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Report

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➤ Does China have a Foreign Policy? Domestic Pressures and China's Strategy

Jonathan Fenby

As China approaches its wholesale change of leadership starting later this year it faces as wide a set of challenges as any country on earth. The scale and speed of its material rise over the last three decades has been such that it is all too easy to overlook what has not been done, and to exaggerate the extent to which the People's Republic (PRC) is ready to become the dominant global force.

The idea of China's exceptionalism, the notion that it has forged a new, self-sustaining model has a lot of holes in it; indeed, some of China's top leaders, including the outgoing Prime Minister, Wen Jiabao, admit to its flaws. That will not deter those who welcome the prospect of the last major state of earth ruled by a Communist Party overtaking the United States as the most influential player on the world scene. But, as Guy de Jonquières shows in his paper, the PRC has to be viewed in a context of global interdependence.

Chinese leaders are well aware of this; hence, for instance, their concern about a recession in Europe and its effect on exports. But their greatest concerns are domestic. Political reform is on the back burner and, given that it would entail the Communist Party submitting itself to external controls, legal reform is unlikely to make much progress in a nation where rule by law has always prevailed over the rule of law, and where the draconian gospel of Legalism has lain within the softer glove of Confucianism. The main debate is instead about economic reform and the extent to which the need to re-shape and re-balance the economy will affect existing structures and the position of vested interest groups.

FRAGMENTED POLICY MAKING

In this context, foreign policy takes a secondary position in the PRC's priorities, and is complicated by the involvement of different power centres. The Foreign Ministry appears weak. State Councillor Dai Bingguo, who derives his authority from the Communist Party's Leading Group on Foreign Affairs, outranks Foreign Minister Yang Jiechi. A constellation of interest groups affects policy, including the powerful Commerce Ministry; state-owned enterprises; the energy and metals lobbies; the security and ideological arms of the Party, which want to keep 'harmful' foreign influences at bay; and the People's Liberation Army (PLA).

At first sight, it may appear that China has quite a clear approach to the world. It has defined its 'core interests', including the preservation of its existing political and economic system, and territorial unity that includes Tibet and Xinjiang and the claim to Taiwan. Linked to this, it upholds non-interference in the internal affairs of sovereign states. It pursues a 'resource diplomacy' aimed at ensuring the supply of raw materials. For much of the period of growth since the end of the 1970s, it has applied

Deng Xiaoping's doctrine of 'biding time and hiding one's talents' in international affairs while building up the economy, and avoiding causing alarm among developed nations which it needs both as export markets and as a source of technological investment.

But this collection of separate interests contains internal contradictions and hardly constitutes the foreign policy of a great power. All this leads to the question of whether Beijing has a coherent foreign policy or, rather, a series of different agendas pursued at different times in different ways by different actors.

In international security, Beijing's see-saw line over Libya saw it refuse to veto the no-fly zone and then subsequently upbraid France for taking action against Gaddafi. Syria has provided another example of China's hesitant diplomacy, as it struggles to reconcile its interests and sovereignty with its position as a system-making great power. As for resources, it is unclear that the pursuit of yet more agreements on the supply of minerals and oil can be pursued without strategic implications. At some point Chinese investment, notably in Africa but increasingly also in Latin America, will take on a political aspect as local populations raise questions about the PRC's presence.

When it comes to the international financial system, Beijing speaks of the need for reform and bristles at the domination of Western nations. But it is yet to present an alternative programme beyond the call for greater use of Special Drawing Rights by the Governor of the central bank, which one source says was not authorised by the government and faces huge difficulty in being accepted. Its currency policy is dominated by domestic concerns. On the wider global stage, China may be seen as the leading member of the BRIC nations, but their collective inability to act as one in a positive direction was shown most recently by their failure to line up behind a common candidate to compete with the US nomination for the Presidency of the World Bank.

