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Case studies in Chinese diplomacy

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Abstract

This paper aims to examine China's changing diplomacy. To do this it considers how China is approaching its diplomacy in a number of specific contexts. The examples chosen to illustrate its more nuanced diplomacy are the US–China relationship; China's relations with Latin America; the Six-Party-Talks over North Korea's nuclear ambitions; China's concerns about energy security and its relations with 'unsavoury' regimes; and China's relations with its neighbours.

It concludes that China has increasingly been making more effective use of traditional diplomatic practices and norms and that this is a positive sign that China is integrating into the international system of states. Part of China's evident success in its diplomacy, however, has been its unwillingness to use its influence in circumstances where international rules and norms are being breached, such as human rights or nuclear proliferation. This, however, poses problems for much of the rest of the world.

As China is drawn further into the international system, it will face unavoidable choices. While still looking to protect its concept of sovereignty, China has moved towards greater responsiveness to dealing with international problems. It will continue to be seen as falling short, however, in its unwillingness to support intervention as practiced in the West, but it seems likely to continue to slowly adjust its diplomacy as it moves towards becoming a responsible great power.

Case studies in Chinese diplomacy

STUART HARRIS*

When President Hu Jintao visited Washington in 2006 he gave President George W. Bush a copy of Sun Tzu's *Art of war*. This may have been to suggest methods the US should consider using in handling its international relations, but it could also be read as how China may relate to the US.

However much China bases its own diplomacy on Sun Tzu's prescriptions, in the past decade or more China has been implementing its foreign policy through a changed, shrewder and more subtle, diplomacy and is making more effective use of traditional diplomatic practices and norms as the US starts to move back from a largely diplomacy-free foreign policy. More generally, China has been working increasingly within the international system, conceiving international law 'not merely as an instrument of power but as a set of international rules providing the foundation of international order'.¹

Are these signs of weakness and strength? In the US case, the neoconservative agenda was conceived of as using American strength and avoiding the modern equivalent of foreign diplomatic entanglements. For China, however, the period of its international weakness occurred during the Cold War when threats from both superpowers to a relatively weak China did not see much flowering of China's diplomacy, despite the influence of Zhou Enlai. Even though this flowering has occurred with the 'reform and opening up' and the end of the Cold War, it is not evident that this is because China feels particularly threatened today in traditional security terms, except perhaps over Taiwan. Internationally, China seems to have become more confident; it does seem concerned, however, to overcome internal weaknesses, solutions for which involve economic growth, broader based

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¹ Ann Kent, 'Top silk', *The Diplomat*, February/March 2007, p. 26.

economic development and a peaceful international environment. By compromising and cooperating internationally, China has a more stable international environment in which to manage its actual or potential internal weaknesses and to maintain its development.

This paper illustrates some aspects of China's diplomatic approaches which point to its attempts to reach its objectives through a relatively low-key diplomacy with characteristics that in some cases differ, but in others are increasingly similar to those more generally used. Each of the case studies that I discuss illustrates some aspect of China's diplomacy: the US–China relationship; China's relations with Latin America; the Six-Party-Talks over North Korea's nuclear ambitions; China's concerns about energy security and its relations with 'unsavoury' regimes; and China's relations with its neighbours. I conclude with comments on some of the plusses and minuses linked to its diplomatic approach.

Diplomacy for my purposes represents the way of implementing basic foreign policy decisions. Although I am not concerned here with foreign policies as such, it is necessary to specify briefly what one might judge China's policy objectives to be in each case before looking at how China seeks to implement them.

THE US, PEACEFUL RISE, AND STRATEGIC PARTNERSHIPS

In the case of the US, China's objectives are based on its need to sustain US neutrality, at least over Taiwan, to maintain its economic growth and development for which the US relationship is critical, and to become and be accepted as one of the great powers without US obstruction. China also needs to maintain an international environment regionally and globally that will make achieving those objectives possible, prevent the emergence of situations that might stir nationalist activism or social conflict domestically, and avoid the US, China's neighbours and others outside the region reacting adversely to China's growth and development.

Its diplomacy has been directed to these events with increasing effectiveness. The precepts that Deng Xiaoping laid down for China's approach to its foreign policy, including 'to keep our capabilities to ourselves' and 'to keep a low profile', can perhaps be equated with presidential candidate George W. Bush's (Bush II) original idea of 'being

humble'. At the rhetorical end of its diplomacy, it is reflected in China's peaceful rise (or peaceful development) campaign.² This goes somewhat beyond what Deng envisaged in looking to be a little more active—actually to raising the profile, even if not greatly so. This was accompanied by a shift from China towards multilateralism rather than pursuing the essentially bilateralist approach it preferred earlier. In doing so, it seems to have moved beyond seeking a multilateral presence as a right, to seeing it as a positive way to achieve its diplomatic objectives, including reassuring others, but also diluting US influence.

