

CHAPTER SIX

CHINESE FOREIGN POLICY STRUCTURES

This chapter discusses the internal and external foreign policy structures of China. The internal foreign policy structure of China is hierarchically categorised into four types. In this study, the United States, Japan, Russia and all small powers collectively in the Pacific Rim constitute the external foreign policy structure of China. However, analysis of Chinese power status and interests in the Pacific Region precedes examination of the aforesaid sources of influence on Chinese foreign policy.

6.1 China's Power Status

The People's Republic of China (PRC) is a rising Asian power. It is predicted that China will become a world class power over a time span of a quarter century.¹ Strategically, China is the third largest nuclear power as well as one of the top five arms exporters. Economically, according to World Bank estimates, China has registered an average growth rate of nine percent annually since the 1990s. If its growth rate persists, in a decade or two, China would surpass the United States and become the world's biggest economy.² China's modernisation policy supports the above prognosis. China has embarked on modernisation of its agriculture, industry, defence, and science (AIDS) (also known as the four modernisations) since the 1980s. The Chinese leaders view both geoeconomic and geostrategic factors as essential elements of national power in the post-Cold War era. Therefore, some quantitative analysis would help understand China's geoeconomic and geostrategic status on a global scale.

The indicators of China's economic performance on a global scale are Gross National Product (GNP)/Gross Domestic Product (GDP), Volume of Total Trade (i.e. exports/imports ratio), Foreign Direct Investment (FDI), and China's membership of global financial institutions and organisations. However, China's strategic or military indicators range from manpower, military equipment, contribution to peacekeeping operations around the globe, defence expenditure, and deployment of its military forces both on the mainland and around China's borders as well as abroad.

China recorded GNP of \$226, \$252.3,0 and \$275.9 billion in fiscal years 1993, 1994, and 1995 respectively. However, China registered a GNP of \$906.1 billion in 1996. China's GNP is considered to be the third highest in the world after the US and Japan. It recorded GDP of \$639 billion and \$703 billion in 1997 and 1998 respectively.³ Though China's GDP declined in 1997, its GDP recorded a steady increase in 1998. Moreover, China's GDP per capita for fiscal years 1994 and 1995 was recorded \$2500 and \$2800 dollar respectively. China's total trade in 1995 and 1996 amounted to \$280,955 and \$289,915 millions respectively.⁴ Of the total amount traded, China's exports/imports ratio for fiscal years 1994 and 1996 were estimated at \$148,892/\$132,063 million and \$151,093/\$138,822 million respectively. China was the 11th largest exporter and 12th largest importer in the world in 1995. However, it became number 10th exporter in 1997 while its import status remained unchanged. China's exports/imports share of total world trade for fiscal years 1995 and 1997 was 3.00/2.60 percent respectively.⁵ China has a poor record of FDI. Since the launch of the modernisation process in the 1980s, China has remained a substantial aid and loan recipient from leading international financial institutions such as International Monetary Fund (IMF) and the World Bank. Recent reports state that China encourages competitive companies and firms to invest abroad. Only industries with technological competitiveness could look for markets outside the Mainland China.⁶

China has become a member of some major Western international financial institutions. In the 1980s China formally gained entry into the World Bank Group (WBG), the International Monetary Fund (IMF), the International Bank for Reconstruction and Development (IBRD) or World Bank and its affiliated agencies,

namely the International Development Association (IDA), and the International Finance Corporation (IFC). However, China is not a contributor to the budget of these institutions. Instead, China receives loans or aid from them. China is both a member of Asia-Pacific Economic Forum (APEC) and the ASEAN Regional Forum (ARF). APEC and ARF are essentially consultative forums respectively on economic and security issues. All members equally share and exchange opinions and concerns relating to developments in the Asia-Pacific region. China is presently struggling for membership of the World Trade Organisation (WTO), the successor to the General Agreement on Trade and Tariffs (GATT). Whether China is eligible to join the club of industrialised nations or G-8 is debatable at the time of writing of this thesis. The United States links China's entry into the WTO to its trade deficits with Beijing. In late February and early March 1999, the US sent its trade representative to Beijing to negotiate China's admission into WTO ahead of Chinese President Jiang Zimen's visit to the United States in April 1999.⁷ However, the US administration during Jiang's visit to Washington that year again linked Beijing's WTO membership to the trade problems the US has with China. Moreover, recently a number of high-rank officials from the Clinton administration visited Beijing to negotiate China's entry into the WTO. However, on 15th November 1999, the United States and China agreed on terms for Beijing's entry into the WTO.⁸ The China-US deal is the most significant move since the start of economic reforms themselves initiated by China 20 years ago. According to the deal:

Once a member of the group that sets the rules for global trade, China is to open its markets to a level of foreign participation hard to imagine a year ago. It's now committed to opening everything from banking and insurance to telecoms and the Internet. Over a phase-in period of up to six years, the agreement cuts duties on a wide range of products, gives foreigners the right to distribute their goods within

China, allows foreign auto makers to provide car financing, and increase imports of foreign films on a revenue-sharing basis.⁹

China's WTO entry would facilitate a closer integration of the Chinese economy with the world capitalist economic order. It would enhance efficiency and competitiveness of Chinese industries in the global arena. However, despite the China-US WTO deal, thus far the prospect of China's WTO membership remains unresolved, as Beijing needs to negotiate its WTO entry also with the European Union and Canada among its other members.¹⁰ According to the WTO constitution, an entry of a new member requires the consent of all its members.

China had recorded double-digit growth rates, well above 10% annually, between 1992 and 1995. However, its growth rate fell to 9.6% in 1996, 8.8% in 1997 and 7.8% in 1998. The decline in growth rate underpins economic slowdown in China. The slowdown as such had begun before the outbreak of the Asian economic crisis in mid-1997. The *Strategic Survey 97/98* predicted that if the decline persists, the rise of China as a world power might inevitably be deferred or delayed. The main cause cited is the structural problems inherent in the Chinese economy. Due to non-performing loans, the *Survey* predicted many state banks would become bankrupt and many more persons may become unemployed¹¹ (see [Appendix Eight](#)).

China is the fourth largest military spender after the United States, Russia, and Japan. China's projected military expenditure for 1993 was \$5.6 bn, 1994 (\$5.9 bn), 1995 (\$6.4 bn), 1997 (\$36.6 bn), and 1998 (\$37.5 bn). This means for the years 1993, 1994 and 1995, China spent 2.5%, 2.3%, and 2.3% of its GNP respectively. One could notice a nominal increase of 11% in China's military expenditure in 1996 over that of 1995 and 13% increase in 1999 over that of 1998. However, *The Military Balance 1999/2000* notes that "Chinese defence spending remains non-transparent, and official accounts substantially underestimate the real level of military expenditure, estimated at a more

than \$37 billion in 1998, or about three times official figures”.¹² Moreover, China’s arms imports in 1995 were estimated at \$725 millions while its arms exports for the same year have been estimated at \$625 millions dollars. This made China the world’s 12th arms importer and 7th arms exporter in 1995.¹³

The *World Military Expenditure and Arms Transfer 1996* estimated that in 1995 China’s total armed forces were some 2.9 to 3.0 million men and women in all its three wings of armed forces—Land, Sea and Air Force. Its armed forces constitute 13% of the total world armed forces and hence, are the largest military contingent in the world.¹⁴ Its armed forces in all the three wings are equipped with both nuclear and conventional armaments. Moreover, the old and outdated generation of weapons are being modernised with the most advanced and updated military technology, mostly imported from Russia. China’s military establishment is undergoing aggressive modernisation as an integral part of modernisation of its agriculture, industry, defence, and science (AIDS)—also known as the four modernisations programme. The *Military Balance 1999/2000* notes:

China has a large range of conventional weapons in production or in development, and also continues to order high-value weapon systems from Russia. Delivery of the last of four *kilo* submarines was completed in early 1999. Licensed production of the Su-27 aircraft is gearing up with the first flight of two prototypes in January 1999. China is expected to produce about 15 in 1999-2000 out of the 200 planned. China is reported to have reached agreement with Russia in June 1999 on the purchase of 50 Su-30 fighters, ground attack aircraft (FGAs) for delivery from 2002.¹⁵

In the 1980s the Central Military Commission (CMC) of the Central Committee of the Chinese Communist Party (CCCCP) shifted China’s defence policies and adopted a new policy guide, known as the “New Guidance”, which represents China’s official defence policies. Prior to this, China’s armed forces focused on acquisition of equipment

to fight an “early, major and nuclear war”. However, according to the 1985 “New Guidance”, China’s armed forces needs to acquire such a capability in a short span of time. Therefore, the “New Guidance” presently focuses on the nature and quality of the equipment and training that China’s armed forces should possess. In addition, the “New Guidance” also suggested that the People’s Liberation Army (PLA) should focus its formulation of war strategy and operational training on “local limited wars” (*Jubu Zhanzheng*) around China’s borders.¹⁶ However, an additional factor in China’s growing military capability is its acquisition of aerial refuelling technology in the early 1990s. This increased the range of fighter aircraft from the Mainland to Hainan Island. The purchase of advanced fighters from Russia further increased the potential of China’s military power projection, all of which enable China to provide a quick response to local conflicts.¹⁷ In addition, “China’s strategic capability is composed of less than 200 nuclear warheads, of which only 20-30 would be operational at any given time”.¹⁸ However, the *Military Balance 1999/2000*, despite China’s modernisation of its defence system, maintains that its defence capability is vulnerable to counter-force in both conventional and strategic or nuclear warfare. According to the *Balance*, the progress made in modernising China’s defence system is far less than might otherwise have been expected. Therefore, in order to overcome weaknesses in its defence system, China needs to spend more to enhance its strategic and countermeasure capabilities.¹⁹

China’s present armed forces are composed of 2.48m active forces and more than 1.2m reserve forces. The active forces are equipped with different weapon types—offensive and defensive—including updated versions of strategic missiles defence system.²⁰ China’s naval forces comprise submarines, principal surface combatants, patrol

and coastal combatants, mine warfare, amphibious, coastal regional defence forces, naval airforce, and support and miscellaneous. In all these fields, different types of weapons are deployed. China's air force is comprised of 470,000 personnel equipped with different types of weapons and updated generations of fighters and helicopters.²¹

The deployment of the Chinese armed forces comprises two categories: (1) forces deployed on and around Mainland China, and (2) forces deployed abroad. China's only forces abroad are under the United Nation's peacekeeping missions in Kuwait and Western Sahara. Its forces deployed on and around China are of two kinds: (1) forces deployed on Mainland China and forces deployed in the blue waters. China's deployment on the Mainland comprises seven zones (North, Northeast, West, East, Centre, South, and Southwest)—a deployment that almost covers the whole of the Mainland. Each zone or region has numerous military bases with headquarters.²² China's deployment in the blue waters is composed of three "fleets" each with a number of bases and headquarters: the North Sea Fleet with six bases, East Sea Fleet with five bases, and South Sea Fleet with some eight bases. All of them take control of the sea-lanes and defence of China's coastal borders. All the three fleets are equipped with all necessary equipment including air force²³ (see Appendix Nine).

