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China's new foreign policy under Xi Jinping: towards 'Peaceful Rise 2.0'?

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Since the leadership transition in China in November 2012, there have been significant changes in Chinese foreign policy. It has been widely observed that under the new leadership headed by President Xi Jinping, Beijing has become more assertive in international affairs. This paper examines the emerging contours of China's foreign policy under Xi and the implications for the future regional order in the Asia Pacific. It argues that recent international behaviour of China is the manifestation of a new phase of Chinese foreign policy that could be defined as 'peaceful rise 2.0'. In this analysis, while Beijing still adheres to its declared 'peaceful development' policy aiming to maintain a stable external environment conducive to its ascendance, the manner in which it seeks to do so are considerably different from past decades. The paper further argues that despite China's growing power, President Xi faces greater difficulties than his predecessor to achieve his foreign policy objectives. Indeed Beijing's capacity to shape the regional environment in its favour in the near future is arguably declining rather than increasing.

Keywords: Chinese foreign policy; peaceful rise; Xi Jinping; new type of great power relationship; community of common destiny

Over the last few years, a vigorous debate over the nature and direction of Chinese foreign policy has emerged in the policy and academic communities outside China. One influential view is that recent Chinese diplomacy has become increasingly assertive, challenging the status quo of the regional order in the Asia Pacific.¹ Some commentators even claim that Chinese assertiveness in recent years reflects the end of Beijing's 'peaceful rise' policy.² Moreover, to some, Beijing's recent assertive behaviour has not only been disruptive to regional stability, but also paradoxically detrimental to China's own strategic interests. One seasoned China watcher thus labels China's recent diplomacy as a 'grand strategy disaster';³ another observer raises the question: 'does

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- 1 Michael Yahuda, 'China's New Assertiveness in the South China Sea', *Journal of Contemporary China* 22, no. 81 (2013): 446–59; Aaron L. Friedberg, 'China's Recent Assertiveness: Implications for the Future of US–China Relations', Testimony before the Senate Foreign Relations Committee, June 25, 2014, Washington, DC, <http://www.foreign.senate.gov/download/friedberg-testimony-06-25-14>; Thomas F. Christensen, 'Advantages of an Assertive China: Responding to Beijing's Abrasive Diplomacy', *Foreign Affairs* 90, no. 2 (March/April 2011): 54–67 (2011). For a useful discussion on such a view, see Michael D. Swaine, 'Perceptions of an Assertive China', *China Leadership Monitor* no. 32 (2010).
- 2 Ha Anh Tuan, 'China's South China Sea Play: The End of Beijing's "Peaceful Rise"?' , *National Interest*, May 9, 2014. Benjamin Schreer, 'Peaceful Rise, Anyone? China's East China Sea Air Defence Identification Zone', *Strategist*, November 28, 2013, <http://www.aspistrategist.org.au/?s=peaceful+rise>; Graeme Dobell, 'China's Peaceful Rise into Pieces', *Strategist*, June 12, 2014, <http://www.aspistrategist.org.au/chinas-peaceful-rise-into-pieces.printni/14349>; John Lee, 'China's Peaceful Rise Less Likely', *Australian*, March 4, 2013, <http://www.theaustralian.com.au/national-affairs/opinion/chinas-peaceful-rise-less-likely/story-e6frgd0x-1226589469155?nk=28d317fa6f284f1c90718ccc3f556665>.
- 3 Brad Glosseman, 'China's Grand Strategy Disaster', *National Interest*, May 20, 2014, <http://nationalinterest.org/feature/chinas-grand-strategy-disaster-10492>.

China have a foreign policy?’⁴ Some other scholars, however, dispute claims about China’s new-found assertiveness, arguing that recent Chinese foreign policy has been essentially no more assertive than before and has so far been fundamentally status quo oriented.⁵ There are still others who claim that the notion of China’s ‘new assertiveness’ was indeed socially constructed by external commentators rather than being ‘an objectively true phenomenon’.⁶

This paper seeks to contribute to the debate by examining the emerging contours of Chinese foreign policy under President Xi Jinping, who came to power in late 2012. Such an analysis is important for two reasons. First, since the leadership transition in China in late 2012, there have been significant changes in Chinese foreign policy. In particular it has been widely observed that under the new leadership headed by Xi Jinping, Beijing has become even more proactive, if not assertive, in international affairs than in the previous decades. One external observer found the period under Xi Jinping to be ‘one of the most active periods for Chinese foreign policy’.⁷ Some Chinese commentators quickly used the term ‘New Diplomacy’ (*waijiao xinzheng*) to describe China’s foreign policy under Xi.⁸ Second, despite the aforementioned external debate about whether China has become more assertive in recent years, it is interesting to note that under Xi’s leadership, Chinese policy-makers, foreign affairs officials and scholars have become more vocal than before in expressing China’s intention to play a greater role in international affairs.⁹ In particular, in contrast to the external view that China’s recent assertive posture would undermine its own national interests, many Chinese scholars are supportive of Beijing’s increasingly active and often tougher approach to external affairs. For example, one prominent Chinese scholar, Professor Yan Xuetong from the Institute of Modern International Relations at Tsinghua University in Beijing, argues that China’s more assertive policy under Xi Jinping has actually resulted in a substantially improved international environment conducive to China’s national rejuvenation.¹⁰ In this context, an analysis of recent foreign policy changes under Xi Jinping will help us gain a greater understanding of both the strategic thinking of China’s new leadership and the future direction of Chinese foreign policy.

This paper makes two main arguments. First, it argues that China’s diplomatic posture under Xi Jinping manifests a new phase of Chinese foreign policy. However, contrary to the view that recent changes in Chinese diplomacy reflect a fundamental departure from China’s previous ‘peaceful rise’ strategy, this paper contends that Xi’s new foreign policy can be best defined as ‘peaceful rise 2.0’. By ‘peaceful rise 2.0’, I mean that while Beijing still adheres to its declared ‘peaceful development’ policy aiming at maintaining a stable external environment critical to China’s economic development, the manner in which it seeks to do so is rather different from past decades. The new leadership under Xi Jinping is decidedly moving away from China’s long-standing policy approach of ‘hiding one’s capabilities and biding one’s time’ (*taoguang yanghui*), and becoming more confident and proactive in utilizing China’s growing power and influence to protect and

4 Wang Zheng, ‘Does China Have a Foreign Policy?’, *New York Times*, <http://www.nytimes.com/2013/03/19/opinion/does-china-have-a-foreign-policy.html?pagewanted=all>.

5 Alastair Iain Johnston, ‘How New and Assertive Is China’s New Assertiveness?’, *International Security* 37, no. 4 (2013): 7–48; Michael D. Swaine and M. Taylor Fravel, ‘China’s Assertive Behavior – Part Two: The Maritime Periphery’, *China Leadership Monitor* no. 35 (2011).

