



China's Foreign Policy and Global Strategy in a Changing World Order

UCT GSB ROUNDTABLE REPORT – 10 AUGUST 2012

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Lectures & Seminars Series



The rapid wave of globalisation in the international economy over the past two decades has prompted unprecedented levels of international economic integration across the world. In recent years, this has been accompanied by a shift in the balance of power in the global economy, with emerging economies and developing countries playing an increasingly prominent role in global economic activity. Principal among these is China, whose rapid ascent to become a formidable global force has been underpinned by astonishing economic growth and rampant industrialisation. The rise of China has contributed to rapidly shifting dynamics in world trade and global economic and political power. Against this backdrop, the need to understand China's role within the changing world order has become increasingly important for governments, firms and nations alike.

With this in mind, the University of Cape Town's (UCT) Graduate School of Business, in partnership with the Global Re-Ordering: Evolution through European Networks Project (GR:REEN), hosted two of China's foreign policy thinkers for a roundtable discussion to explore the political, economic and strategic drivers of China's foreign

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policy and to gain insight into the future role that China will play in shaping a changing world order. This report outlines the key points of discussion emanating from the event.

The first of the speakers, Ambassador Ma Zhengang, former Chinese Ambassador to the United Kingdom and the Chairman of the China National Council of Security Cooperation in the Asia Pacific, emphasised the reality that the world is currently undergoing great change, marked by the rise of a large number of developing countries and emerging economies. This new phenomenon is resulting in a change in the balance of power in the world economy. China, currently the second largest economy in the world, has emerged as a central actor in these changing global dynamics. According to Ambassador Ma, this has prompted rumours, speculation and fallacies about the 'threat' posed by China to its foreign counterparts. As a result, he emphasised the need for the world to have a better understanding of China and, in turn, for China to better understand its position in the world in the context of rapidly shifting global dynamics.

He highlighted the remarkable progress that has been made since the formation of the People's Republic of China, particularly since the Chinese leadership, under Deng Xiaoping, decided to embrace globalisation in 1978 and implement a policy of opening up to the world. In this respect, Xiaoping proved to be the architect of Chinese modernisation, pledging to double the country's gross domestic product (GDP) twice by 2000. In essence, this modernisation strategy has sought to build China into a rich, strong, harmonious and modernised country. Nevertheless, Ambassador Ma was quick to caution that China is still in the midst of industrialisation and has yet to reach the post-modernisation stage witnessed in the world's advanced economies.

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With respect to China's foreign policy strategy, he explained that China believes that it is impossible for one country to develop alone in today's globalised world, with the country's destiny therefore inter-linked with that of the rest of the world. This has given rise to a doctrine of common development, which the Chinese leadership believes requires both domestic stability and a peaceful global environment in the long term.

Ambassador Ma emphasised the importance of the principle of independence in China's foreign policy strategy, explaining that the country's foreign policy strategists judge what happens in the world according to China's own principles. Aligned to this, China does not establish alliances with any one country and is, hence, not bound by obligations to other countries. Instead, its foreign policy approach is determined independently. At the same time, he highlighted China's belief in the importance of regional cooperation and good neighbourly relations. More generally, he explained that China's foreign policy is grounded in the principle of mutual trust for mutual benefit and, therefore, places great emphasis on trust and cooperation in engagements with other strategic actors in the international political economy.

Finally, Ambassador Ma turned to China-Africa relations, explaining that the Chinese regard their African counterparts as "brothers" owing to their similar histories and struggles. This has provided motivation for the country – in its engagements on the continent – to focus on assisting African nations economically. China's burgeoning

economic might has provided an even greater opportunity for China to engage with African countries in a new type of partnership characterised by increasing Chinese investment on the continent, particularly investment targeted towards infrastructure development. In this respect, Ambassador Ma closed by arguing vehemently against allegations that China was engaging in a form of neo-colonialism in Africa.

Thereafter, Professor Wang Yong, Director of the Centre for International Political Economy at Peking University, spoke on developments in Chinese foreign policy within the context of the shifting dynamics in the global economy. Professor Wang explained that in the previous Century the Chinese had sought a new identity and understanding of international relations, which precipitated two stages of development in Chinese foreign policy. The first stage in the late 1970s represented a watershed in terms of China's global engagement, and was marked by the beginning of economic and political reform and opening up of the Chinese economy to the rest of the world. In the second stage, Chinese policy makers sought to strike a balance between national interests and concerns held by other countries about the Middle Kingdom's foreign activities. This stage was marked initially by a strong focus in Chinese foreign policy on foreign assistance, particularly to African countries. In line with these developments, the desire to establish a more equitable and just world order, in which the rights of developing countries are properly protected, has represented a central objective of Chinese foreign policy.

