Policy Studies 21

China's Rise: Implications for U.S. Leadership in Asia

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East-West Center
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Contents

List of Acronyms

APT	ASEAN Plus Three
ARF	ASEAN Regional Forum
ASEAN	Association of Southeast Asian Nations
DPP	Democratic Progressive Party
EU	European Union
FTA	free trade agreement
GDP	gross domestic product
NATO	North Atlantic Treaty Organization
OECD	Organization for Economic Cooperation and Development
PRC	People's Republic of China
SCO	Shanghai Cooperation Organization
UN	United Nations
U.S.	United States
USSR	Union of Soviet Socialist Republics
WTO	World Trade Organization

Executive Summary

Foreign policy makers in the United States should not be misled by prevailing media and scholarly assessments that exaggerate China's influence in Asia relative to that of the United States. In particular, it would be a mistake for the Bush administration to give in to recent congressional, media, and interest group pressures that employ overstated assessments of China's increasing power in order to push for tough U.S. government policies to confront and compete with China. This study shows that overt U.S. competition with China for influence is unwelcome in Asia, counterproductive for U.S. interests in the region, and unwarranted given the limited challenge posed by China's rise. Prevailing assessments and commentaries about China's rise in Asia are unbalanced, emphasizing China's strengths and the United States' weaknesses. With few exceptions, they give inadequate attention to Chinese weaknesses and U.S. strengths. This study demonstrates that China's recent success in Asia rests heavily on a fairly narrow foundation—that is, generally adroit Chinese diplomacy and intra-Asian trade that is less significant than the reported figures of annual trade between China and its neighbors would suggest. China's willingness and ability to lead in Asia is undermined notably by many domestic preoccupations, nationalistic ambitions at odds with Asian neighbors, and economic complications posed by China's rise as many countries in Asia are left further behind.

Moreover, Chinese leaders and officials continue to follow policies that do not require either China or its neighboring countries to make sig-

nificant changes, sacrifices, or commitments for one another that they would not ordinarily make. Thus, China's Asian approach focuses on "easy" things—the "low-hanging fruit"—and avoids costly commitments or major risk. By contrast, U.S. leadership in Asia, though challenged by unpopular policies in Southwest Asia and Korea, along with insufficient attention in dealing with Asian governments, remains strong in undertaking responsibilities and providing needed security and economic benefits to Asian states. The United States continues to show influence in Asia in concrete ways, notably by influencing Asian governments to do things they would not be inclined to do.

Predictions of an emerging order in Asia led by a rising China that will marginalize the United States illustrate how far many of the predominate, unbalanced media and scholarly assessments have gone. They reflect a poor understanding of the ambitions of Asian governments, the resilience of U.S. power and leadership, and the actual status of China's influence relative to that of the United States in Asian states around China's periphery. To some extent, a rising China that generally accommodates its neighbors benefits from the fluid post-Cold War Asian order, as various Asian governments seek to broaden international options with various powers in a continuing round of hedging and maneuvering for advantage. But as China rises in influence in Asia, this study shows that these same neighboring governments hedge and maneuver against possible Chinese dominance. In this process, they quietly seek closer ties with one another and particularly with the region's dominant power, the United States.

America's advantages in this situation are strong. The United States has a proven record of being able and willing to commit significant resources and prestige to protect allies and friends. The United States is very powerful—a superpower—but it is far away from Asia and has none of the territorial and few of the other ambitions that characterize Asian powers. Thus it is less distrusted by Asian governments in comparison with how these governments view one another, including China. As a result, most Asian governments—including China and all the major powers in Asia—give higher priority to relations with the United States than to relations with any power in Asia.

In addition to being Asia's economic partner of choice and acknowledged security guarantor, the United States has a leadership position in Asia that rests on a determined U.S. administration prepared to confront adversaries and opponents. This position gives pause to Asian governments seek-

ing to challenge or displace the United States. The analysis in this monograph demonstrates that even hard-line Chinese critics of U.S. "hegemony" in Asian and world affairs have been compelled in recent years to adopt a low posture in dealings with the United States, choosing to wait as China builds comprehensive national power over the coming decades.

Chinese leaders are often frustrated by U.S. policies and power, and desirous over the long term to see their periphery free of constricting U.S. great power involvement. However, they show little sign of deviating from efforts to expand influence in selected ways that tend to avoid directly challenging the United States. Thus, for the most part, China's rise in Asia does not come at the expense of U.S. interests and is not a part of a zero-sum game resulting in the automatic decline of U.S. influence.

To enhance its position in Asia, Washington should focus on repairing negative features of recent U.S. policy in Asia related to the fallout of its actions in Iraq, the Middle East, and Korea; U.S. unilateralism in international politics; and inattentiveness to the concerns of Asian governments over economic development, nation building, and multilateral cooperation. This recommendation requires adjustments, not a wholesale revamping of U.S. policies. Backed by continued, careful management of U.S. security commitments and economic relations with regional governments, they will enhance the leading role of the United States in Asian affairs.

The prevailing tendency of Asian governments to hedge in the post-Cold War environment seems likely to continue to pose challenges for U.S. management of alliance and other relations with Asian governments seeking more independence and freedom of action, inclining some to seek closer ties with China, among others. Policymakers in the United States should not overreact to such maneuvers, recognizing that such hedging continues to provide a prominent role for the United States as the region's well-recognized security stabilizer and economic partner of choice.

In particular, Chinese government leaders found that their overt efforts in the late 1990s to compel Asian governments to choose between a rising China and the United States failed in the face of Asian governments' long unwillingness to do so. The government should learn from this experience in seeking to advance its leadership in Asia without the overt competition with China that would try to force Asian governments to make such a choice, probably with negative implications for U.S. leadership in Asia.

China's Rise: Implications for U.S. Leadership in Asia

The rising importance of China in world affairs and especially in neighboring Asian countries represents a major change in Asian affairs in the early twenty-first century. China's impressive economic growth and attentive diplomacy generally fit in well with the interests of Asian countries and ongoing Asian efforts to develop multilateral mechanisms to deal with regional and other issues.

Most commentaries and assessments of China's rise and Asian regionalism tend to highlight China's strengths and U.S. weaknesses (The Asia Foundation 2004a, 2004b; Shambaugh 2004–5; Congressional Research Service 2005a; Vatikiotis and Hiebert 2003).[1] Authors often contrast growing Chinese-Asian trade figures, diplomatic activities, and positive public opinion polls with the perceived decline in U.S. influence in Asia on account of its preoccupations elsewhere, military assertiveness, and poor diplomacy. They see U.S. emphasis on geostrategic issues, notably combating international terrorists, as much less attractive to Asian governments and people than China's accommodating geoeconomic emphasis.

assessments of China's rise…tend to highlight China's strengths and U.S. weaknesses

Some specialists judge that these trends are not particularly adverse to U.S. interests (Lampton 2005). In the United States, however, specialists tend to be concerned about such trends. Chinese leaders have worked for over fifty years to rid their periphery of great power presence. The Chinese military continues to devote extraordinary efforts toward the purchase and development of weapons systems to attack the United States if it were to intervene militarily in a dispute over Taiwan. China also continues to offset and counter U.S. influence in a variety of ways through trade agreements, rhetoric, Asia-only groupings, and other means that amount to a soft balancing against the U.S. superpower (McDevitt 2003; Klingner 2004; Sokolsky, Rabasa, and Neu 2000; Kelly 2004).

A key question for U.S. policy is how China's rise in Asia challenges U.S. interests in maintaining a leadership role in Asia. The United States has been the dominant power in the Asia Pacific region since World War II. Policymakers in Washington have seen this continued leading role as important in support of long-standing U.S. interests in maintaining a balance of power in Asia favorable to the United States, allowing free economic access to the region, and promoting American political, religious, and other values in Asia (Yahuda 2005: 101–34). In what ways and to what degree does China's greater role in Asia challenge these interests? A related question is what U.S. policy should be in the face of this new situation.

A key question…is how China's rise…challenges U.S. interests

These questions provide the focus of this study, which argues that prevailing assessments and commentaries about China's strengths and U.S. weaknesses in Asia are unbalanced to the point that they could mislead U.S. policymakers. Such appraisals have been used to support putting greater pressure on the Bush administration, as was evident in 2005 from the Congress, the media, and interest groups pushing for U.S. military, economic, or political actions to counter perceived adverse effects on U.S. interests posed by China's rising importance in Asian and world affairs (Glaser 2005). To remedy this situation, this study:

- Takes careful account of China's weaknesses and limitations as well as its strengths in Asian affairs.
- Considers U.S. strengths as well as weaknesses in the continued U.S. leadership role in Asia.

- Provides a comparative assessment of recent U.S. and Chinese relations with Asian governments to determine the effect of China's rise on U.S. leadership in Asia.

The focus is on governments because while public and elite opinion, forces of globalization, and many other factors influence international relations in Asia, governments remain generally strong and play the role of key foreign policy decision makers in early twenty-first-century Asia.

China has markedly improved relations with most of its neighbors in recent years.[2] The reasons for this improvement rest on China's central role in burgeoning trade networks in Asia and beyond and the accommodating diplomacy of the Chinese government that has fostered amicable bilateral and multilateral relations with Asian neighbors. Chinese government policy demands little of Asian government leaders, apart from restrictions on their ties with Taiwan, the Dalai Lama, and the Falun Gong, the Chinese-outlawed movement. Chinese government policies are broadly welcomed by Asian government leaders and in public and elite opinion. They tend to fit in well with the efforts of Asian government leaders who seek to assert their country's national interests in Asian regional organizations and through other means in the more fluid international environment prevailing in post-Cold War Asia following the end of strictures caused by East-West and Sino-Soviet conflicts in previous decades.

The weaknesses and limitations of China's recent approach in Asia are headed by strong Chinese nationalistic ambitions, backed by rapidly expanding military power, along with territorial and related disputes over energy and other resources. These forces have led to serious tensions with Taiwan and Japan and have complicated improving relations with South Korea, Vietnam, and other neighbors.

China's new prominence in Asian and world economic affairs overshadows but does not reduce the importance of a variety of Chinese economic shortcomings and related limitations and complications. Senior Chinese officials are aware that prevailing trade data showing China's central role in Asian trade networks tend to overestimate China's importance. The trade figures dealing with China count the full value of a product as it crosses Chinese boundaries, sometimes several times, before being completed. The actual value added by China in each of these transfers is obviously less than would appear from the stated value seen in the trade figures. Over half of China's trade in 2004 was this so-called processing trade. Senior Chinese leaders see this situation as undesirable and seek to make a

transition from China being "a large trading nation," dependent on foreign components in conducting processing trade, to being a "trading power," with broad and modern technical and other capabilities.

China's importance as a destination for Asian exports is offset to some degree by the continuing importance of the United States and the European Union (EU) as destinations for emerging China-centered Asian and international trade networks. This situation is illustrated in part by the enormous U.S. trade deficit with China. By U.S. figures, the United States absorbs between 30 and 40 percent of Chinese exports, meaning that much of China's importance as Asia's leading trader rests on U.S. consumers. Meanwhile, China's ability to trade and particularly to obtain oil and other critical resources from abroad remains heavily dependent on sea lanes of communication patrolled by U.S. forces. Chinese strategists see this as a key weakness, especially in the event of a U.S.-China military confrontation over Taiwan or other issues. As other Asian manufacturers find that they cannot compete with China for U.S. and other markets in developed countries, they tend to invest in China so as to integrate more effectively with emerging China-centered trade networks. The result is that Asian countries' trade numbers with China rise, while China, rather than they, looms more important as an exporter to developed countries. In this process, manufacturing in the Asian countries is disrupted, labor is displaced, and foreign investment in those countries tends to decline as it rises markedly in China. Despite exaggerated claims in some commentaries, Chinese investment abroad is low, representing only a very small fraction of the declining Asian investment.

An important element in China's policy in Asia is to find common ground with its neighbors. Policymakers do not seek to press the Asian countries to change policies in sensitive areas or otherwise do things that they would not ordinarily do, and China avoids doing things it would not ordinarily do. Because China remains a developing country with enormous domestic needs, Chinese leaders are reluctant to undertake costly international commitments. Thus, China's financial contribution to the United Nations is minimal. China's small foreign aid outlays do not yet offset its foreign aid receipts, making China a net recipient of foreign aid. In the face of the massive out-

China's policy…is to find common ground with its neighbors

pouring of international aid in response to the tsunami disaster in southern Asia in December 2004, Chinese leaders, despite strenuous efforts to adopt a leadership position in Asia, were unable to play more than a secondary role in the most significant development in the area in recent years.

Regarding the U.S. role in Asia, prevailing commentaries, polling data, and other sources make clear that Washington's policies in Iraq, the Middle East, and Korea and the broader tendency toward U.S. unilateralism in international affairs are unpopular with Asian elite. Widely seen as lacking are attentiveness and respect for Asian interests on the part of the United States. Perceived U.S. government ambivalence about close involvement in expanding multilateral institutions in Asia complicates Washington's relations with regional governments. U.S. leaders are portrayed as focused on pressing Asian governments to line up with the United States in the U.S.-led War on Terrorism. America's handling of the nuclear crisis with North Korea has been widely criticized in Asia, though the more consultative U.S. approach in the Six-Party talks, especially over the past year, has been welcomed. Frictions between the United States and its ally, South Korea, remain broadly unresolved.

More than balancing these negatives, however, are the continued positive importance of the U.S. security presence and beneficial trade and investment connections between the United States and Asia. These are well supported by U.S. government policy. Asian government leaders also see them as essential for continued stability in the uncertain Asian security environment and for their continued political legitimacy, which rests on promoting their nations' economic development and nation building. The U.S. leadership in the War on Terrorism and the assault against the terrorist-harboring Taliban regime in Afghanistan were welcomed and supported by most Asian governments. The U.S.-led international relief effort involving thousands of U.S. military forces and advanced equipment for the victims of the tsunami disaster was broadly seen in the United States and Asia as a highlight of the positive role U.S. leadership plays in Asia.

In assessing the relative importance and influence of China and the United States in Asia, many commentaries that stress Chinese strengths and U.S. weaknesses in Asia tend to highlight the popularity of China and Chinese government policies, especially in comparison with those of the United States, among Asian elites and in popular opinion. They assert that this gives China greater "soft power" and enhances China's influence relative to the United States in the region. The term "soft power" is used to

characterize the power of a country that is distinct from "hard power" involving military, economic, or political pressure and persuasion. One definition used in this study refers to nations getting what they want in international affairs through attraction rather than coercion, especially the attractiveness of a country's culture and ideas (Nye 2004).

Discerning with any sort of precision one government's influence among other governments is a difficult task (Ikenberry and Mastanduno 2003). The term "influence" can be used in various ways and is hard to define. In the arena of public and elite opinion, the enhanced popularity of Chinese government policies as well as the pull of China as a center of Asian trade networks in recent years indicate that China exerts greater soft power and related influence in Asia. At the same time, it also is important to see influence in more practical and concrete ways. In particular, since governments in Asia are important in determining international relations in the region, the ability of China and the United States to get these governments to do things they would not be inclined to do, or not to do things they would be inclined to do, seems to represent an important and practical way to assess influence. The record shows that China demonstrates little such influence, whereas the United States does.

China appears to have had considerable success in defensively using its economic connections, positive diplomacy, and growing constructive interaction with Asian governments and regional groupings. The Chinese policies and behavior create positive equities with Asian neighbors, including close allies with the United States. Those governments are seen to refrain from cooperating with the United States in possible U.S. moves involving pressuring or confronting China, especially in the event of a U.S.-China military conflict over Taiwan, out of concern that their growing positive connections and interests with China would be jeopardized. Of course, the actual importance of this trend is reduced somewhat because those same governments had long been reluctant to join with perceived U.S. efforts to pressure and "contain" China in the past, out of concern that China would react negatively and in hostile and disruptive ways that would undermine their interests in stability and development. Thus, no government in Asia enthusiastically supported U.S.-led international sanctions against China following the Tiananmen crackdown of 1989 (Yahuda 2005: 286).

In contrast with China's limited demonstrated ability to change prevailing behaviors of Asian governments, the United States has repeatedly

shown its ability to get Asian government leaders to do things they would ordinarily not be inclined to do. South Korea and Thailand both sent troops to back the U.S.-led military efforts in Iraq, despite strong domestic opposition (Cha 2005; Baker and Morrison 2005: 176). Several Asian governments, including Malaysia and Indonesia, both with Muslim majorities alienated by U.S. policies in the Middle East and the broader War on Terrorism, were persuaded by U.S. prodding to take unpopular measures against international terrorists in their countries and Southeast Asia (Simon 2004: 288–91).

Other recent evidence of the U.S. ability to get states in Asia to do things they were not inclined to do—or not to do things they were inclined to do—involves the major powers of Asia. Faced with strengthened U.S. resolve in early 2001, Russia toned down its previous strident opposition to U.S. ballistic missile defense plans and U.S.-led plans for NATO expansion in the interest of pursuing improved relations with the United States (Wohlforth 2002). For years during the post-Cold War period, China had also focused on these and many other U.S. international actions as evidence of "hegemonism" and "power politics" pursued by U.S. leaders intent on dominating the world and containing China. Like Russia, China also faced strengthened U.S. resolve in early 2001 as the George W. Bush administration adopted an initially tough stance toward China on Taiwan and other sensitive issues and complained about Chinese rhetoric labeling the United States as "hegemonist." In response, Chinese rhetoric moderated in the months prior to the September 11, 2001, terrorist attack on America, which saw Chinese leaders work even harder to improve relations with the United States (Sutter 2005: 83–88).

