

# Strategic Analysis Paper

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## Implications of the Chinese Communist Party's 19<sup>th</sup> Congress:

### Part Two: Some Consequences of China's New Foreign Policy

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#### Key Points

- President Xi's address to the 19th Congress was likely intended to underscore the legitimacy of the Chinese Communist Party in the perception of Chinese citizens.
- It has, however, created more suspicions regionally and elsewhere.
- Coupled with the uncertainty surrounding the Belt Road Initiative and China's actions globally, countries that suspect China of underhand motives are coming together to counter it.
- This is readily perceived in the meetings between Australia, India, Japan and the United States that took place immediately after President Trump met President Xi in Beijing.

#### Summary

The [first part](#) of this paper noted some of the elements of President Xi's speech at the 19th Congress of the Chinese Communist Party that appeared to indicate his decision to set aside the Deng dictum of maintaining a low profile and not aspiring to be a leader. Mr Xi instead appears to believe that China is now sufficiently strong economically and militarily to take what he believes is its rightful place in the world order. He aspires to return China to the head of a tributary system, albeit one within a modern context, by further enhancing the country's economy and military might. This, he says, is the "Chinese Dream". His legacy Belt and Road Initiative (BRI) is a critical component in realising that goal.

While this aspiration is ambitious, it has the potential to cause a good deal of friction and create further suspicions among its regional neighbours and other countries that have a vested interest in the region. Some of these issues will be examined here.

### Analysis

A major goal of President Xi's foreign policy is to return China to its position of centrality in international affairs, just as it was historically. He plans to do this in stages, turning China into a moderately wealthy society by 2020, a developed country by 2035 and a superpower with a matching world-class military by 2050. The confidence that President Xi's exhibited in projecting those goals was predicated upon China's spectacular economic growth until recently and the attendant growth of its military power. He is already not only looking to replace the United States as the leading power in East Asia and the western Pacific region in general but is also offering the Chinese model of authoritarian benevolence as a replacement for liberal government globally.

China's newly-assertive role in international affairs is plain to see. In Venezuela, for instance, after protests against the authoritarian regime of President Nicolás Maduro Moros broke out in September, United States President Donald Trump called for democracy to be restored in the country and warned of further sanctions if that were not done. China, in contrast, offered Maduro its continued support. As one expert [noted](#) in his testimony before the Western Hemisphere Subcommittee of the Foreign Affairs Committee in a hearing on the influence of state actors in Venezuela's collapse, 'I would like to emphasise how both Russia and China, in the pursuit of their commercial and strategic interests in Venezuela, have provided capital, goods, services and political backing that has indirectly enabled the populist regime to ignore and ultimately destroy the mechanisms of democratic accountability.'

China's use of its vast foreign exchange holdings to acquire influence has also been often noted. What is not as often remarked upon, until recently, is its move to invest huge sums in Latin American countries, with one [report](#) likening its investments in Brazil to a tsunami. China's investments in that region have major global implications. While it protests the American presence and influence in East Asia and the western Pacific, China, it appears, has no qualms in attempting to create its own sphere of influence geographically close to the United States, just as the latter has done in East Asia.

That region aside, China also appears to have had some [influence](#) in the recent political developments in Zimbabwe. Greece, which has found itself in financial difficulty in recent years, has mitigated some of that difficulty through Chinese investment in its infrastructure. It came as no surprise, then, that in June this year it vetoed a formal European Union move to criticise China for its human rights violations, demonstrating yet again China's ability to deflect, in this instance, criticism of its policies but, more importantly, its overall ability to bring about the objectives it seeks through [any means](#). Greece aside, China appears to be causing a considerable degree of [anxiety](#) in Brussels.

To be clear, China was not responsible for the growth of authoritarianism in countries as diverse as Cambodia, Ethiopia, Hungary, Russia, Thailand, The Philippines, Turkey or Venezuela. It does, however, use its political and economic power to support that authoritarianism which, in turn, legitimises its own, and to simultaneously reject liberal "Western values". This approach also makes China the locus of the so-called "Authoritarian International" and further emphasises Beijing's role on the world stage.

