

# Chapter 4

## China's relations with the United States

China needs to deepen its understanding of the U.S., so does the U.S. of China.<sup>1</sup>

4.1 This chapter discusses three aspects of Sino–U.S. tension arising from China's emerging strategic and economic influence. The first concerns China's growing economic, political and strategic influence especially in East Asia and whether the U.S., as a superpower, and China, as an emerging great power, are destined to be locked in zero-sum rivalry.<sup>2</sup> The second relates to points of fundamental difference in values and practices that are likely to cause friction between the two countries. Trade and energy policies are used to highlight the nature and extent of current differences. The third, closely related, aspect of Sino–U.S. tension deals with foreign policy styles.

### U.S.–China relationship

#### *Background*

4.2 Traditionally, strong Sino–U.S. economic and trade relations have sometimes been tempered by a degree of strategic unease between the two. Although China and the U.S. have largely avoided confrontation,<sup>3</sup> Chinese regional influence has been exercised within the framework of the U.S.' strong alliances in North and East Asia and the responsibilities and commitments attached to these alliances. As discussed later in this chapter, some U.S. strategic policy makers consider that an extension of Chinese influence would reduce the U.S.' own capacity to exert influence in the region (a 'zero-sum' game).

4.3 Prior to the end of the Cold War, China and the U.S. shared an 'effective strategic alliance against the common challenge of the Soviet Union'.<sup>4</sup> According to one China analyst, the events at Tiananmen Square on 4 June 1989 and the collapse of the Soviet Union marked the emergence of U.S.–China rivalry:

The absence of a common threat helped highlight common differences as well as the potential for competition between the two, particularly because,

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1 Speech by H.E. Ambassador Yang Jiechi at a Breakfast Co-hosted by the Asia Society and Council on Foreign Relations, 3 December 2002.

2 'Zero-sum rivalry' refers to a situation in which greater influence gained by one superpower will lead to a corresponding reduction in the influence of the other.

3 One exception is the Taiwan Strait crisis in 1995–96.

4 Dr Frank Frost, 'Directions in China's foreign relations—implications for East Asia and Australia', *Parliamentary Library Research Brief*, No. 9, 2005–06, p. 22.

just as the US emerged as the world's sole superpower, China itself began to rise in economic importance, military strength, and regional influence.<sup>5</sup>

4.4 Professor Jia Qingguo has written that Sino–U.S. relations in the 1990s were characterised by a 'vicious cycle' of political conflict, whereby the U.S. would push for democratic changes within China, met with strong resistance from China (interpreting them as U.S. attempts at political destabilisation), met in turn with stronger efforts from the U.S., and so on.<sup>6</sup>

4.5 China's response to the 11 September 2001 terrorist attacks on the U.S. may, however, have helped bridge some of the differences between China and the U.S. Chinese support for the U.S. following September 11 included voting in favour of anti-terrorism resolutions in the UN Security Council, assisting with intelligence into regional terrorist networks and encouraging Pakistan to cooperate with the U.S. over their Afghanistan operation. Importantly, this support was provided without explicit conditions attached by the Chinese leadership.<sup>7</sup> In his submission, Professor Colin Mackerras indicated that the terrorist threat reflected a problem common to both countries:

China has had its own concerns about terrorism based on Islamist radicalism since the early 1990s, in other words, for years before September 11.<sup>8</sup>

4.6 The events of September 11 also deflected U.S. attention away from any perceived 'China threat'. Professor Jia Qingguo has commented that the 9-11 attacks provided an opportunity for the U.S. administration to put their pre-existing tensions in perspective and improve relations with China. This in turn diminished the threat to political stability that China felt from the U.S., allowing them to initiate a more cooperative relationship.<sup>9</sup>

### **China's emerging influence and the US response**

4.7 The committee recognises that both China and the U.S. have much to gain from a healthy economic and strategic bilateral relationship. For China, the U.S. 'is a highly valued source of foreign investment and advanced technology and a key trade partner whose appetite for Chinese imports is a substantial contributor to China's

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5 Ailenn San Pablo-Baviera, 'The China factor in US alliances in East Asia and the Asia Pacific', *Australian Journal of International Affairs*, vol. 57, no. 2, July 2003, p. 340.

