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Reforming China's Diplomacy

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Abstract

China's diplomacy is among the many accomplishments of China during the period of reform and opening up. The People's Republic of China is emerging fully on to the world's stage, and in a largely positive fashion. It now has both interests and a presence in parts of the world completely new to China—such as Latin America and the Middle East. Beijing has managed its relations well with the major world powers—United States, Russia, and the European Union. It has transformed its regional diplomacy in Asia, reasserted a role in Africa, and has become more active in multilateral organizations. Thirty years ago, at the outset of the “reform and opening” era, China acted hesitantly on the world stage, limiting itself largely to its united front tactics against Soviet “social imperialism.” Its diplomats were not very sophisticated and rarely left their embassies abroad. In the United Nations, China's preferred medium of voting was to abstain (especially on sensitive issues). In short, China's diplomacy was hesitant and not confident, inward-looking not outward looking, parochial and not sophisticated, reactive not proactive, and composed more of words than deeds. Today, these latter characterizations better describe China's diplomacy.

Keywords: *China, diplomacy, foreign relations, global corporation, reform*

Introduction

China's diplomacy is among the many accomplishments of China during the period of reform and opening up. The People's Republic of China is emerging fully on to the world's stage, and in a largely positive fashion. It now has both interests and a presence in parts of the world completely new to China—such as Latin America and the Middle East. Beijing has managed its relations well with the major world powers—United States, Russia, and the European Union. It has transformed its regional diplomacy in Asia, reasserted a role in Africa, and has become more active in multilateral organizations.

Thirty years ago, at the outset of the “reform and opening” era, China acted hesitantly on the world stage, limiting itself largely to its united front tactics against Soviet “social imperialism.” Its diplomats were not very sophisticated and rarely left their embassies abroad. In international conferences and organizations, China's representatives rarely said a word—and when they did speak it was pure propagandistic rhetoric carefully prepared in Beijing. No press conferences were offered to foreign media, at home or abroad. In the United Nations, China's preferred medium of voting was to abstain (especially on sensitive issues). In short, China's diplomacy was hesitant and not confident, inward-looking not outward looking, parochial and not sophisticated, reactive not proactive, and composed more of words than deeds. Today, these latter characterizations better describe China's diplomacy.

Many more examples illustrate the profound reorientation and global engagement of China. Consider the following examples.

China and the United States

China's relations with the world's only superpower—the United States—used to be troubled by various problems, not the least of which was Taiwan. While there remain various irritants and difficulties in this complex relationship, on

balance it has achieved a high level of cooperation, stability, and normalcy. The Taiwan issue has been managed well so as to ensure stability across the strait, even if Washington's policies have not met Beijing's satisfaction (i.e. arms sales). The relationship has become deeply interdependent at the societal level and deeply institutionalized on the governmental level.

Over the past three decades the relationship has transformed dramatically and has arguably become the world's most important one among major powers. Today relations are the best they have been since the disruptive events of 1989. Sino-American cooperation is imperative to global and regional order, and the two sides are interacting on a wide range of global issues. This reality is a reflection of how far the relationship has come since 1979. Thirty years ago it was a shadow of its current cast. Consider the following dimensions of changes.

The financial relationship has become the most important one in the world. Trade has grown from \$2.5 billion in 1979 to over \$400 billion in 2008. The U.S. is China's single largest national trading partner (the EU is collectively larger). Nearly all the Fortune 500 U.S. companies do business in China, investing in more than 50,000 Chinese enterprises with a paid-in total of more than \$50 billion. Walmart alone, if a country instead of a company, would rank as China's seventh largest trading partner. Meanwhile, China has become America's largest creditor, amassing \$585 billion in U.S. Treasury bonds by September—a figure that may have swelled to over \$700 billion by year's end (China also purchases U.S. debt instruments through third countries, which analysts say could bring the total closer to \$1 trillion).

Interdependence binds Chinese and American societies together. Several million of Chinese passport holders live on "green cards" and work in the U.S., and many commute regularly between the two countries for business. Thirty years ago there were no Chinese students studying in American universities; this academic year there are 67,000, while there are 11,000 Americans studying on China's campuses.

The inter-governmental relationship has never been broader or more deeply institutionalized. Thirty years ago the first agreements were signed drawing the two bureaucracies into contact—today there are more than 60 bilateral dialogues and working groups in existence. The most important of these are the Strategic and Economic Dialogue (SAED). The communication in these dialogues is professional, respectful, and cooperative. At a higher level, the two presidents communicate frequently by secure telephone and meet several times per year at international meetings.

