
China and the World

Today, China holds high the banner of peace, development and cooperation. It pursues an independent foreign policy of peace and commits itself firmly to peaceful development . . . China firmly pursues a strategy of opening-up for mutual benefit and win-win outcomes. It is inclusive and is eager to . . . play its part in building a harmonious world of enduring peace and common prosperity.

—Hu Jintao, October 15, 2007¹

Not long ago it was common to discuss China's emergence as one of the world's major powers as a future prospect but not an imminent one. It was expected that China's enormous challenges of poverty and underdevelopment would constrain its ability to project power or influence global events for the foreseeable future, while nations observed closely the growing giant largely for indications of aggressive intent toward Taiwan, internal turmoil, or hostility toward the dominance ("hegemony") of major powers, particularly the United States. China itself commonly demurred that it did not seek international or regional leadership and simply sought to focus on its own internal development over the next generation or more. In the early 1990s, Deng Xiaoping articulated the maxim for how China should approach international affairs: "Observe calmly; secure our position; cope with affairs calmly; hide our capacities and bide our time; be good at maintaining a low profile; and never claim leadership."

Although China's rise has not come close to the level of global power of the United States, or that of Great Britain during the 19th century, its rapidly growing economic, political, and cultural engagement and influence around the world today is as undeniable as it is remarkable. China has emerged as an engine of global economic growth, with \$1.8 trillion in foreign currency reserves in May 2008 and plans to apply hundreds of billions of dollars of this to international investment in coming years through its sovereign wealth fund. Its driving need for all kinds of commodities, from oil and aluminum to cement and copper, has driven up world prices.² China is the world's third largest trader in terms of volume

Table 10.1 China's top trading partners, 2007

Country/ region	Trade volume (billions of US dollars)	Share of China's total trade (percent)	Percentage increase in bilateral trade volume from 2006	Percentage change in share of China's total trade
European Union	356.1	16.4	27.0	0.5
United States	302.0	13.9	15.0	-1.0
Japan	236.0	10.9	13.9	-0.9
ASEAN	202.5	9.3	25.9	0.2
Hong Kong	197.2	9.1	18.8	-0.3
South Korea	159.9	7.4	19.1	-0.2
Taiwan	124.4	5.7	15.4	-0.4
Russia	48.1	2.2	44.3	0.3
Australia	43.8	2.0	33.1	0.1
India	38.6	1.8	55.5	0.4
Total	2,173.8	78.7	—	—

ASEAN = Association of Southeast Asian Nations

Note: Trade volumes in this table differ slightly from those in table 10.2 because the data in this table are from Chinese statistics, while those in table 10.2 are from China's trading partners' statistics.

Source: Ministry of Commerce of the People's Republic of China, "Top 10 Trading Partners" (Beijing, March 17, 2008; in Chinese).

(see table 10.1 for China's top trading partners), with GDP rising to \$3.24 trillion in 2007 and GDP growth in 2007 reaching just under 12 percent.³ It has risen rapidly to become the largest trading partner of many nations, particularly in Asia.

China has also become an important and active player in critical global security issues ranging from North Korea, Iran, and Sudan to global warming, HIV/AIDS, and energy security. Its officials and scholars have become more open to discussing China's evolving perspectives—and ongoing internal debates—about a full range of international issues. In the process, Beijing has displayed increasing self-confidence and assertiveness in publicly promoting its interests and principles and in defying the United States, the European Union, and other major powers when challenged or embarrassed, for example, over currency valuation, domestic unrest, and human rights, acting less like a subordinate power and more like a defiant and coequal player in international affairs.

Perhaps most important, the world's perception of Chinese power and importance internationally today, and ever-growing influence year by year, has evolved measurably.⁴ It is now commonly stated that no major international challenge can effectively be met without China's assistance. In short, China's "rise" has come sooner than expected.

China's embrace of globalization in all its forms has meant that its global interests, and thus its outreach, have increased commensurately. As a permanent, veto-wielding member of the United Nations Security Council, China has unique status and authority to act—or block action—on the critical international challenges facing the world, be it weapons proliferation, terrorism, climate change, energy security, or extreme human rights abuses perpetrated by national despots. China continues to demur that it is merely a developing country and does not seek to change the international system. But some of its rhetoric and actions suggest otherwise (chapter 1), and the weight inherent in the rise of a nation of 1.3 billion people (and counting) affirms a self-evident truth: It is not *whether* China will exert influence on the international system but *how*.

Indeed, the world is increasingly accommodating China's emergence. In Asia, few if any regional initiatives are undertaken or national foreign policies developed without first considering what China thinks and how China might react. Elsewhere in the developing world, China's growing influence is forcing international aid agencies to contend with a new competitor and forcing Western nations to look again at how they deal with pariah states.⁵

At the same time, Beijing looks at its growing power in complex ways. Chinese leaders consider what Chinese theoretician Zheng Bijian has termed the "multiplication and division" principle inherent in China's development: that all problems that arise in China are multiplied by 1.3 billion people, while all achievements are divided by the same amount. When China looks at itself, therefore, it sees something rather different than do those outside the country: It is focused as much on the per capita societal challenges it faces as on the collective measure of its economic or political power.

Nonetheless, Chinese officials and scholars are talking more openly about China's growing influence in international affairs and their plans for developing that influence further over time. Beijing has identified what it has termed a "strategic opportunity" in coming years, in which "peace and development" remain the predominant global trends even as the United States remains concentrated on the Middle East and South Asia and on a "war on terrorism" that has been focused largely outside East Asia. International revulsion over US foreign policy in recent years has also presented itself as an opportunity for China to focus inward, enhance its global attractiveness, present alternative models of international conduct, and shape the international system in ways that meet its national interests.

Evolution of Goals and Principles Underlying China's Foreign Policy

Many of the basic goals, principles, and rhetoric of China's foreign policy have remained consistent since at least Deng Xiaoping's time. China's

foremost goal is safeguarding its sovereign independence, territorial integrity, and national development.

No longer concerned about challenges to its political existence, and having long ago abjured support for or export of radical Maoist ideology, China's external policies in recent years have largely been defensive: They have sought to create international conditions that will enable Beijing to focus the majority of its energies inward—on the nation's substantial domestic challenges and steady development of what it calls "comprehensive national power."⁶ Specifically, China's foreign policy has sought to prevent the creation of anti-China blocs, particularly in its neighborhood, which could constrain its freedom of action and economic growth; ensure access to overseas markets for its products and to critical natural resources necessary for its internal development, including but not limited to energy; secure its periphery to prevent cross-border challenges to its domestic stability, particularly in Tibet and Xinjiang; and promote a multipolar world that will constrain the power and influence of great powers, particularly the United States.

The exception to China's defensive orientation arguably concerns Taiwan (chapter 8). China asserts that its policy is defensive—to prevent Taiwan's drift toward *de jure* independence. China has demonstrated willingness to apply a full array of economic and diplomatic leverage to reward countries that avow a "One China" policy and deny Taiwan an international profile and to punish those that do not. China has also directed its military modernization primarily to address a Taiwan contingency (see chapter 9), which Beijing calls a deterrent and Taipei (and many in the United States) views as threatening and provocative. Beijing has met with increasing success in isolating Taiwan internationally as more states make the calculation that they should not antagonize the world's leading emerging power on its most sensitive national interest.

