Press, 2007), especially pp. 1-20, and Denny Roy, "China's Pitch for a Multipolar World: The New Security Concept", *Asia-Pacific Security Studies*, Vol. 2, No. 1 (2003), www.apcss.org/Publications/APSSS/ChinasPitchforaMultipolarWorld.pdf (accessed 16 June 2009).

²³ Ministry of Foreign Affairs of the People's Republic of China, "China's Position Paper on the New Security Concept", 31 July 2002, www.fmprc.gov.cn/eng/wjzb/zjzg/gjs/gjzzyhy/2612/2614/t15319.htm (accessed 16 June 2009).

raison-d'être—that postwar, American-led alliance systems were outmoded and regionally destabilizing. This component of the NSC proved to be a major impediment to Chinese leaders' efforts to induce their Australian and South Korean counterparts to accept this particular recipe for building regional security architectures.

Making the Transition to a "Harmonious World"

Following 9/11, Chinese policy-makers and analysts became more confident about China's place in the world as their US counterparts became increasingly preoccupied with neutralizing international terrorism. The ensuing diffusion of American power led to what China's leadership viewed as a more "democratized" international order encouraging global peace and development.²⁴

Just over a year after the 9/11 terrorist attacks in New York and on the Pentagon, Zheng Bijian, a CCP theoretician and a confidant of Chinese President Hu Jintao, led a delegation to the United States to ascertain the Bush administration's outlook toward his country. He concluded that American apprehension over China's long-term strategic intentions was sufficiently great to warrant developing a new theory espousing China's "peaceful rise".²⁵ Zheng presented his thoughts at the November 2003 Boao Forum, emphasizing China's prioritization of economic reform and political liberalization, the fostering of appreciation for Chinese civilization and the advance of regional security through conflict avoidance and regional cooperation. Hu Jintao endorsed Zheng's research, and by the middle of 2004 China's Ministry of Foreign Affairs began to lobby for "peaceful rise" to be repackaged as "peaceful development"—a more "politically correct" term to describe the same process of China taking its place as an economically powerful but non-threatening actor on the world stage.²⁶ Underlying this nuanced change in the Chinese strategic outlook was what one Chinese scholar has aptly characterized as a grand strategy adjusted from projecting a "philosophy of struggle" to a "philosophy of harmony".²⁷ This shift resulted in the Sixth Plenum of the CCP's Central Committee (convened in October 2006) embracing the notion of a "harmonious world" (*hexie shijie* 和谐世界).

²⁴ Bates Gill, "China's Evolving Regional Security Strategy", in David Shambaugh (ed.), *Power Shift: China and Asia's New Dynamics* (Berkeley: University of California Press, 2005), p. 251. This Chinese interpretation was particularly evident in its 2004 Defense White Paper.

²⁵ Xiao Ren, "A Rising China Sees Itself in Asia's Mirror", in Shulong Chu and Xiao Ren (eds), *China's Peaceful Development Doctrine*, NBR Project Report (Washington: National Bureau of Asian Research, October 2009), p. 11.

²⁶ Bonnie S. Glaser and Evan S. Medeiros, "The Changing Ecology of Foreign Policy-Making in China: The Ascension and Demise of the Theory of 'Peaceful Rise'", *The China Quarterly*, No. 190 (June 2007), pp. 295-98, 301-09, and Xiao Ren, "A Rising China", p. 11.

²⁷ Yuan Peng, "Sino-American Relations: New Changes and New Challenges", *Australian Journal of International Affairs*, Vol. 61, No. 1 (2007), p. 107.

From the perspective of those officials shaping policy in “regional middle powers” such as Australia and South Korea—countries that had long-standing security ties with the US but feared being “caught between” their traditional American strategic guarantor and an increasingly vital Chinese trading partner—Hu’s harmonious world doctrine could certainly be interpreted positively. Indeed, that doctrine suggested a more pragmatic Chinese tolerance toward US bilateral alliances in general, even if Chinese and American views on regional and world order-building still encompassed various differences.²⁸ A review of how well China’s evolving diplomacy has worked with Australia and South Korea provides a useful basis for this judgement.

Sino–Australian Relations: An Ambiguous but Critical Partnership

Reminiscing in late 2002, 30 years after he was central to normalizing Sino–Australian relations, former Australian Prime Minister Gough Whitlam predicted that the “China–Australia relationship will dominate our [Australia’s] world stance for the next half century”.²⁹ Whether Australia’s relations with China have gained that level of intensity is debatable, but China’s growing centrality as a force in Australian foreign policy is beyond dispute. Australia’s potential significance to China as an increasingly significant “middle power” relates to its growing importance as a regional trading partner (and particularly as a commodities supplier to China’s rapidly growing economy), its ability and willingness to serve as an occasional interlocutor or “bridge-building” agent in translating Chinese regional interests to its American ally and its efforts to play a leading role in shaping Asia–Pacific order-building. Australia has clearly enhanced its significance as a middle-power actor in the first policy sector, has experienced some progress in the second but has been less successful in the third.

