
DAY III

WHAT CHINA NEEDS IN THE WORLD AND FROM THE UNITED STATES

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WHAT DOES CHINA NEED IN GLOBAL AFFAIRS?

In recent years, China's increased participation in global affairs has diversified Beijing's interests while making Chinese foreign policy more sophisticated. In general, China's international behavior is driven by a combination of China's national aspirations, national security, economic requirements, and its needs to cope with non-traditional security problems.

National Aspirations

From the Opium War of 1840 to the founding of the People's Republic of China in 1949, China's modern history was characterized by foreign invasion and occupation, political turmoil, civil wars, and poverty. Bitter memories of this "century of national humiliation" are still vivid among educated Chinese today. The Japanese invasion from 1931 to 1945, with the war atrocities, was a particularly traumatic period.

Even in the first two decades after the PRC's establishment, Beijing was treated by the Western world largely as an "international outlaw," whereas the "Republic of China" in Taiwan was recognized as representing China in the United Nations and other international organizations. China has been gradually accepted as a full-fledged international player since the U.S.-China rapprochement in the 1970s, especially since the end of the Cold War. Besides gaining formal membership in the G8, China has joined virtually all existing international organizations and regimes. However, the "national humiliation mentality" or "siege mentality" lingers on among Chinese elites, who may cite a number of events to illustrate that their country is not yet enjoying the great power status that they aspire for. For example, Western sanctions imposed on Beijing after the Tiananmen incident in 1989 have not been fully lifted, as Washington puts pressure on the European Union against resuming arms sales to China. Most Chinese citizens are still convinced that the NATO bombing of China's embassy in Belgrade in 1999 was a deliberate act intended to humiliate and "punish" China for its opposition to the Kosovo War. Japan's unrepentant attitude toward its World War II crimes, exemplified by Japanese leaders' repeated visits to the Yasukuni Shrine in recent years, is an issue affecting national dignity in China.

As China's national strength rises rapidly with its expanding economic size and evident social progress, its national pride grows accordingly. The sudden gain in global power and prestige makes it difficult for China to adjust itself to meet the requirements of a "responsible great power" – or in

the words of Robert Zoellick, a “responsible stakeholder”¹ – when a large part of Chinese conceptions and experiences in world politics are still linked to past sufferings and indignation. It is also hard for Chinese to comprehend various assertions that China is a “threat” to the outside world. The conventional interpretation of China’s portrayal as a threat is that international schemes and conspiracies are being contrived mainly by the United States, other Western powers, and increasingly Japan, to prevent China from growing into a genuinely powerful and respected nation. In the economic realm, Chinese suspect that biases and prejudices against China are driving Western countries to accuse China of dumping consumer goods, violating intellectual property rights,

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hunting for energy supplies, lacking military transparency, and so on. In other words, negative attitudes towards China are mostly interpreted in the Chinese conceptual framework of Westerners’ hostilities, biases, and misunderstandings. In response, most Chinese seem to agree that Western “misinterpretations” and “malign accusations” should be rejected and rebutted.

Mainland Chinese believe that Taiwan is territorial-ly and culturally part of China. National reunification, therefore, is associated in China’s national consciousness with heightened national power and prestige,

while continued division across the Taiwan Strait is viewed as a reflection of the PRC’s weakness and vulnerability. While the pro-independence forces in Taiwan are being circumscribed by internal political discords and scandals, the PRC cannot afford to be complacent about the long-term prospects, as no party of political weight in Taiwan explicitly advocates reunification, and separatist tendencies remain. The rulers of the “Republic of China” in Taiwan even want to remove “China” from Taiwan’s official name, and Taiwan is still recognized by over 20 small countries in the world, mostly in Latin America and Africa. A great part of China’s diplomatic resources have been used to isolate Taiwan politically in international affairs, and these efforts will continue for an indefinite period of time.