Japan's leaders responded to U.S. prodding and took extraordinary steps to support the U.S.-led wars in Southwest Asia despite domestic controversy (Mochizuki 2004a). India's government differed from vocal popular and elite opposition to U.S. policies and practices, played down New Delhi's past emphasis on creating a multipolar world at odds with U.S. interests, and moved ahead expeditiously with beneficial security and other incentives offered by the United States (Anderson 2004).

China's rise and continued U.S. leadership in Asia occur in the context of a fluid post-Cold War order in Asia where independent-minded and nationalistic governments, the majority of Asian governments, actively pursue prominence and advantage. On the one hand, this situation works to advance China's rise and importance, as these Asian governments

welcome China's generally constructive and accommodating approach to its Asian neighbors. On the other hand, these governments respond to China's increasing influence by taking steps to sustain and improve relations with one another and other non-Asian powers, notably the United States. These governments seek advantage for themselves both by integrating and cooperating with China and by working with one another, the United States, and other powers to hedge against possible negative implications of China's rise (Yahuda 2005: 237; Goh 2005).

"Hedging" is a term with varied definitions,[3] as will be discussed. It is seen as a practice widely used by Asian governments looking for various domestic and international means to safeguard their security, and economic and political well-being in the prevailing uncertain but generally not immediately threatening environment in post-Cold War Asia. The security situation now is more fluid and uncertain than during the Cold War, but not so uncertain as to cause powers to align closely with others for safety. Globalization and its demonstrated challenge to Asian governments during the Asian economic crisis of 1997–98 add to Asian governments' desire to "hedge" and follow various paths to sustain a secure environment in which to promote the nation-building efforts on which their legitimacy tends to rest.

To determine the effect of China's rise on U.S. leadership in Asia, the study offers a comparison of U.S. and Chinese relations with the governments of Asia during the past five years. While U.S. leadership has been challenged in post-Cold War Asia, it has proven to be resilient and likely will remain strong into the future. In particular, the United States has improved relations with each of Asia's great powers—Japan, China, India, and Russia—and these powers generally give higher priority to maintaining good relations with the United States than they do to relations with one another.

Moreover, the assessment in this study shows that the main determinants of China's rising importance and influence in Asia involve trade, regional diplomacy, and the resulting soft power that generally are not closely related with the key determinants (U.S. military and economic policies and strength; opposition to U.S. policies, especially regarding the war in Iraq, Korea, and the War on Terrorism; and improved U.S. relations with Asia's major powers, including China) recently affecting U.S. influence and leadership in Asia. This partly reflects the design of Chinese leaders, who remain determined that, wherever possible, China's rising influ-

ence will not be seen as a threat to China's neighbors, and especially not to the United States. Chinese officials came to recognize that their policy prior to 2001, emphasizing opposition to U.S. "hegemony" and leadership in Asia, was unattractive to Asian leaders. Reflecting U.S. ability to exert influence on China, to get the Chinese government to stop doing things it was inclined to do, Chinese leaders also saw that directly confronting American interests in Asia or elsewhere could lead to opposition from the newly installed Bush administration that could seriously impede China's efforts to develop economically and militarily.

the main determinants of China's rising importance. . . are not closely related with the key determinants . . . affecting U.S. . . . leadership in Asia

Thus, China's rise in Asia is seen in this study as occurring in an Asian regional order continuing to be led by a U.S. superpower that is able and willing to work constructively with Asian governments seeking to preserve stability and enhance their independence and prominence in pursuing development and nationalistic goals. China and the other nationalistic Asian governments, for now at least, remain focused on the requirements of nation building, and their strong nationalism and competing interests make them wary of one another. In this context, they continue to see their interests best served by avoiding confrontation with the United States. Although the Asian order will remain dynamic and influenced by numerous variables, the study concludes that the Chinese government, though seeking over the longer term to weaken U.S. power in Asia, will continue a moderate and generally cooperative approach to the United States, avoiding major challenges to U.S. leadership.

China's Evolving Approach to Asia

The roots of China's new prominence in Asia lie in the relatively pragmatic approach the Chinese leadership has been developing toward China's Asian neighbors for over twenty years (Zhao 2001). Throughout this period, Beijing has worked to sustain regional stability and has sought greater economic advantage and political influence, without compromising core Chinese interests. Chinese regional policy generally has

been secondary as Chinese leaders focused on managing more important domestic priorities and dealing with such salient international developments as the fall of Soviet power and the rise of American power that were widely seen among Chinese officials and specialists as significantly affecting important Chinese interests and ambitions (Lampton 2001; Saich 2004; Sutter 2000).

There were four general phases in China's regional approach during this period (Yahuda 2005: 298–310; A. Goldstein 2005):

1. Prior to the end of the Cold War, senior Chinese leader Deng Xiaoping and his colleagues devoted primary foreign policy attention to managing relations with the United States and the Soviet Union, endeavoring to secure China's periphery from Soviet encirclement and fostering closer economic and security ties with the United States and other developed countries in Asia and elsewhere. Deng advocated that China pursue a cautious, low-key approach, avoiding prominence, in seeking to create an international environment around it conducive to the economic modernization viewed as crucial to legitimate continued rule of the Chinese Communist Party.
2. The isolation of China by Western countries caused by the 1989 Tiananmen crackdown and the demise of communist regimes in the Soviet bloc prompted Chinese leaders to reach out to Asian neighbors and other governments that were reluctant to join in U.S.-led international sanctions against the Chinese communist regime. Such international activism accompanied by an accommodating Chinese diplomacy were welcomed by China's neighbors, even by such close U.S. allies as South Korea and Japan, as a means to stabilize post-Cold War Asia following the collapse of Soviet power. Consistent with Deng Xiaoping's advice, China's approach to neighbors generally was moderate and low-key, though Beijing remained insistent on territorial claims and at times took military and other initiatives that appeared to threaten the prevailing status quo regarding Taiwan and disputed territorial claims along China's maritime boundary.
3. With the decline in Deng's health and his death in 1997, Jiang Zemin emerged as China's paramount foreign policy leader and adopted a much higher public profile for China in Asian and world affairs. This involved an array of highly publicized summits and so-

called strategic partnerships with various powers. In Asia, Chinese leaders emphasized the New Security Concept that stressed cooperation and consultation in dealing with disputes, promoting common ground while putting aside differences. For many years, President Jiang, Vice President Hu Jintao, and other senior leaders traveled to various Asian countries and hosted visiting Asian leaders, emphasizing China's new approach while sharply criticizing U.S. policies designed to enhance U.S. alliance relations in Asia and Europe, and condemning a wide range of U.S. foreign and security policies that the Chinese leaders said were designed to exert power politics, dominance, and hegemonism against China, Asia in general, and other areas.

4. The Chinese leaders miscalculated in pressing this anti-U.S. line, which was unpopular among Asian governments. For this and other reasons, including the tough stance against the Chinese government taken by the incoming Bush administration, Chinese leaders had muted the anti-U.S. component of China's regional approach by early 2001. They emphasized China's accommodating and moderate diplomacy toward the United States as well as toward others in Asia. By 2003, Chinese officials, feeling their way for an appropriate posture toward the United States as China rose in Asia, had come up with the notion of seeking partnership with America, as China sought to rise peacefully in Asia. There was subsequent debate in China over the new line, which was adjusted at various times over the next two years, though in practice Chinese diplomacy emphasized a positive stance toward the United States and most neighbors. The main exceptions were Taiwan and Japan.

During the 1990s, the Chinese leadership broadened international contacts and increasingly met international requirements and norms regarding market access, intellectual property rights, and other economic issues, eventually becoming a member of the World Trade Organization (WTO). They moved to settle a number of outstanding border issues and joined international groups seeking to ease military tensions among Asian states. Chinese leaders remained sensitive on matters of national sovereignty and international security issues close to home. But they adjusted to world pressure when resistance appeared detrimental to broader Chinese concerns. Examples of this adjustment included Chinese cooperation with the international peace settlement in Cambodia in 1991, willingness to

join the Treaty on the Non-Proliferation of Nuclear Weapons and to halt nuclear tests by the end of 1996 under an international agreement, willingness to abide by terms of the Missile Technology Control Regime, and efforts to help the United States reach an agreement with North Korea in October 1994 over the latter's nuclear weapons development program. Beijing also endeavored to meet international expectations on other transnational issues, such as policing drug traffic, curbing international terrorism, and working to avoid further degradation of the global environment (Economy and Oksenberg 1999; Johnston 2004; Moore 2004).

China's continued hard line against outside criticism of its political authoritarianism and poor human rights record graphically illustrated the limits of China's accommodation (Nathan 1999; Gill 2001). China continued to transfer sensitive military technology or dual-use equipment to Pakistan, Iran, and other potential flash points, despite criticism from Western countries. Furthermore, Chinese political and military leaders used rhetorical threats or demonstrations of military force to intimidate those they believed were challenging China's territorial or nationalistic claims in sensitive areas such as Taiwan, the South China Sea, and Hong Kong. In the early 1990s, China's assertiveness regarding disputed territories and its bellicose posture during the Taiwan Strait crisis of 1995–96 alarmed its neighbors (Roy 1998: 143–44, 184–93). Chinese leaders continued the practice of the past when they tended to exaggerate the threats posed by actions of the United States, the Soviet Union, and their associates when they intruded on key Chinese security and sovereignty interests along China's periphery (Ross and Jiang 2001: 11–12, 19–21).

Chinese leaders tended to view China's influence as growing but far from dominant in Asian and world affairs. External and internal factors limited China's assertiveness, and Chinese leaders sought to calm concerns expressed by neighbors and associated powers, eventually including the United States, about the implications of China's growing stature (Wu 2001; Fu Ying 2003a, 2003b). By far the most important nation in Chinese foreign policy, the United States posed major opportunities and challenges. In the 1990s, Chinese leaders and specialists, as reflected in official comment, believed the world was becoming multipolar, with the United States as the single superpower but increasingly less able to exert its will as other countries and regions opposed U.S. initiatives. This view began to change sharply in the latter part of the 1990s, owing to the striking disparities between U.S. economic performance as compared to that of

other major powers and to U.S. leadership in the Balkans crisis, U.S. policy on missile defense, the U.S. War on Terrorism, and other issues (A. Goldstein 2005: 118–35).

The Chinese more recently concluded that the world will be unipolar in the near term, with the United States exerting greater influence than Beijing had originally calculated. Chinese leaders often perceived that this influence might not be benign vis-à-vis China's core interests, notably Taiwan and the perceived use of U.S. and allied power in Asian and world affairs contrary to Chinese concerns. They were sharply critical of U.S. policy in the 1990s. In 2001, however, Chinese officials came to the view that for the time being, China could do little to counter U.S. influence, particularly as Russia, India, Japan, the European Union, and other potential power centers generally chose to cooperate with rather than confront U.S. power (Johnston 2004; A. Goldstein 2005). Chinese officials were explicit in private conversations held since 2001 in noting that China did not want to be in a position of confronting U.S. power alone and that China would seek to avoid this situation unless its core interests, mainly involving Taiwan, were seriously challenged by the United States (Johnston 2004: 75–77; Deng 2001; Finkelstein 2001; Roy 2003).[4]

Jiang Zemin and China's Current Regional Strategy

Coincident with the decline and death of Deng Xiaoping, Jiang Zemin led Chinese officials in initiating a more active foreign policy that has continued to focus important attention on gradually improving China's influence throughout its periphery. Deng Xiaoping was associated with a cautious and incremental Chinese effort to build comprehensive national power at home and avoid complications abroad. Jiang and his successor as party leader and president, Hu Jintao, continued to bow to Deng's injunctions but gave more prominence and activism to Chinese international interaction, placing a high priority on nurturing improved relations with neighboring countries (Shambaugh 2005: 1–47).

Jiang Zemin['s]… active foreign policy… focused…attention on….improving China's influence

The year 1997 saw the reconfiguration of Chinese leadership and policy under Jiang's leadership at the 15th Chinese Communist Party

Congress. Giving priority to domestic economic development and political stability and seeking to avoid a major confrontation or controversy in foreign affairs, China's approach to Asia and other world affairs shifted into a more active posture:

- The year 1997 witnessed the unveiling of China's New Security Concept. This policy said that relations among nations should be based on the Five Principles of Peaceful Coexistence and should avoid interference in others' internal affairs; that promoting mutually beneficial economic contacts creates a stable security and economic environment; and that greater dialogue will promote trust and allow disputes to be settled peacefully. Though the concept opposed using improved Chinese relations against a third party, it took repeated and often strident aim at the "Cold War mentality" seen in U.S. efforts to strengthen alliances with NATO and Japan (Finkelstein 1999).
- The emphasis on the New Security Concept ran in tandem with Beijing's efforts beginning in 1996 to establish "partnerships" or "strategic partnerships" with most of the powers along China's periphery as well as other world powers. Those partnerships and other high-level Chinese interactions emphasized putting aside differences and seeking common ground. Beijing also increasingly stressed the importance of the United Nations and other multilateral organizations in safeguarding world norms supported by China and as a check against hegemonism and power politics (Sutter 2000: 193–96).

Other features of Chinese policy included a very active schedule for Chinese political and military leaders in meeting visitors from Asia and in traveling in the region. Regarding regional organizations, Chinese officials were instrumental in the establishment in 2001 of the Shanghai Cooperation Organization (SCO), also including Russia, Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan. This organization followed a Chinese-backed regional grouping active since the mid-1990s and known as the Shanghai Five. It included all SCO members except Uzbekistan. Chinese officials worked assiduously to improve China's relations with ASEAN, proposing an ASEAN-China free trade agreement and Chinese security arrangements with ASEAN and the ASEAN Regional Forum (ARF) that appeared at odds with U.S.-backed security efforts in Southeast Asia. China also worked closely with Japan and South Korea as well as

ASEAN in the so-called ASEAN Plus Three (APT) dialogue—an Asia-only grouping that emerged around the time of the Asian economic crisis (Lawrence 2002; Wang 2004).[5]

A review of Chinese relations with neighboring states and consultations with Chinese foreign policy planners and specialists shows that Chinese leaders seem more confident of China's power and influence yet are also keenly aware of and sober-minded about the continued predominance of the United States in Asian and world affairs—a dominance that probably will continue for the foreseeable future (Asia-Pacific Center for Security Studies 2003).[6] They acknowledge that China has been constrained to deal with the reality of U.S. power and influence through less confrontational tactics than those that had applied until 2001, finding their earlier approach on balance counterproductive. They endeavor to deal with U.S. power and influence in the current period through, among others, multilateral and cooperative approaches designed to steer U.S. policy and actions in directions not adverse to core Chinese interests. They also are anxious to find ways that China's increasing influence in Asia and in world affairs will not be seen as a challenge to U.S. power and influence—a challenge that is not in China's interest because of the great difference in Chinese and U.S. power and influence. This reasoning lies behind the emphasis since 2003 on Chinese leaders' determination that China's "rise" and development be seen as "peaceful" and not as a threat to its neighbors and other concerned powers, notably the United States (Funabashi 2003; Wen 2003; Fu Mengzi 2005; Zheng 2005).

China's relations with most neighboring powers have made advances in recent years. China now is a manufacturing base and central destination in the burgeoning intra-Asia and international trading networks producing goods, notably for export to developed countries. China's foreign trade of over $1.1 trillion in 2004 involved a processing trade value of over $600 million; about 60 percent of Chinese exports and 50 percent of Chinese imports involved trading in products where components and materials came from overseas and the finished products were sold abroad.[7]

China now is a manufacturing base and central destination

There also is large-scale development of Chinese infrastructure. The massive investment in plants, buildings, roads, and other infrastructure

increased over 40 percent from early 2003 to early 2004. Capital investment as a share of gross domestic product (GDP) in 2003 was 43 percent—a level widely seen in both China and abroad as unsustainable but nonetheless continuing for the time being.[8] In Asia, China is a top trader with such key neighbors as South Korea (2004 trade nearing $80 billion), Japan (2004 trade, including Hong Kong, over $210 billion), Taiwan (2004 trade nearly $60 billion), and a number of Southeast Asian countries (2003 trade nearly $80 billion). China has emerged among those in the top ranks in the production of steel and other metals, cement, ships, cars, electronic goods, and textiles and in the consumption of international raw materials.[9]

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

Chinese leaders… have strongly embraced burgeoning Asian groupings

In sum, the greater Chinese activism in and clearer focus on Asia reflect multifaceted and long-term objectives (Sutter 2002a: 17–22; Fu Ying 2003a, 2003b; Johnston 2004; Asia-Pacific Center for Security Studies 2003). These objectives:

- Help to secure China's foreign policy environment at a time when the government of the People's Republic of China (PRC) is focused on sustaining economic development and political stability.
- Promote economic exchange that assists China's internal economic development.
- Support PRC efforts to isolate Taiwan internationally and to secure the flow of advanced arms and military technology to China, despite a continuing Western embargo on such transfers.