At the same time, China continues to seek to reassure the international community about the overall positive, peaceful, and constructive implications of its rise. China's outreach and public rhetoric continue to be couched in terms of high moral principle: "win-win" solutions, democracy in international affairs, noninterference in others' internal affairs, and commitment to dialogue and development to solve the world's ills.⁷ During the 17th Party Congress in October 2007, the phrase "peaceful development" was added to the lexicon and enshrined as a matter of China's national strategy (as was the broader goal of "foster[ing] a security environment conducive to peaceful development").⁸

The phrase "harmonious world" also recently entered China's rhetorical lexicon under Hu Jintao (see chapter 2). Meant to contrast with previous Maoist ideals of "struggle" and "revolution," "harmony" (*hexie*) is a principle that harkens back to historical Chinese cultural traditions of Confucianism and Taoism and is meant to accentuate China's modern commitment to international stability. China's kinder, gentler approach has sought

to make China's rise in power more acceptable and perhaps legitimate in the eyes of the world, particularly along its periphery, which otherwise might view China's emergence with alarm and coalesce to contain or balance against it.

Attention to principle, morality, and virtue as legitimating elements of one's policies has a long history in China, also reaching back to its Confucian philosophical roots. Adhering to virtue and principle in one's conduct, according to this Chinese tradition, affirms one's right to lead. In a contemporary context, China has also come to recognize the value of such ideals in developing Chinese soft power abroad, specifically as potential cultural and intellectual contributions to international society that may promote China's influence and status as a major world leader (see next section). It is indeed no coincidence that China has named after Confucius the institutes it continues to establish around the world to promote the study of Chinese language and culture.

In practice, however, China's idealistic tenets have often fused seamlessly with its very practical national interests. Promoting the noninterference principle has enabled China to demonstrate solidarity with many developing-world nations against the West and prevent any precedents from being set to allow the international community to intervene in its own internal affairs. China's continued refrain of "dialogue" as virtually a panacea for all international problems is certainly constructive and unsailable as a matter of principle and one that many Chinese truly consider more viable than more coercive approaches to problems. Nonetheless, it has enabled China (among other nations) to avoid taking actions that might negatively affect its economic or strategic interests in places such as Burma, Sudan, and Iran. Ironically, this posture has often served China's political interests well by gaining it leverage with both the international community and nations facing international criticism as each vies for China's support and assistance in seeking an advantage over the other.

As a result, some in the West have charged China with being a "free rider" in international security affairs, leading to calls for China, in Robert Zoellick's words, to become a "responsible stakeholder" in global affairs to uphold established norms and principles of the international system.⁹ Others will question whether Chinese international conduct is in fact moral and virtuous given that its noninterference policies have had the perceived effect of protecting brutal governments in Burma, Sudan, and Zimbabwe from international pressure.

The Chinese will argue in return that their concepts of virtue and morality simply differ from those of the West: China's "relativist" morality, they say, is one that respects different cultures, social systems, and traditions to decide for themselves how to conduct their affairs, while the West's "universalist" notion of morality, where certain norms and values transcend cultures, social systems, and borders, is intrusive, disrespectful, and destabilizing. This difference in conception and implementation of

virtue and morality in international affairs will likely continue to play out in the international arena in coming years, with both the West and China (and others) certain to come under pressure to compromise on their own terms as a greater consensus forms.

Role of Soft Power in Chinese Foreign Policy

China is voracious in its interest to listen, learn, and evolve according to proven best practices around the world and to assess what the Chinese call the “trends of the times.” Officials and scholars have closely studied how other nations have succeeded—and failed—throughout history and sought consciously to avoid their mistakes and learn the lessons of their success to apply at home. China is rigorous in assessing the global and regional environment that it faces and accommodates its policy accordingly—an accommodation that alters China’s chosen means to achieve its objectives even if its ends remain constant.

Joseph Nye’s concept of “soft power”¹⁰ is an area of particular strategic interest and tactical focus for today’s China. Consistent with its desire to enhance its international image, reassure nations of its benign nature as it rises, and prevent the formation of counterbalancing coalitions, China has paid attention to the concept since the early 1990s and in recent years has explicitly stated in public and private the priority it places on developing and cultivating soft power through its actions and policies.¹¹

China in fact sees traditional concepts of power as an essential complement to soft power: Without economic and military strength, Beijing has assessed, the appeal of one’s cultural and intellectual contributions will suffer in turn.¹² China has recognized the importance of moving out on both legs of hard (military) and soft (economic¹³ and cultural) power in its development of “comprehensive national power.”¹⁴

China at one level seeks to counter “China threat” theories by “deepening [the] world’s understanding of China.”¹⁵ More fundamentally, however, China has been seeking to identify something universal that separates it favorably from the West, a unique and positive contribution to international society and world culture that will be distinctively associated with China. In Beijing’s view, China’s current promotion of concepts such as “peaceful development,” “harmony” (including a “harmonious world” abroad and “harmonious society” at home), “win-win solutions,” and “strategic partnerships” fit this mold. However, traditional Chinese cultural values, codes, and maxims, particularly those associated with Confucianism, are considered more fundamental and universal cultural contributions that China can promote in years to come.

To back up its high-minded rhetoric, China has not only provided substantial overseas financial and infrastructural assistance but also sent its doctors and teachers abroad; funded education opportunities in China for

foreign nationals; encouraged the spread of traditional Chinese medicine; and promoted the study of the Chinese language abroad (specifically simplified Chinese characters, which not coincidentally are used by the mainland but not by Taiwan) by building more than 200 Confucius Institutes around the world.¹⁶ The combination of idealistic rhetoric and constructive action indeed has reassured and sometimes enticed nations in Southeast Asia, Africa, and elsewhere, enhancing the foundation of China's soft power development over time. This is particularly true in the developing world, where China is focusing much of its attention on cultivating its soft power.¹⁷ Public opinion polls demonstrate that China's popularity in fact remains high in most developing areas, whether in Southeast Asia, Africa, or Latin America, largely because of perceived economic benefits from engagement with China.¹⁸

However, many challenges are appearing in China's bid for soft power there and elsewhere. Attitudes toward China within the developed world, for instance, have grown more negative in recent years—in Europe, the United States, Japan, and even South Korea.¹⁹ Of more concern to China, popular attitudes toward it in critical developing neighbors India and Russia have also declined. The economic challenge from China is a major factor, but concerns about China's growing military power are also evident in all these countries—including Russia.

Even in those areas of the developing world with more positive attitudes toward China, problems have surfaced. Many stories have emerged in the media about a backlash within African populations against low-grade Chinese goods supplanting African goods in local markets, Chinese labor being used instead of local labor for infrastructure projects, Chinese investors' disinterest in local environmental standards, and charges of Chinese neocolonialism due to extraction of resources rather than investment in industry. Some in Africa contend that these stories are overblown and do not reflect the reality of China's overall positive contributions to local economies and infrastructure. Indeed, African nations have often stated that they prefer China's attitude of respect, equality, and partnership in its economic outreach to the perceived condescension of the West's "charity" and "help."²⁰

Nonetheless, the Chinese government is clearly concerned about trends in the region and the impact they are having on its soft power strategy around the world. In continuing its "go out" (*zou chuqu*) policy of actively encouraging, and indeed facilitating, Chinese corporate activity overseas, the Chinese government in August 2006 promulgated new regulations demanding companies pay attention to issues of corporate responsibility and what it termed "localization"—respect for local customs, safety standards, and labor.²¹ Enforcement among Chinese corporations, and even provinces, that are doing business internationally has proved difficult, increasingly complicating the Chinese government's ability to control completely the conduct and success of its soft power strategy.²² Given its po-

tential impact on China's image overseas, how Chinese companies should engage with the world will reportedly be a subject of priority attention and debate within the government in coming years.

