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China's Role in Asia

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After decades of exerting only modest influence in Asia, China is now a much more active and important regional actor. Economic reforms and China's subsequent integration into regional and global production networks have produced three decades of rapid economic growth that has dramatically increased China's national power. China's regional security strategy and a range of diplomatic, military, and economic assurance measures have had a significant impact in easing Asian concerns about a strong China. Several recent studies confirm that Asian views about China have generally shifted from viewing China as a threat to viewing China as an opportunity, although Japan is an exception to this trend.¹ To some degree, this reflects an accommodation to a reality that smaller Asian states are powerless to change. Nevertheless, the shift from the anti-China sentiment prevalent a decade ago is an indicator of the success of China's Asia policy. As Robert Sutter has pointed out, it is difficult to assess the degree to which Chinese influence in Asia has actually increased because China has not asked Asian states to take costly actions that are against their interests.²

This chapter examines China's regional strategy and the sources of Chinese influence, considers how China might use its growing power in the future, and assesses how other Asian and global powers are likely to respond to a more powerful and more influential China. It also examines competing theoretical perspectives on China's international behavior, likely implications if current trends continue, and potential developments that might alter China's regional policy. This chapter argues that China's reassurance strategy has been remarkably successful in preserving a stable regional environment and persuading its neighbors to view China as an opportunity rather than a threat. However, despite China's restrained and constructive

regional behavior over the last decade, significant concerns remain about how a stronger and less constrained China might behave in the future.

CHINA'S ASIA STRATEGY

China's regional strategy derives in part from its global grand strategy.³ The top domestic concern of Chinese leaders is maintaining political stability and ensuring the continued rule of the Chinese Communist Party (CCP). CCP leaders have tried to build new sources of political support by raising living standards through rapid economic growth and by appealing to nationalist sentiment.⁴ Throughout the reform era, Chinese leaders have focused on maintaining a stable international environment that supports economic modernization. This objective requires China to avoid a hostile relationship with the United States, the dominant power in the current international system. Given the high costs of confrontation, Beijing seeks stable, cooperative relations with Washington. Yet many Chinese elites believe that the United States seeks to subvert the Chinese political system and to contain China's economic and military potential. China therefore seeks to build positive relationships with current and potential great powers to facilitate the emergence of a multipolar world order and to deny the United States the opportunity to construct a coalition to contain China and prevent its continued rise. By properly managing relations with the United States, other great powers, and developing countries, Chinese leaders hope to take advantage of the period of strategic opportunity in the first two decades of the twenty-first century to build China's comprehensive national power and improve China's international position.

This grand strategy defines the international and domestic context in which China formulates and pursues its Asia policy. Asia is the most important region of the world to China in economic, security, and political terms. It is the most important destination for Chinese exports (taking 45 percent of Chinese exports in 2004) and for Chinese investment (hosting at least \$2.45 billion in Chinese foreign direct investment as of 2005).⁵ Asia serves as a source of raw materials; the supplier of components, technology, and management expertise for global production networks operating in China; and increasingly as a market for finished Chinese products. Asian FDI played a critical role in fueling China's economic takeoff and export boom. Much of China's economic success can be attributed to the operations of multinational companies that import components from Asia, assemble goods using Chinese workers, and export the finished products to markets in the United States, Europe, and elsewhere. Approximately 60 percent of Chinese exports are now produced by foreign-invested enterprises, many of which are based in Asia.⁶ China has become

increasingly dependent on oil imported from the Middle East and on sea lanes of communication to support its trade. Much of this traffic passes through Asian waters, including through potential choke points such as the Strait of Malacca.

Geography also makes Asia critically important to China from a security perspective. China shares land borders with fourteen East Asian, South Asian, and Central Asian countries. Chinese leaders worry that neighboring countries could serve as bases for subversion or for military efforts to contain China. This is of particular concern because much of China's ethnic minority population, which Chinese leaders view as a potential separatist threat, lives in sparsely populated border regions. Chinese concerns about threats posed by "terrorism, separatism, and religious extremism" have prompted increased efforts at security cooperation with its Central Asian and South Asian neighbors. China's unresolved territorial claims are all in Asia, including claims to the Spratly Islands and the South China Sea, the Diaoyu/Senkaku Islands and parts of the East China Sea, and China's claim to Taiwan. China also worries about the possibility of encirclement and threats from conventional military forces based on its periphery. In the 1960s, the United States had significant military forces based on Taiwan, the Philippines, Japan, South Korea, and Thailand, all within striking distance of Chinese territory. Chinese strategists are highly sensitive to recent U.S. actions to improve its military power projection capability in the Pacific and the possibility that U.S. alliances in Asia might someday be turned against China.

Finally, Asia is also an important political environment. It is home to major powers such as China, Japan, India, and advanced economies such as Korea and Singapore. East Asia houses 29 percent of the world's population and produces about 19 percent of global GDP.⁷ If Asia were able to act collectively, it could rival the geopolitical weight of North America and Europe. Asia has historically lacked the web of regional institutions that produced economic and security cooperation in Europe and which supported the regional integration process that led to the creation of the European Union. The political, ethnic, and cultural diversity of the region and the tendency of Asian states to jealously guard their sovereignty have impeded the creation of strong regional institutions. However, over the last decade, new regional institutions have emerged to promote regional cooperation between Asian states in the economic, security, and political domains. A robust set of non-governmental organizations and people-to-people contacts have also emerged at the societal level. Some see these processes as promoting greater regional integration, which would greatly alter the political dynamics in Asia. China has a strong stake in influencing the political evolution of the region in ways that advance Chinese interests, and in blocking developments that might work against Chinese goals.