Focusing on China's role in the world economy within the context of the rapid wave of globalisation in the past two decades, Professor Wang explained that by joining the global economy, China has forged a new relationship with the world. This has been accompanied by recognition on the part of Chinese policy makers that it is only by engaging with the global economy that China can develop. By opening up to the world, China has recognised the importance of learning from different countries, and competition for foreign investment and trade has proven to be a positive force in Chinese development. It has also reinforced the value of maintaining domestic stability, both in the form of social and political stability. Moreover, the significance of maintaining a good relationship between China and the world's major economies has been heightened in the wake of China's renewed engagement with the rest of the world. Taken together, these realities have influenced China's foreign policy strategies, and have manifested in clear linkages between Chinese foreign policy and the country's domestic economic strategies.

Professor Wang also outlined China's foreign policy principles and objectives within the context of existing global governance structures. Specifically, he stressed that China and the world's other emerging powers are not seeking to overthrow the current international order (which remains structured around the post-World War II Bretton Woods System), but are rather attempting to work within this order and reform it so that it is more equitable from the perspective of the world's developing economies. Aligned to this, both the Chinese media and the leaders of the Middle Kingdom view the emergence of the G20 as an historical achievement, and one which can form the basis for cooperation between emerging economies and the world's developed countries.

Finally, in continuing the theme of commonality in interests among the world's emerging powers, Professor Wang asserted that recognition of the value of South-

South cooperation has prompted China to work very closely with South Africa and other countries; and this cooperation has not been limited to efforts to reform the existing international order. For instance, in the case of Chinese-South Africa relations, this extends to cooperation for mutual economic benefit stemming from complementary economic relationships, particularly given the overlapping trade patterns of key industries in the two countries. In closing, however, Professor Wang emphasised that there remains a need for China and South Africa to work together more closely to expand their common economic interests.

Thereafter, the Chairperson invited the discussants assembled for the panel to respond to the comments made by Ambassador Ma and Professor Wang. First, Professor John Luiz of UCT's Graduate School of Business presented a South African and African perspective on China's expanding role on the continent. He began by outlining the history of Chinese engagement with Africa, which has evolved from military support and a focus on political issues to place greater emphasis on economic considerations. In line with this shift in emphasis, China published a Comprehensive Policy Statement on Africa in 2006, and this paved the way for formal relationships to be established between China and 49 African countries by 2010. Today, Chinese outbound direct investment (ODI) accounts for close to 20 percent of all ODI into Africa from developing countries. Even more significant has been the surge in China-Africa trade, which has grown from under US\$ 10 billion in 2000 to reach more than US\$ 80 billion. Professor Luiz explained that contracted projects have represented an important channel through which China interacts with Africa, particularly with respect to infrastructure development projects.

Within this context, Professor Luiz outlined four prevailing perspectives on China-Africa relations, arguing that each one is fundamentally flawed. The first perspective is grounded in the view that China is a development partner on the continent, with its relationship with African countries driven by development cooperation. The second perspective asserts that China is simply an economic competitor, scrambling for resources in Africa and has no desire to bring about real development on the continent. According to this view, the relationship between China and African countries is fundamentally asymmetrical. Similarly, the third perspective claims that China is positioning itself to be a new colonising power in Africa. Finally, departing from these views, the fourth perspective is based on the view that China is filling a vacuum created by Western disengagement from the continent, with Western powers opting to redirect assistance to other parts of the world.

In the face of these prevailing perspectives, Professor Luiz argued that there is a need to bring realism to these debates. In his view, China is no worse and no better than its Western counterparts with respect to its engagements with Africa; and its interests on the continent are its own interests. In line with this, Africa needs to determine its own economic and political path and approach its external engagements with this path as the defining point of departure. At present, however, Professor Luiz argued that too much engagement is occurring at the level of individual states, with the result that much of the investment that is flowing into Africa is heavily tied to contracts with Chinese companies. As a result, Professor Luiz suggested that the notion that there are similarities in the economic positions and interests of China and African economies needs to be modified given China's current economic stronghold on the continent. Furthermore, he called for more

analysis on how China's influence is impacting on Africa's economic thinking and strategies.

