

# Beijing considers response to US diplomatic offensive

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US President Obama's diplomatic offensive in Asia, graphically on display during his tour last week, has compelled the Chinese ruling elite to reconsider its economic and strategic position in the Asia-Pacific. What happened particularly at the East Asia Summit in Bali represented a major blow to China's diplomatic efforts over the past decade, during which it has spent huge amounts on loans and aid to countries in Asia, as well as Africa and other regions.

At the APEC summit in Honolulu, Obama gained broad support to establish a Trans-Pacific Partnership (TPP) free trade zone designed to force China to accept US trade terms. In Canberra, he secured agreements to deploy US troops to northern Australia. At the Bali summit, Chinese Premier Wen Jiabao was isolated, unable to prevent the disputed waters of the South China Sea being discussed at Obama's insistence.

Beijing was rebuffed even though China's trade with the Association of South East Asian Nations (ASEAN) reached \$292 billion in 2010—eclipsing the US-ASEAN trade of \$178 billion. China-ASEAN trade was expected to hit \$400 billion this year, according to Wen. The events in Bali have called into question Beijing's previous assumption that its political influence would expand alongside its burgeoning economic relations.

The most striking case is the Philippines. President Benigno Aquino III visited China in August and secured billions of dollars of investment agreements, including for industrial plants. However, the same Aquino is cementing closer military ties with US and spearheading the charge against China in the South China Sea. He has invited Western corporations to exploit energy resources in disputed maritime areas.

The support for the TPP at Bali, including by Japan, was a setback to Beijing's plans to create a trade bloc based on ASEAN plus Three (China, Japan and South Korea). A *People's Daily* commentary on Monday voiced Beijing's anger: "If Asian countries do not cooperate more closely and reduce their excessive dependence on the Western economy, Asia will turn into a 'flooded area' whenever a financial storm comes."

Beijing's debacle in Bali must inevitably force the Chinese Communist Party (CCP) to reconsider its current doctrine of China's "peaceful rise", which was associated with the installation of President Hu Jintao in 2002-03. China's "peaceful rise" during the past decade was made possible because the former Bush administration, which initially took a hard-line stance toward China, turned to the "war on terror" in Afghanistan and Iraq. While Washington became bogged down in the two wars, Beijing expanded its economic ties and diplomatic influence in Asia and internationally.

The "peaceful rise" doctrine has, however, come under growing criticism in Beijing, because of Obama's aggressive "pivot" from the Middle East to confront China on every issue—from an allegedly undervalued Chinese currency, to China's supposed obstruction of "freedom of navigation" in the South China Sea.

The debate started earlier this year after the beginning of the NATO bombing of Libya, putting tens of billions of dollars in Chinese investment at risk. As well as prosecuting its agenda in North Africa, the Obama administration used the Libyan war to teach China a lesson: that US military might could be rapidly deployed in Africa and other parts of the world to undermine China's economic power. Sections of the Chinese ruling elite pushed for a military build-up to counter the US.

The factional divisions in Beijing over “war” or “peace” re-emerged over the South China Sea—an area adjacent to China of particular economic and strategic importance.

The “peace” faction’s stance was exemplified by a comment by Wu Jiangmin, president of the Shanghai Research Centre of International Issues, in June. He suggested that the Chinese government’s “restraint” over the disputed waters was “an expression of self-confidence.” He opposed calls to use force to settle the territorial disputes, arguing that given rapidly growing trade in the region, there were “more common interests” between China and South East Asian countries than conflicts. Moreover, he insisted that China had to maintain a peaceful environment for another 30 to 50 years before it could emerge as a fully modernised power.

Wu expressed views found in the Chinese capitalist elite and the ruling bureaucracy, especially among those whose fortunes depend on China acting as the main manufacturing regional hub that draws on parts, raw materials and capital goods from throughout Asia. These elements fear that an open confrontation with America would have severe economic repercussions for China.

In the opposite camp was Long Tao, a China Energy Fund Committee strategic analyst, who called on Beijing to teach the Philippines a lesson, by following the example of Russia’s war against US-backed Georgia in 2008. “Russia’s decisive move on Caspian Sea issues in 2008 proved that actions from bigger countries might cause a shockwave for a little while but will provide its region with long-term peace,” he wrote.

Those arguing for an aggressive defence of China’s commercial and geostrategic interests reflect a frustration within the country’s capitalist elite over China’s lack of status in the existing Asia-Pacific order that arose from the post-World War II dominance of the US. They are well aware that US moves to strengthen military ties in South East Asia and Australia are aimed enhancing its control of key shipping lanes on which China relies for its vast imports of energy and raw materials from the Middle East and Africa.

As an article in China’s *World News Journal* on November 22 noted: “The purpose of US military

interference into the South China Sea is to ensure US control of this golden passage. For China, the Strait of Malacca is its lifeline of oil shipment. Darwin is close to both the Strait of Malacca and the international shipping routes in the Indian Ocean. The US deployment of forces here is undoubtedly seeking to establish a grip over the choke point of China’s energy shipping lines.”

Obama’s push into Asia is strengthening the “war” faction in Beijing. Song Xiaojun, a prominent nationalist figure and strategic analyst, declared that because Australia had sided with the US, rather than China, Beijing should target Australia with strategic nuclear missiles. Another leading military analyst Ma Dingsheng argued on the Hong Kong-based TV channel Phoenix that, given the booming trade between Australia and China, “it would be best to keep Australia out of war.” However, because “Australia is playing a role supplying naval ports and air bases [for the US], it is now a nest that must be targeted.”

As for the Philippines, an editorial in the hawkish state-owned *Global Times* last week called for the country to be punished economically in order to “prevent another country taking a leaf out of Philippines’ book against China.” The editorial proposed delaying Chinese investment agreements with the Philippines, cutting imports from the country and imposing a travel boycott. The newspaper called for a war against the Philippines if necessary, in order to “shock” neighbouring countries.

These discussions in Chinese ruling circles underscore the recklessness of the Obama administration’s bid to reassert American dominance in Asia. It sets the region and the world on a dangerous course towards confrontation and war.



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