

## CHINA'S PERCEPTION OF HER ROLE IN ASIA TODAY\*

*Aileen San Pablo-Baviera*

### Introduction

In the post-Cold War era, developing countries are especially anxious to understand how they may be affected by recent dynamic changes in the international arena. It is a testament of good leadership if one's government is able not only to understand, but to identify opportunities provided by the new situation and seize them accordingly, while minimizing the effects of new problems which emerge. For a capital-starved, technologically backward country such as ours, most difficult of all to achieve would be the challenge of turning our handicaps into an advantage, a feat which would require not only solid political will and efficient command over one's vital natural and human resources, but also a skillful manner of turning one's allies into committed partners, and one's adversaries into allies.

One of the features of Chinese foreign policy, especially in the last two decades, has been her extraordinary efforts to fully

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grasp the significance of world events, mould relationships with the major powers (the United States, the Soviet Union, and Japan), and in the process maximize opportunities and restrain what might have been costly confrontations. The biggest coup of Chinese diplomacy is the fact that her major strategic adversaries now have enormous stakes in the success of her development project. Countries such as the Philippines may wish to emulate these aspects of China's productive diplomacy. More importantly, we need to understand China's diplomacy in order to chart the directions of our policy and relations with her.

This paper focuses on how the Chinese perceive their role in the recently transformed global as well as the regional arena. It also discusses some aspects of China's relations with Southeast Asia of interest to the Philippines, with the objective of exploring whatever challenges and opportunities may lie therein for us.

## **Chinese Definition of Interests**

China defines her role in the international system based on her domestic political and economic interests and objectives and how she assesses the prospects for promoting such interests given the prevailing international situation. In the current period, China chose to define interests in the following terms: it wants to quadruple its gross national product by the year 2000 (as enunciated in 1979) and become a major economic power, possibly with a per capita income of USD 900 by that time (from USD 371 in 1989). It expects to achieve this through combining a planned economy with market regulation in pursuit of "a long-term sustained, stable, and harmonious development."

All other objectives are considered subordinate to achieving economic growth and development. While formally still claiming to be socialist, the Deng Xiaoping government has shown its

willingness to embrace values and methods associated with capitalism. One pillar of market reforms is the “open-door” policy, where China enters into the capitalist international division of labor by providing cheap land, labor, and raw materials for partnership with foreign capital and technology.

Having embarked on a so-called “strategic shift” not only in its economic orientation but in ideological perspectives since 1978, the present reform-minded leadership has in effect staked the legitimacy of communist party rule exclusively on the success of economic reforms. Any threat to the reform program – whether from Party conservatives demanding greater centralism or from hot-blooded students asking for greater democracy – is to be suppressed at all costs.

## **China's Analysis of the International Situation**

In the aftermath of the disintegration of the Soviet Union and the collapse of socialist Eastern Europe, changes in the dynamics of China's internal politics as well as the dynamics of her relations with major powers have emerged that could drastically affect domestic and foreign policy thrusts. The most apparent development is that communist party leadership – and to a lesser extent, socialism – was seriously discredited by its rejection in Eastern Europe and the Balkan states. China, after all, had overnight become *de facto* leader of the remaining socialist countries, a position it now holds rather dubiously, and perhaps, unwillingly.

This increased pressure by orthodox and conservative Chinese communists on China's reformist leaders not only to defend territorial integrity but to ensure that the accelerated pace of reform does not unleash social forces that will ultimately prove to socialism's undoing.

