

General Assessment of the PRC's Foreign Policy: New Initiatives and Orientations under Xi Jinping

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Abstract

One year after coming into power, Xi Jinping has given a new profile to China's foreign policy. Different from the low profile approach applied by his predecessors, he has developed an assertiveness that claims a role for China as a global power or a "new type of major power relations". Xi visited Russia to strengthen the strategic partnership with Russia and counterbalance the United States. Xi also launched new diplomatic activism toward China's surrounding countries to strengthen friendly relations with neighboring countries. Nevertheless, Xi maintains China's assertive actions in dealing with territorial disputes with Japan in safeguarding China's territorial integrity and sovereignty as well as its maritime rights. The new foreign policy initiatives and assertive actions taken by Xi Jinping can be blamed on multiple factors, including a need to divert attention from social instability at home and political rivalry among different leadership factions. Increased national strength and diplomatic pressure also are reasons behind China's diplomatic transformation. Diplomacy always serves national interests. The ultimate goal of China's diplomatic transformation is to maintain internal stability and economic prosperity.

Keywords: the PRC's Foreign Policy, Xi Jinping, New Type of Major Power Relations, ADIZ in the East China Sea, Periphery Diplomacy

I. Introduction

After the conclusion of the 18th Party Congress of the CCP, some China analysts predicted that Xi would not change the PRC's foreign policy within one to two years.¹ Due to the new leadership's pre-occupation with domestic issues, China's foreign policy could be expected to be reactive.² To their surprise, however, Xi and the new politburo Standing Committee launched many new initiatives of their own in the foreign policy area in a very short time after coming into power. In recent years, China has become more assertive in dealing with territorial disputes with its neighboring countries.³ Xi strengthened this assertive trend of Chinese foreign policy by the declaration of the Air Defense Identification Zone (ADIZ) in the East China Sea in November 2013. Nevertheless, China also continues its use of soft power diplomacy and a "Charm Offensive" in other parts of the world to maintain good relations with countries around the world.

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1. Taylor Fravel, "Foreign Policy Under Xi Jinping," *The Diplomat*, November 23, 2012, <<http://thediplomat.com/2012/11/foreign-policy-under-xi-jinping/>>.
 2. Taylor Fravel, "Foreign Policy Under Xi Jinping,"; Linda Jakobson, "China's Foreign Policy Dilemma," *Analysis*, February 5, 2013, *Lowy Institute for International Policy*, <<http://lowyinstitute.org/publications/chinas-foreign-policy-dilemma>>.
 3. Michael D. Swaine, "China's Assertive Behavior — Part One: On 'Core Interests'," *China Leadership Monitor*, No. 34, February 22, 2011, *Hoover Institution*, <<http://www.hoover.org/publications/china-leadership-monitor/article/67966>>; Michael D. Swaine & Taylor Fravel, "China's Assertive Behavior — Part Two: The Maritime Periphery," *China Leadership Monitor*, No. 35, September 21, 2011, *Hoover Institution*, <<http://www.hoover.org/publications/china-leadership-monitor/article/93591>>.

For Xi Jinping, China's daunting domestic problems are the main challenges; foreign policy is not his first priority. That is why only about one-tenth of the work report of the 18th CCP Party Congress dealt with external issues. Facing daunting internal problems and challenges, why did Xi Jinping promote so many new foreign policy initiatives in a short time? What are the reasons and rationale behind these new orientations? These are questions this paper aims to answer.

This article will assess China's foreign policy under Xi Jinping generally. It begins with an overview of the main objectives of the PRC's foreign policy and the internal and external factors that contribute to Xi's undertaking of new foreign policy initiatives. The following sections discuss the major foreign policy developments under China's new leaders: the great power diplomacy, policy toward territorial disputes with neighboring countries, periphery diplomacy, defense policy, soft power diplomacy, and the PRC's policy towards Taiwan. This paper concludes by discussing the implications of the paradigm shift in China's foreign policy and makes some policy suggestions for the Republic of China's (ROC) foreign and mainland policies.

II. The Main Objectives of the PRC's Foreign Policy and Xi's Policy Initiatives

1. China's Basic Foreign Policy Objectives

China defines its foreign policy objectives as follows: first, domestic political stability; second, sovereign security, territorial integrity, and national unification; and third, China's sustainable economic and social development.⁴ All of these policy goals have been pursued

4. Dai Binggou, 〈堅持走和平發展道路（全文）〉 (Adhere to the Path of Peace

steadily by every generation of CCP leaders. Since coming into power, Xi has continued to pursue these policy goals, but Xi also has launched new policy initiatives that can be seen as signs of a paradigm shift in the PRC's foreign policy.

2. New Foreign Policy Orientation Under Xi

The work report, which Hu Jintao delivered at the opening of the 18th CCP party congress and was drafted under Xi's supervision, gives us clues regarding the orientation the new administration under Xi will choose. In comparison with the previous party congress report of the CCP, the 18th Party Congress work report hints at a more assertive Chinese foreign policy.

