Northeast Asia is rife with potential conflict, given US-China great power rivalry, ongoing differences over interpretations of history between Korea and Japan and between China and Japan, simmering maritime disputes in the East and South China Seas, and worries that tensions could escalate between Taiwan and the Mainland under the US presidency of Donald J. Trump.

The articles in this cover package of Global Asia argue that now is the time for players in the region to embrace “strategic diplomacy.”
Building on Economic Success: China’s Strategic Diplomacy

By Huang Jing

China’s strategic diplomacy is dominated by two major trends — global economic integration and the transition from a unipolar world dominated by the US to a multipolar world in which Beijing plays a greater role in international rulemaking.

STRATEGIC DIPLOMACY refers to diplomacy conducted under the guidance of a strategy that a state player has adopted in a given international environment. As such, it is a system approach towards diplomacy defined by three variables. The first is the worldview of the state player, which determines the grand strategy that guides a state’s diplomacy. Second, given the adopted strategy, how do policy-makers identify the most suitable policy options to promote the national interest? The third involves internal politics in which a “winning set” has to be achieved among various stakeholders in foreign policy-making.

The concept of strategic diplomacy is not unfamiliar to Chinese foreign policy (the term in Mandarin is zhanshi waijiao). However, due to the nature of China’s political system, in which policy-making is highly centralized behind the walls of Zhongnanhai, the scrutiny of China’s strategic diplomacy mainly involves two factors: the Chinese leaders’ view of the world situation and, according to this view, their policy choices in diplomatic affairs in order to best advance China’s national interest.

From Beijing’s perspective, today’s world is dominated by two irrevocable trends. The first is global economic integration, but this is created by market forces, rather than any government policies. Obviously, as the largest trading nation on earth, China has benefited tremendously from economic integration; hence, it serves China’s interest to further promote this trend.

The second trend is the on-going transition from a unipolar world to a multipolar one. Again, Chinese leaders see this positively because they see it as undermining China’s main strategic competitor — the United States — on the one hand, and enabling China to play an increasingly important rulemaking role in the international system, on the other hand. In general, China’s strategic diplomacy aims to promote these two trends on China’s terms. Specifically, it is conducted in a three-dimensional fashion.

‘A NEW TYPE OF RELATIONSHIP BETWEEN MAJOR COUNTRIES’

The first dimension is demonstrated by efforts to develop a “new type of relationship between major countries,” especially the US and China. From China’s perspective, the extent to which the two trends described above can continue depends essentially on the stability of US-China relations and on how the two “major countries” can work with each other to address important issues in world affairs. After all, the unprecedented and irreversible interdependence between the world’s two largest powers is the result of China’s “peaceful rise” through integration into the existing international order and the US’s engagement of China through globalization. Because China has not directly challenged but integrated into the system, it has been recognized as a “stakeholder” in the existing international order. Thus, relations between the US and China have transcended their bilateral relationship. Nowadays, while the issues between the world’s two largest powers have substantial global implications, none of the major global challenges — the environment, economic development, the global financial order, nuclear proliferation, security, anti-terrorism, poverty, energy security and the like — can be solved, or even managed, without the two big powers communicating and collaborating. Indeed, it is in this sense that the US-China relationship is the most important bilateral relationship in the world today. Yet none of the major global challenges can be solved by the two big powers alone, which complicates the picture further.

At the same time, the two countries have different and even conflicting stakes in the two trends described above. While both the US and China have clearly benefited from — and to various degrees promoted — global economic integration, they are frustrated with current global economic governance (for example, the World Trade Organization and related regimes), which has become increasingly ineffective due to overcrowded and over-democratic decision-making procedures. Thus, Washington and Beijing have both initiated various new regimes and mechanisms to promote global economic integration. While the Barack Obama administration pushed hard for new regimes such as the Trans-Pacific Partnership (TPP) and the Transatlantic Trade and Investment Partnership (TTIP), the leadership of President Xi Jinping has put forward the One Belt, One Road Initiative (OBOR), established the Asian Infrastructure Investment Bank (AIIB), the BRICS Development Bank, and the Silk Road Fund, and is promoting the Free Trade Area of the Asia-Pacific (FTAAP). Obviously, all these regimes and initiatives, advocated either by the US or China, are aimed at bringing the world together in economic development. What the two countries are competing for is dominance in rulemaking, in which the winner can ensure that economic integration will continue on its terms.

The fundamental conflict between the US and China is over the transition from a unipolar world to a multipolar one. The US is struggling to sustain its hegemonic position in a unipolar world that has allowed the US to optimize its

1 The Chinese government emphasizes that this is a new type of relationship between “major countries,” not “major powers,” because the former references China’s principle that “all countries, big or small, are equal in world affairs.”
interests in world affairs; China is promoting the transition to a multipolar world. Although Beijing claims that it has no intention to undermine US primacy in world affairs, a multipolar world, if it comes into being, would certainly work in China’s interest. Not only would a multipolar world provide China with more leverage in dealing with the US, it would also make it very difficult, if not impossible, for the US to contain China in a world where major powers pull in different directions according to their own interests.