In the early Bush II years, US unipolarity was at its height and American attitudes to China were cool. In the face of a more hostile US position, as at the time of the bombing of China's Belgrade embassy in 1997, there was internal debate in China over whether stronger diplomatic opposition to US policies was the 'way to go'. But given the central importance of stable links with the US, for the most part supporters of constructive diplomacy prevailed.

Nevertheless, Beijing continued to pursue bilateral relationships through partnerships with a variety of countries.³ It uses different terms to describe the particular nature of each partnership. Initially, the first 'constructive partnership', with Russia, was described as a new kind of relationship—not as an alliance, but as a non-confrontational link that did not target a third country; that description was seen to provide a more general model. Yet these partnerships at the time were direct and explicit attempts to counter US unipolarity.⁴ The attempt to pursue a multipolar world, however, was not particularly effective with the US then at the height of its power. The 'constructive strategic partnership' towards which the US and China were working under Bill Clinton was submerged under Bush II's 'strategic competitor' rhetoric and the assertive approach of the US administration.

China's use of the word strategic is not limited to a military or security dimension but reflects the Chinese focus on the overall framework of its

² Zheng Bijian, 'A new path for China's peaceful rise and the future of Asia', in *China's peaceful rise: Speeches of Zheng Bijian 1997–2004* (Washington, DC: Brookings Institution, 2005).

³ A list of many of the various partnerships are given in Bates Gill, *Rising star: China's new security diplomacy* (Washington, DC: Brookings Institution, 2007), pp. 59–60.

⁴ Avery Goldstein, *Rising to the challenge China's grand strategy and international security* (Stanford: Stanford University Press, 2005), pp. 130–5.

relationship with other countries in a context where economic, political and other factors are important. It is probably usefully considered in the business management sense of countering actual or potential moves of a competitor. In that sense, China has not abandoned the pursuit of strategic partnership relationships with major countries as a means of countering US primacy, but the aim is now less ambitious. Consequently China aims to pursue them in a way that is not, and does not appear to be, confronting to the US, given an acceptance that the US relationship remains critical to China. This partnership process has become more effective as China's economic power has grown, as the US has become substantially enmeshed in Iraq, and as China's willingness to take positions independently of the US is more widely evident. It remains subject, however, to those differences not being critical to the US. It cannot prevail where the US is firm, as over the European Union's (EU) ban on arms sales to China, but a hostile coalition against China is made more improbable.

China's bilateral partnerships are not all designated strategic, nor are they all judged 'comprehensive', as are those with the UK, France and Spain. China uses a variety of terms to describe other bilateral partnerships, which often represent a first step towards a strategic partnership as was the case with the Association of Southeast Asian Nations (ASEAN), France and the EU.

It is hard to specify precisely what distinguished each of these classifications. Which of them applies seems to depend upon the importance of a country and its bilateral relationship to China; the extent and nature of the collaboration in the relationship; and how much China feels it needs to accord a status to a partner for its own or its partner's interest. Economic links are usually important but they are by no means determining. Nevertheless, energy and other resource issues have become increasingly important.

Strategic partnerships with countries such as Russia, Britain, France, Germany, Italy, Spain, Canada, India, Brazil, Mexico, Indonesia, Germany, ASEAN and the EU are readily understandable, as is a strategic oil partnership with Saudi Arabia. These are important countries or organisations for China with substantial collaborative relations. Yet it also has strategic partnerships with Algeria and Argentina, the latter upgraded from a cooperative partnership in 2004. This suggests that strategic

partnerships now increasingly simply represent long term comprehensive relationships.⁵

China's concerns that an unchecked US military unilateralism might pose problems for its hold on Tibet and Taiwan have diminished; having improved its relations with India, Tibet does not now pose major problems and China shapes its diplomacy with US interests in mind in order that the US will maintain pressure against Taiwanese separatist policies. The 'war on terror' also diminished any significant external pressure on China's treatment of the separatists in Xinjiang.

Within the pursuit of partnership relationships, the existing partnership with Russia is maintained, and in some respects strengthened, despite continuing uncertainties. There are clearly bilateral benefits for both sides, not only in the mutually beneficial arms trade but more widely and increasingly in the energy field. But China is extending the partnerships now within a greater in-depth understanding of the benefits and constraints of global interdependence.

These partnerships are also a way to put forward China's new security concept, based on the Five Principles of Peaceful Coexistence. This concept downplays coercion and seeks to provide and gain reassurance based upon cooperative security, dialogue and mutual economic benefit. It is, however, essentially a statement of what China is for, as a long term goal, rather than what it is against in specific terms at present.⁶ In particular, what it is against would include US military activities in the Asian region.

