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## **NDA-FOI Joint Seminar**

# **China's Use of Influence in the Indo-Pacific: Patterns and Regional Insights**

**Coedited by**

**Hideya Kurata and Oscar Almén**



**Global Security Seminar Series No.7**

**NDA-FOI Joint Seminar**

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March 2024

Center for Global Security, National Defense Academy  
Yokosuka, Japan

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## GLOBAL SECURITY SEMINAR SERIES

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This volume is based on the working papers presented at the NDA-FOI Joint Seminars on “China’s Use of Influence in the Indo-Pacific: Patterns and Regional Insights” held on February 22, 2023. Most of the chapters are revised or up-dated to reflect the views expressed during the course of the seminar.

On behalf of GS and FOI, we would like to express our sincere appreciations not only to the contributors for their precious time and efforts in the process of this publication, but also to all those who attended the seminar and participated in the discussions. The views expressed in each of the chapters, however, strictly represent those of the respective authors, and so go the credits.

We hope the insights shared by the authors here invite a new round of discussion among readers. Comments and suggestions on our joint research project are more than welcome.

March 2024  
Hiroaki Tanaka  
Director of Center for Global Security  
National Defense Academy

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## INTRODUCTION

*Hideya Kurata and Oscar Almén*

The continued rise of China toward great power prominence has had consequences on the global arena, but especially throughout the Indo-Pacific region. From the Korean Peninsula and the Taiwan Strait to Southeast Asia and its relations with India, China has been asserting its influence through military power and gray-zone activities. China's influence and projections of power in the Indo-Pacific affect not only regional powers but also Europe. Here, at stake are not only questions of territory and the regional balance of power but fundamentally the US-led liberal rule-based world order. In addition, the repercussions of a serious military conflict, for example a Chinese attack on Taiwan, would be enormous for European countries. There is a continually growing need to increase our understanding of China's security strategies and behaviors. Every bilateral relationship is unique, as is every conflict, and important insights can be drawn from a comparison of the different experiences of Chinese influence. In the study we refer to influence in a broad sense by looking at means, ends and outcome. This comparative study explores the following questions: What behavioral patterns can be observed in China's influence activities in different regions? What important differences stand out? When did China's growing economic and military capacity translate into increased influence, and when did it backfire and result in reduced influence?

This publication provides perspectives from Japan and Sweden on Chinese influence in the Indo-Pacific region. It is part of a series of collaborative studies conducted between Japan's Global Security Center, part of the National Defense Academy (NDA), and the Swedish Defence Research Agency (FOI). This study is based on papers submitted to the seminar "China's Use of Influence in the Indo-Pacific: Patterns and Regional Insights," held at the NDA on February 22, 2023. A regional focus on China's influence in the region was determined by both sides before the onset of the COVID-19 pandemic in 2020, during which the seminar was put on hold. As the pandemic subsided, the seminar resumed at a time when the world faced a new

challenge in the form of Russia's full-scale invasion in Ukraine initiated one year earlier. While this war is taking place in Europe, the Russian invasion forms a fundamental challenge to the US-led liberal, rules-based world order, with implications for the Indo-Pacific region, and it has implications for also for China's strategic thinking, not least with regard its intention to absorb Taiwan. However, Chinese influence in the Indo-Pacific extends far beyond Taiwan. This series of articles examines China as a security actor and its influence throughout the region, including the Korean Peninsula, South Asia, and Southeast Asia.

The first section of the report focuses on China as a military actor. First, Professor Masafumi Iida, Head of the China Division, Regional Studies Department of the National Institute for Defense Studies (NIDS), and Per Olsson, researcher at the Department of Defence Economics at FOI, analyzed China's military capabilities in the Indo-Pacific region, depicting their patterns and recent characteristics. To understand how the Japan–US alliance is addressing this issue, Professor Mataka Kamiya, at the Department of International Relations, NDA, examines the Japan–US alliance as an alliance against China and discusses it in relation to statements by the leaders of the two countries. This study also examines how China's influence is being felt in Europe, along with how Taiwan is attempting to counter it, including how European countries are responding. Dr. Johan Englund, researcher at the Asia program at FOI, provides an analysis of China's efforts to isolate Taiwan through influence campaigns directed at European countries.

The following section examines China's role in the Korean Peninsula, with chapters by Professor Hideya Kurata at the Department of International Relations of the NDA and Dr. Christopher Weidacher Hsiung, researcher at the Asia Program at FOI. Professor Kurata examines China's influence on the Korean Peninsula across two dimensions: that of establishing a peace regime unique to the Korean Peninsula and US–China cooperation in the UN Security Council to curb North Korea's nuclear weapons development. Dr. Hsiung traces how China and Russia have responded to North Korea's nuclear weapons program and other issues in the political/diplomatic and security dimensions.



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The final section deals with China's exercise of its influences in the western and southern areas of the Indo-Pacific region. Dr. Masahiro Kurita, Senior Research Fellow in the Policy Simulation Department at NIDS, and Dr. Oscar Almén, Head of the Asia Program at FOI, analyze Chinese influence in South Asia. Dr. Kurita, focusing on China's Belt and Road Initiative, examines the country's interests and the diversity of its involvement in South Asia, painting a picture of the reality of China's influence. By contrast, Dr. Oscar Almén analyses Chinese perspectives on China's influence and its limitations in South Asia with a focus on the Sino-Indian border dispute. Finally, former Professor Teruhiko Fukushima at the Department of International Relations of NDA and a visiting professor at the Kanazawa Institute of Technology, examines China's influence over Australia from 1996 to the present by successive Australian administrations.

We believe that this study can illuminate the extent but also limits of China's influence across regions of the Indo-Pacific. To that extent, we believe that this study will benefit those who study China's military power and those in various regions. We hope that this research will be part of future studies to generalize China's use of influence throughout the region. We are grateful to everyone involved in this study and its publication.

March 2024

## CHAPTER 1

# China's Military Influence in the Indo-Pacific Region

*Masafumi Iida*

## INTRODUCTION

The People's Republic of China (PRC) has been rapidly modernizing its military for more than three decades. With the growing capabilities of the People's Liberation Army (PLA)—particularly the PLA Navy (PLAN), Air Force (PLAAF), and Rocket Force—China has steadily expanded its military influence in the Indo-Pacific region. In the East China Sea, China is intensifying its challenges to Japan's territorial claims over the Senkaku Islands. Indeed, the China Coast Guard (CCG), supported by the PLAN, has been conducting continuous operations in Japanese territorial waters and contiguous zones. In the South China Sea, China has constructed artificial islands and established military bases, enabling the PLAN, CCG, and Maritime Militia to enhance their capacity to resist countries making maritime claims over disputed waters, such as the Philippines and Vietnam. The PLA has also increased its activities around Taiwan. For example, the PLA frequently flies aircraft into Taiwan's Air Defense Identification Zone (ADIZ) and conducts large-scale military exercises. The vigorous and sometimes aggressive maritime posture assumed by the Chinese military has led regional countries, including Japan, to develop serious security concerns.<sup>1</sup> The PLA has been gradually expanding its area of operations beyond the "first island chain" and into the Western Pacific and Indian Ocean. Consequently, China's military influence in the Indo-Pacific region continues to increase, impacting the regional security environment.

This paper examines the history of Chinese national security and elucidates how these changes have influenced the Chinese military's ongoing maritime expansion. The paper also discusses the major objectives behind China's expansion of its military influence in the Indo-Pacific region and analyzes the Chinese military's activities in the region and their strategic implications for the future security order. Finally, the paper introduces several policy recommendations that Japan and European states could adopt to maintain a rules-based international order that opposes China's growing revisionism.

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<sup>1</sup> Japan Ministry of Defense, *Defense of Japan 2023*, July 2023, p. 70.

## CHINA'S MARITIME EXPANSION

The Chinese military's expanding projection of power in its peripheral waters during the post-Cold War era must be understood within the context of the changing historical conditions of China's security environment. Since its founding in 1949, the PRC has faced security threats and concerns from various bordering countries. In October 1950, the Chinese military, then known as the People's Volunteer Army, crossed the Yalu River to provide support to North Korea, resulting in a nearly three-year bloody war against United Nations forces led by the US on the Korean Peninsula. In October 1962, the PLA launched attacks against the Indian Army over disputed land borders in eastern and western China, causing India to harbor deep hostility toward China. The antagonism between the two countries resulted in a prolonged military standoff in the Himalayas. In March 1969, the PLA clashed with Soviet border guards on the disputed Damansky (Zhenbao) Island near the Ussuri (Wusuli) River. This was followed by a military confrontation over the border between Xinjiang and Russia in August of the same year. Furthermore, the Sino-Vietnamese War began in February 1979 when China invaded the northern part of Vietnam by crossing the China–Vietnam land border. Military skirmishes between the two countries continued throughout the 1980s, even after the PLA withdrew from Vietnamese territory in March 1979. The history of the wars that the PRC has participated in indicates that the majority of security threats faced by China have come from bordering countries.

However, the end of the Cold War and the collapse of the Soviet Union led to a significant shift in China's security environment. In late 1991, the PRC came to share land borders with newly independent Central Asian nations. Soon after, in 1992, China began negotiations on confidence-building measures and border agreements with Kazakhstan, Kyrgyzstan, Tajikistan, and Russia. In April 1996, these five countries signed a confidence-building agreement, and in April 1997, they signed an additional agreement on reducing the presence of military forces along their common borders.<sup>2</sup> In 2002, China signed border demarcation agreements with Kazakhstan and Tajikistan, and in 2004, it signed similar agreements with Kyrgyzstan and Russia. Moreover, China signed the China–Vietnam Land Border Treaty with Vietnam in December 1999.<sup>3</sup> Completing these land border demarcation agreements with the majority of its neighbors significantly

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<sup>2</sup> Sun Zhuangzhi, "The Relationship between China and Central Asia", Iwashita Akihiro (ed.), *Eager Eyes Fixed on Eurasia: Russia and Its Neighbors in Crisis*, *Slavic Eurasian Studies*, Volume 1, Number 16, June 2007, p. 54.

<sup>3</sup> "China and Vietnam Sign Land Border Treaty, Ministry of Foreign Affairs, December 15, 2000", [https://www.fmprc.gov.cn/eng/gjhdq\\_665435/2675\\_665437/2792\\_663578/2793\\_663580/200011/t20001115\\_525037.html](https://www.fmprc.gov.cn/eng/gjhdq_665435/2675_665437/2792_663578/2793_663580/200011/t20001115_525037.html).

reduced the threats posed to China's security by land border disputes. Nevertheless, the situation between China and India in the Himalayas remained contentious.

This substantial reduction of land-based security threats enabled the PLA to shift the focus of its power projection initiatives from land borders to maritime areas, where the PRC claims the so-called "lost territories" exist. The Chinese Communist Party (CCP) regards Taiwan, the Senkaku Islands, and the Spratly Islands as PRC territories. To achieve the strategic goal of the "great rejuvenation of the Chinese nation", it is imperative for China to establish control over these islands. However, these islands are located far from Chinese coastal areas, and therefore, establishing control over them will require the PLA to enhance its maritime capabilities as a prerequisite to increasing its military presence in the Taiwan Strait, East China Sea, and South China Sea. Therefore, the Chinese military's objective of solving these maritime territorial problems has driven it to expand into East Asian waters in the 21st century.

China's remarkable economic development is another important factor motivating the PRC to increase its maritime power projection capabilities. Since first implementing economic reforms and opening-up policies in the late 1970s, China has achieved dramatic economic growth, with the country emerging as the world's second-largest economy after the US. As the Chinese economy rapidly expands, China's demand for energy sources such as oil and natural gas is increasing dramatically. Until the 1980s, China produced enough oil to meet domestic demand, making it a net oil exporter. However, in the early 1990s, China's oil consumption substantially increased alongside stagnated domestic oil production, and by 1993, China had gone from a net oil exporter to a net importer.<sup>4</sup> This surge in energy demand may have motivated China to take action to secure peripheral waters for oil and natural gas exploration. In the South China Sea, the PLA attacked Vietnamese forces in 1988 and occupied six shoals. Moreover, in 1995, China forced the Philippines to surrender control over the Mischief Reef to Beijing. In the 1990s, China also unilaterally engaged in oil and gas exploration in the East China Sea.

The rapid growth of the Chinese economy has made the sea lines of communications (SLOCs) strategically important for China's security. China imports large amounts of oil from the Middle East and Africa, transporting this oil via SLOC through the Malacca Strait, into the South China Sea, and finally to Chinese coastal cities. In 2015, more than 80% of China's oil imports and approximately 30% of its natural gas imports passed

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<sup>4</sup> Li Zhidong, Ito Kokichi, and Komiyama Ryoichi, "Energy Demand and Supply Outlook in China for 2030 and A North Asian Energy Community", p. 2.

through the Strait of Malacca.<sup>5</sup> As the world's largest trading nation, China depends heavily on maritime routes to conduct trade. In 2016, nearly 40% of China's trade passed through the South China Sea.<sup>6</sup> The increasing dependence of China's oil imports and trade on sea lanes, particularly those transiting the Malacca Strait and the South China Sea, requires China to expand its maritime power projection capabilities and strengthen its control of the SLOC.<sup>7</sup>

As the Chinese Government continues to promote economic globalization, Chinese companies and workers are increasingly expanding into foreign countries and markets. This, in turn, necessitates that the Chinese Government strive to protect them in service of its national interests.<sup>8</sup> At the Central Conference on Work Relating to Foreign Affairs held in August 2006, Hu Jintao, the General Secretary of the CCP, urged that China should incessantly strive to enhance its capabilities to protect "overseas interests", given that large numbers of Chinese companies and citizens are active abroad.<sup>9</sup> A Defense White Paper published in April 2013 by the Chinese Government emphasized the importance of protecting overseas interests as an "important... means for the PLA to safeguard national interests and fulfill China's international obligations".<sup>10</sup> This new prioritization of overseas interests has accelerated the PLA's efforts to enhance its power projection and overseas operational capabilities and expand its presence and influence beyond the first island chain.

## CHINA'S INCREASING MILITARY INFLUENCE IN EAST ASIAN WATERS

In an effort to expand its sphere of operational capabilities beyond the immediate area of mainland China, the Chinese military has strengthened its maritime presence and influence in the East Asian region. In the East China Sea, Chinese military vessels have

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<sup>5</sup> *Annual Report to Congress: Military and Security Developments Involving the People's Republic of China 2016*, Washington DC: Office of Secretary of Defense, April 2016, pp. 41-42.

<sup>6</sup> China Power Team, "How Much Trade Transits the South China Sea, China Power, August 2, 2017", <https://chinapower.csis.org/much-trade-transits-south-china-sea/>.

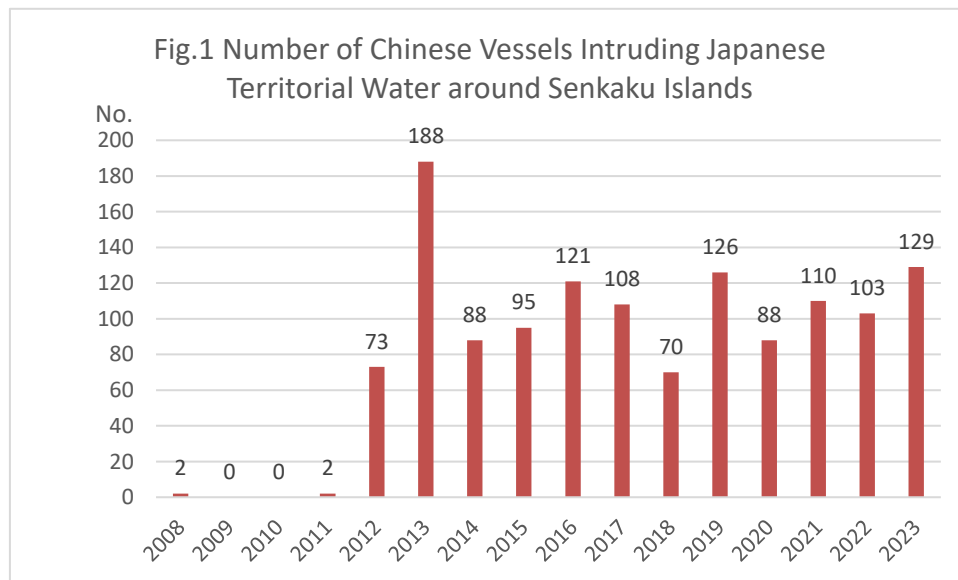
<sup>7</sup> Xie Zhihai, "China's Rising Maritime Strategy: Implications for Its Territorial Disputes", *The Journal of Contemporary East Asian Studies*, Volume 3, Number 2 (March 2017), p. 117.

<sup>8</sup> For detailed discussion, See, Mathieu Duchâtel, Oliver Bräuner, and Zhou Hang, *SIPRI Policy Paper No. 41, Protecting China's Overseas Interests: The Slow Shift Away from Non-interference*, Stockholm: Stockholm International Peace Research Institute, June 2014.

<sup>9</sup> 胡锦涛 (Hu Jintao), "国际形势和外事工作 (International Situation and Work Relating to Foreign Affairs)", *胡锦涛文选 第二卷 (Selected Works of Hu Jintao, Vol. 2)*, September 2016, p. 517, <https://ebook.dswxyjy.org.cn/dswxbooks/storage/files/20220801/ec8131a7347739d2de261112e2a1c39f65275/mobile/index.html>.

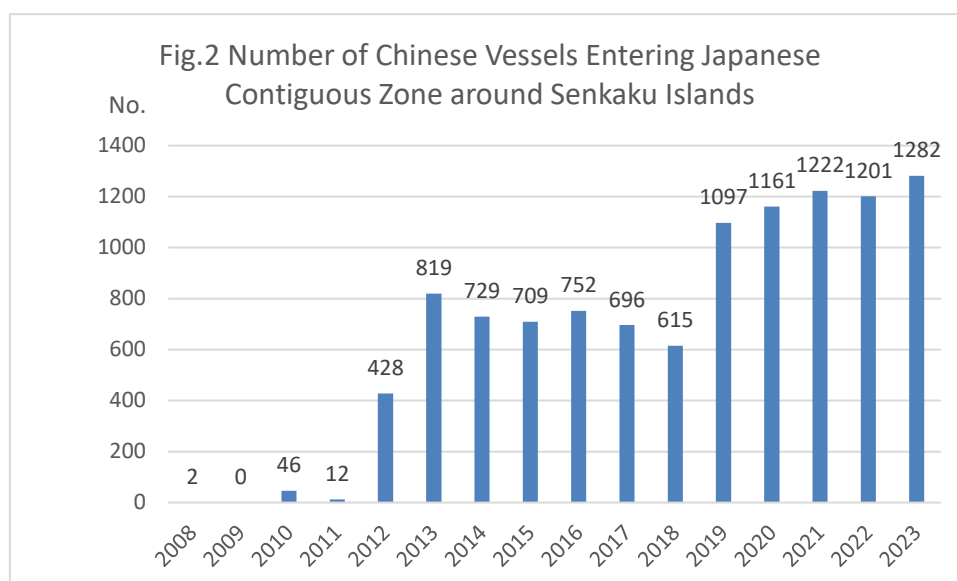
<sup>10</sup> "The Diversified Employment of China's Armed Forces, Information Office of the State Council, March 2013", [https://english.www.gov.cn/archive/white\\_paper/2014/08/23/content\\_281474982986506.htm](https://english.www.gov.cn/archive/white_paper/2014/08/23/content_281474982986506.htm).

repeatedly intruded on Japanese territorial waters around the Senkaku Islands. In December 2008, two vessels belonging to China's State Oceanic Administration invaded Japanese waters surrounding the Senkaku Islands for the first time. In September 2012, the PRC deployed over ten government vessels into these same waters in response to Japan's decision to transfer the ownership of three of the Senkaku Islands from private citizens to the government. Since then, the CCG and other Chinese Government ships have continued to operate within Japan's contiguous zone, and Chinese vessels have intruded into Japan's territorial waters several times a month.<sup>11</sup> The CCG, which was founded in 2013 through the merging of four maritime agencies, was reformulated as the People's Armed Police (PAP) in 2018. The PAP is directly controlled by the Central Military Commission as a part of the Chinese military, meaning that the CCG is no longer a civilian agency but rather a military organization.



Source: Compiled by the author based on data released by the JCG.

<sup>11</sup> "Trends in China Coast Guard and Other Vessels in the Waters Surrounding the Senkaku Islands and Japan's Response, Japan Ministry of Foreign Affairs, December 4, 2023", [https://www.mofa.go.jp/region/page23e\\_000021.html](https://www.mofa.go.jp/region/page23e_000021.html).

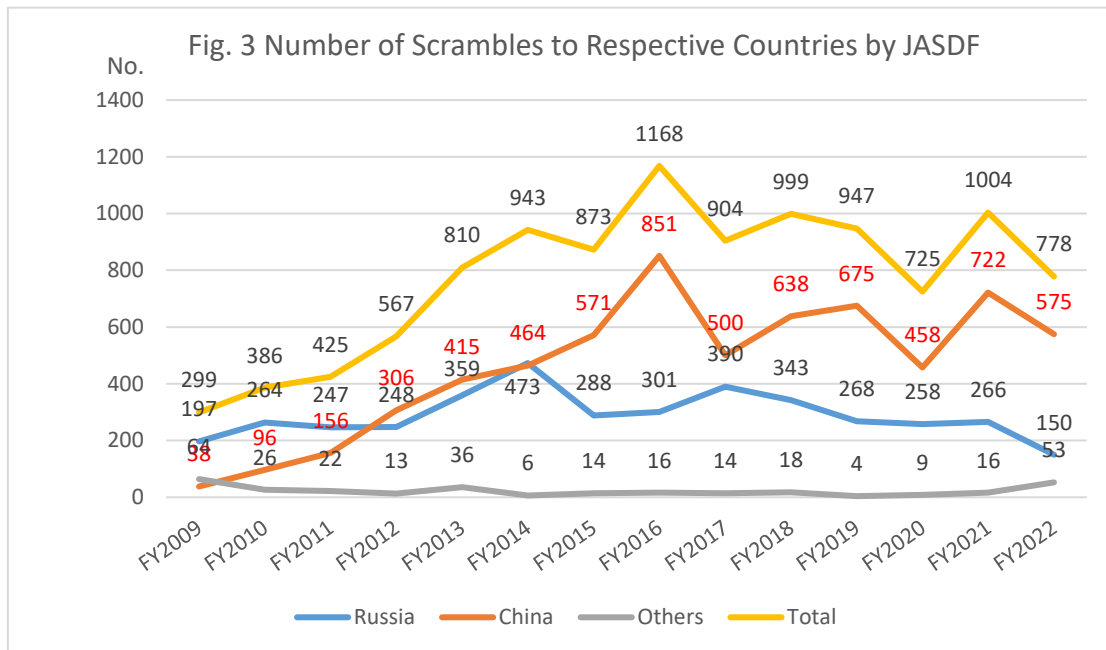


Source: Compiled by the author based on data released by the JCG.

Similar to the CCG, the PLA has also become increasingly active in the East China Sea, including the waters around the Senkaku Islands. The PLAN regularly conducts training and exercises in the East China Sea and frequently makes passages through the Miyako Strait and the Osumi Strait to the Western Pacific Ocean. In June 2016, a Chinese *Jiangkai I*-class frigate made a passage through Japanese contiguous waters around the Senkaku Islands. In January 2018, a *Shang*-class submerged nuclear attack submarine and a *Jiangkai II*-class frigate entered the contiguous zone around the Senkaku Islands on the same day.<sup>12</sup> In July 2022, a *Jiangwei II*-class frigate entered the contiguous zone around the Senkaku Islands while pursuing a Russian warship.<sup>13</sup> Additionally, the PLAAF is increasing its presence in the East China Sea. The number of flights by Chinese military aircraft over the East China Sea and the Western Pacific has been increasing, forcing the Japan Air Self-Defense Force (JASDF) to frequently scramble fighter jets to secure Japanese airspace. The PLA recently started to operate unmanned aerial vehicles (UAVs) in the airspace over both the East China Sea and the Western Pacific, complicating efforts by the JASDF to intercept Chinese aircraft.

<sup>12</sup> Japan Ministry of Defense, *Defense of Japan 2023*, July 2023, p. 70.

<sup>13</sup> “Chinese Warship Chases Russian Frigate Near Japan-controlled Senkakus, Kyodo News, July 4, 2022”, <https://english.kyodonews.net/news/2022/07/984a35abdb64-chinese-russian-warships-spotted-near-senkaku-islands-japan-protests.html>.



Source: Compiled by the author based on data released by the Joint Staff.

The Chinese military has established a much larger presence in the South China Sea compared to that of smaller rival states and has taken assertive actions to expand its influence and control over this maritime area. In June 2012, after a two-month standoff, Chinese Government vessels expelled Philippine Coast Guard ships from the waters around the Scarborough Shoal and established de facto control over the reef. In 2014, China began land reclamation on seven features in the South China Sea for the purpose of constructing military bases and strengthening the Chinese military presence in the area. These CCG vessels have increased patrols of the area while also harassing Southeast Asian countries engaging in oil and natural gas exploration projects, exacerbating existing conflicts and sometimes resulting in dangerous encounters between regional coast guard ships.<sup>14</sup> The CCG is enhancing its presence around contested land features, such as the Second Thomas Shoal, Thitu Island, and the Luconia Shoals, to pressure rival claimants.<sup>15</sup> In December 2023, CCG vessels sprayed water cannons at Philippine civilian supply boats, even ramming them at one point. The civilian supply boats were sailing to the Second Thomas Shoal to provide Marine troops with logistical support.<sup>16</sup> The Chinese

<sup>14</sup> See, Asia Maritime Transparency Initiative, “Perilous Prospects: Tension Flare Up at Malaysian, and Vietnamese Oil and Gas Fields, March 30, 2023”, <https://amti.csis.org/perilous-prospects-tensions-flare-at-malaysian-vietnamese-oil-and-gas-fields/>.

<sup>15</sup> See, Asia Maritime Transparency Initiative, “Flooding the Zone: China Coast Guard Patrols in 2022, January 30, 2023”, <https://amti.csis.org/flooding-the-zone-china-coast-guard-patrols-in-2022/>.

<sup>16</sup> “South China Sea: Philippine and Chinese Vessels Collide in Contested Waters, BBC News, December 10, 2023”, <https://www.bbc.com/news/world-asia-67668930>.



Maritime Militia is also strengthening its presence in the South China Sea.<sup>17</sup> In December 2023, the Philippine Government announced that more than 100 Chinese Maritime Militia vessels were occupying the waters around the Whitsun Reef, over which the Philippine Government claims jurisdiction.<sup>18</sup>

The PLA has also increasingly enhanced its operational capabilities in the South China Sea. In April 2018, the PLAN conducted a large-scale naval parade off the coast of Hainan Island. As the largest parade ever carried out by the PLAN, it featured 48 ships and 76 aircraft, including the aircraft carrier Liaoning and its carrier strike group. President Xi Jinping reviewed the parade and made a speech, demanding that the PLAN remain on high alert and defend the country's interests; he also pledged to accelerate the modernization of the navy.<sup>19</sup> In May 2021, 16 PLAAF transport aircraft, including a brand-new Y-20, flew over the South China Sea in a train formation and approached Malaysian airspace, causing the Royal Malaysian Air Force to scramble fighter jets to intercept them. This flight by PLAAF transport aircraft can be regarded as preparation for conducting airborne operations in relation to contested islands, such as Taiping Island, Swallow Island, and Thitu Island in the South China Sea.<sup>20</sup>

In recent years, China has increasingly engaged in large-scale military exercises and operations intended to intimidate Taiwan. In August 2022, on the pretext of US House Speaker Nancy Pelosi's visit to Taipei, the PLA conducted joint exercises of an unprecedented scale around Taiwan. During these military exercises, the PLA Eastern Theater Command announced that it would hold live-firing exercises in six zones encircling Taiwan. The PLA's artillery units fired long-range rockets into the Taiwan Strait using its multiple-launch rocket system. Chinese naval vessels operated in areas close to Taiwan Island. Chinese military aircraft, including fighters, bombers, tankers, spy aircraft, and UAVs, made hundreds of sorties crossing the Median Line in the Taiwan Strait and entered the Taiwan ADIZ. The PLA Rocket Force launched multiple ballistic

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<sup>17</sup> See, "The Ebb and Flow of Beijing's South China Sea Militia, Asia Maritime Transparency Initiative, November 9, 2022", <https://amti.csis.org/the-ebb-and-flow-of-beijings-south-china-sea-militia/>.

<sup>18</sup> "Philippines Says Chinese Boats 'Swarming' Reef in South China Sea, Japan Times, December 3, 2023", <https://www.japantimes.co.jp/news/2023/12/03/asia-pacific/politics/philippines-china-whitsun-reef-maritime-militia/>.

<sup>19</sup> "President Xi Jinping Reviews Navy in South China Sea, Xinhua, April 12, 2018", [https://www.xinhuanet.com/english/2018-04/12/c\\_137106908.htm](https://www.xinhuanet.com/english/2018-04/12/c_137106908.htm).

<sup>20</sup> Moriki Aita (Translated by Derek Solen), "The True Meaning of the Chinese Air Force's Flying Transport Aircraft Near Malaysia: Airborne Units in Power Projection, China Aerospace Studies Institute, May 6, 2022", <https://www.airuniversity.af.edu/CASI/Articles/Article-Display/Article/3018960/the-true-meaning-of-the-chinese-air-forces-flying-transport-aircraft-near-malay/>.

missiles into live-firing zones located to the north, south, and east of Taiwan.<sup>21</sup> In April 2023, after President Tsai Ing-wen met with US House Speaker Kevin McCarthy in California, the PLA conducted extensive joint exercises around Taiwan. The Shandong carrier group, which operates in the Western Pacific, participated in this exercise, and the carrier-based airplanes made approximately 120 sorties from April 7 to 9, 2023.<sup>22</sup> The Taiwanese Government interpreted these two military exercises as a blockade exercise—that is, they saw it as a simulation of how China might first encircle and then attack Taiwan.<sup>23</sup>

## CHINA'S QUEST FOR MARITIME PREDOMINANCE IN THE INDO-PACIFIC REGION

The Chinese military has significantly expanded its power projection and operational capabilities in East Asian waters while also harassing and intimidating surrounding countries in pursuit of its national goals of retaking what it sees as “lost territories” and protecting its maritime rights and interests. However, the CCP will be unable to achieve its national goals simply by establishing a military presence that is more powerful than those of its regional competitors. The US has maintained a predominant military presence and influence in the Indo-Pacific region for decades, and it is a treaty ally of Japan and the Philippines. If either Japan or the Philippines were to become engaged in military conflicts in the East China Sea or South China Sea, it is highly likely the US would provide military support to its security allies. Although the US terminated diplomatic relations with Taiwan in 1979, Washington has played a central role in maintaining Taipei's self-defense capabilities by providing military equipment pursuant to the Taiwan Relations Act. In the context of intensifying US–China strategic competition, the US Government has deepened its defense relations with Taiwan in recent years. Chinese leadership must seriously consider the possibility that US forces could conduct counter-operations against the PLA if China engaged in military actions against Taiwan.

China continues to promote the modernization of the PLA to shift the regional balance of military power in favor of Beijing. At the 19th National Congress of the CCP held in October 2017, General Secretary Xi Jinping stressed that the party's goal of building a

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<sup>21</sup> See, China Power Team, “Tracking the Forth Taiwan Strait Crisis, China Power, August 5, 2022”, <https://chinapower.csis.org/tracking-the-fourth-taiwan-strait-crisis/>.

<sup>22</sup> 統合幕僚監部 (Joint Staff), “中国軍艦艇の動向について (Movement of Chinese Naval Vessels)”, April 10, 2023.

<sup>23</sup> Taiwan Ministry of National Defense, *ROC National Defense Report 2023*, September 2023, p. 38.

strong military requires transforming the PLA into a world-class military force.<sup>24</sup> China aims to weaken the US military's presence and influence in the region by establishing a "world-class force" to prevent US forces from supporting its allies and partners in collectively resisting China's military coercion. The CCP's long-term strategic objective is to usurp US military dominance in East Asia and achieve its national objective of establishing control over disputed islands and safeguarding its maritime rights and interests in East Asian waters.

The PLA has made significant efforts to reduce the US military's predominance in East Asia by developing anti-access and area denial (A2/AD) capabilities. China seeks to develop A2/AD capabilities that would enable it to conduct long-range attacks against enemy militaries that maintain a robust presence in the first island chain and could possibly deploy to or operate in the Western Pacific.<sup>25</sup> In July 2019, as a clear display of China's powerful A2/AD capabilities, the PLA test launched anti-ship ballistic missiles (ASBMs) into waters south of the Paracel Islands in the South China Sea.<sup>26</sup> In August of the following year, the PLA again launched ASBMs into the areas north of the Paracel Islands. The ASBMs, which likely included DF-15D and DF-26B missiles, were launched from different sites in mainland China and were reported to have successfully struck a maneuvering vessel at sea.<sup>27</sup> China's deployment of the ASBMs and their successful test launch raised concerns among US military leaders. After the test firing in August 2020, the US Department of Defense issued a statement criticizing the ballistic missile test as an action intended to destabilize the situation in the South China Sea while blaming China for escalating its military exercises.<sup>28</sup>

In addition to conventional A2/AD capabilities, China is rapidly developing its nuclear capabilities. The US Department of Defense estimates that the PRC has increased its stock of nuclear warheads from the low 200s in 2020 to over 500 as of May 2023. It also

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<sup>24</sup> Xi Jinping, "Secure a Decisive Victory in Building a Moderately Prosperous Society in All Respects and Strive for the Great Success of Socialism with Chinese Characteristics for a New Era", Xinhua, October 18, 2017.

<sup>25</sup> *Annual Report to Congress: Military and Security Developments Involving the People's Republic of China 2021*, Washington DC: Office of Secretary of Defense, November 2021, p. 77.

<sup>26</sup> Xiavier Vavasseur, "China Launched 6 ASBMs into the South China Sea, Naval News, July 15, 2019", <https://www.navalnews.com/naval-news/2019/07/china-launched-6-asbm-into-the-south-china-sea/>.

<sup>27</sup> Steven Stashawick, "Chinese Ballistic Missiles Fired into South China Sea Claimed to Hit Target Ship, Diplomat, November 17, 2020", <https://thediplomat.com/2020/11/chinese-ballistic-missiles-fired-into-south-china-sea-claimed-to-hit-target-ship/>.

<sup>28</sup> "DOD Statement on Recent Chinese Ballistic Missile Launches, US Department of Defense, August 27, 2020", <https://www.defense.gov/News/Releases/Release/Article/2327641/dod-statement-on-recent-chinese-ballistic-missile-launches/>.

anticipates that it will expand this stockpile to at least 1,000 by 2030<sup>29</sup> and approximately 1,500 by 2035.<sup>30</sup> The PLA has not only increased its number of nuclear warheads but has also modernized its nuclear weapons delivery mechanisms and vehicles, including its DF-41 intercontinental ballistic missiles, type 094 nuclear-powered ballistic missile submarines, and H-6N strategic bombers. The rapid qualitative and quantitative increase of China's nuclear capabilities has the potential to enhance China's nuclear deterrence vis-à-vis the US, possibly lowering the threshold at which the PLA would be able to exercise its conventional forces against regional rivals without fear of nuclear retaliation from US forces.<sup>31</sup>

China's ambition to dominate East Asian waters and its robust military buildup will undoubtedly result in an increase in the Chinese military's presence and influence in the Indo-Pacific region. The PLAN has conducted antipiracy operations in the Gulf of Aden since the end of 2008. Protecting Chinese companies and citizens overseas has emerged as a major priority of the PLA. China constructed its first overseas logistical support base in Djibouti in 2017. China's growing maritime power projection capabilities and waning US military dominance in East Asian seas will encourage the PLA to be more active in the Indian Ocean Region (IOR). China's Defense White Paper issued in July 2019 states, "One of the missions of China's armed forces is to effectively protect the security and legitimate rights and interests of overseas Chinese people, organizations and institutions", and that the PLA "builds far seas forces, develops overseas logistical facilities, and enhances capabilities in accomplishing diversified military tasks".<sup>32</sup> Given China's growing overseas interest in the IOR as part of the ongoing Belt and Road Initiative, the PLA is expected to attempt to enhance its presence in the region, including developing "logistical facilities", such as Hambantota Port in Sri Lanka and Gwadar Port in Pakistan.<sup>33</sup> If the PLA achieves a dominant position in the Western Pacific by replacing the US forces, then China will surely seek maritime predominance in the IOR.

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<sup>29</sup> *Annual Report to Congress: Military and Security Developments Involving the People's Republic of China 2023*, Washinton DC: Office of Secretary of Defense, October 2023, p. 111.

<sup>30</sup> *Annual Report to Congress: Military and Security Developments Involving the People's Republic of China 2021*, Washinton DC: Office of Secretary of Defense, November 2022, p. 97.

<sup>31</sup> Masafumi Iida, "China's Strategy to Transform the Existing International Order", Masafumi Iida, Hiromu Arakaki, and Takeyuki Hasegawa, *NIDS China Security Report 2024*, Tokyo: National Institute for Defense Studies, November 2023, pp. 25-27.

<sup>32</sup> "China's National Defense in the New Era, Information Office of the State Council, July 2019", <https://english.www.gov.cn/atts/stream/files/5d3943eec6d0a15c923d2036>.

<sup>33</sup> Brad Lendon and Simone MacCarthy, "Blue-water Ambitions: Is China Looking Beyond Its Neighborhood Now It Has the World's Largest Navy? CNN, September 2, 2023", <https://edition.cnn.com/2023/09/01/asia/china-navy-overseas-military-bases-intl-hnk-ml/index.html>.

China's prevailing military influence in the IOR will negatively affect the security interests of Japan and European nations. China has repeatedly taken action to interrupt the legal passage of foreign ships in the South China Sea to enforce its illegal maritime claims, which contradict existing international rules, such as freedom of navigation, as articulated in the United Nations Convention on the Law of the Sea. If China establishes a dominant military presence in the seas of East Asia, its belligerent behaviors will spread to the Indian Ocean, severely damaging the existing maritime rule of law in the area, which is of critical importance to both Japan and European states. Therefore, the two major powers responsible for maintaining the existing maritime order should enhance their cooperation in countering China's ambition to establish military dominance in East Asian waters.

## CONCLUSIONS

Japan and European countries can play a significant role in maintaining peace and stability in the Indo-Pacific by preventing China's military ascendancy in East Asia in several ways. First, the two parties should support the effort of US forces to maintain its predominant military presence and compete with China's growing power projection capabilities in the region. Japan and the NATO countries of England, France, and Germany, as long-standing allies of Washington, have the necessary defense capabilities to support and facilitate a variety of operations by US forces. The Japan Self-Defense Forces (JSDF) and NATO militaries need to enhance their capabilities to conduct combined military operations with US forces in the East Asian region by more frequently conducting realistic military exercises, enhancing common command and control systems, and preparing joint warfighting plans. For this purpose, it is desirable for European militaries to dispatch more ships and aircraft to the region. Moreover, the JSDF and NATO militaries should increase the logistical support they provide to US forces by sharing more military facilities in their territories with US forces. Higher interoperability among the US, Japan, and NATO forces in the region would lead to a stronger combined military presence compared to that of China in the Indo-Pacific region.

Japan and European countries should expand their defense cooperation with regional partners in addition to the US. US' allies and partners, such as Australia, the Philippines, South Korea, Indonesia, and Singapore, have a strong stake in maintaining the rules-based maritime order in the region. Multilateral frameworks for defense and security cooperation—such as Japan–US–South Korea cooperation and the Quad—are emerging. Moreover, European participation in multilateral cooperation and coordination for maintaining the existing maritime order in the East Asian region could make a significant

contribution to peace and stability in the Indo-Pacific region. The establishment of AUKUS represents a clear first step toward expanding European engagement in East Asian security. Japan and NATO should try to establish a new security cooperation framework among status quo powers, including European and Southeast Asian countries. A joint program between Japan and European states for providing regional developing countries with economic assistance of infrastructure investments would enable the two parties to enhance their influence in the Indo-Pacific region.

The CCP, with General Secretary Xi Jinping at its center, has demonstrated firm resolve to retake the “lost territories” and protect China’s maritime rights and overseas interests by strengthening China’s military presence and influence in the Indo-Pacific region. Meanwhile, the US’ resolve to maintain the existing maritime order seems unstable in the face of the growing political divide over foreign policy within the US leadership. Under these circumstances, it is critically important for Japan and the European nations to make joint efforts to enhance their military presence and influence in the Indo-Pacific, in turn supporting the US in maintaining its maritime predominance in the region.

## CHAPTER 2

# China’s Growing Military Power and Influence

*Per Olsson*

*During the past two decades, China’s military power has increased steadily and significantly. Its military spending has increased more than sixfold, thereby enabling a comprehensive modernisation of the People’s Liberation Army (PLA). However, to what extent this growing military power has resulted in increased influence is much less certain, for in some ways, the results may have had the effect of neighbouring countries increasing their own military spending and modernisation efforts. Furthermore, many countries in the Indo–Pacific region have sought closer ties with the US as China’s power and assertiveness grow.*

## INTRODUCTION

In political science, power can be defined as the ability of one actor to coerce or influence another.<sup>1</sup> This power can take several forms.<sup>2</sup> It may be hard power, such as political, economic or military power or soft power such as cultural influence or swaying public opinion.<sup>3</sup>

This paper addresses military power, specifically trends in the military power of the People’s Republic of China (PRC) between 2000 and 2023, assessed by addressing three factors: (1) military expenditure, (2) the amount of military equipment and (3) arms exports.

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<sup>1</sup> This paper adopts a rather straightforward definition of power as conceptualised by Robert Dahl in his early work, see, Robert A. Dahl, ‘The Concept of Power’, *Behavioral Science*, Vol. 2, No. 3 (July 1957). For how power can be conceptualised more specifically in international relations theory, see, e.g. Barnett and Duvall, ‘Power in International Politics’, *International Organization*, Volume 59, Issue 1 (February 2005), pp. 39-75.

<sup>2</sup> The different forms or types of power, particularly distinguishing between military and non-military types of power, have been well discussed by Joseph Nye. See, Joseph S. Nye, *Soft Power: The Means to Success in World Politics*, New York: Public Affairs. 2004.

<sup>3</sup> For a multifaceted approach of measuring power or influence, see, e.g. the Lowly Institute Asia Power Index, <https://power.lowyinstitute.org/> (Accessed on August 30, 2023).

The paper uses quantitative data. Military expenditure and arms export data have been collected from the Stockholm International Peace Research Institute (SIPRI), while military equipment data have been collected from the International Institute for Strategic Studies (IISS).<sup>4</sup> The military equipment discussed in this study is limited to the large conventional weapons systems of the Chinese navy, ground forces and air force. For this reason, nuclear, space, cyber, psychological and intelligence capabilities are not included. A focus on hard factors such as expenditure and equipment also means that capability factors such as doctrine, training and morale are excluded, and this will limit the conclusions that can be reached.

It should be relatively undisputed that China's military power has increased during the past two decades, both in absolute terms and in relation to other countries. However, it is far less certain that this power has resulted in increased influence. Therefore, the paper includes a brief discussion concerning the degree to which China's military power has translated into influence.

## **MILITARY EXPENDITURE**

During the past two decades, China has undergone a rapid and comprehensive military build-up and modernisation, underpinned by sustained growth in military spending. According to data from the SIPRI, China spent USD 292 billion on its military in 2022. This places China as the world's second-largest military spender, albeit a distant second to the US, which spent USD 877 billion in 2022, but significantly more than the third-largest spender, Russia, which spent USD 86.4 billion.<sup>5</sup>

Measured in fixed prices, China's military expenditure increased by 554 per cent between 2000 and 2022 (see Figure 1). This has had significant consequences for both the regional and global power balances. In 2000, China accounted for about 17 per cent of total military spending in the Indo–Pacific region and about 3 per cent of global military spending. By 2022, China's Indo–Pacific share had increased to 51 per cent and its global share to 13 per cent. This has confirmed China's position as the largest spender in the Indo–Pacific region and narrowed the global spending gap between it and the US and NATO. Meanwhile, China's military expenditure as a share of GDP has not increased during the past two decades. Indeed, it has decreased slightly from about 2 per cent in the

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<sup>4</sup> The data and figures in this paper are similar or taken from a report from the same author, Per Olsson, *Defence Economic Outlook 2023: An Assessment of Military Strength among Major World Power*, Stockholm: FOI, 2023.

<sup>5</sup> Data on military expenditure have been collected from *SIPRI Military Expenditure Database 2023*, <https://www.sipri.org/databases/milex> (Accessed on July 7, 2023).



early 2000s to 1.6 per cent in 2022. This means that the sustained growth of China's military expenditure can be attributed mainly to the country's overall economic growth.<sup>6</sup>

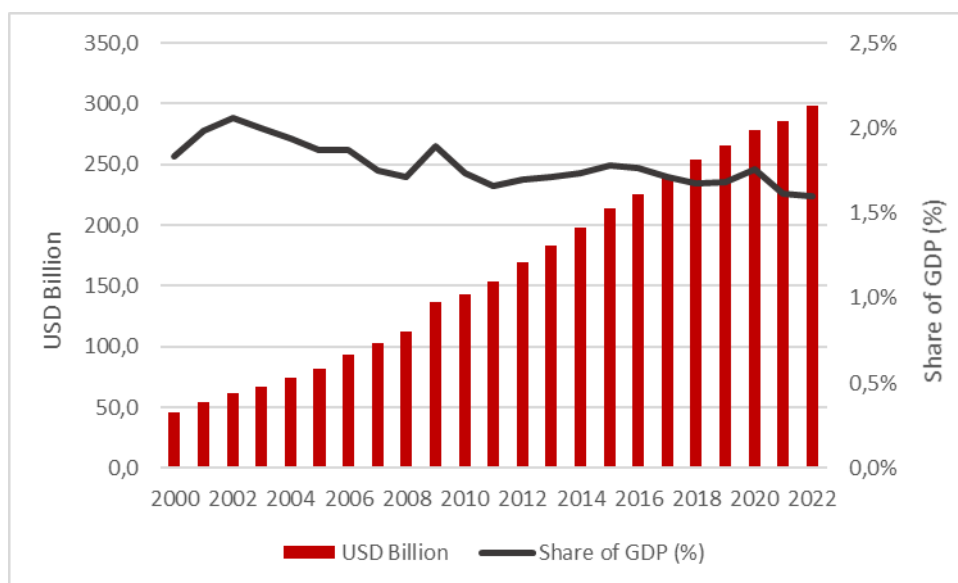


Figure 1: Military Expenditure, Fixed 2021 Prices and Share of GDP. Source: Stockholm International Peace Research Institute, SIPRI Military Expenditure Database, 2023.

## MILITARY EQUIPMENT QUANTITIES

China's growing military power and increased capabilities can also be seen in the expansion and changing structure of its armed forces, the People's Liberation Army (PLA), and more precisely, the navy, ground forces and air force.<sup>7</sup>

In 2000, the PLA Navy (PLAN) was mostly a coastal force, consisting largely of imported or copied Soviet and Russian surface combatants and submarines. During the past two decades, the PLAN has undergone a drastic transformation, shifting towards indigenous and increasingly Western-inspired designs. Beginning with a small production series of incrementally improved classes, China's naval shipbuilding industry has matured. In the 2010s, China began the serial production of domestically developed and produced destroyers, frigates, corvettes and submarines (see Figure 2). At the beginning of 2023, the PLAN had 2 aircraft carriers, the *Liaoning* and the *Shandong*,<sup>8</sup> 3 *Type 075* amphibious

<sup>6</sup> *Ibid.*

<sup>7</sup> Data on military equipment has been collected from various volumes produced by *The Military Balance*, London: The International Institute for Strategic Studies, 2000, 2005, 2010, 2015, 2020, 2023).