THE PACIFIC PIVOT

Over the past two years, China's regional conduct in East Asia has led to tension with neighbours and to Washington deciding to pursue a policy of a 'Pacific pivot', strengthening its security presence and seeking wider trading arrangements. This can hardly be to Beijing's taste, but the PRC has brought much of this on itself with the series of incidents pitting Chinese boats against vessels from Japan, South Korea, Vietnam and the Philippines – plus strong rhetoric from hawks in Beijing and a minor military build-up round the South China Sea. The Obama administration has predictably seized the opportunity to raise the United States' profile in the Pacific, leading to modulation of Chinese policy which, however, shows signs of fissure before it has been properly implemented.

The PRC presents itself as anxious to step up cooperation in East Asia. But its fishing trawlers have been involved in a succession of maritime incidents with other regional nations, as shown in figure 1. Some have taken place off the coasts of Japan and South Korea, and China has an ongoing dispute with Japan over ownership of a group of uninhabited islands in the East China Sea. However, the focus for most of these disputes is the 1.3 million square mile South China Sea through which 60,000 ships pass each year. The Sea is estimated to provide 10 percent of the world's supply of fish and also contains rocky islets that may sit on top of valuable oil and gas reserves.

On the basis of a map dating from 1947, the PRC insists that it has sovereignty over the whole South China Sea. However Vietnam, Malaysia, the Philippines, Brunei, Indonesia, Singapore and Taiwan have claims too. The main confrontation is between China and Vietnam and the Philippines. Vietnam claims that its exclusive economic zone stretches 200 nautical miles from its coast, and has granted Exxon-Mobil a licence to explore three offshore oil blocks. India's state-owned Oil and Natural Gas Corporation (ONGC) is also planning to drill in a block off Danang, leading the Foreign Ministry in Beijing to warn that 'any foreign company that engages in oil-exploration activity in waters under China's jurisdiction without the agreement of China has violated China's sovereignty, rights and interests. This is illegal and invalid.' Although Japan and

South Korea are not claimants to the sea, nearly all their oil imports arrive by that route and Japanese firms are exploring for oil off Vietnam.

China's three regional naval fleets held joint manoeuvres in the South China Sea for the first time last year. To the north, where Beijing and Tokyo dispute ownership of the Rikuyu Islands in the Yellow Sea, Japan, Taiwan and the US have all reported Chinese submarines at increasing distances from the Mainland. China's navy sent 10 vessels into the Pacific through the strait between Okinawa and the island of Miyako for exercises in June, and the Defence Ministry announced in November that the navy would conduct regular exercises in the western Pacific. Chinese coast guard craft have stepped up patrols in disputed waters and China began to fly PLA surveillance drones over the East China Sea close to the Korean coast at the end of November. Beijing dispatched a 'fishing enforcement ship' to the disputed Paracel Islands in September 2011 in order to 'safeguard maritime sovereignty and fisheries interests'.

On the diplomatic front, China temporarily cut off top-level contacts with Tokyo, and continues to restrict supplies of rare earth minerals to Japan following the arrest of a Chinese trawler captain in a clash with coast guards in 2010. The state news agency, *Xinhua*, greeted the appointment of Yoshihiko Noda as Japan's Prime Minister last September with a list of instructions to respect PRC interests, especially over disputed islands, to 'acknowledge China's legitimate requirement for military modernisation to defend its growing national interests' and to 'stop viewing China as a threat and call off the dangerous practice of invoking China's rise as an excuse... for military expansion'.

CHINA'S MILITARY BUILDUP

These confrontations come as the PLA is steadily building up its military spending with double digit increases in annual budgets. China accounts for 6.2 percent of global military spending, compared to 43 percent for the US, which is far ahead technologically. The PLA is working on a stealth aircraft, anti-satellite rockets and improved communications systems, but

the main thrust of expansion has been at sea, where China currently has only 80 surface vessels (including a single aircraft carrier) and 70 submarines. Hu Jintao underlined the navy's role when he called in early December for it to 'make extended preparations for military combat'. A base for attack and ballistic missile nuclear-powered submarines has been built at Sanya on Hainan Island. An anti-ship missile that NATO dubs 'the Sizzler' and that can be launched from submerged submarines is reported to fly at three times the speed of sound over a 200-mile range. Another missile, the Dongfeng, is being developed to hit an aircraft carrier 2,000 miles away. The fleet air arm is being expanded to 200 aircraft.

