



WORKSHOP ON CHINA'S ECONOMIC STATECRAFT

Event Report
21 March 2014

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CHINA'S ECONOMIC STATECRAFT

Report on the Workshop organised by:

The China Programme

Institute of Defence and Strategic Studies (IDSS)
at the S. Rajaratnam School of International Studies,
Nanyang Technological University, Singapore

Nanyang Executive Centre
21 March 2014

Executive Summary

As the second largest economy in the world, the biggest international trader, the holder of the largest amount of foreign reserve, and one of the most rapidly growing economies, China has emerged as an economic powerhouse. International reaction towards China's growing economic power is mixed with expectations and anxieties. Much of the anxieties originate from the uncertainties of how China will use its economic leverages for the pursuit of its strategic, political, and security objectives.

Speakers from different backgrounds intensively discussed various ways that China is using economic tools to achieve its policy goals. The workshop started with an overview of the concept of China's economic statecraft and laid a solid theoretical foundation to guide the rest of the discussions. The session on China's economic power and major foreign policy issues focused on China's use of economic statecraft in advancing Sino-U.S. relations, securing energy and food resources overseas, gaining bigger roles in international financial institutions Intellectual Property Rights issues as well as in protecting China's interests over.

Discussions on China's core Interests and economic statecraft delved into China's management human rights dispute with EU, Cross-Strait relations, maritime boundary and territorial disputes in the East and South China Seas and its effectiveness. The last session touched on the use of China's economic tools in its international partnerships, particularly in Sino-North Korea relations and in Sino-Africa relations.

Workshop participants engaged in an exchange of views on China's multi-dimensional economic statecrafts. Some of the key findings are as follows:

1. Even though for the long time, China has employed political, diplomatic, and in some cases, even military tools to advance its economic interests in foreign countries. There is clear evidence showing that the trend is reversing. China is more willing to use economic and technological clout to pursue other interests.
2. Although China may continue to feel more comfortable to use economic benefits as a tool to change the policies and behaviour of other countries, it may resort to coercive economic tools for signaling and for punishment from time to time.
3. The defensiveness of Chinese foreign policy is gradually giving way to a growing self-confidence in Beijing's economic and political clout to advance its interests in the international arena.
4. The effectiveness of China's development of economic statecraft depends on a variety of factors such as coordination among different domestic actors, the level of economic dependence, and reactions from other major powers.
5. While China apparently has utilised its aggregate economic power to enhance its position in the global and regional affairs, this has been a gradual and slow process.

China's Economic Statecraft in Theoretical Perspectives



Mr Kalyan M. Kemburi and Dr Li Mingjiang provided a theoretical foundation for the workshop through revisiting the concept of economic statecraft. Mr Kemburi and Dr Li discussed why it would increasingly become an attractive option, what it entails, and also presented an analysis of the strengths and weaknesses in China's practice of economic statecraft.

As China today has become an economic powerhouse, international reaction towards China's growing economic power are mixed with expectations and anxieties. Some of the anxieties originate from the possibility that an economically powerful China may decide to use its economic leverages to pursue its strategic, political, and security objectives at the expense of other countries' interests. For a long time, China has denounced Western powers' policy of interfering in the domestic affairs of other countries (i.e., using economic sanctions to demand for political changes in the target countries).

But economic statecraft is not an alien concept to Chinese decision makers. For instance, China has provided a total of RMB 256 billion financial aid mostly to other developing countries from 1950 to 2009. These assistance programmes have helped China develop strong relations with developing countries, expanding its international influence, and contending with Western countries on issues such as human rights. Since the 1990s, Beijing has adroitly used its purchasing power and domestic market share as a leverage to divide and rule among Western countries, which had been critical of China's lack of compliance with human rights laws. However, it is fair to say that China has rarely used its economic clout in an explicitly coercive manner.

Nonetheless, it is believed that China is gradually changing its tactics, if not doctrine. The last decade has witnessed several instances in which Beijing employed economic tools in pursuit of national objectives in a more demanding manner. All these issues lead us to ask these questions:

- i. Is China moving towards a foreign policy strategy that ostensibly incorporates all the dimensions of economic statecraft — inducement, reward, and coercion?
- ii. How far is China prepared to go in employing economic tools in its foreign relations?

Mr Kemburi and Dr Li then discussed the benefits of using economic statecraft. They explained the Harold Lasswell classification of techniques of statecraft used by foreign policymakers to influence a target state. Such techniques include propaganda (manipulation of verbal symbols), diplomacy (negotiations), economic statecraft (use of economic tools in pursuit of national interests), and military statecraft. They argued that relative to other techniques, economic measures are likely to exert more pressure than either diplomacy or propaganda, and are less likely to evoke a violent response than military instruments. Although economic tools may be financially more costly than diplomacy and propaganda, they do incur less political costs. Compared to military means, they also cause less collateral damage especially for a region under the threat of nuclear war. In the past decades, China has been more inclined to use economic power as inducements and rewards to shape foreign relations. As its comprehensive national power continues to grow, China may be increasingly tempted to use its economic and technological clout to pursue other strategic, political and security interests. If China decides to employ statecraft (i.e., use punitive economic policies against some countries), it can still draw upon its resources: the vast size of the Chinese economy, the big and growing Chinese market, and the authoritarian nature of the political system.

Yet Beijing will have to face a number of very significant constraints as well. In the near future, the Chinese leaders may still find it vital to focus on domestic economic development in order to placate the increasingly restless society and deal

with various socio-political challenges. China's per capita GDP and income are still low in comparison to many developed countries. The quality of China's economic growth has always been a concern for China's leaders. And there are still many uncertainties and daunting challenges facing China's economy. The Chinese leaders understand that they simply cannot afford the disadvantages of economic sanctions on their domestic economy. Equally constraining for China's economic statecraft are China's own traditional foreign policy

principles and vulnerable international position. For China, at least over the next 10 to 15 years, coercive economic tools might be better used on a case-by-case basis for signaling and for punishment, rather than used across-the-board as blanket sanctions. While China may continue to feel more comfortable to use economic benefits as a tool to change the policy and behavior of other countries, it is likely to remain a constrained power in the area of economic statecraft.

Discussion

One participant suggested that the Chinese government lacks unity. Hence, it is not really wise to treat the Chinese government as a unified actor. A speaker responded that it depends on whether it is comparing China with other countries such as the United States and India. They are not looking at China as a sole entity but they are trying to compare China with other countries to assess whether China can do a better job.

A participant suggested a slightly deeper examination of different concepts of economic statecraft. Problems arise when one borrows western concepts and apply it in an eastern context. According to a speaker, at the end of the day what really matters is the country's action on the ground.

He also acknowledged that more attention is needed in theorizing the concept and crafting a more skilful application to the Chinese context.

Another participant questioned whether the lack of ideology is an advantage for China. He suggested that public diplomacy be included in the discussion because the lack of ideology could create a lot of problems under different perspectives. One speaker responded that while it is a debatable issue, the lack of ideology is largely an advantage for China because unlike the United States, China is not bound by ideological factors. He added that he is not very sure whether public diplomacy is related to economic statecraft.

China's Economic Power and Global Financial Structure



Dr Gerald Chan attempted to give a glimpse of the evolving relationship between a rising China and the global financial structure. He started his presentation with short introduction to China's rising

economic power, followed by a sketch of the current global financial structure and China's position in it.

