

China's Foreign Policy Challenges and Evolving Strategy

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Abstract

The end of the Cold War, the September 11 terrorists' attacks, preponderance of US power and globalisation have shaped the present world order and posed new opportunities and challenges for China. China's need to fulfill its grand strategy of acquiring comprehensive national power within this external environment and overcome the existing challenges has given rise to its post-Cold War foreign policy strategy. Given the challenges it faces, its primary need is to ensure continuance of a peaceful environment to sustain its reform and modernisation programme. This calls for a foreign policy, which conforms to rather than challenges the existing international order. Yet its policies to advance national interests are already leading to a series of complex responses in both Asia and the Pacific regions.

The end of bipolar politics of the Cold War, on the one hand, created a peaceful environment for China's growth; the forces of globalisation, on the other enhanced its need to open up and integrate with the world economy. Both the factors reshaped China's foreign policy strategy and national interests. During the Cold War China's primary challenge was to ensure its security from the threats emanating from the US and later the Soviet Union. Therefore, national sovereignty and territorial integrity were the essential goals of Chinese foreign policy. In the post-Cold War period, China's national interests, in addition to essential foreign policy goals, have been determined by the dream of achieving a 'great power status'. This dream of 'great power status' initiated since 1979 is engineered by a grand strategy known as the four modernisation programmes. This has resulted in spiraling economic development and growing military might. Yet the Chinese leadership feels that it is not even halfway through in attaining its grand strategy. There are numerous and complex challenges to the Chinese

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goal of comprehensive national power, or as the Chinese call it '*zonghe guoli*', that emanate both from its internal as well as the external environment. The need to fulfill China's grand strategy by circumventing the existing foreign policy challenges has come to shape its present foreign policy strategy.

The article covers four broad areas. First, it outlines the foreign policy challenges confronting China in the post-9/11 world order. Second, it throws light on China's foreign policy objectives to meet the current challenges. Third, it assesses and interprets China's foreign policy strategy. Finally, it explores the implications of its foreign policy for India. Given China's foreign policy challenges, its primary need is to ensure continuance of a peaceful environment to sustain its reform programme with the objective of acquiring a comprehensive national power. This calls for a foreign policy conforming to, rather than challenging, the existing international order. This, in turn, means its rising military capability needs to support peaceful development and regional security in Asia rather than destabilise it. China's foreign policy strategy in particular needs to pursue peaceful and cooperative strategies with the United States, India, and Japan – the principal powers around it. Competitive strategies with these states could severely test and complicate its grand strategy. While China is expected to pursue cooperative strategies it is not certain that it would not pursue competitive strategies as well with significant strategic consequence for Asia.

China's Foreign Policy Challenges

External Challenges

China currently enjoys a more benign and peaceful external security environment than at any time in the past century and a half. China perceives that major powers are no longer hostile to each other, which guarantees a general atmosphere of peace and development. Also, this peaceful environment is buttressed by an overall US policy of engagement with China. China regards that "the policies of the two governments now tend to have equal weight."¹ The US-Japan alliance acts as a balancing and stabilising factor in East Asia as China enhances its economic and military power, and also prevents the worsening of the security dilemma in Sino-Japanese ties.² All these factors have, in general, led to a lowering of threat for China and created conditions for its growth and development. However, the White Paper on *China's National Defence in 2004* while outlining the

international situation as stable also states that factors of uncertainty, instability and insecurity are on the increase. It states:

*New and profound readjustments have taken place in the relations among the world's major countries. While cooperating with and seeking support from each other, they are checking on and competing with one another as well... Tendencies of hegemonism and unilateralism have gained new ground, as struggles for strategic points, strategic resources and strategic dominance crop up from time to time... The vicious rise of the "Taiwan independence" forces, the technological gap resulting from RMA, the risks and challenges caused by the development of the trends toward economic globalisation, and the prolonged existence of unipolarity vis-à-vis multipolarity - all these will have a major impact on China's security.*³

China's primary challenge is officially stated to flow from its fear of US unilateralism and its enhanced presence in continental Asia and the Pacific regions in the post-2001 period. The 2004 Defence White Paper states, "the United States is realigning and reinforcing its military presence in this region by buttressing military alliances and accelerating deployment of missile defense systems."⁴ The Afghan war facilitated a foothold for the US in Central Asia by promoting its military presence in the region. A Chinese scholar at the China Institute of Contemporary International Relations states that the US' breakthrough in Central Asia helped build a strategic link in Europe, Balkan, Caspian Sea, the Middle East and East Asia, and formed a whole set of strategic defence lines from Britain in the west to Japan in the east via the Mediterranean Sea, the Red Sea, the Arabian Peninsula, the Persian Gulf, South Asia, Central Asia, the Indian Ocean, the Strait of Malacca, and the Taiwan Strait.⁵ This growing US presence has complicated the geo-strategic situation around China, according to Chinese analysts.