China is working, in short, to replace the United States in East Asia and the Western Pacific and simultaneously to replace liberal Western values with the Chinese model of “benevolent” authoritarianism. As Mr Xi remarked in the course of his speech,

The political system of socialism with Chinese characteristics is a great creation of the Communist Party of China and the Chinese people. We have every confidence that we can give full play to the strengths and distinctive features of China’s socialist democracy, and make China’s contribution to the political advancement of mankind.

This could, if successful, result in the legitimisation the Chinese Communist Party. The 19<sup>th</sup> Congress validated this approach and goal by [incorporating](#) Mr Xi’s “Thoughts” in the Constitution.

In order to ensure China’s future centrality in international affairs and to simultaneously ensure its economic growth, President Xi has devised the BRI. This initiative, which is based on the principle of the ancient Silk Road, is, therefore, central to his overall goals. It is imperative that the initiative succeed if China’s economic growth is to be sustained and the Communist Party continue to remain in power. While the Belt and Road Forum, which took place in Beijing earlier this year, evoked a considerable deal of interest globally, it also attracted its fair share of criticism. The United States, Germany, Japan and India, among others, refused to take part in the initiative [citing](#) a lack of transparency and financial reservations about the entire project.

The BRI offers China the opportunity to present itself as a global leader and to reap the economic and diplomatic benefits it offers. China [presents](#) the BRI as a “win-win” co-operation between states and points to its five goals of “policy co-ordination, facilities connectivity, unimpeded trade, financial integration and people-to-people bonds.’ The BRI could, according to Beijing, prove to be of benefit to both China and its partners in the initiative. China, as it sees the situation, has huge [foreign exchange reserves](#) that it could invest in developing Asian infrastructure which, according to the [Asian Development Bank](#), requires an average of US\$1.7 trillion a year or US\$26 trillion from 2016 to 2030. By investing in this infrastructural requirement, China could alleviate some of the problems posed by its excess construction capacity and create job opportunities for itself and the borrowing countries. This could have the further benefit of permitting China to outsource its lower-paying jobs and [move up](#) the value chain. The BRI, therefore, is aimed at catering to China’s present and future economic situations, thus enabling it to remain an economic and political power internationally.

While the BRI remains a concept of secondary importance to the United States and Germany, it is of immediate relevance and importance to India. Despite China’s claims above, what it does not do is to talk publicly about the tensions the same initiative stokes in India and other countries.

The BRI, according to its [vision statement](#), upholds the ‘Principles of Peaceful Coexistence’ and ‘mutual respect for each other’s sovereignty’. China’s actions in the East and South China seas and, of particular relevance to India, on the Doklam Plateau in the Himalayas, however, run counter to these principles. In the South China Sea, for instance, rather than uphold its claim that it demonstrate ‘mutual respect for each other’s sovereignty’, China appears to have gone out of its way to escalate the tensions in that region by rejecting the claims of other countries and using its military might to claim virtually all that Sea as its own. Adding to this, it rejected out of hand a ruling in favour of The Philippines brought down by the [International Tribunal for the Law of the Sea](#) at the Permanent Court of Arbitration at The Hague when Manila took Beijing to that Court over its claims to the South China Sea. China showed scant regard not only for the other claimants in this matter but

also for the Court at The Hague by stating before the verdict could be handed down that it did not recognise the jurisdiction of the Court.

On the Doklam Plateau, similarly, China used its tried and proven method of “salami slicing” – carrying out individually inconsequential actions that, collectively, obtain for it an advantage it seeks – by attempting to construct a road in territory which it disputes with Bhutan. Bhutanese troops observed this and asked the Chinese troops to stop the construction, but their request was rejected. Bhutan informed India, with which it has a security agreement, of this development. Indian troops crossed the border into the disputed territory and confronted the Chinese troops. This led to a stand-off between the two sides that lasted for around seventy days and led to the construction being halted. China, in the interim, carried out its “[three warfares](#)” strategy against India, but to no publicly-perceptible avail. This incident heightened New Delhi’s suspicions about Beijing’s motives.

