



THE GOVERNMENT OF XI JINPING:

Evaluation, results and challenges

BUAP

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Administración

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Prologue

Xulio Ríos

Xi Jinping has ushered in a new era in Chinese politics. The official discourse and multiple decisions throughout his mandate, which began in 2012, converge on the same idea: after Mao Tse-tung and Deng Xiaoping, Xi embodies a third phase of the development of that China that in 1949 manages to impose an inflection of great proportions in its modern history.

Recognized as the “nucleus” of the central leadership, king and lord of all the committees that have existed and for having, his figure has consolidated as the primus supra peers, establishing a leadership style that, in a certain sense, was believed to have been overcome as a result of lessons learned by the CCP after decades of convulsive advance. In addition, Xi, in record time, has achieved that important constitutional and statutory reforms reach a letter of nature so that they provide him with the possibility of extending his term beyond the two usual ones. In this way, his imprint on Chinese politics will leave a unique mark. If nothing goes wrong, of course, challenges (call it a trade war, political tensions in Hong Kong or the COVID-19 coronavirus epidemic) will always knock on the door.

And from his hand, the “Xiism”, that is, a line of thought that starts from the premise of finding ourselves before the birth of a “new era” in which China has the consummation of that ambition of revitalization at its fingertips. from the country. Xi’s “Chinese dream” is none other than materializing the return of the old Central Empire to global politics from positions of stability and respect, for which it is essential that, internally, it has those attributes that confer an equally prosperous power and shared.

One of the CCP’s ideological campaigns in Xi Jinping’s second term has had as its motto “staying true to the founding mission.” Some consider this an example of an involution, expressed in the form of flirting with Maoism. Certainly, other campaigns, such as that of

insisting on the “mass line”, take us back to a more ideological era and that contrasts with that pragmatism that has determined the evolution of China in recent decades, practically during the entire period of reform and opening, that is, from the end of 1978.

These slogans and movements manifest, however, an invocation to shield against a liberal evolution that can homogenize its political system with that in force in the most developed countries of the West. The defense of Chinese sovereignty, the refusal to fall into external networks of dependency, has an impenetrable supporter in the ideological arguments of the CCP and is the essential armor to which it incorporates more recently other additives previously rejected such as the cultural imaginary itself in its different expressions, we already refer to Confucianism or legalism, to name two especially relevant. This reinforced eclecticism is, ideologically, a distinctive mark of Xiism.

This is due to the awareness that China is going through a crucial period. And it's true. In a decade or two, at the most, everything is at stake. Including the search and discovery of that “own path” that as a trial or experimentation has permanently circled - and sometimes tragic - the trajectory of a CCP with one hundred years of existence (2021).

Xi Jinping is a “continuist”. At least in some highlights. We can admit that in many of them it does yearn to impose greater dynamism, greater haste, but the main vectors of the CCP's policy at this stage have not arisen by chance, inventiveness or elucubration. The change in the development model, without going any further, one of the topics of this stage, had quite complete formulations during the period of its predecessor, Hu Jintao (2002-2012), already abounding in the need to incorporate the factors social, environmental or technological to achieve a comprehensive and sustainable modernization.

To a large extent, Xi, in the implementation of this reform, has turned a “deaf ear” to a good part of the recommendations of the World Bank, which his Prime Minister Li Keqiang came to sponsor. In his vision, there is recognition of the private sector, of the market, of the need for greater openness to the outside world, etc., but without in any way renouncing the essential beams that give political and ideological support to a singular model: public property, planning, control of strategic sectors, etc. And in parallel, the commitment to the long-cherished goal of building a modestly affluent society, with greater social justice and without poverty, evokes the longing for the harmonious society of another time. Likewise, the technological push reminds us fully that the Chinese leadership has clearly identified the decisive vectors of the transformation of the global order, both economically and in other areas.

It should be noted, then, that Xi's unswerving endeavor is to perpetuate the CCP. Hence the insistence on ideology, with updates but without abdications, or in the fight against corruption, or in the desire to spread through all civic cells, laying out the foundations of a third legitimacy. In fact, it is no longer a question of the derivative of the revo-

lutionary event itself or of growth, but of a state configured on the basis of respect for the law, a tailor-made norm for the new mandarin state that represents its more than 90 millions of members promoted on the basis of meritocracy, materialize that organic dynasty that looks far beyond the present time and makes explicit a qualitative leap in a millenary history marked by the sign of its subjective dynasties. In its idea of forming a top level design, the improvement of governance involves providing the CCP with greater solidity but also transcending the premise, present in the first westernizing movements, of modernization against its own culture, blamed for its secular backwardness.

Another outstanding aspect of Xiism refers us to the intensification and improvement of the mechanisms of social control. From public security, with special emphasis on dissent or monitoring sensitive sectors, to propaganda organs (giving priority to the guidance of public opinion and the “government of information”), the educational system or social organizations, With an increasingly direct and exhaustive control thanks to the support received from new technologies, an exhaustive strengthening of the control of the governmental apparatus over society as a whole is fostered, leaving the unknown of the viability of such an approach floating in the air in a context defined at every step by more open communities.

At the same time, a singular expansion of the Party’s powers at the expense of the ministries of the Council of State as well as local and provincial governments must be recognized as one of the hallmarks of Xiism. The CCP not only reaffirms itself as the undisputed backbone of the political system and on whom all state institutions pivot, but its role is greatly strengthened. Therefore, when Xi invokes the comprehensive reform of politics in China, what he is proposing is a redefinition of the CCP’s power not to diminish it but, on the contrary, to expand it and make it possible for the Party to direct everything by making use of formulas and instruments. adapted to the demands of the new times. In this context, the debate on the lengthening of democracy (consultative or incremental, it was said) has been overshadowed and replaced by redistribution and recentralization with the argument that it is essential to concentrate power as much as possible to protect against systemic risks that will surely abound in the short term. Along the same lines, the commitment to strong leadership could be interpreted, ultimately considering collective leadership as “weak”, once claimed as a complete example of the uniqueness of the Chinese political system and a vaccine against the excesses of past times.

And if there is any area in which the Xiism shows obvious signs of rupture with the trajectory of the reform, it is foreign policy. Long gone seem to have been the times of “not carrying the flag or leading the wave.” Xi Jinping’s activism in the international order is well known, spearheading ambitious proposals and launching new acronyms called to establish himself as unappealable references of the 21st century. The valuable works

included in this volume affect this question, which is certainly vital so as not to err in the judgment about what the claims and role of China may be in the global order and in the persistence in a globalization of another sign. And also, the regulatory framework for its ties with rival powers, especially the US.

Even so, it should be noted that, discursively, the absence of a messianic vocation and the idea that each country must choose its own destiny or development model have not changed. However, while the economy remains the spearhead of Xi's China's international strategy, its strategic needs may crystallize in significant changes to its traditional policy in this area. For the first time in its millennial history, the present and future of the Asian giant largely depend on its external projection. More than the reform itself, the opening has modified its millennial paradigm. It is now up to Beijing, with its practice, to convince all of us of the sincerity of its bonhomie in the face of alarmist criticisms that appeal to its threatening condition.

In this regard, the military and security dimension acquires peculiar relevance. Xi ipso facto assumed military command and promoted the greatest reform in the Chinese armies since the founding of the People's Republic. And their motivation is clear: to put the People's Liberation Army in a position to fight wars and win them. The insistence on maintaining the armed forces under the leadership of the CCP contributes to signifying once again the systemic uniqueness of the Chinese model, untouchable in this regard.

The increase in military capabilities is significant in that it not only affects the management of immediate disputes but also encourages a scenario of greater global projection that is gaining momentum year after year. Along with the disputes in the seas of China, the question of Taiwan is ventured as the most delicate and potentially most explosive. Xi's message that reunification cannot be postponed by simply transferring the problem from one generation to another calls for change and resistance. At the present time, moreover, with reinforced sovereignty in old Formosa and an Administration in the US that seems willing to play this trick to hinder the Chinese dream, the situation could be complicated in view of the proximity of the 2049 horizon. Tensions policies lived in Hong Kong throughout 2020 show the enormous complexity of the management of Chinese territorial architecture.

Xi Jinping dreams of leading and putting the finishing touch to the culmination of that great historical enterprise that is Chinese modernization. The two centenarians (of the Party, in 2021, and of the Republic, in 2049), mark a future space of three key decades. The aspiration to turn the page of the humiliations inflicted by the West two centuries ago and that brought the country to the brink of the abyss is understandable, but the glory is not sung. Today, the internal call for loyalty mutes doubts and reservations, but there are no shortage of those who judge some judgments and plans that in other settings have

served to raise the alarm about the imminence of the change in global hegemony unleashing an intensification of systemic competition. China's foundations may be weaker than it appears at first glance

China aspires to participate in global governance and wants to do so from the recognition of its dimension by third parties. This forces to make a hole in the multilateral institutions in accordance with its significance. And it is not easy, especially when it arises from the non-renunciation of its own approaches, interests and values. If otherwise, we would find it in a G2 or a G9 a long time ago. Her absence, on the other hand, constitutes a glaring gap that must be resolved in the coming years. In any case, the transfer of its economic significance to other areas of global relevance seems inevitable, resolving the current asymmetry, unsustainable in the long term. It is also desirable.

Xi Jinping's China has reconnected with the original purpose of setting up an autonomous national project that considers the country's historical and cultural singularities. That socialism with Chinese peculiarities can be a simple alibi to mask a pre-modern autocracy or, on the contrary, to shape an alternative to the liberal order with overtones of authenticity. With the goal of completing modernization at hand, in Xi, ultimately a single individual in a country of 1.4 billion people, the mandate to complete a historic catharsis of colossal proportions is symbolized. The equally gigantic dimensions of its impact on the regional and global, which are rigorously analyzed here by leading specialists, cannot leave us indifferent.

Revival of tensions on the Korean peninsula, skirmishes on the border between India and China resulting in deaths between the armies of both countries, Chinese and American military planes flying over Taiwan's airspace, tensions between China, Taiwan and Japan after clashes between fishing vessels and destroyers and redenomination decisions of the Diaoyu / Senkaku islands in Taiwan and Japan, dangerous rises between Taipei and Beijing with increasing rousing interference by the US, endless fights in the South China Sea, unexpected renewal of the alliance military of the Philippines with the US ... And SIPRI warning of the increase in nuclear power in Asia, with several nuclear powers at stake (China, India, Pakistan and North Korea) .

In Asia, China has a special responsibility in the provision of institutional spaces for the management of these disputes; however, not a few countries are suspicious of her leadership. Almost all of them accept their economic convenience and consider them an unavoidable commercial ally, but, in parallel, in their security alliances they rely more on the US as an indispensable counterweight to preserve their national interests. The giant's awakening is accompanied by the demonstration of greater ambition and the slow progress with which proposals such as the elaboration of a code of conduct to normalize procedures in disputes in the South China Sea, for example, question its sincerity. While

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the *fait accompli* politics profit from entertainment maneuvers, the benevolence of his leadership is controversial.

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Chapter 1

Chinese Global Projection

Milton Reyes

Abstract

This chapter, will focus, first, on characterizing the theoretical elements related to the concept of political projection, especially from a perspective that includes the fields of International Political Economy and Geopolitics, and specifically addresses the case of the Chinese international projection. Second, and using a transversal perspective, it aims to promote dialogue between several theoretical proposals, reviewing the long durée (long term) elements that would still inform China's political projection, as well as the existing conjunctural challenges within the present configuration of the world order, with a special focus on the Xi Jinping government. The third part of this chapter, will characterize the main challenges and responses from China in the Xi era, interpreting the continuities between the historical structure of China's projection and the agency of the Xi Jinping's mandate.

Key words: *Political Projection, China, Longue durée, conjunctural challenges, world order, Xi Jinping government*

Introduction

This chapter proposes to characterize the Chinese Political Projection (CPP) in the Xi era, taking into account at least two temporal dimensions, the long-term one (longue durée) Braudel (1978) and the conjunctural ones; using a methodology that proposes the relevance of Critical Theory and its centrality, historical-structural.

To sketch an approach to CPP, we will review three dynamically interlinked force categories:

- 1.- Institutions that “represent very peculiar amalgams of ideas and material power that, in turn, influence the development of ideas and material capacities” (Cox 1993, 159).

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While institutionalization has become a means of stabilizing and perpetuating a particular order; Institutions are the reflection of power relations at their origin¹. Although they can take on a life of their own, they become a battlefield of opposite tendencies; and even in society (also at the international level) the creation of rival institutions that reflect different trends can be encouraged (Ibid.)

2.- At the level of ideas, Cox's critical theory recognizes two types:

- a) Intersubjective meanings: those shared notions regarding the nature of social relationships that tend to perpetuate habits and expectations of behavior (Ibid., 143). Here, we find long-term ideas that would naturalize power relations², and that can also be understood as *habitus*³ (Bourdieu 2006) of very long scope; given the long duration of China's historical continuity as a *civilization-state*.
- b) Those that belong to "a historical structure, referring to collective images of a social order held by different groups of people". Here, unlike mechanical structuralist analysis, the vision of simple instrumentalization of the State by the economic structure is overcome, because it is stated that "the clash of rival collective images is proof of the potential of alternative development paths" (Ibid., 144.).

3.- Regarding material capacities, it can be pointed out that "these represent productive and destructive potentials. These, in their dynamic form, exist as technological and organizational capacities, and in their accumulated forms, as natural resources susceptible to transformation through technology, as concentrations of equipment (for example: industries and armaments) and as the wealth that can dispose from the above (Ibid.).

Likewise, although the projection that the interaction and continuity of the domestic and international spheres is recognized (Cox 1993; Morgenthau 1986); also, it should be noted that the CPP is internationally characterized as a result of interaction and mutual influence between "dimensional drawings" of the three force categories:

¹ It should be noted that "it is impossible to limit hegemony to an institutional dimension...Institutions can be means of conflict regulation (hegemonic function) but this is only and expression of hegemony, not its synonym" (Ibid.).

² Some examples of intersubjective thoughts in the contemporary political world where a certain kind of behavior is expected when conflicts occur between states, such as negotiation, confrontation or war (Ibid.).

³ This nurturing field, as a unifying principle and generator of all practices...when not as effects of the "awareness" system of unconscious dispositions, which is the product of the internalization of objective structures...as a locus of determinisms objectives and a determination of the objective future and subjective hopes" (Ibid., 44).

- a) the scope of ideas (images, representations) that inform its international politics and those that unfold in its concrete relationship with the current world order;
- b) the deployment of concrete material capacities at a global level,
- c) the dynamics related to the field of international institutions.

Everything comprised between the forced incorporation into the international system, and the current situation through the Xi mandate. This is aimed at understanding the elements that make up: a) the action frames and the construction of ideas in the long term, and b) their relationship with the projection against the World Order (WO)

It should also be noted that here the proposed approach will be paid with elements from realism, which is aimed at understanding the force structure material capacities; both from concepts related to wealth-power generation processes; but also under an approach that – from geopolitical thought – contributes to the study of the space-power relationship and its relationship with the field of security and defense; with all of which, we recognize that these are two approaches that can inform each other to strengthen the analysis of the CPP and its concomitant need for accumulation of power.

Confucianism as a long-lasting matrix

China has very long-term structures-matrices-continuities; so it is worth noting one of the central strands of Chinese political philosophy: Confucianism; it is permanently in debate, reconstruction and is part of Chinese cognitive, practical and strategic thinking; at the same time that it would still inform decision makers and China's "agency" within the international order.

The Confucian matrix proposes a two-way relationship and mutual responsibility between the individual-family-society-state (formerly emperor) – which could generate a harmonious relationship or chain related to "order" (序Xù), which from the Confucianism is the most important principle in society (He 1991); Without it, failure and suffering would be assured and even the change of the principal and even the change of the principal and even war could be justified (Yao 2004). Thus, depending on the virtue of the chain, the good relationship with other states could also emerge (Doupe 2003).

Recognizing the in Confucius' China there was no conception of an international order, nor of concepts such as Westphalian sovereignty; traditional China was oriented under the conceptions of *Tiānxià* (天下, everything under the sky); a Chinese world under a meta-relational and supra-moral order, which can also be read in a geopolitical key, as it posed a Chinese centrality, where, however, there was no difference between *the alter and the ego*, and therefore, there would be, a "lack of awareness of internationality" (Qin 2007).

Thus, although the tax system based on the *Tiānxià* philosophy would be a system of inequity; however, it could be considered as “benign” insofar as it was related to the idea of family and filial piety (Ibid); and that although the empire was in the center for around 2000 years (221 BC until the beginning of the 19th century), “*The ontological status was at the same time the ontological status of the center. It was modeled on the Confucian notion of the ‘state’, which in turn was a model on the Confucian concept of the ‘family’. Thus, the world was in essence an enlarged family or an enlarged state*” (Ibid., 10)

In the same sense, it can be observed that the conceptions of *family and filial piety*, which also inform the relations between states, as principles and virtues, continue to be practiced and highly valued in contemporary China, following the tradition of the Confucian matrix; which was already present in the relationships and responsibilities of traditional China, where according to Qin (Ibid.):

China, as the most powerful state and the most advanced civilization in the region, played an overwhelming role in maintaining stability and trade, providing public goods, and governing the system. system saw more benefits going from China to the tribute states rather than the other way round. China also played the role of a balancer, intervening wherever in this region invasion by one vassal state against another, usually weaker, occurred.

As regards the principle of order, there are five founding relationships linked to the idea of the family and filial piety: father-son; emperor-minister, older brother-younger brother- husband-wife, and friend-friend, and four elements to generate social ties: formality (“*li*”, *propriety*), justice (“*i*” *righteousness*), honesty, and sense of shame; which are part of the core of the centrality of the Chinese form of governance (Ibid., 15), and extend to the international scene.

Elements that are related and generate continuity between the domestic and the “external”; and it is that: *Confucianism takes the family as the basic unit in society, as it is inclusive of the best of all possible relations, such as love, harmony, mutual aid, and reciprocal obligations*” (Qin, 2013, 4); which could be expressed, for example, in the: “China treats other countries as they are treating China” present in its international political perspective, and which also expresses the importance of the “use” of the term mutual in official public rhetoric, and at the level of theory and practical action guides of the IR of the People’s Republic of China.

Complementarily, there is the importance of the figure of the *Jūnzǐ* (person of refined morality): “on the contrary, of the *pitty person* who seeks uniformity but does not harmonize” (Li 2008,426); Confucius says the *Jūnzǐ* points to harmony and not uniformity; thus, the *Jūnzǐ* may have points of view that differ from others, but seeks harmonious

coexistence with them (Zhang 2013), thereby complementing the conception of “authenticity”. A theme that seems to be reproduced in contemporary Chinese relations, and that seems to be reproduced in China’s international diplomatic performance, as a Junzi-State.

On the other hand, it should be noted that although Confucianism has been reinterpreted and reconstructed (and even the analects have been revised at different times dynastic orders) or that even the matrix has been dialectically nourished by the debate with legalism, Confucianism conforms as a still central matrix in the projection of the State, and as the basis of the thought and guide of action of the new China.

Thus, by the 19th century, with the forced incorporation of China into the International System, within the process and consolidation of the world as a politically closed space (Mackinder, 1904), China faces several moments that influence the construction of its political projection informed by several of the elements reviewed at the level of ideas, but also by others that are oriented to overcome the scenarios generated by the calamitous decline of the ancient Chinese order in the 19th century.

A long Chinese medium term

Fall of the old order and the resumption of centrality

The construction of the CPP, in addition to the above, starts from various ideas, images, and representations that respond to multiple problems and tensions presented to the complex contemporary Chinese history, and that will form a nurturing field for the development of thought at a theoretical and cognitive level and as a guide for practical action in the new China; which even still informs Xi Jinping’s China.

Thus, to delve into this level, and its relationship with the field of other force structures, it is worth reviewing some general historical moments:

1.- The fall of the tax system and the beginning of the “century of humiliation”, which can be briefly characterized from:

- The signing of the Sino-British agreement in 1841, after the first opium war. In this scenario, “China ceded Hong Kong Bay in perpetuity and agreed to pay Great Britain a large war indemnity” (Anguiano 2010, 236)
- A second treaty, that of Nanking, signed on August 29, 1842, which would mark the end of Chinese isolationism and Chinese port cities were opened to foreign trade” (Ibid).
- The impossibility of stopping the robbery of other powers, including the emerging one; the US, during that first setback; having to make concessions to the latter in 1844.

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The Taiping rebellion (“Great Peace”) -1851 and 1864 -, which further undermined the legitimacy of the Manchu emperors and strengthened the perception of a “decadent and corrupt system” (Ibid.), And that, when resolved with the aid of foreign powers, especially England, generated between the Chinese more aversions towards the regents.

- The second opium war that begins, 1856, and that will mean new forced and onerous concessions.
- New identities and rights in favor of London, “obtained in the Chefoo Convention of September 1876” (Ibid., 244); based on claims for the assassination of the British Vice Consul “by ethnic minority gangs on the border with Burma” (Ibid.)

This new allocation of resources within a persistent chain of shortages carried out by the western powers, and especially England; It also meant a new blow to the prestige (*mianzi* -face-social honor) of the dynasty, but also to the perception of viability of traditional China

Within this complexity, there is an attempt to restore the values of the empire, but at the same time proposing a modernization of China, to make it more viable from its own tradition (something observed in Japan). An attempt that, in 1895, lasts barely 100 days; since the emperor’s aunt, *Cixi*, declares herself empress, and tries to reimpose the more conservative values of the Chinese Society (Ibid).

For 1900, the last attempt to expel the foreigners took place, through the rebellion of the Boxers (even supported at first by the empress herself). Fact that marks the defeat not only of the viability of a self-isolated China, but also the deepening of the definitive decline of the Manchu dynasty, and the corollary of the incorporation of China into the international system as a peripheral component.

An incorporation, which given the Sino-centrist perspective of the empire, had never been requested, and which was almost impossible to understand, and is that:

During the opium war, the Chinese still tried to convince the British that China was self-sufficient to such degree that trade with outsiders was totally unnecessary. When the British insisted on entering to Canton city, the Chinese officials were puzzle as to why foreigners who belonged to another world would want to stay in China (Hsu 1999, 167).

2.- Therefore, at the end of the 19th century, and in a scenario of economic and military competition, according to Qin (2007), the Chinese not only began to doubt their own technologies, but also to consider that their regulatory and governance institutions were wrong ; thus officials and academics questioned the institutional system: *The*

1898 reform initiated by Kang Youwei and Liang Qichao and the 1911 Revolution led by Dr. Sun Yet-san both sought a change in the political system and its institutions (Qin 2010, 37).

- 3.- Here, the debate is deepened between: the Neo-Confucianists, who invoked the spirit of Confucianism and tried to transform it to make it applicable to the modern context; and the so-called *Western-learning School*, whose members advocated ‘*wholesale Westernization*’ (Ibid.) It was clear that the second school won the game and became the dominant discourse. Which would also be extended according to Qin himself (2010, 38): “to the Chinese Marxists, who were, by extension, academics of the second school (Li, 2003; Zhang & Guo 2003; Ge, 2001)”.
- 4.- Within the context of the founding of the People’s Republic of China in 1949, and from Marxism reinterpreted by Mao, who, - following the Chinese republican tradition, linked to safeguarding the re-appropriate Western concept of sovereignty (in addition to characterizing Confucian thought as part of feudal visions) - raised the theory of the three worlds as a guide for strategic action, which could be summarized as: “we, the allies and the enemies”⁴ (Qin 2007, 316). At the same time, a university system was built for the study of IR, where each of 3 prestigious universities studied the problems according to this theory⁵.

It is here where we can locate an attempt to form an anti-hegemonic bloc that would operate at the level of rival collective images oriented towards the search for an alternative path of development; that at this time, it was referring to capitalism, but also to the Soviet perspective, and that also according to Mao’s thought would contain elements of imperialist continuity.

From: a) the China-US distention (charted in the Mao-Nixon meeting in 1972), where the element of containing the Soviet Union from the North American projection was part of the agenda (and where the idea of national interest seems to be strengthened as a perspective that informs Chinese international politics); b) the subsequent end of the Cultural Revolution; and c) the beginning of the Reform and Opening process; there is a period

⁴ Qin, 2007: *A consistent strategy of Mao was to distinguish among three categories: ‘we’, ‘ally’, and ‘enemy’. Then, ‘we’ should unite our ally against our enemy. Domestically, Mao believed that there were different classes, some of which were allies and others were enemies. Internationally, it was similar. Mao’s three-world theory in fact was a theory that distinguished the ‘we’, the ‘ally’, and the ‘enemy’.*

⁵ *Peking University for the study of the national liberation movements in the Third World. Renmin University for the study of the communist movements in the world. Fudan University for the study of IR in the Western world (Ibid.).*

of generation of pre-theory in the field of IR, between 1978–90, because according to Qin (2009, 187): *during this phase, there was an attempt to use classical Marxism to interpret important strategic thinking put forward by the political leaders. But little theoretical research in a genuine academic sense was done.*

- 5.- From the process of Reform and Opening, there is a process of re-appropriation and reconstruction of Confucianism; to which, although since the founding of the Republic, an official attempt was made to banish him, in practice he still operated by informing the structure and agency in the successive institutional bodies and Chinese leaders; Thus, from the public vindication of the Confucian matrix, it will influence reconstructed theories - in turn -, such as that of the so-called Chinese Soft Power (CSP).
- 6.- Parallel to the above, and after a decade of said process, we find ourselves in different phases that are shaping the debate within the academy and through it feeding the advisory bodies of the Chinese state-party, and its decision makers.
 - a) *The Theory-Learning Phase* that contains a process of “learning by translation” (Qin 2007). That part of the reading and appropriation of Western realism, where, the first book translated in 1990, Morgenthau’s: *“Politics among Nations, was the milestone”*, and that between 1991-2000, according to Qin (2009) is expanded to new translations and research development, mainly from the theories of Realism, Liberalism, and Constructivism.
 - b) Between 2000 and 2007, there is **a second sub-phase**, “deepening” (Ibid.) where other areas are covered and where *The English School of IR has engaged the attention of Chinese IR scholars in particular.*

For 2009, the same Qin, recognizes the growing effort to propose a school of his own, seeking a centrality that recovers the long Confucian tradition; at the same time, a dialogue is being built where

Contending schools have sought to advance their perspectives on a distinct Chinese worldview and build a theoretical paradigm. It may take into account the following three conceptual positions: Marxism, traditional Chinese philosophy, and the confluence of Western (realism, liberalism and constructivisms) and Chinese intellectual traditions (Qin, 2009, 195-196).

This integrative construction is already present in the works of Chinese scholars influenced by Western science (such as Qin himself, or for example in Professor Yan Xuetong); but it is also present within the think tanks linked to the Chinese Communist Party (CPP)

from a cognitive theory perspective, but especially linked to also generating strategic action guides.

In the same sense, the work of Zhao Tingyang, a researcher at the Chinese Academy of Social Sciences (CASS), proposes in his work *Tianxia System – An Introduction to the Philosophy of World Institutions* of 2005, that the world governed by the modern international system who was born from Westphalia is a ‘no world’: *inter-state institutions cannot solve trans-state and global problems. He holds that the Confucian Tianxia institutions are global in the real sense of the term and, therefore, constitute the prerequisite for establishing a global system and solving global problems*⁶ (Qin 2009, 197).

Here, it is worth remembering the holistic character of the conceptions and the *Tiānxià* System⁷; which, added to the perception that approaches such as Zhao’s, account for the orientation that informs the Chinese IR Theories, but also its PPC; while there was a relationship between *Universities-Think Tanks* and the State-Party, which, being not mechanical, generated an articulation, especially oriented to process the strategic challenges of China in the face of the challenges imposed by its rise within the WO.

At this point, we can point out that there is a conceptual harmonization, between sovereignty, and the sense of “*Lack of an Awareness of international-ness*” present in the world of; through the dialectical tradition that would recover the sense of *authenticity and individuality* of Confucian thought, so that at the same time, we can find a matrix that subsists, likewise reconstructed and oriented to the generation of meanings, meanings and re-significations within the academic and practical sphere of IR.

For all the aforementioned, we can conclude that if it is observed that there is an appropriation for practical applications of said theories; reconstructions of views of traditional Chinese thought; and reconstruction of theories with particularities oriented by the problems of the concrete Chinese IRs, at a strategic level (including understanding and being understood); then, we can affirm that there is an own and particular theoretical construction in the current CPP.

Final conclusion, which is strengthened with the case study of the SPC concept. Central concept, which would try to “translate” and bring together the conceptions and matrices of traditional Chinese thought largely crossed by Confucian values and thought (again within the field of Ideas, which impact on institutions and the field of material capabilities and vice versa) ; and that tries to explain, but also to articulate other actors, through the promotion of a legitimacy that tries to be based on: the discourse of peaceful ascent and

⁶ Which is also articulated to the perspective of the search for a common destiny of humanity, already publicized especially in the Xi Jinping government.

⁷ Zhao states that “the *Tiānxià* system and the consideration of the family as its guiding principle, constitute ideal models of society and good governance for a space that is global” (Qin 2013, 5)

development with the relationship: recognition of sovereignty - and states, as political units as hierarchically similar individualities .

Chinese Soft Power

As an antecedent to the subject in a synthetic way, let's review 3 approaches present in Nye (1990, 2004):

- That, in addition to the scientific, cultural, ideological field, new forms of communication, financial markets and the diffusion of modern technologies represent power.
- That, contrary to hard power, *cooptative power* (presents cooperative features) or Soft Power: represents the ability of a country to structure a situation where other countries develop preferences or define their own interests in ways consistent with the preferences of the first;
- Thus the *soft power* is at the same level of importance as the *Hard Power*.

From the Chinese rise as a global power, self-represented as peaceful, concepts such as *soft power* and its attractiveness have been rebuilt by different schools, of which we can point out at least 3 (Glaser and Murphy, 2009) which follow maintaining a centrality of the Confucian matrix.

In the first, from important Chinese philosophers and sociologists “the core of Soft Power is culture” echoing the first opinion expressed by Wang Huning in the early 90s (Ibid.); and also from the perspective of a prominent proponent of this school, Yu Xintian, for whom the soft power includes *thoughts, ideas, and principles as well as institutions and policies, all of which operate within the context of, and cannot be separated from, a nation's culture* (Ibid., 15).

The second, *does not deny the importance of culture but focuses instead on how soft-power resources are used, concluding that political power is the core of soft power.* (Ibid.), Where the possibility of building political blocs in the international arena is also identified.

A vision within this second school, led by Yan Xuetong and Xu Jin, proposes that *soft power consists of international attractiveness, international mobilization capability, and domestic mobilization capability* (Ibid., 19).

The third is presented by the professor of the CPP Central School, Meng Honghua, who believes that

the Chinese approach to soft power is holistic: the domestic and foreign policy aspects of soft-power development are conceived as an organic whole. For example, the idea of “estab-

lishing a ‘harmonious society’ domestically and establishing a ‘harmonious world’ internationally” is seen as providing a “comprehensive framework for the ongoing development of China’s soft power. (Ibíd., 20).

On the other hand, for the intellectual, Shi Yinhong (2017⁸), the CSP must also be interpreted from the logic of “strategic economy”.

Here, it can finally be pointed out that this concept under the Chinese reappropriation and reconstruction, can allow to understand and strengthen in a condensed way: the reconstruction capacity and dialectic exercise of traditional Chinese thought in relation to Western perspectives, and b) that the appropriation and resignification of the term, as of others, would be an exercise that tries to “translate” or facilitate the understanding of its particularities in the world (Reyes 2017).

Here it is necessary to recognize that soft power can not only be deployed from the field of ideas, but also needs the development of material capacities, and even needs the development of hard power, to generate a political projection in line with the growing challenges of the competitive pressures for global power; All of which is articulated and can be understood respectively from the fields of economy and defense respectively, for which it is necessary to first recognize some central elements that would operate in the medium and short term addressed in this subtopic.

Medium and short term: material capacities and world order

As part of the international political competition, the new China deployed several processes that, in general terms, allowed it to project itself at the economic-productive level and strengthen its power.

- 1.- The construction of a heavy industry during the Mao period.
- 2.- Thanks to the Reform and Opening up process, at first, China was able to take advantage of Foreign Direct Investment (FDI) within its special zones, which served as the backbone to generate large volumes of accumulation that were internalized economically and territorially – as in other Southeast Asian countries (Medeiros 1997), in addition to taking advantage of technology transfer as the beginning of the industrial technical catch up.
- 3.- The banking order in the eighties, in a kind of banking Big Bang that gave rise is the emergence of four large banks, including commercial and public policy (Naughton

⁸ Author, interview, april 2017.

2007), which allowed the aforementioned accumulation and gigantic internal savings generated, in addition to boosting the internal economy, can be projected internationally.

Which has been materialized since 1999, when the “Go Out” policy or “global going strategy” is projected to use financial surpluses, but also productive surpluses (material capacities and labor force); which also through trade, Chinese FDI and financing, allows not only to increase own accumulation; but also and especially in the last two cases, ensure the capture given the growing Chinese demand for strategic resources such as oil, of which China already became a net importer in 1993 (Ibid.); but, also to strengthen the association with other states to reinforce its projection at the level of international institutions.

- 4.-The transfer of the “Made in China” model to the “Created in China” model since 2006, thus supporting sectors that are intensive in technology and innovation (Wu 2006); from which a rapid take-off begins to make China a power at this level for the next decade.

All these elements will also be related to the challenges within the WO, at the strategic level (which includes the field of security and defense), and which, of course, corresponds to the interests at the level of constructive material capabilities and political projection.

Rings of interest oriented to safety

China has been building perspectives on rings of interest oriented to security (multidimensional concept), but not necessarily understood, only as military defense. Thus, reproducing the perspective of *Tiānxià*, there is a perspective of concentric rings, whose centrality resembles those that surround the forbidden city in Beijing (Qin 2007; Brown 2017).

From a realistic perspective guided by the North American IR paradigm:

For Yuan (Peng), China’s contemporary diplomacy is best viewed as operating across three rings: an ‘inner ring’ related to Beijing’s relations with its 14 direct neighbors; a ‘middle ring’ that encompasses Beijing’s relations with nations within East Asia, Southeast Asia, South Asia, the Middle East and the Pacific; and an ‘outer ring’ encompassing Beijing’s relations with nations far beyond its geopolitical neighborhood. In this context Central Asia straddles the inner and middle ‘rings’ and holds the potential to facilitate the expansion of Chinese power and influence into the ‘outer ring’ – i.e. to the truly global level (Yuan 2013, 59-60 apud Clarke 2016, 20).

While another characterization in the same line, proposes that there would be four security rings (Nathan and Scobell 2012; Nathan 2015):

- 1.- Directly related to domestic security, including problems in Tibet; Xinjian; Hong Kong; the border with North Korea; and that of Taiwan, perhaps the most energy-intensive in China's defense planning (Nathan 2015); let us also remember that in 2012, before the assumption of Xi Jinping, 23 countries still diplomatically recognized the government of Taiwan, and that the execution of its defense terms was promoted and guaranteed by the United States⁹.
- 2.- It refers to the 9 adjacent countries; of which 5 have had wars in the past 70 years (India, Japan, Russia, South Korea, and Vietnam); and a number of states ruled by unstable regimes (Nathan y Scobell 2012, 34).
- 3.- It would consist of the politics of six geopolitical regions around China: Northeast Asia, Oceania, Continental Southeast Asia, South Asia, and Central Asia. Each of these areas would present diplomatic and security problems (Ibid.);
- 4.- The fourth would include the rest of the world such as Latin America, Africa, the Middle East, and Europe, and where, according to Nathan (2015), China would not have the capacity to secure its interests, beyond: *to secure sources of commodities, such as petroleum; to gain access to markets and investments; to get diplomatic support for isolating Taiwan and Tibet's Dalai Lama; and to recruit allies for China's positions on international norms and legal regimes (Nathan 2015, 34).*

Beyond the characterization of the 4th ring, this work understands that what would be displayed at this level, with regard to Latin America and Africa, is a projection that operates from the CSP and that can also be understood as an economic strategy: Trade, FDI, financing, and other financial mechanisms such as loans for oil (without conditions to exercise directionality in the politics and economy of the counterparts); in addition to cooperation and mechanisms of political dialogue, from which an orientation to generate attraction can be deduced; precisely because the CPP in those regions does not present strategic interests (understood as direct defense interests and/or military concern).

However, also the aforementioned regions, which could be characterized as part of the global south, would have potential for Chinese international politics, potentialities of strategic interest both in: a) level of political association in international institutions that allow it to respond to the challenges that WO imposes, such as: threats to sovereignty and territorial integrity; as well as, b) abundant resources, which beyond supporting the pro-

⁹ In addition to the delivery of funds and technical assistance by foundations and foreign governments to promote "civil society", among other activities (Nathan & Scobell, 2012).

duction field (transport and industry) are necessary for the development and/or support of material capacities oriented to the security and defense sector, including those related to the military field, as well as for others, issues such as food security, which are relevant to the material needs of the Chinese population, in a context in addition to global competition for increasingly scarce resources.

On the other hand, there are complementary responses in the geopolitical dimension, which peacefully unfold from the reform and opening up process. Since 1989 a policy characterized as the “Deng Xiaoping’s” taking a low profile has been proposed; which until the consolidation of Xi’s mandate was considered one of the “traditional principles in contemporary Chinese foreign policy” (Shi, 2014); and which, will be complemented with the establishment in 1997 of a “new concept of security” that “defended a strategic scheme contrary to military alliances and defender of cooperation mechanisms as the best means to guarantee peace and international security (Iturre 2007, 3).

Deployment and geopolitical responses

At the level of Chinese neighborhood geopolitical interests, we can point out two levels:

a) Terrestrial projection level

Where the projection is tried to solve via state-state processing and negotiation (hierarchically similar units following the Confucian matrix), and construction of regional instances. Thus, we find, for example, general principles of conflict resolution. Like the one that has occurred since the early 1950s, and during the Sino-Indian negotiations in 1953 on Tibet; when a document was agreed under the principles of: Mutual Respect for territorial integrity and sovereignty of the other; Mutual non-aggression; Mutual non-interference in the internal affairs of the other; Equality and Mutual Benefit; Peaceful Co-existence.

On the other hand, at the level of regional institutional instances, China raised to resolve controversies, for example, the Shanghai Cooperation Organization (SCO) (2001), which already had as its background the Shanghai Forum (1996-2000).

The process to culminate in the above, was given as follows

- After the disappearance of the USSR, its western section was abruptly divided into four, under the jurisdiction of different sovereignties. Although the Sino-Soviet reconciliation initiated by Gorbachev led to a negotiation table on the subject (July 1989), the new republics refused to negotiate their borders with China in the first instance. However, thanks to Russian mediation, negotiations were able to start in 1993, and

in 1996 the first summit of heads of state met to sign border agreements in the city of Shanghai (Rocha 2007).

Until that year, the forum was made up of China, Russia, Kazakhstan, Kyrgyzstan and Tajikistan, followed by Uzbekistan (2001); and by 2007, without counting the observer countries, the SCO grouped around 2.5 billion people, but adding Mongolia, India, Iran and Pakistan to the observers, the total population number of the SCO member countries came close to the 3 billion human beings (Ibid).

b) Maritime Plan and Strategic Interests:

Until the first decade of the 21st century, China was generally presented with the following problems: Need for maritime delimitation; dispute over the adjacent Islands, the Taiwan issue, and the second chain (Blue Waters Navy).

Against which, the need for a strategy to reduce tensions and project a modified proposal of sea power by Alfred Mahan (1890) was raised. Thus, contrary to this, the centrality of the Chinese proposal was based on the peaceful potentialities of trade through sea lanes, and an accompaniment of maritime power (force) of a defensive nature; but from a logic that allows peaceful co-operation in the use of the oceans (Zhou 2014).

As a corollary to this issue, it can be recognized that, until the arrival of the Xi government, the following elements were visible: China since 2010 has consolidated itself as the second largest economy on the planet; the world economic crisis of 2007-2008 had triggered the role of China as a global economic engine; and the logic of liberal globalization continued to operate.

In this context, Xi's mandate that is analyzed below cannot be characterized as a period commanded by his "exceptional agency"; rather, as a particular moment but that also dialogues with a long-term continuity at the level of ideas, which still inform contemporary China, and the return of China as an international centrality.

China in the Xi era

As a background, it is necessary to review the present continuities and the responses to the challenges within the world (dis)order that have occurred in the Xi Jinping Mandate.

At the level of ideas, with regard to how China is projected politically in its post-cultural revolution rise, an articulated line is maintained to the need to be perceived internationally as a player that does not represent the reproduction of the rise, consolidation and maintenance of power as in previous powers.

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A discursive continuity is strengthened that, from the perspective of the search for international harmony -and even incorporating the image of the “community of shared destiny for humanity” maintaining authenticity characteristics in the figure of the Junzi (here China as Junzi state)-, reconstructs the Confucian matrix, through the impulse and positioning of the CSP; which can be exemplified with two facts:

- Although soft power had already been incorporated, as a central theme, within the CPP; in the Xi term, this will be even more strongly visible as the discursive axis of his international politics; even, Wang Huning (one of the proponents of the 1st school of soft power), was appointed at the XIX Congress of the CPP (October 2017) as one of the 7 members of the Standing Committee of the CPP Politburo, the highest body of political leadership in China.
- The demonstration of support for the strengthening of the international promotion of Confucian thought, through the extension of members from other regions of the planet and the personal inauguration conferences held by the highest authorities of the party-state to the congresses of the International Confucian Association: Xi Jinping, at the fifth congress, in September 2014; and Vice President Wang Qishan in the sixth, in November 2019.

Regarding the level of rival collective images, in response to the possible deployments of global hegemony that were aimed at weakening the rise and spheres within Chinese sovereignty, and indirectly to the partner states, China proposes:

- A discourse that presents a particular and differentiated rise of past powers, with a centrality of a cooperative nature.
- At the same time, that the articulation and associativity with other states and international actors, must be attentive to the challenges of the ever-present possibility of increasing the deployment of force (military or financial) by the centrality of global power, since the CPP is aware that the world powers are informed from the realistic matrixes of the IR.

Under the Xi mandate, China also strengthens the deployment of international projection that processes its interests through trade, FDI, financing and credit, cooperation and political dialogue.

In the first 3 cases, these are leveraged on the existing logic of economic operation in liberal globalization; taking advantage of higher profits and accumulation of wealth generated by the growing productive and technological capacity that is materialized by the

activity of the commerce sector (and balancing balances with the counterparts according to the logic of political interest); as well as, directing enormous accumulated amounts for their global projection that, in the case of IDE and credit especially, are deployed with the states that are of interest to them due to: a) the level of strategic resources, b) their position or location (in the geopolitical sense) for the mobilization of these resources, c) their technical scientific potential and, d) their convergence in the interest to strengthen the premise of sovereignty in international institutions.

In addition, at the level of cooperation and political dialogue, in this period the Chinese peculiarities that try to overcome the command logic deployed by the Western powers are also strengthened.

In the first case, this will continue to be given outside the international cooperation institutions, since the meaning of the term cooperation for China is not based on

“The official definition of the Development Assistance Committee (CAD)...the PRC rather involves a complex mix of non-concessional loans, export credits, humanitarian aid, infrastructure projects, economic investments and technical assistance in the fields of health, education and agriculture” (Erthal & De Souza 2013, 72).

In the field of political dialogue, in this period, in addition to bilateral relations, it is also based on two general planes

- The one that operates within the institutions related to the WO post World war II, and those related to the order of liberal globalization.
- The one that operates within new institutions and forums that are being generated both in other regions, such as those that will be formed from bi-regional initiatives or from the international deployment of Chinese interests.

The foregoing is in line with the maintenance of the type of associative relationship with non-aligned or developing countries, already present – but of a different stamp in Mao’s thought; where it also operates from a logic of economic strategy, which, at the institution level, is aimed at strengthening post-World War II institutions that contain cooperative characteristics and are functional to the liberal economic elements that were favorable to its take off.

