Part I

U.S.-China Strategic Competition and the Russia Factor

Chapter 1

China's Major-power Diplomacy in an Era of Great Power Competition

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U.S.-China defense ministers' meeting in Cambodia, November 22, 2022 (Chad McNeeley, DoD)

HINA'S RISE represents one of the most fundamental shifts in the international order. Ever since the reform and opening-up policies began, China has bolstered its national power and international influence through sustained and high economic growth. Especially with the relative decline of American economic power following the global financial crisis in the late 2000s, heated discussions have arisen regarding possible changes in the Asia-Pacific order, focusing on the shifting power balance between the United States and China. They have prompted an active global debate about whether a rising China will challenge the existing international system and institutions as well as U.S. hegemony, and how China will do so.¹

For its part, China has sought to present its own vision of the international order and roadmap for China's rise. For example, in the early 2000s, Chinese leaders, including Hu Jintao, proposed constructing a "harmonious world (和谐世界)" as a worldview in 2005. At the end of that year, the Chinese government released the *White Paper on China's Peaceful Development Road*, claiming that China has no interest in seeking regional or global hegemony and in challenging the existing international order. In other words, China asserted it is a status-quo power.

The Chinese Communist Party (CCP) under Xi Jinping's reign succeeded the notion of "peaceful development (和平发展)" as a strategic idea in foreign policy, albeit changing the substance from that in the Hu Jintao era. First, Xi began to pursue a more assertive or confrontational foreign policy, vowing that adhering to peaceful development "does not mean giving up China's legitimate rights and interests or sacrificing national core interests."² Previous leaderships were cautious about projecting themselves as a major power toward an international audience. In contrast, Xi stated that "China must carry out major-power diplomacy with Chinese characteristics" in November 2014. Since then, the Chinese leadership has self-praised the achievements of major-power diplomacy, noting that China "conducted major-power diplomacy with Chinese characteristics on all fronts," and as a result, its "international influence, appeal, and power to shape have risen markedly."3 Xi's major-power diplomacy aims to build a "community of shared future for mankind (人类命运共同体)," which is considered the national guideline for transforming the international order. The Xi Jinping's stance on the international order appears to be more confident than that of his predecessors.

At the same time, China is a dissatisfied power in the current international system. After Xi came into power, China has articulated discontent with the Western-led international order. Chinese strategists harshly criticize that the existing "rules and institutions of the international order are founded on the

principles of international law derived from Western value systems," and that "under this order, the United States continues to pursue power politics and implement hegemonic policy." Xi himself urges the development of China's own discourse, which is juxtaposed with the ideals, values, and institutions based on the Western-led international order.

In this regard, Xi Jinping's "major-power diplomacy with Chinese characteristics" can be understood as a foreign policy course embodying both the confidence and discontent of China. Based on this understanding, this chapter examines the Xi leadership's efforts to transform and build an international order, drawing comparisons with those of the Hu Jintao administration. Furthermore, it reveals that Beijing's efforts for shaping the international order reinforce great power competition, especially the strategic competition with the United States.

Hu Jintao's Foreign Policy in an Era of Power Shift

Uphold Keeping a Low Profile and Actively Making Achievements

The global financial crisis that surfaced in the latter half of 2008 triggered a growing domestic discussion on the changing international balance of power. At that time, the discussion in China revolved around two balances of power. The first was the power shift from advanced economies to emerging and emerging and developing countries. For example, the annual report of the People's Liberation Army (PLA) Institute of International Relations described that the financial crisis offered a "very good timing for taking part in the rebuilding of the international economic system," and "emerging economies can seize this opportunity to establish themselves as a leading player on the world stage or an equivalent position."

The other strand of discussion was the possible power shift or power transition between China and the United States. In early 2009, a domestic meeting hosted by the *PLA Daily* discussed that a balance of power was being created between the two countries. However, opinions in China were divided about whether the international standing of the United States would decline and whether a multipolar world would be realized. Some experts argued that the decline of U.S. hegemony had already begun, and that China would replace the United States as the world leader. Conversely, other experts contended that U.S. economic strength should not be underestimated, that China's development faces many difficulties and bottlenecks, and that it would not be easy for China to catch up to the United States.

Hu Jintao's leadership provided a positive recognition of the power shift between emerging and developing countries and advanced countries. At the Fourth Plenum of the 17th Congress of the CCP held in September 2009, it affirmed, "We can see a new change in the global economic paradigm and new postures in the world's power balance." Furthermore, at the 2009 Diplomatic Envoys' Meeting held in July of the same year, Hu noted, "the prospects for multipolarization of the world have become clearer." Based on such a recognition, Beijing set out the policy of "actively participating in global economic governance" and aimed to link the rise of emerging and developing countries to the reform of the existing international economic system.

Nevertheless, Hu Jintao called for maintaining a cautious foreign policy. At the 2009 Diplomatic Envoys' Meeting, Hu vowed to uphold "keeping a low profile (韬光养晦)" without wavering. This was because China's national condition had not changed basically: "China is at the primary stage of socialism, and will remain so for a long time to come." "Firmly achieving national development is the Party's top priority and main task in governance and national rejuvenation. We must be more aware of this and continue to focus on economic construction." Therefore, Hu said, "We must not only uphold keeping a low profile but also uphold it without wavering even if the country becomes stronger in the future."

The challenge was to balance "keeping a low profile" and "making achievements," i.e., unifying caution and initiative into China's foreign policy practice. Explaining that "keeping a low profile" and "making achievements" were not contradictory, Hu Jintao wanted China to play a more constructive role on the world stage under the slogan, "actively making achievements." However, a clear emphasis was placed on adhering to "keeping a low profile." Even though China was expected domestically and internationally to become more involved on the world stage, it would be doing so cautiously and selectively on certain issues in line with China's limited national power and influence. Hu called on foreign policy practitioners to take a more active posture on selected issues that were crucial to the country's national interests, in particular: establishment of international rules and reform of the international economic and financial system.

The foreign policy of the latter half of the Hu administration, however, was a compromise between "uphold keeping a low profile" and "actively making achievements," characterized by selective engagement in proactive diplomacy. Hu Jintao remained skeptical of the international opinion on China's rise. For example, the argument that Beijing should assume greater international responsibility was floated after the global financial crisis. However, ideas like a U.S.-China G2 were met with considerable opposition

from the Chinese leadership. Hu Jintao said that such ideas would "impose obligations beyond China's capabilities," and in turn, influence China's policy direction and constrain the country's development.

