CHINA, THE UNITED STATES AND A "POWER SHIFT" IN ASIA

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Abstract:

Recent signs of assertiveness by the Chinese administration in relations with the United States have been seen as reflecting a broader shift of power in Asian and world affairs where China is superseding the United States. Closer examination of the Chinese posture toward the United States and power dynamics in Asia shows that China has not the will nor the ability to challenge US leadership in Asia.

Keywords: U.S.-Chinese relations, Asian power dynamics and power shift.

Resumen:

Signos recientes denotando asertividad por parte del gobierno de China en sus relaciones con los EEUU han sido considerados como reflejo de un cambio general de poder en el plano tanto asiático como mundial, donde China intentaría sustituir a los EEUU. Un examen más detallado de la postura china frente a los EEUU y las dinámicas de poder en Asia muestra sin embargo que China no tiene ni la voluntad ni la capacidad de desafiar a los EEUU en Asia.

Palabras clave: *Relaciones EEUU-China, dinámicas de poder en Asia y cambio de poder.*

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1. Introduction

The post Cold War order in Asia has been characterized by US leadership and the rise of Asian powers, notably China, to new prominence. In recent years, a common line of analysis has focused on the shortcomings and weaknesses of the United States and the strengths of rising China to forecast a "power shift" from American to Chinese leadership in Asia, the area of the world where China has traditionally exerted its greatest influence. Chinese behavior in the past two years has witnessed greater Chinese assertiveness against the United States regarding bilateral and international issues, suggesting to some that the time has come when China will break away from the patterns of the recent past and pursue a leadership role in Asian and world affairs, leaving behind the United States.

This article assesses the evidence of recent Chinese assertiveness against the United States and other trends in contemporary Asia to forecast continued US leadership and continued Chinese accommodation to and inability and reluctance to replace American leadership in Asia.

2. A Time of "Testing" in Sino-American Relations

2009 showed the strengths and the weaknesses of contemporary American engagement with China. President Barack Obama entered office to face a host of major international and domestic problems. China policy was not one of them. The president's campaign was unusual as China policy was absent as a significant issue of debate. Expert opinion urged the incoming US government to pursue the positive equilibrium seen in closer US-China engagement developed during the latter years of the George W. Bush administration.[2]

Prominent Americans saw cooperation between China and the United States as the most important relationship in 21st century international politics. They argued for a "G-2" condominium between Washington and Beijing in order to direct major international issues including the global economic recession, climate change, conflicts in Afghanistan and Pakistan, and nuclear weapons development in North Korea and Iran.[3]

The Obama government was more realistic about what could be expected in cooperation with China. It sought China's assistance, as well as the assistance of other important powers, in dealing with complicated international issues. It tried to reassure Chinese leaders that the US government would not seriously challenge China in dealing with sensitive issues regarding trade protectionism, human rights, meeting with Tibet's Dalai Lama, and arms sales to Taiwan. It followed the pattern developed during the Bush administration of dealing with the many differences in US-China relations through various bilateral dialogues. There are over sixty such dialogues, including an annual meeting led by

[2] Jacques deLisle: "China Policy Under Obama", Foreign Policy Research Institute, *E-Notes* (15 February, 2009); Shambaugh, David: "Early Prospects of the Obama Administration's Strategic Agenda with China," Foreign Policy Research Institute, *E-Notes* (April 2009); Medeiros, Evan: "Is Beijing Ready for Global Leadership," *Current History*, vol 108, no.719 (September 2009), pp. 250-254; Goldstein, Avery: "Prolonging East Asia's Surprising Peace—Can It Be Managed", Foreign Policy Research Institute, *E-Notes* (14 August, 2009).

[3] Prominent Americans identified with this view include Zbigniew Brzezinski, Robert Zoellick, and C. Fred Bergsten. For critical response see, Economy, Elizabeth and Segal, Adam: "The G-2 Mirage," *Foreign Affairs* vol. 88, no. 3 (May-June 2009) 56-72.

the US Secretaries of State and Treasury, where American and Chinese leaders endeavor to manage their differences and broaden cooperation, out of the limelight of media scrutiny. As a result, the carefully managed public discourse between the US and Chinese governments tends to emphasize the positives in the relationship. Differences are dealt with in private meetings.[4]

Nevertheless, many significant differences became vividly clear as the year wore on, underlining the limits of positive US-Chinese engagement. Chinese officials criticized the Obama government's strategy in Southwest Asia and eschewed significant involvement against the Taliban. Chinese leaders complained frequently about US stewardship in the global economy and made repeated references to diversifying from the US market, investment in US government securities, and use of the US dollar. American complaints about restricted access to the Chinese market amid the massive trade deficit with China saw some moves to restrict Chinese imports and other actions which China greeted with trade retaliation and loud charges of protectionism.[5]

Chinese and American officials endeavored to develop common ground on climate change, but progress was limited and public acrimony between the US and Chinese delegations highlighted the December international meeting in Copenhagen. President Obama undertook extraordinary last minute efforts to get China, India, Brazil and South Africa to join in support of the limited accord that was agreed to.[6]

Sino-American cooperation was better in dealing with North Korea's second nuclear weapons test and other provocations, but the powers remained at odds regarding the utility of using international pressure to compel North Korean cooperation. Beijing was even more reluctant to apply pressure against Iran's nuclear development. [7]

