

The Dilemmas of the Rise of China

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Theme¹: Why are there such contrasting perceptions on China's rise between the Chinese and the rest of the world? What dilemmas is China beginning to face in the context of these different perceptions about its rise? What ways out of these dilemmas has China been seeking? This essay will explore these thought-provoking questions and present an academic analysis on China's strategic thinking about its rising dilemmas.

According to Global Language Monitor, the rise of China is the first on its list of the Top News Stories of the Decade, well ahead of even 9/11 and the war in Iraq.² At the G20 London Summit in 2009, the active role played by China shows that it has come to the centre stage of addressing global issues. However, China's leaders have repeatedly emphasised its lower per capita GDP and huge domestic challenges. As the former Chinese Ambassador in the UK, Madame Fu Ying, once put it, although China has a sizable economy, its per capita GDP is only a little more than US\$3,000, ranking as 104th in the world, behind countries like Jamaica and Namibia.³

Why are there such contrasting perceptions on China's rise between the Chinese and the rest of the world? What dilemmas is China beginning to face in the context of these different perceptions about its rise? What ways out of these dilemmas has China been seeking? This essay will explore these thought-provoking questions and present an academic analysis on China's strategic thinking about its rising dilemmas. It presents three arguments: (1) for most Chinese officials, scholars and the public, China is a multi-faceted rising power; (2) a rising China faces two daunting dilemmas –the dilemma of rising powers and an identity dilemma–; and (3) China has adopted a strategic approach to its rising dilemmas, characterised by patience, reassurance and coherence.

An Emerging but Vulnerable Great Power

Based on different criteria, there are a number of views about China's current power status in the world. In the eyes of most Chinese officials, scholars and the public, China is a multi-faceted rising power.

An Emerging Great Power

In the wake of the end of the Cold War, China has experienced a rise in its relative power that is remarkable by virtue of being the most sustained among the major powers except

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¹ This essay is a chapter from the book '[Globalización, crisis económica, potencias emergentes...Diez años decisivos para la transformación del mundo](#)' devoted to the 10th Anniversary of the Elcano Royal Institute.

² Fu Ying (2009), 'Understanding China', speech at the English-Speaking Union, 10/XII/2009, <http://www.fmprc.gov.cn/chn/gxh/tyb/ywcf/P020091214624954172716.doc>.

³ *Ibid.*

the US.⁴ China's GDP has grown at an average annual rate of nearly 10% over the past two decades.⁵ Its GDP accounted for only 2.4% of the top seven major powers' GDP in 1989, while in 2007 the figure has reached 9.87%, overtaking Russia, France, the UK and Germany.⁶ In 2010, China achieved 10.3% GDP growth and exceeded Japan in terms of the absolute size of its GDP in June 2010.⁷

China's booming economy has made an important contribution to world economic development. According to the Chinese President, Hu Jintao, in the past decade China imported US\$687 billion of goods on average each year, creating over 14 million jobs in related countries and regions.⁸ Based on estimates by Goldman Sachs, the decade from 2000 to 2009 saw China contribute more than 20% of the world's GDP growth, slightly above the US and three times that of the Euro Zone. The contribution of Chinese economic growth soared to over 50% in 2009 when the international financial crisis was at its worst.⁹

China's excellent performance in the financial crisis that started in September 2008 has already enhanced its significance in the global economy and in international economic governance. On 10 November 2008 the stocks in most Asia-Pacific countries recorded a general rise after a series of prompt measures taken by the Chinese government to boost domestic demand and enhance economic performance.¹⁰ On the basis of its gross domestic product, openness, economic viability and international reserves, the International Monetary Fund raised China's membership quota to as much as 6% from 3.9% in September 2010.¹¹ More importantly, Zhu Min, the former Deputy Governor of China's central bank was appointed Deputy Managing Director of the IMF in July 2011.¹²

At the same time, most countries in East Asia have become increasingly dependent on China's expanding market. In north-eastern Asia, China overtook the US as Japan's leading trade partner in the first half of 2009¹³ and has been Korea's main trading partner since 2003. In South-East Asia, China was Vietnam's leading –and Thailand's second-largest– trade partner in 2009. In the same year, although the exports of some ASEAN countries (Vietnam, Laos and Brunei) to other markets declined, their exports to China were on the rise.¹⁴ China and ASEAN kicked off their free-trade area (FTA) on 1 January 2010, resulting in far closer bilateral trade ties. In 2010, China-ASEAN's trade volume reached US\$292.8 billion, a 37.5% rise over 2009.¹⁵

⁴ The seven major powers are: China, France, Germany, Japan, Russia, the UK and the US.

⁵ Yang Jiechi (2010), 'A Changing China in a Changing World', address at the Munich Security Conference, 5/II/2010, <http://www.fmprc.gov.cn/eng/zxxx/t656781.htm>.

⁶ Sun Xuefeng (2009), 'Why Does China Reassure South East Asia?', *Pacific Focus*, vol. 24, nr 3, p. 304.

⁷ David Barboza (2010), 'China Passes Japan as Second-Largest Economy', *New York Times*, 15/VIII/2010, http://www.nytimes.com/2010/08/16/business/global/16yuan.html?_r=1&ref=global-home.