The Chinese are inclined to see this as aimed at containment. Many in the US administration see US policy rather as an engagement/hedging process—aiming for the best but being prepared for the worst. Others, however, think the worst could be inevitable—either over Taiwan or as a

⁵ Moreover, they are not now only pursued by China. The US, for example, has transformed the US–India relationship into a 'nascent strategic partnership'. R. Nicholas Burns, Undersecretary of State for Political Affairs, 'The US and India: The new strategic partnership', remarks to the Asia Society, New York City, 18 October 2005, <www.state.gov/p/us/rm/2005/55269.htm>.

⁶ See 'China's position paper on the new security concept', <www.fmprc.gov.cn/ce/ceun/eng/xw/t27742.htm>; David Lampton, 'China's rise in Asia need not be America's expense', in David Shambaugh (ed.), *Power shift: China and Asia's new dynamics* (Berkeley: University of California Press, 2005), p. 314; and Michael McDevitt, 'China's strategic intentions and goals', <www.globalsecurity.org/military/library/congress/2000_hr/00-06-21mcdevitt.htm>.

means of maintaining US regional dominance, and are concerned to contain China's military and economic progress. China's counter balancing policy includes its sustained military build-up, but it is also looking to enlarge the military to military exchange processes and other confidence-building measures as part of its reassurance policy. It has a sense of a less unequal relationship, helped no doubt by Robert Zoellick's statement which sought to encourage China to be a responsible stakeholder in the international system.⁷ China recognises, however, that this implied a system that would still be run by the US and that would be accepted less, the more China develops. It seemed evident in Hu Jintao's 2006 visit to Washington that China felt little obligation to offer concessions on US political concerns.

The degree of cooperation between the US and China varies and the working out of the relationship remains complex and unpredictable. Hu Jintao's efforts to maintain good relations with the US business community, and the emphasis on economic ties, seems to be a pattern in China's diplomacy in most countries. Many in the US, however, see this as a carefully calculated political strategy, and it certainly helps to balance threat analyses from security elites. That is probably less important now than China's interests in links with business communities for their own sake. As China's strength has grown, the need to meet US domestic political concerns about China's domestic policies has declined, but cooperation on international issues, such as anti-terrorism and non-proliferation continues. Such cooperation is not only good for US relations but is also in China's own interests.

CHINA AND LATIN AMERICA

China's relationships in Latin America have come to international attention lately because of its energy interest in the region, and particularly because of China's apparent close relationship with Venezuela. In practice, this is probably one of the least important of China's relationships with regional countries, but US antipathy towards President Hugo Chavez and the US conception of its relations with the region, together with Chavez's strident rhetoric, have given it high media and political salience. China's relations with Latin America illustrate a

⁷ Robert Zoellick, 'Whither China: From membership to responsibility?', address to the National Committee on US-China Relations, New York, 21 September 2005, <<http://usinfo.state.gov/eap/Archive/2005/Sep/22-290478.html>>.

largely non-ideological, pragmatic but also systematically forward looking approach to its diplomacy.

Despite surprise and alarm by some analysts,⁸ China's links with Latin America have been significant since the People's Republic of China (PRC) took over the China seat in the United Nations from Taiwan in the early 1970s and competition began with Taiwan for diplomatic recognition by individual countries. In the 1970s, China established diplomatic missions in most of the major countries of Latin America.⁹ China took a strategic approach to its relations with Latin America that began in 1980 with an agreement with Mexico. Under this agreement, it sent over 100 young Chinese officials to Mexico for two years to learn Spanish and to familiarise themselves with Latin America. From these were later picked the diplomatic representatives to the region, with language capabilities and regional expertise.¹⁰

China, with support from international organisations, has made considerable investment in training, education and research on Latin America and it established think tanks in China's Academy of Social Sciences and the Party School to study the region. Chinese leaders, including Yang Shankun, Jiang Zemin and Hu Jintao, and Chinese officials have travelled extensively to the region in a bid to counter Taiwanese influence.¹¹ This involved, notably, resources trade—not just energy but China's imports of such items as iron ore and soya beans and its exports of coal and increasingly manufactured goods—as well as investments in the region by China. China has also become a participant in various regional organisations. China's Peoples' Bank is an official member of the Caribbean

⁸ See, for example, Mohan Malik, 'China's growing involvement in Latin America', *Power and Interest News Report*, 12 June 2006.

⁹ For Chinese partnerships in Latin America, see Jorge Dominguez et al., 'China's relations with Latin America: Shared gains: Asymmetrical hopes', *Inter-American Dialogue*, Washington, DC, June 2006, <www.thedialogue.org/publications/2006/summer/china.pdf>. Another helpful source for its economic content is *China–Latin America task force: Final report and recommendations* (Miami: Center for Hemispheric Policy, University of Miami, 2007). Its political comment is at times more contentious and less substantively based.

¹⁰ A similar example was an earlier arrangement with Britain to send a comparable number of officials to Britain for language training and familiarisation in the 1960s.

