4. The Irreversible Rise. A New Foreign Policy for a Stronger China*

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Two and a half years after the leadership change in Beijing took place, the contours, concepts and priorities of China’s foreign policy under Xi Jinping have become clearer. While under the previous leadership the country was officially characterised as being in the phase of ‘peace and development’ or – somewhat bolder – ‘rising peacefully’, the rise of China is now treated as an irreversible fact. Deng Xiaoping’s dictum of China’s foreign policy of “keeping a low profile” which had been valid for several decades has quietly disappeared from the official vocabulary. A more pro-active foreign policy is taking shape as demonstrated by a series of new concepts and initiatives launched at the highest political level. As in other areas of China’s politics, Xi Jinping has personally taken the lead in promoting this new pro-active approach.

General vision – old and new guidelines

As indicated in previous chapters, Xi Jinping’s overall vision for his country is encapsulated in the ‘China Dream’ (Zhongguo meng – 中国梦)\(^1\). This vision of China’s national rejuvenation also has a

\(^1\) Zhongguo meng can also be translated as “Chinese dream”, but in order to make clear it is different from the American Dream, “China dream” or “China’s dream” seems more appropriate. The question is whether China’s dream is indeed identical with the Chinese dream.
foreign policy dimension since it foresees a stronger and more pro-active role of China in the world (fenfa youwei – 奋发有为 striving for achievement). While Deng Xiaoping’s guideline for foreign policy – “to keep a low profile” (taoguang yanghui – 韬光养晦) - has not officially been given up, it seems to have been put quietly to rest. China’s foreign policy and diplomacy seems to be shifting from passively adapting to changes in the external environment to actively shaping the external environment. In other words, there is a shift from “responsive diplomacy” (fanying shi waijiao 反应式外交) to ‘proactive diplomacy’ (zhudong shi waijiao 主动式外交). Wang Yi, in reviewing China’s foreign policy in 2013, has repeatedly used the phrase ‘great power (or major power) diplomacy with Chinese characteristics’ (you Zhongguo tese de daguo waijiao 有中国特色的大国外交). In contrast to the previous leadership generation, the new generation is apparently now ready to openly call China a ‘great’ or ‘major power’. That notwithstanding, describing China as a ‘developing country’ has not disappeared from official speeches abroad: for example when Xi Jinping visited Europe in March 2014, he pointed out that China will remain the biggest developing country for some time to come².

Four pillars of China’s foreign policy

China’s new foreign policy consists of four pillars³, which can be summarised as follows: relationships with (other) major powers,

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neighbourhood policy, relations with developing countries, and multilateral diplomacy.

**Relations with major powers**

Even before Xi Jinping took office, when visiting the U.S. in February 2012, he started talking about a ‘new type (or new model) of major power relationship’ (xinxing daguo guanxi 新型大国关系) between China and the United States⁴. Its purpose is to avoid the danger of a conflict between the rising (China) and the established power (U.S.) similar to the historical conflicts when Germany and Japan were on the rise – the so-called ‘Thucydides trap’. The main features of such a relationship, according to Xi Jinping, are: 1) no conflict or confrontation, through emphasizing dialogue and treating each other’s strategic intentions objectively; 2) mutual respect, including for each other’s core interests and major concerns; and 3) mutually beneficial cooperation, by abandoning the zero-sum game mentality and advancing areas of mutual interest⁵.

This proposal initiated a debate within China on whether the ‘new type’ of relationship would apply exclusively to the U.S. or also to other ‘major powers’. While some scholars argued that Sino-Russian relations were actually a model version for this new type of relationship, others that the concept could apply to the EU as well, to other emerging powers like Brazil and India, or even Japan. In Chinese foreign policy speeches, the U.S., Russia and the EU are usually listed in one category (‘major power rela-

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tions’). However, it has become clear that if the focus is on avoiding conflict between rising and established powers, then the “new type” of relations is really about China and the U.S. only.