Professor Luiz concluded his response by arguing that while Chinese economic influence on the continent has been broadly positive, it must be recognised that this has arisen primarily due to its demand for natural resources – which has driven up commodity prices and led to favourable terms of trade for African economies. He added, however, that this has been a strong driver of growth on the continent.

Ms Sanusha Naidu, a Senior Researcher on the South African Foreign Policy Initiative at the Open Society Foundation, concurred with Professor Luiz's argument that there is a need to go back to theory and how it relates to real world issues within the context of Chinese-Africa relations. According to Naidu, much of the debate around China's role in a changing world order arises from the fact that scholars are constantly looking at China through different lenses. The current reality in the global political economy has sparked a search for a stabiliser that will act as a responsible global actor, effectively fulfilling the role of a hegemon. This is a product of differences in multipolarity and multilateralism in a changing world order.

Ms Naidu argued that there is a fundamental tension between historical interpretations of Chinese foreign policy and pragmatic issues on the ground. In this respect, she raised the question of what happens to the principles of a peaceful world, interdependence and collaboration when a country's interests are threatened. According to Ms Naidu, while complementary relations between emerging actors are possible, there are also levels of tension which may manifest from an international trade perspective in the presence of tariffs, non-tariff barriers or moves to protect markets and industries. Tensions along these dimensions have already played out in the setting of the World Trade Organisation.

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Questions and Answers

Following the presentations by the speakers and the responses from the discussants, Professor Soko invited members of the audience to direct questions to the panel. Here follows a sample of questions and accompanying responses from members of the panel.

Q: *Tensions exist between protecting markets and industries and promoting development and trade. There are cases such as the prevailing exchange controls in China that must affect collaboration and cooperation, and may suggest that China's first priority is to protect its economy rather than collaborate and promote two-way trade and cooperation. Is this the case?*

A (Professor Wang Yong): Idealism does matter in relations between China and Africa – terms such as mutual benefit and mutual interest have been emphasised by Chinese leaders and in the state's policy documents. In fact, these terms are deeply embedded in traditional and cultural doctrines in China. It is important not just to emphasise negative issues such as competition in specific industries. Instead, there is a need to look at new fields of cooperation for mutual benefit.

Q: *Is China willing to cooperate with African countries based on their demands rather than China's own interests.*

A (Ambassador Ma Zhengang): China maintains a commitment to peaceful development and common development. While China's focus is to improve the circumstances of its own people, it is not the country's intention to become a world superpower or leader or to compete with any country for world domination. Given that China only has limited natural resources, cooperation is a very important sentiment in Chinese foreign policy. China stands for common development, and its commitment to help African countries is regarded almost as a moral obligation given the common histories shared by China and African nations, and the support that China has received from Africa in the past. China regards other countries as partners in mutual cooperation, but in the case of Africa, it goes beyond that.

China does not follow the pattern of development of other countries but, instead, learns from them. In turn, China does not seek to sell the Chinese pattern of development to any other country. Instead, the Chinese view is that all countries must follow their own pattern of development. Therefore, China does not impose its ideology or values as a condition for cooperation. As a result, despite receiving criticism for its policy of non-interference, China stands for a new type of relationship as equals among countries.

Q: A very strong work ethic has enabled China to become an enormous economic machine. In Africa, Chinese companies have consistently brought Chinese workers to work in Africa. Can you please comment on the differences in work ethic in China and Africa?

A (Professor Wang Yong): This is a complicated issue. Chinese companies do, in fact, hire large numbers of locals. At the same time, however, Chinese companies like to work quickly and there are cases where they are not satisfied with the work ethic of local workers in Africa.

Q: It has been argued that China does not seek to influence or export ideology. Instead, it has a non-engaged stance. However, there is a concern that there are dysfunctional governments in Africa and sanctions are required. Does this mean that China should not just engage with certain African governments because it may lead to state-to-state contracts that entrench positions of power?

A (Ambassador Ma Zhengang): China has a whole consideration in its engagement with countries. It is not just targeting natural resources. Without development in Africa, the Chinese cannot achieve world prosperity. At the same time, China stands for a non-interference policy. It will not dictate to African countries; it believes in the wisdom and capability of Africa. China really cares about progress in Africa. We are not just business or trade partners, but all round partners.