Further, Chinese political analysts regard that the US right-wing forces and military have all along clung to the Cold War mentality and have espoused the containment of China.⁶ They have whipped up the "China threat" theory in the context of China's remarkable rise, with a damaging effect on the Sino-US relationship. At the same time, the Chinese analysts view that by fomenting the "China threat", the US army has found an excuse to make strategic forays in the Asia-Pacific region which is detrimental to China's interests.⁷ Some Chinese military experts point out that the US Secretary of Defense Donald Rumsfeld's concerns about China's military threat expressed in Singapore in July 2005 was completely groundless and had ulterior motives, and that its main purpose was to

help US arms manufacturers to promote the sale of their weapons in the region.⁸ Moreover, the US Secretary of State Condoleezza Rice in her speech in Tokyo in March 2005 outlined a new US vision of Japan's increasing importance as a global power and challenged China to open up its political system.⁹ China regards these as signs of US hegemonism and as attempts to force 'democracy' upon others.¹⁰ It identifies hegemony, in addition to terrorism, as explicit challenges to the peace and development strategy of China.¹¹

A Pentagon report on China's military power, released on June 19, 2005, also portrays similar US apprehensions about China's growing military might. What is new in this report from the previous ones is the finding that China's military build-up has serious implications not only for the Cross-Straits balance of power but also for the region as a whole. The 9/11 factor that led to a cooperative relationship between the US and China has as a result somewhat withered as mutual suspicion has grown.

China is also faced with the resurgence of nationalism in Japan as it reacts to the rising power of China. The 2004 China's Defence White Paper outlines its concern and states: "Japan is stepping up its constitutional overhaul, adjusting its military and security policies and developing the missile defense system for future deployment. It has also markedly increased military activities abroad."¹² Japan itself is deeply concerned with growing anti-Japanese sentiments in China, the repeated use of 'history' to attack Japan, and China's growing military power. The political dynamics of Japan are fast changing owing to the emergence of a new Japanese political leadership supporting a more assertive Japan. China's claims on its territorial waters and the Diaoyutai/ Senkaku islands, and the Chinese diplomatic and military pressure on Taiwan for unification are growing concerns in Japan. The regular visits to the Yasukuni shrine war memorial by Prime Minister Koizumi touches a raw nerve in China and Korea but also underline a new resolve within the Japanese leadership to stand up to China. The February 2005 Japan-US joint statement, identifying Taiwan as a 'common concern' for the US and Japan, has caused fresh tensions in Sino-Japanese relations. The August 2005 Japanese defence White Paper added a chill to the current low in China-Japan relations. The abstract of the White Paper said that Japan should be cautious of China's growing military budget, which is indicative of a significant military modernisation drive, to which Japan must adopt a proactive defensive military strategy.

The growing Indo-US defence cooperation is also an increasing concern for China. Following Secretary of State Rice's statement that the US Government would back India's emergence as a major power in the 21st century, China sees its security environment becoming increasingly complex. An article in the official weekly *Beijing Review* highlights the 'China factor' in "boosting US-India relations" and states that the US policy of helping India to become an Asian power is aimed at counterbalancing China.¹³ China's *People's Daily* carried reports stating, "Although both sides say the agreement has nothing to do with China..., the China factor is only too obvious. Both of them felt keenly uneasy about China's development, though neither of them mentioned it. US neo-cons have long been insisting that long-term threat is from China, while India apparently senses that China is a stronger neighbor in both economic and military terms."¹⁴ In a recent article the *Renmin Ribao* had commented that the Indo-US nuclear deal would "undermine" the global non-proliferation efforts.¹⁵ Again on the United Nations Security Council (UNSC) reforms, the Chinese state media, *Xinhua*, states that though the US did not back India's bid for a permanent seat in the UNSC during Prime Minister Manmohan Singh's visit to the US, the Bush Administration will sooner or later support the country since it has emerged as an "integral part" of American policy in Asia.¹⁶ China is opposed to India acquiring a permanent seat in the UNSC and regards that India's candidature for a permanent seat in the Security Council would come in the way of China's achieving predominance in Asia and its role as a great power.