Recent trends in the two countries’ bilateral economic relations underscore the first point. According to recent data compiled by Australia’s Department of Foreign Affairs and Trade (DFAT), China is Australia’s second-largest trading partner. In 2008 it accounted for 15.1 per cent of Australia’s total trade volume (nearly AU\$68 billion—28.3 per cent over the previous year). Australia, in turn, is China’s sixth-largest source of imports and constitutes China’s 15th-largest export market. Iron ore, wool and copper top the list of Australian commodities of demand in China, while Australian demand for Chinese clothing, telecommunications equipment and computers has intensified. Education is Australia’s largest service export to the PRC, with 127,000 Chinese students enrolled in 2008, an increase of nearly 20 per cent over the previous year, producing A\$3.1 billion in revenue for Australia’s economy. Investment growth has been less spectacular than trade expansion, but China still ranks as Australia’s 17th-largest investor (A\$6.2 billion in 2008).³⁰ Despite recent setbacks

²⁸ Yuan Peng, “Sino–American Relations: New Changes and New Challenges”.

²⁹ Gough Whitlam, “Sino–Australian Diplomatic Relations, 1972–2002”, *Australian Journal of International Affairs*, Vol. 56, No. 3 (2002), p. 323.

³⁰ Australian Government, Department of Foreign Affairs and Trade, “People’s Republic of China Country Brief—April 2009”, www.dfat.gov.au/GEO/china/cb_index.html (accessed

for Chinese investment firms seeking a larger share in the resource sector, Australia remains a reliable and stable supplier to China, with none of the political risk attendant on supply from other possible sources. Economic interdependence has become a major characteristic defining the Sino–Australian relationship.

Given this solid economic foundation, the overall outlook for Sino–Australian relations remains bright. Australia's two previous prime ministers—John Howard and Kevin Rudd—were both at the forefront in insisting that the outlooks of the United States and China toward one another were increasingly compatible—that Australia, as a long-practicing middle power, could engage both of these great powers on a range of regional and multilateral issues. This conviction was evident in an address which Rudd delivered to the Brookings Institution in late March 2008, in which he focused on the potential compatibility of the American “responsible stakeholder” thesis and China's “harmonious world” doctrine.³¹

Recent Australian governments have thus been seeking to overcome a long-standing “Australian nightmare” of being caught in a future conflict between its traditional American security ally and its rapidly growing Chinese economic partner, by adopting a typical middle-power diplomatic stance: pursuing conflict avoidance by promoting adherence to collective security and by mediating great-power interests.³² Rudd's proposal to explore ways to forge an “Asia–Pacific Community” (APC) in June 2008 was indicative of this.³³ The Australian Prime Minister envisioned the APC as a way to build an institutional structure that would allow for comprehensive engagement of both China and the United States across the full range of security and economic agendas. He was fully aware, however, that his proposal stood no chance of gaining regional support unless the Chinese publicly endorsed the spirit of the initiative. As will be explained below, Chinese policy-makers have done so, but only in a very qualified way.

On the way to promoting this version of a new Asia–Pacific order, however, the Rudd government confronted several unexpected obstructions in the China relationship. One was the escalation of attempts by Chinese multinational commercial interests to acquire greater shares of Australia's resource sector. Over the first part of 2009, the Aluminum Company of China (Chinalco) unsuccessfully bid to increase its shareholding in Rio Tinto—the world's third-largest mining company—from 9.3 per cent (purchased in 2008) to 18.5 per cent. China's Hunan Valin Iron and Steel Corporation was more successful, acquiring about 18 per cent of the shares in

21 June 2009); and Australian Government, Department of Foreign Affairs and Trade, “China Fact Sheet”, www.dfat.gov.au/geo/fs/chin.pdf (accessed 21 June 2009).

³¹ Prime Minister of Australia, “The Australia–US Alliance and Emerging Challenges in the Asia–Pacific Region”, Brookings Institution, Washington, 31 March 2008, www.pm.gov.au/media/Speech/2008/speech_0157.cfm (accessed 21 June 2009).

³² Carl Ungerer, “Spit and Polish for Middle Power”, *Sydney Morning Herald*, 28 March 2008.

³³ The Hon. Kevin Rudd MP, Prime Minister of Australia, “It's Time to Build an Asia Pacific Community”, Address to the Asia Society AustralAsia Centre, Sydney, 4 June 2008, www.asiasociety.org/resources/080604_australia_dinner_speech.pdf (accessed 20 June 2009).

Fortescue Metals Group. The most tense resources sector acquisition episode, however, was the Rudd government's rejection (on national security grounds) of China Minmetals' original bid to buy Oz Minerals and, more specifically, the latter's mine at Prominent Hill in South Australia. The Australian Department of Defence objected to the sale because of the mine's proximity to the Woomera weapons testing range and, reportedly, due to its concerns that China could use the site to intercept satellite transmissions to the joint Australia–US intelligence installation at Pine Gap, 600 kilometers further north.³⁴ (A restructured bid taking this objection into account was subsequently approved.) Rudd was also not helped by disclosures that his Defence Minister had close and controversial ties with a Chinese businesswoman and that he had hosted China's propaganda minister at an unannounced meeting in his residence just prior to Rudd being christened "China's roving ambassador". In early July 2009, Stern Hu, an executive with Rio Tinto, was arrested with several of his Chinese colleagues in Shanghai and subsequently charged with receiving bribes and obtaining commercial secrets from Chinese iron ore firms. The following month, the Chinese government strongly protested against the visit of exiled Uyghur leader Rebiya Kadeer to the Melbourne Film Festival, and Chinese computer hackers allegedly attacked that event's website. One prominent Australian security analyst aptly summarized these underlying patterns of disquiet that threatened to undermine Australia's commercial relationships: "The momentum has shifted [in Australia] from being broadly receptive to these deals to having a hard think ... This is not just about China and Australia. It's about how the world sees China playing its role in the future as a great power."³⁵