The foreign policy of "uphold keeping a low profile and actively making achievements" was an unstable one in the domestic political context. The debate in China regarding the relationship between "keeping a low profile" and "actively making achievements" never reached a consensus. Opinions remained divided on what Chinese interests should be realized through diplomacy, and their order of priority.

Proponents of keeping a low profile continued to view China's greatest interest as economic development. They saw no fundamental change in the priority of interests. While the People's Republic of China (PRC) has become the second largest economy in the world, its gross domestic product (GDP) per capita remained low,¹³ and internal disparities and social issues were becoming more conspicuous. From this premise, it followed that the policy of "making achievements" should be implemented incrementally.¹⁴ At the time, even the growing domestic discussion on China's "core interests" emphasized the necessity of a calm response. Wang Zaibang, vice president of the China Institutes of Contemporary International Relations, stated that China must "fully consider feasibility" in pursuing core interests, and stressed the need to "gradually promote them in stages." If China rushed to realize its core interests, it would "ultimately lead to adventurism." Beijing must "maintain sufficient strategic patience," Wang asserted.¹⁵

On the other hand, proponents of "actively making achievements" tended to focus on defending China's sovereignty and security interests. Xiao Feng, a researcher at the China Center for Contemporary World Studies affiliated with the International Department of the Central Committee of the CCP, emphasized the importance of "making achievements" on issues related to national sovereignty and core interests. Expressing the understanding that "keeping a low profile' is to be upheld for 'making achievements' and is not the objective," she contended that "weak-kneed concession is unacceptable on issues related to national sovereignty and the nation's core interests." At this time, Hu Jintao's foreign policy was also criticized by Party elites as passive diplomacy or defensive diplomacy.

Reconciling these arguments was almost impossible. Whether it was the argument for "keeping a low profile" or for "making achievements," they relied on a doctrine summed up by Deng Xiaoping and the statements of Party leaders such as Hu Jintao. Both arguments had legitimacy in the context of domestic politics.

Limited Initiative

Hu Jintao made reforming the international economic and financial system a central objective of "actively making achievements." At the Group of Twenty (G20) Summit, a diplomatic stage that reflects the changing balance of power between emerging and developing countries and advanced countries, China strongly called for international financial system reform. The reform initially appeared to be progressing smoothly. The London Summit in April 2009 agreed on an aid program focused on trade and financial support. In response, in July of the same year, the Executive Board of the International Monetary Fund (IMF) decided to allocate Special Drawing Rights (SDRs) equivalent to approximately \$250 billion exchangeable for dollars, euros, and other currencies to 186 member countries, which will support developing and emerging countries with concerns about the repayment of external debts due to the global financial crisis. ¹⁸

In December 2010, the IMF adopted a proposal to adjust the quota and voting shares of emerging and developing countries as part of the reforms to reflect the shift of power.¹⁹ To increase the representation of emerging and developing countries, more than 6% of quota shares shifted from advanced and oil-producing countries to emerging and developing countries, while maintaining the shares of the poorest countries. As a result, China's quota became the third largest (6.39%) following Japan's (6.46%). As for governance reform, it was agreed that the total number of seats on the Executive Board held by advanced European countries would be reduced by two seats in order to increase the representation of emerging and developing countries.

Against this backdrop, many experts in China began to show optimism toward reforming the existing international economic and financial system. The decline of U.S. hegemony came to be mentioned in the discussion on reform, even by experts who had been cautious about the power transition between the United States and China. For example, Wu Jianmin, former Chinese ambassador to France, went from expressing caution in the mid-2000s to vowing, "The U.S. position as a financial hegemon is fluctuating, and it has already become difficult for one country to lead the international financial system." A study group at China Foreign Affairs University stressed that solving the rising number of global challenges requires the involvement of a wider range of stakeholders, noting, "The adjustment and transformation of the international system are bringing unprecedented opportunities for China." 21

Amid the growing sense of optimism in the country, Hu Jintao himself

remained cautious about reforming the existing international economic and financial system. At the Central Economic Work Conference in December 2010, he acknowledged that "favorable changes are occurring for emerging economies." At the same time, he emphasized that "advanced countries still occupy a leading position in the formulation of international rules" and "we must calmly recognize this." He continued, "For a considerable period of time, the overall strength of advanced countries will keep them in their dominant position."

The U.S. Congress's approval required for amending the IMF agreement was delayed significantly.²³ Chinese leaders and officials repeatedly underscored the importance of the early entry into force of the proposed IMF reforms.²⁴ Meanwhile, they also urged for strengthening the G20 mechanism for global economic governance, including finance.²⁵ Yet Hu Jintao did not unveil a new initiative to resolve the situation. The leadership sought gradual reform of the existing international economic and financial system and institutions. At the time, when Chinese leaders and officials spoke about China's participation in global economic governance, they did not explicitly mention building a new institution. Hu Jintao's calls for the establishment of international rules were hardly elaborated to the outside world. Domestic discussions on international institutions and rules were confined to expressing a stance on existing paradigms. ²⁶ Hu did not say any more than the following: "The international community should [...] carry out necessary reforms of the international financial system based on full consultations among all stakeholders. Reform of the international financial system should aim at establishing a new international financial order that is fair, just, inclusive and orderly and fostering an institutional environment conducive to sound global economic development. The reform should be conducted in a comprehensive, balanced, incremental and pragmatic manner."27 (emphasis added)

Xi Jinping's Global Vision and Foreign Policy

Economic Strength

Hu Jintao's foreign policy of "uphold keeping a low profile and actively making achievements," which called for initiative with caution, hit an impasse with the shifting global power dynamics. China, under Xi Jinping, shifted the foreign policy of "keeping a low profile" to one of "striving for achievement (奋发有为)," announced at the first work forum on periphery diplomacy in October 2013. Xi stated that, on the basis of maintaining the

