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The Peoples' Republic of China has been the only country in recorded history to date that accomplished without interruption growth in Gross Domestic Product (GDP) of about ten percent annually over the last twenty years. Over this period it became an economic power and the third strongest trade power in the world. It is a country whose economic growth and currency stability have a crucial impact not only on economic, and hence the political, stability of the South East Asia region, but also on economic trends in the European Union, Latin America and the US, with which it recorded an economic surplus of over 120 billion US dollars in 2003. The foreign currency reserves of PR China (without Hong Kong and Taiwan) were about \$500 billion in 2004, while foreign direct investment over the last quarter of a century of reforms and opening to the world was approximately the same amount. Considering the strength of the Chinese economy, it's economic growth and the corresponding imports of energy (last year China was the second largest importer of oil and accomplished 31 percent of the world's total coal production), steel (in 2004 it imported 27 percent of the world's production), various raw materials, and 40 percent of cement produced in the world, machinery and other components, directly influence the prices of these resources and shipping costs on the international market. China is also the third country in history send that successfully launched a manned space mission (October 2003).

China is a permanent member of the UN Security Council and a nuclear power. It is a member of INTERPOL, the UN monitoring mission in Iraq-Kuwait and the UN mission in Ethiopia and Eritrea. It participates in the UN police force in Liberia (it guards the oil wells in which it has invested), the Congo, Bosnia-Herzegovina, and Kosovo-Metohija. Its international position has never been better nor its influence stronger. Nevertheless, it is not a superpower nor does it aspire to become one yet. It considers itself (currently) "a big country," but not a superpower. China is neither ideologically nor economically ready nor willing to waste its resources on a global military presence. Ideologically, this is because its foreign policy is, according to its adopted doctrine, a non-interference foreign policy based on mutual usefulness and respect and cooperation on an equal level. It therefore insists on resolving global issues through a multilateral approach, mostly through the UN system. Economically, this is because China wants to direct all its resources towards development and increasing its standard of living (quadrupling GDP by 2020 and becoming a relatively wealthy society and a mid-range developed country entering the mid-twenty first century), which will enable it to take its rightful place among nations in accordance with its unique state-historic and civilization's values.

Frequently, a country's biggest advantages are its biggest problems (potential or real) – long borders, the size of its population, economic growth. In this context, China is not an exception. One of the most vulnerable spots of its strategic self-sufficiency, and thus its independence, is energy dependency into which it fell through its rapid economic growth and neglected (even though gigantic) power sector. Since 2001, it has been trying to create a plan and implement a policy of creating strategic reserves, as well as a strategy of an evenly distributed and reliable supply of all types of energy needed for its fast-paced economy. Under conditions of US control over the main sea routes in the Middle East, with the occupation of Iraq as the final severing of this problem, and now its presence in the Caspian basin region, China has been agile in creating space for opening these strategic interests under the given circumstances. We can observe three parallel ways in which this process has been occurring: importing, if possible from relatively close and safe sources,

investing in energy sources and transport capacities abroad, and intensive opening of domestic sources, as well as developing capabilities for energy transport from the west to the more inhabited east of the country, where the country's industrial and over 60 percent of its export capacity are located.

China first decided to import crucial oil supplies, as a net importer (the annual level of imports is 970 million tons and worth about 10 billion US\$), with the ambition of accelerated creation of strategic oil and gas reserves. Domestic production of oil and gas was 858 million barrels in 2001. However, oil only makes up 22.7 percent of China's total energy needs, which will in 2020 reach the equivalent of 3 billion metric tons of coal annually. On the other hand, more than 60 percent of China's glaciers will disappear by 2050 which will endanger already scarce water resources for an additional 250 million Chinese. Three gorges and other gigantic projects constitute a part of environmental engineering with inconceivable repercussions, which are intended to dampen the complex and growing problem of energy and water supply insufficiency.