This mixed record of Sino–Australian investment relations was indicative of a larger trend of unease emerging within the Australian electorate about the Chinese government's long-term geopolitical intentions. Perhaps the most significant Australian strategic assessment of China's hard power was its release of a new defense white paper in May 2009. Over the reported objections of Australia's Office of National Assessments and Defence Intelligence Organisation, that document (released by Australia's Defence Department) announced the implementation of a major Australian defense buildup over the next two decades, largely justified as a necessary response to the unbridled growth of military power in Asia.³⁶ Taken *in toto*, the white paper is ambiguous on its overall assessment of the defense implications of China's rise. Concluding that "the pace, scope and structure of China's military modernization have the potential to give its neighbors cause for concern if not carefully explained", Australian defense planners called for a strengthening of their own country's air and maritime naval forces to levels sufficient to hedge against the emergence of future regional adversaries operating in Australia's own

³⁴ Cameron Stewart, "Block on Chinese Mining Bid 'Linked to Pine Gap'", *The Australian*, 2 April 2009.

³⁵ Observed by Alan Dupont and quoted in "Uneasy Engagement—Australia, Nourishing China's Economic Engine, Questions Ties", *New York Times*, 2 June 2009.

³⁶ Cameron Stewart and Patrick Walters, "Spy Chiefs Cross Swords Over China as Kevin Rudd Backs Defence Hawks", *The Australian*, 11 April 2009.

neighborhood.³⁷ Given Australia's recent close defense cooperation with such ASEAN states as Indonesia, Japan and South Korea, it would be reasonable for independent observers to conclude that China was the country which these planners had most in mind. In subsequent commentary, however, high-level defense figures were at pains to stress that they did not regard China as an explicit threat. At the same time, China's response to Australia's defense white paper was noticeably measured, with a Foreign Ministry spokesman telling Australian journalists that "[We hope] neighboring countries will view China's military buildup objectively, without bias".³⁸ Yet observers could reasonably surmise that the Rudd government's middle-power diplomacy was susceptible to modification by those ready to apply worst-case analyses to Chinese intentions and capabilities. This was reinforced by the results of a Lowy Institute poll in late May 2010 which indicated that almost half of the Australian public (47 per cent) believed that China would emerge as a military threat to Australia within two decades (up from 42 per cent in a similar 2009 poll).³⁹

In this context, it is important to recall briefly the middle-power diplomacy toward the PRC and regional security applied by Rudd's predecessor, John Howard. The Howard government was hardly a champion of multilateral approaches to regional security, preferring instead to rely upon the ANZUS alliance with the United States as Australia's ultimate security guarantee. It did, however, seek membership of and participation in regional forums to enable Australia to enhance its influence in a region where traditionally it was often marginalized, as a Western power located in a non-Western setting. To this degree, at least, Howard pursued the classical middle-power diplomatic strategy of carefully identifying a prospect for establishing a specific niche or identity as a regional player and earmarking necessary resources to maximize that opportunity.⁴⁰ By orienting the sale of Australian natural resources and overall trade policy toward strengthening bilateral ties with China, however, Howard was able to carve an Australian niche of economic links with the PRC, despite its unique bilateral security relationship with the US.

Australia's decision to seek membership in the East Asian Summit (EAS) became a key test case for this strategy's credibility. It emanated from negotiations within the so-called "ASEAN+3" (ASEAN plus China, Japan and South Korea) or APT

³⁷ See Australian Government, Department of Defence, *Defending Australia in the Asia-Pacific Century: Force 2030* (Canberra: Commonwealth of Australia, 2009), www.defence.gov.au/whitepaper/docs/defence_white_paper_2009.pdf (accessed 22 June 2009).

³⁸ Michael Sainsbury and Cameron Stewart, "China a 'Peace Force' in Beijing's Response to Defence Paper", *The Australian*, 6 May 2009. Also see "FM: China's Military Modernization Poses No Threat to Other Countries", *China Daily* (online), 5 May 2009, accessed 31 October 2010.

³⁹ Fergus Hanson, *Australia and the World: Public Opinion and Foreign Policy* (Sydney: The Lowy Institute, 2009), p. 11.