Although the two countries shared a common enemy with the former Soviet Union back in 1979, and worked effectively together to counter Soviet expansionism, in reality the relationship was limited to Asia as China had little or no presence in other regions of the world. Not so today, as Beijing is a global player on all continents. Beijing's global presence is largely commercial, diplomatic, political (with local parties), and increasingly in an array of "soft power" cultural instruments. As a result, China and the U.S. are bumping up against each other in new regions of the world—Africa, Latin America, Central Asia, Middle East. This is only going to continue, and it behooves both sides to better understand the other's vital interests in these third areas.

The Taiwan issue, which has plagued the relationship over the years and has brought the two nations to the brink of war several times since 1950, has shown significant signs of amelioration since May 2008. Even before Ma Ying-cheou's election as Taiwan's president, which started the trend, Washington and Beijing worked effectively to contain his predecessor (Chen Shui-bian) from provoking a major crisis through his pursuit of independence for the island.

The two sides have certainly had their share of crises and misunderstandings over the past 30 years (and continue to have differences in several policy areas), but each one was defused without deteriorating into conflict. Both sides are nuclear powers and are keenly aware that a conventional military conflict would not be easily contained. Just as the U.S. and China can contribute

much to peace and stability in Asia and the world, so too do they share the capacity to destabilize and destroy the world should an adversarial relationship occur. This is one reason why bilateral military exchanges (currently suspended) are so important to strategic stability.

After three, sometimes rocky, decades of interaction, the United States and China seem to have settled into a “mature marriage,” where mutual respect, mutual interests, and an awareness of the negative consequences of an adversarial relationship bind the two together. In this marriage divorce is not an option. Having achieved this level of interdependence, hopefully the next thirty years will bear real fruit of bilateral, regional, and global cooperation.

China and Europe

China’s relations with Europe have also never been as well developed. The European Union (EU) is now China’s largest trading partner, while China ranks number 2 for Europe. Numerous other indicators illustrate the new depth and breadth of the Sino-European relationship—not the least of which is the 1.2 million Chinese tourists now visiting Europe annually and the 190,000 Chinese students now studying in European universities.

Since 2006, however, there have appeared “storm clouds” on the horizon for Sino-European relations and the relationship has deteriorated over several mutual concerns. These include the issues of Tibet and China’s concerns about the meetings between the Dalai Lama and several European leaders; issues related to China’s huge trade surplus with the EU, dumping products on the European market, and lack of enforcement of intellectual property rights in China; issues related to the 2008 Olympic Games in China and the European protests during the Olympic torch relay prior to the Games; issues related to European concerns about the human rights situation in China; issues related to the 2008-2009 global financial crisis; Europe’s continuing refusal to grant Market Economy Status for China and

to lift the EU arms embargo against China; a hardening of European public perceptions of China; and a toughening of the European Commission's policy statements concerning China.

For all of these, and other, reasons, 2007-2008 witnessed a deterioration of Sino-European relations, culminating in China's cancellation of the annual China-EU Summit to be held in Lyon, France in December 2008. This downturn stands in stark contrast to the previous decade of robust development of relations. Both sides have expressed interest in arresting the decline, and mutual efforts brought some stabilization in 2009. Unlike the U.S.-China relationship, which has developed and deepened over three decades, the Sino-European relationship has a much shorter history (dating really to the end of the Cold War) and hence a more shallow foundation.

China and Asia

Closer to home, after years of strained relations, China has recently made amends with both Taiwan and Japan. The importance of these rapprochements cannot be understated. East Asia cannot be stable if the Taiwan Strait and particularly Sino-Japanese relations are not stable—and East Asia has *not* been stable in recent years for these reasons. But with the new momentum in both cross-strait and China-Japan ties, the essential nature of East Asian international relations is changing....for the better.

More broadly, China's regional diplomacy in Asia has been remarkable. China's own diplomacy has grown more confident, omni-directional, and proactive; its economy is now a major engine of regional growth; its military is steadily modernizing; and its regional security posture is increasingly seen as benign. China has also coupled these developments with an assertive reassurance campaigns which are aimed at regional (and other foreign) audiences and intended to rebut the twin theories of "China Threat" and "China Collapse." As a result of

China's regional rise, countries all around China's periphery are adjusting and adapting their relations with Beijing, as well as with each other. Consequently, a new regional order is taking shape.

In Asia, China used to be seen as a territorially expansionist nation, having fought border wars with India, Russia, Vietnam, and the United States in Korea—as well as skirmishes with Taiwan and the Philippines. In addition, China claimed much of the South China Sea and East China Sea. Today, China has settled all of its land border disputes, except with India, and has signed agreements with Southeast Asian nations on the South China Sea and Japan on the East China Sea.

Just a few years ago, China was seen by many of its neighbors as an aspiring regional hegemon. But these fears have dissipated considerably, although not disappeared. Instead, China has signed the Treaty of Amity and Cooperation with many Asian states, has been instrumental in forming the Shanghai Cooperation Organization, has established itself as the key to regional economic growth and interdependence, and—most importantly—has improved its bilateral ties with all of its neighbors, including those who had previously been adversaries.