Military relations remained tense. Chinese government ships confronted and harassed US Navy surveillance ships patrolling in international waters that China claimed as a special zone in the South China Sea. China blocked military exchanges for months because of a US arms transfer to Taiwan late in the Bush administration. Renewed military exchanges in 2009 featured strong Chinese warnings against US arms sales to Taiwan.[8]

Against this background, expectations for US-China relations were guarded. Deep mutual suspicion reportedly characterized official US-China interchange. Non-government demonstrations of antipathy showed, especially on the American side. The US media was very critical of President Obama's "weak" stance on various human rights, trade and other issues sensitive to Americans during his November trip to China. Majorities of Americans

[4] Lieberthal, Kenneth: "The China-US Relationship Goes Global" *Current History*, vol 108, no. 719 (September 2009), pp. 243-246; "China-US dialogue successful—vice premier", *China Daily*, 29 July, 2009, p. 1; Clinton, Hillary and Geithner, Timothy: "A New Strategic and Economic Dialogue with China", *Wall Street Journal*, 27 July, 2009, at http://online.wsj.com/article/SB10001424052970204886304574308753825396372.html.

[5] Glaser, Bonnie: "Obama-Hu Summit: Success or Disappointment?", *Comparative Connections*, vol 11, no 4 (January 2010), pp. 25-35.

[6] Babington, Charles and Loven, Jennifer: "Obama raced clock, chaos, comedy for climate deal", *www.statesman.com*, 19 December, 2009, at http://www.statesman.com/news/world/obama-raced-clock-chaos-for-climate-deal-134835.html?printArticle=y.

[7] Landler, Mark: "Clinton warns China on Iran Sanctions", *New York Times*, 29 January, 2010, at http://www.nytimes.com/2010/01/30/world/asia/30diplo.html.

[8] Buckley, Chris: "China PLA officers urge economic punch against US", *Reuters*, 09 February, 2010, at http://www.reuters.com/article/idUSTRE6183KG20100209.

were unimpressed by the purported benefits of engagement as they continued to disapprove of the Chinese government and increasingly saw China as a threat to the United States.[9]

Despite their salience, disputes and differences in US-China relations in 2009 did not appear sufficient to substantially upset enduring patterns of pragmatic decision making among the Chinese and American leaders focused on continued engagement with one another. The Obama administration remained preoccupied with a wide range of important domestic and foreign policy questions. In this context, a significant dispute with China appeared among the last things the preoccupied US government would want; on the contrary, the incentive to continue at least a semblance of cooperation and to avoid conflict with China seemed strong.

The Chinese administration of President Hu Jintao set a central foreign and domestic policy goal for the next decade focused on China fostering a continuation of the prevailing international situation seen generally advantageous for China in order to allow for expeditious modernization in China. Exploiting this period of perceived "strategic opportunity" in international affairs seemed to require keeping US-China relations moving in positive directions.[10]

The Hu Jintao administration worked hard in fostering business-like and constructive relations with the George W. Bush administration. In 2009, the Chinese administration insured that its initiatives and probes did not seriously disrupt the advantages for China in sustaining generally positive relations with the United States. Thus, Chinese probes against US military surveillance in the South China Sea subsided. Despite public complaints and threats, Chinese investment in US securities continued and Chinese reliance on the US dollar remained. While Chinese officials planned for an eventual reliance on the Chinese consumer to drive economic growth, Chinese entrepreneurs seemed determined to sustain and expand their shares of the reviving US market. China also acceded to varying degrees US arguments on North Korea, Iran, and climate change. It resumed active military contacts cut off because of US arms sales to Taiwan in 2008.[11]

Unfortunately for those seeking to strengthen the image of positive cooperation and engagement between the two world powers, 2010 got off to an acrimonious start. February was a particularly bad month. Chinese officials and authoritative commentary took the unusual step of escalating criticism and threats against reports of planned US arms sales to Taiwan. The Chinese administration well knew that the sales were expected and had probably been delayed in order to avoid controversy prior to President Obama's visit to China in November 2009. Nonetheless, official Chinese media was full of warnings in early 2010 against the sales. When the US package of $6.4 billion of weapons systems was announced in early February, the Chinese reaction was publicly strong. Concrete retaliation included halting some defense talks, while threatened retaliation was directed against US firms selling military equipment to Taiwan and included warnings that China would be less cooperative with US officials in dealing with such salient international problems as Iran's suspected nuclear weapons program.[12]

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[9] Glaser, *op. cit.*

[10] Lampton, David Michael (2008): *The Three Faces of Chinese Power: Might, Money, and Minds*, Berkeley CA, University of California Press, pp. 32-36.

[11] See quarterly reviews of US-China relations in *Comparative Connections*, at www.csis.org/pacfor.

[12] Romberg, Alan: "Beijing's Hard Line against US Arms Sales to Taiwan", Center for Strategic and International Studies (CSIS), *PACNET Newsletter* #4 03 February, 2010, at http://csis.org/files/publication/pac1004.pdf.

