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Chinese President Xi Jinping walks alongside South Korean President Park Geun-hye during his July visit to Seoul. (Credit: Xinhua)

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## In a Fortnight

### CHINA'S FOREIGN POLICY IN 2014: A YEAR TO HARVEST PARTNERSHIPS AND THE SILK ROAD

By Nathan Beauchamp-Mustafaga

On December 11, Chinese Foreign Minister Wang Yi gave his annual speech encapsulating China's foreign policy successes over the last year ([Ministry of Foreign Affairs](#), December 11). He highlighted China's growing role in the global economy, its economic outreach through new multilateral institutions, peripheral diplomacy and looked ahead to 2015. Most importantly, Wang adopted a softer tone than his 2013 speech, dialing back China's nationalistic rhetoric and signaling that China is slowly but haltingly working to repair ties with Japan and other neighbors, yet still determined to pressure the United States in Asia.

Calling 2014 a "year to harvest China's comprehensive diplomatic progress," Minister Wang detailed China's growing partnerships around the world. He explained that China has now established partnerships with 67 countries and five regional organizations, but asserted that they are based on "the new interpretation of

major power diplomacy with Chinese characteristics”—“forming partnerships but not forming alliances.” Wang also restated President Xi’s call for an “Asian security concept,” including it alongside the Asia Pacific Economic Cooperation (APEC) Connectivity Blueprint as results from the two major conferences China hosted this year. This distinction between partnerships and alliances comes at a time when China is increasingly criticizing the U.S. alliance system in Asia as “Cold War thinking” and aimed at containing China, even earning forceful responses over the last month from Dr. Evan Medeiros, senior director for Asian affairs of the National Security Council, and Daniel Russel, Assistant Secretary of State for East Asian and Pacific Affairs (*Beijing News*, June 6; *Global Times*, December 9). Chinese officials and media will likely continue to hone in on U.S. alliances in 2015 as maritime tensions rise with U.S. allies.

President Xi’s efforts this year to promote the “one belt and one road,” better known as the “Silk Road Economic Belt” and “21st Century Maritime Silk Road,” also featured prominently. Wang touted the 50 countries that have agreed to participate and the creation of the \$40 billion Silk Road Fund that is intended to support the initiative, along with the more general \$50 billion Asia Infrastructure Investment Bank (AIIB) (*Xinhua*, November 8). This emphasis compliments a year-end diplomatic push in Beijing, as over 60 foreign embassies visited the National Museum of China’s new exhibit on the Silk Road on December 15 (*Xinhua*, December 15). *Xinhua* later said that “if 2013 was the year that the ‘one belt, one road’ strategic concept was unveiled, then 2014 was the year that it really entered the stage of practical cooperation” (*Xinhua*, December 17). Wang also noted that China’s economic growth represented a “contribution rate” of 27.8 percent to global growth and more than 50 percent to Asia. Echoing Xi, Wang said China’s economy had entered a “new normal” of slower growth but added that China’s continued growth in the face of a depressed global economy presented a “China opportunity” to the world. Clearly, Wang and the Chinese leadership see China’s growing economy as its greatest foreign policy asset for improving relations with partners around the world through its new Silk Road initiative.

Minister Wang also toned down his criticism of Japan and eliminated discussions about maritime issues when compared to his 2013 speech (*Guangming Daily*, January

11). In last year’s speech, Wang said “China would unswervingly walk the road of peaceful development, but certainly not at the price of sacrificing China’s national interests” and noted that Beijing would “strongly restrain” Japan and the Philippines from “invading China’s sovereign territory” (*Guangming Daily*, January 11). Yet Wang’s 2014 speech never mentioned the South China Sea or the Philippines, and only noted that 2015 will be the 70th anniversary of China’s victory in the “War to Resist Japan,” China’s name for their 1937–1945 war. This came just two days before President Xi visited the Nanjing Massacre Museum to commemorate China’s first National Memorial Day (*Xinhua*, December 13). Several Chinese analysts pointed out that Xi’s statement was much more conciliatory than previous remarks before he met Japanese Minister Shinzo Abe at APEC: “We should not bear hatred against an entire nation just because a small minority of militarists launched aggressive wars. The responsibilities for war crimes lie with a few militarists, but not the people. However, we cannot at any time forget the severe crimes committed by aggressors” (Author’s interview, December 15; *Xinhua*, December 13). The looming question for 2015 is whether China’s softer rhetoric will be sustained, and more importantly, if it will be accompanied by a real reduction of tensions along its disputed maritime borders.