China's preferred outcome is a stable environment in Asia that permits rapid Chinese economic growth to continue and supports a continuing increase in Chinese influence. Many Western analysts believe that China's ultimate (but unstated) goal is to eventually displace the United States as the dominant power in Asia.⁸ Many Chinese analysts acknowledge that the U.S. role in supporting regional stability and protecting sea lanes of communication makes a significant contribution to regional stability and supports Chinese interests. The U.S. security alliance with Japan exerts a degree of restraint on Tokyo, although Chinese analysts believe this restraining influence has been reduced in recent years with the transformation of the alliance and the gradual lifting of legal constraints on Japanese military activities. However, the potential for U.S. power and alliances to be turned against China makes Chinese analysts uneasy at the prospect of an enduring American security role in the region. China disclaims any desire to dominate Asia, declaring that it will never seek hegemony and talking about cooperation on the basis of equality, mutual respect, and non-interference in the internal affairs of other nations. But Chinese leaders are also acutely aware of changing trends in the global and regional balance of power, which are closely followed by Chinese intelligence agencies and research institutes.

Chinese leaders are aware that rising Chinese economic and military power is viewed as a potential threat by other countries in the region.⁹ This wariness partly reflects the legacy of China's earlier support for communist parties and national liberation movements in Asian countries. Beijing ended such ideologically based support by the early 1980s, but Asian countries remain wary of the possibility that China could build relationships with their ethnic Chinese citizens that undermine their sovereignty. These latent concerns were aggravated by China's aggressive efforts to pursue its territorial claims in the Spratly Islands, including its 1995 seizure and subsequent fortification of Mischief Reef, a small island in the South China Sea claimed by the Philippines. In late 1995 and March 1996, China alarmed many in the region by using military exercises (which included live ballistic missile firings in waters near Taiwan) to express its displeasure at the U.S. decision to permit Taiwan president Lee Teng-hui to visit the United States and speak at Cornell University. These actions prompted articles highlighting China's rapid economic growth, continuing military modernization, and growing nationalism and asking whether China posed a threat to the Asia-Pacific region.¹⁰ Chinese officials and scholars attacked the "China threat theory" but also recognized the need to address the concerns of their neighbors. Yet reassurance efforts have been paralleled by continuing increases in military spending (official defense budgets have experienced double-digit real annual increases since 1999) and expanding military capabilities that are a source of concern in Asia, especially in Japan.

China's dilemma is finding a way to reconcile the rest of Asia to a dominant Chinese regional role without antagonizing the United States or destabilizing the region. This task is complicated by the Taiwan issue, given Beijing's self-defined "core interest" in preventing Taiwan independence. In the near term, China's military modernization is focused on developing capabilities that can deter Taiwan independence (which the People's Liberation Army [PLA] has defined as developing capabilities to deter and raise the costs of U.S. military intervention). Beijing has refused to rule out the use of force to resolve the Taiwan issue, although it would greatly prefer to resolve the issue peacefully. Chinese leaders have tried to compartmentalize Taiwan as an "internal affair" that has no relevance to People's Republic of China (PRC) international behavior, but most countries in Asia (and the United States) would be highly alarmed if China used force against Taiwan. China's military preparations to deal with Taiwan contingencies implicitly undercut its efforts to reassure the region that it will be responsible in how it uses its growing military power.

CHINA'S REASSURANCE CAMPAIGN

China has pursued a variety of diplomatic, economic, and military means to reassure its Asian neighbors that a stronger China will not threaten their interests. China's diplomatic efforts in Asia now rest upon a foundation of well-trained and capable diplomats who are able to convey Chinese messages effectively.¹¹ The content of China's diplomatic messages has also changed to have more appeal in Asia. In 1997–1998 China advanced the "New Security Concept," a reformulation of its five principles of peaceful coexistence that called for mutually beneficial cooperation on the basis of equality, mutual respect, non-interference in the internal affairs of other countries, and resolution of conflicts through dialogue.¹² This concept meshed reasonably well with the principles and preferred methods of operation of the Association of Southeast Asian Nations (ASEAN) states.¹³ (The so-called ASEAN Way emphasizes decision making by consensus, respect for national sovereignty, non-interference in internal affairs, and a gradual pace to security cooperation.) Chinese pledges of non-interference and respect for sovereignty provide assurances that Beijing will not support separatist groups or intervene on behalf of ethnic Chinese outside its borders.