⁸ Hu Jintao (2011), 'Broad Vision, Shared Prosperity – Remarks at the BRICS Leaders Meeting', 14/IV/2011, <http://www.fmprc.gov.cn/eng/topics/jinzhuanquojia2011/t816521.htm>.

⁹ Liu Xiaoming (2011), 'China's Place in the World', 6/V/2011, <http://www.mfa.gov.cn/eng/wjb/zwj/zwbdt820380.htm>.

¹⁰ http://news.xinhuanet.com/video/2008-11/11/content_10340158.htm.

¹¹ 'IMF Seen Hiking Quotas for China, India', <http://in.reuters.com/article/2010/09/18/idINIndia-51585420100918>.

¹² 'China's Zhu Min Promoted at IMF', http://www.upi.com/Business_News/2011/07/13/Chinas-Zhu-Min-promoted-at-IMF/UPI-70531310533459/.

¹³ Donald Chan (2009), 'Asia's Recovery Highlights China's Ascendance', 23/VIII/2009, http://www.nytimes.com/2009/08/24/business/global/24global.html?_r=3&ref=business.

¹⁴ http://www.gxzf.gov.cn/gxzf_gxdm/gxdm_gdjc/201003/t20100316_179696.htm.

¹⁵ <http://topic.ec.com.cn/topic/dongmengzmqjgs/index.shtml>.

The past decade has also witnessed the rapid development of China's military power. China's share of military expenditure among the world's top seven spenders increased from 1.6% in 1989 to 7.6% in 2008, taking it to second place.¹⁶ Since 2003, the naval and air forces of the People's Liberation Army (PLA) have rapidly been transforming into modern and high-capability forces. The PLA Navy has more than 60 submarines, and is likely to have a local advantage over the US by 2025.¹⁷ China's next-generation fighter prototype, the J-20, conducted flight tests in January 2011, showing the country's potential to produce a fighter aircraft that incorporates stealth attributes, advanced avionics and super-cruise capable engines over the next few years.¹⁸ China's first renovated aircraft carrier (the ex-VARYAG), serving initially as a training and evaluation platform, begun sea trials in August 2011. China's first fully indigenous carrier could begin construction in 2011 and achieve operational capability after 2015.¹⁹ By then, China will be the first country in East Asia to possess aircraft carriers.

But China's economic and military rise does not substantially erode the dominant US position in the world. In terms of economic power, the US GDP has been 44% higher than those of the world's seven major powers in the past two decades, while China's share is still less than 10%. In terms of military power, the US spends more on its military than the next biggest nations combined. Although China has had the world's second-largest military budget since 2008, there has also been a widening gap in absolute military spending since 2000.²⁰ In other words, China may rise to be the second-largest power in terms of comprehensive capabilities, but the US can still maintain its dominant position over the coming decade.

Large-scale Domestic Problems

The past two decades have witnessed an increasing pro-independence sentiment in Taiwan. On 9 July 1999 the former President of Taiwan Lee Teng-hui defined the relations between the People's Republic of China (PRC) and Taiwan as 'special state-to-state' relations.²¹ Three years later, the then President of Taiwan Chen Shui-bian proclaimed that he backed legislation on a referendum to decide whether Taiwan should declare independence and preached that each side (of the Taiwan Straits) is a separate country. Chen Shui-bian had put forward a referendum on membership of the United Nations and pledged to push for a new constitution for Taiwan before the end of 2008. Many officials, policy analysts and academic pundits were therefore pessimistic about maintaining peace in the Taiwan Straits in the event of the pro-independence Democratic Progressive Party (DPP) candidate winning the elections in March 2008.²²

¹⁶ All data on relative capability levels are from the Stockholm International Peace Research Institute (SIPRI) database at <http://milexdata.sipri.org/result.php4> (accessed 16/VIII/2009). GDP figures are calculated from military expenditure over GDP.

¹⁷ <http://mil.news.sohu.com/20100715/n273516384.shtml>.

¹⁸ Office of the Secretary of Defense, *Military and Security Developments Involving the People's Republic of China 2011*, p. 4.

¹⁹ Office of the Secretary of Defense, *Military and Security Developments Involving the People's Republic of China 2011*, p. 3.

²⁰ Sun Xuefeng, 'Why Does China Reassure South East Asia?', p. 306. For the dominant position of the US in the post Cold-War era, see also G. John Ikenberry, Michael Mastanduno & William C. Wohlforth (2009), 'Unipolarity, State Behavior, and Systemic Consequences', *World Politics*, vol. 61, nr 1, pp. 6-10.

²¹ 'Spokesman on Lee Teng-Hui's Separatist Malice', <http://www.china-embassy.org/eng/zt/twwt/t36718.htm>.

²² 'Taiwan Confrontation – Introduction', <http://www.globalsecurity.org/military/ops/taiwan-intro.htm>.