Minister Wang closed his speech by restating President Xi’s vision for the realization of the “great dream of the revival of the Chinese people” and the “beautiful dream” of the world. This continues Xi’s campaign to expand the “China Dream” beyond its borders, evident in his call at APEC for an “Asia-Pacific Dream,” the first time he had used the phrase (*People’s Daily Online*, November 9).

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## Does China's Charm Offensive Pose a Dilemma for South Korea?

By Jaewoo Choo

Since the top leaders of South Korea and China rose to power in 2013, Chinese President Xi Jinping has appeared determined to overwhelm South Korean President Park Geun-Hye by embarking on a major diplomatic and economic charm offensive. China's incessant charm offensive has made some East Asian analysts wonder if in fact South Korea may be drawn closer to China as a result of this offensive and if so, what will be its impact on relations with the United States and Japan.

China's charm offensive is at play on various fronts. First, Presidents Park and Xi have met on at least five occasions over the past two years. The frequency of these meetings ranks as the second highest in the bilateral history of the two countries, ranking behind only the eight meetings held between former presidents Hu Jintao and Lee Myong-bak in 2008. Second, President Xi in July became the first Chinese leader to travel to South Korea before visiting North Korea. Third, Presidents Park and Xi signed the Korea-China free trade agreement (FTA) at the November Asia-Pacific Economic Cooperation (APEC) summit before their stated goal of the end of the year, albeit a bit premature as they have not completed negotiations. Lastly, following President Park's request at their Beijing summit in June 2013, President Xi personally arranged the construction of a memorial hall to commemorate An Jung-geun, a Korean independence hero whom Japan regards as a terrorist, which opened this January in Harbin, while a memorial monument for Korea-China joint combat efforts against Japanese imperialists in 1942 also opened this May in Xi'an ([Xinhua](#), January 19; [Daum](#), May 23).

To date Beijing's aggressive charm offensive toward South Korea has failed to win over Seoul, largely because South Korean officials believe that the offensive is intended merely to serve China's own strategic interests. The successful rebalancing by the United States in Asia and Japan's related quest to be a "normal" nation has made Beijing anxious, and South Korea feels the strain between its alliance with Washington and its relationship

with Beijing. China's numerous calls in 2000, 2005, 2009 and 2013 for cooperation in pressing Japan on history was finally partially accepted by President Park during President Xi's July visit, but the scope of cooperation was limited to a joint study on comfort women ([Appendix to the Joint Statement of Summit](#), July 5). China's invitation to South Korea to jointly celebrate the 70<sup>th</sup> anniversary of their World War II victory and liberation from the Japanese was coldly rebuffed by officials in Seoul. In other areas, China's economic charm offensive with its Asia Infrastructure Investment Bank (AIIB) also failed to win over South Korea as well ([Reuters](#), November 5).

The reason why South Korea did not fall for China's recent diplomatic push deserves recognition and further elaboration as well. South Korea has no illusions about the significance of President Xi's decision to bypass North Korea for the South. In this symbolism, Seoul does not see any changes in the fundamentals of China's North Korea policy. China's charm offensive is unlikely to affect South Korea's balancing between the United States and China as long as Seoul continues to regard its alliance with the United States as in its national interest. And further cooperation on the history issue will only interest Seoul if China can stop its own distortions of Korean history. [1] Furthermore, China's charm offensive is highly unlikely to override the solidarity of the Korea-U.S. alliance, nor solve "Asia's paradox" because Beijing's policy is interest-driven and not value-based.

### Assessing Xi's Decision to Forego North Korea

President Xi's visit to South Korea in July was a major development because the Chinese leader broke China's long-held tradition of visiting North Korea first, a tradition maintained since Beijing established diplomatic relationship with Seoul in 1992 ([South China Morning Post](#), July 2). While the reason for President Xi's decision is still highly speculative at best, it certainly cannot be assumed it was a personal one, given the collective nature of China's decision-making process. One can ascertain that the principal reason was because of Beijing's displeasure with Pyongyang's third nuclear test and warning of the fourth, while other factors, such as strategic considerations and the changing dynamics in the U.S.-Japan alliance and Beijing's desire to incorporate Seoul into its struggle against Tokyo over historical memory, likely played a role as well. In the final analysis, the strategic implications of

Xi's choice for Seoul over Pyongyang are readily visible and speak louder than words, but does it necessarily imply fundamental changes have occurred in China's North Korean policy?

