



## **China's Rise in Asia: Bumps in the Road and Unanswered Questions** by Robert Sutter

Commentators and specialists focusing on the positive changes in China's approach to Asia in recent years, and predicting Chinese ascendance amid U.S. decline, have been brought up short by China's insistence on passing a hardline anti-succession law sure to worsen relations with Taiwan and tension in Asia. The law caps a series of Chinese actions over the past year that show the limitations of China's moderation, positive outreach, and influence in Asia. They include:

- A Chinese-Korean dispute over the historical Goguryeo Kingdom challenging powerful nationalistic feelings on all sides.
- Strident Chinese pressure against Singapore's incoming prime minister and high-level but technically nongovernmental dignitaries from other Asian states seeking to visit Taiwan.
- A tough warning by a senior Chinese diplomat that Australia stay out of Taiwan military contingencies involving the U.S. despite the ANZUS commitment.
- Growing Chinese-Japanese tensions including a Chinese submarine intrusion, energy competition in Russia and regarding energy exploitation in disputed territory, and greater official Japanese assertiveness over China and Taiwan.
- Deepening awareness among Asian textile and other manufacturers as to the threat to their markets posed by Chinese manufacturers, increasingly free and competitive under WTO guidelines.
- China's inability – despite protracted and extraordinary efforts – to join the upper ranks of donors in offering assistance to last December's Tsunami disaster.

### **How much influence does China actually exert in Asia?**

Taken together, the developments are a useful reminder that listing changes in Chinese policies, changeable public opinion polls, or trade figures reflecting more processing trade than actual production in China are a poor indicator of China's actual influence in the region. Also seemingly forgotten is that China in the recent past exerted a great deal of influence in Asia, often through military-backed pressures, covert operations, propaganda, and insurgencies. The current Chinese approach seeks to exert influence by eschewing military force and pressure in most cases. Taiwan is an obvious exception. The impressive Chinese military buildup involves annual purchases of advanced Russian weapons valued at \$2 billion for use in a Taiwan contingency. The marked increase in Chinese power projection also alarms Japan, and concerns other neighbors. On the whole, however, China exerts

influence in positive ways through mutually beneficial economic and political arrangements, featuring growing China-Asia interdependence. On balance, it is a fair guess that China is more influential than it was when pursuing a confrontational approach, but it is certainly not clear by how much.

Seeking common ground with neighbors, Chinese leaders, with some exceptions as noted above, do not seek to have neighboring governments do things they would not otherwise be inclined to do. The generally benign Chinese approach eases regional concerns about possible Chinese dominance and wins support among elite and public opinion in many Asian states. However, many seasoned foreign policy practitioners argue that such soft power won't amount to much in a crisis when governments will have to make hard decisions they would otherwise seek to avoid. China has yet to show its power in such circumstances.

China's geo-economic strategy in Asia also has practical limitations. China's over \$1.1 trillion foreign trade in 2004 is less impressive when one considers that about \$600 billion is processing trade, benefiting only in limited ways from inputs in China. China still is a poor country and significant net recipient of foreign aid. The World Bank and the Asian Development Bank continue to extend loans to China, building on their provision of over \$40 billion in loans to China, though China in recent years has been graduated from receiving loans reserved for the poorest countries. The Japanese aid program is declining to somewhat under \$1 billion of foreign assistance loans annually. China's outreach to multilateral groups has increased markedly but its annual dues to the United Nations and other concrete contributions to international organizations remain small. China's ability to invest and give aid to Asian neighbors is undercut by strong Chinese domestic development priorities. Overall Chinese investment abroad in 2004 was \$3.6 billion, focused considerably on investments in foreign energy and raw materials. Chinese foreign aid is much smaller.

Chinese specialists are frank in admitting that China's strategic reach and influence in Asia are overshadowed by that of the U.S., and that China is in the lead among Asian economies depending on the U.S. market. The United States remains the most important recipient of finished products exported by China and other Asian manufacturers, and an economic partner of choice and an accepted security guarantor in Asia for most Asian governments. By U.S. government figures, the U.S. received between 30-40 percent of Chinese exports in 2004. The United States is not a threat to many manufacturers in Asia, whereas rising China is.

