North, South, East, and West — China is in the "Middle": A Geostrategic Chessboard*

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In an article published in 2011, I summarised China's international position in four points: 1) It is the strongest developing country, but in many respects there is still a large gap between China, and developed countries. 2) It is an Asian power with interests and influence that are expanding globally, but it does not yet play a leading role in Asia. 3) It is a socialist country with unique political and values systems. And 4) It is a beneficiary, a participant, and a reformer in the existing international political and economic order. At the same time, it is constrained by international rules dominated by the Western world. That article did not explore the kind of geostrategic role that China can, and should play as the strongest developing country, nor as an Asian power whose interests, and influence are expanding globally. This article will argue that China may regard itself as the "middle" of the north, south, east, and west when developing its overall national geo-strategy.

China, Between East and West

The world in which mankind exists is a sphere. Any group of people in any corner of the earth could see themselves as the centre

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of the earth. However, taking into account geography, ecology, population distribution, and the history of human civilization, there are very few countries that can be seen as the centre of the world.

The ancient Chinese saw themselves as the centre of the world. From the Han Dynasty onwards, people often referred to the dynasty of the central plains established by the Han people as the "Middle Kingdom." The name "China" denotes the centre of all under heaven, and represents the idea of being the rightful governing power of this realm. This idea of the "Middle Kingdom" reflects the ancient people's geopolitical, and temporal positioning of themselves in the length and breadth of all things under heaven. Since the late Zhou Dynasty, the meaning of the word "Middle Kingdom" expanded from being interpreted as the geographical and political centre, to including the cultural centre as well. The Western world interpreted "China" as "Central Kingdom," "Middle Kingdom," "Central State," or "Middle State" for a valid reason.[1] However, it was not until after the 1911 Revolution overthrew the Qing Dynasty, and the Republic of China was established, that *Zhongguo* (literally meaning "Central State") officially became the name of the country. It was also at this time that the idea of *Zhonghua Minzu* (中华民族, literally meaning "Chinese Nation") took root in this land.

The concepts of "Asia," and "East Asia," as well as the regional identity that resulted from them, are recent constructs. After China suffered invasions from Western powers such as Britain, France, Germany, Russia, and the United States, the concept of referring to China as the "Middle State" was severely degraded. The idea then became almost perished after the defeat in the First Sino-Japanese War in 1894-1895 to the "eastern country" of Japan. The European powers referred to themselves as the centre of the world, and divided Asia into the Near East, Middle East, and Far East. China belonged to the "Far East." Historically, Western countries referred to China, India, Egypt, and even Russia as "eastern countries," "eastern civilizations," or "oriental civilizations." Research into "Eastern Absolutism" was also an important aspect of Marxist doctrine. China's "oriental nature" was at first an identity of an "other" created by Western missionaries, and scholars. Later, as the number of encounters between Chinese and Western civilizations

increased, this idea gradually began to represent Chinese people's awareness of themselves, and of their own position in the world.

As far as China is concerned, Europe, West Asia, North Africa, Central Asia, and South Asia are also to the west of China. Similarly, Russia's economic, and political centre is located to the "far west" of China. The Korean Peninsula and Japan are to the "near east" of China, while the United States is seen as the "far east," across the Pacific Ocean. Thus, in terms of this geographical position, China is indeed the "Middle Kingdom." If it was not for the overwhelming power of Western Europe in recent years, and its advanced civilizations, China would not necessarily see itself as an eastern country. In contrast with Japan, South Korea, and Southeast Asian countries, China is not only an East Asian country; the great expanse of territory in its interior can be described as a part of Central Asia or South Asia. Furthermore, certain areas of China like Xinjiang and Tibet have more in common with their neighbors in Central and South Asia, than they do with East Asia. This can be seen in terms of their ecologic, ethnic, religious, and cultural makeups.

In the 1930s and 1940s, during Japan's occupation of a large portion of China, the Japanese instilled the idea of a "Greater East Asian Co-Prosperity Sphere." China's identification with "the East" was strengthened again further during the Cold War between the United States and the Soviet Union. The two major political and military alliances of that time were called the "Western Bloc" and the "Eastern Bloc," with China being located in the eastern portion of the "Eastern Bloc." The geopolitical concept of "the East" was linked to communist/socialist ideology, and its political systems. This deepened the Chinese people's awareness of their "eastern" position, while "the West" became synonymous with capitalist ideology, and its related political systems. In 1957 Mao Zedong pronounced while in Moscow, "I think that the East wind is currently prevailing over the West wind, which means that the power of socialism is at a definite advantage." This remark reflected the geostrategic outlook of China's leaders at that time.