China has sought to reassure ASEAN states by engaging and negotiating with them on a multilateral basis, forgoing the bargaining advantages that the stronger country enjoys in bilateral negotiations. Beijing's willingness to negotiate in the "ASEAN + China" framework offered some reassurance that China would not pursue a "divide and conquer" strategy. China also

launched a series of annual summits with ASEAN, began participating more actively in the ASEAN Regional Forum and its unofficial counterpart the Council for Security Cooperation in the Asia Pacific (CSCAP), and signed the "Declaration of Conduct on the South China Sea," a non-binding pledge to resolve territorial disputes peacefully. This pledge was an important confidence-building measure because four ASEAN countries claim parts of the disputed Spratly Islands but recognize they lack the power to stand up to China on their own. At the 2003 Bali Summit, China became the first non-ASEAN member to sign the Treaty of Amity and Cooperation, which codified ASEAN's preferred principles of international conduct such as non-aggression, non-interference, and peaceful resolution of disputes. Beijing also signed a strategic partnership agreement with ASEAN, giving the organization a status equal to its partnerships with other major powers.

China has also become more willing to participate substantively in regional multilateral organizations such as the Asia-Pacific Economic Cooperation (APEC) forum, ASEAN + 3 (Japan, China, Korea), the ASEAN Regional Forum, and the East Asian Summit. China had historically been reluctant to participate in multilateral forums due to fears that other countries would gang up on it and because multilateral norms and procedures could constrain its ability to pursue its interests. China's increased multilateralism is a means of channeling Chinese power in ways that make it more acceptable to its neighbors.¹⁴ Some analysts argue that China now views multilateral and regional organizations as important political venues and has become more active in these organizations as a means of pursuing its national interests.¹⁵ China's establishment of the Shanghai Cooperation Organisation (SCO) as a means of combating terrorism and expanding its influence in Central Asia is compatible with this view, as is China's effective use of bilateral diplomacy to influence the agenda of multilateral organizations such as ASEAN and the SCO in directions that advance Chinese interests.

China has also taken concrete measures to address Asian security concerns. One of the most important has been its efforts to resolve almost all of its outstanding land border disputes with its neighbors in the 1990s.¹⁶ These efforts have eased concerns about potential conflicts over borders and paved the way for increased cross-border cooperation against terrorism and organized crime. In many cases, China has made territorial concessions in order to resolve these disputes (although Beijing has often sought to keep the details of these concessions secret to avoid nationalist criticism).¹⁷ Equally important has been China's restraint in the use of its military forces. The aggressive actions that alarmed China's Asian neighbors in the mid-1990s have not been repeated in recent years.

Beijing's rhetoric claims that China's increasing military power is a force for peace that does not threaten any country. China has made some efforts

to demonstrate that its military and paramilitary forces can make some useful contributions to regional and global security. These include increased participation in United Nations peacekeeping missions. As of 2006, China had 1,489 military personnel deployed on nine UN missions and in the UN Department of Peacekeeping Operations. In September 2007, Major General Zhao Jingmin became the first Chinese officer to command a UN peacekeeping mission.¹⁸ China has also offered to increase regional cooperation on non-traditional security issues such as disaster relief, counterterrorism, and counterpiracy. Although the resources committed to these missions have been relatively modest, they provide a positive contribution to regional security and symbolize a constructive role for Chinese military power.

China has also made modest efforts to increase its transparency on military issues as a confidence-building measure. China published its first white paper on arms control and disarmament in 1995 and began publishing biannual white papers on national defense in 1998. The defense white papers provide ample assurances of China's peaceful intentions and only limited information on PLA military capabilities, but are nevertheless an important step toward greater transparency. Starting in 2002, China began to observe and then participate in bilateral and multilateral military exercises with neighboring countries as a confidence-building measure. Although most are simple search and rescue exercises, they do provide an opportunity for Asian militaries to interact with their PLA counterparts. China has also improved the quality of its participation in multilateral security dialogues at both the official and unofficial levels and established bilateral security dialogues with most major countries in Asia. Although Chinese participants remain reluctant to talk about Chinese military capabilities and often repeat official talking points, these dialogues still have some value.

In the economic realm, China has sought to persuade Asian countries that they will share in the benefits of China's rapid growth, while simultaneously advancing Chinese interests through commercial diplomacy. "Win-win" and "mutual benefit" are the watchwords of China's economic diplomacy. Chinese imports are fueling growth throughout Asia and in other regions of the world. In 2003, China became the largest export market for Japan, South Korea, and Taiwan. Demand from China is credited with helping to revive the Japanese economy from its decade-long slump. China's increasing role in world trade and expectations of future growth make it an attractive market and give Beijing leverage in dealing with trade partners. A relatively new element in China's economic diplomacy involves negotiation of regional and bilateral free trade agreements (FTAs). The China-ASEAN FTA is the most significant example, but China is currently discussing bilateral FTAs with Australia, New Zealand, Japan, South Korea, India, and others.¹⁹ China's FTA with ASEAN includes "early har-

vest” provisions that provide additional benefits to ASEAN agricultural producers. Chinese officials also regularly use trade-facilitation agreements or non-binding bilateral trade targets to leverage market access as a diplomatic tool in bilateral relations.

SOURCES OF CHINESE POWER IN ASIA

Economic Power

China’s rapid economic growth, and the increasing economic ties with Asia that it has produced, is the most important source of China’s increasing influence in Asia. One important pattern in China’s trade relations is that other East Asian countries are becoming more dependent on exports to China, but China’s relative dependence on East Asian markets is staying the same. The volume of Chinese trade with East Asia has increased dramatically over the last decade, but the share of Chinese exports going to East Asia (excluding Hong Kong) has declined from 34 percent in 1996 to 24 percent in 2006.²⁰ Conversely, China has become the first- or second-largest trading partner of almost every country in the region since the turn of the millennium (see tables 6.1 and 6.2). Despite periodic political tensions, Japan’s trade with China (not counting Hong Kong) now exceeds Japan’s trade with all ten members of ASEAN and surpassed U.S.-Japan trade levels in 2007. ASEAN exports to China have grown rapidly in recent years, but the China market is still only the third most important export market for ASEAN products.