At the 1997 meeting of the ASEAN Regional Forum, China argued that the Cold War era bilateral military alliances were outdated. Beijing expressed its concern over the continuation of the US-Japan alliance. This episode among other things indicates both China's concerns and influence as the rising Asian power in global affairs.²⁴ Hence, the

above analysis suggests that China will play a major, if not dominant, role in world affairs in the next millennium.

6.2 China's Interests in the Asia-Pacific Region

Although it is arguable that China is no longer strategically significant to the United States or Russia in the post-Cold War era, its geoeconomic significance is raising concerns among the world's major powers.²⁵ Evidence suggests that in the post-Cold War era China has adopted approaches which imply that its leaders are redefining China's short-term objectives in order to enable them to achieve their nation's long-term interests in the Asia-Pacific region.

The creation of "Greater China" is Beijing's long-term objective.²⁶ The phrase "Greater China" is evidently a concept with political, economic, and obviously territorial connotations. Though all the three elements are closely interrelated and they collectively could bring about the existence of "Greater China", territorial integration of a vast land over which Beijing lays claim is considered to be the first step toward creation of the "Greater China". China's leaders believe that if they manage to establish Beijing's sovereignty over the "lost territories" and succeed in developing a model of economic development based on China's present experiment, then China's political influence and reassertion is beyond question. A reasonable inference based on available literature on China is that Beijing is experimenting with a hybrid economic developmental model—a model that combines the best of socialism and capitalism. This hybrid economic developmental model could then be presented to the rest of the world particularly third world countries, thus enabling China to reassert itself politically as well.

However, the creation of “Greater China” as such requires China’s leaders to achieve some short-term objectives first. China’s short-term interests are broad enough to include objectives such as preservation of China’s sovereignty and territorial integrity, modernisation of domestic economic structure and military establishment, realisation of the Chinese economic circle, creation of a new security framework, creation of a favourable and stable Asia-Pacific, as well as integrating China economically into the world economic order.

In the post-Cold War era China can no longer provide ideological justifications to its actions in pursuit of its interests, thus compelling the leadership to develop a new philosophy for defining relations among nations. This new philosophy, also known as the “Chinese New World Order” is not an integral part of Chinese interests in Asia in the strict sense of the term. China’s New World Order has been introduced to provide flexibility to its behaviour and foreign policy options. The Chinese New World Order is part of Beijing’s pragmatic foreign policy agenda for the region. “China’s foreign policy line under the reforms has been largely cautious and pragmatic, keyed to the long-term need to establish and maintain a placid external environment conducive to continued economic growth and modernization”.²⁷

Although China no longer emphasises promotion of a universal ideology, it seeks observance of the following principles in international relations: (1) all nations, big or small are equal in terms of rights and opportunity. Oppression of small and weak nations by rich and strong nations is condemned; (2) states are free to choose the type of political, social, and economic systems they want. Imposition of one’s values on the rest

is unacceptable; (3) states must observe the principle of sovereign and territorial integrity. Disputes among nations could be resolved amicably, through negotiations and diplomacy and not by use of threat or force; (4) the new economic order that the world needs should emphasise comparative advantage and mutual respect. States should not attach political conditions to aid, investment, technology transfer, etc.; (5) the members of the world community should adhere to the Charter of the United Nations. However, the world forum must not be abused for the selfish interests of any state.²⁸ The Chinese New World Order outlined above leaves some fundamental issues such as human rights, democracy, and freedom, to individual countries to define. It also leaves it to the individual nation to choose the type of political and economic system its leaders deem fit for their nation. Hence, it limits interactions among nations to mutual respect, honour, and dignity, as all are equal and sovereign. Interference in the internal affairs of other states is a crime.²⁹ Thus the Chinese world order for the 21st century emphasises Beijing's determination to defend its sovereignty and national interests using its military and other capabilities. It also, according to Michael D. Swaine, emphasises opposing "hegemonic behavior by any major power and to preserve China's overall strategic independence".³⁰

Deng Xiaoping, the then paramount Chinese leader in 1982 stated that national interest is the highest criterion of the conduct of a country's affairs and that sovereignty and its correlates are an integral part of Chinese national goals among other things that must not be compromised.³¹ Therefore, China claims indivisible sovereignty over what its leaders call "lost territories". It includes Taiwan, Hong Kong, Macao, Tibet, the Paracels Islands, the Spratly Islands, and the Senkaku Island. China has repeatedly stated

its uncompromising stand. Despite Beijing's assurance that reunification of the "lost territories" and resolution of disputed islands will be peaceful and through negotiation, specialists on Chinese affairs believe that China may risk the military option to protect its national sovereignty if certain unfavourable conditions were created.³² Since the Communist take-over in Beijing in 1949, Chinese leaders considered military force as the only option to establish sovereignty over these areas. However, a strategic shift occurred when China abandoned the militant approach to reunification of Taiwan, Hong Kong, and Macao and revealed its intention that reunification will be smooth and peaceful. In 1982 Beijing officially adopted the "One China, Two Systems" or "One Country, Two Systems" policy toward reunification of Taiwan, Hong Kong, and Macao. The assumption that underpins the "One China, Two Systems" policy is that the reunification is to be negotiated between the leaders in Beijing and inhabitants of these islands. In fact, Hong Kong in 1997 and Macao in 1999 came under Beijing's sovereign umbrella based on the principle of "One China, Two Systems".³³ However, China presently has shelved its claim on the disputed islands of Paracels, Spratly, and Senkaku.

It is interesting to note that most of the China theorists argue that the reason behind invoking the claim over Taiwan and other territories in the South China Sea is to arouse nationalistic sentiments to legitimise the continuity of the ruling Communist Party in power.³⁴ The proponents of this view see Taiwan moving away toward a position favouring its official status. However, on the contrary, some others argue that the reason for the delay or even deferment of reunification is that China is facing some domestic problems. Moreover, China has embarked on a modernisation programme that requires peace and stability in the region. Forced reunification could upset the stability needed at

home to upgrade economic welfare. Perhaps the notion that China has opted for “strategic withdrawal” may explain the delay in reunification.³⁵ In any event China can be expected to use force if Taiwan declares independence, if other powers become involved in Taiwan militarily, or if Taipei refuses to negotiate over a long period. However, at present the leaders both in Beijing and Taipei would like the status quo to prevail. Taiwan can maintain its unofficial position, and other nations may deal with Taipei on an informal basis.³⁶ China would not compromise on the status of Taiwan. For instance, recently Macedonia established diplomatic relations with Taipei. Chinese leaders believe that Macedonia’s action is tantamount to violation of Beijing’s claim of territorial sovereignty over Taiwan. China, therefore, cast its veto in the UN Security Council in March 1999 over the decision to send UN peacekeeping forces to Macedonia.

China’s modernisation programme has forced it to adopt a policy of “strategic withdrawal” vis-à-vis the sovereignty issue. Modernisation of China’s internal structure will make China militarily and economically strong. China’s immediate priority lays emphasis on the “Four Modernisations”: agriculture, industry, defence, and science and technology (AIDS). The Chinese Communist Party in 1992 officially approved the policy of “socialist market economy” that was launched in the 1980s.³⁷ Chinese leaders have introduced two more policies: Open Door Policy and China’s Independent Foreign Policy, as pre-requisites of China’s modernisation programme. The Open Door Policy promotes access to foreign capital, investment, markets and opening China’s markets to foreigners without discrimination. It also aims to integrate China into the Western-dominated international economic system and global financial institutions such as World Bank, IMF, WTO, etc.³⁸ China fears that if it opens its doors too wide, the result will be

dependency that could put its long-term objectives at risk and will be unable to create a favourable environment to pursue its own agenda and vision in the region. Hence, the introduction of an “Independent Foreign Policy” (IFP), guided by the five principles of coexistence: (1) mutual respect for sovereignty and territorial integrity, (2) non-aggression, (3) non-interference in each other’s internal affairs, (4) equality, and (5) mutual benefit and peaceful coexistence.³⁹

The third goal that China seeks in the post-Cold War era is the creation of a “Chinese Economic Circle” (CEC) that includes Mainland China, Taiwan and Hong Kong. Beijing would like to see the three economies integrated. Integration as such is possible only if these economies are interdependent. Therefore, China is striving to enhance investment, exchange of capital and technology, trade, etc. among the three economies. Once integrated, the Chinese Economic Circle is forecast to become the world’s third largest economy after the United States and Germany in the next millennium.⁴⁰ Chinese leaders believe that Beijing will dominate over it and view the creation of the Chinese Economic Circle as another leap forward towards resolution of the problem of territorial sovereignty.

Nevertheless, the creation of the Chinese Economic Circle may not necessarily lead to the creation of “Greater China”, if China fails to create a security framework favourable to its interest in the region. Disagreement exists among scholars as to whether China prefers to institutionalise a multilateral security arrangement or prefers to promote the existing bilateral security relations. However, the mainstream opinion suggests that China in the long run wishes to establish a multilateral security regime dominated by

Beijing. However, presently China prefers the status quo to prevail. Some scholars have maintained that China at present discourages creation of even a multilateral forum let alone a multilateral security structure. The reason cited is that presently China commands little influence among the powers in the region. Even when China decides to institutionalise a security regime, initially, at least, China prefers it to be an informal forum for exchange of views on security issues in the region.⁴¹

However, two questions related to the aforesaid prognosis could be posed: (1) can China create a “Greater China” and institutionalise a security regime of its own, and does it have the capability to do so? Two arguments could be presented in answering the above questions. First, theoretically, the statement of national interests and national capability could be analytically distinct, as national capability at the time of definition of a nation’s interests do not necessarily correspond to what could constitute its long-term objectives. However, a long-term objective is a situation a nation would like to create, assuming that it has acquired the necessary capability. International relations theorists often categorise national interests into core interests, medium-range interests, and long-term objectives. Therefore, nations while pursuing their “core interests” also strive to acquire capability that could enable them to pursue their long-term objectives. Hence, Beijing’s intention of creating a “Greater China” and institutionalising a security regime of its own is China’s long-term objectives. Therefore, China while protecting its essential interests in the Asia-Pacific region, also strives to acquire necessary capability to attain its long-term interests. Second, China has the volition and determination of becoming a major power in world politics.

China is one of the few nations on earth that have *the inclination and volition to formulate a theory of world politics with itself as the pivot*, and that have a history of doing so. China is making its reappearance as a major actor on the world stage after a century of Western encroachment and 50 years of postwar trial and error attempts to establish a national identity. It is perfectly natural for such a China, intentionally or not, to become increasingly self-assertive at this historical turning point.... *Today's "China problem" is fundamentally an issue of great nation power politics affecting the structure of the international system. Indeed, China is increasingly seeing regional and international political issues in the context of classical power politics.*⁴²

Therefore, it is natural for China, intentionally or not, to contemplate the creation of a "Greater China" and institutionalisation of a security regime of its own in the Asia-Pacific region. However, it appears that China's foreign policy at present is geared toward acquisition of the capabilities necessary to attaining its interests in the region (see Appendix Seven).