China’s cultural influences have expanded in recent years, as foreigners are increasingly interested in Chinese language and culture. The Chinese government is promoting its “soft power” in the world by helping establish dozens of “Confucius Schools” and strengthening associations with ethnic Chinese overseas. On the one hand, Chinese students and younger intellectuals remain enthusiastic about going to advanced countries for education and training,² with Oscar, Nobel, and Harvard as continued hallmarks of cultural, scientific and educational excellence. On the other hand, many of them hope to see China’s “broad and profound” culture spread to other parts of the world. As a means to enhance international understanding and China’s prestige, China is also encouraging and helping foreigners to study or teach in China.

There have been an unprecedented number of heated debates among Chinese scholars and analysts regarding how to assess China’s power, influence, and economic performance relative to other countries, especially the United States, Japan, and India. Some optimists predict that in terms of economic power, China will catch up with the United States in 20 years, and surpass Japan in 10 years. Still, many others point to the weaknesses in China’s science and technology and bottlenecks in its economic growth, arguing against what they see as exaggerations of China’s strength. The Beijing leadership seems very cautious and sober-minded in its own projection of Chinese power, as reflected in its decision to change the term “peaceful rise” into “peaceful development” in defin-

ing China's road to great power status. This new discourse has been supplemented by a growing interest in historical models of development of other great powers. An officially endorsed documentary, released on China Central Television, *The Rise of Great Powers*, drew a great deal of public attention toward the end of 2006.

China's national aspirations are shaped by a unique superiority-inferiority complex, and are likely to attract an increasing amount of global attention, which may not necessarily be in China's favor. How Chinese political elites manage this challenge will be of critical importance to China's foreign relations as well as its domestic social transformation.

National Security

A key strategic goal of the PRC is to promote a peaceful and conducive international environment for its modernization. To attain such a goal, China needs to work hard to ensure a peaceful solution to the North Korean nuclear issue and to prevent an arms race and nuclear proliferation in East Asia. China also seeks a peaceful settlement of its territorial disputes with neighboring countries. Whereas China has already settled most of its border disputes, notably with Russia, some problems persist, including with Japan over the demarcation of the East China Sea, with a few Southeast Asian countries over the South China Sea, and with India over a couple of border areas.

With the enlargement of China's economic activities in and beyond Asia, Chinese concerns about international security have expanded to include regional security in many other geographical areas. China's security concerns also encompass maritime security along key sea lanes, which is necessary for securing energy supplies as well as international trade. Another security threat is international terrorism, particularly in China's preparations for the 2008 Olympic Games in Beijing. China is actively promoting a new concept of "building a harmonious world," although its specific meaning is subject to deliberation. In view of China's international behavior in the reform era, especially since the end of the Cold War, there is little reason to doubt its sincerity in striving for world peace and stability. In this sense, China is a "status quo power" rather than a "revolutionary force" that would seriously challenge the current world order.

China's strategic focus remains in Asia, and Chinese security in East Asia is circumscribed by two major regional mechanisms. One is the U.S.-led security arrangements centered on American military presence in the Western Pacific, including the U.S.-Japan alliance, U.S.-South Korean alliance, and U.S. military relationships with a few ASEAN countries and Australia. Since the end of the Cold War, Beijing has perceived the continuation and strengthening of these arrangements as negative geopolitical trends. As reasons for concern, Chinese security analysts point to the expansion of NATO, the U.S. military presence in Central Asia, the strengthening of the U.S.-Japan military alliance, Japan's discernable assertiveness toward China, the building of an American missile defense system assisted by Japan in the Western Pacific, and the redeployment of U.S. forces, directed at least partially at China.