The construction of the previously agreed to Angarsk-Daqing oil pipe-line between Russia and China and the "jumping in" of a Japanese offer to finance the pipe-line (\$6 billion) to Nahotka in the Far East, and from there by ship to Japan, South Korea and the US, is a show-case example of the crisscrossing of new and old perceptions on security and cooperation - theory of cooperation based on the principles of mutual cooperation as well as on the policy of containment of one's main rivals. Japan already thinks that China is continuously strengthening its military potential because it has intentions other than the ones publicly proclaimed and is very sceptical about the continuous increase of the PRC's defence budget. China replaced Japan in the role of the "locomotive" of Asian economic development which bothers Japan a great deal. On the other hand, China (as well as other Asian neighbours) follows with great suspicion the change in Japan's pacifist defence doctrine and constitution, the participation of Japanese in the Iraq war, its intention to develop a cruise missile shield, its export of weapons, as well as prime minister Junichiro Koizumi's visits to the Yasukuni Shrine (where the death certificates of World War II war criminals are kept), and considers this to be the strengthening of renewed Japanese militarism. Nevertheless, this does not endanger the well-developed cooperation between the two countries. Some unresolved questions regarding the border in the East China Sea, as well as the territory on the Spratly islands (also claimed by five more countries in the region) between two countries, and the Diaoyu (Senkaku in Japanese) islands are the topics of disputes in the media, occasional public protests and the suspicion of conservative politicians, but are not serious mid-term obstacles to growing cooperation.

At the end of the 1970s and through the 1980s, China patiently worked on establishing and strengthening trust with its neighbours (with which it had had either short armed conflicts or big ideological disagreements in the preceding decades), which were wary of its size and radical communist ideology that was spreading from the Communist Party of China (CPC) to other communist parties in Asia. Over the same period of time, Chinese strategists reached the belief that the country was not threatened from the outside. Moreover, they concluded that the international circumstances were never better and thus the economic potential of the nation was focused on "so called" economic modernization and opening towards the world. The relationship with Russia stabilized in 2001. The two neighbours signed a strategically important agreement on friendship and cooperation, whereas the 4,500 kilometres long border became a safe backside (after more than 20 years of patient work even the last unresolved issues on the Ussuri River were headed off in November 2004). All possible forms of cooperation, from cross-border trade to the area of space technology, were developing rapidly. Russia is the most important source for China in terms of modern weapons and military technology. However, opening to the world was slowest in this sensitive area of national security and military cooperation.

Growing interdependence in the area of security is becoming a global trend after September 11, 2001 and the terrorist attack on the, until then, untouchable territory of the United States of America (USA). This is because terrorism was universally recognized as a national, regional and also a global phenomenon.

Therefore, fighting it requires joint efforts on the same level. By September 11 of the following year, 122 countries joined the international anti-terrorist coalition headed by the USA. While China was suspected, until September 11, 2001, of alleged cooperation with the Taliban regime in Afghanistan, and its activities directed against separatists in Xinjiang (especially against four leading groups that demanded independence for east Turkistan) were sharply criticized as a violation of minority rights, after this event and the support that the PRC provided to the US campaign (in the moment when the bi-lateral relationship was still in the shadow of the bombing of the embassy in Belgrade and the collision of two airplanes in the Chinese, i.e., according to the American version, international air space, in which a Chinese pilot died) the US started to appreciate a possible Chinese contribution to the fight against terrorism through the UN, economic and political influence in the region, cooperation with neighbouring countries as potential safe havens for extremist Islamic groups and organizations, and China's great influence on North Korea. China was unwillingly and very gradually answering the requests to establish cooperation in the area of dialogue on human rights through the institutions and mechanism of the UN (arrivals of observers for torture and human rights, religious freedom and initiation of this program) and through bi-lateral dialogues, because China considered this as interference in its national sovereignty. Military cooperation was considerably obstructed by the embargo on weapons experts from the European Union (EU) and by the restricted approach from the US. However, China very rapidly and decisively joined the anti-terrorist coalition: regular contacts were established at the highest level (annual meetings between defence ministers of the US and China), establishment of urgent consultation at the highest levels, mid- and long-term cooperation mechanisms in the area of fighting terrorism and other numerous modes of cooperation, such as the docking of Pacific Fleet ships in Hong Kong, visits to barracks and other military buildings, and joint (symbolic) exercises with the French Navy in Shanghai in May 2004. China signed a cooperation agreement with the EU on the global satellite navigation system "Galileo." With Russia, a high level panel on anti-terrorist cooperation was created and in January 2005 the first joint anti-terrorist exercises were agreed between the armed forces of the two countries, as well as regular annual security consultations.