¹¹ Almost half of the countries with diplomatic relations with Taiwan (12) are in Latin America.

Development Bank, and China has been seeking membership of the Inter-American Bank, to which it has already made substantial contributions.

Not all of the interrelationships have been positive. There are concerns in several countries about Chinese economic competition, most noticeably in Mexico. Although Mexico is a 'strategic partner', Chinese competition has been widely criticised because of the significantly adverse effects on Mexican industry, particularly on exports to the US (despite the North American Free Trade Agreement), and a number of foreign invested plants have shifted from Mexico to China. China does not expect partnerships to eliminate conflicts; however it does expect that conflicts on individual issues will not prevent cooperation on the bigger economic, political or strategic issues. Several of the regional countries have applied extensive anti-dumping duties to imports from China. Recently, however, China has been accorded 'market economy status' by several Latin American countries, which will make it more difficult to apply such duties against Chinese exports.

Most Latin American countries see China as a counter-balance to the US. This has largely been in soft power terms, including economic issues. For example, in the WTO Doha Round, Brazil and China lined up jointly against the US-European proposals. Brazil has also sought, unsuccessfully, China's support for a permanent Security Council seat. Some have tried to play the 'China card', notably Venezuela and Cuba. China has carefully avoided involvement in political issues, particularly in relation to US–Venezuela differences. The relationship with Cuba has remained limited (merely the third tier 'friendly cooperative relations') and, apart from China's interest in Cuba's nickel deposits, is of more value to Cuba than to China.¹² More generally, while active in the region, China has been careful to avoid being seen as undermining the US in the region.

¹² The China–Latin America Task Force takes a stronger view but based on speculation about potentialities that William Ratliff of the Hoover Institution judges as at times based on press reports of uncertain reliability. William Ratliff, 'Mirroring Taiwan: China and Cuba', *China Brief*, 6(10), Jamestown Foundation, 10 May 2006.

NORTH KOREA AND THE SIX-PARTY-TALKS¹³

China's objectives towards North Korea are both negative and positive. On the negative side, China wants to protect its more than 1000km long border with North Korea; to avoid any instability on the Korean peninsula or within North Korea that would adversely affect the neighbouring Chinese provinces and encourage refugee flows; to keep the peninsula nuclear free so as not to encourage Japan and South Korea to develop nuclear capabilities; and to avoid US dominance on the peninsula as a whole.

The positive objectives include gaining credit in Washington from its efforts in the Six-Party-Talks—one of the few positive points that Congress has put against its long list of real or imagined negatives about China; to gain credit with its neighbours for its diplomatic efforts in resolving the North Korean problem; and to use the credit with Washington to ensure careful US management of the Taiwan issue.

Of particular interest is the change in China's approach to its diplomacy since 1993 when the North Korean nuclear program became an international issue. The change reflected not only China's concern with potentially damaging developments on the peninsula, but its heightened concern at the effect of this on its relations with the US. It could be argued that were it not for that US interest in particular, China's national interest might be best served by the continued divide on the peninsula enabling China to influence both the North and the South.

In reflecting on the transformation of China's diplomacy, it is worth noting that when the North Korean nuclear crisis first arose in 1993–94, China did not involve itself directly and played only a limited 'behind the scenes' role in urging North Korea's compliance. It did not become a member of the Korean Peninsula Energy Development Organization after agreement was reached, nor did it contribute financially. Yet reportedly, in the event that no agreement was reached, ultimately it was prepared at one stage to step in behind North Korea as a protector if necessary.¹⁴

¹³ A useful general reference for this section is International Crisis Group, *China and North Korea: Comrades forever?*, Asia Report No. 112 (Seoul and Brussels: ICG, February 2006), <www.crisisgroup.org/home/index.cfm?f=1&id=3920>.

¹⁴ *Ibid.*, p. 17.

When the crisis over North Korea's nuclear program reemerged in 2003, perhaps because of the more aggressive US stance and Bush's 'axis of evil' speech, China sought to avoid instability on the Korean peninsula by inserting itself into the process, offering first to facilitate discussion between the US and North Korea. This was subsequently transformed into a mediating role in a multilateral context. Ultimately, this appears to have been successful with US flexibility finally emerging. China's mediation role was made difficult, on the one hand, by the inflexible negotiating position of the US (despite a very short lived agreement on a Joint Statement of Principles carefully nurtured by China in September 2005), that left the Chinese little room to manoeuvre and which was not helped subsequently by indiscriminate US currency sanctions; and on the other hand, by North Korean inflexibility. In 2003, China showed its concern at North Korea's intransigence by supporting an International Atomic Energy Agency resolution which referred the issue to the Security Council.¹⁵ Given that North Korea's explosion of a nuclear device in October 2006 undermined China's credibility in Washington, China agreed later to a further, but very limited, sanctions resolution.