During the 1970s, the hegemony of the Soviet Union became China's principal security threat, and the geostrategic outlook of China's leaders transformed accordingly. Mao Zedong proposed

the strategic position of "one line and one large expanse." On February 17, 1973, Mao Zedong said to Henry Kissinger, the American President's envoy, "I have said this in the past to a foreign friend that we should establish a horizontal line, a line of latitude, namely, the United States, Japan, China, Pakistan, Iran, Turkey and Europe." On January 5, 1974, Mao Zedong met Japan's Minister of Foreign Affairs, Masayoshi Ohira, and proposed the idea of "one large expanse," referring to the countries on the periphery of the "one line." Mao Zedong wanted to unite the strength of all of the countries along the "one line," and in the "one large expanse," to deal with the expansionist momentum coming from the Soviet Union. The idea of "one line and one large expanse," as well as Mao Zedong's Three Worlds Theory indicates that for the Chinese leaders of the time, the early Cold War geostrategic concept of "East and West" had already been relaxed, and China intended to become the core force in a new grouping, to contend with the threat from the "polar bear" (the Soviet Union). According to Leng Rong, an expert on the history of the Communist Party of China, the idea of the "one line" was gradually formulated as China established relations with both the United States and Japan during the 1970s. Leng argued that this concept essentially created a quasi alliance, which helped to alleviate the threat that the Soviet Union posed to China's national security. This allowed China's leaders to shift their attention to elsewhere, mainly economic development.[2]

After the Communist Party of China focused its attention on economic development, it made a new judgement on the international situation. Deng Xiaoping's judgement–that North-South relations and East-West relations are the most important ones and "peace and development are the two major issues of the world at present"–were the new thinking of the global situation. These two priorities replaced Mao Zedong's Three Worlds Theory, as well as the anti-Soviet "one line" strategy. In March 1985, Deng Xiaoping offered a further explanation of his thoughts on contemporary issues:

> *From the economic point of view, the two really great issues confronting the world today, issues of global strategic significance,*

> *are: first, peace, and second, economic development. The first involves East-West relations, while the second involves North-South relations. In short, countries in the East, West, North and South are all involved, but the North-South relations are the key question.* [3]

At this time, "East and West" meant the struggle for hegemony between "the East," led by the Soviet Union, and "the West," led by the United States. China did not take sides between the East and the West.

"The Eastern Bloc" broke up at the end of the Cold War, and "East-West relations," in the original sense, ceased to exist. In the world at present, "the East" has become an ambiguous concept, and is no longer a term for a particular military or political bloc. At the same time, "the West" is still widely used as a political concept both in China, and elsewhere in the world. American strategists such as Zbigniew Brzezinski have proposed the concept of a "Greater West," which would also include Russia and Turkey.

In addition, China's "eastern outlook" has been influenced subtly by U.S. geo-strategy. China, and the United States are at the west and east coasts of the Pacific Ocean, but the traditional thinking of the two countries — that America is a Western country, and China is an Eastern country — goes against the concept of geography. In the mid-19th century, the U.S. entered East Asia, starting with "opening the door of" Japan. Following this, strategically, the United States has seen East Asia as a single body. U.S. territories in the Western Pacific, such as Hawaii and the military base on Guam, serve as a springboard for America's entry into East Asia. Since then, the United States has fought four wars in the Western Pacific Ocean and East Asia: the 1889 war against Spain, the Asia Pacific war against Japan, the Korean War, and the Vietnam War. The latter three wars were all directly related to, or involved China. The consequence of the first war was that the Philippines became a U.S. colony. The Philippines has maintained a special relationship with the United States since its independence, to the extent that it has influenced the U.S. position on the Sino-Filipino Spratly Islands conflict.

America's National Security Council — as well as departments such as the Department of State, Department of Defence, Department of the Treasury, and Department of Commerce, which are all concerned with foreign affairs — all deal with Chinese relations under the framework of "East Asia and Pacific" affairs. This is something that European powers and Russia have also had the tradition and tendency of doing. Moreover, the Assistant Secretary of State for East Asian and Pacific Affairs and the Assistant Secretary of Defence are regarded as the main people in the Department of State and the Department of Defence, respectively, who are responsible for relations with China. In America's official language, as well as the understanding of the average citizen, "Asia" and "East Asia" are often confused. The Obama administration's much touted "return to Asia" is in fact merely a "return to East Asia." The policy has practically no relation to South Asia, Central Asia or West Asia. Also worthy of noting is that in American think tanks and university course arrangements, "China research" is also placed within "East Asian research." Imperceptibly, U.S. policy towards China has only been viewed as a constituent part of U.S. East Asian policy.

It was only after the Second World War that "East Asia" gradually came into being as a true geopolitical and geo-economic concept. During the Cold War, U.S. bilateral security alliances connected Northeast Asia, East Asia, Southeast Asia and Oceania together. After ASEAN was founded, increased regional cooperation, the rapid development of the Japanese economy, and the growth of the "Four Asian Little Tigers" (Singapore, Taiwan, South Korea, and Hong Kong) happened at the same time. They all regarded the United States as the largest economic power, and as a potential provider of political and strategic support. The Soviet Union on one occasion did manage to squeeze into the South East Asian region by way of Vietnam. However, its influence was short lived. Furthermore, European powers such as Britain, and France lost their territory in South East Asia in succession.