Asian elite and public opinion sometimes is caught up in a pro-China "fever," but this can change quickly as was evident in South Korean opinion turning sharply against China as a

result of the controversy over Goguryeo. Meanwhile, most Asian government officials carefully calculate their nations' interests as they endeavor to channel Chinese behavior in constructive ways while seeking offsetting linkages with the U.S., Japan, India, and others. Japan is particularly wary of China's rise, while India, Russia, and others maneuver with the U.S. and other powers to avoid an Asian order dominated by China.

### **What does China's rise mean for the U.S.?**

A key issue for newly installed Secretary of State Condoleezza Rice as she conducts her first major trip to Asia is to assess what the recent Chinese policies and practices mean for U.S. interests in Asia. U.S. policymakers will be grappling with this issue for many years to come. Is there cause for alarm as some specialists see Chinese leaders devoting top priority to using their rising economic and political influence to marginalize and undermine the U.S. in Asia? Or, are there broad prospects for U.S.-China convergence as other specialists argue Chinese leaders are now so confident they can deal effectively with the existing Asian order that they have no need to compete with the United States?

A middle range view finds it hard to believe that Chinese leaders would devote top priority to marginalizing the U.S. influence in Asia at a time of major internal concerns regarding sustaining economic growth and political stability in China. At the same time, it is difficult to see how Chinese leaders who worked for over 50 years to rid their periphery of great power presence would suddenly put aside this drive in the 21<sup>st</sup> century. Indeed, the Chinese military continues to devote extraordinary efforts to purchase and develop weapons systems to attack Americans if they were to intervene in a Taiwan contingency – China is the only large power in the world preparing to shoot Americans. China also continues to offset and counter U.S. influence in a variety of ways through trade agreements, rhetoric, Asia-only groupings and other means, that amount to a soft balancing against the U.S. superpower.

To explain the recent (since mid-2001) moderation in China's approach toward the United States in Asia after years of public attacks and other efforts against U.S. and Soviet "containment," it seems more likely, as Chinese strategists readily admit in private, that Chinese leaders now see their interests better served by a moderate policy toward the U.S. In particular, the Bush administration appeared more prepared than previous U.S. governments to act strongly and effectively

in the face of Chinese assertiveness and opposition. Underscoring this line of analysis, Chinese officials in 2003 and 2004 have emphasized China's recognition of U.S. dominance in Asia and China's determination that its rising stature in Asia not be seen as a threat by the United States.

Looking out, a number of commentators express concern over a perceived decline in U.S. influence in Asia on account of U.S. preoccupations elsewhere, military assertiveness, and poor diplomacy, and a concurrent rise of Chinese influence. They see U.S. emphasis on geo-strategic issues, notably combating international terrorists, much less attractive to Asian governments and people than China's accommodating geo-economic emphasis. Yet measuring the actual decline in U.S. influence and the relative rise in Chinese influence has proven difficult.

One way to assess the perceived U.S. decline relative to China is to compare the recent situation in Asia with past periods of perceived or actual U.S. decline and rise of other powers. In the past few decades, there have been two notable periods of such U.S. decline in Asia. The first was the post Vietnam War period which saw a marked rise of Soviet military-backed expansion in Asia. The second was in the latter part of the 1980s when Japan seemed to dominate much of East Asia while the United States seemed unable to compete with Japan, even in the U.S. domestic market. In both cases, the perceived U.S. weaknesses turned out to be exaggerated, as did the strengths of the newly rising powers. It is unclear if this third major episode of perceived U.S. decline, along with China's rise, is subject to the same exaggeration and misinterpretation. What is clear to seasoned observers is that whatever decline has taken place in U.S. power relative to China does not compare in scope or importance to the challenge to U.S. power and influence in the 1970s and the late 1980s.

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