Basically, the report sent two messages on foreign policy issues. On the one hand, the report says that China will continue to press ahead with policies that have raised concern and anxiety in East Asia.⁵ Hu called for China to become a "maritime power". He also said that the party "should enhance our capacity for exploiting marine resources, develop the marine economy, protect the marine ecological environment, resolutely safeguard China's maritime rights and interests, and build China into a maritime power."⁶ This means that China will increase its activity in maritime Asia.

On the other hand, the foreign affairs portion of the report contained "new thinking" that outlined how China will endeavor "to es-

ful Development (full text)), *www.ChinaNews.com*, December 7, 2010, <<http://www.chinanews.com/gn/2010/12-07/2704984.shtml>>.

5. Taylor Fravel, "Foreign Policy Under Xi Jinping."

6. Hu Jintao, "Full Text of Hu Jintao's Report at 18th Party Congress," *Xinhua*, November 18, 2012, <http://news.xinhuanet.com/english/bilingual/2012-11/18/c_131982275_12.htm>.

establish a new type of relations of long-term stability and sound growth with other major countries.”⁷ The other new addition was the promise to “protect China’s legitimate rights and interests overseas” when working to promote public diplomacy.⁸

3. The Reasons and Purposes of New Foreign Policy Initiatives under Xi

Internal stability and economic prosperity have comprised the first priority for Chinese leaders from Deng Xiaoping to Xi Jinping. It seems less urgent for Xi Jinping to put so much effort into dealing with foreign affairs when he faces domestic challenges. Actually, however, Xi and his colleagues spend a lot of time dealing with foreign policy and visiting foreign countries. Since being elected as the Chinese president in March 2013, Xi has spent 39 days on five visits to 14 countries on five continents.⁹

Several internal and external factors working together are contributing to Xi’s adjustment of his policy agenda; the first is the territorial disputes at sea. Since 2008, China’s foreign behavior, under Hu Jintao’s regime, had become more assertive in dealing with territorial disputes with Japan, the Philippines, and Vietnam. Hu’s decision contradicted the idea of the “Harmonious World” he introduced in 2005, because he faced Bo Xilai’s political attacks accusing him of being too weak to defend China’s “core interests” in dealing with foreign affairs. The second is the pressure from the U.S. strategic rebalance to the Asia-Pacific region. After Obama became the President of the United States in 2009, his administration’s policy of a “Pivot

7. Hu Jintao, “Full Text of Hu Jintao’s Report at 18th Party Congress.”

8. Hu Jintao, “Full Text of Hu Jintao’s Report at 18th Party Congress.”

9. “Where has President Xi’s personal time gone? (2),” *People’s Daily Online*, February 18, 2014, <<http://english.peopledaily.com.cn/102774/8539372.html>>.

to Asia” encouraged East Asian countries that have territorial disputes with China to take a harder policy position against China.

Since 1980, Beijing has put a lot of effort into maintaining a friendly external environment conducive to economic development; the deteriorating relationships with neighboring countries not only has negatively impacted China’s foreign relations and international image in the Asia-Pacific region and the world, but also has harmed China’s economic development. Consequently, a new sense of urgency has prevailed in Beijing to more proactively counter the threats it faces and shape a more positive security environment along its borders.

China needs a stable neighborhood in the face of its pressing domestic agenda and in order to ensure continued economic growth. For Xi, therefore, restoring a stable and friendly external environment is his first priority in foreign policy. To achieve these goals, he proposes a “new type of great power relations” in dealing with Sino-U.S. relations and strengthening the strategic partnership with Russia as a measure to counterbalance America’s Asian policy. He also focuses on “periphery diplomacy” to stabilize and deepen good relations with neighboring countries. At the same time, Xi’s administration continues China’s soft power diplomacy to cultivate good relations with countries around the world. All of these policies indicate the strategic orientation of the new General Secretary of the CCP and show that he has more strategic insight than his predecessor had.

III. China’s Great Power Diplomacy

For China, the purpose of great power diplomacy is primarily to deal with its relations with the United States, Russia, and the European Union.

1. United States: a new type of major power relations

The Sino-U.S. relationship is one of the most important bilateral relationships in the world. The direction that China and Sino-U.S. relations take will define the world's future. Beijing maintaining cooperative relations with Washington will be a major challenge.

When visiting Washington as vice-president in early 2012, Xi Jinping spoke about the need for both countries to respect each other's "core interests". In recent years, Chinese officials have stressed this point, suggesting there are certain "red lines" that cannot be crossed in relations with China.¹⁰ For China, the Obama Administration's "rebalancing" to Asia is overwhelmingly seen as an effort by the United States to slow China's rise and to limit its rightful role as a major regional power.

The closest that the Chinese government has come to responding to Washington's rebalancing strategy is to state the need for a "new type of major power relations," or "new type of major country relationship," as it is also translated. This also is included as a goal in the 18th Party Congress work report.¹¹

The concept of "new type of major power relations" was proposed by Chinese leaders to describe China's vision for its bilateral relationship with the United States. It recognizes that China, as the rising power, and the United States, as the dominant power, have conflicting

10. Michael D. Swaine, "China's Assertive Behavior – Part One: On 'Core Interests'."

11. 〈習近平為期5天正式訪美：共創新型大國關係〉(Xi Jinping on his 5-day formal visit to the U.S.: create a new kind of major power relationship together), *Legal Daily*, February 14, 2012, <http://www.legaldaily.com.cn/international/content/2012-02/14/content_3348683.htm?node=34148>.

views of security. It acknowledges that there is a need to avoid the kind of havoc that historically has accompanied global power transitions.

