

QUAD-PLUS Dialogue



Chinese Foreign Policy in the Age of Xi Jinping

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**Quad-Plus Dialogue
Tokyo, Japan
March 4-6, 2018**

Factors Affecting Xi Jinping's Foreign Policy

China entered the Xi Jinping era in mid-November 2012. Based on the past practices and the division of duty among the members of the Politburo Standing Committee of the Chinese Communist Party (CCP), Xi is in charge of China's foreign policy. There are several factors which affect Xi's foreign policy decision making: (1) Xi's power and vision for China; (2) China's power; (3) China's domestic setting; and (4) the external setting, especially related to the factor of the United States.

1. Xi Jinping's Power and Vision for China. Xi was able to consolidate his power by launching an anti-corruption campaign to purge the rival factions. Although the new Standing Committee of the Politburo elected by the Central Committee of the 19th Party Congress in late October 2017 was to some extent a compromise, it is a Politburo completely dominated by Xi. Xi is regarded by a lot of observers to be the most powerful leader since Mao Zedong in the People's Republic of China's (PRC) history.

Xi is a nationalist who tries to carry out comprehensive reforms in socio-economic, political, and military sectors in order to make China a wealthy and strong country. But Xi is not a democratic reformer. On the contrary, under his leadership, the CCP regime has tightened up the state's control over society. In November 2012, Xi introduced the idea of the Chinese dream. The dream is to achieve "the great rejuvenation of the Chinese nation," which means a wealthy and strong China. Xi's

foreign policy is to help enable the realization of such a dream.

2. China's Power. China replaced Japan to be the 2nd largest economy in 2010 and its defense budget surpassed the U.K. to be the 2nd largest in the world in 2001. China has been narrowing down its gap with the United States in terms of economic capacity and defense budget in the past two decades. It is believed by many observers that it is just a matter of time until China will emerge to be the largest economy in the world. Professor G. John Ikenberry of Princeton University suggests that a dual hierarchy has emerged in Asia. In other words, China is Asia's dominant power in terms of economic affairs while the United States is the master in the area of security. What is more important is that the majority of the Chinese people believe that China has already replaced or will eventually replace the United States as the world's leading superpower. The Chinese people who perceive a declining United States and China's new global status believe that China should not be soft to other countries including the United States. That is why Wang Jisi, a leading Chinese scholar on the Sino-American affairs, reminds the United States that China will be very likely to say no to Washington in the international arena.

3. China's Domestic Setting. Although the rise of China in the past three decades has been regarded as a miracle, China is a country with huge domestic problems. Deteriorated environmental degradation, an increasing gap between the rich and the poor and between the rural and urban areas, an aging population, the Tibetan and Uyghur secessionisms, a slowing economy, and rampant corruption—to name just a few—are hurting the CCP's legitimacy to rule. The increasing social unrest has become a serious challenge to the PRC government, and the ability to maintain social stability has become a top priority in Beijing's political agenda. In the face of increasing grievances among the people, the CCP regime cannot be soft on foreign relations. On the contrary, to adopt an assertive or aggressive foreign policy can divert domestic attention in a time of domestic difficulty and increase the Chinese people's support to the CCP regime.

4. External Setting. The external setting is in general friendly toward China, especially after President Trump took office in January 2017. Although the United States under President Trump's leadership withdrew from international affairs, reduced U.S. allies' confidence with the United States, and hurt U.S. image and soft power in the world, Trump's national security strategy identifies China as a threat and a competitor. Beijing perceives that Trump's policy is to contain China. A key challenge to Xi's foreign policy is how to manage China's relations with the United

States. Of course, Beijing must control the damage related to the theme of the “China threat.”

Xi Jinping’s Foreign Policy

As mentioned above, Xi Jinping has adopted a more assertive foreign policy than his predecessors. China has become more aggressive because it has more tools in its pocket. Xi Jinping’s strategy can be divided further as follows.