Other advantages include the following:

- Increased Chinese contacts act to calm regional fears and reassure Asian neighbors about how China will use its rising power and influence.
- Greater Chinese influence around China's periphery boosts China's regional and international power and influence and helps to secure an ambiguous world order; Chinese leaders seem more confident of China's power and influence, but they also remain wary of and work against U.S.-led or other regional efforts seen as contrary to China's interests.[10]

Limitations and Shortcomings in China's Regional Rise

Western and Asian media commentary has largely fostered an image of strong success and accomplishment in China's recent approach to Asia, at a time of perceived U.S. weakness and decline. Some recent accounts present a stark picture of China's ascendancy (Kurlantzick 2005).[11] In 2005, Chinese energy, home appliance, and information technology firms grew to the point where they began to act like other international enterprises, reaching out to acquire holdings abroad, including prominent U.S. firms. This nascent trend in Chinese business behavior was much smaller in scope and scale than the activities of multinational corporations throughout developed countries, but it alarmed many in the West. A wide range of media reports depicted a rising China determining the fate of significant components in the Asian and international economy, including that of the United States.[12]

Scholarly literature also has tended to highlight Chinese advances and U.S. shortcomings, albeit with more considered language and much greater care to sources and evidence. A recent prominent article, "China Engages Asia: Reshaping the Regional Order," in the prestigious scholarly journal *International Security*, by leading China expert David Shambaugh summarized a steady stream of media and other commentaries highlighting China's "growing economic and military power," "expanding political influence," and "increasing involvement in regional multilateral institutions" as key elements changing the order in Asia to one less influenced by the United States and "with China increasingly at the center." China's more proactive and constructive regional policy and behavior were depicted as warmly welcomed by regional states that until recently had been wary of Chinese aggressiveness. As China's influence grows, the article

noted, many of these countries are looking to China for "regional leadership" (Shambaugh 2004–5: 64–65). An earlier scholarly assessment of a perceived China-centered order was provided by David Kang (2003).

The various accounts of China's rising influence in Asia rely mainly on evidence provided by burgeoning Chinese trade and effective and adroit Chinese diplomatic activism in bilateral and multilateral relations. These are backed by references to public opinion polls and comments by regional leaders supportive of the recent direction in Chinese policy and behavior. Some accounts also make reference to growing Chinese military power, though China's approach to neighboring countries for the most part tries to play down any military threat it poses.

Unfortunately, such evidence does not provide a clear or comprehensive picture of the scope and effect of China's ascendancy in Asia. One reason Chinese influence remains vaguely defined is that as Chinese leaders focus on seeking common ground with neighbors, with few exceptions they do not seek to have neighboring governments do things they would not otherwise be inclined to do. The exceptions include strong Chinese pressure against contacts with Taiwan, the Dalai Lama, and the Falun Gong. In 2005, Chinese policy seemed to use certain aspects of Japanese government behavior, notably Japan's treatment of Japanese aggression in Asia before 1945, in pressing others to join China in opposition to Japan on such historical and related questions. The overall benign Chinese approach eases regional concerns about possible Chinese dominance and wins support among elite and public opinion in many Asian states.

The overall benign Chinese approach eases regional concerns

However, such a benign approach and resulting soft power (Nye 2004) have limits when a country such as China attempts to influence neighboring governments. As noted earlier, it is difficult to discern one government's influence over others. As a practical matter, it is important to consider concrete manifestations of influence, such as when one government persuades other governments to do things they are not inclined to do or not to do things they are inclined to do. The record shows that China demonstrates little such concrete influence. Because of their positive and advantageous relationship with China, Beijing has been having success in getting Asian governments to eschew possible renewed U.S.-backed pres-

sure or "containment" against China. Yet Asian governments have historically been reluctant to join such U.S.-led efforts out of concern over negative and hostile Chinese actions that would disrupt their interests in regional stability and development. Thus, even Taiwan sidestepped wherever possible the U.S.-led sanctions against China after the Tiananmen crackdown (Yahuda 2005: 285–89).

With respect to China's increasingly positive profile in specific neighboring areas, the growth in trade and South Korean investment in China have provided the lead elements in improving China-South Korean relations, arguably the area of greatest success in China's recent regional policy (S. Kim 2004; T. Kim 2005). A similar pattern of Chinese trade and Southeast Asian investment in China has seen China advance markedly in relations with the countries of ASEAN. China is not yet the region's largest trading partner—the United States is—but the burgeoning Asian trade networks of processing trade probably will see trade figures showing China ahead of the United States later in this decade. The Chinese government also has set the pace in economic and political relations with the group of ten Southeast Asian states with initiatives involving a China-ASEAN free trade agreement and various political and security forums. In addition, the United States, Japan, India, Russia, and other powers have made economic, political, and security initiatives of their own, and these are encouraged and welcomed by ASEAN and its member states (Congressional Research Service 2005a; Ba 2003; Glosny 2005).

Better economic ties sometimes do not automatically translate into improved overall relations. Though booming Chinese trade with both Taiwan and Japan and strong investment by Taiwanese and Japanese businesses in China have helped to moderate political and security tensions, the Chinese government has had little success in improving strained relations with either government.

Trade is less important but growing fast in China's relations with Russia, South Asia, and Central Asia. Russian arms sales are a key foundation of Sino-Russian ties, and the two powers agree on a number of important international issues and support each other's stance on Taiwan and Chechnya. However, both seem to give higher priority to their respective relations with the United States, and Russia in particular has at times been prepared to sacrifice close Sino-Russian ties for the sake of advances in relations with the United States and its allies (Wohlforth 2003; Azizian 2003; Rozman 2004; Hanson 2004; Institute for the Study of Diplomacy

2005).[13] India's rapprochement with China receives great fanfare during summit meetings that give an impression of forward movement on border disputes and in trade relations. Realistically, however, border progress is slow, while the fundamental strategic problem for India caused by Chinese-backed Pakistan remains unaltered. Meanwhile, India, like Russia, recently has appeared to see its interests better served by cooperating closely with the United States and its allies while giving lower priority to improving relations with China (Kronstadt 2005; Donnelly and Wisner 2005; Blackwill 2005).

Even areas of great advance in Chinese influence, such as relations with South Korea, remain volatile and subject to turns for the worse. A Sino-Korean dispute over the historical Goguryeo kingdom and competing territorial claims to the Chinese region bordering Korea known as Gando challenge powerful nationalistic feelings on both sides, which emerged in the midst of a widespread pro-China fever in South Korea in mid-2004. The result was a sharp shift in South Korean public and elite opinion against China (T. Kim 2005: 130).[14]

In South Korea, Southeast Asia, South Asia, and elsewhere, manufacturers and their employees tend to view rising China as a threat to their existing business. Lower-cost and more-effective production in China means these entrepreneurs have to abandon their domestic enterprises and terminate employees in favor of integrating their manufacturing with production in China. Chinese efforts to solidify long-standing close relations with Pakistan and Bangladesh are marred by the broad negative impact Chinese manufactured imports have on workers and enterprises in these countries (Dalpino and Steinberg 2004; Zeitlin 2005; Niazi 2005; T. Kim 2005).

China's rising middle class allows Chinese officials to channel Chinese tourist groups to neighboring countries in an effort to win goodwill by supporting their tourist industries.[15] The local reception is not always positive, however. In February 2005 the *New York Times* reported that Chinese tourists in the Russian Far East are resented and sometimes beaten by local people.[16]

The Chinese approach to Asia has not always been smooth. Its wariness of Asian international organizations was overcome only gradually, and even now Chinese officials continue to eschew close interchange with some groups, including an annual Asian security meeting in Singapore, known as the Shangri-La Forum, where the United States plays a leading role. China gradually has shown some flexibility on territorial questions,

notably in 2002 when after many years of discussion it reached a code of conduct regarding dealing with territorial disputes in the South China Sea. On the other hand, it has been blunt and assertive in support of Chinese territorial claims with Japan and Vietnam, and as noted previously, China has handled historical territorial issues with Korea in a way that has alienated South Korean opinion. Several Asian leaders were put off by Chinese pressures against legislative and former officials from Asian countries attending the Taiwan president's inauguration in 2004. Singapore officials had a new view of Chinese assertiveness when the incoming Singapore prime minister was publicly sanctioned by China for visiting Taiwan prior to taking power. Anti-Japanese riots in Chinese cities in 2005 alarmed some in Asia who worried that they too could be subjected to similar treatment if they offended Chinese sensibilities.[17]

For many years, Chinese leaders sandwiched their new positive diplomacy in Asia with a strong and overt opposition to the United States and its policies and interests in the region. However, Chinese leaders found that they had miscalculated; Asian states were reluctant to choose between China and the United States. Beijing also came to recognize such a tough public stance against the United States could damage its interests at a time when Chinese leaders were anxious to improve China's relations with a Bush administration poised to adopt a much more active and strong national security policy targeted against China in Asia. As a result, Chinese leaders shifted their approach and moderated the anti-U.S. emphasis in mid-2001, before the terrorist attack on America. They have generally adhered to this moderate stance, though as discussed below, they continue to work against U.S. influence in the region in a variety of more subtle ways.

China has over $700 billion in foreign exchange reserves and is a major purchaser of international commodities. Prominent Chinese companies are starting to bid on well-known international firms, including some in the United States. Nevertheless, China's geoeconomic strategy in Asia has some practical limitations. China is still a poor country. It remains a significant net recipient of foreign aid; its annual dues to the United Nations are a small amount. China invests most of its foreign exchange reserves in U.S. and other international securities. Its ability to invest and give aid to Asian neighbors is undercut by strong domestic development priorities.

Though there is much publicity concerning China's international investment and foreign assistance, the actual amount of money leaving

China as investment or grants is quite small. Chinese figures show that the overall Chinese investment abroad in 2004 was under $4 billion, less than one-tenth of the foreign investment that entered China that year.[18] Organization for Economic Cooperation and Development (OECD) figures underline a comparatively low level of Chinese money being transferred for international investments, despite the fanfare that greets Chinese leaders traveling to Asian and other international capitals completing deals said to involve tens of billions of dollars in Chinese investment (Organization for Economic Cooperation and Development 2005: 3, 10–12, 15, 16). Meanwhile, the actual cost of China's foreign assistance, which also has received grossly exaggerated attention among various commentators, was much smaller than China's annual investment figure.[19]

Such economic and related shortcomings in China's rising influence in Asian and world affairs probably can be overcome with time and given continued prosperity and stability in China, but that probably will not happen quickly. For example, Chinese ability to carry out significant foreign investment will be improved as its firms become more international with the acquisition of U.S. and other foreign companies that have greater experience in these matters.

China's ability to mobilize military and economic resources in order to take a leading role in dealing with critical issues in Asian affairs also continues to be overshadowed by that of the United States, a fact frankly admitted by Chinese officials and specialists during private interviews in 2004 and 2005.[20] The United States, Japan, and many developed countries also invest many times more than China each year in Asian markets. According to U.S. government figures, the United States also remains the most important recipient of finished products exported by China and other Asian manufacturers and an economic partner of choice and an accepted security guarantor in Asia for most Asian governments. The United States is not a threat to many manufacturers and their laborers in Asia, whereas rising China is (Congressional Research Service 2005b).

China's ability to mobilize military and economic resources [cannot match]…that of the United States

Chinese limitations seemed to be on display in the international relief efforts following the tsunami disaster in southern Asia in December 2004. Chinese government leaders went to extraordinary efforts to provide aid and other support, but the Chinese contributions were overshadowed by fast and efficient responses by thousands of U.S. military forces with needed equipment, along with relief teams from Asian Pacific states close to the United States, and by large aid contributions from Australia, Germany, and Japan that placed China in a secondary category of donors.[21]

Meanwhile, China's growing dependence on Middle East oil means that China relies even more on U.S. forces to secure the sea lanes of trade between the Persian Gulf and the Chinese coast. Some Chinese strategists worry that the U.S. Navy might close these channels and try to "strangle" China in the event of conflict over Taiwan or other issues. Despite predictions by some Western commentators about the expanding reach of China's emerging "blue water" navy, Chinese strategists have few realistic options to counter U.S. power so far from Chinese shores, at least over the next five years and probably longer.[22]

Chinese leaders appear to be well aware of their country's economic shortcomings. A Communist Party Politburo study session in May 2005 saw Hu Jintao and other Chinese leaders dwell on the dependence of the majority of China's trade and especially trade in advanced technologies on foreign components—processing trade—which is not characteristic of a world trading power. It showed that "China is still at a low level in the international system of division of labor in regard to high-tech industries," according to a report on the meeting. Hu Jintao laid out a series of steps necessary for China to take gradually in seeking to transform itself from a "large trading nation" into a "trading power" (Liu 2005).

Chinese officials also seem cognizant of the sometimes negative impact of rising expectations on the part of China's neighbors. There already are periodic reports that ASEAN farmers are unhappy with the results of the "early harvest" provisions in China's free trade agreement with ASEAN that were supposed to benefit Southeast Asian farmers (Vatikiotis 2004). Textile workers and manufacturers in Pakistan, Bangladesh, Cambodia, and other less developed countries, which have had long-standing good relations with China, have strong complaints about the results for them of growing trade with China. Chinese officials are well aware that laborers in Asian manufacturing enterprises which produce products, attempting to compete with China's manufacturers, are

more often than not put out of work, despite the Chinese rhetoric of "win-win" in economic relations with neighboring countries (Niazi 2005).

One apparent reason China chooses to remain in a secondary position in dealing with the North Korean nuclear problem, despite Beijing's obvious unhappiness and disagreement with the United States over its approach to the Six-Party talks, is to avoid the draining economic commitments and large international risks that might be involved should China take a leading role to deal with the North Korean problem. China's role in fostering the Six-Party talks on North Korea is rightfully highlighted by many as illustrating a more active Chinese approach to regional affairs. At the same time, however, it illustrates China's unwillingness to take on the concrete obligations of leadership, preferring to leave to others, notably the United States, the military and economic costs and diplomatic responsibility involved with handling the difficult set of issues involved with North Korea's nuclear weapons development and its often provocative international stance.

Hedging by Asian Governments and Impact on Chinese Influence

There is a contradiction between assessments of an emerging China-centered order in Asia (Kang 2003; Shambaugh 2004–5) and the prevailing post-Cold War regional pattern characterized by many proud and nationalistic Asian governments seeking greater prominence and hedging warily in order to deal with powers and trends, including a rising China, that might curb their independence and nationalistic goals. "Hedging" is a term used widely and with varied meanings by international observers (Medeiros 2005/2006). As noted earlier, it is seen in this study as a practice widely used by Asian governments seeking various domestic and international means at the same time to safeguard their security and well-being in the prevailing uncertain but generally not immediately threatening environment in post-Cold War Asia (Heginbotham and Samuels 2002; Sutter 2003: 87–96, 197–202; Goh 2005; Medeiros 2005/2006). While it appears that such hedging has both positive and negative effects on China's rising influence in Asia, at bottom it strongly limits Chinese ability to dominate or lead Asia to the exclusion of other powers, particularly the United States.

The post-Cold War Asian order has witnessed a tendency on the part of most Asian governments to emphasize nationalistic ambitions and independence. They eschew tight and binding alignments of the past in

favor of diverse arrangements with various powers that support security and other state interests in the newly fluid regional environment (Yahuda 2005: 237; Goh 2005). On the one hand, China's generally constructive and accommodating approach to Asian neighbors is welcomed by Asian governments seeking to diversify international options and integrate rising regional forces in accordance with their national interests. On the other hand, Asian governments respond to China's rising influence by taking steps to work with one another and other non-Asian powers, notably the United States, to insure that their interests and independence will be preserved in the face of China's growing role in regional affairs. Both these tendencies have strengthened as China has become more prominent in regional affairs in recent years. One conclusion that results is that few Asian leaders or Asian states appear ready to adhere to a Chinese-led order in Asia and that China's rise adds to reasons for them to sustain and develop close relations with the United States and other powers useful in hedging against China's increasing influence.

few Asian leaders… appear ready to adhere to a Chinese-led order

The pattern of hedging seen in Asia today has its roots in the post-Cold War period. During this time, a variety of transnational forces have seriously challenged nation-states in various parts of the world, including Asia. These forces include terrorism, drug smuggling, and organized crime. There are demographic trends involving overpopulation, migration, the effects of spreading diseases such as AIDS, and aging populations; resource issues, notably scarcities of food, energy, and water; and the broad impacts of the freer flowing economic interchange and information needed for modern development. In Asia, such governments as those of Pakistan and Indonesia were seriously weakened by several of these forces in the late 1990s. Many Southeast Asian countries and Japan have been having serious difficulties reviving their economies in the face of the strong international competition associated with economic globalization (National Intelligence Council 2000a, 2000b).

Despite such challenges to national governments in Asia, however, the nation-state continues to be the key actor in Asian regional dynamics. Assertive nationalism characterizes the foreign policies of most Asian governments as the national populations tend to look to their governments to

protect their nation's interests and meet their concerns. One result has been a slowness and wariness in the movement toward meaningful or binding regional cooperation, despite constant meetings, an array of complicated regional and subregional architecture, and a widely publicized atmosphere of declaratory goodwill and cooperation.[23] The governments remain at odds over important nationalistic issues, notably involving significant territorial and related resource claims and historical issues focused recently on China and Japan, Japan and South Korea, Indonesia and Malaysia, Russia and Japan, China and Korea, the South China Sea, and others. Taiwan is in a class by itself in this regard. Active regional competition for influence and leadership involves China and Japan as well as India, Russia, and such ambitious middle powers as South Korea, Australia, Indonesia, and Thailand. As a result, regional cooperation over security issues is difficult. Asian governments are less wary of regional cooperation in other areas, notably economics, opening the way to some significant developments under the auspices of ASEAN Plus Three, among others, though the Asian governments compete for influence and leadership in these arenas as well.

the nation-state continues to be the key actor in Asian regional dynamics

Other general trends characterizing post-Cold War Asia have included an upswing in the overall power and influence of the region relative to its power and influence during the Cold War. Though most governments are preoccupied primarily with domestic economic and political issues, the countries in the region as a whole have shown more assertiveness based on economic achievement as well as strong nationalism. The government leaders also tend to eschew strong ideologies. They endeavor to legitimate their rule with generally pragmatic policies focused on economic development and nation building.