The Obama government made no secret of the fact that in deference to China and concern over the president's trip to Beijing in November, the US government had postponed the US president's meeting with the Dalai Lama rather than meet with the Tibetan leader during his visit to Washington in October 2009. Thus, when news of the rescheduled Obama-Dalai Lama meeting surfaced in February 2010, Chinese officials and media once again appeared to be trying to intimidate the Americans by warning against the meeting and its consequences for US-China relations.[13]

Coming after the sometimes acrimonious Sino-American interaction at the international climate change meeting in Copenhagen and following limited US success in eliciting greater Chinese support for key US international objectives regarding climate change, Iran's nuclear program, and international currency and trade issues, the tougher public posture of China prompted a range of speculation by media observers and international affairs specialists in the United States, China, other parts of Asia and the West. While there were often widely varying views and perspectives, the debate focused on two general groups.[14]

2.1. Group One: The more prominent group warned of a potential or actual turning point in China-US relations.[15] The specialists and media commentators in this group tended to see rising China as having reached a point of greater power and influence in world affairs, and this rise was now prompting China to press the United States for concessions on key issues of longstanding dispute like Taiwan and Tibet. China's greater "confidence" and "assertiveness" also were prompting Beijing to take tough stances in disputes with the United States on currency and trade issues, human rights practices, and cyber attacks, and to do less in support of US-backed international efforts regarding Iran, North Korea, and climate change. Some saw China taking the lead and setting the agenda in US-China relations, with the United States placed in a weaker and reactive position.[16] It was common among these commentators for the Americans and others in Asia and the West among them to argue for a tougher US stance against China, a so-called American "push-back" against perceived Chinese assertiveness.[17] However, some specialists in this group judged that the Obama government, with its many preoccupations, was not up to the task of managing the newly assertive China; they saw as a shift in international power in Asian and world affairs away from US leadership and toward China developing greater momentum.[18]

[13] Buckely, Chris and Eckert, Paul: "China warns against Obama-Dalai Lama meeting", *Reuters*, 03 February, 2010, at http://www.reuters.com/article/idUSTRE6120RR20100203.
[14] Sutter, Robert: "Positive Equilibrium in U.S.-China Relations: Durable or Not?", University of Maryland, School of Law, *Series in Contemporary Asian Studies*, no. 4 (2009), pp.5-9.
[15] Shambaugh, David: "The Chinese tiger shows its claws", *Financial Times*, 17 February, 2010 at www.ft.com; Zakaria, Fareed: "US-China growing pains," *The Washington Post*, 08 February, 2010, p. A15; Samuelson, Robert: "The danger behind China's 'me first' worldview", *The Washington Post*, 15 February, 2010, p. A17.
[16] Hoagland, James : "As Obama bets on Asia, regional players hedge", *Washington Post*, 11 February, 2010, at http://www.washingtonpost.com/wp-dyn/content/article/2010/02/11/AR2010021103270.html .
[17] Marr, Kendra: "White House takes tougher tone with China", *Politico*, 16 February, 2010, at http://www.politico.com/news/stories/0210/32930.html.
[18] Jacques, Martin: "Crouching dragon, weakened eagle", *International Herald Tribune*, 16 February, 2010, at http://www.nytimes.com/2010/02/17/opinion/17iht-edjacques.html.

The specific points made by these commentators and specialists included the following:

- China emerged from the global economic crisis of 2008-2009 stronger than other major powers, including the United States, which remained stuck in a slow recovery with large unemployment. Commentators in China and abroad commonly saw economics as the prime cause for the power shift away from US leadership and toward China that they perceived was well underway in Asian and world affairs. Indeed, it was judged by some that the international economic system was undergoing a significant change, away from Western-led norms and institutions and toward international regimes where rising China would play an ever greater role seen at odds with the liberal Western order fostered by the United States.

- In his visit to China in November 2009 and other US-China interchange, President Obama and his administration signaled a strong need for US cooperation with China on a wide variety of international as well as bilateral issues. The US policy agenda was seen to underline the necessity of the US government working closely with China. Under these circumstances, Chinese leaders were portrayed by Chinese and foreign experts to have discerned that America needed China more than China needed the United States. In the past, such calculations were seen behind upsurges in Chinese pressure on the US government regarding Taiwan and other issues. In the current case, President Obama was viewed as "weak" and needing to accommodate China, which could afford to make stronger demands and to do less to accommodate its American partner.

- One line of analysis in this group said that the incentive for senior Chinese leaders to adopt tougher and less cooperative policies toward the United States had less to do with their confidence in international affairs and more to do with their concerns about managing domestic Chinese pressures. Chinese elites and popular opinion reportedly were influenced by international and Chinese commentary highlighting China's rise from the economic crisis while the United States lagged behind. These segments of Chinese opinion joined with those officials in China representing military, domestic economic and other stakeholders in China's ever growing international profile who were not associated with the more experienced and generally diplomatic approach of the professional Chinese foreign policy establishment. The domestic, military and other officials joined with popular and elite opinion in pushing for greater attention to Chinese interests and greater resistance to US requests or pressures. In order to preserve domestic stability and the continued smooth rule of the communist party in China, President Hu Jintao and other leaders were seen to have little choice but to accommodate domestic forces pushing for a harder position against America.[19]

2.2. Group One: The second group of Chinese international observers was much less prominent than those of Group One during the early weeks of 2010. The specialists and commentators of the second group duly acknowledged China's more publicly assertive stance on Taiwan and Tibet; limited Chinese cooperation with the United States on issues ranging from currency and trade issues to climate change and Iran's nuclear program also was noted. These observers often anticipated a difficult year ahead for Sino-American relations, especially as the Obama government was pressed by domestic economic and political forces

[19] Wong, Edward: "Rift grows as US and China seek differing goals", *New York Times*, 20 February, 2010, at http://www.nytimes.com/2010/02/20/world/asia/20china.html.

in the United States to adopt a firmer stance against China on sensitive issues like human rights, trade disputes, and Iran.