He then provided a detailed analysis of China's role in the global financial structure. He argued that China has increased its participation in the activities of the world financial structure, albeit the limited size and efficacy of China's involvement, given internal and external reasons.

China's own capabilities and policy preferences account for some of the domestic constraints; the embedded interests of the established powers in the global financial system can limit China's action in the international context. Regarding China's role in the regional financial structure, China has been

hesitant to influence the Asian economic structure for several reasons: slow initial economic growth in the first three decades after the Second World War; relatively timid diplomatic outreach; and Japan's history of stronger trade and investment engagement in Asia.

China, however, was concerned about Japan's dominance in Asia. China changed its attitude gradually as it rose in economic prominence after adopting a reform and opening policy in the late 1970s and as it faced the demand for regional collective action subsequent to the Asian financial crisis of 1997-1998. China's more active involvement

in the Chiang Mai Initiative can be seen in this light. Dr Chan concluded that China apparently has utilised its aggregate economic power to enhance its position in the global and regional financial structure. The change has been particularly slow at the global level. The country has attained better results at the regional level, but progress has been stymied because of its political conflicts with some major regional powers. Not keen to take a leading role in international affairs, China would merely make strong rhetoric statements on issues of injustice in the existing system on an occasional basis. China's aspirations to do more are diminished by its domestic and international capabilities.

China's Economic Statecraft in Sino-U.S. Relations



Dr William J. Norries explained the reasons for the “little” use of Chinese economic statecraft vis-à-vis the United States — when China seems to have little difficulty exercising economic statecraft in varying situations. Experts in the political science

subfield of international relations tend to think about economic statecraft in too narrowly-defined terms. Generally, most experts in this field tend to focus on coercive leverage when discussing economic power. Examples of coercive leverage include imposing sanctions, blockades, travel bans, as well as withholding payments, freezing bank accounts, and many types of negative economic statecraft highlighted in Baldwin's work.

In fact, much of the work on the use of economic power in international relations is often limited by its narrow focus on coercive leverage. Moscow's recalling of technical experts, cutting of trade ties and aid and abrogation of a loan agreement to Yugoslavia in 1948 and the U.S. pressure on the Pound Sterling in response to the 1952 Suez Crisis — are both historical examples of coercive leverage. A more recent example of coercive leverage was China's 2006 decision to cut off oil

supply to North Korea. In that instance, North Korea was dependent on China for almost ninety percent of its oil consumption. By cutting supplies, China forced North Korea back to the negotiating table following its nuclear test on 9 October 2006. Under the right circumstances, coercive leverage can act as a powerful tool to influence security conditions. But it is only the tip of the iceberg of the full range of the economic tools available. If our understanding of Chinese economic statecraft were strictly limited to instances of coercive leverage, then the puzzle on the U.S.-China relationship is not surprising at all.

China's relationship with United States does not have the necessary asymmetric dependence elements that would enable China to effectively exercise coercive leverage. In the realm of trade, China relies on U.S. consumer demand to fuel its export-oriented growth model. In the monetary arena, China's foreign exchange reserves represent a significant store of China's national wealth. There are few assets capable of absorbing this level of investment other than U.S. Treasuries. The result is that these foreign exchange reserves are highly concentrated in U.S. dollars. China's position is large enough so as not to be liquid for practical purposes. First, financial coercion rarely works against great powers, and China would fail in such attempts against the United States. As the two largest economies, they are tied together to such an extent that injuring the United States would in turn

cause injury to China. Second, U.S. treasury notes would still be very attractive to many other potential creditors even if China decided to stop supporting the Treasury auctions. Third, the United States is in a position to impose very substantial retaliatory costs on China. China needs the United States at least as much as the United States needs China.

Dr Norries made three observations on long-term trends for Chinese economic statecraft in the U.S. relationship. First, there is an intense politicisation

of China's inbound investment and trade practices in the United States. Second, China's ODI is likely to increase in the coming years. It seems that a significant portion of this growing ODI will naturally be attracted to the U.S. economy. Finally, the key to successful FDI endeavours for China in the United States will revolve around structuring genuine partnerships in which both sides benefit. China needs to escape from the blinders of a zero-sum mentality when it comes to business negotiations and partnerships.

Discussion

The discussant raised a number of questions. For example, while it is important for China to increase the voting power, why does the voting power matter if China does not have a very clear idea of using the voting power? It is important to look at the number of Chinese proposals in Beijing either from the government or think tanks to understand their ideas on the management of financial issues both at the regional and global levels. It is also very important to discuss the impact of these voting powers on global and regional financial issues. The speaker responded that voting power is just one dimension, and it is very formal as well, and does not include many decisions made in IMF and World Bank via informal discussions.

The discussant also questioned: What are the other venues or approaches China can take to influence regional or global financial structures, apart from institutional voting power? One speaker responded that Chinese banks in 2009/2010 provided more money than World Bank to other countries; however, one has to be cautious that some of the loans are not classified as developmental aids according to OECD as compared with the loans of the World Bank.

One participant commented that whether the definition of economic statecraft is a theoretical stretch (covering too many issues). He noted that China's economic statecraft is not a new phenomenon. But it has its roots in China's early history, with numerous supporting cases of China's deployment of economic means to advance their strategies.

Another participant asked a question relating to the definition of economic statecraft: Who are the actors in economic statecraft? A speaker responded that China only sometimes behave as a unified single actor. In the majority of cases, different actors such as local and commercial actors are involved.

A participant asked about the purpose of economic statecraft and where to draw the line between economic statecraft and normal economy. One participant responded that economic or commercial activities purely for economic interests should not be included in the definition of economic statecraft.

One participant raised a question about measuring the effectiveness of economic statecraft. The speakers acknowledged that it is very difficult to measure, and more research is needed.

One participant asked a question on what kind of political and diplomatic tactics were used during the financial crisis with specific reference to reforms of the IMF, World Bank and international financial system? A speaker responded that China has a comprehensive, or multi-national and multi-dimensional approach towards this end. While China does not have a grand strategy, many actions or tactics do have an impact on the regional and international financial system.

China's Diplomacy in the Area of Intellectual Property Rights: New Trends and Motivations Behind



Ms Natalie Hong Yan touched on an under explored aspect of China's economic statecraft — the area of intellectual property rights. Her presentation included an overview of the evolution of Chinese diplomacy from the establishment of the

PRC till present, with special emphasis on the new trends after China's accession to the World Trade Organization in 2001. She also analysed the factors underpinning China's international behaviour in the IP field, and discussed the future prospects of Chinese IP diplomacy and associated potential constraints.

IP diplomacy was non-existent throughout the first three decades of the PRC. The extreme socialist planned economy under the Mao regime advocated for public ownership and subordination of individual welfare to national welfare. IPR as a concept of private ownership was simply unacceptable, despite the promulgation of several symbolic regulations on inventions, trademarks and copyrights largely copied from the then Soviet Union. China's foreign relations started to encompass the area of IPR only since 1980 as the country embarked on the journey of economic reform and opening up to the outside world under Deng's leadership.

