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# ISSUE BRIEF

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## China's Rise and U.S. Influence in Asia: A Report From the Region

*By Robert G. Sutter*

Following the publication of his most recent book, *China's Rise in Asia: Promises and Perils*, Dr. Sutter embarked on a research trip in spring-summer 2006 which involved dozens of workshops to explore China's rise and U.S. leadership in Asia. These workshops were attended by several hundred non-government specialists and elites in 21 cities of eight countries in the Asia-Pacific region; the trip also involved in-depth interviews with 75 government representatives in those countries. The findings of Dr. Sutter's research are:

- China is rising in influence, but it has major limitations and weaknesses and a long way to go to compete for regional leadership.
- The power and interests of the United States and most Asian governments work against China ever achieving dominance in Asia.
- The U.S. image in Asia has declined recently, but U.S. ability and willingness to serve as Asia's security guarantor and vital economic partner remain strong and provide a solid foundation for continued U.S. leadership in the region. Overall U.S. influence in the region has not declined.
- Most Asian governments maneuver and hedge against China's rise, and they find a strong U.S. presence in Asia fundamentally important and reassuring.



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## Chinese Strengths and Limitations

Growing Chinese prominence in Asia is based on rapidly growing economic interchange and adroit Chinese diplomacy. Chinese and most Asian officials play down the implications of China's impressive buildup of military power, though Japanese and some Taiwan officials focus on this perceived Chinese threat.

Burgeoning trade and growing Asian investment in China are the most concrete manifestations of greater Chinese prominence in Asia. China has become the largest trade partner of many Asian neighbors, and Chinese trade expands at almost twice the rate of China's fast-growing economy. Entrepreneurs from the more advanced Asian economies provide the bulk of the \$60 billion in foreign investments China receives annually. Chinese wealth and economic importance support growing popular exchanges in tourism and education. Attentive Chinese diplomacy involves an often dizzying array of leadership meetings and agreements with Asian neighbors and increasingly adroit Chinese interchange with the growing number of Asian regional organizations. As a result, China's positive image has grown markedly in South Korea, much of Southeast Asia, and Australia.

Heading the list of limitations and weaknesses of China's rise in Asia is strong Chinese nationalism, which considerably complicates Chinese relations with Japan and Taiwan, and causes significant difficulties with South Korea, Singapore, and India, among others. Chinese territorial claims are a serious concern in the East China Sea, a major drag on improving relations with India, and an underlying concern in Southeast Asia. China's authoritarian political system is unattractive to many, though certainly not all, of China's neighbors.

Chinese economic and diplomatic strengths also reflect significant limitations and complications. More than half of Chinese trade with Asia and the

world is processing trade, which leads to double and triple counting as a product crosses borders, sometimes several times, before completion and (often) export to the United States and Europe. The value added by China in this trade is frequently low, and the trade depends heavily on U.S. and European consumers. Reflecting this reality, Hu Jintao in 2005 said that China is "a major trading country" but has not yet become "a major trading power."

Chinese economic competitiveness means that Asian manufacturers often cannot compete directly with China. In response, Asian entrepreneurs increasingly invest in and integrate their businesses with China, but Asian workers cannot move to China and often suffer. Investment in Asian economies declines and Chinese investment and foreign assistance in Asia remain very small and do not offset these negative implications.

China's "win-win diplomacy" focuses on common ground, which receives great positive publicity but does little to resolve differences or difficult issues. According to a senior Chinese foreign ministry official, China continues to avoid major international commitments or risk.

## U.S. Weaknesses and Strengths

U.S. weaknesses center on the decline in the U.S. image in Asia amid widespread criticism of the U.S. war in Iraq, the U.S. position on North Korea, unilateral U.S. actions on significant international issues, and perceived inattentive U.S. policies regarding the development and other concerns in Asia. These weaknesses dominate the media and public discourse in most of Asia and the Pacific.