<sup>8</sup> A third aircraft carrier, the *Fujian*, was launched in June 2022.

assault ships, 7 *Type 055* large new destroyers, 25 *Type 052D* new destroyers and 17 slightly older destroyers, 31 *Type 054A* frigates and 10 slightly older frigates in addition to 50 *Type 056A* corvettes in active service. It also had 6 strategic nuclear submarines, 6 nuclear attack submarines and 46 conventional attack submarines.<sup>9</sup>

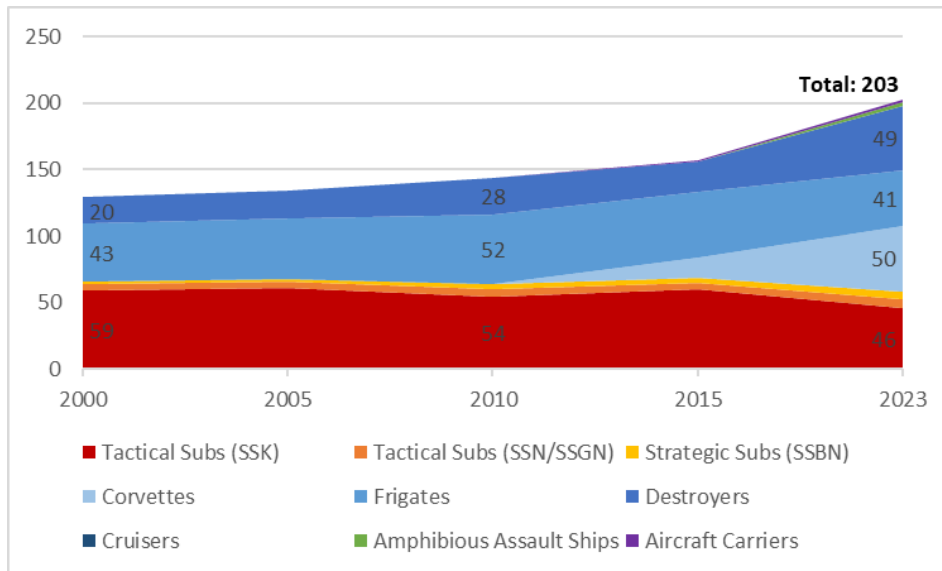


Figure 2: Surface Combatants and Submarines of the PLAN. Source: *The Military Balance*, London: The International Institute for Strategic Studies, 2000–2023.

Taken together, this naval expansion has significantly increased China’s ability to project power throughout most of the Indo–Pacific region. Moreover, it has granted the PLAN sizable numerical superiority over other navies in the region. Compared to China’s 203 surface combatants and submarines, Japan has 69 such naval vessels, South Korea has 72 and India has 51. During the past decade, the PLAN even surpassed the US Navy’s 198 surface combatants and submarines to become the world’s largest fleet. However, the US Navy is still much larger in terms of total size. The combined displacement, or ‘weight’, of the US Navy is more than three times that of the PLAN. This substantial difference stems from the fact that the US Navy has a higher proportion of large vessels, such as aircraft carriers, destroyers and nuclear submarines, platforms needed to project power over long distances.<sup>10</sup>

The PLA Ground Force (PLAGF) has also been modernised, transforming it from a massed infantry army into an increasingly mechanised one. In 2000, the PLAGF consisted

<sup>9</sup> *The Military Balance*, London: The International Institute for Strategic Studies, 2023.

<sup>10</sup> Olsson, *op. cit.*

of some 1.7 million active personnel. In 2023, that number had been reduced to 965,000.<sup>11</sup> While still the largest conventional army in the world, the reduction of PLAGF personnel has enabled a reallocation of resources forward to new generations of tanks, other armoured vehicles and artillery.

During the past two decades, the PLAGF has undergone steady modernisation. In 2000, the PLAGF tank force consisted of mainly older first-generation main battle tanks (MBTs) of Soviet design. During the past two decades, domestically produced third-generation MBTs have gradually become the mainstay of the PLAGF tank force (see Figure 3). To mechanise the ground forces, a large number of infantry fighting vehicles and armoured personnel carriers have been introduced and/or upgraded. Meanwhile, the PLAGF’s sizable arsenal of artillery has been reduced in numbers but has become increasingly mobile with more self-propelled pieces.

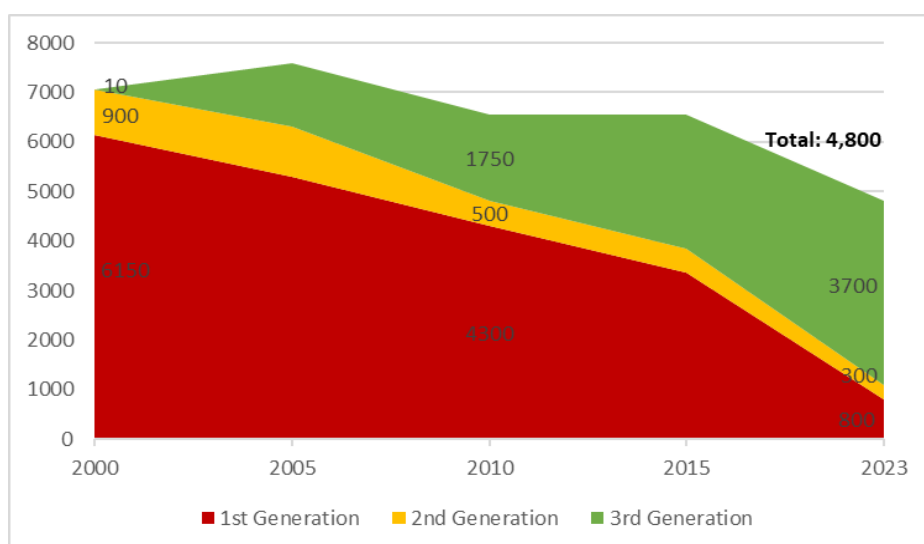


Figure 3: Main Battle Tanks in the PLAGF. Source: *The Military Balance*, London: The International Institute for Strategic Studies, 2000–2023; Per Olsson, *Defence Economic Outlook 2023: An Assessment of Military Strength among Major World Power*, Stockholm: FOI, 2023.

Although the PLAGF might not be the most decisive element in any potential armed conflict in the Indo–Pacific, it is still interesting to illustrate how China compares to its neighbours. In 2023, the PLAGF had 4,800 MBTs, 14,050 light tanks, infantry fighting vehicles (IFVs) and armoured personnel carriers (APCs) as well as 4,380 artillery pieces and 1,320 multiple rocket launchers (MRLs), in active service. This is significantly more

<sup>11</sup> *The Military Balance 2023, op. cit.*

than Japan's 696 MBTs, 872 IFVs and APCs and 450 artillery pieces and MRLs. South Korea had 2,149 MBTs, 3,096 IFVs and APCs while surpassing China with 5,830 artillery pieces and MRLs. India, the other major land power in the Indo-Pacific had 3,740 MBTs, 3,469 IFVs and APCs and 3,469 artillery pieces and MRLs. In 2023, the US had 2,640 MBTs in active services, surpassing China with 15,191 IFVs and APCs, but with far fewer artillery pieces and MLRs—2,550 in total.<sup>12</sup>

The PLA Air Force (PLAAF) has also undergone a rapid modernisation process.<sup>13</sup> In 2000, the combat aircraft of the PLAAF consisted mainly of older Soviet designs. The modernisation of PLAAF combat aircraft proceeded throughout the 2000s with the introduction of third- and fourth-generation aircraft. This process accelerated during the 2010s with fourth-generation combat aircraft becoming the mainstay of the PLAAF inventory. With the introduction of the J-20 in 2017, China became the second country in the world, after the US, to develop, produce and introduce a fifth-generation stealth fighter aircraft. In 2023, China had 140 J-20s in service, and relatively modern fourth-generation fighters made up the vast majority of its combat aircraft. The PLAAF fourth-generation fighters are a mix of Russian imported aircraft such as the Su-27, Su-30 and Su-35, domestic derivatives such as the J-11, J-15 and J-16 and domestic designs such as the J-10. The PLAAF also operates about 600 older third- and second-generation fighters.<sup>14</sup>

The modernisation of the PLAAF has enhanced China's capabilities. In 2023, China fielded 2,081 combat aircraft of which 1,348 were fourth generation and 140 fifth generation. The PLAAF outnumbers neighbouring countries by a significant margin in terms of equipment. In 2023, Japan had 323 combat aircraft, made up of 292 fourth-generation and 31 fifth-generation models, in active service. South Korea had 532, of which 280 were fourth generation and 40 fifth generation, while India had 742 combat aircraft, of which 481 were fourth generation. However, the US has a clear advantage in combat aircraft compared to China, in terms of both numbers and generations. In 2023, the US Air Force, Naval Aviation and Marine Aviation combined had 2,534 combat aircraft in active service, of which 1,771 were fourth generation and 704 fifth generation.<sup>15</sup>

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<sup>12</sup> *Ibid.*

<sup>13</sup> For classification according to generation, see, Olsson, *op. cit.*

<sup>14</sup> *The Military Balance, op. cit., 2023.*

<sup>15</sup> Olsson, *op. cit.*; *The Military Balance 2023, op. cit.*

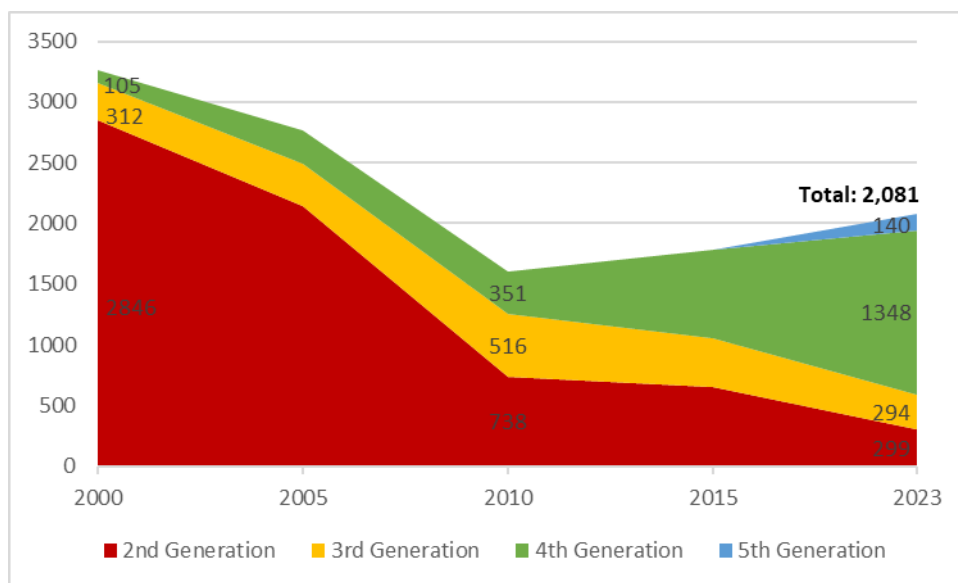


Figure 4: Combat Aircraft of the PLAAF. Source: *The Military Balance 2000–2023*, *op. cit.*; Olsson, *op. cit.*

To summarise, in 2022, China outspent all other Indo–Pacific countries combined, apart from the US. While the US still spends about three times more on its military compared to China, this spending gap has decreased significantly during the past two decades. Moreover, the PLAN has undergone rapid expansion and modernisation, and the PLAGF and the PLAAF have modernised their equipment.

## ARMS EXPORTS

Another means of evaluating military power is by reviewing defence–industrial relationships. China does have some of these relationships, mainly connected with the exports and imports of arms. Historically, China based many designs on Soviet and Russian equipment, some through licence production and others through illicit copying. As of 2023, Russia remains China’s most important source of imports by far.<sup>16</sup> In the past two decades, the Chinese arms industry has made significant strides to become more self-sufficient, achieved through a combination of significant and sustained investments, unlicensed copying, industrial espionage and genuine improvements.<sup>17</sup> While most of

<sup>16</sup> Stockholm International Peace Research Institute, *SIPRI Arms Transfer Database* (Accessed on August 30, 2023).

<sup>17</sup> See, e.g., Michael Raska, and Richard Bitzinger, “Strategic Contours of China’s Arms Transfers”, *Strategic Studies Quarterly*, Volume 14, Number 1(Spring 2020); see also, Cheung Tai Ming, “Innovation in China’s Defense Technology Base: Foreign Technology and Military Capabilities”, *Journal of Strategic Studies*, Volume 39, Issue 5-6 (2016).

China’s industrial arms production is aimed at the domestic market, China has seen some modest success as an arms exporter.

In the past decade, China has become the world’s fourth-largest arms exporter.<sup>18</sup> However, Chinese arms sales have so far been concentrated among a few key buyers. The main destinations of Chinese arms exports between 2010 and 2022 were Pakistan, Bangladesh, Myanmar and Algeria (see Table 1). Pakistan is by far the most important export market, with sales including combat aircraft, frigates and tanks.<sup>19</sup> Recently, Thailand has also become an important export market, including sales of tanks and submarines.<sup>20</sup> Despite China’s rise as an arms exporter, it still lags far behind the US, Russia and France. Moreover, its arms exports are small compared to the overall size of China’s defence industry.

**Table 1**

**Chinese Arms Exports, Top 10 Destinations, 2010–2022. Source: SIPRI (2023)**

	TIV 2010–2022	Share (%) 2010–2022
Pakistan	8,954	43.4
Bangladesh	2,724	13.2
Myanmar	1,602	7.8
Algeria	1,015	4.9
Venezuela	494	2.4
Morocco	478	2.3
Nigeria	469	2.3
Thailand	442	2.1
Tanzania	371	1.8
Saudi Arabia	351	1.7
Total	20,630	100.0

Source: Stockholm International Peace Research Institute, *SIPRI Arms Transfer Database*.

## DISCUSSION

Over the past two decades, China’s military spending has increased more than sixfold, its navy has become the world’s largest in terms of number of vessels, and its army and air force have become increasingly modern. All these efforts and developments have served

<sup>18</sup> Although it has lost some of its global share in recent years, see, Pieter D. Wezeman, *et al.*, *SIPRI Fact Sheet: Trends in International Arms Transfers*, March 2023.

<sup>19</sup> Stockholm International Peace Research Institute, *op cit.*, *SIPRI Arms Transfer Database* (Accessed on July 11, 2023).

<sup>20</sup> “China Competes with US for Weapons Sales to Thailand, Bangkok Post, December 3, 2019”, <https://www.bangkokpost.com/business/1807664/china-competes-with-us-for-weapons-sales-to-thailand> (Accessed on July 11, 2023).

to strengthen China’s potential for influence through coercion or deterrence. However, it is worth asking whether this increase in its military strength has impacted China’s influence in the region, and the picture seems mixed.

China has no military allies of any significance, few strategic military partnerships and only a handful of defence industrial partners. Furthermore, China only has a single confirmed overseas military base in Djibouti and a few potential bases in the Indo–Pacific. However, this might be a question of time lag, as China has the hardware, the perceived needs and the ambition to increase its military footprint along the shorelines of the Indo–Pacific. Whether or not these ambitions will materialise will ultimately depend on China’s continued willingness, how welcoming potential host nations are and what the reactions from the US and its allies might be.

China’s military build-up has certainly caught the attention of neighbours. However, it has not deterred rival claimants around the South China Sea, such as the Philippines or Vietnam, from reinforcing their territorial and maritime claims. The US and its allies have also kept up their freedom of navigation operations.<sup>21</sup> Even worse for China, its military build-up has caused a backlash in the form of strengthened military capabilities, joint exercises and strengthened partnerships between the US, its allies and partners. Traditional US allies in the region, such as Japan and South Korea, have increased and pledged to further increase their military spending, investing in naval, aerial and long-range capabilities.<sup>22</sup>

Other US partners such as the Philippines and Vietnam have also strengthened their ties to the US.<sup>23</sup> India has also sought a closer partnership with the US and several of its

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<sup>21</sup> Jim Garamone, “Navy Conducts Freedom of Navigation Op, as DOD Releases China Military Report, DoD News, November 29, 2022”, <https://www.defense.gov/News/News-Stories/Article/Article/3231196/navy-conducts-freedom-of-navigation-op-as-dod-releases-china-military-report/> (Accessed on July 10, 2023).

<sup>22</sup> For Japan’s defence goals expressed in National Security Strategy, see, “National Security Strategy (NSS), Ministry of Foreign Affairs”, [https://www.mofa.go.jp/np/nsp/page1we\\_000081.html](https://www.mofa.go.jp/np/nsp/page1we_000081.html) (Accessed on July 10, 2023). For South Korean defence budget increases, see, e.g. “South Korea Unveils 2023-2027 Mid-Term Defense Plan”, Naval News, January 26 2023, <https://www.navalnews.com/naval-news/2023/01/south-korea-unveils-2023-2027-mid-term-defense-plan/> (Accessed on July 10, 2023).

<sup>23</sup> Makoi Popioco, “Reset in US–Philippines Relations Tells of Yet Another China fumble, The Interpreter, Lowly Institute, February 15, 2023”, <https://www.lowyinstitute.org/the-interpreter/reset-us-philippines-relations-tells-yet-another-china-fumble> (Accessed on July 10, 2023); Jonathan Stromseth, “A Window of Opportunity to Upgrade US–Vietnam Relations, Brookings, December 20, 2022”, <https://www.brookings.edu/articles/a-window-of-opportunity-to-upgrade-us-vietnam-relationships/> (Accessed on July 10, 2023).

allies,<sup>24</sup> not least through the Quadrilateral Security Dialogue (or the Quad), a quadrilateral cooperation mode between the US, Japan, India and Australia. Australia, for its part, has also strengthened its security partnership with the US and the UK, through the AUKUS pact. While the main practical outcome of AUKUS was a nuclear-powered submarine deal, the agreement also features increased security and technology cooperation within the underwater domain.<sup>25</sup> Meanwhile, US political support for Taiwan has only strengthened in recent years,<sup>26</sup> as China has increased the number and scale of military exercises around the self-governing island. In sum, it is hard to claim that China's growing military strength has translated into growing influence.

During the past two decades, China's military has undergone a rapid transformation—its military expenditure has increased more than sixfold, its navy has undergone rapid expansion and modernisation and its ground forces and air force have modernised their equipment. China's arms industry has improved in tandem with its military modernisation. Exports have been rising but are still limited to a few countries. While China's military power has undoubtedly increased, it is much less certain that this power has resulted in increased influence, and, in some sense, it has been counterproductive, as countries increase their military spending and seek closer ties with the US, China's most significant geostrategic rival. As China's military build-up continues, tensions in the Indo-Pacific region are unlikely to ease.

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<sup>24</sup> Jim Garamone, "Defense Part of Deepening Overall U.S.-India Relationship, *DoD News*, June 22, 2023", <https://www.defense.gov/News/News-Stories/Article/Article/3436525/defense-part-of-deepening-overall-us-india-relationship/> (Accessed on July 10, 2023).

<sup>25</sup> Ashley Townsend, "The AUKUS Submarine Deal Highlights a Tectonic Shift in the U.S.-Australia Alliance, Carnegie Endowment, 27 March 27, 2023", <https://carnegieendowment.org/2023/03/27/aucus-submarine-deal-highlights-tectonic-shift-in-u.s.-australia-alliance-pub-89383>(Accessed on July 10, 2023).

<sup>26</sup> See, e.g. Wesley Rahn, "How Does the US Support Taiwan Militarily? DW, April 8 2022", <https://www.dw.com/en/how-does-the-us-support-taiwan-militarily/a-62711617> (Accessed on July 10, 2023).



## CHAPTER 3

# Emergence of the US–Japan Alliance to Counter China

*Matake Kamiya*

### INTRODUCTION

The US–Japan alliance is now widely recognized as an alliance whose primary objective is to counter the security challenges posed by China. Japan and the US are making no attempt to hide this reality. In fact, however, only recently did Japan and the US come to position the alliance as such. For more than a quarter of a century since the end of the Cold War, the US–Japan alliance was regarded as a *regional stabilizer in the Asia-Pacific region* that did not regard any particular country an antagonist. The reason underlying the sharp turn of the alliance in the direction of *one to counter China* is that the development of China’s external behavior in recent years has betrayed the expectations of Japan and the US and has taken on a color that is undesirable for the two allies.

### THE US–JAPAN ALLIANCE AS A *REGIONAL STABILIZER* IN THE ASIA-PACIFIC

The US–Japan alliance was originally created as one for jointly addressing the Soviet threat. When the Cold War ended, and the Soviet threat dissipated, Tokyo and Washington needed a rationale for continuing this alliance into the future. Two types of rationalization were possible for the continuation of the alliance. The first was to address China and North Korea as potential remaining threats to the Asia-Pacific region and to redefine the US–Japan alliance as a counter to these new threats. The second was not to consider China and North Korea antagonists but to facilitate security dialogues and confidence-building measures among the countries in the region, including both countries. In this manner, cooperation to contain the remaining factors in the post-Cold War Asia-Pacific that could destabilize the regional order in the region could be promoted, and the US–Japan alliance as an *order stabilizer* in the region to support such efforts could be defined.

Japan and the US opted for the latter: with the issuance of the 1996 Japan–US Joint Declaration on Security,<sup>1</sup> the two governments redefined their alliance as the stabilizer of the Asia-Pacific, which was not directed toward any particular country. Eventually, with the progression of the development of nuclear weapons and ballistic missiles by North Korea, Tokyo and Washington gradually began to take the stance that their alliance was intended to address the increasing threat from Pyongyang. With regard to China, however, the two allies maintained the stance that their alliance was not directed toward it for nearly a quarter of a century after the issuance of the joint declaration.

### **ENGAGEMENT POLICY TOWARD CHINA AND BETRAYED EXPECTATIONS BY JAPAN AND THE US**

During this period, the US adopted the strategy of *engagement and hedging* toward China, and Japan took a similar posture. Two expectations underlie the emphasis by the US and Japan on *engagement* with China and their willingness to help the development of the communist state of China through investment and generous economic and other types of support. The first is that by deepening relations with China in various ways and by welcoming it into international organizations, such as the World Trade Organization, they could shape the external behavior of China to a direction in which it would increasingly view the maintenance of the existing US-led international order as beneficial in the context of international interdependence and would increasingly come to respect international rules. The second expectation was that if the two allies helped China's economic development, Beijing would become gradually increasingly tolerant of liberal values, such as freedom and democracy, which may even lead to a gradual start of democratization in China.

In other words, with the policy of engagement, Japan and the US hoped to shape the domestic and external behavior of China to a direction that would gradually change in ways that would be desirable to the US and Japan. Doing so could promote constructive cooperation between the two sides for the international community and make China a partner for the US and Japan in maintaining the existing US-led international order. However, the actual behavior of China has betrayed such expectations.

China, as it gains affluence and power, has been moving in the opposite direction by increasing its rejection of liberal values, strengthening the Communist Party dictatorship, and tightening control over speech and thought. Externally, as exemplified by the

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<sup>1</sup> “Japan-U. Joint Declaration on Security: Alliance for the 21st Century, April 17, 1996”, <https://www.mofa.go.jp/region/n-america/us/security/security.html>.

construction of artificial islands in the South China Sea and the escalation of acts of provocation around Japan’s Senkaku Islands in the East China Sea, Beijing has been conspicuously attempting to change the status quo by force instead of by adherence to international rules. Recently, instead of supporting the existing rules-based international order, Beijing has taken an overt stance of attempting to revise it. Contrary to the hopes entertained by Japan and the US that China, with the increased power due to the engagement policy of their alliance, would increasingly exercise its influence in ways beneficial to the international community, including Japan and the US, Beijing in reality has been employing its enhanced power in ways that were detrimental to the interests of Tokyo and Washington as well as the international community.

### **TRANSFORMATION OF THE US–JAPAN ALLIANCE INTO ONE FOR COUNTERING CHINA**

In the face of such a development, the transformation of the US–Japan alliance into one for countering China has become particularly evident since the Biden administration took office in the US at the beginning of 2021.

At the US–Japan Two-Plus-Two meeting held in Tokyo in March 2021, US Secretary of State Anthony Blinken, who earlier stated that the relationship with China represents “the biggest geopolitical test of the 21st century” for the US,<sup>2</sup> mentioned that “we will push back if necessary when China uses coercion or aggression to get its way”.<sup>3</sup> Japanese Foreign Minister Toshimitsu Motegi echoed him by saying, “the strategic environment of the Indo-Pacific has entered into a completely different dimension than where it used to be”.<sup>4</sup>

At the Yoshihide Suga–Joe Biden summit meeting in April 2021, which was also held in Tokyo, the remarks of President Biden at the joint press conference after the meeting clearly demonstrated the transformation of the nature of the US–Japan alliance to the world in terms of its direction toward a counter-China alliance.<sup>5</sup> Very clearly, Biden

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<sup>2</sup> Anthony J. Blinken, “A Foreign Policy for the American People, Speech, March 3, 2021”, <https://www.state.gov/a-foreign-policy-for-the-american-people/>.

<sup>3</sup> “Transcript: Secretary Antony J. Blinken, Secretary of Defense Lloyd Austin, Japanese Foreign Minister Toshimitsu Motegi, and Japanese Defense Minister Nobuo Kishi at a Joint Press Availability, March 16, 2021”, <https://www.state.gov/secretary-antony-j-blinken-secretary-of-defense-lloyd-austin-japanese-foreign-minister-toshimitsu-motegi-and-japanese-defense-minister-nobuo-kishi-at-a-joint-press-availability/>.

<sup>4</sup> *Ibid.*

<sup>5</sup> “Remarks by President Biden and Prime Minister Suga of Japan at Press Conference, April 16, 2021”, <https://www.whitehouse.gov/briefing-room/speeches-remarks/2021/04/16/remarks-by-president-biden-and-prime-minister-suga-of-japan-at-press-conference/>.

declared that the US and Japan will work together to face the challenges from China. The President also stated that “[w]e’re going to work together to prove that democracies can still compete and win in the 21st century”. Prime Minister Suga also stated, “we agreed to oppose any attempts to change the status quo by force or coercion in the East and South China Seas, and intimidation of others in the region”.<sup>6</sup> Their statements demonstrated that Japan and the US had agreed to share the determination to stand up against and outcompete the challenge posed by China.

The US–Japan Joint Statement at the time explicitly expressed that the alliance was now intended to with the Chinese challenges.<sup>7</sup> For example, it stated that Suga and Biden “shared their concerns over Chinese activities that are inconsistent with the international rules-based order, including the use of economic and other forms of coercion” and explicitly used the name China. It also declared that the two allies will “not tolerate any change of status quo by force” by China using phrases such as “oppose any unilateral attempts to change the status quo in the East China Sea” and “reaffirmed our strong shared interest in a free and open South China Sea governed by international law”.

It was also noteworthy that the joint statement at that meeting pointed to the importance of peace and stability across the Taiwan Strait for the first time in 52 years in a joint statement at a US-Japan summit meeting. Other prominent statements included the clear commitment of the US to the defense of the Senkaku Islands under the US–Japan alliance and the shared concern between the US and Japan about the human rights abuse in Hong Kong and Xinjiang. In addition, in a high-tech and supply chain review, cooperation between the US and Japan was put forward with a view on countering China.

With regard to the last point, the agreement to launch the US–Japan Competitiveness and Resilience (CoRe) Partnership was particularly significant for both countries.<sup>8</sup> Its objective was to strengthen cooperation between them in the field of economic security. The areas of cooperation include advanced fields such as semiconductors, AI, genome science, and quantum computing. Biden stated that CoRe “will enhance our ability – enhance our ability to meet the pressing challenges of our time –together meet those challenges”, and added as follows:

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<sup>6</sup> *Ibid.*

<sup>7</sup> “U.S.- Japan Joint Leaders’ Statement: ‘U.S.-Japan Global Partnership for a New Era’, April 16, 2021”, <https://www.whitehouse.gov/briefing-room/statements-releases/2021/04/16/u-s-japan-joint-leaders-statement-u-s-japan-global-partnership-for-a-new-era/>.

<sup>8</sup> “Fact Sheet: U.S.-Japan Competitiveness and Resilience (CoRe) Partnership, April 16, 2021, <https://www.whitehouse.gov/briefing-room/statements-releases/2021/04/16/fact-sheet-u-s-japan-competitiveness-and-resilience-core-partnership/>.

Japan and the US are both deeply invested in innovation and looking to the future. That includes making sure we invest in and protect the technologies that will maintain and sharpen our competitive edge. And those technologies are governed by shared democratic norms that we both share — norms set by democracies, not by autocracies.<sup>9</sup>

As such, his words clearly indicated that this partnership is intended to help the US and Japan outcompete the economic and technological competition with autocratic China.

Thus, the central issue for the US–Japan alliance is now how to jointly address the security challenges posed by China. The most critical of which is the protection of the existing rules-based international order from the increasing tendency of Beijing’s external posture to rely on its power without sufficient respect for international rules. Although the US–Japan alliance lacks a formal redefinition by both countries as an alliance for countering China, the two allies clearly share a common understanding on this point. Moreover, although the Suga–Biden summit in April 2021 represented a watershed event in this change in the characteristic of the alliance, this common understanding has remained unwavering between the two countries since then. It has even become even clearer and stronger since Fumio Kishida replaced Suga as the prime minister of Japan.

### **HIGH DEGREE OF COMMONALITY IN THE NEW NATIONAL SECURITY STRATEGIES OF JAPAN AND THE US ON THEIR PERCEPTION OF CHINA’S CHALLENGE**

The high degree of commonality of perceptions on this point between Tokyo and Washington is evident when comparing Japan’s new *National Security Strategy*, which was issued in December 2022, with the new US *National Security Strategy* issued earlier in October of the same year.<sup>10</sup>

The greatest challenge for US national security policy, as put forward by the US *National Security Strategy*, is to defend democracy and the free, open, and rules-based international order against the challenges posed by authoritarian China and Russia. Out of the challenges posed by China and Russia, China is the country considered more serious and essential in the long term.

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<sup>9</sup> “Remarks by President Biden and Prime Minister Suga of Japan at Press Conference, April 16, 2021”.  
<sup>10</sup> *National Security Strategy of Japan (Provisional Translation)*, Tokyo, Cabinet Secretariat, December 2022; *National Security Strategy*, Washington DC: The White House, October 2022.

The US *National Security Strategy* describes Russia as “an immediate threat to the free and open international system, recklessly flouting the basic laws of the international order today”. However, Russia is not positioned as a major competitor to the US regarding the future form of international order. The reason is that Russia lacks the capability to shape a new international order.

However, China possesses such a capability of which the US is more wary. The document defines China as “the only competitor with both the intent to reshape the international order and, increasingly, the economic, diplomatic, military, and technological power to advance that objective”. Moreover, the US is transparent about its alarm at the manner in which China exercises its international influence. It is wary of China’s attempts to create a favorable international environment for the authoritarian model by creating a sphere of influence in the Indo-Pacific region and exerting influence on international institutions regarding the establishment of international rules.

In other words, it is believed that China represents the main opponent that the US will need to outcompete for the formation of international rules, institutions, and order. Alternatively, although Russia is fighting the war that may destroy the rules, institutions, and order that the US intends to protect in the short term, it is not considered a competitor over the future shape of international order in the long term, as is the case with China. The document notes that the outcome of the US–China geopolitical competition will exert the greatest impact on the Indo-Pacific. However, it emphasizes that this competition is by no means limited to the Indo-Pacific but poses *significant global dimensions*.

The notable aspect about Japan’s *National Security Strategy*, which was released two months after than the US *National Security Strategy*, is that Japan’s strategy is mainly consistent with the US strategy with regard to the abovementioned perceptions. Reading through Japan’s *National Security Strategy*, one notes that it repeatedly expresses Japan’s determination not to allow “unilateral change of the status quo by force”. This statement is an indication of Japan’s willingness to uphold a liberal rules-based international order, or, to use the expression used in this document, “a free and open international order based on the rule of law”. The national security strategies presented by Japan and the US are fully aligned with the recognition that the maintenance of the existing rules-based international order is currently the top priority for the security of each country.

Japan's *National Security Strategy* is identical to that of the US in that it names China and Russia as serious challenges to “a free and open international order based on the rule of law”.

In addition, Japan's *National Security Strategy* is based on the fundamental recognition that the competition over the shape of the future international order has been developing between “advanced democratic countries, including Japan”, which “have devoted themselves to upholding universal values such as freedom, democracy, respect for fundamental human rights, and the rule of law, and to spearheading the effort to shape the international society of coexistence and coprosperity”, and “some nations, not sharing universal values” which “are making attempts to revise the existing international order”, “guided by their own historical views and values”. This recognition is also basically consistent with that of the US, which portrays a competition between democracies and autocracies over the future shape of international order.

Japan's strategy shares common aspects with that of the US in that Japan positions the Russian threat as one that could destroy this order in the short term, while it positions the Chinese threat as a more serious one that could alter this order in the long term. The document states that Russia's invasion of Ukraine has easily breached “the very foundations of the rules that shape the international order”. However, the Japanese document, similar to the US *National Security Strategy*, takes the position that the more fundamental threat to the future shape of international order is China. Japan's *National Security Strategy* is based on the recognition that China represents “an unprecedented and the greatest strategic challenge” to Japan and the international community:

China's current external stance, military activities, and other activities have become a matter of serious concern for Japan and the international community, and present an unprecedented and the greatest strategic challenge in ensuring the peace and security of Japan and the peace and stability of the international community, as well as in strengthening the international order based on the rule of law, to which Japan should respond with its comprehensive national power and in cooperation with its ally, like-minded countries and others.

Here, China's external stance, which is raising a concern for Japan and the international community, refers to China's external exercise of influence, in which it frequently disregards international rules and does not hesitate to attempt to “unilaterally change the status quo by force”.

Another commonality is noted in the 2022 national security strategies of the US and Japan, that is, the treatment toward North Korea. Although both countries recognize the growing threat of the nuclear weapons and ballistic missiles of North Korea, they consider the challenges posed by China and Russia to the existing international order as more serious for their national interests. Although the US document notes that North Korea continues to “expand its illicit nuclear weapons and missile programs”, as a reaction by the US to that development, the document only mentions the strengthening of extended deterrence and seeking of diplomacy with North Korea toward the complete denuclearization of the Korean Peninsula.

For Japan, nuclear weapons and ballistic missiles of North Korea represent far more immediate threats to its security than they do for the security of the US. Thus, the Japanese document makes considerably detailed references to the North Korean threat than did the US document. Notably, however, the document does not list North Korea first when listing countries that pose threats to security of Japan. The fact that China, North Korea, and Russia are listed in this order demonstrates how the Japanese government evaluates the relative seriousness to Japan of the challenges posed by China and Russia to the existing rules-based international order.

Without a doubt, North Korea is the most serious physical threat to Japan’s security. However, North Korea lacks the capacity to transform the existing rules-based international order. For this reason, North Korea is considered a lower-ranked threat to China.

Why, then, is Russia positioned as a lower-ranked threat than not only China but also North Korea? The reason is that Russia possesses only the capability to damage the existing international order but not the capability to form a new order. Moreover, Japan perceives Russia as a country that poses only limited direct physical threats to it. In contrast, China poses a serious physical threat to Japan, particularly through its attempts to change the status quo by force around the Senkaku Islands and Taiwan in addition to being the most serious challenge to the rules-based international order, because it possesses the capability to remake it into a new order.

These descriptions are expected elucidate the reason why the status of the Russian threat to the *National Security Strategy* of Japan is regarded lower-ranked than that of North Korea, not to mention China. Although Russia started a war of invasion that could destroy the rules-based international order, as previously cited, it lacks the power to create a new



order. Moreover, thus far, it has taken little actions that directly threaten Japan’s security, as has been done by China and North Korea.

## CONCLUSION

This brief paper elucidated that the national security strategies of Japan and the US in 2022 are aligned in that they are alert to the ways in which China is externally exercising its influence. Tokyo and Washington agree that responding to the challenge posed by China to the existing rules-based international order is the biggest security challenge for Japan and the US in the future. Based on this common understanding, the study predicts that the strengthening of the US–Japan alliance will be accelerated going forward, while strengthening its character as an *alliance for countering China*, unless China’s external behavior depicts a sign of changing toward a direction of increased tolerance of liberal values and increased acceptance of the rules-based international order led by the US.

Regrettably, no sign of such a change is evident in China’s attitude, which was symbolized by statements by Yang Jiechi, a member of the Politburo of the Communist Party of China, at a top-level diplomatic meeting between the US and China in Alaska in March 2021. At the outset, Secretary of State Blinken stated, “Our administration is committed to leading diplomacy to advance US interests and strengthen the rules-based international order” and criticized China’s actions regarding Xinjiang, Hong Kong, Taiwan, the cyber-attacks on the US, economic coercion against US allies, and other issues as threatening the rules-based international order.<sup>11</sup> In response, Yang denied the universality of values upheld by the US and squarely rejected the existing US-led international order, as follows:

What China and the international community follow or uphold is the United Nations-centered international system and the international order underpinned by international law, not what is advocated by a small number of countries of the so-called rules-based international order.

The US itself does not represent international public opinion, and neither does the Western world. Whether judged by population scale or the trend of the world, the Western world does not represent the global public opinion .... I don’t think the overwhelming majority of countries in the world would recognize that the universal

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<sup>11</sup> “How It happened: Transcript of the US-China Opening Remarks in Alaska, *Nikkei Asia*, March 19, 2021”, <https://asia.nikkei.com/Politics/International-relations/US-China-tensions/How-it-happened-Transcript-of-the-US-China-opening-remarks-in-Alaska>.

values advocated by the US or that the opinion of the US could represent international public opinion, and those countries would not recognize that the rules made by a small number of people would serve as the basis for the international order<sup>12</sup>.

Japan’s 2022 *National Security Strategy* clearly states that Japan’s national interests to be protected include the maintenance of “universal values, such as freedom, democracy, respect for fundamental human rights and the rule of law, and international order based on international law”. The US *National Security Strategy* of 2022 also declares: “Our goal is clear—we want a free, open, prosperous, and secure international order”. Given that China continues to adopt a revisionist attitude toward the existing international order, the US and Japan continuing to make their alliance counter China to protect the interests of the two countries is only natural.

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<sup>12</sup> *Ibid.*

## CHAPTER 4

# China's Efforts to Isolate Taiwan in Europe

*Johan Englund*

*Beijing is actively undertaking pressure tactics beyond its borders to isolate Taiwan. This chapter illustrates how China seeks to shrink Taiwan's space in Europe by pressuring European actors to refrain from engagements with Taiwan on many levels and in many areas. Chinese efforts to isolate Taiwan in Europe take place on a national and a local level, as well as in official and private domains, and target both individuals and groups. Although the success of Chinese tactics has been sporadic in their individual cases, these pressure activities so far seem largely ineffectual from a wider perspective. As indications, rather, point in the direction of Europe seeking closer ties with Taiwan, these trends run contrary to China's ultimate strategic aims. It remains to be seen whether Europe can refrain from self-censorship and restrain itself when facing Beijing on the issue of Taiwan.*

## INTRODUCTION

Since the election of Taiwanese President Tsai Ingwen in 2016, cross-strait tensions have become increasingly strained. While Tsai has rejected the formula of “one country, two systems” that Beijing seeks to pursue over the strait, China has intensified its pressure on Taiwan to alter the status quo in the region. China is stepping up its military presence and threats around the island. In 2022, China made 1727 incursions into Taiwan's air defense identification zone, compared to 960 incursions in 2021 and 380 in 2020.<sup>1</sup> Chinese incursions by drones also appeared for the first time in 2022. At the same time, Beijing employs a wide range of tools for political warfare and economic coercion to further intimidate and influence Taiwan. These activities include disinformation campaigns, co-optation of economic and political elites, and inroads into the Taiwanese media landscape.<sup>2</sup>

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<sup>1</sup> “China's Warplane Incursions into Taiwan Air Defense Zone Doubled in 2022”, *The Guardian*, January 2, 2023.

<sup>2</sup> See, Michael J. Cole, *Cross-strait Relations since 2016: The End of the Illusion*, New York: Routledge, 2020.

On the global stage, Beijing continues to isolate Taiwan from international relations and reduce its room for maneuver both in third countries and in international forums. This is seen in Chinese efforts to poach Taiwanese diplomatic allies, Beijing's obstruction of Taiwanese participation in international organizations, and China's pressure on private companies to disengage from Taiwan or Taiwanese actors.<sup>3</sup> Beijing's activities all seek the same goal, namely, to hollow out the international legitimacy of Taiwan.

The strained relationship between China and Taiwan increasingly affects the international community. Countries across the world find that the sensitive issue of Taiwan is not only being fought in international institutions but also appearing within their own domestic life. This is further exacerbated by the fact that Taiwan sits at the center of the great power rivalry between China and the US. Thus, the status of Taiwan taps into power politics and pulls other countries into the conflictual ground between the two sides of the strait.

One important region in which China wants to diminish Taiwanese legitimacy is Europe. As the issue of Taiwan becomes increasingly international, Chinese efforts to isolate Taiwan also have an impact inside European borders. European democracies are important countries for Taiwan to strengthen its ties with, while Europe is also a region that China would oppose substantially moving closer to Taiwan. This chapter examines briefly how China is seeking to isolate Taiwan in Europe. The chapter also analyzes Europe's response and approach to Taiwan in recent years.

## **CHINESE TACTICS TO ADVANCE ITS NARRATIVE ABOUT TAIWAN IN EUROPE**

The battle of narratives is always an important arena for advancing China's interests. A recurring approach by the Chinese government is to instill a narrative that not only adheres to Beijing's line but also portrays any European "missteps" on the issue of Taiwan as part of American and "Taiwanese separatists" attempts to challenge China's territorial integrity.

One Chinese tactic is to intentionally conflate its own "One China principle" with the European "One China policy". The People Republic of China's (PRC) "One China

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<sup>3</sup> See, Thomas Shattuck, "The Race to Zero? China's Poaching of Taiwan's Diplomatic Allies", *Orbis*, Volume 64, Issue 2 (Spring 2020) ; see also, Gary Sands, "Beijing's Blue Book on Cyberbullying Taiwan", *Asia Times*, January 29, 2019; Tara Francis Chan, "'Economic Blackmail': Zara, Qantas and Delta Air Lines Reverse Position on Taiwan for Fear of Angering China", *Business Insider*, January 17, 2018", <https://www.businessinsider.nl/zara-marriott-qantas-apologized-to-china-listing-taiwan-as-country-2018-1/?international=true&r=US>; Cindy Sui, "China Warns Western Firms over Taiwan BBC, June 29, 2018", <https://www.bbc.com/news/business-44614106>.

principle” asserts that “there is only One China in the world, Taiwan is part of China, and the government of the PRC is the sole legal government representing the whole of China”.<sup>4</sup> The EU maintains a “One China policy” that recognizes the PRC as the sole legitimate government of China but reserves the right to cooperate and develop its relations with Taiwan.<sup>5</sup> As such, although the EU’s “policy” is intentionally vague to pursue unofficial relations with Taiwan, it does not replicate the PRC’s “principle”. European countries such as France, Germany, and the UK also have their own “One China policy” which does not replicate the “principle” that is promoted by China.

Thus, Beijing claims that its “principle” is a universal consensus and seeks to establish this narrative in its contacts with media and international institutions and in official documents. For instance, three Chinese policy papers on the European Union published in 2003, 2004, and 2018, state that China “appreciates the EU’s adherence to the ‘One China principle’”.<sup>6</sup> As such, Beijing seeks to create the impression that the EU adheres to China’s “principle”, and not the EU’s own “policy”.<sup>7</sup> Another similar example followed the adoption of a report about Taiwan by the Foreign Affairs Committee of the European Parliament in September 2021. In its response, China’s Ministry of Foreign Affairs claimed that the “One China principle is a widely recognized norm of international relations and a consensus of the international community”.<sup>8</sup> It went on to argue that the EU has often recognized the “One China principle” in its various documents, thus again making a false remark about the EU’s representation. By doing this, China hopes to establish a universal norm and acceptance of its own “principle”, which is much more limiting for Taiwan.

A crucial component of Beijing’s narrative on Taiwan is to react to and push back on actions and statements concerning Taiwan by the EU or its member states. China often seeks to paint Europe as a victim or an accomplice of “Taiwanese separatists” and “US

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<sup>4</sup> See, *White Paper: The One China Principle and the Taiwan Issue*, Beijing, Ministry of Foreign Affairs, People’s Republic of China, 2004.

<sup>5</sup> *The European Union and Taiwan*, Taipei: European External Action Service, 2021; see also, *Joint Communication to the European Parliament and the Council-Elements for a New EU Strategy on China*, Brussel: European Commission, June 22, 2016.

<sup>6</sup> See, *中国对欧盟政策文件 (China’s EU Policy Paper)*, Beijing: The People’s Republic of China, 2003; see also, *中国对欧盟政策文件：深化互利共赢的中欧全面战略伙伴关系 (China’s Policy Paper on the EU: Deepen the China-EU Comprehensive Strategic Partnership for Mutual Benefit and Win-win Cooperation)*, Beijing: The People’s Republic of China, 2014; *China’s Policy Paper on the European Union*, Beijing: The People’s Republic of China, 2018.

<sup>7</sup> Justyna Szczudlik, “The EU–China Battle of Narratives on Taiwan”, Zsuzsa Anna Ferenczy, (ed.), *Unpacking Beijing’s Narrative on Taiwan*, Institute for Security & Development Policy, Asia Paper, April 2023, p. 23.

<sup>8</sup> *Ibid.*, p. 23.

hegemony". When the Czech Senate President Milos Vystrcil led a delegation from his country to visit Taiwan in September 2020, Beijing labeled the act as plagued by anti-Chinese sentiments and occurring as a result of Taiwanese and external anti-China forces.<sup>9</sup> At the same time, it also sought to conflate the Czechian "One China policy" with the PRC's "One China principle" by describing the visit as a violation of not only "the One China principle that is an element of Czech's foreign policy" but also as a violation of international law.

A similar reaction was seen following Lithuania's decision to open a Taiwanese Representative Office (rather than "Taipei") in its capital Vilnius. Beijing described Lithuania as a victim of external forces. In a statement, it directed its ire against "Taiwan authorities that [are] trying to coerce foreigners to seek 'independence' [...]".<sup>10</sup> Indeed, the shadow of the US. was also present, as it claimed that "Lithuania's progress to where it is today was instigated by some great powers but at the expense of Lithuania's interests".<sup>11</sup> Thus, Beijing seeks to pressure Europe on Taiwan by shaming them as part of an "illicit plot" to split Chinese territory as well as to shape Europe's own "One China policy".

## **INSTANCES OF CHINESE PRESSURE ON EUROPE ABOUT TAIWAN**

Taiwan's Ministry of Foreign Affairs has logged various instances of mainland China's interference with Taiwan's international presence. From 2016 to 2022, the ministry recorded at least 35 instances of Chinese attempts to interfere with Taiwan's presence that have taken place in Europe or concerning European actors.<sup>12</sup> However, these registered instances are merely a snapshot of the situation. There are likely many more cases of Chinese influence operations seeking to remove Taiwan from Europe. For example, the widely publicized case of Lithuania is not even included in the list.

Even so, the recorded instances provide a useful illustration of the various kinds of pressure that China applies in Europe to try to limit the Taiwanese presence in the region. For example, in 2016, the Irish Department of Foreign Affairs and Trade had seemingly been under pressure from Beijing, as it requested government ministers not to attend

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<sup>9</sup> *Ibid.*, p. 24.

<sup>10</sup> *Ibid.*, p. 24.

<sup>11</sup> *Ibid.*, p. 25.

<sup>12</sup> *Instances of China's Interference with Taiwan's International Presence*, Taipei: Ministry of Foreign Affairs, Republic of China, 2022.

Taiwan's National Day celebrations. In its request, the Irish Department had emphasized that their participation risked undermining Ireland's policy goals regarding China.<sup>13</sup>

In 2018, China exerted pressure on international companies to change their designation of "Taiwan from Republic of China" to "Taipei, China" or "Province of China, Taiwan". Many European companies, particularly international airlines that were given deadlines by the Chinese government, complied with these demands and adjusted their websites' designation of Taiwan. Airlines that complied included, *inter alia*, Scandinavian Airlines, Lufthansa, and Air France, but auto companies such as Mercedes-Benz also followed suit.<sup>14</sup> In another example that same year, the Taiwanese team participating in the 2018 Paris Gay Games had to change its name due to pressure from China. First, it was pressured to shift its name to "Chinese Taipei" and then to "Taipei".<sup>15</sup>

There are other telling examples of the variety of issues and locations in which Beijing seeks to diminish Taiwan's presence in Europe. In 2019, the Representative of the Taipei Economic and Cultural Office in Prague, Mr. Wang ChungI, was forced to leave an annual meeting on the economic achievements and prospects of the Czech Republic, held by the Ministry of Industry of the Czech Republic, due to pressure from the Chinese embassy.<sup>16</sup> In the UK that same year, the London School of Economics depicted Taiwan and China on a globe sculpture in the same colors, while referring to Taipei as a regional city, following pressure from China.<sup>17</sup> In 2021, China's Ambassador to France, Lu Shaye, sent a letter to French Senator Alain Richard, demanding that he cancel a planned visit to Taiwan and shy away from all official contacts with Taiwan.<sup>18</sup> Senator Richard defied the Chinese demand and carried on with his travel plans. The following year, in 2022, China exerted pressure on local government officials in Bologna, Italy. Chinese diplomats demanded that the Taiwanese illustrator of an award-winning work at the 2022 Bologna Children's Book Fair should be re-named as originating from "Taiwan, China" instead of "Taiwan".<sup>19</sup> Following a request to comply by a local government leader, the event organizers decided in the end to not list any country name at all.