The US criticised China for not being more coercive. However, China has been limited in what it could do to apply pressure to North Korea. In part this is due to domestic (basically military) pressures to maintain at least the appearance of friendship with North Korea. China also seems to have applied a degree of coercion at times, but it has a long established reluctance to apply sanctions. With respect to North Korea, that reluctance also reflects China's view that sanctions would cause the regime to collapse and its own objective of stability not be achieved; moreover, it believes that North Korea would be unlikely to respond to coercion. For this reason, and because it would have ended the Six-Party-Talks process which China was keen to maintain because of its importance in Washington, China opposed seeking Security Council authorisation for sanctions, and continued to stress dialogue and negotiation. Yet this posed problems for China while China's differences with the US position remained. The US effectively controlled the process but also ostensibly passed the problem on to China to resolve while remaining inflexible, arguing that it would not deal bilaterally with

¹⁵ Anne Wu, 'What China whispers to North Korea', *Washington Quarterly*, 28(2) 2005: 41–2.

North Korea and that North Korea should return to the talks unconditionally.

Because China's understanding of how to achieve its objectives, notably denuclearisation of the peninsula, differed from that of the US, its diplomacy also had to keep the Six-Party-Talks going when there was little sign of movement among the major parties and the scope for mediation was small. One element of China's diplomacy has been to try to persuade the US to be more flexible—as Hu did, perhaps not successfully in his 2006 meeting with Bush, although precisely what did lead to the eventual changed position of the US remains unclear.

As well as its uncertain but still probably strong relationship with the North, China consulted closely with South Korea, recognising its importance in any resolution of the problem. Yet Japan has also been a complication—particularly over its kidnapped citizens and a general deterioration in Japan–China and Japan–South Korea bilateral relations over history, territorial assertiveness over disputed areas with China and South Korea, and Japan's leaning towards the US on Taiwan.

Meanwhile, China has long used trade, aid and investment as diplomatic tools and is still doing so with North Korea. It has tried to encourage North Korea to undertake economic reform following China's example which shows that regime change is not a necessary corollary of such reform. China accounted for around half of North Korea's total trade of approximately \$3 billion in 2005. It has supported the expansion of Chinese enterprises in North Korea with government support. One estimate put Chinese investment in North Korea in 2005 at around \$US85–\$90 million, up from \$50 million in 2004 and only some \$1 million in 2003.¹⁶

CHINA'S ENERGY DIPLOMACY

China's growing oil import needs have placed energy security high on China's security agenda. Its energy diplomacy has followed two not completely separate tracks: the first through its national oil companies engaging in mutual investment relationships with the international oil (and gas) industry, often seeking equity oil; and the second by establishing

¹⁶ Jeong Hyung-gon, 'The impact of strengthened North Korea–China economic cooperation', Korea Focus, March 2006, <www.koreafocus.or.kr/essays/view.asp?volume_id=45&content_id=101165&category=G>.

political relationships with oil and gas exporting countries, locking in agreements with governments for future oil and gas supplies. The first is exemplified by China's relationship with Saudi Arabia, the second by its arrangements with Russia. Both are not unusual in the modern oil industry, yet their political undertones have raised considerable anxieties in policy-making circles in the US and elsewhere.¹⁷ The fears have included the idea that in order to gain its objectives China may offer political or military concessions often to what are regarded as unsavoury regimes in exchange for guaranteed oil supplies; that tied commitments would exclude other consumers from access to those supplies; and that its aggressive competitive approach to securing tied oil supplies could lead to conflicts.

China's concerns are its competition with the US for international oil supplies, particularly in the Middle East, where US geopolitical influences and interests are strong. Yet it knows it will also be increasingly dependent in the future upon Middle East oil. Its other major Middle East supplier is Iran, and China's efforts in the region have been mainly limited to these countries that, with Iraq at the time of China's investments there, fell outside direct US interest. Given long established US policy, it seems odd that Washington continues to argue that China is not playing by the rules by seeking to control energy at the source. This case study limits itself largely to illustrating China's diplomacy in its developing relationship with Saudi Arabia; and examines its relations with Sudan as an example of an unsavoury regime.

China obtains over half of its oil imports from the Middle East and at present some 17 per cent from Saudi Arabia. It is limited in how much it can import from Saudi Arabia, not just because of other buyers, but also because of its lack of refinery capacity for the Saudi heavy oils. The characteristics of this relationship reflect the interests of both sides: for Saudi Arabia in expanding markets, as the share of US imports from Saudi Arabia continues to decline; for China in increased assurance of access to Saudi oil in a context in which oil supplies from various other sources will diminish.

¹⁷ Christian Constantin, 'China's conception of energy security: Sources and international impacts', Working Paper No. 43 (Vancouver: Centre of International Relations, University of British Columbia, March 2005).