A fourth problem, seen as one of the primary security problems, is that of 'separatism' and 'splittism' facing the Chinese nation. After the return of Hong Kong and Macao, China's national policy is focused on reunifying Taiwan with the mainland. The Chinese leadership perceives the separation of Taiwan from the mainland as detrimental not only to China's unity and integrity but it also encourages separatist tendencies in other parts of China, such as Tibet and Xinjiang. Further, the existence of a separate Taiwan allows the US to influence China's geo-strategic environment. Moreover, as Nan Li says, the US and Japan have their own national interests in preventing China's reunification project.¹⁷ "Without effective control over Taiwan, the US defensive line will retreat thousands of kilometers to Guam and Hawaii. Again, Japan ships carry about 500 million tonnes of raw materials each year and 85 per cent of its energy through the Taiwan Straits every 12 minutes. If the sea-lanes are cut off,

the Japanese economy will be fatally jeopardised. Japan, is therefore, not willing to allow its lifeline to pass under a unified China."¹⁸ The 2004 China's National Defense White Paper depicting the Cross-Strait relationship as grim, states, "the separatist activities of the 'Taiwan independence' forces have increasingly become the biggest immediate threat to China's sovereignty and territorial integrity as well as peace and stability on both sides of the Taiwan Straits and the Asia-Pacific region as a whole."¹⁹

In addition, China has unresolved maritime border issues with thirteen of its neighbours. China disagrees with North Korea, South Korea, and Japan over how to define their continental shelf in the Yellow Sea and the East China Sea.²⁰ Both China and Japan claim sovereignty over Diaoyutai/Senkaku. The most contentious issue, however, is the Spratley Islands in the South China Sea. China, Taiwan and Vietnam each claim sovereignty over the islands, while Brunei, Malaysia, and the Philippines each claim parts of it. Taiwan occupies one of the largest islands, Itu Aba. In February 1995, the PRC occupied Mischief Reef, creating a political crisis in Southeast Asia, especially with the Philippines. More importantly, these countries are all engaged in exploration of oil and natural gas²¹ and the construction of permanent structures such as lighthouses and other quasi-military facilities across the archipelago. In fact, China's new military discourse views the Spratleys as being crucial to China's survival for several reasons.²²

The Spratleys are perceived as the 'second Middle East', rich in oil and natural gas reserves. It has rich mineral and tropical plant and fish resources. It straddles the vital sea-lanes between the Indian Ocean and the Pacific, and more significantly the southernmost reef of the Spratlys, which is more than 1,600 kilometers away from Hainan Island. According to China's new military discourse, "this maritime defense depth is of crucial importance to the security of China under conditions of modern weapon technology (which renders military strikes longer range, faster, and more precise). If the Spratleys are occupied or controlled by other countries, China's maritime defence perimeter would be reduced by several hundred kilometers. Also, China's economic and military activities in the South China Sea would be constrained by other countries."²³ The other claimants of course see China's claims as a serious threat to their maritime interests and sovereignty. Apart from its maritime disputes, China has an unresolved and complicated border dispute with India.

Internal Challenges

In addition to these external challenges, China is grappling with its own need for continued economic growth and domestic stability. Despite phenomenal economic progress, there is still a large gap vis-à-vis the developed nations in terms of national wealth, standard of living, education, and science and technology. Also, there are challenges of corruption, rural-urban divide, rural-to-urban migration, and unemployment and banking crises. China is also deeply concerned about the impact of globalisation on its domestic stability as it impinges on China's legal system, resource development and deployment, financial institutions and social security aspects. A major policy concern is how to maintain a balance between domestic and regime stability interests and the open-door policy.

China is also faced with non-traditional threats. The Defence White Paper of 2004 states, "traditional and non-traditional security issues are intertwined with the latter posing a growing threat."²⁴ The White Paper identifies four main non-traditional threats: information security, energy security, finance security and environment security. With regard to terrorism the White Paper states that the threat posed by terrorism, separatism and extremism is still grave. However, it adds that the worldwide campaign against terrorism has made progress. This implies that terrorism is no longer seen as a major threat to China.