The first two decades of China's post-Mao era was also a period of participation in various international regimes, though rather cautiously and passively in the early years. As China entered the twentieth century as a fastest growing economy and a major player in global affairs, it became increasingly more active in bilateral and multilateral diplomacy. This trend is fully manifested in the area of IPR. As China becomes more familiar with the rules and procedures in the multilateral IP arena, it is more confident and adept in utilising them to defend its own interests. China has changed from a low profile novice to a proactive participant in multilateral IP institutions.

While China continued its expansion of bilateral IP ties, it formed coalitions with some developed

countries on certain controversial issues in the multilateral institutions. In other issues, it still aligns with developing countries to safeguard their shared interests against the group of developed countries. Another noteworthy phenomenon in China's IP diplomacy is that it has been behaving as a sincere and keen learner, and this is widely acknowledged and appreciated by international organisations and developed countries partnering with China in the area of IPR.

Ms Hong argued that the motivations for Chinese IP diplomacy can be explained from both domestic and external factors. At the international level, factors including globalisation and increased economic interdependence, rising power and growing IPR capacities, China faces increasing pressure to abide by international rules to cooperate with the international community. Other factors also made IP diplomacy an attractive policy option for China. At the domestic level, IP diplomacy also became an increasingly important tool to serve domestic interests. By attracting foreign investments and advanced technologies, China is transformed from a labour-intensive economy to a knowledge-based economy. By strengthening its global competitiveness and increasing its international trade profits, China is better equipped to address growing domestic demands of IPR protection, and protect Chinese companies encountering IP barriers overseas.

Lastly, Ms Hong discussed the prospects and potential constraints of Chinese IP diplomacy. While cooperation and activism are likely to continue both at multilateral and bilateral levels, developed countries, particularly the United States and the European Union, are not comfortable with China's growing activism. Although western countries are demanding greater responsibilities and better compliance from China, they are not genuinely willing to give up their dominant power in global rule-setting.

In addition, China will face a dilemma in coalition choice on multilateral IP issues: Developing countries will be disappointed if China can no longer firmly align with developing countries against the developed countries on controversial IP issues and if China can no longer play a leading role in the alignment.

China's Domestic Policy Environment and Energy Security Strategy



Dr Monique Taylor attempted to give an account of China's domestic policy environment and its energy security strategy. She noted that China's state-led search for energy security, with a particular focus on

oil, has been subjected to unprecedented worldwide scrutiny over the past decade. Since China recently surpassed Japan to become the world's second largest oil consumer, much of the extant literature has attempted to address both China's capacity to meet its daunting oil requirements, and the impact of its quest for oil at home and abroad on global energy security.

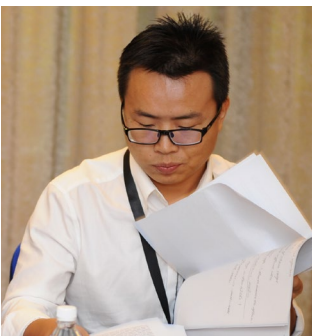
Dr Taylor focused on two questions in her presentation: (i) Why does China pursue a state-led approach to energy security? (ii) Are Beijing's oil policy decisions effectively conceived and implemented? Contrary to the IR view that China's energy security strategy is an aspect of foreign policy, Taylor believed that China's strategy is largely determined by both the nature of the Chinese political system and the Chinese economic growth model. Given that China's energy security strategy is clearly an aspect of domestic policy, it is necessary to look within the Chinese state at the domestic policy environment.

Dr Taylor remarked that those scholars who examine energy policy making in China generally conclude

that the oil policy environment is characterised by a high degree of fragmentation — a condition that produces suboptimal policy outcomes. This view relies on the fragmentation authoritarianism model, which indeed provides an apt description of certain aspects of China's bureaucratic structure. However, she felt that this model is increasingly obsolete; it does not account for recent reform efforts including recentralised political authority and resources, and the pervasive power of the CCP.

By contrast, bureaucratic authoritarianism emphasises that policy making occurs within a hierarchical political system, with the party at its core. Ultimately, it is the party that commands, controls and coordinates all the bureaucratic and political institutions in China. In short, it also provides cohesion and counters fragmentation. A brief historical narrative of China's oil industry development and energy security discourse during the reform era shows that a state-led process of reform has been reasonably successful in improving China's energy security, particularly since 2003. Though not without problems, bureaucratic authoritarianism acknowledges that the central party-state is marked by a steep power gradient, which has been strengthened in recent years, especially within the strategic sectors of the Chinese economy. This more optimistic evaluation of China's oil state capacity traces institutional change in the oil industry through the reform era (1978–present), showing improvement in political and organisational capacities in this sector over time, as reflected in better policy outcomes.

Hunting for Food: A New Driver in Chinese Foreign Policy



Mr Zhang Hongzhou and **Dr Li Mingjiang** argued that food is becoming a key factor that shapes China's international strategies and foreign policy in a way similar to, if not more profoundly than energy. For decades,

influenced by the painful history of periodic famine and distrust in the international market during the Cold War era, China has embarked on a policy of achieving grain self-sufficiency. However, it is increasingly difficult for China to meet its goal of self-sufficiency, even though it has increased its domestic crop production in the past decade. Facing dual challenges of rapidly rising demand and depleting agricultural resources, the government is under mounting pressure to reform its food

security strategy. In December 2013, the Chinese policy makers defined the country food security strategy as one that relies on domestic supply with moderate imports.

In recent years, China has been very proactive in enhancing its agricultural trade ties with major food exporters in the world. There is a long list of agricultural deals signed between China and major agricultural exporters. Next, China becomes growingly concerned that over-reliance on international grain market could undermine China's food security. To strengthen the country's food security, China is adopting a state-centred approach through the use of national resource and state-owned enterprise investments in overseas agricultural resources assets and tight control of exports and imports of food products.

Furthermore, China recognises that as a country with rising influence and growing economic might, it is expected to contribute to global food security. It also considers strengthening global food security as a critical means to safeguard its own food security and downplay the China threat narrative. Also, China is becoming increasingly active in participating in global food governance and more willing to cooperate with other countries on food security issues. Finally, as China becomes increasingly dependent on the international market for food, and as its overseas agricultural investment increases, it shows greater interest in reshaping international trade and investment rules.

Therefore, China is increasingly projecting its domestic food shortages overseas, following a path taken by the country's global quest for energy. Consequently, food issue is increasingly emerging as one of the key drivers to China's

foreign relations, and this gradually leads to the formation of China's food-driven foreign policy. First, tensions are likely to rise as China is taking a tougher stance on transnational water issues and regional maritime disputes partly due to the growing importance of water and fishery resources to China's food security. Second, China's mounting interests in land, forests, and fishery as well as fertilisers and mineral resources in foreign counters could yield mutual benefits for both China and the host countries, particularly developing countries in need of foreign capital; yet China's highly political sensitive land investment in countries with weak governance could trigger domestic opposition and anti-Chinese sentiments. Third, as the Chinese government is considering developing distant water fishing to address the country's food shortage. As the country increasingly depends on maritime transport to secure China's overseas food supply, China will pay more attention to maritime security. Fourth, China's rising reliance on international market for food provides new dynamics for China's relations with major food exporters including the United States, European Countries, Canada, Australia, Russia, Thailand, Argentina and Brazil, and rising food exporters such as Cambodia, Ukraine and Uzbekistan. Fifth, China appears to be willing to play a more constructive and responsible role in global food regime, among other related international affairs. As China increasingly engages with the international system, it realises the limits of its traditional principle of non-interference.