6.3 Internal Structure of Chinese Foreign Policy

Experts on Chinese foreign policy often admit that one may not state with absolute confidence the exact locus of a specific or major foreign policy decision. However, the information that has recently been made available can only shed light on the most important structures involved in foreign policy formulation in Beijing.⁴³ Functionally, China's internal foreign policy structure is divided into three categories: (1) policy consultation, coordination, and supervision; (2) policy recommendation and implementation; and (3) agencies that deal with research and information needed for policy formulation. Under each category fall a number of foreign policy organisations. However, the ultimate and final decision-maker is the leadership of China's Communist Party. The Central Foreign Affairs Leading Small Group of the Communist Party, and the

Foreign Affairs Office of the State Council belong to the first functional category. The Ministry of Foreign Affairs (MFA), Ministry of Trade and Economic Cooperation (MOFTEC), the Communist Party Central Committee International Liaison Department, and the Second Directorate of the People's Liberation Army (PLA) General Staff Department (GSD) fall within the second category. To the third or final category belong agencies such as Xinhua (China's Official News Agency), the Third Directorate of the PLA'S GSD, and academic foreign policy research institutions.⁴⁴

However, it is interesting to observe that the intensity of influence exerted by these agencies in shaping Chinese foreign policy decisions is relative. Therefore, in terms of intensity of influence, China's internal foreign policy structure could be categorised into four levels known as circles of influence. The first category (i.e. leadership and military) constitutes the innermost circle while the fourth category (i.e. the media and foreign policy research institutions) constitutes the outer circle. The Communist Party of China constitutes the second circle while the government constitutes the third circle. However, both in the Party and Government certain institutions and not all are concerned with foreign policy. The innermost circle is the most influential while the outer circle is the least influential with the second and third circles located somewhere between the two extremes (see Appendix Five).

6.3.1 The Inner Circle: Leadership and the Military

The CCP leadership as the ultimate decision-maker approves a policy or decides on national interests recommended by lower institutions. It provides blood and flesh to foreign policy in China. Since the Communist take-over, there existed two kinds of

leadership institutions in China: (1) Leading Nucleus Leadership and (2) Leading Nuclear Circle.⁴⁵ The former category implies one-person domination. This type of leadership dominated decisions in China until 1976. Mao Zedong remained the ultimate decision-maker until his death in 1976. Decisions in the Leading Nucleus Leadership were highly personalised with no institutional decision-making mechanism. After Mao's death, Deng Xiaoping became the paramount leader in China. However, Deng initiated steps to institutionalise the decision-making process to make it less dependent on the personal authority of a strongman. Hence during Deng the dynamic of foreign policy shifted from one-person domination to the leading nuclear circle that included few influential figures. Decisions in the leading nuclear circle were collectively made and implemented by these few.⁴⁶ Swaine in this regard notes:

The national strategic objectives subarena is composed of those individuals who wield supreme power over the party, state, and military apparatus. During the Deng Xiaoping period of the 1980s and early 1990s, three different types of leaders were included in this group: (1) the paramount leader and his personal advisers, (2) the paramount leader's senior associates on the Politburo Standing Committee (PBSC) or Secretariat, and (3) the most influential retired and semi-retired elder cadres of the revolutionary generation. Under Deng's direction, these individuals, usually numbering some twenty in total, determined China's fundamental national strategic objectives and/or ensured that those objectives were being followed throughout the policy apparatus. They also solved basic policy conflicts that emerged, and responded to external crises.⁴⁷

However, though Deng initiated the process of institutionalising the leadership, he prevailed over China's most important foreign policy decisions. This made him paramount leader. He delegated policy-making powers to individuals who shared his policy line but retained certain other important foreign policy-making powers. The leading nuclear circle is being institutionalised. The few individuals who form the

leading nuclear circle rotate around the Politburo—China's Communist Party's highest decision-making body or the Party's secretariat—the highest decision-making Party organ, second only to the Politburo.⁴⁸ Some scholars argue that during the Maoist era, the Politburo was influential. However, in post-Mao China, the party secretariat has become more influential. The role of the Politburo and Party Secretariat are discussed later.

Derek McDougall, in *The International Politics of the New Asia-Pacific* concludes that “the military can provide a power base for political contenders in the factionalized politics that prevails in China.”⁴⁹ China's strongman Mao, paramount leader Deng Xiaoping, and the influential personalities such as Jiang Zimen, currently State President, are individuals who had close affiliation with the military. Mao and Deng were chairmen of the Party Central Military Commission (PCMC), the highest military establishment in China.⁵⁰ The Defence Ministry of the “inner cabinet” of the State Council operates under the PCMC, which implies that the military establishment in China is independent of the party as well as the government. However, anyone who could control or establish close links with the military can prevail over all decisions in China including foreign policy.

The military is very powerful and influences almost all aspects of foreign policy in China. Its role is even greater in formulating China's strategic and geopolitical policy that determines Beijing's role in world politics. Swaine alludes to the military's role in formulating China's defence policy as follows:

Indeed, the future role of the People's Liberation Army (PLA) in shaping the pace and content of China's economic and defense modernizations, strategic posture, territorial claims, relations with the

West, and overall leadership composition and outlook could increase markedly in the months and years ahead, as China confronts an array of critical developmental issues and problems. *Among these areas, perhaps of greatest concern to many political leaders around the world is the PLA's role in shaping Chinese national security policy.*⁵¹

The military is quite independent from civilian institutions in the realm of foreign policy. Military professionals do not ordinarily sit in foreign policy institutions of the state council. While Doak Barnett maintains that the military's influence on foreign policy is unquestionable, it is not certain how the military shapes foreign policy in China. The full picture of how coordination takes place between the foreign and defence ministries has yet to emerge owing to the paucity of data. Nevertheless, the fact remains that the military influence policies at the highest level.⁵² This may also explain the close link between the top leadership and the military.

6.3.2 The Second Circle: China's Communist Party and its Affiliated Institutions

Prior to analysis of the Communist Party's role in Chinese foreign policy formulation, some general observations are in order. The government and its affiliated institutions (discussed later in this chapter) are generally less influential than the party and its affiliated institutions. However, there are some governmental institutions such as the State Council that are as influential as the Communist Party's Politburo or Secretariat. Formally the entire governmental machinery is subordinate to the Communist Party. The State Council formally provides consultation and recommendation to the highest party organs such as the Politburo and the Secretariat. Therefore, these governmental institutions exert comparable influence on foreign policy formulation as those of the party by virtue of the fact that their members are also members of the Politburo or the Secretariat.

According to Barnett, a specialist on Chinese affairs, generally there exist two kinds of foreign policy institutions in China: the “First Line” and “Second line” institutions. The former exerts more influence than the latter. In the party the “First Line” institutions are the Politburo and the Secretariat of the Party. During Mao Zedong’s rule the Politburo was a “First Line” institution. In the post-Mao era the Politburo came to belong to the “Second Line” institutions while the secretariat ascended to the status of “First Line” institutions. However, Barnett cautions that even though the Politburo has been pushed to the “Second Line”, it still has considerable influence in China’s foreign policy formulation. Politburo members hold key positions virtually in every important political body in China. These individuals are both top Party comrades as well as political elites. Moreover, some of its members are also members of the eleven-member Party Secretariat and fifteen-member “inner cabinet” of the State Council—the executive branch of government in China.⁵³ In any event, the Politburo is formally the top party decision-making organ while the Secretariat is the highest party organ only second to the Politburo.

Even when the Politburo exerted greater influence, not all its members were influential in foreign policy formulation. It was the Politburo’s six-member standing committee that ruled over China’s foreign policy formulation during Mao’s leadership. Normally, the Politburo’s standing committee includes: the chairman of the Communist Party of China (this post has been abolished by Deng), the state president, the chairman of the Central Military Commission, the chairman of the standing committee of the National People’s Congress, and the chairman of the Chinese People’s Consultative Conference.⁵⁴ The membership of the Politburo’s Standing Committee is not rigid. New

institutions or their heads could become members of its standing committee. For instance, in the 1980s the head of the state council (who was also the Prime Minister and the Party's Secretary General) was among members of the Politburo's Standing Committee.⁵⁵

The Secretariat is the top party organ after the Politburo. However, since Mao's death, it has become a more influential foreign policy organ. The secretariat is composed of a central committee, departments (e.g. International Liaison Department), small groups (e.g. Foreign Affairs Small Group), and research units. The International Liaison Department (ILD) and Foreign Affairs Leading Small Group (FALSG) also known as the Central Foreign Affairs Leading Small Group (CFALSG) are Party organs under the Secretariat that manage China's foreign policies. However, the ILD deals with the Communists Party's relations with other liberal socialist Parties or remaining Communist Parties in certain countries while the CFALSG deals with government-to-government relations. Nevertheless, there exists a great degree of overlap between the two organs of the Secretariat.⁵⁶

The Central Foreign Affairs Leading Small Group (CFALSG) has the responsibility to take care of overall management of foreign policy. Its members include Politburo members, top bureaucrats of government, senior members of the military, and members of other foreign policy institutions such as media and academic specialists. The CFALSG is divided into five party and government departments/organs/commissions, each dealing with a specific foreign policy area.⁵⁷ The deliberation on policy recommendations of CFALSG takes place in these departments. The CFALSG

recommendations are then forwarded to the Central Committee of the Secretariat. After deliberation at the Secretariat level, the policy recommendation is forwarded to the Politburo's standing committee for approval. However, the Politburo's approval is only symbolic: the Politburo only formalises the policy recommended by the Secretariat.⁵⁸

The Secretariat has become influential because of the role played by CFALSG in the management of foreign policy. The CFALSG not only pushed the Secretariat to replace the Politburo as the most influential foreign policy organ of the party, it has brought the government and party closer. It serves as the coordinating point between the Government and the Party. Hence all governmental foreign policy institutions are subordinate to the party's Secretariat, as these institutions are also institutions that somehow belong to the CFALSG. Governmental institutions that deal with foreign policy and that are mostly subordinate to the Secretariat are discussed next.

6.3.3 The Third Circle: The Government and its Affiliated Institutions

The governmental institutions that influence foreign policy in China include the State President, the National People's Congress (NPC), and the State Council. However, the State Council's influence is greater than the other two organs of government. In fact, it is the State Council that functions under the CFALSG of the Secretariat. According to Barnett, the State Council and specifically its "inner cabinet" is the "First Line" foreign policy institution of the Government. The other two organs of the Government are the "Second Line" institutions.

The influence of the State President and the National People's Congress is limited, formal, and somehow symbolic. The NPC is constitutionally the highest organ of the state vested with legislative powers. It has the power to decide on questions of peace and war. The Foreign Affairs Committee is one of its six standing Committees. It serves as a forum for exchange of opinions. There does not exist much evidence to show that its deliberations and discussions have had great effect on foreign policy. However, the NPC's Foreign Affairs Committee is a good source of information to the Party and the State Council. It also helps the two foreign policy institutions to facilitate relations with the parliamentarians and representatives of other nations.⁵⁹ Barnett notes the State President's foreign policy role as follows:

According to [China's] 1982 State Constitution the President receives foreign diplomatic representatives on behalf of the People's Republic of China, in pursuance of decisions of the Standing Committee of the National People's Congress, appoints and recalls plenipotentiary representatives abroad, and ratifies and abrogates treaties and important agreements concluded with foreign states. He also in pursuance of decisions of the National People's Congress and its Standing Committee formally proclaims a state of war and issues mobilization orders.⁶⁰

However, the President's role in foreign policy formulation is greater than the NPC in that he is a member of the Politburo—the Party organ with considerable influence on foreign policy—as well as Chairman of the Central Military Commission (CMC). As CMC chairman and Politburo member, the President oversees and supervises major foreign policy issues related to China's security and military establishments locally and abroad. Therefore, the State President is vested with more powers in the realm of foreign policy—more not due to holding the post of the State President but due to being a member of the Politburo and Chairman of the CMC.

