Introduction

China’s rising importance in Asian affairs represents a major change in regional power dynamics in the early 21st century and a major challenge for analysts of Asian affairs. Specialists are likely to focus on determining and assessing the scope and implications of this development for many years to come. While many will engage in projections focused on China’s strengths and accomplishments and the new features of Chinese diplomacy in Asia, balanced assessment will require comprehensive treatment of Chinese strengths and weaknesses, clear-eyed views of determinants regarding Chinese ambitions in Asia, and awareness of the strengths and weaknesses of other powers and influences in the region, notably those exerted by the United States.

Careful review of the record of Chinese relations in Asia in the post Cold War period shows a number of continuities with Maoist and post-Mao foreign policy concerns, notably concern to free China’s periphery of great power presence, while underlining some remarkable differences. There is a similar mix of continuity and change in China’s approach to what Chinese officials recognize as the region’s leading power, the United States. The balance of Chinese efforts to cooperate with the United States and to marginalize US power and influence around China’s periphery is complicated and dynamic. Currently, the balance is neither overwhelmingly negative nor positive toward the United States and its interests in the region. China may be on the road to become Asia’s leading power and in the process may marginalize a preoccupied United States as many forecasts predict. But experience, perspective, and the realities of power and influence argue that it is much too early to be making such presumptuous assessments. In particular, the United States has a variety of enduring strengths and viable options to preserve a leading position in Asia.1

China’s Rise

China has become a manufacturing base and central destination in burgeoning intra-Asian and international trading networks producing goods, notably for export to developed countries. There also is large-scale development of Chinese infrastructure. China has emerged among the top ranks in the production of steel and other metals, cement, ships, cars, electronic goods, and textiles. It is a major consumer of international raw materials. In Asia, China is a top trader with such key neighbors as South Korea, Japan, and Taiwan, and a number of Southeast Asian countries. As it seeks to sustain a fixed value for its currency relative to the US dollar that is widely seen as unrealistic but advantageous to Chinese exports, China has accumulated over $600 billion in foreign exchange reserves.2

Based on recent trade growth averaging double the impressive growth rate of the Chinese economy, Chinese officials have built closer political ties with neighboring countries through effective and often high-level diplomacy that is attentive to the interests of Asian governments. Putting aside or narrowing differences in the interest of broadening common ground, Chinese diplomacy has been welcomed by most neighbors as a contrast to the sometimes maladroit and disruptive Chinese policies of the past. Chinese leaders notably have put aside past suspicion of Asian multilateral organizations and have strongly embraced a variety of Asian groupings to the satisfaction of other regional participants.

The greatest gains in Chinese regional influence have been registered in South Korea and in Southeast Asia. Elite and popular opinion in these countries has shown strong pro-China tendencies, and some government leaders have reflected this as well. China also has improved relations with India, the central Asian countries, and its relations with Russia are close, though not as close as during the late 1990s.
The Chinese approach has not been uniformly successful.

- The largest economy in Asia, Japan, trades actively with China but Sino-Japanese political relations deteriorate and strategic suspicions and rivalry grow.
- The top priority in Chinese policy in the region, halting Taiwan’s moves toward permanent separation, seems beyond China’s control. The mix of military build-up and threats to use force, coercive diplomacy isolating Taiwan, and closer economic relations across the Taiwan Strait has resulted in Taiwan’s government moving step-by-step toward a political status that would make voluntary reunification with China impossible. Chinese threats are often discounted in Taipei and prompt accelerated Taiwan moves toward independence. At present, Chinese leaders are compelled to rely on the United States to apply pressure sufficient to keep Taiwan from establishing a legally binding permanent independence from China.
- Russia has continued active military cooperation and arms sales with China, but President Putin left China in the lurch in 2001 by muting Russia’s past vocal opposition to US ballistic missile defense plans as he moved Russia to develop closer ties with the United States and the West. Last year, Putin backed away from an important pipeline deal with China when presented with better options by China’s energy rival, Japan. Russia also recently welcomed a visit by the Dalai Lama, a clear affront to Chinese government sensibilities.
- The fanfare that accompanied the reported breakthrough in Sino-Indian relations in 2004 has died down as the two powers continue to grapple with their border problem and major competing interests regarding Pakistan, Tibet, and leadership in Asia.
- Even areas of great advance in Chinese influence, like relations with South Korea, remain volatile and subject to turns for the worse. A Sino-Korean dispute over the historical Goguryeo Kingdom challenges powerful nationalistic feelings on both sides and has possible implications for the demarcation of Chinese and Korean territory. It emerged in the midst of a widespread pro-China fever in South Korea in mid-2004. The result was a sharp shift in South Korean public and elite opinion against China.
- In South Korea, Southeast Asia, and elsewhere, manufacturers tend to view a rising China as a threat to their existing business. Lower cost and more effective production in China means these entrepreneurs have to abandon their domestic enterprises in favor of integrating their manufacturing with production in China.

