

Final paper

Course

Diplomacy of Contemporary China

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APEC China and the US in comparison

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ABSTRACT

In this paper the recent APEC¹ meeting held in Beijing from the 5th to 11th November 2014 will be discussed. Following a brief introduction on the history and the role of the APEC summits, the key importance of the East Asian region is to be examined. In particular I will focus on the significance that this area takes on for both China and the United States. Indeed, on one hand, because of historical and socio-economic reasons, China is likely to end up being the stakeholder in this area. However, on the other hand, since he came to office, Obama has stressed the importance of the East Asian region for the security of the US. This has been underscored by the fact that he paid visit to Thailand at the beginning of his second term.² At the end of the paper, a conclusion will be drawn over which one of these two countries is more likely to become the key player in the region.

KEY WORDS China, APEC, the US, regional player, regional blocs
TOTAL WORDS 3200

¹ APEC is Asia-Pacific Economic Cooperation, official website of the APEC, available at www.apec.org

² As Ben Rodhes, Deputy National Security Advisor, said on 18th Nov 2012 referring to the trip in Thailand *allies are the cornerstone of our rebalancing effort in Asia.*

INTRODUCTION

1. Why this paper is to discuss APEC

This paper will deal with the Asia-Pacific Economic Cooperation summit held in Beijing from 5th to 11th November 2014.³ The topics at stake were the following economy today, outlook for regional economic integration, economic reforms for sustaining competitiveness, how to build an innovative economy, finding new solutions beyond business as usual, securing the future of global finance, accelerating regional connectivity and tackling global inequality.

This meeting represented a unique chance for President Xi Jinping⁴ in order to boost his standing towards the United States. Indeed, this forum allowed a confrontation not only with major powers such as the US, but even other regional players like Japan and Russia.

The goal of this paper is to analyse both the American and the Chinese perspective within the APEC framework. Both States are to boost their influence and strategic goals in this area. The assumption hinges on the fact that the Asia-Pacific region is extremely relevant for these two big powers. It is worth mentioning that, on one hand, the US has always paid attention to this part of the world making and strengthening alliances especially following the end of the Second World War. Then, throughout the Cold War, a large amount of American deputy national security advisors considered fundamental to intervene here in order to halt and slow down the spread of communism. With the end of the bipolar structure and the globalization process, this region has become crucial given its fast economic development. Instead, on the other hand, China opened up to the international relations quite recently. Besides this, it is evident that China is willing to cooperate with neighbour countries in order to set up shared values so that its international image may be enhanced. Further, China is to shape and enlarge the concept of the *Chinese dream* within the bigger framework of the *Asia-Pacific dream*, given the importance of the cultural soft power in a international system that has clearly leaped over the Westphalia system⁵.

³ See note n.1.

⁴ Xi Jinping is the General Secretary of the Communist Party of China, the President of the People's Republic of China and the Chairman of the Central Military Commission.

⁵ It refers to the principle of international law according to which each Nation State has sovereignty over its territory and domestic affairs to the exclusion of all external powers.

2. A brief history of the APEC

The APEC was created almost at the end of the Cold War, 1989, with the purpose of easing free trade, economic cooperation and facilitating economic growth and prosperity in the Asia-Pacific Region.⁶ It encompasses 21 Pacific Rim member economies⁷. It was established as a quick response to the development of regional trade blocs in the world. Apart from raising living standards by a sustainable growth economy, one of the main goals of the APEC is to create a sense of community and shared values among the economies. It is worth recalling that the members of this organization account for roughly 40 per cent of the world population. Each year there is a meeting that is attended by the heads of government of all APEC members.

⁶ See note 1.

⁷ The economies are Australia, Brunei, Canada, Chile, People's Republic of China, Hong Kong, Indonesia, Japan, Republic of Korea, Malaysia, Mexico, New Zealand, Papua New Guinea, Peru, Philippines, Russia, Singapore, Chinese Taipei, Thailand, United States of America, Vietnam.