In 2006, King Abdullah of Saudi Arabia visited China and President Hu Jintao subsequently paid a return visit to the Kingdom. During these visits, various agreements were signed to strengthen collaboration, including a framework agreement on energy cooperation. This covered existing gas exploration operations and possible cooperation in oil exploration in Saudi Arabia. As well, the framework agreement covered Saudi investment in refineries and petrochemical plants in China.

Increasingly, China is relying on its oil companies to provide the means of securing energy security, linking itself to a market-based form of energy security.¹⁸ That the energy agreement, as a framework agreement, did not specify details reflected the fact that these have to be negotiated by China's international oil companies with Aramco and other Saudi companies. Although China's oil companies normally seek an equity stake, taking their return as a share of the oil produced, this is not permitted in Saudi Arabia (and in most other Middle East countries). Some other form of quantitative arrangement is likely to be negotiated. Tied commitments, whether of equity oil or otherwise, have raised concerns in the US and elsewhere that this would limit market availability for other consumers. In reality, this is not a problem for the US or other countries; what China achieves in that form will reduce China's demands on the open market and the market outcome will be neutral. Moreover, transport, logistical and quality mix factors may often make it more sensible for Chinese oil companies to sell their equity oil or other tied supply on the open market and to buy closer to home as has already occurred.

Other Sino–Saudi agreements included Saudi Arabia establishing an oil stockpile in China under a customs bond. The attraction for Saudi Arabia in the agreement is that Saudi Arabia would be able to sell its oil in China even if transport links were blocked; and China could access Saudi oil in the same circumstances.

Interactions between the two countries are not limited to energy. There has been a rapid rise in the number of Chinese workers in Saudi Arabia and Chinese investment in non-energy infrastructure is growing. Government to government accords were also signed on health and youth affairs. Youth

¹⁸ It seems likely to go further in this direction. See 'Commercialisation of national oil companies urged', *Xinhua*, 13 June 2006, which refers to a report by the Development Research Centre of the State Council.

exchanges involve a growing number of Saudi students studying in China; one experienced commentator thinks 'there will soon be more Arab students in China than there are in the United States'.¹⁹ An accord was also signed on security and a contract was signed on defence systems. In the security area, particular anxieties exist over China's links with Saudi Arabia.

Just what was involved in the security deal has not been made public but it appears to be sales of long range artillery for which China was competing with a European supplier. Basically, however, arms are not now a significant factor in the relationship. In the past, China has sold sensitive military equipment to Saudi Arabia as part of the bargaining for oil. In particular, to counter missile build-ups in Iraq and Iran, in 1988 Saudi Arabia bought some 50–60 intermediate range surface to air missiles and 15 mobile launchers from China. This deal—China's first sale of missile technology—raised concerns in the US in particular, and no further missile sales have taken place since.²⁰ Despite the great attention still given to this arms deal, in the last 10 years, China has accounted annually for no more than 1 to 3 per cent of total global arms sales and only about one-third has gone to the Middle East—proportionately less than any of the major arms suppliers.

China now appears more sensitive to US and other proliferation concerns, and has either joined non-proliferation agreements or pursues policies compatible with them, e.g., such as not selling missiles covered in the Missile Technology Control Regime's Category 1. China has its own concerns about proliferation generally and, given its Middle East interests, does not want to add to Middle East instability. There is still a problem of China's implementation of export controls, however, despite Beijing's attempts to tighten such controls.

The closeness of China's relationship with Saudi Arabia is not only due to China's active diplomacy. For the Saudis, in addition to the mutual economic benefits, part of the attraction of China as a partner is that it does not involve itself in Saudi domestic affairs—it does not seek major Arab

¹⁹ Chas Freeman, 'The Arabs take a Chinese wife: Sino-Arab relations in the decade to come', remarks to the World Affairs Council of Northern California, 7 May 2006, <www.mepc.org/whats/SinoArabRelations.asp>.

²⁰ US Congressional Research Service, *Saudi Arabia: Current issues and US relations*, 8 May 2006.

behaviour change in politics, gender relations or in religious pluralism. Whilst this gives China's diplomacy a major advantage, it is also a major basis for criticism by the US and others in the West. The question is whether this is consistent with China being a 'stakeholder' in the international system. The question of China's unwillingness to use its influence in this way, irrespective of the behaviour of the countries with which it is associated, has emerged most specifically in the case of Sudan.