However, these specialists and commentators tended to see more continuity than change in Sino-American relations.[20] They disagreed with idea that China had now reached a point where it was prepared to confront America on key issues and or where it was prepared to risk substantial deterioration in Sino-American relations. Some of these observers tended to see the Chinese pressure on Taiwan and Tibet as "probes" or "tests" of US resolve, not unlike the probes China appeared to carry out in the South China Sea in 2009 and in threatening that year to move away substantially from the US dollar and to move away from focus on the US market for Chinese exports. As noted earlier, China was viewed to have pulled back from those 2009 initiatives once it was clear that their consequences would be adverse to broad Chinese interests.[21]

Among specific reasons for judging continuation of Chinese efforts to avoid substantial conflict and sustain positive engagement in the United States were:

- China's dependence on the US economy and its reliance on the international order led by the United States remained enormous. The ability of an aroused United States to complicate and undermine Chinese interests in sustaining the "strategic opportunity" of an advantageous international environment in the first two decades of the twenty first century also remained enormous.

- China was compelled in the previous decade to reverse its strong opposition to US hegemonism in the interests of a policy to reassure the United States and its associates that China's rise would be peaceful. It did so in major part to avoid US balancing that would impede China's growth and so complicate China's rise that it might lead to the end of the CCP regime.[22] Reversing such a policy approach would be a very difficult undertaking for a Hu Jintao administration entering its last years with a focus on smooth succession from one leadership generation to the next. Thus, the incentive for the Hu Jintao administration to sustain generally positive Sino-US relations was reinforced by the pending generational leadership succession due to take place at the 18th Chinese Communist Party Congress in 2012. Preparations for this decennial event involve widespread behind-the-scenes bargaining over policy, power, and appointment issues that are best carried out in an atmosphere where Chinese leaders are not diverted by serious controversy among the many issues they face at home and abroad, notably Sino-American relations.

- If China were to choose to confront the United States, it would presumably be inclined to follow the past pattern China used in dealing with international initiatives against potential or real adversaries. That pattern involves "united front" tactics whereby China is sensitive to and endeavors to build closer ties with other powers as it prepares to confront the adversary,

[20] Pei, Minxin: "The Tension is overstated", *International Herald Tribune*, 16 February, 2010, at http://www.nytimes.com/2010/02/17/opinion/17iht-edpei.html; Economy, Elizabeth: "The US and China Have at it Again; but it's much ado about nothing", Council for Foreign Relations (CFR), *Blog Asia Unbound*, 02 February, 2010, at http://blogs.cfr.org/asia/2010/02/02/the-u-s-and-china-have-at-it-again/ ; Richter, Paul: "US, China make effort to get along", *Los Angeles Times* 15 February, 2010, at http://articles.latimes.com/2010/feb/15/world/la-fg-us-china15-2010feb15 .

[21] These points and those in the bullets paragraphs below benefited from off-the-record consultations and meetings the author had with two dozen American specialists and five Chinese officials in Washington DC during February 2010.

[22] Lampton, *op. cit.*, pp. 32-34; Sutter, Robert (2010): *Chinese Foreign Relations: Power and Policy Since the Cold War* Lanham, MD, Rowman and Littlefield, p. 10.

the "main" target. However, prevailing conditions in Chinese foreign relations did not show particularly good Chinese relations with many important world power centers as China faced the United States in 2010. China's relations with India, Japan, Western Europe, South Korea, Australia, and arguably Russia were very mixed and often troubled. With the exception of Japan, they were more troubled and less cooperative than they were earlier in the decade.

It is likely that only time will tell whether Group One or Group Two has the correct assessment of contemporary Sino-American relations. Support for the thinking of those in Group Two was seen in episodes later in 2010 which witnessed the United States respond to newly prominent Chinese assertions of rights sensitive to American interests notably in the Yellow Sea and the South China Sea. Secretary of State Hillary Clinton made firm statements of American interests and determinations at odds with China's position at the ASEAN Regional Forum annual meeting in July that garnered significant international support. The United States deployed a US aircraft carrier to the coast of Vietnam for exercises with the country with the most active disputes over China's claims to the South China. After an initial flurry of critical commentary regarding the US actions, top level Chinese officials went out of their way to underline their interest in sustained cooperative relations with the United States.[23]

Against this background, this writer tends to support the view seen in Group Two. The reasons stem partly from a book length assessment he has completed on the past and present status of Sino-American relations.[24] The events chronicled there show a Sino-American relationship with many problems as well as strengths. They demonstrate that the positive equilibrium prevailing in recent interaction between the US and Chinese governments is likely to endure the current episodes of friction.