6 Jia Qingguo, 'The impact of 9–11 on Sino–U.S. relations: a preliminary assessment', *International Relations of the Asia-Pacific*, volume 3 (2003), p. 171.

7 Jia Qingguo, 'The impact of 9–11 on Sino-US relations: a preliminary assessment', *International Relations of the Asia-Pacific*, volume 3 (2003), p. 164.

8 Professor Colin Mackerras, *Submission P54*, pp. 21–22.

9 Jia Qingguo, 'The impact of 9–11 on Sino-US relations: a preliminary assessment', *International Relations of the Asia-Pacific*, volume 3 (2003), p. 172.

growth'.<sup>10</sup> Strategically, the U.S. offers China a stable regional security environment in which to continue its economic development. For the U.S., the prospect of rapid growth in China's untapped consumer market will present significant opportunities for its high-tech exporters. Strategically, China's leverage in the region can assist the U.S. with its anti-terror initiatives as well as mediating a settlement over nuclear capabilities on the Korean Peninsula (see Chapter 9). Despite these benefits, tension remains over China's military build-up, long-term strategic intent and how it will exert its growing economic and political influence.<sup>11</sup>

4.8 Sino–U.S. political relations have also been tested over specific issues such as the political status of Taiwan, democratisation and human rights abuses, as well as the broader strategic question.

4.9 China has been eager to allay concerns over its emerging influence. In its submission to this inquiry, the Embassy of the People's Republic of China (PRC) promoted its "'new security concept" with mutual trust, mutual benefit, equality and coordination at its core, advocating the settlement of dispute through dialogues and cooperation'.<sup>12</sup> Chinese analysts have described this as a blueprint for 'peaceful rise', or *heping jueqi*.<sup>13</sup>

4.10 Despite China's insistence of its peaceful intent, its emerging economic, political and strategic influence will inevitably alter the dynamic of the Asia–Pacific region. China's growth rate and sheer size renders it a nation with the potential to exert greater influence in the future, with the much longer-term prospect of it becoming a superpower to rival the U.S. The way in which China's greater influence is exerted, and the response of the U.S. to the challenges arising from this, has considerable implications for the other nations in the region.

4.11 China's growing sphere of influence will affect the U.S.' capacity to shape events in the region with the authority it has asserted since the end of World War II. China now has, and will increasingly have in the future, the economic and political leverage to pursue its own priorities in the region. Given this shifting geopolitical dynamic, compounded by pre-existing differences over Chinese military expansion (discussed in Chapter 6), trade, and democracy and human rights issues, the Sino–U.S. relationship presents challenges as well as opportunities. It raises the question: will China and the U.S. emerge as strategic partners or strategic competitors?

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10 Dr Frank Frost, 'Directions in China's foreign relations – implications for East Asia and Australia', *Parliamentary Library Research Brief*, no. 9, 2005–06, p. 22.

11 *The National Security Strategy of the United States of America*, September 2002, p. 28.

12 PRC Embassy, *Submission P66*, p. 13.

13 Dr Peter Van Ness, 'China's Response to the Bush Doctrine', *World Policy Journal*, Winter 2004–05, p. 42.

***Sino–U.S. strategic concerns: partners or competitors?***

4.12 The answer largely depends on how China's growing strategic influence is interpreted in Washington. For its part, China has made a concerted effort to ease U.S. concerns over the potential for a zero-sum superpower rivalry. It emphasises trust and mutual benefit in the changing world order:

Mutual trust means that all countries should transcend differences in ideology and social system, discard the mentality of Cold War and power politics and refrain from mutual suspicion and hostility.<sup>14</sup>

4.13 China's Ambassador to Australia, Her Excellency Madam Fu Ying, has acknowledged concerns that China may be extending its sphere of influence to challenge the U.S. or even seek hegemony in the region. However, she indicated that China, as a developing nation, would not have the economic capability to rival the U.S.:

I think there is *no* doubt that China will undertake more responsibilities and play a bigger role in the region and in the world, as it grows. However, its role can never go beyond its national strength and what is sustainable. I do not believe China will assume a role that would challenge the central role of the United States in the world or pose a threat to other countries in the region.<sup>15</sup>

4.14 In the same speech, as quoted earlier, Madam Fu emphasised China's focus on security through stability and growth:

Traditionally, the term 'security' is related to military posture and defence forces. But for China...the greatest security concern is to ensure an environment for continued economic development.<sup>16</sup>

4.15 Not everyone in Washington is convinced. Its national security bureaucracies, led by the Department of Defense, lean toward the 'China threat' analysis. They cite China's obfuscation of its growing defence expenditures in the absence of a military threat as evidence of the need for U.S. vigilance when dealing with China (see chapter 6). This has led many in the U.S. administration to highlight China's unstated intentions. Indeed, the historic reality of great power rivalry does suggest the inevitability of some degree of strategic mistrust by a prevailing superpower (the U.S.) of an emerging one (China).

4.16 On the other hand, the U.S. Department of State takes an 'integrationist' approach towards China.<sup>17</sup> This approach holds that treating China as a zero-sum

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14 PRC Embassy, *Submission P66*, p. 13.

15 Her Excellency Madam Fu Ying, Speech at Australian Strategic Policy Institute, Canberra, 17 February 2005, [http://www.aspi.org.au/pdf/Madame\\_Fu.pdf](http://www.aspi.org.au/pdf/Madame_Fu.pdf), (accessed 9 August 2005).

16 Her Excellency Madam Fu Ying, Speech at Australian Strategic Policy Institute, Canberra, 17 February 2005, [http://www.aspi.org.au/pdf/Madame\\_Fu.pdf](http://www.aspi.org.au/pdf/Madame_Fu.pdf), (accessed 9 August 2005).

competitor is detrimental to the interests of the U.S. and the Asia-Pacific region generally. In September 2005, U.S. Deputy Secretary of State, Mr Robert Zoellick, stated that the Chinese see economic growth 'as an internal imperative, not as a challenge to the United States', and that they need a 'benign international environment', rather than conflict with the U.S., to ensure continued growth.<sup>18</sup>

4.17 Former U.S. Secretary of State, Dr Henry Kissinger wrote in the *Washington Post* that China's rise will bring about 'a substantial reordering of the international system'. However, he did not view this development as leading to inevitable confrontation:

China's emerging role is often compared to that of imperial Germany at the beginning of the 20<sup>th</sup> century, the implication being that a strategic confrontation is inevitable and that the United States had best prepare for it. That assumption is as dangerous as it is wrong. The European system of the 19<sup>th</sup> century assumed that its major powers would, in the end, vindicate their interests by force...

Only the reckless could make such calculations in a globalised world of nuclear weapons.<sup>19</sup>

4.18 Dr Kissinger maintained that China will be a benign power:

Military imperialism is not the Chinese style...China seeks its objectives by careful study, patience and the accumulation of nuances—only rarely does China risk a winner-take-all showdown.<sup>20</sup>

4.19 A positive Sino-U.S. relationship will depend on both countries sharing the responsibility for working toward common goals. Former diplomat, Mr Garry Woodard, suggested to the committee that a shift in attitude was required from both countries to engage peacefully as equal powers:

The difficulty for the United States is thinking of another country as one which it must treat on a basis of equality. It is as great an issue as the capacity of China to treat anybody on a basis of equality, which it has never

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17 A recent article by political scientist David Lampton differentiated "confrontationalists"—'those who see the future relationship with Beijing in conflict-laden terms—from "integrationists"—those who do not see international relations as a zero-sum game. "Integrationists" believe China can become a regional partner of the U.S. with mutually beneficial consequences: "confrontationalists" identify China as a regional competitor whose rise will injure U.S. interests. David Lampton, 'Paradigm lost: The Demise of "Weak China"', *The National Interest*, Fall 2005, p. 76.