Five factors appear to determine post-Cold War regional dynamics in Asia (National Intelligence Council 2000a; Sutter 2003: 197–202). They are:

1. Changing regional power relationships and trends. These include the rise of China, Japan's economic slowdown and greater defense activism, Indonesia's decline and efforts to reassert influence, and the more active roles in regional affairs played by India, Russia,

the European Union, as well as South Korea, Australia, Thailand, and others.

2. The changing dynamics on the Korean peninsula, characterized by North Korea's often provocative but sometimes accommodating approach to its neighbors and the United States, backed by a growing nuclear weapons capability, and South Korea's more independent role in seeking diverse international support concerning its goals on the peninsula.
3. Uncertainty in the region over U.S. policy. At times regional leaders see signs of U.S. withdrawal or preoccupation elsewhere. At other times they see evidence of U.S. unilateralism and intervention. Both are viewed as disruptive to these leaders' interests in regional stability.
4. Economic concerns. These focus on the difficulty in sustaining economic growth in the highly competitive global economic environment.
5. The challenge of freer information flows to both authoritarian regimes and nonauthoritarian governments.

Factors 1, 2, and 3 create an uncertain security environment, albeit not so uncertain that countries feel a need for close alignment with a major power or with one another to protect themselves. But it prompts a wide variety of hedging, with each government seeking more diverse and varied arrangements to shore up security interests.

An example is South Korea, which relies on the U.S. alliance but also has taken many initiatives in its relations with North Korea, China, Russia, Japan, and the EU to protect its security interests on the Korean peninsula and to seek regional and international prominence.[24] Russia and India improve relations with China but cooperate with each other, Japan, and the United States in part to insure that their national ambitions do not suffer in the face of China's rising power and influence. Japan attempts to maintain businesslike relations with China, while it relies heavily on the U.S. alliance to guarantee its security in the face of challenges posed by North Korea's nuclear program and the rise of Chinese military power. At the same time, Japan develops military capabilities independent of the United States and forges improved relations with countries around China's periphery, notably India and Russia, as a hedge against rising Chinese power. The ASEAN countries are transparent in pursuing a so-called Gulliver strategy of integrating rising China into a web of constructive

relationships, while promoting closer relations with the United States, Japan, India, and others, which offset possible adverse consequences posed by China's greater power and influence.[25]

China seeks a constructive and cooperative relationship with the United States but worries about U.S. pressure and containment. Thus, it develops strong military power, close arms sales relations with Russia, and amicable relations with its neighbors in part to guard against possible U.S. pressure and actions against important Chinese interests. Such Chinese hedging provides the basis for the array of actions taken by Beijing that presently work against or challenge U.S. interests and leadership in Asia, despite Chinese officials' avowed efforts to avoid confrontation with America as China seeks to rise "peacefully" in Asian and world affairs. Highlights of Chinese actions against U.S. interests and leadership in Asia include:

- A buildup of military forces to deal with U.S. forces in a Taiwan contingency, and strengthened Chinese nuclear forces to deter U.S. intimidation or attack;
- Public opposition to strengthened U.S.-Japan military cooperation;
- Support for South Korea's avowed international role that is more independent than its heretofore close alignment with the United States;
- Support for efforts to get U.S. military forces to leave Central Asia;
- Support for Asian regional groupings that exclude the United States;
- Reluctance to work with a U.S.-led regional security grouping, the Shangri-La Forum;
- Efforts to curb U.S. military exercises in Southeast Asia; and
- Resistance to U.S. pressure against North Korea and Burma (Shambaugh 2005: 294–99).

Of course, as China rises in power and influence in Asia, it is seen, especially by officials and observers who view international influence in zero-sum terms, as indirectly reducing U.S. influence in the region and as posing a challenge to the broad U.S. interest in regional leadership.[26]

The challenge of globalization, meanwhile, has caused regional states to band together in order to channel and regulate the consequences of increasingly pervasive free market economic competition. The ASEAN Plus Three regional groupings, the various free trade arrangements involving ASEAN and other Asian states and non-Asian economic powers, and other initiatives are motivated in considerable measure by the desire of

regional governments to have some means to deal with economic competition outside the free market institutions led by the United States and other Western countries. These groupings are politically and symbolically important, even if respected specialists question their actual economic significance in the face of the overwhelming need for national governments to conform to international economic norms so as to compete effectively in the global economic environment (Lincoln 2004). The disruptive consequences of the increasingly free flow of information are not welcomed by authoritarian states seeking to preserve their power against domestic and international groups using information flows to seek political change. Nonauthoritarian Asian states also tend to resist outside pressures for freer flow of information if such pressures will result in regional instability (Sutter 2003: 92–93).

In general, the nationalistic ambitions of Asian governments make them wary of coming under the dominant influence of their neighbors, most of whom they do not trust. This fact undermines concrete advances for Chinese influence in Asia. An inventory of recent Chinese relations in Asia compared with those of the United States provided below shows that major regional powers such as Japan, India, and Russia continue to take measures to maintain their leadership ambitions and guard against coming under strong or dominant Chinese influence. South Korea and a number of Southeast Asian states also have national and regional ambitions that require maneuvering and hedging to avoid coming under China's sway. As the most important power in the region, and one with no territorial or few other ambitions at odds with Asian governments interested in nation building and preserving a stable regional status quo, the United States seems large, important, and generally positive in the hedging calculus of Asian states dealing with a rising China.

Resilient U.S. Leadership and China's Emergence

As Asia's leading power, the United States is no exception in the post-Cold War pattern of hedging, which is especially evident in regard to U.S. policy and behavior toward China (Medeiros 2005/2006). On the one hand, the United States recognizes and develops wide areas of common ground with China, notably resulting in ever stronger bilateral economic interdependence. On the other hand, the United States strongly supports Taiwan, builds military capabilities targeted against China, and works closely with allies and builds strategic relations with major flanking powers, India and

Russia, and other countries on China's periphery (e.g., Singapore), partly to guard against adverse developments in China's policies and behavior. As Secretary of State Condoleezza Rice and Secretary of Defense Donald Rumsfeld emphasized at the start of the second term of the George W. Bush administration, the United States wants to cooperate with China but is unsure whether rising China is a friend or a foe. The U.S. government prudently takes steps to deal with either outcome, positive or negative. Washington seeks to use its power and influence in conjunction with governments in Asia to curb negative Chinese tendencies and to help shape Chinese behavior in ways that are compatible with American interests in regional peace and stability (Rumsfeld 2005; Rice 2005).

Recent Challenges to U.S. Leadership

The ability of the United States to influence and shape China's increasing role in Asia will depend heavily on prevailing U.S. power and influence in Asia. As noted in the introduction, many specialists see the United States in decline as China rises in Asia, though others disagree. The Bush administration is widely criticized for weakening U.S. influence in Asia by mishandling Iraqi, Middle Eastern, and Korean issues, by issuing unilateralist policy declarations that add to tension in the region, and in not attending to economic, environmental, and multilateral measures seen as important to long-range Asian stability and smooth U.S.-Asian relations (The Asia Foundation 2004a, 2004b; Hathaway and Lee 2003, 2005).

Significant additional problems for U.S. policy in Asia came as Asian elite and public opinion joined the worldwide complaints against U.S. unilateral actions and dominance in international affairs seen at the time of the U.S.-led attack on Iraq and repeated U.S. policy declarations supporting preemptive actions against adversaries (Pew Research Center 2002). Only 15 percent of Indonesians polled in spring 2003 had a positive view of the United States, down from 75 percent in 2000.[27] A January 2004 poll showed that South Koreans saw the United States as a greater threat to Korean security than North Korea.[28] Chinese opinion favored a UN refusal to support the postwar U.S. reconstruction efforts in Iraq.[29] In Southeast Asia, government leaders took account of the strongly negative view of the U.S. attack on Iraq on the part of Muslim populations, notably in Indonesia and Malaysia.[30] Even U.S. allies and Asian government leaders leaning toward supporting President Bush had to take account of strong elite and popular opinion moving in anti-American

directions. The popular and elite antipathy with U.S. policy in Iraq and related issues had moderated to some degree by 2005. According to one authoritative poll, Indonesian opinion became more positive, presumably as a result of U.S. aid efforts in response to the tsunami disaster; opinion in India was broadly positive toward the United States; and 42 percent of those polled in China had a favorable view of the United States (Pew Research Center 2005).

A major U.S. weakness—arguably more important in Asia than the Bush administration's controversial policies regarding Iraq and other world issues—is the Bush administration's tough stance toward North Korea. This poses obvious and serious difficulties for U.S. influence in Asia, as it tries, thus far in vain, to mesh a tough stance toward North Korea with a stance supporting South Korea's asymmetrical engagement efforts with Pyongyang. Though U.S. policymakers for now have settled on a broadly consultative approach to North Korea involving China, South Korea, Japan, and Russia, there remains a possibility for unilateral, forceful U.S. actions, including a military attack on North Korea. This danger is held in check to some degree by strong countervailing opinion in the U.S. administration and more broadly in the Congress, the media, and among policy experts and opinion leaders warning of dire consequences of excessive American pressure on the North Korean regime (Cha 2004). The protracted American military commitment in Iraq adds another reason against a forceful U.S. policy toward North Korea.

Controversies in Perspective: U.S. Strengths in Asia

The negative impact of recent controversies and criticisms of U.S. policies toward Iraq, Korea, and other issues is balanced by many continuing favorable trends in Asia for U.S. policy and interests and by generally effective Bush administration policies in dealing with leading Asian powers. The result leads to an assessment of continuing U.S. leadership in promoting stability, development, and U.S. values in the region, despite serious challenges and preoccupations in Southwest Asia and more broadly in world affairs (Tellis and Wills 2004: 37–66; Hathaway and Lee 2005: 1–30). This means,

The negative impact…of [the] U.S.…is balanced by many continuing favorable trends

among other things, that the United States will remain in an overall strong position to deal with any U.S.-perceived negative implications of China's rising influence in Asian affairs.

Among several key strengths in U.S.-Asian relations, government leaders on both sides of the Pacific continue to put a high value on the U.S. security commitment and military presence in Asia. The resolve of the United States to remain actively involved in regional security has been strengthened by government efforts after the September 11, 2001, terrorist attack on America. The strong U.S. military presence is generally welcomed by Asian government leaders (The Asia Foundation 2004b; Swaine 2003: 1–3; Hathaway and Lee 2005: 67–73).

[Asian] leaders…continue to put a high value on the U.S. security commitment

The Bush administration has a less activist international economic policy than did the Clinton administration, but the United States maintains open markets despite aberrations such as moves in 2002 to protect U.S. farmers and steel manufacturers. The administration's handling of currency alignment issues with China and Japan underlines a broad commitment to avoiding protectionism feared by Asian exporters. U.S. open market policy is welcomed by Asian governments that view the U.S. economy as essential to Asian economic well-being, especially after the 1997–98 Asian economic crisis and Japan's persisting stagnation. Though China is a new engine of regional growth, U.S. economic prospects remain much more significant for Asian development. The United States in recent years has absorbed between 30 and 40 percent (according to U.S. government figures) of the exports from China, which is emerging as the export-manufacturing base for investors from a wide range of advanced Asian economies. The U.S. market continues to absorb one-third of the exports from Japan. The economies of South Korea, Taiwan, and ASEAN rely on the U.S. market to receive around 20 percent of their exports. Meanwhile, U.S. direct foreign investment has grown notably in China, but the cumulative level there is only about a third of the level of U.S. investment in Australia, Hong Kong, or Singapore and less than 20 percent of the investment in Japan (Tellis and Wills 2004: 49). As noted previously, Chinese investment is minuscule by comparison.

After the Cold War, strong U.S. domestic pressure pushed democracy, human rights, and other U.S. values in Asia, meeting resistance from authoritarian governments seeking to preserve their ruling prerogatives and even Asian democracies fearing regional instability. Despite strong rhetorical emphasis, Bush administration policy has been pragmatic, for the most part, especially as the United States sought allies and supporters in the global War on Terrorism. This adjustment generally is welcomed in Asia and has worked to ease U.S. differences with authoritarian governments there. The combination of indigenous democratic pressures and Western support created serious tensions in 2005 between the United States and its heretofore partner in the War on Terrorism, the hard-line government in Uzbekistan. The latter regime received support from China and Russia in standing against perceived U.S. and Western interference, and it ordered U.S. forces to leave Uzbekistan (Rashid 2005).

Major regional powers have been domestically preoccupied and are likely to remain so for some time to come (Tellis and Wills 2004: 67–138, 227–60). Focused on internal issues, they have sought support from the United States and other powers, and they strive to avoid difficulties in their foreign relations. In theory, there is a danger that the Asian powers might align against the United States and its interests in significant ways. In fact, the Asian nations—especially the leading powers—are divided by deep suspicions and competing nationalistic ambitions, indicating that any meaningful cooperation seriously detrimental to U.S. interests remains unlikely (Sutter 2003: 199–200, 222–23).

U.S. policymakers have also done a better job in managing the often-strong domestic pressures that in the post-Cold War period tended to drive U.S. policy in extreme directions detrimental to a sound and balanced approach to Asia. President Clinton's engagement policy toward China in his second term was more coherent than his first-term policy that appeared driven by competing U.S. domestic interests. President Bush's policy has been better suited to mainstream U.S. opinion regarding China and has the added advantage of avoiding the need for significant concessions toward China on sensitive issues such as Taiwan that seriously exacerbated the U.S. domestic debate about China policy.[31] The upswing in congressional and media criticism of Chinese economic and other policies in 2005 has challenged U.S. administration policy but thus far has not resulted in significant change in the substance of Bush administration policy (Glaser 2005).

The Bush administration's success in improving U.S. relations with each of the major powers in Asia has added to the strength of U.S. leadership in the region, reinforcing the U.S. government's ability to deal with crises on the Korean peninsula and other regional difficulties, as well as any possible negative implications coming from the rise of China in Asia. That the United States has good relations with Japan and China at the same time is very rare. The United States' being the dominant outside power in South Asia and having good relations with both India and Pakistan is unprecedented, as is the current U.S. maintenance of good relations with both Beijing and Taipei.

The administration came to power with plans to markedly enhance the political-military partnership with Japan. The Japanese government of Prime Minister Junichiro Koizumi has been a responsive partner, though constraints posed by Japanese economic difficulties and political differences in Japan limited cooperation to some degree (Mochizuki 2004a). Compared with traditional U.S. allies, India's government was less critical and more understanding of Bush administration policy regarding sensitive issues in missile defense, arms control, the United Nations, and the war in Iraq. It welcomed the U.S. administration's plans for a greater Indian role in Asian security and world affairs and the steadily expanding U.S. military relationship with India (Malik 2003b; Kronstadt 2005).

The improvement of U.S. relations with Russia seen in the first summit between Bush and Russian president Vladimir Putin in the months before the terrorist attack on America was markedly enhanced by U.S.-Russian cooperation after September 11, 2001. Russia joined with France and others in standing against U.S. military actions to topple Saddam Hussein without renewed UN approval. Putin also continued to work with China, India, Iran, and others in seeking greater freedom for maneuver against the United States. However, Russia and the United States maintained a generally cooperative relationship, despite these differences and U.S. concerns over Putin's moves toward greater political control and authoritarianism in Russia (Ferguson 2004, 2003a; Hanson 2004; Institute for the Study of Diplomacy 2005).

The breakthrough in U.S. relations with China was by far the most important success for Bush administration policy in Asia. American specialists held different views about what factors were most important in causing the favorable turn in relations between China and the United States after mid-2001, but they tended to agree that the improvement rein-

forced Beijing's moderate trend in policy toward the United States, Asia, and world affairs (Christensen and Glosny 2003; Swaine 2003).

In sum, U.S. assertiveness over Iraq and other issues continues to be widely criticized among Asian popular and elite opinion and has damaged the image of the American government in Asia. Even so, Asian governments are reacting pragmatically. They remain focused on domestic concerns involving economic development and nation building. From their perspective, the crisis posed by North Korea's nuclear weapons development is more important, and the Bush administration thus far is dealing with that issue in a consultative manner acceptable to concerned Asian powers. Moreover, the continued broad strengths in U.S. power and influence in Asia sustain American regional leadership and support Washington's stated determination to influence China's rise and curb possible negative implications arising from China's growing influence in regional affairs.

China's Rise in the Context of U.S. Leadership in Asia

The previous sections show that the main determinants of China's rising importance and influence in Asia generally are not closely related to the key determinants recently affecting U.S. influence and leadership in Asia. This partly reflects the design of Chinese leaders.

Chinese leaders remain determined that wherever possible, China's rising influence should not be seen as a threat to China's neighbors, and especially to the United States. Chinese officials came to recognize that their policy prior to 2001, emphasizing opposition to U.S. "hegemony" and leadership in Asia, was unattractive to Asian leaders. Reflecting U.S. ability to exert influence on China, to get China to stop doing things it would ordinarily be inclined to do, Chinese leaders also saw that directly confronting American interests could lead to opposition from the newly installed Bush administration that might seriously impede China's efforts to develop economically and militarily.