Finally, one must take note of China's extraordinary economic role in Asia. Approximately half of China's total foreign trade is now intraregional. China has become the engine of Asian regional growth—although the Japanese economy still far outstrips China's in aggregate size. The regional production chain in Asia is now centered in China.

China and Latin America

While China enjoys strong diplomatic ties throughout most of Latin America (except the 12 nations that still recognize Taiwan), commerce is by far the most important dimension of China's presence in Latin America.

Total trade for 2008 (according to Chinese customs statistics) reached USD \$141.9 billion, and it is in balance (China imported \$71.3 billion and exported \$70.6 billion). This is a dramatic increase of more than 11 times since 2000, and the growth rate seems to be accelerating—it surged more than 40 percent from 2007 to 2008! China is now the No. 1 trading partner of many Latin nations. Brazil dominates regional trade with China, accounting for almost 40 percent of the total. While two-way trade has grown dramatically in recent years—from \$50 billion in 2005 to more than \$140 billion in 2008—it still only accounts for about 5 percent of China’s total foreign trade. While Brazil is China’s largest export market in Latin America, it only ranks as China’s No. 20 trading partner.

In terms of trade composition, though, it is heavily concentrated and non-diversified. It is dominated by Chinese purchases of raw materials and agricultural commodities; fully 70 percent of Brazil’s exports to China are in two commodities (iron ore and soybeans). China imports large amounts and a wide range of minerals, energy supplies, and raw materials from Latin America. In 2008, this included \$16.8 billion in iron ore; \$7.4 billion in copper ores; \$5.8 billion in refined copper; \$9.4 billion in crude and refined oil; and lesser (but still significant) amounts of aluminum, nickel, lead ores, zinc, manganese, and molybdenum. China’s purchases of oil (refined and unrefined) from the region are also growing: Venezuelan President Hugo Chavez promised in Beijing in April to quintuple his country’s daily deliveries from 200,000 to 1 million barrels per day! Brazil’s will grow to 200,000 per day (from the current 150,000) beginning in 2010.

China’s voracious appetite for these raw materials have contributed to the high global price levels for these commodities (and has provided a significant revenue stream for Argentina, Brazil, Chile, and Peru). Today China consumes about 40 percent of the world’s coal, 25 percent of the nickel, 25 percent of iron ores, 20 percent of copper ores, and 14 percent of aluminum. China is the No. 1 and 2 leading importers of iron ore and copper in the world.

In return, Latin countries purchase a range of electronics (largely cell phones and computers) and manufactures. Large Chinese exports of textiles, footwear and other low-end consumer goods has hit several Latin economies hard—particularly Mexico and Argentina. Gradually, China is beginning to move up the technological ladder in its regional trade—beginning to trade in autos, motorcycles, aircraft and aircraft parts, electronics, and agro-, bio-, nano-, and information technologies. On the whole, with the exception of Mexico (and a lesser extent Argentina) Latin America's and China's economies are complimentary rather than directly competitive.

China's rapidly growing commercial presence in Latin America is illustrative of its growing global economic footprint and clout.

China and Africa

China's position in Africa is longer, deeper, and more multifaceted than with Latin America. China's ties to Africa date to the 1950s-1970s, atrophied somewhat during the 1980s, but have expanded considerably since the 1990s.

Two-way trade reached \$106.8 billion in 2008 and exhibited some of the same characteristics as in Latin America: large-scale imports of raw materials and oil from Africa in exchange for a wide range of low-end manufactured goods from China. Angola, South Africa, Sudan, Nigeria, and Egypt are China's top five trade partners on the continent. As in Latin America, China is deeply involved in the energy and raw material sectors—investing, purchasing, and extracting. This has caused some concern in some African countries, which complain of China's neo-colonialist practices.

China is also deeply engaged in providing aid and assistance to African countries. This comes in a number of forms. One form is low or no-interest loans. By 2008, China's Export-Import Bank was believed to be funding more than 300 projects in 36 African countries. Direct aid is another form. By 2008, China had

signed bilateral aid accords with 48 or Africa's 53 countries. Direct infrastructure construction is another form. Reliable data are not available for this category, as the usual practice is not to transfer the funds to recipient countries, but rather to fund Chinese companies that dispatch laborers and materials abroad to construct hard infrastructure (roads, bridges, buildings, stadiums, ports, etc.). Yet another form is direct investment by Chinese multinational companies. Again, data are not available—but companies such as Huawei have been quite involved in upgrading telecom and electrical networks in some African countries. The final category of Chinese aid is in technical training programs. This category involves a range of activities—including establishing technical training centers; dispatching medical personnel to hospitals and clinics; sending youth volunteers to rural areas; and providing approximately 4000 scholarships per year for African students to study in China.