"continuity and stability" of the overall foreign policy, "diplomacy on the whole would be planned actively and systematically" with an emphasis on relations with the "periphery (周边)."²⁸ Furthermore, this speech revealed the direction of China's new diplomatic course. The foreign policy based on keeping a low profile envisaged building a "harmonious world" but did not make the endpoint for the country necessarily clear. The objective of the new foreign policy, "striving for achievement," was defined as "realizing the Chinese dream of the great rejuvenation of the Chinese nation." According to Xi Jinping, the "Chinese dream" was about "pursuing the strength of the country, rejuvenation of the nation, and people's happiness."²⁹

The "periphery" was given "important strategic significance" to realize the "Chinese dream." Prior to the work forum, Xi Jinping announced two Silk Road initiatives, which would later be combined into the Belt and Road Initiative (BRI). He vowed to build connectivity with periphery countries and regions, proposing the "Silk Road Economic Belt" initiative in Kazakhstan in September 2013 and the "21st Century Maritime Silk Road" initiative in Indonesia in October. Furthermore, in order to financially support these two Silk Road initiatives, Xi proposed the establishment of the Asian Infrastructure Investment Bank (AIIB) at the Asia-Pacific Economic Cooperation (APEC) Economic Leaders' Meeting held also in October.³⁰

Since 2014, the Chinese leadership has stepped up diplomatic efforts for promoting the BRI. In November 2014, China held the Dialogue on Strengthening Connectivity Partnership ahead of the APEC Economic Leaders' Meeting that was held in Beijing, inviting the leaders of Southeast Asian and Central Asian countries. At the meeting, Xi Jinping emphasized the importance of enhancing connectivity in Asia and proposed initiatives to advance the BRI.³¹ Xi again noted on the need to strengthen connectivity in the Asia-Pacific region, mentioning the BRI at the Beijing APEC Economic Leaders' Meeting and at every bilateral meeting.³²



The opening ceremony of the Asian Infrastructure Investment Bank being held in Beijing, January 16, 2016 (Kyodo)

Aimed at strengthening connectivity, the BRI was considered a new initiative for China to reshape the international order. Since 2014, Xi Jinping has mentioned the BRI and repeatedly emphasized China's intention and ability to provide "public goods" to the interna-

tional community. The BRI "allocates economic, trade, science and technology, finance, and other resources in a unified manner and skillfully capitalizes on (China's) comparative advantages." In short, Xi's leadership began to harness China's superiority in economic strength to build a new order, primarily in the periphery. Fu Ying, who served as deputy minister of foreign affairs during the Hu Jintao administration from 2009 to 2013, and after Xi came into power, as vice-chairwoman of the Foreign Affairs Committee of China's 13th National People's Congress (NPC), saw that the BRI could become a proactive and leading international activity that leverages economic strength to boost China's diplomacy in 2014.³³ Furthermore, Fu assessed that China "obtained the consensus of many nations and made certain achievements in the reform and building of the international economic and financial order." According to Fu, one of the consensuses was that many emerging countries, including China, "do not recognize the traditional Western ways espoused in international ideals."

The New Security Concept

Fu Ying drew attention to the fact that "China also faces historic challenges," stating, "contradiction and divergence are still deeply entrenched between China and the major countries of the world in the political and security fields." She raised the issues of "how China can draw a blueprint for the future world order, play a leading role on major international issues, and propose feasible Chinese plans for order-building that conform to the common interests of the international community," including in the political and security fields.

Some scholars assert that the international order offered by Western countries, including the United States, and China's shaping of the order should aim for a relationship of "symbiosis (共生)."³⁴ However, it is unclear how this can be achieved in the political and security fields. Beijing has advocated the "new security concept" since the late 1990s, which criticizes the U.S. alliance strategy and seeks to ensure security through dialogue and consultations. Xi Jinping proposed the concept of "common, comprehensive, cooperative, and sustainable" security in Asia in May 2014 at the summit of the Conference on Interaction and Confidence Building Measures in Asia (CICA). Nonetheless, it remains difficult to find "symbiosis" between either China's new security concept and U.S.-led alliances.

Zhang Yunling at the Chinese Academy of Social Sciences (CASS), who served as a member of the National Committee of the Chinese People's Political Consultative Conference (CPPCC) for three terms over 15 years until 2018, has been forthright about the challenge of building the new

security order:

The difficulties and obstacles facing the new relationships, new order, and new mechanisms in the security field are many and great. Security is highly defensive in nature unlike the opening-up of economy. Traditional security mechanisms tend to be led by powerful countries underpinned by hard power. Consultations based on the new security concept as well as cooperative security mechanisms are regarded as soft arrangements. They lack coercive power and cannot effectively prevent security threats. Once a crisis arises, few solutions are available.³⁵

Notably, because of U.S.-China strategic competition and territorial and maritime disputes between China and periphery countries, "some countries do not feel reassured by China. The fundamental principles of periphery countries' security strategy include: they prepare for China's possible actions." Zhang concluded that this has constrained China's process of reshaping the international order in the security field. In this regard, Beijing's strengthened military capabilities are confrontational against periphery countries in particular. Chinese military muscle cannot be considered a "public good."

This is not to say Xi's administration has abandoned the possibility of building a security order. The Asia security concept is part of the Overall National Security Concept (总体国家安全观) comprising Xi Jinping Thought.³6 Furthermore, some suggest that China is still considering the establishment of a new security cooperation paradigm for Asia, with CICA as a platform.³7 Meanwhile, Chinese leadership appears to be aware of the difficulties of materializing a Sinocentric international security order. According to Shi Qingren of the PLA Academy of Military Science, the Overall National Security Concept "is mainly a discussion of internal security and is a strategic thought employed in the context of establishing a national security architecture and building up capacity in the country." Accordingly, "there has been no detailed discussion" of international security despite Xi Jinping's proposal to use the concept as a basis for promoting international security.³8

Institutional Discourse Power

Recognizing the challenges involved in international order-building, Xi Jinping's leadership began to emphasize the concept of "institutional discourse power (制度性话语权)." The communiqué adopted at the Fifth Plenum of the 18th CCP Central Committee at the end of October 2015 affirmed that the Party will "participate actively in global economic governance and the supply of international public goods, enhance China's

institutional discourse power in global economic governance, and establish a far-ranging community of shared interests."³⁹ Since the late 2000s, PRC strategists have held extensive discussions on China's "discourse power" in the international community. These discussions suggest "discourse power" has two components, rights (权利) and power (权力).⁴⁰ The former refers to the right to express the claims or viewpoints of one's country, and corresponds to the right to vote or represent one's country in international organizations. These rights covered by Hu Jintao's "actively making achievements." On the other hand, the latter refers to the influence of pro-China narratives. The "discourse power" affirmed by Xi Jinping was mainly the power aspect.