Though the Mainland insists on its 'peaceful rise' and prefers 'asymmetrical' strategy to an arms race with the US, PLA hawks regularly rattle their sabres. General Liu Yuan, Political Commissar of the General Logistics Department and a Communist Party Central Committee member, wrote last year that 'history is written by blood and slaughter'. The main nationalist voice, the Communist Party tabloid *Global Times*, has called Vietnam and the Philippines 'little countries' which should 'get ready to hear the sound of gunfire' if they dispute Chinese sovereignty over the South China Sea. The headline of an editorial in the newspaper read 'China Cannot Resort Only to Negotiations Over Maritime Conflicts, We Must Kill One to Deter One Hundred If Necessary.'

No one should doubt China's desire to expand its naval presence in East Asia and to break through the island chain stretching from the south of Japan through Taiwan to the Philippines. *Xinhua* has added a claim to the whole of the South China Sea to the list of the PRC's 'core interests'; and the People's Daily, the main Communist Party mouthpiece, wrote on 23 November 2011 that 'there is no international water in the South China Sea'. *Global Times* warns of the threat of 'East Asian countries benefiting from economic cooperation with China as much as possible while containing China's influences by either joining with the US or forcing China to make concessions on disputed issues'. General Luo Yuan of the PLA Academy of Military Science has said that Washington is pursuing a containment policy towards the PRC and

Table 1: Maritime clashes involving Chinese vessels, 2010-12

Date/countries involved	Nature of incident	Outcome
April 2012 Philippines	Philippines naval vessels confront Chinese trawlers in waters claimed by Manila.	Chinese withdrew.
December 2011 Japan	Coast Guards arrest Chinese trawler captain for fishing in Japanese waters.	Muted Chinese response, with consul in Nagasaki calling for safety of Chinese fishermen to be respected.
December 2011 South Korea	Chinese trawler captain stabbed South Korean coast guard officer to death after a fishing boat was boarded 55 miles off South Korea's coast.	Unresolved.
November 2011 South Korea	South Korean Coast Guards seized a Chinese fishing boat and its crew for poaching inside South Korea's exclusive economic zone off Cheju Island. When a fleet of 25 Chinese boats gathered to demand its release, two more Chinese fishermen were detained.	Boats and men still being held.
November 2011 Philippines	China tells Philippines to halt oil and gas exploration 50 miles off Palawan province.	Manila refuses, saying the area is within its waters.
November 2011 Japan	Japan arrested a Chinese fishing boat captain for refusing inspection in Japanese territorial waters.	Captain released.
July 2011 Vietnam-India	A PLA vessel issued a radio warning to an Indian navy ship after its port visit to Vietnam.	Beijing later denied the incident.
June 2011 Vietnam	Chinese patrol boats seized equipment and fish from Vietnamese trawlers.	Vietnam protested. Anti-Chinese demonstrations in Hanoi.
May 2011 Vietnam	Hanoi said Chinese patrol boats harassed PetroVietnam exploration vessel and cut its cables 120 nautical miles off Vietnamese coast.	No response from China.
March-May 2011 Philippines	Manila reported maritime clashes with Chinese boats including harassment of one of its exploration ships off the Spratley Islands. PRC patrol boats and a Philippines-licensed oil survey ship played cat-and-mouse for two days in international waters. Manila reported Chinese construction work on Mischief Reef in waters claimed by the Philippines.	Manila protested. China gave assurances of goodwill to President Aquino when he visited China.
March 2011 South Korea	A Chinese fishing boat rammed a South Korean coast guard patrol vessel, injuring several officers. The two crews fought with axes and shovels and the South Koreans shot one of the Chinese fishermen in the leg.	The Chinese boat escaped.
September 2010 Japan	A Chinese trawler clashed with Japanese Coast Guard boats off uninhabited islands in the East China Sea claimed by both nations. The arrest of the ship's captain led to a diplomatic row, with demonstrations in China.	Captain released.

calls the US 'a deliberate spoiler, fishing in troubled waters'. *Xinhua* has also accused Washington of seeking to impose Cold War dominance in the region.