Here, it should be noted that although the economic strategy with developing countries, while operating in general terms under the profitability logic present in the liberal economic discourse; it also contains elements oriented to the assurance of strategic resources, for which long-term trust and relationship scenarios are generated; the possibility of cooper-

ating avoid the external restriction of the partner countries (which is taxed on the previous point), and the non-intervention to direct the political-economic projects of the partner countries; which again strengthen the relationship and allows it to generate legitimacy and strengthen its role as an emerging leader in the face of the interests of partner countries, especially among those that are oriented to expand their sovereignty spaces.

Thus, there is a continuity of the strengthening of the consolidation of the Chinese economy that operates efficiently within the liberal-style globalization, while in a good part of the Xi mandate (even before the inauguration of President Trump in the United States), the low profile perception; given the power and effectiveness of the deepening of the projection of its global going, which generates in addition to the accumulation of wealth, greater international political weight and consolidates and increasingly sophisticated productive and commercial leadership in the technological field, with the consequences that this implies in the development of capacities in terms of security and defense.

With the consolidation of the reemergence of China and the potentiality of the projection of the Chinese IRs and the consequent accumulation of material capacities; the need to strengthen hard power is also strengthened, taking into account the acceleration of competitive pressures for global power as of the world crisis of 2007-2008. In this scenario, and in parallel following Brown (2017), it is possible to recognize 4 rings of diplomatic interest in China, considering its high relationship with the issue of security:

1.- Oriented by the continuity of the strategic and complex relationship with the United States

“In terms of trade, links, and ability to help or hinder, there is no more crucial partner for China. And yet, since the era of Deng Xiaoping, it has been a link afflicted by ambiguity and frustration. China has always known the folly of trying to directly confront and challenge the US. But it also wants more strategic space.... This is why, since 2013, Xi Jinping ... has described the first circle as ‘a new model of major power relations’” (Brown, 2017).

2.- It refers to the closest countries, the 14 terrestrial neighbors and its many maritime neighbors, with whom it is in dispute over marine and island territories.

3.- The European Union, and the European powers. Looking at the more than 450 billion Euros in bilateral trade in 2016, the interest is clarified; but also, the EU is important for China, more than other powers due to the enormous amount of technology transfer and intellectual property¹⁰ (Ibid.).

¹⁰ And, the reform and opening-up would not have been successful without automotive, computer manufacturing and train technologies - in the latter case, specifically in the development of the impressive high-

4.- The fourth ring of diplomatic interest is made up of Africa and the Antarctic Circles. According to the same author “for these, the core interests are resources, investment opportunities, exploring new markets, and building alliances...” (Ibid.).

Although the challenges related to the United States are being addressed transversally, here it is worth mentioning that at the level of the neighborhood area (second ring), it should be remembered that, in this period within the framework of the SCO, there are two significant elements

- Pakistan and India are incorporated gradually, until in 2017 they are already part as full members.
- The activities between Russia and China, and the broad cooperation on economic, security and cultural issues, among others, have generated speculation about the possibility of becoming a counterweight to NATO (although this cannot be considered in the short term). Also, let us remember that in recent years China and Russia have been recognizing the complementarities related to the enormous financial resources of the former, and the enormous energy reserves of the latter, which for China are of high strategic value.

Likewise, and taking into account, the need to respond to the challenges present in the security rings, and to two of the faces of the competitive pressure generated from the global hegemon:

- The display of power with liberal globalizing discourse in the Pacific that is articulated in the tradition of the Carter doctrine and classical geopolitics;
- Followed by the resurgence of economic nationalism in the Trump administration

China is going to deploy two projections that can also be read in a geopolitical key: the first, where previous movements in the accumulation of wealth and power mediated by elements of soft power are condensed and that deploys actions that generate strengthening of the legitimacy of politics China abroad: the Belt and Road Initiative (BRI); while the second is aimed at strengthening material capacities at the level of hard power, and which are deployed especially from naval interests.

speed train network, it would not have happened without German technology (Ibid.).

Eurasian interests: the Belt and Road Initiative case

As part of the dynamics of the CPP, the BRI would be part of the generation of a centripetal force of a peaceful nature, which here is going to be deployed in the first place in its area of natural interest; later expanding on its way to the Eurasia region (through the southern and central lanes) until it reached the western end of it, to finally include Africa on the other hand. The project would thus unfold in what the English geopolitical Mackinder (1904) would call “*Rimland*”¹¹.

Here if we remember the second ring, it can be noted that This region is beset with issues left over from history, some reaching back thousands of years. Japan, Vietnam, India, Russia, North Korea - a tough neighborhood (Brown, 2017). However, the approach would be deployed and concentrated on generating legitimacy via mutual economic benefits; Thus, for example, for 2017, worldwide the invitation to more than 60 partners is based on the idea: “to think of ways of engaging more with opportunities for involvement in China and attracting Chinese investment” (Ibid.).

On this, we can find the display of interests related to attraction via the articulation of infrastructures and initiatives, commercial, investment and financial, also materialized in possibilities of infrastructure aimed at generating not only mobility but also economic growth processes (processes of creation of employment - increased demand - multiplier effect - possibility of pushing the supply and new generation of employment), and even others from the particular perspective of Chinese cooperation.

This projection unfolds at the same time through ideas, images and representations related to the CSP, which proposes as centrality in its rhetoric elements of mutual benefit and shared gains - already present in traditional Confucianism and in the ideal of the *Tiānxià* system and in the At the same time, it strategically allows a deployment that in a contemporary key would be oriented towards the return of a Chinese centrality, but understanding the need to build institutional instances that allow better administration and legitimacy of this initiative, such as the Asian Infrastructure Investment Bank (AIIB) founded in 2016.

It is in this context, by building institutionalization, that China tries to build legitimacy, which would be aimed at facilitating the deployment of China’s own interests, also articulated to the generation of wealth and its relationship with the increase in power, but also to related issues with its defense, all of which can be characterized - briefly - from two perspectives:

¹¹ Mackinder, H. (2004 [1904]).

1. On the one hand, the generation of such an accumulation of power —including that related to the possibility of using force— that allows to overcome threats immediately, avoiding conflict, but if it is insurmountable, overcome it with the least amount of suffering. possible, as posited by ancient Chinese military writers.
2. On the other, the possibility of containing threats by positioning oneself in spaces in a peaceful manner (the area analyzed here was traditionally seen as a necessary occupation zone for geopolitical purposes of the great Western powers).

On point 2, it is worth mentioning some continuities present in some classic geopolitical approaches:

- Mackinder¹² at the beginning of the 20th century, presents a concern for the so-called Inner Crescent, potentially at risk of being occupied by the expansion of the Pivot Area - later Hearthland - mostly territory that would correspond to Russia (see maps 1 and 2);
- Spykman, who according to Mello (1999), focuses on the Rimland as a space to be occupied and controlled, as a form of containment to Hearthland, also stating, by turning Mackinder's argument, that whoever controls the Rimland will control the center of Eurasia and therefore Eurasia, and later to the world (see map 2).

In the same sense, as early as the 1970s, Brzezinski (1997) proposed containment zones around the former USSR, specifically in three areas: the west, south and east (see map 3).

If we compare the three previous proposals, then we find a space that: a) on the one hand is geopolitically strategic, either as an area of possible expansion of a land power, as an area to be contained to control said power, or as a zone that it could generate amphibious potentialities; and, b) at the same time, said space meant a natural space of dispute between great powers.

On the other hand, when observing the BRI (see maps 4 and 5), we find that, although a correlation could be found between its geographical layout and the configurations of the inner space, the rimland and Brzezinski's proposals, at the same time, in the BRI there would be two connections that would expand the game:

- One, which is deployed territorially from China to Moscow, projecting then to Amsterdam, with which part of Hearthland would be incorporated, and also with the potential to expand towards the Iberian Peninsula; and,

¹² Mackinder, H. (1996 [1919]; 2004 [1904])

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- The other that connects by sea with Mombasa (Kenya), with the potential to reach the Mediterranean by sea.

In the case of Mombasa, it could also be projected later to the rest of the African continent in: a) its central zone — transversal central deployment in the narrowest part—, b) towards the south of the continent, and c) towards the island of Madagascar.

While, in the case of Mediterranean ports, the BRI could also project overland to Amsterdam.

However, if we compare the route of the BRI and that of the old silk road and the Arab maritime route (see map 6); there is a spatial continuity, which indicates two explanations that are not necessarily exclusive.

- The strategic importance of the places of passage (location), of material resources, which includes trade-production-wealth and at least since the middle of the 20th century, strategic resources destined not only for production and transportation, but also for security and defense (mobilization and contribution to building military capabilities)
- The geographical reality that generates a drive to different political communities to occupy this space, including modern states.

Now, resuming the proposal of the current route on the extension to Mombasa, it is worth noting a possible projection that generates a bio-oceanic connection of the African continent, which could reach Angola and be deployed by land or sea to the western countries of Africa and by therefore to the closest points between said continent and America, such as the one between the coasts of Senegal and Ponta do Seixas in the State of Paraíba, in Brazil; which would allow projecting the BRI expansion proposal towards Latin America.

The BRI proposed in the Xi mandate, to materialize, seeks articulation to the institutional field (policy coordination); While, in the field of material capabilities, these are presented in the remaining points as a continuum of the deployment of the CPP, which can be summarized in the generation of relationships:

1. Commercial: a space that since the Reform and Opening process has allowed gains and therefore wealth and accumulation of power, and with the BRI there is the possibility of increasing bilateral and bi-regional trade (with the intention of practically doubling the volume of commercial exchange) and, therefore, to increase its own benefits for China, as a possibility of attracting specific material resources; but also to political wills oriented to free trade, which gain importance, even more so since the resurgent economic nationalism of some Western powers, especially in the United States.

2. From FDI: deployed thanks to the Chinese Go Out strategy, and that can be considered towards economic gains, but also as a possibility of benefits for the parties involved and, therefore, also oriented towards the increase of political relations -Strategic and the possibility of peaceful attraction.
3. Financial deployment: space that allows the continuity of the generation of own wealth but is also oriented towards cooperation to overcome the external restriction to countries with deficits –and / or surrounded by the interests of the international financial system (IFS) commanded by the USA) -. This level has increased in the Xi period and is strongly linked to the possibility of establishing deeper political-strategic relationships than those that develop in the two previous levels and is deployed directly under the state-state relationship.

Thus, the BRI and its extensions are aimed at the possibility of generating a political articulation that in addition to ensuring a long-term relationship, at the same time can guarantee: the supply of key resources linked to the production needs of China, but especially access to products and strategic matters in terms of complex security; such as those that can be considered within the traditional scope of defense and those required to guarantee food security, for example.

Strengthening of the Maritime Projection

At this level and as a result of the pressures of competition in the Global Power, in the Xi mandate, the strengthening of naval capacities continues. Thus, for Fiori and Nozaki (2020) in the current WO, we already see the appearance of two new Poles, China and Russia “that already dispute with the United States the control of the oceans of the Asian seas, but also of the Arctic region and the Pacific Ocean itself”.

As maritime force capabilities we can review the following table

Maritime capacity of the three main powers

Equipment	US Navy	Liberation Army Navy (PLA Navy)	Russian Navy
Aircraft carrier	10	2	1
Landing vessels	9	N/D	N/D
Frigates	17	42	N/D
Cruise ships	22	N/D	5
Destroyers	62	25	13

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Submarines	72	Approx. 50	52
Nuclear submarines	54 nuclear attack submarines	8	N/D
Amphibious boats	9 amphibious assault ships	3	N/D
Observations	4 <i>Ohio</i> -class submarines stripped of nuclear missiles and modified to carry 154 Tomahawk land attack missiles	*The PLAN has grown into a true blue-water fleet.	*Inherited most of the Soviet vessels that are being modernized
		**China's first aircraft carrier, the Liaoning was commissioned into service in 2012. While the Shandong CV-17, in 2017, the first fully built in China in 2017, entered into operation in December 2019	**It has announced the construction of 6 new multi-purpose and nuclear aircraft carriers, starting in 2023, or 23000E, named after Shtorm.
		*** The next aircraft carrier, type 002, is also projected (no date confirmed)	

Source: nationalinterest.org; br.sputniknews.com 2020; Fiori & Nozaki 2020; Infobae.com 2019

Own elaboration

In addition, it should be noted that the Chinese naval power, in the Xi era, concentrates on strengthening positions described by Brown's second ring. Thus, coinciding with the beginning of its mandate, in 2013, China began to build artificial islands (Spratly and Paracelsus), in a position that is crucial for international maritime trade and has large

reserves of strategic natural resources; and which is also of interest to Malaysia, Vietnam, Taiwan, the Philippines and Brunei, (Fiori and Nozaki 2020); political units that in some cases are articulated with North American interests. Interests that have been increasing their degree of concern, since they start from the perception that:

- At least since 2018 China was “capable of controlling the South China Sea in all scenarios short of war with the United States.” According to U.S. Navy Admiral Philip Davidson, a candidate to become Commander, U.S. Pacific Command (CRS 2020, 38)
- For “January 18, 2020, press report quotes James Kraska of the Naval War College as stating that“... China has escalation dominance, because it has the power to deter any US turn towards escalation. The US is outmatched in all of the scenarios ”(Ibid, 29)
- China’s naval power already represents a real threat to North American troops from the South Pacific, particularly in the Taiwan Strait (Fiori and Nozaki 2020).

But China is also going to project itself on the maritime areas adjacent to the IFR in Southeast Asia, such as the Strait of Malacca and the South China Sea where 64% of maritime trade currently covers and 16 million barrels of oil flow through day, most of it to China (Ibid.)

In addition to the above spaces, the other maritime straits (belonging to the Eurasian Rimland area), especially the Strait of Hormuz and the Suez Canal, are also extremely important for China and global power, which can be incorporated into China’s maritime strategic interest. in the coming years, even more so when they are located in spaces located in the area of influence of the BRI deployment.

However, beyond the scenarios mentioned so far, as a space for long-term continuity and the strategic needs of the new China that correspond to respond to the Xi Jinping government, there is a new challenge in the WO that triggers even more the competitive pressures for global power, and that has arisen since the resumption of North American economic nationalism from the Trump administration.

The conjuncture of competitive pressure from the Trump administration

The competitive pressure triggered in this sub-period is expressed epidermally and in general terms in the commercial conflict; which could be interpreted rather as the mask of a deeper competition linked to the possibility of maintaining / disrupting the global status quo. Point, which could also be interpreted from the perspective that historically, the leader of the system under intense competitive pressures that could disrupt the hegemony that ensures the means of reproduction of his power and wealth, promotes the dis-config-

uration of the created (dis) order by himself; as can be seen from the statements of José Luis Fiori (2004; 2009)

In this sense, the trade conflict proposed by the United States against the Chinese economy, in the last two years, is going to appear in areas related to competition for technology and the 5G¹³ market, and the consequent applications related to the developments of the artificial intelligence; competence in Information and Communication Technologies (ICTs); field of scientific and technological patents, and the use and development and innovation around big data etc.; all themes whose accelerated development shoots up in coincidence with in the Xi era.

The elements mentioned affect the field of material capacities: production - trade - accumulation - investment - finance; security and defense capabilities; and the ability to materialize the strategic objectives of the political projection of the states - that is, in the concrete form of materialization of the relationship between power and wealth. Here, especially in the 5G case, there would be a relative advantage China, which from a realistic perspective “opens a fissure for competition between states and capitals, industrial systems, with development possibilities for surveillance and warfare (Majerowicz 2019)

In this scenario, the North American pressure accelerates what was already present, since according to Fiori and Nozaki (2020) “the world was already under pressure from two great forces or long-term international trends, and highly corrosive: that of “systemic saturation” and that of “ethical fragmentation” on a global scale ”.

Regarding the first, it can be noted that the type of global competition proposed by the leader of the system to maintain the space that allows the privileged reproduction of the accumulation of wealth-power (compared to functionalized states, or perceived as current or future competitors) already they have been indicated in relation to material capacities. However, there are other spaces that allow maintaining-expanding-building hegemony: institutions and their relationship with the field of ideas, especially with that specific one, referring to collective images (Cox, 1993) that allow the construction of blocks to maintain or change the development model (images that would operate in the medium and short term).

On this level, it can be noted that from the leader of the system, reconsiderations have been generated about world regimes and international institutions generated as means of

¹³ As Majerowicz (2019) puts it, this is imminent. 5G It is the fifth generation of wireless communication systems. “By enabling the network” intelligence “of the productive and urban fabric and the domestic sphere, 5G will promote new, deep and diffuse sources of data production ... The renewal of the global telecommunications infrastructure will make possible, on the one hand, the deepening and extension of the contemporary international surveillance systems of the great powers, opening space for the redefinition of their borders; on the other hand, this renovation will consummate the status of critical civil infrastructure as a central objective in all calculations and military strategies” (Ibid., 19).

administration of the then called *pax americana*¹⁴ (Cox, 1993), which results: on the one hand , in threats and even cut off funding to the agency by the US, or its withdrawal (for example UNESCO and withdrawal from the UN Human Rights Council in June 2018, and recently from the WHO); and on the other: a replica. where China assumes the leadership space or the amounts of those funds.

Now, the scenario becomes more complex because it is not the first time that the global leader disrupts institutional spaces and agreements that he promoted as a means of managing his global power in a legitimate way, such as in the case of the Bretton Woods agreements and with it the intermediation for interstate negotiation for world monetary and financial stability, for example; However, from which, both in the early 1970s and even more so in the early 1980s, the US had the ability to align European and Japanese partners-potential competitors to the flexible dollar system. that finally allowed it to generate a command power in the international economy, fully functional to the needs of accumulation, financing and change of the production model, while financing its own deficit and trade imbalances (Tavares, 1985; Torres, 2015).

Complementarily, we can argue that, despite the ascending presence of the strong player (China), still the command power of the flexible dollar system and other accumulated capacities of the global leader (USA), allow it to maintain a privileged position within the system; to which is added its enormous capacity for reinvention, such as in the case of the resumption of its hegemony in the 80's (Tavares, 1985) after some turbulent 70s that even reached several analysts to foresee the beginning of its decline (e.g. Arrighi, 1999).

For these reasons, there is still a huge challenge for rising players, and which is also reproduced in the Trump administration; and that presents a fundamental challenge for the rise in China's position in Global power: the Financial issue. For this, the Xi government should find mechanisms that allow it to expand its means of payments (since the flexible dollar does not have these restrictions); And it is here, when a question arises about the financial potential of China for a plan that generates recovery of the functional elements of liberal globalization (the best scenario for the Chinese interest), and the potential of mechanisms to expand financing capacity. like the e-Rmb - still in test-.

Finally, it should be noted that based on long-term-oriented strategic analysis; by the need to maintain order (from a perspective informed by Chinese tradition) in times of increasing crisis and threats; and by the extensive challenges generated by the acceleration by the global competition deployed from the leader of the system, the USA, and which coincides with the Xi period; The party-state that commands the Chinese civilization state found the need to extend the mandate of Xi Jinping, beyond explanations that are based

¹⁴ That could be characterized from its post-World War II rise to the departure of the dollar-gold standard

on a mere agency of the actors; Since, as can be observed in this work, the actors-agents themselves are also traversed by the very long-lasting structures of the Chinese civilization state, and by the structural historical challenges that are condensed from the medium term and go through the relatively fleeting conjunctures.

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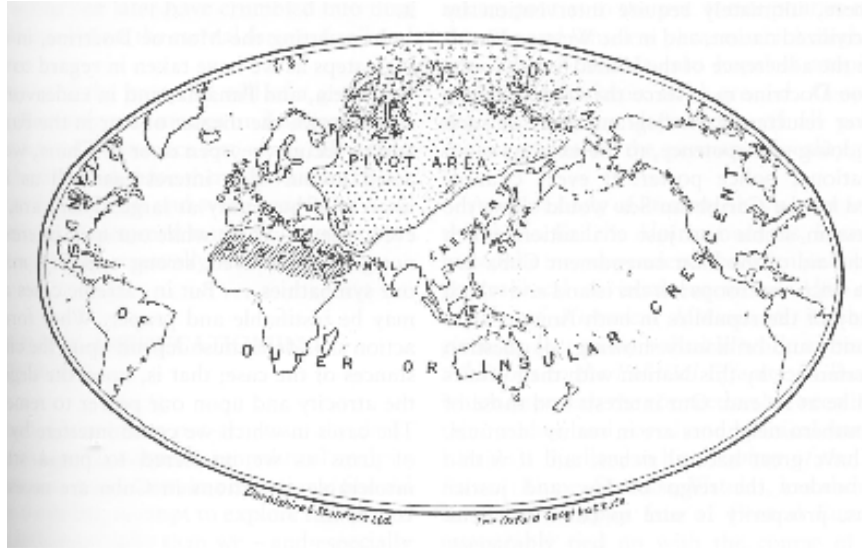
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ANNEXES

Map 1. The “natural seats of power” (Mackinder 1904).



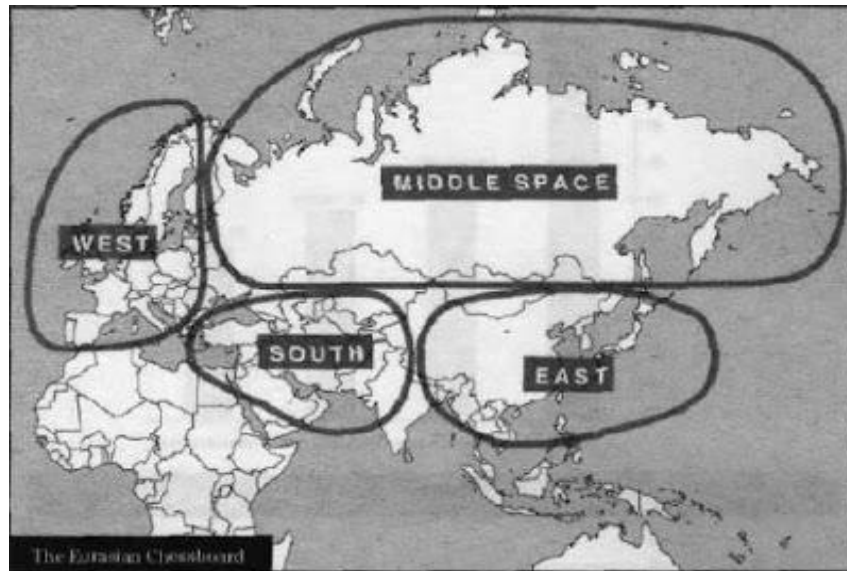
Fuente:

www2.johnabbott.qc.ca/webpages/departments/geoscience/ppn/Geopolitics/sld007.html



Source: <https://vijeshjain.files.wordpress.com/2011/08/picture1.jpg>

Map 3. Eurasian board



Source: www.resumenlatinoamericano.org/2017/05/22/franja-y-ruta-de-la-seda-nuevos-sen-deros-de-la-globalizacion-mercantilista/

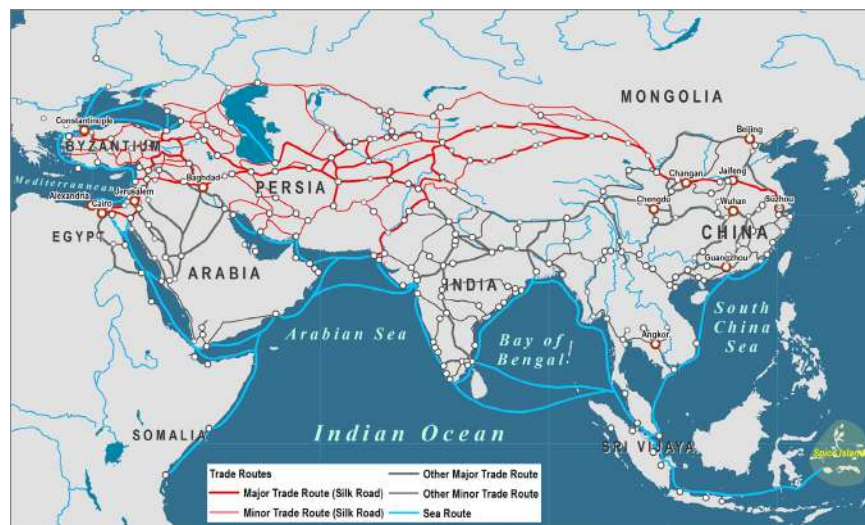
1. CHINESE GLOBAL PROJECTION

Map 5. IBR route



Source: <https://silkroad-adventures.com/silk-road-history/>

Map 6. The Silk Road and Arab Sea Routes (11th and 12th Centuries)



Source: https://transportgeography.org/?page_id=1048

Chapter 2

The Party And The Leader: From The Yan ´ An Spirit To The Chinese Dream

Francisco Javier Haro Navejas

Abstract

This chapter is about how Xi Jinping, president of the People´s Republic of China (China and/or Beijing) and General Secretary of the Communist Party of China (CPC), has shaped it to access to and remain in charge of the executive power and extend his stay in the presidency.

Its starting point is an explanation of the meaning and historical place of the Yan ´ an Spirit and the Chinese Dream as means to understand how Mao Zedong and Xi took control of the party to implement their ideas and actions. Also, with a description of the origin of the party, I do offer an instrumental concept of what the party is. Next, I state my theoretical approach as the gate to depict some of the dominant academic narratives on the subject and object of the study of these pages.

Before explaining Xi´s actions, I describe some features of the CPC and describe how the political role of the party has evolved under the leadership of Xi Jinping. The depiction will provide the evidence to analyse the political process around the CPC and its future, which will set the framework to debate about its prospects. Readers will find an analysis of the context where the Chinese president fought for power and achievements.

Key words: *violence, institutions, leaders, and contexts.*

Yan ´ an is a multidimensional idea

In the framework of this chapter, where the focus is not on that period or its policies, the Spirit of Yan ´ an refers to a lapse, 1938-1944, when Mao Zedong conquered the party leadership in the Yan ´ an Soviet area, the Communist Party of China (CPC) became Chinese not ideologically dominated by Moscow, writers-intellectuals minds were “molded” (Lee 1986), and interrelations peasants-Communists were cemented. Mao did not defeat his rivals in a full party institutional environment, like a congress.

And yet it was the beginning of a specific way to impose ideas to rivals and negotiate with followers, as well as a time of proto institutionalization. Under his leadership, the CPC, his CPC, was born and an idea of a new country began to take shape, even a new person was imagined. According to a historian's perspective (Selden 1972), most problems of this period were solved with new ways of leadership that would be a theory of that epoch named mass line. The theory that has been recovered for later Chinese leaders; Xi Jinping included.

In the context of civil war and foreign invasion, engagements of physical destruction of enemies and rivals were destroyed. Destruction, as an idea and as an achievable goal to build a new society-person almost from scratch, was a desirable outcome.

Xi Jinping's search of the Chinese Dream, above all, means materialize what every Chinese leader and many intellectuals have envisioned for decades: make China a civilizational state that would be a model for many countries (W. Zhang 2011) and a global power in the international system.

Xi's ideas and practice have been shaped in a rather different context than those of Mao. Violence, both at home and abroad is not absent, but it has institutional constraints. Xi, who was governor of Fujian, 1999-2002, faced violent actions against him and his family in the sixties. From the seventies until today, his political activities have been developed in a hybrid context of institutionalization and violence. Domestically, in his dispute for the power with Bo Xilai, there were moments of violence and the epilogue was one of institutionalism. Internationally, around several of China's international spatial limits, the government has been involved in conflicts of physical violence, the South China Sea, and India. Concurrently, Beijing tries to build international organizational power and is a member of institutions where it can maximize its profits and has obtained some defeats, for example, June 2020, at the World Trade Organization (WTO) by not being designated as a market economy. Disputes with Australia, the European Union, the United States, and Sweden have had various assorted doses of violence and institutionalization.

By mid-2020, Xi Jinping was already successful on controlling any Chinese institution. Even he has built domestic institutions, in both the government and the party. Exerting control over every non-government actor, organized or not, is complicated and hardly attainable. He enjoys formal and informal legitimacy, but mold actors' ideas or being linked with a social class as it was made in Yan'an it is not possible anymore. Chinese leaders, Mao himself, have always sought to make China a global power. Xi has had the best milieu ever and more ambition expressed in his major country diplomacy (Hu 2018).

It has to be established that the actions of the party and the relation with the leader are beyond ritualistic behavior (Miller 2016). Nonetheless, one contention of this chapter is that the CPC, as it is known today, was born in Yan'an, it does not mean it has

not changed. To understand its evolution, some of its main tasks and features will be presented below. Survival, permanence, and success of the political instrument depend on its capacity to keep alive some traditions, behaviors, activities, values, ideas, and organization.

For this chapter, the CPC is a tool to gain power, attack, and defeat enemies, as well as to spread the word of its leader and be the actor in charge of continuing political traditions. It is an institution that has struggled for its place in Chinese society. In the middle of the crisis around the COVID-19 pandemic, the political organization has many challenges, its links with at grassroots level seems to be its main challenge (The Economist 2020).

Constructing academic narratives

Since the inception of modern political science studies, just not long after the Second World War, there have been efforts to understand the central role that ideas play in societal changes (Moore Jr 1950). This long-standing social sciences problem is more pressing regarding China, where it has said that reforms have been carried out by pragmatists, meaning people without ideology and almost absence of ideas. What is not a historical trait of Chinese leaders, past or present.

From my theoretical approach (Haro & Tapia, 2019), elites, armed with organizational instruments of action, conduct their policies based on three pillars: ideas, institutions, and interests. These tools-variables work at the same time-space. Sometimes in different tracks, some other times intertwined. There is a fourth pillar, political-economic actors that, provided with old ideas they pursue their interests inside institutions. It could be that interests make them create new ideas and institutions. It also could be that institutions help actors to craft new ideas to identify interests. Actors perform according to and in specific historical frameworks. This approach does not foresee any implosion or explosion, neither of the CPC nor the political system. This chapter does not offer a political path that Chinese politicians or citizens should follow. It is just an attempt to understand them “on their own terms” (Lampton 2014).

In this chapter, we have an actor, the leader searching to control an institution, the party; to make it to embrace his ideas, as presented in speeches and reports. If he is successful in controlling the party and making it implement his ideas, he and his faction will be able to satisfy their interests, which may or may not coincide to different degrees with those of the people.

It has to be established that even when I consider that the party is a vital component of the state apparatus, they are not the same kind of organization both have their logic in the way they work (S. Zheng 1997). More important, their aims and tasks are different.

The CPC has been rescued many times by some of its leaders, and some others have tried to destroy it. There have been hard moments in the history of the party. Before 1949, the most difficult year was in 1927, when the GMD looked for the physical extermination of communist militants. After taking the power, the CPC faced its worst situation when Mao himself, looking for recovering his place as the only leader inside the organization, with no specific goals and questioning the political establishment, did trigger a political movement (Harding 2011), the Great Cultural Proletarian Revolution (GPCR), that almost made the party disappear.

The social movement that revolved around Tian'anmen, 1989, led the CPC to one crisis that seemed to announce its death. The party structure was not able to put an end to the growing disputes between inner factions. Worst, it was not capable to offer a solution to the social aspirations and demands. It was the decision of a leader and the action of the People's Liberation Army (PLA) that violently put an end to the mobilization of different social actors.

The disputes did not end. Quite the opposite, without social pressure, they grew stronger. Now the pressure was inside the ranks of the party, they were preparing to dispute the possession of total power after the death of Deng Xiaoping, February 1997. This topic was on the agenda of the political factions since at least 1994 (Fewsmith 2011).

The CCP has navigated between "atrophy and adaptation" (Shambaugh 2009), learning from other experiences, mainly from the former Soviet Union. It has faced and attempted to overcome historical handicaps, such as corruption, ill-trained cadres, lack of debate and discipline, renovation of leaderships. There is a perspective (Zhang and McGhee 2017) that explores the influence of feudalism. According to this, it has led to bureaucratism and formalism. Chinese society, especially in the party, would prefer a tandem formed by virtuocracy and loyalty over meritocracy. Another perspective (Heath 2014) explains that the party structures suitable to drive the economic growth for more than 20 years, were not suited for new challenges and many problems appeared, such as corruption and lack of incentives at the grassroots level, announcing the end of the revolution.

Contrary to the analysis of most academic experts, who consider that Xi has become the most powerful Chinese politician, almost as powerful as Mao Zedong, there is a contribution (Cheng 2016) that expresses that the President and General Secretary of the party has a prevailing role, but there are institutional constraints that contain him and they are those emanated from the collective leadership. It not only has not disappeared, but it has evolved. Similarly, political, and culturally exists the analysis (W. Zhang 2016) that prompts a specific way to see the CPC. It is not analyzed as a tool of power or an instrument of political control on society, it has quite other qualities. The party is a tool to exercise political power as a holistic interest party, It does not represent a single group

interest, but those of all the people. From the opposite ideological corner (Lam 2018), the CPC is seen as the “most powerful political organization on earth” that its main task is the preservation and not change.

Xi Jinping: (auto)constructing a leader

Xi Jinping’s biography may have been one of a regular Chinese child of his time. He was born in Beijing in June 1953. It means that, at the beginning of the GPCR, he was about to be 13 years old. As a teenager living in the capital, it was feasible that he could be part of the mobilizations, marches, meetings, conflicts, and some of the many expressions of the Maoist political frenzy between 1966 and 1969.

He was not a regular person. His present augured a forthcoming life without material or political problems. His future, since year one, was strongly oriented by party politics and the political position that his father, Xi Zhongxun, could occupy in the political system. Xi senior, born in 1913, in rural Shaanxi, was 20 years younger than Mao Zedong. At the young age of 13, he was accepted member of the Communist Youth League. Two years later, while in prison, he became a member of the CPC. For a short time, he was part of the Nationalist army and, to escape from them, led a rebellion, which allowed him to rejoin the Communists military forces and became an important leader in the Shaanxi–Gansu (Shaangan) Border Region Soviet Area and after the victory his role was significant.

He was part of the top ranks, capable of management, especially managing human resources. First, at the end of the thirties and beginnings of the forties, he got close to Mao Zedong, then to Peng Dehuai, and finally to Zhou Enlai. Sometimes, Xi acted as Premier on Zhou’s behalf.

At the beginning of the sixties, the opportunities his son had been plenty as a student in the Beijing 101 Middle School, located in the Haidian district, home of universities such as Beida and Qinghua. However, like any other leader, even those belonging to the Central Committee like his father, had his future linked to Mao’s will. Xi Zhongxun was one of the first victims of the plot armed by Kang Sheng (Dikötter 2016), Chinese Lavrenti Veria, that paved the way to the GPCR. Xi was purged.

Xi senior was sent to jail and his son to work in the countryside, where he began making a political career of his own as a party young leader. However, he did not endure his material situation and escape to Beijing, where he was captured and sent back to a rural area. Thanks to Zhou Enlai, the situation of the family changed. Because of his help, Xi’s family got reunited. Xi senior was rehabilitated at the Third Plenary Session of the 11th CPC Central Committee, December 1978.

Their career was not easy. At some point in history, his father was on the right side with the victorious, which was not enough to hike up again the ladder of power. Becoming the paramount leader of China, it would take the son about four more decades. Political mobility was slow and full of enemies.

Xi Jinping political socialization was in the framework of the political establishment. He had a powerful father, information, training, and relations to understand how to negotiate and build his faction with enough aspirations and abilities to claim the power of the party.

The CPC: tasks and features

The CPC has a double transcendence.

The first one is symbolic: it is a political instrument that is the heir of the Bolshevik party, May Fourth, and Mao's tradition. Today's leadership considers itself the intellectual owner of history and its main actor. Contemporary outcomes are the product of its ideas and actions: there is a new China thanks to and because of the CPC.

The second one is instrumental. Even more accurately, it is a multitask and multipurpose organizational tool. It is the formal-institutional framework where different interest factions dispute political power. Also, it is the political and ideological guardian in literally any Chinese institution, public or private. The victory over the Guomindang (GMT, traditionally written Kuomintang-KMT) was the product of many combats, most of them military where organizational politics were nearly absent. The CPC, before and after 1949, was not managed as a political tool. It was part of the military apparatus, an organization to control masses, not to mobilize them. It is an organization to create and indoctrinate an elite, also to discipline and punish them. Furthermore, the CPC is a component of diplomacy where it is a tool to establish with political parties all over the world of almost any ideology.

The heaviest burden on the party, leaving aside the attacks of the Nationalists, was the permanent attempts of Joseph Stalin to control the Chinese Communists and impose on them his political line. All that began to change permanently around the beginning of the forties during the last century. To this day, the CPC is almost the only organization of the Chinese state that hardly influences abroad. Chinese politicians strongly defend sovereignty, but it is something they have been negotiating on regular basis. Their institutions, out of conviction and necessity, have been reshaped with foreign influence (Kent 2002), but not the party. Something similar has happened with the PLA.

The international position of China changes. The process is not one way, but it works in both directions. Chinese negotiation style, its demands, and its domestic reforms have influenced and will influence international organizations. The best example is the WTO.

First, in the long negotiation process of 14 years of China's entry into it. Second, in ways legal domestic reform could change the trade institution (Li 2016).

In its present form, as it was established at the beginning of the chapter, the party was born in Yan'an inside the political context of the Rectification Movement, 1940-1944. This party, Mao's model, was different from the one envisioned by Chen Duxiu and Li Dazhao in Shanghai two decades earlier, 1921. The assertion does not mean that it has not changed. There are many changes, like those that have sought to split it from the state and the army, its changing role in economics, the kind of political leadership. These and other policy issues have changed the party and were changed by the party. There are some key national congresses, such as the 9th, held in April 1969, that, considering purposes and failures, was the end of the GPCR, a political event that in the official narrative ended in 1976 with Mao's death. The tasks were to deal with the aftermath of the disordered political process and pave the way to his succession.

The political obituary was performed during the 11th Congress, August 1977, and it was the beginning of a sort of interregnum between Mao and the leadership of Deng Xiaoping, formally headed by Hua Guofeng, October 1976-June 1981. The 16th Congress, November 2002, was the one where the idea of the Three Represents was carved in the main documents along with the name of its creator, Jiang Zemin. Hu Jintao, maybe with less vision than Jiang and certainly with less power than Xi, had in the 17th Congress, October 2017, a stage to empower his concept of a Scientific Development that could lead to achieving a Socialist Harmonious Society.

From a larger perspective, not only the organizational one, congresses, since 1949, the changes related to the CPC have gone through four stages: first one, 1949-1965, there was a tension among an individual leader and different factions; the second one, the assault on the political elite that led to almost destroying the party, 1966-1969; third, a transitional lapse with moments of de facto multi-leadership and a hard presence of it, 1970-1981; fourth, a transition shaped a new a strong leader, Deng Xiaoping, to a sort of collective leadership with relatively weak leaders, 1982-2016; finally, a never seen before strong leader arose, 2017.

Party's stairway to the pinnacle of the Chinese power

Xi Jinping grew up in a political environment. He is what mass media calls a princeling: children of a leader of the first generation of Chinese communists and he a member of the fifth generation. He has had means and motifs to reach the top of power, partially, thanks to the CPC. Xi Jinping, since childhood, began learning about the ins and outs of behind-the-scene power.

In the long term, accessing and maintaining power requires weaving narratives for the upcoming history. This has been one of the distinguishing characteristics of Mao Zedong and the party: a utopia, a Parousia (Ci 1994). In this field, Xi Jinping has been prolific: dream, rejuvenation, a new era ... He is a “teller of stories” (Brown 2018)

For the flowers of power to flourish, there have been also physical struggles where the protagonists have risked their lives.

The now strongest leader achieved his power by defeating his political rivals, especially Bo Xilai, and making the CPC its political instrument even before becoming Hu's successor. It was a battle of two men, Bo and Xi, born and raised inside the power. Not only had knowledge, connections, and power, they had the ambition to reach political crest.

For a long time, away from Beijing, Bo was able to build a strong political and economic force to face almost any rival and seen himself as the feasible next leader of the party and country. Previously he was successful as mayor of Dalian, capital of Liaoning, 1993-2000, and then as a governor of this province, 2001-2004. Then Minister of Commerce, 2004-2007. His career ended in 2012, he was a member of the Politburo and party secretary of Chongqing. His defenestration did open the gates to Xi's entrance to the dominant leadership of the party and the presidency.

The control over the party, as well as almost every political activity, it is important at the symbolic and political levels. There are timings, rituals, and traditions. Before acting as a president, just like his successor, Hu, in November 2012, he was designated General Secretary of the CPC.

Controlling the party, it is not trivial. Leaders, at different echelons of the organization, have interests, factions, power, and connections with not few political and economic actors. CPC members mobilize material and human resources. They have built organizational instruments to maintain control of society and run powerful and independent organization from the government (Mattingly 2019). As it is possible to see with Bo Xilai, his power, as a party leader, was stronger than local government power.

A couple of weeks after the 18th Congress, November 2012 (Gang y Shuang 2012), Xi and his peers of the Standing Committee of the Political Bureau of the CPC made a public appearance at the National Museum of China. The exhibition, *The Road to Renewal*, gave him the context and the symbols to present some ideas about the Chinese Dream and the rejuvenation-revival of China.

His public appearance at the exhibition was a display of power: the strongest men of the party were with him and his speech was not of the incumbent president, but his own. It was a planned discourse not for the time being, but something foreseeing him as the next president. Xi has arrived at the congress almost as strong as Hu Jintao. He was able

to concentrate on the decision-making process and had built institutions, like a national security council and a command to deploy the PLA if necessary (Cheung 2017).

Xi ascended with ideological tools, such as the Chinese Dream and the rejuvenation of his country. He was clear about his combat against the corruption of any corrupt official. This policy was a means to amass power, therefore an instrument to weakened potent competitors (Yuen 2014). Another pillar of Xi's politics is in the international arena, where he is promoting a model that could be adopted by other countries (Economy 2018).

The 19th Congress: Xi Jinping in full charge

Combat against corruption, as a way to strengthen his power and defeat possible followers of Bo, was kept for several years after his fall. At some point (BBC 2017), security officials, Liu Shiyu made public a group of politicians that allegedly attempted to overthrow Xi from power. It was just at the same time as the 19th Congress, October 2017. This event was transcendental in Xi's search for total control of the party. Nothing better to show his strength than to present powerful enemies completely defeated.

In the ideological realm, Xi delivered his most important political speech to that date (Xi 2017). His starting point is to establish that the goal is to work tirelessly to achieve the Chinese Dream of National Rejuvenation. The main group of ideas, his contribution to the ideological pantheon of Chinese communist politics, where he, as the General Secretary, established some points about the Thought on Socialism with Chinese Characteristics for a New Era: accomplish socialist modernization and national rejuvenation, promoting human development and prosperity for everybody is a goal, his proposal fosters confidence in socialism with Chinese characteristics: path, theory, system, and culture

If at the end of 2012, not even being the President, Xi took organizational control of the party and imposing his ideas on it, in the 19th Congress was the place where he made the dominant political elite embrace his theoretical input that from then on and to the end of times will be imprinted on every major document of the party:

The Thought on Socialism with Chinese Characteristics for a New Era builds on and further enriches Marxism-Leninism, Mao Zedong Thought, Deng Xiaoping Theory, the Theory of Three Represents, and the Scientific Outlook on Development (Xi, 2017).

As any Chinese report to the party, it is hardly different from every government report. The person presenting the report to the party or the National People's Congress (NPC) is the same person and some leaders are in both institutions. However, the first one is essentially politically oriented, it is designated to perform political action. It is not technical at

all. Even when it is expected allegiance to the party from everybody, not all of them belong to it and their place and responsibilities in the political system are not the same.

According to the report, the party is the leader in every field. Its leadership is based on a specific interpretation of history, the place the CPC has played in every historic process, and what happened since 1838. People create history and the future of the party and the country depends on them; however, in the end, the political elite has to organize and encourage the people to follow the CPC.

Reports offer a glimpse of the leader's aspirations, his yearning to see his name arm to arm with that of Mao Zedong. But what lies deeper is a written expression of changes already in progress. It is illustrative of the 16th Congress where the dominant concept was the Three Represents that brought social classes back to economics from a positive perspective (Y. Zheng 2006). Like those of its predecessors, Xi's report is a layered message delivered to many recipients.

