TRANSCRIPT
Event
Prospects for China’s Growth and Foreign Relations in an Era of Competition
Panel 3: Between Backlash and Balancing: The State of China’s Foreign Relations

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FEATURING
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CSIS EXPERTS
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Ilaria Mazzocco:

Welcome, everyone, to the third panel of the day, “Between Backlash and Balancing: The State of China's Foreign Relations.” My name is Ilaria Mazzocco. I'm a senior fellow in the Trustee Chair of Chinese Business and Economics at CSIS. I am delighted today to be hosting a group of brilliant researchers that I will be introducing in just a second to discuss China’s foreign policy and relations with other countries.

There’s only one housekeeping item before I move forward. People watching us live can submit their questions. So if you're watching us live on our website, you can see there’s a button that says “ask question,” and you can submit your questions there.

Let me introduce our panelists today.

We have Yunnan Chen. Yunnan is a research fellow in ODI’s Development and Public Finance Program. Her work centers on the changing development finance architecture and the role of global China, with a specialist interest in the role of Chinese development finance, overseas lending, and the architecture, and the role of national development banks and development finance institutions in Africa.

Previously, she was a Global China Initiative fellow at the Global Development Policy Center at Boston University. She was also a researcher at the SAIS China-Africa Research Initiative and a Ph.D. candidate at Johns Hopkins School for Advanced International Studies.

We also have Carla Freeman joining us from Washington. She is a senior expert for the China program at the U.S. Institute of Peace, USIP. She specializes in China's foreign policy, China and nontraditional security issues, and U.S.-China relations. For more than a decade, she was a member of the China Studies faculty at the Johns Hopkins SAIS, where she directed the school’s Foreign Policy Institute.

In 2020 she held the appointment of Library of Congress chair in U.S.-China relations at the library’s Kluge Center. She is the author of numerous scholarly writings and policy reports. She is currently working on a report for USIP on China’s Global Security Initiative and a book project on China's impact on the earth's planetary frontiers.

And finally, Francesca Ghiretti, an expert on Europe-China relations and economic security. She currently covers the role of senior geoeconomic analyst at the Adarga Research Institute, which uses AI
technology to support research. Previously, Francesca worked as analyst at MERICS and as a research fellow at the Italian Institute for Foreign Affairs. She holds a Ph.D. from the Center for Grand Strategy at War Studies, King’s College London, and is now working on a book based on her Ph.D. thesis on the theme of economic security.

Welcome, everyone.

Great. So before we move on to the discussion, let me set the scene a little bit. You know, it’s interesting that last year, when I hosted a panel in last year’s Big Data China conference, we were discussing in the panel how China was going to transition out of zero COVID. So I think this is just worth remembering, because in just one year we’ve really moved very quickly out of zero COVID, which, of course, really restricted the types of activities that – you know, foreign engagement that China could have physically with other countries. Of course, diplomacy got done nonetheless.

But, you know, also there’s just been a resurgence of summits, travel of leaders from China and of other countries to China. Most recently here in the U.S., of course, we were all watching the leadership summit of APEC in San Francisco when Biden and Xi Jinping met in San Francisco. And right now COP-28 is undergoing. Of course, the BRI summit happened. And, of course, the EU-China summit is going to be happening in just a couple of days.

This is just a few of many other events that took place. And I think these are, you know, a reminder of all the different types of engagement that China has with different countries and the variety also of diplomatic activities.

There’s also been many different geopolitical changes over the past few years. Of course, Russia’s invasion of Ukraine has been what many have called sort of a reminder that geopolitics still matters. And also, of course, the U.S.’s introduction of export controls on advanced semiconductors towards China, it’s also had, you know, a ripple effect on global relations. So given all these different trends and, you know, complicated stage at the moment that, you know, that China faces, I wanted to ask each one of you how you see the past year and what do you see have been the most important trends over the past year. So I wanted to start with Carla. And if you can give us sort of an overview, and especially given your expertise on China’s engagement with the global commons and the global governance. How you see things have developed in recent – in the past year.
Thanks so much, Ilaria. I hope everybody can hear me. It’s an honor to join you. And I’ve really enjoyed a few of the previous sessions today and looking forward to the next hour of discussion as well. So I will give a brief run through of developments in Chinese foreign policy in the past year.

And as you had alluded to, it’s been an action-packed year. China’s reopened after nearly a three-year lockdown. And suddenly its officials and leaders, including Xi Jinping, took to the road for a global diplomatic campaign designed to rebuild some of China’s important relationships and improve others that weren’t so – it hadn’t assigned enough priority to. And also to engage in some new multilateral and global governance initiatives that are really designed to showcase China’s capabilities and influence in a far more direct and also strategic way, aimed at transforming international organizations and also rules and norms in line with China’s interest and preferences.

