

# China in post-WWII Global History

## 5. China can say no

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# Introduction

Intensification of China's identity after end Cold War

## China's foreign policy 1980s & 1990s

## Revolutionary project market oriented realism

- Sino-Soviet rivalry → bitter competition in world Communist movement divided Communist parties in some countries (India, US)  
proxy wars btw rival communist sponsors (Vietnam, Afghanistan)
- 1980s China abandoned project to export revolution to Third World for market-oriented experiment & opening to capitalist world
- 1990s collapse Communist world → only PRC, Laos, Vietnam, North Korea, Cuba
- China's foreign policy → ideology → Calculating mercantilism + nationalist realism
- Ideological de-radicalization made space for pragmatic compromise with superpowers
- China's developing world "identity" intensified after end CW  
→ alternative to fill vacuum left by collapse of Communist bloc

## Importance of Asia after end Cold War

- Early 1990s China ignored Western economic sanctions
- focus instead on relations with developing countries, especially in Asia: 'neighborhood diplomacy'
- During the rest of the 1990s the main focus of China's foreign relations was to form strategic partnerships and reassure its partners (mainly US) that the goal was peaceful development and no threat
- Southeast Asia → historical precedent — most of client states part of traditional international system of Chinese empire
- China's role → leading but benign regional power

# Part II

China – America : Love & Hate



## China - US Attraction and distrust

- Attraction/fascination vs distrust
- In the 'century of humiliation' US milder imperialistic aims towards China – less aggressive and less exploitative than Britain, Russia, Japan
- BUT they blocked Chinese immigration into US with the Exclusion Act (1882) for sixty years
- During CW → US became 'the' capitalist superpower - negative traits of imperialism and capitalism.
- 1980s successful American model hugely fascinating for reforming China

# Reasons of Distrust

## Bilateral issues

- **Bilateral issues: ideological dissonance, economic friction, security**
- IDEAS - 1972 to 1989 ideological convergence was never expected
- Post-CW → US became only world superpower (unipolarity)  
human rights replaced anti-communism as ideological rationale US foreign policy
- Exercise of certain rights (speech, assembly, freedom of reporting in the press) might pose a threat for Party
- ECONOMIC - (Trade imbalance)
- Since China opened up, its export to US has been more than its import.
- Gap (initially small) gradually widened in 1990s and more rapidly after China's accession to WTO in 2001. Even 2008 financial crisis impacted limitedly. China's trade surplus declined immediately, but picked up soon.
- SECURITY
- After CW no more global strategic balance of power, but military pre-eminence in Asia-Pacific
- No real risk of war although certain 'hot' areas exist: South China Sea controversies with Vietnam, Taiwan and Japan; China-Taiwan issues (1995-6)
- After Gulf War, competitiveness in acquiring advanced conventional arms (China purchased advanced hardware from Russia while stealing US weapons technology)

## Reasons of Distrust

## Trilateral issues

- **Trilateral issues: competitive roles for US and PRC in the Asian region**
- Triangle – China thinks in hierarchical and trilateral terms
- Since every other country in the area is smaller than China, the triangle with US works. Besides, US has no territorial claim in Asia
- In security China aims at catching up with US, while other Asian states have no particular interest in arms race until 2010 (afterwards, Japan, Vietnam and India have also increased military spending and readiness).
- China's involvement in Asia means also alternative camp opposing US alliance with Japan, South Korea, Philippines, Thailand and Australia and by forming partnership with less developed countries in the area (ASEAN).
- China sponsoring alternative globalization → natural leader of smaller Asian countries as opposed to US and Europe based poles
- 2001 China founded the SCO (Shanghai Cooperation Organization) with Russia + four (later, five) former Soviet Central Asian republics (+ observers India and Pakistan)
- From 2008 → China participates in G20 (Deng refused to be part of G7)
- 2010 China contributed to found BRICS (Brazil, Russia, India, China, South Africa) →
- BRICS New Development Bank (NDB) + Asian Infrastructure Investment Bank (AIIB) to supplement Asian Development Bank (ADB) and World Bank

# China – US 1990s

- End of US-Soviet superpower rivalry → China-US antagonism
- US-China agreement on WTO entry (1999 after long period of negotiations)
- After the attacks of 11 September 2001, the US begins the "Global War on Terrorism" (GWOT), also formally supported by China

Evolution of this relationship → key measure of the possibility of China becoming a world power

China's relationship with United States tied to uncertainty and antagonism influencing China's foreign relations in the XXIst century

# China can say NO

- China can and must stand up to the West (particularly America) after centuries of national humiliation
- Chinese people view their country as a victim, a lone fighter trying to eke out its fair share of global influence from the established powers.
- The idea that “China can say no” still holds powerful emotional sway today
- As China’s power (whether military, economic, or diplomatic) has grown, expectations have widened: China can and will “say no” to foreign challenges to China’s national interests.