Other countries, especially in Asia, could be reminded by the ‘new type of major power relationship’ of the idea of a ‘G-2’ suggested shortly after Barack Obama was elected U.S. President in 2008. Indeed, when Obama made his first official visit to China in November 2009 he suggested a broad agenda for bilateral cooperation, but China was obviously not ready for such an idea. Many scholars in China saw the ‘G-2’ as a trap which would lure China into taking over more international responsibility and spending resources which could be better spent on domestic development. Now, a few years later, the situation seems to be almost reversed: the U.S. has responded very lukewarmly to the Chinese proposal. Accepting the “new type of major power relations” has been called by American commentators – ironically - a trap. If the new type of relationship between China and the U.S. is perceived as a code word for dividing the Pacific into two spheres of influence, this will certainly be a source of concern for other countries in the region, especially for Japan.

Despite the continued ‘strategic mistrust’ between both countries, U.S.-China relations seem to have improved in some areas over the last years. Both sides have a plethora of dialogue fora, their military exchanges have increased, and Obama and Xi have both committed to cooperating on climate change.

Russia and the European Union are usually also dealt with in Chinese foreign policy speeches and documents as ‘major powers’. Both relationships are called ‘strategic partnerships’, but differ greatly in major respects.

While one can argue whether China and Russia maintain a ‘new type’ of relationship or even the ‘model’ for it or not, they

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6 Originally, the G-2 was a proposal for the economic relationship by Fred Bergsten in 2005 and later taken up by others, like former U.S. security adviser Zbigniew Brzezinski, in 2009.

have been moving closer together as a result of the Ukraine crisis and Western sanctions against Russia. Putin has been seeking China’s support, and Beijing has to some degree expressed understanding of Russia’s annexation of Crimea and its stance on Ukraine. Furthermore, Beijing and Moscow share concerns about Western ‘infiltration’ and Western plans to ‘instigate’ colour revolutions and other domestic protest movements. So in terms of ideology and core national interests, both countries have similar views. But as economic partner, Russia’s importance has traditionally been limited to the energy and arms sectors. Cooperation in the financial sector might also grow due to Western sanctions on Russia. However, China’s increasing economic and political weight in the world has reversed the traditional relationship and so, from Moscow’s perspective, Russia would like to diversify its connections and strengthen relations with other countries in Northeast and Southeast Asia. Beijing, on the other hand, has remained very cautious in its support for Putin against the West, at least officially – the U.S. and the EU are still China’s biggest markets and remain indispensable for its modernisation goals.

With respect to the European Union, some steps were taken by the new leadership. When Xi Jinping visited the institutions in Brussels in March 2014, this was a first for a Chinese President and secretary general of the Communist Party (contacts with the EU have been traditionally handled by the Prime Minister). Moreover, China’s Ministry of Foreign Affairs published a second EU policy paper⁸ in April 2014. Nevertheless, there is more continuity than change in China’s relations with the EU. Despite the European debt crisis, the EU remains the most important market for China. Germany is considered as the major partner within the EU, thanks to its economic strength and the technology supplied by German companies. The so-called 16+1 format, consisting of 16 Central and Eastern European countries and

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China and initiated under the previous leadership, has been continued with annual summit meetings, which has raised some concerns in Brussels. It remains to be seen what impact the new Silk Road initiatives (see below) will have on EU-China relations as well as on Sino-Russian.

In conclusion, among the ‘major powers’, the relationship with the U.S. remains of paramount importance to China. Beijing’s attitude is characterized by a contradiction: on the one hand, more or less open criticism of the U.S. role in the Asia-Pacific, especially the maintenance of its military alliances and ‘interference’ in the territorial issues in the region, has become an omnipresent element in the Chinese discourse; on the other hand, China seems to pursue a ‘special relationship’, alluding to the possibility of reaching a ‘grand bargain’ by agreeing on two spheres of interest in the Pacific.