During the Cold War, China's national security suffered serious threats from the Korean Peninsula, the Taiwan Straits, Indochina, and the North neighbor, as confrontations arose with both the United States and the Soviet Union. During China's reform period, the

most important target of China's opening up to the outside was East Asia. China's rapid development was inseparable from East Asia. At the same time, it injected a huge amount of dynamics and energy into East Asian regional economic cooperation. China's economic relations and cultural exchanges with "eastern" countries, such as the United States, Canada, ASEAN, Japan, and South Korea, to date still vastly exceed its relations with "western" countries, such as Europe, Russia, and India. The principal security threat to China's territorial sovereignty also comes from the geographical east, not the west.

As can be seen through a plethora of factors affecting global security, the global political and economic focus has now shifted to the Asian continent as a whole, and not merely to East Asia. These factors include the acceleration of globalisation, the rapid development of aviation and land transport, the expansion of East Asia's demands for energy resources from Central and East Africa, as well as the U.S. "war on terror." Some Australian scholars have even suggested that it is necessary to consider the so-called global power shift to the Asia Pacific from an Indo-Pacific Asian framework.

Since the mid-1990s, the concept of East Asia as a whole has virtually been eroded. While economic cooperation in East Asia is still developing rapidly, there is needless duplication of organisational mechanisms resulted from quite a number of regional and international organizations, which lack "a leader." In addition, economic "integration" in East Asia as a whole has clearly encountered difficulties. The idea of an "East Asian Community" ceases to exist, and the efforts to establish an East Asian multilateral security mechanism have achieved almost no progress. The East Asia Summit, after accepting the United States, Australia, New Zealand, Russia, and India — five countries not in East Asia — has fallen short of its name. In contrast, the Shanghai Cooperation Organization, as well as the Indian Ocean Rim Association for Regional Cooperation came into being, and since then, have become increasingly active. For example, relations with countries on China's western border have developed rapidly after China initiated its "Western Regions Development Plan."

Unsurprisingly, Europe has increasingly been looking for ways to be a part of East Asia's development; the number of member

states in the Asia-Europe Meeting (ASEM) has expanded from 26 on its inception, to the current 51. The United States has also been keen to promote the "Trans-Pacific Partnership Agreement" (TPP) for similar reasons. The countries of East Asia are increasingly focussing their attention outside the region. Kurt Campbell, Assistant Secretary of State for East Asian and Pacific Affairs during the first Obama administration, wrote in March 2013:

> *Over the past ten years, some Asian countries have quietly become important stakeholders in helping the Middle East and South East Asia enhance peace and stability. Most Asian countries were originally only concerned with matters happening at their doorstep. Problems in other places were other people's problems. Many Asian countries are starting to focus their attention "outside the region" for the first time, and are beginning to take a much more positive attitude towards participating in foreign affairs in the Middle East and South Asia, difficult issues of development and security affairs.*[4]

In modern times, China has changed from being a "Far East country," and a member of the "Eastern Bloc," to an "East Asian power," and more recently, to an "Asian power" connecting East and West Asian countries. In the future it will play an important role in "Indo-Pacific Asia," an Asia-Pacific system with an ocean focus. At the same time, China's geostrategic position will move increasingly closer to the centre of Asia. This emphasises its development of both land and sea power. The "world island" of the Eurasian continent is the core of the world in terms of politics, economy, population, and the distribution of resources. China is a power with a landmass and an ocean. Europe too is a centre of power with an ocean and a landmass, and the United States is a power with two oceans and one landmass. China, Europe, and the United States, as the three major political and economic plates all have their own geographic advantages and strategic depth. They all have a vast "living space," have developed as the centre of a region of economic cooperation, and have all integrated with each other through the process of globalisation.

India is looking north, Russia is developing its strength to the south, and Japan must cooperate with both China and the United States. India, Russia, and Japan, to various extents, have all faced the difficult issue of geopolitical, and cultural "identification" for a long period of time. On this basis, it may be possible to establish a macro system of both a geopolitical and geo-economic nature, with prominent geo-economic features.

China, Between North and South

In the early period of its establishment, the People's Republic of China suffered from European and American political isolation and economic sanctions. The principal targets of China's external economic relations were the Soviet Union to the north and the countries of Eastern Europe. Following China's opening up after its reforms, North American, Western European, and East Asian countries became China's major economic and trading partners. At the same time, China strengthened its cooperation with developing countries, both politically, and economically.

The majority of developing countries are in the Southern Hemisphere or the southern part of the Northern Hemisphere. Therefore, the relationships between developing countries, and developed countries have been called North-South relations. The vast majority of China's territory is located to the north of the Tropic of Cancer. Thus, it should be regarded geographically as a "northern country." However, it has always belonged to the ranks of developing countries, politically, economically, and socially. Although China has never officially called itself a "southern country," and it is not a formal member of the Group of 77, the international player consists of main developing countries.[5] Its similar historical status, however, and political position means it often acts in concert with them. Since the 1990s, China's relationship with the group has developed, and a new model of cooperation, the "Group of 77 and China," has come about. China has participated fully in the Group's meetings and activities.