## **The Primacy of North-South Dimensions of International Conflict**

The Soviet collapse also rendered obsolete East-West ideological confrontation as ostensibly manifested in various international and domestic conflicts, from the US-Soviet arms race to civil wars in the Third World. In so doing, it appears to have ushered in a new period where North-South concerns become the central focus of international relations. This new period is described very aptly by Ma Zongshi, of the China Institute of Contemporary International Relations, in these terms:

... the unfolding high-tech industrial revolution, the accelerating pace of globalization of the world economy, the increasingly evident shift from a bipolar to a multipolar world and the inevitable parallel bloc proliferation and regionalization of the world economy have combined to dictate a by far more complicated new situation, where as a result of global interdependence, competition and cooperation (either macroeconomic policy coordination or economic complementarity) are inseparately (sic) entwined, in a multilateral, multi-tiered, multi-form, multi-functioned and multi-channeled way in the whole spectrum of North-North, North-South, and South-South relations. In other words, technology-driven changes are radically changing the familiar economic relations both within and between developed and developing countries. Herein challenges and opportunities abound.<sup>1</sup>

It is in this new context that countries of the North and South, thinking along North-South rather than East-West dimensions, will have to find new opportunities for themselves.

## **The Shift from Bipolar to Multipolar World**

The post-war US-Soviet bipolarism and superpower dominance that have been the main features of international relations since the 1945 Yalta Conference has given way to realignments, multi-

polarization, and multilateralism. This new period, according to Chinese analysts, will be one of relative peace, compared to the earlier Cold War era, but destabilizing factors such as ethnic unrest, religious and nationalities conflicts, will continue to fester.

China is concerned with the prevailing US-European-Japan triumvirate dictating the shape of things to come. It would prefer multipolarism to a triumvirate ruling the globe or to a US-Japan led Asia-Pacific. In its reform project, China had relied heavily on the United States and Japan as sources of capital and technology as well as for export markets. The triangular Sino-American-Japanese relationship was at least partially built around common antipathy to the Soviet power. With the decline of the perceived Soviet threat, there is a danger that conflict rather than cooperation between China on one hand, and the Americans and Japanese on the other, will intensify. How does China see the US and Japan in the post-Cold War era?

The US is perceived as a declining economic and political superpower, whose ascendance in recent years has been due only to default by the former Soviet Union. It has become more and more dependent on the support of Japan and Europe in the exercise of its role as global gendarme. This was evident in how the US handled its conflicts with Libya and Iraq, when it tried to co-opt the United Nations and most especially its closest allies into supporting its position. In economic terms, the North American Free Trade Association (NAFTA) is directly a result of the weakening of the US economy. Another indication of a beleaguered economy is the resurgence of strong protectionist sentiments in the US, including the uncompromising position over adherence to patent and intellectual property rights by China, Japan, and the newly industrializing countries (NICs).

From China's perspective, while the US continues to be a formidable economic power and still has an important military projection in many areas of the world, it is, by and large, a weakened power that is trying to maintain its global hegemony,

but is increasingly unable to. Japan is seen also as a weakening power, based on domestic economic developments. It now has a weak yen, and the 1990 stock market crash in Tokyo is believed indicative of serious problems now facing the Japanese economy. On the other hand, Japan is seeking an expanded political and diplomatic role in international security affairs. For instance, it wants to be in the UN Security Council. But in the Asia-Pacific, Japan still has greater economic influence than the US, being the biggest trading partner and creditor of most countries in the region.

Japan wants to be joint manager of the new multipolar world order, as is evident in its efforts to increase participation and carve out a role for itself during the Gulf War and even in the peace process in Cambodia. China is still wary of Japanese militarism, as are the rest of East and Southeast Asia. These countries are anxious that Japan might add political domination to its economic stranglehold over the region, with US blessings. In this multipolar scenario, China sees an important role to be played by the UN.

According to some Chinese analysts, the UN should be given an important role to play so that all sovereign states can participate in international affairs on a more equal footing. However, the UN also has a dual role. The Security Council is perceived largely as an instrument of power politics, where the remaining global powers will still try to influence the new order. The UN General Assembly, on the other hand, is seen as a potentially anti-hegemonic, anti-power politics body wherein North-South concerns may hopefully be discussed and resolved. How China chooses to balance its behavior as a member of the Security Council and as a “Third World” spokesman at the General Assembly will be of interest. However, it is worth noting that despite much rhetoric in support of Third World causes, China has in the past failed to match this with deeds.