The election of President Ma Ying-jeou made it impossible for military conflict in the Taiwan Straits to break out during his term in office. But public opinion regarding Taiwan's status and the Taiwanese identity is still favourably disposed towards independence. In May 2009 Taiwan's Department of the Interior published a survey on the self-identity of the Taiwanese that showed that 64.6% saw themselves as Taiwanese, 11.5% as Chinese and 18.1% as both, while 5.8% were unsure.²³ To satisfy the voters, on 11 July 2011 Ma Ying-jeou bowed to pressure and proclaimed: 'I identify with Taiwan in terms of my identity. I fight for Taiwan and I am Taiwanese; in nationality, I am a Republic of China (ROC) citizen and I am the president of the ROC'.²⁴ While unveiling the party's 10-year policy guidelines in August of 2011, Tsai Ing-wen, the Chairman and presidential candidate for the DPP, refused to acknowledge the 1992 Consensus on her China-policy platform.²⁵ These trends imply the Taiwan's independence movement might regain momentum as the 2012 presidential election campaign approaches.

Besides the unresolved question of national unification, a rising China has to address a series of tensions that might destabilise its society and hinder its economic development. Among these problems, growing but uneven development and environmental degradation are the most salient and urgent. China's overall Gini coefficient reached 0.47 in 2008. More disturbingly, China has the world's largest urban-rural income gap, with city dwellers now earning three and a half times as much as their fellow citizens in the countryside.²⁶ According to Li Ganjie, Deputy Minister for Environmental Protection, China's overall environmental situation is still very serious and is facing many difficulties and challenges, even as it tries to move away from a strategy of development at all cost. In a press release in June 2011, Mr Li admitted that 'China's biodiversity is declining, with a continuous loss and drain of genetic resources. The countryside is becoming more polluted as dirty industries have been moved out of cities and into rural areas'.²⁷ China's leaders have also attached more and more importance to stabilisation in Tibet and Xijiang in the wake of the turmoil seen in March 2008 and July 2009. In other words, a rising China still has long way to go to manage its social transformation and maintain its domestic stability.

The Two Dilemmas of the Rise of China

Despite its domestic risks and challenges, China is considered a rising power in international society, resulting in two daunting strategic dilemmas: the dilemma of rising powers and the identity dilemma.

²³ <http://www.rdec.gov.tw/public/Data/952711431071.pdf> (accessed 20/VIII/2009).

²⁴ <http://zh-tw.facebook.com/MaYingjeou?sk=info#!/MaYingjeou?sk=wall>.

²⁵ 'Tsai's Denial of 1992 Consensus Would Hurt Taiwan', <http://www.wantchinatimes.com/news-subclass-cnt.aspx?cid=1701&MainCatID=&id=20110825000093>. The 1992 Consensus refers to a tacit understanding between Taiwan and China that there is only one China, although both sides might differ as to its interpretation.

²⁶ Yao Yang (2010), 'The End of the Beijing Consensus: Can China's Model of Authoritarian Growth Survive?', *Foreign Affairs*, nr 1, <http://www.foreignaffairs.com/articles/65947/the-end-of-the-beijing-consensus>.

²⁷ 'China Faces "Very Grave" Environmental Situation', <http://factsanddetails.com/china.php?itemid=394&catid=10&subcatid=66>.

The Dilemma of Rising Powers

The dilemma of rising powers involves two dynamics.²⁸ On the one hand, rising powers have to translate their newly-acquired capabilities into greater national influence to safeguard their expanding national interests; on the other, their efforts to increase national influence always lead to containment and balancing by the dominant power and by neighbouring states, who try to hinder the rising power in order to preserve their own. Hence, the rising power always faces dilemmas in varying degrees in its struggle to maintain its momentum while trying to shape a relatively favourable external environment.

A typical example of China's rising power dilemma is its emerging naval build-up. Chinese economic development has created overseas interests in terms of protecting its expanding imports, direct investment and Chinese citizens around the world. In 2008 there were more than 12,000 Chinese overseas enterprises and China's FDI had increased from US\$0.55 billion in 2000 to US\$52.15 billion.²⁹ In the same year, more than 45.84 million Chinese citizens had travelled abroad, while the number of Chinese citizens living abroad totalled more than 5 million. In recent years, all levels of the Chinese government have coordinated to handle more than 30,000 consular-protection incidents per year.³⁰

China's growing global interests require that its military are capable of going global and possess a long-range delivery capability. As President Hu Jintao has said, China needs to build an effective national economic security system, an early-warning crisis response and the capacity to protect the country's interests and the safety of its citizens abroad.³¹ In December 2008 China deployed two destroyers to the Somali coast for anti-piracy operations. At the time, the Ministry of Defence spokesman reported that China would seriously consider building its first aircraft carrier and civil and military analysts believe that China is likely to do so before the end of 2012.³²

China's naval build-up will not pose a challenge to US maritime security, but exaggerated assessments of Chinese naval power have already emerged in Washington policy debates and in local public opinion.³³ As Robert Ross argues, the US will focus neither on Chinese intentions nor on its short-term capabilities but rather on Chinese acquisitions and the possible long-term implications for US Security.³⁴ China's development of carrier-based naval capabilities will resonate with the American public and over time promote a perception of China as a credible threat to US security. In response to China's naval build-

²⁸ For the concept of the rising-power dilemma, see Sun Xuefeng (2005), *Strategic Choice of the Rising Powers and Its Political Consequence (1816–1991)*, PhD dissertation, Tsinghua University, chapters 1-2; and Michael Glosny (2009), *Grand Strategies of Rising Powers: Reassurance, Coercion, and Balancing Responses*, PhD dissertation, Department of Political Science, MIT, chapter 2.