THE ARGUMENT

1. How the concept of traditional diplomacy has changed

Prior to assessing what both China and the US are trying to obtain from the APEC meetings, I consider extremely pertinent to set forth a brief analysis over the new means to carry out diplomacy. Firstly, it is a fact that the concept of nation is changing and even that of sovereignty.

Indeed, the principle of international law according to which each nation State has full sovereignty over its territory and domestic affairs to the exclusion of all external powers is subject to manifold exceptions. For example, according to the UN chart a State should not declare war unilaterally without the consent of the Security Council. Beyond this, States are much more connected among each other because of the interdependence of the economies. It must be pinpointed that economy and diplomacy are deeply tied. In fact given the interconnectudiness⁸ among States all over the world, economic diplomacy has become a tool through which protect and spread national interests.

*“The process through which countries tackle the outside world, to maximize their national gain in all the fields of activity including trade, investment and other forms of economically beneficial exchanges, where they enjoy comparative advantage; it has bilateral, regional and multilateral dimensions, each of which is important”.*⁹

This means that import, export, lending, investment, aid and free trade agreements become tools by which a State can pursue foreign policy objectives. At this stage, it is important to introduce two analytical frameworks through which analysing State’s behaviour. On one hand, according to the liberal point of view, economic integration will foster cooperation, promote peace and social welfare and smooth political tensions.¹⁰ However, on the other hand, following realist assumptions, the national interest will never be dwarfed by the economic factor. Thus, it will always be really challenging and almost impossible to overcome geopolitical tensions.

Therefore, a political analyst must always consider that economic ties may be helpful in overcoming and smoothing geopolitical tensions as it may be true the contrary. An example may be the relation between China and Japan that has been quite tense recently due to a territorial dispute

⁸ See Held, McGrew, *Globalization Anti-Globalization, Beyond the Great Divide* pp. 78-93.

⁹ Rana, 2007.

¹⁰ See Ludwing Von Mises, *Liberalism* pp. 100-170.

over a group of uninhabited islands. At the APEC forum there has been a meeting between the Japanese Prime Minister Shinzo Abe and the President of People's Republic of China Xi Jinping but relations still seem dour and far from thaw.¹¹

2. Why the Asia-Pacific Region has a key importance

Nowadays all the eyes are on the Asia-Pacific region because of several reasons. First of all, it is the region that is growing the fastest economically speaking. Secondly, it is made up of manifold States allied with the US such as Japan, South Korea, the Philippines, Thailand and Australia. Due to the rise of China, it is evident why the US has attempted to rebalance¹² the influence of the People's Republic of China in this region in recent years. After all, this region is crucial to the global economic and geopolitical development. In a nutshell, the point at stake is that because of the unprecedented and continuous Chinese economic growth, the power structure within the Pacific region has deeply changed and it has brought to question the predominance of the US in the Pacific region.

3. The US and the Asia-Pacific Region

When Obama came to office as the president of the United States in 2009, he immediately stressed the key importance of the Asia Pacific region, the fastest growing region in the world. The US is aware of the fact that this region will shape and determine the security and prosperity of the world. Further, in this part of the world, the Americans have been for a long period predominant.

For this reason, they have been engaging in multilateral institutions such as the Association of South East Asian Nations¹³, the East Asia Summit, the Asia Pacific Economic Cooperation and the Trans-Pacific Partnership. Further, the US is trying to engage with emerging partners such as Indonesia, Vietnam, Singapore, Malaysia, Brunei and New Zealand. All these efforts are part of the strategy called rebalancing whose formulation is partially due to Daniel R. Russel who is the assistant secretary of the bureau of East Asian and Pacific Affairs. The major goals set forth by this strategy are strengthening alliances and deepening the US engagement with multilateral organizations.

¹¹ For further info see Senakaku-Diayou island dispute.

¹² For further info see Reid Lidow, *Obama in Asia Rebalancing the Pivot* in the Diplomat.