So on one hand, China’s foreign policy activities were all – were aimed in those sort of more geopolitical directions. They also were aimed at restoring international confidence in China’s economy, which had been shaken not only by COVID but also by some of the policy changes Xi Jinping introduced. And this conference has already covered China’s economy in a really excellent panel, so I’ll focus on some of China’s other policy activities.

Let me frame my remarks by putting three categories up on the board – summitry, which you alluded to, again, Ilaria, your opening comments – Wang Yi plus panda diplomacy, and then Xi Jinping’s new global initiatives. On the summitry front, China’s diplomats engaged in what seemed like countless summits in 2023. Frankly, I was going to count them up for the audience and I got too tired. There were so many. (Laughs.) Some of them were held in China, but a lot of them were overseas. And a lot of them were attended by Wang Yi. VP Han Zheng handled some of them, including the U.N. General Assembly in September.

But Xi also attended a few himself. Fewer than actually he had attended in person in 2022, which is sort of interesting. But the ones that he did attend do offer an indication of China’s foreign policy priorities in 2023. And these were the BRICS summit in South Africa in August. Then, of course, the third Belt and Road International Cooperation Summit was held in Beijing in October. And then, as you mentioned as well, the APEC summit in San Francisco, where Xi traveled to meet with Biden on the sidelines.

Notably, Xi didn’t attend the G-20 in Delhi. Sent to Premier Li Qiang to
Nor did he join the Shanghai Cooperation Organization Summit, that he had attended in person the previous year. He did that online. No doubt, Xi wanted to be present at the BRICS summit, which saw the expansion of the grouping with the addition of six new members, which adds additional international clout to this this grouping of emerging and developing economies. Then at BRI, Xi hosted the group, again, in Beijing. Gathered 20 heads of state. Fewer than in the previous forum a number of years ago, but a lot of other countries were represented. And that gave Xi a chance to pledge to sustain China's commitment to the initiative and also to lay the groundwork for a BRI secretariat to be developed.

So if these two summits reflect China's interest in expanding its leadership of developing countries through some new institutional developments where it can play a leading and shaping role that supplement, or complement, or act as off-ramps or alternatives to Bretton Woods, at least the APEC summit, in contrast, really focused on engaging in a summit that a very diverse array of countries are – participate in, and clearly reflected an effort to stabilize the U.S.-China relationship. And there we can talk more about the priorities that came out, and the agreements that came out of that.

Second, I would say that China’s foreign policy became a lot about Wang Yi, the world’s hardest-working diplomat. Wang leads the Chinese Communist Party’s foreign policy apparatus. He was back as China’s foreign minister, suddenly everywhere all at once in the second half of 2023, after Qin Gang – former ambassador to the United States and Wong’s successor for at least part of 2023 – after he was removed amid a slew of salacious rumors. One of two key figures in the Chinese state’s foreign policy apparatus to be removed after short tenures. The second, of course, was Minister of Defense Li Shangfu.

Although Qin was not in wolf warrior mode when he was ambassador to the U.S., and also he also used a pretty moderate tone when he was China's foreign minister, previously he was known as one of the pioneers of China’s wolf warrior diplomacy. And his removal put a period, at least a stop at least for now, on that sort of shrill diplomatic rhetoric that was associated with China’s wolf warriors like Qin and acolytes like Zhao Lijian during the heights of the COVID epidemic and Twitter diplomacy. And this shift was also reflected in the return of panda diplomacy. Giant pandas, apparently, are still awards for good international behavior. They also can be taken away. Washington lost its beloved pandas but California, who's governor, of course, traveled to China this year, might get some. So that was interesting.
And then finally, China was busy campaigning for a number of really interesting international initiatives. Move over BRI, because now we’ve got the Global Civilization Initiative announced in March of this year, and campaigning for the Global Development Initiative on the – underway since 2021. And last year, the Global Security Initiative, these are all new made-in-China concepts for new approaches to managing global challenges. We know the most about the still-named GDI and GSI. And maybe Yunnan can discuss the GDI if she has time. But that seems to be focused on the Sustainable Development Goals.

The Global Security Initiative, though, proposes an improved an made-in-China approach to global governance of global security, and based on security concepts that are closely associated with Xi. And it’s also become a kind of rhetorical banner for this new type of high-profile Chinese diplomacy that China’s undertaken over the past year, to demonstrate its ability to act as a peace broker in some presumably intractable, strained relationships – like the Saudi-Iran rapprochement of last March.

So, finally, let me just end with two very quick additions for possible discussion. 2023 was characterized by China continuing to make ties with Russia a priority. Xi made a visit to Russia his first international visit of his third term in office, that began in March of this year. But China at the same time has a campaign to woo Europe that’s underway. China also passed a new foreign affairs law, which I have to say I don’t know anything about, but it seems like it’s something worth studying because it enshrines a number of China’s foreign policy priorities into law.

And this includes providing foreign aid to developing countries and strengthening solidarity with developing countries. And there’s some other aspects of the law that really seem pretty hard to square with China’s foreign policy behavior in its own region, and also on some broader strategic issues. So that raises some questions about what the significance of this unprecedented law are. So maybe – so I’ll stop there, Ilaria. Thanks for letting me go on a bit too long.