Diplomatically, as in Latin America, Beijing continues to wage a battle with Taipei for diplomatic recognition from a small number of African states. But, on the whole, China enjoys broad and sound diplomatic ties across the continent. In some cases—notably Sudan and Zimbabwe—this has drawn sharp criticism from Western countries and human rights organizations. As in Latin America, the Chinese Communist Party's International Department is also extremely active in cultivating local politicians in both ruling and opposition parties. China also supplies several African militaries with weapons. Finally, Beijing has established the multilateral Forum on China-Africa Cooperation (FOCAC).

Global Governance

China has become much more deeply engaged with international organizations and across a range of “global governance” issues. While Beijing remains a “selective multilateralist”—engaging on some issues and not others—the broad trend has been positive and in the direction of deeper contributions to the global community.

China used to eschew multilateralism, distrusting it as some kind of (Western) conspiracy. Until the late-1990s, China stayed outside of regional multilateral groupings in East Asia, but today is deeply embedded and involved in the multitiered architecture of Asian interstate and nongovernmental institutions. Moreover, Beijing is seen as a participatory, constructive, and cooperative force in these groupings.

China used to oppose (or be agnostic at best) about the five bilateral alliances that the United States maintains in East Asia with Australia, Japan, South Korea, the Philippines, Thailand, and the Philippines. During the 1997-98 period, Chinese officials became particularly critical—calling for the abrogation of all alliances (worldwide) as unnecessary vestiges of the Cold War. Today, China says that it welcomes the United States' presence in Asia, gives credit to the U.S. for helping to provide the “public good” of security and stability in the region that has afforded the dramatic economic growth and social development across the region over the past three decades.

Previously, when there were regional security or political problems (or “hot spots” as Chinese analysts like to describe them) or regional natural disasters (such as the 2006 tsunami in South and Southeast Asia), Beijing stood quiet and aloof. Today, China is engaged and involved. The most noteworthy example at present is China's critical intermediary role in the Six Party Talks concerning North Korea's nuclear weapons program, although Beijing played a crucial role in settling the Cambodian conflict in the 1980s. China has also contributed United Nations Peacekeeping Operations (PKO) forces to East Timor. When natural disasters strike, China is now there to provide physical and financial assistance.

China's contributions to peacekeeping in East Timor are not unique. China now has nearly 2000 personnel deployed in nearly 20 nations worldwide—more than any other member of the United Nations Security Council. Half of these are deployed in Lebanon, but Chinese military and paramilitary personnel are also deployed in Africa, Latin America, and the Middle East.

This is one tangible expression of China's strong commitment to the United Nations. The PRC may be the greatest advocate of the UN among major powers in the world today. It is much more proactive in the UN Security Council, especially forging consensus on crucial sensitive issues. In its voting patterns, China is no longer viewed as a "free rider"—although its financial contributions to UN operating budgets remain far below similar powers and Security Council members.

In the field of arms control, China used to be a serious proliferator of missiles and missile components, and a significant seller of conventional arms. Beijing even assisted Pakistan and North Korea with their nuclear weapons programs. Today, China is a firm and loyal adherent of the Non-Proliferation Treaty, Comprehensive Test Ban Treaty, Biological and Conventional Weapons Conventions, Nuclear Suppliers Group, and has essentially adhered to the Missile Technology Control Regime (although it is not a member).

In the military realm, China has taken a number of important steps forward. First, until about 2004 China refused to participate in multilateral or bilateral military exercises with foreign nations—increasingly it is involved in naval search and rescue and land counter-terrorism exercises. This is a beginning, although the People's Liberation Army (PLA) has a long way to go to reach global standards of multilateral cooperation. Concerning military transparency, the situation is similar: progress has been made in recent years, through the publication of defense White Papers, but the amount of information disclosed falls far short of not only global—but particularly *regional* standards in Asia. The PLA has stepped up its military exchanges with foreign nations worldwide, including training of foreign officers at the National Defense University in Beijing.

In Sum

All in all, Chinese diplomacy has made great strides over the past 30 years, since Deng Xiaoping's "reform and opening" at the Third Plenary Session of the

11th Party Congress in December 1978. This is not the China that the world used to know: a “revisionist” destabilizing power that sought to overturn the international order. Today, the People’s Republic of China is deeply involved across the globe and is increasingly a firm upholder of, and contributor to, the existing international order. This alone is a profound statement for observers of China’s international posture since 1949.

Nonetheless, there remain a number of questions about China’s long-term intentions and global posture. As it expands its presence, how will it use its increasing power and influence? Will it seek to establish spheres of influence, as previous major powers have done? Will it seek to undermine or substantially alter the post-World War II international system? Will it act as a neo-colonial power in developing countries, extracting resources and providing aid without insisting on global standards of domestic governance? Will it seek to establish a global military presence? These and other questions remain to be answered by future Chinese behavior on the global stage.

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