Xi's visit does not entail such policy implications for two reasons. First, China's decision to skip North Korea was not intentional, as China tried to have Xi meet Kim before Park, despite mounting frustration with the North's nuclear issue. According to various media accounts, discussion about a potential visit by North Korean leader Kim Jong-un to China was first made during the visit of his special envoy to Beijing in May 2012, and reciprocated by the Chinese Communist Party (CCP) delegation's visit to Pyongyang that November (YTN TV, May 29, 2013). Reports of a diplomatic rift, however, erupted over who should visit whom which then led to a stalemate and the issue was subsequently dropped after North Korea's alleged "satellite" launch in December 2012 and its third nuclear test in February 2013. Afterwards, China suspended high-level contacts until Chinese Vice-Minister of Foreign Affairs Liu Zhenmin visited Pyongyang this February and the special representative for Korean Peninsula Affairs, Wu Dawei, visited in March ([CCTV](#), February 19). [2]

Another motive behind President Xi's decision to forego a visit to North Korea is quite simple—it's the economy, silly. As reiterated by Chinese Vice-Foreign Minister Liu, South Korea and China intended to sign several major economic agreements before Xi's arrival in Seoul, ranging from the completion of their FTA, institutionalizing a direct currency trading system and discussing the prospect of South Korea joining China's AIIB ([Sina](#), July 1). President Xi was particularly interested in learning about Korea's position on AIIB largely because he wanted Korea, along with all prospective members, to sign the Article of Agreement before the November APEC meeting.

According to the Chinese Ministry of Foreign Affairs spokesperson's statement on June 27, the purpose of Xi's visit was to better serve the interest of all three parties, including the two Koreas and China as well as the Korean peninsula ([Ministry of Foreign Affairs](#), July 3). It was not strategically aimed at a "third party"—namely, North Korea, Japan or the United States—like foreign media speculated. In other words, China did not want its

charm offensive to Korea to be mistaken as an indicator for changes in its North Korean policy, an attempt to pull Korea away from the United States and Japan, or an attempt to exploit the rift in Korea's relations with Japan over historical issues—even though China was indeed aiming for the latter two.

### Feeling the Pressure of China's Economic Charm Offensive

China's economic charm offensive once seemed to have put Korea on the edge of a dilemma. It first came in February with China's call to construct a direct currency trading market between the Korean Won and the Chinese Renminbi. Officials in Beijing insisted that the issue be inserted into the July summit's Joint Statement and for the two countries to establish the market by December. [3] The South Korean government felt pressured by China, particularly because Seoul did not know how Washington might interpret the agreement.

The second economic push came with China's invitation to join the AIIB. South Korea again hesitated, as Korea intends to balance China's growing overture of economic influence with the strategic impact on its alliance with the United States. This time, the United States had already made its preference known, demanding more prudence and greater scrutiny toward Beijing's economic outreach. Nevertheless, China invited Seoul to join, with some specifications on AIIB's governance structure and an expected financial contribution in the range of \$500–700 million ([Dong-A Ilbo](#), July 14). So far, Korea has not joined the AIIB, since Korea intends to be accommodating to China's economic offensive only if and when Seoul can minimize the political and strategic considerations and maximize the economic benefits.

Ironically, however, the South Korea-China FTA has freed South Korea from a potential dilemma of balancing between the United States and China over their respective regional free trade schemes. The unorthodox conclusion of the FTA before finalizing negotiations has benefited Seoul by giving it greater leverage over the United States and China over their respective schemes. Now, South Korea cannot be pressured to choose between the United States' Trans-Pacific Partnership (TPP) and China's Regional Comprehensive Economic Partnership (RCEP), since joining either or both regional free trade schemes

would simply be a bonus to the existing bilateral FTAs.

### No Dilemma for Korea

The growing political and diplomatic dynamics in the South Korea-China relationship, however, do not present a dilemma to Seoul's balancing efforts. More often than not, South Korea's diplomatic maneuvers with China are misunderstood as intended to hedge against the United States, especially during the progressive leadership era under former presidents Kim Dae-Jung and Roh Moo-Hyun. However, South Korea's recent economic cooperation with China has only strengthened the prevailing domestic view that China intends to utilize its charm offensive to its advantage over the United States and Japan by accentuating "common concerns" and "common interests" as well as by capitalizing on the rift in Korea-Japan relations over history, territorial disputes and Japan's recently adopted Collective Self-Defense Act.