In general, China, when facing daunting domestic problems at home, has neither the intention nor ability to challenge or replace the United States as the dominant power in the world at this time or in the near future. Nevertheless, China requests that the U.S. respects its “core interests” in East Asia. At the same time, China also does not welcome U.S. interference into its internal affairs. For example, on February 22, 2014, U.S. President Barack Obama received the Dalai Lama in the Map Room of the White House. China’s foreign ministry spokeswoman decried the meeting as “a gross interference in China’s internal affairs” that would “seriously impair China-U.S. relations.”¹²

After the meeting between President Obama and President Xi Jinping in June 2013, relations between the U.S. and China were already deteriorating over Beijing’s increasingly aggressive steps to assert itself in the region, including territorial disputes with its neighbors. Without doubt, the Dalai incident will worsen Sino-U.S. relations in the short term but not for long; U.S. first lady Michelle Obama had a weeklong solo visit to China in March 2014.¹³ It seems that the U.S. also wants to maintain peaceful relations with China for the time being while it is busy dealing with the crisis in Ukraine and Crimea.

12. Shaun Tandon & Stephen Collinson, “Obama offers ‘Strong Support’ for Tibetan Rights,” *The China Post*, February 23, 2014, <<http://www.chinapost.com.tw/china/national-news/2014/02/23/401286/p2/Obama-offers.htm>>.

13. Darlene Superville, “Michelle Obama plans first visit to China this month,” *The China Post*, March 5, 2014, <<http://www.chinapost.com.tw/china/national-news/2014/03/05/402033/Michelle-Obama.htm>>.

2. Russia: strategic partnership relationship

Since the turn of the millennium, China and Russia have grown closer together as they have moved further away from the West.¹⁴ China's economic and geopolitical considerations—including the urge to counterbalance the United States—are bringing the two countries increasingly in line with each other.

In March 2013, a mere eight days after he was installed as China's new president, Xi Jinping visited Moscow.¹⁵ In February 2014, Xi chose Russia as the first destination to visit a second time.¹⁶ While visiting Russia last March, Xi described ties between China and Russia as among the most important in the world and said "it is also the best relationship between major countries." According to Xi, China and Russia held "similar or identical positions on key international and regional issues." For his part, Putin responded that Xi's visit would strengthen the strategic nature of their relationship.¹⁷ Xi and Putin are said to enjoy a strong personal relationship. Xi was present at Putin's 61st birthday celebrations at October's APEC Summit in Bali, and he clapped along to an awkward rendition of "Happy Birthday".¹⁸

14. Vaughan Winterbottom, "Xi Jinping in Sochi: Just how close are Russia-China ties?" February 5, 2014, *the interpreter*, <<http://www.lowyinterpreter.org/post/2014/02/05/Xi-Jinping-in-Sochi-Just-how-close-are-Russia-China-ties.aspx?p=true>>.

15. "Xi's Russia trip attest new paradigm of ties," *China Daily*, March 22, 2013, <http://africa.chinadaily.com.cn/china/2013-03/22/content_16335661.htm>.

16. "Xi's trip to Sochi to consolidate China-Russia ties," *China Daily*, February 4, 2014, <http://www.chinadailyasia.com/news/2014-02/04/content_15116412.html>.

17. Geoff Hiscock, "Washington out in the cold as China-Russia relations flourish," *CNN*, September 4, 2013, <<http://www.cnn.com/2013/09/03/world/asia/china-russia-relations-hiscock/>>.

The two dominate the Shanghai Cooperation Organization, a Central Asian security and economic bloc seen as a counterweight to American interests in the Asia-Pacific region. The two countries held joint military exercises in the Sea of Japan in July 2013, the largest naval drills China has ever conducted with another nation.¹⁹ China also supported Russia's push for a political solution to the Syrian civil war in September 2013.²⁰

The two countries have a shared interest in redesigning the post-Cold War global political architecture to reflect a multi-polar distribution of power. Both regimes find other countries' "meddling" in their internal affairs reprehensible, and both derive prestige from touting their partnership to the world. Complementarities in industry drive bilateral trade.²¹ In general, the two countries derive considerable benefit from presenting a united front on the world stage.

In contrast, relations between the United States and Moscow are increasingly frosty over many issues, such as missile defense; trade; human rights; the status of former National Security Agency contractor Edward Snowden, who has taken refuge in Russia after releasing details of U.S. surveillance programs; and the crisis in Ukraine and Crimea.

18. Vaughan Winterbottom, "Xi Jinping in Sochi: Just how close are Russia-China ties?"

19. "China-Russia military drill sends out five signals," *People's Daily Online*, August 16, 2013, <<http://english.peopledaily.com.cn/90786/8366820.html>>.

20. Patrick Wintour, "Syria crisis: China joins Russia in opposing military strikes," *theguardian*, September 5, 2013, <<http://www.theguardian.com/world/2013/sep/05/syria-china-russia-opposing-military-strikes>>.