⁴⁰ Although backing the controversial proposition that Howard was an enthusiastic bilateralist entertaining an unswerving preference for dealing with Washington on regional security issues, Bruce Grant outlines this middle power strategy in clear terms. See Bruce Grant, "Australia Playing the Power Game", *The Age* (Melbourne), 18 April 2008.

to neutralize the impact of global financial institutions such as the International Monetary Fund. The EAS was initially designed to be an instrument for applying a comparatively “exclusivist” brand of Asian regionalism in regional institution-building.⁴¹ Howard initially resisted joining the EAS on the terms demanded by its core members (adherence to the Treaty of Amity and Cooperation or “TAC” that might compromise Australia’s involvement with the United States’ extended nuclear deterrence posture). Various APT member-states (Japan, Indonesia and Singapore) succeeded in their campaign to allow “exceptions” that accommodated their own security relations with the US to be applied to Australia’s ratification of TAC. They did so as a maneuver to prevent what they regarded as the threat of Chinese domination of EAS if the exclusivist model prevailed.⁴² Determined not to alienate ASEAN, Chinese diplomats acquiesced on the EAS membership issue. They did so, however, insisting that the APT—a grouping in which neither Australia nor its American ally were members—should be the “main framework” for community-building, while the EAS should be a less formal mechanism facilitating dialogue and a general spirit of regional cooperation.⁴³

The Chinese government has remained consistent in its support of the more exclusivist APT as the best model for regional order-building. In a late October 2009 visit to Australia, China’s Vice Premier Li Keqiang acceded to a joint statement in which China noted that it “welcomes Australia’s Asia–Pacific community initiative”.⁴⁴ Endorsing the APC at this juncture, however, cost Beijing nothing because it was treated as a regional security concept up for discussion rather than a formal structural initiative (which, indeed, is how Rudd presented it). In advancing the APT as their preferred institution, China’s leaders insist that the APT should be “the main channel for East Asian cooperation”, excluding “Western values of democracy, freedom and human rights”.⁴⁵

⁴¹ Background on this development is provided by Akihiko Tanaka, “The Development of the ASEAN+3 Framework”, in Melissa Curley and Nicholas Thomas (eds), *Advancing East Asian Regionalism* (New York: Routledge, 2007), pp. 52-73.

⁴² A concise but thorough account of these events is offered by the International Institute for Strategic Studies, *Strategic Comments*, Vol. 11, No. 10 (2005), www.iiss.org/publications/strategic-comments/past-issues/volume-11-2005/volume-11---issue-10/the-east-asia-summit/ (accessed 22 June 2009).

⁴³ Wen Jiabao, Premier of the State Council of the People’s Republic of China, “Work Together to Build an East Asia of Peace, Prosperity and Harmony”, Address to the Tenth ASEAN Plus Three Summit, 14 January 2007, www.fmprc.gov.cn/eng/wjdt/zyjh/t290180.htm (accessed 23 June 2009).

⁴⁴ Embassy of the People’s Republic of China in Australia, “China, Australia Agree to Enhance Co-op in Joint Statement”, 31 October 2009 at <http://au.china-embassy.org/eng/zagx/t623874.htm> (accessed 22 June 2009).

⁴⁵ Suisheng Zhao, “Chinese Nationalism and Approaches Toward East Asian Regional Cooperation”, International Institutions and Global Governance Program, Japan Studies Program (December 2009), pp. 5, 8.

This brief survey of recent trends in Sino–Australian relations supports our argument that Australian middle-power diplomacy can be regarded as generally successful in the economic policy sector but less so in the diplomatic and geopolitical arenas. Australia has become a key economic partner for China and the spectacular growth of Chinese foreign direct investment in Australia (growing at more than 60 per cent per annum) reflects an intensifying, if at times thorny, bilateral commercial relationship.⁴⁶ This trend should continue under future Australian governments despite intermittent bilateral commercial tensions. Chinese leaders appear to have been more qualified in supporting Canberra's efforts to portray itself as a middle-power "honest broker" in regional "high politics". Australian apprehensions over growing Chinese military power, such as those expressed by Australian Foreign Minister Stephen Smith during the July–August 2010 Australian Federal Election campaign and Sino–Australian differences over such issues as human rights and regional "order-building" act to constrain Chinese acceptance of Australia as China's natural strategic partner in the region.⁴⁷ Australian policy-makers' attempts to establish their country as a "different" type of middle power, successfully able to adjudicate both economic and strategic relations between contending great powers, have thus been only partially successful. Reports emerged in the Chinese press during late August 2010 that speculated that China's leaders viewed the Gillard government (Rudd was deposed as Prime Minister by his own Labor Party in late June 2010) as a potential mediator between China and the US and between China and ASEAN in the South China Sea. If true, Australia's middle-power role in geopolitics might broaden over time.⁴⁸ It seems improbable, however, that the US would rely on its junior ally to arbitrate Washington's own relations with Beijing or that ASEAN states would accept Canberra brokering their territorial disputes with the Chinese.

Sino–Australian relations have reached an important crossroads. Chinese policy-makers' soft-power approaches have been successful in allowing them to cultivate a growing and mutually beneficial economic relationship with Australia. Such approaches have been proven to be less effective in restricting Chinese or Australian nationalism from exerting a negative impact on various cultural, political and strategic issues that have emerged in that bilateral relationship. Recent Australian governments' policies toward balancing Chinese interests with its own have likewise produced mixed results. The Rudd government's ambitious regional security agendas were not always matched by adequate policy consistency towards China.

⁴⁶ Frank Tudor, "Stocktake of the Sino–Australia Relationship", *East Asia Forum*, 16 February 2010 at <http://www.eastasiaforum.org/2010/02/16/stocktake-of-the-sino-australia-relationship/> (accessed 26 May 2010).