The other mechanism is ASEAN as a regional organization and forum, which has been depicted in Chinese official statements and media as a positive element. Beijing is participating actively in

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Asian Regional Forum (ARF) and other mechanisms sponsored by ASEAN. However, the 1997 Asian financial crisis and its aftermath in Southeast Asia seem to have debilitated ASEAN's functions while slowing the process of regionalization. In the years to come, ASEAN is unlikely to play a leading role in establishing an East Asian regional security framework. Given the consolidation of U.S. security arrangements in Asia and the inertia of ASEAN's security role, it is hard to conceive of a multilateral, region-wise "concert of powers" in the near future in which China, the United

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States, Japan, South Korea, Australia, and ASEAN countries could coordinate their security policies to maintain stability and order. China's realistic goal, therefore, is to prevent the formulation of an anti-China framework rather than building multilateral security arrangements on its own.

Meanwhile, without any doubt, China is seriously accelerating its military modernization in accordance with its economic growth and threat perceptions. It does not make a lot of sense to debate the exact amount of China's defense spending, as its weaponry and military technology lag far behind its potential rivals, and Beijing is determined to make its deterrence against Taiwan's separatist movement credible.

A peculiar Chinese security concern is what it calls "political security," or domestic political stability. Chinese history is inundated with events in which internal uprisings and divisions invited external invasions and intervention. The Chinese government and political elites are particularly attentive to international influences that touch upon China's domestic vulnerabilities, including ethnic tensions, religious sensitivities, and political discord. As a result, China is vigilantly watching the "color revolutions" in some former Soviet states, and Washington's declared support for democratization in other countries, as expounded by Condoleezza Rice's call for "transformational diplomacy."³

Economic Needs

An increasingly important motivation in China's foreign affairs concerns the need to acquire natural resources, not only energy, but also minerals and other raw materials necessary to fuel its economic development. In response to international concerns that China's rapidly growing consumption of natural resources will significantly harm global markets and ecology, many Chinese commentators emphasize the fact that imports only account for a small part of China's energy consumption. However, it is undeniable that China is increasingly dependent on energy imports and that international competition in energy procurement is likely to intensify.

Energy shortages have been an increasing source of concern in China recently. In 2002, China replaced Japan as the second largest oil consumer in the world.⁴ While imported oil meets only about 12 percent of China's total energy needs, its energy lifelines increasingly lead to the volatile Middle East. The Arab countries have been China's largest crude oil suppliers, with 43.7 percent of China's total oil imports coming from the Arab world in 2005, and about 60 percent from the Persian Gulf region.⁵ Supertankers carrying the oil must pass through the pirate-infested Malacca Straits off Malaysia, where the shipment of oil is protected by the U.S. Navy. Although China is beefing up its own navy, it still cannot protect faraway sea lanes. By 2020, 70 percent of China's oil consumption will have to be met by imports.⁶ There are conventional worries in both China and

abroad that such problems may contribute to geopolitical competition between great powers.

Real solutions to these issues, however, lie in more effective transnational cooperation rather than great power rivalry. Water shortages, desertification, and other ecological degradation in China are pushing the Chinese in the direction of cooperation. China has been constructing a long-term development strategy for its energy production and supplies, which takes geopolitical factors into consideration. The policy objective is to stabilize relations with the United States and Japan, and to strengthen ties with Russia, Central Asian states, and other oil producers. In addition, China needs to build a stronger navy to protect the safety of international sea lanes.

China's GDP has grown at an annual rate of 8 to 10 percent, while its total foreign trade volume has expanded by over 20 percent annually. This imbalance has made the Chinese economy increasingly dependent on the global market, with foreign trade accounting for 60 to 80 percent of GDP, according to varying statistics. Many warn that such a degree of dependency is unsustainable and may jeopardize China's economic security. Therefore, Beijing has called for an increase in domestic consumption as the main engine for sustaining economic growth. In fact, serious political debate in China surrounds the fear of some that China has become over-dependent on foreign trade and investment and, consequently, too vulnerable to international competition. However, such a level of reliance on the world economy is unlikely to be reversed in the near future. At any rate, China has one of the most open economies in the world. In addition, its overseas investment is expanding rapidly at a rate of over 25 percent.