Further, China's shrinking resources and spiraling demand has aggravated competition for control over energy resources around the world. While China has surpassed Japan to become the world's second largest consumer of oil, it lacks the ability to provide for its own needs. Oil demand is projected to grow at an average annual rate of 3.8 per cent during the period 1996-2020, when consumption will increase from the 3.5 million barrels per day (mb/d) to 8.8 mb/d.²⁵ China's oil supply situation is also precarious. China has proven oil reserves of 24 billion barrels, which constitutes just 2.3 per cent of the world total for a country with 22 per cent of the world's population. Due to China's fear over oil dependence, it also apprehends US' 'energy containment policy' against it.²⁶ Though the US is not pursuing such a policy, Chinese analysts clearly consider the interruption of its oil supply as a possible future containment measure.²⁷ At the same time, China is concerned that its energy-thirsty neighbours such as Japan, South Korea and India's demand for energy resources overlaps with China's own areas of operation and is therefore bound to

lead to competition.²⁸ In fact, in the past few years there has been heated competition between China and Japan for energy from Russia. China also recognises that the US, by projecting its military power in the Middle East and Central Asia through the invasion of Iraq, is seeking to gain a stranglehold over the world's oil supplies, and that this constitutes a potential challenge to the interests of China.

China's Key Foreign Policy Objectives

In the context of above challenges, China has outlined certain foreign policy objectives. The four-fold objectives of modernisation, sovereignty, security and great power status are features not unique to China alone. However, what make these objectives different from others are China's own historical experience, communist tradition and its specific contemporary challenges.

A brief explanation of China's concept of national interest is necessary here to understand its foreign policy objectives. The concept of national interest is actually a recent development in China's strategic thinking.²⁹ It is often used interchangeably with state interest. The concept is built essentially on an appeal to nationalism.³⁰ However, much of the rhetoric on multilateralism, multipolarism, the New Security Concept and good neighbourly relationships are an outgrowth of China's desire to create an external environment favourable to itself and to protect and maximise its national interests.³¹

Chinese writings on national interests in the late 1980s categorise national interests under two broad types: one, preservation of existing national interests and two, protection of its future national interests.³² The former included preserving national sovereignty and territorial integrity, developing national economic and industrial and trade systems, as well as protecting the people and their properties. The latter criterion was operationalised on the need to foster national development; thus resources that would enhance China's national power fell into this category.³³ This latter criterion of national interests actually reflects China's lessened concerns with the survival of the nation, and instead, reveals China's overarching dream of attaining great power status. This broadened the concept of national interest and contributed to the definition of China's comprehensive national power (CNP). In fact, central to the notion of national interest is the notion of CNP.³⁴ This refers to "the totality of a country's economic,

military and political power in a given period.”³⁵ China began to use this concept from the 1980s onwards but it was first mentioned officially in the 1992 Fourteenth Party Congress Report. CNP was derived from China’s perceptions of international environment as mainly threatening its goal of peace and development. Hence, building a strong military has emerged as one of the ways to achieve CNP. In fact, the demand for enhancing China’s military power is part of China’s grand strategy and is not simply tied to the sole objective of survival but is increasingly contingent on its rise as a great power.

Broadly, China’s foreign policy objectives have four-fold criteria: modernisation, great power status, sovereignty and security. China needs to accelerate modernisation by speeding up economic reforms and opening up to the outside world. Rapid economic growth alone would ensure the survival of the Communist Party rule. In fact, China’s primary motivation behind its foreign policy remains the preservation of the political system of the Chinese Communist Party (CCP).³⁶ This is achieved by ensuring continued economic growth and prosperity. Sustained economic growth would enable the CCP regime to justify Party’s claim that social stability is a prerequisite for economic development. Further, China’s emergence as a great power is contingent not only on continued economic growth but also on securing a stable external order. A peaceful external environment facilitates and consolidates domestic order and economic development. This, in turn, engenders legitimacy to and ensures the survival of the Chinese party-state. Internal stability, is therefore, crucially linked to having a peaceful external environment. The need for preserving the party-state calls for a foreign policy which is conforming to, rather than challenging, the existing international order. China, is thus, increasingly interested in preserving many of the institutions and norms of the post-9/11 world order. Therefore, ensuring modernisation is one of the important foreign policy objectives of China.