These changes in Asian dependence on the China market reflect both the shift of export production from other East Asian economies to tap inexpensive Chinese labor and the Chinese domestic market’s appetite for imports from Asia. Chinese leaders and analysts appear to believe that trade

Table 6.1. Percentage of Imports from China (China’s Rank as Import Source)

	<i>Japan</i>	<i>South Korea</i>	<i>Taiwan^a</i>	<i>ASEAN 6^b</i>	<i>India^c</i>
1986	4.7% (4)	0.0% (—)	0.28% (33)	4.0% (6)	0.55% (27)
1996	11.6% (2)	5.7% (3)	3.00% (7)	3.0% (5)	1.90% (18)
2006	20.4% (1)	15.7% (2)	12.20% (2)	11.0% (3)	9.40% (1)

Source: UN Comtrade Database.

^aTaiwan Trade Statistics: Taiwan figures are from Taiwan’s Bureau of Foreign Trade, available at cus93.trade.gov.tw/english/FSCE/FSC0011E.ASP; 1989 data (the earliest available) are used for the 1986 figure.

^bASEAN 6 is Singapore, Malaysia, Indonesia, Thailand, Philippines, and Brunei. ASEAN 6 data for Brunei use 1985 data and 1998 data to substitute for unavailable 1986 and 1996 data. ASEAN 6 rankings consider intra-ASEAN 6 trade with other ASEAN 6 members (e.g., ASEAN 6 exports to Singapore) as trade with other countries for ranking purposes.

^cThe 1986 India data are from the IMF Direction of Trade Statistical Yearbook 1990.

Table 6.2. Percentage of Exports to China (China's Rank as Export Market)

	<i>Japan</i>	<i>South Korea</i>	<i>Taiwan^a</i>	<i>ASEAN 6</i>	<i>India</i>
1986	4.7% (4)	0.0% (—)	0.00% (—)	2.3% (12)	0.74% (28)
1996	5.3% (5)	8.8% (3)	0.54% (23)	2.9% (12)	1.8% (14)
2006	14.3% (2)	21.3% (1)	22.70% (1)	8.8% (3)	6.6% (3)

Source: UN Comtrade Database.

^aTaiwan Trade Statistics.

dependence can generate significant political influence as groups that benefit from trade mobilize to protect their economic interests. However, these groups do not necessarily exert a dominant influence within other countries. For example, Japanese business groups have called for better Sino-Japanese relations, but this has sometimes been insufficient to outweigh other Japanese voices seeking a more assertive policy toward China.

China has also emerged as a significant source of foreign direct investment in Asia. Asia is the most important destination for Chinese FDI. Chinese statistics indicate that Chinese enterprises have invested at least \$2.45 billion in East Asia as of 2005, while ASEAN statistics show \$2.3 billion of Chinese FDI from 2002 to 2006. This makes a significant contribution to Southeast Asian economies, but Chinese investment only accounts for 1.3 percent of total foreign investment in ASEAN over the 2002–2006 time period, a very small percentage. China does not publish a detailed breakout of its foreign aid programs, but the poorer countries in Southeast Asia and Central Asia are significant recipients of Chinese development assistance. Much of this assistance goes to improve transportation infrastructure connecting Southeast Asian and Central Asian countries to China. This infrastructure contributes to these countries' economic development, but it also links them more closely to the Chinese economy and will produce greater trade dependence in the future.²¹ China's role as a production site in regional production networks serves as an important link between Asian producers of capital goods and production inputs and developed country markets in the United States and Europe. This ties together the economic interests of Asian companies and countries in a positive-sum manner.

Military Power

Another form of Chinese power that deserves attention is China's military power. China's military, the People's Liberation Army (PLA), has historically been a large land force with a very limited ability to project and sustain power beyond China's borders. China's military power has increased significantly over the last decade, creating both newfound respect and heightened concerns in other Asian countries.²² One analyst

has described “three pillars” of PLA reform and modernization, including (1) development, procurement, and fielding of new weapons systems and capabilities; (2) institutional and systemic reforms to improve the professionalism and quality of Chinese military personnel; and (3) development of new war-fighting doctrines for employing these new capabilities.²³ China’s military modernization has been supported by significant increases in defense spending, with the PLA receiving double-digit real budget increases every year since 1997. The official 2007 defense budget is approximately \$45 billion, but estimates that include military-related and off-budget spending suggest that total 2007 spending may range from \$85 to \$135 billion.²⁴ This increased funding has underwritten higher salaries, expanded training and facilities, and the development and acquisition of advanced Chinese and Russian arms.