With China's domestic food production falling short of its rising demand, food is inevitably playing an increasingly important role in Chinese foreign policy, affecting China's relations with countries in the world on both food and non-food issues, though China's view of its importance varies by country.

Discussion

A discussant commented that China is not a unified actor in terms of foreign policy marking. He agreed that the principle of China's foreign policy is to do no harm in the first place. China is trying to create an environment that allows development, yet this is only one school of thought. There is another school

saying that China has already risen; China needs to create its own rules.

One participant asked a question about whether China is looking for renewables to promote future energy development. A speaker responded that

China is certainly looking at new energies such as wind, solar, and bioenergy among others to boost its energy supply. However, given the current highly energy-intensive growth model, China will have to continue to rely on fossil fuels in the coming decades. Development of clean energy or renewables will yield only marginal value for total energy supply.

Another discussant asked whether China going abroad to secure food poses a threat to world order or American interest and whether China's food aid to foreign countries is exaggerated. One speaker responded that the whole concept of China's threat to global food security narrative is politically driven is both misguided and ungrounded. In recent years, there has been much media attention and academic writing on China's land grabbing activities in Africa. However, the truth is the scale of China's land acquisition in Africa is marginal. On the contrary, agricultural aid and assistance has been the main approach of China's "agriculture going-out" in Africa. What is more, till now, agricultural produce from China's overseas agricultural investment is mainly sold on the international market instead of being shipped back to China. This makes better

economic sense and also taps the potential of global food production.

In terms of food aid, it is certainly true that the total quantity of food aid provided by China to other countries is quite limited as compared to traditional donors. What is remarkable, however, is that China emerged as a major food donor in a very short period. A few years ago, China was a big food recipient. Yet after 2006, it quickly emerged as the world's number three food donor, and played a major role in South-South cooperation. It is providing huge amounts of financial and technical assistance to develop agriculture in other countries too.

A participant asked whether the development of China's fishing industry have any impact on China's decision to build a blue navy. The speaker responded that as China's fishing interests expanded beyond its territorial waters and EEZs, it is very natural for China to develop a blue navy to protect its fishermen. In the past, cases of Chinese fishermen being kidnaped or killed in Indian oceans or in Africans waters have been reported; hence there is huge domestic pressure on the Chinese government to expand its naval capacity.

China's Economic Tools over China-EU Human Rights Dispute



Dr Reuben Wong discussed Chinese economic diplomacy against the United Nations on human issues. He argued that human rights can be considered a special component of the political dialogue between China and

the European Union. It has been a major theme of China-EU relations only after the Tiananmen Square crackdown in June 1989. Until the end of the Cold War, and apart from the Netherlands, Denmark and Sweden, few member states made human rights a major plank in their relations with China. Tiananmen politicised the international community approach to economic relations with China. The introduction

of sanctions, human rights and the United Nations Commission on Human Rights (UNCHR) issues in EC-China relations shifted much of the discussions on China to the Council and Common Foreign and Security Policy (CFSP) structures.

In the field of human rights, Dr Wong noted that Chinese diplomacy has undergone a steep learning curve to a situation today where it uses its economic heft and political influence to silence, reduce, or fend off criticisms of its human rights record by European actors. He argued that China adopts a positive form of economic diplomacy by offering commercial incentives to important nations to help prevent a unified western front, and has succeeded in rallying developing countries to defeat western censure of its human rights affairs. Recently, China has changed its strategic doctrine and begun to use economic diplomacy as a coercive tool. After a decade of a policy

based primarily on economic carrots, China has begun to show a willingness to use economic diplomacy for coercive means. What is even more interesting is that China has developed its own human rights diplomacy to counter Western attempts to highlight its embarrassing human rights record. Indeed China has turned from being a reactive target of human rights to being proactive in promoting its own vision of human rights, with the help of diplomatic and economic tools that deflect Western attempts to put China in a corner.

Although the shadow of Tiananmen still dampens

China-EU relations, Dr Wong claims that the defensiveness of Chinese human rights diplomacy is gradually giving way to a growing self-confidence in Beijing's economic and political clout to break down common EU positions that target China's embarrassing human rights record in the international fora. Even more surprisingly, Chinese officials are increasingly using the language of human rights to showcase its success in achieving second-generation (economic, social and cultural) rights, while downplaying its shortfalls in first-generation (civil and political) rights.

Economic Power and Sino-Japanese Disputes over East China Sea



Dr Zhang Yun presented China's temporary embargo on rare-earth exports to Japan as a case study on China's deployment of economic statecraft in Diaoyu/Senkaku Dispute against Japan. Zhang noted that despite China's long-

standing general opposition to economic sanctions, China has found the use of economic means for strategic ends increasingly attractive in the context of China's rapid economic rise and expanding global influence. Among the potential target countries of China's economic statecraft, Japan might be one of the most worthy for careful research due to its huge economic size, deep Sino-Japan economic inter-dependence and fragile political security relationship with Beijing. In the recent years, with the escalation of Sino-Japanese territorial disputes around the Diaoyu/Senkaku Islands, the Chinese voices for imposing economic sanctions on Japan to obtain political objectives have grown louder.

Restriction on China's strategic goods, particularly rare-earth export to Japan, is considered to be the most useful diplomatic leverage by some Chinese experts. China imposed a temporary rare-earth export ban against Japan after the Sino-Japan Fishing Boat Collision Incident in September 2010. However, Dr Zhang noted that China's rare-earth

ban against Japan is generally conceived as a failure in terms of economic effectiveness. It was a disaster for China's international reputation as Japan has dramatically decreased its rare-earth dependency on China by diversifying its sources, technological innovation and recycling. Then the question arises: Why did China decide to restrict exports of rare-earth to Japan in 2010 despite knowing the rare-earth resilience of Japan?

Dr Zhang argued that the primary target of China's rare-earth embargo was the United States rather than Japan, behind a façade of Sino-Japan confrontation. China's handling of the rare-earth case in 2010 was a part of its U.S. strategy and diplomacy. On the surface, Japan seemed to be the primary target country of China's influence attempt. However, the evidence showed that Japan was prepared to meet the possible risks of rare-earth shortage. On the contrary, the United States, its defence sector in particular, was much less prepared as it lost capacity almost in the whole rare-earth supply chain. China's short-term goal of this economic statecraft was to press for U.S.' involvement in resolving Japan's prolonged detention of the Chinese captain. China had sent a clear deterring signal at the 2nd U.S.-ASEAN Summit in New York which previously intended to issue a statement on the South China Sea issue. As witnessed, both intentions were fulfilled. In the long term, the strong and clear message in the rare-earth case in 2010 also indicated China's resolve on critical issues in relations with the

United States. China knew well that a more equal and stable relationship with the United States is an outcome of both assertiveness and cooperation. In contrast, vague and weak signals might exacerbate the tension and enhance mutual distrust. For

establishing a new type of great power, China played a sophisticated game in the rare-earth incident but refrained from offending or embarrassing the United States unnecessarily.

Asymmetric Economic Interdependence and the South China Sea Disputes



Ms Gong Xue discussed China's economic diplomacy against Vietnam over the South China Sea disputes. She noted that it is not difficult to see economics dominate China's relations with Southeast Asian countries, particularly with Vietnam. However, China's economic success and the favourable level of asymmetry in relations with Vietnam provides limited economic coercion for achieving its political and security goals, especially regarding the South China Sea disputes.

