

# China and the Liberal International Order: Did China's Accession to WTO Shape Its Behavior?

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The rise of China in recent years has brought about more questions than answers as to whether and when China will take on the world Number One—the United States. In line with this reasoning, many pundits as well as policy circles begin to suggest that a rising China, along with a declining America, would inevitably invite a change of the international order.

To prevent the occurrence of a systemic change, many analysts suggest that the United States should further integrate China into the current liberal international order. For example, the term “Chimerica,” coined by Niall Ferguson in 2008, reflects the hope that China and America should jointly cope with the international issues facing the world.<sup>1</sup> In the same line of reasoning, a group of practitioners such as Zbigniew Brzezinski proposes the conception of “the Group of Two (G-2)” to emphasize the importance for the United States and China to work closely to address global as well as regional issues.<sup>2</sup> To them, this group of two major powers—one represents the developed countries, the other the developing countries—is legitimate and effective to exert their weight in world affairs.

However, others such as Elizabeth Economy and Adam Segal contend that G-2 is only a mirage because of the mismatched national interests of both sides.<sup>3</sup> And, even

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<sup>1</sup> Niall Ferguson, “Team ‘Chimerica,’” *The Washington Post*, November 17, 2008, p. A 19.

<sup>2</sup> Zbigniew Brzezinski, “The Group of Two that Could Change the World,” *The Financial Times*, January 13, 2009, <http://www.ft.com/cms/s/0/d99369b8-e178-11dd-afa0-0000779fd2ac.html#ixzz1KVtbnMOT> (accessed 2011/04/01).

<sup>3</sup> Elizabeth C. Economy and Adam Segal, “The G-2 Mirage: Why the United States and China Are Not Ready to Upgrade Ties,” *Foreign Affairs*, Vol. 88, No. 3 (May/June 2009), pp. 14-23.

Ferguson himself called that “‘Chimerica’ is headed for divorce” in 2009.<sup>4</sup> Moreover, this “G-2” also lacks leadership as well as like-mindedness necessary to any given G-x process.<sup>5</sup> At a click in time, team “Chimerica” seems to become an unrealistic “chimera.”

This paper aims to introduce how China perceives the liberal international order as it is for the time being, with a focus on “G-2” as an example. With reference to the discussion from the American academia, the author first introduces the current conception of the liberal international order. Second, this paper discusses the main points of the G-x process provided by academia, especially on that of G-2, as part of the architecture that assembly helps to preserve the current international order. Third, this paper introduces China’s views on the G-2 proposal, with symbolic and material explanations. China and the US views on future cooperation in the Asia-Pacific region will be discussed, and Chinese discussions on the future of the Trans-Pacific Strategic Economic Partnership Agreement (TPP) spearheaded by Brunei, Chile, New Zealand, Singapore, and now the United States and others, will be covered. China holds a relatively suspicious view on what the US proposed to transform regional order in the Asia-Pacific. This is a case in point to demonstrate how China diverges even in economic interests with the United States to make G-2 a mirage. This paper concludes with the implications for future cooperation between the two giants.

## I. Theoretical Thinking on the Current Liberal International Order

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<sup>4</sup> Niall Ferguson, “‘Chimerica’ is Headed for Divorce,” *Newsweek*, August 15, 2009.

<sup>5</sup> Alan S. Alexandroff and Andrew F. Cooper, “Conclusion,” in Alan S. Alexandroff and Andrew F. Cooper, eds., *Rising States, Rising Institutions: Challenges for Global Governance* (Washington, DC: Brookings Institution Press, 2010), pp. 294-306.

Due to the economic downturn in the West and the rise of developing countries in recent years, some people tend to suggest that the American economic model is giving the way to the non-Western model as indicated in the so-called Beijing Consensus. Along with this reasoning, they predict that a tectonic shift from a rule-based, open and liberal international system to a more contested, fragmented, and even mercantilist system based upon spheres of interests is underway.<sup>6</sup>

According to recent discussions with the American academia, the post-Cold War order appears to be a mixture of what Immanuel Kant once argued, namely, burgeoning democratic governments around the world, deepening economic interdependence, and increasing international institutions, that lead to sustaining world peace. Among these contributing factors, international institutions play a significant role in terms of order building. At the turn of the century, G. John Ikenberry suggests that US foreign policy after the Cold War is “at least partially consistent with the institutional logic of order building.... Across a variety of economic and security areas, the United States pursued an expansive agenda of institution-building: enlargement of NATO and the creation of NAFTA, APEC, and the WTO.”<sup>7</sup>

While facing the reality that the US has encountered in the aftermath of the Iraqi War and financial crisis, however, optimists as Ikenberry still believe that the future of the liberal international order can be restored if the US adopts correct foreign policy.<sup>8</sup>

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<sup>6</sup> Kishore Mahbubani, *The New Asian Hemisphere: The Irresistible Shift in Global Power to the East* (NY: Public Affairs, 2009); Barry R. Posen, “Emerging Multipolarity: Why Should We Care?” *Current History*, Vol. 108, No. 721 (November 2009), pp. 347-352; Gideon Rachman, “Think Again: American Decline - This Time It’s for Real,” *Foreign Policy*, No. 184 (January/February 2011), pp. 59-63; Christopher Layne, “China’s Challenge to US Hegemony,” *Current History* 107, No. 705 (January 2008), pp. 13-18; Roger C. Altman, “The Great Crash, 2008: A Geopolitical Setback for the West,” *Foreign Affairs*, Vol. 88, No.1 (January/February 2009), p.2.; and Fareed Zakaria, *The Post-American World* (NY: Norton, 2009).

<sup>7</sup> G. John Ikenberry, *After Victory: Institutions, Strategic Restraint, and the Rebuilding of Order after Major Wars* (Princeton, NJ: Princeton University Press, 2001), p. 217.

<sup>8</sup> G. John Ikenberry, “The Future of the Liberal World Order,” *Foreign Affairs*, Vol. 90, Iss. 3

To Ikenberry, non-Western developing countries are busy dealing their own domestic issues. Therefore, the maintenance of world order depends on whether the US can “operate with a set of multilateral rules and institutions that establishes obligations and commitments for both it and weak states.”<sup>9</sup> Given the advantages that the US still enjoys vis-à-vis other countries including potential challengers, it is logical and desirable for the US to tie the latter into an arrangement to share the burden.

