

Transformation of China's Asia Policy: Challenges and Opportunities

A personal view from China

Pang Zhongying

Do not misinterpret China's change

Since the late 1970s, China has achieved remarkable progress in economic growth. In terms of quantity, China's GDP¹ has been growing at 9-10 percent a year. It is said that China is now at least the fourth largest economy and the third largest trading country in the world.

Indeed, China's rise is really rapid and impressive to its observers. But "China's rise" is just a part of the whole picture of China's comprehensive and historic changes. Such judgments are often exaggerated, one-sided and misled in the West and elsewhere. The discourse of "China's rise" has easily overestimated China's real capacity and underestimated China's problems and difficulties. In fact, scholarly speaking, it is not necessarily a meaningful term to describe China's "great transformation". We can also find signs that run contra to "the rise of China" – China's domestic challenges, its limits in Asia and weaknesses and vulnerabilities in the process of globalisation.

- China is a foreign direct investment (FDI) dominated rather than a homegrown economy, and it serves as the world's base for assembly and production of goods. China is now the largest recipient of FDI in the world. There is a trade transition from Japanese, Korean and Southeast Asian investors to China, although there is no such thing as a "power transition". The "low value added" products in China have not just contributed to China's economic growth but also other negative things. China's Commerce Minister Bo Xilai, for instance, said that "[t]he trade between China and the

¹ The word of GDP growth now in China also means the growth of environmental disaster in human history. Some in Beijing have tried to use a new concept of "Green GDP" to replace the traditional term in statistics and policy making. But so far, the attempt has failed.

United States is basically balanced and mutually beneficial, with the surplus going to the Chinese and the profits flowing to the Americans”.²

- That is why it is said that China is a great success of American-led neo-liberal globalisation.³.
- The world’s workshop – China, needs a lot of energy and other natural resources. Like the managers of the assembled factories, China’s top leaders have been sourcing from countries the world over to satisfy its huge demands for energy and natural resources. In other words, the Chinese “energy diplomacy” has a worldwide effect.
- In terms of energy dependency, China is now the largest *dependency* economy in the world.
- By attracting foreign investment and opening up its own markets, China has fully joined the Japan-centered Asian / regional “division of labour”. As a consequence, at least partially, the region has already integrated China into the America-centered regional political / security order. China is now a de facto part of the Pax Americana in Asia.
- There are two fundamental changes in China: China’s urban and coastal areas are experiencing so-called “Latin-Americanization” and its rural and inland areas are experiencing “Africanisation” or “the third worldisation”. Ultimately, China as a whole will continue to be a poor country that faces overpopulation (1.4 billion), a growing rich-poor divide as well as an escalating ecological crisis.
- China’s domestic changes, particularly the environmental / climate and demographic changes have gradually spilled over into the region. In Asia today, there are increasing transnational / border issues originating from China’s regionalisation and globalisation.

Here, I remember a book titled *From Third World to First* written by Lee Kuan Yew (Singapore's former prime minister and now its “minister mentor”) which was published in 2000. In this illuminating account, Lee writes that since its independence in 1965, tiny Singapore – once a poor and decrepit colony – has risen to become a rich and thriving Asian metropolis. In short, Singapore used just three decades to finish a great transformation from a third world country to a first world one.

² Bo, Xilai at the press conference in March 12, 2007, Beijing.

³ Overholt, William (Rand Corporation). Testimony presented to the U.S.-China Economic and Security Review Commission, May 19, 2005.

In 1912, China established its and Asia's first republic by Dr Sun Yat-sun, and in 1949, the People's Republic of China was founded. Since 1978, China has been reforming its economic system. Unlike Singapore, China's transformation from a third world country to a first world country is not yet completed. Since 1978, nearly three decades have passed and China's transformation is still in a struggle.

