



In This Issue:

IN A FORTNIGHT By David Cohen.....	1
IDEOLOGICAL CRACKDOWN REACHES STRONGHOLDS OF REFORM By Willy Lam	3
CHINA-U.S. MILITARY TIES ON THE UPSWING By Richard Weitz.....	6
LI KEQIANG, NEW TYPE URBANIST By Kerry Brown.....	11
CHINESE COMMERCIAL ENGAGEMENT WITH GUYANA—THE CHALLENGES OF PHYSICAL PRESENCE AND POLITICAL CHANGE By R. Evan Ellis	13
CORRECTIONS.....	16



Will Premier Li Keqiang’s “New Type Urbanization” help rural migrants, or just real estate speculators?

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In a Fortnight

By David Cohen

BO’S ARREST WAS ABOUT POLITICS—BUT HIS VERDICT MAY HAVE BEEN ABOUT CORRUPTION

Fallen Chinese leader Bo Xilai was sentenced to life in prison on Sunday, September 22 on charges of corruption, abuse of power and bribery (Jinan Intermediate People’s Court, September 22). The verdict represents an end to the most politically explosive episode in China’s recent history, and assiduously avoids mentioning the case’s dramatic political aspects. According to China’s official media, the verdict—stiffer than the 20-year sentences given in the previous Politburo-level corruption cases against Chen Liangyu and Chen Xitong—represented both a victory in the fight against corruption and proof that even a high official is not above the law. As a headline in the official *People’s Court Daily* put it, “The publication of the Bo Xilai verdict is the best possible legal education” (September 23).

This “vivid demonstration of how the rule of law should be implemented” was a tightly-managed show trial (quote from Xinhua Insight, September 22). Even the guards who escorted Bo into the courtroom were hand-picked to tower over his 6-foot, 1-inch frame. But show trials have morals, and it seems that the new leadership used this one to make a point about corruption and legal procedure.

One of the more interesting aspects of the Bo case is that it has spanned the terms of two leadership groups. This is a contrast to the two Chen cases, both

of which took place as shortly after previous presidents took office, while they were still in the process of consolidating authority. Bo, by contrast, was arrested as Hu Jintao was on his way out, and his arrest has been widely interpreted as a last-minute Hu-initiated effort to take down a political rival. However, his trial, and the unusually harsh verdict, took place under the leadership of Xi Jinping. Nor is the case necessarily finished—during the last few weeks there have been a number of arrests of officials connected to Hu-era security chief and Standing Committee member Zhou Yongkang, although the most recent (entirely foreign and anonymously sourced) reporting suggests that he is not yet a target of the investigation (Reuters, September 4).

There are three plausible ways to interpret this issue, all with interesting implications. First, it could be that the investigation was Xi's project from the beginning, which would be consistent with Hu's track record on the Chen Liangyu takedown—he appears to have spent years planning it before taking office, and avoided visiting Chen's home ground of Shanghai. However, it is hard to believe that he could have made use of the party discipline apparatus in this way without Hu's approval, especially while maneuvering against a protégé of Zhou Yongkang, the head of the police and legal apparatus.

Second, it might be a joint project of the Hu and Xi regimes, which is very plausible—for different reasons, both were threatened by Bo's effort to go around the normal mechanisms of career advancement by seeking popular support. This would be consistent with the continuing investigations. Such an interpretation would challenge the widespread narrative of factional competition between Xi and Hu, but in ways that are consistent with other evidence. Xi's premier, Li Keqiang, is close to Hu's Wen Jiabao in both patronage ties and ideas, but he has formed an effective team with the president and appears to have widespread backing from the largely Xi- and Jiang Zemin-allied leadership to pursue a reform agenda that draws heavily from Wen's pet issues of the last few years, including economic rebalancing (for more on this, see "Li Keqiang: New Type Urbanist" in this issue of China Brief). The necessary conclusion may be that, although the Party contains many, very different ideas about China's future—with Bo at the conservative extreme—they do not map to the patronage networks of former leaders we call factions.

The last explanation to consider is that the new leadership may have simply taken the Bo case and repurposed it—having pledged to pursue corruption among “both tigers and flies,” it would be a shame to let a captive tiger go to waste. With more convictions this month in the high-profile Ministry of Railways corruption case, and a series of major arrests in the National Chinese Petroleum Company, the leadership appears to be seizing the chance to send a strong signal about corruption. Although it is utterly implausible that corruption was the main reason for Bo's arrest—if it were, every member of the Politburo would have left for Switzerland already—Xi and Li seem to have taken it as an opportunity to send a message, highlighting the issue with a stiff sentence.

From Extra-Legal Punishment to “Rule by Law”

Of course, the official line has also been keen to argue that the Bo case was not a show trial, but was done entirely in accordance with the rule of law. As a headline in the Ministry of Justice's *Legal Daily* put it, the Bo Xilai verdict “was based on facts, with the law as the only criterion” (September 23). The article goes through the procedure of the trial, stressing that Bo was provided with an attorney, allowed to cross-examine witnesses and to disavow a confession he claimed he had given under duress. While literally true, these articles paper over significant gaps in Bo's legal rights—he was originally detained not by police, but under the extralegal authority of the Party discipline committee; his lawyer was chosen for him; and, of course, he was tried by a court, like all courts in China, answerable to the Party's political-legal apparatus.

However, this rhetoric belongs to a recent campaign supporting the “rule of law,” pointed out by Willy Lam in the last issue of *China Brief* (Vol. 13, Issue 18). This is yet another issue associated with Wen Jiabao that the new leadership has taken up. As Lam argued, there is absolutely no sign that the Party is interested in moving toward an independent judiciary or other meaningful legal reform, but the Bo case suggests that the push have a political purpose: moving from wholly extralegal discipline to “rule by law”—that is, using laws and courts as a central tool for social control.

In the Bo case, both in official coverage and in the courtroom, there was a great effort to create the appearance

of legal norms. In this sense, it fits with a recent trend toward replacing extralegal discipline of troublesome people with broad laws that allow the same punishments to be meted out through the courts. The government has promised to reform the system of reeducation through labor, which allows police to imprison people for years without charges, and is widely used to disappear critics of the government⁷. There has also been at least one arrest of officials involved in the system of illegal jails used to hold petitioners trying to file complaints with the central government (Xinhua, January 7; Al Jazeera, February 5). But at the same time, the government has been creating regulations against “spreading rumors,” which under a September 9 ruling from the Supreme People’s Court will allow people to be imprisoned for three years for sharing “false information that is defamatory or harms the national interest” if it is viewed 5,000 times or reposted 500 times (Xinhua, September 10).

