



# Contradictions in China's Foreign Policy

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**SUMMARY** China wants the benefits of a charm offensive with its neighbors, but it also wants to guard its far-flung territorial claims. It cannot do both.

You may have missed the funeral, but China's new leadership has quietly buried the admonition of former leader Deng Xiaoping that as China rises in wealth and power it should maintain a low profile (known as *taoguang yanghui*). In its place, the new leadership is advancing a more proactive diplomacy in surrounding regions. President Xi Jinping is displaying self-confidence that seems to match the mood of the times in China, one of renewed nationalism and self-assertion. In most neighboring capitals this development will be viewed positively but warily; in Manila and Tokyo, less positively.

The issue is that China wants the benefits of a charm offensive with its neighbors, but it also wants to jealously guard its far-flung territorial claims. It cannot do both.

Beijing held a major conference on peripheral diplomacy on October 24 and 25. Xi made what was described as an "important speech," followed by remarks by Premier Li Keqiang and Beijing's top party and government foreign policy officials. This was shortly before China announced its intention to create a State Security Commission (also variously translated as National Security Council or National Security Commission) at the third plenum of the 18th Party Congress. Taken together, these actions portend a concerted activism that will deploy China's newly acquired wealth and influence to "maintain a stable peripheral environment."

Xi's speech catalogued the economic aid, trade, scientific and technological, financial, security, and public relations diplomacy tools for China's regional strategy. The official press releases did not mention sensitive issues such as territorial disputes or the soon-to-be-imposed air defense identification zone (ADIZ) over the East China Sea. According to people familiar with the details of the meeting, however, these issues were very much on the agenda.

As if to foreshadow the peripheral diplomacy conference with examples of what China is undertaking, Xi conducted a four-nation state visit to Central Asia in September. During his stop in Kazakhstan, he called for a "new silk road" with enhanced infrastructure and financing for energy, trade, telecommunications, and regional development throughout the region. The trip was positively reviewed.

Also before the conference, Xi and Li participated in the Asia-Pacific Economic Cooperation forum in Indonesia and the East Asia Summit in Brunei in October. While U.S. President Barack Obama stayed home to deal with a government shutdown, they conducted welcome visits to five Southeast Asian nations with promises of aid and trade.

One important announcement was the formation of an Association of Southeast Asian Nations (ASEAN) infrastructure bank. According to one official, this concept envisions using China's substantial foreign

exchange holdings to finance ports, railways, highways, and other infrastructure to integrate China with Southeast Asian markets. Beijing intends to achieve regional buy-in with nominal contributions to the bank's capital from some of the members of ASEAN. The long-term economic and soft-power implications of this scheme, if carried through, appear substantial.

## Differentiated Treatment of Governments and Publics

One result of the conference on peripheral diplomacy was an affirmation of the benefits of trying to win public support among the populations with whose governments China is having difficulties. After months of relentlessly negative press about Japan in Chinese media, in late October China hosted the ninth Beijing-Tokyo Forum, composed of former officials and private sector representatives from both countries. The media coverage of this relatively small event was uncharacteristically positive, and Japanese participants were able to contribute signed articles to Beijing's outlets.

Despite truly negative results for China in Japanese polls since the intensification of the dispute over the Senkaku/Diaoyu Islands and the announcement of the East China Sea ADIZ on November 23, Beijing reportedly is prepared to continue seeking to improve the attitudes of ordinary Japanese while freezing high-level official exchanges. Japanese trade and investment with China has remained surprisingly resilient. Beijing's goal is to isolate and press the government of Japanese Prime Minister Shinzo Abe to acknowledge the existence of a dispute over the islands.

Similarly, China is treating the Philippines in a differentiated fashion. President Benigno Aquino III was shut out of a China-hosted regional gathering because of ongoing disputes over offshore shoals and submerged rocks. Beijing is particularly irked by Manila's so-far-successful pursuit of a case against Chinese territorial claims with the UN's International Tribunal for the Law of the Sea.

Nonetheless, when Typhoon Haiyan (known as Typhoon Yolanda in the Philippines) devastated the southern Philippines, Beijing slowly but substantially assisted with humanitarian relief. China even dispatched its new naval hospital ship, the *Peace Ark*, to help treat those injured.

## No Less Assertive About China's Claims

Another result of the burial of Deng's low-key approach to foreign affairs at the peripheral diplomacy conference was reinforcement of China's claims to disputed maritime territories. The conference reportedly gave final approval to the long-gestating objective of establishing the East China Sea ADIZ. It may have also envisioned ADIZs in the Yellow and South China Seas.

The notion first surfaced publicly in 2008 and gained support as Japan increasingly reported Chinese intrusions into its ADIZ, leading many Chinese to seek parity with Japan. Beijing did extensive research into the subject and discovered that the zones are not governed by international law and are well within China's rights to establish. When Japanese officials publicly discussed shooting down Chinese drones over the Senkaku/Diaoyu Islands, the impulse in China to move toward the declaration of a Chinese zone was strengthened.

Officials saw the zone as a means to increase leverage on Japan. If China were to declare a zone encompassing the disputed islands and overlapping Japan's ADIZ, it would presumably increase domestic and international pressure on Tokyo to negotiate rules of engagement to avoid incidents. This would give China the opportunity to insist as a precondition that Japan admit, as it has been unwilling to do, that a dispute exists over the sovereignty of the islands.