As already mentioned, China under Xi Jinping used economic strength as leverage to advance the BRI. To ensure that these efforts lead to building a new order, it advocated that institutionalization of related initiatives was indispensable. Chinese leadership presented its views on global governance transformation at a study session of the CCP Central Politburo presided over by Xi shortly prior to the 2015 Fifth Plenum. 41 According to Xi, the rapid development of emerging and developing countries has ushered in a "revolutionary shift in the global balance of power since modern times." Xi Jinping understands that a transformation of global governance should be shaped by the "cooperative relationships and interests created by institutions and rules." This process will "set the rules and direction" of the international community and affect the "long-term institutional status and role [of each country]." Specifically, Xi stressed the importance of not only increasing the representation and voice of emerging and developing countries in existing international financial institutions, such as the IMF and the World Bank, but also "promoting the establishment of new mechanisms and rules" in areas such as international economics and finance, new fields, 42 and regional cooperation. However, the areas that Beijing's proactive rulemaking was aimed at were still confined to the economic sector. China's attempts to establish rules in the security field are mainly centered on multilateral frameworks, such as the United Nations (UN), the Shanghai Cooperation Organization (SCO), CICA, and BRICS meetings, as well as policy coordination with Russia. 43 Accordingly, China's foreign and security policies compete with Western countries.

To exercise leadership in the rulemaking and mechanism-building processes, China must first and foremost increase the international influence of its discourse. On the global stage, however, "the West still has hegemony of discourse." Understanding the "China model" or the "Chinese way" through a Western discourse is nothing more than "universalizing a special model." China saw it not just as a Western misunderstanding but moves to control international public opinion. Therefore, Beijing must create its

"own discourse system." This does not mean China will start making new rules and mechanisms after enhancing its discourse power. Professor Zuo Fengrong of the Central Party School notes that, after World War II, U.S. discourse power achieved superiority because it established international institutions, such as the IMF and the World Bank, which provided mechanisms for coordinating the economic policies of the member states. It is understood that international institutions themselves render power, and that building new institutions will help enhance China's discourse power. The establishment of the AIIB and the Silk Road Fund was an attempt to strengthen China's discourse power.

To set the domestic stage, the Xi Jinping administration sought to increase "confidence" in the elements that comprise China's discourse power. At the 19th CCP National Congress in October 2017, Xi stated: "the path, the theory, the system, and the culture of socialism with Chinese characteristics have kept developing, blazing a new trail for other developing countries to achieve modernization. It offers a new option for other countries and nations who want to speed up their development while preserving their independence; and it offers Chinese wisdom and a Chinese approach to solving the problems facing mankind." He underlined that China needs to be further aware of and strengthen confidence in four areas, namely, "confidence in the path, theory, system, and culture."

The Fourth Plenum of the 19th CCP Central Committee, which was held in October 2019, adopted the "Decision on Some Major Issues concerning How to Uphold and Improve the System of Socialism with Chinese Characteristics and Advance the Modernization of China's System and Capacity for Governance." ⁴⁹ This decision demonstrated the "remarkable superiority" of China's governance systems that underpin its "confidence." Firstly, the systems "uphold the Party's concentrated and unified leadership." In addition, the decision highlighted the ideals, values, culture, and institutions related to governance and development, and identified China's diplomatic efforts including active participation in global governance as another "remarkable superiority."

However, this "confidence" is also a reflection of the leadership's strong dissatisfaction and concerns with the international environment. At the 20th CCP National Congress held in October 2022, Xi Jinping described the decade since the 18th CCP National Congress in 2012 as a period of "historic feats," stating, "We must remain firm in our conviction in Marxism and socialism with Chinese characteristics and strengthen our confidence in the path, theory, system, and culture of socialism with Chinese characteristics." Conversely, he expressed a harsh view, or a sense of crisis, toward the external environment surrounding China's development.

Referring to the Party's mission and tasks, Xi said, "The world has entered a new period of turbulence and change." It was a downward assessment of the international situation compared to "The world is undergoing major developments, transformation, and adjustment" proclaimed at the 19th CCP National Congress in 2017. Specifically, Xi cited COVID-19, antiglobalization, the rise of nationalism and protectionism, slowdown of the world economy's recovery, and frequent localized clashes and turbulence. In this international situation, "External attempts to suppress and contain China may escalate at any time." Moreover, Xi stated, "Our country has entered a period of development in which strategic opportunities, risks, and challenges are concurrent, and uncertainties and unforeseen factors are rising."

The leadership's outlook declined notably for Sino-U.S. relations. While the relationship was not directly mentioned in his report at the 20th CCP National Congress, Xi Jinping referred to "external interference in Taiwan affairs," noting that "external attempts to blackmail, contain, blockade, and exert maximum pressure" were on the rise. Furthermore, regarding major-power relations, Xi stated, "China works to enhance coordination and positive interaction with other major countries to build major-power relations featuring peaceful coexistence, overall stability, and balanced development." At the 19th CCP National Congress, he vowed "China will promote coordination and cooperation with other major countries." At the 20th Party Congress, "cooperation" was replaced with "positive interaction," suggesting that the outlook for "cooperation" had declined among the leadership. On October 28, 2022, following the close of the 20th Party Congress, State Councilor and Foreign Minister Wang Yi held a meeting with U.S. Ambassador to China Nicholas Burns and stated that "China-U.S. relations are now at a critical juncture."51

Because of the sense of crisis around the deteriorating external environment, the Xi Jinping administration sought greater "confidence" in China's political system and further underscored the "superiority" of the leadership of the CCP as the system's core. Beijing's unique discourse, which is contraposed with Western values, has increasingly come to the forefront globally. As a result, Chinese narratives and efforts related to the reshaping of the international order have given rise to a competitive and, by extension, a confrontational relationship with Western countries and the United States in particular.⁵²

China and the United States' Shift toward Great Power Competition

New Type of Major-power Relationship

Xi's proactive diplomacy targeting mainly the "periphery" was triggered by the U.S. engagement in strategic competition with China in the Asia-Pacific region. With an increasingly assertive China over the South and East China Seas, the Barack Obama administration of the United States became alarmed by Beijing's hardening foreign stance. Beginning in 2011, it launched a strategy focused on the Asia-Pacific region, described as "pivot" or "rebalance." After Xi Jinping took power, Beijing hurried to conclude the Regional Comprehensive Economic Partnership (RCEP) Agreement in East Asia and promoted the BRI. The Obama administration construed that China was intending to rebuild the regional order.

