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Analysis on the Challenges of Globalization, the Growing Role of China in the World Economy and Politics, and the Dynamism of the Asia-Pacific Region

Dr. Chen Dongxiao
President of Shanghai Institutes
for International Studies (SIIS)

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Organized by: Center for China and Asia-Pacific Studies, Universidad del Pacífico, and the Diplomatic Academy of Peru Javier Pérez de Cuéllar

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Analysis on the Challenges of Globalization, the Growing Role of China in the World Economy and Politics, and the Dynamism of the Asia–Pacific region

1. Introduction

Shanghai Institutes for International Studies (SIIS) is a think-tank specialized in China's foreign policy and international affairs that possesses a close working relation with governmental institutions in Beijing, in particular with the Ministry of Foreign Affairs. The institute provides researchers to the ministry and has also enlisted several retired ambassadors as non-resident research fellows.

This document offers China's think-tanks perspective on how the Chinese government perceives and addresses its present and future relationship with the world while considering the implications for its diplomatic agenda and bilateral relations. Three major questions will be addressed: 1) How does China view the changes in the world, specifically the new features of globalization and their driving forces? 2) How will changes and perceptions help shape China's diplomatic agenda for the next decade? 3) What implications will these changes have for China's relationship with Latin American countries?

2. Major changes in the World

World politics has entered a new historical cycle of great instability and uncertainty, which manifest themselves in at least five ways.

First, strategic instability between major powers is growing, and geopolitical competition between the United States, China and Russia has deepened. Transatlantic tensions have also increased and threatened Western solidarity since Donald Trump came to power.

Second, efforts to improve the global governance institutions seem to be heading nowhere. For instance, the fight against global climate change was placed under strain when the Trump administration pulled the United States out of the Paris Agreement. Likewise, the integrity of open world trade and the multilateral international economic order is under threat due to the unilateralism and protectionism of some countries.

Third, strategic anxiety among mid-size and small countries is growing. Traditionally, regional blocks like the European Union (EU) and the Association of Southeast Asian Nations (ASEAN) have tried to enhance solidarity and increase their political influence on the world stage. Nonetheless, emerging regional and trans-regional groups, such as the Shanghai Cooperation Organization (SCO) and the BRICS nations (Brazil, Russia, India, China, and South Africa), are gaining momentum. The same can be said of Latin America where regional and subregional integration is accelerating both in breadth and depth.

Fourth, while traditional regional hotspot issues like the Iran nuclear deal and the North Korean nuclear crisis have reached an inflection point where breakthroughs will make huge differences, non-traditional challenges are also proliferating and threatening humanity.

Fifth, identity politics has made a strong comeback in developed economies. In particular, the resurgence of populism, protectionism and nativism has impacted government policy-making. The Trump administration's unilateralism and "America first" nationalism have exerted a negative influence on world politics, economy, and security. Adding

together all these factors, one cannot help but question whether today's world is heading towards a great convergence or great divergence. The well-known Chinese proverb "a world long united will be divided and a world long divided will be united" makes people wonder at what stage in history we are.

There are two narratives around the dynamics of the tension between convergence and divergence and the driving forces behind it.

The first narrative contends that today's world is the product of interplay between economic convergence and political divergence. On the one hand, the globalization of capital, production, and information is what drives global convergence. On the other hand, worldwide inequalities in development and distribution, escalating identity politics, political polarization, and great-power competition are dividing the world. Here new key players, especially rising economies, are joining the game.

The second narrative argues that the Western and non-Western worlds are entering a new era in terms of their interactions, thus producing changes of historical proportions. From a macro perspective, the new modernization in the non-Western world coincides with the post-modern rebalancing process in the western hemisphere. A great wave of modernization has swept the non-Western world since the end of the Cold War and, by the end of the 2010s, the vast developing regions (China, India, Southeast Asia, Latin America, and Africa) had completed their preliminary transition from low-income to middle-income status.

According to a World Bank report, around 40 of the organization's 189 member countries are advanced economies and 108 of the remaining 150 have become middle-income ones. The so-called MICs have a combined population of more than 5.5 billion people and account for one third of global GDP. Developing countries are now marching towards a more advanced phase of development, or upper-stage modernization. This process is unprecedented and will benefit vast populations and territories, but challenges, whether domestic or international, will also arise along the way.