Ms Gong believed that the rationale for China to adopt economic diplomacy stems from its own domestic development needs for market and resources, the desire for a benign and friendly neighbourhood, the diminishing of U.S.' influence in maritime security issues and deferring from internationalisation of territorial disputes. After the Third Plenum of the 18th CPC Central Committee, it becomes quite clear that China should continue to consolidate its neighbourhood diplomacy. As in the Foreign Minister's words, the new government of China has given greater importance to neighbourhood diplomacy in its overall diplomatic agenda. As China continues to reform its economy, it will bring more countries to its economic orbit. This will continue to increase the employment of economics for foreign policy purposes inevitably. Although China enjoys the asymmetrical position

in economic interdependency, and some cases has the prerequisites for success, not all of these cases will succeed. The outcome is affected by the politics and nationalism of the target country; the involvement of third parties: the reactions from the United States, ASEAN and other stake holders; economic costs of trade sanctions as well as China's objectives.

She argued that though economic incentives are the dominant element in China's economic diplomacy, the capacity to influence is questionable owing to certain factors: the Vietnamese collective memory of China, the presence of the United States and Japan competing with China for power, and China's anxiety over the impact of its aggression on other neighbours. However, as long as China and Vietnam can manage their relations in the way that China does not feel challenged and that the independence of Vietnam is not threatened — China will continue to employ economic incentives to win more friends while delaying the resolution to further consolidate its claims. China is cautious of the effectiveness of economic coercion. It is likely that China will use more economic incentives to weaken its rival claimants like it did before to isolate Taiwan. It is also likely that China will expand its diplomatic toolkit, politically and militarily as the last resort to secure its interests.

Lastly, Ms Gong argued that whether China changes the course of economic diplomacy relies on the level of support from the United States and its alliance for China's economic diplomacy. In the end, we can expect that though economic diplomacy will not be an easy tool for states to realise its foreign policy goals, China will play with it as long as the policy fits its strategy.

The Politics of Mainland China's Economic Statecraft in Relation to Current Cross-Strait Relations



Dr Huang Kwei-bo provided an analysis of the politics of China's economic statecraft in relation to current Cross-Strait relations. He began with a political perspective of mainland China's strategic thoughts and goals in relation to current

Cross-Strait relations. He presumed that as Xi Jinping, the successor of Hu Jintao, demonstrates his ambition to better manage mainland China's external relations such as Cross-Strait ties, China's economic statecraft in the context of Taiwan will carry greater political implications.

Knowing the long-lasting political divergence that has been intertwined with complicated domestic politics of Taiwan, political leaders of mainland China appear to adjust their strategy toward Taiwan in the context of internal-external linkages. Mainland China used many rhetoric attacks and threats of the use of force against Taiwan at critical junctures of Taiwan's political development, with hopes of influencing the results of the Taiwan's presidential elections and deterring the rising wave of Taiwan independence. History has shown that such a strategy cannot work. Taiwan underwent two regime changes in 2000 and 2008 respectively, and the objectives of mainland China have never been achieved.

With the DPP in power during the period of 2000-2008, Mainland China took a softer approach to Taiwan by promoting economic and social exchanges. After the KMT returned to power in May 2008, an implicit agreement across the Taiwan Strait is that the development of Taiwan-

Mainland China relations should follow the principles of "economics first, politics later" and of "easy decisions first, tough calls later". Regardless of the unpredictable political dynamics between Taipei and Beijing, Cross-Strait economic affairs bringing about concrete institutionalisation have been the most tangible indicator of the change in cross-Strait relations. Given the long separation and the lack of mutual trust between Taiwan and mainland China, the nature of Cross-Strait economic interactions have both economic and political traits. In this regard, the strategic thinking of mainland China has always centred on "One China" regardless of various interpretations. The goals of mainland China include maintaining legitimacy and ruling basis, preventing U.S.' hegemonic dominance and reviving Japanese militarism, as well as ultimately, unifying China. The feasible policy options range from political rhetoric pressures to "profit-yielding approach" that could help garner more Taiwanese support.

Dr Huang argued that despite the fact that mainland China is using economic means such as ECFA to draw Taiwan to its side, the stability and prosperity in Cross-Strait economic relations have become the consensus on both sides of the Taiwan Strait. Without such stability and prosperity, Cross-Strait relations will encounter big problems immediately. Mainland Chinese leaders learnt a lesson from previous failures in political issues concerning Taiwan, particularly in the 1990s. He felt that whether they can be patient enough to manoeuvre well in complicated relations — both economically-politically and internally-externally driven — with Taiwan remains to be seen. It is important for Beijing to minimise the political nature of its economic relations with Taiwan in order to prevent the unpredictability in upcoming Cross-Strait relations.

Discussion

One discussant made a point that human rights will play a role in the long-term EU-China relations. One will see friction or cooperation emerge in future EU-China relations owing to their deep-seated differences in political systems and values. She added that human rights issues will become the main obstacle for EU-China relations. The speaker responded that there are conceptual gaps between China and EU in human rights issues. For example, the Dalai Lama issue is a human rights issue in the European Union but it is a sovereignty issue in China.

A participant asked a question on the Norway case — Norway presented the Nobel peace prize to Chinese dissident Liu Xiaobo, and China deployed economic coercion measures against Norway. The speaker responded that the Norway case is a bit tricky as Norway is not an EU member state. Nonetheless, China intended to use Norway as a warning to other European countries. For China, taking a tough position against Norway will make other countries think twice on human rights issues.

One discussant doubted the statement that rare earth is not as important to Japan as the United States and she argued that Japan is still highly dependent on China for rare-earth supply and China's rare-earth embargo was directed not only at the United States, but also at Japan. One participant made a comment about the rare-earth embargo incident. China's rare-earth embargo is not just part of economic statecraft. The embargo can also be attributed to the domestic rare-earth industry. He mentioned that China rare-earth export data tends to show that the sharp decline of rare-earth export to Japan in 2010 was not a unique incident but a practice that China has carried out for several years. Another participant added that

based on the Chinese government's internal memo, the decision to reduce rare-earth export came before the collision. One speaker responded that his own research and also information from Japanese businessmen show that there was a rare-earth embargo against Japan after the fishing boat collision incident, and he provided some evidence to support his argument.

With regards to the interpretation of Xi's China Dream, how can that be applied to China's forward-looking Taiwan policy? A speaker responded that while Xi's wording is very strong, there is no concrete plans for incorporating Taiwan under the China Dream. Thus, the idea of China Dream may be only vaguely applicable to Taiwan.

Is there a sense that under Xi's leadership, the policy could be shifted back to strategic perspective 2000 White Paper which stated that that unification cannot be delayed... , it should happen sooner than later. The speaker believes that this would not happen. Mainland China is pursuing two tier strategy-advancing economic ties while pressing for more political contact.

A participant suggested making comparing China's economic statecraft with Vietnam and Philippines. One speaker responded by saying that while the Philippines's case is very interesting, the historical link is different: Vietnam has lived in the shadow of China for thousands of years whereas the Philippines has harboured only a short period of distrust towards China. Therefore, geographically and historically, China's influence on Vietnam and Philippines is quite different. In addition, the relationship with the United States matters as well.