3. The United States, Rising China, and the Asian Order

Heading the list of reasons for forecasting continued Chinese cooperation with the United States despite salient differences is the reality of power in Asia. Though there is much discussion in China and abroad about China superseding the United States as Asia's leader, a close analysis of recent trends shows that the Chinese leadership has neither the ability nor the intention to undertake the leadership role carried out by the United States in the region. China's rise in Asia remains encumbered by domestic, regional and international limitations, while the United States shows continued resolve and resilience in regional leadership. [25]

3.1. China´s Current Influence in Asia

By 2009, twenty years after the Tiananmen Incident and the end of the cold war, several features of the Asian order reflected major advances in Chinese influence and prominence, though limitations and setbacks affecting Chinese influence and interests also were evident. The United States, Asian powers, and a number of smaller regional government generally

[23] "China-Southeast Asia Relations," *Comparative Connections* October 2010 www.csis.org/pacfor

[24] Sutter, Robert (2010): *US- Chinese Relations: Perilous Past, Pragmatic Present*, Lanham, MD: Rowman and Littlefield.

[25] Versions of this analysis have appeared in several of the author's writings, including Sutter, Robert (2009): *The United States in Asia*, Lanham, Md.: Rowman and Littlefield, and in *Europa World Plus*, at http://www.europaworld.com.

sought to cooperate with China on the one hand, while they prepared for contingencies in case the recent Chinese moderation in Asia shifted to a more aggressive or disruptive course. These governments remained determined to preserve their interests and independence of action in the face of changing Asian power dynamics characterized by China's increasing influence, thereby preserving an Asian order where China remained far from dominant.[26]

An implication of this situation for China's future role in world affairs seemed to be that China would remain preoccupied dealing with complicated power dynamics in Asia along with many difficult Chinese domestic issues. Those domestic issues included securing smooth leadership succession and Communist Party unity; battling pervasive corruption in order to foster good governance for Chinese constituents; sustaining strong economic growth in order to insure employment and material benefits for the vast majority of Chinese people; boosting administrative support for those left behind by China's economic modernization so that the gap between the rich and poor in China will stop widening and narrow somewhat; ending grossly wasteful use of China's limited resources and those imported from abroad; and finding efficient and economical means to gradually reduce the widespread environmental damage caused by Chinese economic development. The policy priorities and preoccupations of Chinese leaders were many and complicated. China's rise in Asia represented a major accomplishment for China's leadership, but it also added issues and complications.[27]

One can come to a balanced assessment of China's influence in Asia by first examining salient strengths and weaknesses in China's position in Asia, and then examining the strengths and weaknesses of the United States and other states whose influence in Asian affairs affects China's position.[28]

Chief among China's strengths is its central role as a leading trading partner for almost all Asian countries and a recipient of investment from many of its Asian neighbors. China was a ready market for Asian producers of energy and raw materials. It was difficult for many Asian manufacturers of consumer products and industrial goods to compete in international and domestic markets with low cost and good quality Chinese manufactured goods. The Asian manufacturers often invested in China in order to integrate their enterprises with China by joining the wave of foreign companies that made China each year the largest or one of the largest recipients of foreign direct investment in the world.

The resulting webs of trading relationships involved "processing trade," which accounted for half of China's overall trade each year. The process in this trade involved the following: Led by foreign invested enterprises in China, who accounted for half of China's foreign trade, consumer and industrial goods were produced in China with components imported from foreign enterprises abroad, often in other parts of Asia. The developing product and its components would cross the Chinese border, sometimes several times, before the final product was completed. China often was the final point of assembly and the value added in

[26] Medeiros, Evan (ed.) (2008): *Pacific Currents: The Responses of US Allies and Security Partners in East Asia to China's Rise*, Santa Monica, CA, RAND Corporation.
[27] Chinese policy priorities are reviewed in Sutter, "Chinese Foreign Relations…", *op. cit.*, pp. 19-52.
[28] Among recent assessments of the contemporary strengths and weaknesses of China, the United States, and other Asian governments in Asian affairs see: Lum, Thomas (coord.) (2008): *Comparing Global Influence: China and the US Diplomacy, Foreign Aid, Trade, and Investment in the Developing World* Washington, D.C.: The Congressional Research Serviceof the Library of Congress; Shambaugh, David and Yahuda, Michael (eds.) (2008): *International Relations of Asia*, Lanham, Md.: Rowman and Littlefield; Tellis, Ashley; Kuo, Mercy and Marble, Andrew (2008): *Strategic Asia 2008-2009*, Seattle, National Bureau of Asian Research; Sutter, "Chinese Foreign Relations…", *op. cit.*; and Sutter, "The United States in Asia…", *op. cit.*

China was relatively small in relation to the total value of the product. The final product frequently would be exported to advanced Asian economies or even more frequently to China's largest export markets, the United States and the European Union. In sum, this process meant that China's importance as a recipient of Asian investment, a leading trading partner, and an overall engine of economic growth rose dramatically in Asia.

The Southeast Asian countries bordering China became heavily influenced by China's economic growth. Often with the support of international financial institutions, China built along what had been underdeveloped land borders with Southeast Asian states networks of roads, railways, riverways, hydroelectric dams and electric power transmission grids, and pipelines that linked China ever more closely with these nations. The high mountains dividing China from South Asia made such linkages more difficult to build, but the development pattern was followed to some degree in Chinese economic relations with Central Asian states. China also developed a remarkably close economic integration with Taiwan; the Taiwan's economy became increasingly dependent on interchange with China.