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<sup>13</sup> *Instances of China's Interference with Taiwan's International Presence*, Taipei: Ministry of Foreign Affairs, Republic of China, 2016, n.a.

<sup>14</sup> *Instances of China's Interference with Taiwan's International Presence*, Taipei: Ministry of Foreign Affairs, Republic of China, 2018, n.a.

<sup>15</sup> *Ibid.*

<sup>16</sup> *Instances of China's Interference with Taiwan's International Presence*, Taipei: Ministry of Foreign Affairs, Republic of China, 2019, n.a.

<sup>17</sup> *Ibid.*

<sup>18</sup> *Instances of China's Interference with Taiwan's International Presence*, Taipei: Ministry of Foreign Affairs, Republic of China, 2021.

<sup>19</sup> "China Pressured Italy Book Fair over Use of 'Taiwan'", *Taipei Times*, March 25, 2022.

These selected examples show how China seeks to influence European contacts and engagements with Taiwan on many levels and in many areas. The case that has seized the most attention, however, is the aforementioned case of China's fury against Lithuania. In 2021, the Chinese government downgraded diplomatic relations with Vilnius and targeted the Baltic state with sanctions for allowing Taiwan to open a "Taiwan Representative Office" in Lithuania, rather than using "Taipei" in the name.<sup>20</sup> Following the opening of Taiwan's trade office, Beijing withdrew its ambassador from Vilnius and imposed secondary sanctions against Lithuania. Reportedly, China blocked the clearance of Lithuanian goods in Chinese ports and discriminated against exports of EU products containing content from Lithuania.<sup>21</sup> In this way, China sought to deter others from following Lithuania's example of strengthening ties with Taiwan and to have a cooling effect on conducting business with Lithuania. Furthermore, in its communication with Brussels, Beijing pushed for the EU to "urge Lithuania to return to the right track of the 'One China principle' as soon as possible".<sup>22</sup> By doing this, China seeks to claim that the EU has adopted Beijing's "principle". Thus, as stated above, Beijing seeks to control the narrative and establish a discourse that differs from the EU's original position.

Finally, in a report entitled "Isolating Taiwan Beyond the Strait—Chinese Pressure Tactics in Four Democracies", this author examines Chinese tactics to isolate Taiwan in third countries during the period 2016–2022.<sup>23</sup> The study looks into four cases, among which two are European countries—Germany and Sweden (the other two being Japan and South Korea). Similarly, to the abovementioned instance, the report finds that China is active on many levels and in many areas in its efforts to shrink Taiwan's room for maneuver and spur disengagement from Taiwanese actors. In the report, four overarching categories of means or methods are identified in which China seeks to influence actors' engagements with Taiwanese counterparts to isolate Taiwan;

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<sup>20</sup> Milda Seputyte, "Lithuania Open Trade Office in Taiwan as Ties with China Sour, Bloomberg, November 7, 2022", <https://www.bloomberg.com/news/articles/2022-11-07/lithuania-opens-trade-office-in-taiwan-as-ties-with-china-sou>.

<sup>21</sup> Andy Bounds, "EU Challenges China at WTO over Lithuania Trade Embargo and Tech Patents", *Financial Times*, December 7, 2022.

<sup>22</sup> "China Says EU Should Urge Lithuania to Return to One China Principle, CGTN, 26-Feb-2022", <https://news.cgtn.com/news/2022-02-26/China-says-EU-should-urge-Lithuania-to-return-to-one-China-principle-17Xwq9DFf56/index.html>.

<sup>23</sup> See, Johan Englund, *Isolating Taiwan Beyond the Strait: Chinese Pressure Tactic in Four Democracies*, Stockholm: Swedish Defence Research Agency (FOI), 2022.



**(1) “DISCIPLINARY” PUBLIC STATEMENTS:**

The Chinese embassy puts out statements in which it reacts to what may have been said or done in the country regarding Taiwan. For the most part, the statements criticize the media for what they convey about Taiwan, but they can also include angry comments about allowing Taiwanese representatives to write in the media or general statements about international incidents that may have occurred regarding Taiwan. Occasionally, the statements involve direct or indirect warnings to individuals or organizations about the possible consequences or future actions by China.

**(2) PUBLICATIONS IN THE MEDIA:**

In recent years, Beijing has become increasingly active in submitting comments and replies in both local and national media outside its borders. As with its public statements, the publications in the media seek to protest against an event or argument that has taken place regarding Taiwan and clarify Beijing’s position on Taiwan.

**(3) CONTACTING OR WARNING MEDIA OUTLETS, JOURNALISTS, AND POLITICIANS:**

In addition to public dissatisfaction, China also uses a strategy of contacting or warning actors. The PRC embassy has contacted and sometimes warned media outlets, individual journalists, and parliamentarians, telling them what they ought to write and how they ought to act about Taiwan. On occasions, Beijing has intimidated actors by warning them about “consequences”.

**(4) PRESSURE ON CIVIL SOCIETY, PRIVATE ENTERPRISES, AND ACADEMIA:**

The report identified several cases of China exerting pressure on actors within civil society, private companies and academia to refrain from engaging with Taiwan. Targeted actors ranged from universities to sports events or hotel venues.

The first two categories—statements on the embassy website and publications in media—are, in general, not controversial features of Chinese agency. Voicing opinions in the media and publishing its position on the embassy website are fundamental rights in democracies with a culture of free expression and a free media. As for public statements on the embassy's website, the extent of its impact is also highly debatable as it is unclear how many people read the posts. However, the parts where the embassy formulates intimidating warnings against individuals and organizations are more worrisome. Similarly, the two last categories—contacting or intimidating media outlets and individual journalists and politicians and pressuring civil society, private enterprises and academia—are conducted covertly.

The purpose of China's pressure tactics is to draw red lines against how actors can engage with Taiwanese counterparts. This serves as a clarification of China's position and a warning to others of Beijing's boundaries and what it considers acceptable. Thus, the statements signal its red lines and efforts to discipline the states and other actors in their contacts with Taiwan. By contacting individuals and organizations with warnings of consequences, Beijing seeks to police and silence those who are vocal in support of Taiwan. China wants to influence and control the discourse surrounding Taiwan. It seeks to instill self-censorship and self-restraint among actors about Taiwan, thereby blocking future actions that might create a stronger Taiwanese presence abroad.

Overall, however, the report finds that China has not been very successful. Although there have been instances of concessions to Chinese pressure, in most of the examples identified, German and Swedish actors did not change their actions in response to Beijing's pressure. This is also reminiscent of other Chinese pressures on Taiwan in Europe, which have had sporadic success. Furthermore, in both Germany and Sweden, there are indications that the countries seek to deepen their relations with Taiwan, albeit still within the boundaries of unofficial relations. Thus, in the bigger picture, it is doubtful whether the pressure tactics address Beijing's wider strategic interests efficiently. However, it is difficult, if not impossible, to fully discern the extent of self-censorship and self-restraint that actors undertake. China's red lines may bear fruit in the end. The question is how actors continue to respond when they face angry Chinese remarks, or if they just refrain from addressing the Taiwan issue to avoid conflict going forward.

### **CLOSER EU-TAIWAN TIES AMID SOURING EU-CHINA RELATIONS**

The findings in the aforementioned cases may correspond with developments in Europe at large, even though significant differences exist between the countries. Generally, there

is a growing awareness of Taiwan in Europe, as Taiwan has achieved a higher profile in the discourse in the EU and among many of its member states.<sup>24</sup> Indeed, European countries generally remain careful not to provoke China over Taiwan. The EU reiterates its “One China policy” and countries abide by the unwritten rule of no meetings between Taiwan’s five highest political representatives (the so-called “Big 5”) with their European counterparts.<sup>25</sup> Nonetheless, exchanges between Taiwan and European states are fairly broad in scope, and the EU is the single largest investor in Taiwan. This is coupled with what seems to be an increasing willingness to strengthen ties with Taiwan, albeit within the existing unofficial relationship.

Indeed, closer EU–Taiwan ties occur in the context of a growing perception of threat from China in Europe. European views of China are increasingly unfavorable, particularly concerning China’s policies on democracy and human rights.<sup>26</sup> Several factors account for Europe’s increasing skepticism toward Beijing as a trustworthy actor on the international stage. China’s dismantling of Hong Kong’s democracy movement, its treatment of Uyghurs in Xinjiang, and the growing centralization of Xi Jinping’s repressive rule in China are all domestic factors contributing to negative views of China in Europe.<sup>27</sup> Moreover, Beijing’s domestic and foreign policies during the COVID-19 pandemic have further soured European views of China, while China’s coercive and protective trade and investment policies have aggravated the relationship for quite some time.<sup>28</sup> Additionally, China’s failure to condemn Russia’s invasion of Ukraine has severely damaged the EU’s trust in China as a responsible and trustworthy actor.<sup>29</sup> Thus, although the EU continues to deal with China simultaneously as a partner for cooperation and negotiation, an economic competitor, and a systemic rival, as outlined in the 2019 Strategic Outlook, the focus has increasingly shifted toward the latter.<sup>30</sup>

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<sup>24</sup> Gudrun Wacker, “Taiwan’s ‘Upgrade’ in the European Union”, Ferenczy (ed.), *op. cit.*

<sup>25</sup> The “Big 5s” are: President, Vice-President, Prime Minister, Minister of Foreign Affairs and Minister of Defense. In Germany, the list was expanded to seven and includes the President of the Legislative Yuan and the Highest judge. See, Wacker, *op. cit.* p. 35.

<sup>26</sup> Laura Silver, Christine Huang, and Laura Clancy, “Negative Views of China Tied to Critical Views of Its Policies on Human Rights, Pew Research Center, June 29”, <https://www.pewresearch.org/global/2022/06/29/negative-views-of-china-tied-to-critical-views-of-its-policies-on-human-rights/>.

<sup>27</sup> Zsuzsa Anna Ferenczy, “Taiwan in the European Discourse: Toward Political Consensus?”, Institute for Security & Development Policy, Issue Brief, October 2022.

<sup>28</sup> Richard Q. Turcsányi, *et al. European Public Opinion on China in the Age of COVID-19: Difference and Common Ground across the Continent*, Bratislava: Central European Institute of Asian Studies, 2020.

<sup>29</sup> *EU-China Relations Factsheet*, The European External Action Service, April 2022.

<sup>30</sup> *EU-China: A Strategic Outlook*, European Commission, March 12, 2019.

China's growing military threats to Taiwan have also added significantly to Europe's worsening perspectives of China. They have elevated European awareness of Taiwan's relevance for global security and supply chains and supported the EU's growing inclination to take heed of matters concerning Taiwan. Further underscored by the war in Ukraine, the threat of an authoritarian China toward a democratic Taiwan and the dangers of being too dependent on authoritarian regimes like Russia and China have prompted a stronger interest and concern for Taiwan in Europe.

### **SIGNS OF GROWING EU INTEREST IN STRENGTHENING TIES WITH TAIWAN**

Although there is no inclination from the European side to abandon its unofficial relationship with Taiwan, there are indications of an interest in Europe in bolstering ties with Taiwan. The growing presence of Taiwan in EU discourse was first seen in the EU Commission's 2016 "Elements for a new EU strategy on China".<sup>31</sup> The strategy reaffirms the EU's "One China policy" twice while emphasizing "the shared values underpinning its system of governance", and its commitment to continuing to develop relations with Taiwan such as the negotiations on investment with Taiwan. Indeed, the language is cautious and vague, but it brings up Taiwan's participation in international organizations and the importance of Taiwan's democratic system.

The European Parliament (EP) has used significantly stronger language, particularly in recent years. In October 2021, the Parliament's first report on EU–Taiwan relations recommended that the EU and its members strengthen ties with Taiwan. In the report, the EP identifies Taiwan as a strategically important and like-minded partner that not only shares common democratic values with the EU but also has critical roles in global high-tech supply chains.<sup>32</sup> It calls for the EU and its member states to undertake several measures to enhance EU–Taiwan ties. These include, for example, intensifying political relations with Taiwan under the EU's "One China policy", deepening bilateral economic ties, expressing concerns about Chinese activities in the East Asian region, and advocating for Taiwan's meaningful participation in international organizations. Although the recommendations are not binding, they are still of importance in the way they underline a growing political focus on Taiwan and signal a potential change of direction for Europe regarding Taiwan. Moreover, in the same month, a seven-member EP delegation visited Taiwan, marking its first official visit to the island.

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<sup>31</sup> *Elements for a New EU Strategy on China*, European Commission, June 22, 2016.

<sup>32</sup> *EU-Taiwan Political Relations and Cooperation*, European Parliament, October 21, 2021.

Similar language could be seen in 2022. In its resolution on the EU and the security challenges in the Indo-Pacific, the EP again identified Taiwan as a key partner for the EU in the region and argued for closer cooperation between Taiwan and Europe.<sup>33</sup> Furthermore, following China's large-scale military exercises around Taiwan in August 2022, EP members supported a resolution condemning China's military aggression against Taiwan, while also urging the PRC to stop both its military actions and other gray-zone military activities against Taiwan. Adopted by an overwhelming majority, the resolution stated that Beijing's actions "must have consequences for EU–China relations and that the possibility of contingency planning must be considered".<sup>34</sup> It continued by calling for EU member states to increase their diplomatic presence in Taiwan and enhance the existing partnership with Taiwan. While still merely rhetoric, it underlines Europe's growing attention to the Taiwan Strait and its increasing willingness to deepen its ties with Taiwan.

Another sign of Taiwan's growing presence in the EU's outlook for global security is its mention in the EU's Indo-Pacific Strategy. In 2021, the EU stepped up its ambitions to play a larger role in the Asian region with its publication of the "Strategy for Cooperation in the Indo-Pacific". At the heart of the EU's engagement in the region is cooperation with like-minded partners. Taiwan would be one of those like-minded partners with whom the EU needs to deepen cooperation. The strategy points out that tension in the Taiwan Strait "may have a direct impact on European security and prosperity".<sup>35</sup> It also elevated Taiwan as a partner for the EU to cooperate with in building resilient and diversified value chains and ensuring free and safe data flows in the region, as well as being a partner with whom the EU should deepen trade and investment relationships.<sup>36</sup>

The EU has stated that it views Taiwan as an important partner in achieving its goals of the *European Chips Act*, in which the EU seeks to boost European semiconductor manufacturing and increase its global market share.<sup>37</sup> Since early 2021, there have been rumors of Taiwanese semiconductor giant TSMC setting up production in Europe—in northern Italy and Dresden, Germany.<sup>38</sup> However, progress has been slow. Doubts about

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<sup>33</sup> Szczudlik, *op. cit.*

<sup>34</sup> *The Situation in the Strait of Taiwan*, European Parliament, September 15, 2022.

<sup>35</sup> *The EU Strategy for Cooperation in the Indo-Pacific*, European Commission, September 16, 2021.

<sup>36</sup> *Ibid.*

<sup>37</sup> Jillian Cota, "The European Chips Act: A Strategy to Expand Semiconductor Production Resiliency", *Center for Strategic & International Studies*, March 7, 2022; see also, *EU-Taiwan Political Relations and Cooperation: Speech on behalf of High Representative/Vice-President Josep Borrell at the EP Plenary*, European External Action Service, October 19, 2021.

<sup>38</sup> Johannes Nordin and Larissa Stünkel, "EU-Taiwan Semiconductor Cooperation: Lopsided Priorities?", *Institute for Security & Development*, Issue Brief, October 29, 2022, p. 4.

long term sustainability in the European market for advanced chips (as the largest electronics giants using the most sophisticated chips are not present in the EU) and high costs have been cited as existing concerns.<sup>39</sup>

## **INCREASING EU-TAIWAN INTERACTION AND EUROPEAN VISITS TO ISLAND**

Further indications of closer EU–Taiwan ties may be discerned in the number of European visits to Taiwan. As travel restrictions on entering Taiwan due to COVID-19 eased in the fall of 2022, European visits are returning to pre-pandemic levels. Indeed, there are indications of a higher frequency of European delegation visits compared to earlier years. According to an EU visit tracker compiled by the multinational consortium China Observers in Central and Eastern Europe, counting visits from 2016 to today, visits from European countries were most frequent in 2016 and 2018.<sup>40</sup> The frequency of those years amounted to 27 visits each year, while in 2022 the number reached 17 visits. However, considering that travel restrictions were not eased until October 2022, the intensity of visits from European delegations seems to have increased with a continuation into the beginning of 2023. As of June 26, there had been 17 visits from European delegations to Taiwan in 2023.

Importantly, given that 13 of the 17 visits from Europe in 2022 took place between August and December, the number of visits indicates that European delegations did not shy away from traveling to Taiwan, despite Chinese threats and a high conflict level across the Taiwan Strait. In other words, European visits did not try to avoid upsetting Beijing following China's large-scale military exercises around the island in August. On the contrary, the visits may have even increased in frequency. Throughout this period, French political officials traveled to Taiwan most often, followed by German representatives and then in most recent years, large numbers of delegations from Lithuania and the Czech Republic.

Furthermore, by broadening the scope of EU–Taiwan interactions (including governmental, parliamentary, military, economic and cultural engagements), the EU recorded a substantial increase in Taiwan-related activities from 2019 to 2022. According to the EU–Taiwan Tracker, administered by the Central European Institute of Asian

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<sup>39</sup> Johannes Nordin and Larissa Stünkel and, Matthew Gooding, “Europe Is Thinking Big on Semiconductors But Has Plenty of Hurdles to Overcome”, *Techmonitor*, June 24, 2022.

<sup>40</sup> Veronika Blablová, Filip Šebok, “Tracking EU Visits to Taiwan, China Observers in Central and Eastern Europe, September 15, 2022”, <https://chinaobservers.eu/tracking-eu-visits-to-taiwan/>.

Studies, the entire EU had only 23 interactions with Taiwan in 2019.<sup>41</sup> However, in 2022, this number increased significantly as the total number of interactions jumped to 167 across the EU.

### **CENTRAL AND EASTERN EUROPEAN COUNTRIES TAKING THE FIRST STEP?**

A large proportion of the visits and general engagements between Europe and Taiwan came about via Central and Eastern European (CEE) countries, in particular from Lithuania and the Czech Republic. Indeed, the recent rapprochement in EU–Taiwan relations may be partly driven by CEE countries, many of which are increasing their ties with Taiwan, while drifting away from China. In 2022, CEE countries accounted for almost 60% of the EU’s interactions with Taiwan.<sup>42</sup> Beijing’s failure to condemn Russia’s invasion of Ukraine and the absence of expected large Chinese investments in the region have caused some CEE countries to start to disengage from China. What became known as the “17 + 1” grouping, consisting primarily of CEE countries and China to deepen economic integration between the two sides, has now shrunk to 14 + 1, the Baltic states of Lithuania, Estonia, and Latvia having left the group.

The most prominent examples of countries boosting ties with Taiwan are the Czech Republic, Lithuania, and Slovakia. Among various engagements, these countries have all recently signed technology-related and trade agreements with Taiwan, which has also announced the creation of a Central and Eastern Europe Investment Fund specifically targeting these three markets.<sup>43</sup> The previously mentioned case of Lithuania has captured the most attention, followed by closer Taiwanese–Lithuanian ties. This has, *inter alia*, included a large number of delegation visits, a USD200 million investment fund and a joint semiconductor center in Lithuania.<sup>44</sup> The Czech Republic has also made notable overtures toward Taiwan. In 2019, Prague refused to sign a One China clause into a city

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<sup>41</sup> “Public Seminar Series: Contextualizing Taiwan’s Role in Central and Eastern Europe, Global Taiwan Institute, March 15, 2023”, <https://globaltaiwan.org/events/march-15-contextualizing-taiwans-role-in-central-and-eastern-europe/>.

<sup>42</sup> *Ibid.*

<sup>43</sup> See, Chris Horton, “China Is Losing Europe’s East to Taiwan, The China Project, January 23, 2023”, <https://thechinaproject.com/2023/01/31/china-is-losing-europes-east-to-taiwan/>; see also, Nora Tenta, “Taiwan’s Recent Impact on EU-China Relations: A Farewell to the Status Quo?”, *European Guanxi*, March 7, 2022”, <https://www.europeanguanxi.com/post/taiwan-s-recent-impact-on-eu-china-relations-farewell-to-the-status-quo>; Patryk Szczotka, “Slovakia is the Next European Country to Strengthen Ties with Taiwan, Warsaw Institute, December 15, 2021”, <https://warsawinstitute.org/slovakia-next-european-country-strengthen-ties-taiwan/>.

<sup>44</sup> Ferency, *op cit.*; Nordin and Stünkel, *op cit.*

partnership agreement with Beijing and instead entered such a partnership with Taipei.<sup>45</sup> Two years later, in 2021, Taiwan's foreign minister Joseph Wu addressed the Czech senate and met with senate president Milos Vystrcil. Before this meeting, Vystrcil led a 90-person delegation visit from CEE countries to Taiwan.<sup>46</sup> In January 2023, the Czech Republic President-elect Petr Pavel accepted a phone call from President Tsai Ing wen, and vowed to meet Tsai "in person in the future".<sup>47</sup>

## CONCLUDING REMARKS

The status of Taiwan is an increasingly important issue beyond the Taiwan Strait. The conflict between China and Taiwan is intensifying, and it is already present in international forums and within third countries' domestic spheres. As described in this chapter, China is actively employing pressure tactics in Europe to isolate Taiwan. This is unsurprising, given the importance and sensitivity that Beijing attaches to the issue of Taiwan. Many of China's activities are overt and carried out legitimately, such as iterating statements on its embassy's website and writing articles in the media stating its position. However, other methods by China are covert and problematic. Making implicit threats and trying to silence journalists and politicians are illegitimate and unacceptable modes of conduct that democratic societies in Europe need to identify and counter.

A notable feature is the scope and variety of levels and areas in which these pressure activities take place. Chinese efforts to shrink the Taiwanese presence in European countries happen on a national as well as a local level, within governmental and official domains as well as in private and informal spaces, and against individuals as well as against groups. As Chinese foreign diplomacy grows more assertive, this wide range of pressure activities demonstrates the depth of importance that the Taiwan issue has for Beijing.

It is, however, also noteworthy that Chinese pressure tactics so far seem to be largely ineffectual, given the indications that Europe is drawing closer to Taiwan. Indeed, individually, Chinese efforts to isolate Taiwanese activities have been a mixture of successes and failures, and yet, viewed from a wider perspective, Beijing's pressure tactics on Taiwan have not pushed Europe to distance itself from Taiwan, which is China's ultimate aim. On the contrary, Europe seems to be seeking closer cooperation with Taiwan.

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<sup>45</sup> Wacker, *op cit.*

<sup>46</sup> Horton, *op cit.*

<sup>47</sup> Stuart Lau, "China Warns New Czech President after Taiwan Call, Politico, January 31, 2023", <https://www.politico.eu/article/china-warn-czech-republic-president-petr-pavel-taiwan-call/>.



Europe is currently trying to grasp the scope and intensity of Chinese influence activities. Considering how Taiwan constitutes Beijing's most prioritized core issue, the intensity and uncompromising approach of China regarding Taiwan is likely to continue. By pressuring European actors to disengage from Taiwanese counterparts, Beijing seeks to draw red lines for European–Taiwanese interactions. The goal for Beijing is to reduce Taiwan's room for maneuver as much as possible. Therefore, the red lines are set to become thicker and more restrictive if too many concessions are being made by the European side. Europe, therefore, needs to articulate its standpoints better, identify the scope of space within its unofficial relationship, and select productive engagements with Taiwan. To some degree, it also needs to draw its own red lines against Chinese influence activities regarding Taiwan.

Given the lack of knowledge that sometimes characterizes the understanding of the Taiwan issue in Europe, there is still a risk of Taiwanese space becoming increasingly marginalized in the face of Chinese efforts to isolate Taipei. China is a powerful and important country for many European actors and the risk of self-censorship remains. However, as this chapter has shown, many European countries have responded by seeking to strengthen their ties with Taiwan. That being the case, for now, indications point to European views of China becoming increasingly skeptical while relations between Europe and Taiwan are deepening.

However, while interactions between Europe and Taiwan have increased in number and vocal support in Europe for Taiwan has become louder, substantive results have yet to materialize. Advances with an EU–Taiwan Bilateral Investment Treaty and a Free Trade Agreement are still unclear. In terms of security cooperation, there is little on the table. Moreover, it remains to be seen if these Chinese warnings against interactions with Taiwanese actors are successful or not in the long term. Considering China's economic power, many interests in Europe seek to avoid confrontation with Beijing. Even though there are defying voices in the immediate response, European actors may still become more cautious in the future when engaging with Taiwanese actors and impose self-censorship. Therefore, indications point to closer ties between Europe and Taiwan, but it remains to be seen how these ties will be sustained going forward.

**CHAPTER 5****China in Korean Peacebuilding and Denuclearization***Hideya Kurata***INTRODUCTION: LIMITED BILATERAL INFLUENCE AND THE “SINO-US AD HOC CONCERT”**

Opportunities for China to engage with the Korea-specific issue of converting a Military Armistice Agreement in 1953 into a peace agreement have, in the past, required regional multilateral talks. If China had influence over the Democratic People’s Republic of Korea (DPRK) on this issue through bilateral relations, multilateral talks would not be needed. In other words, the multilateral talks involving China indicate the limits of its influence over North Korea on this issue. The Four-Party Talks involved North and South Korea, the US, and China and were jointly proposed by US President Bill Clinton and Republic of Korea President Kim Youngsam in April 1996. The purpose was to provide North Korea an opportunity to consult with the US while presenting China with a forum for becoming involved in the issue, despite North Korea’s opposition to concluding a bilateral peace agreement with the US. China’s “constructive role” in the process stemmed from its willingness to engage on the issue of building a peaceful regime.<sup>1</sup> Neither the Taiwan Strait issue, which had heightened tensions only a month before the proposal was made, nor the cross-regional value issue, were on the agenda, suggesting the possibility of forming a “Sino–US ad hoc concert”.<sup>2</sup>

Regarding the Six-Party Talks held in Beijing in the 2000s regarding the nuclear issue, multilateral talks would not be necessary if China could also restrict North Korea’s nuclear development through bilateral relations. In response to North Korea’s

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<sup>1</sup> 倉田秀也 (Hideya Kurata), “朝鮮半島平和体制樹立問題と中国:北東アジア地域安全保障と‘多国間外交’ (The Issue of Building a Peace Regime on the Korean Peninsula and China: The Regional Security in North East Asia and the ‘Multilateral Diplomacy’”, 高木誠一郎 (Seiichiro Takagi) (ed.), *脱冷戦後の中国外交とアジア・太平洋 (Chinese Diplomacy and the Asia-Pacific after the Cold War)*, Tokyo: The Japan Institute of International Affairs, 2000, pp. 225-226.

<sup>2</sup> Hideya Kurata, “Korean Peace Building and Sino-US Relations: An ‘Ad-Hoc’ Concert of Interests?”, *Journal of Contemporary East Asia Studies*, Volume 8, Number 1 (July 2019), p. 31.

announcement to withdraw from the Treaty on the Non-Proliferation of Nuclear Weapons (Nuclear Non-proliferation Treaty: NPT) in January 2003, the US and China informally consulted at the UNSC. The Bush administration, in preparation for the war with Iraq based on the “preemptive” assertion, proposed that North Korea’s nuclear issue not be submitted to the UNSC to avoid tensions in Northeast Asia. The Hu Jintao administration of China agreed with this proposal. The US and China considered bringing the North Korean nuclear issue into regional talks and showing readiness to discuss building a peace regime and other issues that would lead North Korea to abandon its nuclear program. However, regarding the preemptive strike that the Bush administration advocated, China argued that North Korea’s “reasonable security concerns” should be addressed and urged the US to engage in dialog with North Korea. The Six-Party Talks were outlined with the addition of Japan, South Korea, and Russia to the US–North Korea–China Trilateral talks in April 2003. The Six-Party Talks sought to address North Korea’s security concerns regarding the development of nuclear weapons by providing security assurances and building a peaceful regime based on a Sino–US ad hoc concert of interests in which Korea-specific concerns were the only issues on the table.<sup>3</sup>

In contrast, considering that the Six-Party Talks were regional multilateral talks replacing the UNSC by informal agreement between the US and China, the Sino–US ad hoc concert was also formed at the UNSC. Since North Korea conducted its first nuclear test in October 2006, the US and China have cooperated to adopt joint resolutions, instead of refraining from submitting North Korea’s nuclear development to the UNSC. However, it is worth noting that UNSC Resolution 1718 embraced Sino–US cooperation between the region and the UNSC. While Resolution 1718 required that all members not permit any battle tanks, armored combat vehicles, large caliber artillery systems, combat aircraft, attack helicopters, warships, missiles, or other weapons of mass destruction (WMD) to be used against the DPRK, the direct or indirect supply, sale, or transfer to the DPRK, supporting or promoting, the DPRK was called upon to immediately return to the Six-Party Talks without requirement”. Additionally, the Resolution affirms the need to be prepared to review the appropriateness of the measures for sanctions stipulating “strengthening, modification, suspension or lifting of the measures, as may be needed at that time considering the DPRK’s compliance”.<sup>4</sup> In other words, UNSC Resolution 1718 and subsequent resolutions required punitive “externalizing” measures to denuclearize

<sup>3</sup> 倉田秀也 (Hideya Kurata), “6 者会談の成立過程と米中関係: ‘非核化’ と ‘安保上の懸念’ をめぐる相互作用 (The Formation Process of the Six-Party Talks: The Interaction between ‘Denuclearization’ and ‘Security Concerns’”, 高木誠一郎 (Seiichiro Takagi) (ed.), *米中関係: 冷戦後の構造と展開 (US-China Relations: Its Structures and Developments)*, Tokyo: The Japan Institute of International Affairs, 2007. pp. 77-79.

<sup>4</sup> S/RES/1718, October 14, pp. 2-4.

North Korea at the UNSC and “internalizing” North Korea into the regional talks.<sup>5</sup> Even if no peace regime were built through a Sino–US ad hoc concert and if US–China cooperation in the UNSC did not lead North Korea to abandon its WMD development, each of these two dimensions of US–China cooperation was essential for curbing North Korea’s attempts to build a peace regime with the US over South Korea’s head. Additionally, it would still impose costs on North Korea’s WMD development.

As North Korea withdrew from the multilateral Four-Party and Six-Party Talks and turned to bilateral talks with the US, it recognized the Sino–US ad hoc concert as an attempt for “Sino–US joint management of a Korean-specific issue”. China, as a *de facto* signatory to the Military Armistice Agreement, had sent the Chinese People’s Volunteer Army delegation to the Military Armistice Commission in Panmunjom; however, as the US–North Korea high-level talks were underway in 1994, North Korea evicted the military delegation and prohibited them from returning. Although North Korea hopes for greater Chinese influence and less US presence in the region, it has not relaxed its vigilance against Chinese influence over the peacebuilding issue on the Korean Peninsula. At the UNSC as well, North Korea has criticized US–China cooperation, which imposed costs on its WMD development in inverse proportion to the deterioration in its relations with China, leading to heated criticism by the party.<sup>6</sup> This chapter examines China’s influence over North Korea from the perspective of building a peace regime in the regional arrangements and North Korea’s WMD development at the UNSC.

### **THE SINO-US “AD HOC CONCERT” UNDER CHALLENGE: “PARALLEL TRACKS” PROPOSED AT SUMMITS**

With North Korea’s withdrawal from the Six-Party Talks and the UNSC sanctions imposed on its WMD development, in February 2016, Chinese Foreign Minister Wang Yi proposed the “Parallel Tracks (Shuanggui Bingxing)” initiative to simultaneously denuclearize the Korean Peninsula and build a peace regime. China expressed its readiness to play a constructive role as it had in the previous Four-Party Talks and called for the resumption of the Six-Party Talks. However, unlike the Four-Party Talks, Kim

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<sup>5</sup> Regarding the concepts of “externalization” and “internalization”, see, Hideya Kurata, “A Conceptual Analysis of the Six-Party Talks: Building Peace through Security Assurances”, *Asian Security*, Volume 3, Number 1 (2007), pp. 13-14.

<sup>6</sup> “中澳外長舉行外交戰略對話 (The Chinese and Australian Foreign Ministers Hold Diplomatic Strategic Dialogues)”, *人民日報 海外版 (Renmin Ribao Overseas Edition)*, February 18, 2016; see also, 倉田秀也 (Hideya Kurata), “北朝鮮‘非核化’と中国の地域的関与の模索: 集団安保と平和体制の間 (China’s Search for Engagement with the Korean Peninsula in North Korea’s ‘Denuclearization’: Between Collective Security and a Peace Regime)”, *国際安全保障 (International Security)*, Volume 46, Number 2 (December 2018), p. 69.

Jongun's trip to Beijing to meet with President Xi Jinping after the inter-Korean and US–North Korea summits improved relations between China and North Korea, which had once been the subject of harsh criticism by the party, raising expectations that China would use its influence on the Korean Peninsula. Furthermore, after the China–North Korea summit talks in Beijing in March 2018, at the 3rd Plenum of the 7th Session of the Central Committee of the Workers' Party of Korea (WPK) (April 21, 2018), Kim Jongun declared that “no further, intermediate-long range, and intercontinental ballistic rocket test launches are necessary” and that the “northern nuclear test site” had “completed its mission” and was “closed”.<sup>7</sup> In addition, North Korea destroyed the tunnels of the nuclear test site at Punggye-ri on May 28. These moratoriums were measures to relax UNSC sanctions while seeking concessions from US President Donald Trump at the upcoming US–North Korea summit. Although they could not be regarded as substantive denuclearization measures, North Korea might have moved toward adopting serious denuclearization measures, depending on the outcome of the US–North Korea summit. In such a case, parallel tracks, linking denuclearization measures within building a peaceful regime, were expected to materialize.

Parallel tracks continued to be a guiding principle in its Korean policy, but North Korea sought to limit China's voice in building a peaceful regime despite improving relations with China at the summit level. The Panmunjom Declaration announced at the inter-Korean summit on April 27, 2018, stated that the DPRK would “actively pursue trilateral meetings involving the two Koreas and the US , or quadrilateral meetings involving the two Koreas, the US and China to declare an end to the War, turn the armistice into a peace treaty, and establish a permanent and solid peace regime”.<sup>8</sup> This would render China's engagement in building a peace regime subsidiary in multilateral talks. This indicated that North Korea's recognition remained unchanged as far as China's role in building a peaceful regime was concerned. This is also true for the China–North Korea summit in

<sup>7</sup> “조선로동당 중앙위원회 제 7기 제 3차 전원회의 진행: 조선로동당 위원장 김정은동지께서 병진로선의 위대한 승리를 긍지높이 선언하시고 당의 새로운 전략적 로선을 제시하였다 (Proceedings of the 3rd Plenary Session of the 7th Central Committee of the Workers' Party of Korea: Comrade Kim Jongun, Chairman of the WPK, Proudly Declared the Great Victory of the *Byungjin* and Presented the Party's New Strategic Line)”, *로동신문 (Rodong Shinmun)*, April 21, 2018. The term “intermediate-long” range is the classification inherent with North Korea, referring to the range to cover the US bases in Guam; the *Hwasong-10 (Musudan)* and the *Hwasong-12*. Although the English text of this speech referred to this part as an intermediate-range ballistic rocket, it was referred as ‘intermediate-long range rocket (중장거리 로켓)’ in Korean text in the Korean Central News Agency. See, Hideya Kurata, “Synchronizing Two Asymmetrical Deals: The Panmunjeom Declaration and the US-DPRK Joint Statement from Japan's Perspective”, *The Korean Journal of Security Affairs*, Volume 23, Number 2 (December 2018), pp. 38-39.

<sup>8</sup> “조선반도의 평화와 번영, 통일을 위한 판문점선언 (Panmunjom Declaration on Peace, Prosperity and Reunification of Korean Peninsula)”, *로동신문 (Rodong Shinmun)*, April 28, 2018.

Dalian on May 8–9, 2018. The *Renmin Ribao* reported that Xi Jinping described the China–North Korea relationship as a “lip-tooth relationship”, stating that China “will continue to express its readiness to play an active role for lasting stability in the region together with the countries concerned”. Kim Jongun also hoped that “the countries concerned will finally achieve denuclearization and lasting peace on the peninsula”.<sup>9</sup> However, the *Rodong Shinmun* reported that the two leaders “deeply exchanged views on how to resolve several serious issues of joint concern” without mentioning the issue of establishing a peaceful regime.<sup>10</sup>

Regarding the US–North Korea Joint Statement released at the subsequent summit meeting in Singapore on June 12, 2018, it was stipulated that the US and the DPRK would join efforts to build a lasting and stable peaceful regime on the Korean Peninsula, indicating that building a regime of peace would be a priority in the US–North Korea bilateral talks rather than multilateral talks.<sup>11</sup> Moreover, President Trump mentioned the possible withdrawal of strategic bombers from Andersen Air Force Base in Guam at the press conference after the meeting.<sup>12</sup> With Trump’s suggestion of reducing extended deterrence, Kim Jongun must have seen that reduced extended deterrence was possible by repeating the US–North Korea summits.

China’s concerns would have been that North Korea would lean toward a bilateral relationship with the US in building a peace regime and minimize China’s engagement. On June 19, 2018, at the DPRK–China summit following the US–DPRK summit, Xi Jinping stated, “China hopes the relevant sides will join forces to jointly promote the peace process on the Peninsula, playing a constructive role”, and that Kim Jongun also stated that he “hopes to build a sustainable peace mechanism on the Korean Peninsula with China and all related parties”, in *Renmin Ribao*. In contrast, *Rodong Shinmun* failed

<sup>9</sup> “習近平同朝鮮労働党委員長金正恩 在大連举行会陪(Xi Jinping Accompanies Kim Jongun, Chairman of the Workers’ Party of Korea in the Meeting in Dalian”, *人民日报 (Renmin Ribao)*, May 9, 2018.

<sup>10</sup> “조선로동당 위원장, 조선민주주의인민공화국국무위원회위원장 김정은동지께서 중국공산당 중앙위원회 총서기, 중화인민공화국주석 습근평동지와 또다시 상봉하시였다 (Comrade Kim Jongun, Chairman of the Workers’ Party of Korea, Chairman of the State Affairs Committee of the DPRK Meets Again with General Secretary of the Central Committee of the Communist Party of China, and Comrade Xi Jinping of the People’s Republic of China”, *로동신문 (Rodong Shinmun)*, May 9, 2018.

<sup>11</sup> “Joint Statement of President Donald J. Trump of the United States of America and Chairman Kim Jongun of the Democratic People’s Republic of Korea at the Singapore Summit, June 12, 2018”, <https://trumpwhitehouse.archives.gov/briefings-statements/joint-statement-president-donald-j-trump-united-states-america-chairman-kim-jongun-democratic-peoples-republic-korea-singapore-summit/>.

<sup>12</sup> “Press Conference by President Trump, June 12, 2018, Capella Hotel, Singapore”, <https://www.whitehouse.gov/briefings-statements/press-conference-president-trump>.

to report Xi Jinping's remarks regarding peace regime building, saying that Kim Jongun would "cooperate and work closely with Chinese comrades in the General Staff".<sup>13</sup> Kim Jongun did not deny multilateral talks *per se*. Still, despite the inter-Korean and US–North Korea summits, North Korea was vigilant about China's engagement in building a peace regime. Nonetheless, China was emphatic on its role in the peace regime. When Kim Jongun again visited China in January 2019, a Chinese Foreign Ministry spokesman strongly refuted suggestions that China was a "variable" in the Korean issue, saying that China was a "positive factor".<sup>14</sup> In the same vein, North Korea's *Minju Choson* failed to report "Parallel Tracks" and China's "constructive role" in Vice Foreign Minister Ri Gilsong's meeting with Wang Yi, suggesting<sup>15</sup> that North Korea had no immediate interest in building a peace regime with China's engagement.

China's willingness to establish a peace regime under the parallel tracks guiding principle continued even after the US–North Korea Second summit talks in Hanoi ended without an agreed document. With the continuation of the US–North Korea summit talks in jeopardy, Xi Jinping made his first visit to Pyongyang as President in June 2019, where he offered Kim Jongun "four supports": (1) North Korea's continued adherence to the direction of denuclearization of the Korean Peninsula, (2) continued improvement of mutual relations between the two Koreas, (3) the US–North Korea summit meeting producing results, and (4) the countries concerned to resolve issues of reasonable concern to each side through dialog. Xi Jinping's reference to the inter-Korean dialog before the US–North Korea summit indicates his expectations for the resumption of inter-Korean dialog, where he emphasized his willingness to "play a positive and constructive role for the denuclearization of the peninsula and long-term regional stability in coordination and collaboration with the DPRK and all relevant sides". Assuming that "long-term stability" refers to establishing a peace regime, this sentence is also synonymous with "Parallel Tracks". Given China's desire for a peace agreement between North Korea and South

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<sup>13</sup> 倉田 (Kurata), "北朝鮮 '非核化' と中国の地域的関与の模索 (China's Search for Engagement with the Korean Peninsula in North Korea's 'Denuclearization')", *op. cit.*, pp. 79-80.

<sup>14</sup> "2019年1月8日外交部发言人陆慷主持例行记者会 (Foreign Ministry Spokesperson Lu Kang Hosts a Regular Press Conference on January 8, 2019)", [https://www.fmprc.gov.cn/web/wjdt\\_674879/fyrbt\\_674889/t1627853.shtml](https://www.fmprc.gov.cn/web/wjdt_674879/fyrbt_674889/t1627853.shtml).

<sup>15</sup> "우리 나라 외무성 부장이 중국국무원 국무위원 겸 외교부장을 만났다 (The Vice Minister of Foreign Affairs of Our Country Met with the State Councilor and Minister of Foreign Affairs of the State Council of China)", *민주조선 (Minju Choson)*, March 2, 2019. Ri Gilsung also met Vice Minister of Foreign Affairs Kong Yongyou on this occasion, but 'China's constructive role' was not reported.

Korea—not between the US and North Korea, the emphasis on South Korean involvement did not deviate from the framework of the “Parallel Tracks”.<sup>16</sup>

Furthermore, China’s efforts to establish a peace regime on the Korean Peninsula at the regional level were concurrent with its efforts at the UNSC. Immediately after the first US–North Korea Summit in June 2018, China and Russia jointly distributed a draft of the Chairman’s statement calling for the easing of economic sanctions against North Korea, reminding the UNSC Resolutions since 1718 that called on North Korea to return to the Six-Party Talks.<sup>17</sup> After the failed second US–North Korea summit in Hanoi in late February 2019, China again jointly submitted a Resolution with Russia, in which the reversibility of the UNSC Resolutions was pointed out, as well as the option of a formal declaration and /or a peace treaty for the end of the Korean War.<sup>18</sup>

### **LIFTED “MORATORIUMS”: KIM JONGUN’S “NEW COLD WAR” NARRATIVE**

So long as the moratoriums laid out by Kim Jongun remain in place, US–China cooperation at the UNSC will not be challenged. Since the failed 2nd US–North Korea summit until the end of the Trump administration, North Korea had repeatedly launched short-range missiles (SRBM), and it refrained from testing launches of missiles with longer ranges under the moratoriums. North Korea hoped to reduce extended deterrence by continuing the US–North Korea summit talks during the Trump administration.

Considering this, the weapons that Kim Jongun listed as “Strategic Tasks” (later referred to as the “Five-Year Defense Plan”) at the 8th Congress of the WPK in January 2021 are worth noting. It included intercontinental ballistic missiles (ICBM) with a range of 15,000

<sup>16</sup> “共同开创中朝两党两国关系的美好未来：记习近平总书记对朝鲜进行国事访问 (Jointly Create a Bright Future for Relations between the Two Parties and Two Countries in China and Korea: General Secretary Xi Jinping Paid a State Visit to Korea)”, *人民日报 (Renmin Ribao)* June 21, 2019; see also, 倉田秀也 (Hideya Kurata), “朝鮮半島平和体制樹立と中国：多国間協議なき対中関与の南北間格差 (China in the Building a Peace Regime on the Korean Peninsula: North-South Disparities in Engagement with China in the Absence of Multilateral Arrangement)”, *外務省外交・安全保障調査研究事業：中国の対外政策と諸外国の対中政策 (Ministry of Foreign Affairs of Japan’s Research Project on Foreign Policy: China’s Foreign Policy and Foreign Countries’ Policies toward China)*, Tokyo: The Japan Institute of International Affairs, 2020, p. 198.

<sup>17</sup> “2018年6月29日外交部發言人陸慷主持例行記者會 (Foreign Ministry Spokesperson Lu Kang Hosts a Regular Press Conference on June 29, 2018)”, [http://www.fmprc.gov.cn/web/wjdt674879/rbt\\_67889/t1572824.shtml](http://www.fmprc.gov.cn/web/wjdt674879/rbt_67889/t1572824.shtml).

<sup>18</sup> Draft for Resolution (unpublished), p. 4; see also Michelle Nichols, “Russia, China to Hold More U.N. Talks on Lifting North Korea Sanctions: Diplomats”, *Reuter*, <https://www.reuters.com/article/us-northkorea-usa-un-idUSKBN1YX0LD>.



km, multiple warheads, medium- and long-range cruise missiles, nuclear submarines, and tactical nuclear weapons to be accomplished by the next party congress.<sup>19</sup> Most of these weapons cannot be developed without lifting Kim Jongun’s self-imposed moratoriums. Put differently, when Kim Jongun announced the “Five-Year National Defense Plan”, it was tantamount to announcing the “moratoriums” would be lifted. It is not a total coincidence that the 8th Congress of the WPK was held contemporaneously with the inauguration of President Joe Biden, Jr. Although the Biden administration indicated its readiness to resume unconditional talks with North Korea, it touted the restoration of an alliance damaged under the Trump administration. It was difficult for North Korea to determine how the resumption of US–North Korea talks could lead to reduced extended deterrence. In another aspect, announcements of the “Five-Year National Defense Plan” expressed a determination to prioritize weapon development over the US–North Korea talks.

Despite the circumstances, China hoped the US–North Korea talks would resume. In July 2021, Wang Yi asserted that the US was applying military threats and pressure, adding that North Korea’s “reasonable security concerns” were to be addressed. As noted, this was a rhetorical tool used by China to encourage the US to engage in dialog with North Korea while criticizing the Bush administration’s preemptive strategy. However, North Korea’s prioritizing completion of its Five-Year Defense Plan over US–North Korea talks, which would require North Korea to freeze or halt its weapons development, turned into criticism of the US while defending North Korea’s weapons development. Wang Yi also repeated his original assertion that the sanctions imposed by the UNSC Resolution on North Korea’s WMD development plans were reversible, while repeating the need for parallel tracks.<sup>20</sup>

In this context, Kim Jongun’s speech at the 5th Session of the 14th Supreme People’s Assembly on September 29, 2021, should be underscored. He criticized the “fundamental dangers” coming from the US and its vassal forces’ high-handed and arbitrary practices, noting the complicated nature of the current international situation due to the structure of

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<sup>19</sup> “우리식 사회주의건설을 새 승리에로 인도하는 위대한 투쟁강령: 조선로동당 제 8 차대회에서 하신 경애하는 김정은동지의 보고에 대하여 (The Great Program of Struggle to Lead Our Socialist Construction to a New Victory: Regarding the Report by Respected Comrade Kim Jongun at the 8th Congress of the Workers’ Party of Korea)”, *로동신문 (Rodong Shinmun)*, January 9, 2021. Quotations from this speech hereafter are taken from this document.

<sup>20</sup> 王毅 (Wang Yi), “守护世界和平, 推动人类进步 (Safeguard World Peace and Promote the Advancement of Mankind)”, *环球时报 (Huanqiu Shibao)*, July 5, 2021; see also, “清华大学主办第九届世界和平论坛 (Tsinghua University Hosted the 9th World Peace Forum)”, <https://www.tsinghua.edu.cn/info/1173/85558.htm>.

international relations having been reduced to a New Cold War in response to US unilateral and prejudiced bloc-forming foreign policy.<sup>21</sup> Kim Jongun's New Cold War narrative was reminiscent of Xi Jinping's Cold War mentality rhetoric. During this period, Xi Jinping asserted, "We must abandon the old concept of the Cold War Mentality and the zero-sum game".<sup>22</sup> Xi Jinping criticized the US for its Cold War mentality of encircling and interfering with China's domestic affairs, including Taiwan, as well as for strengthening relations with its allies. In the case of Kim Jongun's New Cold War narrative, North Korea's bandwagoning on the resurgence of Cold War hostilities between the major powers was justified, thereby preventing them from jointly managing the Korean problems. Unlike Xi Jinping's Cold War mentality, North Korea could benefit by taking advantage of the structure and dynamics of the Cold War. Kim Jongun's recognition of multipolarity suggested that China and Russia are not monolithic, and that North Korea considered its relationship with each country separately. With regard to China, North Korea's critical stance of the US regarding the Taiwan Strait issue became an opportune point of contention for North Korea to capitalize on the dynamics of the New Cold War. Although there are many examples, one notable instance was North Korea's immediate response to defend China when President Biden made remarks defending Taiwan when it was under attack from China.<sup>23</sup>

In this speech, Kim Jongun also touched upon the issue of building a peaceful regime. The Moon Jaein administration of South Korea was consulted with the US over the "declaration of the end of the Korean War" as indicated in the "Panmunjom Declaration", to which Kim Jongun critiqued, "The South Korean authorities are bent on begging for

<sup>21</sup> "경애하는 김정은동지께서 력사적인 시정연설 《사회주의건설의 새로운 발전을 위한 당면 투쟁방향에 대하여》를 하시였다 (Respected Comrade Kim Jongun Makes Historic Policy Speech 'On the Orientation of Present Struggle for a Fresh Development of Socialist Construction')", *민주조선 (Minju Choson)*, September 30, 2021.