Dr. Mazzocco: Thank you. That was very interesting. And I’m sure we’ll be coming back to many of these different themes. So I’ll go on to Yunnan, since I think you mentioned her and you’ve definitely, you know, mentioned several of the topics that she covers regarding China’s relations with the Global South, the BRI, and the Global Development Initiative. Yunnan, off to you.
Right. Well, following that that headline act, I think the past year for me signals a critical juncture in China’s relations with the Global South, primarily through the Belt and Road Initiative and now this diversification of new acronyms through which China is trying to engage with partner countries. This year marks, of course, 10 years of the One Belt, One Road or Belt and Road Initiative that was originally announced in 2013. It was also a year where the BRI was, I feel like, curiously downplayed for much of the year until, you know, leading up to the forum itself suddenly everything was announced with a lot of fanfare. But this marks a period over the last, I would say, five to seven years in which we’ve seen a shift in China’s relations with developing countries and its role over the last two decades as one of the most important providers of development finance and official financing for the Global South.

We’ve all seen that in the years leading up to COVID there’s been a lot of backlash to China’s role as a creditor to Global South countries. There’s been a lot of accusations of, you know, predatory lending and debt traps. And whilst there – I don’t think there’s been actually any solid evidence of asset seizures as part of Chinese loans, undoubtedly Chinese lending has contributed to some of the problem around unsustainable debt burdens of developing countries. And this has been very clearly emerging in the last three years since COVID, where we’ve suddenly had a very systemic debt crisis in many parts of the Global South, particularly in African countries, and China has had to step up and play a very critical role in becoming a collaborative player to some degree in these new multilateral debt-restructuring initiatives.

And so in that backdrop, I think having this 10 years of the BRI was an interesting, interesting turning point. There’s been some talk of whether the BRI was dead in the last few years, particularly since we haven’t had any of these high-profile forums in the COVID years. We’ve seen a decline in official lending from China’s policy banks. And there’s certainly been, I think, a shift in the approach and risk attitudes of China’s financial institutions overall. We have a paper coming out from ODI in this month that looks at the role of Sinosure as well, which illustrates that it’s not just lending; it’s also the ability of state financial institutions and their willingness to underwrite and to de-risk overseas investment that’s also been shifting, particularly in the years after 2018.

However, the BRI Forum illustrated that it’s clearly not dead and there still seems to be a very clear political commitment that comes from the top. There’s been a bit of an injection of new capital to the two policy banks. They both received around 50 billion U.S. dollars
each for a new financing window. The Silk Road Fund also received a new capital injection. And so it seems like the taps are turning on again in this year.

But I think there is going to be a bit of a shift, and we’re already seeing in previous years and also in the kind of narrative around the forum itself that China’s cooperation with Global South countries is going to take a different turn. It’s becoming more conservative. It’s becoming more commercially oriented. There’s going to be a bit more attention to commercial viability and due diligence in its projects, and to try and avoid some of the issues that led to some of the more problematic projects and the contributions to debt issues in the first place.

And alongside that, just to touch briefly on the Global Development Initiative, I think this is also another area where, you know, China’s still trying to demonstrate its role as a responsible stakeholder and as a serious development actor. I think it’s interesting that the GDI was so very intimately integrated into the U.N. It’s very much a sort of sign that China is a strong supporter of U.N. institutions, that it views them as legitimate, and that is wants to revitalize support for the U.N. SDGs at a time when other development actors have been actually, you know, faltering a little bit and cutting back in their development aid and development cooperation. And so there’s a clear sign that I think China also wants to shape the future orientation of the – of the U.N.’s Sustainable Development Goals and that post-2030 agenda as well.

And I’ll stop there.

Dr. Mazzocco: Thank you. Very interesting, and I think there’s a couple of things there that I would like to come back to that I think connect with what Carla mentioned as well in terms of China’s relationship with the U.N., China’s relationship to existing global institutions, and also, you know, its role, perhaps, in shifting them in the future.

But before that, let’s pivot to Europe, which is a region of the world that has had a tumultuous relationship, I would say, with China over the past couple of years, and where I think we’ve seen quite a shift. But we’ll have Francesca explain more about her view on how Europe-Chinese relations have changed and, you know, especially I think insofar as they concern also economic security.

Francesca Ghiretti: Thank you, Ilaria. Very, very happy to be here.

And I’m glad you mentioned economic security because I suppose
that, you know, the expectations is for me to start with the big change was the EU launched the Economic Security Strategy, which I feel compelled to say is country-neutral. So it’s not about China, officially, but it was first mentioned during Von der Leyen’s speech – China speech on March 30th, you know, and then we had the export controls – new export controls adopted by the Netherlands – so not the European Union, by the Netherlands – and most recently we have the anti-subsidy case against Chinese electric vehicles. So a lot has changed.