Nevertheless, Asia-Pacific government officials interviewed during this research trip were almost uniform in emphasizing the importance of the U.S. leading role as Asia's security guarantor and vital economic partner. The main exceptions were a Communist Party of India (Marxist) official,

and to a degree, some Chinese officials, who criticized the U.S. security role in Asia. In contrast with China's reluctance to undertake major risks and commitments, the United States was seen to continue the massive expenditure and major risk in a U.S. military presence, viewed as essential in stabilizing the often uncertain security relationships among Asian governments; and the United States allowed massive inflows of Asian imports essential to Asian economies despite an overall U.S. trade deficit approaching \$700 billion annually. Against this background, when asked if overall U.S. power and influence in Asia were in decline, Asia-Pacific officials were unanimous in saying no.

### Asian Maneuvering and Hedging

All government officials consulted agreed that China's rise adds to incentives for most Asian governments to maneuver and hedge with other powers, including the United States, in order to preserve their independence and freedom of action. A Singapore official said that "hedging is the name of the game" in Southeast Asia, while an Indian official said that Asian governments "are not going to put all their eggs in one basket." Asian governments hedge against the United States and other powers as well, but their recent focus has been on China's rise. The governments tend to cooperate increasingly with China in areas of common concern, but they work increasingly in other ways, often including efforts to strengthen relations with the United States, to preserve freedom of action and other interests in the face of China's rise.

In an Asian order supported by undiminished U.S. security and economic power and influence, such hedging by Asian governments adds to factors that are seen to preclude Chinese leadership or dominance in Asia. The majority of Asian government officials assumed that China sought eventual "pre-eminence" in Asia; Chinese officials said no, though Chinese foreign policy specialists said that secret Chinese Communist Party

documents over the years have continued to refer to a general goal of Asian leadership. When asked whether China sought leadership or domination in Asia, a senior Chinese foreign ministry official acknowledged the complications of U.S. power and influence and the role of many independent-minded Asian governments. He responded that "China can't dominate Asia; there are too many governments in Asia." He nonetheless judged that China's influence in the region would grow and China's "weight" would become increasingly important to the governments in the region and China would have increasing success in reassuring Asian governments of Chinese intentions.

### Views in Specific Asia-Pacific Countries

#### Australia

Australian official commentary and media coverage are increasingly positive about China. Supporting this trend, Australia benefits greatly as a major exporter of resources to China. In private, Australian officials who deal with China regularly were much more inclined to stress the many problems in the relationship. Economic officers complained pointedly of a range of problems familiar to American counterparts, asserting that Chinese foot-dragging was hampering negotiations on a bilateral free trade agreement. Intelligence and defense officers remained wary of China's ambitions, which were seen to focus on "pre-eminence" in Asia. Parliamentary leaders recalled with some bitterness China's brass-knuckle pressure to insure that Hu Jintao's landmark address to the body two years ago was undisturbed by any possible dissent. Australian officials saw U.S. power and influence playing a fundamentally important role in channeling China's rise in constructive directions. Overall U.S. power and influence in Asia and the Pacific were seen as unchanged, though China's rise was seen by some as a net loss for U.S. influence.

## China

Chinese diplomats disavowed any intent to dominate Asia, saw U.S. power in the region as unchanged, “respected” U.S. regional interests, and criticized mildly and in general terms U.S. military arrangements in Asia. They acknowledged that China’s “national security strategy” was not as clear as China’s “development strategy.” They advised that the former was defensive; China’s military buildup was said to focus on Taiwan and to be broadly compatible with the growth of China’s economy and interests. They forecast a continued Chinese effort over the next several decades to enhance China’s influence in Asia through mutually beneficial economic and diplomatic contacts that would increasingly reassure China’s neighbors.

## India

Indian media, elite commentary, and business groups offer much less attention to China than their East Asian counterparts. They are mixed in assessing the implications of China’s rise, with Indian manufacturers and other businesses expressing concern as much as optimism over economic ties with China. Indian government and non-government strategic specialists have remained very wary over China’s relations with Pakistan and other Indian neighbors and the slow progress in Sino-Indian border talks. In private, Indian officials said they saw U.S. power in Asia as unchanged and the U.S. role as central in fostering constructive Chinese foreign policy.