<sup>22</sup> 习近平 (Xi Jinping), "让多边主义的火炬照亮人类前行之路：在世界经济论坛'达沃斯议程'对话会上的特别致辞 (Let the Torch of Multilateralism Light Humanity's Way Forward: A Special Message at the World Economic Forum's 'Davos Agenda Dialogue')", *人民日报 (Renmin Ribao)*, January 26, 2021.

<sup>23</sup> "박명호외무성부상 미국의 대만문제간섭은 조선반도정세긴장 촉진 (Vice Minister of Foreign Affairs Pak Myongho placed the US Interventions in Taiwan Affairs Leads to Tensions in the Korean Peninsula)", Korean Central News Agency, October 23, 2021. Regarding President Biden's remarks, see, "Remarks by President Biden in a CNN Town Hall with Anderson Cooper, Baltimore Center Stage, Baltimore, Maryland. October 21, 2021", <https://www.whitehouse.gov/briefing-room/speeches-remarks/2021/10/22/remarks-by-president-biden-in-a-cnn-town-hall-with-anderson-cooper-2/>. For fear that this statement might be interpreted as a departure from the existing US policy on Taiwan, the White House spokesman had to emphasize that the existing policy remains unchanged. See, "Press Briefing by Press Secretary Jen Psaki, October 22, 2021", <https://www.whitehouse.gov/briefing-room/press-briefings/2021/10/22/press-briefing-by-press-secretary-jen-psaki-october-22-2021/>.

external support and cooperation while clamoring for international cooperation in servitude to the US”. He added that “as regards the issue of declaring the termination of the war proposed by South Korea recently, though the termination of war is declared, hostile acts would be continued and, therefore, unexpected different clashes repeated, arousing the anxiety of all the fellow countrymen and international community”. This was tantamount to giving the relinquished US hostile actions a higher priority than the “declaration of the end of the Korean War”, rendering the relaxation or elimination of US extended deterrence a condition for the declaring the Korean War over. This could spill over to the UNSC into another US–China cooperation dimension. If the US, China, and Russia are prevented from cooperating at the UNSC in response to North Korea’s nuclear tests and missile launches, North Korea will be able to conduct its nuclear tests and missile launches without fear of additional sanctions.

### **THE UKRAINE WAR UNDERMINES THE SINO–US CONCERT AT THE UN**

As predicted the previous year, Kim Jongun instructed the 6<sup>th</sup> Political Bureau of the 8<sup>th</sup> Central Committee WPK on January 19, 2022 to “reconsider in an overall scale the trust-building measures that we took on our own initiative on a preferential ground and to promptly examine the issue of restarting all temporally suspended activities”.<sup>24</sup> This was followed by the *Hwasong-12*, an intermediate-long-range ballistic missile launched on January 30, and, subsequently, by a new ICBM called the *Hwasong-17* launched on March 24 and 25. The UNSC held an emergency meeting on these ballistic missile launches in March 2022, where the Chinese Ambassador to the UN Zhang Jun repeated its previous concerns, urging the US to consider North Korea’s “reasonable security concerns”. In response to the joint Russia–China Resolution on the humanitarian considerations in North Korea, the US Ambassador to the UN, Thomas-Greenfield, had to rebut that the goodwill toward North Korea expressed in the Resolution had been undermined by the lifting of the moratorium by North Korea.<sup>25</sup>

The lifting of the North Korean moratorium at about the same time as the war in Ukraine helped tip the debate in the UN toward North Korea. At the end of February 2022, North Korea’s Foreign Minister spoke for Russia, stating, “The root cause of the Ukraine crisis totally lies in the hegemonic policy of the US and the West, which indulge themselves in

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<sup>24</sup> “조선로동당중앙위원회정치국 제 8 기 제 6 차회의 진행 (The 6th Political Bureau Meeting of the 8th Central Committee, the Workers’ Party of Korea Held)”, *로동신문 (Rodong Shinmun)*, January 20, 2022.

<sup>25</sup> S/PV/9004, March 20, 2022, p. 16.

high-handedness and arbitrariness toward other countries”.<sup>26</sup> At an emergency session of the UN General Assembly in March 2022, when the Resolution condemning Ukraine was submitted, North Korea voted against it, showing more support for Russia than China, which abstained.<sup>27</sup> As North Korea had already expressed its support for Russia in its 2014 annexation of Crimea,<sup>28</sup> its position did not change with the invasion of Ukraine. North Korea’s strong support for Russia must have been considered in its tacit support of North Korea’s ballistic missile launches at the UNSC. Furthermore, in response to the Meetings of the G7 Foreign Ministers (May 12-14, 2022) criticizing Russia’s invasion of Ukraine and North Korea’s ballistic missile launches, on May 15, the North Korean Foreign Ministry issued a statement titled “The US is Responsible for the Escalated Situation on the Korean Peninsula”.<sup>29</sup>

Thus, at the May 26 UNSC meeting on North Korea’s ballistic missile launches since January, China and Russia adopted the position that unilateral sanctions would not solve the problem, invoking their veto of US draft Resolution S/2022/431.<sup>30</sup> This meeting constituted the first occasion in which the UNSC failed to act in unison on a North Korean ballistic missile launch longer than an intermediate-long range. For North Korea, as with the Taiwan Strait issue in US–China relations, the war in Ukraine served to fuel the great power conflict in US–Russian relations. Kim Jongun characterized Russia’s invasion of Ukraine as “the sacred feat of achieving international justice”.<sup>31</sup>

North Korea’s missile launches continued. In early October 2022, it launched the *Hwasong-12*, passing over Japan for the first time in five years. A UNSC meeting was held in response, where China’s Ambassador to the UN, Geng Shuang, asserted that North Korea’s launch activities occurred either before or after military exercises, criticizing the US for regrettably failing to respond while suggesting moratoriums as North Korea took

<sup>26</sup> “조선외무성 우크라이나사태의 근원은 미국과 서방의 패권주의정책, 평양 2 월 28 일발 (Korea Foreign Ministry, the Root Cause of the Ukraine Crisis Lies in the Hegemonic Policy of the US and the West, Pyongyang, February 28)”, [www.kcna.co.jp/index-k.htm](http://www.kcna.co.jp/index-k.htm). The position was repeated one month later, see, “정당한 선택 2022. 3. 28 (Legitimate Choice, March 28, 2022)”, [www.mfa.gov.kp/view/article/14647](http://www.mfa.gov.kp/view/article/14647).

<sup>27</sup> GA/12407, March 2, 2022; see also, Ramon Pacheco Pardo and Yeong Ik Kim, “Russia’s Invasion and China-North Korea Relations: Stronger Weak-Great Power Alignment”, *Asian Survey*, Volume 62, Number 5-6 (September/October/ November/December 2022), pp. 932-933.

<sup>28</sup> A/68/PV.80, March 27, 2014, p. 17.

<sup>29</sup> “조선반도정세격화의 장본인은 미국이다, 2022. 5. 15 (The US is Responsible for the Escalated Situation on the Korean Peninsula, May 15, 2022)”, [www.mfa.gov.kp/view/article/15146](http://www.mfa.gov.kp/view/article/15146).

<sup>30</sup> S/PV.9048, May 26, 2022.

<sup>31</sup> “경애하는 김정은동지께서 로씨야련방 대통령에게 축전을 보내시였다 (Respected Comrade Kim Jongun Sends Message of Greeting to Russian President)”, *로동신문 (Rodong Shinmun)*, June 12, 2022.

positive measures in 2018. Geng Shuang spoke about the draft Resolution submitted to Russia to ease the humanitarian situation, create a climate conducive to mutual trust among the parties and the resumption of dialog, and inject new impetus into a political settlement of the Korean peninsula issue.<sup>32</sup> In response, Thomas-Greenfield stated that North Korea had enjoyed blanket protection from two members of the Security Council. Concerning North Korea's moratoriums, as defended by Geng Shuang, she pointed out that North Korea itself claimed that such moratoriums do not "exist". She also rebutted the draft Resolution submitted by China and Russia as "rewarding North Korea for its bad action".<sup>33</sup> The UNSC failed to issue even a chairman's statement, showing that North Korea's diplomacy to prevent Sino-US cooperation had worked at the UNSC.

When North Korea launched the *Hwasong-15* on February 18, 2023, the UN Security Council again failed to react. China's charge d'affaires to the UN, Dai Bing, emphasized the resumption of dialog and the parallel tracks, as before,<sup>34</sup> while Russia's Deputy Ambassador to the UN Polyanskiy stated, "(t)he desire to force the Democratic People's Republic of Korea into unilateral disarmament with the help of sanctions and high pressure based on the concept of so-called extended deterrence will not yield the results that Washington is apparently expecting", emphasizing the effectiveness of the draft Resolution that has been submitted jointly with China.<sup>35</sup> It should be noted that, since the UNSC meeting in March 2022, China's and Russia's claims were shared at the summit level. Xi Jinping issued a joint statement with Vladimir Putin on his visit to Russia in March 2023: "The US side should respond to the legitimate and reasonable concerns of the DPRK with concrete actions to create conditions for the resumption". The two sides agreed to promote the parallel tracks that China has long advocated for in the Korean Peninsula's political settlement process.<sup>36</sup> This indicates that North Korea's attempts to

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<sup>32</sup> S/PV.9146, October 5, 2022, pp. 11-12; see also, "Remarks by Ambassador Zhang Jun at the UN Security Council Meeting on the Situation of the Korean Peninsula, 2022-11-22 01:06", [http://un.china-mission.gov.cn/eng/chinaandun/securitycouncil/regionalhotspots/asia/202211/t20221122\\_10979162.htm](http://un.china-mission.gov.cn/eng/chinaandun/securitycouncil/regionalhotspots/asia/202211/t20221122_10979162.htm); 劉海生 (Liu Haisheng) · 叢超 (Cong Chao), "安保理審議半島局勢, 中方強調三點: 呼吁有關各方堅持政治解決方向, 防止局勢論升級甚至失控 (Security Council Reviews the Situation on the Peninsula, China Emphasizes Three Points: Calling on Relevant Parties to Adhere to the Direction of Political Settlement and Prevent the Situation from Escalating or Even Getting Out of Control)", *環球時報 (Huanqiu Shibao)*, November 23, 2022.

<sup>33</sup> S/PV.9146, *op. cit.*, pp. 3-15.

<sup>34</sup> "Remarks by Ambassador Dai Bing at the UN Security Council Briefing on the Korean Nuclear Issue, 2023-02-20, 21:42", [un.china-mission.gov.cn/eng/chinaandun/securitycouncil/regionalpots/asia/202302/t20230221\\_11028315.htm](http://un.china-mission.gov.cn/eng/chinaandun/securitycouncil/regionalpots/asia/202302/t20230221_11028315.htm).

<sup>35</sup> S/PV. 9264, March 23, 2023, p. 12; see also, "Security Council Report: DPRK (North Korea): Open Briefing and Closed Consultations, April 17, 2023", <https://www.securitycouncilreport.org/whatsinblue/2023/04/dprk-north-korea-open-briefing-and-closed-consultations.php?print=true>.

<sup>36</sup> "中华人民共和国和俄罗斯联邦关于深化新时代全面战略协作伙伴关系的联合声明 (Joint Statement of the People's Republic of China and the Russian Federation on Deepening the

prevent cooperation between the major powers in the US–China relationship on the Taiwan Strait issue and the US–Russia relationship on the Ukraine war, have been successful. Furthermore, the WMD issue in North Korea has made coordination between the US, China, and Russia increasingly difficult.

### **CONCLUSION: NORTH KOREA’S SUCCEEDED DIPLOMACY**

The framework for China’s engagement on the Korean Peninsula has remained unchanged since the Four-Party and Six-Party Talks. The parallel tracks offered by Wang Yi continued to be a framework that linked building a peace regime on the Korean Peninsula, discussed in the Four-Talks, with the denuclearization of the Korean Peninsula matter, the main agenda item in the Six-Party Talks. However, the US–China cooperation that provided the basis for these multilateral talks has been undermined at both the regional level and the dimension of the UNSC.

This is largely due to North Korea’s diplomatic efforts to thwart cooperation between the US and China. North Korea has bandwagoned the US–China confrontation to create a line of defense against the US by defending China on the Taiwan Strait issues. An ad hoc Sino–US concert, held most notably to decouple them from the Taiwan Strait issue, would undermine the US if North Korea joins China’s criticism of the US on the Taiwan Strait issue to aggravate the US–China confrontation. Whereas China attempted to engage itself in the process of building a peace regime within the framework of multilateral talks under the parallel tracks proposal, North Korea considered China’s engagement on this issue as secondary. Without multilateral talks, China’s engagement will remain at a secondary level. Despite the summits, this position was also indicated in North Korea’s decision to not allow the Chinese People’s Volunteer Army delegation to return to the Military Armistice Commission.

The limited room for the US and China to cooperate also failed to prevent North Korea from developing WMDs. Since North Korea launched ballistic missiles, the moratoriums self-imposed by Kim Jongun were lifted. China has sought to preserve improved relations with North Korea through the inter-Korean US–North Korea summits in 2018–19 rather

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Comprehensive Strategic Partnership of Cooperation in the New Era”, *人民日报 (Renmin Ribao)*, March 22, 2023. No reference to North Korea was made at the US–Russia summit meeting immediately after the war in Ukraine in March 2022, see, “中华人民共和国和俄罗斯联邦关于新时代国际关系和全球可持续发展的联合声明 (Joint Statement of the People’s Republic of China and the Russian Federation on International Relations and Global Sustainable Development in the New Era)”, *人民日报 (Renmin Ribao)*, March 5, 2022.

than cooperating with the US. However, improved Sino–North Korean relations have not led to enhanced Chinese influence over North Korea.

North Korea’s diplomacy aimed at preventing cooperation among major powers was further manifested in Kim Jongun’s New Cold War narrative. The approach was put into practice during the war in Ukraine, which began shortly after the lifting of the moratoriums. By supporting Russia in the war in Ukraine, North Korea has succeeded in thwarting cooperation between the US and Russia on the ballistic missile launches. As a consequence, North Korea blocked the adoption of a Resolution by launching a ballistic missile at the UNSC. At that time, North Korea’s security concerns and China’s insistence on parallel tracks were confirmed at the China and Russia summit. Of concern is the possibility that if North Korea conducts an additional nuclear test, China and Russia—both nuclear weapon states under the NPT and united in their opposition to North Korea developing nuclear weapons—will veto the resolutions that have been unanimously adopted in cooperation with the US. This essentially means that China and Russia will lose their influence in seeking a denuclearized North Korea and controlling its WMD development. Kim Jongun stated in his speech to the Supreme People’s Assembly in September 2022 that the multipolarity of the power structure surrounding the Korean Peninsula is accelerating, and asked himself, “Which side on earth is time on?” Given the adoption of the ordinance on the use of nuclear weapons by the Supreme People’s Assembly, Kim Jongun’s statement that the enemy feels “hard-pressed” reveals his acknowledgment that the situation is increasingly tilting in favor of North Korea’s nuclear program.<sup>37</sup>

The lifted moratoriums included nuclear testing. Now that they have been lifted, it is expected that the seventh nuclear test will be conducted. In February 2023, North Korea’s Ministry of Foreign Affairs issued the following statement: “If the UNSC continues to be inveigled by the US as the latter wishes, the DPRK will be compelled to reconsider measures for additional actions, to say nothing of the category of normal military activities, in protest against the UNSC which is being reduced into a tool for the US unilateral pressure on the DPRK”,<sup>38</sup> implying a threat to conduct a nuclear test. If a

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<sup>37</sup> “조선민주주의인민공화국 최고인민회의 제 14기 제 7차회의에서 하신 경애하는 김정은 동지의 시정연설 (Respected Comrade Kim Jongun Makes Policy Speech at 7th Session of the 14th Supreme People’s Assembly of Democratic People’s Republic of Korea)”, *민주조선 (Minju Choson)*, September 9, 2022.

<sup>38</sup> “조선민주주의인민공화국 외무성대변인 담화발표 (Press Statement of DPRK Foreign Ministry Spokesperson Issued), February 17, 2023”, [www.mfa.gov.kp/view/article/16535](http://www.mfa.gov.kp/view/article/16535).

nuclear test is conducted, the rift between the US and China, and between China and Russia in the UNSC, would become even more significant.



## CHAPTER 6

# Sino-Russian Strategic Coordination on the Korean Peninsula

*Christopher Weidacher Hsiung*

### INTRODUCTION

This paper aims to examine Sino-Russian strategic coordination on the Korean Peninsula, in particular, the issue of North Korea's nuclear weapons programme.<sup>1</sup> In addition, the paper discusses how China's interaction with Russia can impact Chinese strategic influence on North Korea, but also more broadly, Northeast Asian security. An important takeaway is that heightened US–China strategic rivalry and the US–West–Russia rift due to the war in Ukraine further increases Sino-Russian global strategic coordination, including on the Korean Peninsula. North Korea is also taking advantage of the situation to advance its nuclear weapons programme. China and Russia seem to deprioritise denuclearisation over bolstering ties with Pyongyang and aim to further deter US military and security presence in the region which also complicates resolutions on the North Korea nuclear issue.

The paper is organised in four parts. To put China–Russia interactions on the Korean Peninsula in a wider context, the first part discusses some general features when it comes to Sino-Russian strategic coordination on global affairs and international security issues. The second part highlights the common positions that China and Russia have on the Korean Peninsula but also some differences. The third part then details how and to what extent China and Russia coordinate their positions and policies with regard to the issue of North Korea's nuclear weapons programme by looking at two dimensions of Sino-Russian strategic coordination: (1) political/diplomatic and (2) security/military coordination.<sup>2</sup> The fourth and final part concludes the paper and discusses future Sino-

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<sup>1</sup> The paper does not consider developments after the summer of 2023.

<sup>2</sup> Two clarifications here. First, the paper mainly considers initiatives and measures that more or less qualify as 'jointly performed'. China and Russia conduct a wide range of unilateral policies towards North Korea that are similar, or that to a certain degree can be considered 'coordinated'. However, to make the analysis more focused, more direct unilateral policies are largely excluded. This would, for example, include bilateral diplomatic engagement such as high-level visits or economic and trade

Russian strategic coordination and how this might impact China's strategic influence not only on the Korean Peninsula but also in Northeast Asia more broadly.

## STRATEGIC COORDINATION IN GLOBAL AFFAIRS AND INTERNATIONAL SECURITY ISSUES

Sino-Russian coordination and cooperation on global affairs and international security issues is a major component in the evolving Sino-Russian strategic partnership. On the most basic level, China and Russia share similar views and positions with regard to global affairs and governance. Both countries conceive the current international order as Western-centred and largely dictated by the US. Both strongly defend the principles of state sovereignty and non-interference (at least rhetorically) and, therefore, seek to arrange an international environment that is more conducive to their respective political systems and a normative conception of international relations conduct—what Beijing and Moscow refer to as the ‘democratization of international relations’.<sup>3</sup> Beijing and Moscow are especially opposed to the Western global promotion of democracy, support of civil society movements and an interventionist human rights agenda. Such efforts are viewed as undermining the political legitimacy of authoritarian states and are ultimately directed towards regime change, including in China and Russia. Events like the ‘colour revolutions’ in the post-Soviet sphere, the Arab Spring in 2011 and, more recently, the protest movements in Hong Kong are commonly interpreted as such efforts by the West, notably the US.<sup>4</sup>

The shared views and common positions are reflected in several joint declarations, statements and other documents adopted over the years. One of the earliest such declarations came in 1997 with the so-called ‘Joint Declaration on a Multipolar World’. Such major joint statements are summarised in Table 1 below.<sup>5</sup> As is evident, the number

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engagement. Second, the economic and trade dimension of Sino-Russian interaction with North Korea is left out of the analysis. This is motivated by the fact that joint Sino-Russian economic engagement toward North Korea is relatively limited (again, barring existing not least on the Chinese side, the unilateral economic engagement that obviously exists).

<sup>3</sup> Feng Zhongping and Huang Jing, “China’s Strategic Partnership Diplomacy: Engaging with a Changing World”, *ESPO Working Paper*, No. 8, June, 2014, Madrid: Fundación para las Relaciones Internacionales y el Diálogo Exterior, (FRIDE), pp. 4-19.

<sup>4</sup> Christopher Weidacher Hsiung, *China's Perspective on Russia. Assessing How Beijing Views and Values Its Relationship with Moscow Now and Late* (FOI-R-5267-SE), Stockholm: FOI, 2022, pp. 26-27.

<sup>5</sup> It should be added that the table does not include all examples. There exist some more narrowly issue-specific documents/statements that could fall into the category of global security coordination, for instance, on Syria or on the Iran nuclear issue from 2018. In addition, several more broad statements or documents are framed primarily as bilateral but, in fact, contain important segments on international affairs. One such example is the Treaty of Friendship 2001. Excluded from the table are

of joint declarations has increased over the years. Moreover, the scope and stated ambition for concrete cooperation have also expanded and increased. For instance, the joint declaration signed during Vladimir Putin's meeting with Xi Jinping in Beijing for the opening of the Winter Olympics in February 2022 contains very detailed and outspoken accounts of how China and Russia view the international order and global affairs.<sup>6</sup> For this paper, there have also been several declarations and statements relevant to the North Korea issue, Northeast Asian security and global strategic stability.

**Table 1.**

**Key Joint Statements and Documents on Global Security and International Affairs**

Year	Statement	Main content
1997, April	Joint Declaration on a Multipolar World (中华人民共和国和俄罗斯联邦关于世界多极化和建立新世界秩序的联合声明)	First joint statement expressing common views on international affairs.
2000, July	Joint Statement on Anti-missile Defence (中华人民共和国主席和俄罗斯联邦总统关于反导问题的联合声明)	A joint statement that condemns US plans to create a national anti-missile defence system in violation of the Anti-Ballistic Missile Treaty.
2005, July	Joint Statement on the International Order in the 21 <sup>st</sup> Century (中华人民共和国和俄罗斯联邦关于 21 世纪国际秩序的联合声明)	Contains text on strategic stability, arms control, disarmament and non-proliferation.
2008, May	Joint Statement on Major International Issues (中俄元首签署关于重大国际问题的联合声明)	Contains text on the management of the North Korean issue, particularly on the role of the six-party talks mechanism.
2011, June	Joint Statement between China and Russia on the Current International Situation and Major International Issues (中国和俄罗斯关于当前国际形势和重大国际问题的联合声明)	Includes, for instance, joint opposition to nuclear proliferation.
2016, June	Joint Statement on Strengthening Global Strategic Stability (中华人民共和国主席和俄罗斯联邦总统关于加强全球战略稳定的联合声明)  Joint Statement on International Law (中华人民共和国和俄罗斯联邦关于促进国际法的声明)	For instance, concerns over missile defence systems, specifically mentioning THAAD and opposition to the militarisation of outer space.  Expresses strong adherence to the UN charter and principles of state sovereignty. Also includes opposition to

also numerous statements and documents adopted by regional organisations where China and Russia are key members, such as the Shanghai Cooperation Organisation and the BRICS group.

<sup>6</sup> President of Russia, "Joint Statement of the Russian Federation and the People's Republic of China on the International Relations Entering a New Era and the Global Sustainable Development, February 4, 2022", <http://en.kremlin.ru/supplement/5770>.

		individual states using sanctions as 'unilateral coercive measures'.
2017, July	Statement on Current World Situation and Major International Issues (中华人民共和国和俄罗斯联邦关于当前世界形势和重大国际问题的联合声明)	Contains some more explicit text on Northeast Asian security and North Korea.
2022, February	Statement on International Relations Entering a New Era (中华人民共和国和俄罗斯联邦关于新时代国际关系和全球可持续发展的联合声明)	A detailed and pronounced account of common views and positions regarding global security and affairs.

*Author's compilation. Sources: Ministry of Foreign Affairs of the People's Republic of China, United Nations Digital Library.*

China and Russia cooperate most frequently on issues about crisis and conflict management within the framework of the UN system.<sup>7</sup> China and Russia have coordinated positions and policies on numerous international security issues such as the Arab revolutions, the Syrian civil war and the Iranian nuclear programme, and as detailed more below, on the North Korean nuclear weapons programme. For instance, China and Russia have vetoed six Western proposed United Nations Security Council (UNSC) resolutions on Syria (6 out of 11 cases between 2011 and 2018).<sup>8</sup> China and Russia also use various regional and international multilateral institutions where common positions and policies on security issues can either be articulated or formulated. The best example here is within the format of the Shanghai Cooperation Organisation (SCO). More broadly, the two countries coordinate positions on global issues in other less security-focused institutions such as within the BRICS group of Brazil, Russia, India, China and South Africa, the G20 and the Asia-Pacific Economic Cooperation (APEC).

The common strategies for China and Russia are to change the narrative and normative discourse in multilateral institutions, notably within the UN system. A good example here is a similar approach to 'internet sovereignty' or standards in shaping digital technologies inside the International Telecommunication Union (ITU). Another strategy is to use personnel policy as an instrument by increasing the general level of Chinese and Russian nationals working inside the system and securing key positions. China in particular has, over the years, increased its influence in the UN substantially.<sup>9</sup>

<sup>7</sup> Guihai Guan, "Thirty Years of China-Russia Strategic Relations: Achievements, Characteristics and prospects", *China International Strategic Review*, Volume 4, Issue 1 (June 2022), pp. 21-38.

<sup>8</sup> Marcin Kaczmarski, "Russia and China in Global Governance", Emel Parlar Dal and Emre Ersen (eds.), *Russia in the Changing International System*, Cham: Palgrave Macmillan, 2020, p. 97.

<sup>9</sup> Olaf Wientzek, "Cooperation between Russia and China in Multilateral Organizations: A Tactical or a Strategic Alliance?", Sarah Kirchberger, Svenja Sinjen and Nils Wörmer (eds.), *Russia-China Relations: Emerging Alliance or Eternal Rivals*, Cham: Springer, 2022, pp. 229-231.

There exists a certain ‘tacit division of labour’ between China and Russia regarding global governance cooperation. Russia is more active about international security issues while China takes the lead on issues related to economics, trade, finance and the environment. This is largely related to the strengths and weaknesses of the two nations as well as the different interests and stakes in the global system considered in a broader context. That said, of late, China has indicated a more active approach to international security governance.<sup>10</sup>

In addition to the joint declarations and statements noted above, China and Russia have, over the years, initiated and maintained numerous bilateral high-level exchanges, consultations and a regular dialogue mechanism whereby both sides discuss and coordinate security and policy issues on regional and global affairs.<sup>11</sup> An overview of some of the most important examples of these is provided in Table 2. For instance, the China–Russia Northeast Asia Security Dialogue was initially created to deal mainly with North Korea-related issues but has developed into a major venue for Sino-Russia security coordination.<sup>12</sup>

**Table 2.**

**Important Bilateral Security Exchanges and Mechanisms**

<b>Exchange type/mechanism</b>	<b>Year of initiation</b>	<b>Regularity</b>	<b>Level of exchange</b>	<b>Purpose</b>
Regular meetings between defence ministers of Russia and China.	1993	Annually	Ministry head level	A regular exchange and cooperation mechanism between the defence ministries.
Annual strategic consultations between chiefs of the general staff.	1997	Annually	Chiefs of staff from both countries’ militaries	Allows for regular contact between Chinese and Russian armed forces.
Russia-China consultations on national security issues.	2005	Quarterly	Head of Security Council (Russia) and	Enables a high-level platform to discuss emerging challenges and protect their national

<sup>10</sup> Marcin Kaczmarek, “Russia and China in Global Governance”, *op. cit.*

<sup>11</sup> A note of clarification. Many of these examples also include topics and discussion centred more on bilateral nature and not exclusively on international affairs, such as cross-border issues. Moreover, many of the existing exchanges and consultations began as bilateral confidence-building measures (CBMs) in the 1990s as China and Russia were trying to establish firm political foundations for the bilateral relationship in the wake of the collapse of the Soviet Union, and not least as a continuation of the normalisation process during the 1980s following the Sino-Soviet split.

<sup>12</sup> It can also be mentioned that the Chinese Communist Party (CCP) holds regular exchanges with Russian counterparts. Often underappreciated, there are well established party-party relations between China and Russia. Related note: ties to North Korea, traditionally, are handled by the International Department of the CCP rather than the Ministry for Foreign Affairs.

			State Council (China)	security interests. The only such forum China has with another country.
China-Russia Northeast Asia security dialogue.	2015	Normally twice a year but sometimes with a higher frequency but varies based on the urgency of matters	Deputy foreign minister level	To deal with regional security issues in Northeast Asia, initially centred on Korean issues. Involves representatives from the Ministry of Defence and the Ministry of Foreign Affairs.

*Author compilation. Sources: Ministry for Foreign Affairs of the People's Republic of China, media reports.*

## CHINESE AND RUSSIAN INTERESTS IN THE KOREAN PENINSULA

China concluded an alliance treaty with North Korea in 1961. Indeed, North Korea is the only country which China has a formal obligation to defend, even though it is suspected that China would not honour such security guarantees should North Korea be attacked.<sup>13</sup> Russia also used to have a defence treaty with North Korea but this was terminated after the dissolution of the Soviet Union in 1991 and then replaced by a new treaty in 2000, but without formal security guarantees.

China and Russia share several similar security interests and policy priorities on the Korean Peninsula. That does not mean, however, that they are always aligned or act out of the same interests and motivations.

Both China and Russia view the North Korean issue primarily from the perspective of global security and their strategic competition with the US. More concretely, Beijing and Moscow aim to counterbalance the US military presence on the Korean Peninsula and undercut US strategic influence in Asia more broadly. For instance, at the UNSC meeting in May 2022 when China and Russia vetoed a US–North Korea sanctions proposal, the Chinese representative Zhang Jun stated:

The US has recently been vigorously promoting an Indo-Pacific strategy that is of necessity linked to the latest developments on the peninsula. It has been

<sup>13</sup> Jaewoo Choo, “China’s Strategic Cooperation with Russia and the Neutralization of the Korean Peninsula”, *The China-Russia Entente and the Korean Peninsula*, National Bureau of Asian Research, NBR Special Report 78, March 2019, p. 35.

promoting cooperation on nuclear submarines with certain countries that carries serious risks of nuclear proliferation [...] The US also continues to promote and expand military exercises, strengthen military alliances with certain countries involved in the region and engineer small, exclusive circles.<sup>14</sup>

China and Russia put a very high premium on maintaining stability on the Korean Peninsula and preventing regime collapse in Pyongyang. While unification of the two Koreas remains a potential end goal, neither China nor Russia see this as a short-term reality. Unification is only acceptable under conditions that would see a neutral Korea and no US military troops on Korean soil. China and Russia lament that the US uses the issue of North Korea's nuclear weapons programme development as a pretext to increase its own military presence in the region and strengthen its security relations with South Korea and Japan. A clear example is the 2017 deployment of the US Terminal High Altitude Area Defense (THAAD) anti-ballistic missile defence system in South Korea, ostensibly against North Korea but which, in Beijing's view, also targets China and thereby weakens its second-strike capability. China reacted particularly strongly, including imposing a wide range of economic sanctions and other retaliatory measures against South Korea.

That said, China and Russia, at the same time, oppose North Korea's nuclear weapons programme, evidenced by the backing of UNSC-approved sanctions against Pyongyang (more below on these). They also want to prevent a rapid deterioration of the security conditions on the Korean Peninsula, especially tensions between Seoul and Pyongyang which could lead to military confrontation. Potentially, a war would have grave consequences, not least for China as it could face a large migration influx from North Korea and bring about negative effects for the economic development of China's northeast. Moreover, a more belligerent and fully capable nuclear-weapons-armed North Korea could lead to other regional states developing nuclear weapons or making major changes in their military posture, notably South Korea and Japan. The basic approach for China (as for Russia) has, thus, been to work towards denuclearisation but at the same time reduce the US military presence and sustain the regime in Pyongyang by providing it with substantial diplomatic and economic support.<sup>15</sup>

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<sup>14</sup> Zhang Jun, "United Nations Security Council, 9048<sup>th</sup> Meeting on 'Non-proliferation-Democratic People's Republic of Korea, May 26, 2022'", <https://research.un.org/en/docs/sc/quick/meetings/2022>, p. 4.

<sup>15</sup> More specifically for China, this has been a consistent policy which one scholar has labeled China's North Korea 'sheltering policy'. See, Henrik Stålhane Hiim, *China and International Nuclear Weapons Proliferation. Strategic Assistance*, New York: Routledge, 2019, Chapter 5.

Despite the substantial overlap in interests, there are also some differences. The biggest difference is that China is a more influential actor than Russia on the Korean Peninsula. This has been evident for a long time, and as will be discussed below, will likely only grow in the near future. China's stakes in the North Korea issue are larger than Russia's. Compared to Russia, North Korea is a more immediate neighbour as China shares a longer border with the country and would be more directly affected in the event of a crisis or war on the Korean Peninsula.<sup>16</sup> For one observer, there is no more important area on China's periphery, except for Taiwan, than the Korean Peninsula.<sup>17</sup> Russia also has a somewhat stronger interest in improved relations between South Korea and North Korea as this would allow it to better pursue its economic development objectives for the Russian Far East and enhance its role and position in Northeast Asia.<sup>18</sup>

## INTERACTION ON THE NORTH KOREA ISSUE

This part now provides an overview of Sino-Russian interactions over North Korea. It covers two dimensions which aim to examine the content, scope and level of Chinese–Russian coordination and cooperation on the issue. The two dimensions are (1) the political/diplomatic, such as major statements and actions taken within the UNSC and (2) security/military, notably joint military exercises.

### (1) THE POLITICAL/DIPLOMATIC DIMENSION

Over the years, North Korea has steadily developed and advanced its nuclear weapons programme. In 2003 Pyongyang withdrew from the non-proliferation treaty (NPT) and since 2006, when it tested its first nuclear weapon, has conducted six nuclear tests with the most recent one in 2017. North Korea is thought to hold approximately 30 operational nuclear warheads (as of writing) and a growing arsenal of ballistic missiles which can reach the continental US and its regional allies, such as Japan.<sup>19</sup>

Diplomatic coordination on North Korea's nuclear weapons programme arguably stands out as the most apparent feature of Sino-Russian interaction regarding North Korea, particularly as this has played out in the UNSC. Moreover, diplomatic actions are much

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<sup>16</sup> Chu Shulong and Lin Xinhua, "The Six Party Talk: A Chinese Perspective", *Asian Perspective*, Volume 32, Number 4 (2008), pp. 29-41.

<sup>17</sup> Robert Sutter, "Sino-Russian Relations, South Korea, and North Korea", Gilbert Rozman (ed.), *Joint U.S.-Korea Academic Studies. The East Asian Whirlpool: Kim Jong-Un's Diplomatic Shake-up, China's Sharp Power, and Trump's Trade Wars*, Volume 30 (2019), p. 21.

<sup>18</sup> Brian Carlson, "Sino-Russian Relations and Security Ties to North Korea", *ibid.*, p. 63.

<sup>19</sup> Hans Kristensen, Matt Korda, Eliana Johns, and Kate Kohn, "Status of World Nuclear Forces, Federation of American Scientists, March 31, 2023", <https://fas.org/initiative/status-world-nuclear-forces/>.



centred on periods of heightened tensions and crisis on the Korean Peninsula, such as in 1993–1994, 2002–2003 and 2017–2018.<sup>20</sup>

Early interaction was evident during the so-called six-party talks. The talks, which began in 2003 and involved China, Japan, North Korea, Russia, South Korea and the US were set up to dismantle North Korea's nuclear programme following the second nuclear crisis (2002–2003). Although Russia only played a minor role in the talks, China showed deference to Russian inclusion in the multilateral mechanism. For China, Russia was useful as a supporter of Chinese positions *vis-à-vis* the US and both states often adopted similar positions. That said, although the talks broke down in 2009, they did provide a springboard for further Sino-Russian coordination on the North Korea issue. In 2010, China and Russia shielded Pyongyang for the sinking of the South Korean military vessel *Cheonan*.<sup>21</sup>

During the third nuclear crisis (2017–2018 as North Korea conducted nuclear tests twice in 2016 and once in 2017), China and Russia issued a joint statement in July 2017. This was based on separate earlier proposals of a Chinese 'double freeze' and Russian 'parallel advancements' as efforts towards denuclearisation.<sup>22</sup> According to one observer, the joint declaration was the first time the two sides articulated their common position on the Korean issue so clearly.<sup>23</sup> China and Russia also expressed joint diplomatic opposition to THAAD. Putin and Xi at a meeting in June 2017 stated explicitly that THAAD should not be used as a pretext to expand US military capabilities in East Asia. At the Shangri-La Dialogue in Singapore the same year, both the Chinese and Russian defence ministers voiced criticism. In 2018, China, Russia and North Korea began holding trilateral talks as a way to coordinate positions and strengthen Pyongyang's bargaining position *vis-à-vis* Washington. A main common objective is to work for gradual UN sanctions alleviation and address North Korean security concerns in exchange for

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<sup>20</sup> For a comprehensive timeline overview of North Korea's nuclear and missile programmes, see for instance, Arms Control Association, "Chronology of U.S.-North Korean Nuclear and Missile Diplomacy, 1985–2022, (last reviewed 22 April, 2022)", <https://www.armscontrol.org/factsheets/dprk-chron>.

<sup>21</sup> Gilbert Rozman, *Strategic Triangles Reshaping International Relations in Asia*, New York: Routledge, 2022, pp. 34–35.

<sup>22</sup> Both the Chinese and Russian proposals were similar. China's double freeze called for the suspension of North Korea's nuclear and missile tests if the US and South Korea agreed to suspend their joint military exercise. The Russian proposal was somewhat more comprehensive but included similar points and thus merged well with the Chinese proposal.

<sup>23</sup> Sutter, *op. cit.*, p. 26.

denuclearisation.<sup>24</sup> While not directly related to North Korea, in 2016 China and Russia held their first joint brief on missile defence issues.<sup>25</sup>

During the COVID-19 pandemic, Sino-Russian engagement on the nuclear issue with North Korea to a large degree halted. In the aftermath of Russia's full-scale invasion of Ukraine, however, Sino-Russian cooperation resumed. In 2022, Pyongyang conducted an unprecedented number of missile tests which caused renewed regional and international concerns over North Korea's nuclear weapons programme where China and Russia adopted a much more reserved posture, even indicating a more supportive approach than earlier. For instance, a noteworthy development came in May 2022 when Beijing and Moscow for the first time jointly vetoed a sanctions proposal on North Korea. The two countries called sanctions on Pyongyang 'inhumane' and pushed for negotiations to reduce tensions on the peninsula.<sup>26</sup> As a comparison, China and Russia have jointly vetoed far more on other global security issues. For instance, in Syria and the Middle East, China and Russia have vetoed a total of eight UN resolution proposals.<sup>27</sup> Moreover, the 2023 March joint statement, adopted when Xi met with Putin in Moscow, contains explicit statements urging the US to take North Korea's concerns into account. The statement renounces sanctions and calls for efforts to resume dialogue while also stating that China and Russia will continue with close coordination on the North Korea issue following what is called 'advancing in parallel'.<sup>28</sup>

Between 2006 and early 2022, the UNSC adopted nine major sanctions resolution packages as a response to North Korea's nuclear and missile activities.<sup>29</sup> China and Russia have supported all of these packages, albeit not without first calling for adjustments or changes to the initial proposals. China and Russia have also been accused of lacking in compliance, for instance by keeping some economic trade exchanges going or by just circumventing sanctions in other ways. In addition, China and Russia also at

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<sup>24</sup> Julia Masterson, "North Korea, China, Russia Converge Positions", *Arms Control Today*, Volume 50, January/February 2020, <https://www.armscontrol.org/act/2020-01/news/north-korea-china-russia-converge-positions>.

<sup>25</sup> Hong Xiao, "Security Risk Seen in Anti-missile Setup, China Daily, October 13, 2017", [http://usa.chinadaily.com.cn/epaper/2017-10/13/content\\_33204330.htm](http://usa.chinadaily.com.cn/epaper/2017-10/13/content_33204330.htm).

<sup>26</sup> Ramon Pacheco Pardon and Yong Ik Kim, "Russia's Invasion of Ukraine and China-North Korea Relations: Stronger Weak-Great Power Alignment", *Asian Survey*, Volume 62, Number 5-6 (September/October/ November/December 2022), p. 935.

<sup>27</sup> Full list of UNSC resolutions can be found on United Nations Security Council website, "Resolutions", <https://www.un.org/securitycouncil/content/resolutions>.

<sup>28</sup> "Joint Statement of the Russian Federation and the People's Republic of China on Deepening Comprehensive Partnership and Strategic Cooperation for a New Era, 21 March, 2023". The full document is available on United Nations Digital Library, <https://digitallibrary.un.org/record/4011991?ln=en>.

<sup>29</sup> See, United Nations Security Council website, "Resolutions".

times propose draft resolutions to lift UN sanctions or to offer sanctions relief to North Korea, for instance in 2019 and 2021. Both times the US opposed the draft resolution.<sup>30</sup> More broadly, during UNSC member states plenary discussions, China and Russia often highlight the joint efforts or similar positions adopted by the two sides. A summary of some major diplomatic statements and actions is presented in Table 3.

**Table 3.**

**Diplomatic Actions: Major Joint Statements and Actions on North Korea**

Year	Event
2003-2009	Six-party talks
2006	UNSC resolution 1718 (support of)
2009	UNSC resolution 1874 (support of)
2013	UNSC resolution 2087 (support of)
2013	UNSC resolution 2094 (support of)
2016	UNSC resolution 2270 (support of)
2016	UNSC resolution 2321 (support of)
2017	UNSC resolution 2371 (support of)
2017	UNSC resolution 2375 (support of)
2017	UNSC resolution 2379 (support of)
2017, July	Joint statement by Russia and China on the Korean Peninsula's Problems (combining China's 'double-freeze' and Russia's 'parallel advancement')
2017, Sept, Dec	China and Russia supported new UN sanctions on North Korea (albeit after blocking harsher measures proposed by the US)
2018	Initiation of trilateral talks between China, Russia and North Korea
2019	China and Russia jointly block a UN critique of North Korea violating sanctions and call for the lifting of some sanctions
2021, Nov	China and Russia submit a draft resolution calling for the UNSC to ease sanctions on North Korea
2022, May	China and Russia veto US-led UN sanctions proposal (first veto in 15 years in favour of North Korea)

*Author compilation. Sources: United Nations Digital Library, media reports.*

## (2) SECURITY DIMENSION

Beyond the diplomatic dimension, China and Russia also engage in numerous joint initiatives and activities in the security and military domain with direct or indirect reference to the North Korean issue.<sup>31</sup> A particularly salient feature has been that of joint military exercises. The main purpose has often been to signal common opposition to the US and its allies against their diplomatic or security activities in Northeast Asia that are viewed as infringing on Chinese and Russian interests and positions with regard to the

<sup>30</sup> Kelsey Davenport, "China, Russia Propose North Korea Sanctions Relief, Arms Control Association, December 21, 2021", <https://www.armscontrol.org/act/2021-12/news/china-russia-propose-north-korea-sanctions-relief>.

<sup>31</sup> The security dimension does not consider the question of Chinese and Russian direct or indirect military-technical assistance or support to North Korea's nuclear weapons programme.

Korean Peninsula and more broadly on regional security issues. A summary of some joint military and security activities in Northeast Asia is shown in Table 4 below.

**Table 4.**

**Military Actions: Northeast Asia Joint Military Exercise or Other Related Activities**

Year	Event	Location and content
2012, Apr	Naval exercise (Joint Sea)	Yellow Sea: maritime rescue operations, air defences, anti-submarine warfare.
2014, May	Naval exercise (Joint Sea)	East China Sea; air and missile defences, anti-submarine warfare, search and rescue, etc.
2015, Aug	Naval exercise (Joint Sea, phase II)	Sea of Japan; live-fire exercise, anti-submarine and anti-aircraft training, etc.
2016, April	Aerospace security	Moscow; computer-based joint air and missile defence simulation
2017, Sept	Naval exercise (Joint Sea, phase II)	Sea of Japan and Sea of Okhotsk; anti-piracy, anti-submarine warfare, air defence, ship-to-ship combat.
2017, Dec	Aerospace security	Beijing; computer-based joint air and missile defence simulation.
2018, Sep	Vostok-18	Russia Eastern Military District; major strategic Russian exercise but first-time participation for China.
2019, May	Naval exercise (Joint Sea)	Yellow Sea; live fire drills, anti-submarine and air defence.
2019, July	Joint Aerial Strategic Patrol	East China Sea and Sea of Japan: combined aerial patrolling, first-time exercise.
2020, Dec	Joint Aerial Strategic Patrol	Sea of Japan and East China Sea; combined aerial patrolling.
2021, Nov	Joint Aerial Strategic Patrol	Sea of Japan; combined aerial patrolling.
2021, Oct	Naval exercise (Joint Sea)	Sea of Japan and East China Sea.
2022, May	Joint Aerial Strategic Patrol	Sea of Japan/East China Sea and Western Pacific.

*Sources: Center for Strategic and International Studies (CSIS) China Power Project, media reports*

China and Russia have objected in particular to the growing US–South Korea defence and military cooperation, and to a certain degree, also the US–Japan alliance. The Sino-Russian naval exercises which began in 2012 can be viewed very much from this perspective. Moreover, in 2016, when South Korea and the US announced the placement of the THAAD system, Beijing and Moscow not only reacted diplomatically (as noted above) but also conducted a joint naval exercise in September 2017 in the Sea of Japan and the Sea of Okhotsk (the latter for the first time), although denying any connection to the heightened tensions on the Peninsula.

More directly connected to the Korean Peninsula, in 2016 and again in 2017, China and Russia held a joint computer-based air and missile defence simulation, likely a strong signal toward the US on the issue of the THAAD deployment.<sup>32</sup> In the Vostok-2018 Russian strategic exercise, to which China was invited for the first time, the two sides likely held discussions on possible security coordination of a military outbreak on the Korean Peninsula and partly as an effort to influence the course of events in Northeast Asia.<sup>33</sup>

Military exercises in Northeast Asia in the naval domains have continued but China and Russia have also begun to conduct joint air patrols, with the first such occurring in July 2019. The exercises included two Chinese H-6K and two Russian Tu-95 bombers that entered overlapping South Korean and Japanese Air Defense Identification Zones. Many of these are conducted in the Sea of Japan and are likely targeted at both the US–South Korea and US–Japan alliances. Both Seoul and Tokyo have strong threat perceptions of a more aggressive North Korea which has made South Korea and Japan increasingly inclined to improve their defence and security cooperation with the US. For China, closer defence collaboration with the US is, however, very much interpreted as targeting China.<sup>34</sup>

Nevertheless, it is important to stress that Sino-Russian joint military exercises in Northeast Asia do not necessarily relate to the North Korean issue per se. Instead, such activities are also part of broader elements of Sino-Russian military cooperation which includes numerous cooperative components such as arms sales, high-level meetings and training. Over the years, the scope, nature and sophistication of Sino-Russian joint military exercises have grown, as has the broader security and defence cooperation, which points to if not a formal alliance, at least an increasingly close defence partnership.<sup>35</sup>

That said, while intensified security cooperation between China and Russia does not necessarily relate in all aspects to Northeast Asia and the Korean Peninsula in particular, the security dimension of Sino-Russian cooperation concerning North Korea is of growing importance. Indeed, according to one China–Russia analyst, the Korean Peninsula constitutes a likely region where China and Russia could develop joint

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<sup>32</sup> Yu Bin, “Between the Past and the Future, Comparative Connections, Volume 19, Issue 3, Pacific Forum”, <https://cc.pacforum.org/2018/01/between-the-past-and-the-future/>.

<sup>33</sup> Brian Carlson, “Sino-Russian Relations and Security Ties to North Korea”, *op. cit.*, p. 70.