In my view, today's China shows some signs of a rising superpower and is on its way towards becoming a developing country, but it is still a part of the third / developing / South world. In the past, China repeatedly claimed it was a "third world" (Mao Zedong) or "developing country" (Deng Xiaoping and his successors), but due to its self imposed isolation and socialism then, it did not display the characteristics of a third world country, as according to the theories of classic developmental economics.

Thus, unlike Singapore, China's story is not one of "from third world to first world", but rather that of an "unfinished unprecedented transformation", an uneasy "great transformation" with huge difficulties, challenges and contradictions.

China's careful foreign policy

Since 1989, China has been very cautious with its foreign policy and methods of diplomacy. The reasons for this can be explained in the following points:

Firstly, China's diplomacy has mainly concentrated on "economic diplomacy". There has been no prominent political role for China in international affairs. Politically, China has been low key. It continues its "non-intervention" policy.

Secondly, China's diplomacy is free of ideology and neutral. It neither exports its domestic political ideologies nor competes in the world (for instance, in Asia and Africa) with the West over values and ideologies.

Thirdly, it has carefully developed its interests-based relations with the US and the EU. Since the late 1970s, China has reconciled its differences with the West in order to avoid jeopardizing diplomatic relations.

Fourthly, China has repeatedly reassured its neighbours that China's development is a historic opportunity to be exploited by them. The reassurance strategy has led to a

positive transformation of China-Asia relations in general, and China-ASEAN relations in particular.

Finally, China has transformed from a major challenger and critic of the current international order, to a custodian and maintainer of it.

But new problems are also apparent as there are many contradictory messages to the region and elsewhere. For instance:

- China has not modernised its foreign policy system yet because the political system has also not changed.
- China's new idea or doctrine of foreign policy, "peaceful rise", was quickly revised to "peaceful development". This is because China did not feel comfortable with the "China threat" argument in Asia and the West, plus the word "development" is less threatening than the word "rise".⁴
- In recent years, some Chinese analysts expressed that China should do more in international affairs (including in the region). Others felt that China should continue to be a low-key actor in the region and the world. Finally, the leadership at the top intervened and concluded that "China will not seek a leadership role in the international arena" (Jiabao 2007).
- China began to address the importance of "soft power". For example, China "exported" some products of "soft power" such as the Confucian Institute – a programme for learning the Chinese language that also teaches traditional Chinese ethics and values.

China's Good Neighbour Policy

China has been troubled by the irrational contagion of the "China threat", which refers to China's rise in the world. China wants to assure Asia that a rising China would be a peaceful and positive force to promote peace and development in the region. As China has already viewed itself as an integral part of Asia, China thinks its rise is part of the rise of Asia. Currently, China's Asia policy is summarized as: "Pursuing good neighbourly relations and partnership with neighbours" and "fostering a harmonious,

⁴ Interview with Professor Shaun Breslin, of University of Warwick, UK.

secure and prosperous neighbourly environment”. Chinese leaders and diplomats use three Chinese words to describe it: 安邻 (make the region peaceful and secure), 富邻 (pursuit of regional common development or win-win situation), 睦邻 (good neighbourliness and friendship). In other words, China has offered Asian countries: (1) “peaceful development” (2) “equality and mutual trust” (3) “mutual benefit or win-win partnership” and (4) “common or cooperative security”.

China's periphery is such a vast area that it virtually covers the whole of Asia. China's fundamental interests lie in Asia. For China, it is critical to deal with its neighbours properly because China would not possibly maintain smooth development without a stable periphery (Gancheng 2005).

China addresses the importance of “common development” with its Asian partners. China and its peripheral Asian countries have seized and exploited China's economic opportunities, and as a result, China is able to enjoy many mutual interests-based bilateral relations. As a matter of fact, China is helping to spread the wealth in Asia.

China sees the importance of regional integration as a means to stabilise China's surrounding environment, to develop China's economy and to deal with transnational problems. Since the Asian financial crisis, China has become a firm supporter of regional integration in East Asia and other parts of Asia. In a word, China wants to re-establish or transform its relations with Asia through the practice of regionalism.