As the United States grew wary, China, for its part, did not share the "strategic competition" narrative of the United States. Yan Xuetong, dean of the Institute of International Relations at Tsinghua University, described: "The Obama administration seems to be intentionally reducing the confrontational nature of the 'rebalance' strategy and considering ways to strengthen cooperation. This is a positive change." Yan, while mentioning the structural and strategic contradictions of China-U.S. relations, attached importance to how the contradictions were dealt with. Chinese diplomats expressed similar views. Cui Tiankai, vice-minister of foreign affairs, criticized the military aspect of the U.S. rebalance strategy on the one hand. On the other hand, he viewed it as an issue of strategic mutual trust between the two countries, calling on them to create a "positive interaction in the Asia-Pacific." ⁵⁴

From the start of his first term, the Xi Jinping administration underlined the concept of a "new type of major-power relationship" between China and the United States and explored ways to stabilize the bilateral relationship. This concept was proposed in 2009 during the Hu Jintao administration. Its central objective was to have the United States respect China's core interests. The first pillar of the China-U.S. "new type of major-power relationship" was "mutual respect (相互尊重)." Under the Xi administration, however, "mutual respect" was given a lower priority and replaced with "no conflict or confrontation (不冲突、不对抗)" as the first pillar. This shift in priority in the China-U.S. "new type of major-power relationship" was aimed at managing competition between the two countries, which the Xi Jinping administration anticipated would intensify.

Xi Jinping put an emphasis on institutionalizing the Sino-U.S. relationship.

Bilateral mechanisms for dialogue, consultation, and cooperation exceeded 100 by the end of 2016. On the military front, China's authority worked to reach an agreement with the United States on confidence-building measures (CBMs). At the China-U.S. Summit in June 2013, Xi acknowledged that progress in the military-to-military relationship was lagging behind that in the political and economic relationships. He proposed two military-to-military mechanisms, namely, the establishment of the Notification of Major Military Activities Agreement and the sharing of safety standards for military activities at sea and in the air. An agreement was reached between defense authorities on the Notification of Major Military Activities Agreement in October 2014, followed by rules of behavior for maritime encounters in November and rules of behavior for air encounters in September 2015.

However, China did not halt its actions to change the status quo in the East and South China Seas, which were raising U.S. alarm. Washington considered China's maritime activities as challenging existing international norms, whereas China saw them as legitimate activities to defend its interests. In December 2013, the PRC began reclamation in the Spratly Islands in the South China Sea. In less than two years, by the latter half of 2015, it had reclaimed 3,200 acres, or 64 times the combined total of other claimants (50 acres). In addition, three artificial islands built by China had 3,000-meter-long runways capable of accommodating takeoffs and landings by military aircraft. By October 2015, infrastructure development began. In 2016, Beijing deployed long-range surface-to-air and anti-ship missiles on Woody Island. Regarding these activities, General Fan Changlong, vice chairman of the Central Military Commission (CMC), stated, "China is constructing on its own reefs, which is completely within the scope of its sovereignty and is not conduct worthy of condemnation." ⁵⁷

Moreover, Beijing believed that its overall relationship with the United States could be maintained despite the international community deeming Chinese actions as changing the status quo. During his visit to the United States in September 2015, Xi Jinping stated that if the two sides "uphold the right direction of building a new model of major-power relations," he can have "every confidence about the future of our relations." Discussions between the two countries on the South China Sea dispute remained at a standstill at the eighth U.S.-China Strategic and Economic Dialogue (S&ED), which was held in Beijing shortly after confrontation over the dispute surfaced at the Shangri-La Dialogue in June 2016. Meanwhile, both Chinese and U.S. leadership supported the idea of advancing cooperation in the economic sector and on global issues, and agreements were reached on 120 items in the strategic track and 60 items in the economic track of

the S&ED.⁵⁹ Experts in China understood that economic issues played a role as a "stabilizer" and "propeller" in China-U.S. relations. Xi Daming of the CASS Institute of American Studies noted that, due to "the formation of a structure in which [Chinese and U.S.] interests are fused together," a "multi-dimensional relationship of interdependence" has emerged in many areas such as trade, investment, and finance, indicating that it was possible to maintain the overall China-U.S. relationship.⁶⁰

In January 2017, the Donald Trump administration was inaugurated in the United States. Espousing the "America First" policy, the Trump administration was viewed as somewhat of a challenge by Chinese experts. ⁶¹ Furthermore, after he was elected, president-elect Trump indicated an intention to link trade issues with the Taiwan issue. ⁶² Alarm bells initially rang in China that Trump's perception of the Taiwan issue could undermine the principles of China-U.S. relations. ⁶³ Beijing sought to strengthen its outreach to Trump and those around him, while continuing the "new type of major-power relationship" with the Trump administration. Xi Jinping stated, "Cooperation is the only sound path for China and the U.S., and our two countries can certainly become good cooperation partners."

From early on, the Chinese side signaled that it was ready to accommodate if the Trump administration demanded countries to ensure U.S. national interests. Yang Jiemian, former president of the Shanghai Institutes for International Studies, emphasized, "Cooperation between China and the United States is a historical necessity in the context of prioritizing national interests." Most experts in China were not pessimistic about the prospects of their relationship. Yang noted that the two countries have "already formed a community of interests" in the fields of economics and finance, and that "despite any ripples in the China-U.S. relationship, the overall goal is to develop the relationship by looking forward." Some Chinese officials argued that the Trump administration, which was thought to be free from ideological constraints, presented significant opportunities for China, an economic power. The idea that it could offer many economic benefits to the United States was also a firmly held view in China, especially given the size of its market.