## II. Theoretical and Practical Ground for “G-2”

Seven major industrial countries in the world launched the Group of Seven (G-7) summit meeting in 1975 to coordinate their economic and financial policy. At the dawn of the century, the G-7 has extended its partnership to include Russia. In 2003, China’s leader Hu Jintao accepted the invitation to take part in the G-8 summit meeting hosted by France.<sup>10</sup>

Globalization and the issues caused by the phenomenon are crucial to our understanding about the rise of the conception of G-x process. Among these issues, the intensifying economic interdependence and changing balance of power, as John Kirton suggests, result in cooperation and coordination among states in the form of G-x.<sup>11</sup> By the nature of economic interdependence, in which interactions between two or more countries would lead to reciprocal costly effects to each other, states are

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(May/June 2011), pp. 56-68.

<sup>9</sup> G. John Ikenberry, *Liberal Leviathan: The Origins, Crisis, and Transformation of the American World Order* (Princeton, NY: Princeton University Press, 2011), p. 149.

<sup>10</sup> John Kirton, “The G20, the G8, the G5 and the Role of Ascending Powers,” Paper prepared for the seminar on “Ascending Powers and the International System,” Instituto Matias Romero, Secretaria de Relaciones Exteriores, Mexico City, December 13-14, and for publication in *Revista Mexicana de Politica Exterior*. Version of December 27, 2010.

<http://www.g20.utoronto.ca/biblio/kirton-g20-g8-g5.pdf> (accessed 2011/01/18).

<sup>11</sup> John Kirton, “The G20, the G8, the G5 and the Role of Ascending Powers.”

assumed to be more inclined to cooperation than confrontation while conducting their bilateral relations.<sup>12</sup>

For proponents of this G-x idea, who are legitimate to join the process and how to make decision-making effective are crucial to success. In recent International Relations (IR) scholarship, universal membership is more or less the synonym of ineffectiveness in certain international institutions such as the World Trade Organization (WTO) after the Doha round negotiations and the United Nations Framework Convention on Climate Change (UNFCCC), due to their large numbers of membership that complicated the process to reach consensus. As a result, strategies of inclusion and exclusion in terms of institutional design are equally important to success. How to include those from not only developed but also developing world to make the mechanism legitimate is one thing, but how to form an effective coalition of the willing with membership exclusive to capable countries is another. To get the “magic number” of stakeholders to make internationally coordinated actions possible becomes central to leaders around the world as Moises Naim and others suggest.<sup>13</sup>

Against this backdrop, practitioners have forged the term “responsible stakeholder” to redefine US bilateral relations with China in 2005 as the inception of the so-called G-2. The US Deputy Secretary of State Robert Zoellick commented in September 2005 that China should take concrete steps to cooperate with the US on common interests and to become a “responsible stakeholder” in world affairs. The

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<sup>12</sup> It is worth noting that interdependence doesn't treat confrontation and conflict as obsolete. The conception of interdependence is detailed in Robert O. Keohane and Joseph S. Nye, Jr., *Power and Interdependence*, 4<sup>th</sup> Ed. (NY: Longman, 2011).

<sup>13</sup> Moises Naim, “Minilateralism: The Magic Number to Get Real International Action,” *Foreign Policy*, Issue 173 (July-August 2009), pp. 136-135; Tony Porter, “Why International Institutions Matter in the Global Credit Crisis,” *Global Governance*, Vol. 15, No. 1 (2009), pp. 3-8; Colin Bradford and Johannes Linn, “It's Time to Drop G-8,” in Eswar Prasad, et al., *Recovery or Relapse: The Role of the G-20 in the Global Economy* (Washington DC: Brookings Institution, 2010), pp. 8-9.

latest proposal for an informal G-2 is also a reaction to the international financial tsunami mainly caused by mismanagement in the financial sector in the United States since 2008. Brzezinski opined that economic interdependence may lead to a tectonic shift in world politics, through which the United States and China, with the strengths from both countries, can effectively cope with the world's political, social, and economic problems.<sup>14</sup> Due to global issues that require cooperation and coordination among meaningful stakeholders to solve, the US is considered representing the developed world while China the developing countries, which makes the proposal of G-2 worth noting in terms of legitimacy and efficacy. Some observers put even further and stated that "the real action will be at the G-2."<sup>15</sup>

However, the Chinese leadership has somewhat refused to accept the US suggestion of "responsible stakeholder" and "G-2." China's refusal to receive these two terms can be explained by symbolic and material reasons.

### III. US-China Relations in Retrospect

China has long been in the pursuit of an "equal footing" with the US dated back to their rapprochement in the 1970s or even earlier. As demonstrated in Hu Jintao's speech in April 2006 that China and the US "are not only stakeholders, but ... should also be constructive partners." Hu's statement indicated the Chinese leadership was still preoccupied with "equality" with the United States. In other words, China preferred to describe its relationship with the US as a "constructive partner" rather

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<sup>14</sup> Zbigniew Brzezinski, "The Group of Two that Could Change the World," *The Financial Times*, January 13, 2009.

<sup>15</sup> Irwin Stelzer, "The Real Action Will Be at the G2: China and the US," *The Sunday Times*, March 29, 2009, <http://business.timesonline.co.uk/tol/business/columnists/article5993143.ece> (accessed 2011/01/23).

than “stakeholder,” or at least to juxtapose the two terms. China continues to express its view of “constructive partnership” to the Obama administration.

China further showed its doubt on the so-called “G-2.” When US President Obama visited China in November 2009, Chinese Premier Wen Jiabao conveyed the view that China “disagrees to the suggestion of G-2.” He went on:

First, China is still a developing country with a huge population and has a long way to go before it becomes modernized. Second, China pursues the independent foreign policy of peace and will not align with any country or country blocks. Third, global issues should be decided by all nations in the world, rather than one or two countries.... Meanwhile, we believe Sino-US cooperation can play a unique role in advancing the establishment of the new international political and economic order, as well as promoting world peace, stability and prosperity.<sup>16</sup>

Wen’s statement seemed to show China’s desire for equal partnership with the US. Yet, the term “G-2” seems to require China to share the burden in coping with global issues. Or even worse, it may imply that China shall comply with the current liberal international order, ushered by the US and other Western countries. If this is the case, China’s long advocacy for a new international economic order will give way to the current order that the Third World has opposed to. Therefore, China has been hesitant to embrace this suggestion for symbolism.

