

GREAT DECISIONS

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Background guide: China's foreign policy

Overview

China is the dominant power in Asia. Both an economic powerhouse and a political heavyweight, Beijing flexes serious muscle to ensure its interests in the region.

At times, Chinese might comes as a welcome ally, making it easier for the U.S. to tackle crises like North Korea's nuclear ambitions. But Washington is also wary of China's reach and many see the Pentagon's "Pivot to Asia" as an attempt to counter the staunch advance of Chinese influence in the region.

Regional Politics

In the 1990s, the traditionally isolationist nation of China began to look outside itself. Beijing's policy of "mulin, anlin, fulin,"—or an "amicable, tranquil, and prosperous neighborhood" encouraged new cooperation and diplomacy with its neighbors.

In the 21st century, that push has been hastened by China's rising wealth. With an economy now second only to that of the United States, China has a growing appetite for investment and trade with its neighbors.

But the nations of East Asia are often mired by political instability, an enemy of economic growth. So Beijing is creating economic and diplomatic initiatives to keep the region calm—and prosperous—for the coming years.

Regional Security

In 2013, North Korea's untested leader Kim Jong Un launched a weeks-long tirade of threats against the U.S. and South Korea. In response, the world turned to North Korea's lone ally and next-door neighbor China. Beijing successfully reigned in the bellicose leader and has since taken greater interest in the security of the region.

But China's interests are two-fold. Even as it works for peace in the unstable region, it knows the U.S. has been beefing up its own military presence in its neighborhood. Policies like the Pentagon's Pivot to Asia are a threat to China's dominance in the region. In response, Beijing has boosted military spending, hoping to counter American advances.

Policy Options

Washington insists the Pivot to Asia does not amount to an anti-China policy. American leaders have instead framed the move as a strategic partnership with Beijing.

But behind the scenes, the U.S. has been doing what it can to win favor in the region. Washington has expanded trade and bilateral

relations with smaller nations like Thailand, Vietnam, Indonesia, and the newly democratic Burma. The Pentagon has continued to conduct joint military operations with Thailand, Malaysia, and now Indonesia. More friends in the area means more chips at the bargaining table with China.

The military disputes in the East China Sea between China and America's allies complicate U.S. policy toward China as the U.S. tiptoes between managing China's rise and containing it.

In a cold war of ideas and money, the two super-powers will continue to grapple over influence in the Far East. It will be years, however, before we know the true strength, and limitations, of China's power in Asia.

Experts

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François Godement, *Director for strategy at Asia Centre and a senior research fellow at the European Council on Foreign Relations*

Cao Siyuan, *Prominent Chinese economist, scholar and activist, co-founder and director of Shanghai Siyuan Merger and Bankruptcy Consulting Firm*

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Quick Facts

China's defense budget stands at around \$115 billion and is growing.

According to ASEAN statistics, the foreign direct investment flow from China to ASEAN increased significantly by 117% from US \$2.7 billion in 2010 to US \$5.9 billion in 2011.

North Korea's share of overall Chinese development assistance has risen from one-third of the budget to over half in recent years.

Eight of Shanghai's top ten stocks are state-controlled arms of the government.

Chinese GDP could overtake the U.S. as soon as the early 2020s.

In 2011 China formally overtook Japan to become the world's second-largest economy after Tokyo published figures showing a Japanese GDP rise of only four percent in 2010.

China became the world's largest personal computer market in 2013, according to the CEO of Acer, the world's second-largest computer maker behind Hewlett-Packard.