While South Korea and China do share some issues of common concern, the relationship almost certainly will not and likely cannot grow into a coalition or alliance. Although their common interests will naturally expand, the two countries will not be able to form a coalition because of the fundamentally different values they uphold and respect. Any form of coalition, including an alliance, cannot persist without a common enemy; and in lieu of such an enemy, it is nearly impossible to sustain the coalition without common values and ideology. In other words, coalitions only succeed in defense of shared values, and South Korea and China lack this one critical component. The Republic of Korea (ROK) is a mature democratic nation, a liberal state and a market economy. Beijing's attempts to drive a wedge between the ROK-U.S. alliance based on Beijing's values are destined to fail, since it is their shared values that hold the ROK-U.S. alliance together. While South Korea at times may step outside the alliance in pursuit of economic interests, Seoul will never defect and realign with others who do not share the same democratic values as its government. Therefore, there is no dilemma or strategic choice for South Korea to make—it has already chosen the United States.

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### Notes

1. In 2004, the Chinese government initiated the Northeast Project, an academic study intended to justify claims to lands previously held by Korea's Goguryeo dynasty (*Chosun Ilbo*, September 30, 2009).
2. The resumed high talks were not, however, about arranging the summit. The former's visit was to warn Pyongyang of Beijing's intolerance over the tension of the Korean peninsula evolving into a "war or chaos" ([Ministry of Foreign Affairs](#), February 20). The latter focused on the resumption of the Six Party Talks, according to the spokesperson.
3. The market did open as scheduled on December 1 (*South China Morning Post*, December 2).

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## China Overhauls Diplomacy to Consolidate Regional Leadership, Outline Strategy for Superpower Ascent

By Timothy Heath

At the Central Work Conference on Foreign Relations held on November 29, China's leaders outlined the most sweeping changes in decades to longstanding guidance on foreign policy. Chinese President Xi Jinping outlined instructions to consolidate China's leadership of Asia and strengthen international support for Chinese power. While Xi's direction to increase the country's contributions to address global problems offers the welcome prospect of cooperation with the United States on pressing problems, the conference's outcomes also point to an increasing competition for leadership and influence at the regional and global level. With its options for constraining Beijing's power receding, Washington will find itself under pressure to step up competitive and cooperative policies to protect U.S. interests in a manner that avoids escalating tensions to the point of a destabilizing rivalry.

According to Xinhua, the purpose of the Central Work Conference on Foreign Relations centered on designating the "strategic objectives and principal tasks of foreign affairs work." President Xi explained that the main goals were to defend China's core interests, shape a favorable international environment and create opportunities to enable the nation's ascent to great power status. Xi linked these efforts to the realization of the "two centenary goals" of realizing the "China Dream" and national rejuvenation ([Xinhua](#), November 29).

China last held a Central Work Conference on Foreign Relations on August 21–23, 2006. At that event, then-President Hu Jintao presented a more restrained ambition that sought to ensure a stable international environment to enable the country's development. Hu presented a vision of the global order, called the "harmonious world," but gave little specific guidance on how to achieve it. He also proposed an early version of the core interest idea, when he called on the nation's foreign affairs workers to "realize, safeguard, and develop the fundamental interests

of the broadest majority of the people" ([Xinhua](#), August 23, 2006).

### Growth in National Power Drives Revision of Policy Agenda

The change in policy approach owes to the fact that China has seen a significant increase in its national strength in past years, especially relative to other competing great powers following the global financial crisis of 2008. Europe's economy has stagnated and the very survival of the European Union appears increasingly open to question. Despite a promising start under Prime Minister Shinzo Abe, Japan's economy continues to sputter. Russia's provocative moves regarding the Crimea obscure gloomy prospects for the ailing petro-state. The United States has seen a healthier recovery, but growth has been uneven and the country remains riven by political division. China, meanwhile, dramatically ratcheted up investment to sustain high growth rates. By 2010, its economy had surpassed that of Japan to become the second largest in the world. China's economy faces slower growth in coming years, and the country suffers its own considerable array of domestic pressures and economic vulnerabilities. However, even at slower growth rates, the gap between China's national power and that of the United States will continue to narrow.