We also – the European Union also published a list of 10 critical technologies which are undergoing a risk assessment. And although China – again, I stress this once more – is not the main target, of course it is a major player and a major concern.

I could have said this was one of the main points as much as I could have said you know, the other side of de-risking was the diplomatic de-risking; so the idea that, you know, we would engage and reengage with China. But the reason why I’m not really focusing on either of these two points – and then we can talk more about these if you want to later – is because this is really EU’s foreign policy towards China rather than China’s foreign policy towards the EU.

And this is sort of my observation at the end of 2023. A lot of what has happened in the bilateral relationship between the EU and China in the past year has been about EU’s agenda towards China rather than the other way around. We haven’t seen a lot of China’s foreign policy and active foreign policy towards the EU, with one exception which I find relatively funny, which is at the end of 2022 Fu Cong, the new ambassador to the European Union, arrived in Brussels, and at the very beginning of his posting he tried to bring forward a bit of an active agenda. And the agenda was the proposal of lifting the respective sanctions that China and the EU had imposed on each other in 2021 in order to get the Comprehensive Agreement on Investment restarted.

The reason why I find this funny is because it says a little bit about – it says actually quite a bit about China’s approach to the European Union to this day and China’s foreign policy. First of all, there seem(s) to be no – (laughs) – no understanding that the reason why the EU had imposed sanctions was a violation of human rights. So until that violation of human rights was(n’t) there, the EU could not lift the sanctions.

But I think that what was even more interesting is that even if – it was not going to happen, but even if the EU institutions, the
leadership of the EU institutions, or the European Commission accepted this proposal, the European Parliament is the one who froze the ratification of the Comprehensive Agreement on Investment. And the way the proposal was posed seemed to give the impression that to this day the Chinese have not fully grasped how the European Union works and how relevant the parliament is in this process.

So I know this may not seem much, but it is quite relevant to see that, you know, still in 2023, after so many years of engagement, there seems to be a bit of a gap between how China views the European Union and the functioning of the European Union and how the European Union really works.

Now, the other point is that the reason why I say there’s a lot of EU foreign policy towards China but not necessarily the other way around – so this was the one exception; sort of, you know, Fu Cong’s proposals didn’t work, but at least they had a proactive agenda – is that we had lots of visits. So, you know, Scholz went there, Macron, Sanchez, Von der Leyen, Michel, Borrell. We didn’t have a single visit from Xi Jinping, from China to the European Union, right? So there were a lot of European leaders going to China, but not the other way around. That is another sign of a lot of proactive engagement from the European Union, but not necessarily the same coming from China.

Now, of course, the dialogues restarted. High-level economic dialogue, digital dialogue, human rights dialogue, they all restarted. And we’re going to have in just a few days the first in-person summit since 2019. Now, this summit is going to take place in Beijing. It doesn’t mean that it’s one more example of European leaders going to China. It’s just China’s turn to invite the European Union to the summit. So I want to clarify this.

But again, I’m not sure China’s actually charming Europe. I just think that China is doing the usual, let’s, you know, grasp some low-hanging fruits. Let’s signal something that is very easy, very positively in terms of narrative, but it’s not really doing much in terms – it doesn’t really require much effort on China’s side.

And what I’m referring to is the lifting of the visa requirements for a number of European countries. This action is interesting. I think it’s France, Italy, Germany, the Netherlands, and Spain. I hope I’m not forgetting everyone. I think there’s other countries. Again, this says a lot; first of all, the element of the low-hanging fruit. If we go back years, it will be consistently there.
And then the second element of whether we like it or not, whether they like it or not, the European Union is an important economic partner for China. And it remains such. It doesn’t mean geopolitical power. Let’s clarify this. It means important economic partner, which is why they try what they can without a lot of effort to make sure that they can maintain good economic relationship. And this is done at European level when possible, but even more often – and again, this state visit from the head of state of the member states in the past year demonstrated this – much more often is bilaterally meet member states.

And I close here.

Dr. Mazzocco: Well, thank you, Francesca. And thank you for mentioning the visa issue, which I have found very interesting, and kind of surprising in some ways. But we’ll see how that actually develops, and we’ll keep an eye on the summit.

Let me move on to another question that I would like you all to answer. And actually, Francesca, I would like to start with you and go in reverse here. So do you think – you know, OK, so, yes, Europe has tried very hard to engage with China, and China does not seem to be engaging quite as much with Europe. But certainly I think we’ve seen a change in how European leaders have been engaging with China, right. I mean, I think it is clear that there’s been a hardening of certain positions, especially – certainly from the commission, at least, if not all member states.

Do you think this indicates that China is dealing with a more challenging foreign environment? Or, you know, has China’s position changed at all towards Europe? I think certainly there are those in Europe who think that China has changed its foreign policy. Do you think – what do you think?

