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Asia Meeting Summary

China's New Leadership: Approaches to International Affairs

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INTRODUCTION

This document is a summary of a meeting on 'China's New Leadership: Approaches to International Affairs', with a presentation by Dr Tim Summers, Senior Consulting Fellow at Chatham House's Asia Programme, on 7 March 2013 at Chatham House.

With ongoing tension between China and Japan, and in the wake of North Korea's latest nuclear test, the National People's Congress met in early March to finalize China's transition to a new generation of leaders and set out government priorities for the coming year.

Dr Summers discussed latest developments and the approach of the new leadership under Xi Jinping towards international affairs. The event was chaired by Lord Williams of Baglan, Acting Head of the Asia Programme. The meeting consisted of a 30-minute talk by Dr Summers, followed by a questions and answers session.

The presentation was on the record, and the views expressed are those of the participants and do not represent the views of Chatham House.

TIM SUMMERS

Dr Summers began his presentation by noting the growing relevance of Chinese approaches to international affairs. China's heightened influence is due to a number of long-term trends in Chinese economic development and political, diplomatic and cultural engagement. Today, China is the world's second largest economy in aggregate terms, the largest trading nation and the largest holder of foreign exchange reserves. It has pursued an active role in regional multilateral institutions by joining the Shanghai Cooperation Organization, alongside Central Asian states and Russia, and concluding a free trade agreement with the Association of Southeast Asian Nations. China's rising profile is also reflected in its engagement with the United Nations, where it has made its voice heard on a number of international security issues, ranging from the crises in Libya and Syria to the situation in North Korea. These trends have proved transformative for the global political and economic landscape.

The year 2013 marks a significant moment in China's approach to international affairs. The once-in-a-decade transition in political leadership will have consequences for its foreign policy and the behaviour of its neighbours, trading partners and rivals. For Dr Summers, leadership does make a

difference. In his presentation, he aimed to explore the potential significance of the leadership transition.

Dr Summers described the process by which Communist Party leader Hu Jintao handed over power to Xi Jinping. In November 2012, a new Politburo and Politburo Standing Committee were appointed, with Xi Jinping as party general secretary, at the 18th Party Congress in Beijing. Xi Jinping, long pegged as Hu Jintao's successor, had been appointed to the Standing Committee in 2007, along with the new premier, Li Keqiang. While Xi Jinping's promotion to party general secretary was no surprise, Xi Jinping rather unexpectedly took the role of chair of the Central Military Commission from Hu Jintao at the same time. Xi's leadership of the Central Military Commission will give him ultimate institutional control over the party and the military.

Although there were a number of high-profile party scandals, most notably the disgrace of Bo Xilai, the Chongqing party Secretary, in 2012, the leadership transition was completed smoothly. That the transition has proceeded gradually and deliberately suggests that the new government will be characterized by continuity from the Hu Jintao era. This is reflected in the 12th Five-Year Programme and the report to the 18th Party Congress, which delineate China's strategic considerations and policy goals.

Drawing from the report to the 18th Party Congress of November 2012, Dr Summers provided a comprehensive overview of the strategic considerations that may guide the new leadership's approach to foreign policy. The content and tone of the report are consistent with Chinese policy of at least the last two decades.

Dr Summers began by locating the present political moment in historical context. Noting that Deng Xiaoping prioritized economic and social development as the party's 'central task' in the 1980s, Dr Summers affirmed that economic concerns remain the most important driver of China's approach to international affairs. While more sensitive issues like Tibet and Taiwan signify a political red line for the government, for the most part economic interests play a dominant role in external relations.

China's continued emphasis on economic development has a number of implications for its foreign policy.

- Economic concerns are reflected in China's rhetoric regarding its approach to international affairs. Government statements tend to

emphasize the need for a peaceful international environment in order to facilitate domestic economic growth.

- Commercial diplomacy represents an integral part of China's international engagement. The Chinese government has sought to diversify its external relations in order to maximize its economic development options. China's wide lens represents a movement away from a focus on the United States towards an 'omni-directional' foreign policy.
- The growth in China's economy has brought a number of new challenges, such as resource scarcity and energy security, to the attention of the country's leadership. Consequently, China has enhanced energy diplomacy initiatives in the Middle East, Africa and, more recently, Myanmar.
- China's leadership has pragmatically accepted – though perhaps not embraced – the economic organization of the existing international system. Heightened engagement in international economic institutions was most clearly reflected in China's entry into the World Trade Organization in 2001.