Whether this advanced phase of modernization can be achieved without upheaval is a common challenge in the developing world. Major domestic issues for developing countries include governments governance capacity-building and the upgrading of economic, political, and social structures. At the external level, concerns focus on whether the dominant Western international system can accommodate to the collective rise of non-Western countries. Meanwhile, since the end of the Cold War the developed economies have been navigating into a period of post-modern rebalancing. A new equilibrium is desperately needed amid the increasingly ferocious competition between the nativism and populism manifested by Brexit and Trump's election on the one hand, and globalism and elitism on the other.

In developed countries, the glaring divide between open and competitive globalism and the protective leveling of nativism and populism is driving the beneficiaries and victims of globalization even further apart. This is drawing a new line in the global geopolitical and economic landscape. The United States is involved in this process and may tilt the overall balance either way given its economic and political weight. And the West, as with the rest of the world, is facing great pressure for internal transformation. Thus, when in the future the new modernization of the developing world and the postmodern transformation of the West come into contact, the interaction might be inclusive, stable, and collaborative or more exclusive, confrontational, and chaotic. Either way, the result will exert a huge and lasting impact on the future course of history.

In other words, the great convergence or divergence of the world will depend largely upon whether the postmodern values of developed countries merge or clash with the modern values of developing countries. These two competing narratives influence China's perspective of itself and the world.

3. China's Diplomatic Agenda for the Future

China's diplomatic agenda under President Xi Jinping has combined continuity with profound adjustments. It has not only responded and adapted to the changing context but also stressed the importance of shaping favorable circumstances and circumventing negative ones. The country's foreign policy is characterized prominently by its adherence to fundamental principles, and when facing uncertainty it follows four main principles.

First, China adheres to the One-China principle, and so there should be no doubt that any threat to it would provoke a strong response from Beijing.

Second, China follows the principle of cooperation. For instance, on China–United States relations, President Xi stressed upon meeting his US counterpart in Florida in April 2017 that cooperation was the only right choice for both.

Third, China advocates the principle of major countries' responsibility.

Fourth, China supports the principle of non-interference in other countries' domestic affairs.

In addition to these four long-established principles, President Xi, known for his strategic thinking and planning, has placed his own personal stamp on the diplomatic agenda. During the third Group Party Session of the Political Bureau at the 18th CPC Central Committee in 2013, Xi called for enhanced strategic thinking and confidence and a better balance of China's overall domestic and international interests. He has always approached current world affairs and China's relationship with the rest of the world with a systematic, long-term view. In this framework, the notion of "building a community of shared future for mankind" was established as one of China's basic strategic objectives at the 19th CPC National Congress in 2017.

Moreover, on March 2018, a new amendment to the Constitution of the PRC was approved at the first preliminary meeting of the 13th National People's Congress, where the phrase "building a community of shared future for mankind" was added to the preamble. This shows that the Chinese government is committed to step up its efforts to build an international and regional order characterized by peace, development, cooperation, and win-win results. Furthermore, the idea of a "community of shared future for mankind" was also written into many UN resolutions as well as those of other multilateral institutions. This notion of building a community is China's vision for the future and to realize it the country has come up with three important propositions.

First, to build an extensive new partnership around the world.

Second, to engage more proactively in global governance.

Third, to build a platform based on the Belt and Road Initiative (BRI) to promote new partnerships for better global governance.

Building a broad-based partnership around the world is one of the major pillars of China's diplomacy. As China rises, some Chinese scholars argue that the country should pursue a strategic alliance to expand its global footprint and counteract strategic pressure,

especially that exerted by the United States and its allies. In contrast, the Chinese government and mainstream academics believe that a strategic alliance, including a military one, will lead to a high-risk confrontation similar to the Cold War and undermine the megatrend of peace, development, and cooperation, which is inconsistent with China's long-term interests.

Therefore, based upon the five principles of peaceful coexistence and the principle of a new type of international relationship of mutual trust, equality, justice, and win-win relations, China proposes to build a new, broader-based partnership to meet emerging global challenges. A review of China's textbook on diplomacy shows that it has established many strategic partnerships under different names: comprehensive strategic partnership, overall strategic partnership, and new strategic partnership. In essence, China believes that establishing or cultivating strategic partnerships, rather than conventional strategic alliances, is very important.

The Chinese government also advocates for more proactive engagement in global governance. The development of globalization and multipolarization has led Chinese scholars to discuss how China should play a bigger role on the international stage. On this, there is also debate; some suggest China should continue to enjoy the so-called free-rider dividend, keep a low profile, and eschew global leadership in order to avoid sharing the burden of world's responsibilities given the preliminary stage of its economic development. Instead, the focus should be on the domestic agenda.