Comprehensive Strategic Competition

In December 2017, the Trump administration released the *National Security Strategy* (NSS) that drew attention to the enhanced capabilities of China and expressed alarm about its intentions. The NSS noted that Beijing is using means, such as foreign economic activities, influence operations, and military intimidation, to realize its political and security agenda. It

further stated, "China seeks to displace the United States in the Indo-Pacific region, expand the reaches of its state-driven economic model, and reorder the region in its favor." The Trump administration ultimately framed the China threat as one based on ideology. In June 2020, National Security Advisor Robert C. O'Brien gave an online lecture entitled, "The Chinese Communist Party's Ideology and Global Ambitions." According to O'Brien, U.S. foreign policy misjudged China because it did "not pay heed to the CCP's ideology." Following this speech, Federal Bureau of Investigation (FBI) Director Christopher Wray, Attorney General William P. Barr, and Secretary of State Michael R. Pompeo gave policy speeches on China from similar perspectives. Meanwhile, the United States bolstered measures against China in the fields of law enforcement and counterintelligence. ⁶⁸

In this political situation, the United States and China would have ordinarily sought to maintain stable overall bilateral relations by strengthening the economic logic. As already mentioned, for some time after Trump's inauguration, Beijing believed that the overall relationship could be maintained by providing the United States with economic benefits. However, as one of its characteristics, the Trump administration's foreign policy applied a security logic to the U.S.-China economic relationship. In the 2017 NSS, "Promote American Prosperity" was established as a pillar of national security. It described that, while the United States must lead in research, technology, invention, and innovation to win the geopolitical competition of the 21st century, competitors such as China are stealing U.S. intellectual property that underpins U.S. leadership. The NSS positioned trade and technological innovation as security issues rooted in a strong sense of urgency. As a result, the basic pattern of the bilateral relationship, i.e., managing political differences and confrontations by strengthening economic relations, became no longer viable.

The U.S.-China trade war which began in early 2018 has led to a technology war between the two countries. From the U.S. perspective, losing technological edge to China could significantly impede the U.S. forces from carrying out operations. The Bureau of Industry and Security (BIS), U.S. Department of Commerce has strengthened regulations, including adding Huawei, China's leading telecom firm, and its affiliate companies to the Entity List (EL), which lists entities that may harm U.S. security or diplomatic interests that are subject to license requirements for export.

Furthermore, the COVID-19 pandemic has intensified the U.S.-China strategic competition since 2020. In late March 2020, China was quick to use authoritarian means to curb the spread of the virus and began to resume economic activity in April. On the diplomatic front, Beijing engaged in "mask diplomacy" and "vaccine diplomacy" to stem the deterioration of

its international image. Meanwhile, COVID-19 continued to spread in the United States, making it the country with the largest number of infections and deaths in the world. The possibility of U.S.-China cooperation to respond to the pandemic was initially discussed. However, as the outbreak in the United States showed no signs of abating, President Trump began to strongly criticize China's political system, linking it to delays in China's initial response and information disclosure. Additionally, concerns about the implementation of the Hong Kong National Security Law and human rights violations in the Xinjiang Uyghur Autonomous Region grew in the United States (particularly in Congress), resulting in the imposition and strengthening of related sanctions.

Such developments culminated in U.S. Secretary of State Pompeo's speech on July 23, 2020, in which he declared an end to the U.S. engagement policy with China that had continued for half a century since President Nixon's visit to the country in 1972. Pompeo stated that the old paradigm of "engagement" did not achieve its purpose and emphasized, "We must not continue it and we must not return to it." As an alternative to engagement, he proposed that the "free world" "triumph[s] over this new tyranny" and advocated using a combination of economic, diplomatic, and military strength for a coordinated approach to counter China. 69

Confrontational Strategic Competition

Since around 2019, China has begun to formulate development strategies and policies revolving around the U.S. policy of strategic competition with China. The 14th Five-Year Plan from 2021 sets out a development goal to "establish a new development paradigm where the domestic circulation serves as the mainstay while the domestic and international circulations reinforce each other." Vice Premier Liu He, a member of the CCP Politburo, explained that this new development goal was set partly to "respond to complex changes in the international environment." 70 "In recent years, populism has flourished in major Western countries. Trade protectionism is on the rise, and economic globalization is facing headwinds. The COVID-19 pandemic has had widespread impact, and anti-globalization trends are more pronounced. Global industry and supply chains have suffered major shocks, and risk is increasing." The concept of domestic circulation was developed in response to the changes in the external environment marked by an intensification of U.S.-China strategic competition. Xi Jinping expressed a similar view at the seventh meeting of the Central Financial and Economic Affairs Commission in April 2020. He emphasized, "the external environment for China's development may

change profoundly."⁷¹ "One of the advantages of being a major economy is that we can achieve complete domestic circulation."

The key to domestic circulation was promoting technological self-reliance and strengthening the resilience of industry and supply chains. ⁷² In other words, China aimed to encourage independent science and technology innovation for increasing international competitiveness and preparing for the United States and other countries' decoupling from China, as well as to build controllable and secure industries and supply chains. This policy orientation was strongly shaped by the struggle for technological supremacy between the Xi and Trump administrations. Xi Jinping called for steppedup domestic circulation efforts from a national security standpoint. ⁷³

In December 2020, China's Export Control Law entered into force. The legislative process took into account the United States' enhancement of export regulations on China. The China formerly had six administrative regulations on export control, each managed by their respective government agency. This structure raised issues about unified management and interagency coordination. In 2016, the enactment of a unified law, the "export control law," was included in the legislative plan of the NPC. In June 2017, the Ministry of Commerce published a draft for public comments, and the Ministry of Justice solicited opinions from 55 related governmental departments. The first draft was deliberated by the NPC Standing Committee in December 2019, followed by the second draft in June 2020 and the third draft in October 2020. The Export Control Law, consisting of five chapters and 49 articles, was passed on October 17.

The wording of the legislative purpose of the Law became a subject of internal debate due to the U.S.-China trade war. The 2017 draft prepared by the Ministry of Commerce stated, "This Law is enacted for the purposes of safeguarding national security and development interest by performing nonproliferation and other international obligations and strengthening export control."75 A debate ensued regarding the order and relationships between the terms, "national security," "development interest," and "international obligations." The first draft in 2019 deliberated by the NPC Standing Committee stated: "performing international obligations and safeguarding national security and development interest." This order was met with objections. The second draft in June 2020 proposed removing "development" and placing "national security and interest" before "international obligations," which is the order that was ultimately adopted for the legislative purpose. The change in order reflected a slew of measures taken by the Trump administration targeting Chinese companies since 2018 on the grounds of U.S. national security.