(Greater) neighbourhood

The second pillar or focus is neighbouring countries. China’s ‘neighbourhood policy’ (zhoubian waijiao 周边外交) was the topic of a work conference of the CCP’s Central Committee in late October 2013. Xi Jinping gave a speech and brought up the concept of ‘greater neighbourhood’. This points to a new and much broader definition of what constitutes China’s neighbourhood. In this context, the main initiatives, which aim at closer economic and infrastructure integration, are the new Silk Roads, namely the “Economic Belt Silk Road” and the “Maritime Silk Road”, in short ‘one belt, one road’ yi dai yi lu 一带一路). With the two “Silk Roads”, Xi Jinping has provided a vision for linking Asia and Europe, but this vision also has a strong domestic dimension, with Chinese provinces competing for projects under this broad framework. China announced setting up a “Silk Road Fund” with $40 billion for investments in infrastructure, resources and industries and financial cooperation9. The “Silk Road Fund”,

9 “China to establish $40 billion Silk Road infrastructure fund”, Reuters, 8 November 2014,
as well as the new Asian Infrastructure Investment Bank\(^\text{10}\), launched in October 2014, are also part of China’s new multilateral economic diplomacy.

These initiatives, which raise the issue of ‘connectivity’ in the region, no doubt also aim at improving China’s image in the region. China’s reputation suffered after 2008 due to its assertive – and some would say aggressive – behaviour in the East and South China Seas: challenging Japan’s control of the Senkaku/Diaoyu Islands, unilaterally declaring an Air Defense Identification Zone (ADIZ) over the East China Sea, placing an oil-rig in waters claimed by Vietnam, making incursions into areas and building structures on islets and reefs claimed by the Philippines. Therefore economic initiatives do not signal that China has changed its position on its territorial claims. Instead, Beijing made it very clear that it is not willing to compromise on these claims, especially in the East and South China Seas. It is also quite clear that China still insists on bilateral solutions for territorial disputes and is not willing to address them within a multilateral framework or by seeking international arbitration. Chinese Foreign Minister Wang Yi’s proposal, made after the Association of Southeast Asian Nations (ASEAN)-China Foreign Ministers’ meeting in Myanmar in August 2014, for a ‘dual track’ approach to the South China Sea issue confirmed, rather than modified this stance\(^\text{11}\).

By being mainly oriented towards China’s western and southern neighbours and aiming at connecting Asia and Europe, ‘one road, one belt’ is a vision that sort of de-links the U.S. from China’s concept of wider neighbourhood, ignoring the fact that the


U.S. considers itself and is by most countries welcomed as a ‘resident power’ in the Asia-Pacific region.

In a recent article in the Chinese edition of the *Global Times*, Tsinghua University professor Yan Xuetong argued that the neighbourhood policy is more important and should be given priority over the relationship with the U.S., since all that China can achieve with respect to the U.S. is to reduce the latter’s resistance to China’s rise, while it can and actually needs to win the support of neighbouring countries. Indeed, in the 2014 Report on the Work of the Government, neighbourhood diplomacy was listed first, followed by developing countries. Major power relations only made position 3 on the list. Xi Jinping underlined the importance of a pro-active neighbourhood policy (that also builds up China’s soft power) again in November 2014 at a Central Foreign Affairs Work Conference, attended by all members of the Standing Committee of the Politburo.

**Relations with emerging and developing countries**

A third focus of Xi Jinping’s foreign policy is relations with emerging and developing countries all over the world. This focus is not new – China has continuously tried to project its image as a member of the developing countries and as the voice of the developing world. Beijing’s new activism can mainly be seen within the grouping of BRICS – Brazil, Russia, India, China and South Africa - as part of the global South. These emerging countries started to hold separate summit meetings since 2008.