Chinese leaders remain determined [to ensure that China's rise is not perceived] …as a threat

In recent years, Chinese officials have sought to minimize American concern over China's growth through various means, notably an extensive

diplomatic effort to persuade Americans and other observers that China intends to rise peacefully and, if possible, in close cooperation with the United States. The Chinese diplomatic effort highlights the negative experiences of previous fast-rising powers: Germany before World War I, and Japan before World War II. Established powers are seen to have viewed the rising powers as threats, united against them, and ultimately destroyed them. While few Chinese officials see the U.S. superpower leading an effort to destroy China, they recognize that U.S.-led opposition to aspects of China's rise could seriously impede Chinese development, posing important complications for Chinese political stability and economic development (Deng 2001; Funabashi 2003; Wen 2003; Fu Mengzi 2005; Zheng 2005; A. Goldstein 2005).

The Existing Balance of Power

Because of the difficulties in assessing and measuring influence among governments, as well as differences between determinants of China's recent importance and influence in Asia and determinants of U.S. leadership and influence in Asia, it is sometimes difficult to compare and contrast Chinese and U.S. power and influence in the region and to assess the implications of China's rising influence on U.S. leadership in Asia. How does one compare rising Asian elite and public approval of China's efforts to exert soft power with concrete U.S. support in the form of tsunami relief, military aid, and massive trade deficits with Asia? Nonetheless, one can briefly review the successes and setbacks in China's improved relations with neighboring governments, assessing whether and to what degree China has gained in relations with Asian governments relative to U.S. relations with these countries.

I do so here using the last five years as a time frame. The question to be answered is: Have Chinese relations in a particular country improved *relative to U.S. relations* with that country over the past five years? The answer is that China has experienced mixed results with respect to its relations in Asia relative to those of the United States.

Major Powers: Russia, Japan, and India

Advances in Beijing's relations with Moscow develop the active arms sales relationship of the 1990s and expand economic relations from a low base. The two powers' occasional reassertion of opposition to U.S. "power politics" and "hegemonism" represents a pale reflection of their often strident political opposition to the United States in the 1990s. The moderation in

Moscow's policies toward the Bush administration in early 2001 and subsequent mixed developments in U.S.-Russian cooperation have made clear that Russia gives higher priority to managing a constructive relationship with the United States than it does to relations with China. On balance, the complications and challenges that Chinese military and other cooperation with Russia poses for U.S. interests in Asia appear offset by the clear priority that Moscow (and Beijing) give to managing and maintaining cooperative relations with the United States.

Serious tensions in Chinese relations with Japan have come amid a steady strengthening of U.S.-Japanese security and other relations. The United States has gained markedly in influence relative to China in the case of Japan, Asia's largest economy and a linchpin in U.S. strategy in Asia and the Pacific.

The fanfare accompanying Chinese summit meetings with Indian leaders has seen trade figures grow from a low base but has not been followed by much progress regarding the disputed border. More important, the strategic reality of China's continued strong support for Pakistan in order to hobble India's power remains clear in New Delhi. By contrast, U.S. cooperation with India, highlighted by frequent sophisticated military exercises and close security cooperation, has supported the U.S. position as the leading foreign power in South Asian affairs and solidified the far more positively influential U.S. position relative to China in India.

Middle Powers Closely Aligned with the United States: South Korea and Taiwan

Major advances in Chinese relations with South Korea have coincided with serious tensions in U.S.-South Korean alliance relations. China has gained relative to the United States. It has become more important than the United States for South Korea's trade and investment. South Korea also sides with China in resisting U.S. pressure on North Korea and in criticizing Japan. On the other hand, the South Korean government still gives primacy to preserving the U.S. alliance, and the United States shows concrete influence in Korean affairs, notably by successfully pressing Seoul to send thousands of troops to Iraq despite broad opposition to the war in South Korea. China has not yet shown such concrete signs of influence in relations with South Korea.

Frequent Chinese confrontations with the Taiwanese government have reinforced the importance of continued strong U.S. support for

Taiwan in the face of China's military threats and other perceived coercion. Despite differences between Washington and Taipei over the latter's moves toward greater independence, U.S. influence with the Taiwanese government has risen as Taiwan's only important backer in the face of perceived Chinese intimidation, pressure, and threats.

Southeast Asia and Central Asia

Major advances in Beijing's relations with Southeast Asian countries have also coincided with a mixed U.S. record in dealing with the concerns of those Southeast Asian governments. After September 11, 2001, U.S. alliance relations with Thailand and the Philippines are stronger, Singapore has moved ever closer to the United States, in security areas in particular, and the United States has persuaded Malaysia and Indonesia to take some more cooperative steps in the War on Terrorism. But there remain many problems in U.S. relations with the countries in the region, whereas China's attentive diplomacy and burgeoning importance as a trading partner have allowed China to gain influence relative to the United States. China poses little direct challenge to the United States, though it works in subtle ways against the U.S. military presence and fosters regional economic and other cooperation that seems to have the effect of weakening U.S. leadership in this part of Asia.

A mixed assessment prevails in comparing respective Chinese and U.S. relations in Central Asia. Chinese relations are growing incrementally from a low base in this area traditionally influenced by Russia. The Chinese-backed Shanghai Cooperation Organization (SCO) promotes regional cooperation that excludes the United States. China supported Uzbekistan's expulsion of U.S. forces in 2005. On the other hand, the United States rapidly established a significant military presence in Central Asia to support the war in Afghanistan, based on a foundation of varied relations with the Central Asian states. Still, that U.S. presence recently was weakened to some extent by Uzbekistan's action and by a call in the SCO, supported by Russia and China, that U.S. and other Western forces should set a deadline to leave Central Asia. On balance, the record of the past five years shows U.S. influence having gained markedly, with China collaborating in some U.S. measures in the War on Terrorism but working quietly with uncertain results to undermine any lasting U.S. military presence in the region.

The details of the prevailing balance in U.S. and Chinese relations in countries around China's periphery are laid out in specific sections below.

They show that China's rise thus far has had little direct negative impact on U.S. interests and leadership in Asia. China does oppose U.S. leadership in several ways, as noted earlier, and a danger exists that such opposition could grow in importance as China expands relations and influence in Asia. China also poses as an alternative to U.S. leadership for several Asian states (e.g., South Korea), encouraging them to move away from past close alignment with the United States. Yet, on balance, the main recent problems for U.S. interests and leadership in Asia appear to lie elsewhere, with China having little direct bearing on these issues.

China's rise thus far has had little direct negative impact on U.S. interests and leadership

Comparing Chinese and U.S. Relations

Major Powers

Russia

The play-by-play of recent Russian relations with China and the United States contains some continuing concerns for U.S. interests. Most notably, Russian arms sales and military assistance advance the Chinese military buildup focused on Taiwan and on U.S. forces likely to defend Taiwan in a crisis. Russia also works with China against U.S. military deployments in Central Asia. However, the elements of anti-U.S. cooperation between Moscow and Beijing today are notably less than in the 1990s. First Moscow under Vladimir Putin and then China under Jiang Zemin and Hu Jintao moderated anti-U.S. positions of the past as they endeavored to improve relations with the newly installed George W. Bush administration. Reflecting U.S. ability to exert influence by getting other powers to stop doing things they ordinarily would do, Russia and China backed away in the face of U.S. resolve from their previously truculent line against U.S. policies over such issues as missile defense, NATO expansion, and fostering a multipolar world against the U.S. superpower. Leaders in the two countries made it clear, despite occasional rhetorical flourishes to the contrary, that both powers valued constructive relations with the United States more than they did cooperation with each other.

In the 1990's, Russia was an initial target of Chinese president Jiang Zemin's efforts to build "strategic partnerships" with key countries so as to

foster a "multipolar world" that would weaken U.S. "hegemony" in the post-Cold War environment. With both Beijing and Moscow seeking mutual cooperation against the perceived adverse pressure and consequences of U.S. power, relations improved in the 1990s, with the two powers cooperating closely against the respective threats they saw posed by the United States in key areas of concern involving Taiwan, the Balkans, the Persian Gulf, and Chechnya, as well as U.S.-led security efforts to expand the NATO alliance, strengthen its alliance with Japan, and build ballistic missile defenses for the United States and deploy them to protect allies and interests abroad. Sino-Russian economic ties grew haltingly, while Russian arms sales provided China with its most important foreign source of advanced equipment and technology (Azizian 2003; Rozman 2004).[32]

Some of the advances seen in Chinese-Russian relations reached a plateau early in the new century. New leaders Vladimir Putin (2001) and Hu Jintao (2002) followed the same general pattern seen in the 1990s. Both sides spoke about promoting an evolving "strategic partnership." Economic cooperation improved modestly but also reflected increasingly evident differences, especially over Russian sales of oil. A growing relationship in sharing arms sales and defense technology provided critically important support for China's military buildup focused on a Taiwan contingency involving the United States. Political cooperation against U.S. interests—the centerpiece of Sino-Russian resistance to U.S. post-Cold War dominance—waned. At first, in early 2001, Russia's Putin moved to improve political relations with the United States, leaving China to carry the antihegemony standard. Then Chinese leaders moderated anti-U.S. invectives and pragmatically improved relations with Washington in the face of a firm Bush administration. Thus despite many differences and difficulties during Putin's rule, U.S.-Russian relations improved, and China's influence in Moscow relative to the United States seemed to decline (Yu 2005).

Putin showed a notably positive response to the United States during his first meeting with George W. Bush in spring 2001. He played down heretofore strong differences over missile defense and NATO expansion in the interest of fostering closer cooperation with the United States and the West. Cooperation between the United States and Russia was intensified following the September 11, 2001, terrorist attack on America, when Russian support became essential in facilitating U.S.-led military operations in Central Asia directed against the Taliban regime in Afghanistan

(Wohlforth 2002). Maneuvering in the UN in the months prior to the war in Iraq in 2003 saw Russia join with France and others (including China to some degree) in standing against U.S. military actions to topple Saddam Hussein without renewed UN approval. For a time it was unclear if this reversal in Russian-U.S. cooperation was an episode prompted by key Russian concerns involving economic and other interests in Iraq and broader concerns regarding anticipated hostile Islamic reaction in the region and among the sizable Russian Muslim population, or if it was part of a broader Russian decision to reverse course and seek to join with other world powers to resist and weaken the U.S. superpower. After the U.S.-led coalition succeeded militarily in Iraq and senior Bush administration officials made significant gestures to ease tensions with Moscow, Russia appeared ready to resume a more cooperative stance toward the United States (Wohlforth 2003; Ferguson 2003a).

Difficulties continued in U.S.-Russian relations over Putin's use of authoritarian means to strengthen the power of his regime and differences over international issues, including Iran's nuclear program, North Korea, and U.S. encouragement of democracy in states adjoining Russia. Additionally, in July 2005, Russia and China issued a joint declaration on a new world order that sharply criticized U.S. world leadership, and at that time Russia joined with China and the four Central Asian governments in the Shanghai Cooperation Organization in calling for U.S. and allied forces to set a deadline for withdrawal from Central Asia. Russia also supported Uzbekistan's hard-line government as it expelled U.S. forces based there in 2005. It remained unclear if these mainly rhetorical initiatives would have a more significant impact on Russian-U.S. relations than had past declarations implicitly challenging U.S. positions. On the whole, the Bush and Putin administrations continued to emphasize the positive in the relationship, and the Russian leader continued to give priority in foreign affairs to managing the overall constructive relationship with the United States (Institute for the Study of Diplomacy 2005).

With respect to Russian-Chinese relations, seeing Russia trim its opposition to the United States in 2001 took some of the steam out of then strong Chinese anti-U.S. rhetoric critical of the American posture on missile defense and NATO expansion. It added to Chinese imperatives to moderate the country's stance toward the United States by mid-2001, setting the stage for the most important improvement in China-U.S. relations since the end of the Cold War (Lam 2002; Yu 2001).

In this context, the Russian-Chinese relationship appeared to have less negative implications for U.S. interests in sustaining a leadership position and promoting stability in Asia. The biggest problem for the United States remained Russian arms sales to and military cooperation with China. Russian-Chinese political cooperation against U.S. interests subsided from the prevailing level in the late 1990s and early years of the new century, despite the signing of a Russian-Chinese friendship treaty in 2001 and numerous bilateral agreements (Azizian 2003; Rozman 2004; Baker and Morrison 2005: 152–56; Yu 2005). Key elements of the bilateral relationship involved the following:

- Arms sales and technology transfers kept growing primarily because Russian economic difficulties and Putin's emphasis on defense industries complemented China's need for advanced military equipment and technology to prepare for regional contingencies, notably a possible confrontation with Taiwan that might risk U.S. military involvement. China and Russia also exercised military forces together.
- Economic relations continued to move forward slowly. Ongoing negotiations on large-scale energy and infrastructure projects offered the potential for some long-term expansion in trade relations, though Russia at times put aside Chinese considerations as it sought possibly better offers from Japan for Russian Far Eastern energy resources.
- Russia and China moderated their respective public criticism of U.S. leadership in Asian and world affairs. At the same time, in principle they remained opposed to the regional and global domination of a single power and occasionally jointly criticized instances of U.S. "unilateralism" or "interventionism." They opposed the U.S.-supported spread of democracy to authoritarian states near Russia and China and joined Central Asian states calling for a deadline for Western forces to leave the area.

Looking forward, both Moscow and Beijing maintain a grudging respect for U.S. power and influence and understand that constructive bilateral relations with the United States are essential to their respective development and reform programs. Accordingly, they are expected to continue to try to avoid confronting Washington in ways that would jeopardize the advantages they derive from engagement with the United States. Russian-Chinese political cooperation also is limited by historical mutual suspicions, their respective concerns about each other's long-term threat

potential, and the preoccupation of both leaderships with domestic priorities (Sutter 2003: 115; Azizian 2003; Rozman 2004; Yu 2005). In the event of a harder U.S. policy approach toward the powers, Russia and China might see that their common ground in opposing U.S. policies has grown or that greater cooperation would not endanger whatever benefits they respectively still derived from relations with Washington. For the time being, however, the policies of the Bush administration seem sufficiently positive for Putin's Russia to warrant the United States' maintaining an edge in influence over China in Russian foreign policy considerations.

Japan

Chinese and U.S. relations with Japan, Asia's richest nation and a key trading partner of both China and the United Sates, have moved in different directions in recent years, undermining Chinese influence while enhancing that of the United States. As noted earlier, the Bush administration has worked assiduously to strengthen the alliance with Japan and has found a willing partner in the Japanese administration of Prime Minister Koizumi. Reflecting strong U.S. influence in Japan, the Koizumi administration has repeatedly responded positively to U.S. urging that Japan take steps often unpopular in Japan to support political, economic, and military efforts in the U.S.-led wars in Southwest Asia and elsewhere. Both sides have played down persisting trade and other disputes as the bilateral relationship has reached new heights of strategic and political cooperation. While Japan still pursues alternative paths to support its national security and other interests, its reliance on the alliance with the United States has deepened to an unprecedented degree. Japan is prepared to take new and more expansive military actions in support of allied interests in Asian affairs (Mochizuki 2004a).[33]

Chinese and U.S. relations with Japan…have moved in different directions

By contrast, China has seen political and security relations with Japan deteriorate markedly despite burgeoning economic trade and significant Japanese investment in China. Disputes range widely and involve competing and highly nationalistic views of Japan's military expansion in Asia prior to 1945; territorial and resource conflicts in the East China Sea; increasing Japanese concerns over China's military buildup focused on Taiwan and Chinese concerns about Japan's closer cooperation with the

United States regarding Taiwan; Chinese concerns over Japan's closer military cooperation with the United States on ballistic missile defense and in regard to international deployments of Japanese forces; Sino-Japanese competition for Russian and other energy resources; and Chinese opposition to Japan's strenuous efforts seeking a permanent seat on the UN Security Council (Mochizuki 2004b).[34]

Popular Chinese anger at Japan saw Chinese demonstrators attack Japanese diplomatic and business installations in China in April 2005. The Chinese government allowed the violence to take place for several days before cracking down, suggesting to some in Japan that the Chinese authorities were using the popular outbursts to intimidate Japan. The crisis alarmed many other governments in Asia, fearful that China might follow such forceful policies toward them should they differ with China over sensitive issues.[35]

Underlying the crisis was a change in regional power relationships. China's rising power and influence in Asian affairs since the 1990s combined with the Chinese military buildup and assertiveness focused on Taiwan and coincided with a protracted period of lackluster Japanese economic performance. This situation has called into question the past disparity in the economic relationship between the two powers, has added to ongoing differences over territorial, strategic, historical, and economic issues, and has strengthened the wariness and occasional antipathy between the two countries. Meanwhile, stronger nationalism in both countries put them at odds over a variety of sensitive issues related to history and territorial claims (Mochizuki 2004b). Notable in this regard was Chinese concern over a U.S.-Japan declaration on February 19, 2005, in which the Japanese government for the first time joined the United States in expressing a joint position on Taiwan (Blumenthal 2005).[36]

There is an active debate among specialists about the direction and outlook for Sino-Japanese relations, but few foresee significant improvement. Some experts have predicted an increasingly intense competition, including likely confrontation and possible conflict in future China-Japan relations (Self 2002/2003). Signs of growing Sino-Japanese competition and rivalry in Asia include:

- Separate and seemingly competing proposals by China and Japan in 2001–2 to establish free trade arrangements with the ten Southeast Asian nations in ASEAN.
- Strong Japanese competition with China to gain improved access to Russian oil in the Far East.