Dr. Ghiretti: So I guess two questions in one. The first one is whether the EU and EU member states’ position has changed towards China, and then whether, you know, China’s position has changed towards the EU and EU member states. There’s always sort of an added layer when you talk about the European Union, but we try to keep it at EU level.

In terms of the European Union, yes. I mean, if we go back pre-pandemic, it was a completely different way of looking at China. It was much more positive, both in European capitals and within Brussels. A lot has changed after the pandemic. Then we had the case of Lithuania, which, of course, was very relevant as well. You know, when you have economic coercion exercised against one of your
member states, that changes your perception.

And then definitely Russia's invasion of Ukraine changed the perception, especially in Central and Eastern European countries, who have quite dramatically started to position themselves more assertively in their conversations. And that's changed the balance of the debate within the European Union. But even within the most classic actors, such as France, Germany, Italy, there have been quite a few changes.

Now, the baseline that has remained sort of stable is the interest in promoting good business and good economic relations, because, let's be honest, that hasn't really changed. If you look at the tweet from Scholz and from Macron, priority was economic agreements, right, for their own businesses. If you look at Italy and not renewing the memorandum of understanding for the Belt and Road Initiative in 2019, first concern is making sure that your businesses and your economic relationship are not going to take a hit when you do this.

So that has sort of remained stable. But it has undeniably changed to the degree of, and I think this is mostly China doing, if I have to be honest. I think the big hit was China closing down, businesses experiencing themselves how costly it is for them to be in a system where the policies can change on a day-to-day basis and you can find yourself with less market share just out of the day or not being able to do your own businesses. And so a little bit has changed, and that has sort of escalated to the government level.

Now, this is how the U.S. changed. And let's not forget – and I shouldn't mention this, but, you know, let's not forget that Merkel no longer being the chancellor in Germany and no longer driving a relatively positive agenda towards China has indeed made a difference. This is absolutely undeniable.

Now, whether this variable alone without the other ones would have led to the same result, I don't know. We probably would have to play that out.

In terms of China, it has been a little bit of a rollercoaster. You have these up and downs, up and downs. You have moments where, you know, they're super nice, charming. They try to have dialogues. And they have moments where it's an absolute war. But I would say that to them the European Union has become a much more difficult actor than it was before.

They seem to be interpreting this as the EU following the United
States rather than the EU having its own realization and its own analysis, and therefore changing the way they approach. But they have definitely – they have definitely seen the EU a much more difficult actor. And you can see that by – you can see that in different frameworks in what they say and in what they have been stating, and in the simple fact that, for example, Wang Yi now, before the summit, has said that, you know, we need to foster a positive relationship, but there is an acknowledgement that we don't look at the world in the same way.

So there has been quite a bit of a change in the way China approaches the European Union.

I’m going to close with just one thing. It is important to understand, however, that the EU to China is not as important as the United States. So the United States is viewed as a major challenge. The EU is not seen as a(n) at-par geopolitical challenge. And this is something that doesn’t always comes through in Brussels especially.

Dr. Mazzocco: Thank you, Francesca.

Well, let me turn – going back in reverse, let me turn to Yunnan and ask you sort of a variation of the same question, which is, when looking at China’s relations with BRI countries, with the Global South, do you think that there are substantially more challenges in the foreign environment for China? And do you think that China’s approach has changed significantly, right? We still see the BRI in a new iteration, a new format. But as you said, you know, there’s a proliferation of new acronyms. There’s new initiatives. Does this mean there’s been a change, a substantial change? Or is it just sort of a change in names?

Dr. Chen: So I think there’s kind of two major trends. One is that the BRI is no longer the only game in town. And we are seeing this proliferation of new platforms and new acronyms. And I think my take on that is that it’s in part a reaction to the kind of negative PR and the optics that have really been pulling down the BRI in the previous years. It’s become quite tarnished, not only in the Global North, with its – you know, the original destination of the BRI was supposed to promote China-EU relations, and that is something that’s seriously deteriorated in the last few years.

And so the BRI, at least in Europe, is, let’s say, on life support. But also in the Global South, right, there’s a lot of projects that have come under a lot of scrutiny; prominent flagship infrastructure projects. The Kenyan Standard Gauge Railway is one example where China’s
BRI cooperation and these mega-projects that came through with Chinese finance have not seemed to pay off in the way that they were expected to and have also caused a lot of debt issues for recipient countries. And so now a lot of these countries are trying to renegotiate and restructure their debts with China, both bilaterally and through multilateral initiatives, which I can also come to discuss.

But I think the other aspect is that, alongside this proliferation of new acronyms, the BRI itself is also changing. As I mentioned, we’re seeing this shift to a more commercially oriented engagement with BRI partners. A shift to what’s been called small and beautiful, or small yet beautiful, or small yet smart. Some variation of the above, which basically indicates a shift away from that big, official-financed infrastructure towards smaller, leaner, more commercially oriented projects. And also a big focus to the green sector, right?