However, China's strategic goal is to become a developed country or perhaps a modern country. The national development

goals proposed by the report at the 13th National Congress of the Communist Party of China in 1987 were "for the per capita gross national product to reach the level of the middle ranking developed countries by the middle of the next century, for the lives of the people to be relatively well-off, and for modernization to have been essentially completed." The strategic goal in the report at the 18th National Congress of the Communist Party of China in 2012 was "to turn China into a modern socialist country that is prosperous, strong, democratic, culturally advanced and harmonious when the People's Republic of China marks its centennial." [6] It can be foreseen that in the 30 or 40 years from now, up until the middle of the 21st century, the gap between North and South will still exist, although there are indeterminate factors in the trend of global development. If China is able to achieve its goal of modernization within this period, then it will have completely broken free from the ranks of developing or Southern countries, and it will be able to keep pace with other developed or Northern countries.[7] In other words, regardless of whether it is viewed from the point of view of a subjective desire or an objective development trend, China will not "act as a developing country forever."

Although China still displays the principal features of a developing country today, it has already narrowed its gap with the majority of Northern countries in a number of aspects. Firstly, the size of China's economy, as well as the speed, and potential for its development exceeds that of all other developed countries by far. The size of the Chinese economy has not only exceeded that of Japan, making it the second largest global economy, but its GDP is much higher than that of the other four "BRICS countries" combined (Russia, India, Brazil and South Africa). Developed economies characteristically possess extensive foreign exchange reserves. China's foreign exchange reserves now exceed three trillion U.S. dollars, and have been the largest in the world for many consecutive years. Graham Allison, a scholar of international politics at Harvard University, argued in a March 2013 essay that since the speed of China's economic development is double that of the other BRICS countries, a gap that may continue to increase over the next ten years, "China does not belong to BRICS." Therefore, the other four countries may be considered to be equally

ranking RIBS countries. According to Allison's calculations, China now exports twice as much in goods as the other four BRICS countries combined, its foreign exchange reserves are three times their total, and the volume of greenhouse gases that China emits — 30 percent of global emissions — is twice their combined total.[8]

China's striking economic achievements, and its "grand" national projects such as the Beijing Olympics, Shanghai Expo, manned spacecraft, and high speed rail, have made many people feel that China is "not like" a developing country. As a result, many countries demand that China take on greater global obligations, including many that have been principally the obligations of developed countries. The sharp increase in greenhouse gas emissions brought about by rapid economic development, which has led to China's higher per-capita emissions than European countries, as well as the problem of environmental degradation, have meant that China has been faced with much more pressure domestically than other developing countries. It should be observed that China has taken on greater international obligations in a large number of areas including increasing energy efficiency, emission reductions, environmental governance, keeping global trade systems open and stable, intellectual property protection, cyber security, space security, preventing nuclear proliferation, and combating terrorism and piracy. This cannot be regarded as simply a response to international pressure, and the need to improve its image internationally. More importantly, taking on international obligations according to its capabilities, with equal emphasis on rights, and responsibilities, is an intrinsic requirement for China to be able to advance its own long-term interests, and accelerate the transformation of its mode of economic development.

In addition, China's family planning policies that have been implemented over the last 30 years have created a population structure that is in stark contrast to that of other developing countries. Countries with rapidly growing populations on the world map with the Atlantic Ocean as the centre have formed a crescent — from the Andean region of Latin America, across sub-Saharan Africa, the Middle East and the Caucasus region to the north of South Asia. In the vast "population expansion zone" of

the southern countries, young people make up a large proportion of the population, and unemployment is high. These two factors combine to cause serious social problems and political conflicts. While the population of southern countries has increased rapidly, the population of northern countries has shrunk, and problems of ageing are prominent. The large-scale migration of peoples from south to north has supplemented the labour forces of Europe, Russia, the United States, and Canada. However, this trend has also increased the social burden for developed countries, leading to ethnic, and religious conflict, as well as social unrest.

China seems to have isolated itself from the contrasts, and contradictions in population development between the North and South. Although China is exporting more and more labour overseas, and an unknown number of Chinese illegal immigrants are moving to other countries, these individuals account for a very small proportion of China's total population. In fact, these individuals make up just a miniscule proportion of the global international labour force in the total immigrant population worldwide. At the same time, a large proportion of China's overseas immigrants have gone to southern countries. As labour shortages have emerged in some areas of China, it is estimated that the number of Chinese emigrating will not continue to expand. On the contrary, southern countries have become an important source for labour and emigrants to China. China's problem of an ageing population is not as serious as in Japan or Russia, but it is already similar to the situation faced by European countries, and is more prominent than in the United States, Canada and Australia. As a result, China has growing concerns about its public health, and social security systems, as they are similar to those found in developed countries and Russia.

Furthermore, there is a growing disparity between China's economic structure, and the economic structures found in the majority of southern countries. Economic frictions between China and these countries are increasing. Emerging countries such as Russia, Brazil, and South Africa, as well as the majority of developing countries, rely on their abundant natural resources, and in most cases, export only primary products. China, on the other hand, relies

on these types of imported energy commodities, and other raw materials, to develop its manufacturing sector on a large scale.

