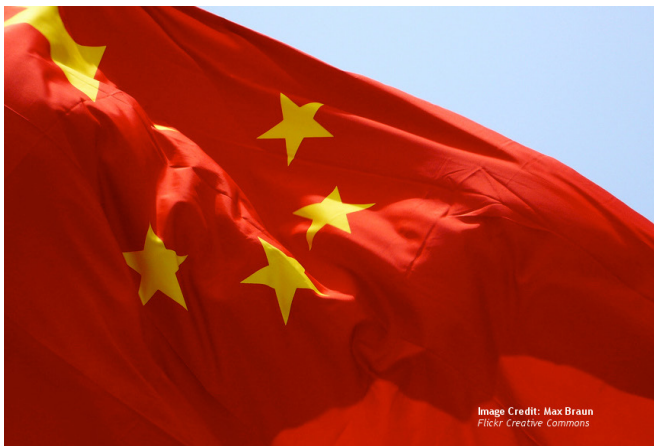


A “New” Chinese Foreign Policy Under Xi Jinping?

Implications for European Policy-Making

Tim Rühlig



The Belt and Road Initiative, increased foreign investment and a stronger maritime policy are just some of the ways in which President Xi Jinping is pursuing a more active role in international affairs. What are the global implications of a China that seeks to wield its economic strength to assert authority? And how can for European policy makers deal effectively with the potential challenges and opportunities that this brings?

The past five years have witnessed significant transformations in Chinese foreign policy. For decades, the People’s Republic of China (PRC) pursued Deng Xiaoping’s strategy of keeping a ‘low profile’ in international affairs. However, since the ascendance of Xi Jinping to Chinese presidency, the country has adopted what many observers interpret as a more aggressive foreign policy.

This Focus Asia piece challenges this interpretation and rather highlights that Beijing is dependent and remains sensitive to the perceptions, interests and needs of its international environment. Indeed, China’s international partners, including the European Union (EU) and its member states, possess significant potential leverage over the trajectory of the PRC’s foreign policy. To realize this potential, Europe should stick to its traditional role as a “regulatory superpower”.

China’s New Role in the World: Aggressive or Responsible?

During his report to the 19th National Party Congress of the Communist Party of China (CPC) in October 2017, President Xi outlined China’s new international role, stating that: “the Chinese nation ... has stood up, grown rich, and become strong – and it now embraces the brilliant prospects of rejuvenation ... It will be an era that sees China moving closer to center stage and making greater contributions to mankind.” He further described the PRC a, “mighty force” in international affairs and emphasized that the Chinese military:

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“must regard combat capability as the criterion to meet in all its work, and focus on how to win when it is called on.”

In an analysis of Party Congress speeches over the last 20 years, a New York Times study found that no party leader has referred to China as a “great power” or “strong power” more often than Xi had in his opening address. Nevertheless, Xi also stressed that China neither intends to become an imperial power nor does it seek international dominance. Conversely, the PRC will behave as a “responsible great power”. All this leaves international observers puzzled: Some believe that China will remain a “responsible” status quo power while other see China’s nationalism as another sign of its revisionist ambitions in the 21st century.

Becoming a Great Power

Traditionally, China has viewed itself as a center of world civilization. However, from the mid-19th to the mid-20th century, it experienced semi-colonization, military defeat, internal turmoil and civil war. According to the official historical narrative of the CPC, this ‘century of humiliation’ finally ended with the Communist Revolution of 1949. Along the same narrative, Mao Zedong united the country and safeguarded its independence, then followed by Deng Xiaoping, who opened up and enriched China once again. Now, Xi Jinping aims to be the leader who completes China’s road to “national rejuvenation” and make it a great power again.

Coupled with the reform to the structure of the People’s Liberation Army (PLA), many Western journalists and observers fear a nationalist and self-interested China willing to do anything to push its own interests in world affairs. Most prominently, U.S. Secretary of State Rex Tillerson accused the Chinese of undercutting the, “rules-based world order”, while the Chinese Party Congress was still in session. Although China’s rise and Xi’s self-confidence will no doubt lead to changes in global affairs, it would be cynical for Western countries, which have long shaped international institutions and affairs, to deny that same right to China. More crucially, such fears overlook three significant points made in Xi Jinping’s speech at the Party Congress.

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The Face of Chinese Power

China’s increasing investments around the world are literally “buying” the country international influence. However, these investments also increase China’s interest in peace and stability, and thus make China a more predictable international actor. In order to ensure the sustainability of its international investments and influence, Beijing needs to provide public goods globally which will in turn promote international stability. The Belt and Road Initiative (formerly “One Belt, One Road”) is a perfect example of this policy drive. As a global infrastructure development scheme, the Belt and Road was in part introduced to export economic surpluses (like cement and steel) through heavy investment in politically unstable countries such as Pakistan. In doing so, the PRC’s interest in a stable, prosperous and reliable Pakistan has substantially increased. Given these interests, it is very likely that China’s regional engagement policies will change.