What can be superficially seen as a mere group of empty words, it is a set of ideas that have given and gives legitimacy to the party. His report is a complex political line that militants must follow. At an ideological level, the Chinese leadership feels at ease talking about democracy. The word is mentioned almost 40 times in the report related to the society and the party, even he says that democracy is a people's demand. Expressly, Xi stresses that they develop a consultative democracy. At a material, pragmatic level, his report, that was made on behalf of the 18th Congress, sends a multiple meaning message: enemies are defeated, arrangements between factions have been reached, and he is the paramount leader.

Xi has built his power defeating his rivals, sometimes in campaigns against corruption (Feng 2016). Also, he has promoted the mass line and consultative processes as a means of engaging with the population (Dickson 2016). He has been able to act on every political front and has not hesitated when it has been necessary to not only face his opponents but attack them. Xi has proven himself capable of using any means at his hand, mobilizing every legal institution and the official media.

If we study Deng Xiaoping's political career, mainly after 1978, it is possible to see that holding posts means no real power. He had no official positions and yet concentrated power until the very end of his life. Even Mao Zedong was not fond of being in charge of executive power, which did not prevent him from being the power in China. On the opposite side, Hua Guofeng, from 19765 to 1981, holds the strongest positions in the country, and yet he was the weakest Chinese politician after 1949.

Xi Jinping has power and positions. He holds several political positions (Chan 2017). Since November 2012, he is the General Secretary of the Central Committee of the CPC; from around the same date, took office as a Chairman of the Central Military Commission;

before ascending to the presidency, began running to groups to be in charge of international affairs as Leader of the Central Leading Group for Foreign Affairs and Leader of the Central Group for Taiwan Affairs; in March, 2013, he became president of China; later that year, he began being the Leader of the Central Group for Comprehensively Deepening Reform; as an antagonist institution of the American National Security Council, China has the Central National Commission whose chairman is Xi and began working in April 2014; founded also in 2014, the Central Leading Group for Internet Security and Information in charge of internet security is headed by him; he worked on military changes in 2014 and 2015 as a Leader of the Central Leading Group for National Defense and Military Reform of the Central Military Commission; he leads the Central Leading Group for Financial and Economic Affairs, it exists since 1992; in military affairs Xi is the Commander-in-chief of the Joint Battle of the PLA and Chairman of the Central Commission for Integrated Military and Civilian Development.

Amending the Constitution: timeless power

To fully understand the political weight of the leader inside the political system, I present the major amendments of the Constitution of the PRC. Instead of presenting those changes made on the party documents, I have chosen that option because it will permit the readers to see two political elements: how the decision-making process works and the place of different actors inside the system.

Chinese high-ranking cadres negotiate his ideas in the framework of small and informal groups, then present their ideas as thoughts or theories to the wider public in a speech in a politically significant event, then it reaches the public through media, and finally, it gets stamped in official documents both from the CPC and the State. It can be in both executive and legislative powers documents.

That has been the road followed by all relevant changes.

Before the Constitution was amended in the NPC, for an unknown time, Xi moved his pieces. Imposition and negotiation threaten, and promises, sometimes mixed, were made to conduct a successful process for extending time limits to serve as president: from four years and two terms to administrations with no time limits.

China has had two constitutions. In 1954 the new regime finally took constitutional form and in 1982 a rupture with the so-called radicalism of Mao Zedong took place.

The 1982 Constitution has been amended at least ten times. Main amendments have been (Xinhua/China Daily 2017):

- The 14th Congress, October 1992, included two of Deng Xiaoping's ideas building socialism with Chinese characteristics and one center, two basic points.

- In September 1997, the 15th, NPC congress persons rewrote the legal text and put together Deng Xiaoping with Mao Zedong and Karl Marx with his idea of building socialism with Chinese characteristics.
- In November 2002, during the 16th NPC Congress, Jiang Zemin made the congresspersons incorporate his proposal of the Three Represents.
- Hu Jintao, compared with both Jiang Zemin and Xi Jinping, was a minor protagonist and a weak politician, during the 17th Congress, October 2007, added the approach of the Scientific Outlook on Development.
- Five years later, in the 18th Congress, November 2012, wrote a paragraph adopting Marxism - Leninism, Mao Zedong Thought, Deng Xiaoping Theory, the Three Represents and the Scientific Outlook on Development as the party's action guideline. The idea of an ecological civilization development was added.
- At the most recent congress (S. Zheng 1997), the 19th, October 2017, the new element was the idea of the current president: Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era. As well as the idea of the rejuvenation of the nation.

Today, regarding political-ideological amendments, the Chinese Constitution appears in the following form. Not changing the bold font of the source, I recover this long paragraph because it is a synthesis of almost four decades of political changes. It is a picture of the groups and their leaders; it is the legal outcome of political fights inside the party and the state:

Under the leadership of the Communist Party of China and the guidance of Marxism-Leninism, Mao Zedong Thought, Deng Xiaoping Theory, the important thought of Three Represents, **the Scientific Outlook on Development, and Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era**, the Chinese people of all ethnicities will continue to adhere to the people's democratic dictatorship and the socialist road, persevere in reform and opening to the outside world, steadily improve socialist institutions, develop the socialist market economy, develop socialist democracy, improve the socialist **rule of law, apply a new vision of development**, and work hard and self-reliantly to modernize the country's industry, agriculture, national defense, and science and technology step by step, to promote the coordinated development of the material, political, spiritual, **social, and ecological** civilizations, to turn China into a **strong modern** socialist country that is prosperous, democratic, culturally advanced, **harmonious, and beautiful, and to realize the great rejuvenation for the Chinese nation.**" (National People's Congress 2018).

Before going any further, it must be stated that the constitution has suffered many kinds of changes, those depicted above. As transcendent as the political features, have been those related to property and use of land. However, this chapter deals with politics, the relation leaders, and the party; therefore, those changes are not considered here.

The changes presented here followed the pattern explained previously: leader-small group, leader-speech in a political event, media, and official-legal documents. In the process, the CPC appears like an intermediary, part of the political machinery. The party and its elite polish and spread the discourse of the leader and became the tool to convince-force other actors to embrace some ideas and transform in the constitutional text.

By a way of reflection: The future is not an omen written on an oracular bone or a constitution

Facts: Xi Jinping, the benevolent Xi Dada, defeated every visible and dangerous enemy. He, doctored in Marxism, feels comfortable quoting and explaining Confucius, is the paramount leader. Xi, that has had almost every important position in the bureaucracy, created new institutions, existing offices were not enough to run. He is the President of the republic and the General Secretary of the party, but also he is in charge of humble offices devoted to the internet that in the Chinese environment are becoming transcendent. Compared with Mao, who had Zhou Enlai as his expert on international affairs, Xi has been more successful in becoming a global leader. Fond of reading and showing everybody how great a reader he is, Xi has demonstrated he is a constructor of discourses and stories.

Xi Jinping is a continuator of the political traditions of his predecessors: he behaves similarly, respects, and strengthens their discourse, but he has also improved, strengthened, and changed it. Although he is weakening some aspects such as the temporary limitation of the presidency. His contributions are that his ideas y policies aim to guarantee the prevailing social status quo. Furthermore, it ensures the dominance of the elite and its political instrument, the party. This institution will continue to be the essential tool to dominate, but also to resolve differences between political factions within an institutional framework. This will be more stable thanks to a strong political referee with great power they have as a General Secretary.

The great difference between the dominant elite led by Mao and the current one is that the first elite mobilized and confronted the masses among themselves, but also with their leaders, who in turn were also encouraged to fight each other. The elite led by Xi, who descends from Peng Dehuai, Deng Xiaoping, Jiang Zemin, and others, is a staunch enemy of mass mobilization. It is a market advocate and citizen political participation outside the framework of the state and the party distress it. History and its results, whether or not

embodied in rules and laws, is not a straight line, nor is it a cycle. It has been built based on interpretations of the past and the relations of force between warring factions.

The future of the party and China is shaped by the actions of society, but also by the ideas-institutions of the leaders and their intellectuals who, with new narratives, rebuild the party and the country. Mao was born and lived in times full of violence and lack of institutionalization. As a leader, he relied on political activities outside institutions to make them and their leaders serve him. He did not hesitate to weaken organizations to have power.

Xi, without shying away from informal struggles and negotiations, tends to seek institutionalization as a means of both achieving and maintaining power. In addition to the different levels of institutionalization, the state of the Chinese economy and its place in the world, the global context, until now, allows forecasting, although the uncertainty, without being the same, is not less.

The forecast, based on available information and his interpretation, has been key for Xi to seek and achieve the maximum possible power, especially the extension of the presidential mandate. Internally, centrifugal forces, both inside and outside the party, pushed to rise instability. Externally, along with the desire for more power, Beijing increases the number of rivals and enemies, sometimes deliberately. The sequels of the Coronavirus-19 pandemic are yet to be seen; it is too soon to be analyzed related to the issues of this chapter.

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Chapter 3

Xi's foreign policy, from Chinese Dream to Community of Common Destiny: speech, strategies and institutions

Raquel León de la Rosa and Emilio Calderón Mora

Abstract

The next chapter reviews the transformation of Chinese foreign policy after the arrival of Xi Jinping. During these years, President Xi's speech has focused on the construction of the Chinese Dream, from the interior of the country through the eradication of poverty, as an example to the world about the functionality of the Chinese development strategy. This has allowed the creation of strategy and institutions that ensure the positioning of China as a global power and at the same time strengthen the discourse of the construction of the Community of Common Destiny.

Keywords: *Chinese foreign policy, Chinese Dream, Community of Common Destiny.*

Introduction

Nowadays, China develops a strategic role on international politics. The idea of a peaceful rise has been overtaken by the prominence of China in international forums and in the design of institutions with global impact. The long-term planning of Chinese domestic politics and its impact on foreign policy, together with the key events in the international economy of the 21st century have led to China closing the international positioning gap with the United States, resulting in a multipolar world determined by two powers of global impact.

This scene is nurtured with the figure of one of the most powerful men of the beginning of this century, Xi Jinping. Within the history of the People's Republic of China (PRC), Xi is emerging as one of the most important leaders, alongside Mao Zedong and Deng Xiaoping. While Mao laid the ideological and political foundations within, Deng the reform towards openness, Xi embodies Chinese leadership within the empty spaces of power and institutional failures within the international system inherited from the end of the Cold War.

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To understand Xi's leadership, it is important to highlight two important points: first, the lineage to which Xi Jinping belongs, and second, the transformation of his mandate. In the first point, the Xi Jinping is a kind of heir to the Chinese revolution led by Mao, due to the role played by his father in this whole process. Therefore, his background with the revolution starting from his life in Shaanxi and his work in the internationalization process of China by being the government representative for the 2008 Beijing Olympics are solid foundations towards building a very strong image. within the history of the Chinese leaders. Added to this is the fact that Xi assumes the general secretariat of the PCC and the presidency of China at a time when the country had already shown muscle at the international level in the face of the crisis of 2008. Although the previous leaders from Deng to Hu They had created proposals and theses, a thought had not been developed as a directive of the party, and therefore of the Chinese government. David Shambaugh defines Xi as "a genuinely tough ruler and strong leader- just what many believe China needed after the eight lost years of drift under his predecessor Hu Jintao. Xi exudes self-conviction and personal confidence" (2016, p. 118).

Given this, this chapter seeks to give an approximation to the understanding of the Chinese position from the arrival of Xi Jinping as leader of the Chinese Communist Party (CCP) and president of the PRC, this through discourse and the creation of institutions from the inside out. outside, starting from the construction of the Chinese Dream as a development model in the first part of Xi's mandate, and how in the second part of his mandate, this discourse has allowed the consolidation of strategies and institutions abroad through the idea of the Community of Common Destiny.

To address this issue, it is proposed to insert the concepts of discourse, strategies and institutions into Chinese foreign policy. This to understand the prominence of discourse and pragmatism, as a mechanism of legitimacy and positioning in the Chinese political structure from the inside to the outside. The second section describes in a general way the foundations and construction of Xi Jinping's foreign policy, who has redefined Chinese institutions through a new communism with Chinese characteristics for the 21st century. This as a preamble to the analysis of what the Chinese Dream is. To describe this part, the Chinese Dream is proposed as a first phase within this country of development, legitimacy and empowerment of the figure of Xi, as the father of 21st century China. In a following section, the triumph of the Chinese Dream within China and its internationalization process are rescued through speeches and specific actions that have resulted in the promotion of the Chinese development model under the idea of the Common Destination Community. Finally, some conclusions regarding the process and the future of this positioning strategy are presented.

Understanding Chinese Foreign Policy through basic concepts (speech, strategies and institutions)

Over the years, Chinese foreign policy has been built on a systemic and hierarchical dynamic. It is said that it is systemic since it evolves and feeds back from inputs and outcomes, where the internal conditions of political structures have generated a series of discourses, strategies and institutions that generate an impact on international politics and, in turn, The effects of these actions and the changes within the international system feed back into Chinese politics. On the other hand, it is hierarchical because the most important Chinese structure is the CCP, the actor that determines the government of the PRC. Therefore, the CCP-PRC relationship allows a rigid and hierarchical structure that conditions the internal and external politics of this country. However, despite mentioning feedback from outside, it should be noted that the structure evolves without jeopardizing the legitimacy of the CCP.

The result of this dynamic is the construction of its foreign policy based on three elements: international status quo, the loss of influence of Marxism-Leninism and a traditional conception of sovereignty, and four pillars: the maintenance of territorial integrity, being recognized by the international community as the only Chinese government, to promote the economic development of the country and increase its prestige at the international level (Ríos, 2005).

At the same time, it seems that the evolution of this historical dynamic has led the PRC's strategies abroad to consolidate these three elements and four pillars. This is how the 21st century and the leadership figure of Xi Jinping make sense in this global positioning. However, as mentioned, it is important to highlight the concepts of discourse, strategy and institutions within politics and international relations.

Within diplomacy, speech plays a critical point, since being of a social nature its main role is to be able to achieve a goal through conviction. The discourse must be understood from three approaches: "the formalist identifies it with any enunciation superior to the sentence; that of communication, where the subject of the enunciation elaborates its language with a view to an addressee; and the sociological approach, which is linked to its social practice" (Galindo cited in Concepción Montiel, 2010). On the other hand, Torfing (1998) rescues two exponents of postmodernism, which are Derrida and Foucault, to emphasize that the discourse must be analyzed from the context-dependent and historical, since it recognizes the importance of subjectivity at the time of interpretation of the same and the way in which it is legitimized through institutions.

Therefore, through this dynamic, the speech will have the following characteristics according to its objective and interpretation:

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- It is an instrument of social power and domination.
- Create a sense of identity with society.
- It is the result of the relations of force that exist in social reality.
- It generates political argumentation through an ideological weight.

As a result of this is the importance of political language and its impact at the social level, and, therefore, its impact within international relations. According to Edelman, it mainly has four characteristics:

The political language that describes the political reality has the following characteristics: 1) It is ambiguous but one presents a critical facet, 2) It generates and reinforces beliefs about who are allies and who is enemies, creates a show that encompasses aspects of a certain problem or crisis, 3) It has very little influence on the well-being of the people, but benefits on the legitimization of the regimes, 4) It is reconstructive with the past, evokes the present with unobservables and potentially looks at the future (Edelman quoted in Concepción Montiel, 2010, p .24).

It is important to rescue each of these characteristics mentioned above, since in the Chinese case they are important to achieve internal and external legitimacy. The conjunction of these elements allows us to speak of a strategy by the Chinese government in the way in which it builds and develops a strategy. Given this, it is important to define what a strategy is. Great strategy means:

An overarching strategy summarizing the national vision for developing, applying, and coordinating all the instruments of national power in order to accomplish the grand strategic objectives, viz., Preserve national security; bolster national economic prosperity; and promote national values. Grand Strategy may be stated or implied (U.S. Army War College, 2004, p. 158).

This traditional definition identifies three key elements for Chinese foreign policy: security, economy and promotion of values. However, currently, the Chinese economy and positioning through foreign investment, allow complementing this idea of grand strategy with the role of the economic and an element that China is a power today. The importance of technological innovation has created bases towards the consolidation and / or increase of the status quo of this actor within the international or regional system (Mearsheimer in Roberts, 2013). This point summarizes an aspect of utmost importance for the countries in the 21st century, since technological innovation is vital in the current international agenda and China is present on this issue.

One way to materialize this strategy is the way in which China creates institutions inside and outside its territory, generating a greater degree of legitimacy in international politics. To theorize this aspect, the concept of institution is rescued from the constructivist approach within International Relations. Within constructivism, it is important to point out the difference between institution and norm. In the case of the first, it is defined as “a relatively stable collection of practices and rules that define appropriate behavior for a specific group of actors in specific situations” (March & Olsen, 1989). Therefore, the particularity that the institution will have with respect to the norm will be that the institution generates structure and interrelation, while the norm only refers to behavior. At the same time, the standard is identified as guidelines for conduct or action endorsed by society, classified into two. The former constitutes the actors, that is, they impact on identity, and the latter are regulatory, ordering or prohibiting behavior (Santa Cruz, 2013). From this relationship, it is understood that “the international structure is determined by the distribution of ideas, which in turn endows the world with structure, order and stability” (Finnemore & Sikkink, 1998, p. 894). At the same time, within this dynamic between norm and actors, such as the State, the practices of the actors can modify the norms and, in turn, the structure of the system (Santa Cruz, 2013). The result is the “life cycle” proposed by them - emergence, acceptance and internationalization-, and the way in which this becomes a factor of “balance” of the international structure (Finnemore et al. 1998; 2001).

Therefore, for the case study, it is of utmost importance to rescue the discourse and the institutions as elements within the Chinese strategy for its positioning at the international level and, also, as two key elements within its foreign policy.

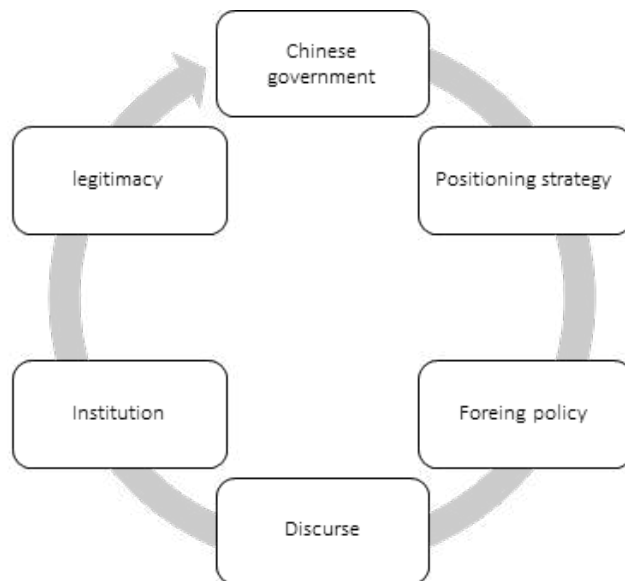
These elements have been investigated within the studies of China, there are works that emphasize the importance of understanding China and its discourse on the international scene, since the interaction or the increase of activities between China and some regions of the world, not they ensure a full understanding. Similarly, clear patterns, strategies are identified, depending on the public, and how over time it has been perfected (Creutzfeldt, 2018).

The result of this is visualized with diagram 1, where the relationship between these four elements is shown: strategy, foreign policy, discourse and institution. The diagram cyclically determines the evolution of the construction of Chinese foreign policy, where the main actor is the Chinese government, which generates a positioning strategy. It should be noted that this positioning strategy, most of the times is designed to create an internal and external policy agenda in the search for the same results, which is legitimacy. Therefore, foreign policy is used as a channel for the first step towards the materialization of this strategy. From there, in a second moment it begins to socialize with the rest of the actors within the international system, already through positioning in State visits and / or inter-

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national or regional forums where the Head of State participates, to later be reaffirmed by the entire Chinese cabinet and diplomatic corps, as a kind of re-senders of the message worldwide. This generates the life cycle mentioned by Finnemore & Sikkink, to make way for the construction of institutions, which in turn give structure to the international system. In this case, this type of Chinese behavior has been visible since President Xi's early years. It is worth mentioning that from the Chinese opening to Hu Jintao, it was limited to the discourse because the conditions for greater prominence were not fully developed, such as the Chinese positioning at an economic level and the loss of spaces by the United States. The result of this is the Chinese ability to propose institutions within the international system and move towards new governance dynamics on crucial issues on the international agenda. As a last step, the creation of these institutions and their implementation allow the Chinese government to strengthen its foreign policy pillars, mainly by creating an image of legitimacy inside and outside China.

Figure 1. Construction of Chinese foreign policy in the 21st century.



Source: Own elaborated.

These concepts identify the relevance of studying the evolution of foreign policy, where discourse has always been a key element and that now, with changes in the international system and within China, this State has the ability to create institutions, a characteristic element of Xi Jinping's mandate. Taking care of these conceptual elements, the current context of foreign policy is rescued with the objective that the analysis is achieved in the last part of the chapter.

Building Xi's foreign policy

Within the continuity of Chinese foreign policy, the arrival of Xi Jinping to the government of China has left important points. First, it is important to review the evolution of his mandate and understand the correlation between domestic and foreign policy in China, thanks to its political system.

In the case of the evolution of his mandate, the first period of Xi's government was emphasized in proposing a series of reforms that would resolve the main issue on China's agenda, the sustainability of the Chinese growth model, which for the years of 2014 as of 2015 it was beginning to create a slowdown below 6.7%. Therefore, a set of economic reforms was established to boost the Chinese economy in the face of the middle-income trap and its implications on the legitimacy of Xi's mandate and the structure of the PCC, as axes of Chinese policy. All this, in order to keep the Chinese parastatals that were beginning to behave unhealthy for the Chinese economy, for which they were referred to as zombies. So, these reforms were mainly focused on combating four aspects: eliminate excess capacity; reduce costs (for companies); reduces excess housing stocks; and (iv) contain financial risks, resulting in 250 reforms (Brødsgaard & Rutten, 2017). The establishment of all these strategies was accompanied by an important point, which could be considered the first phase of Xi's mandate, which are the moments prior to the 19th party congress in October, 2017, where the PCC polburo China's future and Xi's succession. Therefore, these first five years of mandate are the establishment of the foundations towards the construction of Xi's legacy through a strategy of internal and external impact towards legitimacy called China to "grow strong" (强起□ qiang qilai), which in turn is reflected in the discourse of the new era where the creation of the "Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era" - into the party constitution (Stanzel, Doyon, Holbig, Mittelstaedt, & Sautin, 2017). Resulting - institution, the constitutional reform of the indefinite term in March 2018, at the National People's Congress.

This is how Xi has managed to give a stamp with constitutional impact in China, which puts him at the height of Mao Zedong. The emergence of Xiism with the idea of the new era is based on the idea of "socialism with Chinese peculiarities in the new era", where Xi highlights fourteen perseverances from the party towards other Chinese institutions. Within these fourteen points, which rescues the idea of strengthening the party as the most important institution in the Chinese structure and for development within the country. At the same time, there are elements within these points related to sensitive issues, such as reunification with respect to Taiwan and the principle of "one country, two systems" with respect to its Special Administration Regions. In the part related to foreign policy, point thirteen mentions the idea of "a community of common destiny with hu-

mankind” based on a peaceful international environment and a stable international order (Xinhuanet, 2017).

There is a debate on the relevance of the existence of “xiism”, according to Ríos “a priori, its main virtue is the accurate apprehension of the moment the country is experiencing, the identification of its challenges and opportunities and the expression of a firm will to take advantage of the historical moment”(2018, p. 24). Under this perception, there is debate about how Xi’s leadership may or may not leave a mark on the history of China and even the world. Beyond the constitutional reform of 2018, an important point is how China reaches two key moments in the future: 2035 and 2050, as the two dates for the completion of Chinese modernization, dates that are linked to both. following sections. It should be noted that the year 2020 is a decisive year at this point for Xi, because simultaneously, as well as COVID19 infections in China, the news of the fight against poverty was released, where a 300-day program. According to the Xinhua agency, there is the following plan: “By the end of this year, China will have lifted about 100 million people out of poverty, 10 years ahead of the goals set in the United Nations 2030 Agenda for Sustainable Development to end global poverty by 2030”(Xinhuanet, 2020). This is a very important point in the way in which China uses strategies and discourses for its internal and external legitimacy, which is why the internal and international Post-COVID19 agenda is decisive in “xiism”.

Throughout the term of President Xi, there is a continuity in the speech and even during the first years a continuity in the way in which the main axes of Chinese foreign policy were disseminated. Figure 2 shows the platforms for the dissemination of Chinese discourse towards the materialization of Chinese institutions in the region and globally. In an annual dynamic, there is a key starting point for the launch of the strategy, which is the national congress of the Chinese Communist Party, which is held in the month of October, from there the dissemination of the speech begins with a series of forums as it is: APEC in November, Davos Forum at the beginning of the year and Boao Forum in March, as the permanent venues where President Xi has participated most of the time. In this case, internally there is a moment when the discourse is reinforced internally with the National People’s Congress in March of each year. Without neglecting alternative forums or spaces that may occur throughout the year, such as: BRICS Forum, Belt and Road Forum, United Nations General Assembly or regional forums, that is, China with Africa, Latin America, etc.. It should be noted that the economic issue has been the one that has led Xi Jinping’s China, where globalization, cooperation and development are concepts that President Xi emphasizes in his speeches in these spaces, creating a global position that legitimizes this Chinese space on the international agenda in the face of changes in the United States and the trade war that these two countries are experiencing.

Figure 2. Chinese foreign policy annual discursive spaces.



Source: Own elaborated.

This annual dynamic has allowed the continuity of the discourse and the materialization of institutions such as: the Asian Bank for Infrastructure Investment (AIIB), the Belt and Road Initiative (BRI), and the Regional Comprehensive Economic Partnership (RCEP). If we review the process in which each of these institutions has been created, we can identify a process of continuous discourse in which Figures 1 and 2 can be mixed to understand the evolution towards the generation and implementation of each of them. In this case, the guideline arises from the instances of the party and then begins to disperse, a forum that has always been key to this process is the APEC, since 2014 it has been the scene where these three institutions have been discussed and formalized, as Marc Lan-teigne points out:

...the AIBB suggested that China is becoming more comfortable with developing new economic organizations which do not necessarily include the West... In addition to the AIIB plans, at the landmark summit of the APEC forum in Beijing in November 2014, President Xi promoted the revival of a Free Trade Area of the Asia Pacific (FTAAP)... it was at the same APEC summit that President Xi suggested the “Asia Pacific Dream” for the region to match the China Dream... Beijing, however, has spearheaded another potential cross-Pacific free trade regime, the RCEP (2020, p. 45).

Similarly, at this 2014 meeting, an amount of 100 billion dollars in infrastructure was announced for the BRI. Since then in the case of APEC, the meetings from 2014 to

2018 have been important in Xi's speech to strengthen BRI beyond the initial proposal, achieving greater formalization with the establishment of the BRI Forum. This forum had its first realization in 2017 and its second in 2019. This type of strategies to institutionalize the BRI have even served to make the same strategy transparent, which is one of the most important to materialize by the Xi government. On the eve of the second forum, the American think tank Center for Strategic & International Studies CSIS defined this forum as:

President Xi Jinping will welcome leaders from 37 countries and delegates from over 150 countries at the second Belt and Road forum in Beijing. Chinese officials aim to use the gathering to help repair the Belt and Road Initiative's (BRI) brand—which scandals have tarnished since the first forum in May 2017—but promises for reform will require further monitoring and scrutiny (Goodman & Hillman, 2020).

In this perception of the BRI Forum, we identified its evolutionary process through the annual discursive dynamics of Chinese foreign policy, since the search for transparency and even the increase in participating countries, since in the first forum 29 representations attended, increasing for the second forum.

As mentioned, all these strategies and institutions have a common thread at the discursive level, the proposal of this chapter is to delimit it into two discursive phases: the first, the Chinese Dream and the second, Community of Common Destiny. Each one will be explained below.

First stage: Chinese Dream based on infrastructure for development

Before defining what the Chinese Dream is, it is important to rescue some concepts within Chinese history that mark key points to understand where China is going in the 21st century. Chinese progress is linked to the concept of Shengshi Zhongguo 盛世中国, which refers to the flourishing age. Although recent Chinese leaders have appealed to return to historical and philosophical aspects to explain the way in which China shows itself to the world today, there are doubts about whether China is really experiencing a new stage of shengshi. Wenhsin Yeh notes that:

The country, in its own reasoning, is building a society of 'socialist xiaokang'. This term requires translation into Western social science terminology. It also implicates any descriptive analysis in the teleology of progress. Shengshi, by contrast, predates socialism as a Chinese idea and is relatively free of ideological underpinnings. The talk of shengshi however sets off regional as well as global alarms of the resurgence of China as a daguo hó (big country): the

place it had traditionally reserved for itself in the days of tributary empires and Confucian civilization (Yeh, 2011).

Within this debate, a point that is rescued is the idea of China as a large country, which has to do with sinocentrism. Similarly, the concept of “society of socialist *xiaokang*” has been taken up by Xi Jinping in the Chinese dream. In Xi’s book “The Governance of China”, the structure of the book focuses on explaining the Chinese dream.

In the first part, it explains in the following way what is socialism with Chinese characteristics:

... is pure socialism and nothing else. The basic principles of scientific socialism must not be abandoned; otherwise it is not socialism. What doctrine a country may choose is based on whether it can resolve the historical problems that confront the country. Both history and reality have shown us that only socialism can save China and only socialism with Chinese characteristics can bring development to China. This conclusion is the result of historical exploration, and the choice of the people (Xi, 2014, p. 24).

This quote from Xi is the basic foundation of the first phase of his mandate, since to build his discourse towards the institutionalization and legitimization of the Chinese dream, he rescues the ideological basis of the party and its predecessors to justify the need to institutionalize the Chinese process towards the ideal of the great country. In the same way, the historical allusion of the Chinese traumas from the Opium War to the “rejuvenation of the Chinese nation” and the greatness of the CPC, which in 2021 will celebrate a centennial of its foundation, is constantly used.

In his early speeches, Xi defines the Chinese dream as:

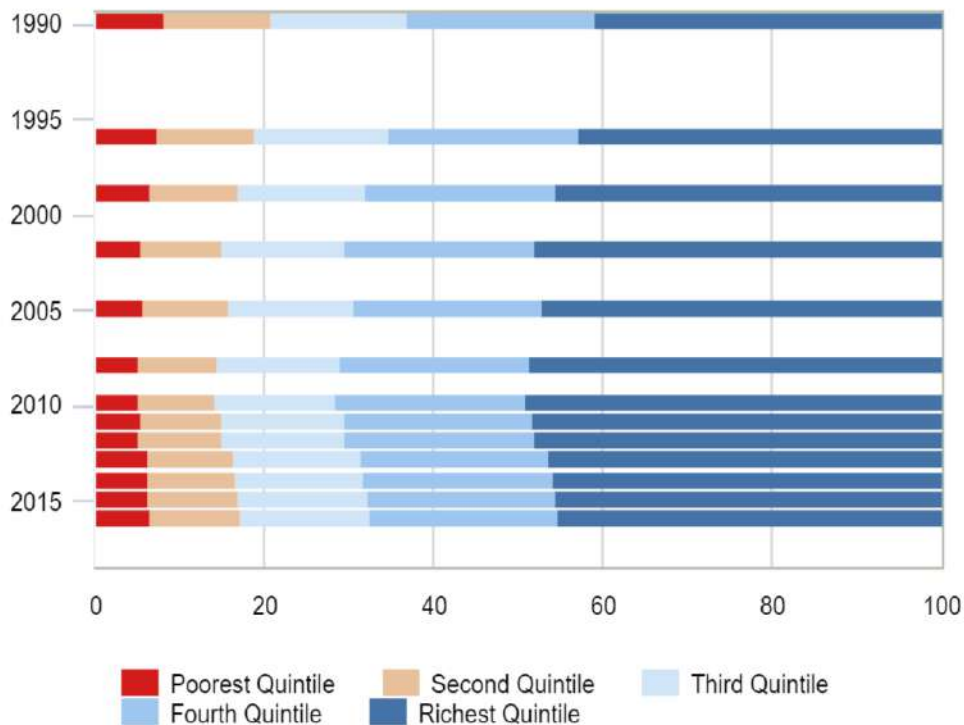
Everyone has an ideal, ambition and dream. We are now all talking about the Chinese Dream. In my opinion, achieving the rejuvenation of the Chinese nation has been the greatest dream of the Chinese people since the advent of modern times. This dream embodies this long-cherished hope of several generations of the Chinese people, gives expression to the overall interest of the Chinese nation and the Chinese people, and represents the shared aspiration of all the sons and daughters of the Chinese nation.

As mentioned, the foundation of the Chinese dream speech, which is released in 2012, focuses on the Chinese people. Therefore, this is where the bond is built and the idea of “society of socialist *xiaokang*” is strengthened, where the growth of the Chinese middle class is a fundamental aspect for the materialization of the Chinese dream.

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Today, the Chinese middle class has grown considerably. This phenomenon has been related to the annual income of the growing middle class, ranging from \$ 6,000 to \$ 25,000 USD. On the other hand, for 2016 this group represented 60% of the urban population (Song & Cui, 2009). As a result, Xi Jinping has used the slogan of the Chinese dream as a strategy to legitimize the Chinese model against globalization. This has been strengthened with the “New Normal” as an axis of the 13th. Five-year plan. The “New Normal” is a socioeconomic plan to implement fundamental reforms to ensure long-term sustainability (Huang, 2015). Some of these axes are related to population, the improvement of people’s quality of life, towards the construction of a “modestly affluent society” (Magnier, 2015).

Figure 3. Distribution of income or consumption by quintile in China 1990- 2015.



Source: World Bank, 2020.

Therefore, if the discourse emphasized by these concepts is rescued: “society of socialist xiaokang” and “New Normal” are the basis of the Chinese dream to determine the basis of this first phase, which is Chinese economic development. For the first phase of Xi’s mandate, poverty was found in the following numbers: 0.7% 2015 and 0.5% 2016 of

the population based on poverty headcount ratio at \$ 1.90 a day (2011 PPP) (World Bank, 2020). This is reflected in Figure 3, which presents the distribution of wealth by quintile within Chinese society. As observed, despite the reduction in wealth in the first data on the percentage of the population, the BRICS phenomenon also made evident the inequitable distribution of wealth in China, as an effect of the disparity between east and west within from China. This is visualized in the behavior of the poorest quintile between 2005 and 2014, whose trend was the reduction. Therefore, one of the great challenges at the internal level for the first part of Xi's mandate was how to reduce the gap between East and West China?

Therefore economic development became the backbone of Xi's politics, reinforcing the concept of the dream as ideal in Chinese society that was accessible to most Chinese, regardless of their place of residence. Although the Chinese dream, which Xi shows in his book, reveals a comprehensive strategy within Chinese institutions, that is, from the essence of the party as the axis to the different points of impact on the lives of Chinese citizens in identity reconstruction Through a social, political, economic and cultural reengineering based on the great historical traumas of imperial China and the first nationalist movements, it is interesting how this redefinition of Greater China was designed with an impact not only on discourse, but also in the way in which the Chinese could insert into their daily lives the greatness of the Chinese bonanza through the abundance and access of goods and services.

In this development vision, a key point is infrastructure. Understanding the internal process that the Chinese dream requires to initially be an internal public policy strategy and then project beyond the Chinese border, requires identifying the concept of infrastructure as a key element since Xi's mandate for the materialization, identifying the difference between hard infrastructure and soft infrastructure. In this regard, Michael A. Peters points out the following:

The notion of hard infrastructure has also a parallel application in relation to soft infrastructure by which I mean digitally enabled cultural forms that allows new forms of cultural interaction and diffusion, interculturalism, education and dialogue... The term infrastructure and the mode of development- infrastructuralism- that the capacity to develop interconnectivities between material infrastructures and cultural superstructures, and to protect borderless "natural structures" as part of the whole (Peters, 2020, p 110).

Although since its opening, China has undergone a major transformation in the creation of new urban centers. One of the points with which it links to the Chinese dream is connectivity, where the new Chinese champions, who are the Chinese companies of

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technological innovation, have managed to position themselves inside and outside China. Identifying these companies as part of the soft infrastructure within the strategy. One of the examples lies in portability and telecommunications, where China has made a breakthrough: till 2018 about 59.6 percent of the Chinese population had used the internet and the number of smartphone users in China reached around 713 million (Statista, 2020). With respect to the internet, this service has a double profile in China. During Xi's tenure, a transformation of the internet in China is identified:

In the years before Xi became president in 2012, the internet had begun to afford the Chinese people an unprecedented level of transparency and power to communicate... For Xi Jinping, however, there is no distinction between the virtual world and the real world: both should reflect the same political values, ideals, and standards... To maintain his "Chinanet", Xi seems willing to accept the costs in terms of economic development, creative expression, government credibility, and the development of civil society... In spring 2015, Beijing launched the Great Cannon. Unlike the Great Firewall, which has the capacity to block traffic as it enters or exits China, the Great Cannon is able to adjust and replace content as it travels around the internet. For the international community, Beijing's cyber-policy is a sign of the challenge that a more powerful China presents to the liberal world order, which prioritises values such as freedom of speech. It also reflects the paradox inherent in China's efforts to promote itself as a champion of globalization, while simultaneously advocating a model of internet sovereignty and closing its cyber-world to information and investment from abroad (Economy, 2018).

In these lines Elizabeth C. Economy reflects the identity building strategy oriented towards legitimacy that is the internet in China. However, the most visible element within the Chinese dream is not this, since it falls on the hard infrastructure. The Chinese dream has its maximum reflection on the connectivity linked to transport, mainly the process of modernizing rail mobility within China. This process begins since 2004, however, its peak moment was experienced during the first years of the Xi government, with very specific actions for 2012, as shown in the following table.

Table 1. Modernization of the Chinese railway sector from 2008 to 2012.

Actions or results
In 2008, 68 new projects were started to lay 11,306 km of railway lines (goods and passengers).
At the end of 2008 there were 18,437 locomotives in China, of which 6,305 were electric.

At the end of 2009, the length of China's railway network was 86,000 km. In 2012 it was increased to 110,000 km.

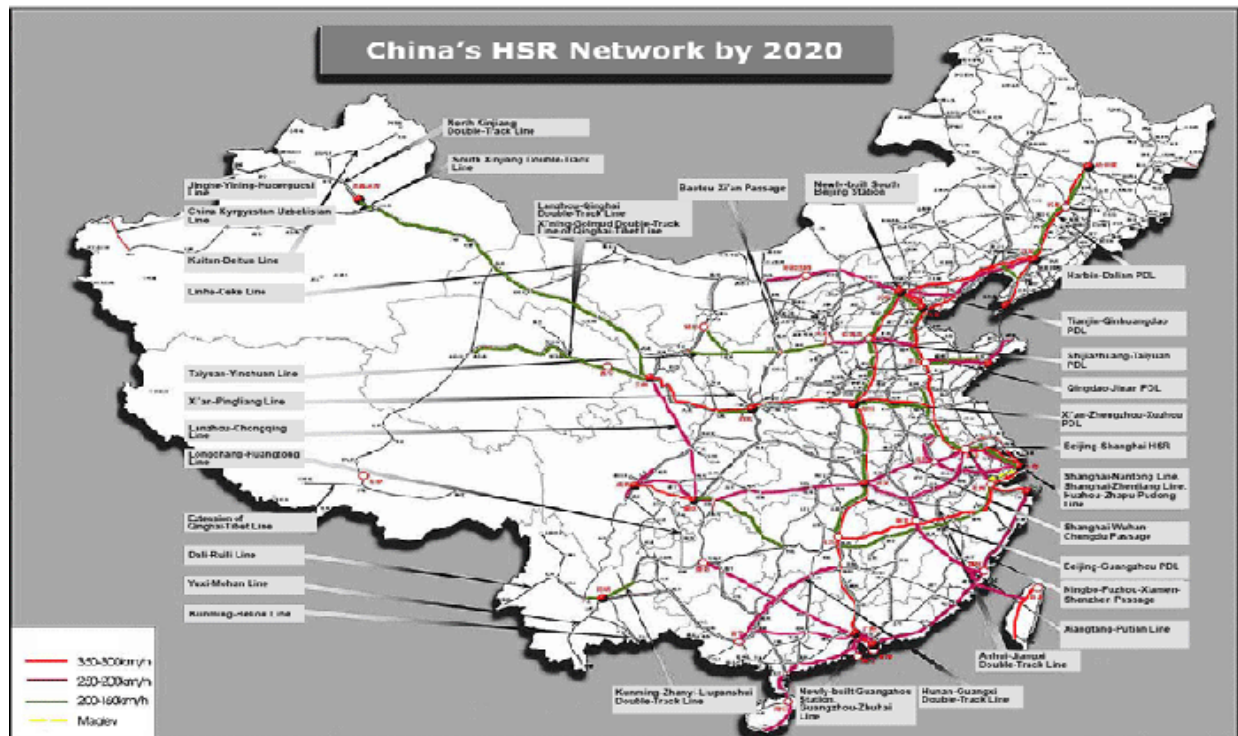
Routes of more than 400 km distance at a speed of 350km / h.

Collaboration between government, foreign companies and universities (Tsing-Hua University, North China University for Electric Power, Tianjin University, Jiaotong University of Shanghai and Chongqing University) for the generation of electric railway infrastructure.

Source: Félon, et al, 2010; website ABB.

The result of this modernization is observed in the following figure, which shows the map of China and the high-speed railways, where this network concentrates 19,300 km of tracks with more than 30 lines.

Figura 4. China's high-speed railways by 2020.



Source: Zhang & Ji, 2015.

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This increase in hard infrastructure in China is part of the experimental process of the new free trade zones and, at the same time, of the modernization of some, such as the Shanghai-Pudong Free Trade Zone. These areas are part of Xi's vision regarding the development and sustainability of the Chinese economic growth model:

We must continue to deepen reform and openness, further intensify propulsion through innovation, and make healthy and sustained economic development, social harmony and stability a reality ... seek to achieve remarkable progress in structural adjustment, expand national demand while stabilizing external demand, intensify the readjustment and updating of the sectoral structure of the economy... launch concrete reform measures in a timely manner... The world economy continues to be mired in instability and uncertainty. In contrast, the growth of the Asian economy shows great vitality (Xi, 2014, p. 140-142).

The result for the Shanghai-Pudong case resulted in the creation of infrastructure in four sectors (Wang, 2014):

- Financial center in Lujiazui.
- Air logistics infrastructure.
- Port infrastructure.
- High-tech manufacturing cluster.

With everything mentioned in this section, it is understood how from an internal aspect, which was the generation of infrastructure and the search for the “society of socialist *xiaokang*”, it leads to a Chinese greatness not only towards the interior, but also towards abroad and with this changes the way of Chinese positioning within the international scene. In Xi's words, “the Chinese dream will Benefit not only the people of China, but also of other countries” (2014, p. 61). This vision allows us to determine that the Chinese dream is a strategy of historical vindication of China as a central actor, a role that was minimized after the Opium Wars, breaking the idea that “the empire lived absorbed within the Great Wall. China will never close its doors abroad again” (Ríos, 2018, p. 32).

Therefore, this section gives us an overview of how a general legitimation strategy through a very clear discourse, which is the concept of the Chinese dream, in a first phase focuses on the convergence of the Chinese rise itself and the internal challenges that this involved. The context in which Xi comes to power in China has allowed him to insert his thinking into the highest institution and maintain legitimacy.

Second stage: Community of Common Destiny

The consolidation of the idea of the Chinese dream within China gave way to its internationalization process. Before landing this point, it is important to rescue the background to this moment. An important aspect of 21st century Chinese foreign policy has been Chinese cooperation. In this sense, the beginning of the century and the Chinese rise allowed the consolidation of the Chinese leadership in what Mao called the “third world”. Chinese progress in the world was noticeable not only through the demand for natural resources, but also through Chinese cooperation in southern countries. The first decade of the 21st century allowed China to lead South-South cooperation in African, Southeast Asian and Latin American countries, mainly; leaving the debate on the “Beijing Consensus” or Chinese neocolonialism in the academy.