²⁹ http://www.fdi.gov.cn/pub/FDI/wztj/jwtztj/t20090225_102490.htm.

³⁰ 'Jinnian gongmin chujing jiang yu wuqianwan renci' ('Over 50 Million Chinese Citizens Travel Abroad in 2009'), *Renmin Ribao-Haiwai ban (People's Daily-Overseas Edition)*, 10/VII/2009, <http://travel.people.com.cn/GB/9629251.html>.

³¹ 'Hu Jintao qiangdiao: jiatingbuyi di jianchi duiwai kaifang de jiben guoce' ('Hu Jintao Stress the Need to Implement the Basic National Policy of Opening Up'), http://www.chinaorg.cn/zlzx/03_hyzi/2007-09/30/content_5127042.htm.

³² Robert Ross (2009), 'China's Naval Nationalism: Sources, Prospects, and the US Response', *International Security*, vol. 34, nr 2, p. 65. See also Jonathan Holslag (2009), 'Embracing Chinese Global Security Ambitions', *Washington Quarterly*, vol. 32, nr 3, pp. 109-112.

³³ *Ibid.*, p. 78.

³⁴ *Ibid.*, p. 77.

up there will be widespread US official and public support for increased naval spending and an intensified build-up of its own maritime capabilities.³⁵

Besides the US, other major powers in Asia also show mounting distrust of China's modernising armed forces. The Indian military have already reacted negatively to the Chinese naval presence in the Indian Ocean. Japan fears that China's military build-up threatens its own maritime corridors and might embolden Beijing to exert military pressure in the East China Sea dispute. The annual defence white paper released in August 2011 expressed its serious concerns over China's modernisation of its naval and air forces in recent years. In the same report, Japan also vowed to boost its submarine fleet while strengthening its troop and radar capabilities along its south-western shores, which are closest to the sea lanes the Chinese navy has been most frequently using. In late August 2011, Japan announced it would station 100 soldiers equipped with mobile radars and reconnaissance aircraft on the island of Yonaguni, the closest to China and to the disputed Diaoyu Island.³⁶

In the one or two decades to come, therefore, China is most likely to be locked into the political dilemma of its naval build-up: it must manage to enhance its naval capabilities to protect its expanding overseas interests while avoiding the counterbalancing measures of the US and of major Asian powers while side-stepping unnecessary tensions and conflicts with these major powers.

The Identity Dilemma

China's identity dilemma is defined as the hard choice of identifying itself as either a developing or a developed country. On the one hand, China's impressive economic rise has resulted in growing expectations that it will play an even greater role in global events as one of the developed countries, like the US. The G2 concept, coined by an American scholar in 2008, is a typical case in point. On the other hand, a rising China still shares many similarities with developing countries, especially in terms of per capita GDP, social cohesion and political development. This is why China's leaders are often aware of the difficulties and risks in identifying China as a developed country, despite its economic growth. As a result of these two dynamics, a rising China faces the dilemma of balancing the responsibility accompanied with its new identity as a developed country and the rights inherent to its accustomed role as a developing country.

China's dilemma in the international campaign against climate change is a good case in point. China emphasises that each nation's burden should depend on its level of development, which is the key to the success of the Copenhagen conference. Considering this, China has set itself emission-reduction goals based on the more realistic carbon-intensity measurement rather than on the absolute level and promised that by 2020 it will curb emissions per unit of gross domestic product by between 40% and 45% compared with 2005.³⁷ At the same time, China, together with other major developing countries, stands firm in pushing for the rich world to take the lead and in asking developed countries to assume the responsibility for emission-reduction targets.³⁸

³⁵ *Ibid.*, p. 78.

³⁶ 'Japan Change Defensive Strategy to China's Military Threat', <http://www.kafkapizechust.com/japan-change-defensive-strategy-to-chinas-military-threat/1275/>.

³⁷ Yang Jiechi, 'A Changing China in a Changing World'.

³⁸ D'Arcy Doran (2009), 'China Must Show Leadership on Climate Change: EU', AFP, 29/XI/2009, 2009, <http://www.google.com/hostednews/afp/article/ALeqM5jmYTVDMqPfvTA2iQYkTKjN7s7uFw>.