China's Economic Tools and the Management of Close Partnerships: The Curious Case of North Korea



Dr James Reilly examined China's recent economic statecraft toward North Korea. He remarked that never in world history has one government had so much control over so much wealth as China. China's leaders govern a country that has the world's largest capital

surplus and its second largest economy, a highly coveted domestic market, and a currency with growing regional appeal. Therefore, the temptation to deploy China's economic might for strategic benefit has proven irresistible. China today is using economic statecraft more frequently, more assertively, and more diversely than ever before.

He noted that economic statecraft refers to the use of economic resources by political leaders to exert influence in pursuit of foreign policy objectives. There are three main strategies:

- i. providing capital through foreign aid or direct investment;
- ii. expanding trade via preferential trade agreements or state procurements; and
- iii. altering monetary policies such as purchasing foreign bonds or intervening in currency markets.

These tools can be deployed either as incentives or as punitive measures. In the case of China's economic statecraft against North Korea, major economic tools employed by China include expanding trade and investments, providing aid and imposing sanctions, and funding infrastructural projects.

Dr Reilly then explores two puzzles at the heart of China's economic relationship with North Korea: China's aid program co-exists with an apparently discriminatory trading relationship, and China has continued to provide aid alongside its tightening economic sanctions on North Korea's nuclear program. He believes that the answers lie with the Chinese government's rhetoric. The first puzzle is related to the notion of "prompting governance guidance with companies in the lead, based on market-based operations and mutual benefits"; the second puzzle is linked with the notion that sanctions should not influence the national development of North Korea, its normal external contacts or normal lives of people, nor should it harm the normal relations of North Korea with other countries. Next, he discussed China's economic statecraft in North Korea and related challenges such as chaotic border, private malfeasance, and governance challenges.

Finally, Dr Reilly concluded that the key to success was alignment between central-level incentives and local governments and commercial actors' preferences. As the number of commercial actors and economic interactions expanded, new challenges arose: scarcity of formal institutions, non-transparency in trade ties, exacerbation of diplomatic tensions, erosion of border security, and waning popular support for Beijing's engagement strategy. Comparatively, North Korea is both a difficult case for stimulating economic engagement and an easy case for enforcement (due to limited economic ties and a restrictive domestic environment). Therefore, the dynamics identified here are even more likely to emerge across China's thirteen other land neighbours.

China's Economic Statecraft and African Mineral Resources: Changing Modes of Engagement?



Dr Ana Cristina Alves discussed China's economic statecraft in Africa with a particular focus on the mineral resources. She remarked that China's impressive inroads into Africa's resources sectors over the past decade are largely due to the timely

match between cash-loaded China in search for raw materials and a continent with a vast pool of underdeveloped mineral deposits. China's exploration has been hindered for decades by underinvestment and infrastructure bottlenecks. Chinese "infrastructure-for-resources" loans are ultimately a product of the convergence of Chinese and African interests at the dawn of the 20th century. This loan formula, swapping infrastructure for resources, was adopted largely as a default strategy, inspired by China's own domestic experience, its competitive advantages and the African receptiveness to these kinds of barter deals.

Dr Alves noted that China is a leading producer of a wide range of minerals and ranks among the world's top producers of many other mineral commodities. Nonetheless, its demand for a number of strategic minerals — including chromium, petroleum, platinum group metals and potash — largely outstrips domestic supply. As a result, Beijing is currently a net importer of these minerals. In order to minimise its increasing vulnerability, Beijing has pursued a strategy of diversifying its supply sources. Although Asia and the Middle East still account for a significant share of China's mineral commodities supply, its

imports from other resource-rich regions have expanded a lot faster in recent years. Africa's share in China's minerals imports has increased fourteen times over the past decade, representing one of the fastest growth rates. Along with supply diversification in recent years, the world has seen a steady expansion of China's equity shares in overseas mineral resources markets in Africa.

Dr Alves then explored the ways China has consistently used this approach over the past decade as a positive economic statecraft tool to pursue mineral resources security goals in Africa. She also discussed China's rationale for adjusting its approach to challenges and new opportunities on the ground has led to noticeable shifts in recent years. On the one hand, "infrastructure-for-resources" loans have become less relevant in facilitating the access of Chinese state-owned enterprises (SOEs) to equity assets. However, on the other hand, the Chinese state still plays a critical role in the expansion strategies of the SOEs, as it remains a critical source of financing. The unmatched financing capacity of Chinese SOEs has given them a competitive edge over their competitors in the context of global financial contraction, particularly in capital-intensive industries such as mining and oil. But in the long run, the success of Chinese SOEs will still depend on their capacity to efficiently develop these new assets in such a volatile environment.

Finally, Dr Alves argued that though "infrastructure-for-resources" loan remains an important tool to meet Beijing's supply concerns, China's strategies to access resource assets have become more diversified and market-oriented, with its SOEs taking the lead and increasingly engaging in mergers and acquisitions.

Discussion

A participant asked about China's options for contract enforcement. A speaker responded that in some cases, the companies want to take legal action against the host countries but the Chinese government seems reluctant to act and this shows that broader diplomatic concerns may trump commercial concerns. Another speaker said that there is no contract enforcement. Once the contract is cancelled, there is nothing China can do about it because of the lack of investment protection treaties in most cases.

A participant asked where does the oil produced by Chinese companies in Africa go, if not shipped back to China. The speaker replied the oil goes to the market or places that pays the most. It ends up in Europe and the United States. China's state-owned oil companies are increasingly profit-driven.

A discussant queried on the potential of the shift in China's policy towards North Korea. The speaker noted that while he is not really certain about the potential of China's policy shift, he believed that for China to change its positions, the strategic environment has to change to some extent. The logic of China's position towards North Korea is that China is stuck in the bad and worse kind of choices. If China can have trust Seoul or Washington more, China might change its North

Korean policy. Also, as Chinese investment in North Korea and other countries increases, its level of policy flexibility will decrease.

A participant made an observation related to the co-existence of China's aid program with an apparently discriminatory trading relationship. He argued that it might be due to the structural arrangement between two countries that China has more market power over North Korea in terms of pricing.

One participant asked a question on the sustainability of the economic statecraft concept and whether it is challenging China's traditional policy of non-interference. A speaker responded that the policy of non-interference is already changing. This is an inevitable process. The bigger of Chinese presence in the continent, the greater exposure to the risks and China's interests are already being hurt in several countries. China is slightly changing its discourse but it is still in the same line. Nonetheless, China is now more willing to do something about the security issues in Africa through the African Union.

A participant asked whether the concept of organised hypocrisy can be applied to China's behaviour of imposing sanctions and providing aid to North Korea at the same time. The speaker disagreed with it.