Meanwhile, international condemnation of China's domestic record on human rights, rule of law, political freedom, corruption, and export product safety has infuriated Beijing. This is true not only because of traditional Asian notions of "losing face" or contentions that it "hurts the feelings of 1.3 billion Chinese people," as the Chinese are wont to say, but also because these public criticisms affect China's international reputation and thus its soft power. China has responded to international public criticism more forcefully in recent years, viewing it as a Western method to embarrass and thus keep China down.

On the other hand, on occasion, Chinese authorities have welcomed international attention to some of China's internal problems as a way to gain leverage within their system to address these issues. China's environmental problems, including water and air pollution and desertification, have been one notable arena where China's leaders have used the international media in this regard.

Joseph Nye has stated that in a global information age, "success depends not only on whose army wins but also on whose story wins."²³ In the end, soft power is not just a function of popularity; it is the ability to get others to do things in one's interest through one's attractiveness. There are in fact few examples yet of China demonstrating this ability. China remains at a nascent stage in its soft power development. But Beijing is clearly making a serious, concerted, and conscious effort to this end, with enough patience to continue working toward its goal for years to come.

China's International Relationships

For developed countries, we will continue to strengthen strategic dialogue, enhance mutual trust, deepen cooperation and properly manage differences to promote long-term, stable and sound development of bilateral relations. For our neighboring countries, we will continue to follow the foreign policy of friendship and partnership, strengthen good-neighborly relations and practical cooperation with them, and energetically engage in regional cooperation in order to jointly create a peaceful, stable regional environment featuring equality, mutual trust and win-win cooperation. For other developing countries, we will continue to increase solidarity and cooperation with them, cement traditional friendship, expand practical cooperation, provide assistance to them within our ability, and uphold the legitimate demands and common interests of developing countries. We will continue to take an active part in multilateral affairs, assume our due international obligations, play a constructive role, and work to make the international order fairer and more equitable.

— Hu Jintao, October 15, 2007²⁴

In the explicit hierarchy of importance that China places on its international relationships, “major power” relations, particularly with the United States, remain at the top, followed by relations with neighboring states, and then developing nations elsewhere.²⁵ Interaction with the developing world has risen in relative importance in recent years, beginning during the later years of Jiang Zemin but accelerating under Hu Jintao. China recently added multilateralism to its list of priority relationships, particularly as it recognized the ability of multilateralism to safeguard its interests, specifically within the United Nations, reassure nations of its commitment to the international system, and appeal to its developing-world brethren more broadly.

China typically divides its bilateral relationships into two categories: “strategic partner” and “cooperative partner” in order of importance. When China concludes a strategic partnership agreement with another country or region, however, it is not meant by either party to be taken literally. China seeks such agreements in order to highlight the relative importance of a particular bilateral and multilateral relationship to its global interests.²⁶ Strategic partnerships are also meant to serve as an explicit Chinese alternative to the concept of alliances, which Beijing has denounced as exclusionary, provocative, and harmful to China’s interests, since the US alliance system dominates East Asian security and surrounds China. Beijing has also pursued free trade agreements and other preferential trade arrangements, often less for economic reasons (these agreements generally have enormous loopholes and exceptions) than as political vehicles to highlight its commitment to particular relationships.²⁷

Major Powers

United States

Given its priority attention to economic development and potential threats to its national sovereignty and territorial integrity, China continues to consider the United States its most important bilateral relationship. China recognizes that US economic, political, and military power remains predominant in the world, and specifically in Asia, making hostile relations a costly distraction that would complicate, if not obstruct, China’s economic development and achievement of overall strategic goals. US investment and technology and its domestic market continue to be critical for China’s development needs, albeit to a decreasing degree as China diversifies its economic ties.

China feels relatively confident about the trajectory of its relationship with the United States, despite controversies over trade, Tibet, Taiwan, and other matters. Growing economic interdependence between the two countries, absence of recent public crises between the two sides akin to the

1999 bombing of China's embassy in Belgrade or the April 2001 spy plane incident, and general US official distraction from China after September 11, 2001 have created a degree of comfort about relations with the United States in recent years. Chinese officials and scholars worry, however, that the United States may rediscover China in coming years as its attention to the Middle East and Islamic extremism recedes. China hopes in the interim to deepen economic interdependence and establish new vehicles for cooperation with the United States. China will continue to develop a web of alternative relationships with other powers in East Asia and beyond to promote a more multipolar world. China continues to mistrust US intentions toward it and suspects that the United States does not welcome—and indeed may seek to prevent—the rise of China as a potential peer competitor over time.

Russia, India, Japan, and Europe

China's relations with other major powers such as Russia, India, Japan, and Europe have moved in varying directions in recent years. Official relations with Russia appear as warm as ever. The two nations have put their border dispute far behind them and continue to find common cause in seeking to constrain US power, prevent intervention in their internal affairs, and take advantage of complementary interests of supply (Russia) and demand (China) in their bilateral trade, particularly in the energy and arms sales sectors. Russia continues to serve as China's leading source of advanced military equipment and technology. Each permanent members of the United Nations Security Council, they have coordinated their approaches on several key international security issues, blocking sanctions against Iran, Burma, and Zimbabwe, and actively opposing US deployment of missile defense as destabilizing and contemptuous of their respective national interests.

The China-Russia partnership²⁸ has also included joint development (with Central Asia) of the Shanghai Cooperation Organization (SCO) and organization of SCO-sponsored multilateral military exercises. China's considerable political and operational investment in this initiative reflects that Central Asia has become a priority area for China's strategic planning.

Nonetheless, China's relations with Russia will not lead to a formal, operational alliance to oppose the United States, nor will the SCO become a military bloc seeking to balance the North Atlantic Treaty Organization (NATO), despite some of the more breathless interpretations of these relationships. Indeed, many Russian strategists remain quite wary about the implications of China's rapid growth for Russian political and economic security, particularly its growing influence in Russia's depopulated but energy-rich northeast regions. Popular attitudes toward China within Russia remain quite poor.

China has stabilized its relationship with India,²⁹ seeking to put aside their troubled recent history to focus on common interests of economic development and trade. Beijing is nervous about increasing closeness in US-India relations and as a result has more evenly balanced its engagement in South Asia between India and long-time ally Pakistan. Nonetheless, China's military development, and India's long memory of Chinese military and political support for Pakistan and of the traumatic 1962 border war, has led India to remain quite mistrustful of its huge eastern neighbor. China's desire to set aside their continuing border dispute in order to stabilize relations has met with reluctant acceptance in New Delhi, which itself seeks to promote a peaceful international environment in which to focus on its profound internal development challenges.