18 Text of speech by Robert Zoellick, 21 September 2005, <http://usembassy-australia.state.gov/hyper/2005/0922/epf403.htm> (accessed 10 November 2005).

19 Dr Henry Kissinger, 'China: Containment Won't Work', *Washington Post*, 13 June 2005.

20 Dr Henry Kissinger, 'China: Containment Won't Work', *Washington Post*, 13 June 2005.

done in the past. There is an enormous problem of adjustment to be made on both sides.<sup>21</sup>

4.20 The committee agrees with this sentiment. For the U.S. and China to be long-term strategic partners, both nations should recognise and accommodate the others' concerns. However, as the following two sections discuss, there are issues and strategies that the U.S. and China approach differently.

***U.S. reservations: can China be a responsible stakeholder?***

4.21 Notwithstanding its commitment to a 'peaceful rise', China's actions have concerned many in the U.S. Some of these misgivings relate to specific differences of opinion over trade matters, human rights and democracy issues; others to a more general suspicion of China's long-term strategic intent.

4.22 Although the U.S. recognises that it faces no immediate threat from China, there are some profound disagreements between them:

Our commitment to the self-defence of Taiwan under the Taiwan Relations Act is one. Human rights is another. We expect China to adhere to its non-proliferation commitments.<sup>22</sup>

Within the U.S. at present, the pro-Taiwan lobby opposes Chinese determinations to maintain control over the democratically governed province and the human rights movement continues to agitate over various human rights violations occurring within China.

4.23 Deputy Secretary of State Robert Zoellick's September 2005 speech called on China to become a 'responsible stakeholder', strengthening 'the international system that has enabled its success'.<sup>23</sup> His comments reflected a wider attitude in Washington that China is benefiting economically from a stable regional environment—through its relationship with the U.S.—without adhering to the norms that have underpinned the stability from which they benefit. Professor David Lampton has put this argument succinctly:

As China's strength grows, Beijing increasingly will be expected to deal with the consequences of its actions...and contribute more to the maintenance of an international system from which it is deriving considerable benefit. Beijing will also be expected to help constructively manage the interdependent systems on which we all increasingly depend.

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21 Garry Woodard, *Committee Hansard*, 27 June 2005, p. 33.

22 *The National Security Strategy of the United States of America*, September 2002, p. 28.

23 Text of speech by Robert Zoellick, 21 September 2005, <http://usembassy-australia.state.gov/hyper/2005/0922/epf403.htm> (accessed 10 November 2005).

The degree to which it does not will contribute to friction with and debate in America.<sup>24</sup>

4.24 Many in the U.S. already view China's actions as falling short of the standards expected from a responsible regional and world leader. In this context, the committee draws attention to two of the major sources of U.S. frustration with China: trade regulations and international energy trade.

#### *Trade regulations*

4.25 Sino–U.S. friction on matters of trade and related domestic regulation has been well documented.<sup>25</sup> The committee's first report into Australia's relationship with China identified many of the concerns held by Australian and U.S. firms. These included poor corporate governance, the complex and inconsistent nature of China's legal and regulatory environment, intellectual property rights violations and government interference in the business sector.<sup>26</sup> The U.S. manufacturing sector and trade union movement are worried about the effect cheap (and often counterfeit) Chinese imports are having on domestic manufacturing and employment. The U.S. also believes that the Chinese have undervalued their currency, making imports from China artificially inexpensive. A range of sectional interest groups routinely pressure the U.S. government about these concerns.

4.26 Mr Zoellick's speech mentioned various U.S. points of trade tension which, combined with China's militarisation program, have produced 'a cauldron of anxiety about China'.<sup>27</sup> In November 2005, the U.S.–China Economic and Security Review Commission outlined the trade-related concerns of U.S. manufacturers in their 2005 report to Congress. The report stated:

...the principal cross-cutting concerns are China's undervalued currency, extensive system of government subsidies (particularly those favouring export-oriented production), weak intellectual property rights protections, and repressive labour practices. Many of these appear to act as a strong inducement for U.S. and other foreign firms to invest in and relocate to

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24 David Lampton, 'Paradigm lost: The Demise of "Weak China"', *The National Interest*, Fall 2005, p. 75.