According to data from Information Handling Services (IHS), a major U.S. economic and business data research organisation, China accounted for 19.8 percent of the world's manufacturing output in 2010, and has already surpassed the United States as the largest global manufacturing power.[9] This restores the status that China formerly held until the beginning of the 19th century. Due to the international distribution of labour and the manufacturing industry, led by multinational corporations from developed countries, China has become a manufacturing centre. The question of how to draw upon this manufacturing technology, as well as the managerial experience, to upgrade the overall level of China's manufacturing industry and develop indigenous intellectual property is an important part of China's relations with developed economies. China's manufacturing industry faces challenges such as a slowdown in domestic growth, rising labour costs, weak exports, and industrial transformation. Internationally, it is being obstructed from the front and pursued at the rear. At the front there are developed countries, which occupy the high end of the industry chain, possess advanced technology, and are pushing for the revival of their own manufacturing industries. To the rear there are the South East Asian, South Asian, and African countries, which are catching up by using their advantage in low cost manufacturing. This advantage is stirring up a wave of industrialisation in those countries.

China's unprecedented experience of achieving rapid development through active participation in economic globalisation has shown that the traditional theoretical thinking and analytical framework of a North-South relationship is flawed. According to the traditional viewpoint, the fundamental way to handle North-South conflicts, and to narrow the gap between them, is to remove the control, pillaging and exploitation that developed countries impose on developing countries. This could be done through the establishment of a new international political and economic order that treats all states equally.

The attitude of the Chinese government towards the North-South relationship, and the new international political and economic order, has changed notably. The reports at the 14th and 15th National

Congresses of the Communist Party of China in 1992 and 1997, respectively, proposed "a new international order," as well as "a new international political and economic order." The report at the 16th National Congress of the Communist Party of China in 2002 called for "a push to establish a just and rational new international political and economic order." However, the 2005 white paper, entitled "Peaceful Development Path for China," published by the State Council Information Office, altered this proposal, and replaced it with the following: "China actively encouraging the new international political and economic order to move in a just and rational direction."[10] Following this, China's official documents have not emphasised "establishing a new international political and economic order" again. At the same time, the aforementioned white paper discussed "the disparity between North and South increasing further," and "China continuing to strengthen and expand cooperation with developing countries, under the framework of South-South cooperation, to work to complement each other's strengths and develop together." However, the white paper entitled "China's Peaceful Development," issued by the State Council Information Office in 2011, did not mention "the disparity between North and South increasing further" or "a North-South cooperation framework." It only suggested that China needs to "participate actively in multilateral affairs and governance of global issues, comply with corresponding international obligations, play a constructive role, and encourage the international political and economic order to develop in a more just and rational direction."[11] This could be understood as meaning that the current international political and economic order is not entirely incomplete, unjust or irrational, but is in need of reform. This white paper, which systematically expounds China's view of the world, also argued that "economic globalisation and the scientific revolution have created the historical conditions for more countries to develop vigorously through economic development and cooperation of mutual benefit. Increasing numbers of developing countries have moved onto a path of high speed development." By taking opportunities for economic globalisation, and relying on one's own strength, reform, and innovation, it is perfectly possible to achieve modernization as a development goal.

This revision in official thinking is deeply significant. As it was argued in the March 2013 research report, published by the National School of Development at Peking University, entitled "China in the Next Ten Years," China is in fact currently moving into the international political and economic order. It is no longer merely a case of only South-South relations, but also North-South relations, and North-North relations. In these three dimensions, China needs to engage in dialogue, in order to understand non-western regions in more detail. In terms of relations with non-western areas, if China repeats the path that Europeans took in the past, it could cause new conflicts or even a change in the international geostrategic order. Therefore, China will face huge challenges in the future in terms of their patterns, diversity, regional relations, and internal relations. These issues will require China's full consideration in the future when it fixes its position.[12]

Indeed, China will have a long, and possibly even winding road, to follow wearing the "developing country" hat. The consensus based on common interests that are shared between China, and other emerging powers, and developing countries in international affairs is increasing. Similarly, it should not be overlooked that China's common interests and consensus with developed countries is also increasing. China is not a "rebel" in the existing international system, but a "builder" which supports necessary, gradual, and orderly reform. If it can be said that China falls into some kind of "different category" in the current international community, then in the history of mankind it has maintained its continuity as a "middle country." China acts as a "bridge country" in the relations between traditional developed countries and developing countries. It is at a particular stage of social development and has a unique heritage as a civilization. It is very difficult to classify it under a particular category. Nevertheless, China needs to integrate into the whole world.

Thinking of a Grand Geostrategic Chessboard

In summary, China's global position geo-politically and geo-economically can be described as "non-eastern, non-western, non-southern and non-northern." From another perspective, it can

also be described as "eastern, western, southern and northern." Viewed in this way, China is a "middle country" or "central state," as its name in Chinese suggests. It is possible to form a basic understanding of China's geo-strategy based on this global position.