But doubts and criticism of China's goals and practices have been raised in international forums. While acknowledging the efforts made by China, the Swedish Prime Minister Fredrik Reinfeldt in his capacity as EU President raised questions about a Chinese plan to slow down its carbon-emissions growth announced ahead of the Copenhagen climate talks.³⁹ The Australian Broadcasting Corporation reported that India, China and other emerging nations cooperated at Copenhagen to thwart attempts at establishing legally binding targets for carbon emissions, in order to protect their economic growth.⁴⁰ Ed Miliband, the UK's Energy and Climate Change Secretary, blamed China in *The Guardian* for vetoing an agreement on a 50% reduction in global emissions by 2050 or an 80% reduction by developed countries, despite the support of a coalition of developed nations and the vast majority of developing countries.⁴¹

A Chinese Foreign Ministry spokeswoman, Jiang Yu, condemned Miliband's comments as plainly a political scheme to sow discord among the developing countries.⁴² But such a reaction is inefficient in helping China to find the right balance between its international responsibility and its domestic development that lies at the root of its identity dilemma. China accounts for nearly a quarter of global CO₂ emissions and an incredible 57% of the global increase in carbon emissions in this decade. Consequently, it has less scope than many other developing countries to argue its right to increase per-capita emissions.⁴³ The EU's President, Fredrik Reinfeldt, said in November 2009 that the climate challenge to mankind cannot be solved without China taking on a role of leadership and responsibility. José Manuel Durão Barroso, President of the European Commission, also urged China to maximise its efforts to help tackle climate change and explore the outer limits of its position.⁴⁴ In December 2009, Hillary Clinton claimed that the US would help raise a fund of US\$100 billion annually until 2020 to help poorer nations to contend with climate change –but only if China first agreed to accept the international verification of its pollution-fighting efforts–.

It is therefore an acid test for China's leaders to find ways out of the identity dilemma exemplified in the global fight against climate change. But China must meet this tough challenge even if this means rethinking and adjusting the key domestic and foreign policies adopted over the past three decades. China's reluctance or failure to undertake her international responsibilities will damage its strategic reputation and intensify other middle and small powers' mistrust about China playing a positive role in the world. Without the support of the developing world, China will find it more difficult to legitimate its strategic measures to ease its dilemma as a rising power and shape the further reform of international norms.

³⁹ *Ibid.*

⁴⁰ 'Eyewitness: How China Sabotaged Climate Talks', *ABC News*, 23/XII/ 2009, <http://www.abc.net.au/news/stories/2009/12/23/2779498.htm>.

⁴¹ *Ibid.*

⁴² 'Foreign Ministry Spokesperson Jiang Yu's Response to the British Accusation that China "Hijacked" Negotiations at the Copenhagen Climate Change Conference', 22/XII/2009, <http://www.mfa.gov.cn/eng/xwfw/s2510/2535/t647058.htm>.

⁴³ Karl Hallding *et al.*, 'A Balancing Act: China's Role in Climate Change', p. 12, www.regeringen.se/content/1/c6/12/39/15/c1081a40.pdf.

⁴⁴ D'Arcy Doran, "China Must Show Leadership on Climate Change: EU"

Three Ways Out of the Dilemmas

China's understanding of the dilemmas resulting from its rise to international power status has become much clearer and accurate over the past decade. This author finds that China has adopted its own 'PRC strategy' to resolve this situation, based on a triple approach: (1) patience; (2) reassurance; and (3) coherence.

Patience

China is keenly aware that its economic rise poses daunting domestic difficulties and challenges. Dictated by its need to manage these challenges, it has embarked on a path of peaceful development. The essence of China's peaceful rise and development is that it can only rely on its own efforts. In other words, while opening still wider to the outside world, China must more consciously depend on constantly expanding its domestic market and developing its capacity for scientific innovation and technological progress to solve the problems posed by resources and the environment.⁴⁵ This is by no means an easy task for a rising power like China, which has been mainly dependent on the export-led growth model and is still at an early stage of industrialisation and urbanisation.

Hence, China's leaders often say that patience is necessary and that long-term efforts must be made to resolve these domestic development problems. As President Hu Jintao remarked in 2008, 'there is still a long way to go before all of the over one billion Chinese people can enjoy greater prosperity in a modernised country. We have to work hard for a long time to achieve it'.⁴⁶ The Premier, Wen Jiabao, also expressed a similar view in 2005: 'For China to be fully developed, it will take the unremitting efforts of several generations, or even a dozen generations of the Chinese people'.⁴⁷ 'Strategic patience' can prevent China from falling prey to the hegemonic ambitions and military expansion that previous rising powers were prone to.

With regard to the Taiwan issue, Mainland China is not likely to resort to the use of force unless external powers increase their support for separatist and divisive forces and pose a fundamental challenge to the current status quo. So it is therefore crucial for China's leaders to persuade external forces to reduce or at least not exceed their current level of support to those favouring separation. In the absence of increasing external support to Taiwan, China's leaders are likely continue to seek ways to reconcile their sovereignty claims with Taiwan's status, because they believe the long-term trend might ultimately be favourable to a united China.⁴⁸

The avoidance of the use of force highlights the role of the US in China's assessments of its relative power in the Taiwan dispute. China has not used force across the Taiwan Strait since March 1996. The deflection of three possible crises in 1999, 2004 and 2008 also illustrates the central role of US policy in shaping China's assessment as to the use of force in the dispute. In all three cases, crises were avoided when the US indicated that it did not politically support Taiwan's efforts to move towards formal independence.⁴⁹

⁴⁵ Wen Jiabao (2003), 'Turn Your Eyes to China', speech at Harvard University, 10/XII/2003.