In terms of individual rights, it may be six of one kind of abuse against half a dozen of another. But this path has some political reasons to recommend it: First, it may increase the legitimacy of the system. Second, in terms of central control, a shift toward managing dissent through the legal system may create an opportunity for more central oversight. The current system is widely used by local officials to protect themselves and local cronies from exposure for wrongdoing and failures (for an extravagant case in which local officials were very clearly undertaking a cover-up without orders, see “One Chinese City’s PR Nightmare,” in *The Diplomat Magazine*, September 30, 2011). The leadership may see this as an abuse, even within authoritarian norms, of a system intended to protect the Party as a whole from threats to its rule—and a way for local officials to conceal their failures from their superiors. Courts produce records, which, even if sealed to the public, are available to the Party. If local officials are forced to hold trials of “rumor-mongers,” rather than simply sending them to labor camps, it may help the center understand who is being disappeared and why—and to crack down on the kinds of local disobedience that Xi has spent the last six months attacking.

David Cohen is the editor of China Brief.

Ideological Crackdown Reaches Strongholds of Reform

By Willy Lam

The Xi Jinping leadership has started an ideological movement among party members and citizens that is geared toward promoting hard-line socialist values and absolute obedience to Beijing’s edicts. While the Chinese Communist Party’s (CCP) Rectification Campaign, announced earlier this year, was focused mainly on nurturing clean governance and moral standards, the ideological exercise is dedicated to, in the words of General Secretary and President Xi, “consolidating and boosting mainstream public opinion, propagating the leitmotifs [of socialism with Chinese characteristics] and spreading positive energy” (Xinhua, August 20; CCTV, August 20). The authorities have not indicated for how long this crusade will last. However, cadres in charge of ideology and propaganda have made unusually austere statements about ways to foster socialist and Marxist orthodoxy. Censors are pulling out all the stops to ensure that “bourgeois-liberal” values will be banished from the media, particularly the Internet and microblog networks. Moreover, it is likely that the resuscitation of quasi-Maoist norms could blunt the edge of economic reform, which will be the centerpiece of an upcoming Central Committee plenum.

Xi’s conservative—and at times crypto-Maoist—views were splashed throughout his keynote address to a nationwide conference on ideology and propaganda held on August 19. While every major CCP leader has urged his comrades to conform to socialist ideals, the putative “core” of the Fifth-Generation leadership came close to revising a seminal concept of Deng Xiaoping’s reform and open-door policy: that “economic construction is the core task of the party.” Upon coming to power at the Third Plenary Session of the 11th Central Committee in late 1978, Deng announced that the CCP’s priority had shifted from ideological and political struggles to building up the economy. In his talk, Xi appeared to give equal billing to economic pursuits on the one hand and upholding the politically correct “ideology and thinking” (*yishixingtai*) on the other. “The core task of the party is economic construction,” Xi said. “Work related to ideology and thinking is the party’s extremely important preoccupation” (*People’s Daily*, August 20; China News

Service, August 20).

Xi went on to espouse a quintessentially Maoist stance, equating *dangxing* (“the nature and characteristics of the party”) with *renminxing* (“the nature and characteristics of people”). “*Dangxing* and *renminxing* have always been uniform and united,” he said in the August speech. “We must uphold the correct political direction, stand firm on [proper] political views, and resolutely make propaganda for the party’s theories, lines, objectives and policies,” Xi added. “We must resolutely remain in the highest degree of unison with the central authorities [*zhongyang*] and resolutely uphold the central authorities’s authority.” The equation of *dangxing* and *renminxing*—the theory that party members and citizens can or should not have ideas and aspirations different from those of the party—was first celebrated by Mao Zedong. In his famous “Talks at the Yan’an Conference on Literature and Art” in 1942, Mao asked not only artists and writers but ordinary party members to “cleave tightly to the stand of the Party, the Party spirit and the Party’s policy.” The Great Helmsman indicated that “there is no such thing as art for art’s sake,” and that writers and intellectuals must serve “the whole proletarian revolutionary cause” and function as “cogs and wheels in the whole revolutionary machine” (Xinhua, June 24, 2004; *People’s Daily*, May 10, 2002).

While there has been no significant political reform in China since 1989, the Jiang and Hu leaderships were willing to discuss the issue and carried out a series of experiments with local elections, which Jiang raised from the village to township level, and Hu expanded to include pilot programs in which township party secretaries were elected by residents. Hu also pushed “intra-party democracy,” which permitted Party members to choose between multiple candidates for some, but not all, seats in the National People’s Congress. These experiments have not been significant enough to change the overall political climate or power structure, but their end suggests that reform is farther off than ever.

Xi’s apparent return to Maoist-style dogma has been affirmed by a number of party mouthpieces. “*Dangxing* is the [result of the] refinement, sublimation and synthesis of human nature,” said an article carried by the *Study Times*, a mouthpiece of the Central Party School. For Beijing-based liberal scholar Mou Chuanheng, however, Xi was using high-sounding and politically correct language to

circumvent tough questions of political reform, which have been mothballed for more than 20 years. “Xi Jinping is using the construction of *dangxing* to side-step the construction of constitutional governance,” Mou wrote. “He has also advocated rectifying the party’s style to substitute changes of institutions” (*Study Times*, August 20; *Open Magazine* [Hong Kong], September 1). Alfred Wu, a Chinese politics specialist at the Hong Kong Institute of Education, noted that Xi had embraced Maoist ideals and put political reform on indefinite hold. “Xi might want to appeal to hard-line elements in the party so as to firm up his own power base,” he said (Author’s interview with Dr. Wu, September 15).

Theoretical issues aside, what are the practical implications of Xi’s apparent attempt to turn back the clock? While the president’s Rectification Campaign has been interpreted as a call for loyalty to cadres with “revolutionary bloodline,” the ideological exercise serves a similar purpose of rallying support around the central authorities—and in particular, around Xi himself (See “Rectification Campaign to Boost Cadres with “Red DNA,” *China Brief*, Vol. 13, Issue 14). Not long after Xi’s August 19 speech, Beijing party secretary Guo Jinlong published an article in the party’s theoretical journal *Seeking Truth* entitled “Ensure that the central authorities’s political orders are smoothly enforced; Our political beliefs must remain unchanged under any circumstances.” Jin called on his colleagues in the Beijing municipality to “always maintain a high degree of unison in terms of ideas and action with the party central authorities with comrade Xi Jinping as General Secretary.” “We must self-consciously protect the authority of the central authorities,” he added (Xinhua, September 2; *Seeking Truth*, September 1).