25 See U.S.–China Economic and Security Review Commission, '2005 Report to Congress of the U.S.–China Economic and Security Review Commission', One Hundredth and Ninth Congress, First Session, November 2005.

26 Senate Foreign Affairs Defence and Trade Committee, *Opportunities and challenges: Australia's relationship with China*, November 2005, Executive Summary.

27 Robert B. Zoellick, 'Whither China: From Membership to Responsibility?', Remarks to National Committee on U.S.–China Relations, New York City, 21 September 2005.

China to serve the Chinese domestic market and to use China as an export platform.<sup>28</sup>

4.27 It further asserted that China was not adhering to the rules it had committed to when accepted into the World Trade Organisation (WTO) in 2001:

While China has made progress towards meeting some of its commitments, it remains in violation of its WTO commitments in a number of important areas, many very significant for U.S. industries. As a result, U.S. firms continue to face market access barriers in China and unfair trade practices in U.S. and third-country markets.<sup>29</sup>

4.28 Intellectual property provides a good example. The *2004 Report to Congress on China's WTO Compliance* found:

China has been much less successful in ensuring effective IPR protection, as IPR enforcement remains problematic. Indeed, counterfeiting and piracy in China are at epidemic levels and cause serious economic harm to U.S. businesses in virtually every sector of the economy.<sup>30</sup>

4.29 In its previous report, the committee considered at length China's entry into the WTO in 2001, and the difficulties China has had in complying with its WTO commitments. It recommended that applying pressure through the WTO would provide an effective means of encouraging China to honour its undertakings. It also suggested, however, that it was important for those likely to be affected adversely by various trade and businesses practices in China, such as breaches of intellectual property (IP) law, to be aware of the culture and traditions of China and how Chinese values, customs and beliefs influence the implementation and interpretation of those laws.

### *Trade in energy*

4.30 China's trade in energy is also perceived by many in the U.S. as an example of China's reluctance to be a 'responsible stakeholder'. Chapter 2 noted that China's need to secure its energy supplies is a major factor influencing its foreign policy. As a country dependent on overseas sources for vital raw materials, China has understandably chosen to adopt an opportunistic and pragmatic policy aimed at securing its supplies. Presently, the Chinese authorities are using a range of diplomatic measures to forge closer commercial and political links with resource rich countries.

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28 U.S.–China Economic and Security Review Commission, *2005 Report to Congress of the U.S.-China Economic and Security Review Commission*, One Hundredth and Ninth Congress, First Session, November 2005, p. 2.

29 U.S.–China Economic and Security Review Commission, *2005 Report to Congress of the U.S.-China Economic and Security Review Commission*, One Hundredth and Ninth Congress, First Session, November 2005, p. 4.

30 United States Trade Representative, *2004 Report to Congress on China's WTO Compliance*, 11 December 2004, p. 5.



A number of these countries, however, including Sudan, Iran and Myanmar (Burma), are perceived by the U.S. to be 'rogue states' that fail to promote democracy and to adhere to international norms. Forging friendly bilateral relations with, and providing aid and development assistance to, these 'problem' states is of particular concern to the U.S.<sup>31</sup>

4.31 China's willingness to strike energy deals with these states frustrates broader U.S. foreign policy goals, insofar as the U.S. is attempting to marginalise these countries by refusing to trade with them. In June 2005, the Assistant Secretary, Bureau of East Asian and Pacific Affairs, Mr Christopher R. Hill stated that:

The biggest impact on U.S. national interests is China's willingness to invest in and trade with problem states (Iran, Sudan, Burma). We are concerned that China's needs for energy and other resources could make China an obstacle to U.S. and international efforts to enforce norms of acceptable behaviour and encourage China's participation in international organizations to counter this tendency.<sup>32</sup>

