

## DOES THE RISE OF CHINA THREATEN REGIONAL PEACE AND STABILITY?

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### SYNOPSIS

China wants and needs to maintain economic growth, which is critical for the regime of the Communist Party to survive. To achieve this goal, China requires regional peace and stability and therefore Beijing seeks cooperation, not conflict. China has undergone significant economic growth over the past three decades. One hundred and twenty four countries count China as their largest trading partner, as compared to 76 who can say the same of the US. Its recent economic gains are indicative of a change in both economic influence and diplomatic and military might. As a result, a slow shift in regional relative power has occurred towards China and away from the US. Australian policy makers must manage the situation and our role in the region carefully, as peace and stability in South East Asia is vital for Australian energy security and trade.

### INTERNAL STABILITY AND REGIONAL INSTITUTIONS

China's focus on internal stability will see the continuation of Beijing's largely judicious and cooperative diplomacy. This focus and the geographic and environmental limits placed on China's growth rate means China will probably not become belligerent or diplomatically overzealous. China is determined to sustain its economic growth. Chinese foreign policy that is perceived as [threatening](#) is

likely to have negative effects, such as slowing or halting growth, contributing to further internal instability which will ultimately threaten the Communists Party's hold on power.

Since the end of the Cold War, the growth of regional institutions in Asia and growing economic interdependence has provided constructive foundations in the progressing regional order. Although these institutions have limitations, they are conducive for reducing the threat of any one state. Until the mid-1990s, China viewed organisations such as ASEAN as liberal institutionalist tools of the US – a conspiracy for Cold War-esque containment. China remains convinced that the US rebalance to the Asia Pacific pre President Trump was a hedging manoeuvre, designed to balance against its rising power. China has moved from apathy to suspicion and now proactive engagement in regional institutions. China now realises that these institutions are neither intrinsically hostile nor set up to contain them.

Former Chinese leader Deng Xiaoping proclaimed in 1985 'to pursue economic development China needs a peaceful environment.' China continues to demonstrate that it needs regional stability and peace in order to foster economic development. The continuation of strong economic trade and development by China can only be achieved if the region remains stable. China is pursuing, at least for the next decade, regional and diplomatic stability as a driver for their continued economic growth. Conflict or war within the region, particularly with the US, would [derail the new Chinese growth model](#).

The 18<sup>th</sup> National Congress of the Communist Party of China (CPC) summarised its most important foreign policy objectives as: domestic political stability; sovereign security, territorial integrity and national reunification; and sustainable economic and social development. President Xi Jinping is utilising nationalist rhetoric to win and maintain popular support internally. However, Xi is unlikely to provoke a deliberate military conflict. President Xi reaffirmed at a conference in 2013 that the current time is China's 'period of strategic opportunity' where it needs to 'maintain a stable external environment that is conducive to domestic economic reform and growth.'

China has become an increasingly active and cooperative participant in global and regional institutions since the late 1980s and early 1990s. China has also built substantial diplomatic capital through efforts to appease regional concerns of its growing power. China has sought to improve its relationships through diplomacy and closer trade and economic ties.

China's rise and its constructive engagement with regional states and multilateral institutions have prompted growing interdependence and cooperation in the region. China has a growing appreciation for the importance of soft power diplomacy.

## CHINESE PRIORITIES

China has been asserting itself with its maritime claims to resource rich deposits amounting to almost 90 per cent of the South China Sea within the nine-dash line and impinges on the exclusive economic zone of several of its neighbours. The territorial integrity of these claims is a top foreign policy priority for China due to the economic opportunities it seeks to exploit, validated in its own perception by the realist logic of its greater population and therefore requirement to natural resources. The conception of China's 'new assertiveness' was constructed by pundits rather than being '[an objectively true phenomenon](#).' Policymakers and scholars may have overestimated the assertiveness of China and the impact on regional peace and security. China has managed to peacefully resolve land border disputes. Although there are historical animosities over borders, China seeks to resolve them in a non-threatening way, preserving peace and stability in Asia in order to ensure stability supportive of its economic endeavours.

China appears to prioritise domestic stability over foreign policy and only provides aggressive rhetoric as a reaction to internal issues. China's continued economic growth is largely dependent on the management of these domestic problems such as their continuing ability to meet the population's quality of life expectations. Regional and global states in the international system must understand these issues in order to engage with China and hold it accountable. For example, countries could use their bilateral trade as leverage if China appears to be too aggressive in its drive for resources to sustain economic growth.

## WHAT HAPPENS IF CHINA'S GROWTH SLOWS OR STALLS?

China need not be concerned with invasion by land due to the high impenetrable land borders to its north and west and its prodigious metropolis development are well defended on its Eastern Seaboard. China's military exists to safeguard its shipping lanes – a significant portion of its global economic influence. Genuine aggression would be counter-productive to China's economic interests. Safe sea-lanes through Asia are important to China as well as countries in the Indo-Pacific region. Although its military is large and technologically advanced, the military and diplomatic consequences of China provoking such a reaction by asserting itself aggressively in the South China Sea would be catastrophic, not only directly to itself, but due to the isolation with trading partners and subsequent global economic impacts.

The rise of China does not necessarily threaten regional peace and stability; rather, it is how other nations, particularly the US, respond. China does not intend to destabilise the region. Actions to secure its own interests may be interpreted by some nations to be detrimental to their own, and as

such create tension. Australia must allow China the [‘breathing space’](#) China needs in order to manifest its destiny by pursuing economic growth and supporting mutually beneficial relationships with trade. China must balance this space with being a responsible regional power ensuring China is accountable to international laws and conventions such as the Law of the Sea.

## OUTLOOK

The architecture of peace and stability in Asia is changing. China’s rise will not threaten peace and stability in Asia; it is the reactions of others such as the US to China’s rise that has the potential to threaten Asia, a modern day Thucydides trap.

At the 19<sup>th</sup> Chinese Communist Party Congress held on 18 October 2017 Xi Jinping extensively discussed the triumphs of the previous five years and the [‘new era’](#) ahead for China. Xi Jinping discussed refining the economic model to continue the development of infrastructure, services and innovation. He also spoke extensively about the Belt and Road Initiative, the national rejuvenation and the mission to become a world power. Chinese projection as a global power coupled with the Trend of rising nationalism in the west, particularly evident in Trump’s ‘America First’ policy. It is expected that China will take a more active role in global governance.

China will challenge norms, make new rules, but having foresight of its strategic objectives, will not do so in a unilateral, arbitrary, or exclusive way. China must maintain active engagement in regional cooperation through ASEAN and other multinational institutions in order to provide the stable, regional security architecture required for its primary goal and focus: economic growth.

Australian policy-makers should seek opportunities to bind China to the current international institutions and work constructively and collaboratively within Chinese institutions such as the Asia Infrastructure Investment Bank, without compromising Australian interests.

Australia’s national security community must seek a proactive stability and security focus in the Asia-Pacific region. The maintenance of a Rules Based Order supportive of freedom of navigation to safeguard our economic and energy security is paramount. The architecture of a regional or Global Rules Based Order may need periodic renegotiation to remain relevant to the changing dynamics of power, but this cannot be to the detriment of Australian National Interests.