A Policy of Carrots and Sticks. Beijing is more likely to punish those countries which do not take the Chinese side. South Korea (the THAAD issue), Japan (the rare-earth issue because of the Diaoyu Islands dispute), Mongolia (Dalai Lama’s visit of Mongolia), Taiwan (President Tsai Ing-wen’s rejection to the 92 consensus), and Singapore (the detention of 9 armed vehicles in Hong Kong) are well-known cases. On the other hand, Beijing is generous to give awards to those who support China. Greece, Pakistan, Cambodia, Laos, Malaysia, Hungary, Central Asian countries, and many other countries in the developing world receive big money from China.

Economic Diplomacy. In addition to economic aid (including grant, donation, and low-interest loans), Beijing has become very skillful in conducting economic diplomacy. China signed big commercial contracts with the United Kingdom when Xi visited that country and signed \$250 billion worth of contracts with the United States when President Trump visited China. Malaysia was able to be awarded more than \$30 billion when its prime minister visited Beijing in late 2016. The Philippines is a more well-known case. It was punished by Beijing when it brought the South China Sea dispute to the Permanent Court of Arbitration (PCA) in 2013. Beijing imposed economic sanction on the Philippines. But Manila has been handsomely rewarded by Beijing when President Rodrigo Duterte of the Philippines decided to ignore the PCA ruling and take the Chinese side against the United States.

In addition, Beijing has been pushing for China’s economic integration with other Asian countries, especially with Southeast Asian countries. Beijing also adopts a going out (*Zouchuqu*) policy to encourage China’s state-owned enterprises to invest in other countries.

A Strategy of Balance of Power. China suffers from a disadvantage vis-a-vis the United States in the international arena. The United States maintains a wonderful alliance system which includes NATO, Organization of American States, the Australia, New Zealand, United States Security Treaty, and allies with Japan, South Korea, the

Philippines, and Thailand. China has only one ally on paper—North Korea. Therefore, Beijing establishes a semi-alliance with Moscow and tries to win the support from some Asian and European countries.

A Policy of Divide and Conquer. China's efforts to win the support from some Asian and European countries are a part of its divide-and-conquer policy. The decision making of both the EU and the Association of Southeast Asian Nations (ASEAN) is based on consensus. Beijing is able to use dollar diplomacy to buy the support from some EU and ASEAN member states to speak on China's behalf.

One Belt, One Road Strategy. If the strategy succeeds, China will emerge as a dominant power in the Euro-Asian continent. No doubt, the One Belt, One Road Strategy will become the most important foreign policy legacy of Xi Jinping. The Maritime Silk Road Initiative supports the String of Pearls strategy, which tries to establish strong ties with countries along the South China Sea and Indian Ocean.

Three Phases and Three Steps of Xi's Foreign Policy

The Three Phases. According to Xi's political report addressed to the 19th Party Congress, China's development can be divided into three phases: (1) to turn China into a moderately wealthy country and to complete mechanization of the People's Liberation Army (PLA) by 2020; (2) to make China a developed country and to achieve the PLA's modernization by 2035; and (3) to make China a first-rate national power with a world-class military by 2035.

Three Steps of Xi's Foreign Policy. The first step is to break the U.S. containment and protect China core interest in the near term. The second step is to exclude the United States from Asian security affairs and to dominate Asia (by imposing the Chinese version of the Monroe Doctrine) in mid-term. The third step is to become the dominant power in the world in the long run.

China promotes the idea of "community of common destiny" in Asia, the Beijing Consensus (China's development strategy as a model), and the new Asian security concept. It also actively participates in the United Nations Peacekeeping Operations and global governance to create with China an image as a leading and responsible player in international affairs.

Diplomatic Challenges to China

Xi Jinping's foreign policy has been quite successful. However, he faces serious challenges ahead: (1) dealing with the United States; (2) handling cooperation among Japan, India, Australia, and the U.S. to maintain a free and open Indo-Pacific region; (3) managing unsolved territorial disputes with neighboring countries; (4) confronting the lack of trust of China in the region; and (5) rehabilitating China's image, which is hurt by its abuse of human rights.