

Griffith Research Online

<https://research-repository.griffith.edu.au>

The Paradox of China in the Asia-Pacific Theatre

Author

Srikanth Kondapalli

Published

2014

Journal Title

Griffith Asia Quarterly

Downloaded from

<http://hdl.handle.net/10072/340310>

Link to published version

<http://pandora.nla.gov.au/tep/141524>

The Paradox of China in the Asia-Pacific Theatre

Srikanth Kondapalli*
Jawaharlal Nehru University, India

In the Asia-Pacific region, China has emerged as the largest performer in many critical indices second only to the United States. Today China has become the second largest economy in the world, displacing Japan in 2010. Its gross domestic product of over \$10 trillion is next only to the United States GDP of about \$17 trillion. China also is next only to the US in terms of defence budget allocation and in 2014, China stated that it will spend an officially estimated figure of \$132 billion. China is also the largest exporting country, displacing Germany in this role a few years ago. However, even though China has a mutually beneficial relationship with many Asia-Pacific countries, it is also involved in sovereignty and territorial disputes with Japan on Senkaku Islands, with Vietnam, Philippines and others on South China Sea islands, with India on the borders and the like. China claims Taiwan as well. As a part of its increasing profile in the Asia-Pacific region, it had unveiled several plans recently, including the 'two-ocean strategy', viz., the Pacific and the Indian Oceans. As the US President Obama has announced, in his first term, a 'rebalancing' strategy towards the Asia-Pacific region, China's role in the Asia-Pacific is being watched carefully by the international community. Also, the Trans-Pacific Partnership idea of the United States is being weighed cautiously by China for the economic opportunities this provides.

The People's Republic of China (PRC) is located in the Asia-Pacific geopolitically, and since the reform programme was launched in the late 1970s it is involved in extensive political and security multilateral networks in addition to mutually beneficial market-driven integration efforts in the region and beyond. China has the largest population in the world with nearly 1.4 billion people and the demographic profile and dynamics (say, for instance, migration patterns and sustainability of economic growth rates in the light of ageing population) would be crucial for Asia-Pacific and other regions.

* Srikanth Kondapalli is Professor in Chinese Studies at Jawaharlal Nehru University. He has a Ph.D in Chinese Studies and learnt Chinese language at Beijing Language & Culture University and was a post-Doctoral Visiting Fellow at People's University, Beijing from 1996-98. He worked at the Institute for Defence Studies and Analyses for nearly 12 years. He was a Visiting Professor at National Chengchi University, Taipei in 2004, a Visiting Fellow at China Institute of Contemporary International Relations, Beijing in May 2007, an Honorary Professor at Shandong University, Jinan in 2009, 2011 and 2013 and a Fellow at Salzburg Global Seminar in 2010. He has written two books, two monographs, co-edited three volumes and a number of articles in journals and edited volumes – all on China. He received the *K Subramanyam Award* in 2010 for Excellence in Research in Strategic and Security Studies.

The PRC wrested United Nations membership from the Republic of China in the 1970s and became a permanent member in the United Nations Security Council. As the only Asia-Pacific country with this status, it has considerable leverage not only in the Asia-Pacific affairs but also in crucial international issues affecting the Asia-Pacific region. For instance, China's response to both Japanese and Indian candidatures in the United Nations Security Council expansion would be crucial. Also, China's deliberations on the security issues of the world in general and in Asia-Pacific in particular are significant, if not decisive, at the UNSC.

After the four modernizations programmes were launched in 1978, China has posted near double-digit figures in economic and trade aspects in the last two decades. This accounts for considerable economic and strategic leverage in Asia-Pacific issues and the world. Today, it has the 2nd largest economy in Asia-Pacific ahead of Japan and is engaged in mutually beneficial inter-dependence with a majority of the countries in Asia-Pacific. The number of free trade agreements (10 so far) or regional trade agreements and the removal of restrictions on the free flow of investments, goods and services have enhanced not only complementarities between China and other Asia-Pacific countries but also enhanced economic development and prosperity.