The BRI has added to India’s suspicions. A major component of the BRI, the China-Pakistan Economic Corridor (CPEC), an amalgam of energy pipelines and other infrastructural initiatives, runs between the Pakistani port of Gwadar and Xinjiang Province in western China. A part of the CPEC runs through territory in Kashmir that is disputed by India and Pakistan. From the Indian [perspective](#), the fact that China chose to override Indian concerns about the violation of its sovereignty indicated that China had sided with Pakistan. India, therefore, [did not take part](#) in the Belt Road Forum in Beijing; it believed that had it done so, it would have been acquiescing to China and Pakistan on its sovereignty.

India is, similarly, concerned about China’s BRI investments in the Indian Ocean. China has invested heavily in Myanmar, Bangladesh, Sri Lanka and Pakistan, reinforcing in many the [string of pearls](#) theory. This idea claims that China is investing in ports, which could be used when required for military purposes, that encircle India in order to contain its growth. The visits of Chinese submarines at Hambantota port in Sri Lanka served to reinforce this Indian perception. Referring to the interplay between China’s regional connectivity and investments and the security challenges those posed for India, Indian Foreign Secretary Jaishankar [noted](#),

The interactive dynamic between strategic interests and connectivity initiatives ... is on particular display in our continent... [W]e cannot be impervious to the reality that others may see connectivity as an exercise in hardwiring that influences choices.

The risks that BRI investments pose, which cause no real surprise when they are highlighted by wary countries such as India, are more surprisingly also noted by some in countries like Pakistan that are very heavily invested in the initiative. In an article dated 21 June 2017, *The Dawn* newspaper revealed that it had uncovered a “[master plan](#)” that provided the true motives behind the CPEC. These included leasing “thousands of acres of [Pakistani] agricultural land” to China to shore up the latter’s food security, “a deep and broad-based penetration of most sectors of Pakistan’s economy as well as its society by Chinese enterprises and culture” and fibre-optic connectivity between the two countries for security purposes. The report ends on a note of uncertainty, saying ‘In fact, CPEC is only the opening of the door. What comes through once that door has been opened is difficult to forecast.’

Given all the above, Secretary Jaishankar’s cautionary [statement](#) is hardly surprising:

Where we are concerned, this is a national Chinese initiative. The Chinese devised it, created a blueprint. It wasn’t an international initiative they discussed with the world...

A national initiative is devised with national interests, it is not incumbent on others to buy it.

Equally unsurprising is the fact that these issues, when combined with President Xi's statement about creating a world-class military, have seen India lean towards the quadrilateral of democracies – the United States, Japan, Australia and itself – in which it once appeared not to be overly interested. Prime Minister Modi recently met [bilaterally](#) with his counterparts from Japan and Australia in The Philippines on the sidelines of the ASEAN summit that Manila hosted. He had previously met with President Trump. While the meetings between the heads of these countries were conducted bilaterally so as not to offend China by meeting altogether, a meeting at the Under-Secretary level was held by officials of all four countries. This plainly has the potential to develop over time into a formal quadrilateral, a potential outcome that was duly [noted](#) and [protested](#) by China. There is little doubt that China will work behind the scenes to disrupt any such move but given the suspicions it has raised by its actions globally, it is almost a certainty that these four countries will come together to co-operate closely to hedge against an increasingly assertive China.

President Xi's speech at the 19<sup>th</sup> Congress may have served to legitimise the Chinese Communist Party but, just as its actions in the South China Sea and elsewhere have done, has caused even more suspicion and distrust of China's motives to surface. This can only lead to instability and heightened tensions, regionally and elsewhere.

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