Programme

Thursday, 21 March 2014

0900hrs Session 1: Overview

Chair

Gerald Chan

*Professor of Politics
and International Relations*

University of Auckland

Paper 1:

***China's Economic Statecraft:
the Constrained Power***

Kalyan M. Kemburi

Associate Research Fellow

Military Transformations Programme

S. Rajaratnam School of International Studies

Nanyang Technological University

Li Mingjiang

Associate Professor

Coordinator of the China Programme

S. Rajaratnam School of International Studies

Nanyang Technological University

Discussant

Huang Jing

Professor and Director

Centre on Asia and Globalisation

Lee Kuan Yew School of Public Policy

National University of Singapore

0930hrs Session 2: China's Economic Power
and Major Foreign Policy Issues (1)

Chair

Reuben Wong

Jean Monnet Chair and Director of Studies

College of Alice and Peter Tan

National University of Singapore

Paper 2:

***China's Economic Power and
the Global Financial Structure***

Gerald Chan

Professor of Politics

and International Relations

University of Auckland

Paper 3:

***China's Economic Statecraft
in Sino-U.S. Relations***

William J. Norris

Assistant Professor

George Bush School of Government

and Public Service

Texas A&M University

Discussant

He Baogang

Professor

School of Humanities and Social Sciences

Nanyang Technological University

1030hrs **Coffee Break**

1050hrs Session 3: China's Economic Power
and Major Foreign Policy Issues (2)

Chair

James Reilly

Senior Lecturer in Northeast Asian Politics

Department of Government

and International Relations

University of Sydney

Paper 4:

***China's Diplomacy in the Area of
Intellectual Property Rights:
New Trends and Motivations Behind***

Natalie Hong Yan

Associate Research Fellow

China Programme

S. Rajaratnam School of International Studies

Nanyang Technological University

Paper 5:

***China's Domestic Policy
Environment and Energy
Security Strategy***

Monique Taylor

Postdoctoral Fellow

School of Humanities and Social Sciences

Nanyang Technological University

Paper 6:

Hunting for Food: A New Driver in Chinese Foreign Policy

Zhang Hongzhou

Associate Research Fellow

China Programme

S. Rajaratnam School of International Studies

Nanyang Technological University

Li Mingjiang

Associate Professor

Coordinator of the China Programme

S. Rajaratnam School of International Studies

Nanyang Technological University

Discussant

John Donaldson

Associate Dean (External Relations) and

Associate Professor of Political Science

School of Social Sciences

Singapore Management University

1220hrs

Lunch

1400hrs

Session 4: China's Core Interests and Economic Statecraft

Chair

Ana Cristina Alves

Senior Researcher

Global Powers in Africa Programme

South African Institute of International Affairs

Paper 7:

China's Use of Economic Tools in its Human Rights Disputes with the EU

Reuben Wong

Jean Monnet Chair and Director of Studies

College of Alice and Peter Tan

National University of Singapore

Paper 8:

China's Economic Statecraft and the Diaoyu/Senkaku Dispute

Zhang Yun

Associate Professor of

International Relations

National Niigata University

Paper 9:

Asymmetric Economic Interdependence and the South China Sea Disputes

Gong Xue

PhD Candidate

S. Rajaratnam School of International Studies

Nanyang Technological University

Paper 10:

The Politics of Mainland China's Economic Statecraft in Relation to Current Cross-Strait Relations

Huang Kwei-bo

Associate Professor of Diplomacy

and Director, Centre for Foreign

Policy Studies,

College of International Affairs

National Chengchi University

Chen Chung-Chih

Adjunct Assistant Professor

Center for General Education

Chung Yuan Christian University

Discussants

Wang Yinghui

Lecturer

National Defence University

James Tang

Professor of Political Science and Dean

School of Social Sciences

Singapore Management University

1600hrs Coffee Break

**1620hrs Session 5: China's Economic Tools
in Its International Partnerships**

Chair

Li Mingjiang

Associate Professor

Coordinator of the China Programme

S. Rajaratnam School of International Studies

Nanyang Technological University

Paper 11:

***China's Economic Tools and the
Management of Close Partnerships:
the Curious Case of North Korea***

James Reilly

Senior Lecturer in Northeast Asian Politics

Department of Government

and International Relations

University of Sydney

Paper 12:

***China's Economic Statecraft and
African Mineral Resources:
Changing Modes of Engagement***

Ana Cristina Alves

Senior Researcher

Global Powers in Africa Programme

South African Institute of International Affairs

Discussant

You Ji

Visiting Senior Research Fellow

East Asian Institute

National University of Singapore

1730hrs End of Workshop

List of speakers, discussants and moderators*

*in alphabetical order according to last names

Ana Cristina Alves

Senior Researcher

*Global Powers in Africa Programme
South African Institute of International Affairs*

Gerald Chan

Professor of Politics and International Relations

University of Auckland

John Donaldson

**Associate Dean (External Relations)
and Associate Professor of Political Science**
*School of Social Sciences
Singapore Management University*

Gong Xue

PhD Candidate

*S. Rajaratnam School of International Studies
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He Baogang

Professor

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Wang Yinghui

National Defence University

Reuben Wong

Jean Monnet Chair and Director of Studies

*College of Alice and Peter Tan
National University of Singapore*

You Ji

Visiting Senior Research Fellow

*East Asian Institute
National University of Singapore*

Zhang Hongzhou

Associate Research Fellow

*China Programme
S. Rajaratnam School of International Studies
Nanyang Technological University*

Zhang Yun

Associate Professor of International Relations

National Niigata University

Li Mingjiang is an Associate Professor at S. Rajaratnam School of International Studies (RSIS), Nanyang Technological University, Singapore. He is also the Coordinator of the China Programme and the Coordinator of the MSc in Asian Studies Programme at RSIS. He received his PhD in Political Science from Boston University. His main research interests include China's diplomatic history, Sino-U.S. relations, Asia Pacific security, and domestic sources of China's foreign policy. He is the author (including editor and co-editor) of nine books. His recent books are *Mao's China and the Sino-Soviet Split* (Routledge, 2012) and *Soft Power: China's Emerging Strategy in International Politics* (Lexington-Rowman & Littlefield, 2009). He has published papers in various peer-reviewed journals including *Global Governance*, *Cold War History*, *Journal of Contemporary China*, *The Chinese Journal of International Politics*, *China: An International Journal*, *China Security*, *Security Challenges*, and *the International Spectator*.

Kalyan M. Kemburi is an Associate Research Fellow with the S. Rajaratnam School of International Studies (RSIS), Nanyang Technological University, Singapore. Along with Li Mingjiang from RSIS, Kalyan is currently working on two edited volumes published by Routledge: *China's Power and Asian Security* and *New Dynamics in US-China Relations*. He has also contributed to CSIS, Carnegie Endowment, *Bulletin of the Atomic Scientists*, and *Nuclear Threat Initiative* as well as to Routledge, OUP and World Scientific. Kalyan has previously worked with the James Martin Center for Nonproliferation Studies (California) and the UN Office for Disarmament Affairs (New York).

Gerald Chan is Professor of Politics and International Relations at the University of Auckland, New Zealand. He is currently Visiting Professor at the University of HongKong and will be Visiting Professor at the Chinese University of Hong Kong in July 2014. In late 2013 he was Visiting Professor to the Public Policy and Global Affairs Programme of Nanyang Technological University. Dr Chan is a Life Member of Clare Hall, Cambridge, U.K. He has published widely in Chinese international relations. His latest (co-authored) book is *China engages global governance: a new world order in the making?* (Routledge 2013, ppk). His latest article is "Power shifts and China's

challenges to global financial governance", *ASIEN: The German Journal on Contemporary Asia*, No. 128 (2013). He currently sits on the editorial board of 10 academic journals, including *Cambridge Review of International Affairs*, *Global Society*, and the *Journal of Asian Securities and International Affairs*.

