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CONFERENCE
PROCEEDINGS



China on the Move

A Franco-American Analysis
of Emerging Chinese Strategic
Policies and Their Consequences
for Transatlantic Relations

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SUMMARY

China and the International Security Environment

China's international security environment has changed significantly since September 11, 2001. Regions vital to China, such as South Asia, Southeast Asia, and Central Asia, have emerged as nodes of instability. U.S. global military presence has dramatically expanded, and U.S. willingness to intervene, where and when it wants to protect U.S. interests, is on the rise.

Following 9/11 and the U.S. war on terrorism, the tone and content of U.S.-China relations have changed dramatically. U.S. policymakers now talk about maintaining a cooperative, candid, and constructive relationship with China. U.S. and Chinese policymakers alike have indicated a strategic shift in their willingness to seek opportunities for cooperation and to manage traditional problems in U.S.-China relations.

Considering its strategic environment--above all, the strong position of the United States and the insecurity of regions of special interest--China has several basic options:

- Attempt to counter U.S. power politically, economically, and militarily.
- Pursue political cooperation with the United States in current circumstances while building Chinese military power with a view toward countering U.S. influence in the long term.
- Pursue long-term political cooperation with the United States while building Chinese military power.
- Pursue long-term political cooperation with the United States without building Chinese military power.

Of these scenarios, the last appears to be counterfactual, in that China *is* building its military power. As long as the Chinese economy remains healthy, it is therefore unlikely that China would abandon its effort to acquire military capabilities that match its political-economic status and regional security needs and also strengthen its bargaining position vis-à-vis the United States. While the United States may try to dissuade China from pursuing certain directions in its military modernization effort, it is unlikely to succeed.

The two most likely scenarios are lasting cooperation and tactical cooperation, with continued expansion of China's military power. The best available option, from a Western standpoint, is obviously for China to pursue lasting cooperation even as its power expands.

Chinese Policy Reactions to Changes in the International Security Environment

Chinese diplomacy has undergone an important evolution over the last decade. Beginning in the mid-1990s, Beijing's foreign policy began to reflect a more sophisticated, confident, less confrontational, and more proactive approach toward regional and global affairs. These trends are reflected in China's increased engagement with multilateral and regional security organizations, and Beijing's growing attention to nontraditional security challenges. These changes are likely to endure over the next several decades.

In recent years and especially after 9/11, some particularly innovative thinking about China's role in world affairs has emerged. Chinese analysts have argued for the adoption of a "great-power mentality" to replace Beijing's view of itself as a victim of the international system. In addition, these analysts assert that China needs to more closely associate with the interests of great powers, and that China as a rising power needs to pay attention to its responsibilities as a great power.

China has reacted in numerous specific ways to the recent changes in its international security environment. Beijing has cooperated with the international community in fighting terrorism, combating weapons proliferation, and in stabilizing South Asia. China has led an effort to foster security dialogues with nations in Central and Southeast Asia. In particular, Beijing has increasingly sought opportunities to cooperate with the United States in managing these numerous global security problems. Chinese leaders appear to have decided not to pursue "external balancing" against United States presence in Asia.

China's Military Priorities

The changes in the international security environment have had a profound impact on the threat perceptions of the People's Liberation Army (PLA) and its civilian masters, creating bureaucratic and political support for accelerated military modernization. For the PLA, two of the most important perceived changes were the rise of dominant U.S. military power, as evidenced in Gulf Wars I & II, Kosovo, Afghanistan, and Iraq and the evident desire on the part of the sole remaining superpower to use that military power to pursue a global unilateral agenda.

These changes in PLA perceptions have also significantly shaped the trajectory of its military buildup and rapid acceleration of equipment upgrades and doctrinal revision that had heretofore been relatively gradual. Beginning in the early 1990s and accelerating after 1999, PLA modernization was elevated from a relatively low priority to a core element of national policy.

The goals of this modernization effort are to fill niche capabilities with high-tech acquisitions from Russia while the PLA undergoes massive internal reform in key areas such as education, training, organization, and doctrine. More recently, two decades of wrenching change in the Chinese defense industries have begun to bear fruit, resulting in significant increases in the quality and quantity of production in aviation, aerospace,

shipbuilding, ordnance, command, control, communications, computers, intelligence, surveillance, and reconnaissance technologies.

Chinese military modernization efforts are focused on three pillars: developing regional area denial capabilities, building a capability to project and sustain military power into the Asia-Pacific region, and upgrading China's current nuclear weapons and ballistic missile capabilities.