Material reasons can further help explain China’s thinking of cooperation with the US. First, many Chinese scholars and strategists now perceive the military power disparity between China and US since the end of Cold War. A professor in Tsinghua University pointed out that China has had a double-digit increase in annual military budget since 1991, but it is very difficult to catch up US militarily because China’s military modernization started from a very low point.<sup>17</sup> The Chinese leadership gradually came to make objective assessments of the growing military disparities with

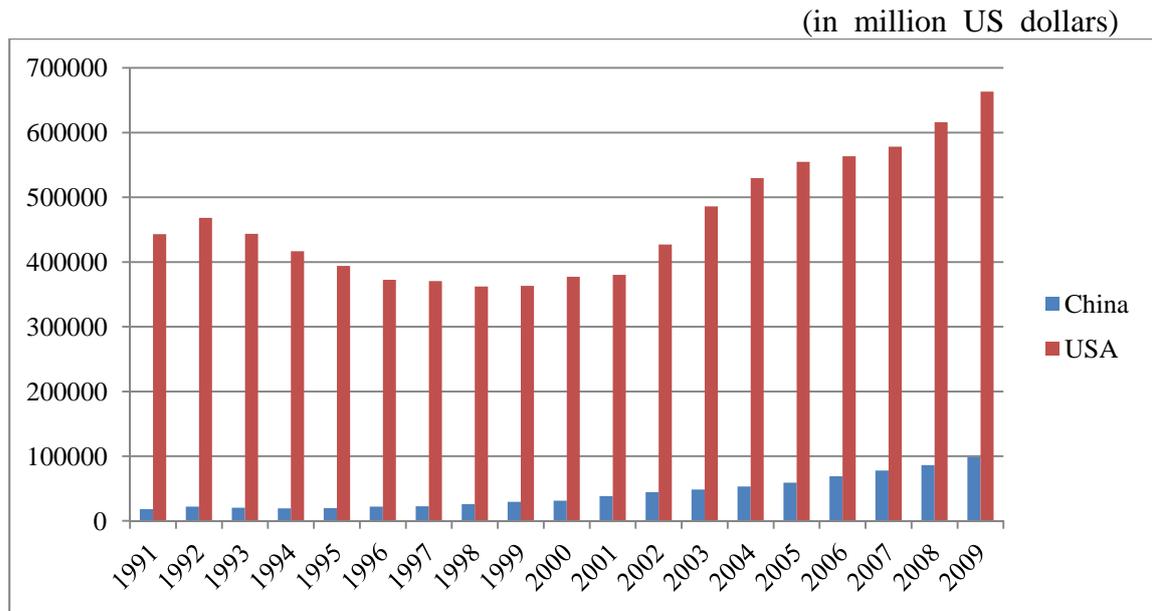
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<sup>16</sup> Xinhuanet, “Wen Jiabao Meets with US President Obama,” November 19, 2009, <http://www.china-un.ch/eng/xwdt/t628181.htm> (accessed 2010/12/15).

<sup>17</sup> Interview #7, Beijing, June 30, 2008.

the US as Figure 1 shows in terms of annual spending, even though China's spending continued to grow. This trend, more or less, leads to China's cooperation with the US in several issue areas while strategic mistrust remains.

Figure 1: China and the US Military Expenditure, 1991-2009

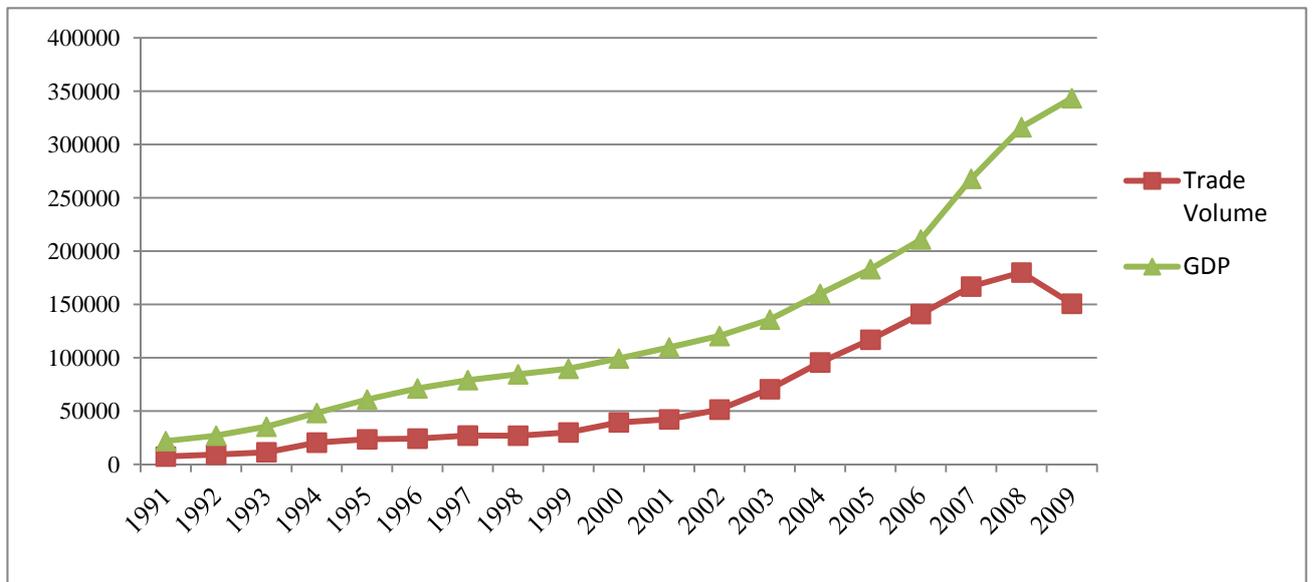


Source: Amount in constant (2008) US\$. Information from Stockholm Peace Research Institute (SIPRI) Military Expenditure Database, <http://milexdata.sipri.org/result.php4> (accessed 2010/12/14).