The State Council, however, in the realm of foreign policy is by far the most important governmental organ than the office of the President and the NPC. The State Council is the immediate subordinate governmental organ to the Party. While the Party decides on major issues, the State Council takes care of "routine work" and decides on "concrete" issues. On occasions the State Council initiates and decides on policy lines. The State Council is responsible for the conduct of daily government-to-government relations.⁶¹

However, not all members of the State Council exert influence on foreign policy formulation. The full State Council comprises more than fifty members. There exists a body called "inner-cabinet" that is considered as key decision-maker. The "inner-cabinet" is comparable or equivalent to the cabinet-system in Western countries. It is a fifteen-member organ that is headed by the Prime Minister and includes in addition to the premier, four vice-ministers, and ten state councillors (seven of whom concurrently head important ministries and commissions). The councillors who attend the "inner cabinet" meetings are ministers for Foreign Affairs, Defence, Foreign Economic Relations and Trade, Finance, Chairman of the State Planning Commission, and Minister of the State Scientific and Technological Commission.⁶²

Every organ of the "inner cabinet" is divided into functional and regional bureaux, units or departments. These bureaux provide recommendation and policy analysis to their superiors who in turn take them to the meeting of the "inner cabinet" of the State Council for further deliberation. But within the State Council there also exists what Doak Barnett calls "coordination points". The function of foreign affairs

coordination points is “to coordinate closely myriad activities of all the ministries and other agencies, including mass organisations, involved in the conduct of foreign affairs”. In addition to foreign affairs “coordination points”, inter-agency coordination mechanisms on an ad hoc basis could be established by the relevant institutions to coordinate the work of different ministries or commissions.⁶³

The most important ministry under the “inner cabinet” involved in foreign policy is the Ministry of Foreign Affairs (MFA). The second most important ministry directly involved in foreign affairs is the Ministry of Foreign Economic Relations and Trade (MOFERT). However, other governmental institutions and ministries have less influence on foreign policy formulation. Their influence is occasional. They become foreign policy actors only when they have vested interests. But in MFA and MOFERT as well as other ministries with vested interests the top leaders consist of the minister, five vice-ministers, three assistant ministers and one formally designated adviser. The vice-ministers and assistant ministers carry special responsibility for one or more specified areas within the respective ministry.⁶⁴

6.3.4 The Outer Circle: Research Institutes, Media, and Mass Organisations

This circle is the least influential component of the foreign policy structure in China. Its influence is indirect and secondary. This circle includes research institutes, the press, and mass organisations. Among the three components in this circle the research institutes stand out, as they conduct policy-oriented studies on which top leaders as well as foreign policy specialists rely. The numerous research institutes that exist in China produce a large percentage of analytical studies of international problems and foreign

policy issues. The major research institutes are: Shanghai Institute of International Studies; the Foreign Ministry's Institute of International Studies; the China Institute of Contemporary International Relations; the China Institute for International Strategic Studies; and institutes dealing with foreign affairs in the Chinese Academy of Social Sciences. It is interesting to observe that though these institutes initiate research, they also produce research on issues requested from them by the Party and Governmental institutions. Except for China's Academy of Social Sciences (which has eight international affairs institutes), all other institutes are government affiliates and serve as intellectual arms of the government.⁶⁵

In addition, the press or the media also influence foreign policy. Xinhua (New China's News Agency) is the official news agency. Another news organisation that plays a significant foreign policy role in addition to Xinhua, is Remin Ribao (the People's Daily). Xinhua and Remin Ribao serve as the main source of information to the top leadership. A compilation of press summaries gathered from Xinhua and Remin Ribao known as "Reference Materials" is distributed in thousands of copies daily to top foreign policy figures. Moreover, when necessary, top press leaders participate in foreign policy decision-making processes either in the Central Foreign Affairs Leading Small Group or in the State Council coordination points.⁶⁶

In addition, there also exist other institutions with a secondary role in foreign policy formulation. They comprise professional societies, religious groups, etc. These organisations which mostly function behind the scene include the Chinese People's Institute of Foreign Affairs and Chinese People's Association for Friendship with Foreign

Countries. These mass organisations have close links with governmental institutions especially the foreign ministry, and are staffed by foreign ministry retirees. There exists a constant exchange of personnel between the Foreign Ministry and these bodies. Their main function is to establish non-official relations with outside countries by inviting retired legislators, statesmen, and well-known academics.⁶⁷

It should also be noted that information related to major foreign policy decisions that involve the leadership, the military and other top political elites is kept secret. Even knowledgeable observers cannot understand fully the structure of Chinese foreign policy organisation or how they make or implement decisions. However, what is known about them is subject to conflicting interpretations about the relative power and influence of a particular or individual institution and policy.⁶⁸ The above analysis of China's internal foreign policy structure, therefore, needs to be viewed in the context of this complexity.

6.4 External Structure of Chinese Foreign Policy

In pursuit of its national interests in the Asia-Pacific region, China's foreign policy is also influenced considerably by powers that similarly want to pursue their own interests in the region. There exist four sources of influence that the Chinese foreign policy elite must deal with in the region. China must deal with a strategically and economically strong United States, an economically powerful Japan, a strategically powerful Russia, as well as the Association of Southeast Asian Nations (ASEAN) and the Newly Industrialised Economies (NIES) in the Asia-Pacific region (see Appendix Five).

6.4.1 The United States in Chinese Foreign Policy

With the collapse of International Communism and the end of the Cold War, Sino-American relations entered a new phase. Policy-makers in Beijing, like their counterparts in Washington, have begun to re-examine their attitudes and perceptions about American policy towards their nation and areas of vital interests to China. However, scepticism and ambivalence mark China's perception of American policies. Deng Xiaoping, China's paramount leader, in the aftermath of the Tiananmen Incident, called for improvement in Sino-US relations. However, when the US initiated its policy of "engagement" with China, Beijing believed that the United States intended to "weaken and undermine Chinese leadership and hold back China from a more prominent position in world affairs".⁶⁹ Therefore, given America's "hidden agenda", China views the United States as a friend only to set its economic house in order. Beijing harbours concerns that the US plans to destroy the Chinese model from within. In these circumstances, Beijing would remain skeptical of American intention vis-à-vis China.

Post-Cold War policy-makers in Beijing tend to view the United States as a threat to China's vital interests in the Pacific Region. They claim that the United States wants to establish its hegemony in the world.⁷⁰ Open military interventionism and interference in the domestic affairs of other nations under the guise of human rights, democracy, etc. are some manifestations of hegemonic tendencies in American foreign policy. Hegemonies naturally downplay multipolarity. China maintains that the post-Cold War international order is multipolar while Beijing is a major actor in this emerging multipolar order. As a legitimate player in the post-Cold War balance-of-power system that is taking shape in the world, China demands that the US consult China on all

security issues in the Pacific Rim.⁷¹ The United States, however, fears that the rising power of China might challenge American preponderance, and hence, according to a Chinese observer, China must be weakened economically, politically, and strategically.⁷²

In the aftermath of the Tiananmen Square incident the United States has openly accused China of violations of human rights and subsequently imposed military and economic sanctions. The intention was to doom the Chinese system. On the contrary the Chinese economy recorded double digit growth rates. The economic growth was accompanied by increase in China's strategic power. A number of measures such as support for Taiwan, Hong Kong Relations Legislation (1995), the pressure on China's trade policies, restriction on military-related technology transfer to China, and numerous warnings by the United States against Chinese assertiveness in Asia, were adopted to deny China the right its leaders foresee for their nation.⁷³

In fact, Sino-US relations was at its lowest point when China's Belgrade embassy had been bombed on May 8, 1999 during the US-led military campaign against Yugoslavia. According to Robert A. Pastor, "the 1999 US bombing of the Chinese Embassy in Belgrade lengthened the distance between the two countries and hardened the negative images each country has of the other".⁷⁴ Policy-makers in Washington claimed that the bombing of China's Belgrade embassy was not intentional. It rather was an act of negligence on the part of several people involved in the military operation. On April 8, 2000, the US Government issued a report stating that "improper methods of locating military targets caused the incident and that the reviews at every level failed to detect the mistake".⁷⁵ However, China maintained the US-led Western alliance

deliberately bombed its Belgrade embassy. China considered the bombing as a deliberate act of aggression. A Chinese Foreign Ministry spokesman is reported to have said that “our embassy in Yugoslavia has unmistakable features and is clearly marked on the US maps. The US claim that it did not know its exact location is not justified”.⁷⁶ Though President Bill Clinton apologised to the Chinese Government and people immediately after the incident, it took the two nations a long time to negotiate a settlement of the Belgrade incident. Finally, the matter was settled through compensation. The United States apologised and paid the compensation.

Given the above scenario, Chinese leaders believe that US engagement of China is merely “strategic engagement” and not policy based on genuine intentions. American aims in engaging China, according to Chinese leaders, are two-fold: first, the United States would like to destroy the Chinese authoritarian model from within by injecting Western values. According to specialists on Sino-American relations, the American policy of transforming the Chinese system by peaceful means is known as “policy of peaceful evolution”. Second, the United States needs China’s lucrative market where American goods can be sold.⁷⁷ However, Chinese leaders are aware that through the policy of “strategic engagement” Washington would like to alleviate fears in Chinese policy-making circles that the United States poses threats to Chinese interests in the region.