Since early 2007, Beijing has even begun to change its approach toward Japan, about which the Chinese hold a deep-seated antipathy rooted in modern history. Chinese leaders realized that China's public propaganda was creating mistrust in Japan and fueling sustained animosity from the Chinese people, which threatened to solidify hostile relations between the two over the long run. With bilateral economic relations increasingly critical for China's (and Japan's) growth, China has moderated its negative media propaganda, and used Premier Wen Jiabao's visit in April 2007 and President Hu Jintao's April 2008 visit, the first Chinese presidential trip in a decade, to focus on developing relations for the future rather than focusing on the troubled past. With the relative thaw in China-Japan relations, China has moved to patch up the one gap in its strategy to maintain positive relations with all its neighbors (the thaw in relations with Taiwan after Ma Ying-jeou's inauguration as the island's leader in May 2008 has been the other major development in this regard).

China's relationship with Europe, however, has soured noticeably in recent years. In 2005, the European Union was prepared to lift its arms embargo on China in keeping with its desire to promote economic relations and its newly minted strategic partnership. Since then, the economic opportunity of China, while still viable, has revealed its dark side. Like the United States, Europe's concerns are intensifying around endemic intellectual property rights violations, product safety concerns, China's undervalued currency, a ballooning bilateral trade deficit, and loss of the region's low-tech manufacturing industry. China's refusal at times to acknowledge that lopsided trade relations are a problem has further inflamed European sentiment.

As the voice of new EU members from former communist Eastern Europe grows louder, China's political system and human rights record are also becoming more relevant in bilateral relations. China's unconditional aid policy in Africa has infuriated European nations that consider Chinese intervention unhelpful to their efforts to promote human rights, good governance, and environmental health on the continent. China's assistance to the Burmese junta has led to popular revulsion, as have reports of Chinese

cyber attacks on British military facilities, raising a new awareness of security challenges posed by China. Even France and Germany, whose former leaders had once been China's best friends in Europe, have become more skeptical of China. German Chancellor Angela Merkel withstood the fury of China when she hosted the Dalai Lama and was even quoted as favoring a "united front" to address the rise of authoritarian powers such as China.³⁰ Nonetheless, China is the European Union's second largest trade partner, behind the United States, providing ballast for the relationship even as Europe's honeymoon with China, apparent earlier this decade, appears to be over.

Neighbors

China's high priority focus on neighboring countries is consistent with imperial China's many centuries of concern about threats emanating from its periphery. Overall, China has been very successful in implementing this strategy, as it has established positive relationships with virtually all its neighbors in recent years. Wariness in the region remains, however.

China has generally emphasized nonmilitary aspects of its comprehensive national power in reaching out to its neighbors, adopting a three-pronged approach of setting aside areas of disagreement, focusing on confidence-building measures, and engaging in economic integration and multilateral cooperation to address shared concerns and promote regional stability to allow China to focus inward. China has settled virtually all its border disputes³¹ and is now focusing on developing infrastructure ties (roads, railways, and pipelines) with nations throughout Northeast, Southeast, Central, and South Asia to bind itself more closely to them and promote a sense of regional identity and solidarity. China has been active in assisting the development of a host of new regional dialogue vehicles, including the Shanghai Cooperation Organization (involving Central Asia and Russia), mentioned earlier; "ASEAN Plus Three" (members of the Association of Southeast Asian Nations plus China, Japan, and South Korea); and ASEAN Plus Six (the three plus India, Australia, and New Zealand).

China is also increasingly important economically to the region as intraregional trade flourishes. China is willing to tolerate trade deficits with many East Asian countries, and interdependence grows annually. Trade between China and ASEAN has grown by more than 20 percent each year since 2002,³² and another round of tariff reductions between China and ASEAN due to take effect in 2010 will cause trade between them to soar anew. In 2007, the volume of China-Japan trade surpassed US-Japan trade; the same occurred between China and South Korea in 2004 and with Australia in 2006. (Table 10.2 shows how China has grown in importance to selected countries' economies.)

Nonetheless, regional nations remain quite wary, if quietly so, of the ultimate implications of the emergence of the new regional powerhouse.

Table 10.2 China's rank among countries' top trading partners

Country	2000	2006	2007	Total trade	Balance of trade
				with China, 2007 (billions of US dollars)	with China, 2007 (billions of US dollars)
Australia	5	2	1	46.4	-4.8
South Korea	3	1	1	140.5	18.1
Japan	2	2	1	236.6	18.6
India	10	2	1	38.6	-9.6
United States	4	2	2	386.7	-256.3
European Union	4	2	2	482.7	-252.4
Indonesia	5	3	2	25.0	-0.2
Russia	6	4	3	48.2	-8.8

Sources: 2000 rankings calculated from data in United Nations, *International Trade Statistics Yearbook*, 2004; 2006 rankings calculated from data in International Monetary Fund, *Direction of Trade Statistics Quarterly*, September 2007; **Australia data:** Australia Department of Foreign Affairs and Trade, "Trade Topics: A Quarterly Review of Australia's International Trade" (Autumn 2008), www.dfat.gov.au (converted to US dollars by author at December 2007 exchange rates); **South Korea data:** XTVWorld.com, "China Is Korea's Largest Trading Partner," January 17, 2007, <http://press.xtvworld.com>; **Japan data:** Japan External Trade Organization, "China Overtakes the U.S. as Japan's Largest Trading Partner," February 28, 2008, www.jetro.go.jp; **India data:** *Times of India*, "China Is India's Largest Trade Ally," January 17, 2008, <http://timesofindia.indiatimes.com>; **US trade volume and trade balance data:** US-China Business Council, "U.S.-China Trade Statistics and China's World Trade Statistics," www.uschina.org; **US 2007 ranking:** US Census Bureau, "Top Ten Countries with which the U.S. Trades for the Month of December 2007," www.census.gov; **EU trade volume and trade balance data:** *International Herald Tribune*, "Facts on the EU-China Trade Relationship," April 23, 2008, www.ihf.com; **EU 2007 ranking:** Xinhua News Agency, "China, EU Start Up High-Level Economic, Trade Dialogue," April 25, 2008, <http://news.xinhuanet.com>; **Indonesian trade volume and trade balance data:** Hong Kong Trade Development Council, "Sino-Indonesia Trade Volume Surges 30% in 2007," February 13, 2008, <http://emerging.hktdc.com>; **Indonesia 2007 ranking:** *Jakarta Post*, "China Sticks to Open Market Despite Side Effects," January 26, 2008, www.thejakartapost.com; **Russian trade volume and trade balance data:** *RIA Novosti*, "Russia-China Trade up 44% to Record \$48 Bln in 2007," June 15, 2008, <http://en.rian.ru>; **Russia 2007 ranking:** Ministry of Commerce of the People's Republic of China, "Potential for Chinese Exports to Russia to Increase," March 4, 2008, <http://win.mofcom.gov.cn>.

Territorial disputes in the East and South China Sea, and lingering border issues with India and Korea, have led to concerns about how China will choose to resolve these matters over time. While Chinese rhetoric and posture to date have accentuated high-minded win-win values, Asia understands the cold realities of power balances. As China emerges, it need not throw its weight around for its growing diplomatic, economic, and military posture to have a quietly coercive effect on the policy decisions of neighboring states in the future.