21. Winterbottom, "Xi Jinping in Sochi: Just how close are Russia-China ties?"

3. EU: strengthening economic cooperation

Europe is China's most important trading partner and, for the EU, China is second only to the United States. Nevertheless, the bilateral relationship has been weighed down recently by a series of trade disputes, ranging from steel and wine to solar panels. Therefore, under Xi's leadership, China's main objective is to expand trade and investment cooperation and promote investment agreements. Xi made his first visit as president to Europe from March 22 to April 1, 2014, in order to improve the bilateral relations with China's most important export partners.²²

Before embarking on the tour, the Foreign Minister of the PRC, Wang Yi, said China "hopes to speed up negotiations towards a China-EU investment agreement, with a view to future free trade arrangements between China and Europe."²³ During his four-nation European trip, Xi was accompanied by his wife — Peng Liyuan and more than 200 Chinese business leaders, several of whom signed multi-billion agreements to buy airplanes and cars in France and Germany.²⁴ Xi also visited the Netherlands and Belgium, along with attending the third Nuclear Security summit in the Hague.²⁵ On the trip, China reached a wide-ranging trade agreement with the EU. In turn, the EU persuaded China to open its markets to foreigners and attract more direct in-

22. "China's Xi to pay first visit as president to Europe in March," *Reuters*, January 22, 2014, <<http://www.reuters.com/article/2014/01/22/us-china-eu-idUSBREA0L1S520140122>>.

23. "Xi's Europe visit to open new chapter in China-Europe ties," *CCTV*, March 8, 2014, <<http://english.cntv.cn/20140308/102080.shtml>>.

24. Ivana Kottasova, "What China's Xi Jinping wants from Europe," *CNN*, April 2, 2014, <<http://edition.cnn.com/2014/03/30/business/eu-china-trade-agreement/>>.

25. "China media: Xi Jinping in Europe," *BBC*, March 31, 2014, <<http://www.bbc.com/news/world-asia-china-26815453>>.

vestment.

In general, Xi's European trip achieved several goals.²⁶ First, Xi's trip deepened China-EU bilateral economic and trade cooperation; second, his trip enriched China-EU strategic cooperation; and third, his visit served as an important public diplomacy initiative to increase China-EU mutual understanding.

On April 2, 2014, one day after Xi concluded his 11-day European trip, China issued a policy paper to define its policy objectives towards the European Union and blueprint comprehensive bilateral cooperation over the next five to ten years.²⁷ This policy paper is the second of its kind, following one issued in November 2003. The document, consisting of ten parts, reviews the progress of the China-EU strategic partnership over the last decade and suggests how to deepen collaboration covering politics, trade and economy, urbanization, finance, agriculture, science and technology, education, culture, and other sectors.²⁸

IV. Chinese Policy toward Territorial Disputes

Territorial disputes in the East and South China Seas have fueled increased tensions in recent years between China and its neighbors, as well as between China and the United States.²⁹ The risk of a clash

26. Feng Zhongping, "Xi's initiatives for EU partnership" *China Daily*, April 4, 2014, <http://europe.chinadaily.com.cn/epaper/2014-04/04/content_17405724.htm>.

27. "Policy paper charts China-EU cooperation in next decade," *China Daily*, April 2, 2014, <http://www.chinadaily.com.cn/china/2014-04/02/content_17400864.htm>.

28. "Full text of China's policy paper on EU," *China Daily*, April 2, 2014, <http://www.chinadaily.com.cn/world/cn_eu/2014-04/02/content_17401044.htm>.

with the potential for escalation is highest between China and Japan in the East China Sea.

For many years, China's top policy goals have been stability at home and peace in the region; these are essential if the economy is to keep expanding and domestic unrest is to be avoided. Nevertheless, China has been drifting toward violent and dangerous showdowns with Japan and other nearby nations, notably the Philippines and Vietnam, over ownership of rocky islets and the seas around them. This drift seems driven by nationalistic hubris, and it feeds rival nationalism in the other concerned countries that could spiral out of control at any time. If this happens, China's long-term goals of peace and stability would be seriously subverted.³⁰

For Xi Jinping, therefore, there are two pressing foreign policy challenges, *i.e.*, how to decrease tensions with Japan over the Diaoyu/Senkaku Island and with Southeast states over territorial claims in the South China Sea.³¹

1. Territorial Disputes in the East China Sea

Since taking office as the President of the PRC, Xi Jinping's first test has been his ability to ease tensions with Japan over disputed

29. Bonnie S. Glaser, "People's Republic of China Maritime Disputes," (Statement before the U.S. House Armed Services Subcommittee on Seapower and Projection Forces and the House Foreign Affairs Subcommittee on the Asia Pacific), *Armed Services Committee*, January 14, 2014, <<http://armedservices.house.gov/index.cfm/2014/1/joint-hearing-people-s-republic-of-china-maritime-disputes>>.

30. Robert Keatley, "Foreign Policy Priorities for Xi Jinping," *The National Interest*, December 20, 2012, <<http://nationalinterest.org/print/commentary/foreign-policy-priorities-xi-jinping-7874>>.