6 Björn Jerdén, ‘The Assertive China Narrative: Why It Is Wrong and How So Many Still Bought into It’, *Chinese Journal of International Politics* 7, no. 1 (2014): 87.

7 Swaran Singh, ‘Xi’s Proactive Foreign Policy Fruitful’, *China Daily*, http://usa.chinadaily.com.cn/epaper/2014-03/19/content_17360607.htm.

8 Qu Xing, ‘2013 Zhongguo Waijiao Xinzheng’ [2013 China’s new diplomacy], *Shijie Zhishi* [World Affairs], no. 1 (2014): 32–3; Wang Yusheng, ‘Zhongguo de Waijiao Xinzheng’ [China’s new diplomacy], *Jiefang Ribao*, November 11, 2013, <http://news.sina.com.cn/w/2013-11-11/101028677031.shtml>.

9 For example, see Wang Yi, ‘Embark on a New Journey of China’s Diplomacy: Address by Foreign Minister Wang Yi at the Symposium “New Starting Point, New Thinking and New Practice 2013: China and the World”’, <http://cebu.china-consulate.org/eng/xwdt/t1109943.htm>.

10 Yan Xuetong, ‘From Keeping a Low Profile to Striving for Achievement’, *Chinese Journal of International Politics* 7, no. 2 (2014): 153–84.

advance its national interests and to shape a favourable external environment. In short, 'peaceful rise 2.0' features a more purposeful and even assertive pursuit of China's national interests whilst vigorously seeking to maintain a peaceful external environment.

Second, the paper argues that the new Chinese leadership under Xi Jinping faces greater challenges than its predecessor to manage China's foreign relations. In particular, the paper contends that despite its predecessor's economic and strategic clout, China's ability to shape the Asia Pacific's security environment in its favour is still limited. Indeed, compared with the past decade, Beijing could be in an even more disadvantaged strategic position in the region in the coming decade. This is partly due to the inherent and increasingly apparent contradictions embedded within China's diverse foreign policy objectives, and in part caused by a more precarious regional environment thanks to the United States' 'rebalance to Asia', increasingly tense territorial disputes between China and some of its neighbouring countries in the East and South China Seas and the growing concerns of regional countries about the strategic ambitions of an increasingly assertive China. Beijing's overreliance on its economic prowess as the key diplomatic instrument in conducting foreign relations also reveals its lack of credible normative and strategic power to shape the regional security order. Consequently, the Xi administration will confront formidable foreign policy challenges in its pursuit of China's 'peaceful rise' in the coming decade.

The paper proceeds in the following four parts. The first section briefly reviews recent changes in China's foreign policy since Xi Jinping came to power in November 2012, highlighting the key features of China's emerging foreign policy thinking under the new leader. The second part discusses two major new foreign policy initiatives that have been developed under Xi Jinping, namely developing a 'new type of great power relationship' (*xinxing daguo guanxi*) and building a 'community of common destiny' (*mingyun gongtongti*) with other countries. The two initiatives have both been developed with the aim to shape a favourable external environment conducive to China's economic development and strategic rise. The third part presents an analysis of a number of the major foreign policy challenges faced by the new Chinese leadership. The paper concludes with some brief observations of China's changing foreign policy.

Recent shifts in China's foreign policy: Xi's new thinking

Before and immediately after Xi Jinping came to power, a widely held view outside China was that the new Chinese leader would be preoccupied with pressing domestic issues, thus foreign affairs would not be a top priority. Therefore it was predicted that Chinese foreign policy under the new leader would be defined by reactivity and passivity as in previous decades.¹¹ In contrast to such a prediction, however, Xi Jinping has been unusually active in conducting China's foreign relations. Just one week after becoming the State President in March 2013, Xi Jinping made his first overseas tour, visiting Russia and Tanzania, and attending the 'BRICS' (Brazil, Russia, India, China, and South Africa) summit held in South Africa. According to a report, within the seven-month period between March and October 2013, Xi Jinping spent a total of 33 days overseas, and made visits to Europe, Africa, Latin America, the United States and Asia, attended a number of international forums and met dozens of visiting state leaders at home.¹² In the same period, Chinese Premier Li Keqiang also visited eight countries in Europe, South Asia and Southeast Asia, including India, Pakistan, Germany, Thailand and Vietnam, and attended the East Asia Summit held in Brunei in October 2013. All the other five members of the Standing Committee of the Politburo of the Chinese Communist Party

11 Linda Jakobson, 'China's Foreign Policy Dilemma', *Analysis* (February 2013), Sydney: Lowy Institute for International Policy.

12 Xie Lai, 'Shiba Da Hou Zhe Yinian' [the year after the 18th National Party Congress], <http://app.cankaoxiaoxi.com/print.php?contentid=304641>.

(CCP), the most powerful organ in China's political system, also made visits overseas. Moreover as early as in January 2013, the new Politburo, which was just formed in November 2012 at the CCP's 18th National Party Congress, held a special study session on China's diplomatic strategy, focusing on the theme of peaceful development. Given that this was only the third study session for the new Politburo (the first study session was on strengthening the leadership of the CCP; the second session was on deepening economic reforms), it demonstrated the importance that the new leadership had attached to China's foreign relations.

In addition to his active 'head of state diplomacy', what is more important is that Xi Jinping has also made a number of important changes to China's foreign policy orientation and guiding principles that should have far-reaching ramifications for the country's foreign relations in the coming decades. Ever since the early 2000s and arguably even earlier, Beijing has begun to articulate its foreign policy as one of 'peaceful rise' – a concept initially developed in late 2003 by Zheng Bijian, a prominent policy adviser to the then Chinese leaders – to reassure other countries about the peaceful intention and consequences of China's ascendance. According to Zheng, while historically the rise of a new great power often destabilizes the existing international order, causing great power rivalries and even wars, China's rise will be different as Beijing will seek a unique path to gain its great power status peacefully.¹³ The idea was quickly endorsed by the Chinese leaders, though the term 'peaceful rise' was later rephrased as 'peaceful development' in Chinese government official documents, in part due to concerns that the use of the term 'rise' might provoke uneasiness outside China.¹⁴ China subsequently published two foreign policy white papers on the theme of peaceful development, in 2005 and 2011 respectively, to formally declare its commitment to a 'peaceful development' foreign policy.¹⁵

Rhetoric aside, the declared policy of 'peaceful rise/peaceful development' essentially reflects Chinese leaders' longstanding recognition that China's domestic reform and development and restoration of the country's great power status require a peaceful and stable external environment. Under this consideration, the top priority of Chinese foreign policy since the early 1990s has been to pacify external concerns of the perceived threat from a rising China so to maintain a peaceful and stable external environment conducive to China's economic development. Accordingly, 'hiding one's capabilities and biding one's time' (*taoguang yanghui*) became a defining guiding principle for Chinese diplomacy, especially under Xi's predecessor, President Hu Jintao. It was widely perceived that under the 'peaceful development' rhetoric, China substantially improved its relationship with the outside world, especially with countries in Asia Pacific through the so-called 'charm offensive' diplomacy, expanding trade and economic ties and increasing engagement with regional institutions.¹⁶

Since Xi Jinping came to power, while Beijing has still stressed its firm commitment to a peaceful rise/peaceful development, several important changes in the guiding principles and practice of Chinese diplomacy have been clearly discernible. Instead of a fundamental departure from the previous peaceful rise policy, these new changes, taken together, arguably form the core of the new foreign policy thinking under Xi Jinping that could be defined as 'peaceful rise 2.0'. Roughly speaking, 'peaceful rise 2.0' has three key attributes.