The BRI of the last 10 years reflected China’s industrial dominance in heavy industries in those sectors. And the BRI of the next 10 years is probably going to reflect the shape of China’s economy of now. And that, I think, will entail a much, much more prominent visibility for clean energy, for renewables, for electric vehicles. And the current industries that China is trying to promote domestically, I think we’re going to see that also spill over into the Global South, just as we did with the BRI of the last decade, particularly as it seems that Global North markets are increasingly wary and increasingly closed off to Chinese exports in these strategic technologies.

And I think the other thing that I will mention is on the area of development finance. And I think another challenge for China, and also for Global South countries right now, is to do with the kind of general grievances in the international financial architecture. And this is an area in which I think China finds compatriots or comrades both via the BRICS forums and it’s more natural allies. But also it’s a cause that’s shared by countries in the Global South who are systemically at a disadvantage in the dollar-based international financial architecture.

A lot of the current debt issues that we’re seeing originate from – very much from the U.S. Fed. And decisions made in U.S. monetary policy have global ramifications and repercussions that that have created huge fiscal squeezes across much of the Global South, and have contributed to some of these shocks in external debt that we’re seeing in Africa and other places. And this is an area where I think there is a – there is a growing kind of a shared interest between China and other players in shifting away from the U.S. dollar and in promoting other alternatives. And I’ll stop there.
Dr. Mazzocco:

Thank you. That’s super interesting. And there’s a lot of different questions I would like to ask you, but first I will – especially since I’ve been certainly looking a lot at the issues surrounding the export internationalization of company – of Chinese companies in the green sectors, and especially the backlash that that’s created in some areas, as well as opportunities, I think, for certain countries as well.

But let me first move to Carla, and circle back to some of the points you made in the first – in, you know, your first answer, concerning, you know, China’s engagement with existing institutions and the establishment of new institutions. And, you know, how this relates to the global order. And so, how do you think – you know, does this mean that China’s approach to foreign relations has changed substantially? And is this a response to a much tougher global environment? Or how do you think of this? How should we think of it?

Dr. Freeman:

Yeah, I really like the way you framed the question, because in some ways it’s a continuity. China has been figuring out ways of expanding its influence within the existing set of multilateral organizations, including the United Nations, for a long time. I mean, even when it began – it entered the United Nations in the early ’70s. It really seized an opportunity to exercise leadership right away in some respects, and notably in the environmental area where it played an important role in early conferences.

But I think in keeping with it’s kind of – it’s kind of biding its time, in contrast to showing its light or however you want to frame it, it has taken a much clearer position. And I think that does relate, as you suggested, to the fact that we’re in a much more turbulent period in international affairs. And that is actually a major theme of Xi Jinping’s leadership, is that we’re in a period of changes not seen for a century.

And that relates to that the turbulence, and also an assessment that the United States is a declining power. And under those circumstances there is – you know, you can look at it in different ways. It’s both an opportunity for China to step up to the plate. Many people attribute the problems associated, that led to World War One to the failure of the United States to assume its responsibilities as a leading power at that time, the so-called Kindleberger issue. And China is poised to play a larger role, and so has launched some of these initiatives. That’s certainly one way to look at it.

Another is that China is opportunistically seeking to advance its
interest. It has been much clearer in its attacks on the United States. I mean, in February just before it published a position paper on the Global Security Initiative, it published a paper on attacking U.S. hegemony. Which is really – you know, it’s rarely named the United States specifically in its challenges to the United States. So the fact that it – that became – that paper challenging or criticizing U.S. hegemony, and what it called an abusive U.S. hegemony, that that preceded its position – its paper on the – or, concept paper on the Global Security Initiative is notable.

And then just a few days later, it put forward its peace proposal, or concept paper, or position paper on Ukraine. So very interesting assertion of both criticism of the United States followed by an assertion of China's capabilities to provide global security as a public good – global public good on the world stage. So I think we’re just – we’re seeing at least a clearer position from China. But all of this requires a lot of resources, a lot of commitments, a willingness by the Chinese public to underwrite a bigger role for China on the global stage.

And it’s not clear – I know there was a debate about the extent to which the domestic audience actually influences Chinese foreign policy. But I think, you know, some surveys taken by Chinese think tanks suggests that there are mixed views by the Chinese public about whether it wants to play a bigger role on the international stage, and particularly at this moment when China's own engine of growth is at least sputtering a bit, although there are lots of different assessments of how long it will sputter. You know, there are people in China's large middle class, and especially below, who are really experiencing hard times.

And so I think – I think it’s a very different environment for China. But I think China – I think Xi Jinping is laying out this vision for China's global leadership. It’s not, in my view, a pitch to replace U.S. hegemony with Chinese hegemony. I think – I do think genuinely China sees the trend as one toward multipolarity and is erecting – hoping to erect institutions that will give China its rightful voice in the world, but – as it sees it – but will also bring in other powers, probably on terms that the United States and its allies will not feel comfortable with because, as some of these initiatives like the Global Civilization Initiative suggest, this is far from a liberal international order that China has in mind. I’ll stop there.

