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A contentious and long-term issue in international relations

At a study session of the Political Bureau of the CPC Central Committee, China's president Xi Jinping has called for a reform of the global governance system to make it more consistent with the new world reality and fairer towards the common interests of China and other developing countries.

Praising the recent G20 summit held in Hangzhou, he said China had “charted the course for the world economy, provided momentum for world growth and reinforced the basis for international cooperation.”

Over the last few years, China's has been at the forefront of a group of emerging economies that are challenging the post-World War II order and have created their own institutions such as a development bank, a \$40 billion Silk Road Fund to boost connectivity across Eurasia, and a new Asian Infrastructure Investment Bank (AIIB).

These initiatives have highlighted the limits of the Bretton Woods system, which has been on shaky ground since the 2008-09 financial crisis as well as the Euro crisis. Organizations like the IMF and the World Bank are under strong criticism for their alleged partiality in lending money by attaching conditions based on what is termed the “Washington Consensus”, focusing on liberalisation—of trade, investment and the financial sector—, deregulation and privatisation of nationalised industries.

There is an on-going debate in the West about what all of this criticism means, both in terms of China's ambitions and global governance. Some American analysts claim China is seeking to side-step the current international order and create a rival system that would challenge U.S. leadership and divide the West. Others argue that China's moves underlie an effort to integrate into existing global governance structure. They are deemed to have taken the form of new initiatives because the existing powers, particularly the United States and Japan, have refused to give China a role commensurate with its economic might. In this view, the United States and its allies can prevent the fragmentation of the international order through relatively simple accommodations to China.

The question whether or not China will accept minor changes to the existing global governance arrangements is likely to become a contentious and long-term issue in international relations.

Elenoire Laudieri di Biase - *Sinologist at Ca' Foscari University, Venice, and at Melbourne University. Senior Analyst on China at NATO Defense College Foundation*