The Chinese approach to Asia has developed gradually in the post Cold War period and most Chinese motives appear clear to outside observers. Chinese leaders want to secure their periphery in Asia and maintain stable relations in order to focus on key Chinese domestic issues involving economic growth and political stability. Needing economic growth at home, Chinese leaders endeavor to maximize effective economic interchange with neighboring countries. Strong Chinese nationalism and Taiwan’s moves toward independence prompt Chinese leaders to step up efforts to isolate Taiwan in Asia. Chinese leaders also are anxious to reassure neighbors and offset fears and wariness stemming from the rapid rise of China’s economic and related military power.

The Chinese approach to Asia has not always been smooth, however. China’s wariness of Asian international organizations was overcome gradually, and even now Chinese officials continue to eschew close interchange with some groups, including an annual Asian security meeting in Singapore where the United States plays a leading role. China gradually has shown some flexibility on territorial questions, notably reaching in 2002 after many years of discussion a code of conduct regarding dealing with territorial disputes in the South China
Sea. On the other hand, it has been blunt and assertive in support of Chinese territorial claims with Japan and Vietnam, and has handled the historical territorial issue with Korea in a way that has alienated South Korean opinion. A very tough Chinese stance against Asian contacts with Taiwan, the Dalai Lama, and the Chinese-outlawed Falun Gong has sometimes alienated Asian leaders. Several were put off by Chinese pressures against legislative and former officials from their countries attending the Taiwan president’s inauguration in 2004. Singapore officials had a new view of Chinese assertiveness when the incoming Singapore prime minister was publicly sanctioned by China for visiting Taiwan prior to taking power.

For many years, Chinese leaders sandwiched their new positive diplomacy in Asia with a strong and overt opposition to the United States and its policies and interests in the region. However, Chinese leaders found that Asian states were reluctant to choose between China and the United States. They also came to recognize such a tough public stance against the United States could damage China’s interests at a time when Chinese leaders were anxious to improve their relations with a George W. Bush administration poised to adopt a much more active and strong national security policy targeted against China in Asia. As a result, Chinese leaders shifted their approach and moderated the anti-US emphasis in mid 2001, well before the terrorist attack on America. They have generally adhered to this moderate stance, though they continue to work against US influence in the region in a variety of more subtle ways.

Unanswered questions

The major changes brought about by China’s rising power and influence in Asia raise a number of questions that have no easy answers but warrant careful attention by specialists in the years ahead.

What is China’s actual power in Asia?

One key issue needing clarification relates to how much actual power and influence China exerts as a result of its salient trading role and adroit diplomacy. In the past, China exerted important influence in nearby Asia through military force and pressure, such as support for insurgencies and communist parties. The current Chinese approach eschews military force and pressure in most cases (Taiwan is an obvious exception, and there are arguably others, e.g. Japan, India, and Vietnam). China exerts influence in positive ways through mutually beneficial economic and political arrangements, featuring growing China-Asia interdependence. Most assessments correctly conclude that the new approach gives China more influence in Asia, but how much more?