Following a long-standing CCP ritual called *biaotai*—the airing of views by mid- to senior-ranked cadres in order to demonstrate their fealty to the top leadership—the heads of the propaganda departments of the country’s 31 administrative districts have come out with statements endorsing President’s Xi’s strictures. Many of these declarations, however, amounted to a no-holds-barred exaltation of Xi’s putative wisdom and foresight. Head of the Tibet Autonomous Region Propaganda Department Dong Yunhu eulogized Xi for having “scientifically summed up” the party’s experience in ideological and propaganda work. President Xi had “enriched and developed Marxist theories on ideology as well as the

party's theories on ideology and thinking work," Deng said. The propaganda boss of Hainan Province, Xu Jun, went further. Xu proclaimed that Xi had in his August speech "awakened and enlightened the deaf, and succeeded in profoundly illuminating the people" (*China Daily*, September 6; Xinhua, September 3).

While Xi's ability to elicit fairly obsequious protestations of praise from regional officials has testified to his increasingly solid hold on power, ramping up ultra-conservative norms could deal a blow to economic reform, which is the theme of the Third Plenary Session of the 18th Central Committee slated for early November. In his biaotai speech, the head of the Propaganda Department of the Guangdong provincial committee, Tuo Zhen, repeated Xi's call on cadres in the media and related units to "foster and crystallize a social consensus [geared toward] demonstrating a bright future" for the province and the country. Tuo's reputation as a conservative censor was burnished by his decision to kill an early 2013 cover story in the liberal paper *Southern Weekend* titled "Constitutional governance is key to the China Dream" (*Ming Pao* [Hong Kong], January 4; *South China Morning Post*, January 4). Yet intellectuals in Guangdong and Beijing were taken aback when Tuo asserted that "Guangdong is a double pacesetter: for reform and the open-door policy and for [political] struggles in the area of ideology and thinking" (*Nanfang Daily*, September 4, China News Service, September 3). This ran counter to the commonly held belief that, particularly given its proximity to Hong Kong, Guangdong should serve as a window for the whole of China onto new ideas and outside-the-box thinking. It is significant that the propaganda chief of Hainan—which was one of five special economic zones created by Deng in the early 1980s—also ruled out the island's function as a place where heterogeneous ways of thinking will at least be tolerated. "Hainan is a special economic zone but not a 'special cultural zone,'" Xu noted in his biaotai speech (China National Radio, September 6; *People's Daily*, September 4).

Tuo Zhen's views in particular have elicited vigorous criticism from the nation's liberal intellectuals. Gao Yu, a respected, Beijing-based political commentator, has slammed Tuo for "trying to bring back Cultural Revolution-vintage political struggles." "Tuo and the Guangdong Propaganda Department have trampled upon the relatively liberal media in the province," Gao

indicated. "We are witnessing the rehabilitation of Mao-style ideology and thoughts" (VOA Chinese Service, September 4). The surprisingly conservative views of officials in Guangdong and Hainan—which used to be known as experimental zones for both economic and political reforms—may have severely dented these two provinces' reformist credentials in the eyes of foreign investors.

Equally significant is the fact that the free flow of information—deemed a prerequisite for the success of a market-style economy—has deteriorated as cadres in charge of ideology and propaganda respond to Xi's call to reinstate the proverbial "one-voice chamber." For instance, central and local-level propaganda departments have promulgated new regulations to counter so-called "rumor-mongering" on the Internet. A ruling by judicial authorities in early September said that micro-bloggers and other Internet users could be charged with defamation and other crimes if their postings of "rumors" and other forms of illegal information were visited by 5,000 Netizens or reposted more than 500 times. Several prominent online personalities and bloggers, including Chinese-American venture capitalist Charles Xue, were subjected to criminal investigations for allegedly putting rumors and politically incorrect materials on the internet (*Ming Pao*, September 16; Reuters, September 9)

There is also evidence that the authorities are locking up private businessmen for supporting "bourgeois-liberal" values such as universal norms and human rights, which run counter to President Xi's socialist beliefs. A case in point is billionaire real-estate and IT businessman Wang Gongqian, who was detained by police earlier this month for allegedly "organizing a mob to disturb public order." The real reason behind Wang's problem with the authorities, however, could be that he is a keen supporter of civil-society and human rights activists, such as the well-known legal scholar Xu Zhiyong. Wang and others put up a loud protest after Xi was incarcerated earlier this year. Wang has also been using Internet signature campaigns to press the CCP leadership to pick up the threads of political liberalization (*South China Morning Post*, September 14; *Apple Daily* [Hong Kong], September 14). President Xi and his colleagues, however, are very nervous about private businessmen becoming involved in activities that can be construed as politically destabilizing. Several entrepreneurs were behind the large-scale anti-

nuclear demonstration held last July by more than 1,000 residents of the Guangdong city of Jiangmen. Guangdong authorities were forced to at least temporarily shelve the plan to build a nuclear power plant in the outskirts of the city (Guancha.cn [Beijing] July 22; *China Times* [Taipei], July 13).

As former premier Wen Jiabao reiterated, “economic reform can only go so far without commensurate political reform.” “We cannot have thorough-going economic reform without achievements in political reform,” Wen said in his last international press conference at the National People’s Congress last year (China News Service, March 14, 2012; Ifeng.com [Beijing], March 14, 2012). Like most conservative leaders of the CCP, Xi apparently believes that his administration can push forward substantial economic reform while at the same time exacerbating the party’s heavy-handed control on ideology, culture and the media. While Xi seems convinced that that his resuscitation of quasi-Maoist norms might also serve the additional purpose of consolidating his own personal authority, the return of orthodoxy of a bygone era could cast a deep shadow over whatever new ideas Beijing might have for rendering China’s economy more market-oriented.

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China-U.S. Military Ties on the Upswing

By Richard Weitz

In less than two years, China-U.S. military relations have experienced a remarkable turnaround. President Xi Jinping in particular has expressed strong support for developing more military exchanges as part of his concept of a “new type great power relationship” between the People’s Republic of China and the United States. The

upward momentum began with Xi’s successful visit to the Pentagon in February 2012, when he was preparing to become China’s new president. It has been visible in an increased number of senior-level exchanges, an expanding range of dialogue topics, and growing joint military activities. But the military relationship still remains the weakest link in the overall bilateral relationship, weakly rooted with little habit of cooperation, and vulnerable to a resurgence of the Taiwan issue, a China-U.S. military clash in the East China Sea or some other mishap that could abruptly suspend Sino-American defense ties again. These new efforts from the Chinese side are being framed as “a new type of military to military relationship,” establishing them as part of a broader effort to reshape Chinese foreign relations that reaches into all kinds of diplomacy. It is, however, clear that this idea involves demands placed on China’s counterparts as well as offers of increased interaction.