<http://www.news.harvard.edu/gazette/2003/12.11/10-wenspeech.html>.

⁴⁶ 'Speech by Chinese President Hu Jintao at Waseda University', 8/VI/2008,

<http://www.fmprc.gov.cn/eng/wjdt/zyjh/t464200.htm>.

⁴⁷ Wen Jiabao, 'China's Peaceful Development: An Opportunity for East Asia',

<http://www.fmprc.gov.cn/eng/wjdt/zyjh/t228273.htm>.

⁴⁸ Erica Strecker Downs & Phillip C. Saunders, 'Legitimacy and the Limits of Nationalism', p. 141.

⁴⁹ For the cases of 1999 and 2004, see Taylor Fravel, 'Power Shifts and Escalation', p. 66. For 2004 and 2008, see Wu Xinbo (2008), 'Meiguo dui Taiwan shiwu de yingxiang: xianzhuang yu zouxiang' ('US Influence

As for the people of Taiwan's misunderstanding and concerns over the peaceful development of cross-Straits relations, Mainland China is not only willing to assuage them with the greatest tolerance and patience, but to take more active measures to assist in improving their well-being. In June 2010, Mainland China and Taiwan signed an Economic Cooperation Framework Agreement (ECFA). Thanks to the ECFA, the volume of trade between the two sides of the Taiwan Straits exceeded US\$140 billion, with Taiwan running a surplus of US\$86 billion. The Early Harvest programme of the ECFA entered into force on 1 January 2011. According to Premier Wen Jiabao, the Early Harvest got off to a good start and soon produced results, with cross-Straits trade up by 30% in January 2011.⁵⁰ Moreover, Mainland China advocates that the two sides can start discussions about political relations in a pragmatic manner before reunification.⁵¹

Reassurance

Given its rapid economic rise, China's neighbours and other major powers are uncertain about how it will exert its influence as a new world power. Hence, it is important to reassure them, and minimise their efforts to outbalance China's power, by engaging in cooperative and conciliatory policy declarations and practices. China's assurance policies are characterised by moderating other states' threat-perceptions by helping them to become more prosperous and feel more secure.

Sharing Development Opportunities

As President Hu Jintao remarked, China has always made common development an important part of its foreign policy.⁵² China's fast economic growth in the past three decades has resulted in it being much more closely linked to the rest of the world. So China is willing to contribute to global and regional development through its own development, and expand the areas where China's interests meet with those of others. China will never seek benefits for itself at the expense of other countries or transfer its troubles onto others.⁵³

For instance, China has made serious efforts to implement these policy declarations in its relations with ASEAN. These efforts mainly include: (1) the creation of the framework to establish the China-ASEAN Free Trade Area (ACFTA) in 2003; (2) the launch of the Early Harvest programme for new ASEAN members in 2005; (3) the active involvement in sub-regional cooperation projects, such as the Great Mekong Sub-region development project and the Pan-Beibu Gulf cooperation; (4) the substantial growth of China's outward investment in South-East Asian states (from US\$1.2 billion in 2005 to US\$3.9 billion in

on Taiwan Affairs: Now and After'), *Xiandai guoji guanxi (Contemporary International Relations)*, nr 6, 2008, pp. 17-18.

⁵⁰ 'Premier Wen Jiabao Meets the Press', 14/III/2011, <http://www.fmprc.gov.cn/eng/zxxx/t807599.htm>.

⁵¹ Hu Jintao (2008), 'Address at Ceremony Commemorating the 30th anniversary of the Announcement of Message to Compatriots in Taiwan', 31/XII/2008, http://news.xinhuanet.com/newscenter/2008-12/31/content_10586495.htm.

⁵² Hu Jintao (2009), 'Address at the General Debate of the 64th General Assembly Session', 24/IX/2009, <http://www.fmprc.gov.cn/eng/zxxx/t616864.htm>.

⁵³ Hu Jintao (2007), 'Hold High Great Banner of Socialism with Chinese Characteristics and Strive for the New Victories in Building a Moderately Prosperous Society in All Respects – Report to the 17th National Congress of the Chinese Communist Party', 15/X/2007, http://news.xinhuanet.com/english/2007-10/24/content_6938749_9.htm.