Non-Traditional Security Problems

In recent years, China witnessed several crises, notably SARS, avian flu, and the Songhua River contamination, linked to non-traditional security problems like ecological degradation, pandemics, illegal immigration, and drug trafficking. There are reasons to believe that these problems may be exacerbated by the incompatibility between China's opaque institutions and international demands for more transparency and accountability on the part of the Chinese government. On the other hand, China needs to cooperate with intergovernmental as well as nongovernmental organizations in coping with these problems.

The flow of people and information between China and the outside world has dramatically intensified in recent years. It is estimated that the total number of mainland Chinese traveling abroad, including tourists, reached 32 million in 2005.⁷ By the year 2020, China will account for the largest number of international travelers. Such a scale of demographic mobility will inevitably result in more problems as well as needs for extensive global cooperation. With so many Chinese citizens working and traveling abroad, protection of their lives and interests extends beyond Chinese national borders. Expanding commercial and other activities abroad have modified Chinese thinking about such traditional principles as sovereignty and noninterference in other countries' domestic affairs, and participation in UN peacekeeping operations. In fact, Chinese peacekeepers outnumber those of any other single permanent member of the UN Security Council.

WHAT DOES CHINA NEED FROM THE UNITED STATES?

In light of what China needs in the world as described above, it is not difficult to imagine what it needs from the United States. In the 1970s and 1980s, Beijing needed Washington's support mainly to balance Moscow's military pressure on China. In the 1990s, it was in China's best inter-

est to gain access to the American market for its labor-intensive products, and hence the Most Favored Nation status. China continued to benefit from absorbing American capital, technological know-how, education, and management skills. Through strenuous negotiations, particularly with the U.S. Trade Representative, China secured membership in the WTO. During that period, the tacit understanding shared by a large number of Chinese political elites was that "China needs the United States more than the United States needs China."

Since 9/11, with the rise of China's economic power and international status, there have been subtle changes in Chinese attitudes toward America. In China's official line, pronounced criticisms of "U.S. hegemony" have subsided. Responding to the new global security circumstances, Beijing has concluded that Washington will not perceive China as a major strategic rival in the foreseeable

China is seeking a stable, mature relationship with the United States

future. America's quarrels with European powers and Russia over Iraq and other security issues, together with popular grievances around the world against U.S. unilateralism, have further convinced China that there are counterbalancing forces to resist the American hegemon.

Looking at the statistics related to America's "hard power," such as its total GDP, economic growth rate, defense budget, military prowess, and R&D expenditure, the United States is by far the world's only superpower, and will remain so for at least 20 years to come. In some measurable terms, its hard power will grow even stronger relative to other great powers, including China. There is no illusion in the Chinese leadership that China will, in any foreseeable future, be at par with the United States in terms of great power status. However, due in part to the Bush administration's unilateral approach to global affairs and its failed policy toward Iraq and the Islamic world as a whole, America's "soft power" (power to influence other countries' behavior by non-coercive means) is definitely declining. Anti-Americanism is growing in most parts of the world, and U.S. relations with Europe, Russia, and many Latin American countries are facing increased difficulties. In their travels around the globe and discussions with foreign leaders, Chinese leaders are deeply impressed with both America's influence and other nations' complaints about U.S. behavior.

China is benefiting from a strong U.S. economy but feels increasingly pressured by U.S. military power and presence in China's peripheries. The actual and possible decline in U.S. soft power is also a double-edged sword to China. On the one hand, a weakened U.S. position in the world, along with its tainted image, distracted attention, and lack of a coherent global strategy, has reduced Chinese apprehensions about a "unipolar world" dominated by the United States, which featured prominently in Beijing's policy lines a few years ago. On the other hand, the world might be less stable and predictable, and the existing international institutions weakened, with a psychologically wounded and less determined United States. In fact, despite the pronounced opposition to U.S. hegemony, China has been a major beneficiary of the existing world order.