Additionally, the scope of export control and corresponding measures

were stipulated in response to the strengthened regulations on Chinese companies. As of February 2019, Chinese leadership had called for establishing a legal system for the extraterritorial application of domestic law. The 2020 Export Control Law can apply extraterritorially to persons and organizations abroad. According to Article 44, organizations and individuals outside of China who, in violation of the export control regulations of the Export Control Law, obstruct the fulfilment of international obligations such as non-proliferation and damage China's national security and interests, shall be held legally accountable. As part of this regulatory system for extraterritorial application, the PRC Ministry of Commerce issued the "Regulations on Unreliable Entity List" in September 2020 under the Foreign Trade Law, the State Security Law, among other laws.

The U.S. Trump administration adopted a confrontational stance toward China based on its recognition of strategic competition, and Beijing followed suit by making adjustments to its strategies and policies. The U.S.-China relationship hence became characterized by more confrontational strategic competition.

The Ukraine Crisis and the Russia Factor

In January 2021, the Joseph Biden administration was inaugurated in the United States. In February, Chinese President Xi Jinping spoke by phone with President Biden. Xi underscored the importance of "the sound and stable development of China-U.S. relations" and proposed to increase practical contacts not only between foreign affairs departments but also in fields such as economics, finance, law enforcement, and military. Nonetheless, the view prevailed in China that there would be no fundamental change in the U.S. approach and policies toward the PRC, which emphasize strategic competition. The annual report of the CASS Institute of American Studies predicted: "The Biden administration will regard China as a major competitor of the United States. To safeguard U.S. national interests and the U.S.-led international order, it will maintain a strategic posture toward China with an emphasis on pressure."

In March 2021, a U.S.-China high-level meeting was held in Anchorage, Alaska. This meeting, which China calls the "high-level strategic dialogue," was attended by Yang Jiechi, a CCP Politburo member and director of the Office of the Foreign Affairs Commission, and Wang Yi, state councilor and minister of foreign affairs, from the Chinese side, and by Antony Blinken, secretary of state, and Jake Sullivan, national security advisor, from the U.S. side.⁸¹ The meeting once again brought into sharp focus their confrontation over their views on international order and values. At the beginning of the

meeting, Secretary Blinken stated that, "Our administration is committed to leading with diplomacy to advance the interests of the United States and to strengthen the rules-based international order." He then touched on issues such as Xinjiang Uyghur Autonomous Region, Hong Kong, Taiwan, cyberattacks, and economic coercion, and expressed "deep concerns" over China's responses, stating that they "threaten the rules-based order."

Yang Jiechi strongly refuted these claims. ⁸³ "China stands for safeguarding the international system with the UN at the core and the international order based on international law, rather than the order based on the rules formulated by a small number of countries. Most countries in the world do not recognize that the U.S. values represent the international values, do not recognize that what the United States says represents the international public opinion, and do not recognize that the rules formulated by a few countries represent international rules. The United States has its own model of democracy, and China has its own style. [...] The CCP's leadership and China's political system are supported wholeheartedly by the Chinese people, and any attempt to change China's social system will be futile." Furthermore, Yang severely criticized the U.S. foreign strategy in terms of hegemonism: "The problem is that the United States suppresses by exercising jurisdiction far beyond its borders, as well as expands and applies its national security through military muscle and financial hegemony."

In November 2021, President Xi Jinping held an online meeting with President Biden. Xi reiterated his call for the establishment of a "sound and stable China-U.S. relationship." For his part, President Biden advocated the need for "common-sense guardrails" to maintain two-way communication to prevent U.S.-China competition from escalating into conflict. While the two leaders concurred on the need to manage the bilateral relationship, it was evident that their strategic competition had intensified. According to the assessment in a CASS situation report, the threat perception of China deepened in the United States under the Biden administration.⁸⁴ Beijing became highly alarmed that this growing perception was prompting the United States to ratchet up its military presence in the Western Pacific and to reinforce its network of allies and partners under the "Indo-Pacific" strategy. Specifically, China criticized the boosted profile of the quadrilateral security cooperation (Quad) among Japan, the United States, Australia, and India, the security partnership between Australia, the United Kingdom, and the United States (AUKUS), and the enhancement of the Five Eyes intelligencesharing alliance among the United States, the United Kingdom, Canada, Australia, and New Zealand.

Furthermore, Russia's invasion of Ukraine at the end of February 2022 added a Russia factor to the U.S.-China strategic competition. Since the fall

of 2021, Washington had informed Beijing about Russian military activities near the Ukrainian border. ⁸⁵ This stirred a backlash in China, which accused the United States of shifting responsibility onto China and attempting to drive a wedge between China and Russia. In early February 2022, Chinese President Xi Jinping and his Russian counterpart Vladimir Putin issued a lengthy joint statement stating, "Friendship between the two States has no limits, there are no forbidden areas of cooperation," and confirmed to deepen their "strategic cooperation." Based on this agreement, China demonstrated understanding and support for Russia's position even after its invasion of Ukraine and aimed to "elevate China-Russia relations to an even higher level without severing the ties."

Moreover, since the latter half of March, Chinese leadership launched a domestic campaign to justify Sino-Russian strategic partnership, blaming the root cause of the Ukraine crisis on U.S. hegemonic behavior. From late March to mid-April, the *People's Daily* published a series of 10 columns criticizing U.S. hegemony under "Zhong Sheng (钟声)," a pen name used by the International Department of the *People's Daily*. The first column at the outset noted, "Behind the Ukraine crisis is the shadow of U.S.-style hegemony. The eastward enlargement of the North Atlantic Treaty Organization (NATO), led by the United States, is the root of the Ukraine crisis. The United States is the one that created the Ukraine crisis."⁸⁷