The term "geo-strategy" in this paper is a relatively broad concept. It refers to a country's external strategy based on geographical factors, as well as its political and economic position. It should be emphasised that the development characteristics, and trends of contemporary global politics, continue to change the traditional concept of "geo-strategy." Some scholars have even suggested that new "geo-technological" and "geo-religious" analytical dimensions should be added to the concept.[13] In any case, even if a country's geographical factors may be relatively stable, a geo-strategy needs to be adjusted according to changes in the country's international environment and the needs of its own development. China has stood in different geopolitical positions during different historical periods. It has established military alliances with countries, and responded to security threats from different geographical directions. Today, the majority of Chinese commentators argue that China's principal security threat comes from the seas to the east; that is, the United States and Japan. Sea power and maritime issues have become a primary focus in national security studies. At the same time, the security situation on the Korean Peninsula is extremely worrying. It may be only a matter of time before a volatile situation occurs, which could directly harm China's security.

In geo-economic terms, the view that that three mutually independent and competing economic blocs are forming in the world has occupied the minds of mainstream academia for quite some time. The first economic bloc is the East Asia or Pacific Rim economic zone comprising of China, Japan, South Korea, and Southeast Asia. The second group is the North American economic zone with the United States as the leader, or the economic zone extending southward to the Western Hemisphere. The third one is the European Economic Area, with the major European Union countries at the centre. This area may continue to gradually extend to cover Eastern Europe, Russia, and exert its influence over the Mediterranean, and North Africa. From this perspective, China

should actively participate in building an East Asian economic circle, or even in establishing an East Asian monetary system based on the *renminbi* or Chinese *yuan* (CNY). This would allow China to take an advantageous position in its political and economic competition with the United States and Europe. Today, China's position in the global production chain has affected trade relations worldwide, as well as the overall economic status quo in the world. In terms of single countries, China's three largest trading partners are the United States, Japan, and South Korea. The volume of its bilateral trade with these countries is much greater than with any other of its individual trading partners. As a more general calculation, however, the volume of China's trade with ASEAN is greater than its trade with Japan.

A very striking geopolitical, and geo-economic situation has taken shape, where China's biggest national security threats are also its largest economic trading partners. This paradox may be a blessing or a curse. It is thought-provoking phenomenon and is worth consideration. In recent years, competition and a deepening level of strategic mistrust, have put a strain on Sino-U.S. relations. The U.S. strategic adjustment, its "Return to Asia," is clearly intended to contain, and guard against China. Sino-Japanese relations have also become tense, as elements of confrontation have increased. This has significantly affected the level of economic cooperation, and social interaction between the two countries.

It is unlikely that there will be any substantial improvements in Sino-Japanese relations over the next few years. The situation on the Korean Peninsula remains convoluted, and it would not be wise to rule out the possibility of a large-scale conflict occurring there. China has also become involved in various sovereignty disputes in the East and South China Seas. On a more positive note, relations across the Taiwan Straits are relatively stable. However, the voice of 'Taiwan independence' has far from disappeared. Continuing U.S. arms sales to Taiwan will cast as shadow on cross-Straits and Sino-U.S. relations again at any time.

Former Prime Minister of Singapore, Lee Kuan Yew, recently commented worriedly in a conversation with two senior American strategy scholars that China will eventually face "a major decision" of

whether or not it wants to replace the United States as "a hegemony in Asia."[14] The geopolitical environment dominated by Sino-U.S. and Sino-Japanese confrontation, means that talk of "East Asian integration" or "establishing an East Asian multilateral security mechanism" are merely hopes for the distant future. Nevertheless, while China must safeguard its national security and territorial integrity, overall stability in relations with the United States and countries in East Asia should be maintained. This is the core of China's "eastern" geo-strategy, as it ensures that the economic and trade relations with these countries can continue to expand.

Although there is now relatively little room for China to manoeuvre its strategy to the east, the geopolitical situation on its western border is very different. There may be more potential opportunities there that China can uncover and exploit. The insecurity that prevails in East Asia mainly stems from conflicts between countries, and strategic competition between powers. Whereas the instability in Central Asia, South Asia, West Asia and North Africa, comes more from political disputes within countries. These disputes usually originate from economic hardship, ethnic and religious conflicts, terrorism, religious extremism, and other domestic, and transnational issues. China, the United States, Russia, India, Japan, Britain, France, and other powers have competitive relations in these areas, but also great potential for co-operation. Since the area outside China's western border is rich in energy, and other natural resources, there are a plethora of investment opportunities in the region. As such, China's desire to expand its interests in these western countries is in line with its long-term strategic needs.

More importantly, global geopolitical changes have meant that Eurasia is of increasing strategic importance for China. Brzezinski argued in 1997 that:

> *Eurasia is the globe's largest continent, and is geopolitically axial. A power that dominates Eurasia would control two of the world's three most advanced and economically productive regions. About 75 per cent of the world's people live in Eurasia, and most of the world's physical wealth is there as well, both in its enterprises and underneath its soil. The Eurasian continent accounts for*

> *approximately 60 per cent of the world's GNP. Eurasia accounts for about three-fourths of the world's known energy resources.*

Therefore, Brzezinski stressed:

> *For America, the chief geopolitical prize is Eurasia. For half a millennium, world affairs were dominated by Eurasian powers and peoples who fought with one another for regional domination and reached out for global power. Now a non-Eurasian power is preeminent in Eurasia, and America's global primacy is directly dependent on how long and how effectively its preponderance on the Eurasian continent is sustained.*[15]

America, as a "non-Eurasian power," attached particular importance to this great continental landmass, calling it the "Grand Chessboard," and has tried to gain a dominant position there. This leads one to consider the worthy question of how China should present itself in Eurasia.