If China views the United States as a rival and enemy, then Beijing would not acquiesce in the US military presence in the Asia-Pacific in the post-Cold War era despite the fact that its *raison d’être* no longer exists. One logical explanation is Beijing’s

fear of Japanese resurgence. Japan may reassert to fill the vacuum left by the US withdrawal from the Pacific Region. This may lead to the break-up or revival of the Cold War structure in Asia—this time with China and Japan as rivals. Beijing is confident of US capability to contain Japanese power.⁷⁸

Despite China's "threat perception" of the United States to its vital interests, Beijing openly seeks friendly relations with Washington. As indications of friendly gestures and emphasis on Sino-American cooperation and alleviation of suspicion, Beijing signed the Nuclear Non-Proliferation Treaty (NPT) and announced its adherence to the Missile Technology Control Regime (MTCR). It also helped to resolve the Cambodian problem as well as removing the possibility of tensions and nuclear proliferation in the Korean Peninsula. In seeking Sino-American cooperation, China has its own reasons.⁷⁹ China needs American support to integrate China into the US-dominated global economic order. China also needs American technology, investment, trade, etc., all of which are critical to China's modernisation programme. China could join the International Monetary Fund (IMF) and the World Bank because of American support. China has been granted observer status in the GATT dialogue (now WTO) in 1985. Swaine notes:

China's foreign policy pragmatism also suggests the need to maintain continued good relations with the United States, for several reasons: (1) to assure the continued success of economic reform, which is heavily dependent on U.S. trade, technology, and investment; (2) to avoid excessive external pressures on China's military modernization program; (3) to prevent the possible emergence of a more militarily assertive Japan; (4) to minimize U.S. incentive for providing military assistance to Taiwan; and (5) to resolve critical issues of mutual concern such as arms proliferation in East Asia.⁸⁰

However, Washington and Beijing after 14 years, in November 1999, negotiated China's entry into the World Trade Organisation (WTO). China promised reforms in three contentious sectors of its economy: (1) banking system and financial services industry, (2) insurance, and (3) telecommunications.⁸¹ According to the 15th November 1999 agreement, China is committed to open up many markets under its WTO deal. However, some of the terms are different from what it previously offered or what the US sought. Previously, China proposed tariff reduction in the automotive industry by 2005 and in the agricultural sector, it would fall to 17% by 2004 and 14% for some products of particular importance to the US such as wheat and cotton. In addition, China continued to maintain the ban on investment in the Internet, while permitting only limited foreign equity in telecommunications. However, according to the November 1999 agreement, China agreed: (1) to drop tariffs on cars to 25% by 2006 from the current 80%-100% level, while the US companies will be able to provide vehicle financing, (2) foreign firms can hold a 49% stake in telecoms joint ventures once China enters the WTO, rising to 50% after two years, (3) foreign investment in the Internet is allowed, (4) the annual tally of imported movies to increase from 10 to 20, (5) imports tariffs to fall to between 14.5% and 15%, and (6) to end export subsidies on cotton and rice.⁸²

It is interesting to note that the textile quotas, which was a contentious issue in Sino-US WTO negotiations, are not mentioned in the Chinese commitments reported in the November 25, 1999, issue of the *Far Eastern Economic Review*. Previously, the US wanted concessions from China on textile quotas to protect its textile industry. WTO rules require a phase-out of all textile quotas by 2005. Washington, however, demanded delaying the removal of quotas on China's textile exports to the US at least to 2010.⁸³

Despite the Sino-US November 1999 WTO deal, until now China has not been given WTO's full membership, as it has to negotiate it also with other WTO members such as the European Union and Canada.

The Sino-US WTO deal will receive support from the American business community for two key reasons: (1) market opening concessions from the PRC, and (2) a China bound by the WTO rules. According to the business community in the United States, when China joins the WTO, it must adopt rules enforceable by the organisation and therefore, Beijing would be bound by international rules of commerce and a formal dispute-settlement mechanism and would avoid imposing a "non-transparent and sometimes arbitrary legal and regulatory regime" of its own.⁸⁴ However, some analysts argue that China is not ready yet to open up its markets holistically. China would like to see the opening up process over a long period of time.⁸⁵

In addition, China believes the United States is a rich source of investment and transfer of capital and technology. Modernisation of all sectors of Chinese society, including the military, requires high-tech equipment. According to the Department of Defence Report, China's defence modernisation very much depends on its ability to acquire advanced technology.⁸⁶ The same holds true for modernisation of other sectors of society. However, it all depends on US willingness to help China acquire advanced technology. Nevertheless, Chinese leaders always attempt to diversify their sources of investment and technology transfer so as not to over-rely on one source such as the United States.

Whether the United States is perceived as an enemy or friend in Beijing, the real test of American intentions is the Taiwan issue. America's sincerity is measured over its concessions on Taiwan. According to a China specialist, Chih-yu Shih: "if the United States is unwilling to give in on an insignificant symbolic issue that involves extreme loss of face for the Chinese, then what sort of friend is (sic) it?".⁸⁷ Besides acknowledging China's claim of sovereignty over Taiwan, Beijing wants Washington to cut off all kinds of diplomatic, political, economic, and security relations with the Island. US goodwill and understanding would facilitate the unification process. China strongly protested American support for Taiwan's "participation" in the World Trade Organisation (WTO).

President Bill Clinton in 1999 signed a number of motions, under which the State Department will report to the Congress on the administrative department's efforts to support Taiwan's participation in the international organizations made up of sovereign states, including WTO.⁸⁸

China claimed that the US Government's action seriously infringed upon China's sovereignty and grossly interfered in its internal affairs. According to a Chinese official, the United States' support for Taiwan's participation suggests that Washington aims to create "two Chinas" or "one China" and "one Taiwan". However, if at all the US supports Taiwan-China unification, the United States is viewed as deliberately delaying the unification in order to get concessions from China in the event of future ruptures in Sino-US relations.⁸⁹

At present China is interested in improving relations with Washington. Beijing would like to see a more relaxed US policy on thorny issues, especially Taiwan. However, China does not want to see more hurdles, if Sino-US relations do not improve further. It rather prefers that the status quo should prevail. Nevertheless, if the Chinese

leaders, in their personal and official encounters with US officials, affirmed their suspicions of America's "hidden agenda" of destroying the Chinese system from within, they might look forward to form a strategic alliance with Russia. The Sino-Russian military alliance would aim to contain US influence in areas vital to Chinese interests. However, it is believed that work on such a project has already started. The Sino-Russian Security Treaty of 1996 and the announcement of the Sino-Russian strategic partnership for the next century in December 1999 could be considered as small, but perhaps important steps toward institutionalisation of the Sino-Russian security partnership. However, the Sino-Russian strategic arrangements as such, at present, could be viewed only as aimed at deterring the US from threatening Chinese interests in the Asia-Pacific region.

6.4.2 Japan in Chinese Foreign Policy

Japan has a special place in Chinese foreign policy. Some observers think the reason for the increased importance of Japan among policy-making circles in Beijing could be the prospect of a China-Japan axis in the long run. This means Beijing and Tokyo may share leadership in the region. However, the creation of "One-Asia" under the joint Beijing-Tokyo leadership seems elusive. Despite Tokyo's economic significance to China's modernisation programme, fears of revival of the Greater East Asia Co-prosperity Sphere have recently increased in Beijing. Japan's pre-World War II policies were designed to bring a vast area of the world under its control. While China prefers good relations with Japan, it does not rule out the likelihood of Japan as a rival in the long run.⁹⁰ Chinese leaders and policy-makers affirm this view during personal encounters with Japanese officials and business circles. China views Japan with

ambivalence, as Japan is a neighbour who needs to be treated with caution. If Chinese and Japanese military hardware is compared, in some conventional weaponry, Japan possesses superior military equipment. Moreover, security analysts in Beijing believe that if Japan wants to manufacture weapons of any kind, its technological capability enables it to manufacture one at any time. Therefore, Japan would have great advantage over China if an arms race between the two nations occurred sometime in the future.⁹¹

Despite the existence of Japan fever in China, Beijing considers Tokyo as a neighbour who could help Beijing in its modernisation programme. To the Chinese Japan, like the United States, is a good source of capital, investment, and transfer of advanced technology needed at home. China wishes to avert any rupture in economic relations at all costs. Some examples show China's seriousness and willingness to maintain good relations with Japan. China urged the Japanese to practice the principle of separation of politics and economics in their China policy. China also requested the resumption of talks on bilateral economic cooperation and official Japanese loans that have been suspended as part of Japanese sanctions imposed on China in the aftermath of the Tiananmen Incident. In fact China sent an official mission to Japan to negotiate resumption of loans and economic cooperation.⁹²

In negotiations and dealings with Japan, China harps on the "complementarity" theory. The Chinese believe they can provide a lucrative market to Japanese business in exchange for economic assistance and loans. And such an exchange between the two neighbours should take place without imposing conditions that could create Chinese dependency on Japan. China feels that creation of dependency is Japan's "hidden

agenda” in its economic relations with Beijing.⁹³ China wants Japan to abide by the rules defined by China as it is China which provides Tokyo with a lucrative market and not vice versa.⁹⁴ China complains about Japanese business behaviour i.e. the Japanese do not transfer the most advanced technology. The motive behind Japanese behaviour as such, according to Beijing, is that Japan does not wish to see an economically and strategically strong China. Japan is determined, says one observer, to hold China back.⁹⁵

Although the revival of Japanese militarism, according to some observers, may seem a remote possibility in Japanese politics, the smallest hint at Japan’s remilitarization worry policy-makers in Beijing. The Chinese have to make their protest loud and clear to counter any suspicion that they would ever tolerate Japanese military superiority. China has openly expressed concerns over Japan’s minesweepers in the Gulf, peacekeeping forces under the United Nations, and increases in defence expenditure above the self-imposed one percent of GNP barrier. China is also worried about Japan’s reservation of option whether to go nuclear and co-produce with the US a new generation of FSX fighters.⁹⁶ Moreover, the power vacuum that is likely to be created by the withdrawal of the American and Russian forces from the region increases the prospect of Japan’s remilitarization. The Chinese believe that the Japanese are moving to fill the power vacuum. Hence, China prefers the continuation of US-Japan security cooperation. The break-up of the US-Japan security relationship would increase Japan’s influence vis-à-vis the United States in the Asia-Pacific region. Hence America is needed to contain Japan.⁹⁷

However, according to Soeya, although the 1996 redefinition of the US-Japan alliance “must not be seen as representing Japan’s immediate intentions vis-à-vis China”, it, nevertheless led to “China’s ‘victim mentality’ response to the alliance’s reaffirmation...”⁹⁸ However, Soeya suggests that despite China’s victim mentality vis-à-vis the US-Japan alliance, Tokyo views its security treaty with the US as deterring systemic disturbances in the region. As China approaches superpower status, Japan views Beijing’s strategic rise as detrimental to its interests in the region. Soeya notes:

At the level of big states, however, China is vitally important to Japan’s long-term security policies. In this light, *Japan’s alliance with America is a valuable regional stabilising mechanism* at this critical juncture when China is approaching the status of a superpower. *At the structural level, this is what has reaffirmed the alliance’s implicit value to Japan.*⁹⁹

However, one may argue that Soeya presents two contradictory views: (1) China is not the immediate target of the redefinition of the alliance, and (2) the alliance is a stabilising mechanism aimed at containing China as it approaches superpower status. However, a deeper look at Soeya’s analysis suggests that China, while preferring the American military presence in the Asia-Pacific region, does not support the reaffirmation of the US-Japan alliance, as Japan’s SDF jurisdiction has been broadened vis-à-vis its limited traditional roles according to the 1952 agreement and its 1978 revised version. Therefore, China does not wish to see a militarily strong Japan and hence its “victim mentality” response to the alliance’s redefinition must be seen as China’s natural reaction vis-à-vis Japan.

Remilitarization of Japan, China believes, will cost Beijing not only the prospect of leadership in the region but also even loss of sovereignty, honour, and dignity—all which represent vital Chinese interests. This will force China to abandon its claim of

Senkaku Island that is presently occupied by Japan. In addition, Japan may reverse its 1972 “One-China” policy by supporting Taiwan to move away from the mainland. It is likely that a militarily strong Japan may grant *de jure* recognition to Taipei because of strong Japanese economic interests in the Island. In early 1990 Taiwan was the fourth export destination for Japanese goods and sixth supplier of imports in the world. Officially Japan has since long abandoned its “Two-China” policy, but practically Tokyo favours Taiwan’s independence. Strong pro-Taiwan views held by many Japanese top policy-making circles convince China that Japan may support Taiwan’s independence movement after remilitarization.¹⁰⁰ Issues such as Senkaku and Taiwan could provide a pretext for Sino-Japanese conflict should the leaders in Beijing and Tokyo fail to remove mutual misgivings and misunderstandings. Perhaps China has temporarily shelved the territorial claims to permit Japanese foreign policy behaviour to accommodate Chinese interests in the region.