Not only is China poised to potentially become the largest economy in the world in the coming decades, but the developing world as a whole will likely see large gains. Developing countries are likely to see their share of global GDP rise from one quarter in 2011 to nearly one half by 2025 ([World Bank](#), 2011). Moreover, much of the growth in the future is expected to occur in Asia. These are the trends hinted at by President Xi when he commented that the trends towards "multi-polarity" and economic globalization "will not change." The growing strength of the developing world and projected flat growth trajectory of the developed world carries huge implications for the future of global politics. Chinese leaders grasp this potential keenly. Xi proclaimed at the conference that the "trends toward the transformation of the international system will not change."

Directives issued at the conference seek to take advantage of these trends by upgrading the country's diplomatic power to a level commensurate with its economic and

military strength. At the conference, Xi called for China to carry out “diplomacy as a great power” (*daguo waijiao*). Foreign Minister Wang Yi has explained that China must “conduct great power diplomacy, cultivate a great power mentality, foster great power sentiments and demonstrate great power bearing” especially when “dealing with small and medium sized nations.” (*People’s Daily*, November 22, 2013).

Among the important instructions issued at the conference, China’s leaders have elevated the pursuit of leadership in Asia as a priority above relations with the United States. China’s leaders have also directed greater efforts to assume greater global responsibilities, bolster China’s leadership of the developing world and increase the appeal and competitiveness of its moral and political values worldwide.

### Consolidate Regional Leadership

Among the changes in policy direction, the elevation of relations with the periphery in priority stands among the most significant. The change is a recent one and descends most from Beijing’s pursuit of structural reforms, *both domestic and international*, to enable the country’s continued development and rejuvenation (see *China Brief*, June 19). Although Chinese academics have debated the relative importance of China’s ties with the periphery over those with the United States since at least 2011, only in 2013 did Chinese officials begin to refer to the periphery as the “priority direction” (*youxian fangxiang*) for foreign policy (*Global Times*, January 2, 2011). The Central Work Forum on Diplomacy to the Periphery in October 2013 demonstrated that a major change was afoot (see *China Brief*, November 7, 2013). The recently concluded conference confirmed this new policy direction.

Since at least the start of the reform and opening up period, Chinese leaders have consistently prioritized stable, productive relations with the developed world. Western countries like the United States, Japan and countries in Europe have long offered the technological know-how and wealthy markets that China desperately needed to power its growth. The industrialized powers also had the overwhelming military superiority and global political influence that posed the greatest threat to the rise of a weak and vulnerable China.

Trends decades in the making have eroded considerably the importance of the industrialized world to China. The global financial crisis has left much of the developed world reeling in economic and political stagnation. Technologically, China has narrowed considerably the gap in knowledge and capability with the developed world, although its ability to innovate remains weak. Emerging markets appear poised to possibly outpace the developed world as engines of demand and growth. And a still rapidly modernizing PLA continues to narrow the gap in capability with modern militaries, especially in China’s surrounding waters.

Economic and strategic drivers, meanwhile, have elevated the importance of China’s relationship with the region. Successful integration of the economies of China and its neighbors appears increasingly essential to realizing the long-term potential of Asia and strengthening China’s ability to influence the international order. Days after the conference, the Politburo held a study session on the development of a regional Free Trade Agreement. At that event, Xi explained that China needed to make free trade agreements to play an “even bigger role” in trade and investment. He added that China should “participate and lead, make China’s voice heard, and inject more Chinese elements into international rules” (*Xinhua*, December 6).

Moreover, China realizes it must secure its geostrategic flanks to prepare the country’s ascent into the upper echelons of global power. Chinese leaders are deeply aware of historical precedents in which aspirants to regional dominance in Asia and Europe fell victim to wars kicked off by clashes involving neighboring powers. The persistence of disputes and flashpoints in the East and South China Seas makes this danger vividly real for Chinese policy makers. Finding ways to consolidate China’s influence and weaken potential threats, such as the U.S. alliance system, offers China hope of greater security (*The Diplomat*, June 11). In the words of Vice Foreign Minister Liu Zhenmin, the “imbalance between Asia’s political security and economic development has become an increasingly prominent issue” (*People’s Daily*, November 27).

According to Liu, Asia can make steady progress only when it builds an “ever closer community of shared destiny” (*People’s Daily*, November 27). Xi also called for building a “community of shared destiny” at the

just-concluded work conference. The “community of shared destiny” (*mingyun gongtong*) provides the vision for realizing Asia’s economic potential and achieving a more durable security for Asia. As defined by Chinese leaders, the community of destiny is based on deep economic integration, but it goes beyond trade. It is a vision of a political and security community in which economically integrated countries in the region support and defend one another from outside threats and intruders, as well as manage internal threats together through collaborative and cooperative mechanisms. Premier Li Keqiang hinted at this meaning when he explained regional integration means “two wheels of political and security fields should move forward at the same time” ([Xinhua](#), November 13).