China's resource diplomacy in Africa, as in other developing countries, has followed standard diplomatic practice for the most part, courting governments with trade and investment deals, debt forgiveness and aid packages, and enabling its oil companies to develop specific contractual arrangements. The aid deals include funds for Chinese companies to build railroads, schools, roads, hospitals, to lay fibre-optic cables, build telephone systems, and provide training, sometimes of a military nature. As in Saudi Arabia, China has traditionally not involved itself in the internal affairs of these countries, sought political reform or raised concerns about human rights abuses in its concern to maintain its long held principle of sovereignty. In particular, as noted earlier, arms sales are not now a major instrument of China's diplomacy. China is not competitive in this field against the major North American and European arms suppliers, but China does find niche markets in countries seen by many in the West as unsavoury. China is facing the challenge of addressing domestic policies in countries such as Sudan, for example. China says that it is 'cautious and responsible' in its arms export licensing although this view has been challenged by Amnesty International.²¹ This has at times posed problems for it in the eyes of the West and notably recently with respect to Sudan.

China is the biggest foreign investor in Sudan's oil industry, owning 40 per cent of an international consortium in which, among other investors, India and Malaysia also have substantial holdings. It also imports large quantities of Sudan's oil, although Japan normally is a larger buyer. The international community has been trying to stop the ongoing humanitarian disaster in Sudan where an estimated 200,000 people have died and 2 million are refugees. In the UN and elsewhere, pressure has been applied to

²¹ China claims to adhere to three principles in arms trade: it should help enhance the self-defence capability of importing countries, should not impair regional and global peace, security and stability, and should not be used to interfere in other countries' internal affairs.

China, particularly as a permanent Security Council member, to use its influence on Sudan's government to stop the violence and restore peace in the country. In particular, it has sought China's support for UN action to buttress the existing but poorly equipped African Union force helping to maintain order, with a UN peacekeeping force. Initially, China blocked UN action as it was opposed by Sudan, but China has since modified its approach, being instrumental in gaining Sudan's agreement to accept the UN plan and more generally to push Sudan's government towards a more positive policy.²²

China had moved, by degrees, to being more responsive in the case of Sudan, even before calls for a boycott of the 2008 Olympics were brought into the discussion in the US, but that has no doubt sharpened its concern. As Zha Daojiong argues, the challenge for China and the other consuming countries (presumably including the US) is to cooperate in defining and addressing the political and social challenges that arise in many of the oil states of the world.²³ The Sudan case, in particular, has stimulated considerable internal discussion about what being a responsible great power means for China's diplomacy, especially given its role as a permanent Security Council member.

CHINA'S NEIGHBOURS

China's objectives are to ensure the existence of a peaceful neighbourhood so that it can concentrate on its economic development, cope effectively with domestic problems that might lead to instability and social turbulence, and avoid counter-balancing by its neighbours against the economic development on which its legitimacy depends.

The most striking change in China's diplomacy has taken place in East Asia. China has expanded the extent and depth of its bilateral relationships, widely participates in multilateralism, and has an active and generally constructive involvement in regional organisations. In the last decade or so, it has moved substantially from its early suspicions of such organisations to seeing them as effective elements in its diplomacy.

²² Guy Dinmore and Mark Turner, 'US defends China's role in Darfur', *Financial Times*, 12 April 2007; Murie Dickie, 'UK minister praises China's role in Darfur', *Financial Times*, 11 May 2007.

²³ Zha Daojiong, 'China's energy security: Domestic and international issues', *Survival*, 48(1) 2006.

China's regional bilateral relations have been linked, as elsewhere, to its policy of partnerships—India, Pakistan and Indonesia are strategic partners—and the relationships with the Philippines and Thailand have been raised to the level of strategic cooperators,²⁴ one level below strategic partners. This has enabled China to stress its non-hegemonic objectives in its neighbourhood which it has reinforced with its 'peaceful development' concept, particularly in Southeast Asia.²⁵ This approach was also designed to avoid regional states aligning with the US as part of a containment strategy. This was also a factor in its regional response to what it expected to be the outcome of its entry into the WTO—which was that the ASEAN economies would be adversely affected. This, it feared, would push their governments towards the US (or against China). The offer of a free trade arrangement with ASEAN was one counter to that; the eventual development of such an arrangement has proved beneficial, even if not all the initial ASEAN fears have been overcome through its effects.

China participates in regional economic and security organisations, hosted meetings of the Asia Pacific Economic Cooperation (APEC), and established the Boao Forum for Asia. It has been active in the ASEAN Regional Forum to the point of introducing a concept paper including issues in the security field it was previously unwilling to discuss.²⁶ Following the collapse of the Soviet Union, it initiated the multilateral Shanghai Cooperation Organisation (SCO) which started as a way to resolve boundary issues between China, Russia and Central Asian states. The SCO has developed into an important multilateral group which focuses on regional security concerns including religious extremism and terrorism, drug trafficking, arms smuggling, as well as economic and energy issues, and India and Iran now participate in its meetings. More recently China and Russia have initiated a relatively new multilateral group aimed at a multilateral Asian approach to security with 17 members including South

²⁴ BBC Monitoring Asia-Pacific, citing *Ta Kung Pao*, 28 December 2005.