The above objective is linked closely to the objective of rapid modernisation. Chinese leadership is currently placing greater emphasis on economic and technological development contrary to the traditional Anglo-American realists’ consideration of military security as “high politics” and social and economic issues as “low politics”.³⁷ Ashley Tellis and Michael D. Swaine regard this as China’s aspirations for great power status as part of its ‘Grand Strategy’.³⁸ Accordingly, the Chinese regime strives for three inter-related security objectives to fulfill its goal of grand strategy: control

of the periphery, preservation of the domestic order in the face of different forms of social strife and maintaining geo-political influence as a major state.³⁹ In the last few decades, this hybrid strategy has coalesced into a “calculative” strategy calculated to protect China from external threats as it pursues its geopolitical ascent.⁴⁰ This allows China to continue to reform its economy without having to deal with the impediments and distractions of security competition.⁴¹ This strategy gives China the opportunity it needs to improve domestic social conditions, increase the legitimacy of the governing regime, expand the nation’s economic and technological capabilities, strengthen its military, and enhance its standing and influence in the international political order - all of which are important elements in achieving its long - standing security objectives.⁴²

China’s third goal is to protect and enhance its sovereignty. In this context, the question of what China calls ‘separatist’ tendencies in Taiwan, Tibet, Xinjiang, looms large. The issue of sovereignty is rooted in the demands of domestic politics. The loss of Taiwan would seriously delegitimise the nationalist credentials of the CCP at a time when nationalism is a principal ideological tool. China is, therefore, concerned with the goal of reunification of Taiwan. The Chinese White Paper on “The One- China Principle and the Taiwan Issue” released on February 21, 2001, implicitly suggests an eventual deadline for the reunification of Taiwan with the mainland.⁴³ The Pentagon Report issued on July 12, 2002 said that Chinese military modernisation gives a clear indication that it is working towards unifying Taiwan by military means, if necessary. However, China is aware that an attack on Taiwan will divert its economic resources from the goal of development, cause internal turmoil, and destabilise its external security environment. It is also aware that Taiwan is not only an advanced capitalist country but is also a democracy. The cumulative effect of its colonial history, its capitalist growth and its development and democracy has unleashed new impulses for Taiwan’s quest for identity and nationhood. In this changed circumstances of rising Taiwanese nationalism, China is searching for policy options to meet its nationalist goal. On March 7, 2005 China passed the Anti-Secession Law legalising military action against Taiwan. However, the Anti-Secession Law is also aimed at maintaining the status quo position on Cross-Strait relations. The three-point scenario for “non-peaceful action”, as mentioned in the law, was intended to thwart the pro-independence campaign for independence.⁴⁴

Finally, a major goal is to ensure security from both traditional and non-traditional threats. China's New Security Concept (NSC) addresses both traditional and non-traditional threats with 'mutual trust, mutual benefit, equality and co-operation' as its core principles.⁴⁵ China's preoccupation of national security encompasses both traditional and non-traditional security concerns.⁴⁶ While national defence remains the pillar of traditional security, economy is the foundation of non-traditional security. For China national defence is the crucial element of traditional security as it is confronted with military threats both internally from the separatist forces and externally from terrorism, military revolution, danger of high-tech war, and threats of war over sovereignty and territorial issues. In fact, China is a country that has the highest number of disputes related to its maritime and land boundaries. Coupled with these disputes are China's historical trauma of 'century of humiliation' and the recent threat theories that have provided a strong incentive for strengthening its national defence. Again, national economic construction is pivotal to non-traditional security since China's development strategy is based on strong economic development. In the context of globalisation, China feels that the challenges to it are enormous as it does not participate in the formulation of rules and regulations in the international order and has no power in market pricing strategy.⁴⁷ Therefore, China professes for a fair and mutually beneficial globalisation marked by mutual benefits and joint development for all.⁴⁸

China's Foreign Policy Options

Given China's security challenges and national objectives, it has adopted a strategy and policies that augment comprehensive national strength. As one Chinese scholar writes, the "hard power" of the comprehensive national strength mainly consists of economic strength, military power and scientific and technological force. The relationship between the three is premised on the logic that economic strength is the foundation, military power is the backing, and scientific and technological force is the precursor.⁴⁹ China has adopted the tools of multilateralism, building partnerships, augmenting military power, strengthening the Party and promoting nationalism to acquire CNP.

Multilateralism

China may have accepted globalisation out of growing economic compulsions but lately it has realised that apart from advancing Chinese