Adroit Chinese diplomacy followed the lines of China's evolving "good neighbor" policy toward Asian countries. Chinese relations with most near-by Asian countries improved markedly. High-level Chinese leaders were very active and attentive in frequent bilateral and multilateral meetings with Asian counterparts. Their "win-win" diplomacy held that China and Asian partners should seek mutual benefit by focusing on developing areas of common ground while putting aside differences. China made few demands on Asian countries. The exceptions involved requiring support for China's stance on Taiwan, Tibet, and such nationalistic issues. China's approach was greeted positively by Asian neighbors, many of whom remembered and sought to avoid repetition of the assertive and disruptive Chinese policies of the past.

China's diplomacy emphasized willingness to trade with and to provide some aid, investment, and military support to countries with "no strings attached." This approach was well received by Asian governments in Myanmar (Burma), Cambodia and elsewhere.

Another feature of Chinese diplomacy was emphasis on Chinese language, culture, and personal exchanges. This included Chinese support for Confucius Institutes and other organizations promoting the teaching of Chinese language and Chinese culture, and facilitating ever larger numbers of Chinese tourist groups traveling to neighboring countries. Breakthroughs in negotiations with Taiwan in 2008 and 2009 saw the influx of six hundred thousand Chinese tourists to Taiwan in one year

Chinese efforts to reassure neighboring countries that rising China would not threaten them saw public statements of Chinese officials and those of most Asian states play down the significance of China's impressive military build up. Nonetheless, it was obvious to all concerned that China was building the strongest military forces in Asia and developing a growing capability to impede access to key areas along China's periphery (notably Taiwan) to American military forces should they attempt to intervene.

Significant limitations and shortcomings seen in China's relations in Asia started with China's relationship with Japan, Asia's richest country and the key ally of the United States. The record in recent years showed that China usually was unsuccessful in winning greater support, despite many positive economic and other connections linking China and Japan. During the tenure of Prime Minister Junichiro Koizumi (2001-2006), China engaged in an effort to isolate Japan and diminish its prominence in Asian and world affairs. China did so

partly in reaction to Koizumi's insistence on visiting the controversial Yasukuni war memorial in Tokyo that China finds grossly objectionable on account of the memorial's honoring convicted Japanese war criminals among those who served the Japanese state. Relations also worsened because of disputes over territorial and resources claims in the East China Sea, intrusions of Chinese naval vessels into Japanese claimed areas around the Japanese islands, and competition for influence in Southeast Asia and in the United Nations. Mass demonstration in China in 2005 destroyed Japanese property; they continued for several days before Chinese authorities stopped them.

In general, the Chinese effort to isolate Japan and punish Koizumi did not work. Koizumi remained popular at home and Asian governments were loath to choose between China and Japan. When Koizumi finally left office, China quickly shifted policy to improve relations with new Japanese leaders less inclined to visit the Yasukuni shrine. Relations improved somewhat though the differences over historical issues, territorial and resource claims, military issues, and diplomatic competition remained unresolved. Japanese views of China remained negative.

Asia's other large powers, India and Russia showed ambivalence about relations with China. India's interest in accommodation with China was very mixed. The border issue between the two countries ran hot and cold, as did their competition for influence among the countries surrounding India and in Southeast and Central Asia. The limited progress in Sino-Indian relations became overshadowed by a remarkable upswing in India's strategic cooperation with the United States. Meanwhile, Russian and Chinese interest in close alignment waxed and waned and appeared to remain secondary to their respective relationships with the West. Key differences were on display when President Vladimir Putin in 2001 abruptly reversed policy strongly supported by China against the US development of a ballistic missile defense system, and again in 2008 when Russia sought in vain Chinese support for the Russian military attacks on Georgia.

Until recently, China had a very negative record in relations with Taiwan. The Taiwan government continued to move toward greater separation from China despite Taiwan's extensive economic connections with China. That pattern changed with the coming to power of a new Taiwan government in 2008 bent on reassuring Beijing. China's economic, diplomatic, and military influence over Taiwan grew. However, the political opposition in Taiwan remained strongly against recent trends, resorting to periodic mass demonstrations targeting policies and practices encouraging closer China-Taiwan integration.

Strong Chinese nationalism and territorial claims complicated Chinese efforts to improve relations with Asian neighbors. South Korean opinion of China declined sharply from a high point in 2004 because of nationalist disputes over whether an historic kingdom controlling much of Korea and northeast China was Chinese or Korean. Against this background, China saw its substantial gains in influence in South Korea in the middle of the decade diminish in the face of increased South Korean wariness over Chinese intentions on a range of sensitive issues. They included South Korean suspicions over growing Chinese trade with and investment in North Korea which surpassed those of South Korea and seemed designed to sustain a viable North Korea state friendly to China—an objective at odds with South Korea's goal to reunify North and South Korea, with South Korea being dominant.

Chinese nationalism and territorial claims underlined a tough Chinese posture regarding differences with Japan. Chinese diplomacy endeavored to play down Chinese territorial disputes in Southeast Asia and with India, but clear differences remained unresolved and became more prominent in recent years. On balance, the continued disputes served as a substantial drag on Chinese effort to improve relations with these countries.

China's remarkable military modernization and its sometimes secretive and authoritarian political system raised suspicions and wariness on the part of a number of China's neighbors. They sought more transparency regarding Chinese military intentions. They were not reassured by China's refusal for many years to join at a senior level with the United States and other Asian defense leaders at an annual conclave known as the Shangri-La Forum meeting in Singapore.