Since the estimation was solidifying that national security was endangered by the Islamic separatist movement in east Turkmenistan (the movement made its presence known through a series of terrorist acts: putting bombs in buses and railway stations, kidnappings, assassinations of Chinese diplomats in Kyrgyzstan, etc.), popular global support to the spiritual and political leader of Tibetans, the Dalai Lama, who more or less openly promotes the independence of Tibet from China, foreign support to the religious sect Flung Gong and its leader who escaped to the US (they claim that they have 80 million members and they found themselves under attack when their members surrounded and blocked a government building in March 1989), and the understanding that minor relinguishing of strictly understood sovereignty would bring great benefits, China adopted a new concept of national security. This strategy legally regulates adopted recognition that cooperation on a bi-lateral, regional and global levels brings great benefits to China and helps to share the burden of the fight against organized crime, human trafficking and narcotics (China shares a border with the "golden half moon" and "the golden triangle", of nuclear waste, the SARS and AIDS epidemics, pollution and terrorism, as unconventional security threats), as well as recognition that its national interests in fighting them would be internationally accepted, respected and supported. "Facing the new situation characterized by the mixture of traditional and non-traditional security threats... we are determined to fight against infiltrating subversive and separatist activities by enemy forces and protect the country effectively from different risks that are coming from the international economic field, so that we would protect the political, economic, cultural, and information security of China..." [1]. The document asserts the authority of the Party over the military. The new security concept assumes "international trust, mutual benefit, impartiality and cooperation" and it is a basis for defining the Government of China's policy of fighting terrorism. This policy includes: denouncing all forms of terrorism: seeking immediate and permanent solutions; an all-encompassing battle and bringing the UN to the helm of the fight against terrorism. <sup>[2]</sup> The difference between the Chinese approach and that of the dominant one in Western countries is that the root of terrorism lies in the poverty of the great majority of the inhabitants of the planet and in "unfair international relations." China joined ten and signed one out of a total of twelve international anti-terrorist conventions. It developed and published in the form of a white book a plan of measures and laws in order to regulate the non-proliferation of weapons of mass destruction and exports of weapons (in accordance with the expectation of the US and its allies), and it started work on legally regulating this area. China maintains cooperation in the area of security with the US, Russia, Great Britain, France, Pakistan, and India. It held the first military anti-terrorist exercises with Kyrgyzstan in 2002.

The new concept of national security and the foreign policy strategy are based on theoretical estimations of Chinese leaders and analysts who think that the two dominant and inseparable questions of the modern world are development and peace. If there is no development that bares fruit, then there is no peace, and in turn, unless there is a peace than there are no conditions for development. China rebuffs the theories of obsolete sovereignty in favour of human rights (one more field where the aggression of NATO against the Federal Republic of Yugoslavia (FRY) very much influenced the change in Chinese perspectives, including a change in military doctrine and redirecting military reform towards modernization, developing sophisticated technologies and educating human resources). China also stresses that the countries are differentiated by their size, history, social systems, values, ideology, culture, religion, development paths, etc., but at the same time all of them equal rights to enjoy the common good - peace and national security. The Chinese concept insists that the traditional view, according to which the strengthening of military potentials and alliances is the strongest guarantee of security, is not only obsolete but also contributes to the arms race, strengthens distrust among countries, causes international instability, reflects the Cold War mentality. This is why China adopted the aforementioned new security concept and considers that the respect of sovereignty among countries is the political basis for maintaining peace. Economic cooperation takes an important place in implementing this concept. In addition to strong development of economic cooperation with almost all countries in the world - from trade to investment cooperation - while conducting its principled and flexible, pragmatic and peaceful foreign policy in the 1990s and the beginning of this century, China promoted itself as a well-intended and constructive player in international relations, which contributes to the strengthening of peace and stability with neighbours, in the region, through relationships with developing countries, great powers, as well as through the UN system. By doing so, it strengthened its international position, i.e., so called "soft power", that we can say that the analysts claiming that it is the best ever in the long history of China are correct. A country with such a favourable international position has at the same time, of course, an excellent security environment and favourable conditions for accomplishing its national interests, which does not mean that it is not facing numerous threats also. China undertook a number of effective measures with the goals of preventing terrorist attacks in the country. Before the first anniversary of September 11 events, it held a number of national anti-terrorist exercises in Beijing and Shanghai, whereas the Ministry of Public Security established its anti-terrorist office. At the same time, research centres were formed at the Institute for Modern International Relations.