4.32 The U.S.–China Economic and Security Review Commission was also blunt in its findings:

China appears to trade influence and assistance, including weapons technologies, arms, and other aid, for access to oil and gas in terrorist-sponsoring states, such as Sudan and Iran, greatly compromising U.S. efforts to combat terrorism, weapons proliferation, and human rights abuses.<sup>33</sup>

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31 Kerry Dumbaugh, 'China-US Relations: Current Issues and Implications for US Policy', *CRS Report for Congress*, updated 8 July 2005, p. 13. This report noted that Chinese negotiators signed significant oil deals with Iran in 2004 and that China has also targeted resource-rich African nations such as Sudan and Angola for energy-related development. See also the written statement of Randall G. Schriver before the United States Senate Committee for Foreign Relations, 26 July 2005. In testimony before the United States Senate Committee on Foreign Relations, Mikal E. Herberg gave some examples of China's involvement with problem states—'In the case of Sudan and Iran, China's involvement is helping to undermine U.S. sanctions (although China is among a number of countries doing so) and is also complicating U.S. efforts in the United Nations. For example, China is the prime roadblock to taking Iran to the Security Council for sanctions over its nuclear program. Efforts to sanction Sudan for its human rights violations in the Darfur region are also stymied by China's opposition.' 7 June 2005, p. 11.

32 Statement of Christopher R. Hill, Assistant Secretary for East Asian and Pacific Affairs, 'Emergence of China in the Asia-Pacific: Economic and Security Consequences for the United States', 7 June 2005, p. 5.

33 U.S.–China Economic and Security Review Commission, *2005 Report to Congress of the U.S.–China Economic and Security Review Commission*, One Hundredth and Ninth Congress, First Session, November 2005, p. 164.

4.33 In the Commission's view, China 'focused on its narrow interests while dismissing international concerns'.<sup>34</sup> According to Mr Zoellick:

China's involvement with troublesome states indicates at best a blindness to consequences and at worst something more ominous. China's actions—combined with a lack of transparency—can create risks.<sup>35</sup>

He also stated that:

China's economic growth is driving its thirst for energy. In response, China is acting as if it can somehow "lock up" energy supplies around the world. This is not a sensible path to achieving energy security.<sup>36</sup>

4.34 Mr Drew Thompson of the Centre for Strategic and International Studies in Washington DC has commented that this strategy may only be useful to China in the short term:

China's myopic approach to locking up barrels through commercial and diplomatic relations (while ignoring corruption and human rights abuses) frustrates efforts of donor nations and organizations that are working to instil good governance, accountability and transparency. But China's no-strings-attached assistance and opaque commercial transactions which do little to encourage these countries to improve their governance systems might be a short-sighted strategy. Encouraging good governance and stability with trading partners will benefit China in the long-term by building more durable societies and economies that will someday become better markets for Chinese consumer products, and by fostering governments that contribute to global and regional security. The latter being ultimately linked to China's most fundamental core interest: economic growth and domestic stability at home.<sup>37</sup>

4.35 As part of its strategy to improve access to foreign energy resources, China has sought to complement existing sources by purchasing overseas energy companies. For example, in 2005 the China National Offshore Oil Corporation (CNOOC) launched an US\$18.5 billion bid to buy U.S. oil and gas company Unocal.<sup>38</sup>

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34 U.S.–China Economic and Security Review Commission, *2005 Report to Congress of the U.S.–China Economic and Security Review Commission*, One Hundredth and Ninth Congress, First Session, November 2005, pp. 9–13.

35 Robert B. Zoellick, 'Whither China: From Membership to Responsibility?', Remarks to National Committee on U.S.–China Relations, New York City, 21 September 2005.

36 Robert B. Zoellick, 'Whither China: From Membership to Responsibility?', Remarks to National Committee on U.S.–China Relations, New York City, 21 September 2005.

37 Drew Thompson, 'China's global strategy for energy, security, and diplomacy', *The Jamestown Foundation China Brief*, volume 5, issue 7, 29 March 2005, [http://www.jamestown.org/publications\\_details.php?volume\\_id=408&issue\\_id=3280&article\\_id=2369493](http://www.jamestown.org/publications_details.php?volume_id=408&issue_id=3280&article_id=2369493), (accessed 8 November 2005).