While over the last ten years, China has become an important provider of aid to developing countries and is now ranking among the ten biggest donor countries in the world, it operates outside the

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12 Yan Xuetong: “Zhongguo waijiao ‘zhoubian’ bi Meiguo geng zhongyao” 阎学通：中国外交“周边”比美国更重要 [In China’s foreign policy, ‘neighbours’ are more important than the U.S.], *Huanqiu Shibao*, 13 January 2015.

13 For a short analysis of Xi’s speech see C.K. Johnson, “Xi Jinping Unveils his Foreign Policy Vision: Peace through Strength”, CSIS Freeman Chair Newsletter December 2014; “Xi eyes more enabling int’l environment for China’s peaceful development”, *Xinhuanet*, 30 November 2014.
framework agreed on by the Organisation for Economic Co-operation and Development (OECD) countries. The main difference from the OECD rules is that China usually does not attach any conditions (on anti-corruption etc.) to its soft loans and aid packages. China’s foreign aid has been met with criticism in the West also because of its lack of transparency. In July 2014, the Chinese government published its second *White Paper on Foreign Aid*\(^\text{14}\)*, which provided some more information on the scope and distribution of funding than its predecessor\(^\text{15}\).

Under the new leadership, China has taken steps to set up some new institutions focused on infrastructure development\(^\text{16}\) in cooperation with other partners. One major step that was taken in July 2014 at the BRICS summit in Fortaleza (Brazil) was when the BRICS development bank, named New Development Bank (NDB), and a reserve currency fund, the Contingent Reserve Arrangement (CRA) were established. The NDB’s focus will be on “infrastructure and sustainable development”; the CRA is intended to provide the BRICS countries with protection against short-term balance of payment pressures\(^\text{17}\).

**Multilateral diplomacy**

The fourth pillar is the multilateral arena. China will invest more energy in multilateral organisations and formats – mainly in those organisations where the U.S. is not a member and where China is therefore in a better position to control and shape the agenda. The


\(^{16}\) Infrastructure development is one of the areas where China has gathered a lot of experience and has the additional advantage that China can export its overcapacities in the construction sector.

\(^{17}\) See official website of the 6th BRICS summit at http://brics6.itamaraty.gov.br/.
multilateral diplomacy mainly manifests itself in so-called ‘host diplomacy’: China actively offers to host international meetings, thus underlining its positive and constructive international role. Most of these activities are centred on Asia, so they also fall under the pillar of China’s neighbourhood policy.

One example of this ‘host diplomacy’ was the summit of the ‘Conference on Interaction and Confidence Building in Asia’ (CICA), a little-known organisation of mainly Central and West Asian countries initiated by Kazakh President Nursultan Nazarbaev in the early 1990s. The summit was held in Shanghai in June 2014 and combined the two pillars of ‘greater neighbourhood’ and multilateralism/‘host diplomacy’. Xi Jinping proposed in his speech a new Asian security concept. He argued that Asian security should be dealt with by Asians themselves and not by outsiders (meaning the U.S.)\(^{18}\). In view of the very diverse membership of CICA, the practical implications of Xi’s ‘new security concept’ and CICA as an organisation remain to be seen.

Also in the domain of security, it was decided that the Xiangshan Forum (Xiangshan luntan 香山论坛), a track-2 conference organised by the China Association for Military Science (Zhongguo junshi kexueyuan 中国军事科学院) bi-annually in Beijing, would be upgraded to an annual event with the participation of Foreign Defence Ministers and delegates from the military. The first upgraded dialogue was held in November 2014. It is clear that China wants this meeting to become an equivalent to the Shangri-La Dialogue, which takes place every year in Singapore and brings together Foreign and Defence Ministers, high officials and scholars from Asia, the U.S. and some European countries\(^{19}\).

There are other examples where China used multilateral frameworks as platforms for presenting new initiatives. The Asia-Pacific Economic Cooperation (APEC) summit was hosted by

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China in November 2014 and was used to promote an APEC-wide Free Trade Agreement (Free Trade Area of the Asia-Pacific [FTAAP]). This can be interpreted as a response to the Trans-Pacific Partnership (TPP) FTA, a project from which China had initially been explicitly excluded, but also has not officially declared an interest in joining.