economic interests, through greater interdependence, globalisation is the means to achieve great power status.⁵⁰ Further, it can not only enhance its national prestige but can also restrain US unilateralism. Therefore, since the 1990s China has recognised the political facet of globalisation and has simultaneously begun to emphasise on multilateral cooperative mechanisms. In fact, a reassessment of the main threats to China's security in the post-Cold War era, led China to discard its initial reluctance to join multilateral institutions and began to secure its interests, through institutional mechanisms, based on such notions as 'common security' and 'common prosperity'. The "fear of being left out", the desire to prevent other countries from ganging up against China, the prospect of regulating the pace and agenda of the forum from inside, and the desire to play the role of a responsible world power led China to participate in multilateral mechanisms.⁵¹ By launching the Shanghai Five in 1996, which later evolved into the Shanghai Cooperation Organisation (SCO) in 2001, China adopted multilateralism as an important element of its foreign policy. China joined the ASEAN Regional Forum (ARF), and along with the ASEAN states signed the Framework Agreement on China-ASEAN Comprehensive Economic Cooperation on November 4, 2002 to begin the process to set up a Free Trade Area (FTA) by 2010. Similarly, on the South China Sea dispute China and ASEAN signed the Declaration on the Conduct of Parties in the South China Sea on November 4, 2002. It signified China's departure from a purely bilateral approach to multilateral cooperation with the smaller states to resolve the disputes.

Cultivating Partnerships

Cultivating strategic cooperative partnerships has in recent years also emerged as an important foreign policy tool for China.⁵² This provides China with an effective mechanism to manage its relations with the major powers of the world, particularly at a time when it is rapidly rising. It is through partnerships that China is building up a web of ties through which it can shape the security environment favourable to itself. Further, such partnerships enable China to cope with the constraints and challenges of American power in the post-Cold War era and also to hasten the advent of an international system in which the US would no longer be dominant.⁵³ Therefore, the policy of partnership is also a means to create a multipolar world order. A multipolar world order offers China space to assert itself and opens up more avenues to pursue its strategic goals. Since 1996 China

has sought to establish some sort of partnership with all the major powers of the world. Thus, China signed the Strategic Cooperative Partnership with Russia in April 1996, the Constructive Strategic Partnership with the US in October 1997, the Comprehensive Partnership with France in May 1997, Partnership of Constructive Cooperation with India in 1997 and the latest 2005 Cooperative Strategic partnership with India. These partnerships are all meant to make the international situation conducive to China's goal of modernisation and building a comprehensive national power.

Building Military Power

China's military power, in quantitative and qualitative terms, is growing. Chinese strategic thinkers and political leaders believe that military power is the most important component of "comprehensive national strength", which is viewed as indispensable to China's attempt to regain its status as a leading world power and to defend against any threats to its territorial sovereignty and political integrity.

In 2002, China revised its 1993 national defence strategy of fighting a regional war under hi-tech conditions to a strategy of fighting a regional war under the condition of informatisation. It has been aptly stated by a Chinese scholar that,

This change indicates a new phase in the PLA's use of the Revolution in Military Affairs (RMA). Specifically, information technology (IT) is now seen as the engine of the RMA, and stimulus for global military change. Guided by this new approach, the direction of the PLA's modernization has been shifted from seeking superiority through mechanization (enhancing hardware platforms) to realizing a simultaneous transformation through mechanization and informatization (systems integration).⁵⁴

In fact, information warfare is being seen as the most suitable type of warfare that can help achieve China's political objective without causing too many casualties.⁵⁵ The 2005 Pentagon Report suggests that China's military modernisation is aimed not only towards Taiwan but also has strategic goals beyond Taiwan. Some Chinese military analysts are of the view that control of Taiwan would enable the People's Liberation Army Navy (PLAN) to move its maritime defensive perimeter further seaward and improve Beijing's ability to influence regional sea lines of communication. China therefore appears to be using the Taiwan issue as a

convenient cloak for robustly modernizing and upgrading its military strength.

Strengthening the Party

The 16th Communist Party Congress report asserts that it is the CCP, which can only ensure the continuance of development in China. “Only thus can our Party’s ideology and theory guide the whole Party and the entire people forward and inspire them to push ahead the cause of building socialism with Chinese characteristics.”⁵⁶ As mentioned earlier, the primary motivation behind China’s foreign policy remains the preservation of the political system of the CCP, which it believes can be achieved by ensuring continued economic growth and prosperity. This, in turn, prolongs its legitimacy to rule and ensures survival of the Chinese Party-state. It is in this context that Jiang Zemin’s ‘Three Represents’ assumes significance. Its basic thrust is to adapt the Party to the new domestic and external conditions by representing China’s advanced productive forces, namely the new middle class and the capitalists and thereby, enlisting their support by bringing them within the Party fold rather than watching them rise as independent forces.⁵⁷ Thus, the ‘Three Represents’ apart from dealing with domestic factors was aimed at thwarting external pressures for political reforms and democratic changes.