Therefore, this aspect of Chinese cooperation in the world, as action, is one of the elements that precedes and legitimizes the idea of Xi’s community of common destiny. The other element that becomes indispensable are the five principles of peaceful coexistence:

1. mutual respect for sovereignty and territorial integrity,
2. mutual non-aggression,
3. non-interference in the internal affairs of other countries,
4. equality and mutual benefit,
5. and peaceful coexistence.

The conjunction of these two aspects founded prior to the arrival of Xi Jinping to the Chinese government has allowed us to enter a new phase within the Chinese dream. As mentioned at the end of the previous section, there is a relationship between the Chinese dream and the community of common destiny, since the visualization of some results of the Chinese dream within China has led to the Chinese rise as a global impact power at the global economic level, but at the same time it gains spaces of power in the face of the American context and the failures of institutions within the international system. It can be mentioned that, beyond ideological aspects, from the Chinese opening to the arrival of Xi Jinping, the Chinese apparatus knew the rules of the game in international politics in depth and now with that know-how leaves its passive role to assume from his perception his “responsibilities” with the world.

At the discursive level, one of the key issues on the international agenda is poverty, a topic on which there are objectives promoted by the United Nations towards the 2030 agenda. Although China is part of these institutions, it is through the idea of poverty that It takes its main responsibility with the Chinese people and with the rest of the world’s inhabitants, which is the fight towards the eradication of poverty. As it has been expressed in

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previous lines, the year 2020 is decisive for China with this issue, since it has proposed to end poverty in this country. In this sense, the most recent action taken is the 2020 fund for poverty alleviation with more than 139 billion yuan, destined for specific areas such as: the Tibet Autonomous Region, the Uygur Autonomous Region of Xinjiang and the provinces of Sichuan, Qinghai, Gansu, and Yunnan (Xinhuanet, 2020). This goal of eliminating poverty in China is a kind of final test toward fully legitimizing the viability of the export of the Chinese dream, which in other words is the Chinese development model.

It is important to point out that although this chapter speaks of two phases, it is not an aspect that falls in time but in the space in which each one is built. Given this, the internationalization of the Chinese dream began to speak in 2013, it could even be said that it began with the announcement of the launch of the One Belt, One Road in Kazakhstan, where the star project was the train that connects Yiwu with Madrid and its possible ramifications. This discourse began to be reinforced in the different forums and spaces mentioned in figure 2. Therefore, the One Belt, One Road, today the Belt Road Initiative (BRI), is the turning point towards a series of institutions that China proposed during these years. For the purposes of this chapter, it is exemplified by three institutions that demonstrate this process of internationalization and assuming responsibilities. Table 2 presents three institutions with very specific objectives, which are: the RCEP, the BRI and the AIIB.

Table 2. Internationalization process Chinese institutions.

Institution	Foundation year	Goal	Topic	Scope
RCEP	2012	Free trade agreement between ASEAN+6 members	Trade	Regional
BRI	2013	Increasing interconnectivity through infrastructure	Infrastructure	Global
AIIB	2014	Improve social and economic outcomes by investing in sustainable infrastructure and other productive sectors	Multilateral development bank	Global

Source: Own elaboration based on Wang, 2013; Ju, 2015.

It is no coincidence that these institutions have a complement to fulfill their objectives and the Chinese positioning strategy. In the case of the RCEP it is a legal framework to facilitate trade between ASEAN members and China, Japan, South Korea, Australia and New Zealand, where China operates as a gravity core in the commercial level and in the supply chain of the region. This agreement benefits from the infrastructure and corridors of the BRI, since with this China ensures its supply and movement of goods from seaports, trains, airports, etc. In turn, the BRI has AIIB as its source of financing, whose main objective is in Asia Pacific. However, having members in different regions of the world allows you to internationalize and diversify BRI.

These institutions are the foundations of the discourse of the community of common destiny. This speech was born at the Boao Forum: “Towards a Community of Common Destiny and a New Future for Asia” in 2015. On that occasion, President Xi spoke the following words:

Over the past 70 years, the world has experienced profound changes as never before, making a difference to the destiny of mankind. With the days of global colonialism and the Cold War long gone, countries are now increasingly interconnected and interdependent. Peace, development and win-win cooperation have become the prevailing trend of our times... We have only one planet, and countries share one world. To do well, Asia and the world could not do without each other. Facing the fast changing international and regional landscapes, we must see the whole picture, follow the trend of our times and jointly build a regional order that is more favorable to Asia and the world. We should, through efforts towards such a community for Asia, promote a community of common interest for all mankind. I wish to take this opportunity to share with you my thoughts on this vision... to build a community of common destiny, we need to make sure that all countries respect one another and treat each other as equals... To build a community of common destiny, we need to seek win-win cooperation and common development ... We will vigorously promote a system of regional financial cooperation... China proposes that plans be formulated regarding connectivity building in East Asia and Asia at large to advance full integration in infrastructure, policies and institutions and personnel flow... To build a community of common destiny, we need to pursue common, comprehensive, cooperative and sustainable security... To build a community of common destiny, we need to ensure inclusiveness and mutual learning among civilizations... What China needs most is a harmonious and stable domestic environment and a peaceful and tranquil international environment (Xinhuanet, 2015).

In these lines of President Xi, the five principles of peaceful coexistence are identified, mainly the idea of win-win towards the construction of this world order. On the other hand, the institutions in Table 2 are punctually rescued, emphasizing the importance of Asia as a spearhead for this new community. Indirectly, President Xi raises the definition of what development must be like inside and outside of China, and the final sentence rescues the importance of China's role for the future of the world, that is, how Chinese domestic policy affects the rest of the world, in a nutshell, the stability of the Chinese dream in China which is the vision of Xi's mandate and its legitimacy.

From 2015 until today, the Chinese discourse on the international scene takes up these points in each space where President Xi appears and this has allowed a greater positioning of these institutions, which until now have tended to increase and this reaffirms their legitimacy. This has resulted in the midst of the trade war between China and the United States, each of these actors taking up a flag, protectionism on the part of the United States and globalization on the Chinese side. Under this banner, the RCEP, the BRI and the AIBB allow progress towards greater interdependence between the states and, at the same time, China allows the design of institutions that have limitations that favor the legitimacy of Xi's speech inside and outside China. Without a doubt, an important aspect will be the transformation of the discourse of the community of common destiny in the international post-COVID agenda¹⁹.

Conclusions

Throughout this chapter, the relationship between strategy, discourse and institutions is rescued. This demonstrates the systematization of Chinese foreign policy based on internal dynamics and how Xi's mandate is legitimized through these three elements. Therefore, there is a conjugation of different internal and external elements for Xi to reinforce the idea of Greater China within and outside its borders. In the systematization of Chinese politics, the following can be rescued:

- The discourse legitimizes the creation of institutions and at the same time, serves to reinforce them.
- The discourse is full of Chinese values that now appear in national and international spaces make a call that allows to see allies and antagonists.
- The continuity of Chinese politics is a key element in giving an essence and spreading the message (strategy).
- There is a clear use of the Chinese values of yesteryear to define the current and future that create empathy and impact on society within China and with political elites around the world.

- The strategy of creating a thought from Xi is a space that allows it to have more room for maneuver in discourse and in social, economic, political and cultural issues within China.

Regarding the phases, there is a correlation between them. The Chinese dream or Chinese development model is based on infrastructure. It is here where there may be a discrepancy between the vision of development from China with which the international community supports from the UN. Therefore, in part of the text the Chinese development model is pointed out as infrastructuralism, where aspects of a sustainable nature beyond the economic are in doubt, but they are clouded by how visible the Chinese dream is.

Before the world, the Chinese development model and its results allow the world to be tested for the viability of the community of common destiny in a collapsed and chaotic world. Therefore, this, together with the conditions of the world in the year 2020, give way to the fact that Chinese foreign policy implies the construction of a new world order. Without falling into subjective aspects or generating value judgments on the model, the progressive evolution of Chinese foreign policy that has resulted in greater prominence must be recognized. However, the greatest risk is how the strategy lies in an accumulation of decision-making and exercise of power in one person, this is the main risk for the materialization of Greater China and the dream of Xi, to be remembered as the China's top leader, the new Chinese emperor.

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Chapter 4

China's international conflicts in the era of Xi Jinping (2013-2020)

Juan Carlos Gachuz Maya and Carlos Francisco Torres Morales

Abstract

In the last seven years, the government of China has hardened its position in the main international conflicts that it faces in different latitudes and there is a significant change in the perception of threats from abroad and in the consequent implementation of policies at the domestic and international levels to guarantee the security of the country. This chapter analyses China's main territorial conflicts and the geopolitical implications of the Chinese strategy to expand its territory in the following conflicts: the Diayou-Senkaku Islands with Japan, the conflict in the South China Sea, and the conflict in Ladakh-Aksai Chin and Arunachal Pradesh with India. A neorealist approach and geopolitical and geo-economic implications for China and the countries involved in these conflicts will be analyzed in the chapter.

Keywords: *China, international conflicts, geopolitics, neorealism.*

Introduction

China's foreign policy has been characterized in the last seven years by a significant change in the perception of threats from abroad and in the consequent implementation of policies at the domestic and international levels to guarantee the security of the country. The beginning of a reorientation of foreign policy concerning China's international conflicts and a change in strategy in foreign policy is not new, it has in the government of Jiang Zemin. In 1997, in the speech of the then Minister of Foreign Affairs Qian Qichen, the government made clear that China needed to adapt to the challenges of the new millennium and, therefore, redefine issues of military security and geopolitical factors in China's relationship with the world. Quichen proposes, within the context of a peaceful ascent, a new system of military alliances and a new relationship based on sovereignty and economic

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interdependence. These proposals represented a readjustment of foreign policy with important changes in terms of strategy and military development and a new vision of the contemporary international context:

As the international situation continues to undergo profound changes, peace and development have become the main themes of our times. The world is evolving towards multipolarity with growing diversity in countries political, economic and cultural lives. This trend has become an irresistible tide of history (...) Each country has the right to choose a road of development according to its own national conditions, and no country should interfere in the internal affairs of other countries on whatever grounds. This must serve as the political prerequisite for global and regional security (...) (United Nations, 1997, p. 16-17).

At the end of the Hu Jintao administration, the Chinese government recognized in the official discourse that the international environment had changed and that there is a rethinking of the domestic and international variables of foreign policy, especially in terms of a new balance of power where the rise of new emerging powers contributes to the establishment of a multipolar system. The *China's Peaceful Development* white paper published in 2011 stated that:

The world today is moving towards multipolarity and economic globalization is gaining momentum. The global trend is surging forward: those who go along with it will prosper and those who go against it will perish. The international community should reject the zero-sum game which was a product of the old international relations, the dangerous cold, and hot war mentality, and all those beaten tracks which repeatedly led mankind to confrontation and war (State Council of the People's Republic of China, *China's Peaceful Development*. 2011).

When Hu Jintao came to power in November 2002, he had the perception that the world saw China as a potential threat to the balance of power and world stability in commercial and military terms. For this reason, Hu set the objective of demystifying the growing perception that China's development threatened the economic growth and stability of other countries in the world and tried to make clear that the main objective of the Chinese government was not to compete with existing hegemonies or displace others, but rather to bring China to a sustainable level of economic development based on domestic growth, international trade, and international cooperation. There were even nuances in the official discourse of affinity with pluralism and complex interdependence. The concept of *Peaceful Development* then brought a new message to the international community: one of a participative and peaceful China, at least in discourse. In the post-Cold War environment,

the precepts of economic and political interdependence became more important, and the government of China argued that its foreign policy would contribute to this goal.

The Chinese government emphasized the new multipolar international contexts that emerged in the post-Cold War era and the role of globalization and the international system in this new world order. Hence, the way the Chinese have managed in the new international system suggested that perhaps the *Peaceful Development* policy implemented since the government of Hu Jintao could prevail in the new government of Xi Jinping.

In the 2014 White Document, some nuances of the *Peaceful Development* policy still prevail, since it is also officially mentioned that even with the rise and growth of China, Beijing's objective is to preserve peace and cooperation and not interfere with international stability. Beijing pointed out in that sense that:

“The central goal of China's diplomacy is to create a peaceful and stable international environment for its development. In the meantime, China strives to make its due contribution to world peace and development. It never engages in aggression or expansion, never seeks hegemony, and remains a staunch force for upholding regional and world peace and stability” (State Council of the People's Republic of China, 2014).

By 2015, two years after Xi Jinping came to power, China's vision of international security underwent significant changes. In the official document titled *China's Military Strategy*, it was stated for the first time that the role of the military sector in China is strategic to face the new challenges implied by the rise of new military powers and the policies implemented by the hegemonic countries in the military sector, mainly the United States. The document stated that:

World major powers are actively adjusting their national security strategies and defense policies and speeding up their military transformation and force restructuring. The aforementioned revolutionary changes in military technologies and the form of war have not only had a significant impact on the international political and military landscapes but also posed new and severe challenges to China's military security (State Council of the People's Republic of China, 2015).

In this document, the new priorities of the PLA (People's Liberation Army) at the domestic and international level were also announced. China has called the following actions the New Strategic Tasks:

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- “To deal with a wide range of emergencies and military threats, and effectively safeguard the sovereignty and security of China’s territorial land, air, and sea;
- To resolutely safeguard the unification of the motherland;
- To safeguard China’s security and interests in new domains;
- To safeguard the security of China’s overseas interests;
- To maintain strategic deterrence and carry out nuclear counterattack;
- To participate in regional and international security cooperation and maintain regional and world peace;
- To strengthen efforts in operations against infiltration, separatism, and terrorism to maintain China’s political security and social stability; and
- To perform such tasks as emergency rescue and disaster relief, rights and interests protection, guard duties, and support for national economic and social development” (State Council of the People’s Republic of China, 2015).

In parallel, in 2015, China released the new National Security Law to face the growing challenges that external influence represents for its domestic stability (Department of Defense, 2019). Within it, a centralized security strategy is proposed: one that enhances the coordination of the various security agencies within China, that creates a federal centralized security strategy that coordinates the actions of the various security agencies¹⁵ and allows a joint effort to achieve the so-called strategic objectives (Department of Defense, 2019).¹⁶

The rise of China, its growing involvement in international policy, and the policies implemented in international conflicts have led to a theoretical reinterpretation of China’s foreign policy, especially in terms of international security. This rethinking is based on the current situation of the balance of power and its strategic role in the autonomy of the hegemonic states in disputes. John Mearsheimer underlines the role of power in the context of new rising powers and a wider range of action apart from economic policies. He points out that “power provides the means of maintaining one’s autonomy in the face of a force that others wield. Second, greater power permits wider ranges of actions while leaving the outcomes of action uncertain” (Mearsheimer, 2001).

Greater power and a greater range of action imply that the expansion of the economic and geopolitical interests of the emerging powers becomes a priority, including strategic actions in international conflicts. Kenneth Waltz (1979), from the neorealist theoretical

¹⁵ MPS: Ministry of Public Security, MSS: Ministry of State Security, PAP: People’s Armed Police and PLA: People’s Liberation Army.

¹⁶ Strategic objectives for development: 1) Perpetuate the rule of the CCP; 2) Maintain domestic stability; 3) Sustain economic growth and development; 4) Defend national sovereignty and territorial integrity; 5) Ensure China’s status as a great power, and 6) Safeguard Chinese interests abroad.

perspective, argues that the increase in military force and participation in external actions, in geopolitical terms, is a priority for states in a context of instability and the rise of emerging powers. Or those who act for them, try in more or less sensible ways to use the means available to achieve the ends in view. Those means fall into two categories: internal efforts (moves to increase economic capability, to increase military strength, to develop clever strategies) and external efforts (moves to strengthen and enlarge one's alliance or to weaken and shrink an opposing one).

Stephen Walt (1987) points out that the military capabilities of a State and its participation in external actions are a source for the creation of alliances between States and also to increase the power of the States that lead them: "states with large offensive capabilities are more likely to provoke an alliance than are those that are incapable of attacking because of geography, military posture, or something else".

Robert Gilpin (1981) suggest that States have changing interests, and this gives rise to a situation of imbalance in the international system and one of the main consequences of this imbalance is the prospect of territorial benefits that countries can achieve with more power capacities. Gilpin (1981) points out that:

As a consequence of the changing interests of individual states, and especially because of the differential growth in power among states, the international system moves from a condition of equilibrium to one of disequilibrium (...) The elements of this systemic disequilibrium are twofold. First, military, technological, or other changes have increased the benefits of territorial conquest or the benefits of changing the international system in other ways. Second, the differential growth in power among the states in the system has altered the cost of changing the system (Gilpin, 1981).

The neorealist theory and its approach to explain the geopolitical factors to engage in security policies and to achieve greater power is a useful tool to analyze the role of China and its involvement in territorial conflicts. Moreover, it explains the main variables that determine the implementation of policies and actions in various latitudes where one of the central axes is territory and the economic and political resources that are disputed around its preservation or acquisition.

The objective of this chapter is to analyze the main contemporary international conflicts in which China participates and the main policies and actions that determine Beijing's strategy to position itself in the geopolitical context. In each of the conflicts, a historical perspective of the main events surrounding the conflict is presented. The chapter also analyses the main actions of the countries involved in the current context and discussion their impact and repercussions at the regional and global level. As stated before, an

interpretation under the neorealist approach will allow us to elucidate some of the most important elements in China's strategy and the expansion of its interests globally.

The Diaoyu-Senkaku Islands conflict with Japan

In April 1895, after the Sino-Japanese war, Japan and the Chinese Qing Dynasty signed the Shimonoseki Treaty under which China ceded control of the Formosa (Taiwan) and Pescadores Islands to Japan. The treaty established that: "China cedes to Japan in perpetuity and full sovereignty the following territories (...) The island of Formosa, together with all islands appertaining or belonging to the said island of Formosa" (Surujaya & Oktavianingsih, 2018, p. 1342). The treaty, however, did not mention the status of an archipelago that today both states claim: the Diaoyu/ Senkaku islands.

Japan considered that it had possession of the Diaoyu /Senkaku Islands since they belonged to the Ryukyu Kingdom, which they conquered and annexed as a vassal state. Later, the Japanese secured its control of the islands and considered them as part of Nansei Shoto, in Okinawa prefecture. Fishermen reportedly used the islands as a reference point to go to China. Japan argues that, in 1895, it did an investigation in the archipelago and annexed it under the international principle of *terra nullius*, claiming that the islands were uninhabited at the moment they stepped in. In September 1896, the government of Emperor Meiji leased four of the islands to Koga Tatsushiro, a citizen of the empire who had inhabited the islands since 1879. He obtained the islands free of charge for the first 30 years, after which he began to pay a fee (Itoh, 2017). In 1909, the island's population was 248 Japanese. Koga died in 1918, and in 1932, the Japanese government sold the islands to his son, Koga Zenji. In 1940, the island became, once again, practically uninhabited.

Regarding China, when the Qing dynasty collapsed in 1912, the country entered a period of armed conflict that divided it into two sides for more than 30 years: the nationalists -also known as the Kuomintang- against the communists.

In 1943, Franklin D. Roosevelt, Winston Churchill, and Chiang Kai-shek met in Cairo, Egypt, to draft the Cairo Declaration, in which they established their tough stand before the Japanese Empire. They agreed that, after the war, Japan would return to its pre-1914 territorial situation, meaning that all the territories that China had been dispossessed of would be returned to it after the war. This included, Formosa and Pescadores, but according to the current Chinese argument, Diaoyu was also included.

In 1951, the United States returned to Japan the "right" to administer all of its territory excepting the Senkaku Islands, since it was superbly a strategic position in the East China Sea to oversee Mat Tse Tung's People's Republic of China and the Soviet Union and to keep them at bay. Under the 1951 San Francisco Peace Treaty, the Allies assumed that

the Diaoyu / Senkaku Islands were under Japanese sovereignty, what today is viewed by China as an injustice, a violation of its sovereignty, and a clear theft (Chinese Government, 2014). However, it should be remarked that, at the time, the dispute had not yet escalated to the status of bilateral conflict *per se*

In 1968 the United Nations Economic Commission for Asia and the Far East (UNECAFE) released the results of a report made in the archipelago belonging to the islands in question, it concluded that large reserves of oil, natural gas, and other hydrocarbons were located in the East China Sea. According to Hislop (2013, pp. 1-2), total oil reserves are sufficient for 50 or 80 years of exploitation, while natural gas reaches a similar amount, with reserves for up to 100 years of exploitation.

It was until 1971, when China returned to the Security Council, that it officially claimed sovereignty over the islands under the argument of a historical right inherited from the Ming and Qing dynasties (between 1368 and 1912), in which Chinese fishermen inhabited the islands and regarded them on maps of the time to be part of the Chinese Empire. And even if Diaoyu could have been part of the Ryukyu Kingdom, after its annexation to Japan, Ryukyu's King remained loyal to China (Surujaya & Oktavianingsih, 2018, p. 1342).

Concerning the case of Koga Tatsushiro, the Chinese responded that: 1) Japan illegally annexed the islands, and 2) Koga Tasushiro asked the Governor of Okinawa, who in turn consulted the Minister of Home Affairs, to declare the islands as part of Japan when the first Sino-Japanese war broke in 1894; nevertheless, the Minister initially refused to fear the reaction that China would have. Therefore, he indirectly accepted that these islands belonged to China (Surujaya & Oktavianingsih, 2018, p. 1342). In 1972, China and Japan began the path towards the normalization of their diplomatic relations, and in August 1978, through Deng Xiaoping and Takeo Fukuda, they agreed to keep the conflict in *status quo*.

In September 1996, Hong Kong activists entered the territorial sea around the islands and jumped into the sea to avoid being caught by the Japanese; however, one of them drowned in the act. The rest were arrested and taken to Japan, being deported back to China after a few days (Surujaya & Oktavianingsih, 2018, p. 1342). Yet, the conflict did not escalate, even with the presence of far-right Japanese activists and Chinese protesters on the islands and anti-Japanese demonstrations in China.

It was not until 2010 that China actually began to protest more vigorously its sovereignty over the islands and directly accused Japan of challenging the Chinese government regarding possession of the islands. Before that, China had maintained a relatively intermittent position on the conflict. The Japanese government, led by Naoto Kan of the Democratic Party of Japan, refused to accept that there was a conflict with China, further angering the government leadership in Beijing.

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In September 2010 there was an incident between the Japan Coast Guard (JCG) and a Chinese ship, when patrolling in the seas, the Japanese spotted the captain of a Chinese ship and urged him to stop for questioning. The captain refused and tried to escape, and in a miscalculation on both sides, the ships collided. The JCG took the ship's crew to Japan, and while the crew was released within a couple of days, the captain was held imprisoned for more time. The Japanese government intended to prosecute him not for invading a disputed area, but for obstruction of justice, and Japanese public opinion demanded a firm position in the face of the growing Chinese presence in the area. It was at this point that the Chinese government came in and strongly defended its position, protesting the unfair treatment given to its citizen. As the days passed and the captain was not released, China began to escalate the conflict, canceling all high-level meetings that were scheduled between the two countries. Finally, the captain was released and deported back to China: this unleashed harsh critics by the Japanese society. The arguments of both countries can be summarized as follows: (Itoh, 2017, p. 205-207; Surujaya & Oktavianingsih, 2018, p. 1342-1343; Chinese Government, 2014).

- China argues that the Diaoyu / Senkaku Islands were part of the Ming and Qing dynasties. According to the Chinese government, Ming dynasty fishermen inhabited the island and there is cartographic evidence that the islands were part of China. On the other hand, Japan explains that they annexed the islands under the international principle of *terra nullius*, claiming they were the first to do so.
- There is no clear answer to what was exactly handed over with the signing of the Shimonoseki Treaty. China gave Formosa (Taiwan) and Pescadores to the Japanese Empire. The argument lies in who had possession of the islands at the time: China says that Diaoyu / Senkaku were part of Taiwan at that time, while Japan argues that they got them from the Ryukyu Kingdom.
- In the case of the Ryukyu Kingdom, even though Japan annexed it, China claims Ryukyu's royalty continued being loyal to Chinese Emperors.
- Koga Tatsushiro, a Japanese citizen, has inhabited the islands since 1879. In 1894, Koga asked for more security given the war with China, but the Minister of the Interior refused, thinking about the reaction China would have to this. China takes this as an argument. It was in 1895 when the Cabinet officially approved the initiative by which they annexed the islands, but they did not communicate their decision to other states.
- Koga Tatsushiro died in 1918 and his son, Koga Zenji, owned the islands until 1978. Afterward, ownership of the islands passed to his wife, Koga Hanako. She sold the islands to Kurihara Kuniochi, who had already bought the Minami Kojima and Kita Kojima islands from Koga Zenji.

- In the Cairo Declaration of November 1943, the Allies agreed that all territories taken from the Chinese would be restored after the war. From the Chinese perspective, this included the Diaoyu Islands.
- In the San Francisco Peace Treaty of 1951, in its article 3, the Senkaku Islands were given as part of Japan, in the Nansei Shoto / Ryukyu Islands, near the city of Ishigaki, in Okinawa prefecture. The Chinese regard this as theft of territory that rightfully belongs to it and the Allies did not keep their promise to return all the territories that Japan deprived them of.
- When the Okinawa Reversion Agreement entered into force in 1971 between the United States and Japan to return to the latter full control of its territory after World War II (including the Diaoyu / Senkaku Islands), China viewed this as unfairly returning something to Japan that it was never the latter.

In September 2012, Xi Jinping described the purchase of the islands by a private Japanese as “nonsense” and a “farce” (Branigan, 2012). And it was from that year (at the end of the Hu Jintao government) that the presence of Chinese ships grew exponentially. The numbers show that before the 2010s, China rarely sent patrolling ships to the islands; however, since Xi Jinping took power in 2012 as the General Secretary of the Central Committee of the Chinese Communist Party, the number of ships raiding the area has increased rapidly.

In 2014, the Chinese government opened an official website on the Diaoyu Islands (<http://www.diaoyudao.org.cn/>). In it, China reaffirms its possession as the historical rightful owner of the islands. On the website, there are different pieces of evidence like maps, stories, and records, standing out a list in which the Portuguese did not place the islands as part of Japan.

According to the Ministry of Foreign Affairs of Japan (2020), the number of ships in the Chinese conflict zone peaked in August 2016, when Xi was already in charge of power. Japan identified 147 Chinese ships within the contiguous zone and 23 in the territorial sea. Since Xi Jinping took office as Party Secretary-General, the number of patrolling and military ships has increased exponentially, even much more than in the Hu Jintao era.

The presence of Chinese vessels in the area adjacent to the Diaoyu / Senkaku Islands has even increased since March 2020, coinciding with the first months of the resurgence of the COVID-19 pandemic. The United States has accused China of taking advantage of the pandemic to strengthen its presence in its border conflicts - accusations that China has denied.

Experts such as Liu (2016) or Fravel (2016) argue that it is not convenient for Chinese interests to escalate the conflict with Japan since this would endanger the stability of East

Asia. Additionally, in the context of the Trade War, more radical actions by China or Japan in the area would bring further destabilization in the region. The search for power and the acquisition or retention of territory in contemporary conflicts shows a direct relationship with neorealist theory. The emergence of new powers that see themselves as hegemonic (such as China) and the actions of the hegemonic powers in the absence of a central authority and anarchy at the international level are important points for neorealist theory. John Mearsheimer (2001) points out in this regard:

Three features of the international system combine to cause states to fear one another: 1) the absence of a central authority that sits above states and can protect them from each other, 2) the fact that states always have some offensive military capability, and 3) the fact that states can never be certain about other states' intentions (Mearsheimer, 2001).

The combination of a context characterized by the rise of China as a new hegemonic power and the search for a redistribution of power and territory in different latitudes shows a recurring trend of changes in the balance of power between states. Robert Gilpin (1981) points out in that sense that "the rising state or states in the system increasingly demand changes in the system that will reflect their newly gained power and their unmet interests". The policies implemented by China in recent years and even in the months of the COVID-19 pandemic show that Beijing will continue to increase its military power and the deterrence capacity that this brings concerning other States (including Japan). Gil, T. (2020) and Aoyama, R. (2020).

The South China Sea Conflict: China, Vietnam, Philippines, Taiwan, Malaysia, and Brunei

The conflict of the South China Sea observes China, Vietnam, Philippines, Taiwan, Malaysia, and Brunei disputing three sets of islands: the Spratly Islands, located in the east of Vietnam; second, the Paracel Islands, closer to the Chinese coast; and third, Scarborough Shoal, which is located near the Philippines. Each of the parties to the conflict argues historical rights of possession in the respective area: China uses a set of old maps that evidence the presence of Chinese fishermen in the area during the Yuan (1271-1368) and Ming (1368-1644) dynasties; the Philippines demands the possession of 53 islets in the area near Scarborough Shoal, which it annexed as part of the Province of Palawan. It also takes as evidence some exploration work carried out in the 1940s and 1950s. For its part, Vietnam argues the continuous passage of Vietnamese ships since the 17th century on the Spratly and Paracel islands and presents a claim that France made in the area in

1933, which is sufficient evidence to say that Vietnam had a historical presence in the area. Malaysia claims only one set of islands that are currently occupied by the Philippines and Vietnam. In the case of Taiwan, the state administers Itu Aba, part of the Spratly Islands. Finally, Brunei does not have any possession in the area (Gachúz, 2018). Nonetheless, China exercises *de facto* control of the region.

The history of Chinese claims in the area begins in 1947, during the pre-communist period when the Kuomintang officially claimed an eleven-point line which was reduced to nine. With the founding of the People's Republic of China in 1949, the government continued claiming it as part of the country's territory. At present, China demands a nine-point line that covers approximately 90% of the territory (practically the entire sea to the Philippines) (Council on Foreign Relations, 2020).

The first actions of the conflict in the area date back to 1974, when China expelled the Vietnamese from Woody Island, in the Paracel Islands, strengthening its control in the area. More than a decade later, in 1987, China had managed to take control of Fiery Cross Reef, and the following year, it sank three Vietnamese ships, what became the first armed conflict over the Spratlys after a decade of calm in the South China Sea. In January 1996 the Mischief Reef Incident took place, in which three Chinese naval ships fought their Filipino counterparts, marking the first time that China had a direct collision with an ASEAN member after Vietnam (Council on Foreign Relations, 2020).

The matter had been practically on standby until November 2002, when a Code of Conduct was launched jointly by China and ten ASEAN countries, in which they committed to reduce tensions in the region and to have a framework of behavior for countries whose interests converged there. With this, although the matter remained difficult in many respects, the conflict did not escalate *per se*.

It was not until May 2009 that the conflict again reported a progressive escalation of tensions. In that year, Malaysia and Vietnam jointly submitted a claim to the United Nations, which was seen by China as a clear challenge to their interests in the region and argued serious damage to its "undisputed sovereignty." From this moment on, Vietnam's foreign policy on the South Sea conflict focused on trying to make the problem visible in international forums to obtain support from the international community, since it could not compete with China's economic and military power. With this basis, the United States began to become more directly involved in the problem, especially because of commercial and military interests in the region. According to Gachúz (2018), the demands of the United States could be summarized in four key points:

1. "Protection of the United States Navy to operate the area, including permanent patrols.

2. Avoid intimidation of U.S. companies.
3. Maintain treaties and alliances with its regional partners.
4. Protection of free trade in the area, or what is also called, the Operation for the Freedom of Navigation.”

In July 2010, US Secretary of State Hillary Clinton ratified her support for open access to Asia's Maritime Commons, despite declaring the United States neutral in the conflict. This caused the fury of the leadership in Beijing, which counterattacked by saying that the increasing involvement of the United States in the problem violated China's historical rights over the area (Council on Foreign Relations, 2020).

In October 2011, the Philippines complained about the systematic harassment by Chinese vessels of Philippine fishermen and coast guard, and it decided to challenge China's demands by changing the name by which they would refer to the South China Sea. From that moment on, in all official *communiqués*, the Sea would be known as the West Philippine Sea. However, the escalation of tensions between Beijing and Manila peaked on 8 April 2012 with the Scarborough incident. Philippine Navy soldiers surprised Chinese fishing vessels in Scarborough Reef, which was one of the only regions the Philippines controlled. The Filipinos ordered the Chinese to leave the area. Responding to the threat, Chinese military ships quickly arrived and prohibited the entry and exit of ships from Manila for two months to put pressure on the government of Benigno Aquino. The Chinese and Philippine authorities agreed to a momentary peace and the departure of Chinese vessels from the area, yet China did not fully comply with it and today it exercises *de facto* control over Scarborough Reef.

With the takeover by Xi Jinping in November 2012, China has become more active in the conflict and has gradually taken on a more coercive approach. As a consequence of the military reform of 2015, President Xi prioritized a more efficient response against his adversaries in the South China Sea. Another reason for reforming the military sector was to position China as a global hegemonic actor, which implied a profound readjustment to Hu Jintao's *Peaceful Development* doctrine (Gachúz, 2018).

Since then, China has implemented various tactics to increase its presence in the South China Sea: coast guards, military, maritime militia, resource extraction, and, more controversially, the construction of artificial islands. The artificial islands have been at the center of the conflict, and they respond to a logistical need: dealing with the remoteness of mainland China from some of the islands and the high costs of continuously patrolling from the country's coast, the islands serve as a patrol liaison point for Chinese ships. In July 2012, the Chinese government established Sansha City, a prefectural-level city located on Woody Island, administratively belonging to the province of Hanoi. Sansha City is

the area in charge of carrying out the necessary patrols to notify the China Coast Guard (created in 2013) in the event of detecting something abnormal and coordinating a comprehensive response (Zhang & Bateman, 2017, p. 291).

In January 2013 the dispute took a 180 degree turn when the Philippines decided to bring the case before the Permanent Court of Arbitration in The Hague, under the United Nations Convention on the Law of the Sea (UNCLOS) dispute settlement mechanism. China, anticipating a verdict against it, criticized the Court and warned that it would refuse to listen to its ruling, in addition to stating that it did not recognize its jurisdiction in matters that violated Chinese maritime sovereignty. According to Campbell and Salidjanova (2016, p. 2), what the Court would decide was not the sovereignty of the Philippines over the region, but:

- “To determine whether China’s claims based on the nine-dash line (China’s vague territorial claim) were invalid under UNCLOS.
- To check if some areas of the South China Sea were rocks, islands, or low-tide elevations.
- To declare whether China had interfered with the sovereign right of the Philippines to exploit the resources within the claimed waters”.

The Court took three years to give its verdict, and in July 2016, the Court ruled in favor of the Philippines, concluding that:

- “The historical rights alleged by the Chinese side and resources within the nine-dash line have no legal basis.
- None of the islands claimed by China in the Spratly Islands was an island capable of generating an Exclusive Economic Zone (200 nautical miles).
- China violated the sovereign right of the Philippines by obstructing its oil exploration activities, banning Philippine fishing vessels from operating, and claiming areas where the Philippines have the right to explore and exploit resources.
- As if that were not enough, it also concluded that China violated its obligations to preserve the maritime environment before the UNCLOS for activities such as the construction of islands, which damaged the habitats of the species that inhabit the South Sea” (Campbell & Salidjanova, 2016, p. 3).

The Court’s verdict is binding on the members that ratified the convention. China and the countries involved in the conflict ratified it in 1996, but as it is an international Court, it does not have executive powers. Xi Jinping, the state agency Xinhua and other author-

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itative voices, declared the verdict null and void, and Xi added that he would not allow China's maritime rights to be violated. Still, this was a clear victory for the other countries involved in the conflict.

Beijing refuses to give any multilateral approach to the conflict, as this would put it at a disadvantage with the other five countries. For this reason, it has preferred the bilateral approach, where it can exert more influence and soft power. Between 2013 and 2016, while the Court decided its position on the conflict, China consolidated its power over several maritime agencies, grouping them all under the State Oceanic Administration and creating the Chinese Coast Guard. Also, Xi Jinping has supported the creation of Fishermen Maritime Militias, which are seen by the United States as a threat in the South China Sea, and thereby they justify FONOPs (Operation Freedom of Navigation) (Zhang & Bateman, 2017, p. 303). Also, that same year the Chinese Ministry of Defense did not deny the possibility of creating a South China Sea Air Defense Identification Zone (ADIZ), very similar to the one they have in the East China Sea with Japan.

On May 4, 2014, the Chinese oil company, China National Offshore Oil Corporation (CNOOC) reached disputed waters 17 nautical miles from Triton Island and 120 nautical miles off the coast of Vietnam to place the Haiyang Shiyou 981 oil platform; the Vietnamese, refusing to accept this unilateral action by the Chinese, sent ships to drive them away. The CNOOC ships were accompanied by ships from the China Coast Guard, the Maritime Militia, engineering experts, and the PLA Navy (Yamaguchi, 2016). This orderly arrival of CNOOC ships being escorted by China's maritime agencies demonstrates a growing tendency towards coordination during Xi Jinping's mandate, being himself the one who promotes China's controversial actions in the conflict (Yamaguchi, 2016). When anti-Chinese protests began in Vietnam, on 15 July 2014, CNOOC announced that it would lift the platform.

In February 2016, China deployed missiles on Woody Island, in the Paracel Islands, which was the signal of the imminent militarization of the conflict in the South Sea and the breaking of the commitment that Xi Jinping had made a year earlier in his visit to the United States, in which he promised not to militarize the area (Blackwill & Campbell, 2016, p. 22). China built runways and piers, tested and deployed artillery, and flew J-11s near the Paracels. Faced with accusations of militarization, China has argued that it does so under its right to defend itself.

It is after the Court ruled against China, but above all, after Donald Trump's unexpected victory in the 2016 United States elections, when the conflict began to escalate to unprecedented levels of tension. Before the end of Barack Obama's term, in December 2016 China seized an underwater drone from the United States that was allegedly collecting data on the area. Chinese officials initially refused to return the drone, but they did, criti-

cizing the Barack Obama administration for “unnecessarily escalating the dispute” (State Council of the People’s Republic of China, 2015; Council on Foreign Relations, 2020).

The COVID-19 pandemic has not stopped China in its attempts to secure its geopolitical control over the Asia Pacific region, including the South China Sea, when in February 2020 a Chinese ship allegedly targeted its weapons system at one Filipino ship in the Spratlys, and the following month, China opened new research stations and defense zones at Fiery Cross (one of the reefs already turned into an artificial island by China) and Subi Reefs. Finally, in July 2020 Trump showed his commitment not to give a step to the “Chinese threat”. Secretary of State Mike Pompeo released a statement on the situation in the South China Sea condemning the actions carried out by Beijing after it launched two warning missiles for the flyby of a spy plane.

China’s actions in the area show its long-term objectives to secure its position and domination of the area. Beijing’s interests in the conflict are not the only military, as having full control of trade routes could give it an upper hand in supervision and influence of trade flows. China’s strategy shows how great powers continually seek to acquire greater power to preserve its security. John Mearsheimer (2001) points out in this regard that “their ultimate aim is to gain a position of dominant power over others (...) because having dominant power is the best means to ensure one’s survival. Strength ensures the safety and the greatest strength is the greatest insurance of safety.”

The border conflict between China and India

The regions that are currently in dispute between China and India at present Arunachal Pradesh, a state under Indian control and located in the extreme northeast of the country; and Aksai Chin, under Chinese control and adjacent to the present Indian state of Ladakh in Kashmir. In past, Sikkim, a state located in the northeastern part of the country, was the third subject of dispute between both countries as well; nevertheless, India got full sovereignty of it in exchange for its recognition of Chinese possession of Tibet in a state visit by Chinese Premier Wen Jiabao in 2003 (Pardo, 2019, p. 6).

In 1914, the British Empire, Czarist Russia, and China had conflicting interests over the Kingdom of Tibet, which had become a *de facto* independent state after the collapse of the Qing dynasty. The United Kingdom and Tibet signed the Treaty of Simla, in which the McMahon Line was established as the border between the British Raj (the British possessions and protectorates in India) and Tibet. Military aid was also promised to the newly independent state and some Tibetan lands were handed over to the British Empire, including the Tibetan region of Tawang (now Arunachal Pradesh, India). A commissioner of the British Raj was appointed in Tibet and, eventually, China was denied recognition

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of sovereignty and vassalage over the territory (Esteve, 2008, p. 4). The Russian Empire gave its consent to the conventions of 1914, and this is how Tibet maintained the *status quo* acting as a buffer state between British India and China (Embassy of the People's Republic of China in the Republic of Peru, 2008, par. 2). Notably, China never recognized these agreements (Infobae, 2020a, 2017).

India became independent in 1947, and both the United Kingdom and India let Tibet know that the new government, led by Prime Minister Jawaharlal Nehru, would be charged with compliance with the provisions of the Simla Convention. This meant that, in the face of a Chinese attack, India would respond in favor of Tibet. However, when Mao Tse Tung's China began the invasion in 1950 and the *ad hoc* Indian commissioner asked the Nehru government for help, the latter refused, claiming that they should not meddle in China's internal affairs, and therefore breaching the clauses of the treaty that Tibet had signed with the British Empire (Esteve, 2008, p. 10). The bottom reason for this was that Nehru thought of an idealistic foreign policy towards China, called *Hindi-Chini Bhai Bhai*, whose goal was a peaceful coexistence with Mao's China (Bajpai, 2017, p. 71). Even when Tibet was already under Chinese control in 1951, India extended its border to the entire Sela Pass area: a mountain pass that is sacred for Tibetan Buddhism (Esteve, 2008, p. 9).

In 1954 China and India signed the Treaty of Panchsheel, by which they agreed on a peaceful coexistence based on five points: mutual respect, mutual non-aggression, mutual non-interference, equality, and mutual benefit, and peaceful coexistence (Rahmati, et al., 2020, p. 1). However, this commitment did not last long: in 1959 the Tibetans' uprising against the Maoist government took place and, fleeing from the Communists because of his importance as a religious and political figure of his people, the Dalai Lama went into exile in India. Though Nehru did not recognize the government in exile, he accepted to protect the Dalai Lama. This enraged Mao Tse Tung, and he accused India of violating the agreements they had signed only five years ago. There was a slight misunderstanding in 1958 when India protested a highway that China was building near Aksai Chin, but the conflict *per se* did not undermine Indo-Chinese foreign relations.

Tempers continued to escalate when, in 1959, Jawaharlal Nehru visited Beijing and met with Chinese Premier Zhou Enlai. During the visit, Zhou clarified that China would not accept the border imposed by the British; hence, the McMahon Line would not be the effective border of both nations regarding the Chinese (Infobae, 2020a). This led to an unclear *status quo* in which neither country knew where one ended and the other began. Again, Nehru and Enlai met in 1960, this time in New Delhi. Zhou offered Nehru recognition over Tawang / Arunachal Pradesh, in exchange for Aksai Chin, which would serve to connect the two rogue provinces of Xinjiang and Tibet. Nehru refused, and to this day China continues to regard Arunachal Pradesh as South Tibet.

In 1993, China and India agreed to establish the Line of Actual Control (LAC), which today serves as the *de facto* border of India and China (CNN Español, 2020). China has continued to refuse the McMahon Line as the official border because it considers it a product of the “ambition of the imperialist powers.” It should be clarified that this agreement did not solve the border problem, but only relaxed relations between both States. From that moment on, despite the tensions between members of the Indian Army and the People’s Liberation Army on the border, there was never a major conflict between the two governments. To end the millennium, in 1998 India acquired the status of nuclear power.

In 2003, both nations signed the Memorandum on the Expansion of Border Trade, and by 2005, China began to recognize *de facto* India’s sovereignty over Sikkim (Pardo, 2019, p. 3), which used to be an old neighbor of the old Kingdom of Tibet, but the United Kingdom and China agreed in 1893 on British sovereignty over the region (Embassy of the People’s Republic of China, 2008; par. 9; Esteve, 2008, p. 18). China refused to recognize Indian sovereignty over the region because it came under an unequal treaty, but since India began to recognize the Tibet Autonomous Region, Beijing returned the favor by recognizing Sikkim as part of India. Hence, Sikkim is no longer a disputed territory.