Accordingly, China's approach to international affairs is characterized by deep integration of economic, geopolitical, security and resource concerns. Given this perspective, Dr Summers suggested that the global financial crisis has influenced Chinese thinking about international affairs. He discussed the most significant consequences of the crisis for Chinese foreign policy:

- The global financial crisis – or, from an Asian perspective, the 'Western' crisis – has further accelerated the shift in global power from West to East. The idea that the tide of history is shifting eastward has strongly resonated with China's policy-making elites. Its foreign policy discourse also emphasizes the growing role of developing nations in international politics and advances the quasi-deterministic claim that the international system is moving towards multipolarity.
- In challenging traditional models of economic governance and diminishing the credibility of the 'Washington consensus,' the economic crisis created space for the emergence of 'Chinese model(s)'. Other challenges to the structures of the International Monetary Fund and the World Bank, as well as the increasing

influence of the G20, may have encouraged China's desire to 'participate more actively in global economic governance'.

- The economic crisis only underscored China's need to diversify its international economic engagements. The growing number of free trade agreements with its trading partners reflects this trend towards diversification.

Dr Summers noted that the global financial crisis coincided with a period of sustained Chinese economic growth. In aggregate terms, China is the second largest economy in the world, only behind the United States. China has been the largest trading power by volume for several years, but in 2012 its total trade volume in US dollars surpassed that of the United States. However, pointing to China's per capita GDP levels and intensely inequitable wealth distribution, Dr Summers also acknowledged that there are still substantial issues of economic underdevelopment.

China's dramatic economic growth naturally has produced some nervousness among its neighbours and trading partners. Dr Summers suggested that these anxieties will pose difficult challenges for Chinese leadership.

Looking to the 18th Party Congress report, delivered by Hu Jintao but reportedly drafted by a team led by Xi Jinping, Dr Summers highlighted language about the need to pursue peaceful development and foreign policies premised upon cooperation and the pursuit of mutual benefit. However, Dr Summers also noted that the report warned against 'hegemonism' and 'power politics' (implicit references to the United States) and looked forward to a multipolar international political environment. The report also expressed concern about what China sees as a new policy of 'neo-interventionism' on the part of the United States and the European countries in Libya, Syria and elsewhere. In a January 2013 Politburo study session, Xi Jinping reiterated the need for peaceful development but also declared in tougher language that China would not sacrifice its core national interests.

While the smooth transition of military leadership from Hu Jintao to Xi Jinping was reassuring to foreign observers, the 18th Party Congress report's statements about military modernization, the goals of which are to be achieved by 2020, seems a mixed message when accompanied by repeated calls for mutual trust and cooperation between militaries. International observers are worried further by Xi Jinping's reported comment that the military should 'be prepared for combat' (though this could also reflect an anti-corruption agenda).

Dr Summers closed his presentation with a discussion of non-traditional threats to Chinese security. He suggested that China's focus on its economic interests remains the strategic framework from which foreign policy proceeds, but Chinese policy is also evolving to address new threats and current events. Dr Summers noted that Chinese official statements include new language about food, energy, resource and cyber security, as well as a heightened emphasis on protecting Chinese nationals overseas during crises. These issues, by their nature, confound China's traditional statist approach to international affairs and so may require some reformulation of long-standing policies.

Chinese thinking about international politics is also reactive to current events and new developments. This is most evident in the relationship with Japan. Dr Summers predicted that the Diaoyu/Senkaku Islands dispute will continue to prove a sticking point in the Sino-Japanese relationship. The new leadership has demonstrated a willingness to assert more clearly its territorial claims in the East China Sea.

With regards to North Korea's recent nuclear tests, Dr Summers characterized the response as reactive and argued that the issue is largely out of Chinese policy-makers' control.

After thanking Dr Summers for his comments, Lord Williams added that the Chinese presence at the United Nations has enjoyed greater weight over the past five or six years. Indeed, he suggested that China has joined the United States as the two most influential missions at the United Nations.

QUESTIONS AND ANSWERS

Question:

Will we see any shift in China's policy towards North Korea under the new leadership?

Tim Summers:

Dr Summers observed that Chinese rhetoric regarding North Korea has grown in volume and intensity and has underscored the need to achieve denuclearization, though the framework of the Six-Party Talks is no longer viable. He also noted that public unhappiness regarding the North Korean threat may influence Chinese action on the matter. But China's policy is a balancing act, and the country would not want to distance itself too far from North Korea.

Question:

Is China really being provoked into asserting itself more aggressively, or, rather, is China manipulating events so as to construct an opportunity to act in order to protect its interests?

Tim Summers:

Dr Summers suggested that the new leadership under Xi Jinping may be more firm in asserting its longstanding positions and predicted that if the opportunity to assert its territorial claims arises, China will likely grasp it.