13 Zheng Bijian, 'China's "Peaceful Rise" To Great-Power Status', *Foreign Affairs* 84, no. 5 (September/October 2005): 18–24.

14 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"', *China Quarterly* 190 (2007): 291–310.

15 Information Office of the State Council, 'China's Peaceful Development Road', December 22, 2005, *China Daily*, http://www.chinadaily.com.cn/english/doc/2005-12/22/content_505678.htm; Information Office of the State Council, 'China's Peaceful Development', September 6, 2011, *Xinhua News*, http://news.xinhuanet.com/english2010/china/2011-09/06/c_131102329.htm.

16 David Shambaugh, 'China Engages Asia: Reshaping the Regional Order', *International Security* 29, no. 3 (winter 2004/05): 64–99; Joshua Kurlantzick, *Charm offensive: How China's Soft Power is Transforming the World* (New Haven, CT: Yale University Press, 2007).

The first is the greater determination to forcefully protect China's national interests. This is perhaps most clearly reflected in Xi's speech to the aforementioned Politburo study session on China's peaceful development policy in January 2013. In his speech, while Xi Jinping restated the importance for, and the firm commitment of, China to adhere to peaceful development, he placed an unprecedented emphasis on the importance of protecting China's national interests by reportedly stating that 'We will keep walking on the peaceful development road, but we must not forsake our legitimate rights and interests, must not sacrifice core national interests'. On this basis, he further warned that 'no countries should expect us [China] to make a deal on our own core interests' and 'no countries should expect us [China] to swallow the bitter fruit that undermines our sovereignty, security, and development interests'.¹⁷ Since then, safeguarding China's national interests has been a constant theme in Xi's various speeches on foreign policy issues.

While protecting national interests is a default foreign policy objective of all countries, including China, Xi's statement was the first time that the Chinese leadership linked the issue to China's peaceful development policy in such a striking manner. The statements showed that protecting China's core national interests was given equal and even greater importance than 'peaceful development' as the fundamental principle of China's foreign policy. To a certain extent, Xi's statements imply that China would not sacrifice its core national interests, however defined, for the sake of maintaining peace. In a speech given to the People's Liberation Army's delegation to the National People's Congress in early 2014, Xi called for the Chinese military to accelerate its efforts of military modernization and improve its capabilities of fighting and winning wars, stating that 'we long for peace dearly, but at any time and under any circumstances, we will not give up defending our legitimate national interests and rights, and will not sacrifice our core national interests'.¹⁸

Such an unprecedented emphasis on core national interests is in part driven by a longstanding concern within China that Beijing's commitments to peaceful development might constrain, if not deny, China from taking legitimate action to protect its national interests.¹⁹ Such a concern has been further reinforced by a growing perception that China's peaceful development policy has in recent years emboldened some regional countries to take provocative actions that violate China's national interests, especially in the South China Sea and East China Sea disputes.²⁰ Some scholars argue that China's previous more self-constrained approach has failed to build a stable and favourable external environment.²¹ Not surprisingly, following Xi's speeches, some Chinese scholars sought to reinterpret the notion of 'peaceful rise'. It is thus argued that China's peaceful rise policy does not necessarily mean the absence of any conflict at all. According to such an interpretation, even if some limited conflicts occur between China and some countries on certain issues, such conflicts will not alter the overall peaceful nature of China's rise.²² Given the importance placed by Xi Jinping on safeguarding China's national interests, it

17 'Xi Jinping zai zhonggong zhongyang zhengzhi di san ci jiti xuexi shi qiangdiao genghao tongchou guonei guoji liangge daju, hangshi zou heping fazhan daolu de jichu' [Xi Jinping stressed at the 3rd study session of the Politburo the need for coordinating domestic and international strategic situation, building a solid foundation for walking on the peaceful development road], *People's Daily*, January 30, 2013.

18 'Xi Jinping qiangdiao qiangjun yu hanwei "hexin liyi"' [Xi Jinping emphasizes building up a strong military and protecting 'core interests'], *BBC Chinese net*, 2014, http://www.bbc.co.uk/zhongwen/simp/china/2014/03/140312_xi_jinping_core_interests.

19 Glaser and Medeiros, 'The Changing Ecology of Foreign Policy-Making in China'.

20 Liu Zhongmin, 'Pinglun cheng zhongguo heping jueqi bushi weihu nanhai quanyi de jinguzhou [Commentary claims that China's peaceful rise policy should not be a straitjacket constraining China's efforts of safeguarding its rights and interests in the South China Sea], <http://mil.news.sina.com.cn/2011-06-27/0849654058.html>.

21 For example, see Yan Xuetong, 'From Keeping a Low Profile to Striving for Achievement'.

22 For example, Wang Yiwei, 'Zhongguo heping jueqi bingfei jinguzhou, qianti shi bieguo yeyao heping' [China's peaceful rise is not a straitjacket, the pre-condition is that other countries must commit to peace as well], *Huanqiu shibao* [Global Times], <http://mil.huanqiu.com/observation/2014-02/4854076.html>.

should be expected that China will display an increasingly tough stance when dealing with disputes with other countries.

Moreover, as demonstrated in Xi's speeches, in recent years the concept of 'national interests' in China has also expanded from security (domestic and external) interests (*anquan liyi*) to include 'development interests' (*fazhan liyi*). Thus any issues that might seriously influence China's economic development, such as supply of resources or maritime security, could be perceived as a core national interest, demanding a forceful response. China's growing overseas economic presence also adds new elements to China's evolving national interests. Under China's 'go global' strategy since the early 2000s, Chinese investments and business activities in overseas areas have increased substantially. According to Chinese foreign minister Wang Yi, by 2012 China had a total of more than US\$2 trillion overseas assets and its total accumulated overseas direct investments amounted to US\$500 billion. Describing China's growing overseas economic presence as an emerging 'offshore China' (*haiwai zhongguo*), Wang Yi claimed that safeguarding such an 'offshore China', which forms an 'important' part of overall Chinese national interests, is becoming a core task of China's foreign policy.²³ Such an expanded definition of national interests will add complexities to China's foreign relationships.