2007);⁵⁴ and (5) the formal start of the China-ASEAN FTA on 1 January 2010 and the reduction in the average tariff on goods from ASEAN countries to 0.1% from 9.8%.⁵⁵

Managing Security Concerns

As President Hu Jintao declares, China seeks the peaceful settlement of international disputes and promotes international and regional security cooperation.⁵⁶ While maintaining its own national security, China seeks to respect the security concerns of other countries and promote the common security of mankind.⁵⁷ A more developed China will continue to treat others as equals and will never impose its own will on others.⁵⁸ As regards its neighbours, China will continue to promote a foreign policy of friendship and partnership.⁵⁹

China has done its utmost to assuage the concern of South-East Asian states about its growing power. In recent years, these efforts have included: (1) participation in regional multilateral security institutions, including the ASEAN Regional Forum and most non-official track-two dialogues; (2) signing ASEAN's Declaration on the Conduct of Parties in the South China Sea in November 2002 to manage off-shore territorial disputes and the trilateral agreement with the Philippines and Vietnam on joint seismic investigation of underwater resources in the South China Sea; and (3) the acceptance of ASEAN's norms of conflict resolution by signing the Treaty of Amity and Cooperation and signing a 'Joint Declaration on Strategic Partnership' with ASEAN to signal China's commitment to long-term cooperation on the regional security issue in 2003.⁶⁰ The latest effort by China to reassure its neighbours has been to reach an agreement with ASEAN countries on the text of the guideline to implement the Declaration on the Conduct of Parties in the South China Sea and a series of important consensus agreements on future work, paving the way for progress to be made on pragmatic cooperation in the South China Sea.⁶¹

China's reassurance policy, especially to its neighbours in East Asia, is one of the major solutions to its dilemma of rising power. A typical case in point is China's reassurance policy towards the states of South-East Asia.⁶² On the one hand, China's reassurance policies send a significant signal to the whole world, especially the US, which China has no intention of making use of its growing economic capabilities to challenge the existing regional and international order, currently mainly dominated by the US. On the other hand, it is China's hope that its reassurance policy will gain its neighbours' support for the re-emergence of China or at least neutralise their support if US tries to counter-balance its position against China.

⁵⁴ Evan Medeiros (2009), 'China's Diplomatic Rise: Assessing Chinese Influence in International Relations', paper for the 'Workshop on Assessing China's Rise: Power and Influence in the 21st Century', MIT, 27-28/II/2009, p. 4.

⁵⁵ 'China-ASEAN Free Trade Area Starts Operation', *China Daily*, 1/1/2010, http://www.chinadaily.com.cn/china/2010-01/01/content_9255011.htm.

⁵⁶ Hu Jintao, 'Hold High Great Banner of Socialism with Chinese Characteristics and Strive for the New Victories in Building a Moderately Prosperous Society in All Respects'.

⁵⁷ Hu Jintao, 'Address at the General Debate of the 64th General Assembly Session'.

⁵⁸ Yang Jiechi, 'A Changing China in a Changing World'.

⁵⁹ Hu Jintao, *op. cit.*

⁶⁰ Evan Medeiros, *op. cit.*, pp. 5-6; Li Mingjiang (2009), 'Domestic Sources of China's Soft Power Approach', *China Security*, vol. 5, nr 2, pp. 62-63.

⁶¹ 'The Senior Officials' Meeting for the Implementation of "the Declaration on Conduct of Parties in the South China Sea" Reaches an Agreement on the Guideline', 20/VII/2011, <http://www.mfa.gov.cn/eng/zxxx/t841727.htm>.

⁶² Sun Xuefeng, 'Why Does China Reassure South East Asia?', p. 308.

Coherence

Although China's leaders often say that it needs to be aware of its difficulties and risks, this does not mean that it should ignore the world's growing expectation that China will take on its global responsibilities. As the largest contributor to peace-keeping among the permanent members of the UN Security Council, China has sent a total of over 10,000 peace-keeping personnel to 24 UN missions, including over 2,100 who are currently on duty. China has also cancelled the debt of 49 heavily-indebted poor countries and least developed countries and provided over RMB Yuan 200 billion in assistance to other developing countries.⁶³

Besides its unilateral efforts to make a contribution to the international community, China is seeking a more coherent approach to take on its international responsibilities. First, it attaches the greatest importance to the role of the UN. In the UN framework, China seeks to coordinate the different positions of the various parties involved and to offer constructive proposals for reaching solutions to global issues. China is willing to offer proper and timely support to the actions and measures approved by the UN.

For instance, before passing Security Council Resolution nr 1769, China had a relatively cautious position on the proposal to send a peace-keeping force to Darfur. Then, on 31 July 2007, the Council approved Resolution nr 1769 and authorised a mixed mission jointly operated by the UN and the African Union in Darfur. China immediately declared that it would send several hundred soldiers to participate in the peace-keeping mission in the region.⁶⁴ In March 2008, as the first country to make a donation to settling the Darfur issue, the Chinese government handed US\$500,000 to the UN Trust Fund for Darfur.⁶⁵

Secondly, China has extended its bilateral coordination and communication to regional organisations and major powers deeply involved in hot-spot issues. Compared to multilateral diplomacy in the UN, bilateral diplomacy can focus on specific targets or be used as an efficient means to make a breakthrough on certain events or agendas. For example, in the case of Darfur, China has worked closely with the African Union and the Arab Union. In November 2006, during the Beijing Summit for the China-Africa Cooperation Forum, China and the African Union established the Tripoli Mechanism, a cooperative institution offering effective measures to settle the Darfur crisis. Furthermore, China offered financial aid totalling US\$1.8 million to support the African Union's peacekeeping action in Darfur.⁶⁶ In addition, a tacit agreement was made between China and the US, which is the most deeply involved and the most closely connected to the Darfur issue of all the big powers.⁶⁷

Third, China encourages Chinese overseas enterprises to take on their social responsibilities in the countries in which they invest. For instance, Chinese enterprises

⁶³ Yang Jiechi, 'A Changing China in a Changing World'.