Developing World

China continues to use its self-proclaimed status as the "world's largest developing nation" to appeal to developing-world sensibilities and pro-

Table 10.3 China's top five sources of crude oil imports, 2003–07 (percent)

Country	2003	2004	2005	2006	2007
Saudi Arabia	16.6	14.0	17.4	16.4	16.1
Angola	11.0	13.2	13.7	16.2	15.3
Iran	13.6	10.7	11.2	11.6	12.6
Russia	5.7	8.7	10.0	11.0	8.9
Oman	10.1	13.3	8.5	9.1	8.4

Sources: 2003–05 data are from *Statistical Yearbooks* published by the General Customs Administration of the People's Republic of China (PRC); 2006 data calculated from PRC customs statistics cited in Landun Group (Tianjin) Limited, "Africa Becomes One of China's Increasingly Diversified Sources of Oil Imports" (in Chinese), June 9, 2007, www.tjlandun.com; 2007 data are from General Customs Administration of the PRC, "2007 Witnessed Steady Increase in the Nation's Crude Oil Imports and Dramatic Decrease in Exports" (in Chinese), February 28, 2008.

mote solidarity with developing nations.³³ Many developing states, particularly in Africa, view China as "one of them" due to their common colonial legacy, long-standing ties starting from their postcolonial beginnings during the Cold War, and desire to resist pressures from the West.

China's voracious appetite for energy and other raw materials, and need for markets for its low-grade goods, has made its relationship with the developing world nowadays far more than "fraternal." The Middle East alone provides about half of China's oil imports, with Africa accounting for another one-third (see table 10.3 for China's key sources of crude oil). China is also turning increasingly to Latin America to help satisfy its need for oil, minerals, soy, and other primary commodities, and trade between the two exceeded \$100 billion in 2007, according to Chinese officials, three years ahead of Hu Jintao's seemingly ambitious goal to reach this level by 2010.³⁴

China's trade with Persian Gulf states alone has doubled since 2000 to \$240 billion and is slated to grow several more times over the next decade, leading some observers to dub growing ties a "new Silk Road."³⁵ With its large pool of surplus cash, and finding the US market increasingly hostile to its outreach, Gulf investors have also begun to look closely at China as a preferred investment destination. One Beijing-based consulting firm estimates Gulf investors will move a third of their portfolios, or about \$250 billion, to China over the next five years.³⁶

Chinese foreign assistance to the developing world has been diverse and active, including debt relief; grants and loans; and construction of schools, roads, bridges, hospitals, rail lines, power generation, communication links, and other critical infrastructure, earning the appreciation of many countries (and some approbation from local populations; see above). China has also provided substantial sums of military assistance; China's cheaper,

if less capable, equipment better fits the budgets of developing nations. At the same time, China has used its diplomatic weight in the United Nations, large-scale participation in peacekeeping efforts, and participation in a variety of multilateral forums to demonstrate its good faith commitment to addressing developing-world interests. In return, China has put pressure on states to adhere to a “One China” policy that isolates Taiwan, as virtually all of the remaining nations that officially recognize the Republic of China government in Taipei over the People’s Republic of China in Beijing are in the developing world.³⁷

China’s Impact on the International System

As of June 2008, 1,955 Chinese personnel were deployed to 12 UN peacekeeping missions; of the five permanent members of the UN Security Council, China is among the largest contributors of peacekeeping personnel to UN missions.³⁸ According to its own accounting, China has joined more than 130 (intergovernmental) international organizations and committed to 267 multilateral treaties.³⁹ Far from its posture just a generation ago, China today has also become an increasingly constructive member of the international nonproliferation regime⁴⁰ and international peace operations.

As China has begun to think and act globally, it has had to adapt to an international system traditionally dominated and developed by the major Western powers. China is generally comfortable with the world’s major international institutions such as the United Nations and the World Trade Organization (WTO). With a professed commitment to international law, equality of states, and democratization of international affairs, and eager to reassure the world of its responsible conduct and peaceful rise, China views these institutions as helpful in promoting its strategic goals and principles. Beijing is also confident that its privileged role as a veto-wielding permanent member of the UN Security Council and advantage of numbers in concert with developing-world allies will provide the necessary reassurance that the work of these institutions will not violate its sovereignty and national interests and that its voice in developing and implementing international rules within them is heeded.

China is less comfortable with other aspects of the current international system. US global predominance is clearly uncomfortable for Beijing, as is the current US-dominated, alliance-based security structure in both Asia and Europe. Nonetheless, China has become less vocal in opposition in recent years so as not to alarm the United States or others in East Asia that support the maintenance of this structure.

Instead, China has supported the development of new alternative forums in Asia and elsewhere to promote confidence-building, cooperation, and regional security. Beijing has also entered into dialogue arrangements with established regional organizations elsewhere to increase its interna-

tional voice, gain economic advantage, and pursue its vision of international confidence-building and security cooperation.⁴¹ China's relative, if nascent, success has been assisted in part by US disregard for, and often absence from, many multilateral forums around the world in recent years.

Some observers suspect that China is playing a longer-term game in East Asia of diluting the importance of US alliances for international security and demonstrating the viability of alternative vehicles. China's involvement in the development of the Shanghai Cooperation Organization in Central Asia and ASEAN Plus Three in East Asia are offered as examples of this intent. Likewise, China's substantial political and financial commitment to help stabilize the region's financial system through the development of a regional lender of last resort, under the so-called Chiang Mai Initiative, is considered a challenge to the predominance of the United States in international financial matters through the International Monetary Fund (IMF). China in fact has called for a "new international economic order," although its exact outlines are unclear beyond putting more of a burden on the developed world to make sacrifices and concessions to create more equitable global development (see chapter 1).

China is quietly uncomfortable with the very notion trumpeted by the West of its "integration" into the current international system. While not opposed necessarily to the principles that underlie institutions such as the Group of Eight (G-8) and the International Energy Agency, Beijing's increasing pride and self-confidence lead it to hesitate joining groups that it had little role in developing or whose rules it did not help to establish. Chinese officials and scholars have debated in private the viability and implications of developing alternative structures to organizations such as the G-8 in which China may be present at the creation and thus serve as a coequal partner in establishing international rules.

To date, however, China's interest in keeping a relatively low profile, focusing inward, and reassuring the world about the implications of its rise has led to a reluctance to take the lead in developing new global institutions or challenging old ones for fear of attracting unwanted attention and taking on new responsibilities that will create unnecessary distractions for itself. At the same time, the international community has tried to reassure China of the benefits and flexibility of the current international system and taken steps to encourage its continued integration into it: In 2006, the IMF increased China's voting share by 15 percent, and in 2008 the World Bank named a senior Chinese economist as its chief economist, the first to hold the post from a developing country.