The second feature of the 'peaceful rise 2.0' is that China's commitment to the 'peaceful development' policy has become conditional and is premised on reciprocity. In his speech at the Politburo's study session, Xi Jinping also stated that 'Not only should China adhere to the peaceful development road; but other countries must also commit themselves to the peaceful development road'. According to him, only when all countries committed to peace 'could countries in the world co-exist peacefully'.²⁴ In this way Xi Jinping, to some extent, redefined the nature and purpose of China's 'peaceful development' policy. While the policy was initially developed by Beijing as an effort to reassure other countries regarding their concerns about the rise of China, now, under Xi Jinping, China also seeks reciprocal strategic reassurances from other countries. Thus a number of Chinese scholars noted that China's commitment to 'peaceful development' is now premised on other countries' reciprocal commitments.²⁵

Such a request for reciprocal strategic assurance has been implicitly and explicitly highlighted in a number of other speeches made by Xi and other Chinese leaders in various important international forums. For example, in a speech given at the Boao Forum for Asia in April 2013, Xi called for all countries to 'work together to uphold peace', insisting that the international community should cooperate to make the 'global village into a big stage for common development, rather than an arena where gladiators fight each other'. Specifically he warned that 'no one should be allowed to throw a region and even the whole world into chaos for selfish gains'.²⁶ Such a warning was perceived by some commentators as being directed at North Korea due to its provocative nuclear tests in early 2013. Some others, however, tended to see Xi's warning as directed at the United States, showing China's dissatisfaction with the various perceived destabilizing actions of the US in the region.²⁷ Similarly, in a speech given at the 2014 Boao Forum, Chinese Premier Li Keqiang further called for the building of 'an Asian community of shared

23 Wang Yi, 'Jianding buyi zou heping fazhan daolu, wei shixian minzu fuxing zhongguo meng yingzao lianghao guoji huanjing' [Insisting on a peaceful development road and creating a favourable external environment conducive to the realization of the Chinese dream of national rejuvenation], *Guoji wenti yanjiu* [International Studies], no. 1 (January/February 2014): 18–44.

24 'Xi Jinping zai zhonggong zhongyang zhengzhiju di zan ci jiti xuexi shi qiangdiao'.

25 For example, Wang Yiwei, 'Zhongguo heping jueqi bingfei jinguzhou, qianti shi bieguo yeyao heping'.

26 Xi Jinping, 'Working Together Toward a Better Future for Asia and the World' (speech given at *Boao Forum for Asia*, <http://english.boaoforum.org/mtzxxwzxe/7379.jhtml>).

27 Zachary Keck, 'Did Xi Jinping Really Rebuke North Korea?', *Diplomat*, <http://thedi diplomat.com/2013/04/did-xi-jinping-really-rebuke-north-korea>.

responsibilities', claiming that all Asian countries need to fulfil their 'due responsibilities' in order to maintain regional peace and stability.²⁸

The third element of the 'peaceful rise 2.0' is a more proactive and coordinated approach to create and shape a stable external environment that serves China's domestic development. This is reflected in Xi's emphasis on the importance of 'top-level design' (*dingceng sheji*) in foreign policy-making. Top-level design is defined by the need to develop strategic visions and conduct strategic planning and coordination at the national level when developing foreign policies. In an article published in the American journal *The National Interest* in September 2013, Chinese State Councillor for Foreign Affairs, Yang Jiechi, claimed that one of the most significant innovations in China's foreign policy practice since Xi came to power has been the new leader's emphasis on 'stronger top-level planning and medium-to long-term strategic planning' in Chinese diplomacy.²⁹ According to Yang, since the 18th National Party Congress in November 2012, the new leadership has made a range of new initiatives to streamline China's foreign policy-making and implementation system to ensure a 'holistic approach' to the management of diplomatic affairs. Such efforts have included a more centralized planning and policy-making process and a more efficient policy implementation process based on greater coordination between central and local governments, between state and non-state institutions, and among all other players involved in China's foreign relations.³⁰

Perhaps the most representative example of 'top-level design' is the unprecedented 'Working Conference on Peripheral Diplomacy' (*zhoubian waijiao gongzuo zuotanhui*) held on 24–25 October 2013. This was the first high-level conference on 'peripheral diplomacy' held in China since 1949, with all the seven members of the Standing Committee of the Politburo attending. Other participants included provincial leaders and leading officials from various central government departments, military, foreign affairs, state security, financial institutions and key state-owned enterprises. Xi Jinping gave a lengthy speech at the conference to outline the importance and future direction of China's diplomatic relationship with neighbouring countries. It was reported that the conference set the strategic objectives, main principles and specific plans of China's 'peripheral diplomacy' for the next 5–10 years.³¹ Moreover, at the conference, Xi called for a more proactive approach to strengthen China's relationship with neighbouring countries in order to create a favourable external environment.

At the institutional level, the notion of 'top-level design' has also prompted a number of organizational changes within China's foreign and security policy machinery, aiming to achieve a greater degree of coordination of the country's rapidly growing number of actors in the foreign and security affairs arena. This is most apparently reflected by the decision made at the 3rd Plenum of the 18th National Party Congress in November 2013 to establish a National Security Commission (NSC) (*guojia anquan weiyuanhui*) to 'improve the national security systems and strategies to guarantee the country's national security'.³² It was subsequently announced that the NSC was to be headed by Xi Jinping, with Premier Li Keqiang and the Chairman of China's National People's Congress, Zhang Dejiang, as deputy heads of the commission. The NSC's main responsibilities will include 'decision-making, deliberation and coordination of national security work' and it will be in charge of 'overall plans and coordinating major issues and

28 'Full Text of Li Keqiang's Speech at Opening Ceremony of Boao Forum', *Xinhua*, http://www.chinadaily.com.cn/china/2014-04/11/content_17425516.htm.

29 Yang Jiechi, 'Implementing the Chinese Dream', *National Interest*, September 10, 2013, <http://nationalinterest.org/commentary/implementing-the-chinese-dream-9026>.

30 Ibid.

31 For a detailed discussion on the conference, see Timothy R. Heath, 'Diplomacy Work Forum: Xi Steps up Efforts to Shape a China-Centered Regional Order', *China Brief* 13, no. 22 (November 2013).

32 'Decision of the Central Committee of the Communist Party of China on Some Major Issues Concerning Comprehensively Deepening the Reform', *China Daily*, January 16, 2014, http://www.china.org.cn/china/third_plenary_session/2014-01/16/content_31212602.htm.

major work concerning national security'.³³ According to a Chinese scholar, the establishment of the NSC represents a critical step in 'top-level design' and the reform of China's foreign and security policy-making system that has long featured fragmentation of authority and lack of coordination among various actors.³⁴

The focus on top-level design was further reflected in a new concept of the 'overall national security outlook' (*zongti guojia anquanguan*) proposed by Xi Jinping in the first meeting of the newly established NSC in April 2014. Claiming that China faces a more complicated internal and external security environment than 'at any other time in history', Xi stated that the NSC must take into account both domestic and external security issues, both traditional and non-traditional security issues and both development and security issues when making decisions on national security.³⁵ In this context, Xi emphasized that the concept of 'overall national security outlook' is central to China's efforts to develop a 'national security path with Chinese characteristics'.