Traditional Barriers

Despite decades of military-to-military talks, and the creation of several China-U.S. defense confidence-building measures, bilateral defense relations between China and the United States still have an on-again, off-again character, based on a transactional approach in which they are repeatedly linked (and disrupted) by other variables. Since the mid-1990s, the two defense communities have negotiated a series of bilateral defense and security agreements and confidence-building measures, seeking to reduce tensions and advance their common security interests. These measures have promoted a better understanding of each party’s security concerns, but they remain highly constrained and vulnerable to disruption from external shocks. Incidents between U.S. and People’s Liberation Army (PLA) ships and planes near China have repeatedly disrupted bilateral relations (*International Herald Leader*, August 23). Disputes over Taiwan have also regularly led to the suspension of China-U.S. defense relations (*Wenweipo*, August 21; China Review News, August 22; Cfist.net, August 21).

Although in public the PRC government has declared its commitment to military transparency, the PLA has taken few steps to address U.S. complaints about the lack of reciprocity in bilateral defense openness. In practice, the PLA’s inferior capabilities lead China to reject moves towards defense transparency for fear that the Pentagon

would exploit the increased intelligence to Beijing's disadvantage. As a rising military power, the Chinese government does not want to codify existing disparities in force capacities or military operating patterns that currently favor the United States. U.S. restrictions prevent most bilateral technology transfers, the main area in which China sees benefits in enhanced military ties (*Global Times*, August 22).

Several factors have impeded China-U.S. military relations. The most important obstacle has been the underlying contentious nature of the Chinese-U.S. relationship, which is manifested most acutely by tensions over Taiwan. Strained PRC-U.S. political relations, which reflect deep differences between Chinese and American leaders over values as well as their competition for influence in East Asia, have generated mutual suspicions that provide an unfavorable environment for flourishing defense relations. As leaders of the weaker power, moreover, Chinese policy makers fear that excessive transparency could provide Americans with insights into their military vulnerabilities. Influenced by a strategic tradition that emphasizes deception, many Chinese strategists also believe that opaqueness assists in deterring potential adversaries by complicating their military planning. Equally, Chinese policymakers do not want to draw foreign attention to their continued military buildup. Moreover, defense policymakers in both countries have generally resisted measures that constrain their military operations and capabilities. Finally, the perceived costs of suspending contacts have been minimal to the national security interests of either party, since the relationship has never accumulated great value or achievements.

Unfortunately, the PLA's penchant for secrecy increases the risks of misunderstanding and miscalculation. It also alarms China's neighbors, who are strengthening their own military capabilities just in case their worst-case evaluations regarding the PLA's goals and capabilities prove accurate. Beijing then responds in reciprocal fashion, contributing to an East Asian arms race that has been gathering momentum in recent years.

In the past, the rise and fall of defense ties had little impact on the overall China-U.S. relationship, and indeed was often a product of these changes. Both sides see curtailing defense ties as a "pressure-relief valve" to signal displeasure with the others' policies at minimal

costs. At times, the PLA-Pentagon dialogue has been almost entirely frozen. But this compartmentalization is becoming more difficult as China's rising military power becomes a more salient feature in the overall relationship. Chinese and U.S. strategists now openly see the others' capabilities and activities as threatening, with Chinese writers complaining of containment and Americans of Beijing's perceived anti-access/area denial policies.

New Type Military Relations

This year's June presidential summit between Xi Jinping and Barack Obama and the July U.S.-China Strategic and Economic Dialogue (S&ED) and Strategic Security Dialogue (SSD) in Washington both supported China-U.S. military ties. When the Chinese leader met his U.S. counterpart at their informal presidential summit in Sunnyland, California in June 2013, Xi told Obama that he sought a "new pattern of military relations" compatible with the new type of overall great power relations he wanted to see between China and the United States (*Global Times*, June 9). [1] During their July dialogues, China and the United States agreed to "strengthen the military-to-military relationship and to make efforts to raise the relationship to a new level" (CNTV, August 17).

Despite increased contacts between the two countries, Chinese commentary—including articles republished from China Military Online to the web site of the Ministry of Defense—have continued to raise the issue of the "three barriers" (China Military Online and PRC Ministry of National Defense, June 14)—which are U.S. arms sales to Taiwan, restrictions on U.S. defense technology sharing with China, and U.S. air and naval surveillance activities near Chinese territory. Another June commentary by a professor at the National Defense University argued that the "ball is in the United States's court" to make changes that will allow the relationship to improve (*People's Daily Online*, June 27).

Like many of its predecessors, the Obama administration has been eager to develop China-U.S. defense relations. U.S. officials worry that the PLA's domestic and international isolation could present problems given the importance of the Chinese military in Beijing's national security decisions. In their view, the PLA needs more contact with the outside world to understand it better, which Washington and other outsiders hope will reduce

its fears of the United States and somewhat decrease the prospects of war through miscommunication and miscalculation. The Chinese military's growing overseas presence and China's expanding security ties throughout the globe are increasing the frequency of occasions when the two militaries are operating in each other's vicinity, raising the risks of escalation of a local conflict in which Beijing and Washington happen to back opposing parties. Although President Xi likely may not share these views, he does want to sustain decent relations with the United States despite the many sources of tension in their bilateral relationship, and sees boosting defense ties as a good way to counterbalance the friction over China's territorial conflicts in Asia, differences over Iran or North Korea, or economic tensions with the United States.

Last month's visit by General Chang Wanquan, state councilor and minister of national defense of the PRC, to the United States was noteworthy in several respects. The general went to new places, held wide-ranging discussions with senior U.S. officials, and made frank but instructive comments to the Pentagon media. Chang and U.S. Defense Secretary Chuck Hagel confirmed plans to expand China-U.S. military exercises, exchanges and other activities, including counterpiracy drills near Somalia and a humanitarian rescue exercise near Hawaii (*China Daily*, August 13).

Most importantly, Chang's visit sustained the upward momentum in the China-U.S. defense relationship that has been evident since early 2012. In his opening remarks at a Pentagon news conference, Chang said that, "The purpose of my visit is to implement the important consensus reached by President Xi Jinping and President Obama of building a new model of major country relationship based on mutual respect and win-win cooperation, to further increase mutual understanding, to enhance mutual trust, to promote mutual cooperation and to push forward the sound and stable development of our national and military relations" (U.S. Department of Defense, August 19).

According to Chinese sources, PLA and Pentagon leaders agreed on five principles during their August meetings in Washington (Xinhua, August 20):

1. Military ties between the two countries represent an important component of their bilateral relations.

2. Mutual visits by senior military officials should continue to deepen contacts and mutual trust.
3. Both sides have an increasingly important obligation to maintain peace and stability in the Asia-Pacific region.
4. Both militaries have an array of common interests and will cooperate more regarding non-traditional security areas such as humanitarian assistance, disaster relief and counterpiracy.
5. Both sides agreed to cooperate on archival research on the fate of missing soldiers from the Korean War.