China's past record of aggression and assertiveness toward many Asian countries remained hard to live down. It also meant that China had few positive connections on which to build friendly ties with its neighbors. As a result, and also reflecting the state-led pattern of much of Chinese foreign relations, Chinese interchange with Asian neighbors depended heavily on the direction and leadership of the Chinese government. Non-government channels of communication and influence were very limited.

An exception was the so-called Overseas Chinese communities in Southeast Asian countries. These people provided important investment and technical assistance to China's development and represented political forces supportive of their home country's good relations with China. At the same time, however, the dominant ethnic, cultural and religious groups in Southeast Asia often had a long history of wariness of China and sometimes promoted violent actions and other discrimination against the perceived rising economic and political power and influence of ethnic Chinese.

Limitations and weaknesses also showed in the areas of greatest Chinese strength in Asia—economic relations and diplomacy. Double counting associated with processing trade exaggerated Chinese trade figures. Double counting was estimated to represent thirty percent of China's reported trade with Southeast Asia. As noted above, half of Chinese trade was conducted by foreign invested enterprises in China; the resulting processing trade saw China often add only a small amount to the product; and the finished product often depended on sales to the United States or the European Union. Taken together, these facts seemed to undercut China's stature in Asia as a powerful trading country.

The large amount of Asian and international investment that went to China did not go to other Asian countries, hurting their economic development. China invested little in Asia apart from Hong Kong, a reputed tax haven and source of "round-trip" monies leaving China and then returning to China as foreign investment.

Chinese aid figures are not clearly presented by the Chinese administration. What is known shows that China's aid to Asia was very small, especially in comparison to other donors, with the exception of Chinese aid to North Korea and Myanmar. China also received large amounts of foreign aid including loans valued at $1.5 billion annually from the World Bank and $1.3 billion from the Asian Development Bank. Presumably, these monies might have been provided to other developing countries in Asia and elsewhere had they not gone to China. China's large foreign exchange reserves served many purposes for the Chinese administration that was trying to maintain stability amid massive internal needs. They did not translate to big Chinese grants of assistance abroad. China's attraction to Asian producers of

raw materials was not shared by Asian manufacturers. These entrepreneurs tended to relocate and invest in China and they appeared to do well; but their workers could not relocate to China and appeared to suffer.

By definition, China's "win-win" diplomacy meant that China would not do things that it ordinarily would not do. The sometimes dizzying array or meetings, agreements, and pronouncements in the active Chinese diplomacy in Asia did not hide the fact that China remained reluctant to undertake significant costs, risks, or commitments in dealing with difficult regional issues.

North Korea is a special case in Asian and world affairs. It reflected an unusual mix of Chinese strengths and weaknesses in Asia. On the one hand, China provided considerable food aid, oil and other material support. China was North Korea's largest trading partner and foreign investor. China often shielded Pyongyang from US-led efforts at the United Nations to sanction or otherwise punish North Korea over its nuclear weapons development, ballistic missile development, and proliferation activities. The United States and other participants in the Six Party talks came to rely on China to use its standing as the foreign power with the most influence in North Korea to get Pyongyang to engage in negotiations over its weapons development and proliferation activities. On the other hand, North Korea repeatedly rejected Chinese advice and warnings. North Korean officials repeatedly told American and other officials of their disdain for China. Nonetheless, Chinese leaders were loath to cut off their aid or otherwise increase pressure on North Korea to conform to international norms for fear of a backlash from the Pyongyang regime that would undermine Chinese interest in preserving stability on the Korean peninsula and in northeastern Asia. The net effect of these contradictions was that while China's influence in North Korea was greater than other major powers, it was encumbered and limited.

3.2. The Role of the United States and Asian Governments

China's rise in Asia has remained influenced by an Asian environment heavily determined by the power, policies and practices of the United States and governments of Asia. Assessment of American strengths and weaknesses showed that the United States would remain the leading power in the Asian region for the foreseeable future. Meanwhile, Asian powers and other governments concerned with preserving independence in the face of China's rise often worked closely with the United States in developing contingency plans to offset adverse implications of Chinese policies and behavior.

Media and specialist commentary as well as popular and elite sentiment in Asia tended to emphasize the shortcomings of US policy and leadership in Asia throughout much of the 21st century. Heading the list were widespread complaints with the Bush administration's hard line policy for many years toward North Korea, its military invasion and occupation of Iraq, and assertive and seemingly unilateral US approaches on wide ranging issues including terrorism, climate change, the United Nations, and Asian regional organizations. The United States appeared alienated and isolated, and increasingly bogged down with the consequences of its invasion of Iraq and perceived excessive emphasis on the so-called war against terrorism.[29]

This emphasis on the negative in viewing the United States in Asia overshadowed but failed to hide four sets of US strengths in the region far exceeding those of China and other

[29] Kurlantzick, Joshua (2007): *Charm Offensive*, New Haven, Yale University Press; Abramowitz, Morton and Bosworth, Stephen (2006): *Chasing the Sun: Rethinking East Asian Policy*, New York, Century Foundation.

nations. Those strengths endured and grew in the recent period, providing a solid foundation for US leadership in 21st century Asia.[30]

3.2.1. Security: In most of Asia, governments are strong, viable and make the decisions that determine direction in foreign affairs. Popular, elite, media and other opinion may influence government officials in policy toward the United States and other countries, but in the end the officials make decisions on the basis of their own calculus. In general, the officials see their governments' legitimacy and success resting on nation building and economic development, which require a stable and secure international environment. Unfortunately, Asia is not particularly stable and most governments privately are wary of and tend not to trust each other. As a result, they look to the United States to provide the security they need to pursue goals of development and nation building in an appropriate environment. They recognize that the US security role is very expensive and involves great risk, including large scale casualties if necessary, for the sake of preserving Asian security. They also recognize that neither rising China nor any other Asian power or coalition of powers is able or willing to undertake even a fraction of these risks, costs and responsibilities.