Dr. Mazzocco: Thank you. That's very interesting. And as a short pitch here, for those who are interested in surveys of what Chinese people think and methodologies, we did have a feature that we published on the Big
Data China website. So if you scroll down the archives, I do recommend that. It was very interesting, and we did have a section on foreign policy as well.

But, you know, sticking to the conversation here right now, I think – you know, I think we’ve raised probably too many topics to be able to address. But it’s – there are a couple of things that I think are interesting here. One is that actually when I set up this panel and was thinking of the title and everything, I really wanted this to be not about the United States. Because I think, you know, when you say “Washington,” all you talk about is U.S.-China relations, right?

So I – but here when we’re talking, even when we’re talking about the Global South, or we’re talking about EU-China relations, or China’s relationship with all kinds of institutions globally, the U.S. is always in the backdrop, right? And the tensions or rivalry with the United States or the United States current position in the – globally is always there in the backdrop. So I think that’s one interesting data point that I’m taking away from this, that in a way it’s almost impossible to talk about China’s relationship with other countries without keeping in mind its relations with the United States and also the United States’ relations with many other countries in the world, and its responsibility in some areas.

So I think, you know, given all this, I guess, you know, it’s almost the end of the year. And so what is – what is – what are the trends that you’re going to be keeping an eye on this coming year? Why don’t we invert the order, and we’ll start with you Yunnan now.

Dr. Chen: Thanks, Ilaria. So in the coming year, the things that I personally will be keeping an eye on will be one aspect of how China engages with the Global South, and in terms of its overseas finance. And that is probably on the issue of debt restructuring. So alongside monitoring the new GDI and how the BRI 2.0 shapes up, I think one of the kind of critical tests of China’s influence and involvement in global governance institutions is how it cooperates in the ongoing, and quite prolonged, debt restructuring negotiations that have gone on both under the G-20 common framework, where we’ve had Chad, Zambia, Ethiopia, Ghana join.

Particularly in the case of Zambia, where over the previous year it has been a fraught and also quite geo-politicized area. Substantially it’s been a conflict between the sort of new emerging creditors, both from China and from private-sector creditors and bondholders. And this is also an area in which U.S.-China tensions I think have not played a positive role. (Laughs.) It’s hard to say, you know, how much
the U.S. spy balloon scandal impacted things, but I think Zambia was a bit of a casualty and became a political football for the U.S. to beat China with, and vice versa. And all of that at the cost of Zambia’s sovereign government and people themselves.

And so how China plays ball when it comes to the G-20 common framework, how the common framework establishes new, let’s not call them rules, but new practices and new processes on how to swiftly and fairly implement debt restructuring, and how China plays ball in new forums such as the Global Sovereign Debt Roundtable, or GSDR, will be, I think, critical, particularly as more and more countries, I think, are facing the strain.

And related to that, I think the other big forum in the next year will be the Forum on China-Africa Cooperation, or FOCAC. This, I think, will once again be held in Beijing. This is the triangle forum between China and African countries. And it’s probably one of the longest running and most institutionalized platforms for China’s relations with Global South, and particularly with the Africa region. It’ll be a great gathering. It’ll be another opportunity for China to demonstrate its leadership as a developing country, a leadership of the Global South.

It’ll be an opportunity as well, though, for African governments and leaders to exercise their influence over the agenda of the forum, and possibly as well to try and exercise influence bilaterally with China’s leaders, with Xi Jinping himself, because this is one of the rare opportunities in which – you know, having summit diplomacy allows bilateral meetings to happen. All right. Thank you.

Dr. Mazzocco: Thank you. That’s a very interesting list, and I think we’ll be coming back to you to hear more about, you know, how your assessment goes of how everything develops over the next year.

Francesca, to you, what are you going to be looking out for?

Dr. Ghiretti: So I guess I challenge the situation by saying that China only grabs low-hanging fruits, so I suppose the sanctions situation is one to watch. The EU is going to try to ask China to do something about the 13 entities that they have identified as circumventing EU sanctions against Russia. If the Chinese do something about that, it will be really interesting to watch.

Even more interesting is, perhaps, is the Chinese do not do anything about that. What will the EU do? Because Chinese entities were dropped off the list of sanctioned entities last year at the very last
minute, and so now if the Chinese will not do anything perhaps the EU will find – will find itself again in front of his massive conundrum, which is: Are we going to sanction China knowing that probably there will be repercussions?

So, then, what the repercussions will be? Linked to these, I will watch the development of the economic security agenda, the consequences of the risk assessment that will be run for critical technologies, whether that will lead to new measures or the expansion of existing measures such as export controls. We'll follow closely the anti-subsidy case, not just specifically the one on electric vehicles from the EU but also whether other countries will follow the EU on this path and whether, you know, other items and commodities will actually be analyzed under similar circumstances.