President Xi made the point that the PRC will never seek to “dominate” the world, indicating that the CPC leadership is well aware of the widespread per-

ception of a “China threat” and understands that the country has to carefully consider the interests of its international partners. Therefore, China is attempting to tread carefully to not just follow its own interests but seek out win-win scenarios. During his speech, Xi said that China will not pursue a “China first” policy, emphasizing that: “no country alone can address the many challenges facing mankind. No country can afford to retreat into isolation”. According to the CCP leadership under Xi, Beijing intends to stick to its international commitments such as the Paris Climate Change Accord or the Iranian nuclear deal.

Beijing has repeatedly emphasized its respect for the principle of non-interference in the internal affairs of other states. This appreciation for state sovereignty, which China shares with most developing countries around the world, can be understood in light of China’s ‘century of humiliation’. Thus, international institutions which involve themselves in the internal affairs of states may come under pressure from Beijing in the future. However, given that China has risen to international prominence under the present international order, Beijing may be hesitant to attempt to comprehensively strengthen state sovereignty at the expense of existing international institutions and international law. Overthrowing a system which it is profiting from is surely not in the PRC’s interest.

Additionally, China has to reassure its international partners of its reliability. China can only do so if it proves a minimum degree of commitment to international rules and institutions. This is particularly important for weak partners who fear the overwhelming power of the PRC if China insists on bilateral cooperation without any international legal frameworks at all.

At the same time, though Chinese-led institutions are less comprehensive compared to liberal institutions that have been established under U.S. hegemony. For example, many Western observers consider the Asian Infrastructure Investment Bank (AIIB) to be undermining the liberal agenda of the Western-dominated World Bank. However, when it comes to governing style, structure, resource acquisition, and operative implementation, the AIIB displays striking similarities to the World Bank. While it may undermine U.S. leadership, the AIIB does not break

with the most fundamental rules of multilateral investment banks. Therefore, China is not advocating abandonment of a “rules-based” international order altogether, but rather seeks to reform the system.

Global Effects of Chinese Influence

Overall, President Xi’s announcement that China’s international engagement will enter a new era brings with it both challenges and opportunities. The PRC aims to rewrite the rules of world affairs and make them more in line with its own interests and intends to soften but not dissolve international institutions. Much the same can be said of international law, as China emphasizes that it complies with international law but tries to redefine core terms and concepts. It prefers vague legal norms that do not comprehensively limit sovereign state control.

However, Beijing is paying particular attention to China’s international reputation and is well aware that it needs to closely cooperate with other countries. China’s international relations of the new era will not be solely determined by the PRC but to a significant extent by the country’s international partners – including the European Union (EU).

A United European Response?

At a time when uncertainties about the U.S.’ role in international affairs rise, the task falls to the EU to engage in a dialogue with Beijing in order to shape international affairs in a new era of Chinese foreign and trade policy. I argue that Europe will have to respect the historical legacy of China’s preference for sovereign self-determination and non-interference. However, the EU should push for more predictability in its relationship with China and follow a strict rules-based cooperation. The EU should be aware of its leverage and role in responding to China’s new foreign policy. Shortly after the Party Congress ended, a Hong Kong-based expert who is intimate with the CPC’s foreign policy-making said:

China’s international strategy is evolving. Not even China knows where it will take the country. And the leadership is well aware that it is not only them who will determine how the country can and will reshape the world. To a large extent

this depends on China's international partners: It is an interactive process and China knows that it has no other choice than to listen to other nations. [...] Xi takes Europe's interests very serious. There is a great chance for you guys [Europeans] to play a crucial role in determining China's foreign affairs. But you have to actively pick up this role and develop a pro-active strategy and not react to China like you do right now.

For Europe, it is crucial to speak with one voice and unite vis-à-vis a rising China. In recent years, the PRC has clearly adopted a 'divide-and-rule' policy towards the member states of the European Union. While economically and technologically strong countries like Germany may be able to respond to this Chinese strategy, smaller EU countries may find this more challenging. Thus, Europe should be very cautious of potential internal divisions springing up along the lines of the 16-plus-one format. EU member-states will be better placed if they agree to a more comprehensive, coherent, and inclusive China policy.

The Regulatory Superpower

Both European integration and European foreign affairs have been characterized by the setting and institutionalization of standards to provide predictability and reliability. The EU is known as a "regulatory superpower". The EU has the world's largest single market, and most multinational corporations. This of course includes some of China's leading (state-owned) companies, which have a strong interest in accessing it. The EU conditions require such companies to comply with regulatory standards and this therefore impacts on other countries' rules regulations with regards to economic competition, data protection and privacy, product quality, labor law, social standards, and environmental guidelines. The EU's accession process and neighborhood policy means that it is well accustomed to laying out conditions for engagement with outside countries. An EU that meets China united can use its regulatory competences to develop a sustainable, durable and rather cheap policy (insisting "only" on existing standards) that serves its own as well as the world's interest in fostering a predictable and reliable China.

Never before has the world needed Europe's regulatory competence more than at a time when China aims to redraw international affairs and the U.S. is retracting from global governance.

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