3.2.2. Economic: The nation-building priority of most Asian governments depends importantly on export oriented growth. Chinese officials recognize this, and officials in other Asian countries recognize the rising importance of China in their trade; but they all also recognize that half of China's trade is done by foreign invested enterprises in China, and half of the trade is processing trade—both features that make Chinese and Asian trade heavily dependent on exports to developed countries, notably the United States. In recent years, the United States has run a massive and growing trade deficit with China, and a total trade deficit with Asia valued at over $350 billion at a time of an overall US trade deficit of over $700 billion. Asian government officials recognize that China, which runs a large overall trade surplus, and other trading partners of Asia are unwilling and unable to bear even a fraction of the cost of such large trade deficits, that nonetheless are very important for Asia governments. Obviously, the 2008-2009 global economic crisis has had an enormous impact of trade and investment. Some Asian officials are talking about relying more on domestic consumption but tangible progress seems slow as they appear to be focusing on an eventual revival of world trade that would restore previous levels of export oriented growth involving continued heavy reliance on the US market. How cooperative China actually will be in working with the United States to deal with the crisis remains an open question, though the evidence on balance appears to show great care on the part of the Chinese administration to avoid pushing controversial policies that would further undermine international confidence in the existing economic system and thwart meaningful efforts at economic recovery.[31]

3.2.3. Government Engagement and Asian Contengy Planning: The Obama administration inherited a US position in Asia buttressed by generally effective Bush administration interaction with Asia's powers. It is very rare for the United States to enjoy good relations with Japan and China at the same time, but the Bush administration carefully managed relations with both powers effectively. It is unprecedented for the United States to be the leading foreign power in South Asia and to sustain good relations with both India and Pakistan, but that has been the case since relatively early in the Bush administration. And it is unprecedented for the United States to have good relations with Beijing and Taipei at the

[30] The US strengths noted here are reviewed in detail in Sutter, "The United States in Asia…", *op. cit.*

[31] Zakaria, Fareed: "We Should Join Hands: Chinese Premier Interviewed", *Newsweek*, 06 October, 2008. http://www.newsweek.com/2008/09/28/we-should-join-hands.html; Jinhe, Liu: "Little Hope of soon replacing greenback", *China Business Weekly*, 29 June-05 July, 2009, p.2.

same time, but that situation emerged during the Bush years and strengthened with the election of President Ma Ying-jeou in March 2008.

The US Pacific Command and other US military commands and organizations have been at the edge of wide ranging and growing US efforts to build and strengthen webs of military relationships throughout the region. In an overall Asian environment where the United States remains on good terms with major powers and most other governments, building military ties through education programs, on site training, exercises and other means enhances US influence in generally quiet but effective ways. Part of the reason for the success of these efforts has to do with active contingency planning by many Asian governments. As power relations change in the region, notably on account of China's rise, Asian governments generally seek to work positively and pragmatically with rising China on the one hand; but on the other hand they seek the reassurance of close security, intelligence, and other ties with the United States in case rising China shifts from its current generally benign approach to one of greater assertiveness or dominance.[32]

3.2.4. Non-Government Engagement and Inmigration: For much of its history, the United States exerted influence in Asia much more through business, religious, educational and other interchange than through channels dependent on government leadership and support. Active American non-government interaction with Asia continues today, putting the United States in a unique position where the American non-government sector has such a strong and usually positive impact on the influence the United States exerts in the region. Meanwhile, over 40 years of generally color-blind US immigration policy since the ending of discriminatory US restrictions on Asian immigration in 1965 has resulted in the influx of millions of Asian migrants who call America home and who interact with their countries of origin in ways that under gird and reflect well on the US position in Asia. No other country, with the exception of Canada, has such an active and powerfully positive channel of influence in Asia.

4. Conclusion

In sum, the above assessment examining salient strengths and limitations of China's rising influence in Asia, significant strengths and limitations of the United States, and the contingency planning of Asian governments show continued Chinese advance in importance and influence. But the United States remains the region's leading power and other governments are wary of implications of China's rise as they seek mutual benefit in greater economic and other interaction with China. Asia is the international area where China has always exerted greatest influence, but that does not mean that China will come to dominate the region. Prevailing conditions make it hard to foresee how China could emerge in a dominant position in Asia. As a result, the reported likelihood of confrontation or conflict that is supposed to emerge in Sino-American relations as China rises to challenge the leading position of the United States in Asian and world affairs is reduced. Indeed, it appears most likely that Chinese policy makers and strategists will continue careful and incremental efforts and adjustments in order to overcome existing and unforeseen obstacles as they seek to improve Chinese influence, interests, and status. This difficult and protracted task adds to China's long array of domestic challenges and other preoccupations. It argues for continued

[32] Medeiros, *op. cit.*

reserve in Chinese foreign policies and practices as Chinese leaders take account of the sustained but substantial limits of Chinese international power and influence.