- Greater Japanese support for Taiwan and for stronger U.S. backing of Taiwan during the Bush administration (Blumenthal 2005).
- The first significant cutbacks in Japanese aid to China since the normalization of relations in the 1970s.
- Increased Japanese willingness to deploy military forces in Asia in support of U.S. and UN initiatives.
- Stepped-up Japanese efforts to improve security, aid, and other relations with India and other nations on China's southern and western flanks, including strong Japanese aid efforts for Pakistan and Afghanistan.

A contrasting perspective gives greater weight to the common interests and forces that continue to bind Sino-Japanese relations and to limit the chances of serious confrontation or conflict. Specific elements of this view include the following:

- Both the Japanese and Chinese governments remain domestically focused and continue to give top priority to the economic development of their countries, which they believe requires a prolonged, peaceful, and cooperative relationship with their Asian neighbors, notably each other.
- China depends heavily on Japan for technology and investment and as a market for Chinese goods; China still receives some aid from Japan. Japan is increasingly dependent on China as a market, a source of imports, and an offshore manufacturing base.
- Personnel exchanges between Japan and China have grown markedly. Tens of thousands of Japanese students visit or study in China each year. Government-sponsored exchange programs abound, and even if they do not always promote positive feelings, they probably do promote more realistic mutual perceptions.
- No Asian power would benefit from or seek to promote greater Sino-Japanese friction. This includes the Bush administration, which is careful to balance its strong pro-Japanese slant with reaffirmation of its continued interest in closer, mutually beneficial relations with China designed in part to sustain regional peace and stability. Such cooperation is especially important to the United States, and to China and Japan, in regard to efforts to deal diplomatically with the North Korean nuclear issue and related provocations that came from Pyongyang from 2002 to 2005.
- Because the United States remains such a dominant military and economic power in the region, the U.S.-Japan alliance results in a

marked asymmetry in Japanese and Chinese perceptions of competition and rivalry. While Japanese elite and popular opinion is more focused on China as a future concern, Chinese elite and popular opinion is more preoccupied with the United States as a possible concern; Japan's role is seen as secondary, the junior partner in one of the U.S. alliances and security arrangements that affect Chinese interests. Given the Chinese focus on dealing with the primary concern posed by the United States, one result which works against Sino-Japanese rivalry is that Chinese officials at times have sought to avoid disputes with Japan, trying instead to woo Japan away from close alignment with the United States and toward positions more favorable to China (Sutter 2002b; Mochizuki 2004a; Ma 2002).

On balance, it appears that China's rise in Asia acts to solidify Japan-U.S. cooperation and strengthens U.S. influence in Japan. Coming amid ongoing Chinese efforts to moderate relations with the United States, the situation provides a rare opportunity for the United States to sustain good relations with both Asian powers at the same time. How long this opportunity will last depends on several variables, especially that state of play in the volatile and often contentious Sino-Japanese relationship.

India

The War on Terrorism added to reasons for strong U.S. efforts to improve relations with India and helped to create conditions establishing the United States in an unprecedented position as South Asia's most important outside power, having good and growing relations with India and its rival, Pakistan (Mitra and Thompson 2005; Niazi 2005; Kronstadt 2005; Blackwill 2005). The modest improvement in China's relations with India pales by comparison, though both New Delhi and Beijing have a strong interest in emphasizing the positive and soft-pedaling differences over border issues and Chinese support for Pakistan. Given strategic differences, there appears to be little likelihood that the gap between China and Pakistan on one side and India on the other will be bridged anytime soon. This, combined with China's generally cooperative stance toward the United States in South Asia and in Asia more broadly, allows the United States to develop sensitive security and

The War on Terrorism… [has established] the U.S. in an unprecedented position [in South Asia]

nuclear cooperation with India, along with growing economic and other ties, that in the past would have met with Chinese resistance and vocal opposition. On balance, China's recent policy and behavior in South Asia facilitates the rise of U.S. influence relative to China in India.

Positive incentives from the United States are among factors that influence New Delhi to play down past emphasis on anti-U.S. themes, such as creating a multipolar world, in favor of pragmatic cooperation with the United States that pays military, economic, and other benefits for India. New Delhi also endeavors to improve relations with Russia, a long-time partner, and China, a former adversary. Though fanfare associated with recent Sino-Indian high-level meetings emphasizes alleged breakthroughs regarding long-standing Sino-Indian disputes and dramatic progress in improved relations, the actual situation is more mixed. Momentum is on the side of the positive aspects of India-China relations, while the negative aspects serve as brakes slowing forward movement.

Backed by nuclear weapons and a burgeoning economy, India shows greater confidence than in the 1990s in its ability to deal with Chinese policies and behavior in pragmatic ways that would preserve and enhance Indian interests. Compared with a few years earlier, there is less alarm about and seemingly more realistic views of the dangers posed by Chinese manufacturers to their Indian counterparts. In security areas, Indian officials appear realistic about Chinese activities in Pakistan, Myanmar, Nepal, and elsewhere in South Asia, which in the past had been viewed with deep concern as part of perceived Chinese efforts to encircle and contain Indian power and influence. The China-Pakistan tie remains a counterweight to Indian leadership in South Asia and Asian affairs. Also anticipated are greater economic cooperation, cross-border trade, and perhaps greater progress on border issues. Indian officials and nongovernment specialists remain clear-eyed about Sino-Indian differences over Pakistan, the Sino-Indian border, competition for leadership in Asian and world bodies, and other issues. They value Indian economic dynamism and close Indian relations with Russia, Japan, the European Union, and especially the United States as important factors causing China to treat India with more attention and respect.[37]

Although the large and rapid increase in U.S. power, influence, and military presence in India as well as Pakistan since 2001 has put China in a secondary position in South Asia, the results of the change are certainly not all bad for it. The Chinese government has reacted pragmatically,

building on positive implications while remaining wary of American dominance along its periphery. On the positive side as far as China is concerned, the new U.S. role has reduced the drain on Chinese resources as Washington took the lead in supporting the shaky economic foundation of the Pakistani government. U.S. power drove out the terrorist-harboring Taliban regime in Afghanistan and was instrumental in shifting Pakistani government policies away from extremists who threatened Chinese interests in stability in South and Central Asia. Stronger U.S. influence in both India and Pakistan helped to keep the peace in the region and avoided nuclear war, despite simmering tensions over Kashmir and other issues (Garver 2005).

At the same time, there was plenty of evidence that China viewed the expanding U.S. influences with suspicion. Encouraging the emergence of a multipolar world in the 1990s, China sometimes saw common ground with India, which also at times resisted American dominance. With the war against the Taliban, Chinese leaders saw U.S. power and influence move quickly to tilt the overall strategic balance in South Asia decisively in favor of the United States. It appeared that the U.S. presence and dominance in the region, buttressed by closer strategic relations with both New Delhi and Islamabad, would remain for some years to come (Cheng 2003).

Particularly worrisome from Chinese leaders' perspective was the rapid and close convergence in U.S.-Indian strategic relations (Malik 2003a, 2003b). In early 2001, New Delhi put aside past criticism of U.S. missile defense plans, responding more positively to President Bush's initiatives than did most U.S. allies. At this time, China continued to view U.S. missile defense plans as a threat to core Chinese interests, including Taiwan, and a manifestation of U.S. "hegemonic" ambitions. In contrast to the slow pace of U.S.-China military exchanges, leaders in the United States and India saw broad common ground in improved military relations. The United States liberalized arms and technology transfers, cooperated closely with Indian forces in securing sea-lanes in South Asia, and conducted a number of highly sophisticated military exercises with Indian forces. Reflecting broad improvement in relations, Indian public opinion of the United States was notably positive, despite the controversy surrounding U.S. policies in Iraq, Korea, and elsewhere that prompted other publics to oppose the U.S. government as well. Meanwhile, the main U.S. Asian ally, Japan, improved its strategic and defense relations with India along a parallel track (Kronstadt 2005; Blackwill 2005; Pew Research Center 2005; Malik 2003a: 44).

Middle Powers

South Korea

In recent years the trajectories of South Korea's relations with China and the United States have moved in different directions, positive and negative, respectively. The result has been a marked increase in Chinese influence in South Korea relative to the United States at a time of troubled U.S.-South Korean relations. Beijing has yet to show the kind of concrete influence the United States still can exert in South Korea through its alliance relationship with Seoul. Most notably, U.S. prodding can influence South Korean leaders to adopt policies they would otherwise oppose. In 2004, the United States succeeded in pressing South Korea to dispatch over three thousand combat troops to Iraq, despite strong opposition from the South Korean public. Yet improved relations with China have added to reasons for South Korea to resist U.S. pressure against North Korea and suspected U.S. plans to use U.S. forces in South Korea in a Taiwan contingency, to oppose missile defenses for South Korea, and to refrain from supporting U.S. efforts to pressure China on human rights and related issues.

[There] has been a marked increase in Chinese influence in South Korea

China is South Korea's leading trade partner, the recipient of the largest amount of South Korean foreign investment, and the most important foreign destination for South Korean tourists and students. It also is a close and like-minded partner in dealing with issues posed by North Korea's nuclear weapons program and related provocations and the Bush administration's hard-line policy toward North Korea.

South Korea's trade with China in 2004 was valued at $79 billion, with a trade surplus for South Korea of $20 billion. South Korean investment in China in 2004 amounted to $3.6 billion, almost half of South Korea's total investment abroad that year. Over 20,000 South Korean companies are in operation in China, 380 passenger flights take place each week between China and South Korea, 3 million reciprocal visits occur annually, and 38,000 South Korean students are studying in China (T. Kim 2005).

Regarding North Korea and South Korea's interest in promoting accommodation with Pyongyang, China has seen its influence grow in

recent years. It has been welcomed in joining with American, South Korean, and other negotiators in the multilateral efforts to deal with the North Korean nuclear weapons issue. At the same time, China sustains its position as the foreign power having the closest relationship with the reclusive North Korean regime (S. Kim 2004).

There are negatives in recent China-South Korean relations, but they serve only to moderate the recent positive trajectory. China's economic importance for South Korea has been accompanied by some trade disputes and concern by South Korean manufacturers about competition from fast-advancing Chinese enterprises. Other differences focus on nationalistic concerns over the implications of competing Chinese and Korean claims regarding the scope and importance of the historical Goguryeo kingdom and the disputed Gando region in Chinese-controlled territory bordering Korea, and Chinese treatment of North Korean refugees in China and South Koreans endeavoring to assist them there (Sutter 2004).

China enjoys a much more positive image than does the United States in South Korean elite and public opinion. South Korean government officials also have welcomed the improved ties with China as a means to diversify South Korean foreign policy options, reduce dependency on the U.S. alliance, secure South Korean interests on the Korean peninsula, and enhance South Korea's economic development. South Korean officials see China using improved relations with South Korea in part to compete with the United States and Japan, among others, for influence in the Korean peninsula and Northeast Asia and to preclude the United States and Japan from working closely with South Korea to pressure China (Sutter 2004: 127–29).

Seeking to preserve an advantageous balance in South Korea's relations with the United States and other powers while pursuing closer ties with China, South Korean leaders make important sacrifices, notably sending combat troops to Iraq, in order to maintain the alliance with the United States. They also try to maintain businesslike relations with Japan, despite many differences, and to seek advantage through independent approaches to Russia, the European Union, and others. These steps insure, among other things, that South Korea will maintain its nationalistic ambitions for a greater international role and will not come under the dominant sway of neighboring and growing China (Cha 2005; Baker and Morrison 2005: 105–9).

Contrary to much anti-American and pro-China public and media opinion in South Korea, government officials continue privately to tell

Americans that they believe that the United States remains more important for South Korea than China. In this context, they are concerned to preserve a healthy alliance relationship with the United States despite repeated crises and differences in recent years. As China looms more important in South Korea's calculus, the officials judge that the alliance remains an important reason why China continues to treat South Korea in a very friendly manner. Without the alliance, they contend, China would have less incentive to be so accommodating of South Korean interests and concerns. On the other hand, South Korean officials use improved South Korean relations with China as a means to prompt the United States to be more accommodating and forthcoming regarding South Korean issues and concerns.[38]

Taiwan

While Chinese leaders often express public confidence about their ability to influence Taiwan, recent years have seen periodic increases in their frustration over the inability of Beijing's mix of positive and negative incentives to halt moves by Taipei toward ever greater separation and independence from China. The major elements of China's approach to Taiwan have involved ever-deepening Taiwan-China economic relations, the buildup of Chinese military capabilities focused on Taiwan, and strengthened Chinese efforts to isolate Taiwan internationally. At times, Beijing has also opened channels to Taiwanese opposition politicians and groups as a means to improve cross-strait relations and weaken the Taiwanese government (International Crisis Group 2005).

The issue of Taiwanese independence remains among the very top priorities for Chinese leaders. Chinese officials repeatedly warn that China is prepared to put aside gains from its moderate approach to Asian and world affairs and attack Taiwan and its backer, the United States, in the event Taiwan declares independence or crosses other vaguely defined Chinese thresholds signaling permanent separation of Taiwan from China (Christensen 2002: 47–51; International Crisis Group 2003: 17–22).

Unfortunately for Chinese interests, the Taiwanese government of President Chen Shui-bian has been successful at times in playing down negative implications for Taiwan in pursuing policies designed to confront China and asserting Taiwan's ever-growing political independence from China. Chinese officials and specialists were especially frustrated by their inability to halt Chen's pro-independence initiatives from late 2003 to late 2004, which saw the Taiwan leader win reelection in a campaign that

focused heavily on opposition to China and support for Taiwan's self-determination. At the time, Beijing judged it had little alternative other than to appeal to the United States to exert its influence to curb Chen's provocations (International Crisis Group 2005: 3–4).

This episode illustrated the prevailing balance of influence of the United States and China regarding Taiwan. China exerts influence as a military and diplomatic threat and as an area of positive economic opportunity, but thus far the Chinese leaders have been unsuccessful and often keenly anxious about China's inability to get Taiwan to move away from independence and toward reunification. As Taiwan's sole protector and major international partner, the United States exerts strong influence on Taiwan that allows it to curb pro-independence moves by the government while it continues to play the key role in deterring China from attacking and pressuring Taiwan.

Chinese leaders have been unsuccessful…[in moving Taiwan] away from independence

As the episode played out, U.S. leaders saw their interests in preserving stability in the Taiwan area as best served by taking strong measures to curb Chen Shui-bian's pro-independence moves. Chinese and Taiwanese officials readily acknowledge that repeated public U.S. interventions against Chen Shui-bian's pro-independence stance prior to a December 2004 legislative election significantly turned public opinion in Taiwan, and opinion in its government, away from an assertive pro-independence stance the president and his party had been pursuing with considerable success since late 2003. Those interventions included statements by Secretary of State Colin Powell and Deputy Secretary of State Richard Armitage underlining limits on American support for Taiwan and statements by the spokespersons of the State Department and the White House highlighting differences with President Chen. American officials note that there also were strong private U.S. interventions (International Crisis Group 2005: 7).

Chen's obvious difficulties with the United States combined with a setback for the president of Taiwan and his party in the December 2004 legislative elections to prompt both Chen Shui-bian and the ruling Democratic Progressive Party (DPP) to revert to a lower profile on cross-strait issues and to moderate their stance toward China and regarding

Taiwan independence. Meanwhile, the political opposition in Taiwan and the Chinese government, which were relatively weak and ineffective in countering Chen's initiatives in 2003–4, mobilized to exploit the new situation in ways that further constrained the Taiwanese president. Notably, political opposition leaders and the Chinese government conducted summit meetings in China in 2005 that improved the atmosphere in relations and reduced support in Taiwan for President Chen's emphasis on independence and permanent separation from China (Brown 2005).

While the near-term outlook for cross-strait relations seems reasonably good from Beijing's perspective, Chinese officials recognize that for the next few years at least, much depends on U.S. efforts to continue to curb Chen Shui-bian's pro-independence proclivities. Over the longer term, Chinese officials are more optimistic that China's rising power and influence will compel Taiwan to come to terms with China, but for now it seems clear to Beijing that the United States plays the crucial role both as Taiwan's backer in the face of the Chinese military threat and as the main force preventing Taiwan from taking steps toward independence that would cause China to resort to force and jeopardize China's many foreign and domestic accomplishments of the past three decades (International Crisis Group 2005: 10–13).

Southeast Asia

China has gained influence in Southeast Asia relative to the United States over the past five years owing to its recent diplomatic and political approach to the region, backed by the attraction and challenge of China's rapidly growing economy. The United States has become unpopular in regional elite and public opinion on account of controversial U.S. foreign policies and a perceived lack of attention to Southeast Asian interests in development and regional multilateral groupings. The United States remains the region's dominant military power and a major trading partner and source of foreign investment. It continues to show influence in concrete ways by persuading regional governments to do things in the War on Terrorism and in other ways that they ordinarily would not be inclined to do. China has eschewed showing this kind of influence, except in the case of Taiwan. China's rise concerns U.S. and Asian observers who judge that Beijing will use its influence to weaken U.S. standing in the region. Consistent with China's emphasis on rising "peacefully," Beijing has played down rivalry with the United States, though it does signal opposition to many U.S. military activities and cooperates in regional groupings

that seek to exclude or reduce U.S. influence (Congressional Research Service 2005a; Ba 2003; Wong and Chan 2003; Glosny 2005).