Looking at the political, economic, social, and demographics developments in the region, the heart of the Eurasian continent — the "Greater Middle East" — region, may remain unstable, or even experience intensifying domestic and regional conflicts over the coming decades. A seemingly rational line of thought from China in response would be: China must not get trapped in the mire of the "Greater Middle East." Instead, the region should be left to the United States and Europe to manage. The more chaotic this region becomes, the less the United States will be able to remove itself from it, and move to the Asia-Pacific region to contain China.

However, what could be called into question about this idea is that given acceleration in the development of globalization today, the turmoil in the "Greater Middle East" could quickly spread to other regions or even the whole world. If this occurs, powers outside the region, who may want to adopt more of an isolationist policy towards the region, may be forced into the foray in order to preserve their own interests and security. The huge direct economic loss that China incurred as a result of the 2011 Libyan war is clear proof of this. In addition, security outside China's western border

is deteriorating, which will also affect western China's ethnic unity and social stability. This increases the risks of opening up to the inland border regions in the future. Therefore, China should closely monitor the political and security situation in the "Greater Middle East." In addition, China should increase its voice in key regional issues such as the Iranian nuclear issue, the Palestinian-Israeli conflict, as well as the conflict in Syria, rather than just taking a diplomatic position based purely on principles. Similarly, China cannot continue to look on as a bystander in the European sovereign debt crisis and the civil unrest in African countries.

On the Eurasia chessboard, China should also strengthen security cooperation, and military exchanges with the Shanghai Cooperation Organization member states, as well as with countries in West Asia and North Africa. Due to the turmoil in a number of regions outside its western borders, China may one day have no choice but to uphold the national rights and interests of its citizens located in these regions through the use of military or paramilitary means.

Routes for people and goods to enter China's western regions by land and air are much quicker and more convenient than in the past. Roads built on contract by Chinese companies or which China helped to build are appearing everywhere in Central Asia, the Middle East, and South Asia. However this certainly does not mean that sea power and maritime strategy is not important. On the contrary, maintaining the smooth operation of sea-lanes and offshore security in the Western Pacific and the Indian Ocean is a key for China's increasingly close relationship with the Eurasian continent. This being said, China should not apply traditional land rights to the oceans or the issue of sea power. It is entirely necessary, and appropriate for China to strengthen its activities in offshore security, including its cooperation with various countries to combat piracy close to the Horn of Africa. In early 2005, the *Washington Times* revealed a U.S. Department of Defence internal report entitled "Energy Futures in Asia." The report claimed that China is adopting a "string of pearls" strategy to establish strategic relations from the South China Sea, along the sea-lanes to the Middle East, in order to protect its energy interests and serve its broad security goals. China's Ministry of Foreign Affairs immediately denied

and refuted this claim. Instead of denying such claims, China should act rightfully and confidently in carrying out such an Indian Ocean strategic plan to protect its own geo-economic interests. In February 2013, Robert Kaplan, a U.S. geopolitical expert, published another article discussing China's "string of pearls" strategy. He has neither affirmed nor criticised this plan, and at the same time has argued that the "string of pearls" does not necessarily signify the establishment of navy bases per se:

> *In addition to an increasing energy reliance on the Middle East, China is also more and more heavily involved in trade, development and natural resource extraction with the Middle East and the African continent. The Indian Ocean lies in between: The Indian Ocean is the maritime organizing principle for a 21st century Eurasian world in which East Asia and the Middle East increasingly interact. In this vein, places like Gwadar, Hambantota and Kyaukpyu can become commercial throughput and warehousing facilities for products transiting between the Middle East and East Asia.*[16]

It is worth taking Kaplan's view seriously and drawing upon it. Chinese ships have moved from the South China Sea to the Persian Gulf, the Red Sea, and the coast of Africa. Naturally these fleets of ships need supply bases. The Indian Ocean rim should become an important part of China's geostrategic chessboard, as it is also an important component of China's bridge between southern and northern countries.

It is also possible for China to use its "middle position" in North-South relations as a foundation to make use of resources from developing countries: industrial capital; financial capital; resources in research and development; or even political resources and networks of contacts. This could push Chinese enterprises that are "going global" to develop internationally, and move towards the high end of the industrial production chain. China could also invest more in developing countries, allow stakeholders to take on more political and economic risk and implement a strategy to expand interests that are integrated into the local economy, demonstrating