Beijing has appeared more cooperative with Washington in global affairs, as shown in the cases of the North Korean and Iranian nuclear issues and anti-terrorist campaigns. Indeed, Beijing is carrying out a more pragmatic and moderate policy toward the United States compared to its previous diplomatic rhetoric and practices. This moderation is based on the realization of the stark fact that China's power and influence are circumscribed by those of the United States and its allies. While the Bush administration's foreign policy is assertive and unilateral in nature, its main strate-

gic spearhead is directed at Islamic radicalism rather than China. It would be foolhardy for China to offend or challenge the world's only superpower in cases where no Chinese key security or economic interests are being threatened by American aggressiveness.

Beijing's policy toward Washington has been remarkably consistent since 9/11. Its economic policy is unwaveringly to promote bilateral trade and attract U.S. investment in China. China-U.S. bilateral trade surpassed \$200 billion in 2005⁸ and the United States remains China's most important economic partner. Beijing has made compromises on a few economic disputes and has accommodated U.S. calls for reevaluating the renminbi. The two countries have been working effectively on many global issues like energy development, pandemic diseases, and drug trafficking. China has supported America's counter-terrorist actions in a variety of ways, including sharing intelligence with Washington quietly and allowing the Federal Bureau of Intelligence (FBI) to establish an office at the U.S. Embassy in Beijing. Although China openly opposed the launching of the Iraq War in 2003, it did not join the French, Germans, and Russians in formulating a bloc to impede U.S. actions. In the North Korean nuclear issue, Beijing has coordinated the six-party talks, and the Bush administration has appreciated China's intermediary role. In Asian affairs, despite the reservations about U.S. security alliances with regional states, China has made little effort to squeeze America out of Asia. Finally, in APEC and other regional forums and institutions, the PRC is working together with the United States and other countries in dealing with economic and security problems of mutual concern.

Meanwhile, the tainted image and isolation of the United States in world affairs, brought about by its mishandling of Iraq, coupled with its apparent failure to narrow policy differences with many European and Latin American countries and with Russia, do have an impact on Chinese perceptions of America. To be sure, many Chinese still believe privately that "we need them (Americans) more than they need us." However, some Chinese observers are beginning to argue that "we need them less than before, and they need us more than before." Yet another unspoken Chinese sentiment is that "they could do more harm to us than we could do to them."

One may further contend that most of what China needs from the United States today could be analyzed in negative rather than positive terms. In other words, it is easier to point out what China does NOT want the American government to do than what China really wants from Washington. To illustrate this point,

- Few Chinese harbor illusions that the United States would be willing to help China achieve modernization objectives and enhance its international stature. What they can hope for is that the United States will NOT adopt a policy of containment against China or obstruct its national aspirations. In the international arena and media, Americans should NOT portray the PRC as a potential threat to world peace, the global economy, and the existing international order.
- It would be wishful thinking that America would facilitate China's reunification with Taiwan. What the Chinese are simply asking for from Washington is to NOT encourage and support Taiwan's *de jure* secession from the Mainland, and refrain from selling sophisticated weapons to Taiwan that might give it more muscle to resist Chinese calls for political reconciliation and economic integration based on the One China principle.
- There is no possibility that American politicians and strategists would be generally more

sympathetic toward China rather than Japan in disputes between the two Asian countries. China only hopes that America will NOT side with Japan in the current competition between the two Asian powers.