⁶⁴ 'Chinese Government Decides to Send Engineering Dispatch to Darfur', 11/V/2007, <http://www.fmprc.gov.cn/chn/zxxx/t318072.htm>, accessed 1/VI/2008.

⁶⁵ 'Chinese Special Envoy for Darfur Held Information Revelation Conference for Domestic and Foreign Press', 7/III/2008, <http://www.fmprc.gov.cn/chn/zxxx/t412957.htm>, accessed 1/VI/2008.

⁶⁶ 'Press Conference of Summit of China-Africa Cooperation Forum Is Held in Beijing: Foreign Ministers of China, Ethiopia, and Egypt Answer Questions from Journalists', 5/XI/2006, <http://www.fmprc.gov.cn/chn/zxxx/t278875.htm>, accessed 1/VI/2008.

⁶⁷ The agreement was that the US should lead the process of settling the south-north dispute in the Sudan while China should promote the final resolution of the Darfur issue. Source: interview by the author with a Chinese expert on African studies at Peking University, 19/III/2008.

located in the Sudan have engaged in a large number of projects related to the welfare of the people, contributing to ease the humanitarian crisis in Darfur and helping to create favourable conditions for the Chinese government's input to be effective. According to statistical data collected at the end of 2007, Chinese corporations and enterprises had drilled 46 wells, established 20 small hydro power stations and completed the water-supply project extending from Southern Darfur Province through Gadarif Province all the way up to Northern Darfur Province, which was financed by a Chinese loan with special preferential interest rates.⁶⁸ In March 2009 the Merowe Dam, perhaps the longest in the world, was contracted and built by SINOHYDRO Corporation and China International Water and Electric Corporation.⁶⁹

Naturally, China's coherent approach to take on international responsibilities is still at a very preliminary phase and far from perfect. China is still learning and adjusting to its new global role, as it lacks the historical experience of operating on the global stage.⁷⁰ For instance, owing to weighty political and cultural differences, negative responses from the local population have been experienced in certain places as a result of action taken by Chinese overseas enterprises. But the Chinese government has promised to provide more incentives and to educate its overseas enterprises so that they can integrate more effectively into local societies, with a more extensively accepted employment of local labour and a more favourably recognised compliance with local laws.⁷¹

Conclusion

Thanks to the rapid growth in the size of its GDP over the past three decades, China is now emerging as an economic superpower in the world. However, the gaps in GDP and military expenditure between China and the US have actually widened in real terms over the past decade. More importantly, a rising China must address tremendous domestic difficulties and challenges. Besides its unresolved national unification issue, the most salient and urgent social problems include an increasingly uneven development and a growing environmental degradation.

Despite its domestic difficulties, China has been locked into two daunting strategic dilemmas. One is the dilemma of rising powers, that is, how to maintain its rising momentum while shaping a relatively favourable external environment. A typical example is China's emerging naval build-up. China's other dilemma concerns its identity: how can it balance the responsibility inherent to its new status as a developed country and the rights inherited in its accustomed role as a developing nation. The dilemma it faces in the international campaign against climate change is a good case in point.

In order to find ways out of its growing dilemmas, China has adopted its own 'PRC strategy', based on three main points: (1) patience; (2) reassurance; and (3) coherence. First, China must be patient and make long-term efforts to resolve its domestic problems. Strategic patience can prevent China from falling into the trap of developing hegemonic

⁶⁸ 'Foreign Ministry Spokesman Liu Jianchao Held Regular Press Meeting on February 14th 2008', 14/II/2008, <http://www.fmprc.gov.cn/chn/xwfw/fyrth/t407327.htm>, accessed 1/VI/2008.

⁶⁹ 'A Large Lake Emerging from Immense Sea of Sand: A Report on the Start of Power Generation of Mailuwei Dam in Sudan', 4/III/2009, http://news.xinhuanet.com/overseas/2009-03/04/content_10940883.htm, accessed 10/III/2009.

⁷⁰ Fu Ying, "Understanding China".

⁷¹ 'Chinese Special Envoy to Darfur Held Information Revelation Conference for Domestic and Foreign Press', 18/IX/2007, <http://www.fmprc.gov.cn/chn/zxxx/t363782.htm>, accessed 1/VI/2008.

ambitions and engaging in military expansion, as previous rising powers have done. Secondly, China has to reassure other states in order to moderate their perception of China as a threat and minimise or prevent their efforts at counterbalancing the situation. China's reassurance policies are based on making both other powers and its neighbours more prosperous and more secure. Finally, besides its unilateral efforts to contribute to the international community, China is seeking a more coherent approach in taking up its international responsibilities. It attaches the greatest importance to the UN's role, engages in bilateral coordination and communication with regional organisations and major powers and encourages Chinese overseas enterprises to take on social responsibilities in the countries in which they invest. These approaches are interactive and mutually promoted in a framework that intends to be both consistent and effective.

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