Nonetheless, disputes between members of both states’ armies remain constant in the region. When an incident occurred on the border, especially started by the People’s Liberation Army, India decided to respond in a way that did not implicate an open confrontation with China. The Chinese government continued to send infrastructure to the region, and built roads, modernized air bases, sent divisions of the People’s Liberation Army, among other actions. Relations between China and India were “stable” to some extent, but the border went increasingly militarized.

The current border, the Line of Actual Control, continues to be very diffuse, and relations do not end up being entirely stable because both countries constantly accuse each other of invading each other’s territory. Both China and India, when accused of this type of action, proceed to deny and disqualify the border military actions of both. It is important to mention that Sino-Indian economic relations have not been significantly affected by the border conflict; on the contrary, the commercial relationship -as an expression of both states’ soft power- has grown exponentially in recent years.

Regarding the actual status of the conflict, Chinese President Xi Jinping and Indian Prime Minister Narendra Modi have had about 18 meetings since 2014, promising in all of them to greater cooperation and understanding between the two nations. However, Modi treats China with skepticism, and while he seeks a solution to the border conflict, he has not hesitated to openly challenge the Chinese hegemony on the continent (Bajpai, 2017). Both states hold an open confrontation on the border, but at the same time, they call

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for peace and economic cooperation (see Xinhua News Agency, 2014; and Xinhua News Agency, 2019).

In Xi Jinping's visit to Narendra Modi in Chennai (in southern India) on 12 October 2019, both leaders discussed the importance of bilateral and regional stability. According to Xinhua News Agency (2019), Xi Jinping shared with his Indian counterpart a series of six points that aim to guide the increasingly important China-India relationship and to reflect the weight that both nations should have in the world:

- A good neighbor policy: Of harmony and teamwork, based on continuous communication.
- Friendly Cooperation: A closer relationship beyond cordiality between the two nations would be fostered. They should not be carried away by their differences, but rather find a peaceful and just solution to the border problem.
- The promotion of their military relations under the direction of cooperation.
- Pragmatic cooperation and convergence of interests: It is a guideline for both States to seek the highest level of exchange and trade, that is, to become closer economic partners.
- Cultural and people-to-people exchanges to consolidate friendship.
- Strengthen cooperation at the regional and international level: That India and China be a single voice in multilateral forums such as the G-20, the BRICS countries, the Shanghai Cooperation Organization, and China-Russia-India cooperation, in addition to exploring the expansion of China-India Plus cooperation in South Asia, Southeast Asia, and Africa, and thus, build a network of trade and multilateralism in which both nations will play a fundamental role under this new multipolar logic. Xinhua News Agency (2019).

For his part, Modi referred to the uncertainty that exists in Sino-Indian relations but agrees with strengthening the relationship with China to create mechanisms that deepen economic, cultural, political, and military communication and coordination between both countries. He emphasized the control of disputes, a closer association, and the beginning of a new era of relations between the two most powerful countries in the Asian continent (Xinhua News Agency, 2019). This is a window of opportunity: both countries have already signed 24 agreements with a value of 10 billion dollars to promote cooperation in the portfolios of education, railways, and scientific research (BBC News, 2017). Also, bilateral trade reached the figure of 2000 million dollars to more than 90,000 million in the last two decades (Haines & Ribeiro, 2020).

Against all odds, in May 2020 a clash took place in Sikkim (near northeast India) that left four Indian soldiers and seven Chinese wounded. A few days later, on June 15, 2020,

an even more serious altercation occurred in Galwan Valley, near Ladakh-Aksai Chin, in the disputed Kashmir region. This altercation left 20 Indian soldiers dead and 76 wounded, while China was silent on its casualties and never gave a number, although it is believed that the Chinese casualties, between dead and wounded, amount to 43 soldiers (Infobae, 2020b). The only Chinese statement on the topic was made by the spokesman for the Ministry of Foreign Ministry, Zhiao Lijian, who accused India of crossing the border twice and provoking and attacking staff and urged the Indian authorities not to take unilateral actions that further affect the conflict. This was the first time in more than 45 years that there are deaths in the areas in dispute between the two nations (Infobae, 2020a).

In September 2020, again, China accused the Indian Army of shooting at the border; New Delhi denied the allegations. Previously, India accused the People's Liberation Army of having kidnapped five Indian civilians in Arunachal Pradesh, claimed by China, following an announcement on social media by a parliamentarian from the state (Infobae, 2020c).

For the China-India conflict, a confrontational strategy is observed at the geopolitical level but of cooperation in the bilateral trade relationship. Both powers seek the redistribution of regional power in Asia and the disputed territory represents a variable of great importance to establish the bases of a bilateral relationship where both countries seek leadership. John Mearsheimer (2001) establishes, in this sense, that "States pay close attention to how power is distributed among them, and they make a special effort to maximize their share of world power (...) They look for opportunities to alter the balance of power by acquiring additional increments of power at the expense of potential rivals."

Conclusions

In the last seven years, the government of China has hardened its position in the main international conflicts that it faces in different latitudes and there is a significant change in the perception of threats from abroad and in the consequent implementation of policies at the domestic and international levels to guarantee the security of the country.

In the official discourse, the government of Xi Jinping still emphasizes some precepts of the philosophy of *Pacific Rise* that was implemented in the government of Hu Jintao and that underlines the peaceful path of China in search of development and regional and global hegemony, some concepts of the *Pacific Rise* philosophy such as cooperation, globalization, governance, and economic and political interdependence became more important and the government of Xi Jinping argued that its foreign policy would contribute to this goal.

After Xi Jinping came to power, however, China's vision of international security underwent significant changes. In the official document titled China's Military Strategy, it

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was stated for the first time that the role of the military sector in China is strategic to face the new challenges implied by the rise of new military powers and the policies implemented by the hegemonic powers in the military sector, mainly the United States. In parallel, China's military budget began to grow rapidly, and the government developed mechanisms for collaboration between state and private companies with the military sector for the development of domestic military technology.

The Xi Jinping government established New Strategic Tasks that considered a reorientation of China's military strategy and more active participation of the PLA in the international territorial conflicts in which the country participates: among these New Strategic Tasks the following stand out: Effectively safeguard the sovereignty and security of China's territorial land, air, and sea; safeguard the security and interests of China in a new domain, safeguard the security of China's foreign interests, Maintain strategic deterrence and carry out a nuclear counterattack; Strengthen efforts in operations against infiltration, separatism, and terrorism to maintain China's political security and social stability.

The rise of China, its growing involvement in international policy, and the policies implemented in international conflicts have led to a theoretical reinterpretation of China's foreign policy, especially in terms of international security. This rethinking is based on the current situation of the balance of power and its strategic role in the autonomy of the hegemonic states in disputes. Greater power and a greater range of action imply that the expansion of the economic and geopolitical interests of the emerging powers becomes a priority, including strategic actions in international conflicts.

The neorealist theory and its approach to explain the geopolitical factors to engage in security policies and to achieve greater power is a useful tool to analyze the role of China and its involvement in territorial conflicts. Moreover, it explains the main variables that determine the implementation of policies and actions in various latitudes where one of the central axes is territory and the economic and political resources that are disputed around its preservation or acquisition.

The context of China's Pacific Rise is framed by direct competition with the United States in different areas at the economic, political, and military levels. From the neorealist perspective, the search for power at the expense of other states is an intrinsic characteristic of the international system and this may help to explain the current context of competition between the two powers. The neorealist approach explain by John Mearsheimer considers in this sense that "The overriding goal of each state is to maximize its share of world power, which means gaining power at the expense of other states" (Mearsheimer, 2001).

China's position in international conflicts has become more active and the government increases coercion and military intervention to achieve its security objectives. The

conflicts in which China participates: the Diaoyu-Senkaku Islands with Japan, the conflict in the South China Sea, and the conflict in Ladakh-Aksai Chin and Arunachal Pradesh with India have some elements in common that show a reorientation of foreign policy China on a security agenda that increasingly resembles the priorities of a hegemonic power. Kenneth Waltz points out in this sense that “The greater the power of the center, the stronger the incentive for states to engage in a struggle to control it.” (Waltz, 1979).

The combination of a context characterized by the rise of China as a new hegemonic power and its search for a redistribution of power and territory in different latitudes shows a recurring trend of the hegemonic states. China’s actions in the conflicts analyzed in this chapter show that although China’s foreign policy precepts are still influenced by the philosophy of *Pacific Rise*, a focus on a neorealist approach seems to predominate, the search for power, preservation of security, and acquisition (or maintenance) of territories are prove of that.

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Chapter 5
The Future Of The “One Country Two Systems” Principle
Under The Xi Jinping’s Era

Tatiana Gelvéz Rubio

Abstract

Hong Kong has been a key territory not only for its economic importance as a financial and banking hub in Asia but also has a historical value as part of China’s arose in the international arena reuniting its territory. After the sovereignty handover to the People’s Republic of China in 1997, Deng Xiaoping and his successors have taken careful considerations to ease the transition under the one country two systems policy and its status as a Special Administrative Region (SAR). What has been the picture under Xi Jinping’s government? This chapter provides a general perspective on the Xi Jinping’s government policies for Hong Kong covering three topics: (1) a brief overview of key historical remarks in the handover from the British domain (2) legal and administrative changes since 2013 (3) a comparison of the government mechanism during the Xi’s mandate compared to those used to its predecessors after the handover.

Keywords: *Hong Kong, People’s Republic of China, One China policy.*

The destiny of Hong Kong
will be decided by our patriotic
countrymen in Hong Kong.
ZHOU ENLAI

Introduction

Since Hong Kong became a Special Administrative Region (HKSAR), the Chinese government has adopted the best path for the territory to return to the motherland. This gargantuan quest has required shrewdness leaders, open to reconcile the government’s interests

of reunification with Hong Kong citizen’s demands. Fully aware of the advantages and challenges of reincorporation, at the end of the unfair treaties imposed by the British after the Opium Wars. Deng Xiaoping pursued pragmatic measures in the negotiations with Great Britain under the principle of “one country two systems”.

Despite the principle worked reasonably well from Deng Xiaoping to Hu Jintao. Under Xi Jinping’s leadership Hong Kong has experienced turmoil and social unrest. That Xi Jinping has adopted a coercive style of ruling: sending activists to jail and using violent means to retreat protests, shows that the leader has taken a hard-line approach to Hong Kong’s affairs. The design and attempt of implementation of education programmes to make new generations more aligned with Beijing, are other examples of strategies of coercion instead of negotiation. As a result, local civic movements have reacted in the last half a decade in Hong Kong to express that the citizens stand up and want to be counted.

Although China does not rely on Hong Kong’s trade and financial strength as it used to be in the nineties. The fifth generation of leaders is aware that the island is a strategic territory to the following plans of the internationalization of the renminbi, a bypass for the relations with South East Asia, as well as a proactive engine for the Belt and Road Initiative cooperating with enterprises and helping to translate policies into business opportunities and the key player to take forward the project of the Guangdong-Hong Kong- Macao area, a development plan for a world class city cluster in the southern region (Lam, 2017).

What explains riots and social disobedience in Hong Kong? How has Xi Jinping’s leadership been in facing these challenges? This chapter provides a general overview of the political configuration in Hong Kong, the main events experienced since Xi Jinping became president and some future prospects of governance and democracy. The chapter is divided in 5 sections. Section 1 is this introduction. Section 2 presents a brief overview in the transformation of types of leadership in China since 1949 and the current challenges of the fifth generation. Section 3 provides a historical description of the strategies that the Chinese government for Hong Kong. Section 4 describes the main events in Hong Kong that have marked the government of Xi Jinping. Section 5 presents analysis from an economic point of view of the changes in the territory.

2. Transformations in leadership in China

It is undeniable that China has moved into a more plural society in the last four decades. These changes have also led the Chinese leadership into an evolution. While Mao’s era of “War and Revolution” had a strong approach to leadership mediated by old dialogues, a peasant’s population and heartland revolutionaries crucial for the triumph of the Chinese Communist Party. Deng Xiaoping’s times of “Peace and Development” aimed to respond

to the social demands of a society claiming a better quality of life. On the other hand, the leadership of Jiang Zemin and the “Harmonious World” of Hu Jintao, show a mediator type of leadership that seeks to guarantee stability allowing continuity in the economic rise of China.

In the 21st Century, the configuration of the Chinese society is the consequence of the rapid economic transformations. Thus, the fifth generation faces a more pluralised society, with a rise in the middle class and bureaucratic offices led by young and educated technocrats with different professional backgrounds and fully connected to the world. Hence, Xi Jinping’s envisions a new era of the “Chinese Dream”, where the country stands with a different image in the international arena as a world leader but also needs to reconcile with a different type citizen’s expectations and interactions with the government (Wang, 2014).

MacGregor (1978) proposes four categories of leadership in China by looking at the leader’s goals. The author defines each category as follows: strong leaders are those whose power is not contested in any sense even under bad performance. Transformational or transactional leaders aim enormous changes. System maintenance leaders aim to assure stable conditions without much ambition to perform dramatic changes. Finally, power wielder leaders seek power as an end reassuring the image as a major player of the ruling territory.

The author indicates that Chinese leadership styles have changed across time. Figure 1 provides a general overview of these changes. It is important to notice that the categories for each president are based on general patterns of leadership style. However, this is not a normative classification. For instance, Mao Zedong was also a transformational leader by attempting to achieve changes in the societal organization. However, the use of coercive means and ideology as mechanisms of power, make him to be classified in the strong leadership category. Deng Xiaoping’s approach to transformation aimed to respond to the citizen’s needs for development and economic progress, using material gains as incentives for support of his plans, thus his leadership is more associated with a transactional style.

Jiang Zemin continued the plans that Deng Xiaoping started. However, the changes he formulated were more transactional than transformational in the accession of China to the WTO and political changes in the CCP increasing memberships with the policy of “Three represents” in 2000.

With Xi Jinping the government style achieved an inflection point where the leadership is no longer attempting to give continuity to the plans of previous governments, but it has reached a new era of transformations with a different perspective of China as a major player in the international arena.

Figure 1. Timeline of leadership types in China



Source: Author elaboration based on Leadership categories of MacGregor (1978).

As the leadership has changed, the society has also experienced transformations, Lampton (2014) posits that the legitimacy of the leaders in the fifth generation is subject to the ability of rulers to efficiently understand and provide solutions to citizen’s needs such as economic growth, social stability and expand living opportunities. Thus, Chinese leaders today listen and have into account the interest of the people more than ever in the entire Chinese history.

3. Leadership approaches to Hong Kong

The negotiations for the return of the People’s Republic of China sovereignty to the territories taken in the unfair treaties of the opium wars was one of the most challenging tasks for Deng Xiaoping. From 1983 until early 1990, China’s ranking representative in British Hong Kong was the director of the Xinhua News Agency, Xu Jiatao. He was a key person to mediate between Beijing’s plans and also paid attention to Hong Kong’s people interest and wishes (Hing, 1994).

At that moment, the three key factors for Hong Kong were stability: in mainland China, open door and reform, for many global firms from Hong Kong as a door to China’s market but upholds transparent rules as western countries and cooperation with the United Kingdom. Britain signed a treaty that guarantees that Hong Kong way of life will remain unchanged until 2047.

Deng Xiaoping’s approach to economic reforms aimed to foster development and economic prosperity for Chinese people, making the Communist less ideological and more pragmatic. This approach sought to avoid ideological debate and focus his reforms to pursue economic growth. In that sense, Deng Xiaoping was obsessed with economic development, thus he had a positive attitude regarding the Hong Kong’s economic prosperity of trade and financial services. This perspective made that Deng’s perception of democracy was not an end but a mean to guarantee stability for business as usual after the handover (Hu, 1998; Hing, 1994).

When Hong Kong reverted to mainland China rule in 1997, the Basic Law emerged as the foundation of the legal system of the island. The Basic Law established that Beijing would allow Hong Kong citizens to maintain the political rule that was established under the British control. The idea of the “one country two systems” principle established political and economic autonomy from the central government and aimed to create conditions for a smooth transition to the complete control of mainland China by 2047.

Moreover, the “one country two systems” framework was planned to be a model that helped to bring back Taiwan and achieve the unification of the Chinese territory (Barron, 2019; Chang, 2015). To achieve this objective, it is undeniable that the freedom of speech and critical thinking taught in the schools and universities in Hong Kong makes that many citizens are able to have their own political point of view (Kuang and Lau, 2002). In that sense, Beijing requires to reconcile their political structure and logic with this specific type of societal configuration.

The government of Hu Jintao had a strategy of contention for dissidents and those who promote democracy and human rights in Hong Kong and attempted to restrain freedom through the detention of the group promoting the Charter 08¹⁷ including the leader of this initiative Liu Xiaobo in 2008 (Human rights Watch, 2008). However, Hu sought to use indirect measures instructing the Chief Executive to use discrete tactics to dissuade and secure social stability and sometimes even negotiate the price of the rights (Fu and Distelhorst, 2018).

Xi Jinping’s approach to Hong Kong have two main elements. First, China’s model is superior to liberal values and universal suffrage practiced in the West and open door for Western economic and political ideas will undermine the power of the Chinese state (Economy, 2014). Second, the Party State has launched political campaigns against grassroots and civil society organizations (Naughton, 2017).

Hence, president Xi allows the state to retain significant control, thus the president uses restrictive strategies to face Hong Kong manifestations such as silencing political opposition. According to Miller (2014). Xi’s repressive tendencies instead of promoting a smooth reunification with the mainland. The current political scenario has created barriers establish dialogues and a smooth transition to finish the unification process. For instance, the 2013 internal directive known as Document No. 9 listed an independent civil society among the seven perils to the Chinese state shows that the government of Xi Jinping is open to establish dialogues with the grassroots (Fu and Distelhorst, 2018).

¹⁷ The Charter 08 is a prodemocratic manifesto signed by intellectuals, middle level officials and rural leaders advocating for fundamental political change in China in the years to come (Link, 2009)

4. The future of the “one country two systems” principle under the Xi era

Since the beginning, Xi Jinping’s statements have been clear that the legal system must be under the party’s control and he has declared in several opportunities he is open to discussing a legal reform but “[China] must absolutely do not follow the Western Road of judicial independence” (Huang, 2017; Flaherty, 2013). For Hong Kong, the leader strategies have also shown the interest of Beijing to gain control over Hong Kong population with the plans to incorporate Beijing-approved “patriotic education” into its school system, these plans halt by the Federation of Students leaflet and later the extradition law of 2019 are other measures in the same direction of coercion instead of persuasion strategies.

Regarding political freedom, since the umbrella movement started in 2014, the Communist Party openly declared that will not tolerate civil disobedience (公民抗命, pinyin Gōngmín kàngmìng) and hundreds of civil-rights activists and independent lawyers have been harassed by the police since 2015 (The Economist, 2019) yet people still prepared to join manifestations. The government claims that the movement is unlawful, and it was perceived to jeopardize social order.

However, it is precise to say that despite the police brutality has been increasing. Yet for Xi Jinping turn Hong Kong protests into another Tiananmen is not an option given the global repercussions on the president’s ambitions overseas. This section provides a general overview of the main events that have happened in Hong Kong since 2013 and future prospects for Hong Kong (Wasserstrom and Ho, 2014).

Occupy Central and the Umbrella Movement

The protests started as a mechanism of pressure to the Central government to implement electoral genuine universal suffrage (真普選, pinyin Zhēn pǔxuǎn) for the Chief Executive of Hong Kong established in two of the articles in the Basic Law and reached 10 years after the handover. Later, the agreement of the People’s Congress in 2007 established voting elections for the Chief Executive and all the Legislative Council LegCo members also elected based on “one person one vote” in 2017 (Shi, 2017). Social unrest started in 2014 when the Standing Committee of the National People’s Congress stated that Hong Kong citizens can elect people based on condition that a nominating committee could pre-screen because the candidates should “love the country and love Hong Kong” legitimate and appointed by a committee perceive as a veto for democracy from Beijing (Mey and Ladegaard, 2015; Gelvez, 2019).

For citizens, this mechanism for nominations has a clear lack of transparency and left a lot of directionalities to the central government to influence the top leadership of the island. Instead, citizens claimed that for a democratic process requires following a process of civil nomination of candidates.

The protest that started in 2013 evolved into the Umbrella Movement in 2014. It is important to mention that the Umbrella Movement was not a pre-established plan of protesters, but it was a spontaneous reaction of protesters to protect themselves of police reaction to demonstrations tearing gas and spraying water through cannons using umbrellas. Some pictures show yellow umbrellas; thus, the movement got the name of yellow umbrellas.

In the beginning, the manifestations took place in Admiralty but later the movement expanded and took specific characteristics according to the territories. As shown in Table 1, the protests do not have a specific group of interest, instead, protesters are a diverse group with different ranges of age, occupations and lifestyles, but a fundamental commitment with the rule of law and seek democratic participation to elect the Chief Executive and members of LegCo.

For instance, admiralty for its distinct middle- class character with a strong student and civic group involvement, Mong Kok for its grassroots and triad involvement, and Causeway Bay for its popularity with tourists.

Table 1. Main concentrations and characteristics

District	Characteristics
Admiralty	Student and civic support
Mong Kok	Grassroots and triad involvement
Causeway Bay	Opportunity to visibility of the protests with tourists

Source: Own elaboration based on Yuen (2015).

The extradition law

In 2003 marches convinced the authorities stop debating an anti-sedition law and later on the Chief Executive Tung Chee-Hwa resigned. Since then, and most notably after Xi became party leader, the central government has tightened measures and response to leaders of the protests. Although the protests such as the umbrella movement have taken place during the last five years, the situation got worse since the summer of 2019.

Manifestations join together in an unprecedented march since China took over in 1997 aiming to stop a debate in Hong Kong's Legislative Council on extradition bill. The law was particularly concerning for protesters because the law posed a threat of extradition. Despite extradition apply only for crimes with heavy sentences where political cases should

not apply, the party has a long record for punishing critics and pressing charges that do not appear political¹⁸.

Carrie Lam, Chief executive of Hong Kong, defends the law arguing that it is a necessary measure to face a legal gap in the island that allows fugitives to find refuge in Hong Kong. However, the direct influence of members of the Standing Committee of the Politburo in Beijing creates a lot of mistrust to the initiative.

According to Margaret Ng, legislator 1995-2012, the reason the legal system in Hong Kong had a firewall with mainland China was to create guarantees that Hong Kong was trustworthy for investors with a solid legal system. The protests show that citizens do not trust that abolishing barriers with the mainland China legal system will provide the same guarantees of rule of law as in Hong Kong (The Economist, 2019).

The events that have been taking place since 2014 show that there is a new generation of citizens willing to fill high ranking ranks and advocate for a democratic ruling. Civil society members and activists have learned that it is possible to make their voices heard through public air. Besides, the use of social media as a mean to mobilize people through gatherings and making visible in real-time globally the causes they defend has shaped the way how this generation is mobilizing. This represents a good starting point for the government to approach the youth and establish dialogues that can help them to end social unrest and create less pressure in politics.

As a result of the protests, the protestors have devoted five demands to the Chief Executive Carrie Lam that include the elimination of the extradition bill, a commission that judges’ allegations of police brutality, that protesters are not classified as mutineers, amnesty for arrested protesters and universal suffrage for the legislative council (LegCo)¹⁹ and the head of Hong Kong government.

Hong Kong District Council Elections

During 2019, the citizens elected district councils. The elections showed a substantial increase in electoral participation with a total of 2.9 million people who expressed their votes at the polls, resulting in an unprecedented increase of 24 percentage points in the number of voters with respect to 2015 (District Council Elections, 2019). The significant reduction in abstentionism shows the social unrest that has been experienced since the protests began in 2014.

¹⁸ For example, Gui Minhui a Hong Kong-based publisher of books about communist leaders faces charges against him referred to a car accident (The Economist, 2019).

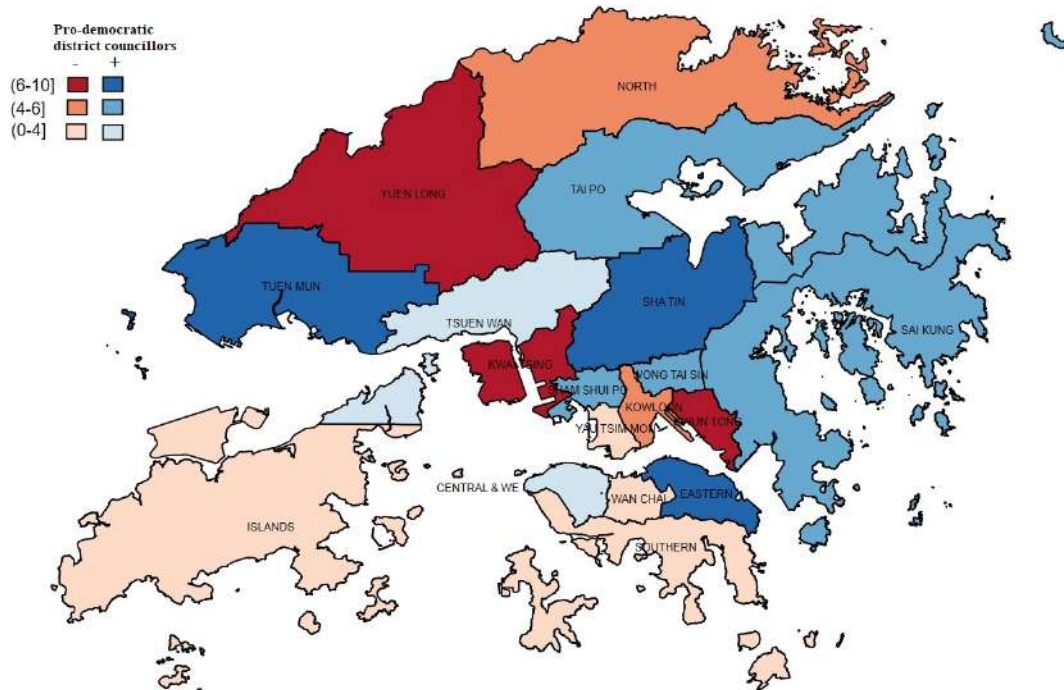
¹⁹ The Legislative Council of Hong Kong (LegCo) is a unicameral legislature composed by 70 members, with 35 members elected and 35 members appointed from a interest group based criteria.

The district council elections show that the pro-democratic parties consolidated themselves as a representative political force of the majority, going from 116 to 392 seats from 2015 to 2019.

Although in the northern territories (those with the border with mainland China), on the island of Lantau and in the heart of the island of Hong Kong, the councilors of political parties classified as “pro-Beijing” reaches, at best, 40% of the councilors of each district. As it can be seen in Figure 3, the pro-democratic parties consolidated in the most populated areas of the island in sectors such as Sha Tin and Eastern.

While 2015 elections the independent candidates represented some particular local issue such as an animal cause, the search for benefits for the elderly, among others, for the 2019 elections, although the independent candidates declared that they did not have a particular partisan affiliation. They showed their preference for a pro-democratic position in the description of their profile (South China Morning Post, 2019).

Figure 3. Electoral results councilors in the Hong Kong Districts



Source: Gelvez (2019 a).

5. THE FUTURE OF THE “ONE COUNTRY TWO SYSTEMS” PRINCIPLE UNDER THE XI JINPING’S ERA

Some of the messages to their constituents on the nomination cards mentioned support for a free Hong Kong, the defense of democratic rights, as well as others with more specific purposes, state the commitment to the five demands given to Carrie Lam after the protests in June in which the record of around two million and one people was broken during the demonstrations of June 16 of 2019.

5. Socio-economic costs of the crisis in Hong Kong

One of the main motivations to take a careful approach since the handover is that Hong Kong has been a key illustration for mainland China to organize trade and financial centers during the opening up process in the nineties. Today the advantages of the Kwai Chung area still being one of the main connections of China with the world in the seaport, also the Hong Kong Stock Exchange market still being a financial hub for South-East Asian countries.

The connection between business elites and the government has a long tradition in Hong Kong. For instance, Tim and Lagerkvist (2016) explain that Hong Kong tycoons are experiencing a generational change, where many tycoons that were key factors as economic support in the handout are transferring the control of their business to their family successors, the author highlights that this is an important element in the elites-central government relation.

Fortunate

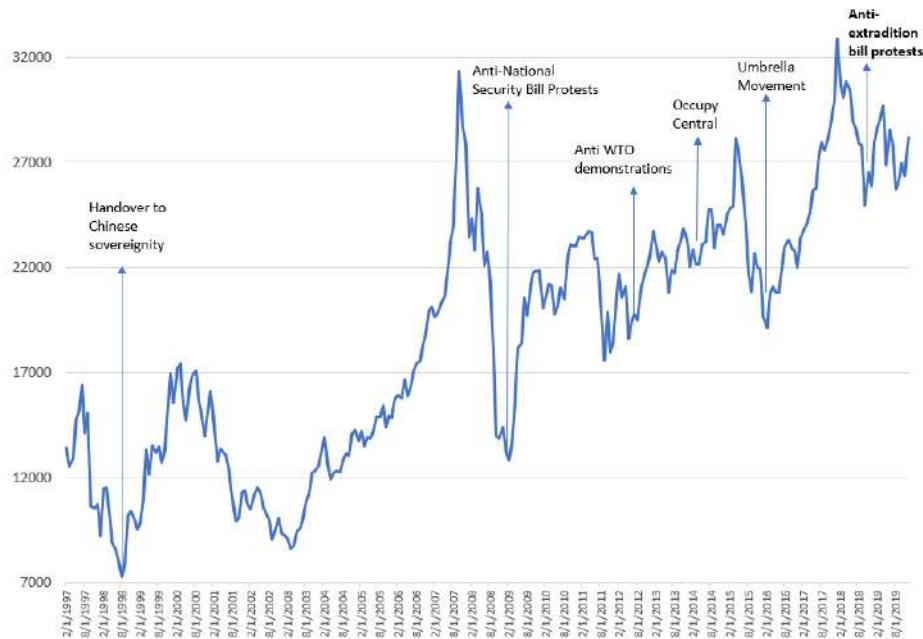
Hong Kong, May 2019

Share of offshore RMB- denominated payments	75%
Share of offshore RMB-currency dealing	39%
Share of direct investment into China (avg. 2013-17)	63%
Share of direct investment from China (avg. 2013-17)	59%
Global financial centre rank (out of 102)	3
Banking assets % of GDP	851
Stockmarket value, % GDP	1,207
Number of multinationals with HQ	1,333
Number of banks	194

Source: The Economist, 2019

Hence, one of the most important aspects of China was to maintain this relationship and attract stakeholders from mainland China to integrate the new economic elites in the island. As depicted from Fig. 2, the protests as signs of political stability have an impact on the Stock Exchange market and put the economic status of the island at risk. For instance, Hong Kong’s stock market has always bounced back strongly after big protests (Liu, 2019).

Fig. 2 Hang Seng Index and riots and demonstrations



Source: Own elaboration based on Yahoo Finance

There are further concerns regarding socioeconomic challenges on wealth distribution and social class stratification. Xi Jinping’s political tightening is seeking a foothold overseas making that millionaire want their children receive education overseas and people with assets of 1.6 million or more have emigrated or plan to do so (Economy, 2014).

Concluding Remarks

The Xi Jinping era offers a clear change in the approach of mainland China’s government to Hong Kong. While Deng Xiaoping attempted to provide a smooth transition system under the principle “one country two systems”. Hu’s strategy was contention and mediation. Xi Jinping’s ruling provides a cut into a hard-line of power and strategies of coercion.

Despite protestors have not achieved much progress to any institutional change, as a senior Chinese diplomat summarizes Xi Jinping faces a completely different China to rule the changes in the leadership where “Mao and Deng could decide, Jiang and the current leaders must consult”²⁰.

Events such as Occupy Central and the Umbrella Movement shows that people do not fear the government even under very oppressive conditions. Hence, Xi Jinping’s approach did not dissuade protestors yet enduring the coercive measures Hong Kong citizens have created a resilient civic society foundation.

The way how the citizen’s uprising handled through coercive means. It is precise to mention that the insubordination that motivated occupy central and later the umbrella movement intended as a rational non-violent civil disobedience and attempted dialogue as a conflict resolution means without success in the light of any concessions from the Beijing government.

Yet it is undeniable it is also a fraction to society divided in pro-Beijingners and pro-Hong Kongers (Lim, 2017) thus, to guarantee governance in the island, it is important to create new links of trust between citizens and the government. That the police response to repress protestants has been increasing exponentially the violence makes this more challenging.

Regarding Hong Kong’s economic status, the fall in the Hang Seng Index shows that there is an economic cost associated with the clashes of the Beijing authorities and citizens in Hong Kong. Thus, the exercise of coercive measures harms the image of harmony that China wants to display internationally. Only if PRC leaders and the Hong Kongers find a path to a unique way to navigate between the desired democratic ruling and Beijing government style. In this task, while continuing to maintain economic growth the leaders will achieve balance in the territory.

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Chapter 6

China vs. USA: trade war

Gustavo Girado

Abstract

The events that highlight the consolidation of China's progress as a powerful economy in many ways, its rapid rise like a vertex of global responsibility, combined with the foreign trade policy carried out by the United States. Ever since Donald Trump, they are putting the economic and commercial system based on global norms under an unprecedented threat in peacetime. The years 2018 and 2019 are witnesses of the greatest trade war in modern history and in fact the panorama of world trade policy has been greatly affected because while it is in the middle of a great turbulence, with several forces moving in different directions and uncertainty about the final result - and the duration of such agitation - the environment has clearly worsened. In summary, the deepening of political divisions and justified, growing fears pose the greatest challenges for the world economy at this time.

Keywords: *Trade war, China, USA, trade policy.*

Introduction

The years 2018 and 2019 are witnesses of a very important trade dispute, and in fact the world trade policy landscape has been affected because while it is during great turbulence, with various forces moving in different directions and uncertainty about the result - and the duration of such turmoil - the environment has clearly worsened in the middle of one of the worst episodes affecting global health in a long time. In summary, the deepening of political divisions and justified, growing fears pose the greatest challenges for the world economy at this time, given that the health problem is added to the political setback.

Until now, there were rules that -approximately- date from the moment when a certain configuration of the post-Bretton Woods trading system took place, from which a set

of regulations based on non-discrimination (as a guiding principle) and other binding and enforceable commitments in Tariff issues - among other policy instruments - had brought greater stability to the system and greater market opening, central issues that constituted the original claim. But gradually, a series of events are encouraging an escalation, let's say disruptive: on the one hand, the appearance of new technologies that have been taken advantage of by commercial management systems; secondly, there is great competition for geographical spaces due to the rise of a series of developing economies that have gained their own voice in the concert of nations; third, let's say that geopolitical aspects appear that help the landscape to change rapidly and that are the roadmap both for these new actors and for those developed economies that explain - until now - the design of the world in which we live. In some ways for the better, but in those that give rise to this work, not necessarily.

With the world trade system becoming one more tool of the disputes discussed, it fragments and, by weakening, affects the global governance mechanisms that are treated with so much interest in multilateral spaces. Although the place where these last frictions are most manifested are the G20 meetings, the central protagonists are not so many economies but centrally two, which are the largest, most powerful and influential. They are the US and China, actors who are arguing, and much, almost to the limit of what is politically acceptable so far. This generates a strong impact on the rest of the world from underlying systemic problems, which amplify this discussion (González and Verón, 2019).

This dispute has reached such a degree that, at this point, the protagonists need an agreement to stabilize not only their markets but also to make a real contribution to global peace. The disagreement in several of the aspects they discuss, and the sensitive political times to come for each one (to mention just two, the 2020 elections in the US and the proximity of the centenary of the Communist Party of China PR, in 2021), occurs in a highly sensitive framework and this can put many of the achievements made in terms of global governance at risk. Furthermore, China is gradually being hit more and more, including by events taking place outside the country, which threaten the party's intense desire for control and stability, as well as its ability to successfully address a confluence of economic pressures that are going away. accumulating. We will try to reel off these aspects to understand why this situation has been reached.

The actors. The dispute.

China has come a long way since the founding of the People's Republic seventy years ago, and its rise marks one of the most profound changes in the world in the second half of the 20th century. Its subsequent opening up and involvement with the rest of the world had

the effect of a tectonic movement in the global economy, sending gravitational waves that have affected - and affect - all corners of the planet. Today, at the end of the second decade of the 21st century, China considers that it has “the capacity, the will and the responsibility to bring wisdom and strength to improve the global governance system.” Since her (so-called) “reform and opening-up” policy of 1978, her path led her to join the WTO in 2001 - after 16 years of negotiations - a hallmark that made her a full-time member of the universe. global cultural, political and economic. But let’s say it now, despite the reforms undertaken as a result of that membership, Party-state involvement in the economy remains widespread. According to the WTO, in early 2018 the Chinese state retained a majority stake in all but one of the 100 largest publicly traded companies in that country (WTO 2018).

And with that attitude, China is preparing to commemorate two centenarians. The aforementioned of the founding of the Communist Party and the birth of the People’s Republic, in 2049. The Politburo claims that, by the time it happens, poverty has already been ended and that the (approximately) 1,400 million inhabitants constitute a “Modestly affluent society”, which just four decades ago was basically a peasant and impoverished one. Soon, a significant portion of the country will be part of the middle class: it will be the largest in the world within the same national border.

China understands that, after this phenomenal transformation, it has a lot at stake at the global level, its voice is stronger, and it disputes spaces of hegemony that were reserved for the order of the western northern hemisphere since the second postwar period. China criticizes that concept and tries to transform it to the extent that it sees its interests as a rising power compromised. In the debate and moving its pieces, it is compelled to create its own institutions (the AIIB, the New Silk Road, the BRICS and its bank, the SCO, etc.), an issue that stands out to the extent that the US administration in charge of Donald Trump, he withdraws, denies and accuses her, as we will see. In a global game almost of reversed and surprising roles, China appears as the champion of the free market while the US entrenches itself in defense of protectionism and seriously attacks the functioning of multilateral institutions and projects (the already old NAFTA, the TPP, now the WTO, among others).

In its political work to encourage global governance mechanisms, trying to create a new “symbiotic international system”, which guarantees loans and investments in contracted projects with new “Chinese characteristics” in distant seas and territories, the country proposes a new “Chinese solution “for a world in crisis. Controversial issues must be addressed, they cannot be ignored because China needs the world and the world needs China. Furthermore, recently in Buenos Aires (December 2018), Foreign Minister Wang Yi argued that defending multilateralism, perfecting global governance, and building a

community of shared interests corresponds to the trend of the times and the common interests of all nations. However, not everyone has the same opinion.

The rise of China has drawn attention to its industrial and trade policies, some of which are breaking or evading multilateral rules. These policies in particular have strained the world trading system, and, in fact, it is the economy with the highest number of complaints in the WTO for unfair trade practices. That was the framework when, four years ago, it launched its ambitious “Made in China 2025” industrial strategy, its plan to become an industrial superpower. This plan constitutes a government strategy to improve its industry, and together with the 13th Five-Year Plan (2016-2020) of which it is part, they focus on import substitution by creating specific targets for the displacement of foreign technologies. This project has changed the way the different institutional actors - and even governments - see the country.

Broadly speaking, the president of the United States and his advisers made no secret of their intentions regarding trade with China during the 2016 electoral campaign. China was the almost exclusive protagonist of his discursive epic and pointed out as the main culprit of countless evils that then afflicted the US economy, according to statements by the Trump administration. This ranges from the more than 60 thousand industrial establishments to the more than 6 million jobs lost “in these years”, according to the American president. After some boxing feints in 2017, when Chinese President Xi Jinping and President Trump exchanged visits to Mar-a-Lago and Beijing, the trade war erupted in 2018. Despite a four-month hiatus for talks after the G20 meeting in Buenos Aires at the end of that year, that dispute unleashed its worst demons in May 2019. Since then, and with a schedule that has accelerated and stopped irregularly, almost all bilateral trade between the United States and China was subject to punitive tariffs until the agreement reached in January 2020, known as “Phase One” when, and for the first time in two years, there is a relative decline in punitive tariffs in both directions.

The largest economies in the West increasingly perceive the People’s Republic more as a systemic rival than as a partner. And while “Made in China 2025” (hereinafter, MiC) has recently disappeared from official rhetoric (as a by-product of the trade war that we will discuss), Beijing’s objectives seem to remain unchanged, to the point that its industrial policy it is already being implemented: it wants Chinese companies to become world leaders in ten core industries by 2025, and aims to be a global technology superpower by 2049. This Plan, according to President Trump, is the plan to beat. It appears veiled as the background of the trade war we are witnessing.

As included in the MiC, the 13th PQ and other official documents, industrial and commercial policies are critical instruments to carry out state planning in search of strategic autonomy and / or global leadership in high-tech sectors, such as new technologies. of

information, numerical control tools and robotics, aerospace equipment, ocean engineering and high technology equipment, ships, railway equipment, highly energy-saving and renewable energy powered vehicles, new materials, biomedicine and medical devices, agricultural machinery, among others.

However, that the commercial relationship between China and the United States is going through a delicate moment, closely linked to the previously highlighted Chinese development project. It is a bid that is accounting for serious consequences, although the underlying fight is not restricted only to the terms of trade between the main Western power and the Asian giant, but also refers to strategic issues. In any case, China's economic strategy is no secret. Since it allowed the participation of foreign direct investment (FDI) when it decided to open up to foreign capital (last quarter of the last century), Beijing took advantage of having an abundant and almost free economic factor, this is its unqualified workforce, to sell products of low technological composition from their territory.

From there and then, it grows its economy, and then creates the capital, infrastructure, and experience necessary to make the country an innovation powerhouse. This is the moment in which we meet, and that simultaneously awakens all the demons. However, history gives lessons in this regard, to avoid the originality of the hour, let's say. China is not the first to adopt this strategy, as similar measures have driven countries such as Germany, France and Japan in their heyday in the last 70 years. And even then, they also caused considerable trade friction with the United States. Washington appropriately accused the three countries of unfair trade and monetary policies: Germany and France in the 1970s and Japan in the 1980s. Closer in time, US administrations have accused China of the same. But this time, the tension is more worrying for a number of reasons. A hegemon has not been challenged in this way for decades: China is far more populous than Germany, France or Japan, and its economy could quickly become the world's largest. Beijing also projects influence beyond its borders, sharing technology with smaller countries and trying to create a set of close trade and investment relationships, which could one day be based on the Chinese currency (renminbi) to the detriment of the US dollar.

Like Britain and the Netherlands before it, today the US is the dominant military power and its reach is global. It has some of the most productive industries in the world and dominates much of world trade and finance. But, like its predecessors, the US now faces rising power, a confident and naturally ambitious economy that has the largest population (until soon), progresses indiscriminately, and the average level of well-being of its population, it rises slowly but surely. In sum, naturally the hegemon is being challenged, and this is why the trade issue is not the dominant one in bilateral disputes.

In theoretical terms and unless something definitely goes wrong, the growth and expansion of the challenger is almost assured. Conflicts will inevitably arise and among them

the commercial, perhaps the least impressive, surfaces first. The numerous restrictions so that important Chinese technology companies can continue working in the United States and with companies from that country, is the way that the North American lock has taken to curb the systematic global advance of some Chinese companies (Huawei and ZTE, among others.) and its products (TikTok, among others). The promising superpower requires more access to markets and intellectual property than the incumbent wants to provide. Always in theoretical terms, what the holder does not give voluntarily, his challenger will seek to take it. We are talking about a hegemon that designed the post-Bretton Woods world according to its requirements and as a victorious economy, and where the institutions that emerge from there express that relative power. That is why it is so important to understand China, as well as to reel off US political behavior.

At the time, then-US President Barack Obama tried to pressure China to change its attitude through alliances and international cooperation, especially in the form of a trans-Pacific trade bloc. During his pre-election campaign, Donald Trump had made China his main scapegoat to unload on it much of the economic malaise that, in his understanding, American society was then suffering.

Rather than form alliances to contain China, from the moment he took office Trump withdrew the United States from the proposed Trans-Pacific Partnership (TPP) trade agreement, and clearly expressed his intention to eliminate the bilateral trade deficit between the United States and China. Of the more than US \$ 800 billion in total trade deficit that the US had with the world, more than half had its origin in its commercial relationship with China, an economy from which many more products come than it sends. More recently, President Trump showed us how to deliver on that speech: He took a confrontational approach and imposed tariffs on Chinese goods in an escalation that continues to this day (see details in Box 1). Furthermore, Trump has branded China a “currency manipulator” by virtue of two bouts of devaluation of the yuan in a short period of time, and seeks to put an end to what he calls “theft of intellectual property.” It decides, in short, to reduce that deficit by waging a trade war.