As Chinese leaders focus on seeking common ground with neighbors, with a few exceptions they do not seek to have neighboring governments do things they would not otherwise be inclined to do. This is consistent with their current “win-win” emphasis in developing relationships with neighboring countries. As noted earlier, the exceptions include strong Chinese pressure against contacts with Taiwan, the Dalai Lama and the Chinese-outlawed Falun Gong. The overall benign Chinese approach eases regional concerns about possible Chinese dominance and wins support among elite and public opinion in many Asian states. However, many seasoned foreign policy practitioners argue that such soft power doesn’t amount to much unless the Chinese can show that they can make these governments make hard decisions they would otherwise seek to avoid in directions favorable to China. China has yet to show its power in such circumstances.

China’s geo-economic strategy in Asia also has practical limitations. China is still a poor country. It remains a significant net recipient of foreign aid; its annual dues to the United Nations are small. China’s ability to invest
and give aid to Asian neighbors is undercut by strong Chinese domestic development priorities. China’s strategic reach and influence in Asia are overshadowed by those of the United States. The United States also remains the most important recipient of finished products exported by China and other Asian manufacturers, and an economic partner of choice and an accepted security guarantor in Asia for most Asian governments. The United States is not a threat to many manufacturers in Asia, whereas rising China is.

These obstacles can be overcome with time and given continued prosperity and stability in China, but that will not happen fast. Chinese limitations seemed on display in the international relief efforts following the Tsunami disaster in southern Asia in December 2004. Chinese government leaders went to extraordinary efforts to provide aid and other support, but the Chinese contributions were overshadowed by fast and efficient responses by thousands of US forces with needed equipment along with relief teams from Asian Pacific states close to the United States, and by large aid contributions from the U.S., Australia, Germany and Japan that placed China in a secondary category of donors.

Meanwhile, in trying to measure Chinese power and influence in Asia, it appears important to differentiate Asian elite and public opinion, which sometimes gets caught up in a pro-China “fever,” from the private calculus of Asian government leaders. Governments remain the key actors in Asian affairs and in the foreign relations of the region. In dealing with rising China, most Asian government officials carefully calculate their nations’ interests as they endeavor to channel Chinese behavior in constructive ways while seeking offsetting linkages with the United States, Japan, India, and others. Japan is particularly wary of China’s rise, while India, Russia, and others maneuver with the United States and other powers to avoid an Asian order dominated by China. ASEAN leaders in recent years have engaged in a transparent effort to get China, Japan, India, the United States, and other powers to compete for better relations with ASEAN through free trade and other arrangements. One conclusion that comes from this is that few Asian leaders appear ready to adhere to a Chinese-led order in Asia.

**What does China’s rise mean for the United States?**

A second major question relates to the implications of China’s rise for the United States. On one side are some specialists who see Chinese leaders devoting top priority to using their rising economic and political influence to marginalize and undermine the United States in Asia. On the other side are specialists who believe that Chinese leaders are now confident they can deal effectively with the existing Asian order and have no need to compete with the United States. Some in this group argue that Chinese and US interests in Asia converge, undermining the rivalry of the past.

A middle range view finds it hard to believe that Chinese leaders would devote top priority to marginalizing the US influence in Asia at a time of major internal concerns regarding sustaining economic growth and political stability in China. For some time, the Chinese leaders will need to maintain good relations with the United States for the sake of China’s economic development and political stability—essential elements in keeping the Communist Party rule in China. Chinese leaders muted their vocal public opposition to the United States in Asia in mid-2001 in an effort to reduce friction and improve relations with a Bush administration prepared to give tit for tat in the face of Chinese assertiveness and resistance.

At the same time, it is difficult to see how Chinese leaders who have worked for over fifty years to rid their periphery of great power presence would suddenly put aside this drive in the 21St century. Moreover, Chinese leaders and even Chinese specialists dealing with the United States continue to register deep suspicions of the
United States. Chinese experience and nationalistic conditioning instill a dark view of foreign affairs and particularly of the leading world power, which is expected to seek dominance and hegemony. The US practice in the post-Cold War period has strongly reinforced the Chinese view that while the United States on the one hand seeks constructive engagement with China, on the other hand it pursues a sometimes overt, sometimes hidden, policy of containment. The latter is designed to keep China divided and weak and prevent its rise in power relative to the United States.