<sup>34</sup> Adam P. Liff, “China and the US Alliance System”, *The China Quarterly*, Volume 233 (March 2018), pp. 137-165.

<sup>35</sup> Alexander Korolev, “On the Verge of an Alliance: Contemporary China-Russia Military Cooperation”, *Asian Security*, Volume 15, Issue 3 (2019), pp. 233-252.

operational plans.<sup>36</sup> For another observer, increased interoperability between the two militaries can be beneficial for China and Russia in the event of a military crisis on the Korean Peninsula.<sup>37</sup>

### **CONCLUDING DISCUSSION: SINO-RUSSIAN STRATEGIC COOPERATION AND CHINA'S STRATEGIC INFLUENCE ON THE KOREAN PENINSULA AND BEYOND**

The above overview has shown that Sino-Russian security coordination on global affairs and international security issues has increased over time, especially in recent years. Underlying closer coordination is the basic aversion that Beijing and Moscow have to US global and regional dominance and particularly how this plays out in what China and Russia perceive as their regional spheres of influence—for Russia in Europe and the post-Soviet sphere and China in the Indo-Pacific region. This broad, uniting feature has impacted also how China and Russia deal with the North Korean issue with greater emphasis on common approaches and coordination, despite existing differences in roles and interests as noted above.

Current heightened US–China strategic rivalry and the US/West–Russia rift due to the war in Ukraine have not only brought China and Russia even closer together but also brought about what some view as potentially growing China–Russia–North Korea trilateral cooperation.<sup>38</sup> North Korea is using the war in Ukraine and the heightened US–China strategic rivalry to advance its nuclear weapons programme. China and Russia are willing to deprioritise denuclearisation in strengthening ties with Pyongyang and further deter the US military and security presence and alliance-building in the region. This is creating difficult conditions in addressing the North Korean nuclear weapons issue.

The question is whether current trends and developments are favourable for China's security interests on the Korean Peninsula and, more broadly, in the Northeast Asia region. On the one hand, China's close strategic partnership with Russia enables Beijing and Moscow to work increasingly in coordination on issues related to North Korea in general and its nuclear weapons programme in particular. A more unified China–Russia position on North Korea *vis-à-vis* the US can give China and Russia greater leverage to advance

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<sup>36</sup> Alexander Gabuev, "Russia Is Moving Deeper Into China's Embrace, The Moscow Times, September 11, 2018", <https://www.themoscowtimes.com/2018/09/11/russia-is-moving-deeper-into-chinas-embrace-op-ed-a62839>.

<sup>37</sup> Lyle J. Goldstein, "What Russia's Vostok-18 Exercise with China Means, The National Interest, September 5, 2018", <https://nationalinterest.org/feature/what-russia-vostok-18-exercise-china-means-30577>.

<sup>38</sup> Rozman, *op. cit.*, Chapter 3.

their interests. More broadly, China has gained from its closer defence partnership with Russia to augment its power in the Northeast region. As noted above, the growing level of joint military exercises conducted work as a geopolitical deterrent signal to the US and its allies in the region. Russian arms sales to China have strengthened Chinese military capabilities, not least in the air and naval domains which have helped create a more favourable military balance *vis-à-vis* the US in the Asia-Pacific maritime theatre. In addition, the growing power asymmetry between China and Russia in Beijing's favour will likely make China the dominant partner in the Sino-Russian relationship. Russian dependency on China can lead to reduced strategic manoeuvring space in the Northeast Asia region where Moscow will be compelled to support Chinese positions and policies more clearly. This includes the Korean Peninsula where Russia has long been worried about being marginalised in relation to China.

On the other hand, China will have to contend with a wider regional security environment that is becoming increasingly hostile from China's perspective. The US and its allies are strengthening their security cooperation, due not only to concerns over China's military modernisation and more assertive foreign policy but also to the strengthening of the Sino-Russian relationship which is viewed as a challenge to the Western-led international order. Japan has announced unprecedented changes to its security posture, including a commitment to spending 2% of its GDP on defence and acquiring counter-strike capabilities. South Korea, having long maintained a balanced position between China and the US, is taking steps to deepen its security cooperation with the US, much to China's dislike. Moreover, there are few indications of major movements between the US and North Korea on the nuclear weapons issue. A more emboldened North Korea could push South Korea or even Japan to pursue their own independent nuclear weapons programmes, thus creating a nuclear arms race in East Asia. This is something China and Russia have long been concerned about as noted above.

China's influence over events on the Korean Peninsula also needs to be considered. While it can be claimed that current developments could signal growing Chinese influence over North Korea, past interactions instead show the limits to Chinese influence over Pyongyang. China has always viewed North Korea as an unreliable ally and must still consider the possibility of entrapment.<sup>39</sup> North Korea will also want to maintain a certain autonomy in terms of China. Pyongyang could again try to play the big players off against each other as it has in the past, including 're-approaching' the US. Russia, too, will not want to become subordinate to China, although Moscow might not have any real choice

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<sup>39</sup> Kerry Brown, "What Does China Really Think of North Korea?", *The Diplomat*, May 25, 2019, <https://thediplomat.com/2018/05/what-does-china-really-think-of-north-korea/>.

in the end. That said, Russia's main security interests and priorities are in Europe and the former Soviet states and less so in the Asia-Pacific countries. As long as China's basic interests align with Russia's on the Korean Peninsula, Russia's deference to China should not pose any significant challenge to Russian interests or the broader Sino-Russian strategic partnership.

For now, North Korea is taking advantage of heightened US–China tensions and of the Russia–West stand-off. Recent developments are creating even stronger incentives for China–Russia coordination on North Korea, but whether this will lead to more concrete coordinated actions remains to be seen. As long as China and Russia maintain similar goals to uphold stability and prevent regime collapse in Pyongyang while limiting US military and security presence and influence in North Korea, China–Russia coordination on the Korean Peninsula will remain intact.



## CHAPTER 7

# Revisiting China's Influence: A Case Study of South Asia

*Masahiro Kurita*

## INTRODUCTION

This study examines China's engagement with the small- and medium-sized nations of South Asia bordering India as a case study to consider the broad question of China's influence. Unlike Northeast or Southeast Asia, South Asia has historically not been a geopolitical priority for Beijing.<sup>1</sup> However, it is natural for China—a semi-regional state sharing borders with five of the eight South Asian countries—to have developed ties with these countries since the relatively early period of their independence after WWII.

Based on these decades-old relations, China has expanded its economic engagement with South Asian countries dramatically since the announcement of the Belt and Road Initiative (BRI) in 2013, the flagship project of the Xi Jinping government. This has elevated the priority of South Asia in China's interests and calculation, as demonstrated by the frequency of senior officials' visits to these countries in recent years.<sup>2</sup>

Against this background, this study focuses on two questions. First, since the launch of the BRI, what kind of engagement has China made toward small- and medium-sized South Asian nations? Second, in terms of Beijing's influence over these countries, what are the tangible results of this increase in China's engagement in South Asia, where India has traditionally exercised the dominant influence as a *de facto* regional hegemon?

## CHINA'S INTERESTS IN SOUTH ASIA

While South Asia has not been a top geopolitical priority for Beijing, the region is by no means irrelevant to China; in fact, China has several notable interests in South Asia. First and foremost, it has a longstanding border dispute with the regional power, India, which

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<sup>1</sup> USIP Senior Study Group, *China's Influence on Conflict Dynamics in South Asia*, Washington DC: United States Institute of Peace (USIP), December 6, 2020.

<sup>2</sup> Amit Ranjan and Zheng Haiqi, "China's Diplomatic Investments in South Asia, ISAS Insights, April 22, 2022", <https://www.isas.nus.edu.sg/papers/chinas-diplomatic-investments-in-south-asia/>.

has become increasingly contentious over the past two decades. Besides, although India is currently not believed to be capable of posing a serious security threat to China, Beijing is aware of the possibility that India may emerge as a peer competitor in the future. This perception has prompted Beijing to take measures to inhibit India's rise as an Asian power comparable to China.<sup>3</sup>

Second, South Asia is related intrinsically to China's internal stability. The 14th Dalai Lama and the Tibetan exile government—along with a large Tibetan diaspora—have been given asylum in India, which has fueled Beijing's anxiety over India's potential interference in the Tibetan separatist movement.<sup>4</sup> Likewise, Nepal and Bhutan host substantial Tibetan populations. Meanwhile, the Xinjiang Uighur Autonomous Region, which has a large Muslim population and has witnessed China's suppression of separatist movements there, is contiguous with two Muslim-dominated countries in South Asia: Pakistan and Afghanistan. Beijing has been particularly concerned about the nexus between Islamic separatist militants in Xinjiang and jihadist outfits in these states.<sup>5</sup>

Third, Beijing has felt a strong need to secure its Indian Ocean sea lanes.<sup>6</sup> In this light, China's relations with the Indian Ocean littoral states in South Asia are critical. Among these states, Pakistan's position is particularly notable, because its ports along the Arabian Sea can serve as a gateway to the Indian Ocean, enabling China to import energy resources from the Middle East or Africa without passing through the Malacca Strait, where the US Navy can easily interdict Chinese shipping in the event of a future U.S.-China confrontation.<sup>7</sup>

Meanwhile, South Asia is a region that has frequently invited China. Small- and medium-sized South Asian states have had complicated and occasionally difficult relations with India, the regional hegemon. Due to their huge power asymmetry with India, these countries have developed ties with Beijing and occasionally played the "China card" in

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<sup>3</sup> Anil Kumar, "Rising India: A Chinese Strategic Perspective, The Asia Dialogue, May 15, 2013", <https://theasiadialogue.com/2013/05/15/rising-india-a-chinese-strategic-perspective/>.

<sup>4</sup> Shi Jiangtao, "Tibet Again Causes Friction between China and India, and It Doesn't Bode Well for Ties, South China Morning Post, August 16, 2022", <https://www.scmp.com/news/china/diplomacy/article/3189101/tibet-again-causes-friction-between-china-and-india-and-it>.

<sup>5</sup> Sanjeev Kumar, "China's South Asia Policy in the 'New Era'", *India Quarterly*, Vol. 75, No. 2 (2019), p. 139; Andrew Small, *The China-Pakistan Axis: Asia's New Geopolitics* (Paperback ed.), London: Hurst & Company, 2020, pp. 74-76.

<sup>6</sup> Eryan Ramadhani, "China in the Indian Ocean Region: The Confined 'Far-Seas Operations'", *India Quarterly*, Vol. 71, No. 2 (June 2015), pp. 153-154.

<sup>7</sup> Anu Anwar, "South Asia and China's Belt and Road Initiative: Security Implications and Ways Forward", Alexander L. Vuving (ed.), *Hindsight, Insight, Foresight: Thinking about Security in the Indo-Pacific*, Honolulu: Daniel K. Inouye Asia-Pacific Center for Security Studies, 2020, pp. 163-164.

dealing with Delhi.<sup>8</sup> This is most notable in the case of Pakistan, which has a longstanding and highly militarized dispute with India over the sovereignty of Kashmir. Based on their shared animosity, China and Pakistan have developed a close anti-India partnership. To a lesser extent, India's other neighbors have also forged historical partnerships with Beijing.

## **BRI AND THE EXPANSION OF CHINA'S ECONOMIC ENGAGEMENT**

Even before the launch of the BRI, instances of economic engagement could be observed in China's relations with South Asian nations. Large-scale infrastructure development projects, a defining feature of the BRI, were already in place as early as the 2000s, including the development of ports in Gwadar, Pakistan, and Hambantota, Sri Lanka. Nevertheless, the announcement of the BRI—initially proposed as two separate initiatives, the Silk Road Economic Belt (SREB) and the 21st-Century Maritime Silk Road (MSR)—in 2013 marked a significant shift in the relations between China and South Asian nations. Since then, China's economic engagement with small- and medium-sized countries in South Asia has expanded markedly.<sup>9</sup>

The BRI does not focus solely on South Asia, but the region is placed as a node where the two “roads” under the BRI, the SREB and the 21st-Century MSR, intersect. Originally, the SREB was conceived as an initiative to build six economic corridors spanning across Eurasia. South Asia was supposed to encompass two of these corridors, the China–Pakistan Economic Corridor (CPEC) and the Bangladesh–China–India–Myanmar Economic Corridor (BCIM-EC),<sup>10</sup> although the latter has largely become dormant due to India's reluctance to participate. Most importantly, South Asia could serve as a showcase for the fruitfulness of the BRI. In South Asia, which includes several countries with rapidly growing populations and economies, a major obstacle for the regional economic development has been a lack of intra-regional connectivity.<sup>11</sup> This was the problem that the BRI, which centers on the idea of improving connectivity through large-scale infrastructure development projects, was supposed to address.

Among the eight South Asian nations, six have expressed their support for the BRI—Afghanistan, Bangladesh, the Maldives, Nepal, Sri Lanka, and Pakistan—while India and Bhutan, a *de facto* protectorate of India, have not participated in the initiative. In

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<sup>8</sup> Christian Wagner and Siddharth Tripathi, *India's Response to the Chinese Belt and Road Initiative*, Berlin: German Institute for International and Security Affairs, January 2, 2018, p. 2.

<sup>9</sup> USIP Senior Study Group, *op. cit.*, p. 39.

<sup>10</sup> Antara Ghosal Singh, “China's Vision for the Belt and Road in South Asia, The Diplomat, March 2, 2019”, <https://thediplomat.com/2019/03/chinas-vision-for-the-belt-and-road-in-south-asia/>.

<sup>11</sup> USIP Senior Study Group, *op. cit.*, p. 21.

implementing concrete projects under the BRI in these six countries, China has adopted “country-wise customized approaches”.<sup>12</sup>

In Pakistan, China has implemented the CPEC, which has been touted as the “flagship” of the BRI.<sup>13</sup> The CPEC was officially launched in April 2015 as a comprehensive economic development package with four pillars: energy, transportation infrastructure, further development of the port of Gwadar, and industrial cooperation. The total level of Chinese investment announced at the time was around \$46 billion.<sup>14</sup> The actual implementation of the CPEC since then has hardly been smooth, hampered by issues including the (re-)emergence of Pakistan's chronic macroeconomic problems and a change of government in Islamabad in 2018. Nevertheless, under the CPEC, 27 projects worth \$19 billion had been completed by September 2022.<sup>15</sup> This is a significant amount for Pakistan, a country that has long struggled to attract foreign investors.

There have been bilateral cooperation schemes under the 21st-Century MSR for Bangladesh, Sri Lanka, and the Maldives.<sup>16</sup> Although the initially envisioned BCIM-EC has stalled due to India's objections, China offered a \$38 billion economic package during Xi's visit to Bangladesh in 2016 and Dhaka has actively received Chinese investments. In total, China has financed projects worth over \$10 billion in Bangladesh, including many China–Bangladesh friendship bridges, an economic zone, and power plants.<sup>17</sup> China is actively involved in joint ventures in Bangladesh, contributing to the country's cluster-based industrialization.<sup>18</sup>

Sri Lanka joined the 21st-Century MSR in 2014. China has been engaged in infrastructure development in Sri Lanka since before the start of the BRI. Although the projects inside and outside of the BRI are not clearly delineated, the BRI projects in the country reportedly include the development of ports, roads, railways, airports, communication

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<sup>12</sup> Anwar, *op. cit.*, p. 164.

<sup>13</sup> “Expert: China-Pakistan Economic Corridor Is Flagship Project of BRI, CGTN, November 2, 2022”, <https://news.cgtn.com/news/2022-11-02/-Expert-China-Pakistan-Economic-Corridor-is-flagship-project-of-BRI-1eD iXCi4Jyg/index.html>.

<sup>14</sup> “China's Xi Jinping Agrees \$46bn Superhighway to Pakistan, BBC, April 20, 2015”, <https://www.bbc.com/news/world-asia-32377088>.

<sup>15</sup> “27 CPEC Projects Costing \$19b Completed, The Express Tribune, September 13, 2022”, <https://tribune.com.pk/story/2376322/27-cpec-projects-costing-19b-completed>.

<sup>16</sup> Muhammad Faisal, *China's Belt and Road Initiative in South Asia: An Assessment and Outlook*, Ottawa: Macdonald-Laurier Institute, June 3, 2021, p. 3.

<sup>17</sup> Manjari Chatterjee Miller, *China and the Belt and Road Initiative in South Asia*, New York: Council on Foreign Relations, June 2022, pp. 15-17.

<sup>18</sup> Deep Pal, *China's Influence in South Asia: Vulnerabilities and Resilience in Four Countries*, Washington DC: Carnegie Endowment for International Peace, October 2021, p. 13.

infrastructure, and the development of cities.<sup>19</sup> A particularly prominent project is the development of Colombo Port City, for which around \$1.4 billion has been invested.<sup>20</sup> The Sri Lankan government, beset with unmanageable external debt burdens, signed a deal to lease the Hambantota port for 99 years to a Chinese company in 2017, which seriously tarnished the image of the BRI; however, Sri Lanka has been continuing to cooperate with China in the development of infrastructure.

The Maldives joined the 21st-Century MSR as well, which has led to development projects such as the construction of the 2-kilometer-long China–Maldives Friendship Bridge and the expansion of the Male International Airport.<sup>21</sup> Subsequently, after President Abdullah Yameen, known for his pro-China stance, stepped down, the Maldives seemingly shifted away from the BRI.<sup>22</sup> That said, in January 2022, the Maldives declared that it “will join hands with China to expand the BRI” during the post-pandemic economic recovery, and China, for its part, pledged to provide \$63 million for social and infrastructure development projects in the Maldives.<sup>23</sup>

Regarding Nepal, the Trans-Himalayan Economic Corridor (THEC) has been conceived as a project connecting China with India via Nepal, although India has been reluctant to cooperate.<sup>24</sup> In addition to advancing the \$2.15 billion Kyirong–Kathmandu railroad under the THEC, China has committed to constructing hydropower projects and oil storage and border facilities. Besides the projects under the BRI, China provided substantial humanitarian assistance and reconstruction support in the wake of the 2015 earthquake in Nepal.<sup>25</sup> In 2016, Kathmandu signed a comprehensive transit and transportation agreement with Beijing, which took effect in 2020, following India's de-facto blockade against Nepal in a bid to influence the latter's constitutional issues.<sup>26</sup>

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<sup>19</sup> Miller, *op. cit.*, p. 9.

<sup>20</sup> Pranay Sharma, “India's Concerns over China's Rising Influence in Sri Lanka Grow with Progress of US\$1.4 Billion Port City Project, South China Morning Post, June 8, 2021”, <https://www.scmp.com/week-asia/economics/article/3136486/indias-concerns-over-chinas-rising-influence-sri-lanka-grow>.

<sup>21</sup> Cui Yige and Wu Chaolan, “Pathway to Brighter Future: Belt and Road Initiative in South Asia (3), People's Daily Online, April 2, 2022”, <http://en.people.cn/n3/2022/0402/c90000-10079566-3.html>.

<sup>22</sup> Miller, *op. cit.*, p. 20.

<sup>23</sup> “The Belt and Road and the Maldives' Position on the Globe, Maldives Financial Review, February 3, 2022”, <https://mfr.mv/international-sector/the-belt-and-road-and-the-maldives-position-on-the-globe>.

<sup>24</sup> “The Belt & Road's Trans-Himalayan Economic Corridor, Silk Road Briefing, June 17, 2019”, <https://www.silkroadbriefing.com/news/2019/07/17/belt-roads-trans-himalayan-economic-corridor/>.

<sup>25</sup> Miller, *op. cit.*, pp. 17-18.

<sup>26</sup> Pal, *op. cit.*, pp. 15-16.

Since the early 2010s, China has gradually furthered its involvement with Afghanistan.<sup>27</sup> In 2014, Beijing pledged \$327 million in aid to Afghanistan,<sup>28</sup> and subsequently, Kabul signed a memorandum of understanding to join the BRI in May 2016.<sup>29</sup> However, as Afghanistan was marred by instability and other issues, this memorandum did not result in concrete development projects, nor was there notable progress in other investment projects by Chinese stakeholders.<sup>30</sup> That said, after the Taliban's takeover in August 2021, China expressed its intention to support Afghanistan's reconstruction efforts, which was welcomed by the Taliban.<sup>31</sup> In May 2023, China, Pakistan, and Afghanistan under Taliban rule agreed to strengthen cooperation under the BRI and extend the CPEC into Afghanistan.<sup>32</sup>

## DIVERSIFICATION OF CHINA'S ENGAGEMENT

As Beijing expands its economic relationships with South Asia's small- and medium-sized nations, its engagement with these countries has diversified beyond the economic realm. What is particularly notable in relation to China's influence is Beijing's attempt to directly reach out to important stakeholders within the regional countries.

These attempts are most noticeable in Pakistan. To facilitate the implementation of the CPEC, Beijing has felt an acute need to directly court stakeholders in Pakistan and disseminate a positive narrative about the project. Therefore, China has invited many Pakistani politicians, tribal leaders, businesspeople, and journalists to China and provided scholarships for students.<sup>33</sup> In addition, Beijing established a body for consultation

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<sup>27</sup> Small, *op. cit.*, pp. 159-161.

<sup>28</sup> Michael Martina, "China Says Afghan President Vows to Help China Fight Militants, Reuters, October 29, 2014", <https://jp.reuters.com/article/us-china-afghanistan/china-says-afghan-president-vows-to-help-china-fight-militants-idUSKBN0IH1D420141029>.

<sup>29</sup> Rupert Stone, "Slowly but Surely, China Is Moving into Afghanistan, TRT World, September 15, 2016", <https://www.trtworld.com/magazine/slowly-but-surely-china-is-moving-into-afghanistan-24276>.

<sup>30</sup> Raffaello Pantucci, "The Myth of Chinese Investment in Afghanistan, Nikkei Asia, August 16, 2021", <https://asia.nikkei.com/Opinion/The-myth-of-Chinese-investment-in-Afghanistan2>.

<sup>31</sup> Teddy Ng and Catherine Wong, "China Pledges to Help Rebuild Afghanistan and, While Blaming US for Chaos, Insists It Pays Too, South China Morning Post, August 31, 2021", <https://www.scmp.com/news/china/diplomacy/article/3146986/china-calls-us-be-investigated-civilian-deaths-afghanistan>; "China Is Our Most Important Partner, Says Taliban, India Today, September 3, 2021", <https://www.indiatoday.in/world/story/china-is-our-most-important-partner-says-taliban-1848950-2021-09-03>.

<sup>32</sup> Iftikhar A. Khan, "CPEC Will Be Extended to Afghanistan as Trilateral Cooperation Set to Deepen, Dawn, May 9, 2023", <https://www.dawn.com/news/1751728>.

<sup>33</sup> Arif Rafiq, *The China-Pakistan Economic Corridor: Barriers and Impact*, Washington DC: USIP, October 2017, pp. 49-50; Adnan Aamir, "China's Efforts to Speed up Belt and Road in Pakistan Falts, Nikkei Asia, September 16, 2019", <https://asia.nikkei.com/Spotlight/Belt-and-Road/China-s-efforts-to-speed-up-Belt-and-Road-in-Pakistan-falts>; Adnan Aamir, "Rural Pakistan Voices Dissatisfaction

between the Chinese Communist Party (CCP) and multiple Pakistani political parties.<sup>34</sup> Moreover, China has promoted pro-CPEC narratives in Pakistan via an extensive network of news media, think tanks, and NGOs.<sup>35</sup> For example, China's state-owned Xinhua news agency signed cooperation agreements with Pakistani media outlets in December 2019.<sup>36</sup>

Similar measures have been documented in other small- and medium-sized South Asian countries, although the entire picture of China's efforts in the region remains unclear.<sup>37</sup> China has offered various scholarships and fellowships; invited policymakers, academics, and journalists; subsidized Mandarin-language education; and established Confucius Institutes in these countries. The CCP's efforts to cultivate relationships with political parties in these countries are also notable. In Bangladesh, it has developed its relationship with both major parties, the ruling Awami League and the Bangladesh Nationalist Party. Regarding Nepal, the CCP has interacted closely with the ruling Communist Party of Nepal (Unified Marxist–Leninist), while Beijing has reached out to other Nepali political parties as well. China's close relationship with the Rajapaksa family in Sri Lanka is well-known, but Beijing has diversified its outreach there as well, courting opposition and government officials.<sup>38</sup> In Afghanistan, China previously interacted with both the democratic government in Kabul and the Taliban,<sup>39</sup> which yielded dividends after the latter's takeover in 2021.

The COVID-19 pandemic served as an opportunity for Beijing to enhance its credentials through health diplomacy. Beginning with shipping rapid test kits to Bangladesh in February 2020, Beijing sent medical items including test kits and dispatched medical experts to South Asian countries, and provided financial relief to alleviate the economic pressure caused by COVID-related lockdowns. Additionally, China held virtual meetings with South Asian states to enhance coordination in combating the pandemic, albeit

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over Belt & Road, Nikkei Asia, December 31, 2018", <https://asia.nikkei.com/Spotlight/Belt-and-Road/Rural-Pakistan-voices-dissatisfaction-over-Belt-Road>.

<sup>34</sup> Sherry Rehman, "CPEC 2.0: The Promise and the Peril, Dawn, September 8, 2019", <https://www.dawn.com/news/1502790>.

<sup>35</sup> Aamir, *op. cit.*, "China's Efforts to Speed up Belt and Road in Pakistan Falter".

<sup>36</sup> Adnan Aamir, "Xinhua Begins Pakistan Language Service to Push Belt and Road, Nikkei Asia, January 4, 2020", <https://asia.nikkei.com/Spotlight/Belt-and-Road/Xinhua-begins-Pakistan-language-service-to-push-Belt-and-Road>.

<sup>37</sup> The following description about China's outreach toward stakeholders in small and medium-sized South Asian nations in this section are based on Pal, *op. cit.*, pp. 9-21, unless noted otherwise.

<sup>38</sup> Samantha Custer, *et. al.*, "Silk Road Diplomacy: Deconstructing Beijing's Toolkit to Influence South and Central Asia, Williamsburg: AidData at William & Mary, December 10, 2019, pp. 26-27.

<sup>39</sup> Vanda Felbab-Brown, *A BRI (d)ge Too Far: The Unfulfilled Promise and Limitations of China's Involvement in Afghanistan*, Washington DC: Brookings Institution, June 2020, pp. 4-6.

without the participation of India, Bhutan, and the Maldives.<sup>40</sup> Chinese vaccines have been provided to all small- and medium-sized countries in the region.<sup>41</sup>

## THE REALITY OF CHINA'S INFLUENCE IN SOUTH ASIA

There is no doubt that, as Beijing has ramped up its engagement with small- and medium-sized South Asian states, China's influence in the region has increased, at least in the economic realm. In theory, economic influence can be translated into political influence to achieve strategic gains, especially in the case of asymmetrical economic interdependencies.

Since the introduction of the BRI, several notable developments have been observed that apparently indicate that China intends to expand its political influence in South Asia. For example, Sri Lanka received the People's Liberation Army Navy (PLAN) submarine port call to its Colombo port twice in 2014, followed by the effective confiscation of the Hambantota port by a Chinese company in 2017. In May 2017, the CCP-run *Global Times* published an article suggesting that “given the massive investment” made, Beijing “has a vested interest in helping resolve regional conflicts including the dispute over Kashmir between India and Pakistan”—even though Delhi has vehemently objected to any third-party involvement in this dispute.<sup>42</sup> When the confrontation between the Maldivian Supreme Court and the pro-China President Yameen developed into a political crisis in 2018, raising the possibility of Indian intervention, the Chinese government issued a

<sup>40</sup> Priyanka Tanwar, S.S. Bindra, and Nisar Ul Haq, “China's Vaccine Diplomacy in South Asia: Geopolitical Perspective”, *Asian Journal of Pharmaceutics*, Vol. 17, No. 1 (January-March 2023), p. 35.

<sup>41</sup> “Pakistan Has Received 4.06 Million Doses of Covid Vaccines So Far, The Express Tribune, May 2, 2021”, <https://tribune.com.pk/story/2297910/pakistan-has-received-406-million-doses-of-covid-vaccines-so-far>; “Bangladesh, Sri Lanka Receive New Batches of Chinese COVID-19 Vaccines, Xinhua, September 19, 2021”, [http://www.news.cn/english/2021-09/19/c\\_1310197282.htm](http://www.news.cn/english/2021-09/19/c_1310197282.htm); “China-donated COVID-19 Vaccines Handed over to Afghanistan, Xinhua, June 13, 2021”, [http://www.xinhuanet.com/english/2021-06/13/c\\_1310005186.htm](http://www.xinhuanet.com/english/2021-06/13/c_1310005186.htm); “China Donates 200,000 Doses of Sinopharm Vaccine to the Maldives, Government of Maldives, March 25, 2021”, <https://www.gov.mv/en/news-and-communications/china-donates-200000-doses-of-sinopharm-vaccine-to-the-maldives>; “4.4 mln Doses of Chinese COVID-19 Vaccines Arrive in Nepal, Xinhua, September 19, 2021”, [http://www.xinhuanet.com/english/asiapacific/2021-09/19/c\\_1310197917.htm](http://www.xinhuanet.com/english/asiapacific/2021-09/19/c_1310197917.htm); Elizabeth Roche, “China Sends 50,000 Doses of Sinopharm COVID Vaccines to Bhutan, Mint, July 15, 2021”, <https://www.livemint.com/news/world/china-sends-50-000-doses-of-sinopharm-covid-vaccines-to-bhutan-11626337840042.html>.

<sup>42</sup> Hu Weijia, “China Ready to Play a Greater Role in Resolving Conflicts in South & Southeast Asia, *Global Times*, May 2, 2017”, retrieved via Factiva.



statement to urge non-interference in the internal affairs of the Maldives, in parallel with having a PLAN fleet enter the East Indian Ocean.<sup>43</sup>

These developments have naturally prompted a reaction from India, as Delhi considers itself as the leader of South Asia and regards the region as under its sphere of influence. India made its opposition to the BRI clear in May 2017 by rejecting Beijing's invitation to the first Belt and Road Forum for International Cooperation. Officially, this rejection was linked to its concerns about the CPEC, which encompasses projects in Pakistani Kashmir, over which India claims sovereignty, and the BRI's lack of conformity with international standards in development cooperation. However, reportedly, Delhi's rejection was driven by India's broader strategic concerns as well: the BRI, which would lead to an increase in China's economic and political influence in South Asia, would eventually threaten India's leading position in South Asia.<sup>44</sup> As a result, India has sought to counter China's influence in the region by strengthening its own engagement with neighboring countries (except for Pakistan) and deepening partnerships with external powers, such as the United States and Japan.

However, it is questionable whether China's increased economic influence in the region has translated into political influence. In this regard, the state of China's security cooperation with South Asian countries is notable.

As mentioned earlier, China has a close and longstanding military partnership with Pakistan, which has further deepened in recent years.<sup>45</sup> It also has a decades-old security cooperation with Bangladesh centered on arms transfers from China and joint exercises.<sup>46</sup> That said, these partnerships date back to the pre-BRI period.

Beijing has had limited success in leveraging its increased economic clout to deepen its security partnership with other small- and medium-sized South Asian nations. As Nilanthi Samaranyake of the US Center for Naval Analysis points out, China's military cooperation with Sri Lanka, the Maldives, Nepal, and Bhutan remains at a nascent stage, being far more limited than the close relationships India has developed with these nations

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<sup>43</sup> "Chinese Warships Enter East Indian Ocean amid Maldives Tension, Reuters, February 28, 2018", <https://www.reuters.com/article/us-maldives-politics-china-idUSKCN1G40V9>.

<sup>44</sup> C. Raja Mohan, "Network Is the Key, Indian Express, May 9, 2017", <https://indianexpress.com/article/opinion/columns/network-is-the-key-4646728/>.

<sup>45</sup> Regarding the recent development of Sino-Pakistan security relations, see, Sameer P. Lalwani, *A Threshold Alliance: The China-Pakistan Military Relationship*, Washington DC: USIP, March 2023.

<sup>46</sup> Anu Anwar, "China-Bangladesh Relations: A Three Way Balance between China, India and the US, Mercator Institute for China Studies, August 18, 2022", <https://merics.org/en/china-bangladesh-relations-three-way-balance-between-china-india-and-us>.

in the security realm. China's military cooperation with these countries is largely limited to education for their military officers and elementary joint drills, and the Sagarmatha Friendship with Nepal is the only regularized exercise.<sup>47</sup> The only case of China's major arms transfer to these countries since the 2010s was the donation of a second-hand frigate to Sri Lanka, announced in 2018, which "was a reminder of how much China's defense hardware cooperation had fallen off with Sri Lanka".<sup>48</sup>

The PLAN submarine's port calls to Colombo in 2014 raised eyebrows in India, but since then, Chinese submarines have not made another port call there.<sup>49</sup> The docking of a PLAN surveillance vessel to the Hambantota port in August 2022 entailed a behind-the-scenes tussle between Beijing and Delhi, between which the Sri Lankan government was caught.<sup>50</sup> Hambantota and Pakistan's Gwadar Port have been seen since the 2000s as commercial ports that will eventually be converted into naval facilities for the PLAN. However, no concrete evidence has emerged to date that suggests China is indeed setting up a naval base there.

In terms of political gains, China is said to have had success in securing what is critical for China but not a huge concession for the regional states, such as their endorsement of Beijing's One China policy.<sup>51</sup> Also, South Asian nations were not forthcoming in aligning with India's condemnation of China in the wake of the Galwan Valley clash in June 2020.<sup>52</sup> Although not directly related to this incident, an official of the Maldives Ibrahim Mohamed Solih government once mentioned in an interview that, due to Beijing's financial leverage, they are reluctant to criticize China directly.<sup>53</sup>

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<sup>47</sup> Nilanthi Samaranyake, *China's Engagement with Smaller South Asian Countries*, Washington DC: USIP, April 2019, pp. 4-13. This exercise, which had begun in 2017, was last held in 2019. See, Huang Panyue, "China-Nepal 'Mt. Everest Friendship 2019' Special Forces Joint Training Kicks Off, China Military Online, August 30, 2019", [http://eng.chinamil.com.cn/CHINA\\_209163/MOOTW/CounterTerrorism/News\\_209173/16001346.html](http://eng.chinamil.com.cn/CHINA_209163/MOOTW/CounterTerrorism/News_209173/16001346.html).

<sup>48</sup> Samaranyake, *op. cit.*, p. 8. During the civil war in Sri Lanka, which lasted until 2009, China was a major arms provider to the country.

<sup>49</sup> It is reported that Sri Lanka rejected another request from China for a port call of its submarine. Shihar Aneez and Ranga Sirilal, "Sri Lanka Rejects Chinese Request for Submarine Visit, Reuters, May 11, 2017", <https://www.reuters.com/article/us-sri-lanka-china-submarine-idUSKBN1871P9>.

<sup>50</sup> Anjana Pasricha, "Chinese Ship Docks in Sri Lanka, Causing Diplomatic Tensions, Voice of America, August 16, 2022", <https://www.voanews.com/a/chinese-ship-docks-in-sri-lanka-causing-diplomatic-tensions-/6703390.html>.

<sup>51</sup> Samantha Custer, *China's Influence in South and Central Asia, Testimony before the U.S.-China Economic and Security Review Commission*, Washington DC: U.S.-China Economic and Security Review Commission, May 12, 2022, p. 10.

<sup>52</sup> Tarushi Aswani, "How India's Tilted Foreign Policy Paved China's Road to South Asia, London School of Economics, September 20, 2021", <https://blogs.lse.ac.uk/southasia/2021/09/20/how-indias-tilted-foreign-policy-paved-chinas-road-to-south-asia/>.

<sup>53</sup> Custer, *et. al.*, *op. cit.*, p. 32.

However, barring the takeover of the Hambantota port, it is difficult to identify an occasion when China leveraged its influence to force small or medium-sized South Asian countries into significant political concessions.<sup>54</sup> Meanwhile, albeit anecdotally, some notable events have demonstrated the limitations of China's political influence in the region. The Maldives under the Solih government largely kept a distance from the BRI,<sup>55</sup> although this stance seems to be changing under the new Muizzu government that came into power in November 2023. When the Chinese ambassador to Bangladesh warned Dhaka not to join the Quadrilateral Security Dialogue, the foreign minister of Bangladesh responded sharply, emphasizing "we decide our foreign policy".<sup>56</sup> The Nepal parliament approved the US Millennium Challenge Corporation grant agreement in early 2022, notwithstanding the fact that Beijing had reportedly tried to foil the agreement.<sup>57</sup> Despite Beijing courting the Taliban-dominated new Afghan government since August 2021, anti-China Uighur militants, such as the East-Turkistan Islamic Movement, are said to have expanded their activities in Afghanistan.<sup>58</sup> In the country, the Islamic State Khorasan Province has also targeted Chinese interests.<sup>59</sup> Even in Pakistan, China was unable to prevent the Pakistan Army from deposing Nawaz Sharif—Beijing's trusted partner in implementing the CPEC—from power in 2017, and the CPEC encountered serious difficulties under the new Pakistan Tehreek-e-Insaf (PTI) government.<sup>60</sup>

In this context, South Asian observers widely opine that, notwithstanding China's increasing economic clout in South Asia, there are clear limitations to Beijing's political influence over small- and medium-sized countries in the region. There is also a consensus that such limitations exist largely because of India's presence as a regional hegemon. Even though small- and medium-sized regional states have occasionally resented India's interference in their affairs and played the China card to resist pressure from Delhi, these

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<sup>54</sup> It is debatable even whether taking over Hambantota in such a manner was what Beijing had hoped for.

<sup>55</sup> Miller, *op. cit.*, p. 20.

<sup>56</sup> Syful Islam, "Bangladesh Hits Back after China Envoy Warns against Joining Quad, Nikkei Asia, May 11, 2021", <https://asia.nikkei.com/Politics/International-relations/Bangladesh-hits-back-after-China-envoy-warns-against-joining-Quad>.

<sup>57</sup> Nilanthi Samaranyake, "Smaller South Asian Countries and the US Indo-Pacific Strategy at One Year", *Asia Pacific Bulletin*, Vol. 642 (May 21, 2023), p. 2.

<sup>58</sup> "United Nations Security Council, Letter dated 25 May 2022 from the Chair of the Security Council Committee Established Pursuant to Resolution 1988 (2011) Addressed to the President of the Security Council, S/2022/419, May 26, 2022", pp. 20-21, <https://digitallibrary.un.org/record/3975071>.

<sup>59</sup> Zia Ur Rehman, "ISIS-K Attack in Kabul Compounds China's Insurgency Headaches, Nikkei Asia, December 18, 2022", <https://asia.nikkei.com/Politics/Terrorism/ISIS-K-attack-in-Kabul-compounds-China-s-insurgency-headaches>.

<sup>60</sup> Andrew Small, *Returning to the Shadows: China, Pakistan, and the Fate of CPEC*, Washington DC: German Marshall Fund of the United States, September 2020, pp. 41-47.

countries (except for Pakistan) have had wide-ranging, well-entrenched ties with Delhi that are far more significant than their relations with Beijing.<sup>61</sup> As pointed out by an analyst, these countries are aware of the risks of seriously infringing upon India's interests.<sup>62</sup>

### **THE DECLINING APPEAL OF THE BRI**

In addition to the limitations of China's political influence, what is noteworthy is the possibility that a series of events in 2022 may have lessened the appeal of China's economic engagement. Signs of such a trend had already emerged in the late 2010s. The effective confiscation of the Hambantota port by a Chinese company in 2017 sent shockwaves throughout South Asia, as well as globally. As Pakistan's chronic balance of payments issues resurfaced in late 2017 and gradually worsened, Islamabad failed to gain enough financial assistance from Beijing to avert a crisis and had to request a bailout from the International Monetary Fund (IMF).<sup>63</sup> This experience nudged Pakistan toward mending its relations with the United States, reportedly pledging that "no country would be allowed to use [Gwadar] for naval purposes".<sup>64</sup>

That said, the events in South Asia in 2022 had more serious implications for the reputation of the BRI and China's economic engagement. The Sri Lankan economy was marred by policy mismanagement and external shocks, such as the global lockdown and the economic ramifications of the Ukraine war; as a result, it faced the worst economic crisis in its history in 2022. Amid fiscal and current account deficits and hyperinflation, the country experienced severe shortage of fuel and food, and requested an IMF bailout; finally, it fell into default for the first time. As the crisis deepened, the Prime Minister and President, both of whom hail from the Rajapaksa family close to China, were forced to resign.<sup>65</sup>

Pakistan, which had been struggling to deal with ballooning liabilities from CPEC energy projects since 2021, was ravaged economically in 2022 by the hike in commodity prices due to the Ukraine War and massive flooding in the summer. Thus, Pakistan had to rely on the 39-month IMF program agreed upon in 2019 to meet its external financial

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<sup>61</sup> On these views, see, Samaranayake, *op. cit.*, *China's Engagement with Smaller South Asian Countries*, pp. 3-4, 15-16; see also, Pal, *op. cit.*, p. 3; Custer *et. al.*, *op. cit.*, pp. 38-39.

<sup>62</sup> Samaranayake, *op. cit.*, *China's Engagement with Smaller South Asian Countries*, pp. 15-16.

<sup>63</sup> Masahiro Kurita, "How Far Away from Non-interference? A Case Study of China's Development Initiative in Pakistan", *Journal of Contemporary China*, Vol. 31, No. 134 (2022), pp. 296-297.

<sup>64</sup> Small, *op. cit.*, p. 50.

<sup>65</sup> Tamanna Salikuddin, "Five Things to Know about Sri Lanka's Crisis, USIP, July 15, 2022", <https://www.usip.org/publications/2022/07/five-things-know-about-sri-lankas-crisis>.

requirements, but negotiations for phased disbursement with the IMF, which was frustrated by Pakistan's failure to conform to the conditions of the bailout, were far from smooth.<sup>66</sup> The IMF's demand included the rationalization of CPEC-related debts to Chinese power producers, which Beijing has been reluctant to accept.<sup>67</sup>

The crisis even reached Bangladesh, which had been seen as an economic success story in South Asia in recent years unlike Sri Lanka and Pakistan. Bangladesh faced the dwindling of foreign exchange reserves and a hike in the prices of fuel, food, and other necessities, leading to a request to the IMF for a \$4.5 billion loan package, although the move was viewed as a precautionary step to prevent a full-blown crisis.<sup>68</sup>

Objectively, although the BRI—its unviable development projects in particular—is at least partially to blame, it is unfair to attribute the economic ordeals of these countries entirely to China's engagement. Their misguided economic policies are responsible as well, especially in Pakistan, to which the IMF has provided 22 loans so far. Further, all three nations were affected by external economic shocks caused by the pandemic and the war in Ukraine.

Nonetheless, given China's substantial economic involvement in these countries, it can be reasonably assumed that the appeal of China's economic engagement under the BRI has been negatively affected by this turn of events. The incumbent finance minister of Bangladesh stated, referring to the BRI, "Everybody will be thinking twice to agree to this project".<sup>69</sup> In addition, Beijing's response may also have dented its credentials as a generous economic partner. While China has provided financial assistance to Pakistan during the ongoing crisis,<sup>70</sup> Beijing has consistently been unwilling to accommodate Islamabad's requests to restructure debts from CPEC power projects and revise their

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<sup>66</sup> Zarar Khan, "IMF Agrees to \$3 Billion Bailout for Pakistan, The Diplomat, June 30, 2023", <https://thediplomat.com/2023/06/imf-agrees-to-3-billion-bailout-for-pakistan/>.

<sup>67</sup> Mifrah Haq, "Pakistan and China Hail 'Brotherhood', But IMF Terms Spell Friction, Nikkei Asia, September 17, 2022", <https://asia.nikkei.com/Politics/International-relations/Pakistan-and-China-hail-brotherhood-but-IMF-terms-spell-friction>.

<sup>68</sup> "Inflation, Unrest Challenge Bangladesh's 'Miracle Economy', Voice of America, September 23, 2022", <https://www.voanews.com/a/inflation-unrest-challenge-bangladesh-miracle-economy/6760141.html>.

<sup>69</sup> Benjamin Parkin, "Bangladesh's Finance Minister Warns on Belt and Road Loans from China, Financial Times, August 9, 2022", <https://www.ft.com/content/65632129-dd75-4f23-b9c4-9c0496840a54>.

<sup>70</sup> Farhan Bokhari, "Chinese Banks Lend Pakistan \$2.3 Bn to Avert Foreign Exchange Crisis, Financial Times, June 25, 2022", <https://www.ft.com/content/6250c214-cfdc-4b4f-85b3-87666d01ff4>; "China Rolls over \$1billion Loan to Pakistan amid IMF Uncertainty, Pakistan Observer, June 16, 2023", <https://pakobserver.net/china-rolls-over-1billion-loan-to-pakistan-amid-imf-uncertainty/>.

contracts.<sup>71</sup> Unlike in the past, in 2022, China was not forthcoming in assisting Sri Lanka, and its reluctance to agree to the debt restructuring requested by the Sri Lankan government caused a delay in negotiations between Colombo and the IMF.<sup>72</sup>

This does not suggest that China's economic influence in South Asia has suddenly begun to wane—an unlikely scenario given its significant economic clout and presence in the region. However, it can be inferred that it has become more difficult than before for Beijing to expand its influence over small- and medium-sized South Asian countries, not only in the political realm but also in the economic realm. This is all the more true as India has attempted to regain its influence through its active efforts to save Sri Lanka from economic crisis.<sup>73</sup>

## CONCLUSION

This study focuses on China's influence in South Asia, especially over small- and medium-sized countries in the region, and addresses two questions. First, what kind of engagement has China conducted toward these nations? Second, what are the tangible results of this increase in engagement in terms of China's influence?

As a semi-regional state, China has longstanding and diverse relations with South Asian nations, including infrastructure development cooperation in Sri Lanka and Pakistan that began as early as the 2000s. After the launch of the BRI, China significantly expanded economic engagement, in parallel with diversifying its field of engagement, such as reaching out directly to important stakeholders within the respective countries.

While these efforts have resulted in an increase in China's economic influence in South Asia, it is questionable whether this has led to a concomitant increase in political influence. Rather, there are clear limitations in Beijing's political influence over the small- and medium-sized countries in the region. Apart from its traditional partnerships with Pakistan and Bangladesh, Beijing has had limited success in deepening security cooperation with other small- and medium-sized South Asian nations, even as it has ramped up its economic engagement with them. It remains a rare occurrence in South Asia where China actually leverages its influence to force these states into significant

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<sup>71</sup> Haq, *op. cit.*

<sup>72</sup> Harsh V. Pant and Aditya Gowdara Shivamurthy, "South Asian Nations Get Back to Reality, Observer Research Foundation, March 17, 2023", <https://www.orfonline.org/research/south-asian-nations-get-back-to-reality/>.

<sup>73</sup> Tanya Anand, "Can India Contain China's Influence in South Asia? Nepal Institute for International Cooperation and Engagement, September 11, 2022", <https://niice.org.np/archives/8255>.

political concessions. Moreover, the economic woes of Sri Lanka, Pakistan, and Bangladesh in 2022, along with Beijing's response to the crises, may have lessened China's appeal as an economic partner in the region.

Although it has not been historically a region of geopolitical priority for Beijing, China has made significant efforts in South Asia in terms of economic engagement over the past decade compared to other regions. The current status of China's overall influence in South Asia is worthy of attention when considering the reality of China's economic and political influence in general.

## CHAPTER 8

# The Sino-Indian Border Conflict and Current Limits to Chinese Influence in India

*Oscar Almén*

*On June 15, 2020, deadly violence broke out between Chinese and Indian troops in the Galwan Valley, a disputed border area in the Himalayas. The resultant deaths were the first in the border conflict since 1975 and they led to a sharp deterioration in relations between the two nations. Three years later, the situation remains tense with substantial numbers of troops on both sides of the border. While it is in China's interest to improve relations with India, both sides' hardline position on the border issue makes such an outcome somewhat unlikely. Instead, as also noted by Chinese analysts, this border conflict has led India to strengthen its ties with the US, making China's position in the South Asian region rather more fraught. The border conflict with India constitutes a problem for Beijing in its efforts to strengthen its relationship with, and influence in India.*

### INTRODUCTION

The border conflict originates in disagreements over where both the historical territorial border and the Line of Actual Control (LAC) are located, that is, where the line runs that denotes where each side exercises control since the border war of 1962.<sup>1</sup> Currently, the border issue is far from a solution and at some positions along the border, troops have still not disengaged more than three years after the Galwan Valley clash.<sup>2</sup> Both sides have moved a large number of troops to the border and strengthened the infrastructure in the area. While China has an advantage over India in terms of its greater military strength, however, the regional security environment does not necessarily work in China's favor. For China, India's rapprochement with the US is the biggest worry as it threatens to change the balance of power between China and India which was previously tilted in

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<sup>1</sup> B.R. Deepak, *India and China: Beyond the Binary of Friendship and Enmity*, New Delhi, Springer, 2020, p. 64.