# China can say NO

- (Collected essays edited by Song Qiang and others)  
1996

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China – US  
in 2000s  
(allied in GWOT)

- After 9/11 → "Global War on Terror" (GWOT):
- President George W. Bush sought support from China in fight against international terrorism (repression based on religion and ethnicity in Xinjiang)
- Beijing decided to provide support because China was concerned about domestics and international terrorism and extremism.
- Otherwise, there were few common items on Hu's and Bush's political agendas

**US-China cooperation looked more like temporary cooperation for the sake of convenience than a long-term partnership.**

## China – US in 2000s (opportunity in Asia)

1. From the early 2000s onwards, US attention for the Asian region weakened as the US was deeply involved in the GWOT.
2. Asian countries revised their foreign policy approach towards China, as many began to see PRC as an economic opportunity (due to China's emergence as an economic superpower).
3. Report by Asian Development Bank: Southeast Asia needs investment equal to 5% of their GDP for infrastructure growth between 2016 and 2030. Partnering with China could greatly reduce the proportion in favour of local companies and governments

## **Opportunity for China to expand influence in Asia**

## Global economic- financial crisis (2008)

- China sensibly less affected than US.
- Emerging doubts about sustainability of US unipolarity

"The weak recovery after the 2008 global financial crisis [...] is due to the reduced influence of the United States and the absence of a successor on the world stage."

"When no country can or will act as hegemon, a world crisis erupts."

(Temin and Vines, 2013)

## China-US rivalry in Asia (Obama's pivot to Asia, 2011)

- Announced by US President Barack Obama during a speech to the Australian parliament in November 2011:
- Obama emphasized the intention to expand US influence in the Asia-Pacific region (pivot to Asia), but he avoided using a confrontational tone:

"We've seen that China can be a partner, from reducing tensions on the Korean peninsula to preventing proliferation. We'll seek more opportunities for cooperation with Beijing, including greater communication between our militaries to promote understanding and avoid miscalculation."

"We will do this, even as we continue to speak candidly with Beijing about the importance of upholding international norms and respecting the universal human rights of the Chinese people."

China  
emerging as  
rule-setter in  
global  
governance

Mid 2010s → China is increasingly seen a stabilizer rather than a destabilizer.

The world looks to China as a global power doing global things because of the space that America, Brexit and others have opened up around it.

**This increases uncertainty about US role as (unipolar) superpower**

**Reactions by US (economic protectionism)**

# Part III

China's accession to WTO (1986 - 2001)



# China's accession to WTO

I.

- In 1948 the Republic of China (ROC) one of the founding members of GATT, but in 1950 withdrew to minimize the risk that PRC might take over Taiwan and occupy their seat.
- 1950 – 1965 neither ROC nor PRC were represented at GATT.
- In 1965 ROC obtained observer status. In 1971 the UN adopted a resolution to admit the PRC into the organization. This was a consequence of the UN resolution of 25 October 1971, when the General Assembly recognized the PRC as the sole legitimate government of China while at the same time withdrawing recognition of the ROC.
- ROC lost their seat at UN as well as their observer status at GATT.
- The resolution immediately translated into Beijing gaining their seat at UN. However, another idle period of fifteen years followed during which neither of the two Chinas were represented at GATT. The PRC only applied to join in 1986.

# China's accession to WTO

II.

- 1994-1999, China signed bilateral market-access negotiations with the forty-four WTO members.
- Acceleration once China signed the bilateral agreement with US in 1999 and with EU in May 2000.
- Once all bilateral negotiations were concluded, the WTO Working Party had to review all the documents and *multilateralize* them by extending all the concessions to all WTO members on the basis of the MFN principle. All terms of accession had to be formally approved and accepted by WTO members and by China.
- On 12 December 2001 the PRC became a member of the WTO.
- In 1990 Taiwan had also asked for admission and was granted observer status in 1992. Now China is represented at the WTO by four entities with separated custom territories: PRC; Hong Kong, China; Macao, China; Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu (or 'Chinese Taipei' in short).

# China's accession to WTO

## III.

- *Developing or developed country?*
- The main disputed point in the negotiations was whether to accept China as a developed or as a developing country. Given the enormous potential of the Chinese economy, too many sectors could benefit from preferential politics usually reserved to developing countries. A shared concern was that China would benefit of a much more protected environment in comparison with other members. The US led this party and listed the following as potential points of dispute:
- Government subsidies to SOEs
- Market access restrictions and non-tariff barriers on agriculture and services
- Lack of national treatment for foreign firms
- Lack of transparency and uniformity of rules across China

# China's accession to WTO

## IV.

- *Internal dissent*
- Especially controversial was the issue of National Treatment. Extending it to foreign companies would imply cutting the power of local bureaucrats who had long been granted privileges regardless of the law.
- In June 1998 protests caused by rising inequality in income and massive lay-offs urged the Chinese leadership to slow the pace in industrial restructuring. This meant a deceleration in SOE reform.
- At the same time, the Asian Financial Crisis began to show its effects. In 1998 the Hong Kong Stock Exchange collapsed causing many problems in the SOE restructuring since large parts of the funds came from Hong Kong based investors. Decrease in FDI from Southeast Asian countries and less market opportunities for Chinese exports. Even though 1997 crisis did not affect China directly, it damaged the two pillars of China's economic growth: FDI and export.
- 1999 spring Premier Zhu Rongji's trip to US unsuccessful and this hurt the premier's power and political standing.
- Finally, Sino-US negotiations in the autumn were successful in November