In addition, economic interdependence began with trade has an impact on China's view on the international environment. China's economic interdependence in terms of trade continued to grow in the post-Cold War era. Figure 2 shows that, from 1991 to 2009, China's foreign trade—including exports and imports—was crucial to the increase of its GDP. The ratio of foreign trade in China's GDP increased from 33.2% in 1991 to its peak at 66.9% in 2006, prior to the financial tsunami, and to 43.8% by the end of 2009.

Figure 2: China's Foreign Trade and GDP, 1991-2009

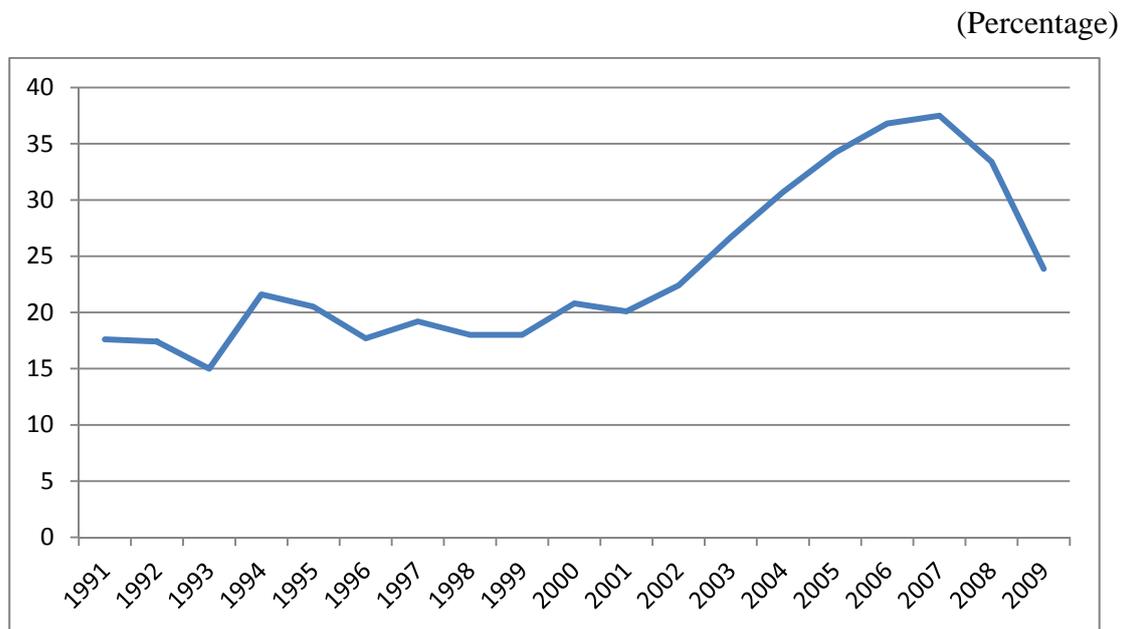
(in RMB 100 million yuan)



Source: National Bureau of Statistics of China, *Zhongguo Maoyi Waijing Tongji Nianjian 2007* [China Trade and External Economic Statistical Yearbook 2007] (Beijing: National Bureau of Statistics of China, 2008), pp. 590 and 593; and *Zhongguo Maoyi Waijing Tongji Nianjian 2009* (Beijing: National Bureau of Statistics of China, 2010), <http://219.235.129.58/reportView.do?Url=/xmlFiles/d99c78d1eab842889da4fad8de059a5c.xml&id=5b186a5001dc4465a8e6bac30fd2f358&bgqDm=20090000> (accessed 2010/12/10).

By another count, as Figure 3 shows, the ratio of China's export trade with foreign countries, which results in positive returns for the GDP, also increased steadily from 17.6% in 1991, to the peak at 37.5% in 2007, and to 23.9% in 2009. This figure reflects the significance of China's export to its overall economic development.

Figure 3: China's Exports Ratio to GDP, 1991-2009

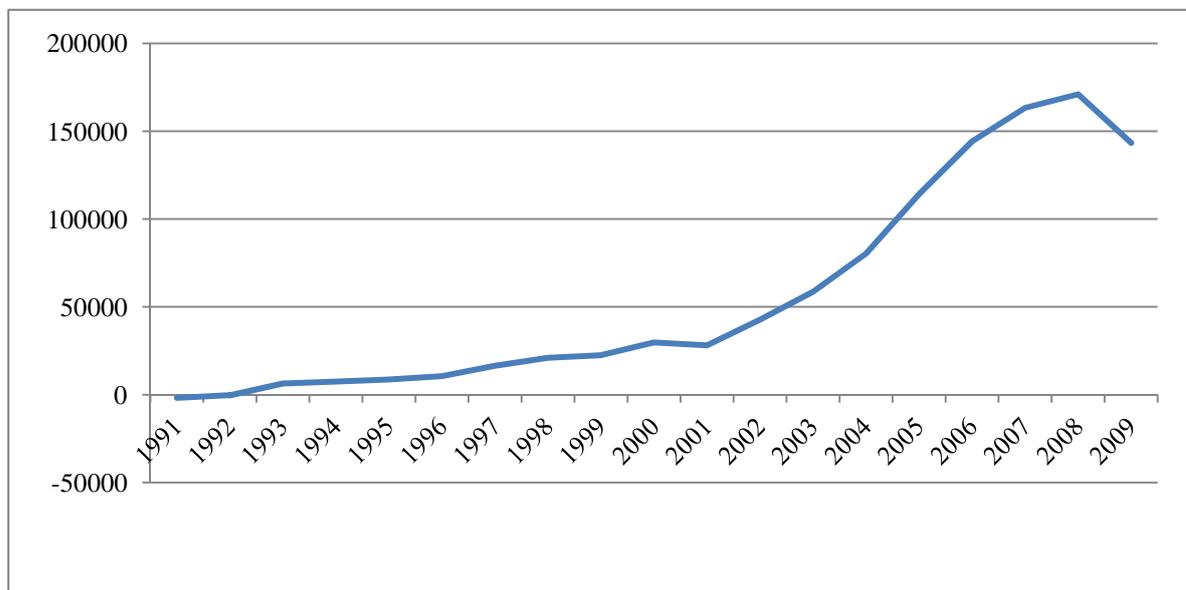


Source: National Bureau of Statistics of China, *Zhongguo Maoyi Waijing Tongji Nianjian 2007* [China Trade and External Economic Statistical Yearbook 2007] (Beijing: National Bureau of Statistics of China, 2008), p. 593; *Zhongguo Maoyi Waijing Tongji Nianjian 2009* (Beijing: National Bureau of Statistics of China, 2010), <http://219.235.129.58/reportView.do?Url=/xmlFiles/d99c78d1eab842889da4fad8de059a5c.xml&id=5b186a5001dc4465a8e6bac30fd2f358&bgqDm=20090000> (accessed 2010/12/10).

