

# China in Transition: From a Harmonious World to a Contested Region

Written by Jingdong Yuan

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JINGDONG YUAN, JUL 5 2012

China's once-in-a-generation leadership transition, hereto billed as a smooth handing over of power, has already had a rocky start. The Bo Xilai affair has cast a dark shadow over the well-choreographed show of unity at the top.

While policy makers and analysts are fixated on the unfolding of the 18<sup>th</sup> Party Congress of the Chinese Communist Party to be held in Autumn 2012, important questions need to be asked about how the newly minted Chinese leadership will address the diplomatic challenges and manage the country's national security affairs.

When the Hu Jintao/Wen Jiabao leadership assumed power in 2002-03, China was facing a relatively more stable security environment. Beijing's earlier concerns with the George W. Bush administration's hard-edged policy of treating China as a strategic competitor and the crises over the EP-3 mid-air collision and US arms sales to Taiwan were soon overtaken by the event of the 9-11 terrorist attacks and Washington's re-orientation toward great-power cooperation in combating global terrorism.

China had taken a more active diplomatic posture, initiating and chairing the Six-Party Talks on the North Korean nuclear program and the establishment of the Shanghai Cooperation Organization (SCO). Beijing had also greatly improved its relationship with the ASEAN, signing the landmark Declaration on the Conduct of Parties in the South China Sea and an agreement on the China-ASEAN Free Trade Area. And, a confident Hu-Wen administration would assure its neighbours and great powers alike China's peaceful rise and call for a "harmonious world" to replace power politics in international relations.

Fast forward to 2012. China has overtaken Japan to become the world's second largest economy. The 2008 global financial crisis has further consolidated China's position in the global economy. Its diplomatic influence has also arisen, with its participation in international peacekeeping operations, climate change negotiations, and a seat at the important global governance bodies such as the G-20.

China's rise has already generated wide-ranging discussions and speculations on how Beijing will use its growing power resources—economic and military capabilities, diplomatic influence, and "soft power" in pursuit of its national interests and how its defence and foreign policy will affect regional and even global developments. Indeed, Chinese diplomacy and activism have already left important imprints and, with its continued ascendance to great-power status, its impact on global and regional security can only increase.[1]

Structural realists argue that states are sensitive to their relative capabilities in the international system and will seek to change the international structure in ways that better assert and promote their national interests. When weak, they may reluctantly accept the constraints placed upon them. Once strong enough, they tend to wield their power to change the status quo.[2] Liberalism, on the other hand, would point to the strength of international institutions and norms as sufficient constraint on rising powers such as China, which over time will change and adapt lest its aggressiveness invites counter force and becomes detrimental to its own self interests.[3]

At the same time, domestic political structure, and historic and cultural heritage (experiences and hence perceptions

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of war and peace, the nature of conflicts in human affairs, and the efficacy of the use of force) can go a long way toward understanding states' particular policy stances and practices under specific circumstances. In addition, domestic priorities will also inform policy and expenditure decisions on defence and foreign affairs.[4]

The key question, then, is what security environments and challenges the new Xi Jinping/Li Keqiang leadership will be facing. And, whether these will inevitably lead to a reassessment of China's national interests, which in turn could result in changes in policy priorities and corresponding strategies.

Despite the changing international and regional security environments since the end of the Cold War, Beijing's overall assessment remains that the coming decades will continue to provide China with a period of strategic opportunities conducive to its economic development and the development of the country's comprehensive national strength. This predominantly domestic agenda serves as the core element of a grand strategy that informs and determines China's foreign and security policy.[5] Indeed, this economic rationale has underpinned many of the domestic and foreign policy decisions Beijing has made over the past three decades—greater integration into the world economy, closer ties with the industrialized countries for markets, investments, and technology transfers, and seeking to develop a stable security environment in China's periphery through bilateral and multilateral diplomacy.[6]

Economic developments and especially more balanced growth away from export-focused strategies to domestic consumption will likely remain on the top of the Xi-Li agenda. However, the foreign policy challenges, including managing potential US-China conflicts over trade and currency issues and the America's pivoting back to Asia, the ongoing territorial disputes over the South China Sea, and emerging rivalry with other regional powers such as Japan and India, will confront the new leadership on day one.

There is no question that managing the Sino-US relationship will have significant impacts on regional and even global security. While many global and regional issues require and indeed have seen close cooperation between Beijing and Washington, fundamental differences and deep distrust exist between the two powers. Chinese military developments, especially its naval buildup and growing anti-access and area-denial capabilities, are beginning to challenge U.S. preeminence in Western Pacific. On the other hand, Washington's announcement of its re-balancing to East Asia, and the strengthening of bilateral alliances and defense ties with the region's other powers, are seen by Beijing as a deliberate attempt at constraining China's rise.

China's new leadership also has to address the growing tensions over territorial disputes in the East and Southeast China Seas. The summer of 2010 saw the downward spiral of Sino-Japanese relations in the wake of the Japanese detention of a Chinese fishing boat captain. Since April this year, China and the Philippines have been embroiled in heated spats over the sovereignty of the Scarborough Shoal. Beijing's apparent assertiveness has caused deep concerns among its weaker and smaller neighbours, which have increasingly turned to Washington for security protection.

There are a number of important drivers behind the heightened tensions and competition between China, its neighbors, and other maritime powers over sovereignty, resources, and security in the South China Sea.[7] Rising nationalism and the revolution in communication provide accessible and increasingly influential platforms for public opinions that in turn affect foreign policy formulation, making conciliation difficult.

For rising powers like China, the South China Sea disputes raise more important, strategic, questions. How to uphold sovereign claims over the vast maritime territories without currently being capable of enforcement, while threats and rhetoric can be distractive, reputation-tarnishing, and counterproductive to its long-term goals of exercising influence through soft power and economic interdependence.

Finally, China's new leadership will increasingly find itself wrestling with competing interests, responding to rising demands, and occasionally having to accommodate the growing number of actors in China's foreign policy making, who sometimes pursue their own agendas that are not always compatible with what can be described as Chinese national interests. At the same time, because of the emerging and ongoing debates within China on what the country should do as its power grows, it makes it harder to pin down what the dominating ideas are. And, to what extent they

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can actually influence and shape foreign policy.[8]

In sum, China's upcoming leadership transition will be taking place at a time of great changes and growing uncertainties. While the new leaders are expected to stay the course of peace and development, what they are inheriting is a far cry from the "harmonious world" but an increasingly complex, and at times highly contested security environment. Managing these challenges, from Sino-US relations to territorial disputes in the South China Sea, will be a critical test of their strategic vision and diplomatic skills as China continues its ascent to great-power status. There are great stakes in whether the power transition will be a peaceful or conflictual one.

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