Many of the new weapons systems the PLA is acquiring appear to be focused primarily on deterring Taiwan independence and deterring or delaying possible U.S. intervention. These include development of more accurate short-range and medium-range conventional ballistic missiles, acquisition of Russian Kilo-class submarines and Sovremenny destroyers equipped with missiles designed to target U.S. aircraft carriers, and modernization of China’s strategic nuclear arsenal. Chinese military strategists are exploring tactics such as attacks on U.S. military computer systems and space assets as means of deterring or delaying the arrival of U.S. military forces in the event of a Taiwan crisis. China’s January 2007 test of a direct-ascent anti-satellite weapon illustrates one aspect of these efforts. To the extent that these “anti-access strategies” are actually able to hold U.S. military forces in the Western Pacific at risk, they may begin to shift regional perceptions of the military balance of power in Asia.²⁵

Some of the new military capabilities China is developing will significantly expand the PLA’s ability to project power within Asia. In addition to the capabilities listed above, China is also deploying tankers and air-refueling technology that will extend the range of Chinese fighters. The PLA is improving the capabilities of its airborne and amphibious forces capable of expeditionary operations and making efforts to improve its airlift and sealift capability. Chinese military officials are now openly discussing building an aircraft carrier, citing the need to contribute to humanitarian relief operations and protect China’s sea lanes of communication as justification.²⁶ A recent study notes that the PLA already performs power projection missions to some extent by responding to crises, contributing to deterrence, and enhancing regional stability. Although lack of foreign bases constrains PLA power projection capability, the PLA is increasing its “presence deployments” through naval visits and port calls and PLA participation in joint and combined military exercises with other militaries.²⁷

China's accelerated military modernization program has been accompanied by efforts to reassure its Asian neighbors that a more powerful PLA will not threaten their security. China has sought to demonstrate that its military and paramilitary forces can make useful contributions to regional and global security, including via increased participation in United Nations peacekeeping missions and humanitarian relief operations following the Indian Ocean tsunami in 2004 and the Pakistan earthquake in 2005. China has also offered to increase regional cooperation on non-traditional security issues. Although the resources committed to these missions have been relatively modest, they are intended to showcase a constructive role for Chinese military power. Chinese military officers are now discussing ways in which the PLA might contribute to regional security goals by providing "public goods" such as counterpiracy measures, humanitarian assistance and disaster relief, and by contributing to the security of sea lanes of communication. China clearly hopes that defining ways in which the Chinese military contributes to regional security will ease concerns about its military spending and improvements in its power projection capabilities.

"Soft Power"

In contrast to China's military modernization, Chinese efforts to expand its "soft power" within Asia have not raised similar concerns. The discussion below focuses on soft power in terms of China's ability to persuade others to pursue its goals and values or to emulate its behavior. One important trend is increasing contact between Chinese citizens and people in other Asian countries. Flows of tourists and students between China and other Asian countries have increased dramatically in recent years as China has loosened restrictions on overseas travel by its citizens. Chinese tourists have flocked to Asia, with about four million visiting other East Asian countries in 2004.²⁸ Many Chinese tourists visit Asian countries with tour groups, which do not always leave a positive impression in the countries they visit. Educational contacts between China and Asia have also increased significantly. China sent about ninety thousand students to East Asian countries in 2005 and hosted more than one hundred thousand East Asian students in 2006, with South Korea and Japan sending the most.²⁹ The Chinese government has supplemented these educational exchanges by supporting the establishment of "Confucius Institutes" in foreign countries to teach Chinese language and promote Chinese culture. The first Confucius Institute was established in 2004; there are now more than 210 institutes in fifty-four countries.³⁰ As of the end of 2007, six East Asian countries and India hosted some forty-three Confucius Institutes, with Thailand, South Korea, and Japan hosting at least ten apiece.³¹

In addition to business, tourism, and student contacts, the Chinese government actively encourages Chinese scholars and experts to participate in academic and unofficial “Track 2” policy conferences in Asia. Much of this participation occurs via Chinese government think tanks or Government-Operated Non-Governmental Organizations (GONGOs) created to interact with foreign non-government organizations. The Chinese government has sought to increase contacts between Chinese and East Asian think tanks—and to exert some degree of control over the regional agenda—by providing financial and organizational support for participation of Chinese experts and by sponsoring the establishment of the Network of East Asian Think-Tanks (NEAT) in 2003. NEAT includes members from all the ASEAN + 3 countries. The China Foreign Affairs University, which reports to the Chinese Foreign Ministry, serves as NEAT’s general coordinator with responsibility for coordinating cooperation between think tanks in the ASEAN + 3 countries and coordinating Chinese domestic think tanks. NEAT’s agenda is focused on increasing East Asian cooperation and promoting regional integration.³² Chinese scholars and experts increasingly have the language skills and expertise to function effectively in these types of meetings. However, the perception that Chinese participants often deliver approved government talking points and cannot fully express their individual viewpoints probably limits their influence.

Appeals to cultural and linguistic affinities have been important in dealing with countries with significant ethnic Chinese minorities. Malaysia and Indonesia, which previously viewed their ethnic Chinese populations with suspicion, now regard them as an asset and comparative advantage in building economic relations with China. China found some sympathy in Southeast Asia for appeals to “Asian values” during its efforts to resist human rights pressure from the United States and Europe in the 1990s. Cultural and linguistic diversity in Asia is likely to limit China’s ability to harness purported common “Confucian values” as a diplomatic tool. Few Asian elites are attracted to Chinese values or desire to emulate China’s system of government.