Shortly after Chang's visit, the PLA Navy (PLAN) joined the U.S. and other fleets in their second anti-piracy exercise in the Gulf of Aden. Next year, the PLAN will for the first time become a full participant in the U.S.-led Rim of the Pacific Exercise (RIMPAC), the world's largest multinational naval drill. Additional joint military activities are under review (PRC Ministry of National Defense, August 25).

This summer, PLAN midshipmen participated in an exchange program with the U.S. Naval Academy. This engagement provided an opportunity for young Chinese and American sailors to develop contacts and cultural insights that they can draw on throughout their military careers. Although a recent poll from the Pew Research Center found extensive popular mistrust between Chinese and Americans, the survey found that young people in both countries were most likely to have an open mind about the positive characteristics of the other country (Pew Research Center, February 7).

U.S. Army Chief of Staff General Raymond Odierno, U.S. Air Force Chief of Staff General Mark Welsh, and Secretary Hagel all plan to travel to China. Chang reaffirmed China's interest, expressed this summer by President Xi to Obama, in establishing a procedure for advanced reciprocal notification of major Chinese and U.S. military activities, and for developing rules of behavior for their air and naval activities in particular. These exercises and exchanges should help the Chinese and U.S. militaries understand one another's tactics, techniques and procedures better. The resulting insights could help prevent miscalculations, miscommunications

and other problems that could lead to unsought military confrontations—something Hagel warned about in his June 1 Singapore speech on Asian security.

Old Style Power Politics

An important goal of China-U.S. military relations is to avoid an inadvertent war between the two countries. Defense diplomacy could also contribute to avoiding a war. Under Xi, Chinese analysts have been promoting the term “New Type of International Relations,” (*xinxing guoji guanxi*; also “New Type of Great Power Relations,” *xinxing daguo guanxi*). In Washington, this formulation is generally seen to mean that China and the United States will strive to eschew the traditional logic of power politics and avoid a hegemonic war for primacy in the Asia-Pacific region even as China’s power and influence continues to rise. [2] Historically, such great power transitions have been fertile ground for confrontation, since the established power typically resists the rising country’s efforts to strengthen its military, seize territory and colonies, and otherwise remake its region into a sphere of influence in which the other countries must constrain their foreign and sometimes domestic politics in ways acceptable to the new hegemon.

In the view of Chinese scholars, since the Cold War, the international system has been evolving from a unipolar to a multipolar system, and from a Western-centric structure to a more globally balanced system. Emerging powers like China benefit economically and in other ways from globalization, while the West’s relative power is declining due to its relatively weaker economic performance and domestic governance problems. Nonetheless, this argument continues, the established powers resist the increasing demands for greater power and respect by the emerging powers, leading to global tensions. This view is most often used to explain relations between China and the United States. [3]

Still, there are several reasons why we might expect to avoid such a disastrous outcome. First, there is a growing recognition among Chinese foreign policy analysts that the more aggressively they behave, the more likely they will provoke a balancing coalition by their neighbors and by the United States. [4] Second, China has and will continue to benefit from many existing international norms, regimes, and institutions; it may therefore

recognize that it has no need to replace them. While the Chinese government might oppose some international norms, such as the Proliferation Security Initiative or liberal democratic norms, Beijing can more or less ignore them without provoking sustained foreign resistance. Third, the ideological competition between China and the United States has declined from its Maoist nadir in the 1960s. The Chinese government no longer seeks to change other countries’ regimes. Chinese scholars see the United States as still striving to divide China or subvert its regime, now with the novel use of social media tools. [5] But this perception is incorrect—some Americans may have that hope, but it has not been an operational goal of U.S. foreign policy for decades. Fourth, whereas a few years ago Chinese policy makers might have seen the United States as a declining power that was withdrawing from the eastern Pacific, the Obama administration’s Asian Pivot and other developments have made clear that the United States plans to remain an Asian power for a long time.

But while these factors make a hegemonic war between China and the United States less likely, there are reasons for pessimism about the possibility of a deep China-U.S. defense partnership. Chinese analysts are clearer in terms of what they want to avoid—a war with the United States—than what positive results they hope to achieve. They also focus on the process—the need for more dialogue—rather than concrete outcomes. There is also a sense that the burden is on the United States to avoid the logic of confrontation by accommodating Chinese interests regarding territorial disputes, human rights and other issues. In its most recent annual white paper on national security, the Chinese Ministry of National Defense criticized U.S. officials for “strengthening their Asia Pacific military alliances, expanding their military presence in the region and frequently making the situation there tenser.” Chinese experts quoted at the time of Chang’s visit insisted that bilateral defense relations would only improve if the U.S. abandoned its efforts to contain China’s rising influence (*China Daily*, August 19). In addition, many Chinese analysts resist the great power label for their country, and see themselves simultaneously as a developed and developing nation. This conflicted identity can sometimes make it difficult for China’s leaders to define their national interests and pursue a coherent policy. Furthermore, much of China’s reasoning appears instrumental in nature. They believe

China would benefit from avoiding a war with the United States, but there is not an ideological conviction that good China-U.S. relations represent a value in itself. Lastly, Sino-American tensions over Taiwan, military activities in the disputed waters of the East and South China Seas, and mutual military buildups have been downplayed rather than resolved.

On balance, China-U.S. military relations should continue to improve in coming months due to the reciprocal military leadership visits, the preoccupation of the leaders of China and the United States with other international issues and the desire of both governments to avoid a Sino-U.S. military confrontation. But accidents can always happen, and an aggressive ship captain, wayward airplane or other incident could still easily derail the improving China-U.S. military ties, as has happened all too often in the past.

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Notes:

1. See also Zhao Xiaozhuo, "Construction of China-U.S. new military relations faces new historical opportunities," Ministry of National Defense of the People's Republic of China, August 14.
2. For a review of how the concept and related constructs ("China Dream") is often understood differently among Chinese analysts see Peter Mattis, "Out with the New, In with the Old: Interpreting China's 'New Type of International Relations,'" *China Brief*, Vol. 13, Issue 9; and Peter Mattis, "Chinese Dreams: An Ideological Bulwark, Not a Framework for Sino-American Relations," *China Brief*, Vol. 13, Issue 12.
3. For example see Su Changhe, "Thinking about the Relationship between China and the World at a New Historical Starting Point," *World Economics and Politics*, No.8, 2012, pp.4–19; Guo, Xiaoqin & Wang, Gonglong, "Constructing Sino-U.S. New-styled Big-power Relations—Studies on China's U.S. Policy Thinking since the Turn of the Century," *Global Review*, 2013, No.1, pp.39–51; Canrong Jin and Weilai Dai, "Building A New Type of Major Country Relationship: Analysis of China-U.S. Strategic and Economic Dialogue," *Journal of International Security Studies*, 2013, No.2, pp.13–23; and Wen Li, "New Great Power Relations in Stability System," *Studies on Mao Zedong and Deng Xiaoping Theories*, 2012, No.10, pp.89–95.
4. For examples from major academic foreign policy experts, see Zhu Feng, "Sino-American Strategic Competitors Relations and China's Response," *International and Strategic Studies Report* 78 (February 25, 2013): 2–4; and "Yan Xuetong: China Should Offer Protection to Neighboring Countries in Order to Reduce American Influence," *Xinhua*, June 1, 2011.
5. Huo Wenqi "Weibo Becomes Important Battleground for Pushing 'Peaceful Evolution' and Color Revolution for the West: An Interview with PLA National Defense University Professor Lt. Li Dianren," *CSS Today*, reprinted from *Global View*. While some authors state that there is ideological competition between China and the West, or at least an attempt to ideologically infiltrate China from the West, other experts claim that ideological competition is not that important at present. It may be self-serving for Chinese experts to claim that there is no ideological competition while drumming up nationalism at home; another explanation is that experts who stress ideological competition represent a distinct but limited line of thought among Chinese experts—perhaps representative of particular segments of society (for example, the military).

Li Keqiang, New Type Urbanist

By Kerry Brown

Since coming into office in late 2013—early 2013, Chinese Premier Li Keqiang has staked out political territory as an advocate of economic reform. His signature policy initiative is a “new type of urbanization,” described by Xinhua as an effort to boost consumption by getting local governments to invest in environmental protection and social services and to control the price of housing (Xinhua, August 23 and 27, September 7).

Urbanization is a theme that Li has stressed throughout his career: his doctorate, completed in the early 1990s at Beijing University, was on the transition between agricultural and urban economies in China. “The reality of modernization in fact is to see traditional agricultural society change to industrial society,” he wrote then, continuing, “The main challenge for China’s transition is the modernization of the 80% of its population that still lives in the rural areas” (Li Keqiang, “*Lun Wo Guo Jingji de San Yuan Jiegou*,” page 65). Two decades later, in speeches published in the Party’s theoretical magazine, Li spoke of the need to find “new spaces for growth” (Seeking Truth, 2009, No. 15). These included raising consumption, lowering capital investment as a proportion of GDP, increasing the service sector’s role in the economy and deepening urbanization. The four great structural adjustments are now his responsibility, but it is the last of these, urbanization, that has become the theme about which he has spoken most since becoming premier in March 2013.

Li has emphasized that the new type of urbanization is not the same as the old type. On August 30, he met with a group of experts at the Zhongnanhai leadership compound to discuss the challenges of urbanization. He reportedly told them that urbanization policy should “put people at the core,” addressing the inequality between registered urban residents and migrant workers in access to social services, education and housing (People’s Daily Online, September 10). He criticized local governments for relying on overinvestment in real estate to drive growth, and on land sales to fund their budgets (Xinhua, September 7). The Xinhua coverage singled out for criticism the city of Erdos, which has become a symbol of overinvestment as real estate speculators drove the

construction of an almost-uninhabited ghost city. It also quoted an expert with the State Council-run Chinese Academy for Governance, Wang Xiaoguang, saying that “Local governments should abandon the mentality of pursuing urbanization for driving up investment and stabilizing growth in the short term.”

It is clear that new type urbanization lies at the heart of the further economic growth potential that Li referred to on his visit to the Guangxi Autonomous Region in June this year. “Growth,” he stated in Guangxi, “creates the conditions for restructuring, while restructuring in turn unleashes further economic growth” (Xinhua, June 10). Urbanization, as a Xinhua profile of Li issued on March 16 made clear, “is the biggest source of development.” So it is Li’s key to solving the Party’s longstanding dilemma between short-term growth and long-term rebalancing—a way of reducing China’s reliance on state-led investment without the risk of a politically perilous recession.

Li’s technocratic style sets him apart from President Xi Jinping. While Li has been the reassuring face of stable economic growth, appearing at the Davos Summer Forum in Dalian to tell international investors not to worry about China (Xinhua, September 16), Xi has cut a fearsome figure, declaiming loudly about the China Dream and evoking Mao Zedong to spur the Party to get its house in order and rein in corruption. Recently, he has spent much of his time overseeing an educational campaign to root out “four bad work styles,” making regular appearances at provincial educational meetings to hear reports on the process of self-criticism, most recently appearing at a Hebei Party meeting to emphasize that “criticism and self-criticism are powerful weapons for resolving contradictions within the Party” (Xinhua, September 25). These are highly political themes, concerning the moral health of the Party, and the way in which it appeals to people across society as China aspires to become a middle income country with great power status.

While there is a considerable gap in tone, Xi and Li are playing different roles in what is in fact a single political project to restore some of the Party’s tarnished moral authority and strengthen its right to rule—a project which depends heavily on economic stability. As premier, and thus head of the apparatus of government, Li’s job

is to articulate and then deliver specific policy, using the State Council's power to write regulations and allocate budgets. Xi, as Party Secretary, has to be mobilizer and motivator in chief using the tools of the Party, the most potent of which are ideological campaigns and the Party's internal discipline system. While his focus is elsewhere, he has echoed Li's call for economic reform, making a speech about the issue in July in Hubei: "To address the series of problems and challenges facing our country's development, the key is to deepen reforms in all aspects" (Xinhua, July 23). Simply put, as the chief manager of the economy the premier holds most of the carrots and is responsible for setting policy directions, while the Party secretary holds most of the sticks and is responsible for maintaining the control needed to make sure policies are implemented.

Changing China's urbanization model is going to be a hard task, however; and within the Party Li has a poor reputation for getting things done. In his provincial leadership career in the late 1990s and early 2000s, Li was associated with a number of problems: from the handling of the compensation claims over the AIDS contaminated blood crisis in Henan as Party Secretary there, to a series of large scale fires in public buildings in Liaoning. "Look at his record," one unnamed senior executive interviewed by the *Financial Times* stated in March 2013, "and you will know he has a serious problem with execution" (*Financial Times*, March 22).

As Xinhua observes, the biggest challenge is likely to be local governments. Li's plans for rebalancing will require them to swallow the bitter pill of swapping lucrative land deals for costly social welfare programs:

"The biggest problem is that local governments are liable to stick to their old urbanization path," said Zhuang Jian, an economist at the Asian Development Bank.

Increasing the value of land through expropriation and population aggregation has been the most effective way for local authorities to attract investment and grow the local economy over the past years, a great incentive to boost urbanization (Xinhua, August 23).

that New Type Urbanization may leave local governments with plenty of opportunities to continue the cycle of land seizures and infrastructure investment. A ruling issued on September 16 called for increased investment in transportation, utilities pipelines, sewage treatment and garbage disposal, and ecological parks and gardens. This last in particular is a red flag—Chinese local governments have a history stretching back to the 90s of seizing more land than they need for recreational facilities in order to profit from the rise in land values associated with them.