⁴⁷ "Transcript: Foreign Affairs Debate at the National Press Club, Canberra", 13 August 2010 at <http://www.alp.org.au/federal-government/news/transcript--foreign-affairs-debate-at-the-national/> (accessed 14 August 2010).

⁴⁸ Ai Yang, "Sino–Aussie Ties to Improve After Election", *China Daily*, 17 August 2010, and Rowan Callick, "Australia Enlisted as Regional Mediator", *The Weekend Australian*, 21–22 August 2010.

Former Australian ambassador to China, Stephen F. FitzGerald, has labeled this condition a “puzzle” in Australian foreign policy—the lack of a strong narrative about where Australia is specifically going in its relations with China, one that can readily be separated from *ad hoc* policy responses largely shaped by short-term domestic public opinion.⁴⁹ However, recent moves by both the Chinese and Australian governments to initiate more systematic and regular dialogue, most notably via the Joint Declaration released during Li Keqiang’s October 2009 visit to Australia and via the establishment of a “high level forum” of business, political and education leaders from both countries during Vice President Xi Jinping’s visit to Australia in June 2010, provide a basis for optimism about the future.⁵⁰

China and South Korea: Engagement or Balancing?

Like their Australian counterparts, recent South Korean governments can be viewed as trying to implement effective middle-power relations with China. Their motives for pursuing this role, however, differ from those adopted by Australian policy-makers. Australia is a distant country, intent on overcoming its legacy of historical and cultural marginalization in East Asia, and harbors no permanently stationed foreign combat forces on its territory. By contrast, the ROK is located at the juncture between Northeast Asia’s great-power rivals. It confronts a hostile and nuclear-armed rival Korean state to its immediate north, and still hosts a substantial US military presence on its soil. The sheer volatility of its geographic and strategic circumstances has driven a succession of recent South Korean leaders to ensure their country’s survival through creative diplomacy rather than by complete reliance on the US alliance.

This South Korean posture involves pursuing a dual strategy toward China. Seoul has strengthened its engagement with the PRC in the expectation that the spectacular growth in PRC–ROK economic relations will continue and with the hope that the PRC will facilitate security negotiations between North and South Korea. In this context, South Korea’s leadership has not always deferred to its senior US ally in searching for greater stability in Northeast Asia, but has pursued more independent agendas when it believed that North Korea’s government would be susceptible to influence by the application of diplomacy rather than containment. It has simultaneously, however, hedged or balanced against rising Chinese power by sustaining its alliance with the United States, and has closed ranks with Washington during those occasions when Kim Jong-il’s North Korean regime has appeared to be particularly belligerent and less likely to be restrained

⁴⁹ Stephen F. FitzGerald, “Learning to Live with China: Stern Hu, Kevin Rudd, Governance and China Policy ... What China Policy?”, Address to the Australian Institute for International Affairs, NSW, 25 August 2009, at <http://www.eastasiaforum.org/wp-content/uploads/2009/09/Learning%20to%20Live%20with%20China.pdf> (accessed 26 January 2010).

⁵⁰ A text of the Joint Statement is at http://www.dfat.gov.au/geo/china/joint_statement_091030.html (accessed 26 January 2010). During his trip, Xi signed agreements for Sino–Australian collaboration in the mining sector worth approximately AU\$10 billion.

by Chinese diplomacy.⁵¹ During the crisis that erupted following the sinking, allegedly by North Korea, of a South Korean corvette (the *Cheonan*) in March 2010, South Korean President Lee Myong-bak and his government relied on that alliance as insurance, while simultaneously projecting highly assertive diplomacy toward China to support South Korea's economic and diplomatic reprisals against North Korea. China's response as of this writing has been sufficiently cautious to generate disappointment among South Korea's leaders. When visiting Seoul at the end of May, Chinese Premier Wen Jiabao stated that China would make a judgment in an "objective and fair manner and take its stance on the basis of facts regarding the sinking of the warship". China would not, however, undermine peace and stability on the Korean peninsula over attributing direct blame to North Korea nor did it condone a series of upgraded US–ROK military exercises intended to convince the North to behave less belligerently.⁵²

The patterns of South Korean middle-power behavior took hold prior to the end of the Cold War. South Korean President Roh Tae-woo embraced *Nordpolitik* during the 1980s, reaching out to the USSR and China to bolster his country's trade ties with those two great powers and to isolate North Korea diplomatically from its traditional Soviet and Chinese allies. This opened the door for what has become a remarkable surge in bilateral Sino–South Korean trade relations: South Korean exports to China surged from just short of US\$12 billion in 1998 to nearly US\$82 billion in 2007 (China became the ROK's leading trade partner in 2004) while the ROK imported around US\$63 billion worth of Chinese goods in 2007.⁵³ Kim Dae-jung subsequently adopted a so-called "Sunshine Policy" designed to bypass great-power competition in Northeast Asia and to forge closer direct links with the DPRK. He also established South Korea's credentials as a leader in regional institution-building by initiating the East Asian Vision Group that provided the framework for the EAS, while simultaneously playing a key role in the Asia Pacific Economic Cooperation (APEC) grouping.⁵⁴

Kim's successor, Roh Myun-hyun, sought to establish South Korea's independent diplomatic credentials relative to its traditional US ally by creating the Presidential Commission on Northeast Asian Cooperation, and in 2005 unsuccessfully proposed that South Korea "mediate" Sino–Japanese tensions. He also introduced the "national integration over security alliance formula" that underscored conciliation

⁵¹ Sukhee Han, "From Engagement to Hedging: South Korea's New China Policy", *The Korean Journal of Defense Analysis*, Vol. 20, No. 4 (December 2008), pp. 335-51.