## **Bloc Proliferation and Regionalization of the World Economy**

Another trend that China points to in the post-Cold War world is bloc proliferation and regionalization of the world economy. Regionalism seems to be the wave of the future. Therefore, we have NAFTA, EFTA, AFTA, even Latin American regionalism, which China predicts will soon push some Latin American countries into NIC status.

While the US, Japanese, and European economies are facing some recession and downturn in the last decade, East and Southeast Asia, in contrast, had the highest growth rates in the world. Furthermore, they managed to achieve this without incurring high inflation or political instability. Asian trade is now an increasing percentage of world's total, and it appears that Asian nations have also drastically increased trade among themselves.

It is anticipated that the four little dragons (South Korea, Taiwan, Hong Kong, and Singapore) will soon be joined by Malaysia, Thailand, Indonesia, and even Southern China. In the international front, these East Asian economies also face a host of problems: protectionism by its principal trading partners, a stagnant round of international trade talks, and resistance by Japan to integration schemes among Asia-Pacific countries that would exclude the US.

There are a lot of initiatives towards integration. In fact, there may be too many, as it is pursued not only at the regional level but there are many proposals for subregional integration at this point. The project of Asia-Pacific integration still faces serious obstacles. Mainly, these economies still have competitive economic structures. What has happened in the Asia-Pacific is what can be called "soft regionalism." This is not quite comparable to what the European Community nations have been preparing to undertake and even to what is being proposed in the NAFTA

concept. Nevertheless, there is a focus on the interdependence of the regional economy.

Some Chinese analysts point out that this trend of “soft regionalism” is the reference frame for China to perfect or adjust its development strategy and industrial structure. In turn, the actual development path ultimately realized by the Association of Southeast Asian Nations (ASEAN), for example, will depend upon the emergence of China as an exporter of labor-intensive manufactures, which we shall elaborate on later.

I mentioned some subregional trends which China is anxiously observing. The first is the *de facto* integration among NICs, which are now exporters of human capital, technology, and information-intensive industries. Then, there is ASEAN, being the longest standing and most stable framework for regional economic cooperation and integration. China predicts that ASEAN, currently an exporter of labor-intensive manufactures, and, therefore, competitive with China in this aspect, will soon be making the leap to NIC status.

Then, we have the prospects of Northeast Asia subregional integration, where you have the former Soviet Far East, Mongolia, Japan, the two Koreas, and China cooperating: one particular area would be in the development of the Tumen river delta. This is only very recently articulated but appears to be well-grounded given the recent improvements in bilateral relations among all these countries: Soviet-South Korean rapprochement, Sino-Soviet normalization, Sino-South Korean establishment of diplomatic relations, increasing trends of dialogue between North and South Korea, improving relations between the Soviet Union and Japan, and opening up of the Mongolian Republic.

Another integration scheme is Thailand’s *Suwannaphuma* (Golden Peninsula), where you have Thailand, in the aftermath of the Indochina conflict, trying to expand linkages in its own part of Southeast Asia with the Indochinese states and Myanmar (Burma), in which Thailand proposes to play the leading role. We also note



the economic cooperation that is going on between Singapore, some parts of Malaysia, and some provinces of Indonesia.

Another *de facto* integration trend which has not been formalized, and which China itself would prefer not to normalize for political reasons, is the so-called Greater China concept. Since China's "open-door" policy, Southern China and the coastal cities have specifically been developed to accommodate foreign investments in so-called special economic zones. In the process, the province of Guangdong, Taiwan, Hong Kong, and Singapore have established economic linkages that exist not only in terms of trade and investments but exchanges in services, technology, communications, and others. This has become a very dynamic area of growth in the region. To a large extent, the assessment of the East Asia region being the leading area of growth in the world is based on the success of integration among these four economies.