31. Linda Jakobson, "China's Foreign Policy Dilemma."

islands in the East China Sea. In recent years, incidents around the Diaoyu/Senkaku islands have become the main source of tension between the two major powers.

China believes that Japan's actions are the main cause of the current tension between the second and third largest economies in the world. On September 10, 2012, Japan's central government decided to purchase and nationalize three of the five disputed islands from the Japanese family who had owned them for decades.³² Japanese officials claimed that the government's decision was made to deter Tokyo's right-wing governor Shintaro Ishihara from fulfilling his publicly announced plan to purchase the islands. From Beijing's perspective, however, the change in ownership of the disputed islands signaled an unacceptable change in the status quo.³³

The dispute regularly sees a standoff between paramilitary ships, and it has also involved military vessels and planes. In the aftermath of the purchase of three of the disputed Diaoyu/Senkaku Islands by the government in Tokyo in September 2012, Beijing implemented policy initiatives to claim sovereignty and legal rights.³⁴ China also quickly began regular patrols in the contiguous waters and the 12 mile territorial waters of the disputed Diaoyu/Senkaku Islands. In December 2012, China once again intentionally escalated the dispute by conducting its first ever air patrol over the Diaoyu/Senkaku Islands.³⁵ In November 2013, China declared its ADIZ over the

³²“Japanese gov't determines to purchase China's Diaoyu Islands,” *People's Daily Online*, September 10, 2012, <<http://english.people.com.cn/90777/7943530.html>>.

³³“China's statement over Diaoyu Islands,” *People's Daily Online*, September 11, 2012, <<http://english.people.com.cn/90883/7943813.html>>.

³⁴ Bonnie S. Glaser, “People's Republic of China Maritime Disputes.”

³⁵ Zhang Yunbi & Cai Hong, “Air patrol turbulence as Diaoyu tension rises,”

East China Sea to cover the Diaoyu Islands.³⁶ This decision has heightened tensions in an already volatile area, and it appears to have dashed Japanese hope for a thaw in relations. Two days later, the United States sent two B-52 bombers over the Chinese ADIZ to reassure Tokyo and show Beijing that the Chinese assertive action would be resisted.³⁷ Joint air and sea patrols were suggested to make more concrete Washington's obligation to assist Japan in defending the Diaoyu/Senkaku Islands.³⁸

China's decision to impose an ADIZ over a large part of the East China Sea was seen by the international community as changing the status quo in the area. Some states view Beijing's confidence or even assertiveness as inappropriate and unnecessary. From the Chinese perspective, though, this assertiveness is a response to Japan's unilateral moves regarding the disputed islands, and it is indicative of a much more profound change in Japan's political climate. China's real intention is demanding that Tokyo recant the decision to nationalize the Diaoyu/Senkaku Islands and acknowledge that a territorial dispute exists before the two countries can resume normal political and

China Daily, December 14, 2012, <http://usa.chinadaily.com.cn/epaper/2012-12/14/content_16018006.htm>.

36. "Announcement of the Aircraft Identification Rules for the East China Sea Air Defense Identification Zone of the P.R.C.," *Xinhua*, November 23, 2013, <http://news.xinhuanet.com/english/china/2013-11/23/c_132911634.htm>.

37. Thom Shanker, "U.S. Sends Two B-52 Bombers Into Air Zone Claimed by China," *The New York Times*, November 26, 2013, <http://www.nytimes.com/2013/11/27/world/asia/us-flies-b-52s-into-chinas-expanded-air-defense-zone.html?_r=0>.

38. Wendell Minnick & Paul Kallender-Umezu, "China's Air Defense Zone Rattles Japan, US," *DefenseNews*, November 25, 2013, <<http://www.defensenews.com/article/20131125/DEFREG03/311250024/China-s-Air-Defense-Zone-Rattles-Japan-US>>.

military ties, including consultations on implementing conflict avoidance measures. Therefore, Beijing undoubtedly hopes to stabilize, and if possible, improve ties with Japan, but only on its terms.

2. Territorial Disputes in the South China Sea

The South China Sea is one of the world's most important waterways with huge volume of traffic. Territorial disputes there involve potentially lucrative deposits of oil and gas. China cites a historical basis for its South China Sea claims.³⁹ The nine-dash lines, covering roughly 80% of the resource-rich waters, which are dotted with reefs and islands, are subject to multiple disputes. Besides the Philippines, fellow ASEAN members Vietnam, Malaysia, and Brunei also have overlapping claims on some of the territory, with the ROC also involved in the dispute.

Beijing has been doing its utmost, with some success, to prevent ASEAN from taking up this issue as a bloc. Beijing would rather deal separately with each of the region's countries; given its superior military and economic might, it is understandable that the PRC would prefer this approach. What is disturbing is that, over recent years, China has been increasing its military presence in the area in a bid to strengthen its claim to the disputed territory. At the same time, it has been ratcheting up tension on the diplomatic front. The U.S. says it takes no position on the competing sovereignty claims, but says it has a national interest in peaceful resolution of the disputes and in freedom of navigation and commerce.⁴⁰

³⁹. Pu Zhendong, "History supports China's maritime claims: expert," *China Daily*, February 7, 2014, <http://usa.chinadaily.com.cn/world/2014-02/07/content_17269581.htm>.