In the cultural sphere, talented China artists are beginning to win regional and international recognition. Some Chinese cultural products reflect traditional Chinese culture in ways that resonate within East Asia, but many others have more limited regional appeal due to their focus on Chinese domestic concerns, their derivative nature, and language barriers. Films have arguably been China’s most successful cultural exports. Some artists such as director Zhang Yimou and actress Gong Li have built international reputations based on their work in China, but the most successful Chinese actors and directors (such as Jackie Chan and Ang Lee) are actually from Hong Kong or Taiwan. A boom is under way in Chinese visual arts, but much of this work is derivative rather than setting new trends. In com-

parison with the work being produced in other Asian countries, Chinese cultural products are limited by the less developed Chinese market, political constraints on content, and the lack of effective intellectual property rights to ensure that innovation is appropriately compensated. Some of these constraints are likely to relax as China becomes richer, but for now other Asian countries are producing work that has more regional impact and influence. It is also worth noting that many of the most successful Chinese achieved their fame with work done outside China, including Nobel Prize-winning novelist Gao Xingjian.

Chinese companies have sought, with limited success, to build internationally recognized brand names. Haier (refrigerators) and Huawei (routers and communications products) have been most successful. However, in most cases Chinese products currently compete on the basis of price rather than quality. Nevertheless, if goods are cheap enough, Chinese products can still have a significant impact that promotes a positive image of China. For example, Chinese motorcycles that sell at about a quarter of the price of those produced in Japanese-owned factories in Thailand have become affordable for poor villagers in Laos. The resulting access to transportation has literally saved lives and has had a major improvement in the quality of life for Laotian villagers in remote areas.³³

Many Asian elites look at China's economic success with envy and admiration. The pace of construction in China's major cities—and the number of architecturally ambitious new buildings in Beijing and Shanghai—is striking. Beijing built an impressive set of facilities and infrastructure improvements to support the 2008 Olympics. China's manned space program is regarded by some Asian elites as an important technological achievement of the Chinese system. Yet these impressive accomplishments have a darker side that is quickly evident. China's breakneck growth has been accompanied by rampant environmental degradation that has damaged China's air and water.³⁴ Rapid growth and construction in China's major cities has destroyed many of their most distinctive features and displaced poorer citizens to distant suburbs with limited compensation. Poor urban planning and rapid growth in the number of automobiles are making traffic a nightmare in many Chinese cities.

Some believe the Chinese approach of reforming the economy while limiting political freedom represents a new development model with considerable appeal to authoritarian leaders in developing countries.³⁵ China's development model actually draws heavily on orthodox development economics and benefits from special factors such as a large domestic market and large labor supply that cannot readily be replicated by most other countries.³⁶ Domestic problems, social inequality, environmental degradation, and periodic political clampdowns also limit China's attractiveness as a model for others to emulate. Within Asia, Vietnam has

clearly been influenced by China's approach to economic development, but the country Chinese leaders have tried hardest to influence—North Korea—has proved reluctant to embrace a Chinese-style opening. A slow-down in growth or a major political incident would highlight the downsides of the Chinese model and significantly reduce China's ability to employ soft power as a diplomatic tool.

ASSESSMENT OF CHINA'S ASIA STRATEGY

China's efforts to provide reassurance of its benign intentions have had significant impact, but Asian states still have significant concerns. Some Southeast Asian states are actively encouraging the United States, Japan, and India to take a more prominent role in regional affairs to balance against Chinese influence. Asian governments have decided to treat China as an economic opportunity, but Southeast Asian businessmen regard competition from Chinese exports as a serious challenge, and Korean and Japanese businessmen worry that Chinese enterprises may quickly move up the technology ladder to compete with their exports of more advanced goods. Asian states have welcomed China's participation in multilateral organizations, but Beijing's behavior within regional forums has been mixed. In negotiations with ASEAN states over the China-ASEAN Free Trade Agreement, China let individual ASEAN states determine their own comfort level with the coverage and pace of trade liberalization commitments. The resulting agreement is a hodgepodge, but ASEAN states were pleased at Beijing's willingness to defer to their concerns. One Southeast Asian diplomat noted that China has generally been willing to adapt its proposals for regional cooperation to build consensus, deferring contentious issues or delaying proposals that are moving too fast for ASEAN sensibilities.³⁷

In other areas, China's behavior has been less accommodating. Asian officials and security analysts praise Beijing's willingness to cooperate and to defer resolution of maritime territorial disputes and sovereignty issues but also note that China has been unwilling to make substantive concessions on most issues. China agreed to participate in a sub-regional organization to address Mekong River issues but has generally been unresponsive to the concerns of those in downstream countries adversely affected by Chinese dams.³⁸ Beijing's responsiveness to Asian concerns about food and product safety has also varied. China is quick to pull any foods that have safety issues from the Japanese market but reportedly rebuffed Indonesian efforts to apply its domestic food safety standards to Chinese imports.³⁹ China has pursued joint energy exploration projects with the Philippines and Vietnam in the Spratly Islands, which violate the spirit of its pledge to resolve its sovereignty claims multilaterally, and has reportedly begun to press its claims

to the Spratly Islands in bilateral meetings with some ASEAN states. China's military confidence-building measures have reassured some skeptics, but others note that Beijing has provided only limited information about its military capabilities and has refused to discuss the most important security issues (such as Taiwan) in multilateral settings.