Nonetheless, China's policy of providing foreign aid without conditions, and sometimes in direct competition with alternative offers from the IMF or other established international institutions,⁴² has raised questions about China's potential impact on an international system that in recent years has sought to promote sustainable development and political and social justice by conditioning aid on adherence to standards of good

governance, labor and environmental protection, and human rights. Chinese officials have occasionally offered China's development model as an option for developing nations, most notably African states⁴³ and North Korea. They have refrained from claiming that China's specific experience is the only alternative blueprint for developmental success, however. In essence, the principle of development China promotes, as noted earlier, is that no single model for national development fits all and that each nation must decide for itself its preferred developmental path and outsiders should not interfere.⁴⁴

Regardless, China's growing influence on accepted international norms and principles need not be explicit to have an impact. To date, the Chinese development model has gained currency simply because of China's apparent success, and the attractiveness of China's hands-off standards-free policy to authoritarian leaders and even some populations tired of perceived heavy-handedness and condescension from Western aid donors.

Finally, China has demonstrated in recent years some disinclination to accept particular international standards for reasons of pride or otherwise, which has raised questions about China's consistent commitment or adherence to spoken and unspoken rules of the current system. China has viewed the first formal US filings of WTO complaints against China, for instance, in highly political/strategic terms rather than as a legal matter or normal matter of economic intercourse, suggesting a potential lack of understanding about the rules-based process.

A pattern in military affairs is particularly noticeable and alarming. China ignored international law in holding a US flight crew for 12 days on Hainan Island in April 2001 after a US spy plane was forced to make an emergency landing after colliding with a Chinese fighter. To the Chinese, the US surveillance plane, despite being in international waters, offended the Chinese sense of propriety. A stand-off ensued and ultimately was resolved by China in a manner that took little account of international law. Subsequent efforts to implement a 1997 agreement to regulate future interaction of US and Chinese air and naval forces operating in proximity in international space, as was developed between the United States and the Soviet Union during the Cold War, have led nowhere, threatening that a Hainan-like incident (or worse) could be repeated.

Likewise, when China launched its test of an antisatellite weapon in January 2007, it failed to provide public notice consistent with accepted international practice, putting at risk other nations' space assets. In November 2007, China denied two US minesweepers permission to make port in Hong Kong to refuel as a storm approached, violating an unwritten law among the world's navies. Instead of taking responsibility for the mistake, Beijing suggested that the move was in response to, alternatively, US arms sales to Taiwan or a recent visit to the United States of the Dalai Lama. Such selective adherence to international law and accepted international standards, which China may ignore when piqued or its national pride of-

fended, is a potentially dangerous development, particularly in the military realm where accidents, miscommunication, or misunderstanding can have dire consequences.

Implications for the United States of China's Rise in Global Influence

China's expanding engagement with the world is not an alarming development but an expected, natural, and overall welcome one. Another constructive actor in addressing common concerns, particularly one as important as China, will be invaluable in dealing with everything from underdevelopment to nonproliferation to environmental degradation and in building confidence and reducing historical tensions throughout Asia and elsewhere.

However, China's rise does pose a series of potential challenges to US interests. China's appeal within the developing world offers an alternative model and source of support for these nations, to the benefit of many for sure but to the potential detriment of international governance and other standards. New dialogue vehicles in which China plays a central role seem intended to counterbalance US alliances in East Asia. China's growing political and military power is complicating US predominance in the region, including its ability to fulfill its commitments to allies and others, including Taiwan, and thus an overall balance of power that favors stability.

China's growing economic, political, and military power is also leading many nations, including US allies, to soft-pedal concerns about Chinese behavior, offering an increasingly self-confident Chinese leadership more license to assert itself in international affairs. China's increasing willingness to affirm its noninterference principle by wielding, or threatening to wield, a veto in the United Nations Security Council on various sanctions resolutions will complicate the West's ability to apply this tool to pressure regimes to adhere to international norms and obligations. Growing Chinese international stature and self-confidence also means fewer releases of human rights activists, less reticence about openly pursuing its military development, and increasing defiance when confronted with criticism.

The United States and China do not like to acknowledge publicly that they are engaged in a kind of competition, but they are, if latent and relatively benign at this point (except the issue of Taiwan). As in economic affairs, however, competition need not be zero-sum but can be quite healthy for sharpening and focusing one's own activities more effectively. China's rise in influence can be viewed as a prism through which the United States might look afresh at its own international policies and principles, reaffirming many and reassessing others.

For instance, following China's pragmatic and effective approach of listening closely to the perspectives of others and accommodating their sen-

sibilities without sacrificing its own interests would be an effective and constructive method of “competing” with a rising China. Chinese competition might awaken the United States to the developing world’s desire for partnership rather than charity and renew its attention to developing-world challenges and perspectives. China’s recognition of the importance and complementarity of hard and soft power for the development of a nation’s comprehensive national power may also serve as a model for US policy. Indeed, the new US concept of “smart power” reflects this effective integration of hard and soft power.⁴⁵

At the same time, in this new environment the United States will need to be careful to avoid being reticent about defending principles and perspectives in its interest because of concerns about antagonizing the world’s largest rising nation. The United States should not be shy about enunciating without hyperbole its differences with China.

Likewise, virtually all of East Asia continues to support the US alliance system and military presence as a stabilizing factor in regional security; the United States need not be defensive about maintaining both even in the face of Chinese concern. Indeed, how the United States handles its security relationships in East Asia in relation to China’s rise will have a profound effect on Washington’s ability to manage both in the future. Today, the United States’ East Asian allies—Japan, South Korea, Australia, Thailand, and the Philippines—may continue to rely on the United States for their security, but their economic security is increasingly tied to China. This situation will increasingly complicate alliance partnerships on issues related to China. The United States will need to recognize this fact, while working with allies to reach out to China to cooperate on a range of regional security issues in which China’s engagement will be critical, such as energy, infectious disease, environmental protection, and climate change. The United States likewise should accept invitations by China, if and when they come, to contribute to forums and initiatives of which Beijing is a central part.

The United States should not be shy about continuing to challenge China’s assertion of a noninterference principle. Washington should take the lead in working with China to find a responsible balance between sovereignty and responsible intervention. Indeed, China and others in the developing world well recognize that in a tightly interconnected world, what happens inside another’s borders can have a profound impact on one’s own affairs and interests and thus make pure notions of national sovereignty a luxury.

In fact, open public frustration with, and pressure on, China when Beijing invokes noninterference to defend its policies have shown results. Beijing openly condemned Burma’s violent suppression of peaceful demonstrators in the fall of 2007, even supporting a UN Security Council resolution on the matter. Beijing also supported UN Security Council resolutions sanctioning Iran and North Korea and pressed Sudan’s leader to

accept a UN/African Union force in Darfur. China will continue to be concerned about its international reputation. Careful and quiet international encouragement, combined with its own increasing recognition of the impact of the internal affairs of other states on its own security and economic equities, may help continue the evolution of Chinese perspectives, although China is unlikely to change its public adherence to the noninterference principle due to the many political, economic, and strategic benefits it receives overall from the policy.

To exaggerate the threat from China will be counterproductive for American interests, since the world is not looking for a new Cold War in which it will have to choose between these two major powers in years to come. The United States would build up international goodwill and respect for its leadership through an honest, candid, and sober assessment of, and response to, China's rising influence on world affairs and national interests. Recent poll numbers suggest that the challenges that naturally attend the rise of a major power like China have become more apparent in recent years and have served as a wake-up call for many nations. The United States should not revel in this development, but it does serve to remind observers that the rise of Chinese influence will not be a simple or uncomplicated process and will be shaped by many factors in years to come.