This leads some American commentators, such as Robert Kaplan of the Center for a New American Security, to depict China as an expansionist power akin to Germany before the First World War, as it banks on US decline in order to enable it to project its power. The reality is that China knows its military limitations and increasingly recognises the economic benefits to be gained from softer diplomacy. As Admiral Mike Mullen, the outgoing Chairman of the US Joint Chiefs of Staff, has said, Beijing's aim is to increase 'access denial' to American forces in the region rather than to seek confrontation. Beijing may not relish the prospect but its policymakers know that the US will remain the principal military power in East Asia and that any serious attempt to challenge it will only drive other countries further into its arms.

This can be seen from the way that both Vietnam and the Philippines strengthened military links with Washington after incidents earlier this year. In the face of China's new assertiveness, Japan and ASEAN agreed at the end of September 2011 to formalise maritime security cooperation. The South China Sea was at the core of talks in late October between President Aquino of the Philippines and Vietnam's new President, Truong Tan Sang. A US congressional delegation visited the Philippines in the autumn to discuss how Washington could bolster its defence needs. Japan's Deputy Minister of Defence Kimito Nakae said tensions over the South China Sea would require more cooperation with the US and India. Japan and the Philippines have affirmed their nations' security links in a 'strategic partnership', and the Philippines brought into service its largest ship, a 3,400-tonne cutter acquired from the US, which was deployed in the confrontation with Chinese trawlers in April, 2012. Manila plans to buy one more similar craft as well as acquiring second-hand fighter jets from Washington. Meanwhile Taiwan is strengthening the defence of one of the Spratley Islands that it holds.

Vietnam is due to get six Kilo-class submarines from Russia, which also supplied it with two Gepard-class guided-missile frigates this year. Hanoi is negotiating for two more frigates, with anti-submarine weapons.

It also has two batteries of Russian Bastion land-based anti-ship cruise missiles and an undisclosed number of Sukhoi Su-30 jet fighters. Vietnam signed its first defence agreement with the US this year. The US aircraft carrier *George Washington* paid port visits to Vietnam this year and American naval ships have been repaired recently in Cam Ranh Bay.

RE-ENTER THE US

Having drawn the conclusion that China's assertive approach was proving counterproductive, the Obama administration embarked on a forward policy to show that, in Secretary of State Hillary Clinton's words, 'the 21st century will be America's Pacific century'. It has stepped up military cooperation with Vietnam and the Philippines and is starting to base troops in Darwin, Australia – only 250 at first but increasing to 2,500 over an unspecified timeframe. Japan is buying F-35 fighters from the US and, in December 2011, the State Department announced that Japan, India and the US had held the first of a series of trilateral security talks on Asian and global issues. All three nations took initiatives at the end of the year to improve relations with China's client state Burma, including a visit there by Hillary Clinton, the first by a US Secretary of State in 50 years.

Furthermore, President Obama used the East Asian summit in Bali in November 2011 to relaunch the Trans-Pacific Partnership (TPP), a proposal for a free-trade zone first mooted by Washington in 2009. Only four Pacific nations – Brunei, Chile, New Zealand and Singapore – have signed up to the TPP while Australia, Malaysia, Vietnam and Peru are negotiating for membership. Japan has said that it will join in talks on the scheme, but as it stands, the proposal looks more like a rhetorical device with an anti-China message than a serious new option for regional economic relations. The 'fast-track' trade negotiating authority that the administration would require seems unlikely to be forthcoming from Congress in an election year when defence of jobs will be a major campaign issue, and when important union supporters of the Obama campaign are hostile towards the proposal. Even if the US did join, the other eight countries, without Japan, encompass only five percent of US trade, and in spite of its close relationship with Washington, Japan

is unlikely to participate because of opposition from its farmers and small businesses. The South Korean government is already having trouble getting its free-trade agreement with the US through the National Assembly. As for China, US National Security Adviser Tom Donilon made plain in an article in the *Financial Times* that the TPP would be run as Washington wished, insisting on 'high standards including on matters of intellectual property, labour and state-owned enterprises'.