The political risks are clear; a China where most people live in urban areas will be one where governance will have to be reconfigured and restructured so that it can accommodate this immense change. Cities like Shanghai already have to accept half a million new residents a year. Social welfare, education and other public goods have to be supplied, putting further strain on local budgets already heavily reliant on bank debt. Resolving this may require more of the power of taxation to be devolved back to cities, a stronger argument for these new megametropolises to become much more autonomous.

There is also the social dimension. Rapid urbanisation taking China toward a level of 60% or more living in cities by the end of the decade will inevitably involve profound social change. Chinese society is already hugely liquid, with over 200 million migrants working away from their home place according to the national census in 2010. This vast mobile army is frequently the victim of prejudice and suffers insecurity through lack of easy access to public goods. As a result, it is frequently the source of protests. Even more people will leave environments and communities they have some family or historic connection with and live in places created almost overnight. As many other societies that went through this process on a much smaller scale in Europe and elsewhere know, this is a hugely disorientating process and one that carries high risk. Is China really ready for this kind of urbanizing revolution?

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So far, early indications out of the State Council suggest

Chinese Commercial Engagement with Guyana—The Challenges of Physical Presence and Political Change

By R. Evan Ellis

For the People's Republic of China, its relationship with Guyana has been one of its longest, most consistently close relationships in Latin America and the Caribbean. Yet, between June and August 2013, Chinese companies lost almost a billion dollars in work in the country, including a hydroelectric dam, the modernization of Guyana's international airport and a luxury hotel.

The strength and complexity of the Guyana-PRC relationship is little known beyond its South America. The sudden reversals suffered by Chinese businesses are important, not only because of the strong role of Chinese companies and nationals in Guyana's economy, but also as an illustration of the challenges that PRC-based firms face as they establish a physical presence in the region in sectors ranging from extractive industries to construction to telecommunications to retail. Guyana also illustrates that the Chinese preference to deal exclusively with government leaders can create pitfalls when the political balance changes, as well as how Chinese immigration may be emerging as a contested political issue within the small-population countries of the Caribbean basin.

The PRC has maintained relatively close ties with Guyana since establishing diplomatic relations in 1972, including various development projects. But, like elsewhere in Latin America, Chinese companies only began to establish a significant physical presence in Guyana in the late 2000s, including China Timber Resources and Bai Shan Lin, which by 2013 had accumulated almost a million hectares of forest land in the interior of the country (*Stabroek News*, July 14), and the Chinese mining company Bosai, which in 2006 purchased a bauxite mine in Linden (*Stabroek News*, February 14, 2007).

The principal architects of the new Sino-Guyanese commercial partnership were former Guyanese president Bharrat Jagdeo and his cadre of functionaries and businessmen (multiple author's interviews, Georgetown, Guyana, February 15–22). This group, which continued

its work under successor Donald Ramotar, negotiated multiple projects with Chinese companies and banks, including the Skeldon sugar refinery (China Technical Import Export Corporation), improvements to the Cheddi Jagan airport (China Harbour), the electricity infrastructure (CTIEC), a fiber optic cable from Georgetown to the Brazilian border at Latham (Huawei) and a project to donate Haier computers to Guyanese families (the "One Laptop per Family" program).

Initiatives also included the Amaila Falls hydroelectric project, in which the Western project integrator Sythe Global leveraged \$500 million from the China Development Bank and China Railway First group to do the work. It also included a new luxury hotel, partly financed by the government's privatization fund NICIL, with work done by Shanghai Construction Group (Stabroek News, June 16). The government also sold its 20% share in Guyana Telephone and Telegraph (GT&T) to the Chinese company Datang which, a month later in April 2012, contracted with Huawei to help upgrade GT&T's wireless infrastructure (*Kaieteur News*, April 13, 2012).

China Harbour is positioning itself to construct a deepwater port facility in Berbice, a hub for Guyana's bauxite, rice and sugar industries (Author's interview, August 20).

Businessmen close to former President Jagdeo have also built import networks with the PRC. In December 2011, John Permowl opened a facility in Georgetown to import and assemble Jialing motorcycles (Author's interview, August 20). Similarly, Jagdeo associate Brian Young is leveraging the One Laptop per Family computer service center to sell Haier products throughout the country. Jason Wong, a 30-year-old Chinese national, has, in less than a decade, built up the largest and most successful import-export business in the country, China Trading (Author's interviews, Georgetown, Guyana, August 19–20).

In the fall of 2013, the PRC will open its first Confucius Institute in the country at the University of Guyana (Author's interview, August 19).

Change in Political Dynamics

Following the elections of November 2011, the political dynamics of Guyana fundamentally changed, with important repercussions for projects involving Chinese companies. Prior to the elections, the president's People's Progressive Party (PPP) had a majority in parliament, letting it develop projects with the Chinese and others, with little possibility for the opposition to learn the details or to block them.

In the run-up to the elections, the main Afro-Guyanese opposition formed a new coalition, the Alliance for National Unity (APNU), headed by David Granger, a retired military officer seen as "outside politics." Along with the newly-formed "Alliance for Change" (AFC), the opposition collectively won 33 of 65 seats in Parliament.

Although the change was not immediately recognized by Chinese companies, accustomed to dealing solely with the ruling PPP and its affiliated businessmen, the new parliamentary balance allowed the opposition to demand information from the government about its activities, and block or hinder deals that it found objectionable. However, neither the Chinese Ambassador Zhang nor the companies involved made contact with the new majority parties.

The challenges that were consequently mounted against projects involving Chinese companies include:

Skeldon Sugar Factory: For the newly empowered Guyanese political opposition, Skeldon became a rallying cry for what would not be allowed again: a project contracted out to a Chinese firm with little transparency and, consequently, extra costs and disastrous results. Critics argued that the Chinese firm, CTIEC, lacked the experience to build a factory appropriate to Guyanese conditions (Author's interviews, Georgetown, Guyana, August 16-18). Nor could the government supply enough sugarcane to feed it, with the result that national sugar production fell far below "pre-modernization" levels (Kaieteur News, July 29).

Cheddi Jagan International Airport: The initiative grew out of an announcement by then-Premier Wen Jiabao at the 2011 China-Caribbean business summit that China Development Bank was establishing a new \$1.5

billion dollar investment fund for the Caribbean basin, soliciting the governments of the region to propose projects for that money (Author's interview, August 16). Guyana submitted what eventually became a \$150 million contract with the firm China Harbour to modernize the airport to serve as an international regional hub by lengthening the runway and building a new terminal facility.