6.4.3 Russia in Chinese Foreign Policy

The origins of Sino-Russian cooperation could be traced to the last decade of the Cold War era. Russia assumed the role played by the Soviet Union after its demise in 1991. Thus, China’s perception of post-Soviet Russia is influenced by factors such as amelioration if not settlement of Sino-Russian border disputes, prospects of Sino-Russian strategic alignment in the context of US unipolarity, economic and military cooperation, and above all, the view that a stable Russia no longer poses a threat to Chinese interests.

China had stipulated that elimination of the three obstacles is essential for Sino-Soviet normalisation. By 1989 the so-called three obstacles namely, (1) withdrawal of Soviet forces from areas along Chinese borders, (2) withdrawal of Soviet forces from Afghanistan, and (3) Vietnam's withdrawal from Cambodia had been virtually eliminated. The year 1989 marked the dawn of a new era in Sino-Soviet relations.¹⁰¹ Though the Chinese were not at ease with the "New Thinking" introduced by the then Soviet President Michael Gorbachev, nevertheless, the two sides signed some six agreements during exchange of visits by top officials to Moscow and Beijing. The agreements emphasised cooperation between the two Communist nations in areas such as transfer of military technology to China, economy, education and even possible formation of a Sino-Soviet strategic alignment in the wake of the Gulf Crisis. The Gulf Crisis made the Chinese realise that the American goal in the post-Cold War era was world domination. The US aim was to destroy the Chinese order; hence Beijing needed to develop closer ties with Moscow.¹⁰² China opposed the spread of unbridled capitalism in Russia. China also opposed Boris Yeltsin's inroads into Soviet politics because of his support of capitalism. Some scholars speculate that the August 1991 coup in Moscow to return "hard-liners" to the Kremlin was inspired by China and engineered in Beijing. The coup failed. The Soviet Union collapsed. Yeltsin was by then popular. China had to deal with this newcomer capitalist in the Kremlin. Russia succeeded the Soviet Union,¹⁰³ but China did not reverse its Moscow policy for reasons discussed below.

First, China does not view Russia as a military threat. China is more confident about the security environment on its borders with Russia. Some observers speculate that China has never been more confident in its communist history about its security as it was

after the collapse of the former Soviet Union.¹⁰⁴ Russia's border policy toward China reinforced Chinese confidence about Russian intentions toward China. The Soviet Union and China had signed on May 16, 1991 a border treaty, which was ratified in February 1992 by the Russian authorities after the collapse of the Soviet System. This confidence-building measure was so significant given the fact that Sino-Russian relations for the past 300 years in general and during the Cold War in particular, were overshadowed by border disputes. The first in three hundred years, the treaty eased tensions while paving the way for cooperation in economic, military, and political arenas.¹⁰⁵ In 1998, Sino-Russian relations entered a new phase when the two nations successfully negotiated a settlement of border disputes. During Yeltsin's December 1999 visit to China, President Jiang Zimen maintained that the relations between the two nations have reached a new high as the two countries solved border issues left over from history through consultations on an equal footing and with mutual understanding and compromise.¹⁰⁶

Second, China is believed to be in favour of a strategic alignment with Russia to counter-balance the American hegemony, which evidently jeopardises Chinese interests. The idea of a deterrent to American hegemony—the Sino-Russian alliance, which was apparently proposed by China—surged in the mid-nineties. An apparent strengthening of the Sino-Russian relationship in the mid-nineties signals the prospect of strategic partnership between the two major powers. McDougall notes:

This theme was developed during visits by Jiang Zimen to Moscow in June 1995, by Boris Yeltsin to Beijing in April 1996, and by Premier Li Peng to Moscow in December 1996. During Yeltsin's visit the two sides declared a strategic partnership for the next century. However, given the uncertainties affecting both countries, it would be inaccurate to characterise their relationship as based on a firm alignment. China and Russia enhance their bargaining power in other

situations by leaving open the possibility that such an alignment might develop.¹⁰⁷

Following an exchange of visits between the leaders of the two countries, Beijing and Moscow established a hotline. According to *Asiaweek*, the main catalyst behind the Sino-Russian strategic partnership “is growing U.S. power and Washington’s readiness to use it”.¹⁰⁸ However, it has been given a push by the US-led NATO military assault on Moscow’s ally Yugoslavia and the Western alliance’s destruction of the Chinese embassy in Belgrade on May 8, 1999. The editorial maintains, even though China and Russia have their own difficulties and Russia cannot help Beijing in its economic development and WTO membership, a strategic partnership between Beijing and Moscow due to compelling reasons is likely to emerge. The editorial notes:

Compelling factors are pushing the two together. Just as China frets about its territorial integrity, Russia worries about growing Western encroachment on its sphere of influence. Moscow has long lost its Eastern European satellites, some of whom have even joined its nemesis, NATO. And Beijing knows the U.S. is the only power likely to challenge it on Taiwan. It is not hard to foresee a *de facto* accord: Russia would support China on Taiwan, while Beijing would back Moscow not only on Kosovo but also in opposition to the continued expansion of NATO or its mission to police the world.¹⁰⁹

An informal summit between Russian President Boris Yeltsin and Chinese President Jiang Zemin was held in Beijing from 9-10 December 1999. Zhang Qiyue, Chinese Foreign Ministry spokesman, claimed that Yeltsin’s visit was important as it further enhanced Sino-Russian strategic and cooperative partnership oriented towards the next century.¹¹⁰ However, according to Deng Rong—daughter of the architect of Chinese reform Deng Xiaoping, and deputy chairperson of the Chinese-Russian Friendship Association—the two leaders once again reiterated the idea of a multipolar world order in the post-Cold War era and agreed to work together for development of a multipolar world.¹¹¹ According to Jiang, China’s contribution to world peace is in the establishment

of a multipolar world. Therefore, according to him, the Sino-Russian strategic partnership would enable China to create a multipolar international order.¹¹²

However, before Yeltsin's trip to Beijing, Russian Foreign Ministry spokesman Vladimir Rakhmanin is reported to have said on December 7, 1999, that Yeltsin's visit to China was not connected with the present state of relations between Russia and the West, as China is an independent priority for Russia's foreign policy.¹¹³ But, it should be noted that policy-makers in the West do not agree with Rakhmanin's statement. For instance, former US National Security Adviser Zbigniew Brzezinski, in an interview in 1998, alluded to the view that the Sino-Russian alliance is suspected to be in retaliation to the US-Japan alliance and the new (enlarged) NATO.¹¹⁴

The proposed Sino-Russian strategic alignment aims to prevent American hegemonism, and unless the US takes steps to temper the Chinese about its behaviour as a "rogue superpower", China and Russia are likely to move closer.¹¹⁵ However, the US engagement of China or Russia may not keep Beijing and Moscow from getting closer in the context of a US-dominated unipolar international order in the post-Cold War era. However, Rajan Menon argues that the Sino-Russian relationship as such is not a strategic partnership, but a "strategic convergence" as their relationship is characterised by cooperation in areas of common interests. He says:

The days of Sino-Russian enmity are over and unlikely to return for the foreseeable future. While Russia and China have built substantial political, economic and military ties during the 1990s, however, they are not bound by an alliance in any strict sense of the term. Their relationship is best characterised as one of strategic convergence, involving multifaceted cooperation and a convergence of views and interests on important questions of international security. It is

sustained not by trust and goodwill but by calculated self-interest and a desire for leverage vis-à-vis third parties, especially the United States.¹¹⁶

Third, as part of strategic partnership, China seeks Russian assistance to modernise its defence industry. China considers Russia as the main source of transfer of military-related technology. A number of agreements both in Moscow and Beijing were subsequently signed. Sales and licensing of Russian arms to China have risen substantially. For instance, a five-year military cooperation agreement was signed in 1993 when the Russian Defence Minister visited Beijing. A leaked copy of the agreement suggests that Sino-Russian military cooperation could possibly include not just weapons sales, but also personnel exchange, training, intelligence information-sharing, and even mutual logistics support. By 1996 Russia had licensed China to manufacture up to 150 US-27 aircraft. Three other agreements regarding military cooperation with similar objectives were signed between the two nations in 1994 and 1995.¹¹⁷ In addition, the two sides have also taken some concrete steps to reduce the possibility of military confrontation. In 1996 in Shanghai and in 1997 in Moscow, the two countries signed two agreements to reduce their troops on both sides of the border.¹¹⁸ In 1998, Moscow and Beijing resolved their longstanding border dispute.¹¹⁹

In addition, the “Shanghai Five” mechanism, established in Shanghai, China, in April 1996, also could be viewed as a forum for exchange of views on numerous issues of concern to both Russia and China. The leaders of China, Russia, Tajikistan, Kazakhstan, and Kyrgyzstan “held their first summit to exchange views on regional and international issues of common concern in Shanghai, China in April 1996. And the mechanism of annual summits of the five nations has evolved into what is now known as

the Shanghai Five".¹²⁰ Initially, the Shanghai Five was formed to tackle China's border problems with some Central Asian countries. Nevertheless, its agenda was later expanded to include other general, economic, and security issues. For instance, at the Dushanbe Summit, Tajikistan, on 5th July, 2000, the leaders of the Shanghai Five at their fifth summit "exchanged extensive views on regional situations and international issues of common concern, and reached a broad consensus on establishing good-neighbourly, friendly and peaceful cooperative relations in the 21st century".¹²¹ However, Uzbekistan gained full membership of the Shanghai Five only in June 2001. Though headed by Tajikistan, it is believed that China and Russia have initiated the Shanghai Five mechanism, thus evidencing a desire by the two major powers to manage the post-Cold War balance of power in Central Asia in favour of their strategic interests.

In June 2001 member states of the Shanghai Five mechanism established the "Shanghai Cooperation Organization"—a regional organisation for multilateral cooperation in various fields among the member states—in Shanghai, China. The formal establishment of the Shanghai Cooperation Organization has increased the possibility of expansion of its membership to include any nation expressing readiness to join it and hence lifting membership restriction to the original five states. The heads of six member states of the Shanghai Cooperation Organization declared on June 15, 2001, in Shanghai, China, that:

The goals of the Shanghai Cooperation Organization are: to strengthen mutual trust, friendship and good-neighbourliness between the member States; to encourage effective cooperation between them in the political and economic, scientific and technical, cultural, educational, energy, transport, environmental and other spheres; and to undertake joint efforts for the maintenance of peace, security and stability in the region, and the building of a new, democratic, just and rational international political and

economic order.... [Moreover], the member states shall engage in close cooperation with a view to the implementation of the Shanghai Convention on combating terrorism, separatism, and extremism, including the establishment of a regional anti-terror structure of the Shanghai Cooperation Organization.¹²²

Further, the Shanghai Declaration states that the Shanghai Cooperation Organization is a confidence-building mechanism and not a military alliance against any state. It aims to create transparency in the military field and facilitate the implementation of Shanghai and Moscow agreements, signed in 1996 and 1997 respectively, to reduce armed forces in the border area. Notwithstanding this, the Shanghai Cooperation Organization attaches priority to regional security and shall make necessary efforts to maintain it. A deeper look into the content of the Shanghai Declaration on the establishment of the Shanghai Cooperation Organization reveals that while retaining the main objectives and structures of the Shanghai Five mechanism, the Shanghai Cooperation Organization is believed to focus more on regional and global security issues. Arguably, it aims at promoting a multipolar world order that could restrain American military and even economic influence in Asia in general and Central Asia in particular. An instance of such trends in the behaviour of member states of the Shanghai Five Organization is the meeting between Russian President Vladimir Putin and Chinese President Jiang Zemin prior to the June 2001 summit. The talks between the heads of two influential states of the Shanghai Cooperation Organization focused on countering the US initiative to deploy a missile defence shield.¹²³ Moreover the Shanghai Cooperation Organization could also unfold the possibility of Sino-Russian strategic partnership in concert with other small states in the region.

