CHAPTER 2

CHINA’S RISE AND THE DURABILITY OF U.S. LEADERSHIP IN ASIA

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How Does China’s Rise Affect U.S. Leadership in Asia?

China’s rising importance in world affairs, and especially in neighboring Asian countries, represents a major change in Asian affairs in the early twenty-first century. China’s impressive economic growth and attentive diplomacy have generally fit in well with the interests of Asian countries and ongoing Asian efforts to develop multilateral mechanisms to deal with regional and other issues. China’s buildup of military power also advances at an impressive rate. Its significance tends to be played down by Chinese leaders seeking to reassure Asian neighbors of China’s peaceful intentions.

Perhaps of most importance, China is now a manufacturing base and central destination in the burgeoning intra-Asia and international trading networks producing goods, notably for export to developed countries. China is the world’s third largest trader and about half of its trade, including trade with Asian neighbors, involves trading arrangements where components and materials come from overseas and the finished products are sold abroad.¹

There is also large-scale development of Chinese infrastructure. The massive investment in fixed assets—plant, property, and infrastructure—continues at an impressive rate. Capital investment, as a share of gross domestic product (GDP), is so high that the level is widely seen in both China and abroad as unsustainable, but nonetheless, it is continuing for the time being.² In Asia, China is a top trader

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with such key neighbors as South Korea, Japan, and Taiwan, and a number of Southeast Asian countries. China has emerged among the top ranks in the production of steel and other metals, cement, ships, cars, electronic goods, and textiles; and in the consumption of international raw materials.³

Based on recent trade growth averaging double the impressive rate of the Chinese economy, Chinese officials have built closer political ties with neighboring countries through effective and often high-level diplomacy that is attentive to the interests of neighboring Asian governments. Putting aside or narrowing differences in the interest of broadening common ground, Chinese diplomacy has been welcomed by most neighbors, especially as it contrasts positively with the sometimes maladroit and disruptive Chinese policies of the past. Chinese leaders have notably put aside past suspicion of Asian multilateral organizations and have strongly embraced burgeoning Asian groupings—some excluding the United States and other non-Asian powers—to the satisfaction of other regional participants.

The Chinese approach to Asia has developed gradually in the post-cold war period and most Chinese motives appear clear to outside observers. Chinese leaders want to secure their periphery in Asia and maintain stable relations in order to focus on key Chinese domestic issues involving economic growth and political stability. Needing economic growth at home, Chinese leaders endeavor to maximize effective economic interchange with neighboring countries. Strong Chinese nationalism and Taiwan’s moves toward independence prompt Chinese leaders to step-up efforts to isolate Taiwan in Asia. Chinese leaders are also anxious to reassure neighbors and offset fears and wariness stemming from the rapid rise of China’s economic and related military power. While there is broad agreement on the above Chinese motives, there is debate among specialists over how much influence China actually exerts in Asia and what this means for U.S. interests.⁴

The majority of commentaries and assessments of China’s rise and Asian regionalism tends to highlight China’s strengths and U.S. weaknesses.⁵ Commentators often contrast growing Chinese-Asian trade figures, diplomatic activities, and positive public opinion polls with the perceived decline in U.S. influence in Asia on account of U.S. preoccupations elsewhere, military assertiveness, and poor diplomacy. They see U.S. emphasis on geostrategic issues, notably combating international terrorists, much less attractive to Asian governments and people than China’s accommodating geoeconomic emphasis.