Trading with the outside world has contributed to China’s overall growth in GDP, and the US has played a crucial role in this process as indicated in Figure 4. For instance, in 2010, the majority of Chinese goods were destined for the US with the volume of US\$283.3 billion, followed by Hong Kong at the volume of US\$218.3 billion.<sup>18</sup>

Figure 4: China’s Trade Surplus with the United States, 1991-2009

(in million US dollars)

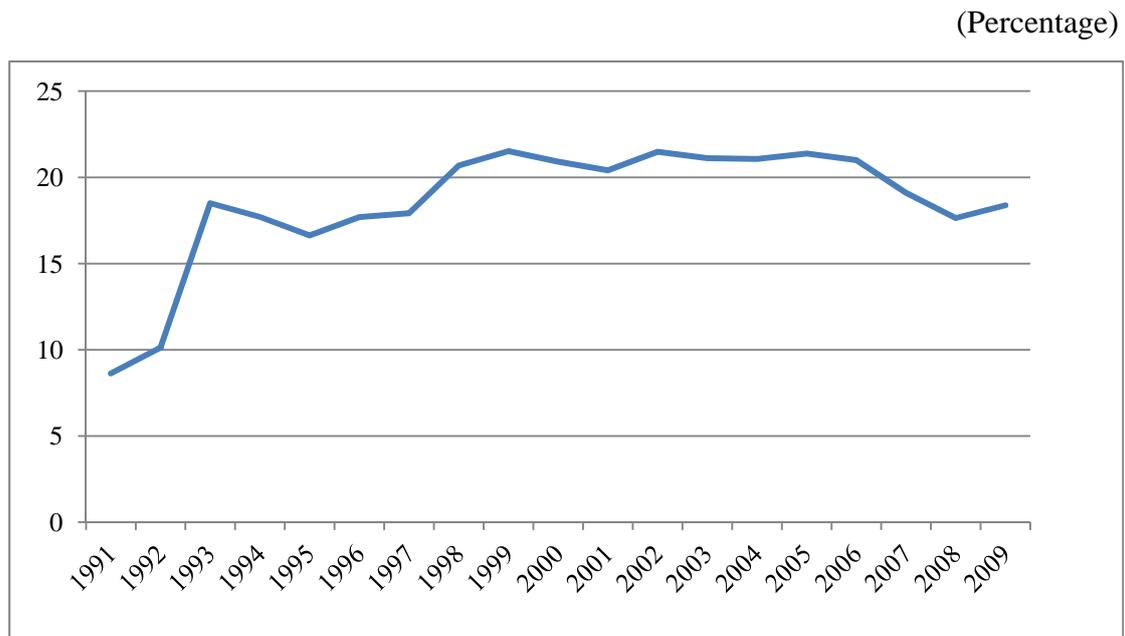


Source: Calculated from data of General Administration of Customs of PRC. Figures from 1991 to 2006 are cited from Wang Yong, *Zhongmei Jingmao Guanxi* [The Political Economy of China-US Trade Relations] (Beijing: Zhongguo Shichang Chubanshe, 2007), p. 126. Figures from 2006 to 2009 are from National Bureau of Statistics of China, *Zhongguo Maoyi Waijing Tongji Nianjian 2009* [China Trade and External Economic Statistical Yearbook 2009] (Beijing: National Bureau of Statistics of China, 2010), <http://219.235.129.58/reportView.do?Url=/xmlFiles/d99c78d1eab842889da4fad8de059a5c.xml&id=5b186a5001dc4465a8e6bac30fd2f358&bgqDm=20090000> (accessed 2010/12/10).

<sup>18</sup> The US-China Business Council, “US-China Trade Statistics and China’s World Trade Statistics,” <http://www.uschina.org/statistics/tradetable.html> (accessed 2011/4/10).

In the meantime, China's exports rely heavily on the US market, as Figure 5 indicates. The ratio of exports to the US in China's total exports increased from 8.6% in 1991, to 21.5% in 1999, and has been essentially constant to 21.4% in 2005. However, this number decreases as the financial tsunami hit in around 2008.

Figure 5: Ratio of Exports to US in China's Total Exports, 1991-2009



Source: Calculated from data of General Administration of Customs of PRC. Figures of exports to US are cited from Wang Yong, *Zhongmei Jingmao Guanxi* [The Political Economy of China-US Trade Relations] (Beijing: Zhongguo Shichang Chubanshe, 2007), p. 126. Figures of total exports are from National Bureau of Statistics of China, *Zhongguo Maoyi Waijing Tongji Nianjian 2009* [China Trade and External Economic Statistical Yearbook 2009] (Beijing: National Bureau of Statistics of China, 2010), <http://219.235.129.58/reportView.do?Url=/xmlFiles/d99c78d1eab842889da4fad8de059a5c.xml&id=5b186a5001dc4465a8e6bac30fd2f358&bgqDm=20090000> (accessed 2010/12/10).