CHINA'S DIPLOMACY TURNS

The PRC may not have too much to fear on the economic front. But it has clearly taken note of the hostile reaction its assertive behaviour has produced and has shifted to a more placatory approach. When the Japanese Coast Guard arrested a Chinese trawler captain for trespassing in Japan's fishing grounds at the end of 2011, China's response was limited to a statement by its consul in Nagasaki urging the authorities to ensure the safety of Chinese fishermen and to respect their legal rights – a sharp contrast with the top-level anger displayed in 2010. Similarly, its diplomatic protest when two local legislators from Okinawa visited disputed islands – known as Senkaku in Japan and Diaoyu in China – in January 2012 had a pro forma air to it.

At the East Asia summit conference in Bali in November 2011, Prime Minister Wen Jiabao bowed to pressure from other participants to have a multilateral discussion of the South China Sea rather than sticking to China's previous insistence that it would talk only bilaterally. The clash with Vietnamese vessels off Danang in summer 2011 was followed by a scheduled economic cooperation conference. Then Xi Jinping, the anointed next leader of the PRC, visited Vietnam in late December for talks at which, according to the Chinese, both sides agreed to work towards a consensus on the South China Sea.

Meeting in Beijing on Christmas Day, Wen Jiabao and Yoshihiko Noda agreed to promote direct trading of the yen and the renminbi without using dollars, and the Japanese delegation confirmed that Japan would apply to buy Chinese bonds in 2012.

Concern about the stability of North Korea following the death of Kim Jong-il overshadows the anger in South Korea at the killing of a coast guard officer by a Chinese trawler captain in a maritime clash in mid-December. The deputy foreign ministers of the two countries held talks at the end of December with China's Zhang Zhijun calling for closer communication between the two countries to address the 'dynamics of the Asia-Pacific region' that were becoming 'complicated and serious'. Seoul's nuclear envoy Lim Sung-nam went to Beijing at the end of last year to discuss resumption of the stalled six-party talks on North Korea's nuclear programme, and at the same time, a state visit to China in 2012 by South Korean President Lee Myung-bak was announced.

The perennial tensions over Taiwan have eased since the Kuomintang returned to power in 2008, and the Mainland has pursued a softer approach that has brought the Republic of China increasingly into its fold. Prospects for the January 2012 Taiwanese presidential election have been clouded by the third-party candidacy of James Song of the People First Party, to challenge the incumbent Ma Ying-jeou and Tsai Ing-wen of the Democratic Progressive Party (DPP). Ma is still expected to win re-election, but even if Tsai defeats him, cross-Strait relations will probably not experience the tensions seen after the DPP victory of 2000. The Obama administration has made the limits of its backing for the island evident in its restrictions on sales of state-of-the-art weaponry. Washington will continue its opposition to calls for independence for the island and stick to the ambiguous 'One China' policy adopted in the 1970s and embraced by Ma as well as by the PRC.

THE CONFLICTING STRANDS

China's new leadership under Xi Jinping, which takes over from this autumn, cannot turn its back on nationalist sentiment, and there is always the possibility of a military miscalculation. With the prospect of falling exports to the West, Beijing will be reluctant to do anything that could jeopardise the growth of its economic ties with East Asia. At the same time, however, Beijing finds itself caught on its own rhetoric, especially regarding its claim to the South China Sea as

shown by the clash with the Philippines in the spring of 2012. Despite the diplomatic efforts seen earlier, this escalated rapidly with President Benigno Aquino calling on ASEAN countries to take a common stand against Beijing and warning that they should all fear 'what is transpiring' in terms of the PRC's maritime claims. This followed an editorial in *Global Times* which wrote of a potential 'small-scale war' to end the standoff, adding that 'Once the war erupts, China must take resolute action to deliver a clear message to the outside world it does not want a war, but definitely has no fear of it'.

The combination of continuing assertiveness and tactical diplomatic pull-backs is symptomatic of a foreign policy that is subject to different pressures and appears to lack overall direction. Some may minimise the examples given above as being simply regional matters that do not affect the wider global picture, but they suggest that – even in its own backyard – Beijing lacks strategic coherence. That may reassure states which would fear a determined, co-ordinated Chinese approach, but it also opens up the possibility of miscalculations and, by its nature, makes dealing with the PRC more difficult. Despite the many works celebrating Chinese statecraft handed down through the centuries, it is hardly a sign of maturity on the part of the revived superpower. ■