38 Joe Carroll, 'CNOOC may look to buy other U.S. energy assets', *Australian Financial Review*, 22 July 2005, p. 27.

Subsequently, CNOOC withdrew its bid in the face of widespread congressional opposition and the strong prospect of the bid ultimately failing. Despite this setback, this incident indicates that China is willing to become more adventurous in seeking to secure much needed energy reserves.

4.36 Another aspect of securing energy supplies involves protecting supply routes, which is also causing some concern. An annual report to the U.S. Congress on China's military power stated:

Naval acquisitions, such as advanced destroyers and submarines, reflect Beijing's pursuit of an 'active offshore defense', to protect and advance its maritime interests, including territorial claims, economic interests, and critical sea lines of communication.<sup>39</sup>

4.37 There are concerns that China's energy shortages and its moves to secure supply routes will heighten military maritime competition to control the sea lines of communication in Southeast Asia.<sup>40</sup> Mr Mikkal E. Herberg of the U.S. National Bureau of Asian Research noted that:

The growing volume of oil that will be flowing to China by tanker through the Indian Ocean and South China Sea appears to be driving efforts to develop naval capabilities and arrangements that would allow it to protect its impact well beyond the Taiwan Strait. China has been developing a major submarine capability and potential port access agreements with Pakistan, Bangladesh, Myanmar, and the South China Sea which appear aimed at protecting future Chinese oil tanker routes. In this sense, China's energy insecurity risks aggravating the potential future problem of military maritime competition to control the Sea Lines of Communication in Southeast Asia.<sup>41</sup>

4.38 China's concerns over the security of its primary maritime trade routes with countries in Southeast Asia underline the importance of developing a cooperative approach to deal with these important strategic issues. Entering into a regular discussion on accessing vital sea lines of communication should be an important priority for China and other nations in the region, particularly within the framework of existing multilateral fora.

### ***Committee view***

4.39 As noted earlier, China is becoming increasingly dependent on a steady, secure and substantial supply of energy resources in order to drive its continuing economic

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39 Office of the Secretary of Defense, *Annual Report to Congress: The Military Power of the People's Republic of China 2005*, p. 12.

40 See for example, Testimony of Mikkal E. Herberg, the National Bureau of Asian Research, Seattle, Washington, United States Committee on Foreign Relations, 7 June 2005.

41 United States Senate Committee on Foreign Relations, Testimony of Mikkal E. Herberg, the National Bureau of Asian Research, Seattle, Washington, 'The Emergence of China Throughout Asia: Security and Economic Consequences for the U.S.', 7 June 2005, p. 10.

development. This reliance presents China with a formidable challenge. It places China in a vulnerable position and is a major influence in shaping its foreign policy. Clearly, China's moves to form trade relationships with resources rich nations regarded as 'rogue states' by the U.S. is a serious difference and one with the potential to escalate.

4.40 The committee believes that this problem needs to be addressed in the wider context of global energy needs.

### ***U.S.–China: contrasts in foreign policy***

4.41 China's emerging influence also has implications for the way in which security issues are resolved in a region with a strong U.S. strategic presence. As the committee discussed in Chapter 3, China uses bilateral relations to resolve disputes but also clearly favours a multilateral approach to regional security, most notably through the ASEAN Regional Forum (ARF). Contrastingly, the U.S. has preferred to rely on its own military strength and strategic alliances with East Asian countries such as Japan and South Korea to manage its security concerns in the region.