The new political environment allowed the parliamentary opposition to obtain troubling details about the contract, most dramatically a line item charging the government for toilet fixtures at over \$400,000 per set (Stabroek News, July 4). The opposition and civic activists also questioned whether aspiring to be a regional hub was realistic.

In August 2013, the APNU, with the support of the AFC, voted to defund the government's entire transportation budget, freezing the project, and effectively cutting China Harbour out of over \$100 million in work (Stabroek News, June 23).

Amaila Falls: The hydropower project had been in the works for a number of years before the respected international firm Sythe Global took it over in 2010. Sythe, in coordination with the government, structured the project with the construction work to be principally done by China Railway First Group, with \$500 million in funding to come from China Development Bank, and an additional \$100 million from the Interamerican Development Bank (Kaieteur News, August 12).

China Railway First Group began work in 2013 on a long access road to the site, after the Guyanese companies to which the road was originally contracted could not execute the work.

While politicians and civic activists publicly criticized the project's cost and use of external financing, the critical moment came in August 2013, when the APNU opposition in Parliament voted against a bill to provide environmental reserve lands for the project. For Sythe, the vote confirmed its concern that the power of the opposition could put the project at risk in the future (Author's interviews, Georgetown, Guyana, August 15-20); it announced that, barring support from *all* of the country's major political parties, it was withdrawing its bid. This pull-out killed the project, costing China

Railway Road almost a billion dollars' worth of work, and eliminating for CDB the possibility to loan \$500 million at an 8% rate of interest.

Georgetown Luxury Hotel: In June 2010, the Guyanese government announced a public-private partnership to construct a \$52 million luxury hotel. Shanghai Construction Group (SCG) was contracted to build the hotel, which used an all-Chinese labor force, housed on the worksite with little contact with the surrounding community. Despite sporadic protests outside the worksite over the use of foreign workers, SCG proceeded with construction, and by September 2013, structural work had been largely completed.

As with other activities involving the Chinese, the new opportunities that the Guyanese opposition had for political oversight enabled them to uncover and criticize the use of funds from the government's privatization organization, NICIL, for the project, question the economic rationale for a luxury hotel in Georgetown, criticize the secrecy regarding the sources of funding and express concern that the inclusion of a casino would facilitate use of the hotel as a money laundering hub (Author's interviews, Georgetown, Guyana, August 15, 18).

Parliamentary opponents launched a series of challenges, including a cut-off of public funds from the nation's "general account," attempting to block the transfer of land, and a private lawsuit over discriminatory hiring practices for using an entirely Chinese labor force. As of September 2013, however, they had not stopped the project.

Bai Shan Lin: Under the new political balance of 2011, civic activists began to publicly question the legality of Bai Shan Lin's accumulation of almost a million hectares in timber concessions by purchasing smaller timber countries, with the government agreeing to transfer the timber rights of the acquired companies, without question, to the Chinese (Stabroek News, June 16). Ultimately, the opposition threatened to investigate such holdings when the parliament returns to session in October 2013. Activists have also rallied against Bai Shan Lin's plan to build a timber processing facility, arguing that the heterogeneity of the Guyanese forest makes the project irrational, and questioning the proposed

associated construction of a "city" in the interior of the country to house the 3,000 workers it would employ; opponents claimed that such a "city" would be a Chinese colony or labor camp beyond the easy oversight of Guyanese authorities (Author's interviews, Georgetown, Guyana, August 16-19).

Bosai Bauxite Mine: Bosai's operations in Linden were damaged in July 2013, when residents of Linden blocked the main road connecting the mine to the rest of the country (Stabroek News, August 7, 2012). Bosai, however, was not the target. Rather, protesters rallied against government plans to lower the electricity subsidy provided to the community served by Bosai's generator. Indeed, Bosai was well regarded by residents of Linden, where it was the principal employer in an area where unemployment was between 40–70% (Author's interviews, Georgetown, Guyana, August 15-20). Nonetheless, as with the previously mentioned cases, the Chinese company, which had sought to stay out of politics, bore the consequences of actions by Guyanese politicians.

In all of the cases flowing out of the new Guyanese political dynamic, Chinese companies have arguably borne the consequences of not building bridges to the non-official actors on whom their fate increasingly depends. Although Ambassador Zhang reportedly coordinates closely with his counterparts in the Guyanese government, none of the leaders of the political opposition, civic activists, and independent businessmen interviewed for this report indicated having substantial contact with Ambassador Zhang or any of the Chinese companies doing business in the country (Author's interviews, Georgetown, Guyana, August 15-20).

The Chinese Community

In addition to projects by PRC-based companies, the Chinese population in Guyana has grown substantially in recent years, stimulating discomfort in the surrounding community and political repercussions (Author's interviews, Georgetown, Guyana, August 16-19). The expansion has primarily been felt in the retail sector in Georgetown and in gold mining in the interior of the country.

Chinese immigration comes from two sources: the PRC

province of Guangzhou, and the neighboring country of Suriname. The latter is driven by the fall of Guyanese crime rates, and by the perception that the economic opportunities are better than in Suriname, where shopkeepers from the large Chinese population compete against one another (Author's interviews, Georgetown, Guyana, August 15-20).

The expansion of the Chinese community has become an issue for opposition politicians who argue that government efforts to expedite visas and citizenship for Chinese workers discriminates against other Guyanese. Ethnic resentment of Chinese in Guyana has not yet produced violence, as it has in Papitam and Maripaston, Suriname. Yet in 2013 in Guyana, community residents ransacked a Chinese shop after its owner beat a young Indo-Guyanese girl whom he accused of theft (Kaieteur News, January 5).

Conclusions

PRC engagement in Guyana is entering a new period in which Chinese companies and the PRC government will be forced to shift to make a greater effort to reach out to the full range of political, business and social groups where they find themselves, or continue to lose business because of actors that they had previously dismissed. If they succeed, they will face the opposite dilemma: how the Chinese government and its companies can be fully engaged in Latin American societies with the PRC policy of non-intervention in the internal affairs of foreign states

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Corrections

An article in the previous edition of China Brief, "Sino-Russia Naval Exercises: Dragging Moscow into China's Maritime Disputes?" incorrectly stated the current level of Russian arms sales to China as \$2 billion per year. The most recent trend indicator value data on Russian arms sales to China, as compiled by the Stockholm International Peace Research Institute, shows a decline in deliveries since 2008 to about \$679 million in 2012 and \$692 million in 2011. In the 21 years since 1992, SIPRI reports a total value of just over \$31 billion in arms deliveries from Russia to China, for an average of about \$1.479 billion per year (with a high of \$3.1 billion in 2005 and a low of \$80 million in 1994).

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