¹³ Official website of the ASEAN at www.asean.org.

Rebalancing had already been introduced during the first term of President Obama but this policy seemed to have wobbled a bit. Following the beginning of his second term, this strategy has been called Pivot 2 and its main goal is to establish new partnerships in order to get new markets and bring about spill-over effects.

It is important to recall the fact that the rebalancing strategy was put forward even because the US military presence in the Middle East was winding down throughout the first term of President Obama. However, right now, because of the new threat of the ISIS,¹⁴ it is wise to wonder whether or not the US will be able to effectively spread its influence and power in the Pacific region. Indeed, the question whether or not the US will be able to sustain the rebalance is pretty significant. Apart from the ISIS, the US faces other challenges and hustles like strengthening NATO in order to prevent the Russian threat and national issues related to the fiscal challenges due to the mounting debt and the partisan politics.

4. China and the Asia-Pacific Region

First of all, it must be stressed that China opened up to the international society following the reforms carried out by Deng Xiaoping.¹⁵ In addition to this, it has been striving in order to match up with international standards and to engage itself in the existent international regime. Thus, it has become member of manifold trans-regional mechanism among which APEC¹⁶, the Asean Regional Forum and the Trans-Pacific Partnership and also new regional institutions like 10+3, East Asia Summit and the Regional Comprehensive Economic Partnership.

Nowadays no country can play a significant role at the international stage without being engaged in an international framework. China is to follow the rule-based international order. Only in this way it can gain the maximum comparative advantage. All the States are in a global community that can be described as a hierarchical system of powers. For all these reasons, the People's Republic of China has attempted to be involved into regional integration and security concerns within the globalized community.

Regarding regional integration, it is relevant to say that China has been boosting East Asian integration. The main aim is to avoid and limit the outburst of violent conflict in its neighbourhood. This will protect its national interest, especially the one related to economic growth.

¹⁴ ISIS, the Islamic State of Iraq and the Levant, is an Islamic extremist rebel group.

¹⁵ For further info see Ezra F. Vogel, *Deng Xiaoping and the transformation of China*.

¹⁶ See note 1.

Overall it is pretty obvious that China has the political and economic potential in order to be the regional leader in the East Asian Community and the Pacific region. Throughout the years it has been boosting inclusiveness, peaceful coexistence¹⁷, multilateral mechanism and regional integration.

It seems that, even though the US is trying to carry out Pivot 2.0 policy, a new balancing is about to appear. Indeed, following a situation of equilibrium among the three major blocs in the world- the West, the Middle East and the East and then of imbalance due to the Western predominance, nowadays a new path has opened. The path towards a new balance carried out by China.¹⁸

*After two centuries of Western Domination China and India are poised to chain their places.*¹⁹

5.Results achieved

At the end of this summit, important accomplishments have been achieved especially between the US and China. Cooperation was further strengthened. First of all, China has launched the Free Trade Area of Asia Pacific –FTAAP-. Further, regarding the military field, cooperation with the United States has been toughened. A mechanism of information exchange on military operations has been established. Perhaps, the major achievement has been the landmark agreement over climate change. China will start reducing greenhouse gas emissions following its peak that it is estimated to happen in 2030. On the other hand, the US has agreed upon a reduction by up to 28 per cent by 2025.

Lastly there have been talks regarding cyber-espionage. The cyber topic is quite hard to handle and is not smoothly controlled. Moreover, both China and the US have strong position over this subject. Despite that, they have been able to collaborate. Thanks to cooperation, common interests can be both protected and achieved and the main result is that everybody wins. At the end cooperation is likely to bring about a win-win situation.

¹⁷ For further info see Qingmin Zhang, *China's Diplomacy* pp. 96-112.

¹⁸ Concept developed by the professor Su Hao.

¹⁹ Quote by Clyde Prestowitz.

Apart from the agreements reached between these two superpowers, other initiatives are to be recalled. Among them, it is worth mentioning the declaration of anti-corruption over Asia-Pacific²⁰ and the Asia Infrastructure Investment Bank promoted by China.