However, Beijing and Moscow may not behave in a manner that jeopardises the likelihood of a strategic alignment between the two neighbours. For instance, while the West accused Russia of grave violation of human rights during its military campaign in Chechnya, which it launched in late 1999, China views it as Moscow's internal affair. After the December 1999 informal summit between Yeltsin and Jiang, China reiterated that the issue of Chechnya is purely an internal affair of Russia. It supports the Russian move to crack down on terrorist forces. The Russian side expressed satisfaction with the Chinese stand on the Chechen issue.¹²⁴ The leaders in Beijing and Moscow have made a number of trips to the other's capital to strengthen bilateral relations and enhance cooperation in various defence-related areas.

Finally, China believes that Russia could help to retain the communist era political elites in power in the capitals of members of the new Commonwealth of Independent States (CIS). For Beijing they are the best candidates who could run their nations very much on the Chinese model that retains traditional Communist authoritarian values while moving toward economic liberalisation. This would help maintain political stability that is crucial to Chinese interests in the region. However, present circumstances suggest that the danger of instability stemming from within Russia is greater than the danger posed by the CIS. China fears that instability in Russia might spill over into its territory and jeopardise its internal security. The source of instability in Moscow, according to Chinese leaders, could be nationalistic sentiments. A pro-nationalist government in Moscow might lead to the reassertion of Russia as a power that might threaten Chinese interests.¹²⁵ China has every right to be concerned about nationalistic sentiments in the Soviet republics that ultimately led to disintegration of the Soviet

Union. Chinese leaders fear a similar fate befalling them from uncontrolled ethnic nationalism. In any event, a nationalist take-over in Moscow may not necessarily lead to a reassertion of Russian power in the decades ahead, as Russia's leadership would be preoccupied with many social and economic problems.

6.4.4 Small Powers in Chinese Foreign Policy

“Zhoubian” or good neighbour diplomacy, the main reason being the creation of a favourable environment to pursue its interests, marks China's relations with small powers.¹²⁶ The creation of an environment conducive to China's interests depends on how China perceives the role of individual national powers in the region. Nevertheless, the small powers in the region are both economically and strategically significant in Chinese foreign policy.

Economically, China looks to South Korea, Taiwan, Singapore, and to a lesser extent some ASEAN member states as models of economic development in addition to being huge sources of capital, investment and markets. China is keen to adopt the developmental strategy pursued by these nations in the 1950s. In fact China, in the first phase of its economic reform, adopted the Korean model of building large capitalist operations such as shipbuilding and other heavy industries, and the Taiwanese model of creating labour intensive light industries.¹²⁷ Moreover Taiwan, Hong Kong, South Korea, Singapore (also known as Asian Little Tigers), and some middle-of-the-road ASEAN states are among nations with huge investments in China. Indeed, the economies of China and these nations are becoming interdependent—a development that is viewed with concern in Tokyo and Washington as they may no longer be able to apply pressure

on China in negotiations. For economic reasons China normalised relations with South Korea in 1992, seeks negotiations on reunification of Taiwan, and promotes friendly relations with other regional states such as Indonesia, Malaysia, and the Philippines.¹²⁸

Strategically, China in its relations with small powers seeks to achieve at least two objectives. First, China would like to have as many allies and friends as possible. This will obstruct the influence of other powers such as the United States, Japan, and Russia in areas of vital interests to China. A top priority of Chinese foreign policy is the search for clients in the region. China, therefore, has launched confidence-building diplomacy among the small powers in the region. Chinese leaders are shuttling from capital to capital to alleviate the "China Fever". Beijing has aggressively embarked on diplomacy to convince national powers in the region that it does not aim to fill the power vacuum. China's search for alliance and confidence-building measures is evident in its leaders' behaviour since the 1980s when China normalised its relations with all nations in the region. However, normalisation has been preceded as well as followed by high level official visits by Chinese leaders to all nations to brief the political elites in these nations on Chinese intentions.¹²⁹

Moreover, according to K. S. Nathan, Beijing, in alleviating "China Fever" or anxieties of small powers about its rising power status and long-term objectives, has evidenced a two-fold strategy:

(a) strong support for ASEAN regionalism, and expanded economic, trade, and diplomatic ties with the regional entity, and (b) endorsement of security multilateralism led by the regional grouping in the form of the ASEAN Regional Forum, which seems to have allayed China's suspicions of the regional entity.¹³⁰

In February 1992, the National People's Congress of China passed the "Territorial Waters Law". According to the law, the Spratly Islands and the Paracel Islands among other areas fall under Chinese territorial jurisdiction. Almost all small powers with whom China seeks friendly relations are claimants to the disputed islands. McDougall notes:

China is less concerned about law of the sea matters in making its claim than other parties. Its claim is based on the argument that the South China Sea is its "historic waters". From this perspective, the South China Sea is seen as another issue relating to China's territorial integrity (similar to Hong Kong, Tibet, Macao, and Taiwan). *In February 1992, China reiterated its claim to all the islands of the South China Sea when the National People's Congress passed a Territorial Waters Law.* China—which became a net oil importer in 1994—believes that the oil and gas reserves of the South China Sea may be useful to its expanding economy by reducing China's dependence on oil imports.¹³¹

According to one view, China uses the claim of territorial sovereignty over the disputed islands to attain a two-fold objective: (1) by using the territorial claim, China believes it can drag these nations into cooperation; (2) China can use the South China Sea as a base for modernisation of its military and naval forces—which in turn enhances China's power projection capability in the Asia-Pacific region in the 21st century.¹³² Moreover, according to Nathan "China's recent assertiveness over the South China Sea, especially its promulgation of a domestic law classifying most of the South China Sea as its territorial waters is worrisome". Therefore, according to him, China's territorial claims combined with the perceived "political and economic threat to indigenous Southeast Asian societies with sizeable ethnic Chinese minorities, such as Malaysia" would compel small powers to work with other outside powers to create a security framework that could contain the Chinese threat to regional security.¹³³ Yet, it would depend on the ability of Chinese leaders to convince the small powers in the region that Beijing has no sinister intentions in its relations with these nations. However, it should be noted that China

showed goodwill towards the other ASEAN claimants in the Spratlys by shelving the issue of sovereignty in the aftermath of the Asian Financial Crisis in 1997.¹³⁴ Indeed, even before the outbreak of the Asian currency crisis, Chinese Foreign Minister Qian Qichen, proposed at the July 1995 meeting of ASEAN Foreign Ministers, the idea of joint development as the most realistic and practical way of handling the dispute.¹³⁵ Nevertheless, other claimants have refused to participate. Moreover, China also showed goodwill towards the whole region in general and ASEAN in particular by not devaluing its currency during the Asian Financial Crisis (ACC) in 1997. Had China devalued its currency, it would have had serious repercussion on the economic recovery of several member-states of ASEAN.

China does not expect any of the small powers in the long-term to become its political or economic contenders. This is the basis for the view that China will not encourage reunification of the two-Koreas nor federation of the Indo-Chinese nations of Vietnam, Laos, and Cambodia.¹³⁶ Therefore, China will not agree to nuclear proliferation on the Korean peninsula, which explains China's cooperation in defusing tension on the Korean peninsula. Therefore, Beijing would prefer a divided but peaceful Korea with both North and South Korea on good terms with China. In pursuit of this objective, China supported membership of both Koreas in the United Nations.¹³⁷ Beijing adopts the same strategy with respect to Indochina i.e. to prevent Hanoi's domination of the Indo-Chinese Peninsula.

ENDNOTES

1. Lu Ning, *The Dynamics of Foreign Policy Decision-Making in China*, (USA: Westview Press, 1997), p. 1.
2. Samuel S. Kim, "China and the World in Theory and Practice", in Samuel S. Kim (ed.), *China and the World: New Directions of Chinese Foreign Relations in the Post-Cold War Era*, (USA: Westview Press, 1994), pp. 3-4.
3. *Strategic Survey 1999/2000*, (London: International Institute for Strategic Studies, 1999), p. 186.
4. *The Military Balance 96/97*, (London: The International Institute for Strategic Studies, 1996), p. 179. See also *World Military Expenditures and Arms Transfers 1996*, (USA: US Arms Control and Disarmament Agency, July, 1997), pp. 36-38 and 65. See also *New Strait Times (NST)* (Malaysian Daily), November 14, 1998.
5. *NST*, November 14, 1998. See also *World Military*, *op. cit.*, pp. 31-38, 65, and 76.
6. *NST*, February 17, 1999.
7. Kim, *op. cit.*, p. 17. See also Feeney, *op. cit.*, p. 226.
8. *Far Eastern Economic Review*, November 25, 1999, p. 80.
9. *Ibid.*
10. *Ibid.*
11. For details, see *Strategic Survey 97/98*, (London: International Institute for Strategic Studies, 1997), pp. 175-178.
12. *The Military Balance 99/2000*, *op. cit.*, p. 175.
13. *The Military Balance 97/98*, *op. cit.*, pp. 174-175, 179. See also *World Military*, *op. cit.*, pp. 36-38, 65, 76, 88 and 96.
14. *World Military*, *op. cit.*, pp. 4-7.
15. *The Military Balance 99/2000*, *op. cit.*, p. 175.
16. Paul H. B. Godwin, "Force and Diplomacy: Chinese Military Policy in Post-Cold War Era", in Kim, *op. cit.*, p. 172.
17. Allen S. Whiting, "The Future of Chinese Foreign Policy", in Kim, *op. cit.*, pp. 262-263.

18. *Strategic Survey 99/2000, op. cit.*, p. 171.
19. *Ibid.*, pp. 171-172.
20. For details of various types of weapons, see *The Military Balance 99/2000*, pp. 186-187.
21. For details of weapon types deployed in Chinese Naval Forces, see *ibid.*, pp. 187-188.
22. For names of the military regions, bases, etc., see *ibid.*
23. For details about the kinds of weapons deployed in each one of the three fleets, name of bases, and number of personnel deployed, see *ibid.*
24. *Strategic Survey 97/98, op. cit.*, p. 173.
25. Derek McDougall, *The International Politics of the New Asia-Pacific*, (USA: Lynne Rienner Publishers, 1997), pp. 27-30.
26. For details about Beijing's aim of creating a greater China in the post-Cold War international order, see John Wong, "Myth and Reality of a Greater China", in Derek da Cunha, *The Evolving Pacific Power Structure*, (Singapore: Institute of Southeast Asian Studies, 1996), pp. 139-144. Wong discusses this objective of the PRC in the context of its relations with other nations in the region.
27. Michael D. Swaine, *The Role of the Chinese Military in National Security Policymaking*, (USA: RAND, 1996), p. 20.
28. John R. Faust et. al., *China in World Politics*, (USA: Lynne Rienner Publishers, 1995), pp. 20-21.
29. *Ibid.*, pp. 251-154.
30. Swaine, *op. cit.*, p. 20.
31. A. Doak Barnett, *China and the Major Powers in East Asia*, (Washington: Brookings, 1977), pp. 5, and 80-81.
32. David Bachman, "Domestic Sources of Chinese Foreign Policy", in Kim, *op. cit.*, pp. 57-61.
33. Faust, *op. cit.*, pp. 40-42 and 62-63.