## **China-ASEAN Relations**

What about the future of China-ASEAN economic relations? A deterrence to closer relations between the Chinese and the ASEAN economies has been their fundamentally competitive economic structures. This is insofar as both specialize in labor-intensive manufactures, have a comparable level of technology and share the same major third country markets. But there is also some complementarity, and this is what is being stressed now. This increasing complementarity stems from the introduction of technological innovation. As industrialization proceeds rapidly, there are more and more imbalances and greater diversity in the economic structures of Asian states. Some are able to go into high-technology, information intensive-manufacturing while others have remained in the labor-intensive stage. There are, therefore, more opportunities for exchange overall.

The main area of export competition is still in clothing,

textiles, and fibers. These exports are very important to both China and ASEAN. But cooperation may take place in the form of ASEAN garments industry utilizing China's cotton textiles and technology. What are the main areas of cooperation proposed by Chinese and ASEAN economists? One strong possibility is trade in services. Singapore has been especially successful in its trade in services with China. One noteworthy example is the team-up of five professional Singaporean organizations to sell to China urban development planning expertise as well as expertise for the development of ports and airports, and management of industrial estates. There are also huge potentials for cooperation in the field of banking, computers, translation, and shipbuilding between Singapore and China.

Malaysia also cooperated with China profitably in terms of managerial and technical know-how. Malaysia has the advantage of medium-level technology in the cultivation and processing of primary products that China would want to take advantage of. Thailand identified, as areas of possible cooperation, construction, renovation of hotels and resorts, shipping, and power supply.

The Philippines also trades in services with China. So far we have concentrated in banking, construction and air services, but we also have a marked advantage in exporting hotel management services. These are just illustrations of how the fundamental competitiveness of the China-ASEAN economic structures has gradually given way to some level of complementarity so that a lot more in terms of economic transactions may be developed in the immediate future.

In terms of investments, in 1998, Singapore had 100 cooperative projects in China in labor service alone. In fact, Lee Kwan Yew said that he saw China as a useful economic partner for Singapore's second industrial revolution to move away from light manufactures to high technology. The Singaporeans see China's market as irresistible, because it will help Singapore diversify and reduce its trade dependency on the US, Europe, and Japan.

Malaysia's investments in Southern China in 1988 were over USD 200 million. Thailand invested about the same in various projects. China has also been investing in ASEAN countries. In Thailand, it has 38 projects going on in the construction, oil prospecting, pharmacy, and machineries. Many of the projects have not borne fruit yet, but China made a commitment to increase joint venture projects in ASEAN countries.

## **China's Role**

China takes note of these possibilities. It wishes to emphasize that cooperation with the region has also moved away from security concerns towards more pragmatic, economic approaches that stress common aspirations of progress, prosperity, and development. Given these developments – the increasing interdependence and linkages among the economies of Asia, in which China is playing an increasingly important role – and given China's observations about the collapse of bipolarism and its own preference for a multipolar new world order, how does China define its role for the region?

According to Chinese analysts and scholars, and to a large extent this is reflected in the behavior of their leadership in the last two decades, the strategic goals and aspirations of China for the 1990s are demarcated in terms of economic progress and development. These goals are advantageous for peace, stability, and development in the region. For as long as China will persist in its modernization efforts and continue to pursue very ambitious targets, mobilizing all of its internal as well as foreign resources for these objectives, then they will be making objective contributions to stability and development in the region. The question is, will China persist in the path of reforms and “open-door” policy?

It would seem that although there are differences in views within the Communist Party and China's leadership as a whole regarding

the pace and directions of reforms, there is a strong consensus that reform is right, the “open-door” policy has been validated, and that China should continue on this path for many years to come.