⁴⁰. Parameswaran Ponnudurai, "US Draws Own Line Over South China Sea Dispute," *Radio Free Asia*, February 9, 2014, <<http://www.rfa.org/english/com>>.

In December 2013, Hainan province authority issued new Chinese laws, brought into effect in January 2014, requiring foreign fishermen to seek Beijing's approval to operate in the disputed waters.⁴¹ The Philippines and Vietnam have been the most vocal in expressing alarm. In February 2014, some Japanese media reported that China will declare an ADIZ over the South China Sea soon. This report was quickly dismissed by Chinese authorities.⁴² It is unlikely that Beijing would do so, because the situation there is more complicated and Beijing has decided to strengthen relations with Southeast Asian countries by periphery diplomacy and reduce tensions with ASEAN countries.

V. Xi's Periphery Diplomacy Initiative

The strategic goal of China's diplomacy with neighboring countries is to serve the cause of national rejuvenation, for which China must consolidate its friendly relations with neighboring countries and make the best use of the strategic opportunities China has before 2020.

Since the Asian financial crisis of 1997, China increasingly has emphasized mutual benefits in its relations with Southeast Asian states. In 1997, during the Asian financial crisis, China won praise in the region when it refrained from devaluing its currency, which helped to stabilize the region's economy. In 2002, China and other

mentaries/east-asia-beat/claim-02092014205453.html>.

41. "US: China new sea rules 'provocative'," *BBC*, January 10, 2014, <<http://www.bbc.com/news/world-asia-25666849>>.

42. Li Xiaokun, "Beijing dismisses report of planned S. China Sea ADIZ," *China Daily*, February 28, 2014, <http://usa.chinadaily.com.cn/china/2014-02/28/content_17311477.htm>.

claimants to disputed islands signed an agreement and a *Declaration on the Conduct of Parties in the South China Sea*, which greatly reduced tensions on this issue.

Since 2003, China and ASEAN have established a strategic partnership for peace and prosperity, leading to a “golden decade” of cooperation. By advancing practical cooperation, China and ASEAN have set up the world’s largest free trade area among developing countries. China is now ASEAN’s biggest trading partner, and ASEAN is China’s third largest trading partner. In 2012, two-way trade exceeded \$400 billion, five times that of 10 years ago; mutual investment totaled over \$100 billion, three times that of 2003.⁴³

PRC President Xi Jinping and Premier Li Keqiang mounted a charm offensive in Southeast Asia in 2013. In the half year since the inauguration of China’s new leadership in March 2013, Xi and Li have, on various occasions, met with state leaders from 9 of the 10 ASEAN nations, except the Philippines, more than 20 times, a high rate of frequency rarely seen between China and countries from other regions.⁴⁴

China launched new diplomatic activism toward its surrounding countries in late October 2013, when China’s leadership convened an unprecedented work conference on periphery diplomacy. The purpose of this conference was to strengthen friendly relations with neighboring countries. In Xi’s speech at the meeting—which was attended by the entire Standing Committee of the Politburo, the members of the Central Leading Small Group on Foreign Affairs, and Chinese

43. “Southeast Asia Action,” *China Daily*, October 25, 2013, <http://www.chinadaily.com.cn/world/2013-10/25/content_17056936.htm>.

44. “Southeast Asia Action.”

ambassadors to important countries—he said that China would strive for a sound neighboring environment for its own development and seek common development with neighboring countries. Xi also stressed the necessity of good diplomatic work in neighboring countries to realize the “centenary goals” set by the 18th CCP National Congress in November 2012: a moderately prosperous society by 2021 and a prosperous, strong, democratic, culturally advanced, harmonious, and modern socialist country by 2049.⁴⁵

Xi said China should work with its neighbors to hasten inter-connectivity and establish a Silk Road economic belt and a maritime silk road for the 21st century. China should accelerate establishment of free trade zones, with neighbors as the foundation stone; expand trade and investment; and create a new pattern of regional economic integration.⁴⁶ The reactions to China's new foreign policy initiatives were positive in the neighboring countries.

VI. PRC's Defense Policy, Soft Power Diplomacy and Taiwan Policy

1. Defense Policy

On its defense policy, the work report of 18th party congress points out that the comprehensive modernization of China's armed forces will continue. Hu Jintao called for developing a military “commensurate with China's international standing” to address “interwoven problems affecting its survival and development security as well as traditional and non-traditional security threats.”⁴⁷

⁴⁵“Xi Jinping: China to further friendly relations with neighboring countries,” *China Daily*, October 26, 2013, <http://www.chinadaily.com.cn/china/2013-10/26/content_17060884.htm>.

⁴⁶“Xi Jinping: China to further friendly relations with neighboring countries.”