34. *Ibid.*, pp. 38-40. See also Robert G. Sutter, *Shaping China's Future in World Affairs: The Role of the United States*, (USA: Westview Press, 1996), pp. 101-103.
35. John F. Copper, *China Diplomacy: The Washington Taipei-Beijing Triangle*, (USA: Westview Press, 1992), pp. 145-146.
36. *Ibid.*, pp. 75-87 and 145-146.
37. Ikao Kayahara, "China as a Military Power in the Twenty-First Century", *Japan Review of International Affairs*, vol. 12 No. 1, 1998, pp. 50-51.
38. For details on China's participation and membership in these organisations, see Feeney, *op. cit.*, pp. 226-247. See also Faust, *op. cit.*, pp. 26-27, and Lu Ning, *op. cit.*, p. 88.
39. Faust, *op. cit.*, p. 16. See also Lu Ning, *op. cit.*, p. 88.
40. Wong, *op. cit.*, pp. 139-144.
41. *Strategic Survey 97/98*, *op. cit.*, p. 173. See also David Bachman, *op. cit.*, p. 184, and Faust, *op. cit.*, pp. 166-167 and 177-178.
42. Yoshihide Soeya, "The Japan-US Alliance in a Changing Asia", *Japan Review of International Affairs*, Vol. 10, No. 4, p. 270.
43. John Bryan Starr, *Understanding China*, (USA: Hills and Wang, 1997), pp. 58-77, 287-311.
44. Lu Ning, *op. cit.*, p. 106. See also Sutter, *op. cit.*, p. 19.
45. Lu Ning, *op. cit.*, pp. 94-95.
46. *Ibid.*, pp. 87-88. See also Barnett, *op. cit.*, pp. 12-17.
47. Swaine, *op. cit.*, p. 10.
48. Barnett, *op. cit.*, pp. 9-12.
49. McDougall, *op. cit.*, p. 31.
50. Barnett, *op. cit.*, pp. 97-99.
51. Swaine, *op. cit.*, pp. 1-2.
52. For details on the military's role in Chinese Foreign Policy, see *ibid.*, pp. 96-104.

-
53. For details on the relative influence of the Politburo and the Secretariat of the Chinese Communist Party in Chinese Foreign Policy formulation, see *ibid.*, pp. 20-32.
 54. Lu Ning, *op. cit.*, p. 9.
 55. Barnett, *op. cit.*, pp. 9-12.
 56. For details, see *ibid.*, pp. 33-43 and 46-49.
 57. Lu Ning, *op. cit.*, pp. 107-108.
 58. *Ibid.*, pp. 10-12.
 59. Barnett, *op. cit.*, pp. 29-30.
 60. *Ibid.*, p. 28.
 61. *Ibid.*, pp. 51-52.
 62. *Ibid.*, pp. 52-55.
 63. *Ibid.*, pp. 65-71.
 64. For details, see *ibid.*, pp. 77-96.
 65. *Ibid.*, pp. 119-127.
 66. *Ibid.*, pp. 111-116.
 67. For details on the nature of activities of these institutions or organizations, see *ibid.*, pp. 105-116.
 68. Sutter, *op. cit.*, p. 18.
 69. *Ibid.*, p. 36. See also McDougall, *op. cit.*, pp. 77-81.
 70. Faust, *op. cit.*, pp. 147-150. See also Masashahi Nishihara, "Northeast Asia and Japanese Security", in Danny Unger and Paul Blackburn (eds.), *Japan's Emerging Global Role*, (USA: Lynne Rienner Publisher, 1993), p. 92.
 71. Whiting, *op. cit.*, pp. 261-266. See also Faust, *op. cit.*, pp. 147-150.
 72. Sutter, *op. cit.*, pp. 125-128.
 73. *Ibid.* See also Kayahara, *op. cit.*, pp. 60-61.

74. Robert A. Paster, "China and the United States: Who Threatens Whom?", *Journal of International Affairs*, Vol. 54, No. 2 Spring 2001, p. 428.
75. *Beijing Review*, July 17, 2000, p. 6.
76. *Ibid.*
77. Faust, *op. cit.*, pp. 140-144.
78. Se Hee Yoo, "Sino-Japanese Relations in a Changing World", in Gerald L. Curtis (ed.), *Japan's Foreign Policy*, (USA: An East Gate Book, 1993), pp. 315-316.
79. Steven I. Levine, "Sino-American Relations; Testing limits of Discord", in Kim, *op. cit.*, p. 83.
80. Swaine, *op. cit.*, p. 20.
81. *Far Eastern Economic Review*, April 22, 1999, p. 64.
82. *Far Eastern Economic Review*, November 25, 1999, pp. 80-81.
83. *Far Eastern Economic Review*, September 23, 1999, p. 44, and April 22, 1999, pp. 65-66.
84. *Far Eastern Economic Review*, April 22, 1999, p. 65.
85. *Ibid.*, p. 64.
86. Kayahara, *op. cit.*, p. 66.
87. Chih-yu Shih, *China's Just World: The Morality of Foreign Policy*, (London: Rynne Rienner Publishers, 1993), pp. 113-126.
88. *Beijing Review*, December 20, 1999, p. 5.
89. Copper, *op. cit.*, pp. 131, 153-170. See also Steven I. Levine, *op. cit.*, pp. 78-79.
90. Yoo, *op. cit.*, pp. 310-311. See also Shih, *op. cit.*, p. 161.
91. Faust, *op. cit.*, pp. 36-39.
92. McDougall, *op. cit.*, pp. 98-100.
93. Faust, *op. cit.*, pp. 188-189.

94. Barnard K. Gordon, *New Direction for American Policy in Asia*, (New York and London: Routledge, 1990), pp. 85-88.
95. Faust, *op. cit.*, p. 78. See also McDougall, *op. cit.*, pp. 195-198.
96. *Ibid.*, pp. 192-196. See also Nishihara, *op. cit.*, p. 92, and Donald W. Klein, "Japan and Europe in Chinese Foreign Relations", in Kim, *op. cit.*, p. 123.
97. Nishihara, *op. cit.*, p. 92.
98. Soeya, *op. cit.*, p. 271.
99. *Ibid.*
100. McDougall, *op. cit.*, pp. 100-103. See also Klein, *op. cit.*, pp. 123-124.
101. Lowell Dittmer, "China and Russia: New Beginnings", in Kim, *op. cit.*, pp. 94-98.
102. *Ibid.*, pp. 98-102.
103. *Ibid.*, pp. 102-108.
104. McDougall, *op. cit.*, pp. 28.
105. Faust, *op. cit.*, p. 111.
106. *Beijing Review*, December 20, 1999, p. 4. See also *Asiaweek*, May 28, 1999, p. 21.
107. McDougall, *op. cit.*, p. 118.
108. *Asiaweek*, May 28, 1999, p. 21.
109. *Ibid.*, pp. 21-22.
110. *Xinhua News Agency*, December 7, 1999, Mailer-Daemon@email-delivery.infotrac-custom.com
111. K.S. Nathan, "Russia as an Asia-Pacific Power in the 21st Century: Problems and Prospects", *Asian Defence Journal*, 11/99, November 1999, pp. 7-8.
112. *Beijing Review*, December 20, 1999, p. 4.
113. *ITAR/TASS News Agency*, December 7, 1999, Mailer-Daemon@email-delivery.infotrac-custom.com.

114. An abstract of "Should the Yeltsin-Jiang Summit Worry the West? (Interview), *New Perspectives Quarterly*, Winter 1998, Vol.5, No 1. P. 41 is produced by Mailer-Daemon@email-delivery.infotrac-custom.com.
115. *Asiaweek*, May 28, 1999, p. 22.
116. Rajan Menon, "The Strategic Convergence Between Russia and China", *Survival*, Vol.39, No. 2, Summer 1997, p. 101.
117. *Ibid.*, pp. 118-119. See also Kim Myung-jin, "The Implication of Sino-Russian CBM and Its Applicability to the Two Koreas", *East Asian Review*, Vol. 10, No. 3, 1998 pp. 84-86.
118. Myung-jin, *op. cit.*, 78-84.
119. *Asiaweek*, May 28, 1999, p. 21.
120. People's Daily Website (China's Daily), <http://english.peopledaily.com.cn> (6 July 2000), p. 1.
121. *Beijing Review*, July 17, 2000, p. 10. See also British Broadcasting Services Centre (BBC), <http://www.afghanradio.com> (January 2001), pp. 1-2.
122. For full text of Shanghai Declaration on establishment of Shanghai Cooperation Organization on June 14, 2001, Shanghai, China, see <http://missions.itu.net>, (11 June 2001), pp. 1-4.
123. ReliefWeb, <http://reliefweb.int>, (11 June 2001), pp. 1-2.
124. *Beijing Review*, December 20, 1999, p. 10.
125. Faust, *op. cit.*, pp. 116-117. See also McDougall, *op. cit.*, p. 118.
126. McDougall, *op. cit.*, p. 30.
127. Faust, *op. cit.*, pp. 78-79.
128. Sutter, *op. cit.*, p. 41.
129. For details on high-level visits by Chinese officials to various Asian countries, see McDougall, *op. cit.*, pp. 147-153, 181-187, and 210-218.
130. K. S. Nathan, "China, India, and the Asian Balance of Power in the 21st Century", *Asian Defence Journal*, 4/99, April 1999, p. 7.
131. McDougall, *op. cit.*, p. 216.

-
132. *Ibid.*, pp. 147-153, 181-187, and 210-218.
133. K. S. Nathan, "Malaysia: Reinventing the Nation", in Muthiah Alagappa (ed.), *Asian Security Practice*, (California: Stanford University Press, 1998), p. 541.
134. K. S. Nathan is Professor of International Relations in the Department of History, University of Malaya, Kuala Lumpur, Malaysia. His views regarding China's reaction to the Asian Financial Crisis have been expressed in a discourse on the subject under discussion, as he supervises this thesis. He gave me permission to quote his ideas on the subject.
135. Cited in K. S. Nathan, "Linkages Between Asia-Pacific Regional Economic and Security Relations: Emerging Trends in the Post-Cold War Era", in Susan L. Shirk & Christopher P. Twomey (eds.), *Power and Security: Economic and Security Linkages in Asia-Pacific*, (New Brunswick & London: Transaction Publishers, 1996), p. 61.
136. For details on China's policy towards ASEAN vis-à-vis the Spratlys issue, see McDougall, *op. cit.*, pp. 149-153. See also Gordon, *op. cit.*, pp. 95-97.
137. *Ibid.*