In addition to the 'top-level design', another element of Xi's new foreign policy thinking is the so-called 'bottom line thinking' (*dixian siwei*). According to State Councillor Yang Jiechi, the idea of 'bottom line thinking' could be defined as 'working for the best but preparing for the worst'.³⁶ It requires that China stand firm to safeguard its core interests by setting a 'red line' that other countries could not cross. Thus, unlike in the past when China often preferred to state what it hoped other countries would do, now increasingly Chinese leaders and officials have become more forthright in stating what actions by other countries China cannot tolerate. For example, China's changing approach to its relationship with North Korea clearly reflects this. For a long time, due to the sensitivities of the China–DPRK relationship, China has been reluctant to publicly criticize DPRK even if some of Pyongyang's provocative actions undermined China's strategic interests. In early 2013, however, after North Korea's third nuclear test, the Chinese foreign ministry for the first time summoned the North Korean ambassador in Beijing to express China's opposition to the test. Later, in April 2013, China's new foreign minister, Wang Yi, further publicly stated that China 'opposes any provocative words and actions from any party in the region and does not allow troublemaking on the doorstep of China'.³⁷ Such a strong statement was widely perceived as an apparent rebuke to North Korea. Wang Yi later repeated that stance during his press conference at the annual meeting of the National People's Congress in early 2014. Fielding a question from a journalist on the Korean peninsula, he stated that China's 'red line' regarding the situation in the Korean Peninsula is 'we will not allow war or instability on the Korean peninsula'.³⁸ Beijing's displeasure at North Korea has been further reflected by the fact that there have been no mutual visits or meetings between the top leaders of the two countries since Xi came to power.

The impact of the 'bottom line thinking' on Chinese foreign policy has also been demonstrated by Beijing's increasingly tough approach to its territorial disputes with other countries

33 'Xi Jinping to Lead National Security Commission', *Xinhua*, January 24, 2014, http://news.xinhuanet.com/english/china/2014-01/24/c_133071876.htm.

34 Lu Gang, 'Guoanhui zhutui waijiao juece moshi gaige' [National Security Commission promotes reforms in foreign policy decision-making], *Shehui Guancha* [Social Outlook], no. 12 (2013): 36–38. On problems in China's fragmented foreign and security policy-making system, see Linda Jakobson and Dean Knox, *New Foreign Policy Actors in China* (Sweden: Stockholm International Peace Research Institute, 2010); International Crisis Group, 'Stirring up the South China Sea (I)', <http://www.crisisgroup.org/~media/Files/asia/north-east-asia/223-stirring-up-the-south-china-sea-i.pdf>.

35 'Xi Jinping: Jian chi zongti guojia anquanguan, zou zhongguo tece guojia anquan daolu' [Xi Jinping: insisting on the overall national security outlook, walking the national security path with Chinese characteristics], *Xinhua Net*, April 15, 2014.

36 Yang, 'Implementing the Chinese Dream'.

37 'Chinese FM, UN Chief Discuss Korean Peninsula Tensions', *Xinhua Net*, April 6, 2013, http://news.xinhuanet.com/english/china/2013-04/06/c_132288307.htm

38 Reuters, 'China Draws "Red Line" on North Korea, Says Won't Allow War on Peninsula', *Reuters*, <http://uk.reuters.com/article/2014/03/08/uk-korea-north-china-idUKBREA2703T20140308>.

in the East and South China Seas. It was widely noted that when referring to the maritime territorial disputes with other countries, the new Chinese leadership has become blunter in stressing China's uncompromising stance on territorial integrity. For example, in his speech at the Boao Forum for Asia in 2014, Premier Li Keqiang, while declaring that China would like to settle its disputes with other claimant countries over the South China Sea peacefully, stated explicitly that 'we will respond firmly to provocations' that undermine stability in the South China Sea, and that 'we Chinese believe in repaying kindness with kindness and meeting wrongdoing with justice'.³⁹ An article in China's official newspaper, *People's Daily*, subsequently claimed that the frank statement drew a clear red line regarding China's position in the South China Sea dispute, preventing other claimant countries such as the Philippines from taking provocative actions.⁴⁰

Similarly, in its dispute with Japan in the East China Sea, Beijing has become increasingly assertive. In addition to the regular patrol of Chinese maritime law enforcement vessels in the areas surrounding the disputed Diaoyu/Senkaku Islands, on 23 November 2013 China announced the establishment of the East China Sea Air Defence Identification Zone (ADIZ) that covered the disputed Diaoyu/Senkaku Islands. The action immediately drew criticism from a number of other countries, especially Japan and the United States which saw such moves as increasing regional tensions. Beijing, however, insisted that its action was legitimate and conformed to normal internationally accepted practice. It was reported that when US Vice-President Joe Biden visited China in December 2013, one of the main issues he raised in his meeting with President Xi Jinping was Washington's opposition to the Chinese ADIZ. Xi, however, reportedly demonstrated no compromises on China's firm stance over the ADIZ. One Chinese media report on the meeting subsequently claimed that Xi's responses indicated that on issues of national sovereignty and territorial integrity China was forming a new strategy by clearly setting a 'red line' to deter its opponents.⁴¹ Indeed while Beijing's increasingly tough stances have generated significant concern outside China, many Chinese analysts believed that the new leadership's growing willingness to demonstrate China's 'bottom line' in international affairs has actually reduced the strategic uncertainties surrounding China's foreign policies, preventing other countries from misjudging China's intention and resolve to protect its national interests.⁴²

'New type of great power relationship' and 'community of common destiny'

The more proactive and confident foreign policy approach of the new Chinese leadership under Xi Jinping has been further reflected by a number of concrete initiatives aiming at shaping the external environment in China's favour. Among these, two initiatives are particularly noteworthy. The first is the concept of the 'new type of great power relationship'. It was designed essentially, though not exclusively, to manage the highly complex Sino-US relations. Beijing is keenly aware that a stable and cooperative relationship with the US is fundamental to China's peaceful rise. However, considerable differences in strategic and political interests between the two

39 Andrew Browne, 'Chinese Premier Li Warns Southeast Asia Nations Against "Provocations"', *Wall Street Journal*, April 11, 2014.

40 'Nanhai renhe tiaoxin bi zao guoduan huiying' [Provocations in the South China Sea will certainly be responded to in a decisive manner], *People's Daily* (Overseas edition), April 11, 2014, http://paper.people.com.cn/rmrhwb/html/2014-04/11/content_1413618.htm.

41 'Xi Jinping: Jiaqiang dingceng sheji he dixian siwei, jiji kazhan daguowaijiao' [Xi Jinping: strengthening top-level design and bottom line thinking, actively advancing major power diplomacy], www.China.org, <http://henan.china.com.cn/news/china/201312/H084770T3Q.html>.