Strengthening China's maritime power is also a top priority in accordance with the pronouncement at the 18th Party Congress that China seeks to become a major sea power. This goal was reaffirmed by Premier Li Keqiang on March 4, 2014 in his government work report at the beginning of the annual legislative session. He pledged that China would resolutely uphold its marine rights and interest and would become a maritime power.⁴⁸

In order to achieve the goal of becoming a maritime power, China plans to raise its defense budget by 12.2% to 808.2 billion yuan (about \$132 billion) in 2014, according to a draft budget report submitted to the national legislature for review on March 4, 2014. In 2013, China spent 720.197 billion yuan on national defense, a 10.7% increase from the previous year.⁴⁹

Steps to increase the efficiency of battle readiness of the PLA are underway with the announcement at the Third Plenum that the Chinese military will undergo potentially sweeping structural reform. Major goals of the reforms include bringing China's military fully into the information age, revamping the command system for joint combat, and reforming the leadership structure.⁵⁰ All of these efforts on the part of the PLA aim to enhance the ability of the PLA to cope with any contingency in the East and South China Sea.

47. Hu Jintao, "Full Text of Hu Jintao's Report at 18th Party Congress."

48. Zhao Huanxin, "Premier pledges to uphold China's marine rights," *China Daily*, March 5, 2014, <http://www.chinadaily.com.cn/china/2014npcandcppcc/2014-03/05/content_17323744.htm>.

49. "China defense budget to increase 12.2% in 2014," *China Daily*, March 5, 2014, <http://www.chinadaily.com.cn/china/2014npcandcppcc/2014-03/05/content_17323159.htm>.

50. Bonnie S. Glaser, "People's Republic of China Maritime Disputes."

2. Soft Power Diplomacy

In recent years, China has strengthened its use of soft power diplomacy in Southeast Asia, Africa, and Latin America; non-military inducements include culture, foreign aid, trade, and investment. China's diplomatic engagement, compared to the perceived waning or limited attention by the United States, has earned the country greater respect in these regions. Its rise as a major foreign aid provider and market for Southeast Asian and African goods also has enhanced its relations with states in these areas.

Using soft power diplomacy, China has obtained impressive results in the developing countries of Latin America and Africa. China uses the easy way of "buying" the loyalty of Latin American and African countries by investing in infrastructure development. As a result, the PRC has won contracts to build roads, railways, stadiums, schools, and hospitals. It is clear that beneath this foreign strategy is Beijing's desire to secure natural resources, and not necessarily the loyalty of the local people.

China also promotes public diplomacy around the world. No country in Asia has devoted more resources than China has in recent years to promoting and improving its national image. The fundamental message of Chinese public diplomacy these years is to tell the world about Chinese values, such as non-interference in domestic affairs, and to try to win acceptance for those values.⁵¹ To do that, Beijing founded the Confucius Institute in 2004 to promote Chinese language learning and the culture of China. China Central Television (CCTV)

51. Arthur Guschin, "Beijing's Public Diplomacy Challenge," December 19, 2013, *The Diplomat*, <<http://thediplomat.com/2013/12/beijings-public-diplomacy-challenge/>>.

annually spends billions of dollars to support international broadcasting in different languages.⁵²

With the new Chinese leadership, the door has opened for a potentially strong actor who could highlight a brand-new emphasis in Chinese public diplomacy: China's First Lady Peng Liyuan. Peng has attracted the attention of western media whenever she has made a public appearance with her husband, President Xi Jinping. By virtue of a sense of style and impeccable appearance maintained by local designers, Peng exudes creativity and dynamism. In addition, her activity as a goodwill ambassador demonstrates an opportunity for women to be engaged in politics in China.⁵³

3. Taiwan Policy

China's strategies and policies toward Taiwan could be described as putting economic and cultural exchanges on the top while shelving the political aspect and precluding the military dimension. Since 2002, Beijing's Taiwan policy has actually become more rational and defensive in orientation.⁵⁴ China's military pressure and coercive strategy cannot function effectively in achieving the objective of the great reunion; rather, as it elicits the opposite effects, so Beijing's leadership and think-tank advisors began to concentrate on a more immediate priority: preventing Taiwan from moving towards independence. A peaceful offense or inducement relies on cross-strait ne-

52. 〈中國新華新聞電視網(CNC)〉(China Xinhua News Network), *Xinhua*, March 5, 2014 (accessed), <http://big5.xinhuanet.com/gate/big5/news.xinhuanet.com/ziliao/2009-12/31/content_12733982.htm>.

53. Arthur Guschin, "Beijing's Public Diplomacy Challenge."

54. Zheng Yongnian & Lye Liang Fook, "China's New Nationalism and Cross-strait relations," *International Relations of the Asia Pacific*, Vol. 7, No. 1, January 2007, pp. 47-72.

gotiations and economic and cultural exchanges to hinder Taiwan's independence.

After Ma Ying-jeou became the President of the Republic of China in 2008, his mainland policy gave Beijing the opportunity to pursue its policy goals. Over the past five years, Taiwan and the mainland have improved their relations to an unprecedented degree. On the basis of the "1992 consensus," a total of 21 agreements were signed after May 20, 2008. The Straits Exchange Foundation (SEF) and Association for Relations Across the Taiwan Strait (ARATS) talks have pushed cross-strait economic and social development forward as well as helped to maintain regional stability.

Mainland China's policy toward Taiwan is becoming more delicate under Xi. Under Xi's rule, China is endeavoring to foster a more constructive and friendly cross-strait atmosphere by exhibiting more flexibility and good will to Taiwan's authority and civilians. In this way, Beijing is deepening its charm offensive to Taiwan.