China's growing dependence on the US market has played an indispensable role in the cost-benefit calculations of the Chinese leadership. Since the 1989 Tiananmen incident, China has been suspicious of a US political intention of Westernizing, weakening, and splitting China. The Chinese leadership from time to time described the trade relationship between the two nations as "mutually beneficial." For instance, the first time Jiang Zemin officially employed the term "win-win" with the US was when commenting on the success of bilateral negotiations regarding China's WTO

accession that were expected to deepen trade relations between the US and China.<sup>19</sup>

However, from 2008 onward, as we witness the decline of China's trading surplus with the US, China seems to be less willing to accommodate to the existing international order. China has surpassed Japan and become the number one foreign holder of the US Treasury securities since September 2008, making China more influential in the international financial market. As of February 2011, China holds \$1154.1 billion dollars in US securities, while Japan holds \$890.3 billion dollars and United Kingdom \$295.5 billion dollars.<sup>20</sup> According to one estimate, China surpassed Japan in economic terms during the second quarter of 2010 as measured by the size of the gross domestic product (GDP), positioning Beijing as the second largest economy in the world.<sup>21</sup>

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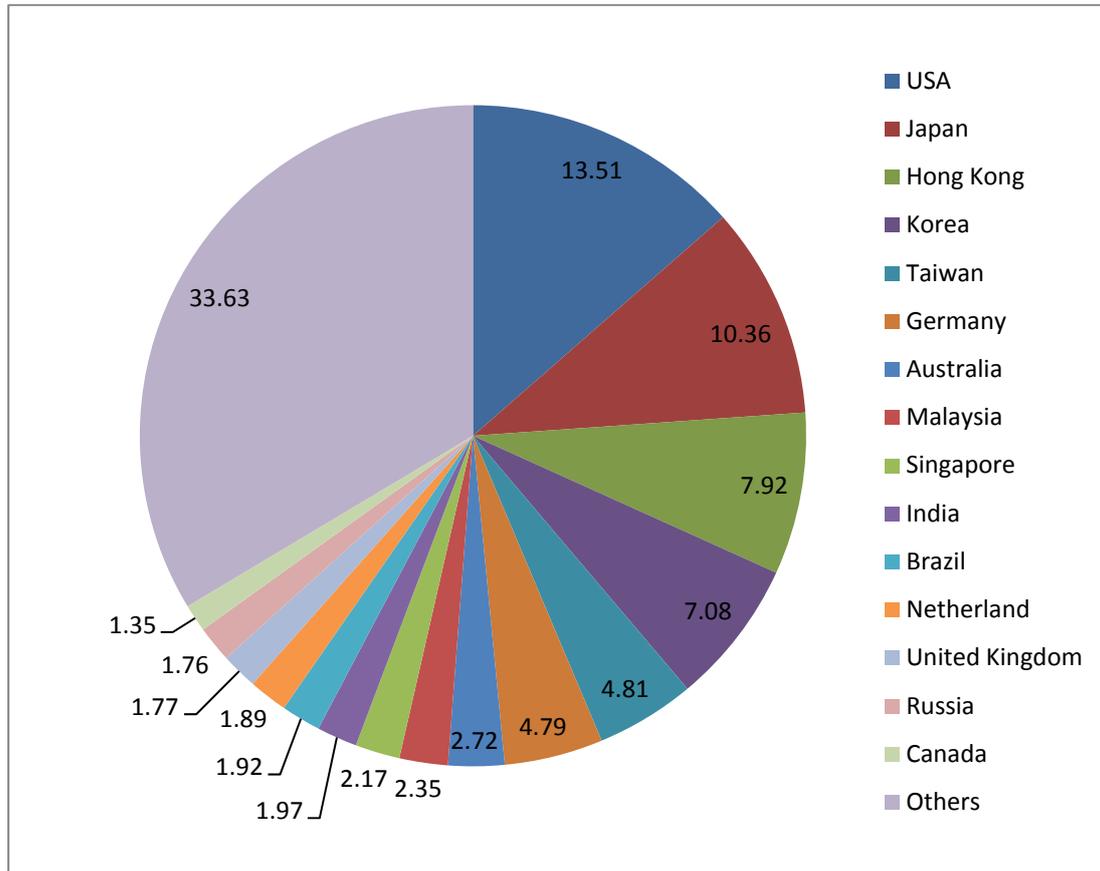
<sup>19</sup> *Renmin Ribao*, November 16, 1999, p. 1. However, Jiang and other Chinese officials have not mentioned how the benefits should be distributed in this "win-win" situation.

<sup>20</sup> The Department of Treasury of the United States of America, "Major Foreign Holders of US Treasury Securities," released April 15, 2011, <http://www.treasury.gov/resource-center/data-chart-center/tic/Documents/mfh.txt> (accessed 2011/4/17).

<sup>21</sup> "China GDP Surpasses Japan, Capping Three-Decade Rise," *Bloomberg News*, August 16, 2010.

Figure 3: Share of Mainland China's Major Trading Partners in 2009

(Percentage)



Source: Calculated from National Bureau of Statistics of China, *Zhongguo Maoyi Waijing Tongji Nianjian 2009* (Beijing: National Bureau of Statistics of China, 2010), <http://219.235.129.58/reportView.do?Url=/xmlFiles/d99c78d1eab842889da4fad8de059a5c.xml&id=5b186a5001dc4465a8e6bac30fd2f358&bgqDm=20090000> (accessed 2010/12/10).

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China's growing dependence on the US market has played an indispensable role in the cost-benefit calculations of the Chinese leadership. However, from 2008 onward, as we witness the decline of China's trading surplus with the US, China seems to be less willing to accommodate to the existing international order. China has surpassed Japan and become the number one foreign holder of the US Treasury securities since September 2008, making China more influential in the international financial market. As of February 2011, China holds \$1154.1 billion dollars in US securities, while Japan holds \$890.3 billion dollars and United Kingdom \$295.5 billion dollars.<sup>22</sup> According to one estimate, China surpassed Japan in economic terms during the second quarter of 2010 as measured by the size of GDP, positioning Beijing as the second largest economy in the world.<sup>23</sup>