⁵² "Wen Urges Diplomacy Over S. Korean Warship Sinking", *Xinhua*, 31 May 2010, at http://news.xinhuanet.com/english2010/photo/2010-05/31/c_13324864.htm (accessed 1 June 2010).

⁵³ Sukhee Han, "From Engagement to Hedging", p. 340. South Korea maintains a substantial trade surplus with the PRC which was approximately US\$32.5 billion in 2009. See "S. Korea Posts Record-high Trade Surplus in 2009", *China Economic Net*, 14 January 2010, at http://en.ce.cn/World/biz/201001/14/t20100114_20800769.shtml (accessed 30 January 2010).

⁵⁴ Kim Dae-jung, "Regionalism in the Age of Asia", *Global Asia*, No. 1 (Fall 2006), p. 11.

and appeasement over containment and confrontation with North Korea.⁵⁵ To gain credibility for his effort to reach out to Beijing, Roh requested—and received—the assistance of China (as North Korea’s only strategic ally) in conditioning Pyongyang to engage in multilateral negotiations directed toward ending North Korea’s nuclear weapons development program. Despite this assistance and notwithstanding an ongoing explosion in Sino–South Korean trade relations, Roh understood that maintaining the US alliance was still required if Seoul was to exercise strategic leverage between China and Japan and project leadership in Northeast Asia’s order building while inter-Korean tensions remained unresolved.⁵⁶

Critics who labeled Roh’s efforts to launch his country’s China-centric middle-power diplomacy a “total disaster” because these efforts were seen as geared toward diluting American influence in the region were thus off the mark.⁵⁷ A more reasonable assessment is that the South Korean president was responding to changing trends in domestic public opinion favoring a more independent Korean foreign policy and exploiting mutual Chinese–South Korean interest in a non-nuclear Korean peninsula.⁵⁸ China’s government was indeed active in exercising leadership on the North Korean nuclear crisis. It provided sufficient economic assistance to keep the North Korean regime from imploding. Simultaneously, it also worked with South Korea and the United States to defuse tensions on the peninsula in ways that would solidify long-term Chinese influence with both Koreas. “The net result”, as Robert Sutter has since recalled, “was a marked increase in China’s relations with South Korea, and continued Chinese relations with North Korea, closer than any other power, without negatively

⁵⁵ Scott Snyder, “Prospects for a Northeast Asia Security Framework”, Paper prepared for conference, “Towards a Northeast Asian Security Community: Implications for Korea’s Growth and Economic Development”, Held 15 October 2008 in Washington, at <http://www.keia.org/Publications/Other/HS-Snyder.pdf> (accessed 29 January 2010), and Sukhee Han, “From Engagement to Hedging”, p. 340.

⁵⁶ Sook-Jong Lee, “Korean Perspectives on East Asian Regionalism”, in Kent Calder and Francis Fukuyama (eds), *East Asian Multilateralism* (Baltimore: The Johns Hopkins University Press, 2008), p. 210.

⁵⁷ Young Jong Choi, “South Korea’s Middle Power Diplomacy and Regional Security Cooperation”, *AsiaViews*, No. 43 (November 2008). at <http://new.asiaviews.org/?content=ger53rger567664&voices=20081120141855> (accessed 29 January 2010). For a more benign perspective, see Gilbert Rozman, “South Korea and Sino–Japanese Rivalry: A Middle Power’s Options Within the East Asian Core Triangle”, *Pacific Review*, Vol. 20, No. 2 (June 2007), pp. 197–220. Rozman argues that “However much Roh Moo-hyun may be blamed for overplaying Seoul’s hand, conditions do not justify passivity, particularly as Beijing and Tokyo probe to stabilize the region”. *Ibid.*, p. 201.

⁵⁸ Sunhyuk Kim and Wonhyuk Lim, “How to Deal with South Korea”, *The Washington Quarterly*, Vol. 30, No. 2 (Spring 2007), pp. 71–82. China’s ambassador to South Korea reportedly stated in October 2007 that no inter-Korean peace treaty could be signed unless North Korea gave up nuclear weapons. See Jing-dong Yong, “China Keeps a Wary Eye on the Korean Peace Process”, *The Jamestown Foundation*, 3 December 2007, at http://www.jamestown.org/single/?no_cache=1&tx_ttnews%5Btt_news%5D=4582 (accessed 30 January 2010).

affecting Beijing's relations with the United States".⁵⁹ Roh's successor, current South Korean president Lee Myung-bak, has continued to pursue this policy course by cultivating a deliberately ambiguous "strategic cooperative relationship" with China while pursuing an alliance with the United States based on partnership rather than US strategic hierarchy. Lee's inherent conservatism, however, should not be interpreted as a lack of pragmatism. South Korea's efforts to strengthen its ties with China in both the economic and diplomatic arenas have proceeded apace. An annual China–Japan–South Korea Trilateral Summit involving consultations between the three countries leaders on key economic and diplomatic issues is particularly significant.⁶⁰ The growing scope of those relations may have had influence on the Chinese government not fully backing its long-standing North Korean ally in the aftermath of the *Cheonan* investigation.

