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CHINA'S ECONOMIC AMBITIONS IN ASIA-PACIFIC

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In the last year China came up with several new economic and foreign policy initiatives. In the APEC meet of 2014, Chinese President Xi Jinping applauded the initiatives of Asian Infrastructure Investment Bank (AIIB), Silk Road Economic Belt, and 21st Century Maritime Silk Road. During the meet while he launched the Free Trade Agreement of the Asia-Pacific (FTAAP), he also urged the members to “add firewood to the fire of the Asia-Pacific and world economy.”¹

In these new policies there is a central theme – regional integration and global interaction. As the policies are aimed at giving impetus to the economy, they are also largely made in a way to pivot around China's own ambitions. AIIB and FTAAP are aimed at providing China with the power to supervise the organizations to improve its own standing in the region and collaborate with the members of the continent for the much needed trust and goodwill. The organizations can also be noticed as symbols of ambition where Chinese neighbours should not mistrust China and incline towards another party. It is also to facilitate them with an alternative to other similar organizations like Asian Development Bank (ADB) and Trans Pacific Partnership (TPP).

Economics and Power

As China's economy grows to the position of second largest in the World, it is only natural for it to seek higher level of involvement with the international economic organizations like World Bank and ADB. In the past, a deeper involvement has been denied to China or is still pending. China today, can single-handedly take charge of such regional-



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multilateral organizations; it has logically sought to do so. However, it will not be a success unless the nations in the neighbourhood decide to participate in it. It is a much appreciated alternative in the hands of the smaller nations that might get involved with the charm of easy loans and assistance with infrastructure, although they might not see it on the similar level of 'partnership' as the Chinese might desire. On another level the debate resurrects every now and then that two economically dependent countries would not take part in armed conflict. This notion has been tested and falsified on several occasions. Something as recent as the events with Philippines can be taken in under scrutiny. The two countries – China and Philippines – have maintained their healthy economic relations in the past, so much so that the bilateral trade accounted for \$36.4 Billion in 2012², making Philippines the sixth largest trading partner of China. The extreme dependence of economy, however, did not stop China to take military actions in order to capture the Scarborough Shoals that is within the EEZ of Philippines and which China claims as its own.

The matters in East Asia have escalated to a level involving most countries of the region in territorial disputes. The South China Sea dispute and the North China Sea dispute have destabilized the peace and stability where China has taken the most assertive and aggressive stance. The Asia-Pacific region, as the most economically dynamic region of the World, has also become the 'most militarized region in the World.'³

Should it be looked at as a threat to the US supremacy in the region?

Observers have noted that AIIB is a replacement for ADB and FTAAP for TPP. The new banks initiated by China have caught the attention of the World Bank. While the latter has shown concerns, at the same time it has welcomed the move by intending to *manage* with the growing China. To construe that the actions taken by a nation to further its economic interests by improving policies and initiating reforms is to deliberately hamper or challenge the power/supremacy/influence of another nation is a little far-fetched. The



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competitive characteristic of the market is what gives a slight chance of any (relative) economic equality between the nations. To view the Chinese moves of expanding their economic reach in the globalized World as a schema to diminish the US influence in the region could be logically viable but operationally difficult.

The militarily assertive China has a lot to lose if it doesn't take preventive actions to maintain the growth rate (which is currently declining). Moreover, its past actions have stained its image in the region as a non-reliable partner, pushing the nations even closer to the US. It is not to say that the regional members would not try to take advantage of the policies of China, however (after the several clashes and economic sanctions directed towards furthering its – China's – grip on territorial claims), it would not be done without proper military backup to resist any future belligerent moves by China. As seen after the clashes between China and Philippines and China and Japan, defensive measures have been taken by involving the US and internally initiating military reforms. When countries individually decide to further trade with another country, it is not to be assumed that they have forgotten their chief principle of national security and sovereignty.

As China learns its lessons from history it sees economic integration as a better ladder to furthering its national (core) interests. And its national interests largely depend on smaller involvement of the US. Regaining the goodwill of the neighbouring nations is paramount if it ever desires to 'push the US back till Okinawa'⁴. Its economic and military assertion landed it in a tighter grip of the US through the policy of 'rebalancing' in Asia-Pacific.

If looked at closely, China does follow the strategy of economic integration and military assertion - something which might help keep the other countries in the dark about its future agenda. But once applied, this tactic cannot be reapplied easily. For China to ever



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assume the role of guardian, it is required of it to show diligence and integrity towards the neighbours.

The move of initiating several economic reforms provides an outlook to the countries that China is ready to invest in the future of the region. The inevitable reaction of the concerned countries to this measure has rightly been alarmist, as this would give greater economic influence to China in the region. But for China to further its material, military gains it will have to face the neighbours with whom it has primordial territorial disputes imbued in nationalism and history. With much more legitimate presence of the US, the case for smaller nations becomes stronger.

(Disclaimer: The views and opinions expressed in this article are those of the author and do not necessarily reflect the position of the Centre for Air Power Studies [CAPS])

End Notes

1. Xi Jinping, "Xi outlines four expected achievements of APEC meetings", APEC China 2014, Nov 11 2014 at <http://www.apec-china.org.cn/41/2014/11/11/3@2451.htm>, accessed on March 1, 2015
2. Ben Yue, "Asia Weekly: Philippines opens its arms", China Daily Asia, September 13, 2013, at http://www.chinadailyasia.com/business/2013-09/13/content_15088169.html, accessed on March 1, 2015
3. Carlo Munoz, "Locklear: Asia-Pacific is Becoming 'Most Militarized Region in the World'", USNI News, January 23, 2014 at <http://news.usni.org/2014/01/23/locklear-asia-pacific-becoming-militarized-region-world>, accessed on March 1, 2015
4. John Mearshimer, talk on "Geopolitics and Beyond", held at Tsinghua University, Beijing, November 2, 2013. During the Q&A at the conference, Prof Shi Yinhong remarked that 'China does not want the US to move out of Asia-Pacific, only till Okinawa', at <https://www.youtube.com/watch?v=QjO3gdXShDM>, accessed on 3rd March, 2015