The Chinese mainland and Taiwan had a breakthrough in official relations recently. On February 11, 2014, the Mainland Affairs Council (MAC) Minister of the ROC, Wang Yu-chi met his mainland Chinese counterpart, Taiwan Affairs Office (TAO) Director Zhang Zhijun in Nanjing, the capital of Eastern China's Jiangsu Province. During this meeting, Wang and Zhang referred to each other by their formal titles, setting a milestone in the history of cross-strait relations since 1949. When meeting for the second time during Wang Yu-chi's four-day visit in mainland China in February, the two discussed a possible meeting between President Ma Ying-jeou and Chinese Communist Party General Secretary Xi Jinping.⁵⁵ This event means that the cross-strait interactions have moved into a new phase.

In general, mainland China's soft power diplomacy toward Taiwan is both successful and unsuccessful. On the one hand, Beijing achieved its short-term goal of preventing the progressive independence movement in Taiwan and improving cross-strait relations. On the other hand, Beijing is still far from its goal of reunification with Taiwan. Therefore, Beijing will continue its favorable context-making efforts to facilitate its goals.

VII. Conclusion: Implications and Policy Suggestions

In conclusion, Xi and his colleagues are facing many challenges internally and externally, such as rising nationalist sentiment, challenges of anti-corruption, territorial disputes with neighboring countries, pressure from the U.S. strategic rebalance to the Asia-Pacific region, and China's own status in the international arena. For Chinese leaders, internal stability and economic development is still their first priority. The new initiatives in foreign policy under Xi aim to maintain a friendly external environment conducive to economic development. Nevertheless, as China's interests have expanded along with its economic development, the country has grown to become a relevant player in various regions, especially in the Asia-Pacific region. As we have seen, China has gradually changed its traditional pattern of staying low-key or silent in international affairs and is turning to a more active global involvement by adopting a new global perspective.

China's new foreign policy initiatives and orientation have several implications for the Asia-Pacific region and the world.

⁵⁵ Adam Tyrsett Kuo, "MAC, TAO chiefs meet in Nanjing," *The China Post*, February 12, 2014, <<http://www.chinapost.com.tw/taiwan/china-taiwan-relations/2014/02/12/400421/MAC-TAO.htm>>.

First, when it comes to China-U.S. relations, Xi proposed a “new type of major power relations” to describe China’s vision for its bilateral relations with the United States. China’s policy goal is to avoid the kind of havoc that historically has accompanied global power transitions. China has neither the intention nor ability to replace the U.S. as the dominant power in the world at this time or in the near future; however, China requests that the U.S. respect its “core interests” in East Asia.

Second, as its periphery diplomacy shows, maintaining good relations with neighboring countries, and especially preventing the U.S. from colluding with its neighbors against Chinese interests, is a necessary precondition for China’s pursuit of economic reform and development.

Third, China has become more assertive in dealing with territorial disputes with its neighboring countries, although it acts defensively. Beijing’s essential defensive posture and desire for a peaceful external environment, with the focus on its internal challenges, provide hope for cooperation with the United States and others to sustain regional stability and common development.

Fourth, resolutely safeguarding the nation’s territorial integrity and sovereignty, as well as upholding its maritime rights, are tied to the Chinese Communist Party’s political legitimacy; thus, Chinese leaders believe they cannot make concessions, especially in territorial disputes with Japan. Therefore, the Chinese military will continue its structural reform to increase the battle readiness of the PLA. China will also increase its activity in maritime Asia.

Finally, China will continue its soft power diplomacy and “charm offensive” to improve its image and expand its power of influence

around the world.

Last, there are several policy suggestions for the ROC government.

First, after the work conference of periphery diplomacy in October 2013, China has decided to accelerate the establishment of free trade zones, expand trade and investment, and create a new pattern of regional economic integration. Facing China's new policy initiatives, the ROC government should expedite joining the Trans-Pacific Partnership (TPP) and Regional Comprehensive Economic Partnership (RCEP) so that the ROC will not be marginalized amidst the region's economic integration.

Second, President Ma Ying-jeou has expressed his willingness to attend the APEC Economic Leaders' Meeting, which will meet in Beijing in November 2014. A possible meeting between President Ma and Xi Jinping has been discussed on both sides of the Taiwan Strait. Taipei should stand firm on its principle, Ma will meet Xi in his capacity as the President of the ROC, and should make no concession to Beijing's terms in the process of negotiating the possible Ma-Xi meeting.

Third, since President Ma came into power, ROC's flexible diplomacy and diplomatic truces have been successful because of Beijing's goodwill. Nevertheless, the ROC government should not rely on Beijing's goodwill, and the ROC must continue to work hard on cultivating good relations with countries having official ties with the ROC in case Beijing reverses its goodwill towards Taipei.

Fourth, facing the rapid modernization of the PLA, the ROC government should beef up its defense capacity. The ROC also should consider seriously, with the understanding of the United States, es-

establishing some kind of confidence-building mechanism (CBM) or negotiating a peace agreement with mainland China in the near future.

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