For much of the past century, the United States administered and protected the rules-based trading system that it created at the end of World War II (WWII). That system required a fundamental breakdown of the pre-war environment of mutual suspicion between powers, still in competition. Rules were enacted to restrict behaviors that we might call “selfish”, and even coercive threats from the powerful. The US was a benevolent hegemon (as various authors treat it), whose power arose from control over votes in multilateral institutions, both directly and through its influence over the G7 countries. Today China, the economy that grows fast and expands in political, legal and value terms, appears under-represented in those multilateral institutions and from there it moves ac-

ording to its interests, creating others that contemplate its own, and the of others whom it tries to contain²¹.

The rapid rise of China has led to demands for a more balanced relationship, one with higher degrees of reciprocity, in line with its growing status as a leading world power (European Commission 2019). And indeed, China has taken some steps to defuse tensions, for example by strengthening and centralizing its intellectual property law enforcement apparatus and unilaterally lowering tariffs at the end of 2018 and making major concessions in the “Phase One” deal. However, these initiatives have received very limited recognition, or null in the American debate. For this reason, we maintain that these commercial aspects are not central to the dispute. Furthermore, all the measures promoted by President Trump, which have found some degree of response from China in similar terms but with less impact in terms of the volume of money committed, so far have managed to make the level of global activity fall, to fall bilateral trade and, worse than this, is that the bilateral trade deficit has deepened and not reduced. That is why the foreign trade policy measures of the US administration do not seem to have a very different meaning than a great smoke screen.

A recent EU document synthesizes part of US political actions. It maintains that US trade policy towards China is embedded in what they call the “Trump doctrine”, a doctrine that is based on four lines, all at odds with generally accepted economic analysis: it overlooks the gains from trade, while ignoring the benefits of specialization; it focuses on the trade deficit, as if it were the result of trade agreements and not on savings and investment trends at home and abroad; ignores the changing nature of trade in general and global value chains (GVCs)²² in particular; and disdains the need for cooperation in international affairs in favor of the pursuit of a politically defined self-interest (Nordhaus, 2018). From this point of view, trade policy intersects with national security strategy, as trade is a critical means for nations to assert their influence in a new era of great power competition with strategic rivals (Pence, 2018) and because national security is considered in a broad sense, so that economic security is included.

²¹ Which brings a kind of “greening”, if I may, of the theory of International Relations. Hence, also, it is that the re-readings of IR classics such as “The Sources of Soviet Conduct”, the 1947 article by the American diplomat George F. Kennan with reference to the former USSR, or to Thucydides himself (Sparta responded to the rise of Athens with “fear, insecurity and determination to defend the status quo”), to try to understand in a contemporary key the inevitability, or not, of an armed conflict.

²² “A GVC comprises a series of tasks necessary for the delivery of a product from its creation to final consumers, including research and development, product design, the manufacture of different parts and components, assembly and distribution, in short all different events carried out by companies that are located in more than one economy”(Girado, 2017).

6. CHINA VS. USA: TRADE WAR

The US foreign trade policy agenda with respect to China is being implemented through a combination of unilateral instruments and bilateral negotiations that aims to bring China to the negotiating table to extract a series of specific and structural concessions, ranging from increased purchases of American goods²³ to changes in laws and policies that address highly sensitive areas and are of great concern to the Politburo. The recourse to cooperate with other partners or with the WTO itself appears more like the exception than the norm; Furthermore, key US allies and the global trading system that it once founded are now threatened by unilateral trade measures, presumably aimed, at least in part, at increasing pressure on China and / or as part of a broader protectionist stance that casts doubt on the underlying objectives of US trade policy²⁴.

Briefly (the specific issues are presented in Box 1, below) in early 2018 the US invoked Section 232 of the Trade Expansion Act of 1962 (alleging a threat to national security) to increase tariffs on steel and aluminum, which gave rise to the trade disputes of this great northern economy with the main exporters of these industrial inputs, including China. Some of them, such as the controversy with Canada and Mexico, were resolved through negotiations, but others have quickly turned into a full-blown trade war (China). Following the Section 301 (unfair trade) investigations, the US increased tariffs on large swaths of Chinese goods. China was able to retaliate proportionally in the early rounds, but quickly ran out of US exports to add tariffs, given its large bilateral trade surplus with the United States, as China sells much more to the US than it does. economy sends to China.

²³ That may have been the goal that was relatively more achieved in January 2020, when China pledged to increase its purchases from the US by about \$ 200 billion in two years, based on the bilateral trade of 2017.

²⁴ Rising tariffs has come to the forefront of US trade policy. They are based on long-dormant trade statutes, namely i) Section 201 of the Trade Act of 1974, which authorizes the president to temporarily restrict imports that cause or threaten serious harm to domestic industry (the so-called “safeguard” action); ii) Section 232 of the Trade Expansion Act of 1962, which gives the president the ability to impose restrictions on imports that are imported in quantities or under circumstances that threaten to harm national security (“national security clause”); and iii) Section 301 of the Trade Act of 1974, whereby the US can (unilaterally) enforce US rights under trade agreements and respond to policies and practices that deemed unjustifiable and that burden or restrict US trade (known as the “reciprocity” provision, and which has rarely been invoked since the establishment of the WTO) (Congressional Research Service 2019). The main actions include increasing rates on solar panels and washing machines, adopted under Section 201; steel and aluminum imports from Canada, the EU, Mexico, South Korea and other partners, justified under the national security clause; and higher tariffs on Chinese imports, based on Section 301.

BOX 1. STRICTLY COMMERCIAL ISSUES

In 2009 the USITC (the agency that regulates US international trade) established that some imported Chinese tires disturbed the market for local producers, so then-President Obama announced a tariff increase for three years (35% the first year, 30% the second year, and 25% the third year), affecting imports from China for about US \$ 2.1 billion annually. China files a complaint with the WTO but loses. In less than a year, it launched its own anti-dumping investigations on US-sourced broiler products, later announcing tariffs of 50.3% to 105.4% on US-sourced chicken products, and affecting approximately US \$ 800 million in the previous year, and what although it constituted a smaller commercial flow, turned out to be very effective. While the value of tires exported from China to the US decreased 23% from 2008 to 2010, the tariff on chicken caused exports to drop 83% from 2009 to 2010 (US \$ 660 million). Before the tariff, US broilers were the 3rd most valuable agri-food product exported to China, and after the tariff they fall to 13th place. A subsequent round of sanctions would lower them to almost zero.

Closer in time, in early 2018, the US imposed tariffs on imported solar panels and washing machines, directly affecting China (for US \$ 1.4 billion) and Korea, respectively. The measures were in line with Trump's "America First" policy to protect American manufacturers from foreign competition. China responded by initiating an anti-dumping investigation on North American sorghum (affecting an import flow of approximately US \$ 807 million). As in the previous case, China operates commercially on a lower value, but since 38% of North American sorghum and 81% of its total sorghum exports go to China, although China then depended on American sorghum (82% of imports and 51% of domestic consumption), it is a product that is used mainly to feed livestock, so there are eventually substitutes - other coarse grains - and corn.

In March of that turbulent 2018, the trade problem escalated when President Trump announced an increase in tariffs on steel (25%) and aluminum (10%) from various sources, with China being one of the main losers. The US president signs the order after citing national security concerns, affecting with those higher tariffs on imports from China for some US \$ 2.8 billion. The other economies affected by US trade pol-

icy responded in various ways. The EU imposed tariffs on \$ 3.4 billion in US products, ranging from whiskey and motorcycles to peanuts and blueberries; India and Turkey had already done the same with products ranging from rice to automobiles. Then the American president exempted Canada and Mexico and gave other countries the opportunity to argue why it should exempt them from tariffs on steel, and hence in the following weeks the list of exempt countries included the EU, Argentina, Australia, Brazil and South Korea. Only on China were unilateral trade sanctions maintained. What has been pointed out so far merely meant the beginning of the dispute, which escalated rapidly from then on, until January 2020 when they agree to start de-escalating punitive tariffs very slowly, while China commits to increasing the purchase of certain North American products.

As of Fall 2019, more than 90% of products at the six-digit Harmonized Code (HS) level have experienced tariff increases from one or both countries. In addition, the US is threatening to increase tariffs on certain consumer products and on Chinese exports worth \$ 250 billion that have already been taxed in previous rounds of tariff increases. Currently (November 2019), there are signs of a phase-down and negotiations are ongoing. China offered to lift punitive tariffs on U.S. soybeans and pork amid its current outbreak of African swine fever (which opened the Chinese market to want meat for Argentina, for example), and the United States also waived temporarily to more than 400 Chinese products from tariffs, postponing the implementation date of tariff increases (Li, et al 2019).

In a detailed exercise to measure U.S. trade protection in 2018, Chad Bown and Eva Zhang found that, in total, the five sets of tariffs adopted by President Trump covered \$ 303.7 billion, or 12.6% of total goods imported by the US in 2017. By adding other special duties, many established by previous administrations, the volume of covered US imports increases to 14.9% (Bown and Zhang 2019). China is the main country affected by this accumulation of special US tariffs. Overall, more than 50% of US imports from China had become subject to special US trade protection by the end of 2018.

Character of the Chinese response

Regarding the nature of China's political and commercial reaction, it then goes from beginning with a kind of "timid" retaliation to later "aggressive" responses (first affecting

\$ 3 billion of imports to \$ 50 billion some time later), covering a very different set of products. A careful analysis of China's imports from the United States by product can help explain the reasons behind such behavior and, ultimately, the costs involved²⁵.

In these cases, China chose substitutable products between products and sources. In products, half of the chicken derivatives in the US were claws - replaceable snack - and sorghum is commonly used for food, in turn substitutable for corn and other cereals. In sources, chicken has a domestic and international production base, and it is there that China pursues substitutability between sources through its diversification²⁶. The disproportion in the amounts that China has been affecting in retaliation for the attacks by the North American executive makes sense within the framework of the aforementioned strategy.

The fact that China did not target soybeans for the blow it received with the steel and aluminum tariffs is not surprising in light of the "proportionate response" principle: consider that if China had retaliated against US soybeans While China exports US \$ 2.8 billions of steel and aluminum products to the US, it imported just over US \$ 12 billion worth of soybeans from the US in 2017, and more than US \$ 14 billion in 2016. Choosing soybeans would have involved a dramatic escalation and strategic deviation. Currently, China depends on soybeans from Brazil and the United States to supply about 90% of its consumption of this grain - mainly for food - and the large volume of exports makes it more difficult to move than other products. However, if necessary, it could change the origin of a significant part of these imports to bring more from MERCOSUR, and / or also seek to replace soybeans with other products.

Then, looking at the list of the top 10 U.S. agricultural product exports to China, it becomes obvious that products outside the top 10, unless combined, do not have trade flows large enough to be an important part of a proportional response. China will likely retaliate on three principles, exploring areas where there is a large share of Chinese imports in total US exports, a low percentage of Chinese imports from the US compared to other countries and a low percentage of Chinese imports in world exports.

²⁵ From here we could make a first evaluation, since in a certain sense there is an important similarity between what happened with soybeans and sorghum, products affected in different instances of this commercial dispute. China imported miniscule amounts of sorghum from the US prior to 2013, but as Chinese corn policies boosted feed corn prices - and shipments from the US were genetically modified, not allowed in China - the Chinese demand was directed to sorghum, with China becoming the dominant importer and growth driver of US sorghum production. China tends to focus on agricultural products with trade flows comparable to US targets for the apparent purpose of sending a message, while appearing to try to avoid escalation by choosing targets with lower trade value, as we'll see.

²⁶ For this reason, it allowed imports of Argentine sorghum in 2014, after imports from the US grew rapidly, that is, as an alternative supplier.

Briefly, then, China's policy of retaliation appears to be defined within these parameters:

1. China retaliates on products for which it has alternative suppliers;
2. China assesses that the Chinese market is important to the US exporter, so that the restriction affects specific interests;
3. China tries to affect imports originating from Trump's base of political support (Midwest).

Furthermore, of the 1,333 specific products affected with higher tariffs for more than a year and a half, around 70% of them are high-end manufactures. The US with its decision affected China where it can most affect it, namely, in its objective of improving its manufacturing industry: the MiC strategic plan. Similarly, only 3% of the imported products included in the US list are low-end, which supports the thesis of the US ultimate goal is to contain the technological growth of China, both upstream as downstream within the GVCs of high-tech products. This issue is central to the bilateral relationship.

The United States' attempt to contain China's rise in technology by limiting Chinese exports of high-end goods has forced China to heighten its risks and retaliate more conspicuously and painfully, primarily against larger US imports. level of sophistication (vis a vis the agri-food products mentioned so far), and although this may affect the speed of China's technological convergence, everything will depend on whether other developed countries follow the US in its protectionist movement. In that sense, not only trade relations between China and the EU are all the more relevant in this context, but also China's relations with Japan and South Korea.

The political origin of the North American decisions was made public one already emblematic day (03/22/2018), when the US issued a presidential memorandum in reference to Section 301²⁷ of the "Investigation of laws, policies, practices or actions of China," which proposed to impose tariffs on up to \$ 50 billion of Chinese imports in response to alleged Chinese theft of US intellectual property²⁸. The reasons put forward by the Trump administration for imposing another round of tariff increases included:

²⁷ "Section 301" is a statute that provides the President of the United States with substantive authority and power to correct actions in certain circumstances, where, for example, business or political practices that are considered unfair by business partners are observed.

²⁸ At that meeting, Trump gave the US trade representative, Robert Lighthizer, 15 days to draw up a list of products to impose tariffs. The official said that he would draw from assets that the Chinese government had said in various policy documents that it wanted to dominate, particularly those mentioned in the MiC2025 plan.

1. The large trade deficit between the United States and China, with a strong surplus in favor of the latter;
2. The fact that China would have forced US technology-intensive companies to enter into joint ventures with Chinese individuals and share their technology in exchange for market access;
3. The alleged theft of US intellectual property by China;
4. Protection in China against foreign competition for domestic companies, based on national security concerns.

Following that memorandum, the Trade Representative published the provisional list covering around 1,300 Chinese products, covering a wide range of sectors (ranging from raw materials to construction machinery, aerospace, agricultural equipment, electronics, medical devices and products of consumption), but clearly concentrated in those that appear in the MiC. The reason was no longer national security (as was the case with steel and aluminum) or the protection of national industries (as was the case with solar panels and washing machines), but rather China's violation of intellectual property rights. This put in white on black that the US was and is trying to slow down China's technological advances.

The argument tries to gain some sophistication in its approach: according to official documents, the main objectives of US trade policy towards China, some of which also apply to other trading partners, include defending American companies and workers unfair trade practices, restore the balance of the trade relationship and make China bear the costs but, fundamentally, encourage China to make fundamental structural changes (USTR 2019).

The technological question and decoupling

Nobel Laureate in Economics Paul Krugman (2019) recently argued that every time they give a truce and give Trump the opportunity to reconsider, he takes it as proof that he is right and pushes even more. In turn, what this suggests is that at any moment the "warning shots" will escalate into a trade and currency war across the front lines. His emphasis seems to be on China's trade surplus with the US, which has multiple causes and is not actually under the control of the Chinese government.

Beyond the political attitude of the US executive, based on the evolution and escalation of the conflict, and in light of the result of the multiple ministerial meetings in which both economies try to reach a trade agreement, it can be said that the US strategy. The US has evolved over time from one in which the initial objective was to reduce the US bilateral trade deficit with China, to a much more specific but also relevant one, namely: to restrict

China's industrial progress. Today, progress has been made bilaterally on the first issue, while Chinese technological scaling is attacked through prohibitions and various political pressures²⁹. The politics of the conflict is clear now, as it has turned into an existential struggle and speaks to the virtues of containment, disengagement and self-reliance.

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This is evident from the fact that the US has excluded most of its allies from import tariff hikes - steel and aluminum - and has targeted only China with measures to, according to Washington, protect the intellectual property rights of North American producers³⁰. Hence, a view prevails that maintains that current frictions are much deeper than trade confrontations (which are usually settled in the WTO)³¹ and have more to do with control over certain types of technologies such as artificial intelligence (AI), key inputs such as energy sources for electric vehicles and control over connectivity, both physical and digital (Choer Moraes, 2018).

²⁹ Great Britain refuses and prevents its companies from working with Huawei, Sweden does the same with Huawei and ZTE, Australia, New Zealand, India and Japan, among others, are gradually working politically in the same sense of those prohibitions.

³⁰ According to Krugman, China is already an economic superpower but at the same time relatively poor compared to the US. From there, it is unrealistic to imagine that such a country can be pushed to back down in its technological ambitions.

³¹ The list of sticking points is long and the spectrum broad. That list includes cyber espionage - national security - and the weapons that Taiwan buys sold by the US, the new Hong Kong Security Law, a formal declaration of opposition to China's maritime claims in the South China Sea and the sovereign disputes that it brings with it, the establishment of stricter limits on Huawei's technology, the alleged attacks against human rights in Xinjiang, not forgetting the recent mutual closures of consulates and expulsions of journalists, among others.

In the framework of gaining adherence to the political positions of the North American executive, the Office of the United States Trade Representative affirms that the application of industrial policies by China is detrimental to American interests because they limit market access for imported goods, foreign manufacturers and foreign service providers, while offering substantial guidance, subsidies, and regulatory support to Chinese SOEs and other industries not only in China but also abroad (USTR 2019). The concern of these officials lies in the alleged misappropriation of foreign technologies, through the forced transfer of technology and the infringement of intellectual property. The asymmetry in market access between China and the more advanced economies is also a source of tension. European research bureau's tend to argue along these lines, albeit less emphatically: while China has until recently benefited from relatively open markets in most advanced economies, foreign companies face higher tariffs, non-tariff barriers, trade and investment restrictions in services, discrimination in public procurement and other limitations in the Chinese market (BDI 2019, European Union Chamber of Commerce in China 2018).

So, in order not to detract from the trade dispute, per se important, perhaps it is better to say that the current trade dispute includes technological rivalry and geostrategic considerations, ranging from the military advantage that dominance in some of the emerging technologies can produce, to the increase in business conflicts related to cybersecurity worldwide (Girado, 2018; Madnick et al. 2019). Political statements suggest that tariff increases are being used as a bargaining chip for various purposes, such as reducing bilateral trade deficits, achieving greater leverage to negotiate new agreements, bringing manufacturing to the US ("decoupling") or punish countries that have certain behaviors.

Concerns first focused on the challenges faced by foreign companies competing in the Chinese market, but now extend to competition with Chinese companies in developed and third-country markets, and on expanding Chinese investments and acquisitions of technologies. advanced, all of which is also intertwined with strategic considerations. The system was supporting China's rapid economic development, but that general preference conflicts with, and clashes with, China's own internal economic model, thus far only partially driven by the market. Since early 2018, the US stance with its "America First" policy has put China at the center of its trade policy agenda.

The United States seeks to reform China's policies, alter the type of bilateral relationship and establish new rules and enforcement mechanisms for the eventual agreement they reach. It is because of this type of demand implicit in the texts (and explicit in the ministerial meetings, according to the Chinese officials) that the bilateral meetings have so far failed. As of early May 2019, there appeared to be a reasonable possibility that some specific commitments on market access and structural reforms had been agreed,

even though the exact content was still unknown. However, each side accused the other of demanding major last-minute changes to the draft agreement. Not only did they fail to agree, but the conflict escalated from then on: despite the so-called “food diplomacy” (from where China at one point buys more products from the North American Midwest, and at others it raises their tariffs going to sourcing from other sources), trade talks collapsed as the United States accused China of backtracking on its commitments, while China criticized the United States for making excessive demands.

At this stage, already with the American elections in sight, any outcome is impossible to predict. When they were closer to the agreement, the differences between the drafts (simply, the elimination of several pages) and the documentation that was finally put to the consideration of those most responsible, exposed the impossibility for the parties of assume the political cost of the assignments that each party believes it has to make. For China, of course, it is unacceptable that after the “unequal treaties” of the second half of the 19th century, the signatures required of it are to sign the same tenor of concessions from another Western power. Before Britain and France, mainly, and now the US.

Of particular concern is the issue of “decoupling,” that is, whether the US aims to separate its economic relationship with China through diversification of the supply chain, to reduce economic dependence and strategic vulnerability. and contain China (Lamy 2018). Decoupling would bring enormous costs to the US economy and important consequences for third countries, some of which have companies highly integrated with Chinese capital, even more than with the US. Given the nature that the dispute has assumed the end of the trade war is unlikely to end the technology war. Over the past 40 years, the Chinese economy has become increasingly integrated into global supply chains, technology markets, and financial flows; now the country must worry about being gradually cut off from all these sources of growth if decoupling becomes a reality (Dollar et al. 2019).

In terms of technology, it is clear that both parties would lose if decoupling disrupts supply chains, international scientific collaboration, visa allocation, educational exchanges, etc. However, it appears that China’s risk of loss is higher due to the larger role that trade plays in its economy. China relies almost entirely on foreign companies to meet its needs for integrated circuits (the North American Qualcomm is the best example), but given the technological interdependence, the efforts of the US government to decouple the technological economies of both countries will hurt American companies, which are dominant in the Chinese market.

And what is the character of that part of the dispute, the one that concerns the aggregate of knowledge that takes the form of high-tech products? Well, the point becomes a core issue since the policies that China has defined in recent decades to be less dependent on the West, characterize its development model that, regardless of perfectly understand-

able ideological assessments, they have managed to draw from the poverty to hundreds of millions of people in a very short time.

We understand that the dispute for the spaces of hegemony in structural aspects that make the world work today, if we are allowed, are central. Among them there is one that takes on almost natural visibility, such as the question of artificial intelligence (AI). These issues - for which there is still no “WTO” to deal with them - are cooked under the heat of intellectual property, and on which the rest of the production experiences revolve, be they manufacturing or services. The extraordinary advance of some Chinese companies (their unicorns, born in the heat of public policy to generate “national champions”), summarized in the advance of Huawei, has put in check the North American policies that, until now, had been establishing the patterns technologies and standards on which manufactures of high technological composition are deployed. That leadership is being challenged for the first time, and by no less a developing economy-based companies like China.

In summary, and because it is not the center of our work, the drastic change in the way manufacturing is done appears when manufacturing production in the north of the globe begins to be divided into various stages and geographically dispersed plants in the world. The Chinese process of promotion in GVCs and of greater involvement in the world production of all types of manufactures, is given by a combination of business integration strategies in GVCs, with trajectories that gave rise to the generation of “national champions” in sectors that the Politburo deemed strategic such as oil, iron and steel, civil construction, some military branches and information technology (ITC), among others, along with the strict control of the financial system by the State. Integrating competitively and moving up in global production chains have been some of the most important objectives of Chinese industrial policy, since it’s now famous process of opening and reform began (Girado, 2017).

As is often remembered, the back of each iPhone reads “Designed by Apple in California. Assembled in China.” So far, the US provides the knowledge embodied in the property, the design, the patent and all those aspects that make the greatest value that each of these Apple devices has inside, while in the territory of China, a company of Taiwanese origin (Foxconn) with thousands of Chinese employees, they assemble them and from there they distribute to the world. Everything is explained in the operation of the mentioned CGV. The numbers on the tariff dispute above pale. Put less elegantly, it is one thing for a country to master the technology to make televisions and toys, and another to control knowledge to make core information technologies, which are the basis for manufacturing, networking and weapons systems. Self-reliance may be a good political slogan, let’s say, but in reality, China’s relations with the United States and the rest of the world are still characterized by high degrees of dependency but, to be fair, with a much higher degree of interdependence.

That is why we say that the offensive against the Chinese plan to develop its high-tech industries became an attack on the core of China's political and economic system. The Chinese model is characterized by its government-led and government-led industrial growth and innovation that includes elements such as state-owned enterprises in key sectors, government-led industrial policy, and cheap credit from banks³². Hence, as recently recalled, it is almost natural that an economy whose growth impacts around the world and with a culture of scientific research, enjoy its technological renaissance: China already has one of the largest groups of AI scientists, more than 800 million of internet users - more than any other country - which in turn means more data to refine your new AI. The consequences are many and they move away from the free market to approach those of "national security." The bid for that forward-thinking space prompted a bill to prevent the US government from doing business with two Chinese telecommunications companies, Huawei and ZTE.

In sum, what started as a trade war in 2018 with a raid of punitive tariffs imposed by Washington on China's exports worth US \$ 250 billion (towards the end of the first ten bilateral meetings), increased dramatically. constant until the Chinese technology company Huawei was included in a list of entities that are prohibited from operating on US territory and / or interacting with US capitals for issues that the American government calls "national security"³³.

What the US is interested in contemplating is its own interests rather than global technological development. The global standards that underpin today's cell phone networks were set by Western technology companies at a time when China was on the sidelines, as at the time much of the crucial technology was dominated and owned by western giants. The President of the United States signed an executive order in May 2019 to declare a national emergency and prohibit foreign companies that pose national security risks from participating in the construction of information and communications technologies (ITC) of the US Almost simultaneously the US Department of Commerce reported that it is adding Huawei and 70 related companies affiliated to its List of Entities. This ban on Huawei will surely lead to further decoupling between the two economies.

³² This challenge to Beijing's economic model even garnered bipartisan support from elite groups within the Chinese policymaking community in Washington (that is, both senators and deputies from both major parties, Democrats and Republicans). The nation's strategic transition and growing resentment in American political circles about China generate consensus around Trump's political discourse: that China is succeeding at the expense of the United States.

³³ It is a dangerous climb. The worst case scenario is to ban US companies from supplying Huawei as US authorities will have the final say on technology exports. And that indicates the decoupling of the US and China in high-tech, "Fang Xingdong, founder of the Beijing-based technology think tank ChinaLabs, told the Global Times.

But let's see how this North American decoupling proposal³⁴ is arrived at in this vital sector to understand the accumulation of capital in the modern world, both economic and political capital. With China's rapid advancement in innovation and advanced technology, its standardization capabilities have also increased. This should be viewed as a positive as it could push the standards in certain areas to a higher level. When old standards are replaced by new and higher ones, it will inevitably lead to technological progress. Some Western countries, especially the US, do not hide their discomfort that China is now seen to be much more influential in setting standards in key technological areas, as its innovative capabilities have progressed so much that they are already ready to go. in some segments, to establish the standards, that is, to define the base substrate on which the technological components will be mounted. Talking about "national security", at this point, is almost a truism: whoever defines, administers and manages these technological formats, could have capacities - totally unknown until today - to become known (via AI, IoT, 5G) so that the risk for the current hegemonic power is that, eventually, its secrets cease to be such.

The US stated that critical areas of infrastructure and technology were no longer out of reach for Chinese investments, including telecommunications and the 5G space, as well as emerging technologies developed by US early-stage tech firms. , while in parallel, President Trump publicly tried to prevent Europe and its emblematic high-tech companies (Vodafone, Nokia, Siemens, Erikson) from advancing in their agreements with the Chinese Huawei, under threat of withdrawing its support from NATO because it considers that these relations They put American security at risk.

The US has also denied China access to and control of any confidential information, including personal data of Americans, restricted Chinese scientists' access to funding for US primary research institutes, and denied visas to some groups and individuals affiliated with the Chinese government. In retaliation, China has applied additional tariffs on US exports and compiled its own list of entities, threatening to target "untrustworthy" foreign companies believed to have harmed the interests of China and Chinese firms.

Conclusions

After more than a dozen rounds of high-level negotiations, the Trump administration persists in understanding that the tariff increases will convince China to modify both its trade

³⁴ As the US-China trade war morphs into a technology conflict, Chinese companies are increasingly looking to develop new products and reduce their country's dependence on a global supply chain that appears to be splitting into smaller regional entities. . American companies are also grappling with the strain by moving parts of their operations away from China, in anticipation of a further escalation in the trade war.

practices and its development plans, something that clearly prevents the possibility of reaching an agreement beyond “Phase One”. Eventually China may be willing to compromise on some issues, buying more American products from January 2020, opening up its market more to American companies and improving intellectual property protection, in exchange for the removal of the new tariffs, but not in the measure required by the Trump administration. In the meantime, multiple retaliatory actions by China were piercing the will of the United States as the times put President Trump in pre-election trouble. As the cards are given, the competition between the United States and China will continue beyond his term as president.

Coinciding with Kevin Rudd’s³⁵ gaze, we say that up to now each side has been arguing that this trade war is hurting the other more, but of course it is hurting both by destabilizing markets, destroying business confidence and undermining growth. Each actor also claims to have sufficient recovery capacities to overcome a prolonged conflict, if it lasts longer. Here it is not clear who has the strongest argument. The United States is certainly less dependent on trade than China, but China still has stronger fiscal, monetary, and credit tools at its disposal.

Beyond the rhetoric of conjuncture, the friction is systemic. In fact, we show that instead of narrowing the trade gap, it widened while bilateral trade narrowed. As we describe, China imposed tariffs on US products that can be replaced by imports from other countries at similar prices, and even lowered tariffs for those US products that cannot be bought cheaper elsewhere.

Multiple analysts have agreed these months that the correct way to reduce a trade deficit is by growing the economy faster than household spending, which can only be achieved by fostering innovation and increasing productivity. A trade war would be achieving the opposite: hurting the economy, preventing growth and slowing down innovative processes. And on these questions Nobel Krugman has been especially emphatic. In this context, the Trump administration seems to consider tariffs as a useful, convenient element to slow down China’s economic growth and control its technological power, that is, the rise on the world stage of who is already a new geopolitical competitor.

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³⁵ Kevin Rudd, former Australian Prime Minister, current president of the Asia Society Policy Institute in New York. His comments appeared on October 7, 2019, on Project Syndicate (www.project-syndicate.org).

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Chapter 7

China-Africa relations, the case of Djibouti. South-South cooperation or neocolonial expansionism?

Julieta Espín Ocampo and Claudia Barona Castañeda

Abstract

China considers Africa a strategic partner. Both regions have consolidated a growing and relevant relationship that have brought as a result important development and investment projects in the African countries. Beijing has been implementing a series of policies that have had a deep impact in economic, political and cultural terms, however, some of these policies remain controversial for a number of reasons (related mainly to labor, ecology and human rights). Some critical views consider there is a new pattern of dependency from the African countries to China, based on this context, some cases are particularly important, such as the cases of the Democratic Republic of Congo and Argelia, which will be analyzed throughout the chapter.

Keywords: *China, Africa, dependency, investment foreign aid, direct foreign investment.*

Introduction

China's relationship with Africa has gone through several stages throughout its history. A link that has not been constant but has been determined by the interests of Beijing. Since its imperial era, China has maintained a policy of trade openness and closure according to its interests and historical context. For example, in the 15th century, Chinese merchants arrived in East Africa. This is the case of Admiral Zheng He, who ventured to the eastern beaches of Africa with the mission of creating a commercial relationship in the area (Bustince, 2015).

In the mid-20th century, contacts between the two regions were once again reinforced, although bonds cannot yet be considered strong or very close. In 1955, the Bandung Conference was the setting for Beijing to project a more active foreign policy (Bustince, 2015) in a Cold War world. The Asian giant increased its cooperation as part of a campaign of

solidarity with developing countries. In this context, the Chinese government sought to gain allies in Africa as a counterweight to the hegemony of the Soviet Union and the United States, that is, its goal was to become an important leader of the so-called Third World countries.

China's presence in Africa has a significant historical background, especially in its different areas of interest. Nothing is left to chance, least of all in the case of a planned economy such as China. Since 2009, the country has resumed the path undertaken by Zhen He and built up a network of alliances that starts from the Horn of Africa (strategic zone), moves inland, and continues towards the northern part of the continent. All of them are territories of geopolitical importance that allow China to consolidate its geopolitical projects, the so-called Belt and Road Initiative, and the String of Pearls.

In this context, this paper reviews Beijing's policies towards the African continent in the first two decades of the 21st century. Chinese diplomacy in Africa is determined by *soft power* as a political linkage strategy. At this point, it is important to stress that this concept, coined by Joseph S. Nye, notes that countries have alternative instruments to the use of force with which to persuade other nations about their virtues, such as culture, technological development, foreign policies, and political values (Nye, 2004). In the case at hand, this *soft power* manifested itself primarily through financing and the creation of infrastructure by Chinese public banks and companies in African countries. Subsequently, Djibouti's case is discussed as an example of the new economic order that China is creating on the continent.

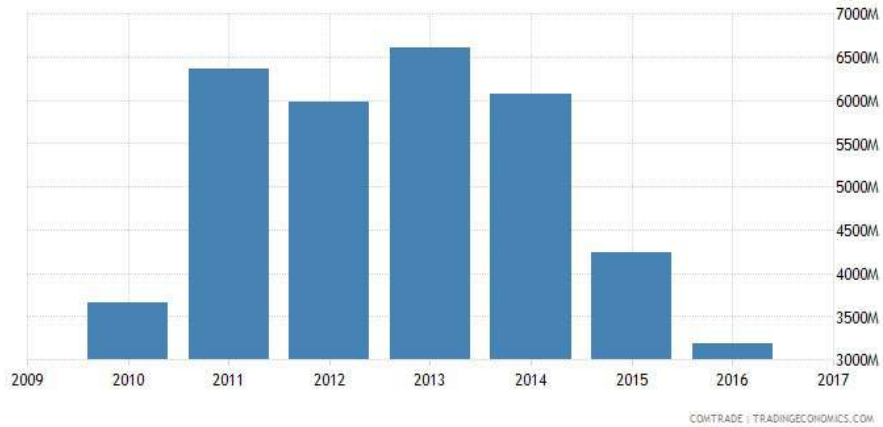
Recent large-scale investments and the establishment of China's first military base outside its territory make Djibouti an interesting case study, whilst its relations with the Asian giant may represent a further step towards increasing Chinese influence in Africa. For some authors, African countries would no longer be mere suppliers of raw materials and would become preferred and strategic partners for China in economic and military terms; while other analysts regard such investments as a neocolonial policy aimed at strengthening China's consolidation as a world power.

China and its investments on the African continent

Africa has been a continent of strategic interest to China for a few years now. China claims its policies towards this continent have been based on a South-South cooperation approach, although it has been strongly criticized for what some consider 21st-century colonialism. The Chinese project has succeeded in displacing European powers, historically with a significant presence in the area, as the main trade partner of many African countries. A clear example of this important regional change is the case of Algeria. As can be

seen in Figures 1 and 2, after years of concentrating its hydrocarbon exports to France, Algeria has curbed its exports to its former colonizer and turned to China, which has consolidated itself as a long-term trading partner.

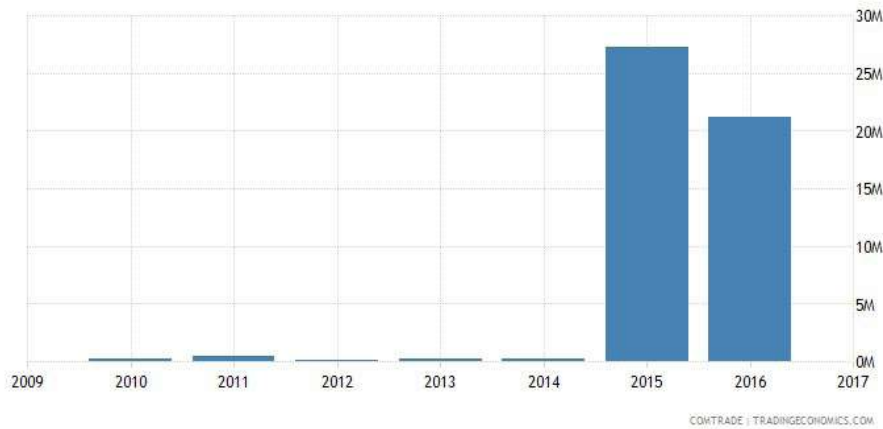
Algerian fuel and oil exports to France, 2010 to 2016



Source: information taken from Trading Economics

Algerian fuel and oil exports to China, 2010 to 2016

Algeria-China



Source: Information from Trading Economics

In the first two decades of the 21st century, China has woven a series of policies towards Africa that have been welcomed by many local governments. Although China-driven development plans for Africa put China at the forefront, the relationship between the two is considered more balanced from the perspective of the African countries concerned. On the one hand, the developing world is an area where Beijing's foreign policy has pursued a common interest; on the other hand, this policy enhances China's global status and increases its bargaining power with the United States. In other words, China is trying to create its support bloc and natural resource supply center. It is clear that it sees itself as an important global power and tries to behave accordingly (Taylor, 2006) to defend its national interests, which include meeting the needs of a very large population.

Africa has been a continent of great value not only for the People's Republic of China but for the powers that colonized it and, in some cases, maintain their presence at a regional level. Notwithstanding its economic interests, Beijing is interested in the influence and political weight of developing countries within the framework of the United Nations. The continent provides a large and extremely useful platform for China to project its claims of international status, as well as a shield in times of crisis. Beijing has been able to take advantage of the complex relationship that African countries and people have with their former colonial powers and, more recently, with the United States. China has sought to build ties with the developing world as a means of strengthening its position in the international system (Taylor, 2006). Globalization in the face of regionalism causes the Chinese government to rethink both its position on the international stage and its alliances.

The growth in economic relations between China and African countries has been very significant in recent decades. According to official reports, "China-Africa trade rose from just \$765 million in 1978 to \$170 billion in 2017, an increase of more than 200 times. In the first five months of 2018, China-Africa trade increased by 17.7% year-on-year to nearly \$82 billion" (Xinhua, 2018). The same source claims that the investment amounted to more than \$100 billion. Direct investment was \$66 billion and has enabled the creation of 130,750 jobs from 2005 to 2016. China is interested in building infrastructure in areas that are a priority for its economy and thereby expanding its networks on the continent. All this in a project that includes more than 20 countries.

China's economic growth depends both on its trade and on the security of the supply of resources and raw materials needed to satisfy its industrial sector. Hence the importance of consolidating markets, along with implementing projects related to extractive industries like oil, minerals, and wood. The internationalization of Chinese oil companies plays an important role in Beijing's strategy of obtaining resources (Bustince, L. 2015). China,

as a newcomer to the oil industry, chose to send its oil companies to under-explored and higher-risk fields to satisfy its oil appetite, a measure that allows them not to be subject to competition from the West.

In 2000, the Forum on China-Africa Cooperation Conference was launched to facilitate South-South cooperation. Since then, China has pledged more than \$155 billion in financing for African projects (Olander, 2020). China is Africa's largest trading partner since 2009 and the Chinese state has become a key component of the international economic system, as well as the driver of South-South Cooperation. Chinese interests transcend natural resources and have become multifaceted, including areas such as infrastructure development, banking, technologies, public policies, institutions, human capital, entrepreneurship, culture, and leadership (Abodohou & Aurore Da-Silva, 2018). China's economic growth seems to be for the benefit of Africa, mainly in terms of African raw materials exports for Chinese factories. But the main distinguishing feature of the new paradigmatic relation between African countries and the rising economic superpower is that China also supports African manufacturing and infrastructure improvement to increase productivity, promote exports and eventually raise living standards in that continent. Chinese facilities for borrowing are the key to success.

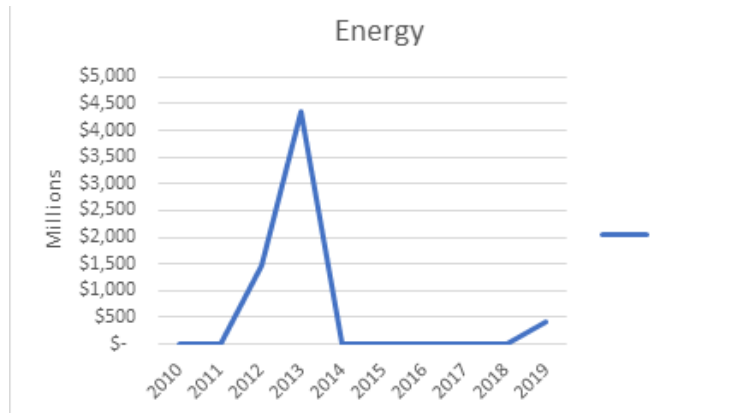
Regarding trade, Beijing has managed to get its goods and services to replace traditional suppliers, that is to say, European countries and the United States. To achieve an immediate result and increase competitiveness, Chinese companies often provide cheaper and more appropriate products for the local African markets.

The investment figures, provided earlier, allow us to point out that China's presence has contributed to economic growth and infrastructure building on African soil. However, China is not as magnanimous as it claims. While making a direct investment for the recipient country's "development", its strategy may pursue its national interest. Public infrastructure projects are carried out with Chinese financing, engineering, equipment, and workers, and only a few local workers are hired. In return, China offers low project budgets that local governments accept because of their limited means to finance major infrastructures. In this regard, it is important to note the lack of continuity in the flow of finance that China invests in several African countries. China assesses and decides when and where to invest. As can be seen in the graphs below, the amount of investment has changed drastically over time.

7. CHINA-AFRICA RELATIONS, THE CASE OF DJIBOUTI. SOUTH-SOUTH COOPERATION...

Chinese energy investments in Uganda

2010	\$	-
2011	\$	-
2012	\$	1,470
2013	\$	4,350
2014	\$	-
2015	\$	-
2016	\$	-
2017	\$	-
2018	\$	-
2019	\$	430



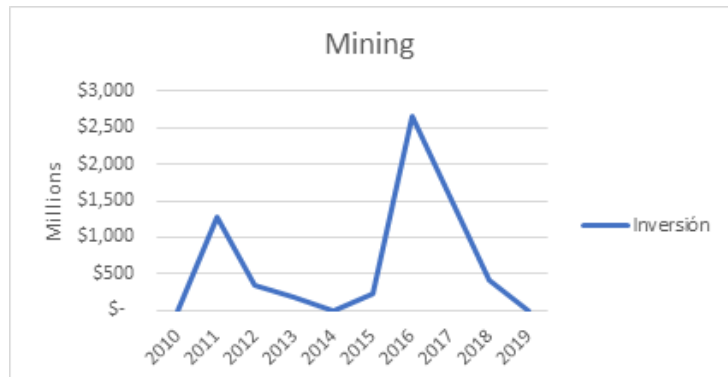
Source: Information from The American Enterprise Institute and The Heritage Foundation

According to this table, during 2012 and 2013 there was an exponential investment in the energy sector in Uganda. Subsequently, however, China remained inactive until 2019 with minimum investment compared with previous amounts. This model is reproduced in other Africa countries, as well as in various sectors.

The case of the Democratic Republic of Congo is somewhat different because it is one of the few African countries that has received relatively stable investment over the last decade (see table below). The country's enormous wealth, including coltan, water, uranium, and biodiversity, among other resources, as well as its provinces being under the control of warlords, opens the door to direct and unrestricted Chinese investment.

Chinese Investments in DR Congo

2010	\$	-
2011	\$	1,280
2012	\$	350
2013	\$	170
2014	\$	-
2015	\$	220
2016	\$	2,650
2017	\$	1,560
2018	\$	410
2019	\$	-

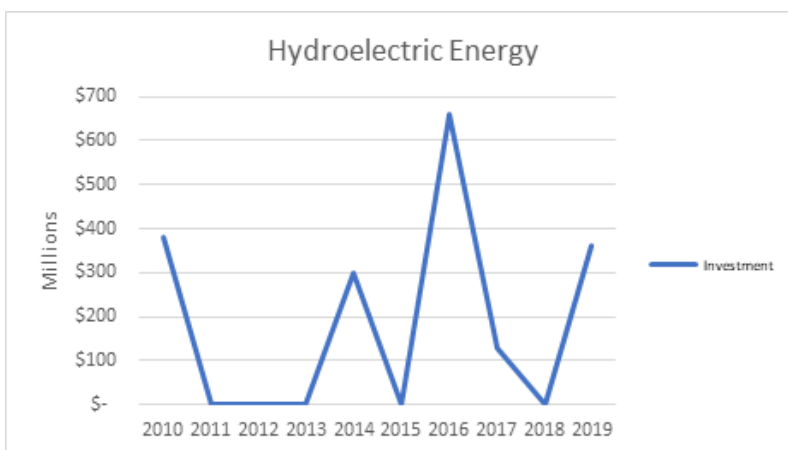


Source: Information from The American Enterprise Institute and The Heritage Foundation

Chinese Investments in Hydropower in DR Congo

Energy Hydroelectric

2010	\$	380
2011	0	
2012	0	
2013	0	
2014	\$	300
2015	0	
2016	\$	660
2017	\$	130
2018	\$	-
2019	\$	360



Source: Information from The American Enterprise Institute and The Heritage Foundation

As can be seen in the tables above, investments in the mining and energy sector in DRC are at the heart of the agenda of Chinese companies. China is committed to hydro-power, thereby diversifying its market and expanding its revenue potential.