It is against this background that we can comprehend what China intends to achieve by pushing for a new type of relationship with the US. The ultimate goal, according to Beijing, is to respect each other’s “core interests” so as to avoid confrontation, and, more importantly, to promote co-operation, something that Xi insisted is the “only choice” in his phone call to US President-elect Donald Trump on November 14.2 As such, what China really wants is not merely equal footing in the bilateral relationship, but to share the power of agenda-setting and rule-making in global affairs with the US. In order to stabilize such a new type of relationship, China is seeking to institutionalize US-China relations so as to foster “strategic trust,” manage the inevitable conflicting interests and optimize common ground. It is expected that under the leadership of Xi, China will continue to push for this approach, despite Washington’s obvious lack of enthusiasm.

CHINA-CENTERED ECONOMIC INTEGRATION

The second dimension of China’s strategic diplomacy is to promote a China-centered economic orbit, as demonstrated by the various economic development schemes initiated by China. The most significant is the One Belt, One Road (OBOR) initiative, aimed at overcoming the two existing bottlenecks in China’s development: industrial overcapacity caused by the demand-driven economic development of the past three decades and the deteriorating security environment due to the US rebalance to Asia since 2010. Essentially, OBOR is intended to build up much needed infrastructure in Asian and Eurasian countries and to develop maritime economic linkages in the Asia- and Indo-Pacific regions. By doing so, not only will China be able to export its overcapacity in manufacturing, construction and industrial production through major infrastructure projects, it also hopes to increase the efficiency of its foreign investments and diversify financial risks by investing in infrastructure development in the other countries that are participating in OBOR. The aim is to develop China-centered connections that bridge finance, infrastructure, industrial output, commerce, new technologies and human resources in the region and beyond. The result would be China-led economic integration with robust networks connecting the Eurasian continent and Asia/Indo-Pacific regions and beyond. Moreover, through the development of OBOR, Chinese leaders are striving to create economic linkages that can sustain and foster common interests between China and the countries involved in OBOR. These shared interests and bonds, in turn, will put China and those countries in the same boat economically. As such, if China is threatened or undermined, the other countries involved in OBOR will also feel the negative effects. A “community of common destiny” can thus be fostered. This is exactly what Xi advocated as “collective security” at the Fourth Summit of the Conference on Interaction and Confidence Building Measures in Asia, held in Shanghai on May 21, 2014.4 This concept of collective security does not mean China is trying to nudge itself or others into direct confrontation with the US. On the contrary, China hopes that a collective security network or mechanisms between China and countries with a “common destiny” will make it economically unaffordable and politically unfeasible for the US to create and maintain a camp of containment against China.

DEVELOP GLOBAL PARTNERSHIP NETWORKS

The third dimension of China’s strategic diplomacy is an effort to develop the so-called Global Strategic Partnership Network (GSPN). From the Chinese point of view, such a strategic network will not only help advance China’s interests as the world’s largest trading nation, it will also establish a new model of international relations in terms of security and stability. Chinese leaders hold that US-led alliances, which form the basis of existing global security arrangements, are outdated and even potentially negative for global peace and stability. Due to the fact that the US-led alliance system was established during the Cold War, its function is seen as essentially ideologically driven, militarily confrontational, organizationally exclusive and structurally unequal, with the US playing a dominant role. Such a system, as Beijing argues, is designed for confrontation not co-operation, and it does not fit today’s world, which is economically integrated. In other words, Chinese leaders do not believe that the system of US-led alliances is helpful in today’s highly connected world, but counterproductive or even threatening to global peace and stability, especially when the US adopts a unilateralist approach in world affairs.

China’s GSPN, in comparison, is based on partnerships between China and participating countries. Such partnerships, first and foremost, are driven by interests rather than ideology. As a result, they do not depend on the values, political systems or religions of participating countries, which makes convergence possible. Furthermore, the aim of GSPN is essentially to promote co-operation rather than to prepare for confrontation. In this regard, partnership is inclusive and open rather than exclusive and closed. One can take the Shanghai Co-operation Organization (SCO) as an instance of this. The SCO was co-founded by China in 2001 and has been expanding since its establishment. Last but not least, partnerships are based on equal relationships, in which all partners have an equal footing in international affairs.

So far, China has established nearly 80 strate-
China's strategic diplomacy is still in its formative stages. This is not only because China's leadership under Xi was established barely four years ago, but also because China itself is undergoing fast socio-economic transitions. Nevertheless, Beijing's three-dimensional strategic diplomacy has helped China achieve substantial success in foreign affairs. Despite the controversy over China's assertiveness in territorial disputes in the East and South China Seas and its alleged inaction on the issue of North Korea's nuclear weapons program, China's position and role as a global strategic partner are located. Given the fundamental stake the US has in these two regions, GSPN has enabled China to gain favorable leverage in the US-China relationship. For example, European countries, including major US allies, actively participated in the establishment of the AIIB, despite strong opposition from Washington. In sum, GSPN aims at navigating the international system as a whole rather than individual dyadic and polyadic state relations, which is the essence of strategic diplomacy.

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