Finally, I guess we can't also avoid to mention that it is EU elections in 2024. And that will have – that can have a major impact on both how China in the future will approach the European Union, but even more so how the EU will approach China. I don't know if it is fully appreciated outside of Brussels how much of an impact the administration – the presidency of the Commission by Ursula von der Leyen has had on the European Union and on the China agenda. So should there be a different administration, we cannot exclude a different course of action.

And then, finally, two things and then I promise I'll actually close.

One is, because there will be EU elections and because we've had a few rounds of interesting elections in member states, whether those new administrations will have a different approach towards China – especially an eye on the Netherlands, which is such an important actor within the European Union and has been doing immense progress in terms of economic security agenda, actually leading a large part of the economic security agenda in the EU.

And whether, you know, this mentioned so many times as a charm offensive towards European businesses will actually work. There is definitely a window of opportunity for European businesses to gain a lot out of China, but whether they will treat it as a window that will eventually close or whether they will treat it as a, oh, China is back to being the open place that we all wanted it to be is really – is really yet to be seen.

And I guess there's a very long list of things to watch in 2024 – (laughs) – but I'll stop it here.
Dr. Mazzocco: I think we all have a very long list of things that we'll be looking out for, so that makes a lot of sense and those all seem very important. And certainly, I’ll following the anti-subsidy investigation very closely as well, and certainly trying to imagine which other sectors might also come under investigation.

But, Carla, moving to you, you know, the last word is yours. What are – what do you – what are you going to be watching? What do you think matters when it comes to China's foreign policy next year?

Dr. Freeman: Well, everything matters. I think China affects everything. But my own work will certainly continue to track these new acronyms, as Yunnan put it so beautifully, and see where they head. I think also how they relate to the BRI in its new form, I think that will be very interesting.

You know, from my position at USIP – at U.S. Institute of Peace – we’re very interested in how peace and security relate to the BRI going forward and whether China will use its Global Security Initiative to try to safeguard its interests in countries. Many of its BRI investments have been challenged by the economic turbulence and by also political changes in countries where it has significant investments. So that will be something to watch, how it engages some of its initiatives, say, in ASEAN on the Global Security Initiative. Maybe it will – we’ve seen evidence that it might use the Lancang-Mekong Cooperation, for example, as a new Global Security Initiative platform as it tries to promote more security in a region that it’s really – it’s really got a lot of significant infrastructure investments in. So that’s one area.

But of course, have to come back to the U.S.-China relationship, because we’ve made headway at the end of this year but it remains a very fraught relationship. Really, it’s terrifying that for much of the period that the Biden administration has been in office there has been very limited military-to-military communication, and yet we’ve had all of this military hardware bumping into each other, practically, from the two sides in China’s – in the Western Pacific. That’s really scary. And we are going to be tested – the relationship will be tested early in 2024 with the election in Taiwan and how the two sides handle the outcome of that election, which is not – you know, not – which is quite uncertain. And so that will be very interesting and challenging.

And beyond that, we are – we have some experimentation, new experimentation in the bilateral relationship on learning to cooperate again in a relationship that is competitive and increasingly
one of – increasingly one of animosity, which is on the climate issue. There is an agenda, a positive agenda, for that, including a very well-designed initiative to use subnational linkages to try to boost progress between the U.S. and China, still the two largest emitters, and make some headway on this really critical issue.

So just as you said, too many issues to address. But I look forward to your writing, Ilaria, on the climate issue.

Dr. Mazzocco: Well, thank you for mentioning it. I think – yes, I think, you know, it’s obviously – as we mentioned before, COP-28 is ongoing right now, and we saw this statement between the U.S. and China. So I think that is also going to be an interesting area to follow, and also one which I think reflects the broader theme of this conversation where I think, as you said, Carla, there are – there’s some experimentation going on, some looking for new models of cooperation. And I think what we’re seeing, what has emerged from this conversation, is that we’re seeing China looking for new models but also gradually developing or working on existing structures in its – in its existing relationships globally. So I think what we’ll be seeing, we’ll be seeing more of that next year, it sounds like from everybody, but probably a ramping up in some areas, and really sort of a mixed bag in terms of the opportunities and challenges that China’s going to be facing on the global stage.

So thank you so much for – all of you: Yunnan, Francesca, Carla. And thank you to all of our listeners today for tuning in. This brings our Second Annual Big Data China Conference to an end. We’ve heard from a variety of different voices – from academia, think tanks, businesses – and you know, there have been on the – sort of China’s economic trajectory, the outlook of scholarly exchanges between the U.S. and China in this era of competition, and now of course we’ve heard about the outlook for China’s relations with the world. There’s a mixed picture, as we said. There are substantial challenges ahead.

But I think, you know, we’ll be continuing to watch China. Please visit our website, BigDataChina.CSIS.org. We’ll be having – we’ll have more features coming out where we will be using and highlighting academic quantitative research on China to try and understand the challenges that face China and the world moving forward.

Thank you all and have a good rest of your day.

(END.)