To conclude this first section, it is important to highlight a long-term investment in the media industry and telecommunication services, framed within the context of *soft power*, the basis of Chinese diplomatic policy. This sector has a direct impact on regional policy. Beijing has significantly expanded its media presence over the past decade, urging Africans to “tell China’s history well” (sic), but also by influencing the continent’s standards for telecommunications, data, and information. Until recently, the United States had had a competitive advantage in the communications sector, but China’s most accessible and economical technology is detracting from its market share. This policy is regarded as a threat by Western countries as China tries to reshape the African collective worldview in its favor (Hruby, 2019).

Chinese investments in telecommunications through Huawei Technologies and ZTE, whose main shareholder is a Chinese public company, have installed more than 40 third-generation telecommunications networks in over 30 countries (Hruby, 2019). The market share of Chinese phones in the region is also significant. Transsion Holdings -which does not operate in America or Europe- accounts for 30% of telephone sales in Africa, eight points ahead of Samsung, which holds 22%. Chinese business seems to be going well. Transsion recently announced that it intends to enter the STAR Market on the Shanghai Stock Exchange in the hope of raising more than \$420 million.

Therefore, not only have Chinese companies managed to penetrate African markets, but they are also actively engaged in inculcating in African people the idea that there is an alternative to U.S. and European leadership, thus achieving a much closer relationship than the old colonizers and American power itself could. It seems China is rolling out a new kind of globalization, and the country is both praised and condemned for it. Some analysts claim that China is not interested in neo-colonizing Africa, highlighting its commitment to increasing cooperation based on mutual benefits (Abodohou & Aurore Da-Silva, 2018). In contrast, other authors see these relationships as a new model of colonialism, marked by economic dependence.

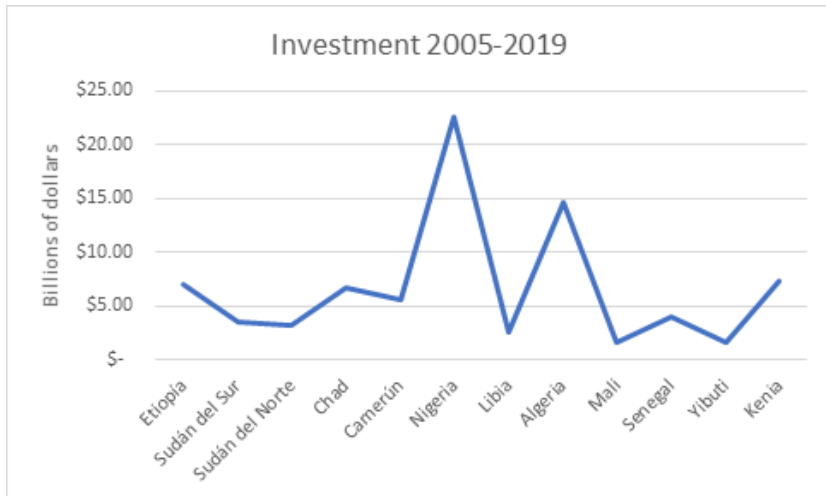
In March 2013, President Xi Jinping's trip to Africa confirmed the alliance between the two regions. The Chinese president stated that African countries and China had always been "a community with shared destinations" and that the essence of their bilateral relationship was their cooperation for mutual benefit, a "win-win" situation. However, although other powers have employed similar policies towards this continent, the international community has raised certain doubts about the nature of relations between the two regions. British Foreign Secretary Jack Straw noted in 2006 that what China was doing was quite similar to Britain's behavior 150 years ago. Hillary Clinton, US Secretary of State during the administration of President Barack Obama, hinted in 2011 that China's presence in Africa was new colonialism, an idea later reinforced by the Trump Administration. A similar position was taken by Japanese Prime Minister Shinzo Abe, warning African countries about the danger of growing debt to China.

The truth is that by the second decade of the 21st century, China's growing presence in some African countries was already more entrenched than Europe's or America's. For example, Chinese loans to Ivory Coast increased exponentially from \$0 in 2000 to \$2.5 billion between 2010 and 2015 (Signé, 2019). Everyone maintains an interest in the region, although China's is the most constant. Unlike the European powers, China has initiated a much more diplomatic, even friendly, approach to the region. It has been concerned with maintaining good relations with African governments, respecting the different worldviews, and maintaining purely commercial and business ties. This approach has been welcomed as a new wind blowing through those countries that were oppressed by colonizers. In this new relationship with China, there is no imposition of language, culture, or religion.

However, infrastructure investment and development projects on the African continent intend not only to achieve the development goals of the target countries but also to increase and strengthen Chinese trade routes and the flow of raw materials to the Asian giant, which began with the Belt and Road Initiative. As can be seen in the table below, Chinese investments in the transport sector have also been significant. Nigeria, Algeria, Kenya, and Ethiopia have been the main recipients of such investments. However, other

countries that have received fewer funds may be of equal or greater strategic importance to China, as will be seen below with the case of Djibouti.

Investment 2005-2019	
Ethiopia	\$ 6.96
South Sudan	\$ 3.52
Sudan	\$ 3.15
Chad	\$ 6.69
Cameroon	\$ 5.57
Nigeria	\$ 22.59
Libya	\$ 2.60
Algeria	\$ 14.56
Mali	\$ 1.62
Senegal	\$ 3.96
Djibouti	\$ 1.71
Kenya	\$ 7.32



Source: information from The American Enterprise Institute and The Heritage Foundation

For the various analysts, it is clear that China has sought to create a network of sea-ports and airports, railways and roads that cross and connect the African continent. Such infrastructure would improve the flow of goods and people between the different African countries, but also between them and China itself, linking them up with trade routes in the Indian Ocean and Asian territory. Along these lines, China has shown a special interest in certain countries, including Djibouti. China's strategy is very clear in this country: securing a road through Africa by which China can move goods and raw materials around the continent. The Asian giant intends to avoid passing through straits such as Gibraltar or Bosphorus, thus both entailing a reduction in transportation costs and strengthening its position as an emerging power.

Djibouti as a case study

Although the Horn of Africa has historically been a transit zone for people and goods, Djibouti's strategic importance skyrocketed after the opening of the Suez Canal in 1869. After losing control of the canal to the United Kingdom, France sought to strengthen its position in the area by settling north of the Gulf of Tadjourah. Thereafter, it controlled

the western entrance of the Bab el Mandeb Strait, then known as French Somaliland and, until its independence, as the French Territory of the Afars of the Issas.

After gaining independence in 1977, Djibouti was ruled by Hassan Gouled Aptidon until 1999, when it was taken over by its current ruler, Aptidon's nephew Ismail Omar Guelleh, following an internal conflict and multi-party elections that posed no real opposition to the ruling political class. It is a presidential republic, with a single-party system that grants some political and economic stability to the country, embedded in an unstable region, which makes Djibouti an attractive spot for potential foreign investors.

This tiny country of just 23,200 km² currently has a population of approximately 920,000 (CIA World Factbook, 2020) and a high general poverty rate of 41% (Kireyev, 2017). According to UN Development Programme data (2019), Djibouti has a Human Development Index of just 0.495, one of the lowest in the world, ranking 171 out of 189 countries. The life expectancy of its inhabitants is just 66.6 years and its Gross National Income (GNI) per capita is \$3,601. In 2015, the percentage of the population below the poverty line was 23% (that is, the percentage of people surviving on less than \$1.25 a day). Djibouti also has a declining but still very high unemployment rate, estimated at 39% in 2016 (Kireyev, 2017). Despite these indicators, in macroeconomic terms, the country has maintained significant growth over recent years, from 6.5% in 2015 to 6.7% in 2017 (CIA Factbook).

Djibouti has few natural resources and quite limited production. On the one hand, it exports animal skins and hides, scrap metal, and re-exported goods, with Ethiopia being its largest market, absorbing 38.8% of its exports, followed by Somalia, Qatar, Brazil, Yemen, and the United States. On the other hand, it is a net importer of food, beverages, transport equipment, chemicals, petroleum products, and textiles. Imports come mainly from neighboring Gulf countries such as the Emirates, Saudi Arabia, and Yemen, but it also imports French and Chinese products (CIA Factbook).

Thus, with fairly poor domestic production, the transportation sector is the country's main source of income, accounting for 70% of the national economy (Wright, 2019). The weight of this sector is indisputably due to Djibouti's strategic position in the Horn of Africa, which is also exploited through foreign military bases established in its territory.

The geostrategic importance of Djibouti and military bases in its territory

In 1977, Djibouti was born as an independent nation with a foreign base in its territory, that of the former colonial power, in Camp Lemmonier. Nowadays, in addition to the French one, it hosts the U.S., a Japanese, and an Italian military base, and since 2017, a Chinese one. To understand the attractiveness of this country it is necessary to briefly consider its geographical particularities.

As noted, Djibouti faces the Bab el Mandeb Strait, which links the Gulf of Aden and the Indian Ocean with the Red Sea and, through the Suez Canal, the Mediterranean. Most of the trade between Europe, China, Japan, and the rest of Asia flows through its waters, as does 30% of the oil and gas that leaves the Persian Gulf countries to the West (Mountain, 2011). This represents 20% of world exports and 10% of global oil exports moving, especially, through the Suez Canal (Wright, 2019). Because of its strategic importance, the world economy is particularly sensitive to recent instability throughout the area. In the last decade, there has been political volatility in the Horn of Africa, with turmoil in Somalia, piracy in Somali waters and the Gulf of Aden³⁶, and Yemen's war on the opposite shore of the strait, just 30 km away.

Although Djibouti's geostrategic importance derives primarily from its position on that sea route, its location concerning the Horn of Africa in particular, and to the African continent in general, is also very significant. In 1993, Eritrea violently split from Ethiopia, leaving the latter landlocked. Since then, relations between the two countries have not been particularly close. As a result, Ethiopia, with 108 million inhabitants and one of the fastest-growing economies in recent years (Jeffrey, 2016), has strengthened its business relationship with its small neighbor. Djibouti has become the port of entry and exit for goods on their way to and from Ethiopian territory. Between 90 and 95% of Ethiopia's foreign trade is carried out through Djibouti (Wright, 2019, Sarkar, 2017), and 70-80% of all transit from Djibouti ports leaves or has Ethiopia as its final destination (Mooney 2018; Dubé 2016).

Regarding Djibouti's attractiveness in the African continental context, as Sanchez and Palacián (2018) state, the country is a gateway to East Africa and the Common Market for Eastern and Southern Africa (COMESA). The region comprises 21 member countries with a combined population of more than 540 million people, 12 million km², and global trade in goods valued at \$235 billion. Since the beginning of this century, trade between member countries has grown by an average of 7%, according to COMESA.

Given the foregoing, the interest and presence of various foreign powers in Djibouti's territory are understandable. France, the former colonial mother country, has had a military presence in the country since 1977, with some 1450 troops deployed there, its largest contingent on the African continent (Sánchez & Palacián, 2018). France is collaborating with its former colony not only in monitoring the Strait but in maintaining the country's security and territorial integrity because of a border dispute with Eritrea. The French base has also welcomed Spanish and German military personnel to jointly fight piracy in Somali and surrounding waters, and France pays the Djibouti government about 30 million euros a year to lease this base.

³⁶ Although since 2011 pirate activity has gradually declined. In that year 151 vessels were attacked and 25 abducted (Jeffrey, 2016).

The United States holds Camp Lemmonier, its only permanent base on the African continent, established in 2003 after 9/11 and in the context of the war on terror through Operation Enduring Freedom. The base has supported counter-terrorism operations in the Strait, but also in Yemen and neighboring African countries (Kenya, Ethiopia, Sudan, Eritrea, and Somalia). Indeed, the strategic importance of this base has increased following the decline in U.S. presence in Afghanistan and Iraq, and it costs between 3,000 and 4,000 troops. Besides, according to Rodríguez and Colom (2017), this military base plays an important role in obtaining, processing, and disseminating information on the jihadist groups of the Horn of Africa, the Middle East, and the Sahel. Other objectives pursued from the base are the fight against piracy and the monitoring of commercial traffic (Sánchez & Palacián, 2018). Djibouti receives between \$60 million and \$70 million for leasing the base to Americans (Sun & Zoubir, 2016; Panda, 2017), besides military collaboration with the superpower.

Japanese and Italians also have military bases in Djibouti, but they are much smaller in size and range. On the one hand, Japan's objectives are to combat piracy and protect Japanese nationals on the continent. There are about 200 troops at its base, established in 2009. On the other hand, Italy has about 80 troops at its base and its goals are similar to Japan's: fighting against terrorism and piracy, especially through operations organized within the framework of the European Union or NATO (Sánchez & Palacián, 2018).

China was the latest country to establish a military base on Djibouti soil, operational since July 2017, and just 7 kilometers away from the U.S. base. Under an agreement in place until 2026, China pays about \$100 million annually to the Djibouti government (Panda, 2017). It is the first Chinese military base outside its territory or claimed territory and it can host a contingent of up to 10,000 troops (Dubé, 2016).

For its part, Djibouti has exploited the presence of these foreign forces on its territory to counteract what it perceives as a dangerous and adverse regional environment, especially concerning its coastal neighbors Eritrea and Somalia. Eritrea is believed to support extremist groups against the weakened Somali regime, a source of regional instability and a breeding ground for terrorist groups such as Al-Shabaab. Also, Eritrea and Djibouti went to the brink of war in 1998 and their troops clashed in 2008 in disputed border territory (Sun & Soubir, 2016). Thus, the presence of foreign troops in its territory, together with military cooperation and training agreements, ensure Djibouti a certain degree of security. Besides, the annual economic income from leasing these bases is another element to consider, as well as the jobs and income generated in the local economy of a country with few resources, high unemployment, and widespread poverty.

China's foreign policy towards Djibouti: a win-win situation or neocolonialism through public debt?

The establishment of the Chinese military base in Djibouti territory can be seen as advancing China's new relationship with its African partners. As noted above, China has gone from being exclusively a raw material consumer to an investor and major infrastructure partner in the African continent. Beijing has managed to achieve its position as a strategic ally of many regional governments through *soft power*-driven by its investments and co-operation projects. But it may be transitioning into a new model that combines such *soft power* with *hard power* that would include its military presence in Africa, starting with its base in Djibouti.

In this country, military relations were preceded by significant Chinese investments in the transportation sector, the basis of the Djibouti economy. To remedy the absence of investment, in recent years Chinese banks and companies have developed five macro-projects in Djibouti: the container port Doraleh, where China has bought a 23.5% shareholding for \$185 million; the multipurpose port of Doraleh, together with the former, built with a loan from the Export-Import Bank of China worth \$580 million; the Djibouti International Free Trade Zone (DIFTZ), created with a \$250 million loan from China Development Bank; a water pipeline from Ethiopia, also built with a \$322 million loan from the Eximbank of China; and finally, the 756 km long Addis Ababa-Djibouti railway linking the two capital cities, also built with an Eximbank of China loan worth \$490 million (Wright, 2019), which would reduce the journey time between the two cities from up to 7 days to 10 hours, becoming the main means of transportation of goods and people between the two countries (Rucai, 2017). The ultimate goal of all these infrastructures is to convert Djibouti into a strategic logistics port for the world, the Singapore or Dubai of Africa (Dubé 2016; Brautigam, 2020: 11), but an immediate outcome is that Djibouti's government has fallen into unprecedented public debt³⁷.

Djibouti's government justifies Chinese involvement and massive national government borrowing as a *sine qua non*-condition for achieving the country's development, and it does not consider it a problem that its main debtor is China. Government representatives justify this close relationship because, after seeking aid from other rich nations around the world, China has been the only country to offer to invest in the country (Wright, 2019). Even though many of the local entrepreneurs recognize that even they have few opportunities to become suppliers of Chinese companies that carry out the projects or even to

³⁷ There are other major Chinese investments such as Djibouti's first chemical industry to produce sodium bromide. See First Chemical Industry Project in Djibouti Funded by CIHC Starts Construction. China Chemical Reporter. January 6, 2018 p.10. In addition to a salt extraction plant, and a liquefaction plant (Dubé, 2016).

reach the Chinese market (Dubé, 2016), they believe that the benefits would come from indirectly with the improvement of the country's infrastructure.

The government's expectations about the positive impact of these projects on the country's economic growth have been particularly high. They believe that the economy will grow enough to take on the debts incurred to build the Chinese-funded macro-infrastructures and that the money will come out of the benefits they bring. Thus, Ilyas Moussa Dawalek, Minister of Economy and Finance, believes that the country's GDP would double over the next five years as a result of these projects (Wright, 2019), so the debt-to-GDP share would decline.

Other external factors could also support the country's economic growth expectations. With better infrastructure, Djibouti can also become export entry and exit for other landlocked countries such as Uganda, the Democratic Republic of the Congo, or South Sudan (Sánchez & Palacián, 2018). The latter is especially attractive because of its oil resources, always demanded by China. In South Sudan, pacification efforts seeking to end a civil war that began shortly after independence in 2011 will likely regularize the flow of hydrocarbons and strengthen the relationship between this country and the Asian giant.

But forecasts may be too optimistic. In recent years, several institutions have been pointing to an alarming growth in Djibouti government borrowing that could put it in a serious debt distress situation, mostly concerning China. In 2017, Citi indicated that public and publicly guaranteed debt reached nearly 98% of GDP and that China accounted for 90% of all loans from 2014 to 2016. The following year, the Center for Global Development included Djibouti among the eight countries most at risk of severe indebtedness as a result of funding related to the Chinese Belt and Road Initiative (Wright, 2019). But it is the International Monetary Fund that has repeatedly pointed out the risks of the country's growing indebtedness to Chinese financial institutions as of 2013. From 2014 to 2018, Chinese disbursement for the three major infrastructure projects (the railway and water pipeline from Ethiopia, and the multipurpose port) reached \$1.1 billion, that is, about 71% of the total amount disbursed over the entire period (IMF, 2019: 3).

Besides, the envisaged profits from the new infrastructure are undergoing setbacks. For example, the railway built to efficiently increase trade with Ethiopia remains underused due to power outages (Wright, 2019; Manek, 2019) and, consequently, has not provided the expected profits. Also, although legally owned by the governments of Ethiopia and Djibouti, its operation is in the hands of the China Railway Group, at least until 2023 (Wright, 2019). Although the terms of the financing are usually kept secret, Djibouti is attempting to renegotiate the \$460 million loan, as well as the \$340 million water pipeline project that has also failed to deliver the expected results (Manek, 2019). The country's dependence on freight traffic with Ethiopia is another risk factor, leaving it vulnera-

ble to the swings of the neighboring country's economy (Dubé, 2016). A slowdown in the Ethiopian economy and consequent decline in its international trade could have a strong impact on Djibouti's economy.

Likewise, one of the western world's fears is that, in the event of debt repayment problems faced by third countries, China will take control of its infrastructure, especially commercial ports. Alarm bells went off in 2017 when Sri Lanka sold most of its shares in the loss-making Hambantota port to China Merchants Port Holdings Co. for \$112 billion. This sale was seen as an asset seizure by China when Sri Lanka was unable to repay the debt incurred with the Asian giant to build that port (Brautigam, 2020). This alleged strategy of the Chinese government has been dubbed *debt-trap diplomacy*. Philippe Danieau, a former officer of the French army, considers Djibouti's over-indebtedness to be a huge risk to the country, given that if at any given time it were unable to pay its debts, such infrastructure and its profits would end up in Chinese hands (Dubé, 2016).

But the project that has created the greatest unrest in western countries and institutions regarding the scope of Chinese influence is that of the Doraleh container terminal. In 2006, the Government of Djibouti, through the state-owned Port De Djibouti S.A. (PDSA), signed a contract with the Dubai state company DP World, for its administration, according to which DP World held 33% of the port's shares. In February 2018, Djibouti's government unilaterally canceled the contract and then nationalized the container terminal (Maritime Executive 2019). Despite international protests from DP World, Djibouti claimed disadvantageous conditions and the company's unwillingness to invest in the country. Brautigam (2020) points out that another decisive argument to break the agreement was the Djibouti authorities' concern about the DP World project to build a rival port in Somaliland (Somalia) that would also serve Ethiopia. But the key point is that since 2013 the state-owned company China Merchants Port Holdings has held a 23.5% stake in PDSA (Mooney, 2018), which is responsible not only for the container port but also for the multipurpose port and the international free zone (Wright, 2019).

Towards a confrontation with the United States?

The relationship between Djibouti and China is inherently complex, so there is no consensus on Chinese intentions and possible long-term consequences. In general, two different and practically opposite assessments can be found. For some analysts, Chinese activities in Africa in general and Djibouti correspond to the country's actions as a responsible global power that protects its legitimate interests. Again, the arguments of combating international terrorism and piracy and of protecting Chinese citizens and commercial and economic interests justify the establishment of a logistical military base in Djibouti.

China's growth and economic expansion have led to its departure from the traditional stance of non-interference in the internal affairs of any other country, which, for example, kept China away from United Nations international peacekeeping missions for decades. On the one hand, since December 2008, the Chinese fleet has been patrolling the Gulf of Aden as part of the fight against piracy that was proliferating at the time on the Somali coast (Mora 2016). On the other hand, regional instability and growing terrorist groups operating in Africa, such as Al-Qaeda in the Islamic Maghreb, that threaten Chinese interests and citizens have resulted in China's increased involvement in peace missions in Africa. As of June 2016, China had just over 2,000 troops deployed in eight United Nations missions on African territory: Western Sahara, Mali, DRC, Liberia, South Sudan, the Darfur region, and Ivory Coast. As early as 2011, the Chinese army evacuated some 35,000 citizens when the situation in Libya began to deteriorate as a result of the Arab Spring. Although most of the operation was carried out using aircraft and civilian ships, the Chinese army organized the logistics of the evacuation and planned transport safety. Subsequently, in March 2015, frigates regularly patrolling the Gulf of Aden to combat piracy carried out another operation to evacuate some 800 Chinese citizens from Yemeni territory to Djibouti, caught up in Yemen's war (Ondris & Michal, 2018). The military and logistics base in Djibouti would enable China to better protect its citizens from cases of regional instability.

Because of rising suspicion among western countries, especially the United States, China has sought to downplay the military aspect of its Djiboutian base, instead emphasizing its role as a protector of Chinese trade interests. Thus, the new Chinese base would serve as logistical support for the fight against piracy, but also to support citizen evacuation operations on the African continent, where more than 10,000 Chinese companies operate and over one million Chinese citizens live (Ondris & Michal, 2018), mainly in South Africa. In 2013, the Chinese Defense White Paper declared for the first time that the protection of energy resources and its citizens residing abroad was an important security issue and a duty of the Chinese People's Army (Mora, 2016: 3). For some authors such as Mike Huang (2018), China does not intend to follow the American model of creating military bases from a pure security perspective. China's goal would be to have several "overseas strategic pivots" whose main function would be to strengthen security in the Chinese transportation of energy and goods.

Following these arguments, neither the West in general nor the United States should be concerned about the Chinese military base in Djibouti, because it would not correspond to neocolonial intentions or military expansion. Although Djibouti is added to the so-called "String of Pearls"³⁸ formed by Chinese-controlled ports in the Indian Ocean (On-

³⁸ The strategy was to use Chinese capital to become allies that would allow control of the Ocean Indians to China. China changed the U.S. coined term from "pearl necklace" to 21st Century Maritime Silk Road Initiatives.

dris & Michal, 2018), its objective would be to protect Chinese legitimate interests. The base would be part of a broader strategy aimed at playing a more important role in UN peacekeeping missions, in line with its role as an emerging world power. Indeed, official Chinese sources have described U.S. suspicion about China's intentions as an American "Cold War mentality" that does not take into account China's legitimate rights to safeguard its independence (Chin, 2017).

But China's military base and infrastructure financed and co-administered by Chinese companies do raise mistrust in the West, especially among certain American political sectors, which fear that the balance of power in the Horn of Africa will tilt in China's favor. In the case of the Doraleh Container Port and after litigation with DP World, for example, they consider that Chinese involvement in the management of the port may have an impact on the logistics of the US military base (Brautigam, 2020: 11, *Maritime Executive*). American criticism goes further. For example, John Bolton, President Trump's former national security advisor, has accused China of using bribes, opaque agreements, and instrumentalizing loans to African states to submit to Beijing's wishes and demands (Manek, 2019; Cimmino 2019).

Regarding the consequences of the geopolitical confrontation between India and China over control of trade routes in the Indian Ocean, some are concerned about the possible strategic repercussions of the military base in Djibouti. They suspect that China could also turn ports developed in Pakistan, Sri Lanka, Bangladesh, and Myanmar into military installations (Panda, 2017) to strengthen its position in this area and on the very important trade route with Europe and Africa. Rodríguez and Colom (2017) consider that the mere presence of the military base already consolidates China as a power with global ambitions and interests.

Finally, others speculate on the possibility of China seeking to establish new military bases on the African continent. While it is difficult to predict whether China will build new military bases to secure its interests in other strategic ports in the Indian and Atlantic Oceans, there are increasing rumors about this. According to Khudaykulova (2019), growing geopolitical rivalry with the United States could lead China to establish naval bases in the ports of Gwadan, Pakistan, Salalah (Oman), and the Seychelles, where it already maintains commercial ports. Also, according to a report issued by the Spanish Institute for Strategic Studies, certain leaks in late 2014 pointed to China's intention to establish 18 strategic military bases, seven of which would be in Africa: Djibouti, Namibia, Kenya, Tanzania, Mozambique, Seychelles and Madagascar (Mora, 2016). If this project is real, China would not only have begun to extend its "String of pearls" with the Djibouti base but also have taken the first step in developing several military bases located throughout the African continent.

Conclusions

China has gone from being a country with relatively little influence in Africa to the main investor and trading partner for many African countries. As China's economy has been growing and its global strategy has been adjusted to meet its new needs, its relationship with Africa has also undergone substantial changes. Over the past decade, Africa has ceased to be considered exclusively a supplier of raw materials to become a major trading and financial partner. The construction of infrastructure by Chinese-funded banks and companies aims to promote development in Africa, as African political leaders themselves expect. But such infrastructures and projects also reflect China's desire to expand and protect its commercial and geopolitical interests.

To promote its global leadership, China is also investing in improving its image among African countries through investments in telecommunications and local media. The degree of acceptance of China's presence in Africa is greater than the presence of other nations, mainly the former colonial powers and the United States, although it is not homogeneous. It is critical for its interests that China gain support not only among African elites but also among its populations. Many Africans perceive China as a neocolonial power that exploits their resources. This belief is based on Chinese corporate practices in Africa that demonstrate a reluctance to use local labor and do not share power equally with local investors. China should assess how this strategy slows its efforts to build a positive image on the continent through *soft power* and how to resolve this issue.

Because of its huge reliance on Chinese financing and investment, Djibouti is an interesting case study of China's growing influence in Africa. We will have to wait a few years to see the results of the Chinese experiment in Djibouti. Both China and the African continent as a whole should assess the benefits that Chinese investments produce in the development of this tiny country, taking into account the political and economic cost to both Djibouti and China themselves. The level of success of these economic and military enterprises will determine whether or not new doors to Chinese investments will open on the continent.

We will also have to wait for the United States' and Europe's assessment of this phenomenon. If the Chinese Djibouti experiment succeeds and, as promised, Sino-Djibouti relations promote the country's development in a win-win situation, perhaps traditional powers will rethink relations with the continent in general and with the former colonies, valuing infrastructure investments on the continent as a positive thing for their national interests. This could lead to new relationships based on a mutually beneficial perspective.

Finally, the construction of China's first military base outside its territory in Djibouti marks a new strategy aimed at entrenching China as a world and regional power. The Djibouti base is likely to be the first "pearl" in the Chinese-influenced necklace that would

now extend beyond the Indian Ocean. In this case, there would be an increasing concern and other Western powers would be more likely to react.

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Chapter 8
**Evaluating Chinese Economic Engagement In Latin America (2003-2019):
Motivations, Challenges, And Opportunities**

Nifta Lau Ibarias

Abstract

The most significant change in global economy over the past two decades has been the emergence of China as an economic power. Along with China's unparalleled economic growth and undeniable growing international influence, policymakers and scholars have been prompted to question China's strategy, intentions, the "China Model" and how it will reshape global economic development trajectories thoughtfully and thoroughly. Nonetheless, as the literature has privileged the consequences and implications of increased Chinese trade and investment into developing countries and China's "resource-hungry" aims to fuel its growth miracle, less attention has been given to the possibility that China is becoming increasingly reliant on accessing new markets and investment opportunities or how its foreign policy strategy has evolved during the past decades and adapted to internal political and economic development contingencies.

This chapter documents and analyses the economic relations between China and Latin America over the past two decades. It identifies the interests of China in the region not only as a source of raw materials and energy resources, but as well as an export market and a region of diplomatic competition with Taiwan. As China's economic engagement in Latin America warrants a closer examination due to its continuous search to access Latin America despite China's recent plunging stock market and austere economic forecast, it compares China-Latin America economic relations under the mandate of former President to China, Hu Jintao (2003-2013) and its current leader, Xi Jinping (2013-). It concludes that while Chinese economic activity in the region has increased, China's strategy and initiatives face very high barriers in the region. Correspondingly, the findings suggest that China's influence as well as the extent and types of economic arrangements can be understood as reliant on negotiated processes that are location specific. On this, the appreciation of macro and micro-level considerations

such as bilateral state-to-state relationship and *guanxi*, paired with an examination at the internal dynamics of China is essential to develop a more accurate understanding of China-Latin America relations.

Key Words: *China, Foreign Policy, Foreign Direct Investment, Latin America*

Introduction

The most significant change in the global political economy over the past decades is the emergence of China as an economic power. Along with China's remarkable economic growth and rising international influence, policymakers and scholars are prompted to thoughtfully question China's strategy, intentions, the "China Model," and how it will reshape global economic development trajectories. Nonetheless, since the literature has privileged the consequences and implications of China's trade and investment in developing countries and China's "resource-hungry" aims to fuel its growth miracle, less attention has been given to the possibility that China is growing reliant on accessing new markets and investment opportunities abroad.

As China's economic engagement in Latin America warrants a closer examination due to China's continuous search to access the region despite its recent austere economic forecast, this chapter analyses China-LATAM economic relations over the past two decades, namely under the mandate of former Chinese President Hu Jintao (2003-2013), and China's current leader Xi Jinping (2013-). It identifies China's strategic interests in the region as: a) a source of raw materials and energy resources, b) an export market, and c) an area of diplomatic competition with Taipei, all underpinning the Chinese government's priorities of maintaining economic growth and regime legitimacy.

The findings suggest that China's influence as well as the extent and types of economic engagements can be understood as "location-specific" negotiated processes. For China it has been relatively easier to enter some Latin American countries where the hopes to access the sizeable Chinese market, FDI, and loans have helped curb negative impressions on China; while in others, China's strategy has come across a lot of obstacles. On this, besides the appreciation of target economies' resource endowments or state-to-state political ties, the examination of China's internal dynamics and challenges to its economic development are essential to develop a more accurate understanding of China-Latin America relations.

This chapter is organized in five sections. The following section reviews the theoretical debates on China's economic strategy. The third section provides an overview of China's trade, investment, economic diplomacy, and financial flows in Latin America under the mandates of Hu Jintao (2003-2013) and Xi Jinping (2013-). The fourth section delves

into the motivations, challenges, and opportunities of China-LATAM economic relations by assessing China's strategic interests in the region. The fifth section concludes.

Analytical Considerations and Theoretical Debates

During the past two decades, China's presence and influence around the world has been rapidly increasing as a result of China's process of internationalization, economic growth, market diversification, productivity increase, and technologic advancement. The previous features are part of the Chinese government's "going global" strategy that has the aim to help China integrate into the Western Hemisphere, adjust to the trend of economic globalization, diversify its export base, and secure natural resources in order to sustain its economic growth (Irwin and Gallagher 2014; Zheng 2013).

Considering the dramatic evolution of its foreign economic policy, versing from China's: a) unparalleled economic growth —more than quadrupled since 1978—, b) rapid integration into the world economy and membership in international organizations (Zhu 2013), c) massive foreign trade and investment, or d) focus towards developing countries, China's rising influence has raised concerns about its economic and political intentions and the long-term implications for other economies. Above all, as Chan (1999, 179) argues, the attention in China "is not just due to its size, history, or current national power, the overemphasis is because [...] outsiders perceive Beijing as a [...] model that contests Western liberalism."³⁹

On the latter, advocates of the "China threat" argument claim that China's approach to world politics and economy will challenge the institutions and norms in which the world order stands and will eventually destabilize, rather than support, countries and regions (Krauthammer 1995). In their view, China is "shrinking the West [...] and quietly helping to remake the landscape of international development" (Halper 2010, 26). As such, for some like Segal (1995), it is alarming when China finds itself further integrating into economic and political affairs viewing that "[...] China is the power with the least commitment to the status quo since Beijing wants to occupy Taiwan and take territories, joined the *WTO* but rejects the rules that bind all other members, demands access to markets but protects its own."

By extent, China's increasing economic activity in Latin America has as well engendered polarized perceptions. For some, Latin America's richness in natural resources and primary commodities is complementary to China's resource scarcity; hence, they view China as an important alternative market and powerful investment partner. Nonetheless,

³⁹ As well as Western dominance, and as a challenge for the concepts of democracy and capitalism propagated by the US.

as China's approach to the region has revealed major asymmetries that are deepening LATAM countries' reliance on Chinese markets together with China's politically unconditioned and readily available FDI and financial flows; for others, the relationship appears increasingly unsustainable and unequal. Hence, among academic circles it is argued that the economic relationship has taken a "North-South tone" (Volpon 2007).

These more skeptical observers often blame the commodity-based regional trade with China and heavy FDI [and numerous loans] in energy and mining sectors for exacerbating "complexities" —i.e. dependency, deindustrialization, losing markets due to manufacture competition, trade deficits, environmental issues— across LATAM countries (Iritani and Dickerson 2002). Likewise, they find that despite progressively diversifying its sectoral-OFDI and loans, China's attention to infrastructure, manufacture, technology, and services is because it serves its own interests by targeting key projects that will improve the logistics and transportation costs for natural resources to be transferred back to China or to access the Latin American markets without opening its own (Halper 2010).

As a response, the Chinese government has distanced itself from the "China Model" and offered instead a South-South cooperation discourse, stating that to achieve its development, China needs to develop peaceful relations and mutual-benefit partnerships (Yi 2005). On this, statements of this nature may be in fact more precise in assessing China's economic strategy in the region. It is not to say that whether one claim or another is correct, is not consequential; but that what is undeniable is that some claims have charged China with a meaning increasingly difficult for the Chinese government to cope with in pursuing China's national interests and development. Once we contextualize China's economic engagement in Latin America, neither the China Model warning claims nor the optimistic prospects captured in South-South cooperation narratives appear sufficient to explain the specific motivations behind China's economic ties with the region; their timing; or how these relations will unfold.

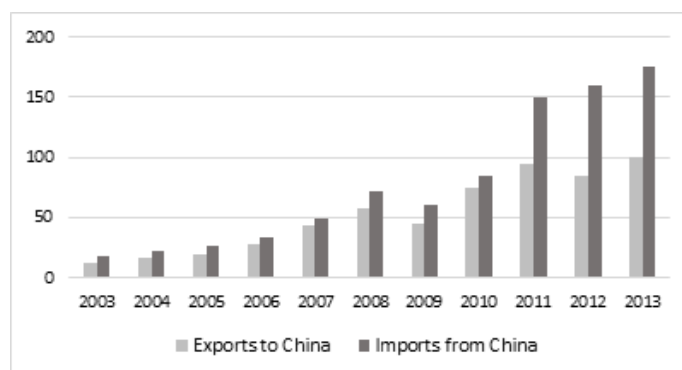
China-Latin America Economic Relations during 2003-2013

a) Trade

Trade between China and the region increased from USD\$35 billion in 2003 to USD\$287 billion in 2013. In addition to China's entry into the *WTO*, a common explanation relates to China's resource constraints. This association is perceived in the fact that copper, iron, nickel, and soybeans —the only items in which China experienced trade deficits— dominated LATAM exports to China (UNCTAD 2005); and notwithstanding the global finan-

cial crisis, China's demand remained strong and increased relative to the US and European demand.

Figure 1. China-Latin America Trade, 2003-2013 (USD\$ Billion)



Source: WITS, World Bank (2019).

Nonetheless, the benefits of the expanding trade ties were concentrated in a few countries. While the rise in commodity prices gave a boost to the region's exports,⁴⁰ in 2006 only 10 items —e.g. crude petroleum, metals, soybeans, meat— in six countries —Argentina, Brazil, Chile, Colombia, Mexico, Peru— accounted for 75% of LAC's exports to China (Gallagher and Porzecanski 2009). Likewise, for countries like Brazil, Chile, Colombia, Venezuela, and Peru, the concentration of specific exports —e.g. copper, iron, oil— to China was acute, ranging from 40% to 90% of their total exports (Volpon 2010). Other countries that saw an increase in their ratio of exports to China were Costa Rica, Cuba, and Uruguay.

While in 2010 exports to China accounted for only 10% of the region's total, China was the top market for Brazil, Chile and Cuba; and the second for Peru, Costa Rica, and Colombia. However, for countries like Ecuador, El Salvador, Dominican Republic, Guatemala, Mexico, Nicaragua, or Paraguay, exports to China were less than 2% of their total. One explanation is that these countries —excluding Ecuador and Mexico—, recognized Taiwan and did not enjoy diplomatic relations with China. By contrast, Cuba's exports to China —more than 25% of Cuba's total in 2010— can be justified by both countries' close political ties and the exclusion of Cuba from US trade.⁴¹

⁴⁰ Due to the 2008 global financial crisis there was a temporary drop in Latin American exports to China. However, by 2010, exports recovered rapidly.

⁴¹ Cuba was the first Latin American country to recognize the government of the PRC in September 1960.

Another feature of China-LATAM trade is that it has been characterized by a trade deficit on China's favor. This is because imports from China increased more than five-fold between 2003 and 2012, and while LATAM mainly exports primary commodities to China, the region imports medium and high-tech Chinese manufactures. In 2010, the main destinations for China's exports were Paraguay —34% of total imports—, Chile (18%), and Mexico (15%), followed by Brazil, Argentina, Colombia, and Uruguay (IMF 2012). Considering a regional average of 14% of total imports, country-differences are not as marked as with exports.

Moreover, while Paraguay's imports appear remarkable as this country did not recognize China, Central American countries' imports were not negligible as well —between 5% and 10% of total imports—. Hence, PRC recognition and good political relations seem to have little effect on imports from China. Rather, this reflects the international competitiveness of Chinese manufactures, and the improved access to markets China harnessed via its accession to the *WTO* and following a series of cooperation/diplomacy initiatives in the region.

b) Institutional Cooperation and Economic Diplomacy

After the financial crisis some LATAM scholars and leaders remarked it was the beginning of a “post-hegemonic” era characterized by regional multilateralism, a more proactive role of the state in economic affairs, and economic integration as an instrument for growth and development (Bonilla and Milet 2015). During this transition, Latin America entered a stage of sustained economic growth,⁴² while LATAM countries confidently looked to expand their exports and lower their dependence on traditional markets.

This shared vision became a major driver for China and Latin America to pursue deeper and more comprehensive economic ties. Cooperation expanded as China's participation in multilateral mechanisms increased,⁴³ and more sophisticated institutional frameworks were established (Shambaugh 2016). China signed BITs with Mexico and Colombia;⁴⁴ and FTAs with Chile (2006), Peru (2010), and Costa Rica (2011). While Chile

⁴² Sustained economic growth was pronounced between 2008 and 2012. Nonetheless, following a 0.5% decline in 2015, LATAM's GDP contracted 1.1% in 2016. This would be the first turn to recession in more than three decades.

⁴³ Besides its membership in APEC, China became a full-member of the Inter-American Development Bank (IADB) in 2008, has held a permanent observer status in the Organization of American States (OAS) since 2004, and opened separate forums such as the China-Latin American Business Summit, the China-Latin America Forum, the China-Latin America Common Market Dialogue, and the China-Andean Community Consultation Forum. China also joined the Caribbean Development Bank in 1997 and the China-Caribbean Economic and Trade Cooperation Forum.

⁴⁴ In addition to the BITs established in the 1990s with Argentina, Peru, Cuba, Bolivia, and Uruguay.

and Peru are LATAM's largest copper producers, Costa Rica's FTA was extended after recognizing the PRC in 2007.

In line with its “going out” and “peaceful development” strategies, China as well advanced its main diplomatic mechanism to expand its influence during this period: “Strategic Partnerships” (SPs). China signed SPs with Mexico, Argentina, Peru, and Chile;⁴⁵ and later upgraded to “Comprehensive Strategic Partnerships” —all-dimensional, multilayered, wide-ranged— its alliances with Brazil, Mexico, and Peru.⁴⁶ While a solid record of cooperation is a predictor of upgrading/initiating a SP, since these countries are China's major regional trade partners, SPs are foremost designed to strengthen mutual trust in order to foster stability and economic development; and thus, to protect China's interests (Xu 2016).⁴⁷

c) Investment

While China launched its “going out” strategy in 1999, until the mid-2000s Chinese FDI in Latin America remained very low. However, after Hu Jintao paid his first visit to the region —Brazil, Argentina, Chile, Cuba— in 2004, Chinese FDI grew rapidly. The establishment of SASAC also contributed to the increase in Chinese OFDI since the government called firms to target emerging markets and provided SOEs with increased subsidies and low interest loans. As a result, during 2003-2013, around 87% of China's LATAM-bound FDI came from state-owned firms (Dussel 2013).

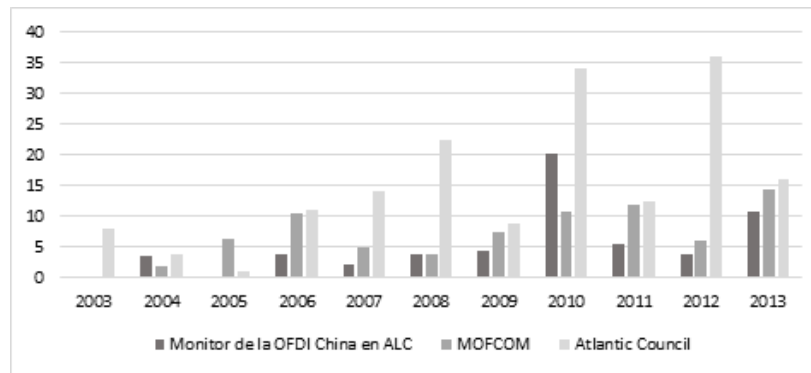
⁴⁵ Before this period, the only Latin American countries holding a “strategic partnership” with China were Brazil (1993) and Venezuela (2001).

⁴⁶ “Comprehensive Strategic Partnerships” cover long-term mutual benefit cooperation in economic, scientific, technological, political, and cultural fields; and contains both bilateral and multilateral levels, and is conducted by both governments and non-governmental groups.

⁴⁷ For instance, in economic affairs, committees or dialogues have been established with nearly every strategic partner.