This approach is most evident in China's actions in the South China Sea. The situation presents a potentially classic security dilemma scenario in which China perceives the United States' rebalancing strategy in Asia as a threat and, conversely, the United States perceives a threat in increased Chinese military spending. Enhanced militarization among Southeast Asian nations may be one consequence of this situation.

Dr Summers judged that China will not initiate new tensions in the South China Sea at this particular moment, when the government is just completing its transition.

Question:

How might China's relations with other rising powers develop under the new leadership?

Tim Summers:

Dr Summers noted that Xi Jinping's first foreign trip will be to Moscow. This represents a safe choice, as Russia is a fellow member of the Shanghai Cooperation Organization and a key ally on Middle East and Central Asia issues and energy policy.

Dr Summers suggested that China's efforts to improve relations with India reflect its desire to diversify its relationships. While he acknowledged continuing political tensions between China and India involving Tibet and long-standing border disputes, he also suggested that economic interests drive Chinese policy towards India. Sino-Indian trade has grown to reach \$60 billion over the past 10 years.

Question:

China appears to have intensified its regional economic policies by engaging in regional institutions and looking for sources of growth from within its neighbourhood. Can we expect a stronger focus on regional commitments?

Tim Summers:

Dr Summers observed that discussion about China's relations with Southeast Asia is often dominated by the maritime dispute in the South China Sea. However, he noted that China-ASEAN trade has ballooned to surpass \$400 billion. From a local perspective, deeper economic ties with China can have mixed consequences. Laos, for instance, is increasingly dominated by Chinese businesses.

Question:

China has enhanced its involvement in Africa through land purchases and resource extraction projects. Is Chinese involvement potentially destabilizing for Africa?

Tim Summers:

Dr Summers posited that Chinese policy in Africa is driven by a desire for diversification. Resource scarcity poses on a formidable challenge for China's new leadership. These pressures will continue to inform Chinese thinking about Africa. China pursues its economic interests in Africa through state-owned enterprises, but it has increasingly encouraged investment by the private sector. As a consequence, we see greater diversity in China's overseas investors.

As to whether China's presence in Africa is potentially destabilizing, Dr Summers noted that there is a debate on this point: many African voices have described Chinese investment as preferential to the neo-colonial behaviour of Western powers.

Question:

As the international community calls upon China to act as a responsible global power, will China take a stronger stance on the rule of law and other humanitarian concerns in Africa?

Tim Summers:

Dr Summers indicated that he does not expect China's new leadership to change its longstanding commitment to non-interference, despite its growing importance on the world stage and its heightened presence in Africa.

Question:

Chinese policy is informed by a range of voices from within the government and civil society. Who will influence the new leadership?

Tim Summers:

Dr Summers stated that there is now extensive and diverse debate on foreign policy issues in China, including via the internet. He noted that Hu Jintao's government made a concerted use of experts and that its policy coordination was largely issue-dependent and carried out by highest-level officials. Xi Jinping may carry on similarly or adopt a new style.

Question:

How will the new leadership handle the growing Chinese diaspora abroad?
How far will the government go to protect its most far-flung citizens in a crisis?

Dr Summers characterized China's treatment of the diaspora as evolving. China's success in evacuating 35,000 Chinese citizens from Libya set a high-profile precedent that has created expectations among Chinese expatriates. The new leadership also may seek to enhance protection of overseas nationals offered through its network of embassies and foreign missions.

Question:

Following the NATO mission in Libya, how will China's new leadership react to neo-interventionist efforts by the international community?

Tim Summers:

Dr Summers suggested that any return by the international community to the interventionist policies of the 1990s will make the new leadership uneasy.

Question:

With regards to China-Japan relations, will the new Chinese leadership draw any red lines? What are the prospects of normalizing relations with Japan?

Tim Summers:

Dr Summers argued that discussion about Sino-Japanese relations is often dominated by the territorial disputes, while the states' deep economic relations are overlooked. From a liberal institutionalist perspective, he suggested, their heavily integrated economic and production networks provide a strong disincentive to conflict. Dr Summers noted that Japanese investment in China increased last year, and the past several years have seen an enhancement of the overall commercial relationship. However, he also acknowledged that the impact of commercial ties may not be so great as to compel governments to normalize relations.

Dr Summers stated that both China and Japan have indicated that the doors to dialogue are open. However, he suggested that issues of language – how Chinese and Japanese leaders should approach and discuss thorny topics – remain a substantial challenge. He predicted that relations will remain

strained in 2013, but, pragmatically, neither side will allow relations to deteriorate to the point of conflict.