Promoting Chinese Nationalism

Since the early 1990s, China has adopted the tool of nationalism to promote its foreign policy goals. In fact, Chinese nationalism has gained prominence in the aftermath of the Tiananmen Democracy Movement and the disintegration of the Soviet Union where demand for a strong state and rapid economic growth became prerequisites to ward off possible challenges to the party state. China’s future is seen by its Communist Party leaders to lie in a “third way” that rejects both Marxism-Leninism and Western democratic capitalism and is based on evolving its own nationalist path.⁵⁸ As a result, the fragile legitimacy of the CCP leadership depends on the ability to link China’s domestic and particularly its foreign policies with the larger strategic objective of building a wealthy and powerful country that would remove the stigma of ‘century of humiliation’ and form the basis for constructing a new image of China as a global power.⁵⁹ This cultivation of nationalism, however, makes it difficult for Beijing to

compromise on many important foreign policy issues. For example, owing to succession politics and domestic political challenges that threaten the Chinese leadership's legitimacy, the CCP often is inflexible on issues that involve sovereignty or national prerogative, such as relations with Taiwan and Hong Kong or the status of China's territorial claims in the South China Sea. There is enough evidence that the Chinese people widely supported Beijing's March 1996 exercises and missile tests in the Taiwan Straits, despite the palpable negative impact on Beijing's status within the region and on its relations with the United States and Japan.⁶⁰

Interpreting China's Foreign Policy

China faces many domestic challenges: economic, societal, and political. Its supreme national interest lies in international recognition and great power status. Currently China is focused on augmenting its comprehensive national power. At present its primary need is to ensure a peaceful environment to support its CNP. This strategic focus on 'peace and development' initiated by Deng Xiaoping, still forms the bottomline of China's foreign policy approach.

There has been, however, a shift in emphasis in the foreign policy strategy over the past decade, indicated by the pronouncement of the slogan "prosperous nation and powerful military" or *fuguo qiangbing*⁶¹ drawn from China's Confucian strategy of *Fuqiang* (strong and prosperous). From the time of the European intrusion and the first Opium War of 1840 the fundamental issue dominating the Chinese mind was national survival. The regeneration of its national wealth and power by adopting the path of modernisation is a well-defined goal of Chinese foreign policy. This permeated throughout the 20th century in the Chinese national movement and the Communist Revolution. This theme was pre-eminent in Mao's perspective on the need for China to achieve economic independence and self-reliance. It continued to echo in Deng's China where the quest for modernisation found its answer in China's integration with the world capitalist economy. It is the same motivation that continues to guide Chinese foreign policy in the post-Cold War. However, what makes the present adoption of *fuguo qiangbing* strategy by Chinese leaders significant is that it heralds a major paradigm shift in China's view of itself as a confident and a strong power instead of a 'victim' of international politics. The central theme of China's grand strategy is to make China a great power. China's

rapid economic development and strong military power has injected in it a robust confidence. It no more views itself as a victim but as a world power.

The Chinese international affairs literature talks about “strategic configuration of power”, broadly indicating an “alignment of forces”.⁶² This phrase is drawn from the classical writing of Sun Zu (*The Art of War*) and means manipulating circumstances to create strategic advantages as an alternative to the commitment of brute force.⁶³ The Annual Report to the US Congress on the Military Power of the People’s Republic of China, 2003, states, “Beijing is pursuing its long-term political goals of developing its comprehensive national power and ensuring a favorable strategic configuration of power. China’s efforts to accomplish its security goals involve an integrated strategy that seeks to apply diplomatic, military, technical and economic instruments of national power.”⁶⁴ This connotes ambition and a willingness to be increasingly proactive in protecting China’s expanding interests.

China’s proactive foreign policy is reflected, first, in its increasing military expenditure and force projections; and second, in its new diplomacy where China insists on a balance between security and economic relations. One Chinese scholar notes that for a time economic and trade relations had been given a priority over security considerations in China’s diplomacy, but the new leadership is now trying to strike a balance between economic and security concerns.⁶⁵ Third, this proactive policy is equally reflected in China’s increasing participation in multilateral diplomacy to create a security environment favourable to itself.⁶⁶ China is playing an assertive role in world politics: building up friendly states through partnerships, creating China-centred multilateral fora like the Shanghai Cooperation Organisation and embracing globalisation with enthusiasm. Manifestations of China’s assertiveness are also evident in its recent diplomatic successes on resolving a long-standing territorial dispute with Russia, and entering into border negotiations with India. Other successes include China’s handling of the Asian financial crisis and the delicate brokering of the six-party talks on the North Korean nuclear crisis. Likewise, China has built increasingly strong trade relations with its neighbours in East, Southeast and Central Asia, bringing traditionally distrustful countries into its economic sphere. A proactive foreign policy and a strong military are aimed not only at protecting China’s security

interests, but also at shaping a security environment that is conducive to its national interests and growth.