The relationship between China and the world's dominant hegemon, the US, is the key to the security position of China because it directly impacts its international position, as well as the issues of territorial integrity and state sovereignty as the key questions. Namely, all these questions regarding the relationship of one superpower and a growing Asian power, China, are reflected in the question on Taiwan where the Chinese constitution suggests that the "holy goal" of reuniting the country is a task for every Chinese citizen and is an unavoidable historic step. While from its end, the US intentionally created "strategic double-meaning" in its approach to this question as the strongest bet in controlling China. The North Korean nuclear question and six sided negotiations are the new political reality of North East Asia (and also the most serious security threat to China after the "Taiwan question") exactly because of the unpredictable North Korean regime, to whom, paradoxically, China is the closest ally and donor.

NATO is one of security threats (whose expansion to the East and to the borders with Afghanistan and China follows closely) that makes China unhappy but also pragmatic and flexible enough to adapt to these

changes. They think that the NATO expansion expresses the continuation of the Cold War mentality and the application of traditional security concepts that are dominated by the mentality of containment and balance of influences. Chinese analysts think that the US, through its aggression on FRY, definitely accomplished placing European security under NATO control and decided to move the centre of its activities to the East, to the borders with Russia and to the Persian Gulf, where some new and unpredictable threats to the US are emerging. During the Clinton administration's two terms, in the Asia-Pacific region the US maintained and strengthened bilateral military agreements with Japan and Australia as the North and South anchors of its East Asian security strategy. Through bilateral military exercises and development of a unified missile defence shield, Washington is including Korea, the Philippines, Thailand, and Singapore in the network. An expert panel within the National Security Commission recommended to Bush's administration in 2001 to create a new security strategy for Asia, which would be coordinated and all-encompassing. This strategy includes strengthening of relationships with the traditional partners and, in particular, development and strengthening of political, economic and military connections that would not threaten US national interests. The recommended strategy was to balance the influences of growing Asian powers, such as China, India and Russia, while it also warned about the neuralgic points within the long span from Southeast Asia, the Indian Ocean, and Persian Gulf to the North angle of the Caspian Sea. Just before September 11, Bush's administration, under the motto of fighting terrorism and preventing the proliferation of weapons of mass destruction, strengthened strategic control over the belt from Southeast to Central Asia, directly entering into the security zone of China, India, Japan and Russia. This activity was intertwined with the selection of energy pipeline routes, as well as the countries labelled as the 'axis of evil', which replaced the previous administrations' old rogue states. And while the US was wrestling for its strategic control over this conceived span, it also worked actively on expanding the network of security alliances under its leadership in the Asia-Pacific region, towards the Indian Ocean and even all the way to the Persian Gulf where it would touch NATO's South wing. In order to implement this strategy, Washington promoted the active participation of its traditional allies in fighting terrorism and influenced them to coordinate their activities in the field of nonproliferation of the weapons of mass destruction and within the ambitious anti-missile system project. As additional motivation, a number of countries were given non-member NATO ally status: Japan, the Republic of Korea, the Philippines, Thailand, Pakistan, Kuwait, Singapore and Taiwan, while such status was promised to India. In that way, according to Chinese understanding, the US created an Asian NATO that is partially directed at China. Against it, China fights with the aforementioned economic and cultural diplomacy, by playing the role of "locomotive" of Asian economic development, by insisting on stability and peace in the region, and by participating and creating a long series of regional organizations, forums and other modes of cooperation in all aspects.