In contrast, mainstream scholars believe, on the one hand, that the world is facing many pressing challenges such as a development and governance deficit and a lack of efficiency and legitimacy when it comes to achieving more balanced, inclusive, and sustainable development; and on the other hand, that the expectation on China to assume a larger share of international responsibilities has been on the rise at home and abroad since the start of this century. After 40 years of reform and opening-up, China's interests are intertwined with those of the outside world, so it is consistent with the country's own development and security interests to keep building and improving global governance, multilateral cooperation, joint contributions, and shared benefits.

This shift in strategic thinking has been driving China to be more proactive towards global governance over the last five years. Regardless of this, some voices outside China argue that it has given up its modest yet prudent foreign affairs strategy in favor of a more assertive policy. This observation fails to capture the internal impetus of China's proactive diplomacy.

Moreover, China has proposed the BRI as a means of promoting interconnectivity in this new era. Since the initiative was made public, there has been a heated discussion in the international and academic community about its role. Regardless, the BRI is a transregional economic cooperation platform that differs from the existing regional model of economic integration. Likewise, it is development oriented and stresses the importance of flexible and diverse methods of regional cooperation and governance. After five years, it has become an important and major engine of economic cooperation in Eurasia, Central Asia, South Asia, and Southeast Asia. Similarly, it has been quite well received in Latin America.

Even though the BRI is an innovative transregional cooperation mechanism, it is still in its early stages of implementation, so it is natural that problems and challenges will be encountered in political, security and economic terms. Nonetheless, the goal is clear and China understands that it will not be able to succeed alone. The BRI aims to enhance the free flow of production factors; bring multilateral cooperation to a new level for win-win relations; and, through extensive consultation and joint construction, improve policy,

infrastructure, finance, and people-to-people connectivity. In essence, the BRI will be a major platform for China to build new partnerships and improve the network of global governance.

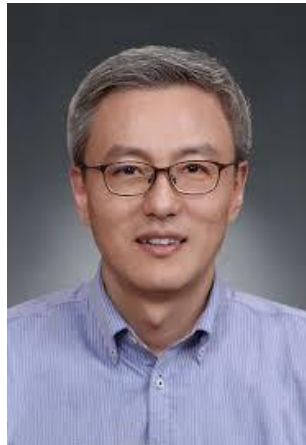
4. Joint Actions to Achieve Win-Win Cooperation in an Uncertain Era

Latin America and China are geographically separated, but, as developing economies, both aspire to a world of peace and prosperity. Although some Latin American economies have suffered financial and economic volatility in recent years, the overall political and social situation remains stable. In particular, Peru has witnessed positive developments in its politics, economy, and social progress.

Thus, no matter the major changes in regional power configurations, all Latin American governments have conducted reforms to develop their national economies and improve citizens' well-being. This strategic choice has provided strong impetus and solid foundations to advance China–Latin America cooperation. In the political dimension, high-level government exchange has brought the relationship to a new high; and in the economic dimension, increased practical cooperation is serving to upgrade the trade pattern and identify new growth points. This new economic cooperation is based on a more sustainable balance between trade and investment.

With regard to the social and cultural dimension, people-to-people exchange has become a new facet of the relationship. In the future, initiatives such as the BRI will act as driving forces of practical cooperation. Multilaterally, China and Latin America are also building strategic consensus on a wide range of issues; they have increased their Asia–Pacific interactions and raised the global significance of their coordination.

5. Biography of the Author



Professor Chen Dongxiao is President of Shanghai Institutes for International Studies (SIIS). He obtained his Ph.D. from Fudan University and specializes in the United Nations, China's foreign policy, and China–United States relations. Dr. Chen has published extensively on UN reform and China's multilateral diplomacy.

He has led numerous research projects commissioned by the China National Foundation of Social Sciences Studies, the Ministry of Foreign Affairs, the Ministry of Finance, and the Taiwan Affairs Office of the State Council, among others. He is the chief editor of China Quarterly of International Strategic Studies (CQISS), a flagship English-language journal on China's diplomacy published by SIIS and the World Scientific Publishing House (Singapore).

Moreover, Dr. Chen is the high-level advisor of the Independent Team of Advisors to the ECOSOC Dialogue on the longer-term positioning of the United Nations Development System (2016), a member of the ASEAN Regional Forum's group of Experts and Eminent Persons, senior advisor on economic diplomacy to China's Foreign Ministry, and senior advisor on the International Business Leaders Advisory Council to the Mayor of Shanghai (IBLAC).