China's regional security strategy depends on increasing Chinese influence without antagonizing the United States. Chinese officials have made conscious efforts to reassure the United States that Beijing recognizes U.S. interests in Asia and has no intention of pushing the United States out of the region. Beijing has not repeated its 1997 campaign to press U.S. allies in Asia to abandon their alliances with Washington. China's cooperation on counterterrorism and critical role in efforts to persuade North Korea to abandon its nuclear weapons program have provided positive security cooperation that has helped ease U.S. concerns. Nevertheless, U.S. officials remain wary of Chinese efforts to improve its security ties with U.S. allies and have noted China's apparent preference for regional organizations such as the SCO and the East Asian Summit where the United States is not a member. U.S. officials and analysts are also paying close attention to China's military modernization efforts; China's January 2007 test of a direct-ascent anti-satellite (ASAT) weapon sparked serious debate in the United States and elsewhere about China's strategic intentions in space.⁴⁰ U.S. preoccupation with Iraq and Afghanistan has distracted attention from China's efforts to increase its influence in Asia, but these concerns have not gone away. Japanese officials share many of the same concerns about Chinese regional influence and military modernization efforts, which have become an aggravating factor in Sino-Japanese relations.

THEORETICAL PERSPECTIVES ON CHINA'S INTERNATIONAL BEHAVIOR

The preceding assessment has focused on China's efforts to increase its power and regional influence without antagonizing the United States or scaring its neighbors. China's policy has been remarkably successful to date but has not fully eased concerns about how a stronger China might behave in the future. Different theoretical lenses provide different interpretations of recent Chinese behavior and contrasting projections of how a stronger China might behave in the future.

A traditional Realist perspective would emphasize China's continuing efforts to build military capabilities and comprehensive national power in a way that increases its long-term ability to shape Asia in directions compatible with its interests. This perspective emphasizes the limitations on China's military transparency and Beijing's efforts to keep important hard

security issues (such as the Taiwan issue, its rising military spending, and its nuclear modernization) out of multilateral security forums. The cooperative security approach in the new security concept may be useful in dealing with non-traditional security issues such as piracy but has limited utility in dealing with zero-sum territorial disputes or serious conflicts of interests. U.S. alliances in Asia remain important to U.S. regional interests and to the security of U.S. allies. China has not repeated its 1997–1998 diplomatic campaign against U.S. alliances in Asia but has made clear that, although it disapproves of U.S. security alliances in Asia in principle, in practice it recognizes that the alliances make some contributions to regional security. China has sought to improve bilateral relations (including bilateral security cooperation) with U.S. allies such as the Philippines and Thailand to try to ensure that U.S. alliances do not become directed against China. From a Realist perspective, China has been deferring sovereignty disputes and accepting U.S. security alliances in Asia because it lacks the power to resolve these issues in its favor. Increasing Chinese relative power may produce more aggressive behavior in the future. Realists acknowledge the importance of increasing regional economy ties but tend to see these in terms of PRC efforts to generate political leverage by making its trading partners dependent on the Chinese market. A Realist perspective highlights China's continuing reluctance to accept binding constraints on its exercise of power in Asia and is therefore suspicious about how a more powerful China might behave in the future.

A Liberal institutionalist perspective would highlight the ways in which China's membership in international organizations and the constraints of economic interdependence are likely to shape definitions of Chinese interests and constrain the ways in which Beijing chooses to pursue those interests. In general, this perspective sees China's greater engagement in the region as raising the costs of using force and increasing the incentives for China to behave in a peaceful manner when conflicts of interest arise. Common interests such as regional stability and the need for international cooperation to handle non-traditional security issues explain China's greater willingness to cooperate in regional organizations. This viewpoint sees Chinese efforts to shape international rules and norms as evidence that China will ultimately be willing to adhere to these international rules of the game. This perspective notes that China's economic growth is being achieved through greater international cooperation and participation in the global economy. As China's power rises, constraints on its international behavior and the costs of using force will also continue to rise. This perspective is therefore relatively optimistic that a more powerful China will continue to behave in a restrained manner.

A classical Liberal perspective would focus on the nature of the Chinese regime and the resulting implications for China's future behavior.

From this perspective, many of the current concerns about China's international behavior are due to the authoritarian nature of the Chinese government, which may give excessive weight to military and sovereignty concerns and produce decision-making and crisis management procedures that increase the chances for military conflict. Democracy or political liberalization in China might help address some of these factors over the long term, but the CCP's reluctance to institute genuine political reforms is a significant cause for concern about how a stronger China will behave in the future. A related approach is to consider China from the perspective of the two-level game framework developed by Robert Putnam, as David Shambaugh develops in his chapter in this volume.⁴¹ This approach captures Beijing's efforts to balance domestic and international considerations in its foreign policy-making and can address the potential for international developments (such as the possibility of Taiwan independence or an oil shock) to generate a political crisis that threatens regime survival. This captures a significant amount of the calculative aspect of Chinese behavior but also highlights concerns that nationalism and the limited representation of business interests could limit the win set in international negotiations and produce aggressive behavior in the future. China's diplomatic practice over the last decade does not include many examples of aggressive action, but this may be because China deferred action on contentious issues such as maritime sovereignty disputes because it lacked the power to achieve its goals and was unable to compromise due to domestic constraints.