Assessing Implications for India

What does a rising China mean for India? The priority of China's new leadership is to strive for a peaceful and stable periphery. In the search for a stable periphery, as argued by Chinese scholars, one of the tasks is to properly handle China-India ties; particularly with regard to the contentious border dispute as it is related to sovereignty and territorial integrity. The Chinese scholar, Zhao Gancheng, makes an interesting statement that judging from the evolution of international politics, it is quite uncertain that two neighbouring powers with similar problems could build up a bilateral relationship on the basis of high mutual trust, even if an internationally recognised border is finally demarcated.⁶⁷ This implies that relations between China and India would be essentially competitive in the international system, which may not be a win-win situation for both the countries.

The growing interdependence in world politics, particularly with regard to trade and energy issues, however significantly limits China's scope for pursuing aggressive policies towards India. Also, the fact that both India and China are nuclear powers deters them from outright war. Again, since both India and China are in the midst of massive internal transition, their economic development is contingent on a peaceful external environment and a stable domestic order. The competitive elements in their relationship can be tempered to an extent through their security dialogues and multilateral cooperative mechanisms.

The close cooperation that was witnessed in the aftermath of 9/11 against terrorism between the US and China, has withered to an extent. China has increasing fears of US' role on its eastern and western frontiers. More importantly, the US strategy of building strong ties with India and developing high-level defence cooperation has resurrected China's fears of containment. India's rise as a major power too has complicated China's security calculations. These developments have led to the reorientation of China's policy towards India to that of greater engagement. It now recognises the prominent role of India in international affairs. A *Xinhua* document outlining India for the first time as a major power says, "...major power groups such as India, Russia and the European Union are also rising

along side China. Their relationship with China is mutual promotion rather than mutual counteraction.”⁶⁸ Likewise, an article in *Beijing Review* for the first time talks about India’s prominent role. It says:

While the rise of the Chinese dragon propels Asia to global prominence, India’s outstanding performance is not far behind in Asia’s global economic emergence...With its 1.1 billion population, seventh largest landmass and strategic location on the Indian Ocean rim, India has everything necessary to become a major power.⁶⁹

Besides, there are talks of building ‘an Asian Century’ with both China and India developing simultaneously.⁷⁰ Another article in *Beijing Review* says that the development of China and India would strengthen Asia in the world economy and would enhance Asia’s status in the global economic system. Recognition of India as an emerging power is also significantly driven by China’s perception of growing India-US ties. With India’s 1998 nuclear tests, China’s perceptions about India began to change. In fact, China for a long time did not have an independent India policy and viewed India within a wider South Asia policy. But the changing nature of international politics has brought about a reorientation in China’s South Asia policy. India now occupies an enhanced position in China’s current strategic thinking.

China no longer speaks of creating a new economic world; order instead increasingly seeks to integrate itself with the existing order and also emphasises on multilateralism. In the framework of multilateralism, China’s recognition of India as a prominent power is indicative of an accommodative role. There is an upgradation of Sino-Indian relations to a strategic level.

However, at the same time, the upgradation in Sino-Indian relations cannot be taken at its face value. China’s rising influence in South Asia impinges on India’s interests. Its influence in Pakistan and Myanmar has remained steady while it is making constant forays into Nepal, Bhutan, Bangladesh and Sri Lanka. It is supplying arms to the Nepalese government, building roads in Bhutan and promising Bangladesh nuclear technology. All these indicate not only China’s growing influence in South Asia but also an attempt to balance India’s leading role. Further, the attempt to link Afghanistan’s membership to China’s entry into the SAARC by Pakistan and Nepal demonstrates China’s rising diplomatic and economic clout in the region. The challenge for India is to steer the region’s economic growth

and prosperity in a manner that helps it expand its influence in its periphery.

China's relationship with India contains elements of both convergence and divergence. Competition underpins their relationship. Along with economic engagement India also needs to build up deterrence against China's rise by building strong diplomatic relations with other major powers, building up strong military capabilities and vigorously pursuing economic policies in an increasingly globalised world. However, India and China are unlikely to go to war since China's foreign policy seeks a peaceful security environment conducive to the pursuit of its great power ambitions.

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