William Norris is currently an assistant professor at the George Bush School of Government and Public Service at Texas A&M University where he teaches graduate-level courses in Chinese domestic politics, East Asian security, and Chinese foreign policy. Before coming to the Bush School, Dr Norris was a postdoctoral research associate at the Woodrow Wilson School for Public and International Affairs and a fellow in the Princeton-Harvard China and the World Program, a joint programme created by the two universities to foster the study of China in the field of international relations. He completed his doctoral work in the Security Studies Program in the Department of Political Science at Massachusetts Institute of Technology where he specialised in the confluence of economics and security, focusing on the role of economics in contemporary Chinese grand strategy. His broad research interests include East Asian security, business-government relations, Chinese foreign and security policy, and international relations theory—particularly the strategic relationship between economics and national security. His recent work focuses on the use of commercial sector actors to achieve national foreign policy objectives in the context of Chinese grand strategy. He has been granted research leave for the next academic year to work on his next book project involving China's use of economic statecraft in its near-abroad strategy.

Natalie Hong Yan is an Associate Research Fellow with the China Programme at the S. Rajaratnam School of International Studies (RSIS), Nanyang Technological University. She is concurrently a PhD candidate of the Erasmus Mundus Joint Doctorate Programme "Globalization, EU, and Multilateralism", and affiliated to both Université Libre de Bruxelles and the University of Geneva. Her main research interests include China-EU relations and China in global governance.

Monique Taylor is a Postdoctoral Fellow in the Public Policy and Global Affairs Programme and

China and Globalization Cluster in the School of Humanities and Social Sciences at Nanyang Technological University. She received her Bachelor of Arts/Bachelor of Science (conjoint), Bachelor of Arts (Hons) in Political Studies and Master of Arts (Hons) in International Relations from the University of Auckland, New Zealand, and PhD in International Political Economy from the University of Queensland, Australia. She is the author of *The Chinese State, Oil and Energy Security* (Basingstoke: Palgrave Macmillan 2014).

Zhang Hongzhou is an Associate Research Fellow with the China Programme at the S. Rajaratnam School of International Studies (RSIS), Nanyang Technological University, Singapore. He previously worked as a Research Analyst with the Maritime Security Programme at RSIS. He received his Master's degree in International Political Economy from RSIS and Bachelor's degree in Maritime Studies from NTU. His main research interests include China's agricultural development, rural poverty, agricultural trade, food security, fishery development and maritime security. He has contributed papers to peer reviewed journals, edited volumes and international conferences on issues related to China's resources security, maritime security and foreign policies.

Reuben Wong holds the Jean Monnet Chair at NUS and is Director of Studies at the College of Alice & Peter Tan (CAPT). He earned an MPhil in European Politics at Oxford, and a PhD in International Relations at the LSE. Reuben is the author of *The Europeanization of French Foreign Policy (2006)*; *National and European foreign policies* (co-edited with Christopher Hill, 2011); and refereed articles in the *Cambridge Review of International Affairs*, *Politique Européenne*, *Asia Europe Journal*, and *EU External Affairs Review*. He has held visiting positions at Cambridge, the LSE, the Stimson Center (Washington DC), and the East Asian Institute (Singapore). He currently researches the construction of Chinese identity vis-à-vis the West, integration theory, EU relations with ASEAN and China, and the politics of disability rights. A Fulbright scholar (2009), he serves on the Singapore Institute of International Affairs (SIIA) Council, and the EU Centre in Singapore. He raises four children to help arrest Singapore's declining birth rate.

Zhang Yun is Associate Professor of International Relations at National Niigata University, Japan. He obtained PhD in Law from Peking University and PhD in International Relations from Waseda University. He served as visiting scholar at Center for International Studies, Massachusetts Institute of Technology (2010-2011). He also served as a visiting scholar at Japan Institute for Social and Economic Affairs, Federation of Japanese Business (Keidanren). He is a visiting professor for Beijing Foreign Studies University. He is currently invited to serve as non-resident Senior Fellow at RSIS, Nanyang Technological University. His research expertise includes China-Japan-U.S. trilateral relations, international relations in the Asia-Pacific and security studies. Dr Zhang has published three monograph books and many papers in English, Chinese and Japanese academic journals. He is also an invited columnist for *Lianhe Zaobao* with his personal column *Zongheng Tianxia*, where he has regularly published numerous articles on international relations.

Gong Xue is a PhD candidate with the S. Rajaratnam School of International Studies. She earned her master's degree in Asian Studies from RSIS and Bachelor of Philosophy from Nanjing Normal University. Her main research interests include Asian security, China's economic diplomacy with ASEAN, International relations of China, Japan and the United States as well as human security. Her latest publication is *China's Peacekeeping Operations: Creative Involvement under the Japan University Consortium for Peace and Human Security in Asia*, sponsored by Japan Student Services Organization Scholarship.

Huang Kwei-Bo is currently Associate Professor of Diplomacy and Director of Center for Foreign Policy Studies, College of International Affairs at National Chengchi University (NCCU). He is also Secretary-General of the Association of Foreign Relations (Taipei-based). During his public service leave (2009-2011), he was Chairman of the Research and Planning Committee in the ROC Ministry of Foreign Affairs (MOFA), and therefore was appointed as Vice President of the Taiwan Foundation for Democracy (TFD). Prior to his service in the Foreign Affairs Ministry, he was a Fulbright visiting scholar at SAIS, Johns Hopkins University

and a visiting fellow at Brookings Institution. A scholar on international conflict management, public diplomacy, U.S. foreign policy decision-making, as well as ASEAN political and security relations, he earned his master's degree from the George Washington University and doctoral degree from University of Maryland, College Park.

James Reilly is a Senior Lecturer in the Department of Government and International Relations at the University of Sydney. He is the author of *Strong Society, Smart State: The Rise of Public Opinion in China's Japan Policy* (Columbia University Press, 2012), and the co-editor of *Australia and China at 40* (UNSW Press, 2012). He has published several book chapters in edited volumes, as well as articles in: *Asian Survey*, *China: An International Journal*, *Chinese Journal of International Politics*, *Japanese Journal of Political Science*, *Journal of Contemporary China*, *Modern Asian Studies*, *Survival*, and *Washington Quarterly*. He holds a PhD from George Washington University and an MA from the University of Washington, and was a post-doctoral research fellow at the University of Oxford

(2008-2009). Before that, he served as the East Asia Representative of the American Friends Service Committee (AFSC) in China from 2001-2008.

Ana Cristina Alves holds a PhD degree in International Relations from the London School of Economics (2012). Her dissertation was a comparative study of China's economic statecraft in Africa and South America with particular reference to the oil industry in Angola and Brazil. She is currently Senior Researcher at the South African Institute of International Affairs in Johannesburg. Her research currently focuses on emerging powers in Africa, particularly China and Brazil. In May 2014, she will take on a job as Assistant Professor at Nanyang Technological University, School of Arts and Social Sciences (Public Policy and Global Affairs programme), where she will be teaching and researching on the same topic. She has written widely on issues related to Sino-African relations, including "Chinese Economic Statecraft: A Comparative Study of China's Oil-backed Loans in Angola and Brazil", *Journal of Current Chinese Affairs*, Vol 42, No.1, 2013.

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