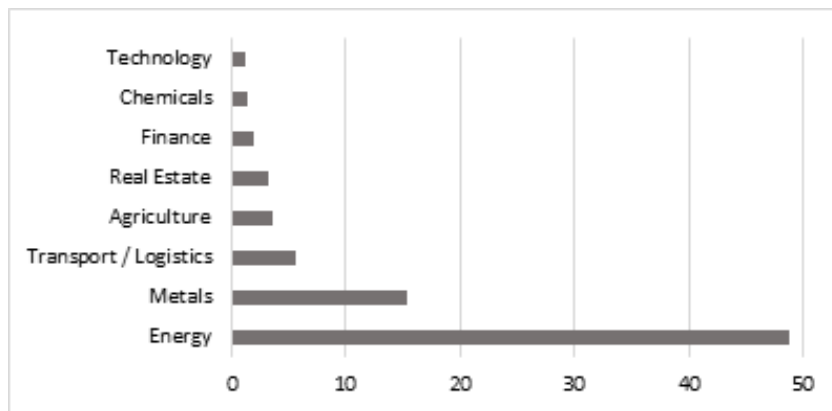
8. EVALUATING CHINESE ECONOMIC ENGAGEMENT IN LATIN AMERICA (2003-2019)...

Figure 2. Chinese FDI in Latin America, 2003-2013 (USD\$ Billions)



Source: Monitor de la OFDI China en ALC, Dussel (2020); Atlantic Council (2017); MOFCOM (2019).

Figure 3. China's FDI in Latin America by Sector, 2005-2013 (USD\$ Billions)



Source: *China Global Investment Tracker*, AEI (2020).⁴⁸

Only in the eve of the financial crisis SOE-investment declined to below 5% from the total Chinese FDI in the region; but would recover to more than 94% in 2009, following Hu's second visit to the region –Costa Rica, Cuba, Peru—. In this sense, while the financial crisis led to an alarming drop in global OFDI, Chinese FDI in Latin America escalated, generating between 2008 and 2009 over 17,000 jobs. Subsequently, during 2010-2013 Chinese FDI experienced its largest increase, totaling USD\$40.5 billion –69% of the total for the period— and generating nearly 100,000 jobs.

⁴⁸ For the period, Chinese FDI in health accounted for USD\$250 million (Ecuador); in utilities USD\$210 million (Peru); and in entertainment USD\$100 million (Costa Rica).

Notwithstanding the above, Chinese FDI in the region remained very modest throughout this period, representing below 1% of China's total OFDI (MOFCOM 2010). Moreover, while China's FDI to LAC totaled USD\$6 billion during 1990-2009 (ECLAC 2013) —USD\$18 billion according to MOFCOM—, the majority of these flows were allocated in the energy, mining and agriculture sectors and were due to a few large-scale projects commenced in the 1990s (Garcia et al. 2015; Cui and Perez 2016).

Nonetheless, after 2009, Chinese sectoral-FDI experienced a moderate diversification. While Chinese FDI in raw materials grew from USD\$3.8 billion (2000-2005) to USD\$30 billion in 2010-2013, FDI in services and domestic market skyrocketed from USD\$530 million to USD\$18 billion (Dussel 2020). Likewise, not only the amount or sector in which FDI is allocated are crucial when assessing China-LATAM economic ties, but also the form it takes —M&A, Greenfield, or Joint Ventures— since it provides indication of the challenges China faces in the region.

Greenfield FDI, or starting operations from zero, entail a higher “liability of foreignness” than M&A and JV, in which firms purchase existing operations or establish a partnership with another firm. On this, despite Chinese firms have mainly engaged in M&A —especially during economic slowdowns—, during 2003-2013 the ratio of M&A to greenfield FDI was 1:2 in LATAM. This is because greenfield FDI —mostly in infrastructure and mining— is concentrated in a few countries with which China enjoys overall good political and economic relations like Brazil and Peru. In fact, from 1990 to 2013, both countries —including Argentina, Colombia, Ecuador— were the top recipients of Chinese FDI in LAC.

By contrast, besides not requiring committing significant resources beyond capital, Chinese firms have opted to engage in M&A to enter countries with high barriers to FDI or sectors with heavy state involvement —i.e. Brazil's mining and oil sectors—. ⁴⁹ As for JVs, which stress technology transfer, they seem common in countries with a strong push to maintain “national” control of extractive industries like Venezuela and Ecuador (Abdenur 2017). However, it must be noted that while Chinese firms have tailored diverse strategies to enter Latin America, there were several project announcements that until now have not advanced. ⁵⁰

⁴⁹ One example is Sinopec's acquisition of 40% stake in Repsol in 2010.

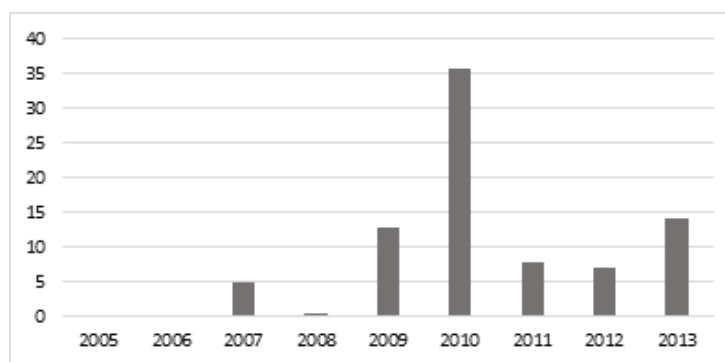
⁵⁰ Examples are the announcements for the joint ventures between Wuhan Iron and Steel Company (WISCO) and Brazil's MMX or Baosteel and two other Brazilian firms in 2006; and China National Offshore Oil Corporation (CNOOC) and Argentina's Bidas in 2009.

d) Financial Flows

An issue when assessing China's financial flows is that FDI, loans, aid and grants are often packaged together. For instance, when Costa Rica recognized the PRC in 2007, China provided a package including the purchase of USD\$300 million in government bonds, a USD\$100 million stadium and other public works, and a USD\$1 billion JV to develop a petroleum refinery (Ellis 2011). Likewise, during 2003-2007 around 90% of Chinese aid to LATAM was government-sponsored investment (Jenkins 2012).⁵¹

Notwithstanding the above, it is evident that after Hu's visit in 2004 aid to the region become significant, escalating from USD\$1 million in 2003 to USD\$7 billion in 2004 (Lum et al. 2009). In 2006, Chinese aid more than doubled; but would sharply decline a year later to USD\$400 million. Against this backdrop, in a symbolic step signaling its long-term commitment, China invested USD\$350 million in the *Inter-American Development Bank* (IADB) and published its *White Book* on foreign relations with the region (Maggiorelli 2017).

Figure 4. China's Loans to Latin America, 2005-2013 (USD\$ Billions)



Source: Inter-American Dialogue (2020).

After the financial crisis and Hu's second visit there was a sharp increase in lending to the region. In fact, Chinese loans more than doubled to USD\$13.6 billion in 2009, and again to USD\$37 billion in 2010 (Dollar 2017). Accordingly, during 2005-2013, Chinese lending by *China Development Bank* and *China Export-Import Bank* accounted for USD\$79 billion and was higher than the loans from the *World Bank* of the *IADB*—which are less flexible and more bureaucratic than Chinese banks— (Gallagher et al. 2012).

⁵¹ In contrast, in Africa, concessional loans accounted for two thirds of aid financing during the same period.

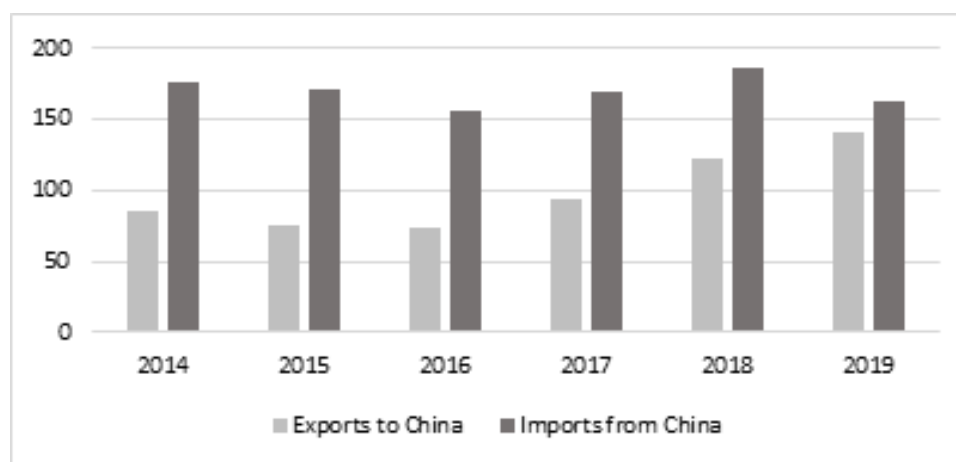
During this period, 75% of Chinese loans went to energy and 18% to infrastructure, which is seen complementary to natural resources exploitation because of the ensuing demand for infrastructure networks in the region (Cui and Pérez 2016).⁵² Correspondingly, Chinese loans were concentrated in countries like Venezuela (51%), Brazil (11%), and Ecuador (10%) —and Argentina (14%) due to a USD\$10 billion loan for a train system— (Dollar 2017; Gallagher and Myers 2020).

China-Latin America Economic Relations during 2013-2020

a) Trade

At the first ministerial meeting of the *China-ECLAC Forum* held in January 2015, President Xi Jinping set the goal of increasing China-LATAM trade to USD\$500 billions by 2025. While regional trade with China has been holding steady since 2011 at an annual average of USD\$264 billions, the recent US-China trade dispute has provided more room for LATAM exports, increasingly allowing Xi's target to become a reality. For instance, China-LATAM trade amounted to USD\$307.8 billions in 2018. Nonetheless in contrast to previous years (2013-2017) in which LATAM exports represented 30-35% of the value of total trade, in 2019 they reached 46% of the total.

Figure 5. China-Latin America Trade, 2014-2019 (USD\$ Billions)



Source: *WITS*, World Bank (2019).

⁵² In fact, considering the case of Chinese FDI in Brazil during the period, Chinese firms opted to enter the Brazilian market by engaging in gas-related greenfield infrastructure projects as a means to facilitate gas imports —with great implications for subsequent Chinese M&A in the oil sector—.

In fact, since throughout 2009-2017 the ratio of Chinese regional/total imports and exports displayed a 1:2 proportion, last year marked a critical juncture in China-LATAM trade. In 2019, imports from LAC represented 8% of China's total; whereas exports to LAC, 6% of China's total. In terms of structure, China remained a major market for primary commodities, accounting for 25% of LAC's world commodity-exports.⁵³ Major exports to China were natural resources like ores —30% of LAC's total exports to China—, mineral fuels (20%), soybeans (17%), and copper (5%) (Ray and Batista 2020). Beef became another rising commodity along with soybeans, which prompted an export boom —especially in Argentina, Brazil, and Uruguay— as China looked for substitutes to US producers.

In this sense, while during 2014-2019 LATAM's trade deficit appeared to be closing in at an annual average of 0.4% of regional GDP; akin to the trend of 2003-2013, the countries exporting these commodities —namely Peru, Chile, and Brazil—, continued recording trade surpluses with China. As soybean export doubled recently and Argentina recovered from a major drought, for the first time since 2009 its trade balance presented a surplus in 2019. By contrast, Mexico, Colombia, and Venezuela continue recording negative trade balances.

On this, however, since Mexico's exports to China represent less than 2% of its total, Mexico remains one of the least dependent countries on China —others are El Salvador, Guatemala, and Nicaragua—. By contrast, Brazil, Argentina, Chile, Venezuela, Colombia, and Peru ranked among the 10 most dependent countries (Xia 2017) as their China-bound exports are concentrated in few items accounting for significant proportions of their export basket —e.g. 90% of Colombian China-bound exports are crude—. Other countries are Costa Rica —with 88% of its electronic parts going to China—, Uruguay —in soybean and meat exports—, and Panama —in wood exports—.

Accordingly, it must be noted that this set of countries —which increased its dependency on China relative to 2008—, tend to be important commercial partners and strategic allies of China in the region. In addition to the “comprehensive strategic partnerships” established with Brazil and Peru during Hu's mandate, China initiated SPs with Costa Rica and Uruguay; and upgraded its SPs with Argentina, Venezuela, and Chile. On this, Xia (2017) notes that despite lower overall levels of export-dependency, the highest increases are among countries considered close allies to the US —e.g. Panama, Uruguay, Colombia, Costa Rica—.

⁵³ In contrast, although about half of LAC's world exports were medium-tech manufactures during 2014-2019, manufacture exports to China were almost negligible

b) Institutional Cooperation and Economic Diplomacy

At the 2015 *China-ECLAC Forum*, both parts agreed to a five-year cooperation plan which besides including the traditional framework on trade and investment —mainly in energy and natural resources—, extended to agriculture, infrastructure, science, industry, finance, politics, security, and people-to-people exchanges (Xinhua 2016); signaling thus, Xi’s great interest in diversifying China’s cooperation with LAC.

In fact, in contrast to the prior administration, Xi’s government has been quite active in enlarging and reinforcing institutional cooperation and economic diplomacy in the region. For example, despite Costa Rica switched recognition in 2007 —and signed an FTA in 2011—, it was not until 2015 that China extended an SP to the country and later signed a BIT. Other countries that became China’s “strategic partners” were Ecuador, Uruguay, and Bolivia, in addition to the upgrading of Argentina, Venezuela, Ecuador, and Chile’s SPs. More recently, President Xi pushed to upgrade China’s FTA with Chile,⁵⁴ while negotiations for an FTA with Panama are ongoing since its diplomatic switching in 2017.

On this front, considering that 9 of the 14 countries that still recognize Taiwan are in Latin America and the Caribbean, Xi’s government has increased its diplomatic efforts. During Hu’s administration, Costa Rica was the only LATAM country that switched recognition to the PRC. In contrast, since 2017, three more countries cut diplomatic ties with Taiwan: Panama, Dominican Republic, and El Salvador. This diplomatic advance in the region came after Taiwanese president, Tsai Ing-Wen, refused to accept the “1992 consensus” in which the PRC and the ROC recognize “one China,” to which China responded by resuming its diplomatic campaign —informally suspended since 2008—. ⁵⁵

Furthermore, at the 2018 *China-ECLAC Forum*, both sides agreed to an updated cooperation plan and China invited LATAM countries to participate in the *Belt and Road Initiative* (ECLAC 2018). Currently, 11 countries in Latin America have endorsed China’s *BRI*: Bolivia, Chile, Costa Rica, Cuba, Dominican Republic, Ecuador, El Salvador, Panama, Peru, Uruguay, and Venezuela —together with 8 Caribbean countries—. Equally, 2019 saw an expansion of the other major China-led economic initiative, the *Asian Infrastructure Investment Bank* (AIIB), as Ecuador became its first full-member. Other prospective members are Argentina, Bolivia, Brazil, Chile, Peru, Uruguay, and Venezuela.⁵⁶

⁵⁴ Likewise, an upgrade of the China-Costa Rica FTA is currently under discussion.

⁵⁵ Other countries that switched recognition to the PRC after this campaign was launched were Gambia, Sao Tome and Principe, and Burkina Faso.

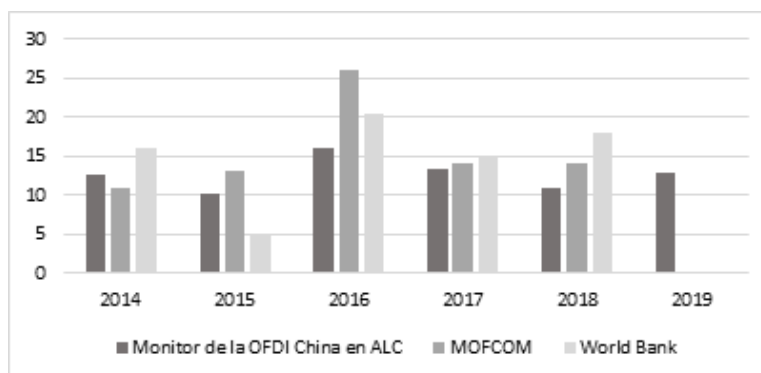
⁵⁶ As of October 2020, Colombia, Guatemala, Honduras, Mexico, Nicaragua, and Paraguay have joined neither body.

c) Investment

During the 2015 *China-ECLAC Forum*, President Xi set the goal of increasing Chinese investment in the region to \$250 billions by 2025. Although during 2014-2020 Chinese FDI has equaled USD\$107 billions (AEI 2020), and thus is yet halfway the goal, there have been some important departures from the prior administration. First and foremost, the amount and employment generation by Chinese FDI in LAC nearly doubled from Hu's administration.

Second, considering the plunging trend in the attraction of global FDI due to the drop in international prices of raw materials and the economic recession in 2015 —marking the end of the commodity-price boom—, China's FDI increased in 2016-2018 to an average of USD\$17 billions (MOFCOM 2019). In fact, the peak for Chinese FDI during the period was USD\$26 billions in 2016, which in 2017 reflected a top record for employment generation of 71,500 jobs —from 230,000 jobs during the period— (Dussel 2020).

Figure 6. Chinese FDI in Latin America, 2014-2019 (USD\$ Billions)



Source: *Monitor de la OFDI China en ALC*, Dussel (2020); MOFCOM (2019); World Bank (2019).

Furthermore, although 2019 saw the lowest global economic growth since the financial crisis (IMF 2020) and global Chinese OFDI fell 10% —partly due to the drop of OFDI to the US— (Xinhua 2020),⁵⁷ Chinese FDI in LAC escalated 16% from 2018.⁵⁸ In 2019

⁵⁷ For instance, the USD\$117 billions of global Chinese OFDI recorded in 2019 represented only 60% of the global Chinese OFDI recorded in 2016.

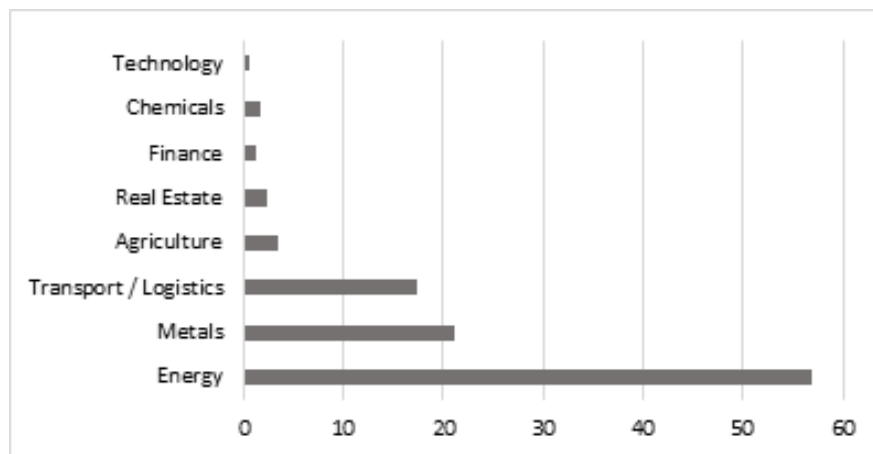
⁵⁸ In terms of global FDI to Latin America as well, the nearly USD\$170 billions attracted by the region in 2019 marked a 16% increase from 2018.

Chinese FDI represented 7.6% of LAC's total, marking the first increase since 2016. Compared to the average of 4% of LAC's total FDI accrued by China during 2003-2013, an average of 8.3% during 2014-2019 reflects a higher success at entry in the region.

Third, Chinese firms have increased more than 33% their M&A deals in LAC. During 2014-2019, Chinese M&A accrued USD\$48 billions and generated around 166,000 jobs. By contrast, the USD\$16 billions in greenfield FDI marked a 47% decrease from 2003-2013 (Dussel 2020). In fact, major part of Chinese greenfield FDI for this period was only recorded in 2019, setting a record of USD\$12 billions in infrastructure —particularly due to a lithium project in Bolivia— (Ray and Batista 2020).⁵⁹

Fourth, historically, Chinese FDI by SOEs has represented higher ratios of amount and employment per transaction. Nonetheless, during 2014-2019, private firms invested USD\$18 billions in LAC and generated 96,000 jobs, an increase of 58% and 71%, respectively. By contrast, the USD\$44 billions invested by SOEs marked a decrease of 16% from the prior administration, reflecting thus a growing diversification in the type of ownership of Chinese FDI —particularly since 2017—. ⁶⁰

Figure 7. China's FDI in Latin America by Sector, 2014-2020 (USD\$ Billions)



Source: China Global Investment Tracker, AEI (2020).⁶¹

⁵⁹ Nonetheless as the Bolivian government has changed since this deal was announced, the project is currently receiving renewed scrutiny.

⁶⁰ For instance, during 2017-2019, Chinese private firms' FDI transactions represented 34% of total amount of Chinese FDI in the region, well above the 15-20% recorded during the Hu Jintao administration.

⁶¹ For the period, Chinese FDI in health accounted for USD\$590 millions (Ecuador, Trinidad and Tobago); and in utilities USD\$750 millions (Argentina, Brazil, Panama, Trinidad and Tobago, Venezuela).

Fifth, during 2014-2019, FDI in raw materials totaled USD\$27 billions, a drop of 43% from 2003-2013 (Dussel 2020). Conversely, the amount and employment generation due to Chinese FDI in manufacturing increased 200% and 122%, respectively. Likewise, FDI in services and domestic market saw a relative increase of 25%; and Chinese FDI in technology, which during 2003-2013 was negligible, has totaled USD\$2 billions since 2014.

Finally, during 2014-2020, Brazil was the top recipient of Chinese FDI with USD\$38 billions, followed by Peru (USD\$18 billions), and Argentina (USD\$13.6 billions) (AEI 2020).⁶² While the trend is overall similar to that of 2003-2013, since 2017 Chinese OFDI increased its dynamism in Chile and Mexico. For instance, Chile became the top recipient during 2017-2019, attracting 31% of China's FDI in LAC —Mexico attracted 11.5%—. ⁶³ By contrast, in Colombia, a major destination since the 1990s, Chinese FDI declined 85%.

d) Financial Flows

Chinese loans to LATAM decreased 51% from the prior administration, totaling USD\$54.5 billions during 2014-2019. The data reflects that lending has diminished after reaching a high of USD\$21.5 billions in 2015 (see *Figure 8*).⁶⁴ This trend is in part explained by Venezuela's inability to service its loans —which during 2003-2013 represented above 50% of LAC's total Chinese loans— due to the fall in oil prices and its economic deterioration; together with traditional borrowers like Brazil and Ecuador diminishing their loans from China.

The case of Venezuela's indebtedness is also apparent in the proportion of Chinese loans by sector. Although during 2005-2013 energy accrued 75% of the total, it has declined to 53% —whereas loans in infrastructure and mining increased their share to 23% each—. As China's high demand for energy remains constant, in order to decrease its dependency on Venezuela, the number and value of loans to Brazil and Ecuador have increased, representing 38% and 20% of Chinese lending to LAC during 2014-2019 (Gallagher and Myers 2020).⁶⁵ In contrast, while Venezuela accrued 20.5% of the total, since 2016 China has stopped lending to the country.

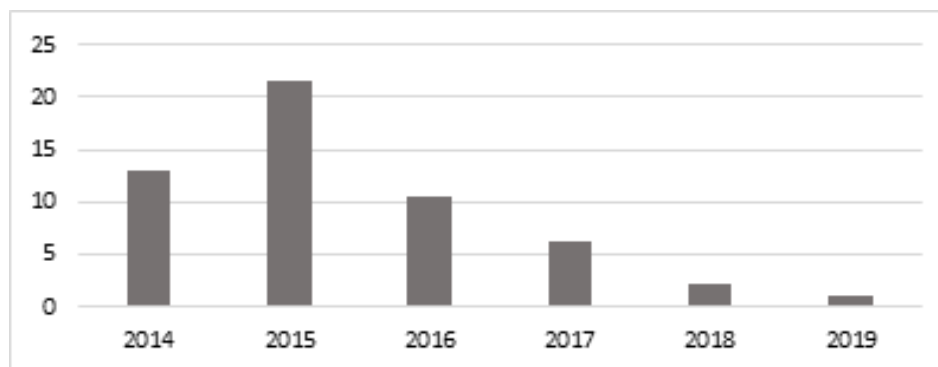
⁶² Other destinations for Chinese FDI in the region were Ecuador with USD\$5 billions, Bolivia USD\$4.5 billions, Panama USD\$3 billions, and Mexico USD\$2.5 billions.

⁶³ Between 2017 and 2019 Peru attracted 21.5% of the total Chinese OFDI in the region with USD\$8 billions in only 8 transactions, and Brazil attracted 17.7% with USD\$6.6 billions reflected in 37 transactions.

⁶⁴ In fact, since 2016 the Development Bank of Latin America (CAF) and the Inter-American Development Bank (IDB) have each lent more to the region than the CDB and China EXIM combined.

⁶⁵ Chinese loans to Argentina remained constant between 2014-2019, representing 12% of the total in the region and being allocated in 3 infrastructure projects and 2 energy projects.

Figure 8. China's Loans to Latin America, 2014-2019 (USD\$ Billions)



Source: Inter-American Dialogue (2020).

China's Strategic Interests in Latin America and Internal Dynamics

Gathering from the above, for China there are three key interests in its economic relations with Latin America; and accordingly, has developed a strategy to enter the region. First, Latin America represents a source of primary commodities that China needs to: a) meet its rising demand for foodstuffs —associated with the expansion of its middle-class and new consumer preferences—; and b) supply its growing industrial sector and infrastructure development. Second, Latin America has become an important market for Chinese manufactures and the Chinese government has worked to improve Chinese firms' access. And third, the region has long played a major role in the PRC and ROC's diplomatic competition.

A) Latin America as a source of raw materials and primary commodities

China's interest in LATAM as a source of raw materials is underscored by the structure of regional exports to China, the establishment of FTAs with Chile and Peru —major regional exporters of copper—, and China's heavy investment and numerous loans in LATAM's energy and mining sectors. Nonetheless, the majority of explanations for the structure of China-LATAM trade converge on similar, but incomplete claims. From media to scholarly accounts, these sources find a simple correlation between a rapidly growing and resource-scarce China vis-à-vis a resource-rich Latin America aiming to increase economic growth and lower dependency on traditional markets.

Instead, China-LATAM economic ties should undergo a more careful analysis to answer what is driving Chinese demand and underpinning its stability. In addressing such one-dimensional arguments, it is imperative to first note that although China's economy

had been growing at an average of 9% since 1978, its engagement with the region increased until the 2000s. While China's entry into the *WTO* played a major role in expanding its presence, and its "going global" policy procured the guidelines for its internationalization, other changes in China's development trajectory can help explain its economic relations with the region.

One example is China's shift to heavy industry production in the 2000s, which, albeit not a Central government initiative, was aimed at supplying rapid urbanization and infrastructure development (Naughton 2008).⁶⁶ Accordingly, in the early 2000s China underwent an increase of 9% in energy intensity (Rosen and Houser 2007). From 2000 to 2005, iron and steel production increased to over 3% of China's GDP; and along with it, China's energy demand was soon outpacing GDP growth.⁶⁷ In this context, Chinese demand for energy and minerals increased to feed industry production; and thus directly impacted the volume and price of these imports —generating the commodity boom in LATAM—.

Being a net importer of steel in 2000, by the late 2000s China became the world's largest steel producer (Yu 2009) and was consuming more than 70% of the world's iron ore exports (Garnaut 2010). Likewise, since 1993 China began importing oil as consumption surpassed domestic production; and by 2003, China became the second largest oil consumer. On this, although China holds important reserves of coal —which represents 70% of energy use—, facing a rising demand to fuel the transport and industry sectors and looking to decrease emissions of air pollutants, the Chinese government has pushed toward securing foreign oil supplies (Chan and Yao 2008), especially from the Middle East.

Nonetheless, aiming to diversify its oil supplies in case of any shock in the Middle East after the US launched the "War on Terror," there was an upsurge in Africa, Central Asia, and Latin America oil exports (Hurst 2006). Hence, despite by the late 2000s the Middle East remained China's largest oil supplier, its share had declined more than 10%, whereas LATAM's increased to 3.5% of China's oil imports (EIA 2020).⁶⁸ Likewise, this strategy reflected the Chinese government's desire to find alternative routes to the troublesome spots of the Strait of Malacca and South China Sea since in case of conflict with the ROC or the US, a blockade may be enforced on China (Brewster 2016).

As China became the largest consumer of iron ore, copper, aluminum, nickel, zinc, and the second largest consumer of oil, countries like Brazil, Peru, Chile, Colombia, Ec-

⁶⁶ After China's reform and opening in the late 1970s, production had moved from the Mao era model of capital-intensive and heavy industry towards labor-intensive and light manufacturing. However, in the 2000s it reversed towards heavy industrial production.

⁶⁷ Between the late 1970s to 2000, China's energy intensity and demand had been decreasing due to the shift from heavy industry production to light manufacturing.

⁶⁸ In 2009 Africa accounted for 20% of China's total oil imports, while Russia and Kazakhstan combined accounted for a little more than 10%.

uador, and Venezuela have been by far the most benefitted in the region. Other commodities that experienced an increased demand due to changes in China's development were soybeans. However, in this case, the concentration of Argentina, Brazil, and Uruguay's soybean exports accrued from the Chinese government efforts to shift from family-sized to large-commercial pig farming, which translated into less farmland for agriculture (Ferchen 2011).

Likewise, as China's economic growth has come with significant urbanization and new consumer preferences, the Chinese market has been experiencing an increased demand for proteins and processed foods like meat, fishmeal, fruits, vegetables, and wine. In this context—in addition to online food shopping's rising popularity—, LAC contributed with around 25% of China's total food-imports in 2018. In turn, since food security has become a main concern for Xi's government, China has boosted investments in agriculture and across the production chain in Latin America.⁶⁹

The recent US-China trade dispute has further increased LATAM's agriculture and food exports—soybeans, cereal, beef, pork, fruits, and nuts—to China. In this context, Brazil, Argentina, Uruguay, and Chile could continue benefitting from the tit-for-tat standoff through high commodity prices and wider opportunities to supply both markets. If sustained, the trade dispute could further shift China-LATAM trade structure and attract more Chinese investment. However, presuming a significant degree of volatility and uncertainty, it is expected that countries holding FTAs and PTAs with China will be the most safeguarded and dotted with improved market access conditions.

B) Latin America as an export market

Gaining access to the LATAM market has become an important aspect of the relationship as China's economic growth and its development pattern appear to have reached a bottleneck. Between 1978 and 2015, China's GDP grew an annual average of 9.5%; however, in 2015 it declined to 7% and went further down to 6.7% in 2018 and 6.1% in 2019 (World Bank 2020). Some analysts point that China's growth slowdown is due to structural factors, namely its manufacture and heavy industry overcapacity (Perkins 2015; Huang 2016; Yu 2017).

On the one hand, light manufacture exports have relied on cheap costs of production; but these have radically escalated as China's economy upgraded. For instance, migrant workers' wages—primary force of production in coastal cities—have grown more than 15% each year. Hence, labor-intensive factories in China have started relocating to low-

⁶⁹ All while the BRI has as well become a major conduit for China's strategy in agriculture investment.

cost places to maintain competitiveness. On the other hand, China's heavy industries are suffering from overcapacity as the domestic property and investment boom have ended (Van Wyk 2010).⁷⁰

Concerned about overinvestment in heavy industries, the Chinese government deployed subsidies and favorable exchange rate policies to stimulate exports and also restrained credit to slow down the property market. Hence, while major part of production was for domestic consumption, China's heavy industries became progressively export-oriented and marked China's trade surpluses with countries like the US (Anderson 2009). However, since the mid-2010s, the expansion of Chinese steel exports has pushed down international prices, whereas a handful of developed economies are unwilling to continue tolerating large trade deficits from emergent economies (Du 2016).

As a result, Latin America represents an opening to relocate China's excessive industrial and manufacture production capacity by: a) increasing exports to LATAM; and b) engaging in infrastructure FDI or loans, which also boosts China's manufacture investment and trade (The Economist 2015). In fulfilling these aims, most Chinese FDI, aid, and lending is "tied." Besides furthering the access to markets, the deals require that at least 50% of the materials, equipment, services, and workers are sourced from China (Dehart 2012).⁷¹

Moreover, loans to LATAM are often linked to agreements to buy products from Chinese firms (Gonzalez 2011). Therefore, looking to reduce its dependency on developed-country markets —especially after the growth slowdown due to the financial crisis—, Chinese FDI and loan deals have been as well paving the way for the expansion of Chinese manufactured goods and services in LATAM. Another instrument has been obtaining "market economy" status from LATAM governments. For instance, after Hu's diplomatic efforts during his first visit granted the consent of Argentina, Brazil, Chile, Peru, and Venezuela, there was an increase in these countries' trade with China.

Furthermore, it is argued that the rapid growth of imports from China has been a cause of concern in many Latin American countries complaining about unfair competition. However, while imports from China originally involved low-skill manufacturing, as China moves from labor-intensive to high-value manufacturing to support its development, these have become more sophisticated. Complementing this shift, greenfield FDI in mining has lost share to rising projects in telecom and real state. Likewise, since the mid-2010s, Chinese M&A investment in manufacture —i.e. telecom and electronics in Mexico

⁷⁰ To understand the severity of this problem one has to note that during the past decade Chinese steel output increased around 18% annually, while crude Steel output for the rest of the world only increased 4.3% annually.

⁷¹ As such, firms partaking in infrastructure projects like Sinohydro or Huawei have exported equipment to the region.

and Brazil— and in services —telecom, finance, construction, engineering— has increased (Dussel 2020).

All in all, in China’s strategy to keep its economic growth afoot, upgrading industries, increasing trade in services, and looking for new markets have become a priority. In this context, as manufacture exports are still essential to boost the Chinese economy —despite efforts to rely on domestic consumption—, the US-China trade dispute has complicated China getting back on track its economic growth. Thus, as the US levied additional tariffs on several USD\$ billions of Chinese goods, China’s efforts to enter LATAM markets may further increase during the rest of Xi’s mandate.

C) China and Taiwan diplomatic competition

Chinese imports from Latin America, as well as Chinese investment and aid to the region are visibly influenced by the PRC and ROC’s diplomatic competition. Ideologically spear-headed by the “One China” policy, a main component in China’s strategy to reclaim sovereignty over Taiwan is to: a) strengthen relations with countries that have switched their recognition, and b) to forge economic relations with countries that still recognize Taiwan as an incentive to switch their diplomatic recognition to China (Portada et al. 2020; Maggiorelli 2019).

Taiwan has signed FTAs with Panama, Guatemala, Nicaragua, Honduras, El Salvador, and Paraguay. Since these were among the countries that did not participate in the export-boom —excluding Panama—, some argue that diplomatic recognition played a major role relative to variables like geographic distance and GDP (Jenkins 2012). However, another explanation is that these countries are not endowed with the resources China covets. Besides, an example of China using trade for diplomatic goals is Uruguay. Uruguay switched recognition in 1988, and during 1983-1987 China doubled its trade and bought more volume of certain commodities relative to Taiwan (Portada et al. 2020).

Concerning FDI and aid, China has often targeted infrastructure as a reward for switching recognition. Besides Chinese flows come without policy conditions, less rigorous guidelines, and the capital is readily available, infrastructure projects are designed as “win-win” deals that create a positive perception of China and have the purpose of furthering bilateral trade. E.g. in return for recognizing the PRC in 2007, China funded a stadium in Costa Rica, and assisted in the reconstruction after floods (Dehart 2012).

After the streak of successes in gaining allies during Hu’s administration, in 2008 the KMT government in Taiwan and the PRC negotiated a policy détente (Cabestan 2010). However, after the DPP took power in Taiwan, China reignited its diplomatic competition. Since then, Chinese officials have been active in the region and gained new allies: Panama,

Dominican Republic, and El Salvador. On these, although financially-motivated, Panama was the only country receiving significant Chinese FDI; and after switching recognition has been negotiating an FTA with China.

Likewise, Dominican Republic was granted a USD\$600 million loan for an energy project together with China's announcement to build infrastructure projects in El Salvador. In this context, however, it must be noted that the Trump administration has chosen to take actions in the PRC and ROC's diplomatic competition.⁷² In March 2020, Trump signed the TAIPEI Act, aimed at preventing diplomatic switching by threatening punitive measures like altering the US security, economic, or diplomatic relations with these countries (Kuo 2020).

Therefore, despite China's diplomatic efforts, the recent US administration's stance has put an unsurmountable amount of pressure on countries considering switching and on China. Likewise, the outbreak of the Covid-19 pandemic has put the issue on the spotlight, while accruing Taiwan opportunities for enhancing its international positioning (Portada et al. 2020). These features, in addition to the dubious economic performance of countries that recently switched recognition —i.e. Panama—, may further complicate China's diplomatic advances in LATAM.

d) Regime Legitimacy

The above interests that underscore China's economic engagement in Latin America find its rationale in the Chinese government's top priority of sustaining regime legitimacy. Being a single-party state, Chinese officials understand that without economic growth, there could be a problem with political legitimacy (Mitchell 2015). Nonetheless, the urgency of feeding its rising domestic consumer demand and sustaining its troubled rate of economic growth⁷³ has made China heavily reliant on securing foreign supplies —energy, minerals, and agricultural goods— and the access to markets for its products.

Hence, Chinese projects in LATAM's energy and mining sectors only reflect China's pressing diversification strategy. This need to secure foreign suppliers is as well evident in the fact that despite their political instabilities, poor governance, and dubious capability to repay loans, states like Venezuela have received continued attention from China —especially during Hu's mandate—. The latter, however, is as well explained by the government's pressure on SOEs and financial institutions to invest in infrastructure abroad to

⁷² After the latest diplomatic switching in the region, the US pulled its top diplomats from Panama, Dominican Republic and El Salvador and warned them about the consequences of cutting ties with Taiwan.

⁷³ Due to higher incomes as well as manufacture and industry production overcapacity, among other sociodemographic and development pattern changes.

absorb industry overcapacity and to maintain their survival and legitimacy (The Economist 2015).

In fact, the majority of Chinese large investments in the region are made by SOEs, which do not face the same pressures as private firms to earn high returns (Bai et al. 2006) and are often commissioned as part of state-to-state deals without much regard to local conditions. Likewise, another reason may be that looking to diversify its partners, FDI and loans to countries with poor governance or weak macroeconomic conditions represent a strategic effort to thrive where others fear to tread and seize “the void left by American presence” (Urdinez et al. 2016). Nonetheless, since the mid-2010s the Chinese government has become more accountable to its population with regards to its foreign economic policy.

The Chinese have grown dissatisfied with China’s high volume of ODA and its lack of transparency, when they view these funds could be used for development at home (Zhang 2018). Therefore, China cutting loans to Venezuela reflects a shift in its strategy in favor of a more practical and economic-guided approach. As Chinese people demand better returns on state-FDI and loans, it is reasonable to expect that the government will continue pulling back from projects in these countries as long as China finds alternative sources or markets.

Furthermore, since internal political stability is as well underpinned by nationalism, the goal of strengthening the state is naturally interlocked with China’s efforts for: a) pushing the recognition of the “One China” policy, b) defending its territorial integrity, and c) achieving greater international presence. On the first and second, any [diplomatic] advance of Taiwan would be seen in China as a sign of weakness and undermining the recognition of its territory. Accordingly, after Taiwanese President, Tsai Ing-wen, refused to acknowledge the “One China” policy in 2016, China resumed its campaign for diplomatic competition.

On the third, foreign policy under President Xi signals a departure from Deng Xiaoping’s “keeping a low profile” in international affairs. China’s foreign policy has become more proactive as nationalism among its population has increased alongside China’s emergence as the second largest economy. Additionally, in pursuing a more balanced model of economic growth, foreign policy has become more centralized. In this context, the internationalization and diversification of Chinese economic activity have been ideologically and strategically spearheaded by Xi’s *Belt and Road Initiative*, revealed in 2013.

In addition to the founding of the *AIIB* in 2015, the *BRI* is an effort to demonstrate China’s capability to put forward large-scale initiatives for economic and financial governance. While the *AIIB* attempts to accrue China with an influence in the international financial system that matches its status, both aim to expand China’s access to suppliers

and markets, as well as to help absorb production overcapacity by participating in infrastructure projects. In this sense, with both initiatives, President Xi is clearly motivated to resolve the pervasive domestic economic challenges that have gradually dented China's economic growth and its path towards becoming a global power.⁷⁴

While Latin America was not a main target in these initiatives, the region has showed its willingness to cooperate with China. The fact that many LATAM countries —especially some of the US' traditional allies— are prospective members of the *AIIB* and/or joining the *BRI*, represents a remarkable achievement for China. Consequently, China's economic policy —and its evolution— in Latin America should be understood not only as shaped by external phenomena —such as the War on Terror, the financial crisis, the change of government in Taiwan, the US-China trade dispute, etc.—, but as well as heavily conditioned by China's internal priorities and development trajectory.

Conclusion

Most of the studies on China-LATAM relations have privileged the implications of increased Chinese economic activity in the region and often ponder how this will reshape the economic development of target countries. However, a major drawback is that by omitting China's own development trajectory, the possibility that China is growing reliant on accessing commodity suppliers, new markets, and investment opportunities abroad in order to sustain its troubled rate of growth and maintain CCP regime legitimacy has been disregarded.

It must be noted that while in the most common sense the driver behind China-LATAM economic ties is China's demand for energy, mineral, and agriculture inputs, since the 2000s the Chinese government has reframed its foreign policy according to domestic priorities: maintaining economic growth and development. As China suffered from manufacture overcapacity and an increased demand for energy and minerals since the 2000s, China's manufacture exports, primary commodities' imports, and FDI in energy and mining increased. Additionally, since during Hu's mandate China's growth model was highly resource-intensive and global prices for commodities were rising, it made sense to enter countries with risky environments like Venezuela, Colombia, and Ecuador.

Under Xi, however, China's approach to Latin America gradually evolved. Inheriting an economic model that began showing signs of exhaustion since the late 2000s, Xi made his top priority to boost China's economic growth by pushing trade and FDI diversification as well as the restructuring/upgrading of domestic industries. With the contributions

⁷⁴ All presuming the continued strengthening of CCP's domestic legitimacy.

of the main drivers for economic growth —exports and IFDI— falling (Timini 2017), Xi’s foreign policy became more proactive and globally-driven than from his predecessors. As China’s economic power accumulated, the Chinese appeared more confident and demanded better returns on state FDI and loans, to which the government became more accountable.

While China’s interest in the region remain: a) securing the access to raw materials and energy resources, b) opening markets for Chinese goods, and c) ensuring the recognition of the “One China” policy, since the mid-2010s the government has emphasized initiatives that involve heavy FDI and numerous loans in infrastructure, manufacture, and services. This is to help absorb heavy industry overcapacity and due to higher costs of production, slowing total factor productivity, and troubled competitiveness in its manufacture sector. Likewise, in upgrading its industries and developing a more sustainable economic model, China aims to expand its markets for high value-added products, technology, and services.

Nolan (2012) makes a case that China is far from “buying the world,” especially when considering the sustainability of China’s economic model and Chinese firms’ participation in developed countries or high-tech. Likewise, although China’s trade and FDI in LATAM has escalated, it is considerably lower relative to other regions —East Asia, Europe, Central Asia—, whereas the US still retains a prominent position. Therefore, it is more likely that governments’ perceptions play a more significant role over China’s influence than the current size of trade and FDI (Ellis 2011). On this, good political relations, FDI and ODA, and the hopes to access the Chinese market have helped China leverage its access to some countries.

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The government of Xi Jinping: Evaluation, results and challenges is a book that rescues a review of Xi Jinping's mandate from 2013 to 2020 from different topics. Throughout the work, key aspects of Xi's government are identified, beginning with his influence on the philosophy of the Chinese Communist Party. Also, it identified the Chinese performance in the global dynamics and how China builds its foreign policy. All this to recognize the concept of *Common Destiny*.

Likewise, key issues such as internal security and the position on international conflicts are inserted. In this internal topic, the case of Hong Kong is rescued. About external security, it is presented a review of China inserted into its first circle of security in Asia Pacific and with the rest of the world. In addition, it includes the trade war with the United States.

Finally, the book rescues key cases of positioning, such as Africa and Latin America.

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