Beijing maintained its strategic partnership with Moscow, despite Russia's use of force to change borders in neglect of international law and norms. In addition, China attributed the root cause of the Ukraine crisis to U.S. hegemonism, making it difficult to build a "sound and stable" relationship with the United States. Furthermore, China strongly criticized U.S. moves to bolster its relationship with Taiwan. In online meetings in November 2021 and March 2022, President Biden indicated that the United States: (1) does not seek a "new Cold War"; (2) does not seek to change China's system; (3) does not seek to strengthen alliances against China; and (4) does not support "Taiwan independence" and has no intention of seeking conflict with China. Nevertheless, in the March online meeting, Xi Jinping stated, "the China-U.S. relationship, instead of getting out of the predicament created by the previous U.S. administration, has encountered a growing number of challenges," and in particular, warned that "Mishandling of the Taiwan question will have a disruptive impact on the bilateral ties." Because of strong distrust and dissatisfaction with the United States, Beijing stuck to its partnership with Russia.88

At the Annual Conference of the Boao Forum for Asia in April 2022, Xi Jinping stated that "China would like to propose a Global Security Initiative (GSI) to promote the global sharing of safety and danger," and presented the

fundamental position on security that China and the world should uphold.⁸⁹ The initiative has common ground with the international context aspects of the Overall National Security Concept, and extends the tenets in the Asian Security Concept to the global stage. Notably, Xi stated that China will "stay committed to taking the legitimate security concerns of all countries seriously, uphold the principle of indivisible security, build a balanced, effective and sustainable security architecture [...]." This was in alignment with Russia's criticism of NATO's eastward enlargement in relation to the Ukraine crisis. However, it should be noted that GSI was proposed at a forum in Asia, and it encapsulated criticism of U.S. moves to strengthen military cooperation with its allies and partners in areas surrounding China.

At the Japan-U.S. Summit held in the following May, the two sides concurred to strengthen the deterrence and response capabilities of the Japan-U.S. Alliance, referring to "continuing actions by China that are inconsistent with the international rules-based order." At the Quad Summit held the day after the Japan-U.S. Summit, the Quad leaders expressed their commitment to "meet challenges to the maritime rules-based order" and confirmed joint commitments in areas such as infrastructure as well as critical and emerging technologies. Both were fully cognizant of the competition with China and were policies that sowed divisions.

State Councilor Wang Yi of China termed this political landscape the "shadow of a 'new Cold War."" According to Wang, the United States is using its Indo-Pacific strategy to divide the region and wage a new Cold War, while the Quad and AUKUS are attempts to link military alliances to create an Asia-Pacific version of NATO. The GSI's proposal reflected the Chinese leadership's concern that the "shadow of a 'new Cold War'" could be cast over Asia and cement the confrontational approach toward China. Therefore, President Xi Jinping, when proposing the GSI, emphasized the importance of peace, cooperation, and unity in Asia. In addition, at fora such as BRICS, BRICS Plus, and SCO, Chinese diplomacy has since then sought to gain support for the GSI, coupled with the Global Development Initiative (GDI) proposed by Xi in September 2021.91

The Ukraine crisis has added a Russia factor to the strategic competition between China and the United States. Additionally, subsequent Chinese diplomacy has extended the strategic competition to China's periphery, emerging countries, and other regions. In other words, the China-U.S. strategic competition has taken on an increasingly global dimension.

Conclusion

Xi Jinping's policy of "major-power diplomacy with Chinese characteristics" is based on the premise that Hu Jintao's foreign policy did not function sufficiently, both domestically and internationally. In the context of the power shift since the latter half of the 2000s, calls for proactive diplomacy intensified in the domestic discourse. They increasingly advocated for proactive outreach to countries around the world to raise the international standing and role of China, as well as defend its sovereignty and security interests. However, the Hu Jintao administration maintained a cautious foreign policy stance, which identified economic development as the central task, and affirmed a compromise policy of "uphold keeping a low profile and actively making achievements." However, there was no domestic consensus on whether to focus on "keeping a low profile" or "making achievements," or on the order of priority of national interests. One of the areas for limited proactive diplomacy was reform of the international economic and financial system. However, Hu Jintao aimed for gradual reform within the system and lacked specific initiatives.

The foreign policy of "striving for achievement" adopted by the Xi Jinping administration aims to implement proactive diplomacy with an emphasis on "actively making achievements." Unlike the cautious leaderships and administrations of the past, Xi Jinping projected China as a major power, domestically and internationally. The Xi administration pursued "major-power diplomacy with Chinese characteristics" aimed at building a "community of shared future for mankind," and began to take the initiative in shaping the international order as epitomized by the BRI. Beijing's initiatives started with building connectivity with periphery countries and regions and have ventured into establishing new institutions, such as the AIIB. All these initiatives are attempts to provide international public goods based on China's enhanced economic strength, with the efforts to shape the international order being carried out mainly in the economic sector. Meanwhile, Beijing's initiatives in the security field have been limited. While it criticizes U.S. alliances, initiatives have been confined to presenting concepts, such as the new security concept and the Asian security concept. Consequently, the buildup of China's military capabilities has become more confrontational toward periphery countries and the United States.

Xi Jinping attributed the challenges of international order-making to China's inferiority in discourse power—the ability to exert international influence over claims and narratives. As a prerequisite for enhancing discourse power, the leadership called for building up "confidence" in the elements that make up discourse power, i.e., "the path, the theory,

the system, and the culture of socialism with Chinese characteristics." Furthermore, it emphasized the superiority of the CCP's rule and socialist system as the basis for this confidence. Domestically, Beijing's discourse has come to increasingly stress the strengthening of authoritarianism, and externally, the contrast to Western narratives and values based on the existing international order.

The policy pursued by the Xi Jinping administration has prompted and enhanced the strategic competition dynamic between China and the United States. Moreover, a growing suspicion toward China has led both the Trump and Biden administrations to apply a national security logic to the economic relationship with the PRC, particularly to competition over advanced technology. This has compromised the traditional pattern of the U.S.-China relationship, which manages political differences and confrontations by emphasizing the benefits of economic ties. Furthermore, with the COVID-19 pandemic, U.S. suspicions of China became linked to concerns and criticisms of the CCP's rule. The United States thus adopted a heavy-handed competitive approach toward China, which touched on Chinese "core interests," such as Xinjiang and Taiwan. Beijing likewise has incorporated responses to the China-U.S. strategic competition into its development strategies and specific policies since around 2019. As strategic competition became entrenched, the Russian invasion of Ukraine occurred, and Beijing remained steadfast in maintaining its strategic alignment with Russia. This policy has contributed to the creation of great power competition dynamics interweaved with the United States versus China/ Russia and the West versus China/Russia divisions.