Indeed, taking an unreasonably hostile or confrontational approach to China will feed Chinese suspicions about US disrespect and intention to curb its rise as a major power. The danger here is particularly acute with the Chinese population, which has become more sensitive about slights to China's dignity, as witnessed by its reaction to the international protests related to Tibet and the Olympic torch relay around the world in early 2008. The Chinese government will have to manage this growing Chinese populism in coming years, but one should not ignore its impact on China's future international orientation.

The United States must remain vigilant about the effects of China's rise on its domestic and international interests, but Washington should not look instinctively to blame or denounce China as a scapegoat for problems. In fact, by taking responsibility for the impact of its own policies that are contributing, for instance, to product safety concerns, trade deficits, and global environmental problems, the United States will not only do its part to resolve these matters but also send a reassuring message to the world about its humility and thus gain in world opinion and soft power influence. China's best advantage is international skepticism toward the United States. The United States can best maintain its stature and influence, then, by addressing this skepticism; indeed, the best antidote to concerns about rising Chinese influence remains in the control of the United States itself.

At the moment China wants to gain more influence and more respect but not necessarily more responsibility in the world. China apparently feels trends are in its favor, despite internal challenges, and that time is on

its side. It is willing to be patient as it focuses its attention, both domestic and international, on safeguarding its urgent internal needs. China currently accepts that the United States will take lead responsibility for maintaining security in East Asia and elsewhere. It will continue to accept this situation in the near to medium term, if grudgingly, as long as its interests are protected—particularly but not limited to Taiwan—its counsel sought, and more vehicles for bilateral and multilateral consultation are available to dilute exclusive reliance on US alliances and unilateralism.

The year 2008 will serve as a watershed for China's relations with the world. The Olympics serve as a proud announcement of its arrival and desire for acceptance as an important and constructive player on the world stage. International sympathy and material assistance in response to the tragic earthquake in Sichuan in May 2008 created an opportunity for China to demonstrate its openness to and interconnection with the world and to reassure international society of its peaceful and "harmonious" intent. Coinciding with the conclusion of the Olympic Games and the imminent 30th anniversary celebration of China's establishment of its "reform and opening up" policy, Beijing is reportedly set to discuss its strategy and goals for the next 30 years, reviewing lessons learned from the successes and mistakes of the past to chart its future course.

In the process, China will continue to consider international conditions and perspectives of the international community as it develops its policies. The United States and its allies will need to consider how to involve themselves constructively in those discussions both directly and indirectly through policies that demonstrate how Chinese interests are better served through continued integration into the normative and rules-based system rather than promotion of unreliable or destabilizing alternatives. Indeed, international influence—and potential US-China collaboration or competition—in coming years will likely be determined in the realm of international norms and rules rather than force of arms.

The world will remain skeptical and wary of all major powers, including both China and the United States, in years to come. The United States, however, arguably still has a greater reservoir of global respect and appreciation than does China, which is a nascent player on the world stage with an uncertain future. The United States should neither be distracted from nor overreact to the challenges of a rising China but instead focus on its own strengths and advantages of hard and soft power to maximize the effective coordination of both in its conduct of foreign policy. By doing so, the United States can become more credible and effective in promoting its principles, protecting its national interests, and managing—in concert with allies and friends—an international situation in which the ultimate impact of China's emergence remains uncertain. Pursued with humility and resolve but without malice, the result can truly be a "win-win" situation for all, including for an increasingly influential, proud, and assertive China.

Notes

1. Xinhua News Agency, "Hu Jintao zai Zhongguo gongchandang di shiqi ci quanguo daibiao dahui shang de baogao," ["Hu Jintao's Report to the 17th Party Congress"], October 15, 2007, <http://news.xinhuanet.com>.
2. For instance, China consumes over a quarter of global production of oil, coal, and copper (China Geo-Tech Secretariat, www.chinageotech.org, 2007) and nearly half the world's cement (*Financial Times*, "Lefarge Aims to Double Investment in China," December 2, 2007). As of 2005, China was the world's top consumer of steel, coal, grain, and meat (BBC News, "China Emerges as a Global Consumer," February 27, 2005).
3. Economist Intelligence Unit, Country Report for China, June 4, 2008.
4. In a public opinion poll conducted in late 2007 by the Bertelsmann Foundation of Germany, www.bertelsmann-stiftung.org, among residents in Brazil, Britain, China, France, Germany, India, Japan, Russia, and the United States, 50 percent of those polled viewed China as a world power today, and 57 percent said it would be a superpower by 2020. By contrast, only 67 percent said the United States would remain a superpower in 2020.
5. In December 2007, for example, the European Union relented from past practice by inviting Zimbabwe's dictator Robert Mugabe to attend an EU-Africa summit meeting.
6. China developed the concept of "comprehensive national power" as an index by which to measure its power against other countries. According to one definition, it refers to the sum total of the powers or strengths of a country in terms of its economy, military, science and technology, education, resources, and influence. China Institutes of Contemporary International Relations, *Global Strategic Patterns: The International Environment of China in the New Century* (Shishi Press, 2000).
7. In fact, the principles of "peace, development, and cooperation" hold the highest place in Chinese rhetoric: During the 17th Party Congress, Hu Jintao affirmed that China will "hold high the banner of peace, development and cooperation, pursue an independent foreign policy of peace, safeguard China's interests in terms of sovereignty, security and development, and uphold its foreign policy purposes of maintaining world peace and promoting common development."
8. Before formal adoption at the 17th Party Congress, Chinese Premier Wen Jiabao elaborated on the concept of "peaceful development" in a major speech, in which he asserted that "To take a path of peaceful development is a strategy and foreign policy to which China is committed. It is definitely not an expediency. In following this guiding principle, we should seize opportunities, remain unswayed by provocations and concentrate on our development, and we will not seek a leadership role in the international arena. It is thanks to following this policy that we have been able to gain more room for the conduct of China's diplomacy." Premier Wen Jiabao, "Our Historical Tasks at the Primary Stage of Socialism and Several Issues Concerning China's Foreign Policy," *People's Daily*, February 27, 2007.
9. Robert B. Zoellick, "Whither China: From Membership to Responsibility?" (remarks, as prepared for delivery, to National Committee on US-China Relations, New York City, September 21, 2005), www.state.gov.

10. Nye defines soft power as the “ability to get what one wants through attraction rather than coercion or payments,” through “the attractiveness of a country’s culture, political ideals, and policies”; Joseph S. Nye, Jr., *Soft Power: The Means to Success in World Politics* (New York: PublicAffairs, 2004).

11. See, for instance, Li Jie, “Soft Power Building and China’s Peaceful Development,” *China International Studies* (Winter 2006): 164–79. At the time of writing this author served as deputy director of the Department of Policy Planning in China’s Ministry of Foreign Affairs. The piece has been widely read in Chinese academic circles and is one of many in English- and Chinese-language journals in China that reflect heightened official interest in building up China’s soft power.

12. “Hard power is the basis of the growth of soft power . . . when hard power is weakening, the appeal of soft power will also decline, and when the growth of soft power lags behind, the expansion of hard power will be hindered” (Ibid., 167).