Using a revived American alliance (which had become noticeably more strained by the Bush administration's suspicions over the relatively independent initiatives toward North Korea of Kim Dae Jung and Roh Moo-hyun) as a backdrop, Lee has felt confident about raising his country's profile within the ASEAN+3 and the increasingly significant Trilateral Summit Meetings convened between China, Japan and South Korea. The latter forum has evolved into an important vehicle for China to discuss (and tacitly support) Lee's proposed "grand bargain" for North Korea to relinquish its nuclear weapons program in return for aid and security guarantees.⁶¹ Chinese preference for a region-centric approach to North Korean nuclear disarmament, however, potentially marginalizes Washington on this issue. It thus presents Lee with the diplomatic imperative to balance China's already primary role in North Korean nuclear negotiations against the United States' skepticism about any agreement reached without adequate US participation and in the absence of a North Korean accountability mechanism sufficient to ensure that it adheres to its end of any bargain reached. Nevertheless, by working through the APT and highlighting the value of "summit diplomacy" South Korea, like Australia, remains keen to utilize middle-power diplomacy to encourage China to be "socialized" into accepting regional institutionalization and regime-building.

Although recent Chinese and South Korean governments have clearly realized greater cordiality and profit in their countries' bilateral relationship, their bilateral ties have still experienced intermittent tensions emanating from history and territorial identity. Lee Myung-bak's emphasis on maintaining a close security alliance with the United States was not received well by Beijing's leadership

⁵⁹ Robert G. Sutter, *China's Rise in Asia* (Lanham: Rowman and Littlefield, 2005), p. 156.

⁶⁰ "Backgrounder: Trilateral Meetings of Leaders of China, Japan, South Korea", *China Daily*, 29 May 2010.

⁶¹ Prime Minister of Japan and His Cabinet, "Joint Press Conference by Prime Minister Yukio Hatoyama, of Japan, Premier Wen Jiabao of the People's Republic of China and President Lee Myung-bak of the Republic of Korea Following the Second Japan–China–ROK Summit Meeting", 10 October 2009, at http://www.kantei.go.jp/foreign/hatoyama/statement/200910/10JCKkyoudou_e.html (accessed 31 January 2010), and "S Korea President Lee Myung-bak Offers North Korea 'Grand Bargain'", *The Australian*, 22 September 2009.

when China was risking its own geopolitical credibility by conditioning North Korea to participate in multilateral negotiations.⁶² This may at least partly explain the Chinese government's initial reluctance to distance itself from North Korea in the immediate aftermath of the investigation which blamed the North for the *Cheonan* incident. In 2004, moreover, a controversy erupted between the two countries over the historical interpretation of the Koguryo Dynasty that ruled parts of what are now Northeast China and North Korea from 33 BC to 668 AD. China's "Northeast Asia" project (underwritten by Chinese government funding) attempts to portray this regime as a Chinese provincial state, rather than an independent Korean kingdom. This aggravated sovereign sensitivities on both sides. Subsequent diplomatic efforts defused the incident, but neither the problems of historical interpretation nor of lingering South Korean suspicion of Chinese territorial ambitions were completely resolved.⁶³ Such episodes have convinced both South Korea's leaders and its populace that moving closer to China too soon would be inappropriate. It is notable that polling of South Korea's public opinion of the PRC reflects a decline of favorable attitudes from 52 per cent in 2007 to only 41 per cent in late 2009.⁶⁴ Over the short term, South Korea is more likely to continue projecting a mixture of engagement, balancing and hedging tactics toward the PRC, under the umbrella of the American alliance.⁶⁵

As is the case with the Sino–Australian relationship, South Korea's middle-power behavior has been shaped by China's shift in economic and geopolitical status. Previously, China was viewed by successive South Korean governments as a third party or buffer which could be used to assert the ROK's greater politico-strategic independence *vis-à-vis* the United States and its value to China as an economic partner, thereby conditioning the PRC—North Korea's only true strategic partner—to exercise a more evenhanded posture toward the two Koreas. Like Australia, however, the current South Korean government has discovered that Chinese power has become increasingly critical to shaping its own country's future economic and geopolitical destiny. As China's leverage intensifies in addressing

⁶² See Embassy of the People's Republic of China in Australia, "Foreign Ministry Spokesperson Qin Gang's Regular Press Conference on 27 May 2008", at <http://au.china-embassy.org/eng/fyrth/t459519.htm> (accessed 31 January 2008). Qin insisted that "the US–ROK military alliance is something left over from the history ... The Cold War mentality of 'military alliance' would not be valid in viewing, measuring and handling the current global or regional security issues."

⁶³ Jae Ho Chung, "China's 'Soft' Clash With South Korea", *Asian Survey*, Vol. 49, No. 3 (May–June 2009), pp. 468–83.

⁶⁴ Andrew Kohut, President, Pew Research Center, "How the World Sees China", 11 December 2007, at <http://pewresearch.org/pubs/656/how-the-world-sees-china> and Pew Research Center, "Chart of Opinion of China in 2009—Pew Global Attitudes Project—Key Indicators Data Base", at <http://pewglobal.org/database/?indicator=24> (both accessed 1 June 2010).