On other counts as well, China stands first in Asia-Pacific: It has the largest foreign exchange reserves in Asia-Pacific (and the world) with nearly \$ 3.8 trillion by 2013. Again, China has the largest standing armed forces in Asia-Pacific with credible strategic nuclear and ballistic missile weapon systems that can be targeted at any Asia-Pacific country. With a huge military muscle, it has entered into almost all the major conflicts in Asia-Pacific: Korean War in 1950-53, intermittently with Taiwan in the 1950s to 1960s and in 1995-96 in its reunification efforts, with India in 1962, with the erstwhile Soviet Union in 1969 and Vietnam in 1979. Through arms transfers to several countries in Asia-Pacific (viz., Pakistan, Bangladesh, Nepal, Sri Lanka, Myanmar, Iran-Iraq, Saudi Arabia, Thailand, Vietnam and others) China has been able to influence Asia-Pacific strategic dynamics. After the reform programme has been launched China had been relatively restrained in terms of military posture – with the exception of its preparations on Taiwan in the 1995-96 missile crises – although currently its growing conventional and strategic deterrence capacity could be utilized in stopping conflicts from emerging in favour of a rising China.

China has also emerged as the largest importer of hydrocarbon resources in Asia-Pacific displacing Japan in the recent period. It has imported more than 300 million tonnes of oil in 2013 most of which originated from West Asia and Africa and passing through the Straits of Malacca. This suggests China's increasing dependence on these waters for fuelling its burgeoning economic growth rates. China's response in this sphere as well could determine the Asia-Pacific security landscape in the future. Another related issue is the global climate change proposals, such as Kyoto, Bali and Copenhagen discussions in which China participated as a developing country (instead

of as its status as the 2nd largest economy). As one of the largest polluters in the world, its positions on such issues are being keenly scrutinized.

These above points indicate that China is obviously one of the decisive voices in the Asia-Pacific theatre. In most of the decisive events of Asia-Pacific, China has had some direct or indirect role in the last few decades ranging from the multilateral groupings such as the political and security mechanisms of the Shanghai Cooperation Organisation (SCO) and the East Asia Summit meetings or economic and trade forums such as the Bo Ao Forum or the free trade areas coming up in Southeast Asia or East Asia. Yet, despite all these developments, the PRC has not yet come out with an all-inclusive economic, political or military/security architecture suitable for the Asia-Pacific region and address amicably its diversities. The Chinese leaders indeed put across initiatives for 'common security', 'new security concept', peaceful rise, peace and development or a harmonious world. Yet, these have not so far appealed to many Asia-Pacific states and the contradictions between China and other Asia-Pacific neighbours appeared to be stalling any such initiatives for regional stability.

In the last five decades, the Chinese worldview underwent major transformations from its avowed anti-imperialist stance towards seeking strategic balance and stability in the region as a whole. Thus, the Chinese leaders have expressed different views such as those of an intermediate zone, three worlds, era theory, peaceful rise, peace and development to the late 2006 expositions about ushering into a harmonious world or the 2012 idea of China Dream.

China and Asia-Pacific Multilateralism

China has joined several multilateral efforts in Asia-Pacific from the beginning, although the balance sheet is still complicated on this issue. China helped form the Shanghai Five which changed into SCO and actively participated in the ASEAN mechanisms and Six Party talks on the Korean peninsula. There are other initiatives such as those in economic and trade issues like the Tumen River Delta grouping with Korea, Mongolia and Japan, and the Mekong River projects. These are on-going processes, although some broad observations can be made. China appeared to have changed the SCO by shifting its agenda from the initial emphasis on border dispute resolution and demilitarisation to counter-terrorism and economic and energy security themes in the recent period. From the forum of Asthana summit in 2005, the SCO expressed reservations on the US role in the region. Subsequently, the SCO member states discussed measures to usher peace in the background of the development in Russia-Georgia tensions on Ossetia and Abkhazia, to overcome the financial crisis, etc.

China's multilateral efforts in Southeast Asia are notable, although these are packaged in exclusive terms as well. China has proposed a free trade area (FTA) agreement in 2001 with the ASEAN countries which came into force in 2010 (for the new