Looking to the future, the pace and robustness of PLA modernization is far from certain, given the monumental challenges faced by the new leadership in fostering continued economic growth, preventing a banking crisis, and maintaining social stability, among other internal challenges. PLA modernization will likely be sustained at current levels, barring any significant downturn in state capacity.

Long-Term Implications for the United States and Europe

China's economic and military power in Asia is growing, affording it a greater role in regional security dynamics. It is inevitable that Beijing's influence in Asia will continue to expand. This will eventually raise questions about China's long-term commitment to cooperative approaches to regional and bilateral relationships.

It is not yet clear whether the new trends in Chinese diplomacy and military modernization are tactical or strategic. In other words, are these changes temporary or enduring and how deeply have Chinese leaders embraced these new policies? The research in this report indicates that both China's increased engagement with the international community and its accelerated defense modernization reflect a sustained shift in Chinese perceptions about their growing role in global politics as well as the need for more and better military options against potential adversaries in the region.

There is no contradiction in this combination of a relatively accommodating foreign policy and stepped-up military modernization. But it does suggest that the Chinese are keeping open at least two strategic options:

- Following a helpful approach toward the United States and the West until the military balance is more favorable to China.
- Deepening and expanding cooperation with the West for the long term, while improving Chinese forces as insurance against military or political coercion directed at China.

Roughly stated, the first option is consistent with the logic of power politics, in which countering American hegemony is of paramount importance. The second option suggests recognition by the Chinese of the value of advancing shared interests through cooperative policies, somewhat irrespective of relative power positions.

Although the United States looms much larger than Europe, or any other power, in Chinese calculations, European policies can affect whether the Chinese lean toward the

first or second of these two strategic options. To the extent that the Chinese believe that Europe is sympathetic toward the need to balance and constrain U.S. power, they may be more likely to indulge in such thinking themselves. If, instead, they see the United States and Europe coordinating their policies on matters of common interest, from the Middle East to global issues to China itself, the Chinese themselves may be more likely to see the advantages of cooperation, not merely for now but for the long haul.

The advantages of pursuing common U.S.-European interests vis-à-vis China therefore outweigh any gains that might come to either from seeking an exclusive relationship with China. The United States and Europe should not let their differences regarding China give Beijing the chance to play one side against the other. The United States has much to lose by excluding Europe from its strategy toward China, and Europe has more to lose than to gain by engaging China while distancing itself from the United States.

There is an obvious U.S.-European bargain to be struck: Europe should not undercut the United States and the United States should not exclude Europe in dealing with the emergence of China. Washington should do more than simply consult with Europe about China; it should fashion at least loosely common policies. In turn, by undercutting the United States in China, Europe would in effect be undercutting itself. With European support for a common approach, the United States could harness Europe's clout to influence positively China's rise.

To the degree that this reasoning prevails over triangular temptations, several principles regarding U.S.-European policy coordination on China follow:

- The United States should not presume that it alone can or should influence Chinese strategy and behavior. It should view Europe as an asset and partner, not a follower, in a strategy to deal with China's rise and integration.
- Europe should take care not to give China reason to believe that any reckless international behavior would be regarded with less alarm by Europe than by the United States or, worse, that European sympathy would permit China to ignore U.S. policy.
- Neither the United States nor Europe should let otherwise healthy commercial competition weaken their joint efforts to achieve their common goal of integrating China and to advance and protect their common interests in East Asia.

These principles should be applied in several concrete issue areas:

- **Taiwan:** Any daylight between Europe and the United States on Chinese use of force would be dangerous; ideally, Europe would signal that it would provide physical support if Taiwan needed to be defended.
- **Korea:** Obviously, the Chinese need to feel constant pressure to twist North Korea's arm. That pressure should come from both Europe and the United States.
- **Southeast Asia:** Continued Chinese moderation toward the South China Sea and Southeast Asia generally, despite instabilities in that region, should be encouraged by both Atlantic powers.

- **Human rights:** The Chinese might take note of any difference in European and American attitudes on the treatment of human beings, and they might even try to reward the more understanding of the two.
- **Proliferation:** The Chinese should be disabused of any impression that Europeans are more relaxed than the Americans about weapons of mass destruction and missile proliferation.
- **World Trade Organization:** Intellectual property and other issues involving China should be common cause for the two co-leaders of the world trading system.
- **Arms sales:** The Chinese know they cannot get adequate advanced military systems from Russia, and their own military industrial base is limited in its technological capabilities. As Chinese military modernization proceeds, the United States and Europe should guard against being driven apart over American security concerns about potential European Union military technology sales to China.
- **High-technology markets:** The United States should not seek to extract total compliance from Europeans on their restraints to technology transfers while using its political influence to deny legitimate markets to the same Europeans.