42 For example, Jin Canrong and Wang Hao, 'Shiba da yilai zhongguo waijiao de xinlinian he xintedian' [New thinking and new features of China's foreign policy since the 18th National Party Congress], *Hubei daxue xuebao* [Journal of Hebei University] 41, no. 3 (May 2014): 26–30.

countries render the bilateral relationship a highly uncertain and challenging one. The concept of 'new type of great power relationship' was thus initiated by China with the aim of putting the relationship on a manageable path. In his meeting with US President Obama at Sunnylands, California, in June 2013, Xi proposed the new concept as the basis for the future conduct of the bilateral relationship. According to State Councillor Yang Jiechi, the 'new type of great power relationship' will be defined by three essential features: the first is 'non-conflict and non-confrontation'; the second is 'mutual respect' of each other's different political systems and core interests; and the third is 'win-win cooperation'.⁴³

While it is not yet clear how exactly both sides should develop such a relationship, the fact that the new Chinese leadership took the initiative to define and manage the bilateral relationship is in itself significant. Over the previous decade, it had always been the US taking initiatives trying to define the nature of the bilateral relationship. The most notable among these initiatives was the 'responsible stakeholder' concept proposed by the then US Deputy Secretary of State Robert Zoellick in 2005. To many, the concept largely reflected Washington's intention to draw China into a US-centric international order by requesting that China change its behaviour. The 'new type of great power relationship' is, however, a Chinese initiative aiming to define the nature of the relationship on a more equal basis.⁴⁴ Moreover, according to some observers, the concept also implies a request for the US to change its approach to China by respecting more of China's core interests.⁴⁵

Another notable diplomatic initiative under Xi Jinping is the concept of 'community of common destiny' (*mingyun gongtongti*) that was developed with the aim to strengthen China's relationship with a broad range of countries in general, and its relations with neighbouring countries in particular. The concept 'community of common destiny' had its first appearance in 2007 when the then Chinese President, Hu Jintao, used it to describe the unique relationship between the Chinese mainland and Taiwan in his report to the 17th National Party Congress.⁴⁶ The term later reappeared in China's 2011 white paper on peaceful development, referring to the mutually interdependent relationship between countries with different political systems and at different levels of development in an era of economic globalization.⁴⁷ In his report to the 18th National Party Congress in November 2012, Hu Jintao stated that China would strive to advocate the idea of 'community of common destiny' when developing relationships with other countries, foreshadowing that this would be a key diplomatic agenda for the new leadership. Subsequently, Xi invoked the concept in his first foreign policy speech made at his meeting with a group of foreign experts working in China, stating that the countries of the world are becoming a mutually interdependent 'community of common destiny'. Since then he has used the term repeatedly in his speeches given on various international occasions.⁴⁸

The concept has gained unprecedented significance and usage, however, since Xi used it to define China's vision for its relationship with neighbouring countries in Southeast Asia. In China's external relations, the Southeast Asian countries have occupied a particularly important place, being perceived as a top priority in China's periphery diplomacy. Since the early 1990s, China has actively engaged with the Southeast Asian countries on multiple fronts as part of its regional strategy to create a stable and favourable external environment that serves to facilitate China's economic growth. Over the last few years, however, Beijing's increasingly assertive

43 Yang, 'Implementing the Chinese Dream'.

44 Mel Gurtov, 'The Uncertain Future of a "New Type" of US-China Relationship', *The Asia-Pacific Journal* 11, no. 52 (2013), <http://www.japanfocus.org/-Mel-Gurtov/4052>.

45 Peter Mattis, 'Nothing New About China's New Concept', *National Interest*, <http://nationalinterest.org/commentary/nothing-new-about-chinas-new-concept-8559>.

46 Jin Kai, 'Can China Build a Community of Common Destiny?', *Diplomat*, November 28, 2013.

47 Information Office of the State Council, 'China's Peaceful Development'.

48 Jin Kai, 'Can China Build a Community of Common Destiny?'

behaviour in the South China Sea has complicated China's regional relationships. In this context, the concept of 'community of common destiny' has been used by the new leadership as part of Beijing's renewed efforts to mend fences with the countries in the Southeast Asia. In Xi Jinping's first visit as the Chinese President to Southeast Asia in October 2013, he gave a speech to the Indonesian Parliament and announced China's intention to further improve its relationship with the Association of the Southeast Asian Nations (ASEAN). Stating that China's relationship with ASEAN now 'stands at a new historical starting point', he announced Beijing's desire to build a more close-knit 'community of common destiny' between China and ASEAN.⁴⁹ Subsequently, in the abovementioned 'Working Conference on Peripheral Diplomacy', Xi Jinping stated that China should let the sense of the 'community of common destiny' take root in its neighbourhood. The initiative reflects Beijing's intention to shape a China-centric regional order.⁵⁰

According to China's vice-foreign minister, Liu Zhenmin, the concept of 'community of common destiny' represents China's intentions to provide a 'Chinese solution' (*zhongguo fangan*) to address the challenges faced by Asian countries and the world to achieve development and stability. It also represented China's efforts to play a leadership role in international affairs by contributing the 'Chinese wisdom' (*zhongguo zhihui*).⁵¹ What is notable is that under the new leadership, the idea of building a 'community of common destiny' has moved from diplomatic rhetoric to concrete actions. This has been most clearly reflected in Beijing's recent proactive efforts to promote closer economic and trade ties with other countries. Since Xi came to power, he has announced a significant number of economic and trade initiatives, such as developing a 'Silk Road Economic Belt' linking China through Central Asia to Europe, and a 'Maritime Silk Road' linking China through Southeast Asia to the Middle East. Accordingly, Beijing has also announced its plan to create a US\$40 billion Silk Road Fund to support economic development in the Central Asian countries, and proposed to set up an Asian Infrastructure Investment Bank (AIIB) to facilitate regional infrastructure-building. In October 2014, China announced, together with 20 other Asian countries, the establishment of the AIIB and promised to contribute half of the Bank's initial US\$50 billion capital. During the 21st APEC (Asia Pacific Economic Cooperation Forum) Leader's Summit in Beijing in November 2014, Xi further unveiled China's plan to invest a total of US\$1.25 trillion overseas in the next 10 years.⁵² Commentators quickly called those ambitious trade, investment and financial initiatives China's 'Marshall Plan' aimed at using its new-gained economic strength for diplomatic benefit.⁵³

Foreign policy challenges facing the new Chinese leadership under Xi Jinping

Despite Beijing's more ambitious and proactive diplomatic posture, the new leadership under Xi Jinping faces greater challenges than their predecessor in managing China's foreign relations. In particular in Asia Pacific, for a number of reasons, China could face an increasingly unfavourable regional environment in the coming decade. This is firstly because of the growing difficulties reconciling the apparent contradictions in China's diverse diplomatic agendas,⁵⁴ in particular

49 *China Daily*, 'President Xi to Give Speech to Indonesia's Parliament', http://www.chinadailyasia.com/news/2013-10/03/content_15090901.html.