<sup>2</sup> Rajeswari Pillai Rajagopalan, "India-China Relations: Still Bogged Down, Observer Research Foundation, May 3, 2023", <https://www.orfonline.org/research/india-china-relations-still-bogged-down/>.



China's favor. China, therefore, tries to some extent to stress its similarities with India as ancient Asian civilizations with common global interests as an attempt to improve Sino-Indian relations. By strengthening relations with India, China hopes to erode India's increasingly strong ties to the US. At the same time, there are no signs that China is backing down in the border conflict and the existing conditions for achieving improved relations with India are quite poor. In this sense at least, China's hardline position on the border issue only serves to push India closer to the US.

The objective of this chapter is to provide a background to clarify what the border conflict is about, give a current picture of the parties' positions, and analyze how the Chinese government and Chinese analysts view the border conflict and the ongoing relationship with India. Finally, the chapter discusses how the border conflict might affect China's potential influence in India. The study is based on Chinese and English-language research literature, extant analysis from think tanks and media reports, and official statements from both the Chinese and Indian governments.

## **BRIEF BACKGROUND TO THE CURRENT SITUATION**

The border between China and India has been subject to conflict since 1962 when a short-lived border war broke out. After that war, relations were very strained and several minor conflicts broke out periodically until 1975. The situation improved somewhat during the 1980s and 1990s in connection with China's opening to the outside world and attendant efforts to resolve some of the border conflicts that existed with neighboring countries, and between 1993 and 2005, progress was made in negotiations. Among other things, it was decided in 1996 that firearms could not be fired within two kilometers of the LAC.<sup>3</sup>

In recent years, as both countries have grown in power and influence, tensions between them have increased once again. Both Xi Jinping, who came to power in China in 2012, and Narendra Modi, who was elected as Prime Minister of India in 2014, have clarified their countries' great power ambitions and further fueled the nationalist mood. It was during this time that the border situation worsened again. In both 2013 and 2014, there were incidents where Chinese and Indian troops confronted each other. In 2017, a serious conflict arose between Chinese and Indian troops in the disputed area of Doklam between China and Bhutan, which, historically, has had close military cooperation with India. Chinese troops had started building a road in the area, whereupon India sent armed troops to Bhutan to stop the construction. After just over two months, both sides left the area and

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<sup>3</sup> Deepak, *op. cit.*

China stopped the road construction that it had begun.<sup>4</sup> From the Chinese side, the confrontation in Doklam was perceived as Indian aggression and both sides subsequently increased their troop presence and greatly increased the construction of military infrastructure along the border area, and China has more than doubled the number of air bases and air defense installations within the operational range of the LAC since 2017.<sup>5</sup>



*Map of the Contested Areas in the Sino-Indian Border Conflict*

## THE CLASH IN THE GALWAN VALLEY

The Galwan Valley is located in the western part of the border region in what India calls Ladakh. It is part of the larger Kashmir region, which is the subject of ongoing conflict between Pakistan, India, and China. For a long time, India and China had been building

<sup>4</sup> Rory Medcalf, “Doklam: Who won? The Interpreter, Lowy Institute, August 31, 2017”, <https://www.lowyinstitute.org/the-interpreter/doklam-who-won>.

<sup>5</sup> Arzan Tarapore, “The Crisis after the Crisis: How Ladakh will Shape India’s Competition with China”, Lowy Institute Analysis, May 2021, p. 9.

infrastructure and moving troops into the area. Both sides argued that the opponents' infrastructure construction crossed the LAC.<sup>6</sup> According to Indian observers, the conflict began with Chinese troops occupying several posts along the LAC in Ladakh in April 2020. When India resisted on May 5, scuffles broke out and a large number of soldiers were injured. Talks were then held between the respective commanders to cease the confrontation and both sides agreed that a Chinese camp located on the Indian side of the LAC would then be dismantled. Later, on June 15, an Indian delegation went to investigate the camp, which eventually led to a new confrontation. Fighting broke out in several places with a total of over 300 soldiers involved, using stones and spiked stakes, among other things. The fighting lasted for five hours and when it ended, 20 Indian soldiers were dead, including the commanding officer, Colonel Babu. Data on the number of dead Chinese soldiers differ somewhat. According to the Indian side, the bodies of 16 Chinese soldiers were handed over after the fighting.<sup>7</sup> Many believe it is likely that the true number of casualties was much higher than the number officially accepted by China.<sup>8</sup> Only in February 2021 did the Chinese side provide the information that four soldiers had died in the fighting.<sup>9</sup>

The spokesman for China's Western Military Command, Colonel Zhang Shuili, issued a statement the day after the fighting blaming the Indian army for "breaking its promise and once again breaching the LAC". It is also clear from the statement that China considers the entire Galwan Valley to have always been Chinese territory.<sup>10</sup> Chinese media reported extensively but followed the official Chinese narrative of the incident closely, laying all the blame on the Indian side, which was described as having carried out a planned provocative act while the Chinese troops acted in self-defense and exercised

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<sup>6</sup> Yan Sun, "China's Strategic Assessment of the Ladakh Clash, War on the Rocks, June 2020", <https://warontherocks.com/2020/06/chinas-strategic-assessment-of-the-ladakh-clash/>.

<sup>7</sup> Shiv Aroor, "3 Separate Brawls, 'Outsider' Chinese Troops & More: Most Detailed Account of the Brutal June 15 Galwan Battle, India Today, June 21, 2020", <https://www.indiatoday.in/india/story/3-separate-brawls-outsider-chinese-troops-more-most-detailed-account-of-the-brutal-june-15-galwan-battle-1691185-2020-06-21>.

<sup>8</sup> According to Indian Lt. Gen. YK Joshi, at least 45 Chinese soldiers died in the fighting. See, Shreya Dhoundial, "Exclusive: India Has Not Ceded Land; China Has Just Earned a Bad Name; At Least 45 Chinese Soldiers Were Killed, Says Lt Gen YK Joshi, CNN-News18, February 17, 2021", <https://www.news18.com/news/india/exclusive-india-has-not-ceded-land-china-has-just-earned-a-bad-name-at-least-45-chinese-soldiers-were-killed-3444080.html>.

<sup>9</sup> Steven Lee Meyers, "China Acknowledges 4 Deaths in Last Year's Border Clash with India, New York Times, February 19, 2021", <https://www.nytimes.com/2021/02/19/world/asia/china-india-clash.html>.

<sup>10</sup> 新华社 (Xinhua News Agency), "张水利大校就中印边闹人列位加勒万河谷地场手机发表发动 (The Spokesman for the Western Theatre Command, Colonel Zhang Shuili, Did One Statement about the Conflict between Chinese and Indian Border Guards in Galwan Valley Area), June 16, 2020", [http://www.xinhuanet.com/politics/2020-06/16/c\\_1126122358.htm](http://www.xinhuanet.com/politics/2020-06/16/c_1126122358.htm).

great self-restraint.<sup>11</sup> According to Lin Minwang, a researcher at the Institute of International Studies at Fudan University in Shanghai, most of the deaths on the Indian side were, in reality, caused by their inability to provide prompt treatment to the injured.<sup>12</sup>

Only in February 2021, in an article in the People's Liberation Army Daily, where data on the Chinese deaths were mentioned for the first time, was the Chinese account of the event described in more detail. There, the heroic effort of the Chinese troops against a greater number of foreign troops was presented. It described how the Chinese troops, led by the commander, Qi Fabao, who was himself wounded in the fighting, managed to hold their ground against the opponents until reinforcements arrived. They were then able to push back the foreign troops from the "territory of the motherland". The four Chinese soldiers killed were portrayed as martyrs.<sup>13</sup>

The view among Chinese analysts was also that the Indians caused the dispute. The China Institutes of Contemporary International Relations (CICIR) is a think tank attached to the Ministry of State Security (国安部) which is close to the decision-makers in Beijing.<sup>14</sup> Hu Shisheng, director of the South Asia Institute at CICIR and one of China's foremost experts on relations with India, claims in an article that India carried out a surprise attack at night and that it was the careless actions of the Indian commander that caused the fighting. He further argues that the conflict in the Galwan Valley was welcomed by Modi because it shifted the focus away from his domestic political concerns.<sup>15</sup> Lou Chunhao, a researcher at the same institute, believes that the reason why Indian soldiers dared to violate the LAC and provoked China has its basis in Modi's nationalist policy, which often involves more risk-taking diplomacy.<sup>16</sup>

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<sup>11</sup> Liu Xuanzun and Liu Xin, "China Urges India to Restrain, Global Times, June 16, 2020", <https://www.globaltimes.cn/page/202006/1191837.shtml>.

<sup>12</sup> 林民旺(Lin Minwang), "中国起初的沉默, 使用是想经单业时间, 设后自己冷静这个(China's First Silence Was Just for to Give India Time to Calm down), observeGuancha, June 20, 2020", [https://www.guancha.cn/LinMingWang/2020\\_06\\_20\\_554839.shtml](https://www.guancha.cn/LinMingWang/2020_06_20_554839.shtml).

<sup>13</sup> 王天益(Wang Tianyi), "英雄广立喀喇昆仑: 走近新时代卫国戍边的英雄官兵(Heroes Stands in Karakoram-Heroic Officers and Troops Approaching the Limits for to Defend the Country in the New One Era), 解放日报(People's Liberation Army Daily), February 19, 2021", <http://military.people.com.cn/n1/2021/0219/c1011-32031261.html/>.

<sup>14</sup> Mathieu Duchatel, "The Border Clashes with India: In the Shadow of the US, China Trends, February 2021", <https://www.institutmontaigne.org/en/publications/china-trends-8-military-options-xis-strategic-ambitions>.

<sup>15</sup> Hu Shisheng and Wang Jue, "The Behavioral Logic of India's Tough Foreign Policy towards China", CIR, September/October 2020.

<sup>16</sup> 楼春豪(Lou Chunhao), "南京对华政策的电影与中国电影支件反思(Changes in India's China Policy and China's Policy Reflection)", 南亚研究电影, South Asian Studies Communication, February 2, 2021.

## DEVELOPMENTS AFTER THE FIGHTING IN GALWAN

It is clear that both sides paint the opponent as the aggressor and explain their actions as self-defense. The deaths stirred strong emotions and led to a mobilization of troops along the LAC, and both China and India stationed 50–60,000 troops each around the border in Ladakh.<sup>17</sup> There are also reports that in 2020 China started building new villages along the LAC, thus trying to make the Chinese demands and presence an unalterable fact.<sup>18</sup>

The deadly fighting led the Indian army to change its rules and now allow border troops to use firearms when they deem it necessary, which is something Chinese analysts have warned, will worsen the situation.<sup>19</sup> Warning shots were fired by the Indian army in August and September 2020. In August 2020, Indian troops also fortified several strategic heights near Pangong Lake Tso, which to an extent strengthened India's tactical position.<sup>20</sup>

Relations also deteriorated in other areas. India warned that economic relations would be adversely affected, and from September 2020, the government further banned 267 Chinese apps such as TikTok and WeChat in batches from being used in the country. The justification was that they were “harmful to India's sovereignty and integrity, India's defense, state security and public order”.<sup>21</sup> However, despite this, trade between China and India has been booming and in 2022 reached a record US\$ 136 billion of which more than 100 billion was made up of Chinese exports to India.<sup>22</sup> In 2018–2019, trade had stood at around US\$ 90 billion.<sup>23</sup>

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<sup>17</sup> Krishn Kaushik, “Next India-China military Talks on January 12, Indian Express, January 8, 2022”, <https://indianexpress.com/article/india/next-india-china-military-talks-on-january-12-7712423/>.

<sup>18</sup> Rajeswari Pillai Rajagopalan, “Did China Create New Facts on the Ground Along the LAC with India?” *The Diplomat*, November 12, 2021.

<sup>19</sup> Hu and Wang, *op. cit.*, p. 62; Lin, *op. cit.*

<sup>20</sup> Tarapore, *op. cit.*

<sup>21</sup> “India Permanently Bans TikTok and 58 Other Chinese Apps, Nikkei Asia, January 26, 2021”, <https://asia.nikkei.com/Business/Technology/India-permanently-bans-TikTok-and-58-other-Chinese-apps>; Duchatel, *op. cit.*

<sup>22</sup> “India-China Trade Climbs to USD 135.98 Billion in 2022, Trade Deficit Crosses USD 100 Billion for the first time, The Economic Times, January 13, 2023”, <https://economictimes.indiatimes.com/news/economy/foreign-trade/india-china-trade-climbs-to-usd-135-98-billion-in-2021-trade-deficit-crosses-usd-100-billion-for-the-first-time/articleshow/96969775.cms>; Anath Krishnan, “India's Trade with China Set to exceed \$100 Billion in 2021, The Hindu, October 13, 2021”, <https://www.thehindu.com/business/indias-trade-with-china-set-to-exceed-100-billion-in-2021/article36991136.ece>.

<sup>23</sup> “India China Bilateral Trade Makes Steady Growth in 2019, DD News, January 15, 2020”, <https://ddnews.gov.in/business/india-china-bilateral-trade%C2%A0continue%C2%A0make-steady-growth>.

At the same time, talks and negotiations have been carried out continuously. The political leadership of both China and India expressed their desire to see a de-escalation of the conflict. In a meeting in Moscow in September 2020, the two foreign ministers agreed on a five-point plan which involved maintaining an open dialogue and implementing confidence-building measures.<sup>24</sup> After several rounds of fruitless talks, China suddenly announced in February 2021 a phased troop withdrawal plan.<sup>25</sup> By November 2021, both sides had moved their troops back from most areas along the LAC, including the Galwan Valley.<sup>26</sup> However, by April 2023, troops had still not disengaged at the Depsang Plains in Ladakh.<sup>27</sup>

In October 2021, China's National People's Congress, decided on a new land border law that came into effect on January 1, 2022. The law is related to the conflict with India as it is only Bhutan that, apart from India, has a disputed land border with China. The law states, among other things, that citizens and civil institutions must support the Chinese army and the armed police forces in the defense of the border. India reacted strongly against the law and warned China against using it as an excuse to change the situation at the border.<sup>28</sup> According to one observer, since China and India do not agree on where the LAC lies, it may mean that it is China's unilateral interpretation of it that will activate the law. The presence of Indian troops within what China considers as its territory would then automatically trigger the law, which could further increase the subsequent risk of intervention by Chinese troops.<sup>29</sup>

On the eastern side of the border too, tensions remain high. In December 2021, China announced that it had standardized the names of 15 places in South Tibet (藏南 Zangnan),

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<sup>24</sup> "Joint Press Statement, Meeting of External Affairs Minister and Chinese Foreign Minister Ministry of External Affairs, Ministry of External Affairs, India, September 10, 2020", [https://mea.gov.in/press-releases.htm?dtl/32962/Joint\\_Press\\_Statement\\_\\_Meeting\\_of\\_External\\_Affairs\\_Minister\\_and\\_the\\_Foreign\\_Minister\\_of\\_China\\_September\\_10\\_2020](https://mea.gov.in/press-releases.htm?dtl/32962/Joint_Press_Statement__Meeting_of_External_Affairs_Minister_and_the_Foreign_Minister_of_China_September_10_2020).

<sup>25</sup> Vijaita Singh, "India, China Agree to Return to Pre-April 2020 Positions in Eastern Ladakh, The Hindu, February 10, 2021", <https://www.thehindu.com/news/national/india-china-agree-to-return-to-pre-april-2020-positions-in-eastern-ladakh/article33803617.ece>.

<sup>26</sup> Laura Zhou, "China and India Agree to Keep Working to Resolve Border Issue, South China Morning Post, November 19, 2021", <https://www.scmp.com/news/china/diplomacy/article/3156610/china-and-india-agree-keep-working-resolving-border-dispute>.

<sup>27</sup> Rajeswari Pillai Rajagopalan, "India-China Relations: Still Bugged Down, Observer Research Foundation, May 3, 2023", <https://www.orfonline.org/research/india-china-relations-still-bugged-down/>.

<sup>28</sup> Suhaisini Haidar, "Don't Use New Law to Justify LAC Moves, India Tells China, The Hindu, October 27, 2021", <https://www.thehindu.com/news/national/india-criticises-china-for-new-country-border-law/article37191680.ece>.

<sup>29</sup> Shuxian Luo, "China's Land Border Law: A Preliminary Assessment, Brookings, November 4, 2021", <https://www.brookings.edu/blog/order-from-chaos/2021/11/04/chinas-land-border-law-a-preliminary-assessment/>.

which is China's name for the part of Arunachal Pradesh claimed to belong to China. In 2017, China standardized the names of seven places in the area and yet another 11 places were renamed in April 2023.<sup>30</sup> China's foreign ministry further said in 2021 that the sites were within an area that had been Chinese territory since ancient times.<sup>31</sup> New Delhi commented that invented names did not change the fact that Arunachal Pradesh has always been a part of India.<sup>32</sup>

In December 2022 in Arunachal Pradesh Chinese and Indian troops again clashed in the most serious incident since the Galwan conflict. While no deaths were reported, the battle was a setback in the efforts to improve relations between the two powers. Again, India accused the Chinese of trying to “unilaterally change the status quo” while the Chinese side tried to downplay the significance of the fighting.

Although by April 2023, 18 corps-commander meetings had been held, which has led to limited troop withdrawals from some of the tensest sites, both sides continue to build-up permanent civilian and military infrastructure along the LAC. In the Galwan Valley, for instance, China has built several military bases. This development does not bode well for a de-escalation of the border conflict.<sup>33</sup>

## THE HISTORICAL ORIGINS OF THE BORDER DISPUTE

It may seem strange that so much energy and resources are spent on a border issue in a virtually inaccessible area. To a great extent, the reasons why the border issue is so important and intractable can be found far back in history.

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<sup>30</sup> Liu Caiyu and Cao Siqi, “China Standardizes Names of 15 More Places in Zangnan Based on Sovereignty, History, Global Times, December 30, 2021”, <http://www.globaltimes.cn/page/202112/1243788.shtml>. A list of the places and their names was published by the Ministry of Civil Affairs. See, “Southern Tibet (Second Round), December 29, 2021”, <http://www.mca.gov.cn/article/xw/tzgg/202112/20211200038944.shtml>; see also, Anjana Pasricha, “India China Military Standoff Enters Fourth Year without Sign of Thaw, Voice of America China News, May 16, 2023”, <https://www.voanews.com/a/india-china-military-standoff-enters-fourth-year-without-sign-of-thaw/7095154.html>.

<sup>31</sup> “Foreign Ministry Spokesperson Zhao Lijian’s Regular Press Conference on December 31, 2021, Ministry of Foreign Affairs of the People’s Republic of China”, [https://mfa.gov.cn/eng/xwfw\\_665399/s2510\\_665401/2511\\_665403/202112/t20211231\\_10478051.html](https://mfa.gov.cn/eng/xwfw_665399/s2510_665401/2511_665403/202112/t20211231_10478051.html).

<sup>32</sup> Dipanjan Roy Chaudhury, “China ‘Renames’ 15 Places in Arunachal to Buttress Claims, The Economic Times, December 31, 2021”, <https://economictimes.indiatimes.com/news/defence/china-renames-15-places-in-arunachal-to-buttress-claims/articleshow/88599696.cms>.

<sup>33</sup> John Pollock and Damien Symon, “Are China and India Bound for Another Deadly Border Clash? Chatham House, June 2, 2023”, <https://www.chathamhouse.org/publications/the-world-today/2023-06/are-china-and-india-bound-another-deadly-border-clash>; Nishant Rajeev and Alex Stephenson, “Why We Should All Worry about the China-India Border Dispute, US Institute of Peace, May 31, 2023”, <https://www.usip.org/publications/2023/05/why-we-should-all-worry-about-china-india-border-dispute>.

The background to the disputed border can be explained by the fact that, historically, there was no clearly defined border between the Chinese Qing Empire (1644–1912) and colonial India in these inaccessible regions where the Chinese side is made up of Tibet. China and India share a 400-mile-long border and the dispute concerns 13 different areas along the border covering a total area of 125,000 km<sup>2</sup>, roughly the size of Greece.<sup>34</sup> British officials in the 19<sup>th</sup> century proposed a demarcation, with Aksai Chin as Indian Territory. The eastern part of the disputed border concerns the Indian state of Arunachal Pradesh. During a conference in 1913–14 in which Great Britain, Tibet and China were represented, the British negotiator Henry McMahon proposed a border, the so-called McMahon Line. Britain and Tibet's representatives signed an agreement that accepted the McMahon Line as the border; however, China refused to sign the agreement.<sup>35</sup>

The 1950 Chinese occupation of Tibet and the construction of a road through Aksai Chin sparked tensions. In 1958, Indian Prime Minister Nehru raised the issue with his Chinese counterpart Zhou Enlai. Zhou's 1959 response declared for the first time that China considered that the borders between India and China had never been determined. In the same year, a failed Tibetan uprising led the Dalai Lama to flee to India.

China proposed negotiations on the demarcation and the withdrawal of both sides' troops from the LAC. India's position was based on the internationally recognized demarcation in which Aksai Chin belongs to India. Later it emerged that China's strategy was to gain the Aksai Chin area in the west in exchange for recognizing the McMahon Line in the east.<sup>36</sup>

In 1961, India advanced troops to posts in areas that China considered its territory. In October 1962, China responded with a massive military operation along the Sino-Indian border. The war lasted a month, resulting in over 700 Chinese and 3,000 Indian soldiers dead or missing.<sup>37</sup> China is generally considered to have emerged victorious from the battle. After the fighting, China withdrew its troops behind the line it claims is the LAC.

The role of Tibet is crucial to China's view of the border with India. Hu Shisheng at CICIR believes that Nehru attempted what the British never succeeded in, namely, splitting Tibet from China to create a buffer zone between India and China and that this

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<sup>34</sup> P.K. Chakravorty, "Sino-Indian War of 1962", *Indian Historical Review*, Volume 44, Issue 2 (2017), p. 288.

<sup>35</sup> *Ibid.*

<sup>36</sup> *Ibid.*

<sup>37</sup> Bertil Lintner, *China's India War: Collision Course on the Roof of the World*, New Dehli, Oxford University Press, 2020, p. 5.



policy ultimately led to the 1962 war.<sup>38</sup> Both Mao Zedong and Zhou Enlai expressed similar views about India's ambitions and after the Dalai Lama fled and set up a government-in-exile in India in 1959, their suspicions about India's support for Tibet were confirmed.<sup>39</sup>

Both China and India use historical documents and maps to assert their territorial claims but since these borders are incompatible with each other, it is necessary for some form of compromise to take place for the border conflict to be resolved.

## THE TWO GOVERNMENTS' CLAIMS

In addition to the larger areas of Arunachal Pradesh in the east and Ladakh/Aksai Chin in the west, there are several smaller disputed areas. There is already an agreement that the troops should withdraw two kilometers behind the LAC. To de-escalate the conflict and avoid new battles, some type of agreement needs to be reached on where the troops will withdraw from. The larger long-term territorial question is, thus, partly separated from the question of where the troops can be allowed to stand. It has become increasingly clear that China's demand is for the troops to be positioned based on how they stood after the 1962 war, while India's demand is for the troops to be moved back to their positions in April 2020 before the unrest in Ladakh started.<sup>40</sup>

The two sides also differ on how relations should be improved. China believes that the border issue must be disconnected from other relations because it is so difficult to solve. They want to focus first on economic and political relations and leave the border issue at *the status quo* for now. This was, for a long time, a position that India also supported, but in recent years, there has been a shift in the Indian attitude and this was strengthened after the Galwan conflict. India now believes, on the contrary, that the border issue is decisive and cannot be disconnected from relations in general. These positions emerged in a meeting between Foreign Ministers Jaishankar and Wang Yi in July 2021 where Jaishankar said the most important thing was first to resolve the remaining issues concerning the western part of the LAC. Wang Yi said that the focus should be on improving other aspects of relations first.<sup>41</sup>

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<sup>38</sup> Hu and Wang, *op. cit.*, p. 55.

<sup>39</sup> Manjeet S. Pardesi. "Explaining the Asymmetry in the Sino-Indian Strategic Rivalry", *Australian Journal of International Affairs*, Volume 75, Issue 3 (2021), p. 350.

<sup>40</sup> Laura Zhou, "China and India Agree to Keep Working to Resolve Border Dispute, South China Morning Post, November 19, 2021", <https://www.scmp.com/news/china/diplomacy/article/3156610/china-and-india-agree-keep-working-resolving-border-dispute>.

<sup>41</sup> Rajeswari Pillai Rajagopalan, "China-India Foreign Ministers Meet in Dushanbe, The Diplomat, July 16, 2021", <https://thediplomat.com/2021/07/china-india-foreign-ministers-meet-in-dushanbe/>.

Some Indian observers believe that China is prepared to recognize most of India's claims in the eastern part, in other words, the McMahon Line. The counter-demand would be that India recognizes China's claims in the western part. This would also have been the meaning of Zhou Enlai's original position on the border issue presented in 1959. At that time, the remaining disagreements were mainly about the details of drawing the border.<sup>42</sup>

However, the border conflict is closely linked to the issue of Tibet's status, which further complicates searching for a solution.<sup>43</sup> There is great suspicion on the part of China of India's intentions regarding Tibet. The Indian government's close relationship with the Dalai Lama has enabled a vibrant Tibetan nationalism to be maintained, which has created great irritation within the Chinese government. For China, the issue of Tibet is an issue of China's existential security. Giving in on minor issues would risk leading to further demands for Tibetan independence. In the western part, Aksai Chin is a strategic area that is the only direct route between Xinjiang and Tibet, two ethnically sensitive areas. On the one hand, in the eastern part, Arunachal Pradesh, lies Tawang, which is believed to be the birthplace of the 6th Dalai Lama. To recognize Tawang as Indian would mean, de facto, that the Dalai Lama was born in Indian Territory. From India's point of view, on the other hand, the status of Arunachal Pradesh is non-negotiable.<sup>44</sup>

## **CHINA'S VIEW ON THE BORDER CONFLICT AND THE RELATIONSHIP WITH INDIA**

Generally speaking, China perceives itself as the stronger party in the relationship with India. China does not see India as an equal rival, mainly because of China's superiority in terms of economic, technological, and military capabilities.<sup>45</sup> China's GDP is more than five times that of India's and military spending is almost four times higher.<sup>46</sup> A

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<sup>42</sup> Deepak, *op cit.*, p. 33; HS Panag, "China Has Taken LAC Clock Back to 1959: India Not in a Position to Take Back Aksai Chin, The Print, October 8, 2020", <https://theprint.in/opinion/china-has-taken-lac-clock-back-to-1959-india-not-in-a-position-to-take-back-aksai-chin/519101/>; Sutirtho Patranobis, "China Takes 1959 Line on Perception of LAC, Hindustan Times, September 29, 2020", <https://www.hindustantimes.com/india-news/china-takes-1959-line-on-perception-of-lac/story-jOeTLuvyvsNy7gJXI.html>.

<sup>43</sup> Pardesi, *op cit.*, p. 354.

<sup>44</sup> Yan Sun, "China's Strategic Assessment of the Ladakh Clash, War on the Rocks, June 19, 2020", <https://warontherocks.com/2020/06/chinas-strategic-assessment-of-the-ladakh-clash/>; Sameer Lalwani, Daniel Markey and Vikram Singh, "Another Clash on the India-China Border Underscores Risks of Militarization, US Institute of Peace, December 2022," p. 3.

<sup>45</sup> Adhiraj Anand, "How Does China's Military View India?" *The Diplomat*, October 2, 2021.

<sup>46</sup> "World Military Spending Rises to Almost \$2 Trillion in 2020, SIPRI, April 26, 2021", <http://www.sipri.org/media/press-release/2021/world-military-spending-rises-almost-2-trillion-2020>; "Gross Domestic Product 2020, World Bank", <https://databank.worldbank.org/data/download/GDP>.

recent opinion survey in China showed that Chinese respondents view India as having the least global power among all the great powers, behind countries like Australia and Canada. The survey also showed that respondents saw little potential for future collaboration with India.<sup>47</sup> For China, on the one hand, the US and Japan are the major rivals, while India is indeed seen as a threat to Tibet, although not as a global, but as a regional power. For India, on the other hand, China represents a major geopolitical threat.<sup>48</sup>

It is also clear that Chinese observers are most concerned about India's strategic cooperation with the US as it greatly changes the balance of the China–India relationship. All of China's strained relations with neighbors are seen from the perspective that the US is mobilizing other countries against China.<sup>49</sup> In recent years, the US has strengthened the Quadrilateral Security Dialogue (Quad) in which India, Japan, and Australia are included. India's increasingly close cooperation with Australia and Japan is also something that worries China.<sup>50</sup> The Chinese government itself wants to manage all relations bilaterally because that generally means that China is the stronger party. Many in China believe that India, by allying itself with the US and together holding China back, is trying to get China involved on two fronts and thereby force the Chinese military to spread its resources.<sup>51</sup> According to Hu Shisheng and other Chinese analysts, Modi feels strengthened by the cooperation with the US and the Quad, which has made him more inclined to pursue an offensive policy against China.<sup>52</sup>

Although China's leadership displays great confidence in its military capabilities, it is clear that it believes that the current external relations in the region are to China's detriment. Chinese analysts, therefore, believe that it is in China's interests to weaken US security cooperation with India. China's way of dealing with this is to try to improve bilateral relations with both the US and India, thereby weakening the basis of their cooperation which is the common perception of China as a rival. If relations with the US can improve somewhat, it is less in the US's interest to support India's claims on China. Liu Zongyi of the Shanghai Institute for International Studies expressed hope for this after

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<sup>47</sup> "How China Sees the World in 2023, University of Alberta, China Institute, May 2023", <https://www.ualberta.ca/china-institute/research/research-papers/2023/how-china-sees-world-220231/index.html>.

<sup>48</sup> Pardesi, *op cit*.

<sup>49</sup> Oscar Almén, Johan Englund and Björn Ottosson, *Great Power Perceptions: How China and the US View Each Other on Political, Economic and Security Issues*, Stockholm: FOI, 2021.

<sup>50</sup> Lin Minwang, "China Should be Vigilant of India Becoming de facto 'sixth eye'", *Global Times*, September 13, 2021.

<sup>51</sup> Zheng Haiqi, "China-India Relations: How Different Perceptions Shape the Future, ISAS Insights, No. 659, April 2021", <https://www.isas.nus.edu.sg/papers/china-india-relations-how-different-perceptions-chape-the-future/>.

<sup>52</sup> Hu and Wang, *op. cit.*; Lou Chunhao, *op. cit.*

the meeting between Xi Jinping and Joe Biden in November 2021.<sup>53</sup> However, hopes of improvements in the US–China relationship have since diminished.<sup>54</sup>

Similarly, China wants to strengthen ties with India by pointing out their common interests. Chinese analysts like to highlight the similarities between China and India as being two ancient eastern civilizations which are both undergoing a civilizational renaissance (文明复兴) and which have common interests in reforming the international order.<sup>55</sup> This commonality is manifest also in the fact that India participates in non-Western multi-national organizations such as the China-initiated Shanghai Cooperation Organization, as well as in the Brazil, Russia, India, China, and South Africa (BRICS) group, which China has put forward as an alternative to Western-dominated organizations such as the International Monetary Fund and G7. Liu Zongyi, at the Shanghai Institutes for International Studies, wrote that the successful BRICS meeting in August 2023 should serve as a reminder to India to stop supporting the US and that China and India should share interest in other developing countries.<sup>56</sup> In a similar reasoning that emphasizes the common interests of China and India, Professor Hu Shisheng believes that it is the colonial and, thus, the Western world order that caused the border conflict between China and India.<sup>57</sup> Chinese observers hope that India will stick to its strategic autonomy and not enter into an alliance with the US.<sup>58</sup>

The border conflict stands in the way of China’s ambition to improve relations with India. Professor Zheng Yongnian at the National University of Singapore warned after the Galwan clash against pushing India into the arms of the US. “If the Sino-Indian border crisis promotes an alliance between the US, Japan and India, the consequences will be very troublesome for China”.<sup>59</sup>

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<sup>53</sup> Lara Zhou, “China and India Agree to Keep Working to Resolve the Border Dispute, South China Morning Post, November 19, 2021”, <https://www.scmp.com/news/china/diplomacy/article/h3156610/china-and-india-agree-keep-working-resolving-border-dispute>.

<sup>54</sup> Keith Bradsher, “China’s Leader, With Rare Bluntness, Blames U.S. Containment for Troubles, New York Times, March 7, 2023”, <https://www.nytimes.com/2023/03/07/world/asia/china-us-xi-jinping.html>.

<sup>55</sup> 楼春豪 (Lou Chunhao), “南京对华政策的电影与中国电影支件反思 (Changes in India’s China Policy and China’s Policy Reflection)”, 南亚研究电影, South Asian Studies Communication, February 2, 2021.

<sup>56</sup> Liu Zongyi, “BRICS Summit Should Serve as a Wake-up Call for India, Global Times, August 25, 2023”, <https://www.globaltimes.cn/page/202308/1296987.shtml>.

<sup>57</sup> Hu Shisheng and Wang, *op. cit.*

<sup>58</sup> Zhang Jiadong, “Pursuing Strategic Autonomy, India Seen as a Liability by US, Global Times, December 8, 2021”, <https://www.globaltimes.cn/page/202112/1240993.shtml>.

<sup>59</sup> 郑永年 (Zheng Yongnian), “不要把印度推向美国的怀抱 (Do Not Push India into the Arms of the U.S.)”, Sina.com, June 30, 2020”, <https://news.sina.com.cn/c/2020-07-30/doc-iivhvpwx8304344.shtml>.

Russia also plays an important role in the relationship between China and India. India has traditionally had close ties with Russia dating back to the days when the Soviet Union was in conflict with China. Russia is also a major arms supplier to India, but also supplies arms to China. India has previously been able to use its relationship with Russia to balance China's growing influence, but Russia and China's increasingly close relationship has changed the trilateral balance.<sup>60</sup>

Russia's invasion of Ukraine has put India's relations with Russia in the spotlight. India's refusal to condemn Russia's invasion of Ukraine has been hailed in Chinese media as an instance of common ground between China and India that stands in opposition to the Western-led sanctions.<sup>61</sup> India has also increased its imports of Russian oil following the invasion. However, India has also been careful not to be seen to be taking the side of Russia or China. In contrast to Beijing, India has not blamed the US or NATO for instigating the war and for supporting Ukraine with weapons, which shows the limits of India and China's common interests.<sup>62</sup> There are also signs that India is reducing its defense dependence on Russia in favor of Western arms producers. For instance, the US company, General Electric, recently signed a deal with an Indian firm to build fighter jet engines.<sup>63</sup>

Hu Shisheng argues that the US' tolerance toward India has become even stronger with the Ukraine war.<sup>64</sup> Modi's state visit to Washington in June 2023 further underlined US determination to strengthen relations with New Delhi.<sup>65</sup> To make matters worse for China, Beijing sometimes undermines its own efforts to improve relations with India by taking actions that infuriate the Indians. For example, India initially chose not to carry out a diplomatic boycott of the Beijing 2022 Winter Olympics, which was highlighted in the Chinese nationalist newspaper *Global Times* as an example of India standing firm in its

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<sup>60</sup> Christopher Weidacher Hsiung, "A Tenuous Trilateral? Russia-India-China Relations in a Changing World Order, UI Brief, March 2019", <https://www.ui.se/butiken/uis-publikationer/ui-brief/2019/a-tenuous-trilateral-russia-india-china-relations-in-a-changing-world-order/>.

<sup>61</sup> "Ukraine Crisis Mirrors China-India's Common Interests: Global Times Editorial, Global Times, March 26, 2022", <https://www.globaltimes.cn/page/202203/1256836.shtml>; Rabi Sankar Bosu, "Wang Yi's Visit Lends Credence to Strength of China-India Ties, People's Daily Online, April 6, 2022", <http://en.people.cn/n3/2022/0406/c90000-10080561.html>.

<sup>62</sup> Amrita Jash, "The Ukraine Crisis and China-India Relations, China Brief, Volume 12, Issue 19, October 19, 2022", <https://jamestown.org/program/the-ukraine-crisis-and-china-india-relations/>.

<sup>63</sup> Stephen Collinson, "China Was the Ghost at the US-India Feast, CNN, June 23, 2023", <http://edition.cnn.com/2023/06/23/politics/china-us-india-state-visit/>.

<sup>64</sup> 胡仕胜 (Hu Shisheng) and 王珏 (Wang Jue), "印度莫迪政府'对华产业替代'政策 (India's Modi Government's 'Industrial Substitution for China' policy)", *现代国际关系 (Contemporary International Relations)*, No. 11 (2022).

<sup>65</sup> Collinson, *op. cit.*

strategic autonomy and not following the US' lead.<sup>66</sup> However, after Officer Qi Fabao, who was injured in the Galwan battles, participated in the torch relay with the Olympic flame, India chose to join the diplomatic boycott.<sup>67</sup> This is but one example of how Beijing keeps underestimating India's mistrust of China, which in itself limits China's influence in India.

## CONCLUDING REMARKS

The border conflict is currently far from being solved. Troops have still not disengaged from all sites more than three years after the Galwan clash and both sides continue to build new infrastructure along the border. The fact that the parties disagree about where the LAC lies means that the risk of new fighting is ever present despite both sides' stated desire to de-escalate the conflict. The sensitive issue of Tibet is a crucial reason why the conflict arose and why it is so difficult to resolve. China, therefore, believes that the countries should instead focus on improving economic and political relations and leave the difficult border issue for the future, while the strong nationalist currents in both China and India, fueled by the statements and offensive foreign policies of both governments, make it domestically difficult for the governments of both sides to compromise on the border issue.

The border conflict with India constitutes a problem for Beijing in its efforts to strengthen its relationship with and influence in India. Most Chinese analysts emphasize India's increasingly close relationship with the US and its allies in the region such as Japan and Australia as a troublesome challenge for China. In this way, the border conflict may also undermine China's strength in its geopolitical rivalry with the US. Still, Chinese observers are convinced that China is in a position of superior military and economic strength vis-à-vis India. China's military strength and the PLA's increasing presence along the border with India constitute a show of power. However, as argued also in Per Olsson's chapter in this volume, military power does not always translate to military influence. Arguably, if China's military build-up along the border with India leads to a stronger US-India security collaboration, the net result might be negative for China's security situation vis-à-vis India. Tensions resulting from the Galwan clash have led to several Indian measures to limit Chinese influence in India and reduce its dependence on China, such as banning a large number of Chinese apps. At the same time, Indian imports

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<sup>66</sup> "India's Support for Beijing's Winter Olympic Games Shows It not a Natural US Ally, Global Times, November 28, 2021", <https://www.globaltimes.cn/page/202111/1240130.shtml?id=11>.

<sup>67</sup> Ingela Ahlberg, "India Boycotts Olympics after Torch Bearer Brawl, *Svenska Dagbladet*, February 4, 2022", <https://www.svd.se/indien-bojkottar-os-efter-fanbararbrak>.

from China have continued to increase which shows that India's economic dependence on China might be difficult to reverse.

China's regime feels increasingly attacked by a US-led alliance to stop China's rise as a great power. From a Chinese perspective, India is exploiting its closer relations with the US to create advantages for itself in the border dispute with China. It is, therefore, in China's interests to weaken India's ties with the US.

## CHAPTER 9

# Evolution of China's Influence in Australia: 1996 to Today

*Teruhiko Fukushima*

## INTRODUCTION: AUSTRALIA'S MASSIVE ECONOMIC DEPENDENCE ON CHINA

Compared to other countries, Australia is the most economically dependent on China. In 2018–2019, just before the outbreak of COVID-19, China's share in Australia's merchandise exports was 36.1%, followed by Japan at 15.8% and the Republic of Korea at 6.9%. The fourth largest export market was India at 4.3%, the fifth was the United States (US) at 3.9%, the sixth was Taiwan at 3.3%, and the seventh was Singapore at 2.8%. The combined share of these second-largest to seventh-largest markets is 37%, indicating that China (at 36.1%) is Australia's largest export market. In the merchandise import trade of the same financial year, China's share was 24.5%, followed by the US at 10.6%, Japan at 7.0%, Germany at 4.7%, and Thailand at 4.6%. The combined share of the second to fifth largest sources of imports was 26.9%, near that of China; thus, China is undeniably Australia's most important trade partner.

Australia's largest merchandise export to China in 2018–2019 was iron ore (46.8% of the total), followed by natural gas (12.3%) and coal (10.5%). The combined share of these top three merchandise amounted to a massive 69.5%. Australia's top five goods and services exports were iron ore at 16.4%, coal at 14.8%, natural gas at 10.6%, education at 8.0%, and tourism at 4.8%.<sup>1</sup> These figures show that China is a significant consumer of Australia's top three export earners.

China is Australia's largest export market for commodity trade and service exports, such as education, the fourth largest foreign currency earner. In 2019, international education brought Australia A\$40.3 billion in income. Again, China was the top education export

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<sup>1</sup> Department of Foreign Affairs and Trade, *Composition of Trade Australia 2018-2019*, Australian Government, January 2020, p. 58, 79, 5.



income earner at 31.4%, followed by India at 15.9% and Nepal at 7.4%.<sup>2</sup> In tourism, Australia’s fifth largest export earner, China’s contribution is evident. In 2018–2019, 9.3 million international tourists visited Australia; 1,432,800 tourists were from China, just surpassing New Zealand visitors at 1,407,200 for the first time. These numbers were followed by the US at 811,900, the United Kingdom at 718,600, and Japan at 484,300.<sup>3</sup> However, in 2019, Chinese tourists spent A\$12.4 billion in Australia, much more than other countries: New Zealand at A\$2.6 billion, the US at A\$3.9 billion, the United Kingdom at A\$3.4 billion, and Japan at A\$2.1 billion.<sup>4</sup> Chinese tourists produced massive incomes and employment for Australians through this “buying spree”.

In June 2020, the Australian economy entered the first recession in 29 years due to the COVID-19 lockdown.<sup>5</sup> Thanks to the economic reform by the Labor governments of the 1980s to the mid-1990s and the subsequent Coalition<sup>6</sup> government, Australia enjoyed economic prosperity for an unprecedentedly long period. Australia’s annual average gross domestic product (GDP) growth from 1992 to 2017 scored more than 3%, the eighth highest among 32 countries in the Organization for Economic Cooperation and Development.<sup>7</sup> This period has overlapped with the rapid expansion of its export trade with China. In the early 1990s, China’s share in Australia’s merchandise trade was only around 2%–3%; however, it surpassed 5% by the early 21<sup>st</sup> century, exceeded 10% by the mid-2000s, reached 15% by the late 2000s, and reached 25% by the early 2010s.<sup>8</sup> Buoyant

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<sup>2</sup> *Education Export Income by Country 2019, Research Snapshot*, Canberra: Department of Education, Skills and Employment, Australian Government, July 2020.

<sup>3</sup> Camper Champ, “Australian Tourism Statistics 2023”, <https://camperchamp.com.au/statistics/australia/>.

<sup>4</sup> Budget Direct, “Australian Tourism Statistics 2020”, <https://www.budgetdirect.com.au/travel-insurance/research/tourism-statistics.html>.

<sup>5</sup> Michael Janda, “Australia in Its First Recession in 29 Years as March Quarter GDP Shrinks”, ABC News, June 3, 2020”, <https://www.abc.net.au/news/2020-06-03/australian-economy-gdp-recession-march-quarter-2020/12315140G>.

<sup>6</sup> Australian politics has been under the quasi-two-party system between the Labor Party and the Coalition. The Coalition consists of the Liberal Party which is supported by city-based middle class and business and the National Party which is supported by country-based farmers. When the Coalition is in government, the Liberal leader takes up a position of the Prime Minister and the National leader the Deputy Prime Minister.

<sup>7</sup> “Figure 2: Annual Average GDP Growth, OECD Countries, 1992 to 2017”, in Greg O’Brien, “27 Years and Counting since Australia’s Last Recession, Parliament of Australia, undated (early 2019?)”, [https://www.aph.gov.au/About\\_Parliament/Parliamentary\\_Departments/Parliamentary\\_Library/pubs/BriefingBook46p/LastRecession](https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/BriefingBook46p/LastRecession).

<sup>8</sup> “Chart 3: China’s Share of Australia’s Total Merchandise Trade”, in Wilson Au-Yeung, Alison Keys & Paul Fischer, “Australia-China: Not Just 40 Years”, Treasury, Australian Government, December 12, 2012”, <http://treasury.gov.au/publication/economic-roundup-issue-4-2012/australia-china-not-just-40-years>.

economic relations with China contributed to Australia’s successive economic growth over the long term.

Australia, one of the most loyal allies of the US, remarkably expanded its economic relations with China in two decades. Australia–China relations have badly deteriorated in the last few years despite Australia’s heavy economic dependence on China. The Japanese media attributes this to the proposal by Australia’s Coalition government for an independent international investigation into the source of COVID-19 infection, against which Beijing responded vehemently, including official and unofficial sanctions on imported commodities from Australia<sup>9</sup>; however, this process is not straightforward. This paper discusses how Australia has responded to rapidly growing Australia–China economic relations in the last two-and-a-half decades and which factors have led the bilateral relations to the current shape. By doing so, we argue that the recent friction in Australia–China links was caused by the revelation of China’s influence on Australia’s domestic affairs since 2017. This revelation generated significant concern in the Australian public regarding foreign interference, which is irrevocable despite the advent of the Labor government since the election in May 2022.

### **A SERIES OF OFFENSIVE MEASURES AGAINST BEIJING AND EFFORTS TO IMPROVE CHINA RELATIONS UNDER THE HOWARD COALITION GOVERNMENT, 1996–2007**

Since the establishment of diplomatic relations between Australia and China in December 1972, bilateral links have developed rather quietly. The exception was during the aftermath of the crackdown on prodemocracy demonstrators in Tiananmen Square in June 1989, when Australia’s Labor Prime Minister Bob Hawke single-handedly decided to allow Chinese students to stay in Australia. As a result, 42,000 Chinese nationals were granted permanent visas.<sup>10</sup>

After the Coalition government under Prime Minister John Howard was elected, the Australian media covered the Chinese connections more intensively. Howard’s election victory in March 1996 overlapped the Third Taiwan Strait Crisis when the Chinese launched heavy missile tests to intimidate Taiwanese voters before their first democratic presidential election. The US attempted to deter China’s bullying by sending two aircraft

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<sup>9</sup> For example, Hiroshi Mori, “Sona Kogeki Tai-chu Yuwa ni Hamon (China’s Ping Attack Affects Australia’s reconciliation with China)”, *Sankei Shimbun*, November 21, 2023.

<sup>10</sup> Gabrielle Chan, “Cabinet Papers 1988-89: Bob Hawke Acted Alone in Offering Asylum to Chinese Students, *The Guardian*, December 31, 2014”, <https://www.theguardian.com/australia-news/2015/jan/01/cabinet-papers-1988-89-bob-hawke-acted-alone-in-offering-asylum-to-chinese-students>.

carrier battle groups to the area. Howard unequivocally supported the deployment of US naval ships and urged China to show restraint. Foreign Minister Alexander Downer welcomed Washington’s decision because it showed its strong commitment to regional security participation; thus, Australia became the only nation in the region to publicly support US naval deployment.

This situation marked the first of a series of provocative actions against Beijing that year by the newly elected Howard government. When Australia and the US announced the Sydney Statement to use the alliance for regional security in July, US Defense Secretary William Perry described Japan and Australia as the northern and southern anchors of US security arrangements in Asia. The *People’s Daily*, the official newspaper of the Chinese Communist Party (CCP), responded by likening the two anchors to the claws of a giant crab threatening China. In August, the Howard government confirmed initiating negotiations with Taiwan for uranium export. In September, Australia’s senior minister visited Taiwan with a business delegation, while Howard met with the Dalai Lama in Sydney in the same month.<sup>11</sup> In response to these actions by the newly elected Coalition government, the Chinese media reacted vehemently, likening Australia to a parrot following what the US said or a bat identifying itself as Asia regarding the economy but as the West over security.

Howard eventually came to show a strong will to improve his attitude toward China, meeting Chinese President Jiang Zemin on the sidelines of the Asia–Pacific Economic Cooperation (APEC) meeting in Manila in November 1996. This conference seemed to work for reconciliation, as Jiang remarked to Howard at the end of their meeting: “Face-to-face is much better, isn’t it?”<sup>12</sup> In April 1997, Howard visited Beijing and told Jiang that Australia would fully support “one China policy” and that the Australia, New Zealand, and the US (ANZUS) alliance did not target any third party. The two leaders agreed to a bilateral annual strategic dialogue, and the Howard government avoided participating in the US Missile Defense program.<sup>13</sup>

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<sup>11</sup> Stjepan Bosnjak, “The Dragon has Claws: 1996 and The Howard Government’s Hurdles with China, *Australian Outlook*, January 23, 2019”, <https://www.internationalaffairs.org.au/australianoutlook/dragon-claws-1996-the-howard-governments-hurdles-china/>.