13. Nye was somewhat ambiguous about whether economic power should be categorized as hard or soft power, with most political scientists ultimately placing it in the latter. Walter Russell Mead, however, developed an alternative category, calling it “sticky power,” attractive in origin but ultimately trapping others in one’s orbit. Walter Russell Mead, “America’s Sticky Power,” *Foreign Policy* (March/April 2004).

14. An explicit example of how deeply the concept of soft power is reaching into the mindset of the Chinese elite is a quote from the director of China’s new National Center for Performing Arts, who commented that the new center represents “a concrete example of China’s rising soft power and comprehensive national strength.” Joseph Kahn, “Chinese Unveil Mammoth Arts Center,” *New York Times*, December 24, 2007. See also Yan Xuetong, “The Rise of China and its Power Status,” *Chinese Journal of International Politics* 1 (2006), 16. (Originally published in *Science of International Politics*, Institute of International Studies, Tsinghua University.)

15. Li Jie, *China International Studies* (Winter 2006), 171.

16. However, one Confucius Institute director has suggested that only half or fewer of the 210 Confucius Institutes may be actually operational.

17. Pang Zhongying, director of the Institute for Global Studies at Nankai University, identified the developing world as the “main battlefield” in which China should acquire and expend soft power. Pang Zhongying, “China’s Soft Power” (talk delivered at the Brookings Institute, October 24, 2007).

18. Pew Global Attitudes Project, “Global Unease with Major World Powers,” June 27, 2007.

19. Ironically, in France, where Li Jie had touted the “Year of Chinese Culture” in 2006 and a supposed “China Craze” as emblematic of the progress its soft power is having around the world, 51 percent of the people had an unfavorable view of China, with 84 percent considering China’s growing military power a “bad thing”—the highest percentage of any European nation polled—and 64 percent viewing China’s growing economy the same way (Pew Global Attitudes Project, “Global Unease with Major World Powers”). A recent survey also indicated that China’s soft power still trails that of the United States and Japan in the region

(Chicago Council on Global Affairs and East Asia Institute, "Soft Power in Asia: Results of a 2008 Multinational Survey of Public Opinion," June 17, 2008).

20. While China is perceived to treat developing countries with "respect" in its economic engagements, the World Bank has reported that one-third of Chinese enterprises have lost money on their foreign investments and 65 percent of their joint ventures had failed. Bates Gill and James Reilly, "The Tenuous Hold of China Inc. in Africa," *Washington Quarterly* (Summer 2007), 49.

21. *Ibid.*, 47.

22. Mitchell, "China and the Developing World," 125.

23. Joseph S. Nye, Jr., "The Rise of China's Soft Power," *Wall Street Journal Asia*, December 29, 2005.

24. Xinhua News Agency, October 15, 2007.

25. Many observers, including some in China, argue today that China places its relations with neighbors at least equal to relations with the United States and other major powers. In its own parlance, China consistently applies unique terms to qualify its various international relationships: Relations with developed nations are termed "key" (*guanjian*); neighboring countries are a "priority" (*shouyao*); and developing nations are called the "basis" (*jichu*) of China's foreign policy, each rather ambiguous in distinctiveness from the other.

26. For an updated chart listing China's strategic partnership and cooperative partnership agreements, see the "Issue Overviews" section of the China Balance Sheet website, www.chinabalancesheet.org.

27. China has signed free trade agreements with six countries and areas: Chile, Pakistan, ASEAN, New Zealand, Hong Kong, and Macau. The agreements with Macau and Hong Kong are known as closer economic partnership arrangements.

28. For an overview of Sino-Russian relations and implications for the United States, see Derek J. Mitchell, "China and Russia," in *The China Balance Sheet in 2007 and Beyond* (Washington, May 2007).

29. For a comprehensive examination of China's relations with India, see Derek J. Mitchell and Chietigj Bajpae, "China and India," in *The China Balance Sheet in 2007 and Beyond* (Washington, May 2007).

30. *Economist*, "The Company She Keeps," November 29, 2007.

31. Notable exceptions are Aksai Chin and Arunachal Pradesh with India; demarcation of the East China Sea and sovereignty over the Diaoyutai/Senkaku islands with Japan; and the Paracel and Spratly Islands in the South China Sea with Southeast Asian nations, including Vietnam, the Philippines, Indonesia, and Malaysia.

32. Rate for 2002–05 calculated from data in the *ASEAN Statistical Yearbook 2006*; information for 2006 from *Taipei Times*, "China-ASEAN Trade Reached US\$160.8 Billion Last Year," January 15, 2007; information for 2007 from Xinhua News Agency, "China, ASEAN become 4th-largest trade partners in 2007," February 29, 2008.

33. For a comprehensive examination of China's relations with the developing world, see Derek J. Mitchell, "China and the Developing World," in *The China Balance Sheet in 2007 and Beyond* (Washington, May 2007).
34. Ambassador Zhou Wenzhong, "China's Relationship with Latin America" (speech at Inter-American Dialogue, May 13, 2008).
35. See Stephen Glain, "The New Silk Road," *Forbes Asia*, June 2, 2008, 62–63; and Stephen Glain, "The Modern Silk Road," *Newsweek*, May 26/June 2, 2008, 32–33.
36. JL McGregor & Company, "A Note on Middle East Investment in China," 2008, 3.
37. As of June 2008, 23 countries recognized the Republic of China: Palau, Tuvalu, Marshall Islands, Solomon Islands, Kiribati, Nauru, Guatemala, Paraguay, St. Vincent and the Grenadines, Belize, El Salvador, Haiti, Nicaragua, Dominican Republic, Honduras, Panama, St. Kitts and Nevis, Saint Lucia, Burkina Faso, São Tomé and Príncipe, Swaziland, Gambia, and the Holy See (Vatican).
38. United Nations Department of Peacekeeping Operations, Monthly Summary of Contributors of Military and Civilian Police Personnel, June 2008, www.un.org.
39. "China's Peaceful Development Road," State Council Information Office White Paper, December 22, 2005, <http://english.people.com.cn>. Note that the Chinese version of this white paper reveals that China did not complete the steps of signing and ratifying many of the 267 treaties.
40. Evan Medeiros, *Reluctant Restraint: The Evolution of China's Nonproliferation Policies and Practices, 1980-2004* (Stanford, CA: Stanford University Press, 2007).
41. For a list of international organizations in which China participates, see Mitchell, "China and the Developing World," 128.
42. For example, in 2007, a conditional World Bank loan to revamp Nigeria's crippled railway system was thrown out at the last minute when the Chinese government offered a larger, no-strings-attached contract through the China Civil Engineering Construction Company with Chinese financing. In early 2006, China offered a low-interest \$2 billion loan to the Angolan government, allowing Angola to shelve a prospective IMF package conditional on increased accountability and transparency in the oil sector.
43. During an African leaders summit in late 2006, Chinese leaders reportedly promoted the notion of special economic zones to promote development, as China had done during its developmental stage beginning in the early 1980s.
44. "We respect the right of the people of all countries to independently choose their own development path." Hu Jintao's report delivered at the 17th National Congress of the Communist Party of China, October 15, 2007.
45. Center for Strategic and International Studies, *A Smarter, More Secure America*, Report of the CSIS Commission on Smart Power (Washington, November 26, 2007).