Finally, a Constructivist perspective highlights the potential for norms, culture, identity, and mutual interactions to constrain Chinese behavior in the future.⁴² This viewpoint would take the stated principles underlying Chinese foreign policy more seriously as an indicator of China's genuine intentions. Some scholars view the commonalities between China's new security concept and ASEAN principles of non-interference as evidence of a growing normative convergence between China and ASEAN that might serve as the basis for a broader regional security order.⁴³ From this perspective, efforts by other Asian countries to engage China and China's increasing involvement in international affairs and multilateral organizations have produced significant and genuine change in Chinese foreign policy preferences that suggest a stronger China less constrained by its international environment may still behave in a restrained manner. Other Constructivist perspectives focus more on China's *realpolitik* strategic culture and are much less sanguine about prospects for restraint from a more powerful China.⁴⁴ Constructivist predictions depend heavily on assumptions about which elements of Chinese culture and identity matter most in explaining China's international behavior.

CONCLUSION

Different variants of international relations theory can explain some aspects of China's recent behavior, but no single theory provides a complete explanation. A persuasive model for Chinese foreign policy-making needs to integrate both international and domestic variables to explain specific Chinese foreign policy decisions. International relations theories are helpful in identifying factors that may influence how a more powerful and less constrained China might behave in the future. However, each theory identifies different factors as important, highlighting the need for analytical judgment in deciding which factors are most important and which theories are most persuasive in illuminating China's future behavior in Asia.

A useful way of thinking through future possibilities is to examine likely consequences if present trends continue as well as potential developments that could alter or reverse those trends. China's political leadership must continue to manage a host of difficult domestic challenges in order to maintain stability and support economic growth. Growth gives the central government additional resources but also aggravates problems such as pollution, inequality, and energy insecurity. China's rapid growth is increasing trade with Asia, the United States, and Europe, and providing resources that underwrite China's military modernization and help create jobs and rising living standards that contribute to social stability. If this trend continues, Chinese political influence in Asia is likely to grow. However, China will also experience increasing economic frictions with the United States and with Asian countries such as Japan and South Korea where politically important industries already complain about unfair competition with Chinese firms. The Chinese economy's demand for energy and commodity imports may also stimulate increased competition with Asian countries. If China's military modernization continues on its present path, Beijing's position with respect to Taiwan is likely strengthened considerably, but at the cost of heightened tensions with the United States, Japan, and some Southeast Asian countries as PLA capabilities increase. Efforts to reassure neighbors are likely to continue, notably through an increase in exercises with Asian militaries and increased cooperation on non-traditional security issues. A Chinese decision to acquire an aircraft carrier would be viewed as a watershed event, even if Beijing justifies the acquisition in terms of non-traditional security missions. Continued Chinese diplomatic success would likely require Beijing to pursue positive regional initiatives while exercising military restraint and deferring controversial issues to the future. A more confident China would likely continue to focus on cooperative approaches and long-term regional goals. A key question is whether China will continue to pursue a moderate course if issues such

as territorial disputes or energy security force themselves onto the regional agenda.

A number of domestic and regional developments could alter the trajectory of China's Asia policy. Serious internal unrest could lead to a domestic crackdown, which would damage China's reputation within the region and heighten concerns about Chinese international behavior. A domestic economic crisis could lead China's leaders to focus on restoring growth and exporting their way out of a crisis, regardless of the negative impact on its neighbors. A regional or global economic slump could have a similar result, although the negative impact on China's relations with the region would likely be greater. Regional security problems could also produce changes in Chinese policy. A North Korean collapse or a military conflict precipitated by Pyongyang's nuclear weapons ambitions could lead to assertive Chinese actions to control the situation, which could heighten conflicts with Seoul, Tokyo, and Washington. Despite China's efforts to paint Taiwan as a "domestic issue" that is qualitatively different from its approach to international security concerns, Asian countries still view Beijing's approach to Taiwan as a litmus test for Chinese behavior. A decision to use force against Taiwan would alarm East Asian countries and could undo many of the gains made in Beijing's decade-long reassurance campaign.

Finally, heightened rivalry between China and Japan could raise bilateral tensions and potentially disrupt economic cooperation and the trend toward greater regional cooperation in the region. Both governments seek to stabilize relations, but competition for regional leadership or a security incident over resources or disputed territory in the East China Sea could alter the dynamics of the relationship in a negative direction.

During the reform era, China has sought to preserve a stable international environment that supports continued economic growth that can help maintain domestic stability, build its national wealth and power, and expand its influence. These principles have also guided China's Asia policy, which has emphasized the need to avoid a confrontation with the United States and to reassure Asian countries that a stronger China will not threaten their interests. China's policy has been remarkably successful in preserving a stable regional environment and persuading its neighbors to view China as an opportunity rather than a threat. Despite China's restrained and constructive regional behavior over the last decade, significant concerns remain about how a stronger and less constrained China might behave in the future, concerns that are especially prevalent in the United States and Japan, two of the strongest countries in the Asia-Pacific region. These uncertainties—and China's increasing role in shaping Asia's future—ensure that debate about how a stronger China will behave in the future will remain a contentious issue in both the United States and in Asia.

NOTES

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