⁶⁵ Chung-in Moon, "Caught in the Middle: Obama and the ROK", *East Asian Forum*, 22 January 2009, at <http://www.eastasiaforum.org/2009/01/22/caught-in-the-middle-obama-and-the-rok/#more-1415> (accessed 31 January 2009).

intra-Korean tensions and in shaping the world economy, South Korean policy-makers will find exercising “classical” middle-power diplomacy—taking the lead on defining and shaping how selected economic and diplomatic issues are viewed and implemented in international relations—increasingly difficult. South Korea’s economic prosperity remains its greatest (and perhaps its only) real asset in influencing Chinese policy interests.

Conclusion

Australia’s and South Korea’s applications of middle-power diplomacy suggest that these stalwart American regional allies are becoming reconciled to a future Asia–Pacific regional security order that will become increasingly multipolar in character, with China playing an increasingly vital role. The shaping of a Sino–American condominium in some form that is diplomatically acceptable to the wider region is preferable to regional anarchy where the management of outstanding security problems becomes impossible and a US–China strategic confrontation occurs. Chinese policy-makers’ ability to relate effectively to Australia and South Korea as middle powers that are nevertheless still supported by viable US extended deterrence guarantees will go far to demonstrate how effective it will be in conducting the business of “responsible” great-power politics.

In this context, the *Cheonan* ship sinking incident looms as a major test case, as Chinese policy-makers search to calibrate the seemingly countervailing objectives of addressing and assuaging South Koreans’ rage over the sinking of their naval vessel, while still preserving a North Korean buffer state that they regard as a geopolitical imperative. While China’s foreign policy outlooks have become more compatible with the objectives of “middle-power diplomacy” pursued by Australia and South Korea, Chinese policy-makers need to pursue opportunities for further policy convergence. Their failure to do so could push the Australian and South Korean governments to “harden” their traditional security links with the United States in ways detrimental to long-term Chinese regional interests and influence.

As China develops into a more formidable and self-confident security actor, Chinese policy-makers may well consider the advantages of compromising on middle-power issues in regard to their country’s sovereign and territorial interests that they have traditionally viewed as sacrosanct. There are signs that such a shift is already under way, as China’s leaders begin to absorb the implications of risking the loss or reduction of lucrative trade with South Korea (just under US\$200 billion in 2009—70 times China’s trade volume with North Korea).⁶⁶ This policy course may be desirable if Chinese leaders conclude that the image of China “never giving in” on issues related to its own regional security interests is one of an insecure great power rather than one sufficiently enlightened to engender soft-power influence through mastering the art of occasional concession. China’s middle-power neighbors will be less liable to cling to what Chinese

⁶⁶ Frank Ching, “Can China Keep its Balance in East Asia?”, *The Globe and Mail* (Toronto), 1 June 2010.

policy analysts view as outmoded Cold War strategies if they feel less need to hedge or balance against a rising China that invariably assigns sovereign interest greater weight than “peaceful development” or regional harmony.

In advancing this observation, it is noted that China’s leaders will need to finesse such accommodation against the growth of popular nationalism within their country’s various domestic factions. That acknowledged, however, the ongoing and substantial intensification of China’s middle-power economic ties provides at least some leverage that the Chinese government can employ to balance its pursuit of normative diplomacy against nationalist sentiments at home and potential spillover for mutually working to resolve politico-strategic problems. Beyond the short-term imperative of defusing the Korean peninsula’s latest crisis, Chinese leaders could increase their collaboration with their Australian and South Korean counterparts to identify and implement regional community-building. This includes establishing effective mechanisms for systematic consultations over what specific architectures will best facilitate Asia-Pacific peace, stability and prosperity, and cooperating with Australia and South Korea to influence other regional and extra-regional actors to endorse them. Australia’s policy-makers will need to convince their Chinese and Asian equivalents that their country’s foreign policy can be pursued and adjusted in the ways required to avoid being perceived as merely an American proxy on critical regional security questions. Recent South Korean governments have undertaken this step more convincingly than their Australian opposite numbers.

China faces a reciprocal obligation to negotiate its differences with the region’s middle powers on their own merits, rather than yield to the temptation to regard any divisions that it may have with Canberra or Seoul as mere reflections of their US ties and a part of US and allied containment strategy directed toward China. Chinese policy-makers could work with their Australian and South Korean counterparts to advance a mutually shared vision of international order. While it is true that they hold different political values that inhibit a common perspective of what any such order should be, Chinese policy-makers nevertheless share with their Australian and South Korean equivalents a fundamental view about the value of market liberalism and the imperative of global stability. Collaborating to fight global terror, to maintain freedom of access to the world’s major sea lanes and to confront such looming non-traditional security challenges as global pandemics, cyber warfare and climate change would underwrite mutual Chinese and Asia-Pacific middle-power security interests and help facilitate international security cooperation.

The agenda confronting these three Asian trading partners is a formidable one. However, sufficient creativity, determination and good will apparently exist among them to meet looming and complex security challenges with mutual trust and understanding. If their policy leaders succeed in overcoming such security challenges, such an achievement could assist in achieving regional and global cooperation and stability.