50 Heath, 'Diplomacy Work Forum'.

51 Liu Zhenmin, 'Jianchi hezuo gongying, xieshou dazao yazhou mingyun gongtongti' [Insisting on win-win cooperation, working together to build an Asian 'community of common destiny'], *Guoji wenti yanjiu* [International Studies] no. 2 (2014): 1–10.

52 William Pesek, 'Xi's Dream Calls for Love, Not Money', *BloombergView*, November 10, 2014.

53 Shannon Tiezzi, 'The New Silk Road: China's Marshall Plan?', *Diplomat*, November 6, 2014.

54 Douglas H. Paal, 'Contradictions in China's Foreign Policy', Carnegie Endowment for International Peace, December 13, 2013.

the contradiction between the need to maintain regional stability and to protect China's core national interests. On the one hand, Beijing feels pressure to be more assertive to protect China's national interests, especially in its maritime territorial disputes with neighbouring countries, due to the sensitivities of national sovereignty, intensified competition over maritime resources and rising domestic public expectations sparked by China's expanding national strength. On the other hand, it is keenly aware of the adverse impacts of its tougher diplomatic stance on regional stability and on China's broader strategic interests and positions in the region. Thus balancing the dual needs of more forcefully pursuing China's interests and rights (*weiquan*) whilst maintaining the regional stability (*weiwen*) that serves China's broader strategic interests constitutes a tough foreign policy task for the new Chinese leadership. A Chinese scholar summarized this delicate balance as 'maintaining regional stability without damaging China's national interests, defending China's national interests without causing conflicts'.⁵⁵ This is, however, easier said than done.

The challenge of maintaining a delicate balance between the contradictory foreign policy agendas is further exacerbated by the ambiguous concept of 'core interests' that has been used with growing frequency by Chinese leaders, government officials and strategic analysts in recent years. Over the last few years, the term 'core interests' has created considerable debate within and outside of China.⁵⁶ While the term is generally perceived as referring to those vital national interests on which China will be unable to compromise and/or will even have to use non-peaceful means to protect if necessary, what exactly those core national interests are is not entirely clear. At the official level, China's 2011 peaceful development white paper listed China's core national interests as 'state sovereignty, national security, territorial integrity and national reunification, China's political system established by the Constitution and overall social stability, and the basic safeguards for ensuring sustainable economic and social development'.⁵⁷ These terms are, however, still vague. For example, it is not clear whether territorial integrity will include the territories under dispute. In this regard, Beijing's position has demonstrated a lack of consistency. For example, on 26 April 2013 China's foreign ministry spokeswoman, Hua Chunying, described the disputed Diaoyu Islands as concerning China's core national interests.⁵⁸ So far, however, no such official public statement has been made on the South China Sea dispute, despite various claims made by western media that China defined the disputed area as part of its core interests.⁵⁹ While ambiguity could give Beijing flexibility to manage the relevant disputes, it may also provide room for ill-coordinated actions among the various Chinese government agencies involved.

Second, while the new Chinese leadership under Xi Jinping recognizes that China's rise remains critically dependent on a stable external regional environment, Xi is facing a very different regional environment from the one that was faced by his predecessor in the previous decade. In early 2004, when Beijing first proposed its 'peaceful rise/peaceful development' policy, it was facing a relatively benign external environment largely thanks to US wars in Iraq and Afghanistan. The wars provided both the strategic opportunity and space for China to expand its influence in the region and enjoy an environment conducive to its domestic development. The US 'rebalance to Asia' strategy since 2010 has, however, substantially changed China's external strategic environment. Despite Washington's denial, the 'rebalance' strategy has been widely interpreted as US efforts to balance if not to contain China's growing influence and to preserve US primacy in

55 Deng Yuan, 'Quxing: Zhongguo waijiao de dingceng sheji yu dixian siwei' [Quxing: the top-level design and bottom-line thinking of Chinese foreign policy], *Guoji xianqu daobao* [International Leader Herald], September 16, 2013, <http://app.cankaoxiaoxi.com/print.php?contentid=272722>.

56 Michael D. Swaine, 'China's Assertive Behavior – Part One: On "Core Interests"', *China Leadership Monitor* no. 34 (2011).

57 Information Office of the State Council, 'China's Peaceful Development'.

58 New York Times, 'China's Evolving "Core Interests"', *New York Times*, http://www.nytimes.com/2013/05/12/opinion/sunday/chinas-evolving-core-interests.html?_r=0.

59 Swaine, 'China's Assertive Behavior – Part One'.

the Asia Pacific.⁶⁰ Thus, unlike in the previous decade, the new Chinese leadership is facing growing strategic pressures from the United States. In the meantime, the growing conflicts between China and other claimant countries in the South China Sea and East China Sea disputes further put China in a disadvantaged position when the region is experiencing a new strategic adjustment and alignment promoted by the US's strategic rebalancing. Indeed, many Chinese analysts have perceived that it is precisely because of the US 'rebalance' to Asia that some regional countries such as the Philippines, Japan and Vietnam began to take more provocative actions in their territorial disputes with China, aiming to draw support from the US. More broadly, even for regional countries that have no territorial disputes with China, they would like to see a strong US presence in the region to balance China's growing strategic and military clout. In this context, Xi Jinping will face far greater challenges than his predecessor to create and maintain the stable regional environment that is critical to China's domestic development.

The third and perhaps more fundamental challenge faced by Xi Jinping is, however, China's own 'power deficit'. Despite its rising economic prowess and growing military might, China's capabilities to shape the external environment and influence the behaviour of other countries in the region are decidedly limited. Essentially, Chinese foreign policy has been so far largely dependent on economic diplomacy, using economic ties to enhance political and strategic relations. The country neither possesses the much-needed soft power that can shape and influence norms of international politics, nor does it have sufficient strategic capabilities to be a credible security provider in the region.⁶¹ In this context, it is not surprising that trade and economic initiatives have become the main instrument of Chinese diplomacy. This is clearly reflected in China's recent efforts to construct a 'community of common destiny' in the region through various economic and trade plans such as building the 'Silk Road Economic Belt', the 'Maritime Silk Road' and the largely China-financed AIIB.

The impact of closer economic and trade ties on strengthening political and strategic relationships should not be overestimated, however. While economic ties are important, they are hardly sufficient to build strong political and strategic trust between countries – especially those which have conflicting security interests. This is most clearly reflected in China's relationship with Japan: a relationship that has long been characterized as 'hot economics and cold politics'. The limits of economic ties have also been reflected in China's relations with Myanmar. Despite China's long-standing political support and economic investment in the country, recent developments in Myanmar's domestic and foreign policies have demonstrated China's limited influence on the country's strategic choices. Even North Korea, a country that was widely perceived as economically dependent on China for its own survival, has often taken actions against China's strategic interests. Indeed, a recent study finds that China's efforts to use its new-found economic power to influence other state's behaviour have so far only achieved limited success.⁶²

Conclusion

In less than two years, Xi Jinping has made considerable changes to Chinese foreign policy. Under Xi's leadership, Chinese diplomacy has entered a new phase that can be defined as 'Peaceful Rise 2.0'. A fundamental objective under 'Peaceful Rise 2.0' is to maintain a peaceful external environment conducive to China's rise. Xi's unprecedented emphasis on the protection of China's national interests has, however, demonstrated that China's commitment to peaceful development

60 Michael D. Swaine, 'Chinese Leadership and Elite Responses to the US Pacific Pivot', *China Leadership Monitor* no. 38 (2012).