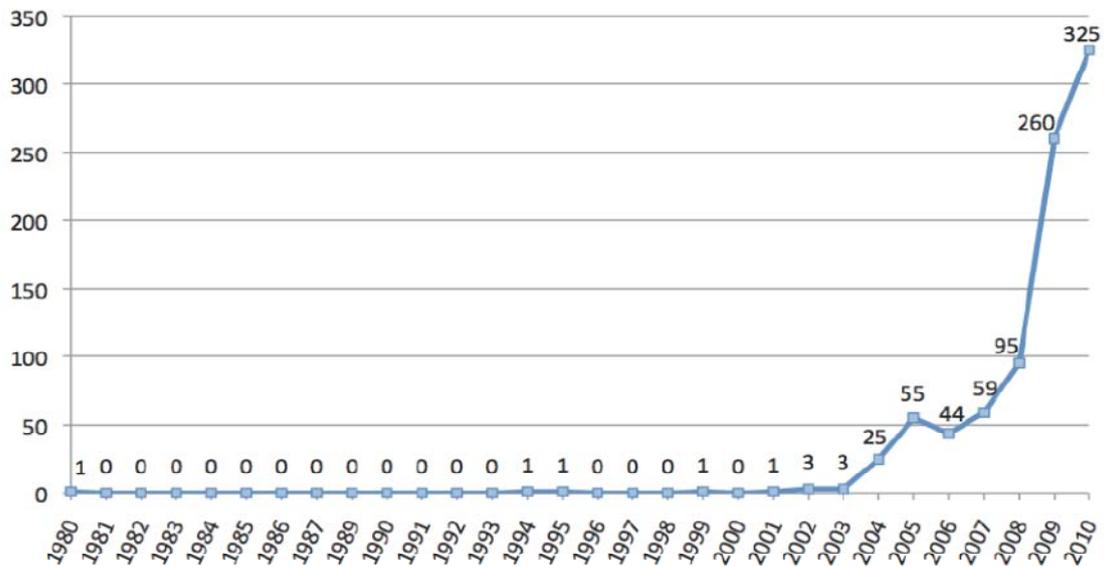
China's so-called assertiveness in foreign policy correlates to the declining trend in trading with the US. In addition to the aforementioned issues and events, Michael Swaine's analysis on China's employment of the term "core interests" in official mouthpiece *Renmin Ribao* (People's Daily) is another case in point.

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<sup>22</sup> The Department of Treasury of the United States of America, "Major Foreign Holders of US Treasury Securities," released April 15, 2011, <http://www.treasury.gov/resource-center/data-chart-center/tic/Documents/mfh.txt> (accessed 2011/4/17).

<sup>23</sup> "China GDP Surpasses Japan, Capping Three-Decade Rise," *Bloomberg News*, August 16, 2010.

Figure 6: People’s Daily Articles with References to “Core Interests”



Source: Michael Swaine, “China’s Assertive Behavior, Part One: On ‘Core Interests,’” *China Leadership Monitor*, No. 34 (Winter 2011), p. 4.

By this count, a noteworthy increase in usage of the term “core interests” was from 2008 to 2010, corresponding to the decline in China’s trade surplus with the US. As to the usage in the mid-2000s, it can be attributed to the estranged relations between China and Taiwan then. Nevertheless, the employment of “core interests” included but was not limited to the discussion on Taiwan in 2010. For instance, many Chinese scholars and practitioners steadily expanded it to other issues such as the South China Sea, causing more suspicion than necessary.

With the vivid impression of China’s assertive behavior in the Asia-Pacific region in 2010, including its unswerving support to North Korea in the Cheonan and Yeonpyeong Island incidents against the United States and others, and rigidity on the South China Sea issue, many analysts as Aaron Friedberg tend to conclude that China would inevitably involve in a contest for supremacy with the United States in the years to come. Certain radical views in China seeing the United States as giving way to rising China seem to fuel this school of thought.

However, as Rosemary Foot and others suggest, this contest is not preordained

and can be ameliorated if the two decide to work closely to iron their differences. For example, Michael Swaine suggests that with the decrease of China's military threat against Taiwan, the United States can consider to negotiate with China over the arms sales issues while consulting Taiwan on what Taiwan really wants if further reconciliation across the Taiwan Strait occurs. This "shaping" view has a better ground in the States than the "confronting" view, along with the fact that the Strategic and Economic Dialogue (S&ED) and Security Dialogue (SD) have taken roots in overall US-China relations.

It is worth noting that China begins its own reconsideration about its assertive international behavior, especially in the aftermath of the US reassertion of its presence in the Asia-Pacific. The approaches adopted by the US included military exercises and deployment, the forge of democratic alliance, and most recently with economic instrument such as the Trans-Pacific Partnership. For the China side, this encirclement strategy alarms the leadership and makes the leading scholars such as Wang Jisi, Wang Yizhou, and Shi Yinhong to conclude that China becomes richer but less popular.

China's reconsideration leads to a tacit policy shift from assertiveness to accommodation in 2011, with unilateral strategic reassurance as the means. On September 6, 2011, the Chinese government issued *the White Paper on China's Peaceful Development*, in which China clarifies the core interests as: state sovereignty, national security, territorial integrity, national reunification, and for the first time, China's political system and ensuring sustainable economic and social development have been officially declared. In other words, China seems to turn to emphasize other parts of interest can be negotiated. We can wait it out to see whether China's reassurance would be a successful strategy during Xi's visit to the United States in early 2012.

#### IV. China's Recent Views on G-2 and the Trans Pacific Partnership

China's growing economic and financial clout seems to lead to the increase in confidence, if not assertiveness, in its foreign policy. As David Shambaugh suggested, Chinese international behavior began to be truculent during the second half of 2009.<sup>24</sup> In October, the People's Liberation Army displayed its newly advanced weapons in celebration of the 60<sup>th</sup> anniversary of PRC. During November, China insisted that the US should respect China's "core interests" while managing the interactions between two countries. By December, 2009, the COP-15 meeting in Copenhagen was a result of a non-cooperative policy adopted by China and others at odds with the US

At the beginning of 2010, Google's complaints of cyber-hacking, US arms sales to Taiwan, and the issue of reevaluating the *renminbi* have led to the increase of mistrust between the US and China. Bilateral military exchanges had been suspended while other talks were strained. In early March, Chinese high level officials reportedly referred to the South China Sea as the "core interest" of China, on a par with previous claims over Taiwan and Tibet, during exchanges with their American counterparts, James Steinberg and Jeffrey Bader. The sinking of the South Korean Cheonan Ship in late March in 2010 was another case in point in which the conclusion is yet to be reached.