Graphically illustrating continued Chinese suspicion of US intentions, the Chinese military continues to devote extraordinary efforts to purchase and develop weapons systems to attack Americans if they were to intervene in a Taiwan contingency—China is the only large power in the world preparing to shoot Americans. China’s strong intercontinental ballistic missile program is targeted against the United States. China also continues to offset and counter US influence in Asia in a variety of ways through trade agreements, rhetoric, Asia-only groupings and other means, which amount to a soft balancing against the US superpower. The Chinese efforts are more overt in Southeast and Central Asia and less evident in Korea where more immediate and vital US interests are at stake.

To explain the recent (since mid 2001) moderation in China’s approach toward the United States in Asia after years of public attacks and other efforts against US and Soviet “containment,” it seems likely, as Chinese strategists readily admit in private, that Chinese leaders now see their interests better served by a moderate policy toward the United States. In particular, the Bush administration appeared more prepared than previous US governments to act strongly and effectively in the face of Chinese assertiveness and opposition. Underscoring this line of analysis, Chinese officials in 2003 and 2004 emphasized China’s strategy of “peaceful rise” or “peaceful development” in Asia. The naming of the strategy became the subject of debate among leaders and specialists in China, but the substance recognized US dominance in Asia and China’s determination that its rising stature in Asia not be seen as a threat by this dominant US power.

**Outlook and Options for the United States**

Looking out, a number of authoritative commentators have expressed concern over a perceived decline in US influence in Asia on account of US preoccupations elsewhere, military assertiveness, and poor diplomacy, and a concurrent rise of Chinese influence. They see US emphasis on geo-strategic issues, notably the war in Iraq and combating international terrorists, much less attractive to Asian governments and people than China’s accommodating geo-economic emphasis. However, measuring the actual decline in US influence and the relative rise in Chinese influence has proven difficult for several reasons.

Elite and public opinion in many Asian countries remains strongly critical of the US government, but Asian governments by and large have reacted pragmatically to US policies, seeking to keep relations with the United States on a good foundation. The United States is important for their economic development and the security environment in Asia. They remain wary of rising China and its possible ambitions, and see the United States as a needed counterweight. Even in South Korea, a country swept by anti-US sentiment and pro-China fever in recent years, government officials are clear eyed in assessing that continued good South Korean ties with the United States are essential in South Korea’s ability to deal effectively with China.

One way to assess the perceived US decline relative to China is to compare the recent situation in Asia with past periods of US decline and rise of other powers. In the past few decades, there have been two notable periods of perceived or actual US decline in Asia. The first was the post-Vietnam War period which saw a
marked rise of Soviet military-backed expansion in Asia. The second was in the latter part of the 1980s when Japan seemed to dominate much of East Asia while the United States seemed unable to compete with Japan, even in the US domestic market. In both cases, the perceived US weaknesses turned out to be exaggerated, as did the strengths of the newly rising powers. It is unclear if this third major episode of perceived US decline, along with China’s rise, is subject to the same exaggeration and misinterpretation. What is clear to seasoned observers is that whatever decline has taken place in US power relative to China it does not compare in scope or importance to the challenge to US power and influence in the 1970s and the late 1980s.

It seems logical to conclude that the impact of China’s rising influence will add to recent challenges to the United States in Asia such as the North Korean nuclear crisis and disagreements over Iraq and the war on terrorism, to have the effect of weakening and diverting US leadership in the region. Nevertheless, such actual or potential challenges will remain balanced to a considerable degree by many continuing strengths and favorable trends in Asia for US policy and interests. US leaders have options to build on those strengths and favorable trends to insure US leadership in Asia relative to China or others for many years to come. The Bush administration’s response to the Tsunami disaster in December 2004 underlined the kinds of options the US can follow to secure its influence in Asia.

Meanwhile, at a time of US preoccupation with Iraq and other priorities, the Bush administration has adjusted in generally pragmatic ways to unexpected Asian challenges, notably in the Korean peninsula—an area of much more salient concern than Iraq to most Asian governments. While it justified US pre-emption and unilateral action in other parts of the world, the Bush administration in practice sought to deal with the North Korean crisis and other issues in Asia through broad international consultation and engagement that is welcomed by concerned Asian powers. Of course, North Korea’s ongoing efforts to develop nuclear weapons could precipitate sharper divisions between the United States and Asian powers or within the US government. Meanwhile, the Bush administration approach to Taiwan’s recent assertiveness has broad support in Asia as a sensible approach designed to stabilize a difficult situation.