4.42 According to Dr Van Ness, China's priority for settling international disputes through multilateral fora appeals to many nations, and is an alternative to the U.S.' unilateral focus. Dr Van Ness has described China's 'new security concept' as:

...cooperation for mutual benefit among potential adversaries rather than the building of military alliances against a perceived common threat.<sup>42</sup>

4.43 He further emphasised the significance of China's multilateralism, describing it as 'unprecedented' and contrasted it with China's past practices:

From dynastic times to the present, China had adopted a largely realist view of the world, and, like the United States, it had preferred a bilateral approach to foreign relations. Moreover, neither in its dynastic past nor in its communist present had China been any more benevolent toward its neighbours, or more hesitant to use military force than most major powers. For China now to adopt a multilateral, cooperative-security design was something new and important.<sup>43</sup>

4.44 One China analyst has written:

Rather than have a unipolar world order under the leadership of the United States, China's leaders have been asserting their preference for a multipolar order as more conducive to equilibrium. A multipolar order, it is argued, would be more consistent with recent global trends such as the greater salience of economic over military power, increased independence, the different nature of security threats and challenges since the 1990s, and the

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42 Dr Peter Van Ness, 'China's Response to the Bush Doctrine', *World Policy Journal*, p. 41.

43 Dr Peter Van Ness, 'China's Response to the Bush Doctrine', *World Policy Journal*, p. 41.

U.S.' own inability to take action in response to such challenges to international security without relying on coalitions with other states.<sup>44</sup>

4.45 China's multilateral strategy may also reflect ambitions to gain influence with countries hitherto within the U.S.' strategic orbit. According to Dr Van Ness, espousing a foreign policy approach of cooperation and negotiation represents a 'strategic response to the Bush doctrine' and the hegemonic status of the U.S., though he does not consider it a design for 'balancing' against the U.S. in a realist sense.<sup>45</sup>

4.46 As China's sphere of influence grows through its burgeoning economy it has the potential to draw countries further away from the U.S.' strategic control. As discussed in the previous chapter, some in the U.S. administration have expressed concern over China's role in the East Asia Summit (EAS), from which the U.S. has been excluded.

4.47 U.S. concern over China's foreign policy initiatives are not necessarily focussed on the contrasting, multilateral nature of China's foreign policy doctrine. Instead, the U.S. is most worried about China's 'unstated intentions'. The committee believes it is vital that the U.S. and Chinese governments pursue frequent and ongoing dialogue. It welcomes recent discussions between U.S. Deputy Secretary of State Zoellick and his Chinese counterpart, Dai Bingguo.<sup>46</sup> The U.S. must maximise opportunities to engage with China in regional security architecture.

## Conclusion

4.48 The overriding message coming out of this chapter is the importance for both countries to appreciate that their relationship can be mutually beneficial and that through cooperation, they can promote stability, peace and prosperity in the Asia-Pacific region. As noted by Ambassador Yang Jirchi, there is a need for China to deepen its understanding of the U.S., and for the U.S. to deepen its understanding of China.<sup>47</sup>

4.49 The committee is of the view that some of the U.S.' concerns regarding China's long-term intent may be tempered if China were more cooperative on issues including intellectual property rights and currency revaluation.<sup>48</sup> This would demonstrate China's preparedness to act as a 'responsible stakeholder'. If China

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44 Ailenn San Pablo-Baviera, 'The China factor in US alliances in East Asia and the Asia Pacific', *Australian Journal of International Affairs*, vol. 57, no. 2, July 2003, pp. 342–343.

45 Dr Peter Van Ness, 'China's Response to the Bush Doctrine', *World Policy Journal*, p. 43.

46 Ministry of Foreign Affairs of the People's Republic of China, 'Vice Foreign Minister Dai Bingguo Holds Talks with US Deputy Secretary of State Zoellick', 25 January 2006, <http://www.fmprc.gov.cn/eng/zxxx/t233112.htm> (accessed 23 February 2006).

47 See opening quotation and footnote 1 to this chapter.

48 The committee notes China's recent decision to revalue the yuan and delink it from the U.S. dollar.

succeeded in demonstrating these credentials to the U.S. over issues of immediate commercial concern, then this would serve to build goodwill between the two countries.

4.50 At the same time, the committee believes that the U.S. should recognise its own responsibilities. As chapter 3 mentioned, it is important that the U.S. reinvigorate its relationship with ASEAN and its member countries and engage fully in the region's developing security architecture.