²⁵ Hu Jintao at the 2004 Boao conference, and Zhang Bijin at the 2005 conference, used the term development rather than peaceful rise and it now seems the preferred term—presumably to downplay the 'rise' element in China's growth and to indicate that China's development is not a zero-sum game.

²⁶ David Shambaugh, 'China engages Asia: Reshaping the regional order', *International Security*, 29(3) 2004/05: 87–8.

Korea and Thailand, but also India, Israel and the Palestinian Authority.²⁷ It has also talked of converting the Six Party talks on North Korea's nuclear program into a permanent structure for discussing security cooperation in Northeast Asia.

China has a long history of providing aid in various forms, including debt forgiveness, as an instrument of international diplomacy. This has benefits, among other things in 'buying' support for China in UN forums on such issues as its human rights record. With its economic growth, aid has become more important as an instrument of China's diplomacy; In the case of Myanmar and Nepal, some of its aid still includes provision of military equipment at friendship prices. Much more of its aid now seems to be directed to more traditional purposes, such as infrastructure construction or broader economic development purposes and emergency aid.

China's concerns to avoid giving grounds for a widespread 'China threat' belief led to other constructive moves, such as signing the 2002 Declaration on the Conduct of the Parties in the South China Sea for dealing with the territorial disputes there. It has followed with agreements for joint exploration with two of the more hostile disputants, the Philippines and Vietnam. It has also accepted the more general statement of ASEAN norms for neighbourly relations by signing ASEAN's Treaty of Amity and Cooperation, the first non-ASEAN country to do so.

A major development was its negotiations over disputed borders with many of its neighbours. These have resulted in peaceful settlements of land borders with almost all of its neighbours. In doing so, it made substantial concessions, commonly receiving less than half of the contested areas.²⁸ Even in the case of India, where a final settlement of the boundary dispute has yet to be achieved, agreement on the location of the Actual Line of Control has led to a removal of tensions and a peaceful border area and both countries have pledged to look for a final settlement. The compromises that China made in the settlement of these border disputes, including the agreement with India over Sikkim (and reciprocated by India over Tibet)

²⁷ The second meeting of the Conference on Interactions and Confidence Building in Asia took place in June 2006. See *China Post*, 17 June 2006.

²⁸ M. Taylor Fravel, 'Regime insecurity and international cooperation', *International Security*, 30(2) 2005: 46.

has made engagement with the region feasible and given its idea of peaceful development considerable credibility.

It has also employed a variety of confidence-building measures including regular meetings and security dialogues (often annual events) either at official or track two levels with a range of regional neighbours. It is moving to observe and be observed in military exercises. It has also been more active in personalising its diplomacy with the leadership extensively involved in overseas visits. It has also been seeking to develop soft power mechanisms, with increased education exchanges and with the establishment of its Confucius Institutes in various countries.

CONCLUSION

On a positive note, China's willingness to pursue a frequently constructive and somewhat active diplomacy reflects its concern to concentrate on resolving domestic problems that could lead to widespread social conflict. In doing so, it has used some methods that seem to differ from normal diplomatic practices—it would probably argue that its partnership arrangements are in this category. For the most part it seems to have moved much closer to the methods traditionally used by most countries and this is a positive sign of China's integration into the international community, as illustrated in the experiences outlined here.

Nothing in China's diplomacy suggests that it is comfortable with the dominating influence of the US. Correspondingly, however, nothing suggests that it is prepared to challenge that influence. I suspect that this is based less on its waiting to become strong in order to challenge at a later stage than that its priorities remain economic and social and that it understands that the transition with the US will happen in any case provided its international environment is peaceful, its domestic situation remains stable and its economic development continues, including in areas such as technology. There the US has an overwhelming lead and China knows that it will continue to need the US in order to maintain its growth. The transition to great power status will be open to it if it and the US both react to transition processes rationally. In this it may be that it has drawn on the lessons of previous great power transitions including the rise of the US in relation to Britain in the early twentieth century. Whether that will suffice probably depends rather more on the wisdom of the US, as the dominant power, than on that of China.

On a negative note, part of the gain for China in its diplomacy has been its unwillingness to use its influence on the domestic affairs of its relationship partners, in circumstances where international rules and norms are being breached, such as human rights or nuclear proliferation. Its unwillingness to get involved has been one reason why it has not seen any military or alliance balancing against it. It is this, however, that poses problems for much of the rest of the world, and increasingly for China.

Like other countries, however, as China is drawn further into the international system, it faces unavoidable choices over principle versus pragmatism in particular. While still looking to protect its concept of sovereignty, China has moved towards greater responsiveness in dealing with international problems such as the Sudan. It will continue to be seen as falling short by some in the West in its willingness to support intervention as practiced in the West, but it seems likely to continue to adjust, if slowly, its diplomacy towards greater activism as it moves toward becoming a responsible great power.