Several key strengths in US-Asian relations sustain US regional leadership. Government leaders on both sides of the Pacific support the US security commitment and military presence in Asia. The global war on terrorism has strengthened US resolve to remain actively involved in regional security. The strong US military presence is generally welcomed by Asian government leaders. Chinese leaders have modified their past criticism of the US security role.

Despite debate over the size and deployment of US forces in South Korea, the South Korean and US governments endeavor to manage the debate without jeopardizing strong mutual interests supported by a continued US military presence in South Korea. Meanwhile, polls that showed setbacks for the US image in certain countries in Asia also showed that most of those polled retained overall positive views of US leadership and that clear majorities in Asia agreed that their interests would suffer if the United States were no longer the world’s dominant power.

Under the Bush administration, the United States maintains open markets despite occasional aberrations such as moves in 2002 to protect US farmers and steel manufacturers, or US official complaints in 2004 about US job losses to Asia and unfair currency values by China and Japan. Asian governments view the US economy as important to Asian economic well being, especially after the Asian economic crisis and Japan’s persisting economic difficulties. Though China is a new engine of regional growth, US economic prospects remain central to plans for Asian development. The United States in recent years has absorbed a very high percentage (about 40
percent, according to US government figures) of the exports from China, which is emerging as the export-manufacturing base for investors from a wide range of advanced Asian economies. The US market continues to absorb one third of the exports of Japan. The economies of South Korea, Taiwan, and ASEAN rely on the US market to receive around 20 percent of their exports. Much is written about growing Asian trade with China, and indeed China’s share of intra regional trade is important and expanding. However, US trade continues to surpass China’s trade with the region, especially in the key area of absorbing completed manufactured exports from Asia. Meanwhile, US direct foreign investment has grown notably in China; the level there is less than US investment in Australia, Hong Kong, Singapore, or Japan. China is only beginning to play a significant role in investing abroad.

Despite strong rhetorical emphasis, Bush administration policy has been pragmatic in promoting human rights, democracy and political values in Asia. As the United States sought allies and supporters in the global war on terrorism and other endeavors, it has moderated its approach in these areas, an adjustment generally welcomed in Asia.

After the September 11, 2001 attacks on America, the United States mobilized military, political, and economic power that proved overwhelming to adversaries and duly impressed Asian states. US power contradicted earlier predictions of US decline; the United States became more powerful and influential in Asia and the Pacific than at any time since the Vietnam War and perhaps earlier.

Amid criticism by some US non-government experts and grumblings in the ranks of the US military, US defense planners moved ahead with planned realignment and downsizing of US forces in Asia and elsewhere abroad, while sustaining large ground force commitments in Iraq. On balance, the changes did not appear to change the prevailing situation where some in the Asian region might wish to challenge or confront the United States, and might be more inclined to do so if the US were seen as “bogged down” in Iraq; but most remained reluctant to do so given the dangers they would face in opposition to the world’s dominant power, with a leadership seemingly prepared to use that power against its enemies.

The major regional powers, including Japan and such rising powers as China and India, continued to be domestically preoccupied and are likely to remain so for some time to come. Focused on internal issues, they seek support from the United States and other powers, and do not seek difficulties in their foreign relations.

Japan, China, India, Russia, and other Asian states are actively maneuvering and hedging, seeking new and more multifaceted arrangements to secure their interests in the uncertain regional environment. They sometimes cooperate together. However, the leading Asian powers reflect deep divisions and competition in Asian and world affairs. Their mutual suspicions and competing interests indicate that any meaningful cooperation among them seriously detrimental to US interests remains unlikely. Moreover, this situation of hedging and rivalry also means that should one of these Asian powers emerge as a dominant power, as China appears to be doing, the others have the option of aligning more closely with the United States and one another in order to protect their interests. The recent behavior of Japan, Russia, and India in improving relations with the United States seems to support this conclusion.