the feature of inclusiveness rather than exclusiveness. At the same time, it is necessary to focus more attention on opening up inland areas and borders. One should not just examine the international situation from within China but also place greater stress on looking back at China from an international perspective, to coordinate and integrate domestic and international situations, so as to establish more stable and effective international strategic pillars for domestic development strategies such as the "western development" plan. Premier Wen Jiabao stated in his March 2013 Government Work Report that it is necessary to combine opening up the coasts, inland areas and borders, and accelerate the establishment of an open environment that has distinguishing features and mutually complementary advantages, where work is divided through cooperation and that is balanced and coordinated. It is necessary to combine opening up to developed countries and developing countries, to deepen and broaden points of convergence in interests with all sides.[17] Drawing on the overseas investment strategies of developed countries, viewing "going global" as an overseas extension of China's industrial chain is the proper meaning of broadening points of convergence in interests. In the development of energy, mining, agriculture, forestry, fishery and other resources and investing in infrastructure and other projects, it is necessary to consider the comparative advantages of different countries in terms of their geographical position, infrastructure, labour costs, technical capacity, political and social stability, and thereby gradually form an advanced global geo-economic strategy.

China should take Asia in the geographical sense, and not just East Asia, as the basis for its geo-strategy. This means linking East with West, and North with South. In addition, this idea implies that China should play a bigger role both on the Eurasian continent and in the world in general. China's objective should not be to pursue "East Asian hegemony" or "Asian hegemony." Instead, China should immediately strive to cultivate the strategic viewpoint of "the periphery being the whole world, and the whole world being peripheral." In addition, a framework for foreign relations should be formulated that closely coordinates "domestic lines" and "foreign lines." Only by fostering a safe and prosperous

peripheral environment can China truly cooperative with all countries, whether they be emerging powers, southern countries, or developed countries. At the same time, only by developing relations based on a competitive coexistence that is mutually beneficial for both China and developed countries, such as the United States and those in Europe, can the periphery be stabilized. Nevertheless, China should not become overcautious and passive in regional and global governance because of its peripheral issues. If China was to participate more actively in transnational governance, and provide more public goods related to this ends, then China could accumulate the strategic resources, as well as the international political capital necessary, to solve the peripheral issues. Zheng Bijian, a Chinese strategist, argued that:

> *The broadening and deepening points of convergence with relevant parties and establishing a community of interest is a comprehensive strategic concept. In other words, the interests of the Chinese people should be combined with the common interests of the peoples of all countries of the world, to expand points of convergence with all parties, and establish communities of interest with all related countries and regions in different fields and at different levels, to encourage China's joint and peaceful development with all countries of the world.*[18]

Expanding on this, in terms of the geostrategic space, a "comprehensive strategic concept" means "the North, the South, the East, and the West."

In essence, international politics and geopolitics is a cold affair. It is based on expanding interests, and not on morality or ideology. The essence of the diplomacy of powers lies in understanding and making use of the international balance of power. In 2002, Condoleezza Rice, then National Security Advisor to President G. W. Bush, proposed that an international system based on "a balance of power that favours freedom" should be established.[19] The main intention of this is nothing more than to increase U.S. relations with other countries, in order to tie these countries more closely to the U.S. relative to other powers. If this system was fully implemented,

then the United States would be at the "apex" of all three way relations in the world.

Objectively speaking, China will inevitably become the object of "balancing" between other powers, but in the current relations between world powers, "competitive coexistence" is becoming increasingly prominent. In a multidimensional complex world, China can have more freedom and greater room to form alliances. China already has a definite power position and ability to actively "seek influence" over world, including regional powers, in order to try to establish a "balance of power that favours stability and development." To this end, China should narrow the gap in relations, rather than remain apart from Russia, India, Japan, the United States, and other major countries. These relations should be placed into China's operations on a larger Grand Chessboard. China should plan its strategy separately for East Asia, South Asia, Central Asia, West Asia, Europe, Africa, North America, South America and Oceania. At the same time, trade, investment, finance, energy, environmental protection, and other functional issues should be closely integrated with geopolitical strategy. This means that traditional security, non-traditional security, and development issues should be integrated. In addition, there should be joint planning based on the domestic and international situations, so that matters can be considered in relation to the broader global strategic vision and longer-term national interests. With this in mind, a "strategic geographic picture" should be drawn up, incorporating geopolitical, geoeconomic, geo-technological, and geo-religious factors, to build a 2.0 version of China's peaceful development "grand strategy." China's long-term goal is to become a global power that is "responsible for the whole world," and takes on a greater level of international responsibility.

It goes without saying that domestic development is a more arduous, and important task, due to the great deal of challenges that China faces on this front. Resources and the environment are placing constraints on economic development. In addition, the distribution of income is not sufficiently balanced, social governance is lagging, there is an insufficient capacity for innovation in science and technology, and adjustments to the industrial

structure have slowed. These bottlenecks need to be solved through thorough comprehensively deepening reform, and more opening up policies. By opening up more, it will be possible to set in motion a new round of reforms in the second decade of the 21st century by producing an "outside pushing effect." The huge impetus for domestic reform in China, and its outcomes as a result of China's 2001 accession to the World Trade Organization should not be underestimated.

Last but not the least, in the global play ground, cool realism need be complimentary with passion and idealism. To build and lead a great power, China's strategists as well as leaders should have a more open mind, more conclusive attitude toward the changing world, more courage and boldness of vision. Thus, the Chinese dream can come true.

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