In light of the generally positive thrust of the policies intended with the peripheral diplomacy conference, the announcement of China's new ADIZ seemed especially clumsy and counterproductive with regard to China's neighbors. The People's Liberation Army has responsibility for the ADIZ and thus for its declaration. The declaration initially sounded like all dire warnings and no reassurance. The intensely negative reaction from the United States, South Korea, Japan, and Australia, and the nervous finger strumming of other neighbors, subsequently caused China to issue a series of reassuring clarifications.

This clumsiness, in contrast with the leadership's generally positive intent to promote a stable regional environment for China's continued development, may be due to the continuing effects of a military with scant diplomatic experience stepping into a diplomatic role. Former Chinese diplomats were quick to ask

foreigners to tell the Chinese leadership that prior consultation on announcements such as that of the ADIZ should occur to avoid unnecessarily negative reactions. There is hope that China's new State Security Commission will bridge some of the gaps in policy execution, despite experience that dictates otherwise.

But it is equally plausible that China's leaders remain comfortable taking tough stances on issues involving sovereignty. Certainly, Xi's track record for the past year has emphasized vigorous defense of Chinese claims to disputed territories and advocated an increasingly capable military, especially in new areas of maritime activity. During a recent visit there, it was much easier to find ordinary Chinese taking pride in the fact that their government established China's growing influence through the declaration of the ADIZ than to locate critics.

Many Chinese are pleased that their government has taken a step to enhance and extend the reach of Chinese influence in a way that others cannot halt. This pride about the ADIZ announcement is consistent with the use of maritime administration vessels to assert Chinese presence in disputed waters, using ostensibly civilian means to circumvent direct military confrontation.

## Policy Implications

China's adoption of a well-resourced agenda seeking better relations with its neighbors offers the kind of competition for influence that the U.S. government has repeatedly said it welcomes. China pursued such an agenda between 1998 and 2008 with considerable success, especially in Southeast Asia.

After the 2008 Olympics in Beijing and the global financial crisis, however, China became more outspoken and intolerant of its neighbors' claims. It embarked on an approach that would seize on actions by others involving disputes, such as Vietnam creating a municipal jurisdiction for its disputed South China Sea islands, and respond even more forcefully with actions of its own. This has triggered a series of quid pro quo chain reactions across the region.

In any event, whether China's neighbors are charmed or alarmed by Beijing's actions, their demand for an American counterweight will continue to grow. It is incumbent on the United States and China's neighbors to make the U.S. investment in their security rest within broader economic and diplomatic activities that will sustain the support of the American people. The Trans-Pacific Partnership negotiations symbolize this productive path to greater economic interdependence as part and parcel of a continuing U.S. role in the region.

Unlike in Southeast Asia, where distances and lower levels of military development tend to soften the effects of frictions with China for now, in Northeast Asia, all parties are better armed and in fairly close proximity, so their air forces and navies are well within range of each other. Moreover, the present leaders of China, Japan, and South Korea appear more willing to accept risks than their predecessors. Indeed, each capital seems to have calculated that a simmering level of tension suits its political needs. This can be the tinder for conflagrations that quickly get out of control despite intentions of restraint.

In this environment, one normally reaches for a cookbook of confidence-building mechanisms, such as hotlines, agreements on incidents at sea, and mid- and high-level diplomacy. This may be possible and probably is worth seeking between South Korea and China, where ADIZs overlap but territorial claims do not. In the South China Sea disputes, stepped-up efforts to achieve a workable code of conduct would be preferable to a new round of ADIZ announcements.

If China continues to condition such mechanisms with Japan on acknowledgement of a territorial dispute, then the political will to agree will not be found in Tokyo. The United States should continue to combine messages urging restraint by all parties with robust reaffirmation of the U.S.-Japan Treaty of Mutual Cooperation and Security.

A delicate balance must be struck between being unyielding to more unilateral efforts to change the status quo and getting trapped in escalatory behavior that might otherwise be avoided. This will require spokespeople for the Obama administration to speak with greater clarity and uniformity than they have at present on how the United States intends not to recognize China's new ADIZ. There is a need to reconcile State Department and White House statements with notices from the Federal Aviation Administration to civilian airlines that imply acceptance of the new ADIZ.

As it has done, the Obama administration should insist on freedom of navigation despite the declared ADIZ and on abiding by international established practices within the zones. It should also assert that an ADIZ conveys no implications regarding sovereignty.

And the United States and its security partners need to maintain or increase the pace of deployments and exercises within the first island chain to dilute the Chinese sense of having diminished American influence there. They should also compete vigorously with China's charm diplomacy in traditional and creative ways. There is considerable room for a range of multilateral initiatives on issues such as public health, the environment, education, and the sharing of fisheries as well as on more conventional security and diplomatic arrangements. The U.S. Congress should support and not impede the president's ability to carry out the nation's diplomacy.

In addition, the United States should sustain, deepen, and broaden its newly revived military-to-military interaction with China's armed forces. Congress should trust the U.S. military and retract the 2000 National Defense Authorization Act's constraints on that activity.

Finally, U.S. national security authorities should calmly seek opportunities to show China that the ADIZ surprise announcement was a costly mistake. Much as when North Korea launched a satellite and conducted its third nuclear-weapon test and the United States later announced an increase in anti-ballistic missile interceptor launchers in Alaska, Washington should patiently and nonprovocatively undermine the sense that American forces are being pushed out of China's near seas.

Beijing should be helped to understand that it is not a zero-sum game.

## **About the Asia Program**

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