The last point to be analysed regards the role of the US within this APEC summit 2014. Overall the US had a secondary and marginal role. To explaining this, it is worth mentioning that the APEC was initially proposed by the US and Australia. It was a way by which the Americans could carry out their strategic interests. The APEC meant a regional platform thanks to which the US could stretch its hands by ways of military alliances with States such as South Korea, Japan, the Philippines, Thailand and Australia. However, during the APEC 2014 held in Beijing, the US has not been very active. It was China that carried out the proposal of a free trade area over the Pacific within the APEC framework. At the very origin the US came up with this idea but never strived to make it concrete. China picked this blueprint up. The result has been significant. Indeed, the Chinese proposal registered a huge consensus aimed at developing a concrete policy as the long-term goal for the future.

6. Preliminary conclusions

The APEC surely represents a strategic option for China and for the spread of its foreign policy principles. Indeed, this multilateral platform allows China to be multilateral in many fields from free trade to military cooperation.

A large amount of questions arise like whether or not China will start using sticks instead of carrots within the framework of economic diplomacy and whether or not these two countries will be always competitors. For China it would be convenient to encourage the formation of a geo-political and economic plate and to limit the influence of the Americans in the region given that China is the biggest economy in East Asia and second largest economy in the world.

Beyond this, it is undeniable that China is not only to become the regional player but it has a responsibility towards the other East Asian countries. Indeed, it should become the responsible stakeholder in the region, fostering security and stability as well as prosperity in the region.

A fight between the US and China is not really feasible, given that in a case of a conflict there will be no winner. In this scenario the Blue Ocean Strategy is the best option available for China.²¹

²⁰ For further info see <http://www.apec.org/Groups/SOM-Steering-Committee-on-Economic-and-Technical-Cooperation/Working-Groups/Anti-Corruption-and-Transparency.aspx>.

²¹ Concept developed by the professors Su Hao as opposed to the Red Ocean Strategy wherein two competitors fight against each other directly.

CONCLUSION

The current international system is not anymore based on the Westphalia architecture²². The concept of nation is blurring as well as phenomenon as globalization and regional integration are shaping national interests. Further, it must be taken into account the increase of non traditional security issues such as terrorism, piracy, drug-smuggling, illegal immigration that require cooperation among States not competition. In addition to this, it is convenient to all the international system to avoid the outburst of violent conflict among big powers. In a scenario of a conflict there will be no winner and as a result the economic and security community would be weakened.

According to my opinion, economic cooperation is helpful to maintain a balance in the near future. Furthermore, because of the rise of regional blocs, it will be difficult for just one country to be the top leader. Legitimation and cooperation will be the basis for the advancement of international relations. Geopolitical tensions will keep happening but it is unlikely the outburst of an open conflict given that no one can overcome totally the other.

Moreover, it must be said that China is playing within the rules of an international system. What is striking and challenging is that we are assisting at the development of groups such as ISIS that are not a State. In addition, they do not follow the rules of the game and they represent a big threat for all the civil nations around the world.

One point that must be further unfolded is the fact that China and the US are competitors. However, they are somehow linked and interconnected. Even though they have sharp differences in values, political systems and culture, I believe there is room for them to keep working together. Indeed, China is a continental power, while the US is a maritime power in the Pacific region. It must be noted that China depends on overseas markets in order to gather energy and resources and explore new markets. At the end, economic needs will be helpful in keeping the balance.

Despite this, it must be added that in order to maintain a stable global order, integrated regional blocs seem to offer the best option. These blocs should be based upon geographical proximity. Thus, it seems appropriate for China to become the dominant leader in the East-pacific region. Moreover, the US faces many other challenges and cannot project all its resources in this area. What remains to understand is whether China is really willing to rise in a peaceful manner. However, it is useful to keep in mind that at the end of the day cooperation is what will always bring a win-win situation.

²² See note 5.

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