- Chinese leaders and political analysts understand the reasons why Americans do not have friendly feelings toward China's political system and leading ideology. They recognize the background of America's advocacy of democratization and are only concerned about how America's ideological obsession will affect its China policy. In other words, they do NOT want to see much American interference in Chinese politics and criticisms of China's human rights record.
- In bilateral economic ties, Washington (both executive and legislative branches) should NOT intervene too much and NOT impose political wills on commercial activities. There are excessive concerns, especially on Capitol Hill, about China's acquisitions of U.S. companies. Market forces should be allowed to drive economic decisions. The abortion of China National Offshore Oil Company's bid for UNOCAL in 2005 is a telling example. In fact, the difficulties Chinese oil companies have had in acquiring mainstream energy companies have fueled China's search for energy in such countries as Iran, Venezuela, and Sudan. In turn, China's relations with these countries add to U.S. suspicions of Beijing's strategic intentions.
- Further reevaluation of the renminbi is inevitable. Americans should NOT overly press China politically since such pressure would not produce positive results.

To sum up, China is seeking a stable, mature relationship with the United States and hopes the United States will NOT stand in its way for prosperity and unity. America is China's largest economic partner and also its potential strategic opponent.

It would not serve China's long-term interest to see global turbulences caused by rapidly declining U.S. influence. To be sure, the United States is backing Japan's bid for playing a larger role in the United Nations, and the U.S.-Japan security alliance is aimed partly at balancing China's military power. However, America's role in the China-U.S.-Japan trilateral interaction is not entirely negative, as U.S. officials and strategists privately tell the Japanese to manage their ties with China and South Korea with greater care. Similarly, Beijing and Washington share some common interests in preserving stability in the Taiwan Strait. Only with a cooperative relationship with the United States can China "borrow" America's influence in coping with such delicate regional issues.

It is undeniable, nonetheless, that both China and the United States are strategically hedging against each other. There are influential political thinkers in both countries who anticipate the other country to be their own country's major strategic rival. Policy makers in Washington are worried that China may want to exclude the United States from the East Asian community that is currently being conceived. Many American strategists view China's active role in the Shanghai Cooperation Organization (including four Central Asian states and Russia), and its increased influence in Southeast Asia, South Asia, and Australia, and elsewhere, as a long-term challenge. Consequently, Washington is trying hard to maintain American spheres of influence in Asia partly to thwart China's perceived efforts to become a dominant regional power at the expense of U.S. interests.

It is by no means easy for China to deal with this global giant and there are a great number of uncertainties along the road ahead. What is certain is that Chinese leaders will continue to be defensive and prudent in U.S.-China relations, and resist temptations to shape any anti-U.S. coalition in Asia and the world.

ENDNOTES

- 1 In a major speech to the National Committee on U.S.-China Relations in September 2005, Deputy Secretary of State Robert Zoellick publicly applied the term "stakeholder" to China's role in international society.
- 2 In 2005 alone, China sent 118,500, students abroad and attracted 141,000 foreigners.
- 3 U.S. Secretary of State Condoleezza Rice articulated "transformational diplomacy" by declaring that "(we) seek to use America's diplomatic power to help foreign citizens to better their own lives, and to build their own nations, and to transform their own futures. ... Now, to advance transformational diplomacy all around the world, we in the State Department must rise to answer a new historic calling. We must begin to lay new diplomatic foundations to secure a future of freedom for all people."
- 4 In 2002, China consumed 245.7 Mt while Japan consumed 2.426 Mt. See National Bureau of Statistics of China, *China Statistical Yearbook 2003*, Beijing: China Statistical Publishing House.
- 5 "China, Arab States to Hold First Oil Meeting," *Xinhua News*, June 1, 2006, http://news.xinhuanet.com/english/2006-06/01/content_4632362.htm.
- 6 Liu Shihua, Liu Zhilin, and Hu Guosong, "Zhongguo shiyou gongxu yu shiyou anquan (Petroleum Supply and Demand and Petroleum Security in China)," in *Shiyou huagong jishu jingji* (Techno-economics in Petrochemicals), No. 1 (2003), 1.
- 7 National Economic and Social Bulletin 2005, released by National Bureau of Statistics of China, http://news.xinhuanet.com/fortune/2006-02/28/content_4239253.htm.
- 8 National Bureau of Statistics of China, *China Statistical Yearbook 2005*, Beijing: China Statistical Publishing House.