## Japan

Japanese officials and foreign policy elites appeared seriously concerned about what they saw as China’s seeking dominance in Asia at Japan’s expense. They judged that China-Japan relations would not get much worse but that the

two powers would continue to engage in long-term competition for influence in Asian and world affairs. They saw U.S. power in Asia as undiminished and fundamentally important to Japanese strategy for dealing with China. They sought greater U.S. diplomatic activism in Asian regional organizations, notably the East Asian Leadership Summit, as a means to bolster Japanese efforts to thwart perceived Chinese initiatives seeking leadership and dominance.

## New Zealand

Public attitudes toward China are much more mixed in New Zealand than in Australia. This is despite the fact that China sent 29,000 people in official delegations to New Zealand in 2005. Many of these delegates were seen as using the trips for vacation rather than work. Economic exchanges with China are seen as threatening as well as beneficial by New Zealand media and private official commentary. The pros and cons of the influx of Chinese students and other migrants in recent years have been actively debated in public and private. China’s dollar diplomacy in the Pacific Island states has prompted sharp criticism from concerned government officials and academic specialists. New Zealand officials privately expressed strong support of the U.S. role as “the principal arbiter” of regulating in constructive ways China’s rise in Asia. In their view, the United States was not in decline—it was essential.

## Singapore

Singapore’s public discussion of China emphasizes the positive benefits of major trade, investment, educational, and cultural links. Singapore officials were more mixed in private. Some emphasized the positive with China and others were wary. Continued strong U.S. power in Asia was seen as essential in perceived efforts by

Singapore and others in Southeast Asia to hedge as China rose in influence. Some officials worried about the United States mishandling relations with China, leading to tension over Taiwan or other issues that undercut Singapore's interest in regional stability.

## South Korea

South Korean officials underlined an increased wariness in South Korean attitudes toward China despite continued diplomatic bonhomie and burgeoning economic and other interchange. Suspicions rose over growing Chinese economic relations with North Korea seen fostering a more robust North Korean state fundamentally at odds with South Korea's goal of reunification. Nationalistic Chinese positions in dealing with historical disputes severely alienated South Korean officials who deal with China. In response, the officials noted that South Korea has strengthened efforts to solidify relations with the United States. It

welcomes the strong U.S. military presence and sees no diminishment of U.S. power in Asia. Also, one official emphasized after sternly criticizing China that "a strong Japan" is fundamentally important for South Korea's interest in regional stability.

## Taiwan

Taiwan officials and foreign policy elites were preoccupied with Taiwan domestic politics and divided along partisan lines in assessing the danger to Taiwan posed by China's rise. Pan-blue (a coalition of the KMT and PFP political parties) leaders said that China's increasingly effective international isolation of Taiwan would diminish with the end of the pro-independence leaning of the current Taiwan government. Taiwan officials saw U.S. power in Asia unchanged and essential for Taiwan's security in the face of rising China, but some worried a future U.S. government would tilt more toward China and against Taiwan.

## About the Author

Robert Sutter became a Visiting Professor in the School of Foreign Service at Georgetown University in August 2001. Dr. Sutter specialized in Asian and Pacific Affairs and U.S. foreign policy in a U.S. government career of 30 years. He held a variety of analytical and supervisory positions with the Library of Congress for over 20 years, and he worked with the Central Intelligence Agency, the Department of State, and the Senate Foreign Relations Committee. After leaving the Library of Congress where he was for many years the Senior Specialist in International Politics for the Congressional Research Service, Dr. Sutter served for two years as the National Intelligence Officer for East Asia and the Pacific at the U.S. Government's National Intelligence Council. He has published 14 books, numerous articles, and several hundred government reports dealing with contemporary East Asian and Pacific countries and their relations with the United States.

### Other Publications by Robert G. Sutter

*China's Rise: Implications for US Leadership in Asia* (Washington, D.C.: East-West Center, 2006)

*Historical Dictionary of United States Diplomacy with China* (Lanham Md.: Scarecrow Press, 2006)

*China's Rise In Asia: Promises and Perils* (Lanham Md.: Rowman and Littlefield 2005)

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