Recent highlights of Chinese advances in Southeast Asia include the following:

- Since the early 1990s, China has put aside reservations concerning ASEAN and related Asian multilateral organizations that are seen as of primary importance by Southeast Asian leaders. By early in the twenty-first century, China was actively involved in all these groupings, became eager to host summits and propose new multilateral bodies in cooperation with Southeast Asian leaders, and often eschewed an overt Chinese leadership role in deference to Southeast Asian leaders' seeking the international spotlight.
- Since the 1990s, China has developed an elaborate framework for interaction with ASEAN and with each Southeast Asian government that emphasizes broad principles of equality, mutual respect, and common development and involves a wide array of frequent top-level interchanges between Chinese and Southeast Asian leaders. The China-ASEAN Joint Declaration on Strategic Partnership for Peace and Prosperity signed in October 2003 marked a major advance from the vague generalities in a similar joint declaration six years earlier. China in 2003 greatly pleased ASEAN leaders by signing ASEAN's Treaty of Amity and Cooperation, setting a precedent that several Asia Pacific powers followed.
- Recent examples of top-level Chinese attention include President Hu Jintao's April 2005 visit to Brunei, Indonesia, and the Philippines and National People's Congress leader Wu Bangguo's May 2005 visit to Malaysia and Singapore. Thai prime minister Thaksin Shinawatra and Indonesian president Abdurrahman Wahid made China the destination of their first major foreign official visits, as did Philippines president Gloria Macapagal-Arroyo after her reelection.
- The attractiveness of China also has grown. China's development experience of rapid economic growth, resilience in the face of the Asian economic crisis, and continued political authoritarianism is studied by regional leaders. Economically influential Chinese minorities are better accepted in Southeast Asia, while Chinese culture enjoys a popular upswing fostered by Chinese cultural agreements with several ASEAN states.

As Evelyn Goh (2005) has shown in the cases of Singapore, Thailand, and Vietnam, the Southeast Asian governments endeavor to broaden and deepen their relations with the United States, Japan, South Korea, India, and others as China exerts rising influence in the region. To guard against Chinese dominance, they engage China and enmesh it in ASEAN-backed multilateral and bilateral arrangements while encouraging other powers also to become more actively involved in Southeast Asian affairs. The hope is that the cumulative effect will be greater stability in the region. The major powers would be able to monitor each other's behavior for adverse actions and act as mutual deterrents against adventurism by China or others (Goh 2005).

Officials and nongovernment specialists in Southeast Asia seem well pleased with the many positive accomplishments, benefits, and other features of China's recent approach to Southeast Asia. China has developed a relatively benign image of cooperation and accommodation of ASEAN interests. China's growing economy provides significant trade surpluses for most ASEAN members. China-ASEAN trade of $78 billion in 2003 saw ASEAN register a trade surplus of $16 billion; Malaysia, Thailand, and the Philippines saw their respective exports to China in 2003 to be more than double the value of their imports from China. This helps to offset concerns in ASEAN about the ability of Southeast Asian producers to compete with increasingly competitive Chinese producers for Asian and world markets.[39]

The number of Southeast Asian students in China in 2003 was around ten thousand according to Chinese official data,[40] representing a significant rise from previous years though still considerably less than Southeast Asian students studying in the United States (Glosny 2005). Chinese music, movies, and name brands (of course, some from Taiwan and Hong Kong) have also become more popular, and China has signed cultural cooperation agreements with several ASEAN states (Glosny 2005: 36). Meanwhile, there is an upsurge in the travel and migration of Chinese nationals to Southeast Asia as tourists, students, and businesspeople that is said to be welcomed by many in Southeast Asia, and ethnic Chinese and other Southeast Asian tourists go to China.

Chinese officials make few demands of Southeast Asian counterparts, trying instead to develop common ground and put aside differences in a Chinese strategy emphasizing common geoeconomic interests with the ASEAN states. ASEAN governments are especially welcoming of interna-

tional relationships that enhance their nations' development and nation-building efforts.

In contrast, the United States has emphasized a geostrategic approach that has compelled ASEAN states to take actions toward which they have not necessarily been inclined, notably in the War on Terrorism. U.S. pressure prompted the Thai government to mute criticism of the U.S.-led war in Iraq and send troops there. Malaysia and Indonesia, though at odds with many U.S. policies, have responded to persistent U.S. prodding to do more to disrupt terrorist activities in their countries. China's accommodating diplomatic approach contrasts with U.S. officials, and others in the West, stressing conditions regarding human rights and democracy as influencing Western diplomacy and policy toward Southeast Asia. China does insist that Southeast Asian governments strictly adhere to the "one China" principle and shun all official ties with Taiwan—an occasional source of tension with some Southeast Asian governments.

One of the main benefits Southeast Asian officials and specialists see in closer ties with China is the desire of other powers to seek influence in the region. China's growing role elicits a kind of rivalry among other powers, including Japan, India, and the United States, which ASEAN welcomes. Thus, the Chinese-ASEAN Free Trade Agreement has prompted a variety of free trade arrangements from Japan, the United States, and other powers. China's signing the ASEAN security treaty prompted India and Japan, among others, also to sign it (Goh 2005).

China's growing role elicits… rivalry among other powers

Southeast Asian officials and specialists are privately attentive to differences, potential problems, and other real or possible negative implications and features of China's rising influence in Southeast Asia. Among differences in the burgeoning China-ASEAN relationship is the fact that China and ASEAN producers often seek to export the same kinds of goods to the same international markets, and both sides compete intensely for investments from the same sources of foreign direct investment (Wong and Chan 2003). Territorial, military, and resource competition, as well as other issues, complicates Sino-Southeast Asian relations.

Southeast Asian officials and specialists also believe that China up to now has largely focused on doing "easy things," emphasizing common

ground and working especially with and within the ASEAN organizations where decisions become less sensitive in long consultations that lead to often vapid final outcomes. Reviewing China's advances in the region, some Southeast Asian officials and nongovernment specialists make rough comparisons between the rise of Chinese influence in Southeast Asia in recent years and the rise of Japan's influence in Southeast Asia in the 1980s. They judge that Japan's influence relative to other powers (e.g., the United States, the Soviet Union, China) in Southeast Asia in the 1980s was greater than China's influence relative to other powers in Southeast Asia today. To support this argument, they note that China's trade with ASEAN has yet to overtake U.S. trade with the region, though it may do so in a few years. Also important, the United States and Japan provide many times the investment and assistance money to Southeast Asia than is provided by China (Sutter 2005: 203).

Central Asia

Cooperation between the United States and Russia in the War on Terrorism and the allied military attack to topple the Taliban regime in Afghanistan facilitated a large increase in the U.S. presence, including extensive foreign aid efforts and military bases, in Central Asia, in contrast with the small but steady gains China has made in the region in recent years. Russian and Chinese leaders in 2005 called for U.S. and allied forces to set a deadline for military withdrawal from Central Asia and supported Uzbekistan's expulsion of U.S. forces. However, continued instability in Afghanistan, where frequent armed clashes with Taliban forces persist, underlines reasons why the United States and its allies, as well as Russia, China, and most Central Asian governments, are unlikely to support any precipitous U.S. and allied military withdrawal from the region, whether or not some deadline in the future is set (Lam 2005; Yu 2005).

Meanwhile, some authoritarian Central Asian governments see a trade-off between the advantages of U.S. economic and military assistance and U.S. support for greater democracy and human rights that is seen to challenge authoritarian rule. Until recently, the authoritarian and other Central Asian leaders gave primacy to the concrete benefits they derived from U.S. assistance as they maneuvered for advantage among the various foreign powers with an interest in the region. What effect Uzbekistan's decision in 2005 to expel U.S. and allied forces will have on the continued U.S. regional presence remains to be seen, though the benefits of U.S.

support and military presence seem to outweigh the costs in the view of some Central Asian states, assuring a continuing strong U.S. role in the region (Lam 2005; Yu 2005).

For its part, China's leadership has worked assiduously in a long-term effort to secure boundaries, curb terrorism and transnational crime, and incrementally advance Chinese influence with countries along China's border with Central Asia. The end of the USSR resulted in the creation of new states, reduced Moscow's influence, and opened opportunities for spreading Chinese interests. The collapse of the USSR also created a power vacuum that posed problems for Chinese security (Gill and Oresman 2003; Garver 2005; Collins and Wohlforth 2003).

Generally preoccupied with affairs at home, Chinese officials showed an interest in improving relations with newly independent Central Asian states as much for defensive reasons as for expansion of Chinese influence and interests. The U.S.-led global War on Terrorism, the toppling of the Taliban regime in Afghanistan, and the stronger U.S. military presence and strategic influence in Central Asia markedly changed the strategic environment for Chinese policies and initiatives in Central Asia. China's relative influence remained secondary to that of the United States and Russia, but it continued to grow. China worked to expand its ties across Central Asia so as to stabilize its western frontier, gain access to the region's energy resources, and balance Western influence in an area Beijing traditionally viewed as Russia's reserve. Some U.S., Russian, and Chinese efforts to support antiterrorist initiatives in Central Asia seem to reflect important common ground among the three powers (Gill and Oresman 2003: viii–ix).

Regarding competition among China, the United States, and others for Central Asia's energy resources, China's energy projects in that region reflect PRC efforts to obtain secure supply lines and avoid overdependence on a few sources of energy. Among various agreements and arrangements, Beijing has an agreement to develop two major Kazakhstan oil and gas fields and to construct pipelines to Xinjiang, and it reportedly is exploring gas and other pipeline links with Kyrgyzstan, Turkmenistan, and others. However, Chinese plans often run up against hard realities. The projects are expensive, logistically difficult, and complicated by inadequate energy-processing and transport systems in western China, suggesting that Central Asia will have a very secondary role in China's energy priorities for some time to come (Cole 2003: 19–20).

Active Chinese participation in the Shanghai Cooperation Organization and its predecessor, the Shanghai Five, marks a clear advance

in the Chinese government's willingness to engage vigorously with multilateral organizations and to put aside past Chinese suspicions that such international groups would be influenced by forces hostile to Chinese interests. Nevertheless, the shortcomings and relative weakness of the SCO and of China's overall influence in Central Asia have also been evident in recent years. China and its Central Asian allies did little of consequence in dealing with the Taliban and the problems in Afghanistan, while after September 11, 2001, the U.S.-led Operation Enduring Freedom accomplished more in the area in five months than the Shanghai grouping had accomplished in five years. The SCO members remain wary of one another, and numerous obstacles exist to greater economic, political, and military cooperation. By contrast, many of these governments were willing—and several were eager—to cooperate with the United States as it increased military activity and presence in Central Asia in 2001 (Oresman 2003).

Economically, China's trade with the post-Soviet Central Asian republics expanded, whereas Russia's trade with them generally declined. Yet Russia is still a far more important trading partner than is China. Moreover, the Central Asian countries quickly turned their trade attention to the European countries, which became leading trading partners for these states (Garver 2005).

In sum, as Central Asia was rapidly transformed after September 11, 2001, from a peripheral area of U.S. concern to a front line in the War on Terrorism, China saw its position in Central Asia, built incrementally over the previous decade, diminished. Military, economic, technological, and political capabilities of the United States seemed to offer far more to the Central Asian states than they could hope to obtain from China. Nonetheless, its persistent drive to incrementally improve its stature and work with the SCO in the process is part of an apparent longer-term effort to sustain Chinese interests and relevance in regional political, economic, and security trends. Those Chinese interests, evident in China's support for Uzbekistan's expulsion of U.S. military forces and the SCO call for a deadline for Western forces to withdraw, include a pullback of U.S. forces from Central Asia contrary to U.S. interests in the region.

Implications for Key U.S. Policy Questions

The prevailing balance in U.S. and Chinese relations in Asia allows for judgments about some key issues for U.S. policy in Asia.

1. *How has China's rise in Asia affected U.S. relations with Asia's major powers?* The record in recent years shows success by the Bush administration in improving U.S. relations with Asia's major powers (Hathaway and Lee 2005: 1–30; Tellis and Wills 2004: 52–55). China's rise has not impeded this record and in fact has supported it. Perhaps of most importance is China's moderation since early 2001 of its previous strong public opposition to U.S. foreign policies in Asian and world affairs, seeking to convince the United States, its Asian neighbors and others of China's overall peaceful intentions. This has assisted the United States in maintaining good relations with China while the United States solidifies security and other ties with Japan; in developing closer U.S. ties with India while remaining on good terms with China and China's ally, Pakistan; and in sustaining good relations with China while the United States builds ever closer military and other relations with Taiwan.

in recent years…the Bush administration…[has improved] U.S. relations with Asia's major powers

2. *Is China's rise leading to a China-centered Asian order undermining U.S. leadership in Asia?*[41] Though it has put aside the explicit and vocal opposition to U.S. policy in Asia seen in the 1990s, China has used multilateral groups and other means in various and often subtle ways to exclude and weaken the United States in Asia and to build positive relations with Asian neighbors which will serve as a buffer in the event that the United States seeks to pressure or contain China in the future.[42]

In the fluid post-Cold War order in Asia, independent-minded and nationalistic Asian governments welcome China's generally constructive and accommodating approach to its Asian neighbors, and some U.S. allies (e.g., South Korea) highlight China's importance as they tilt away from the United States. On the other hand, Asia's leading powers—Japan, Russia, and India—and a wide range of smaller Asian governments (including South Korea) respond in varying degrees to China's rising influence by taking steps to work with one another and other non-Asian powers, notably the United States, to insure that their interests and independence will be preserved in the face of China's growing role in regional affairs (Yahuda 2005: 237; Goh 2005). As China has become more prominent in regional affairs in recent years, both tendencies by Asian governments have

strengthened. As a result, the prevailing dynamic makes clear that Asian leaders and their governments generally oppose and quietly work against a Chinese-led order in Asia and that China's rise adds to reasons for them to sustain and develop close relations with the United States and other powers useful in hedging against China's greater influence in Asian affairs.

3. *Does China's rise complicate U.S. management of regional conflicts?* The recent record makes clear that China has seen its interests best served by working positively with the United States in the Six-Party talks dealing with the North Korean nuclear crisis. China has worked cooperatively with the United States in the War on Terrorism and has refrained from a strong, adverse response to the rapid buildup of U.S. forces in Central Asia, though it continues to work to gradually weaken the U.S. position in this sensitive area. It cooperated with the major betterment in U.S. relations with both India and Pakistan after September 11, 2001, notably working with U.S. leaders to help ease India-Pakistani tensions over disputed Kashmir (Malik 2003b; Niazi 2005). On the negative side, the impressive Chinese military buildup focused on Taiwan poses an obvious threat to and a major problem for U.S. policy in managing tensions over Taiwan. American leaders also view China's refusal to deal constructively with the Taiwan administration as an added difficulty (International Crisis Group 2005).

4. *Are China's burgeoning Asian economic relations reducing the relative importance of the U.S. economic role in Asia?* Available evidence says yes. But this judgment is qualified by the fact that the Asian and international trade networks with China at the center remain dependent on U.S. consumers and U.S. willingness to run unprecedented trade deficits with China and lesser deficits with other Asian traders. Also, China's importance as an economic investor in Asia is still quite small relative to that of the United States, though this probably will change with greater sophistication and wealth in China over the next few years.

China's burgeoning Asian economic relations [are] reducing the relative importance of the U.S

5. *Are Chinese political institutions, economic governance, social and political values, and elite and popular culture attractive in Asia in ways that adversely affect U.S. interest in promoting U.S. values in the region?* Available

evidence only suggests and gives no definitive answers to this line of questioning. China's Communist political system is anachronistic, though its ability to sustain order while promoting rapid economic growth and social change is admired by many Asian officials and other elites. Asian governments have important and growing interests in Chinese and regional stability; they seem to favor such stability over the uncertainty of U.S.-styled democracy disrupting the order of previously authoritarian states. Anecdotal information also suggests that Chinese culture enjoys an upswing in parts of Asia, adding to forces that see ethnic Chinese playing a more prominent role in Southeast Asia,[43] but the pull of Western and especially U.S. popular culture is vividly illustrated by the widespread piracy in China and other Asian countries of U.S. movies, music, and literature (Glaser 2005).

6. *Is the current balance in Chinese and U.S. relations in Asia likely to last?* Many variables affecting U.S. power, Chinese policies, and the actions of Asian governments in the fluid dynamic of post-Cold War Asia will determine the answer to this question over the next decade. All things considered, a reasonable forecast makes it seem likely that the United States will sustain its overwhelming military superiority and a growing economy open to Asian trade and investment—the foundations of the U.S. leadership role in Asia. It also seems probable that China's leaders will remain busy managing widespread challenges to domestic stability and sustaining domestic economic development. Under these circumstances, one can predict with some assurance that the Chinese government will probably continue to see its interests best served by continuing a moderate and generally cooperative approach to the United States, avoiding major challenge to the United States as China gradually advances relations in Asia. This Chinese government behavior will likely continue even as differences between the two powers almost certainly will lead to occasional serious tension and even though Chinese leaders remain frustrated in their inability to make much progress in freeing their periphery of what they tend to see as troubling and constricting U.S. power.