ASEAN members such as Myanmar, Vietnam, Laos and Cambodia in 2012). A non-binding Code of Conduct on non-use of force in the South China Seas is in place by November 2002, although this issue created much heartburn to both China as well as the concerned Southeast Asia countries in 2010. A trilateral agreement in March 2005 with Vietnam and the Philippines is also in place on issues related to the South China Sea. China has joined the East Asia Summit. This includes the ten-member ASEAN states, China, Japan and South Korea (in the '+ three' status), along with another three (India, Australia and New Zealand). However, differences persist on membership, leading role, issues, and finances between these states. The United States was excluded initially, while the European Union appeared to be interested in joining the grouping as an observer. While Australia considered the East Asia Summit as secondary to the APEC process, India wanted a pan-Asia FTA, but several members of the ASEAN, China and South Korea expressed their concerns over the idea of a pan-Asia FTA. In the financial sphere, the Chiang Mai Initiative of December 1997 supported efforts towards a common Asia-Pacific currency unit. However, there has been no major enthusiasm or moves from China or other countries in this regard, except for suggesting an 'Asian Yuan' concept to include Chinese, Taiwanese, Hong Kong and Macao currencies (if these agree) under the concept of 'Hua Yuan', in addition to the ASEAN Yuan (in which, strangely 'Korean Yuan' is attached). The Sanya Meeting of the BRICS countries (Brazil, Russia, India, China and South Africa) in April 2011 suggested creating a basket of international currencies. A regional cooperative monetary exchange system was proposed by the ASEAN+3 gathering at Chiang Mai in May 2000 to overcome speculation in currencies. The loans to be acquired for the purpose from the Japan Central Bank are not to exceed more than 10 percent (so that the International Monetary Fund need not approve below this percentage). Likewise, the idea of an Asian Monetary Fund is yet to take off. Nevertheless, China has been gradually making inroads in the Asia-Pacific financial sector by making proposals for the Renminbi internationalization.

Concluding Observations

China's perceptions about the Asia-Pacific region has been undergoing a sea change from the initial suspicion of harbouring the then superpowers quest to counter the spread of Chinese influence to the recent active participation in several dialogue mechanisms and cooperative efforts.

On substantial issues, China has pushed through an exclusive multilateral mechanism in Asia-Pacific, often with the agenda of keeping the US at bay. However, surprisingly, China's bilateral relations and cooperation with the US have acquired strategic proportions in the recent period as compared to the 1950s. Here, while China is not yet a decisive force in Asia-Pacific in the sense of coming to the rescue of other Asia-

Pacific countries in need such as in economic, financial, security, natural disasters or sea lines of communications protection and other fields, it has sought to impress on others that its leadership potential cannot be ignored.

China has been a permanent member of the UNSC since 1971. In the last four decades, China response in this organisation has been to protect mainly its core sovereignty issues on Taiwan even as it appeared to voice concerns on other issues such as Israel-Palestinian, Korean peninsula nuclearization, etc. In over 200-odd cases of veto exercise at the UNSC, China had resorted to such mechanism only 9 times with Taiwan as the focus, and a recent veto related to blocking the US resolution on human rights violations in Myanmar, Zimbabwe and Syria.

China has posted one of the highest and consistent economic growth rates in Asia-Pacific in the last two decades. This has led to several mutually beneficial interdependencies in the region, although some countries such as Malaysia and Indonesia consider China as an economic threat to them in the long run with displacements of their automobile industry and investments. As mentioned above, China has the largest foreign exchange reserves in the world- surpassing that of Japan recently. Yet, most of the Chinese investments abroad are in its energy resources like in Iran, Saudi Arabia, Indonesia, Myanmar, Africa and South America. Recently, China is also investing in Europe and considers the economic downturn in Iceland, Greece and other countries as an opportunity to invest. However, no major infrastructure developments in Asia-Pacific are funded by the Chinese firms. Indeed, the Asian Development Bank is funding such projects in Asia-Pacific and probably in future on the revised Asian Railway and Roadways networks. China's bailout package to Southeast Asian region during the financial crisis in 1997, although useful to the concerned states, was paltry. Japan's investments in this regard were rather noteworthy and beneficial to the countries concerned.

China has the largest armed forces in the world and has been making major efforts to acquire blue water naval capabilities. The Chinese military units in the last decade have launched multilateral cooperation with other militaries such as Russia, Central Asia-Pacific Republics, Pakistan, India, UK, France and others. Yet, the Chinese armed forces today are not able to guarantee protection for ships or merchandise on the high seas. China's counter-piracy capabilities in the Southeast Asian region are considered to be negligible. China's response to the 2005 Tsunami disaster indicated its inability to come to the effective rescue of the affected Asia-Pacific countries and at best can be termed as only token in significance. China's contribution to the UN Peacekeeping Operations across the world has increased. Yet, again, in comparison to the Indian, Pakistani and Bangladeshi contribution, this effort remains small. While China's capabilities – economic, financial, military, and, in general, its clout- in Asia-Pacific are increasing, most of these have proved so far to be of no major beneficial

utility for the other Asia-Pacific countries! This is a paradox of China in the Asia-Pacific today.