<sup>12</sup> Donald Greenlees, “Asialink Milestones: John Howard Reflects on the China Challenge and Trump’s Legacy, *Asialink*, University of Melbourne, November 15, 2020”, <https://asialink.unimelb.edu.au/insights/asialink-milestones-john-howard-reflects-on-the-china-challenge-and-trump's-legacy>.

<sup>13</sup> David Goldsworthy, “Regional Relations”, David Goldsworthy (ed.), *Facing North: A Century of Australian Engagement with Asia Volume I: 1901 to 1970s*, Melbourne: Melbourne University Press, 2001, p. 148.

It was in Australia’s interest to reconcile with China during this period. In 2001, China’s share of Australia’s exports was about 5%. By 2005, its share surpassed 10%, and China became Australia’s largest export market by 2009.<sup>14</sup> In August 2002, the Australian consortium won a A\$25 billion contract to supply China for 25 years; according to Howard, “the largest single export order ever won for Australia”. It was reported that Howard lobbied Premier Zhu Rongji for this deal during his China visit in May, and Zhu rejected his advisers’ recommendation to buy from another source to select an Australian supplier<sup>15</sup> as if rewarding Australia’s improved attitudes. In return for huge benefits from Chinese trade, Howard invited President Hu Jintao to address the Joint Meeting of the Australian Parliament, the first ever by foreign leaders except US presidents.<sup>16</sup>

This development would have been ideal for Beijing. Australia was an essential source of critical raw materials such as iron ore and coking coal to sustain China’s rapid economic growth. Conversely, the Howard government demonstrated its loyalty to a US ally, sending the personnel of the Australian Defence Force (ADF) to Afghanistan in 2001 and Iraq in 2003. However, the conservative government’s provocative actions against China in its earlier stages dissipated once the Chinese media became involved, and the Howard government became China-friendly. Howard later described his diplomatic approach, saying that Australia did not need to choose between China, an economic partner, and the US, an ally, and should maximise Australia’s links with both countries.<sup>17</sup>

The improvement in the Howard government’s stance towards China drove Beijing to focus on Australia as a target of its influence. According to a former Chinese diplomat seeking political asylum in Sydney in 2005, China’s Ministry of Foreign Affairs conveyed the Central Committee’s new strategy to senior diplomats in Canberra’s embassy early that year. The diplomats were instructed first “to secure Australia as a reliable and stable supply base for China’s continued economic growth over the next 20 years”. Second, in the longer term, they were directed “to drive a wedge into the America–Australia alliance” through “comprehensive influence over Australia economically, politically, culturally, in all ways” and thus “to turn Australia into a ‘second France,’ a

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<sup>14</sup> Rachele Guttman, Kate Hickie, Peter Richards & Ivan Roberts, “Spillovers to Australia from the Chinese Economy, Reserve Bank of Australia, June 2019”, <https://www.rba.gov.au/publications/bulletin/2019/jun/spillovers-to-australia-from-the-chinese-economy.html>.

<sup>15</sup> “\$25 Billion Deal a Coup for Australia, The Age, August 9, 2002”, <https://www.theage.com.au/national/25-billion-deal-a-coup-for-australia-20020809-gduh8t.html>.

<sup>16</sup> Daniel Flitton, “Issues in Australian Foreign Policy: July to December 2002”, *Australian Journal of Politics and History*, Volume 50, Number 2 (June 2004), pp. 243-244.

<sup>17</sup> “No Need to Choose China or US: Howard, Sydney Morning Herald, October 2, 2012”, <https://www.smh.com.au/national/no-need-to-choose-china-or-us-howard-20121002-26xs9.html>.

western country that would dare to say ‘no’ to America”.<sup>18</sup> As a result, China’s influence was everywhere in Australia, as discussed in Professor Hamilton’s famous book, *Silent Invasion: China’s influence in Australia*. Most Chinese-language schools, media, and communities fell under Beijing’s control. Foreign Minister Downer rejected the story of the Chinese diplomat’s political asylum for foreign affairs consideration, obviously surmising Beijing’s stance. Nonetheless, the story was widely reported together with the activities of Chinese spies in Australia.<sup>19</sup> Australia–China relations in the Howard government years ended peacefully without concern about China’s influence in 2007, with Beijing leaders hopefully looking to Australia’s progress in more favourable directions with the change of government.

## **BEIJING WAS INITIALLY DISAPPOINTED AT THE ADVENT OF THE LABOR GOVERNMENT BUT EVENTUALLY SATISFIED WITH AUSTRALIA’S RETURN TO A NO-NEED-TO-CHOOSE APPROACH WITH THE CHANGES OF GOVERNMENTS, 2007–2015**

### **(1) LABOR GOVERNMENT UNDER PRIME MINISTER KEVIN RUDD, 2007–2010**

When the Labor Party defeated the Coalition in the November 2007 election, Beijing should have held high hopes for bringing Australia into its hands. The newly elected Prime Minister, Kevin Rudd, was a former diplomat specialising in China and spoke fluent Mandarin. The Chinese translation of his biography was published only a couple of months after his vow as national leader, reflecting China’s high expectations for a new era in links with Australia.<sup>20</sup> The Rudd government responded positively to Beijing’s anticipation when Foreign Minister Stephen Smith announced Australia’s withdrawal from the Quadrilateral Strategic Dialogue with the US, Japan, and India (QUAD) about which Beijing had expressed concern, at a joint press conference with Smith’s Chinese counterpart, Yang Jiechi, in February 2008.<sup>21</sup> Two months later, Chinese leaders should have been jubilant when they heard that Japanese media was complaining about “Japan

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<sup>18</sup> Clive Hamilton, *Silent Invasion: China’s Influence in Australia*, Melbourne, Hardie Grant Books, 2018, p. 2.

<sup>19</sup> “Chinese Diplomat Was Urged Not to Defect, The Age, July 27, 2005”, <https://www.theage.com.au/national/chinese-diplomat-was-urged-not-to-defect-20050727-ge0l2x.html>.

<sup>20</sup> “Rudd’s Life a Page Turner-in China, Sydney Morning Herald, February 2, 2008”, <https://www.smh.com.au/national/rudds-life-a-page-turner--in-china-20080202-1pnd.html>.

<sup>21</sup> The Hon Stephen Smith MP, Australian Minister for Foreign Affairs, “Joint Press Conference with Chinese Foreign Minister, TROVE, National Library of Australia, February 5, 2008”, <https://webarchive.nla.gov.au/awa/20091109220859>.

passing” at the news that Rudd excluded Tokyo but Beijing in his first official overseas visit as Prime Minister.

Nevertheless, this started friction with China under the Rudd Labor government. In his speech delivered in Mandarin to the students of Beijing University in April, Rudd demonstrated his apparent opposition to the idea of boycotting the Beijing Olympic Games in protest against China's oppression of the March riot in Tibet. He conveyed Australia's concern about human rights problems in Tibet as a true friend of China that “offers unflinching advice and counsels and restraint to engage in principled dialogue about matters of contention”.<sup>22</sup> Rudd's speech should have made Beijing's top officials uncomfortable as he directly conveyed his concern about Tibet's human rights conditions to the Chinese public while treating a middle-sized country like Australia as equal to the Middle Kingdom.

The Rudd government further strengthened its offensive stances against China in 2009. In May, the Department of Defence issued the 2009 Defence White Paper, which introduced an ambitious military equipment program, including procuring 12 submarines by the 2030s, culminating in Australia, the United Kingdom, and the US (AUKUS) nuclear submarine program in 2021. While anticipating that China's leaders would appreciate the need to make a solid contribution to regional security, the White Paper contained the following:

But the pace, scope and structure of China's military modernisation have the potential to give its neighbours cause for concern if not carefully explained, and if China does not reach out to others to build confidence regarding its military plans.

China has begun to do this in recent years, but needs to do more. If it does not, there is likely to be a question in the minds of regional states about the long-term strategic purpose of its force development plans, particularly as the modernisation appears potentially to be beyond the scope of what would be required for a conflict over Taiwan.<sup>23</sup>

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<sup>22</sup> Prime Minister of Australia, “A Conversation with China's Youth on the Future, Peking University, TROVE National Library of Australia, April 9, 2008”, <https://webarchive.nla.gov.au/awa/200807210>.

<sup>23</sup> *Defending Australia in the Asia Pacific Century: Force 2030: Defence White Paper 2009*, Canberra: Department of Defence, Australian Government, 2009, p. 34. In Australia, the Defence White Papers have been issued by the governments at the turning points of its strategic circumstances. In the past, they were published seven times in 1976, 1987, 1994, 2000, 2009, 2013, and 2016.

This passage was a straightforward warning about China’s rapid military buildup. Within the Australian government, some intelligence organisations raised objections to the contents; however, Rudd, backed by the top of the Department of Defence and the ADF, pushed through. When the senior defence official visited Beijing to present the draft of the White Paper, the top brass of the People’s Liberation Army (PLA) was indignant and requested that the quoted part be amended.; however, he eventually accepted no modification and thanked the Australian official for informing the Chinese military in advance.<sup>24</sup>

Nonetheless, the most provocative measure by the Rudd government was not the Defence White Paper but the blocking of Chinese investment in Australia’s mining giant. In 2008 and 2009, Chinese companies were active investors in Australian mines. Rudd had been quite alarmed at China’s control of Australian quarries as a matter of national interest. Conversely, other parts of the Australian government, such as the Treasury and the Foreign Investment Review Board (FIRB), remained receptive to investment from overseas sources, including China, to secure sufficient capital to develop the nation’s wealth, especially in the mining sector. In contrast, the Chinese side was quite dissatisfied that iron ore prices from Australia remained high despite the economic downturn due to the Global Financial Crisis (GFC).

BHP-Billiton, the world’s largest mining company, and Rio Tinto, the second largest, dominate Australia’s best iron ore mines, functioning as price setters. However, Rio was financially struggling in 2008 due to the GFC and accepted China’s state enterprise Chinalco’s bid for 9% of Rio’s stocks in August. At the end of the year, Chinalco began a new bid to increase its stake in Rio to 18%. This situation alarmed Rudd, the BHP, Rio, the Coalition, and even the Greens. BHP offered a joint venture for Rio and freed it from the financially tricky situation; Rio canceled Chinalco’s second bid in July. Soon after that, as if in retaliation, the Chinese authority arrested Rio’s Shanghai manager, an Australian citizen with Chinese background, for stealing state secrets.<sup>25</sup>

When Australia ignored the Chinese request not to issue a visa for a Uighur activist in August, the Chinese Foreign Minister, Yang Jiechi, expressed his disappointment. The Chinese Vice Foreign Minister’s visit to Australia was cancelled, and the *People’s Daily* criticised the Rudd government as an “anti-China chorus” and “aiding with a terrorist”.<sup>26</sup>

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<sup>24</sup> David Uren, *The Kingdom and the Quarry: China, Australia, Fear and Greed*, Melbourne, Black Inc., 2012, Chapter 7.

<sup>25</sup> *Ibid.*, Chapters 5, 6, 9.

<sup>26</sup> Paul Kelly, “Shock of the New”, *The Australian*, August 22, 2009.

Beijing's harsh responses may suggest further deterioration of Australia–China relations; however, at the same time, a Chinese company entered into a large contract to purchase Australia's liquefied natural gas.<sup>27</sup>

In October, China's Vice Premier Li Keqiang visited Canberra and concluded a joint statement to bring the soured bilateral relations into a normal condition. The Australian government confirmed its intention to welcome foreign investment in this document. In contrast, the Chinese side offered a compliment by showing its support for Rudd's proposal to establish an Asia–Pacific community, which was not well received by Southeast Asian countries.<sup>28</sup> The series of offensive actions by Rudd was quite aggravating for Beijing, but China needed a stable supply of resources and energy and selected reconciliation with Australia.

China did not miss the opportunity for revenge when Premier Wen Jiabao played a central role in declining deals for emission reduction at the Conference of Parties of the United Nations Framework Convention on Climate Change in Copenhagen (COP15) in December. Rudd was deeply involved in drafting these proposals and revealed his discomposure to China's sabotage.<sup>29</sup> Since then, Rudd's mishandling of climate change problems had cost his approval rates, driving his intraparty adversaries into a coup against him because Labor could not win the forthcoming election with Rudd at the top in June 2010. Without party support, Rudd was forced to resign in tears.

## (2) LABOR GOVERNMENT UNDER PRIME MINISTER JULIA GILLARD, 2010–2013

When she gripped her power, Australia's first-ever female Prime Minister, Julia Gillard, offered her predecessor any ministerial post he wanted. Rudd selected the Foreign Minister; thus, the foreign relations of the early years of the Gillard government were put under the strong influence of Rudd, who had been vigorously working to strengthen the US alliance. She hosted US President Obama for a parliamentary address where Obama declared the US a Pacific nation in November 2011. The Gillard government also agreed to host an annual rotation of the US Marines in the northern coast city of Darwin from the following year. The *People's Daily* responded strongly to this move, asserting that

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<sup>27</sup> Matthew Stevens, "Ferguson Fires Up Asia's Interest in Gorgon Project", *The Australian*, August 19, 2009.

<sup>28</sup> "Australia-China Joint Statement, Australian Embassy China, October 30, 2009", <https://china.embassy.gov.au/bjng/statement.html>.

<sup>29</sup> Toom Arup, "India Confesses It Helped Derail Copenhagen Deal", *Sydney Morning Herald*, December 25, 2009; Mark Lynas, "How China Guttled Copenhagen and Avoided the Blame", *Sydney Morning Herald*, December 26, 2009.



“Australia surely cannot play China for a fool” and “If Australia uses its military bases to help the US harm Chinese interests, then Australia will itself be caught in the crossfire”.<sup>30</sup>

However, after Rudd resigned as Foreign Minister during leadership speculation in February 2012, the Gillard government began to show more conciliatory attitudes towards China. In October 2012, Gillard launched *Australia in the Asian Century: White Paper*.<sup>31</sup> This White Paper called for improving Australia’s productivity to respond to Asia’s economic growth more effectively and set targets for GDP, school pupils’ scholastic standards, Asian language education, and universities’ academic achievement. In short, the government urged Australian businesses to pursue new Asian export markets through this document. The White Paper, which a former Secretary of the Treasury wrote, presented optimistic views on regional security while recognising the risks of conflict between the US and China, arguing that “The economic rise of Asia has been a win-win on an unprecedented scale” and “the growing strength, breadth, and sophistication of bilateral and regional engagement provide grounds for believing that shifting regional and global power can be managed constructively” in chapter 2. In chapter 8, allocated only to security out of total 9 chapters, the White Paper stated, “We welcome China’s rise” and “We accept that China’s military growth is a natural, legitimate outcome of the growing economy and broadening interests”.

In May 2013, the Department of Defence issued the Defence White Paper 2013, which emphasised the importance of US–China relations for the regional security environment while developing new approaches, pointing out the emergence of a strategic arc in the name of the Indo–Pacific region and the strategic significance of Indonesia for Australia.<sup>32</sup> This document was not a softer version of Rudd’s 2009 Defence White Paper in that it did refer to the possibility of the ADF engaging in unconventional warfare to confront aggression or coercion against Australia’s regional partners. Nonetheless, with regard to China, the White Paper asserted that it was not inevitable for Australia to choose between the US and China and that Australia would not approach China as an adversary, a tone similar to that of the Asia Century White Paper.

These two White Papers indicated that the Gillard government switched to Australia need not to choose between the US and China approach from the US alliance-oriented and China offensive approach of the Rudd government. As if rewarding Australia’s change

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<sup>30</sup> Rowan Callick, “Caught in the Crossfire as Neighbours to the North Voice Dismay at Closer Military Ties”, *The Australian*, November 18, 2011.

<sup>31</sup> *Australia in the Asian Century: White Paper*, Canberra: Australian Government, October 2012.

<sup>32</sup> *Defence White Paper 2013*, Canberra: Department of Defence, Australian Government, 2013.

of approach, China agreed to enter a strategic partnership with Australia and hold annual prime, foreign, and economic ministerial meetings when Gillard visited China in April 2013, one month before the publication of the 2013 Defence White Paper. The Australian media hailed the Strategic Partnership with China as a diplomatic victory and China's message to regard Australia as an important country.<sup>33</sup> Only one Australian journalist pointed out that the Australian Prime Minister would meet the Chinese Premier instead of the President in the agreed annual ministerial meetings. Furthermore, the Australian Foreign Minister would meet the Chinese Foreign Minister instead of the Director of the Office of the Foreign Affairs Commission, and Australia's Treasurer would meet the Chinese Chairman of the National Development and Reform Commission instead of the Director of the Office of the Central Financial and Economic Commission. Thus, Australian ministers were treated as lower-ranked.<sup>34</sup>

Australia's responses to the Strategic Partnership with China reflected the atmosphere in which Rudd unnecessarily provoked China. Australia's business circle widely shared that Australia should not jeopardise economic benefits from China relations in pursuing strategic interests from the US alliance. In November 2011, when President Obama declared the US rebalance towards Asia in Darwin, Malcolm Turnbull, former leader of the Coalition's Liberal Party and who would later introduce the offensive measures against China as the Coalition Prime Minister, stated:

It suits President Obama's domestic agenda to be seen to muscle up to China, even if the additional muscling does not bear too much analysis. But an Australian Government needs to be careful not to allow a doe-eyed fascination with the leader of the free world to distract from the reality that our national interest requires us truly [and not just rhetorically] to maintain both an ally in Washington and a good friend in Beijing.<sup>35</sup>

The fact that such a view widely prevailed in various circles, even among the US-inclined Coalition politicians, reflects a solid attachment to China held by the Australian public. At this stage, it might have been inevitable that Rudd's provocative approaches to China would return to Howard's no-choice approach between the US and China, which was

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<sup>33</sup> Angus Grigg, "Gillard Scores Win with Beijing Accord", *Australian Financial Review*, April 10, 2013; Tony Walker, "'Satisfactory' New Benchmark in China Relations", *Australian Financial Review*, April 10, 2013.

<sup>34</sup> Greg Sheridan, "The Challenge of China", *The Australian*, April 13, 2013.

<sup>35</sup> "Malcolm Turnbull and China, Australia-China Relations Institute, University Technology Sydney, September 16, 2015", <https://www.australiachinarelations.org/content/malcolm-turnbull-and-china>.

supposed to have driven Australia’s strong and sustained economic performance since the early 1990s.

### (3) COALITION GOVERNMENT UNDER PRIME MINISTER TONY ABBOTT, 2013–2015

In the September 2013 election, Australian voters gave up hopes for the Labor Party which had been prone to leadership contests, and selected the Coalition government under Prime Minister Tony Abbott. The Abbott government actively enhanced security cooperation with Japan, showing strong interest in sharing Japanese technology for Australia’s new submarines.<sup>36</sup> Just a month after the election, the foreign ministers of Japan, the US, and Australia held the first Trilateral Strategic Dialogue (TSD), announcing their opposition to unilateral action to change the status quo in the East and South China seas. Concerns arose about the declaration as a deviation from the previous position that Australia would not take a position on competing maritime claims over both seas, even though the government explained that there was no change in Australia’s policy not to take sides on territorial disputes but opposed coercive or unilateral action in the resolution of such disputes.<sup>37</sup> This stance shows that a strong fear of entrapment in Japan’s territorial dispute with China prevailed among the Australian public.

Nevertheless, the Abbott government remained undaunted. When China established the Air Defence Identification Zone (ADIZ) in the East China Sea in November, Australia officially protested to the Chinese Ambassador because, according to Abbott, “We’re a strong ally of the US. We’re a strong ally of Japan”.<sup>38</sup> When Foreign Minister Julie Bishop visited Beijing in December, her counterpart Wang Yi asserted that Australia was wrong in its criticism of China’s ADIZ, adding that such a stance could jeopardise bilateral relations without concealing his anger in his face. However, Wang conveyed his sincere hopes for the two countries “to work together with the same goals and purpose to handle any potential problems”. Bishop immediately countered: “We respect China’s right to speak out on issues that affect China, just as we hope you will respect our right

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<sup>36</sup> Brendan Nicholson, “Japan Asked to Share Submarine Technology, The Australian, December 7, 2013”, <https://www.theaustralian.com.au/news/world/japan-asked-to-share-submarine-technology/news-story/10aa94d1d8c9d3ccb406de8c622697e3>.

<sup>37</sup> Rober Ayson, “Yes, Australia Has Changed Its East China Sea Position, The Interpreter, Lowy Institute, October 31, 2013”, <https://www.lowyinstitute.org/the-interpreter/yes-australia-has-changed-its-east-china-sea-position>.

<sup>38</sup> Stephanie Balogh & Scott Murdoch, “Abbott Stands Up to China ‘Over Values’, The Australian, November 29, 2013”, <https://www.theaustralian.com.au/national-affairs/foreign-affairs/abbott-stands-up-to-china-over-values/news-story/07e5881c911dc0b1d817963ea31d4b5f>.

to speak out on actions that affect a region of critical security importance to Australia”.<sup>39</sup> According to an Australian senior official who accompanied Bishop, Wang’s attitude in his meeting had been the rudest in his 30 years as a diplomat.<sup>40</sup>

Despite the earlier assertive attitudes of Abbott and Bishop, China did not try to punish Australia. In line with the election promise, the Coalition government had opened negotiations to conclude free trade agreements with Australia’s top three export markets (China, Japan, and Korea) within 12 months of its inauguration. A week after Abbott concluded the Economic Partnership Agreement and the Transfer of Defence Equipment and Technology Agreement with Japanese Prime Minister Shinzo Abe and the two leaders agreed to upgrade the bilateral relations into the Special Strategic Partnership in Canberra in July 2014, the Vice Chairman of the Central Military Commission and PLA’s top brass visited Canberra. They agreed with his Australian counterpart to hold Australia–China–US Joint Exercise Kowari at Australia’s northern topend.<sup>41</sup> Exercise Kowari was a survival skills exercise held six times annually from 2014 to 2019, even after Australia’s attitudes towards China started cooling in 2017.<sup>42</sup>

Furthermore, the trade ministers of Australia and China signed a Declaration of Intent for the China–Australia Free Trade Agreement (ChAFTA) in front of Prime Minister Abbott and President Xi Jinping in Canberra in November 2014. Australia made significant concessions over China’s investment in Australian farms, which provoked resistance from the Coalition’s partner, the National Party, and over the entry of Chinese workers, about which Australian trade unions had shown strong concern.<sup>43</sup> In return, China agreed to eliminate tariffs on Australian dairy, beef, wine, coal, thermal coal, minerals, pharmaceuticals, and other products. China also agreed to open its service markets to the Australian legal, education, telecommunications, financial, tourism, health, and aged care

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<sup>39</sup> Scott Murdoch, “Angry China Rebukes Julie Bishop over East China Dispute, *The Australian*, December 7, 2013”, <https://www.theaustralian.com.au/national-affairs/foreign-affairs/angry-china-rebuked-julie-bishop-over-east-china-sea-dispute/news-story/4b08fe170b73347b3ef7ce77c05179eb>.

<sup>40</sup> David Wroe, “China’s Rebuke of Julie Bishop ‘Rudest’ Conduct Seen in 30 Years, Says Senior Foreign Affairs Official, *Sydney Morning Herald*, February 27, 2014”, <https://www.smh.com.au/politics/federal/chinas-rebuke-of-julie-bishop-rudest-conduct-seen-in-30-years-says-senior-foreign-affair-official-20140227-33jid.html>.

<sup>41</sup> Brendan Nicholson, “China Joins Three Way Exercises”, *The Australian*, July 18, 2014.

<sup>42</sup> “Exercise KOWARI Starts in North Queensland, Defence, Australian Government, August 28, 2019”, <https://www.defence.gov.au/news-events/releases/2019-08-28/exercise-kowari-starts-north-queensland>.

<sup>43</sup> “China-Australia Free Trade Agreement: About the Negotiations, Department of Foreign Affairs and Trade, Australian Government”, <https://www.dfat.gov.au/trade/agreements/inforce/chafta/negotiations/Pages/about-the-negotiations>.

sectors.<sup>44</sup> If we compare the magnitude of these concessions from Beijing with the Economic Partnership Agreement with Japan, Tokyo conceded the elimination of tariffs on Australian wine and seafood but did not agree to the elimination of tariffs on beef and dairy.<sup>45</sup> These concessions soon sparked Australia’s new exports to China. During the 4 years since the implementation of ChAFTA in 2015, the value of two-way goods and services trade increased by 66%, Australia’s goods exports to China by 97%, and Australia’s service exports by 76%.<sup>46</sup>

To show goodwill, Abbott invited Xi to address the Joint Meeting of the Parliament after the signing of the Declaration of Intent for ChAFTA. While Xi referenced democracy in explaining “the Chinese dream” in his speech, Abbott stated at the state dinner, “I have never heard a Chinese leader declare that his country would be fully democratic by 2050”, even though many China experts pointed out that there was nothing new in the contents of Xi’s address.<sup>47</sup> Abbott’s remark reflected the complacency about China widely held by the Australian public. Even during enhanced security cooperation with the US and Japan, Australia still adhered to the no-need-to-choose approach.

## **THE AUSTRALIAN PUBLIC BEGAN TO BE ALARMED AT CHINA, AND BILATERAL RELATIONS DETERIORATED INTO AN ABYSS UNDER THE COALITION GOVERNMENTS, 2015–2022**

### **(1) Coalition Government Under Prime Minister Malcolm Turnbull, 2015–2018**

The Coalition had suffered from persistently low approval rates for the long haul due to Prime Minister Abbott’s poor handling of domestic politics. As a result, the majority of its members of parliament switched their support to the more popular former leader, Malcolm Turnbull, in September 2015. Turnbull had been widely regarded as a liberal, China-friendly politician because of his business experience with China; however, his relations with China as Prime Minister began erratically. In October, the Northern

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<sup>44</sup> Department of Foreign Affairs and Trade, “China-Australia Free Trade Agreement: ChAFTA Outcomes at a Glance, Australian Government”, <https://www.dfat.gov.au/trade/agreements/in-force/chafta/fact-sheets/Pages/chafta-outcomes-at-a-glance>.

<sup>45</sup> “Japan-Australia Economic Partnership Agreement: JAEPA Outcomes at a Glance, Department of Foreign Affairs and Trade, Australian Government”, <https://www.dfat.gov.au/trade/agreements/in-force/jaepa/fact-sheets/Pages/jaepa-fact-sheet-outcomes-at-a-glance>.

<sup>46</sup> *China-Australia Free Trade Agreement: Post-Implementation Review*, Canberra: Australian Government, December 2020.

<sup>47</sup> Daniel Hurst, Katharine Murphy & Tania Branigan, “Tony Abbott Lauds Xi Jinping’s ‘Commitment to Fully Democratic China’, *The Guardian*, November 17, 2014”, <https://www.theguardian.com/world/2014/nov/17/tony-abbott-xi-jinping-china-democracy>.

Territory government leased the commercial port of Darwin, where the US rotated the Marines, to Landbridge, a Chinese company closer to the CCP for 99 years. The US administration was so shocked at the lack of prior consultation that at the beginning of their first bilateral summit meeting on the sidelines of the APEC meeting in Manila in November, President Obama chided Turnbull, asserting, “Let us know next time”. The lease contract had been reported to the Department of Defence but was duly approved in the Department’s routine process for handling normal foreign investment without considering the strategic significance of critical infrastructure.<sup>48</sup> This situation illustrates that even Australia’s security institution was affected by complacency about the economic benefits of China’s links.

Nonetheless, the Turnbull government responded quickly to protect Australia’s critical infrastructure. In December, David Irvine, former head of the spy-catcher Australian Security Intelligence Organisation (ASIO), joined the FIRB, which examines significant foreign investment applications.<sup>49</sup> The FIRB assessment of critical infrastructure was mandatory only when assets were sold to state-owned enterprises; starting in March 2016, however, future sales of critical infrastructure by State and Territory governments to privately owned investors would be scrutinised by the FIRB.<sup>50</sup> In April 2017, Irvine was promoted to FIRB Chairman.<sup>51</sup> While the FIRB’s basic stance had been to promote foreign investment in Australia, these changes reflected that national security concerns were firmly embedded in the assessment of foreign investment.

Taking the FIRB’s advice, Australia’s Treasurers have rejected China’s application for investment in Australian corporations in the electricity, construction, health, and beverage sectors. For example, when the Chinese state-owned State Grid Corp and Hong Kong-listed Cheung Kong Infrastructure made bids to purchase Ausgrid, which supplied power to the cities of New South Wales State, including Sydney, in 2016, Treasurer Scott Morrison rejected the lease of 50.4% of Ausgrid to foreign investors as “contrary to the

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<sup>48</sup> Phillip Coorey & Laura Tingle, “‘Let Us Know Next Time’: How Obama Chided Turnbull over Darwin Port Sale, Australian Financial Review, November 19, 2015”, <https://www.afr.com/politics/let-us-know-next-time-how-obama-chided-turnbull-over-darwin-port-sale-20151118-g11qkg>.

<sup>49</sup> Scott Morrison, Treasurer of the Commonwealth of Australia, “Security and Business Expertise Added to Foreign Investment Review Board, TROVE, December 4, 2015”, <https://webarchive.nla.gov.au/awa/20160105062027/http://sjm.ministers.treasury.gov.au/media-release/021-2015/>.

<sup>50</sup> “Critical Asset Sales to Fall within Foreign Review Net, Treasury, Australian Government, TROVE, March 18, 2016”, <https://webarchive.nla.gov.au/awa/20220518140000/>.

<sup>51</sup> Scott Morrison, Treasurer of the Commonwealth of Australia, “FIRB Chair Appointment, TROVE, April 8, 2017”, <https://webarchive.nla.gov.au/awa/20180318081117/>.

national interest”.<sup>52</sup> The State Grid had already owned electric distribution in Victoria and South Australia. Therefore, blocking its bid reflected the government’s new policy to restrict China’s investment in Australia’s critical infrastructure, which the China Commerce Ministry criticised as “protectionist” and seriously affecting China’s investment in Australia.<sup>53</sup> Voices were raised to doubt the effects of the decision in Australia’s domestic circles as well. Former Labor Foreign Minister and Premier of New South Wales Bob Carr described this decision as “a reaction to that elevation of xenophobia”.<sup>54</sup> An economist expressed concern about discouraging Chinese investors’ interest, damaging Australia’s economic benefits.<sup>55</sup> At this stage of 2016, many Australians seem to believe that their country did not have to choose between security from the US and economic benefits from China.

The opinion poll published in June 2016 illustrates the intense feeling of intimacy with China held by the Australian public. The poll asked the same questions to respondents from five countries, including Australia, China, and Japan. Regarding the question, “Which country has the most influence in Asia today?”, in Australia, 22% answered the US, and 69% answered China. In China, 40% answered the US and 56% answered China; in Japan, 48% answered the US, and 39% answered China. Concerning the question of the US and China as the world’s leading superpower, in Australia, 55% selected the first answer, “China will eventually replace the US as the world’s leading superpower”, and 14% selected the second answer, “China has already replaced the US as the world’s leading superpower”. Finally, 30% selected the third answer, “China will never replace the US as the world’s leading superpower”. In China, 57% selected the first, 10% selected the second, and 33% selected the third answers, whereas in Japan, 17% selected the first, 5% selected the second, and 78% selected the third.<sup>56</sup> The poll shows how many Australians appreciated China’s enormous benefits to the nation.

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<sup>52</sup> Scott Morrison, Treasurer of the Commonwealth of Australia, “Statement on Decision to Prohibit the 99-Year Lease of 50.4 Per Cent of Ausgrid under Current Proposed Structure, TROVE, August 19, 2016”, <https://webarchive.nla.gov.au/awa/20161017192029/>.

<sup>53</sup> “Australia Blocks Ausgrid Energy Grid Sale to Chinese Companies, BBC News, August 19, 2016”, <https://www.bbc.com/news/business-37129047>.

<sup>54</sup> “Ausgrid Lease: Treasurer Scott Morrison Blocks Sale to Chinese, Hong Kong Bidders, ABC News, August 11, 2016”, <https://www.abc.net.au/news/2016-08-11/scott-morrison-sale-of-ausgrid-to-chinese-consortium-blocked/7720530>.

<sup>55</sup> James Laurenceson, “Ausgrid Decision Will Hurt Australia-China Relations, The Interpreter, Lowy Institute, August 11, 2016”, <https://www.loyyinstitute.org/the-interpreter/ausgrid-decision-will-hurt-australia-china-relations>.

<sup>56</sup> Simon Jackman, *et. al.*, “The Asian Research Network: Survey on America’s Role in the Asia Pacific, United States Studies Centre, University of Sydney, June 2016, pp. 6-8”, <https://perthusasia.edu.au/research-insights/publications/survey-on-americas-role-in-the-asia-pacific/>.

Conversely, the positive sentiment began to change quickly. In August 2016, the Chinese media reported that young, promising federal Labor Senator Sam Dastyari had told Sydney's Chinese community several weeks before the July election: "The South China Sea is China's own affair. On this issue, Australia should remain neutral and respect China's decision". Furthermore, in 2014, he stated, "The Australian government must abandon its hostile stance on the (China's) ADIZ in the East China Sea".<sup>57</sup> Dastyari was reported to have received political donations and other economic benefits from Huang Xiangmo, the president of the Australian Council for the Promotion of Peaceful Reunification of China, which was rumoured to have close links with the CCP's United Front Work Department.<sup>58</sup> These remarks from Dastyari contradicted Labor's official position, and there was every reason for the Australian media to suspect that Huang's money enticed Dastyari to mention stances favourable to China. In September, Dastyari had no alternative but to resign as the manager of opposition business in the Senate and shadow minister for consumer affairs.<sup>59</sup> The stories about China's influence on the Australian political circle did not stop here.

In November 2017, damaging news about Dastyari was reported. In early 2016, the ASIO blocked Huang Xiangmo's Australian citizenship application; he asked Dastyari to intervene, and the Labor Senator approached immigration officials four times in the first six months of the year. In September, when Dastyari resigned from the Labor frontbench, ASIO's Director-General warned the Labor leaders, "Some of their donors had strong links to the Chinese Government". In October, Dastyari visited Huang's mansion and met face-to-face to convey that Huang's phone was likely tapped by security agencies, advising him to leave his phone inside and go outside to speak.<sup>60</sup> Dastyari's action could be regarded as a leakage of security secrets to a foreign citizen and heavy disloyalty to the nation, which he categorically denied. In December, Dastyari announced his decision to resign from the Senate. In early 2017, he was reinstated as deputy opposition whip,

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<sup>57</sup> Primrose Riordan, "Sam Dastyari Pledges to Support China on South China Sea beside Labor Donor, Australian Financial Review, August 31, 2016", <https://www.afr.com/politics/sam-dastyari-pledges-to-support-china-on-south-china-sea-beside-labor-donor-20160831-gr5mwk>.

<sup>58</sup> Anna Henderson & Stephanie Anderson, "Sam Dastyari's Chinese Donations: What Are the Accusations and Is the Criticism Warranted? ABC News, September 5, 2016", <https://www.abc.net.au/news/2016-09-05/sam-dastyari-chinese-donations-furore-explained/7816588>.

<sup>59</sup> James Massola, "Labor Senator Sam Dastyari Quits over Chinese Donations Scandal, Sydney Morning Herald, September 7, 2016", <https://www.smh.com.au/politics/federal/labor-senator-sam-dastyari-quits-over-chinese-donations-scandal-20160907-grb3p1.html>.

<sup>60</sup> Nick McKenzie, James Massola & Richard Baker, "Labor Senator Sam Dastyari Warned Chinese Donor Huang Xiangmo His Phone Was Bugged, Sydney Morning Herald, November 29, 2017", <https://www.smh.com.au/politics/federal/labor-senator-sam-dastyari-warned-wealthy-chinese-donor-huang-xiangmo-his-phone-was-bugged-20171128-gzu14c.html>.



reflecting the party’s high appreciation of the 34-year-old Senator from New South Wales; however, this time, the Labor leaders could no longer protect him.

China’s influence was not confined to the Labor Party. In June 2017, Craig Laundy, Minister for Small and Family Business, the Workplace, and Deregulation, had Chinese businessperson Yang Dongdong as his community adviser in Laundy’s Sydney electorate, which had a large Chinese population. Before immigrating to Australia, Yang served as the deputy secretary of a branch of the Chinese Communist Youth League in Shanghai. With Chinese and Korean flags in his hands, Laundy participated in a rally organised by Yang to protest against Shinzo Abe’s visit to the Yasukuni Shrine in March 2016.<sup>61</sup>

In October 2017, Andrew Robb, former Trade Minister of the Turnbull government, told Coalition MPs at a think-tank dinner that there was a “smear” campaign against him over “treasonous activity” through his post-retirement employment as a consultant for extremely lucrative salary with Landbridge, which had leased the commercial port of Darwin. Robb also said that some US leaders did not understand China and were too paranoid about the country. He said that it was no longer the Cold War and that a policy of trying to contain China would not work. It was reported that Robb’s comments visibly irritated Foreign Minister Julie Bishop, who attended the dinner.<sup>62</sup>

Robb’s complaints were aimed at the Foreign Influence Transparency Scheme (FITS) Bill, which the Turnbull government submitted to the Parliament in December 2017, coming into effect one year later. Under FITS, individuals or entities were required to register certain activities in Australia for political or government influence, such as lobbying, communications, and payment of money or things of value, if they were taken on behalf of a foreign principal, i.e., a government, a political organisation, a government-related entity or a government-related individual. If an individual or an entity failed to comply with FITS obligations, to register in circumstances where a person was required to do so, or provided false or misleading information, or destroyed records to avoid registration obligations, they would be in violation.<sup>63</sup>

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<sup>61</sup> Clive Hamilton & Alex Joske, “Political Networking the Chinese Way-Sydney MP and His ‘Community Adviser’”, *Sydney Morning Herald*, June 22, 2017”, <https://www.smh.com.au/politics/federal/political-networking-the-chinese-way-a-sydney-mp-and-his-community-adviser-20170622-gww0k6.html>.

<sup>62</sup> Andrew Tillett, “US Leaders Too ‘Paranoid’ about China, Andrew Robb Tells Coalition MPs”, *Australian Financial Review*, December 8, 2017”, <https://www.afr.com/politics/us-leaders-too-paranoid-about-china-andrew-robb-tells-coalition-mps-20171208-h01fmb>.

<sup>63</sup> “Foreign Influence Transparency Scheme, Attorney-General’s Department, Australian Government”, <https://www.ag.gov.au/integrity/foreign-influence-transparency-scheme>.

The Chinese embassy in Canberra immediately issued an unusually fierce statement against FITS: “Some Australian politicians and government officials also made irresponsible remarks to the detriment of political mutual trust between China and Australia. We categorically reject those allegations (of interference into Australian politics)”. The embassy urged Australia to look at China “in an objective, fair, and rational manner”. In its Chinese edition, the *Global Times*, the CCP’s tabloid paper, attacked Canberra’s move as “reminding us of McCarthyism”. The paper went on to describe Australia as “obsessed with antagonism against China” and “one of those most actively making trouble against China, like a piece of chewing gum sticking to the sole of a Chinese shoe”.<sup>64</sup>

Prime Minister Turnbull was undaunted in introducing the FITS, telling the Parliament, switching between Mandarin and English: “Modern China was founded in 1949 with these words: ‘The Chinese people have stood up’ (Mao Zedong’s remark). It was an assertion of sovereignty, it was an assertion of pride and we stand up and so we say, the Australian people stand up”. China’s Foreign Ministry described Turnbull’s remarks as catering to irresponsible reports by some Australian media that were “without principle and full of bias against China”.<sup>65</sup> Turnbull’s strong remarks showed his strong determination for FITS, while China’s furious response reflected its strong aversion to the allegation of foreign interference. At this time, tensions began growing in Australia–China relations.

According to the observation by one analyst, the downfall of Dastyari was symbolic of a fundamental change in the nature of Australia’s relationship with China, as significant as Brexit for the UK or the election of Donald Trump for the US. Although China’s Communist regime had long challenged Australia’s liberal democratic values, Australian political, business, and educational leaders had produced “endless platitudes” about the partnership with China, leading them to ignore the “complex realities of the party-state”. Beijing’s fierce attack on FITS as anti-China was an attempt to contain honest discussion on China in Australia; however, the unsayable became now sayable that the Leninist party-state tried to influence Australian political and public life in its interests. Now,

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<sup>64</sup> Primrose Riordan & Rowan Callick, “Chinese Embassy Says Foreign Interference Laws Undermine Trust, The Australian, December 6, 2017”, <https://www.theaustralian.com.au/national-affairs/foreign-affairs/chinese-embassy-says-foreign-interference-laws-undermine-trust/news-story/ab4c99f69ef60f01b569d380ba1fc2d4>.

<sup>65</sup> Christopher Knaus & Tom Phillips, “Turnbull Says Australia Will ‘Stand Up’ to China as Foreign Influence Row Heats Up, The Guardian, December 9, 2017”, <https://www.theguardian.com/australia-news/2017/dec/09/china-says-turnbulls-remarks-have-poisoned-the-atmosphere-of-relations>.

academics, policymakers, professionals, and journalists can directly raise questions about CCP’s operations in Australia.<sup>66</sup>

From December 2017, Beijing attempted to punish Australia for its alarm at China’s interference. China’s embassy and consulates began to post the following warnings on their Chinese-language sites: “All Chinese students in Australia are warned to be on the alert for possible threats to their safety...Attacks and insults targeting Chinese students have been taking place around Australia”. No such report was made in the Australian media, which had closely followed the violence against Indian students in 2012. In February 2018, China’s Ministry of Education issued similar warnings, targeting students and their parents in China.<sup>67</sup>

Australian universities were the weakest link from China’s influence, as they heavily depended on cash flows from tuition paid by overseas students. At the same time, Australian students did not have to pay their tuition until they could earn a certain income after graduation. In early 2018, the China Scholarship Council, overseen by the Chinese Ministry of Education, raised concerns about the visa approval process for Ph.D students taking up to 12 months due to vetting by intelligence agencies. The *Global Times* urged students who wished to study in Australia to carefully consider the possibility of these visa delays.<sup>68</sup>

In January 2018, the Vice-Chancellor of the University of Sydney argued against calling Chinese students spies without any evidence, accusing the Turnbull government of “Sinophobic blatherings”.<sup>69</sup> Australia’s university leaders continued to grumble about the government’s tougher stance against China’s influence throughout the year. In August, Turnbull responded to their anxieties in his “China reset” speech at the University of New South Wales, not the University of Sydney, from which he graduated. In the earlier part of the speech, Turnbull recognised the significant role of universities in Australia’s

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<sup>66</sup> Mark Harrison, “Saying the Unsayable in Australia’s Relations with China, The Interpreter, Lowy Institute, December 15, 2017”, <https://www.lowyinstitute.org/the-interpreter/saying-unsayable-australia-s-relations-china>.

<sup>67</sup> John Fitzgerald, “Australia on Its Own When Managing Foreign Influence on Australian Soil, Australian Financial Review, March 15, 2018”, <https://www.afr.com/world/asia/australia-is-on-its-own-as-beijing-demonstrates-its-power-in-the-region-20180312-h0xbze>.

<sup>68</sup> Michal Smith & Robert Bolton, “China Raises Concerns about Student Visa Delays, Australian Financial Review, March 13, 2018”, <https://www.afr.com/policy/health-and-education/china-raises-concerns-about-student-visa-delays-20180313-h0xep0>.

<sup>69</sup> Andrew Clark, “Sydney Uni’s Michael Spence Lashes Government over ‘Sinophobic Blatherings’, Australian Financial Review, January 28, 2018”, <https://www.afr.com/policy/health-and-education/sydney-unis-michael-spence-lashes-government-over-sinophobic-blatherings-20180128-h0pjc4>.

engagement with the Indo–Pacific region, citing various academic collaborations between Australian and Chinese scholars, universities, and companies. He clarified that Australia should continue to welcome Chinese students, emphasising that Australia could enjoy the economic benefits most when it remained open. He even said that his government was looking forward to working with China on Belt and Road initiative projects.<sup>70</sup> The Turnbull speech was well received by the Australian business circle and the Chinese Ministry of Foreign Affairs as “positive remarks”.<sup>71</sup>

According to one prominent security expert, Turnbull never conceded over China’s fury with FITS, and his “milder rhetoric” was not the return to the “old normal” in Australia–China relations, where the strategic risks of a rising China or the fundamental difference of political values were “unsustainably censored”. Instead, the speech revealed the “grammar of a new normal” of the multipolar regional system where Australia sought security and prosperity with many partners, “not simply replacing an unpredictable Washington for an authoritarian Beijing”, as Turnbull emphasised rule-based order.<sup>72</sup>

Turnbull had become a lame duck as Prime Minister by that time due to the intraparty revolt from conservatives who had been angry at his coup against Abbott in 2015. However, the Turnbull government showed it was on a “new normal” track when it announced the measure to reject “the vendors who are likely to be subject to extrajudicial directions from a foreign government that conflict with Australian law” from Australia’s 5G network. This move effectively excluded China’s Huawei and ZTE.<sup>73</sup> This was the final decision made by the Turnbull government, against which the Chinese Ministry of Foreign Affairs showed concern and urged Australia not to create “artificial obstacles” between Australian and Chinese companies.<sup>74</sup> The fact that China reacted to Australia’s 5G ban in a more reserved manner reflects that FITS was the real target of Beijing’s fury.

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<sup>70</sup> “Prime Minister of Australia, The Hon Malcolm Turnbull MP Speech at the University of New South Wales, Australian Embassy China, August 7, 2018”, <https://china.embassy.gov.au/bjng/180807/pmspeech.html>.

<sup>71</sup> Andrew Tillett, “China Commends Malcolm Turnbull for Conciliatory Tone, Easing of Tensions, Australian Financial Review, August 8, 2018”, <https://www.afr.com/politics/china-commends-malcolm-turnbull-for-conciliatory-tone-easing-of-tensions-20180808-h13p5o>.

<sup>72</sup> Rory Medcalf, “Malcolm Turnbull Speech Places China in Multipolar System, Australian Financial Review, August 8, 2018”, <https://www.afr.com/opinion/malcolm-turnbull-speech-places-china-in-multipolar-system-20180808-h13ppk>.

<sup>73</sup> Michael Shoebridge, “Huawei and 5G: Clarity in an Uncertain World, The Strategist, Australian Strategic Policy Institute, August 24, 2018”, <https://www.aspistrategist.org.au/huawei-and-5g-clarity-in-an-uncertain-world/>.

<sup>74</sup> Glenda Korporaal, “China’s Grave Concern at Decision to Ban Companies from Participating in Australia’s Network, The Australian, August 23, 2018”, <https://www.theaustralian.com.au/business/chinas-grave-concern-at-decision-to-ban-companies-from-participating-in-australias-5g-network/news-story/607331d2c5c285b30aad8ffe86ee0c5a>.

## (2) COALITION GOVERNMENT UNDER SCOTT MORRISON, 2018–2022

Turnbull’s successor was Treasurer Scott Morrison, a soft conservative who could luckily become the Liberal leader, gaining support from the moderates over hard conservative former Minister for Home Affairs, Peter Dutton. China tried to determine the stance of the new Australian government, with Foreign Minister Wang Yi welcoming his Australian counterpart Marise Payne in Beijing in November. This conference was the first Australia–China foreign ministers meeting in almost three years, with both ministers agreeing to trilateral cooperation involving Pacific island states.<sup>75</sup>

Nonetheless, in the same month, Treasurer Josh Frydenberg blocked the takeover bid of the nation’s gas pipeline operator APA Group by Hong Kong’s CK Infrastructure on national interest grounds because it would establish a dominant foreign player in the gas and electricity sectors.<sup>76</sup> While FITS took effect in December 2018, the new legislation did not punish Sam Dastyari even if he was not registered because Huang Xiangmo was a permanent Australian resident who was not treated as a foreign principal under the scheme.<sup>77</sup> Therefore, ASIO ordered the cancellation of Huang’s permanent residency in Australia while he was in Hong Kong for his business in February 2019, claiming he was “amenable to conducting acts of foreign interference”.<sup>78</sup> The Morrison government had inherited the “new normal” approach to China relations of the Turnbull government.

Conversely, in January, the Beijing Municipal State Security Bureau arrested Yang Hengjun, an Australian citizen with Chinese background, writer, and activist, because he was suspected of “endangering state security” through espionage.<sup>79</sup> While Yang’s trial began in secret in May 2021, his verdict has been postponed seven times and remains

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<sup>75</sup> Kirsty Needham, “Australia a ‘Partner, Not a Rival’, Says China, as Relations Warm Up, Sydney Morning Herald, November 8, 2018”, <https://www.smh.com.au/world/asia/australia-a-partner-not-a-rival-says-china-as-relations-warm-up-20181108-p50evi.html>.