So at the APEC summit in Shanghai at the end of 2001 a conclusion on the necessity for cooperation in the area of fighting terrorism was adopted for the first time. Also, at the 12<sup>th</sup> APEC summit in November last year in Chile, Chinese president Hu Jintao suggested strengthening cooperation in fighting all kinds of terrorism that endanger the efforts for creating a secure environment for development and investments in the region. Since 1997, China has been developing partnerships within the policy of strengthening the relationships and cooperation with the neighbours to the benefit of all ASEAN member countries, named "10+1", in different areas – from transport, education, to the creation of free trade zones. In November 2004, China hosted the first Conference on security policy, ARF (ASEAN Regional Forum), which it initiated in 2003. China is an active participant in the Asia-Europe Meeting (ASEM). The document adopted at the last summit, November 2004, confirms strong dedication to fighting terrorism, with an emphasis that the UN should be the leader in fighting for peace and security in the world. International terrorism was denoted as a serious threat to peace, security and sustainable development. Because of this, they agreed to intensify cooperation on this fight, especially in relation to cross-border crime, the spread of infectious disease and pollution, as non-traditional types of threats, through concrete programs and plans that would also protect cultural differences and strengthen dialogue.

China succeeded to persuade their already allied countries in the anti-terrorist campaign that the East Turkistan movement, i.e., the four organizations within the movement, is a terrorist structure linked to the Taliban organization and Al-Qaida and that it presents a threat not only to the Xinjiang Uygur autonomous region, but also to the entirety of Central Asia. As a result, this organization was on the UN and US lists of terrorist organizations already in 2002, while at the end of the next year, INTERPOL was given the list of eleven leaders of these organizations (mostly residing in Germany). Deep distrust and rivalry in their relationship with India, not only because of the short-lived cross-border war, unresolved border issues and the Dalai Lama, but more because of China's closeness with Pakistan, China also gradually is overcoming through establishing pragmatic and economic linkages and through high level diplomacy, which led to the regular schedule of meetings between the Indian National Security Advisor and the Chinese Vice Prime Minister. China's objection to India is that it offers itself to the US as a dominant ally on the sub-continent that would result in China being considered as a security threat. Pakistan and India have exceptionally developed economic relationships with China, established through technical and other assistance from China over the last decade, automatically followed by regular and cordial contacts on all levels. The security services of Pakistan and China signed an agreement on the exchange of information in the area of fighting terrorism. During 2004, the armed forces of the two countries conducted a joint exercise as part of this cooperation.

One of the most important new security-economic modes of organizing in Central and East Asia is the establishment of the Chinese initiated Shanghai Organization for Cooperation (SOS) in Shanghai in June 2001. The members are China, Russia, Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan. The goal of the organization was, in addition to expanding the "strategic partnership" with Russia, to link more closely these countries (former Soviet Muslim republics) to China through strengthening of economic linkages, especially in the areas of energy, transport and trade, and thus to create a counter balance to an aggressive and growing American presence in the region. At the same time, the military-security cooperation would dull the blade of the extreme Islamic movement against China and protect it from possible strikes along the border with these countries (either by majority or ethnic minority groups).

## \* Translated by Natalija Marić

Document of CPC on Governance Capability Issued, China Internet Information Centre, September 27, 2004.

<sup>&</sup>lt;sup>[2]</sup> Xiong Guangkai, Munich, "Present global anti-terror situation and its prospect", 39<sup>th</sup> Munich Conference on Security Policy, February 10, 2003.