Like in other regions (Africa in particular), China maintains its commitment of non-interference in other countries' domestic affairs, a principle that many other Asian countries have also insisted on. For example, China did not condemn the Thai coup in 2006. China has also offered increasing aid with no political conditions attached to Asian countries. Of course, the only non-negotiable condition Beijing places on engaging with Asian countries is the strict adherence to the “one-China” policy. However, new challenges have emerged to China's regional engagements in Asia. Apparently, China's economic interests-based relations with Asia are not enough, and China lacks attractive values to strengthen its relations with Asia.

Japan, a country that sees itself as Asia's leader, is now using values to deal with China geo-politically. In order to prevent China's bid for a regional leadership based

on China's rapid economic development, Japan is pursuing value-based diplomacy in the Asia Pacific region, and it wants to establish an "Arc of Freedom and Stability" or "the Community of Democracies" in Asia to include Australia (Japan's ally), India and ASEAN.

China's values' gap with Asia is growing, and ASEAN is drafting its regional constitution "The ASEAN Charter", which will address common values including democracy, good governance and human rights. One of the key moves is the revision of the "non-interference" policy that is central to ASEAN since its formation in 1967.

Does China act as a facilitator between the regional and global level?

Of course, China sees the world through regions. It issued its first regional policy – China's EU Policy in 2003 and its Africa policy in 2006. China has realised that the relations between the states and regions are getting more important, especially the EU.

After the end of the Cold War, two trans-regional institutions emerged in Asia: APEC and ASEM, which were also catalysts in the emergence of Asian regional integration. "The ASEM process aims to strengthen the relationship and increase mutual understanding between the two regions, in a spirit of mutual respect and equal partnership." China is fully committed to these two inter-regional processes.

Conclusion

Some Asian leaders have called China their 'Big Brother' in the region. Philippine President Gloria Macapagal-Arroyo said during the East Asian Summit held in Cebu: "We are very happy to have China as our Big Brother in this region". It is a historic moment that China is re-organising its relations with Asia based on new principles of regionalism.

In Asia, there are at least three rising powers, three external powers and many intermediate / small powers. How do these powers hold together in this era of deep-rooted interdependence and interconnectedness? Maybe the only way is the regionalist way. Superpowers, big powers and small powers in Asia can be accommodated well within regionalist arrangements. Two thousand five hundred

years ago, the great Chinese sage Mencius (孟子) was once asked by a prince how neighbouring kingdoms should deal with each other and he answered,

“It requires a benevolent prince to be able, with a large kingdom,⁵ to accommodate a small one; and it requires a wise prince to be able, with a small kingdom, to accommodate a large one. He who with a large kingdom accommodates a small one, is grateful of the mandate of Heaven. He who with a small kingdom accommodates a large one, is vigilant about the mandate of Heaven. He who is grateful of the mandate of Heaven will protect the whole world. He who is vigilant about the mandate of Heaven will keep his own kingdom.” (“惟仁者为能以大事小，…惟智者为能以小事大，…以大事小者，乐天者也；以小事大者，畏天者也。乐天者保天下，畏天者保其国。”)⁶

Therefore, regional security is in every country’s interest. China can continue to be a bridge between Asia and other regions, especially Asia and Europe. To achieve these goals, China’s foreign policy needs to be transformed and modernised as soon as possible.

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⁵ Some scholars in the US labelled the US as a “benign power”. See e.g. Kupchan, Charles A. 1998. *After Pax Americana: Benign Power, Regional Integration, and the Sources of a Stable Multipolarity*. *International Security* 23 (2).

⁶ Cited from Dr Ying-jeou Ma (The former Chairperson of the Chinese Nationalist Party - KMT), *Bridging the divide: a vision for peace in East Asia*, London School of Economics, London, February 13, 2006.

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