<sup>76</sup> Perry Williams, “CKI’s Bid for APA Abandoned after Treasurer Blocks Takeover on National Interest Grounds, The Australian, November 21, 2018”, <https://www.theaustralian.com.au/business/ck-infrastructures-bid-for-apa-group-rejected/news-story/b762b8c63f1a087d77a305c87315b172>.

<sup>77</sup> Kelsey Munro, “Australia’s New Foreign-influence Laws: Who is Targeted, The Interpreter, Lowy Institute, December 4, 2018”, <https://www.loyyinstitute.org/the-interpreter/australia-s-new-foreign-influence-laws-who-targeted>.

<sup>78</sup> Su-Lin Tan, “Banned Billionaire Huang Xiangmo to Liberal and Labor: I Want My Money Back, Australian Financial Review, February 8, 2019”, <https://www.afr.com/politics/banned-billionaire-huang-xiangmo-to-liberal-and-labor-i-want-my-money-back-20190208-h1b0e0>.

<sup>79</sup> Primrose Riordan & Glenda Korporaal, “Aussie Writer Yang Hengjun a ‘Threat to China’s Security’, The Australian, January 25, 2019”, <https://www.theaustralian.com.au/national-affairs/foreign-affairs/aussie-writer-yang-hengjun-a-threat-to-chinas-security/news-story/71d3f204631ca9801c11d81cf752394ed>.

unannounced.<sup>80</sup> In February, according to Reuters, the Dalian Port Group imposed an indefinite ban on imports of Australian coal on environmental grounds, while other major ports in China prolonged clearing times for Australian coal to at least 40 days.<sup>81</sup> At first, China’s Ministry of Foreign Affairs confirmed the Reuters report of the ban on Australian coal; however, they later insisted that the report was false and that customs in every port in China were taking coal, including those from Australia.<sup>82</sup>

The Morrison government countered these coercive actions with provocative statements that amplified Beijing’s anger. In his speech in Chicago in September 2019, Morrison stated that China’s growth was welcome in Australia. Furthermore, due to economic maturity, China should be treated as a “newly developed economy” by the World Trade Organization (WTO) or other international institutions. This stance meant that the WTO should lift concessions for China as a developing country.<sup>83</sup> Morrison’s speech came a couple of days after he was invited to the state dinner hosted by President Donald Trump, and Trump himself had been pressuring the WTO to stop treating China as a developing nation. Therefore, Morrison’s proposal can be regarded as his demonstration of sympathy with the Trump administration’s stance on China. In response, the Chinese embassy in Canberra countered Morrison’s claim that China was a “newly developed economy” as “both one-sided and unfair” and “basically an echo of what the US has claimed”.<sup>84</sup> While denying any intention to seek hegemony or spheres of influence, the Chinese Ambassador to Australia, Cheng Jingye, urged some Australians not to forget that their economic growth in the last three decades owed a lot to exports to China.<sup>85</sup>

China showed far harsher responses when Foreign Minister Payne called for a global inquiry into the origins of the coronavirus pandemic, including China’s handling of the

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<sup>80</sup> “Australian Government ‘Deeply Troubled’ by Delays to Writer Yang Hengjun’s Espionage Trial Verdict in China, ABC News, January 19, 2019”, <https://www.abc.net.au/news/2023-01-19/australia-troubled-writers-espionage-trial-verdict-delayed-china/101873180>.

<sup>81</sup> Reuters, “Chinese Port Bans Imports of Australian Coal, Sending Dollar Tumbling, The Guardian, February 21, 2019”, <https://www.reuters.com/article/idUSKCN1QA0F1/>

<sup>82</sup> Michael Smith & Andrew Tillett, “Fears Australian Coal Might be Caught in US-China Trade War Crossfire, Australian Financial Review, February 22, 2019”, <https://www.afr.com/world/asia/fears-australian-coal-might-be-caught-in-uschina-trade-war-crossfire-20190222-h1blso>.

<sup>83</sup> Phillip Coorey, “PM Push to Wind Back China’s Trade Benefits, Australian Financial Review, September 24, 2019”, <https://www.afr.com/politics/federal/pm-presses-china-on-wto-reform-20190923-p52u3h>

<sup>84</sup> Andrew Tillett, “‘One-sided and Unfair’: China Hardens Rhetoric against Scott Morrison, Australian Financial Review, September 26, 2019”, <https://www.afr.com/politics/federal/one-sided-and-unfair-china-hardens-rhetoric-against-scott-morrison-20190926-p52v3r>.

<sup>85</sup> Ben Packham, “Our Economic Miracle Delivers Aussie Dream, Says Chinese Ambassador, The Australian, October 1, 2019”, <https://www.theaustralian.com.au/nation/politics/our-economic-miracle-delivers-aussie-dream-says-chinese-ambassador/news-story/fb38e5857bf324cddb71a21dfb248ed7>.

initial outbreak in the city of Wuhan. Payne stated, “The issues around the coronavirus are issues for independent review, and I think that it is more important that we do that. In fact, Australia will absolutely insist on that”.<sup>86</sup> China’s Ministry of Foreign Affairs immediately rejected Payne’s claim as “not based on facts”.<sup>87</sup> Since Payne’s remarks came without the prior knowledge of her Department’s Secretary, they were highly political in line with Morrison’s WTO speech.<sup>88</sup> A couple of days later, Morrison confirmed his support for Payne’s remarks and urged China to accept an independent investigation into the origins of the coronavirus pandemic.<sup>89</sup>

This time, Ambassador Cheng issued a dire warning against the proposal for an international independent investigation of the origins of COVID-19 by Payne and Morrison, branding it as “a kind of teaming up with those forces in Washington and to launch a kind of political campaign against China”. He said, “The Chinese public is frustrated, dismayed and disappointed with what Australia is doing now” and pointed out the possibility that the Chinese people would be discouraged to go to Australia for tourism and to study and to buy Australia wine and beef.<sup>90</sup> In 2020, Beijing began to impose some restrictions on imports of nine Australian products: coal, copper, frozen beef, wine, cotton, barley, rough wood, lobster, and hay. These restrictions culminated in a total export loss for Australia of A\$3 billion in 2020, A\$25 billion in 2021, and A\$31 billion in 2022.<sup>91</sup>

China’s economic coercion did not deter the Morrison government from provocation against Beijing. In June 2020, ASIO raided the office of NSW Labor MP Shaoquett Moselmane, who had written China-friendly essays, as the first case of investigation

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<sup>86</sup> Brett Worthington, “Marise Payne Calls for Global Inquiry into China’s Handling of the Coronavirus Outbreak, ABC News, April 19, 2020”, <https://www.abc.net.au/news/2020-04-19/payne-calls-for-inquiry-china-handling-of-coronavirus-covid-19/12162968>.

<sup>87</sup> Andrew Tillett & Michael Smith, “China Rejects Call for Independent Scrutiny of Virus Origins, Australian Financial Review, April 20, 2020”, <https://www.afr.com/politics/federal/china-rejects-call-for-independent-scrutiny-of-virus-origins-20200420-p541b6>.

<sup>88</sup> Paul Kelly, *Morrison’s Mission: How a Beginner Reshaped Australian Foreign Policy*, Sydney: Lowy Institute, 2022, Chapter 5.

<sup>89</sup> Andrew Tillett, “China Should Back Virus Probe: PM, Australian Financial Review, April 23, 2020”, <https://www.afr.com/politics/federal/later-china-should-back-virus-probe-pm-says-20200423-p54mlm>.

<sup>90</sup> Andrew Tillett, “China Consumer Backlash Looms over Morrison’s Coronavirus Probe, Australian Financial Review, April 26, 2020”, <https://www.afr.com/politics/federal/china-consumer-backlash-looms-over-morrison-s-coronavirus-probe-20200423-p54mpl>.

<sup>91</sup> Mike Adams & Ron Wickes, “Standing Up to Chinese Economic Coercion: Is Australia a Model of Economic Resilience? Institute for International Trade, University of Adelaide, May 17, 2023”, <https://iit.adelaide.edu.au/news/list/2023/05/17/standing-up-to-chinese-economic-coercion-is-australia-a-model-of-economic>.

along with FITS.<sup>92</sup> At the same time, ASIO interviewed two Chinese journalists who were members of a WeChat group with Moselmane in September. They revealed that two Chinese academics, also members of the WeChat group, had their Australian visas cancelled. Anticipating Beijing’s retaliation, Canberra urged the two remaining Australian journalists to leave China, with Chinese officials interviewing them at the airports.<sup>93</sup> Two weeks after the visa cancellation of Chinese scholars, Beijing also cancelled the visas for Professor Hamilton and an Australian China analyst.<sup>94</sup> In August, the Chinese government notified its Australian counterpart that Australian citizen and TV anchor Cheng Lei had been arrested for unknown reasons.<sup>95</sup>

Although tensions were growing between the two countries, the Morrison government further tightened its grip on China. In November, Foreign Minister Payne submitted a bill to the parliament to establish the Foreign Arrangements Scheme. This bill allowed her to disapprove or terminate new or existing arrangements entered by state and territory governments, local governments, and Australian public universities with foreign entities if she determined they were not in the national interest.<sup>96</sup>

This bill was the last action, infuriating Beijing. The Chinese embassy in Canberra took an extraordinary step to deliberately leak the dossier of China’s 14 grievances to the Australian media, and a Chinese official said, “China is angry. If you make China the enemy, China will be the enemy”. The 14 grievances included: 1) foreign investment restrictions; 2) the banning of Huawei and ZTE from 5G; 3) FITS; 4) the revoke of Chinese scholars’ visas; 5) call for international independent inquiry into the COVID-19; 6) the interference in China’s Xinjian, Hong Kong and Taiwan affairs; 7) the first non-littoral country to make a statement on the South China Sea to the United Nations; 8) siding with the US’s anti-China campaign; 9) the Foreign Arrangements Scheme bill; 10) providing fund to anti-China think tank; 11) the raid to Chinese journalists’ homes; 12) allegations against China on cyber attacks; 13) MPs’ condemnation of CCP; and 14) an

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<sup>92</sup> Nick McKenzie & Joel Tozer, “NSW MP’s Sydney Home Raided as ASIO Probes China Links, Sydney Morning Herald, April 26, 2020”, <https://www.smh.com.au/politics/nsw/nsw-mp-s-sydney-home-raided-as-asio-probes-china-links-20200626-p556f6.html>.

<sup>93</sup> Michael Smith, “‘I Feared Being Disappeared’: Inside My Escape from China, Australian Financial Review, September 8, 2020”, <https://www.afr.com/world/asia/inside-my-escape-from-china-20200908-p55ti7>.

<sup>94</sup> Eryk Bagshaw, “Beijing Bans Australian Researcher in Tit-for-Tat, Sydney Morning Herald, September 24, 2020”, <https://www.smh.com.au/world/asia/beijing-bans-australian-researchers-in-tit-for-tat-20200924-p55yus.html>.

<sup>95</sup> Eryk Bagshaw, “Australian TV anchor Cheng Lei Detained in China, Sydney Morning Herald, August 31, 2020”, <https://www.smh.com.au/world/asia/australian-tv-anchor-cheng-lei-detained-in-china-20200831-p55r3j.html>.

<sup>96</sup> “Foreign Arrangements Scheme, Department of Foreign Affairs and Trade, Australian Government”, <https://www.foreignarrangements.gov.au/>.



antagonistic report on China by media.<sup>97</sup> Grievances 10, 12, 13, and 14 are false accusations just to lay blame on Australia.

Undaunted by Beijing’s ire, Foreign Minister Payne announced the cancellation of the Belt and Road Initiative and two education agreements concluded between the Victorian State government and China. The Chinese embassy in Canberra blasted the move, suggesting, “the Australian government has no sincerity in improving China–Australia relations”.<sup>98</sup>

One of the reasons the Morrison government seemed to deliberately repeat offensive measures against Beijing was to take advantage of the deteriorating perception of China and impress the Australian public with the Coalition’s close links with the US and its firm stance against China. In a 2018 opinion poll regarding the question, “In your own view, is China more of an economic partner or more of a security threat to Australia”, 82% answered as an economic partner and 12% as a security threat. In contrast, in 2019, 55% answered as an economic partner and 41% as a security threat. In 2020, 63% felt China was a security threat, and 34% answered that it was an economic partner.<sup>99</sup> Traditionally, the Labor governments, except for the Rudd government, had shown conciliatory attitudes towards China. When the Morrison government called for an international independent inquiry on the origin of COVID-19, if Labor politicians had raised opposition to provocative statements against Beijing, Morrison could have blamed the Labor Party for its soft stance towards China’s handling of the pandemic. Probably conscious of such Coalition tactics, Opposition Leader Anthony Albanese offered bipartisan support for the government’s proposal as “sensible”.<sup>100</sup> For the same reason, when Morrison surprised the world with the new nuclear submarine project under AUKUS, the Labor Party’s leadership, shadow cabinet, and caucus endorsed the project in principle. It was reported that the four senior Labor Party figures (including Albanese, who had been briefed about

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<sup>97</sup> Jonathan Kearsley, Eryk Bagshaw & Anthony Galloway, “‘If You Make China the Enemy, China Will be the Enemy’: Beijing’s Fresh Threat to Australia, Sydney Morning Herald, November 18, 2020”, <https://www.smh.com.au/world/asia/if-you-make-china-the-enemy-china-will-be-the-enemy-beijing-s-fresh-threat-to-australia-20201118-p56fqs.html>.

<sup>98</sup> Anthony Galloway & Eryk Bagshaw, “Victoria’s Belt and Road Deal with China Torn Up, Sydney Morning Herald, April 22, 2021”, <https://www.smh.com.au/politics/federal/victoria-s-belt-and-road-deal-with-china-torn-up-20210421-p5719q.html>.

<sup>99</sup> Natasha Kassam, “Lowy Institute Poll 2022, Lowy Institute, June 29, 2022”, <https://poll.lowyinstitute.org/report/2022/>.

<sup>100</sup> Andrew Tillett, “China Should Back Virus Probe: PM, Australian Financial Review, April 23, 2020”, <https://www.afr.com/politics/federal/later-china-should-back-virus-probe-pm-says-20200423-p54mlm>.

the project) had shown their commitments, although strong anti-nuclear sentiments prevailed among some party sections.<sup>101</sup>

Morrison’s tough stance against Beijing paid off, as China’s economic coercion did not cause as much damage to the Australian economy as expected. Since 2019, Japan, Korea, Taiwan, and India (Australia’s second, third, fourth, and fifth largest export markets) have each doubled their imports from Australia, offsetting China’s coercion. Exports to Vietnam and Indonesia also doubled, while sales to the Philippines and Thailand increased by around 80%.<sup>102</sup>

Nonetheless, the Coalition government received a severe blow from Beijing in its final stages. The Solomon Islands and Kiribati switched their diplomatic relations from Taiwan to China in 2019, and the Solomon Islands concluded a security agreement that allowed the Chinese military and police to station in the archipelago just north of Australia’s mainland in April 2022. At this time, tough electoral campaigns were being fought in Australia. Shadow Foreign Minister Penny Wong insisted on the significance of looking after security in the neighbouring region and claimed: “Mr Morrison has dropped the ball on that task”.<sup>103</sup>

Prime Minister Morrison was not negligent about the Pacific island countries. From the outset, he clarified his commitment to “Pacific step-up”. In November, Australia and Papua New Guinea (PNG) agreed to develop a joint facility at the Lombrum naval base on PNG’s Manus Island. The US also agreed to support the joint facility, which would host more warships, including the US Navy.<sup>104</sup> The Morrison government also agreed to partly finance Australia’s telecom giant Telstra’s bid to purchase Digicel Pacific, the largest mobile phone carrier in the Pacific, in which Huawei had shown strong interest.<sup>105</sup> However, only a junior Minister for International Development and the Pacific was sent

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<sup>101</sup> Paul Kelly, “AUKUS Alliance: Morrison Has Seated Australia at Top Table of Diplomacy”, *The Australian*, September 25, 2021.

<sup>102</sup> David Uren, “Why China’s Coercion of Australia Failed, The Strategist, Australian Institute of Strategic Studies, April 27, 2023”, <https://www.aspistrategist.org.au/why-chinas-coercion-of-australia-failed/>.

<sup>103</sup> Katina Curtis, “Q&A in Honiara’: Scott Morrison Dismisses Labor’s Plan to Step Up in the Pacific, Sydney Morning Herald, April 26, 2022”, <https://www.smh.com.au/politics/federal/q-and-a-in-honiara-scott-morrison-dismisses-labor-s-plan-to-step-up-in-the-pacific-20220426-p5ag2e.html>.

<sup>104</sup> Katharine Murphy, “America to Partner with Australia to Develop Naval Base on Manus Island, The Guardian, November 17, 2018”, <https://www.theguardian.com/australia-news/2018/nov/18/america-to-partner-with-australia-to-develop-naval-base-on-manus-island>.

<sup>105</sup> Marian Faa, Stephen Dziedzic & Annika Burgess, “Telstra to buy Pacific Arm of Telecommunications Giant Digicel with Canberra’s Support amid China’s Rising Influence, ABC News, October 25, 2021”, <https://www.abc.net.au/news/2021-10-25/telstra-digicel-pacific-telecommunications-deal-finalised/100564976>.

to Honiara, not Foreign Minister Payne, in response to the security agreement with China. Even if this period fell on Australia’s election caretaker period, this action demonstrated the limit of Morrison’s “Pacific step-up”.<sup>106</sup>

China was trying to capitalise on the weakness of the Coalition government in response to pressure from the Pacific island countries. Morrison had been blamed for his inaction against climate change in the Pacific Islands Forum (PIF) summit meeting.<sup>107</sup> Within the Coalition, conservative politicians have held such a strong attachment to coal exports that they tended to be sceptical about climate change and averse to emission reduction. As a result, in the May 2022 election, the Coalition’s electoral platform presented the target of emission reduction of only 26%–28% by 2030, in contrast to the Labor Party’s 43% by 2030.<sup>108</sup> Soon after the election results were confirmed, China’s Foreign Minister Wang Yi completed 10-day visits to eight Pacific island countries, had virtual meetings with his counterparts of the 10 Pacific countries, and tried to conclude security agreements similar to those with the Solomon Islands.<sup>109</sup> China’s hasty attempt seemed to be a last-minute rush in the Pacific before the Australian voters replaced the climate change sceptic Coalition government with an islanders-friendly Labor government.

### **(3) ATTEMPTS BY THE LABOR GOVERNMENT UNDER ANTHONY ALBANESE TO STABILISE CHINA RELATIONS, 2022–**

From the outset, the Labor government under Prime Minister Anthony Albanese clarified that it would continue the previous Coalition governments’ fundamental foreign and security policies. On May 24, only three days after the election, Albanese attended the first face-to-face QUAD summit meeting in Tokyo. Along with Japanese Prime Minister Fumio Kishida, US President Joe Biden, and Indian Prime Minister Narendra Modi, he issued a joint statement that they shared a “steadfast commitment to a free and open Indo-Pacific that is inclusive and resilient”. In his opening remarks at the QUAD leaders’

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<sup>106</sup> Andrew Greene, “Australia’s Pacific Minister Zed Seselja Urges Solomon Islands Prime Minister Not to Sign China Security Deal, ABC News, April 13, 2022”, <https://www.abc.net.au/news/2022-04-13/pacific-minister-solomon-islands-china-security-deal/100989656>.

<sup>107</sup> Erin Handley, “Australia Accused of Putting Coal before Pacific ‘Family’ as Region Calls for Climate Change Action, ABC News, August 16, 2019”, <https://www.abc.net.au/news/2019-08-16/australia-slammed-watering-down-action-climate-change-pacific/11420986>.

<sup>108</sup> Climate Council, “Where Do Australia’s Major Parties Stand on Climate Action?”, <https://www.climatecouncil.org.au/resources/australias-major-parties-climate-action-policy-2022/>.

<sup>109</sup> Kate Lyons, “China’s Foreign Minister Tells Pacific Leaders ‘Don’t Be Too Anxious’ After They Reject Regional Security Pac, The Guardian, May 30, 2022”, <https://www.theguardian.com/world/2022/may/30/chinas-foreign-minister-to-meet-with-pacific-nations-amid-push-for-sweeping-regional-deal>.

meeting, Albanese stated, “We have had a change of government in Australia, but Australia’s commitment to the Quad has not changed and will not change”.<sup>110</sup> In September 2022, Albanese issued a joint statement alongside US President Joe Biden and British Prime Minister Liz Truss that the three countries remained committed to pursuing AUKUS at its first anniversary, while Australia would not acquire nuclear weapons.<sup>111</sup>

Concerning relations with China, the new Labor government refrained from provocative actions, as the Morrison government had done. Therefore, China agreed to hold the first foreign ministers’ meeting with Australia for nearly three years on the sidelines of the G20 foreign ministers’ meeting in Bali in July. Australia’s first foreign minister with Asian background, Penny Wong, described her meeting with her counterpart Wang Yi as “the first step towards stabilising the relationship”. At the same time, she raised questions about China’s trade coercion and the detention of Australian journalist Cheng Lei and writer Yang Hengjun.<sup>112</sup>

At the meeting, Wang gave her a list of four demands to improve the relationship. First, Australia should treat China as a “partner rather than a rival”. Second, the two countries should seek “common ground while shelving differences”. Third, Australia should reject “manipulation by a third party”. Fourth, both countries should build “public support featuring positiveness and pragmatism”. Albanese refused to “respond to demand”, vowing to “respond to our own national interest”. The *Global Times* wrote that Albanese had yielded to “the unhealthy atmosphere within Australia towards China”, blaming the Morrison government for the deterioration of bilateral relations.<sup>113</sup> Wong also confirmed that she had told Wang privately, “The Government of Australia has changed, but our national interests and sovereign choices have not”.<sup>114</sup>

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<sup>110</sup> Isabella Keith, “27 May: The Week in Australian Foreign Affairs, Australian Outlook, Australian Institute of International Affairs, May 27, 2022”, <https://www.internationalaffairs.org.au/australianlook/27-may-the-week-in-australian-foreign-affairs/>.

<sup>111</sup> Prime Minister of Australia, The Hon Anthony Albanese, “Joint Leaders Statement to Mark One Year of AUKUS, Media Statement, September 24, 2022”, <https://www.pm.gov.au/media/joint-leaders-statement-mark-one-year-aucus>.

<sup>112</sup> Chris Barrett, “Wong Meets Wang as Ministers Attempt to Stabilise China-Australia Relations, Sydney Morning Herald, July 8, 2022”, <https://www.smh.com.au/world/asia/wong-meets-wang-as-ministers-attempt-to-stabilise-china-australia-relations-20220708-p5b0a8.html>.

<sup>113</sup> Will Glasgow, “Beijing Says ‘Anti-China Forces’ Manipulating Anthony Albanese, The Australian, July 13, 2022”, <https://www.theaustralian.com.au/world/beijing-says-antichina-forces-manipulating-anthony-albanese/news-story/3ad0a1afd2010ebf25de5f367cf1ce13>.

<sup>114</sup> Minister for Foreign Affairs, Senator the Hon Penny Wong, “Sunrise with Natalie Barr, Transcript, July 13, 2022”, <https://www.foreignminister.gov.au/minister/penny-wong/transcript/sunrise-natalie-barr>.

China’s four-point demands reflected Beijing’s hope to bring bilateral relations back into the situations before the Turnbull government, i.e., without FITS, relaxed foreign investment, more attachment to economic benefits rather than security and a friendly stance towards China. However, the Albanese government did not show sympathetic attitudes, prompting the *Global Times* to attack the forces manipulating Albanese. However, the Labor government has consistently emphasised that Australia will cooperate with China wherever possible but will prioritise national interest and sovereignty while avoiding provocative measures to “stabilise” bilateral relations.

Faced with Australia’s determined stance, Beijing seemed to soften its position. On the sidelines of the UN General Assembly in September, Wong had another meeting with Wang. This time, indicating that 2022 marked the 50<sup>th</sup> anniversary of China–Australia diplomatic relations, Wang showed China’s willingness to resolve differences and promote healthy and stable development of bilateral relations, emphasising that “the two sides should meet each other halfway”.<sup>115</sup> The Chinese side did not resurrect the four-point demands. Wang’s remark to “meet each other halfway” suggests that the Chinese Foreign Minister had accepted Australia’s approach to defend its national interest and sovereignty. At the same time, China’s new ambassador to Canberra, Xiao Qian, mentioned the possibility that detained Cheng Lei could talk to her children and even hoped for Albanese’s meeting with President Xi Jinping on the sidelines of some multilateral summit meeting.<sup>116</sup>

In November, Prime Minister Albanese met President Xi on the sidelines of the G20 summit meeting in Bali. Albanese said he could talk to Xi “constructively and respectfully” and put Australia’s position “clearly, firmly, but politely”. At the same time, Xi praised Albanese for handling China–Australia relations “in a mature manner”, adding that “China attaches importance in Australia’s recent willingness to improve and develop bilateral relations”. Xi did not raise AUKUS at the meeting.<sup>117</sup> While there was no settlement over China’s economic coercion and the detention of Australian citizens, Xi’s stance suggests that China found it in its interest to retain Australia as an important

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<sup>115</sup> Will Glasgow, “China Ready to Meet Australia ‘Halfway’, Xi’s Envoy Tells Penny Wong, The Australian, September 25, 2022”, <https://www.theaustralian.com.au/world/china-ready-to-meet-australia-halfway-xis-envoy-tells-penny-wong/news-story/5a77154d6a047f85f9365f5ccca57a24>.

<sup>116</sup> Geoff Raby, “Where There Is a Will, There Is a Way to Repair China Relations, Australian Financial Review, September 26, 2022”, <https://www.afr.com/policy/foreign-affairs/where-there-is-a-will-there-is-a-way-to-repair-china-relations-20220925-p5bkvx>.

<sup>117</sup> Matthew Knott & David Crowe, “Xi Jinping Meets with Anthony Albanese, Ending Diplomatic Deep Freeze, Sydney Morning Herald, November 15, 2022”, <https://www.smh.com.au/politics/federal/xi-jinping-meets-with-albanese-ending-diplomatic-deep-freeze-20221115-p5byhb.html>.

economic partner, especially given the quest to establish alternative supply chains under AUKUS and QUAD.

At the 50<sup>th</sup> anniversary of Australia–China diplomatic relations, Foreign Minister Wong was invited to Beijing for the first time as an Australian minister since 2019. In her meeting with her counterpart, Wong raised the detention of Australian citizens, trade blockages, human rights, and global laws and rules underpinning Australia’s security. At the same time, Chinese Foreign Minister Wang emphasised the complementary nature of the two economies. Although the meeting produced no concrete outcome, both sides showed willingness to negotiate the bilateral problems.<sup>118</sup>

The year 2023 saw steady progress in Australia’s efforts to improve relations with China. In February, Trade Minister Don Farrell met with his Chinese counterpart via teleconference and agreed to enhance dialogue as a “pathway towards the timely and full resumption of trade”. Farrell accepted an invitation to travel to Beijing,<sup>119</sup> suggesting that Beijing was willing to negotiate with Canberra. In April, China agreed to undertake an expedited review of its 80.5% duties on Australian barley imposed since 2020. In return, Australia agreed to suspend its WTO appeal against Chinese duties for three months. The deal was made during the visit to Canberra by China’s Deputy Minister of Foreign Affairs, the first senior Chinese official’s visit since 2017.<sup>120</sup> In August, China’s Ministry of Commerce announced the removal of anti-dumping and countervailing duties on barley imports from Australia, just before Australia’s appeal to the WTO was resumed.<sup>121</sup>

In September, after meeting with Chinese Premier Li Qiang on the sidelines of the East Asia Summit in Jakarta, Albanese announced that he would travel to China to mark the 50<sup>th</sup> anniversary of Gough Whitlam’s first visit to China as Australian Prime Minister.<sup>122</sup>

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<sup>118</sup> Matthew Knott & Clare Armstrong, “‘Very Different Countries’: Wong Bridges Great Divide in High-stakes Beijing Meeting, Sydney Morning Herald, December 31, 2022”, <https://www.smh.com.au/politics/federal/china-talks-canvass-trade-human-rights-global-tensions-in-high-stakes-beijing-meeting-20221221-p5c835.html>.

<sup>119</sup> Minister for Trade and Tourism, Special Minister of State, Senator the Hon Don Farrell, “Virtual Meeting with China’s Minister of Commerce, Statement, February 6, 2023”, <https://www.trademinister.gov.au/minister/don-farrell/statements/virtual-meeting-chinas-minister-commerce>.

<sup>120</sup> Andrew Tillett, Michael Smith & Campbell Kwan, “Hopes Rise for End to China Trade Bans After Barley Tariff Deal, Australian Financial Review, April 11, 2023”, <https://www.afr.com/politics/federal/china-to-review-tariffs-on-australian-barley-20230411-p5czjx>.

<sup>121</sup> Andrew Tillett & Michael Smith, “China Lifts Barley Tariffs, Edging Albanese Visit Closer, Australian Financial Review, August 4, 2023”, <https://www.afr.com/world/asia/china-agrees-to-lift-tariffs-on-australian-barley-20230804-p5du01>.

<sup>122</sup> Matthew Knott, “PM Will Head to China within Months after Accepting Xi Jinping’s Invitation, Sydney Morning Herald, September 8, 2023”, <https://www.smh.com.au/politics/federal/albanese-to-head-to-china-within-months-after-accepting-xi-jinping-s-invitation-20230907-p5e2n1.html>.

After confirming Albanese’s visit, China showed goodwill when Australian journalist Cheng Lei was released from a Beijing prison after three years of detention and reunited with her two daughters in Melbourne.<sup>123</sup> This seems to be an extraordinarily big concession because China’s Ministry of State Security claimed that Cheng had been arrested for illegally providing state secrets to the overseas agency via her mobile phone. The Chinese court had sentenced her to 2 years and 11 months in prison, plus deportation; however, Cheng should have been sentenced to at least 10 years imprisonment if she had committed the claimed offenses.<sup>124</sup>

A week later, Canberra returned its goodwill to Beijing when the Department of Prime Minister and Cabinet found no reason to cancel Chinese company Landbridge’s 99-year lease of the Port of Darwin. Australia’s Anti-Dumping Commission released a preliminary recommendation that tariffs of up to 10.9% on wind towers should not be extended after their expiry in April. China’s Ministry of Commerce had been dissatisfied with Australia’s anti-dumping duties on steel products and welcomed this move.<sup>125</sup> Australia and China had agreed to suspend their WTO dispute over China’s 220% anti-dumping duties on Australian wine while Beijing undertook an “expedited review” of duties, which could take five months.<sup>126</sup> Before then, Chinese Ambassador Xiao Qian predicted “more positive outcomes in the coming in the weeks or months” over the wine dispute.<sup>127</sup>

This progress paved the way for Albanese’s visit to China, where, on November 6, he met with Xi Jinping in Beijing. Albanese’s impression of the meeting was “positive” and “constructive”. He reiterated that Australia and China should “not be defined by our differences and that where there are differences, you discuss them constructively”. In

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<sup>123</sup> Andrew Tillett & Michael Smith, “Cheng Lei Freed by China After Three Years in Jail, Australian Financial Review, October 11, 2023”, <https://www.afr.com/politics/federal/cheng-lei-freed-by-china-after-three-years-in-jail-20231011-p5ebjg>.

<sup>124</sup> Rowan Callick, “Beijing Keeps Its Secrets as Cheng Lei Walks in Sunshine, The Australian, October 14, 2023”, <https://www.theaustralian.com.au/inquirer/beijing-keeps-its-secrets-as-cheng-lei-walks-in-sunshine/news-story/5386f9e52c30edac6639f9a375c74b6f>.

<sup>125</sup> Andrew Tillett & Michael Smith, “China Has Wins on Darwin Port, Wind Towers Ahead of Albanese Visit, Australian Financial Review, October 20, 2023”, <https://www.afr.com/politics/federal/tariffs-on-chinese-wind-towers-to-be-lifted-to-help-seal-wine-deal-20231020-p5edrs>.

<sup>126</sup> Australian Associated Press & Sarah Basford Canales, “Australia and China Suspend WTO Wine Tariff Dispute Before Anthony Albanese’s Trip to Beijing, The Guardian, October 22, 2023”, <https://www.theguardian.com/australia-news/2023/oct/22/australia-and-china-suspend-wto-wine-tariff-dispute-ahead-of-albanese-trip-to-beijing>.

<sup>127</sup> Andrew Tillett, “China Say Wine Tariff Hit Could End within Weeks, Australian Financial Review, October 18, 2023”, <https://www.afr.com/politics/federal/china-says-wine-tariff-hit-could-end-within-weeks-20231018-p5ed6z>.

comparison, Xi mentioned China’s wish to join the Comprehensive Progressive Agreement for Trans-Pacific Partnership but did not mention AUKUS “explicitly”.<sup>128</sup> Albanese’s emphasis on the difference between the two countries seems to convey to the Chinese president that his government would not concede to China over Australia’s interests, values, and sovereignty. At the meeting with Chinese Premier Li Qiang the next day, Albanese agreed to provide visitors with access to three-to-five-year multientry visas on a reciprocal basis and to resume a foreign and strategic dialogue and a joint economic dialogue.<sup>129</sup>

Despite the considerable improvement of the once-frozen bilateral relations, the Albanese government showed no move to relax its alert about China’s influence. In February 2023, Treasurer Jim Chalmers blocked the bid from China’s Yuxiao Fund to increase its stake in Northern Minerals, one of Australia’s leading rare earth suppliers, from 10% to 19.9%, to secure critical minerals supply chains.<sup>130</sup> In July, Chalmers rejected the takeover bid of bankrupted Alita Resources, which owned lithium mines in Western Australia, by Austroid, a US-registered company controlled by Mike Que, whose father owned a lithium battery and EV manufacturer in China. This move was made to protect Australia’s critical minerals.<sup>131</sup> The cautious stance on China’s investment, especially in critical minerals, should have disappointed Beijing, signifying that the government had never discarded its tough stance against Chinese investment in critical infrastructure and minerals under the Coalition.

Just one month before Albanese was to fly to Beijing, at the first Five Eyes summit in California, ASIO’s Director-General Mike Burgess asserted: “The Chinese government is engaged in the most sustained, sophisticated and scaled theft of intellectual property and expertise in human history”. He cited the case where China stole the intellectual property of a successful Australian company by downloading malware into a staff member’s laptop at an overseas conference. Usually, the intelligence boss does not

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<sup>128</sup> Kathleen Calderwood, “Anthony Albanese’s Visit to China Included a ‘Very Positive’ Meeting with Xi Jinping and a Refusal to Budge on Some Issues, ABC News, November 7, 2023”, <https://www.abc.net.au/news/2023-11-07/the-key-takeaways-from-albanese-s-visit-to-china/103073390>.

<sup>129</sup> David Crowe & Eryk Bagshaw, “Flattery for ‘Handsome Boy’ Albanese as China, Australia Strike New Deal, Sydney Morning Herald, November 7, 2023”, <https://www.smh.com.au/politics/federal/flattery-for-handsome-boy-albanese-as-china-australia-strike-new-deal-20231107-p5e1bc.html>.

<sup>130</sup> Brad Thompson, “Chalmers Blocks Chinese Investor from Rare Earths Stake, Australian Financial Review, March 1, 2023”, <https://www.afr.com/companies/mining/chalmers-blocks-chinese-investor-from-rare-earths-stake-20230301-p5copj>.

<sup>131</sup> Tansy Harcourt, “FTRB rejects Austroid Takeover of Lithium Miner Alita Resources, The Australian, July 20, 2023”, <https://www.theaustralian.com.au/business/mining-energy/ftrb-rejects-austroid-takeover-of-lithium-miner-alita-resources/news-story/49e1a7cf51f8ba4fc854b36255097b71>.



mention China, but Burgess dared to mention it because he thought it was needed.<sup>132</sup> Burgess’ warning reflected the intense alarm at China’s influence among the security agencies.

The Australian public supported this sense. In the 2023 opinion poll regarding trust in China, 44% answered not at all, 40% not very much, and 84% answered negatively. Regarding confidence in Chinese President Xi Jinping, 53% answered no confidence at all, and 26% had little confidence. An aggregate of 79% answered negatively, making him third behind Russian President Vladimir Putin at 90% and North Korean leader Kim Jong-un at 82%.<sup>133</sup> These figures suggest that returning to the days when Australia did not need to choose between the US and China is unlikely. In this sense, the Albanese government’s approach to China is similar to the “new normal” introduced by the Turnbull government.

Learning from the Solomon Islands’ security agreement with China, the new Labor government took an extraordinarily active approach towards the Pacific island nations. While the ministers of the Morrison government visited the island countries only twice in 12 months up to the May 2022 election, Albanese himself visited four times. The Defense Minister visited 3 times, the International Development and Pacific Minister Pat Conroy visited 7 times, the Assistant Trade Minister visited once, and the Foreign Minister Penny Wong visited all 15 PIF member countries and 2 territories within the post-election 12 months.<sup>134</sup> No Australian government has ever sent its ministers to the Pacific islands so often within a short period.

The new Labor government also emphasised that Australia shared history and culture with the Pacific countries. For example, Conroy visited the Solomon Islands to celebrate the 80<sup>th</sup> anniversary of the Battle of Guadalcanal in August 2022.<sup>135</sup> In the same month, Australia announced that it would finance \$7 million over the next 2 years to establish new Pacific Rugby League Championships, which would feature men’s and women’s

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<sup>132</sup> Farrah Tomazin, “Global Intelligence Chiefs Lash China’s ‘Sanctioned’ Theft of Intellectual Property, Sydney Morning Herald, October 18, 2023”, <https://www.smh.com.au/world/north-america/global-intelligence-chiefs-lash-china-s-sanctioned-theft-of-intellectual-property-20231018-p5ed3f.html>.

<sup>133</sup> Ryan Neelam, “Lowy Institute Poll 2023, Lowy Institute, June 21, 2023”, <https://poll.lowyinstitute.org/report/2023/>.

<sup>134</sup> Isabella Keith, “The Week in Australian Foreign Affairs, Australian Outlook, Australian Institute of International Affairs, Each Week from May 2021 to May 2023”, <https://www.internationalaffairs.org.au/?s=This+week+in+Australian+foreign+affairs>.

<sup>135</sup> Minister for International Development and the Pacific, The Hon Pat Conroy MP, “Solomon Islands, Speech, August 7, 2022”, <https://ministers.dfat.gov.au/minister/pat-conroy/speech/solomon-islands>.

teams from Australia, Cook Islands, Fiji, New Zealand, PNG, Samoa, and Tonga. Albanese says, “Geography makes us neighbours, but through sport we build strong and lasting ties across the Pacific family”.<sup>136</sup> These moves seem to be attempts to impress the Pacific nations with Australia’s intimacy, which China cannot share. This new Pacific-friendly policy by the Albanese government aims to counterbalance China’s advance in the Pacific islands, Australia’s backyard.

When Albanese and Chinese Premier Li agreed to resume annual talks between leaders, ministers and officials in Beijing in early November 2023, the Australian public might have the impression that the government strategy to stabilise China relations was working effectively. However, a nasty incident happened soon after that. On 13 November, a PLA Navy destroyer used its powerful sonar against Australian Navy divers and injured them during an operation in international waters within Japan’s exclusive economic zone, despite being warned that Australian personnel were underwater nearby. Deputy Prime Minister and Defence Minister Richard Marles stopped short of blaming China’s offensive action, just warning it as “unsafe and unprofessional conduct”. He did not explain why the government had waited to disclose the incident until after the APEC summit meeting in San Francisco on the sidelines of which Albanese could meet Chinese President Xi. Nor the government did clarify whether Albanese had raised this question with Xi on its sidelines.<sup>137</sup>

While Coalition’s opposition leader Peter Dutton urged the government to take a resolute stance over this incident warning that Albanese should not “back peddle or soft peddle” over matters of national interest, China’s defence ministry urged Canberra to “stop making reckless and irresponsible accusations against China” and insisted that China “did not engage in any activities that may have affected the Australian divers”.<sup>138</sup> The Albanese government did not make “reckless” accusations against China in that it avoided further condemning China’s provocative sonar action.

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<sup>136</sup> Minister for International Development and the Pacific, The Hon Pat Conroy MP, “Pacific Rugby League Championships, Joint Media Release, August 16, 2023”, [https://ministers.dfat.gov.au/\\_minister/pat-conroy/media-release/pacific-rugby-league-championships](https://ministers.dfat.gov.au/_minister/pat-conroy/media-release/pacific-rugby-league-championships).

<sup>137</sup> Sarah McPhee & Mary Ward, “Australian Navy Divers Injured After Sonar Pulses Detected from Chinese Warship, Sydney Morning Herald, November 18, 2023”, <https://www.smh.com.au/politics/federal/australian-naval-divers-injured-by-sonar-pulses-from-chinese-warship-20231118-p5ekza.html>.

<sup>138</sup> Sarah Ison, “Anthony Albanese Urged to ‘Be Honest’ over Whether He Raised Sonar Incident with Xi Jinping, The Australian, November 21, 2023”, <https://www.theaustralian.com.au/nation/politics/anthony-albanese-urged-to-be-honest-over-whether-he-raised-sonar-incident-with-xi-jinping/news-story/448e66f8cff72188f969e16dc4320e291c41c6>.

Beijing seemed to have taken mean advantage of the softer approach of the Labor government. In his new year press conference, Chinese Ambassador in Canberra Xiao Qian denied the responsibility of PLA Navy over the sonar shot against Australian divers, claiming a Japanese warship nearby was likely responsible. Then he expressed hope for resumption of military cooperation between ADF and PLA.<sup>139</sup> Albanese told that he was “not swayed” by Ambassador Xiao’s comments and reiterated that the sonar incident was “wrong” and “shouldn’t have occurred”.<sup>140</sup> Again the Labor government avoided showing “wolf warrior” type hard responses adopted by the Morrison Coalition government.

Beijing further made the next move to upset the government strategy to stabilise relations with China. In early February, the Chinese court handed suspended death sentence to Australian citizen, pro-democracy activist Yang Hengjun who had been detained for five years and charged with espionage. His sentence could be commuted to life in prison after two years. Foreign Minister Wong said that the government was “appalled” at this “harrowing news” and vowed to “continue to advocate for the interests of Dr Yang”. However, she ruled out recalling Australian ambassador in China in protest and suggested that the government would welcome a possible visit of Chinese Premier Li Qiang to Australia later in the year.<sup>141</sup>

Two-year suspension of Yang’s death sentence virtually gave Beijing a hand to lead the Albanese government in a more favourable direction, as shown in Wong’s softer response as above. It will be forced to avoid provocative behaviour against China by all means. All the Labor government can do to influence Beijing will be to resume its appeal with WTO over China’s 220% anti-dumping duty on Australian wine, as Trade Minister Farrell pledged to raise the issue with his Chinese counterpart on the sidelines of the WTO meeting in late February. However, Canberra has no leverage to lift China’s ban on lobster, another remaining restricted item from Australia, according to China, due to fears of contamination.<sup>142</sup>

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<sup>139</sup> Andrew Greene, “Beijing Points Finger at Japan over Sonar Attack on Australian Warship HMAS Toowoomba, ABC News, January 17, 2024”, <https://www.abc.net.au/news/2024-01-17/beijing-points-finger-at-japan-warship-sonar-attack/103354026>.

<sup>140</sup> Sarah Ison & Joe Kelly, “Experts Slam Chinese Sonar Claims, The Australian, January 18, 2024”, <https://www.abc.net.au/news/2024-01-17/beijing-points-finger-at-japan-warship-sonar-attack/103354026>.

<sup>141</sup> Phillip Coorey, “Appalling Death Sentence Rocks China Relations, Australian Financial Review, February 5, 2024”, <https://www.afr.com/politics/federal/appalling-death-sentence-for-dissident-rocks-beijing-relations-20240205-p5f2cq>.

<sup>142</sup> Nadia Daly, “‘On the Table, If Not on the Menu’: Minister to Discuss Wine, Lobster Trade Restrictions with Chinese Counterpart, ABC News, February 13, 2024”, <https://www.abc.net.au/news/>

Nonetheless, the Australian Labor Party under the leadership of Anthony Albanese would not give in China’s pressure over national security matters including foreign interference, protection of critical infrastructure and critical minerals, once it cleared such a high hurdle as accepting AUKUS. The Labor leadership knows very well that it will cause huge political liability and will give great electoral advantage to the Coalition if the party is regarded as weak in national security by the voters. Therefore, the Albanese government’s stance towards China will remain the “new normal” approach adopted by the Turnbull government, even in the advent of the suspended death sentence against Yang Hengjun.

## CONCLUSION

The period of the Coalition government under Prime Minister John Howard (1996–2007) was when Australia’s relations with China developed remarkably. When the Howard government adopted a series of provocative actions, China was so offended that its state media began an anti-Australia campaign. In response, Howard changed his China approach into a friendly one, and Australia took care of China’s views. Thanks to this favourable shift, China came to make the most of Australia as a valuable resource supplier and a target of its foreign influence. Enjoying benefits from the rapid expansion of China’s trade, Howard insisted that Australia need not choose between the US as an ally and China as an economic partner.

When Chinalco bid to increase its stake in Rio Tinto, Labor Prime Minister Kevin Rudd (2007–2010) was so alarmed at the possibility of China’s control of Australia’s best iron ore mines that the government blocked the bid, causing Beijing’s intense anger. However, the Australian government and business circles were determined to protect the best of Australia’s critical iron ore mines from Chinese control. Labor Prime Minister Julia Gillard (2010–2013) showed conciliatory attitudes towards Beijing, responding to the domestic atmosphere that Rudd had been too provocative. Beijing, in return, agreed to enter into a strategic partnership with Australia, which the Australian media hailed as a diplomatic victory. While Coalition Prime Minister Tony Abbott (2013–2015) emphasised enhancing security ties with the US and Japan, his government concluded the Free Trade Agreement with China. At this stage, Abbott still believed that China was heading towards democracy.

The Coalition government under Prime Minister Malcolm Turnbull was a game-changer. The media coverage of China’s interference in Australian politics in 2016–2017 was the

harbinger of the change in Australia’s public opinion, which had been very favorable towards the economic benefits from China, becoming alert to China’s influence. The Coalition government under Prime Minister Scott Morrison (2018–2022) made several provocative statements, such as calling for an independent international inquiry into the origin of COVID-19, triggering China’s economic coercion against a range of imported products from Australia. It culminated in the cessation of bilateral ministerial exchanges. Under Prime Minister Anthony Albanese (2022–), the Labor government avoided Morrison’s provocative actions to stabilise bilateral relations; however, the Labor government remained alert to China’s investment in critical infrastructure and minerals, and espionage while trying to expand ties with the Pacific islands nations to counterbalance China’s advance in the region.

Finally, multicultural Australia’s unique approach to foiling foreign interference is worth mentioning. In February 2023, the Australian Federal Police (AFP) launched an education campaign for Australia’s ethnic communities to explain the risks of foreign interference, delivering factsheets translated into more than 30 languages, including Chinese.<sup>143</sup> AFP also established its Community Liaison Teams to help culturally and linguistically diverse groups identify and report signs of foreign interference, closely collaborating with ethnic communities.<sup>144</sup> When a Liberal Senator requested three Chinese–Australian witnesses to condemn the CCP at the Senate inquiry into foreign interference in diaspora communities in October 2020, former ASIO Director-General Dennis Richardson pointed out the ill-effect of questioning the loyalty of good Australians.<sup>145</sup> These were the approaches adopted by the Australian law-enforcing agencies, which resulted in considerable achievements in preventing terrorism by Muslim extremists. Maintaining good contact with ethnic groups has proven the most effective measure to prevent the isolation of culturally and linguistically diverse groups and to foil foreign interference.

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<sup>143</sup> AFP, “AFP Launches New Resource to Help Combat Foreign Interference, Media Release, February 27, 2023”, <https://www.afp.gov.au/news-centre/media-release/afp-launches-new-resource-help-combat-foreign-interference>.

<sup>144</sup> AFP, “AFP Community Liaison Teams Promote Community Safety in 2023, Media Release, December 14, 2023”, <https://www.afp.gov.au/news-centre/media-release/afp-community-liaison-teams-promote-community-safety-2023>.

<sup>145</sup> Rob Harris & Anthony Galloway, “‘We’ll Be in the Dog House for Years’: Former Spy Boss Says Mos Inflaming China Relations, Sydney Morning Herald, November 11, 2020”, <https://www.smh.com.au/politics/federal/we-ll-be-in-the-dog-house-for-years-former-spy-boss-says-mps-inflaming-china-relations-20201110-p56d7b.html>.

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