A month before the APEC summit, the signing ceremony had been held in Beijing for the Asian Infrastructure Investment Bank (AIIB) with 21 countries. China had announced this project in October 2013 in Indonesia before the APEC summit (from which President Obama was absent due to the government shut-down). Several regional countries – Japan, South Korea, Australia and Indonesia – have not pledged cooperation with the AIIB, apparently under pressure from the U.S.\(^{20}\). However, they might reconsider their position. The concerns raised by the U.S. are related to the rules and standards (environment, labour…) that will be applied by the bank in future. But these issues are not yet cast in iron and can be addressed by members. By opposing the bank one can only make sure of having no influence on its operating principles\(^{21}\). Moreover, by using its influence to prevent other countries from joining the bank, the U.S. feeds suspicions that it wants to prevent China’s rise or contain it.

While China argues that projects like the BRICS Development Bank and the AIIB will complement the existing financial institutions\(^{22}\), they can also be understood as a manifestation of China’s and other emerging countries’ frustration with the lack of progress in these established institutions: International Monetary

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\(^{21}\) The debate has recently shifted in this direction, see for example E. Feigenbaum: “The New Asian Order. And How the United States Fits In”, *Foreign Affairs*, 2 February 2015; T. Kikuchi, T. Masutomo: “Japan should influence China from within the AIIB”, *The Straits Times*, 3 February 2015.

Fund (IMF) and World Bank reforms to accommodate the growing economic weight of the emerging countries were announced by the two institutions in spring 2010, but implementation has been held up by the U.S. Congress, protecting U.S. and also Western European interests\textsuperscript{23}. In absence of the promised redistribution of voting rights, it is not surprising that China and other emerging countries have begun to pursue alternative options that give them more say and more room to manoeuvre. An additional advantage for China is that if projects are funded through these banks they will be more acceptable and might create less public criticism and resistance in the recipient countries.

However, setting up its own institutions does not mean that China’s participation in the existing multilateral institutions and organisations has weakened: China will also take over the G-20 presidency in 2016 and host the summit meeting\textsuperscript{24}.

**Conclusions**

Usually, comments of foreign observers point out that there is a major gap between China’s peace rhetoric and its actual behaviour. However, official speeches by China’s new leaders are quite straightforward in underlining that China will not tolerate being pushed around and will not make any compromise on its territorial claims. Therefore, China seems to actively pursue a parallel strategy of positive, mainly economic, initiatives (like the two Silk Roads) and small steps to advance China’s position on the territorial issues. And this double strategy is also reflected in major policy speeches.

It is too early to tell whether the positive signals that Xi Jinping sent at the APEC summit - cautious steps to rebuild the relationship with Japan, shaking hands with Prime Minister Abe, signing a Memorandum of Understanding with the U.S. on encounters at sea

\textsuperscript{23} Ibid.

\textsuperscript{24} Ibid.
and in the air, climate deal with the U.S. - are tactical moves or first signs of a change in strategy.

In sum, however, there is a noticeable change in China’s foreign policy towards more activism and more clarity (in a positive and negative sense). While the focus of this new activism is on China’s periphery (albeit an extended understanding of this periphery), it is unclear whether China has realized just how much concern it has created over the last five years, especially among its neighbours. The fact that Xi Jinping has started to underline the importance of soft power as an instrument of China’s foreign policy vis-à-vis the region indicates that there is some awareness of the loss of good reputation. With the new initiatives launched by Beijing, China tries to actively shape an environment that is beneficial to its interests and to limit the influence of the U.S.25. Again, Beijing pursues two avenues in parallel by setting up new multilateral institutions where China can play a stronger role while at the same time staying active in existing institutions, traditionally dominated by the West, like the United Nations or the G-20.

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