61 For an excellent discussion on the limitation of China's power, see David Shambaugh, *China Goes Global: The Partial Power* (Oxford: Oxford University Press, 2014).

62 James Reilly, 'China's Economic Statecraft: Turning Wealth into Power', *Analysis* (November 2013), Sydney: Lowy Institute for International Policy.

is no longer without conditions. Instead, protecting China's core national interests, however defined, will become an increasingly important factor driving Chinese diplomacy. China's commitment to a peaceful rise will thus be conditioned by the external accommodation of China's core national interests and reciprocal strategic reassurance by other countries. Moreover, Beijing's new initiatives to develop a 'new type of great power relationship' with the US and to form a 'community of common destiny' with countries in the Asia Pacific all demonstrate a more proactive diplomatic posture under the new leadership.

How effective have Xi's foreign policy innovations been? Most Chinese scholars, if not all, claim that China's more active and confident diplomacy under Xi has substantially improved China's strategic position in international affairs.⁶³ On the other hand, many external commentators claim that China's new assertiveness is counter-productive and destabilizing.⁶⁴ Given that many of China's new diplomatic initiatives will take time to take effect, it is perhaps premature to provide a definite assessment of the outcomes of China's foreign policy under Xi. In the following paragraphs, the paper makes some tentative concluding reflections on the effects of Xi's new diplomacy.

First, as demonstrated in the paper, contrary to a prevailing view by external commentators that Beijing has merely become more assertive in international affairs, Chinese diplomacy under Xi Jinping has actually been much more sophisticated, containing important elements of both continuity and change. The new leadership under Xi has so far maintained a reasonable balance between protecting China's national interests and maintaining stable relationships with other countries. Beijing's increased efforts to shape a stable external environment conducive to China's domestic development through the AIIB and other trade projects have provided important opportunities for regional economic cooperation and development. These initiatives serve both China's own interests and the region's development needs. There are good reasons to believe that Beijing will continue to strengthen its efforts to promote regional economic development and cooperation, in part due to its diplomatic considerations.

Having said that, one should not overestimate the effectiveness of Chinese foreign policy under Xi. For example, two of the most important and challenging foreign policy issues faced by China in recent years are its relationship with the United States and its territorial disputes. In this context, Xi's initiatives of developing a 'new type of greater power relationship' and building a 'community of common destiny' have been specifically designed to address these two challenging issues. However, on both fronts, China's new diplomacy under Xi has arguably made little progress.

Despite Beijing's enthusiasm for developing a 'new type of great power relationship' with the United States, so far Washington's responses to the Chinese initiative have been decidedly lukewarm, if not outright disagreement. This is reflected by the increasing reluctance of US leaders and foreign policy-makers to use the term to describe the bilateral relationship when meeting with their Chinese counterparts. During his visit to Beijing in November 2014, President Obama and other US officials pointedly avoided using the term at all.⁶⁵ This included

63 For example, Yan Xuetong, 'From Keeping a Low Profile to Striving for Achievement'; Jin Canrong and Wang Hao, 'Shiba da yilai zhongguo waijiao de xinlinian he xintedian' [New thinking and new features of China's foreign policy since the 18th National Party Congress]; Ruan Zongze, 'Ying de xiayige shinian zhongguo suzao duozhidian waijiao' [Gaining another 10 years, China formulates multidimensional diplomacy], *Guoji wenti yanjiu* [International Studies], no. 4 (2013): 20–36. Ni Shixiong and Qian Xuming, 'Shibada yilai de zhongguo xinwajiao zhuanlue sixiang bianxi' [An analysis of China's new diplomatic thinking since the 18th National Party Congress], *Xueshu Qianyan* [Frontier Research], no. 3 (2014): 72–83.

64 For example, Glosseman, 'China's Grand Strategy Disaster'; Rob Taylor, 'Chinese Territorial Claims Driving Asia Closer to U.S.', *Wall Street Journal*, June 30, 2014. Robert Manning and Banning Garrett, 'Does China have a Strategy?', *PacNet* no. 29, April 30, 2013, Honolulu: Pacific Forum CSIS. Also see Christensen, 'Advantages of an Assertive China'.

65 Jane Perlez, 'China's "New Type" of Ties Fails to Sway Obama', *New York Times*, November 9, 2014.

the US National Security Adviser, Susan Rice, who had previously been sympathetic to the concept.⁶⁶ This reluctance reflected US concerns over China's more assertive foreign policy behaviour and Washington's disagreement with Beijing's interpretation of the nature of the relationship. Central to the concerns of the US is that the Chinese term requires the US to recognize China's core national interests that are both ambiguously defined and to some extent contradict some of the core values deeply held by the US.

In addition, over the last two years the Sino-US relationship has been increasingly defined by suspicion and conflict over a range of issues, including cyber security, trade practices and China's assertive behaviour in its territorial disputes. The United States has also had significant concerns over China's growing economic influence in the region and reportedly persuaded its allies such as Australia and South Korea not to join the China-initiated AIIB.⁶⁷ Thus competition rather than cooperation has been the defining feature of the relationship. Indeed, it is noted that despite Chinese rhetoric of the 'new type of great power relationship', the relationship between China and the United States has been defined by all the classic features of relations between a rising power and established hegemon.⁶⁸

Similarly, the effectiveness of China's efforts to develop a more affinitive relationship with regional countries has been limited. While no regional country has opposed the idea of a 'community of common destiny' and the economic opportunities afforded by China's financial largesse via its various trade and financial initiatives, there have been deep concerns about China's tougher attitude towards its territorial disputes. Consequently, many countries in the region – even countries such as Vietnam – have sought greater security and political engagement with the United States. In this context, the new Chinese leadership under Xi Jinping faces considerable challenges to achieve ambitious and sometimes conflicting diplomatic agendas. Indeed, facing an increasingly challenging external environment, growing tensions between China and some other countries over territorial disputes and widespread concerns in the region about China's increasing assertiveness, in the near future Beijing's strategic environment in the region could get worse before it gets better.

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66 Shannon Tiezzi, 'NSA Susan Rice in China: Rethinking "New Type Great Power Relations"', *Diplomat*, September 10, 2014.

67 Zachary Keck, 'Why the US is Trying to Squash China's New Development Bank', *Diplomat*, October 10, 2014.

68 Wei Zhongyu, 'A New Model for China-US Relations?', *Diplomat*, November 10, 2014.