Another recent strength in US policy toward Asia has to do with managing US domestic pressures on US policy toward Asia. In general, US policy makers have done a better job in managing the often-strong US domestic pressures that in the post-Cold War period tended to drive US policy in extreme directions detrimental to a
sound and balanced approach to Asia. President Bill Clinton’s engagement policy toward China in his second term was more coherent than the policy in his first term that appeared driven by competing US domestic interests. President George W. Bush’s policy is better suited to mainstream US opinion regarding China and has the added advantage of avoiding the need for significant US concessions toward China on sensitive issues like Taiwan that seriously exacerbate the US domestic debate about China policy.20

Meanwhile the Bush administration has improved US relations with all the great powers in Asia. This strengthens US leadership in the region, and reinforces the US government’s ability to deal with crises and regional difficulties. The United States having good relations with Japan and China at the same time is very rare. The United States having expanded and good relations with both India and Pakistan is unprecedented, as is the current US maintenance of good relations with both Beijing and Taipei.

**Conclusion**

On balance, the advantages of China’s moderate approach toward the United States as part of China’s strategy of “peaceful” development and rising power and influence in Asia seem substantial for US interests. China’s moderation means little criticism from China over US policy in Iraq, allows the Bush administration to highlight relations with China as a significant positive accomplishment, and sets a positive atmosphere for US-China cooperation on North Korea and the war on terrorism. Chinese policy works against US influence in Asia in a variety of generally subtle ways. Notably, Chinese strategists highlight that one outcome in China’s improved relations with neighbors is that Asian governments are reluctant to join possible US efforts to pressure China for fear of losing the positive benefits they gain from recent relations with China. In effect, the Chinese are creating a buffer against possible adverse pressure from the United States. They support it with a “Gulliver strategy” of webs of multilateral agreements and understandings in Asian related organizations that constrain US ability to pressure China.

This loss of US ability to revert to a containment policy of pressure against China seems small. In the past, Asian countries were unlikely to side with the United States against China out of concern that China might react aggressively; now the Asian governments are loathe to do so for fear of jeopardizing positive benefits they receive from China. In either case, the net effect is that it has long been true that a US containment policy against China would not win much support in Asia.

Since Asian countries have long been reluctant to choose between the United States and China, it would be foolish for US policy to react to China’s rise by trying to compete directly with China for influence in the region. A more effective approach would be to build on the US role as Asia’s leading power and the region’s economic and security partner of choice. More activism and greater sensitivity to the concerns of Asian states going through difficult transitions (South Korea is a good example) also would go far toward improving US influence in this important part of the world. The strengths of the United States in Asia remain formidable and will grow particularly as the US economy grows and as American military power remains robust and continues to be seen as serving broad Asian interests in regional stability. Even Chinese leaders seem to understand this in their acceptance of US leadership in Asian and world affairs as part of China’s recent long-term strategy to develop “peacefully” without upsetting the United States. This represents a sharp reversal from China’s post cold war efforts to wear down the US superpower and seek to create a “multipolar” world. It reflects a clear eyed adjustment to realities and asymmetries of power and influence between the United States and China prevailing in Asian and world affairs.
Endnotes

Robert Sutter is Visiting Professor of Asian Affairs, School of Foreign Service, Georgetown University. This assessment is based on his most recent book, *China’s Rise in Asia: Promises and Perils* (Rowman and Littlefield, 2005).


2 Recent developments in China’s relations with Asia noted here are taken from, among others, relevant articles in the quarterly e-journal *Comparative Connections* available at http://www.csis.org/pacfor. For detailed treatment, see Sutter, *China’s Rise in Asia: Promises and Perils*.


5 The points raised here are discussed in detail with ample sourcing in Sutter, *China’s Rise in Asia*.


7 Because of North Korea’s military power, US military options against North Korea are more limited and difficult than those in the case of Iraq; US strategic deployments in Southwest Asia in 2003-2005 further limited US military options against North Korea.

8 Many Asian governments echoed President Bush’s statement of Dec. 9, 2003, in criticizing Taiwan moves to disrupt the cross-Strait status quo.


18 See the chapters on China, Japan, India, and Russia in Richard Ellings et. al. (eds.) Strategic Asia 2003-2004 (Seattle: National Bureau of Asian Research, 2003).