[Beijing] will probably… see its interests best served by…generally cooperative [relations with]…the United States

Recommendations for U.S. Policy

The findings of this study lead to several recommendations for U.S. policy. Policymakers should not be misled by prevailing media and scholarly assessments that exaggerate China's influence in Asia relative to that of the United States. It would be a mistake for the U.S. administration to give in to recent congressional, media, and interest group pressures that use overstated assessments of China's rising power to push for tough U.S. government policies to confront and compete with China's rising power. Overt U.S. competition with China for influence in Asia is unwelcome in Asia, counterproductive for U.S. interests in the region, and unwarranted given the limited challenge posed by China's rise.

China's recent success in Asia rests heavily on a fairly narrow foundation—generally adroit Chinese diplomacy and intra-Asian trade that is less significant than its figures would suggest. Chinese leaders and officials usually follow policies that do not require the neighboring countries to do things they do not want to do and policies that do not require China to do things it does not want to do. Thus, China's Asian approach focuses on "easy" things—the "low-hanging fruit"—and avoids costly commitments or major risk. By contrast, U.S. leadership in Asia, though challenged by unpopular policies in Southwest Asia and Korea and insufficient attentiveness in dealing with Asian governments, remains strong in undertaking responsibilities and providing needed security and economic benefits for Asian states.

Predictions of an emerging order in Asia led by a rising China that will marginalize the United States reflect poor understanding of the ambitions of Asian governments, the resilience of U.S. power and leadership, and the state of play in China's influence relative to the United States in Asian states around China's periphery. To some extent, a rising China generally accommodating to its neighbors benefits from the fluid post-Cold War Asian order as Asian governments seek to broaden international options with various powers in a continuing round of hedging and maneuvering for advantage. But as China rises in influence in Asia, these same neighboring governments hedge and maneuver against possible Chinese dominance. In this process, they quietly seek closer ties with one another and particularly with the region's dominant power, the United States.

America's advantages in this situation are strong. The United States has a proven record of being able and willing to commit significant

resources and prestige to protect allies and friends. The United States is very powerful—a superpower—but it is far distant from Asia, has none of the territorial and few of the other ambitions that characterize other Asian powers, and thus is less distrusted by Asian governments in comparison with how these governments view one another, including China. As a result, most Asian governments—including China and all the major powers in Asia—give priority to relations with the United States rather than to relations with any power in Asia.

In addition to being Asia's economic partner of choice and acknowledged security guarantor, the United States has a leadership position in Asia that rests on a determined U.S. administration prepared to confront adversaries and opponents. This gives pause to Asian governments seeking to challenge or displace the United States. Even hard-line Chinese critics of U.S. "hegemony" in Asian and world affairs have been compelled to adopt a low posture in dealings with the United States, choosing to wait as China builds comprehensive national power over the next decades.

Chinese leaders—though often frustrated by U.S. policies and power and desirous over the long term to see their periphery free of constricting U.S. great power involvement—for the foreseeable future are expanding influence in selected ways that tend to avoid directly challenging the United States. For the most part, China's rise in Asia does not come at the expense of U.S. interests and is not a part of a zero-sum game resulting in the automatic decline of U.S. influence. The United States should continue to exploit China's recently moderate view of the United States in Asia in order to further develop U.S. security and other close cooperation with Japan, India, Taiwan, and additional Asian powers that in the past would have prompted strident Chinese opposition.

For the most part, China's rise in Asia does not come at the expense of U.S. interests

To enhance its position in Asia, Washington's policy and behavior should be focused on fixing negative features of recent policies related to Iraq, the Middle East, and Korea; American unilateralism in international politics; and inattentiveness to Asian government concerns regarding economic development, nation building, and multilateral cooperation. This requires adjustments, not a wholesale revamping, of U.S. policy. The Bush

administration's recently more flexible and consultative stance in the Six-Party talks on North Korea's nuclear program and its more-active, high-level interchange with and attention to Asian leaders and their concerns with economic development and regional stability have been steps in the right direction, ones well received by Asian governments. Such steps, backed by continued careful management of U.S. security commitments and economic relations with regional governments, will enhance the U.S. leading role in Asian affairs.

The prevailing tendency of Asian governments to hedge in the post-Cold War environment seems likely to continue to pose challenges for U.S. management of alliance and other relations with Asian governments seeking more independence and freedom of action, inclining some to seek closer ties with China, among others. U.S. policymakers should not overreact to such maneuvers, recognizing that such hedging continues to provide a prominent role for the United States. U.S. government leaders should seek to advance U.S. interests in Asia without overt competition with China that would try to force Asian governments to choose between Washington and Beijing.

Endnotes

1. John Pomfert, "In Its Own Neighborhood, China Emerges as a Leader," *Washington Post,* October 18, 2001, www.taiwansecurity.org (accessed October 20, 2001); Jane Parlez, "China Races to Replace U.S. as Economic Power in Asia," *New York Times,* June 28, 2002, www.taiwansecurity.org (accessed June 29, 2002); "Across Asia, Beijing's Star Is in Ascendance," *New York Times*, August 28, 2004, www.taiwansecurity.org (accessed September 1, 2004); "Chinese Move to Eclipse U.S. Appeal in South Asia," *New York Times,* November 18, 2004, www.taiwansecurity.org (accessed November 20, 2004); Philip Pan, "China's Improving Image Challenges U.S. in Asia," *Washington Post*, November 15, 2003, 34, 38. There are notable exceptions that give greater emphasis to U.S. strengths in Asia (Yahuda 2005; Ikenberry 2004), while another (Kang 2003) highlights a growing China-centered order in Asia amid a world order still dominated by the U.S. superpower.
2. Unless otherwise noted, this section is based on the discussion in the following sections and the sources given there.
3. Evan Medeiros (2005/2006) provides a very recent scholarly assessment of hedging in Asia.
4. Interviews with Chinese officials, 2001–5. In particular, the author conducted in-depth interviews and consultations with twenty Chinese foreign policy planners and specialists in November–December 2003, with fifty such specialists during a visit to China in May 2004, and with thirty such specialists during a visit to China in June 2005.
5. Robert Marquand, "Central Asian Group to Counterweigh U.S.," *Christian Science Monitor*, June 15, 2001, www.taiwansecurity.org (accessed July 2, 2001).
6. Mei Zhaorong, "The International Strategic Situation after the Iraq War," *Foreign Affairs Journal* (Beijing) 70 (December 2003): 50, 52; Shi Yinhong, "Basic Trials and Essential 'Platforms' for China's Peaceful Rise," *Hong Kong Ta Kung Pao,* March 14, 2004, www.taiwansecurity.org (accessed March 25, 2004); Li Jianying, "U.S.

Stepping Up Efforts for Hegemony by Force," *Foreign Affairs Journal* (Beijing) 67 (March 2003): 26; Shen Qiang, "Impact of U.S. Strategic Adjustments on International Relations," *Foreign Affairs Journal* (Beijing) 67 (March 2003): 54; Zhang Zhiming, "First Two Decades of the 21st Century," *Foreign Affairs Journal* (Beijing) 67 (March 2003): 3. Author interviews were noted in note 4.

7. Chinese specialists publicly complain, "We need to find out who is making money on this trade. The answer is not China but rather the multinationals." "China Becomes No. 3 Trading Nation," *Asia Pulse*, January 12, 2005, www.taiwansecurity.org (accessed January 15, 2005).
8. "A Reheated Economy," *Economic Global Agenda,* January 25, 2005.
9. "Rising Dragon and the American Eagle—Part II," *YaleGlobal Online*, April 22, 2005, www.yaleglobal.com; "China Passes U.S. in Trade with Japan," *Washington Post,* January 27, 2005, E1.
10. As is explained below, though much less prominent than its strong public efforts against U.S. policies and leadership in Asia in the 1990s, China continues to work against and challenge U.S. policies and leadership in Asia in various ways. These include, notably, (1) a buildup of military forces to deal with U.S. forces in a Taiwan contingency and strengthened Chinese nuclear forces to deter U.S. intimidation or attack; (2) public opposition to strengthened U.S.-Japan military cooperation; (3) support for South Korea's avowed international role more independent than its heretofore close alignment with the United States; (4) support for efforts to get U.S. military forces to leave Central Asia; (5) support for Asian regional groupings that exclude the United States; (6) reluctance to work with a U.S.-led regional security grouping, the Shangri-La Forum; (7) efforts to curb U.S. military exercises in Southeast Asia; and (8) resistance to U.S. pressure against North Korea and Burma (Shambaugh 2005: 294–99).
11. "Chinese Strength, U.S. Weakness," editorial, *New York Times*, June 26, 2005; Jane Parlez, "Across Asia, Beijing's Star Is in Ascendance," *New York Times*, August 28, 2004, www.taiwansecurity.org (accessed September 1, 2004); "Chinese Move to Eclipse U.S. Appeal in South Asia," *New York Times,* November 18, 2004, www.taiwansecurity.org (accessed November 20, 2004); Nayan Chanda, "Crouching Tiger, Swimming Dragon," *New York Times,* April 11, 2005, www.taiwansecurity.org (accessed April 15, 2005); Greg Jaffe and Jay Solomon, "Bush Puts China Back on the Front Burner; Beijing's Rising Military and Economic Clout Draws a Flurry of White House Attention," *Wall Street Journal*, June 3, 2005, www.taiwansecurity.org (accessed June 8, 2005).
12. "China Buys American," *Newsweek International*, July 3, 2005, www.taiwansecurity.org (accessed July 9, 2005); "Chinese Strength, U.S. Weakness," editorial, *New York Times*, June 26, 2005; Paul Krugman, "The Chinese Challenge," *New York Times*, June 27, 2005, www.taiwansecurity.org (accessed July 9, 2005); Joseph Kahn "Behind China's Bid for Unocal: A Costly Quest for Energy Control," *New York Times*, June 27, 2005, www.taiwansecurity.org (accessed July 9, 2005).
13. In this context, the Sino-Russian friendship treaty of 2001 and various declarations, such as the July 2005 declaration on world order by Presidents Putin and Hu, promote rhetorical cooperation and posturing but avoid concrete actions at odds with both Moscow's and Beijing's respective interests in maintaining cooperative relations

with the United States. "China, Russia Warn of World Domination," *Associated Press*, July 2, 2005, www.taiwansecurity.org (accessed July 9, 2005).

14. Anthony Faiola, "China Makes Novel Claim to Ancient Kingdom, and Both Koreas Balk," *Washington Post*, January 22, 2004, A15.
15. Donald Greenlees, "The Subtle Power of Chinese Tourists," *International Herald Tribune*, October 6, 2005, www.taiwansecurity.org (accessed October 10, 2005).
16. James Brooke, "Japan and Russia, with an Eye on China, Bury the Sword," *New York Time*, February 13, 2005, www.taiwansecurity.org (accessed February 15, 2005).
17. Eric Teo Chu Cheow, "Feuding Risks for East Asia," *Japan Times*, April 22, 2005, www.taiwansecurity.org (accessed April 24, 2005).
18. Owen Brown, "China's Direct Investment Abroad Rises 27%," *Wall Street Journal*, February 8, 2005, A16.
19. These low figures are hard for specialists to explain given the wide publicity concerning large-scale Chinese investment and foreign assistance. It appears that much of the latter involves loans or other means that do not require the loss of Chinese funds, while the former involves business deals where the value of Chinese agreements to purchase large amounts of commodities from foreign countries over many years are assessed as Chinese "investments" in those countries.
20. Author interviews and consultations with fifty Chinese officials and specialists, Beijing and Shanghai, May 2004, and thirty Chinese officials and specialists, Beijing and Shanghai, June 2005.
21. The international reaction to the tsunami disaster is reviewed in *Comparative Connections*, January 2005 and April 2005, accessed at www.csis.org/pacfor/ccejournal.html.
22. Joseph Kahn, "Behind China's Bid for Unocal: A Costly Quest for Energy Control," *New York Times*, June 27, 2005, www.taiwansecurity.org (accessed July 9, 2005); Nayan Chanda, "Crouching Tiger, Swimming Dragon," *New York Times*, April 11, 2005, www.taiwansecurity.org (accessed April 15, 2005).
23. A small but vivid example of how nationalistic ambitions intrude even among ASEAN nations that have been conditioned by decades of confidence-building consultations under the rubric of the "ASEAN way" was the abrupt mobilization of Indonesian and Malaysian military forces confronting each other and threatening war in 2005 over a disputed territorial claim involving oil exploration in the Sulawesi Sea (Yang 2005).
24. This and subsequent examples are reviewed in Sutter 2003: 199–200.
25. The best annual review assessing the state of play in the interaction among individual governments in Asia is the series *Strategic Asia* published by the National Bureau of Asian Research, Seattle, and available at www.nbr.org.
26. Shambaugh (2004–5), among others, discusses this topic, though he opposes this zero-sum view.
27. "America out of Favour in Asia," *Far Eastern Economic Review*, July 24, 2003, www.feer.com (accessed July 24, 2003).
28. *Digital Chosun Ilbo*, January 12, 2004, http://english.chosun.com (accessed January 18, 2004).

29. David Hsieh, "Chinese Feel UN Should Teach U.S. a Lesson," *Straits Times*, September 17, 2003, www.taiwansecurity.org (accessed September 19, 2003).
30. Raymond Bonner, "Indonesia Official Rebukes U.S. over Iraq War," *New York Times*, December 8, 2003, www.nytimes.com (accessed December 12, 2003); Jay Solomon, "Asian Muslim Nations Join China to Denounce U.S. Attack on Iraq," *Wall Street Journal*, March 20, 2003, www.wsj.com (accessed March 21, 2003).
31. Restall, Hugo. 2002. "Tough Love for China," *Wall Street Journal*, October 21, 2002, www.wsj.com (accessed October 25, 2002.
32. To track recent developments in Russia-China relations, see the quarterly reviews done by Yu Bin in *Comparative Connections*, www.csis.org/pacfor/ccejournal.html.
33. See quarterly reviews of U.S.-Japan relations by Brad Glosserman in *Comparative Connections*, www.csis.org/pacfor/ccejournal.html.
34. See quarterly reviews of China-Japan relations by James Przystup in *Comparative Connections*, www.csis.org/pacfor/ccejournal.html.
35. "Lee Kuan Yew: China Must Teach Youngsters Not to Let Its Might Threaten Neighbors," *The Star* (Malaysia), May 17, 2005, www.taiwansecurity.org (accessed May 20, 2005).
36. "China and Japan: So Hard to be Friends," *Economist*, March 23, 2005, www.taiwansecurity.org (accessed March 28, 2005).
37. Author interviews with senior Indian government officials, New Delhi, January 2001; author interviews with thirty Indian government officials and nongovernment specialists, New Delhi, June 2004.
38. Author interviews with twenty South Korean officials and nongovernment specialists, Seoul, May 2004.
39. As noted earlier, ASEAN manufacturers suffer in the face of competition from China. The very small amounts of Chinese investment in ASEAN countries do little to compensate for the sharp drop in foreign direct investment going to ASEAN because it is diverted to more attractive enterprises in China. ASEAN farmers also complain about disadvantages for them in free trade agreements with China, and China's bid to obtain the oil company Unocal, with large holdings in Southeast Asia, elicited negative comment from the region ("CNOOC Is Not Yet Ready for Unocal," *The Nation* [Bangkok], editorial, July 4, 2005, www.nationmultimedia.com/2005/07/04 [accessed July 4, 2005]; Vatikiotis 2004; "Benefits of China FTA Downplayed," *The Nation* [Bangkok], January 26, 2005, www.nationmultimedia.com/2005/01/26 [accessed January 26, 2005]).
40. *China's Foreign Affairs, 2004* (Beijing: World Affairs Press, 2004), 577–80.
41. For variations of the view that China's rise is leading to a China-centered order in Asia, see Kang (2003) and Shambaugh (2004–5).
42. Author interviews with twenty Chinese foreign policy planners and specialists in November–December 2003, fifty such specialists during a visit to China in May 2004, and thirty such specialists during a visit to China in June 2005.
43. Eric Cheow, "China's Rising Soft Power in Southeast Asia," *PACNET* 19A, May 3, 2004, available at www.csis.org/pacfor/.

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About this Issue

This study argues that overt U.S. competition with China for influence in Asia is unwelcome, counterproductive for U.S. interests, and unwarranted given the limited challenge posed by China's rise. U.S. policymakers should not be misled by prevailing assessments that exaggerate China's influence in Asia relative to that of the United States. Washington should resist recent congressional, media, and interest group pressures that employ overstated appraisals of China's rising power in order to push for tougher competition with China.

Contrary to prevailing commentaries, the study demonstrates that China's advance rests on a fairly narrow foundation—generally adroit Chinese diplomacy and intra-Asian trade that is less significant than the reported figures of annual trade between China and its neighbors would suggest. China's influence in Asia is undermined by domestic preoccupations, nationalistic ambitions at odds with neighbors, and the adverse economic implications of China's rise for many in Asia.

Predictions of an emerging order in Asia led by China reflect a poor understanding of the ambitions of Asian governments, the resilience of U.S. power and leadership, and the actual status of China's influence relative to that of the United States. This study considers each of these subjects to show that as China's influence in Asia increases, neighboring governments hedge and maneuver against possible Chinese dominance. America has strong advantages in this situation. The United States is able and willing to commit significant resources and prestige to protect allies and friends. It is very powerful—a superpower—but it is far distant from Asia, and has none of the territorial ambitions that characterize Asian powers. It is thus less distrusted by Asian governments in comparison with how these governments view one another, including China.

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