The political climate between China and the US appeared to be restored due to Hu Jintao's visit to Washington, D.C. in January 2011. While receiving the view that the age of nonpolarity and a tectonic shift in world politics may be on the horizon, however, the Chinese leadership has yet to positively take the suggestion of G-2 and

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<sup>24</sup> David Shambaugh, "The Year China Showed Its Claws," *Financial Times*, February 16, 2010.

many discussions in China reflect suspicion and mistrust to this proposal.<sup>25</sup> For instance, an oft-quoted analyst, Yan Xuetong, opines that differences between China and the US are increasing while the gap in terms of national capabilities between the two is narrowing. Dissonance on the South China Sea is illustrative, wherein China has developed naval capabilities to materialize its claim that may collide with neighboring countries and the US<sup>26</sup> In another article, Yan attributes the ups and downs in Sino-US relations to the strategy of “superficial friendship”—pretending to be friends without sincerity, adopted by two sides.<sup>27</sup> In a latest article appeared on the mainstream newspaper, *the New York Times*, Yan pushes it even further by suggesting that with the increase in China’s capabilities and influences, competition between the US and China is structurally inevitable at the end of the day.<sup>28</sup> The Party Secretary and Vice President of the Central Institute of Socialism, Ye Xiaowen, also contends that China shall never assume the responsibilities as the “Number Two” in world affairs.<sup>29</sup>

China’s recent views on the TPP also convey its mistrust towards the United States. The original agreement entered into force in 2006 between Brunei, Chile, New Zealand, and Singapore, and the United States and other four countries officially decided to take part in the negotiations in March 2010. In recent discussions, China deems US decision as a reaction to the lack of progress in

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<sup>25</sup> Richard Haass, “The Age of Nonpolarity: What Will Follow US Dominance,” *Foreign Affairs*, Vol. 87, Issue 3 (May/June 2008), pp. 44-56. My Chinese interlocutors are fond of this idea, for they think this article predicts the decline of the US and the rise of others in world politics. A recent article in *Foreign Affairs* shares the same vein but in a more pessimistic way, in that there will be no hope for cooperation among states. See Ian Bremmer and Nouriel Roubini, “A G-Zero World,” *Foreign Affairs*, Vol. 90, Issue 2 (March/April 2011), pp. 2-7.

<sup>26</sup> Xinhua, “What Ails Sino-US Relations? An Interview with Yan Xuetong,” *China Daily*, August 2, 2010.

<sup>27</sup> Yan Xuetong, “The Instability of China-US Relations,” *The Chinese Journal of International Politics*, Vol. 3, No. 3 (2010), pp. 263-292.

<sup>28</sup> Yan Xuetong, “How China can Defeat America,” *New York Times*, November 20, 2011.

<sup>29</sup> “Ye Xiaowen: Dang Zhongguo GDP Weilie Shijie Dier” [Ye Xiaowen: When China’s GDP Ranks Number Two in the World], *Zhongguo Qingnianbao*, March 7, 2011.

regional integration under the Asia-Pacific Economic Cooperation (APEC) framework. In addition, security and political concerns are also in play, in that the US will employ TPP as a tool to facilitate a hedging strategy against China. Moreover, some Chinese analysts maintain that the US has an ill-intended ploy, utilizing the TPP to delay any regional cooperation that is not in US interest.<sup>30</sup>

Chinese analysts are also aware of that it is not an easy task for the US president to sell free trade arrangements to its domestic audiences, be they Congress, interest groups, opposition party, or even the rank and file within his or her party.<sup>31</sup> These uncertainties seem to be in China's interest, for they could put off a showdown with the US over this issue. To China, the bottom-line is to avoid any US attempt that helps increase American interest at the expense of China's gains in any process of regional integration.<sup>32</sup> As a result, many analysts suggest that China should probe into the views of developing countries that have yet to participate in the TPP in the Asia-Pacific region, in order to forge a comprehensive policy toward the US initiative.<sup>33</sup>

## V. Conclusion

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<sup>30</sup> Wang Fan, "Meiguo de Dongya Zhanlue yu Duihua Zhengze" [US Strategy toward East Asia and China], *Waijiao Pinglun*, No. 6 (2010), pp. 19-28; Shen Minghui, "Dongya Hezuo de Meiguo Yinsu" [The US Factor in East Asian Cooperation], *Taipingyang Xuebao*, Vol. 18, No. 6 (June 2010), pp. 57-64.

<sup>31</sup> Sheng Bin, "Meiguo Shijiaoxia de Yatai Quyu Yitihua Xinzhanlue yu Zhongguo de Duize Xuanze" [America's New Strategy of Asia: The Asia-Pacific Regional Integration and China's Policy], *Nankai Xuebao*, No. 4 (2010), pp. 70-80.

<sup>32</sup> Cai Hongpeng, "APEC Buneng Chengwei Meuguode Caozuo Xitong" [APEC Cannot Become a US Operating System], *Renmin Ribao*, November 13, 2010, <http://world.people.com.cn/GB/13203557.html> (accessed 2010/12/11).

<sup>33</sup> Sheng Bin, "Meiguo Shijiaoxia de Yatai Quyu Yitihua Xinzhanlue yu Zhongguo de Duize Xuanze," p. 80.

Divergent interests remain the key to the future US-China relations while a cooperative strategy between the two giants in the Asia-Pacific region is still essential to successfully managing, if not solving, global problems. An informal, case-by-case basis coordination between China and the US will be more likely to lead to a more prosperous world than the clash of the titans. However, more needs to be done to increase the chances for peace and prosperity in the Asia-Pacific region.

For the United States, it is never an easy task for a status quo power to accommodate a rising one throughout history. As Stewart Patrick and others suggest, rising powers tend to free-ride and enjoy their power without assuming responsibility. Though China's international behavior is not preordained, it will be beneficial if the US can integrate rising powers by relinquishing influence within multilateral institutions necessary to the maintenance of the current liberal international order.<sup>34</sup> How to persuade China and traditional US allies, and to an extent the US public, will be a paramount task for the US administration.

China's policy toward the US has long been a mixture of symbolism and materialism, and strategic mutual trust or mistrust and material interests should be treated as equally important. With suspicion of the US intention on the G-2 and other proposals, China may be more concerned about its domestic issues and refuse to assume the responsibilities following the "Number Two" status. The liberal international order seems to be the path, at least for now, but whether the tectonic shift would happen depends on the future interactions between the US and China.

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<sup>34</sup> Stewart Patrick, "Irresponsible Stakeholders? The Difficulty of Integrating Rising Powers," *Foreign Affairs*, Vol. 89, Issue 6 (November/December 2010), pp. 44-54.