What about destabilizing factors that might force some changes in the orientation of the leadership? Here, I refer principally to the democracy movement. Is there a possibility that the democracy movement in China will develop to such a scale and threaten the regime in the same manner that the people’s movements in Eastern Europe led to the collapse of the socialist system? My own assessment is that the democracy movement will continue to be a nuisance, but will not lead to destabilization.

China’s contributions to the region’s stability will not only be in economic terms, although economic development is the principal rationale for China’s preference for a stable world order. China’s attitudes towards Japan, encouragement of dialogue in the Korean peninsula, and continuing cooperation on the Kampuchean (Cambodian) issue can also be seen as contributions.

It is on the issue of sovereignty that China has spoken very strongly on and over which she has appeared most threatening to neighbors. For as long as the questions of reunification with Taiwan and the successful return of Hong Kong are not resolved, China will continue to make uncompromising declarations of its sovereignty. This will affect us because of our involvement in the territorial disputes in the South China Sea. The resolution of the South China Sea disputes will have to go through a long process. China has already said it is willing to shelve the ownership issue and discuss joint management and cooperation regarding the disputed islands. We have, moreover, seen in the past that the Chinese have had successful negotiated settlements of border problems involving compromises and surrender of territory to the Soviet Union, India, Pakistan, Mongolia, Myanmar, and Vietnam, among others. These happened in conjunctures of Chinese history where they had felt confident, secure and not threatened by a hostile environment. Threat perception certainly contributes

a lot to China's inclination to resolve territorial disputes in favor of rival claimants.

Another role that China sees itself for the region, aside from stabilizer, is as facilitator of North-South dialogue, or as a voice expressing "South" interests. The North-South gap has become a new kind of Cold War. Failure to handle this properly will lead to problems with regional integration and cooperation. For example, the proposal for Pacific economic cooperation has been raised intermittently for decades but never really got off the ground. China figures the reason is the fact that North-South issues have never been fully addressed by the countries in these integration schemes, so that the concerns of developing countries and those at the disadvantaged end of relationships are not addressed by the proponents of integration.

Partly because China cannot compete with the US, Japan, and even the European economies economically or politically, it will be pushing for democratic conduct in international relations. This will not be done in an antagonistic, high profile manner that will put off China's partners in the West and in Japan and will be only secondary to China's more pragmatic interests. But, in order for China to play a meaningful role in the region and to achieve stability and peace required for its own modernization to succeed, it will need to quietly push for a new international political order. Since 1988, Deng Xiaoping has emphasized the need for such based on their five principles of peaceful coexistence. They will also continue to push for a new international economic order based on the principles of mutual equality and benefit, with developed countries needing to help resolve environment and debt issues.

A third role would be as a key link in economic growth and development, and this is what China would prefer to highlight. Much of the optimism about East Asia is in fact based on an outward-oriented China with its indubitably huge potentials. If development in southern China will succeed in initiating modernization and industrialization in the more remote areas

of the country, then prosperity for the 1.2 billion Chinese will naturally be a big boost to the progress and prosperity of the region as a whole. The expanding linkages in the Asia-Pacific and actual growth are predicted to help minimize and counter-act the emergence of hegemonism and the re-emergence of power politics in global as well as regional affairs.

## **Conclusion**

By way of conclusion, the question that we will have to address is: If China envisions its role in these terms for the immediate future, should we wish to encourage China to continue to play a stabilizing role, and in the process increase her stakes in the success of the regional economy? If so, then we should persist in dialogue with China, and hope that through both bilateral and multilateral initiatives, we will be bargaining with her from a position of parity. There is obviously a discernible wide common ground. If only we could possess the vision and inspiration to tread it wisely.

## **Notes**

1. Ma Zongshi (馬宗師). *Dangqian Guoji Jingji Jingzheng yu Hezuo* (當前國際經濟關係中的競爭與合作 [Competition and Cooperation in Current International Economic Relations]). (Hong Kong: Jingji Daobao [經濟導報 (香港)], 1991), 總 2238-2239, 63-64.