Vice Foreign Minister Liu has provided an even more detailed explanation. He stated that a “community of shared destiny” requires countries to:

1. Build a “community of shared interests.” Countries should focus on converting their “economic complementarity” into “mutual support for development.” The extensive regional economic and infrastructure integration provides the “material foundation” for the community;
2. Build a “community of shared responsibility.” He explained that this meant “*countries in the region*” should hold “*primary responsibility*” for “safeguarding regional security.” It also required countries in the region to “work together to defend regional peace and stability.” This idea echoes Xi Jinping’s declaration that “Asians have the capacity to manage security in Asia by themselves” ([Xinhua](#), May 21);
3. Build a “community of people and culture.” Different civilizations in Asia should “strengthen exchanges” and “be inclusive toward and learn from each other.” This principle envisions the strengthening of a regional, Asian identity and greater respect for China’s culture and values ([People’s Daily](#), November 27).

Through policies such as the promotion of free trade agreements, infrastructure investment and development of consultative security mechanisms, Beijing hopes to render the fates of a growing number of rising and

prosperous nations in Asia dependent on China’s fate as a great power—and marginalize the United States in Asia’s future (see [China Brief](#), July 13).

### In Search of an International Constituency

Beyond the region, China is looking to build an international base of support, primarily in the developing world, to back the exercise of Chinese power. President Xi declared at the conference, China should “make friends and form partnership networks throughout the world” and “strive to gain more understanding and support from countries all over the world” for the Chinese dream. Xi emphasized in particular the importance of what he called “major developing powers” (*kuangda fazhanzhong guojia*), a recent entry into the Chinese Communist Party’s (CCP) lexicon of policy guidance, for which Xi outlined instructions to “expand cooperation.” [1] He also called on China to “strengthen unity and cooperation” with other developing countries and reaffirmed directions to “closely integrate our country’s development” with that of “major developing countries.” China seeks closer partnerships with countries to support its vision of partial accommodation and partial revision of the global order, as well as more smoothly enable the country’s development and security.

A 2013 article in the Party journal *Outlook* outlined criteria to prioritize and evaluate relations with countries based on their strategic importance and potential receptivity to Chinese economic ties and political influence. The article highlighted in particular countries along China’s periphery, as well as states in geostrategic locations such as the Middle East, Africa and Latin America. It also singled out as important emerging great powers such as Russia, Brazil and South Africa. The article argued that these are the partners needed to “jointly push the reform of the international system” ([Outlook](#), March 7, 2013). Another academic explained the leadership’s focus on cultivating international support, noting, “if China were to fight on its own, it would be at a considerable disadvantage in terms of strength and influence” ([Xianqu Daobao](#), May 30).

## Assuming Greater Responsibility as an International Power

Xi's direction for the country to take on more global responsibilities provided another important development at the conference. China seems especially committed to finding new ways to contribute in developing countries, where countries are most in need, where China's overseas interests are often highly vulnerable and where Beijing sees the most potential for partners to support its reform of the international order.

Chinese analysts recognize that China currently suffers a weak reputation as a world leader. One expert observed that the best way for China to build its "international reputation" is by "taking on more responsibilities in international security" which means "providing the entire world and all regions with more public security goods" ([Xianqu Daobao](#), May 30).

Chinese leaders define the country's provision of "public goods" to the international community differently than the United States. Wang Yi explained that China intends to set itself up as the "defender of the cause of world peace" and to "safeguard the goals and principles of the UN Charter, and oppose foreign interference in the internal affairs of other countries, especially small and medium countries." It also means China intends to be a "vigorous promoter of international development," and to contribute to UN goals related to development and poverty relief, climate change, and other global issues. An example of China's new approach to a more active policy might be seen in South Sudan, where Beijing sent a 700-man infantry battalion to support UN peace keeping operations and took a leading role in mediating between warring factions (see [China Brief](#), October 10; [Ministry of Defense](#), September 25; [The Diplomat](#), June 6).

## Articulating a Moral, Political Vision for Global Leadership

The desire for stronger international political influence has raised the imperative for Beijing to articulate a compelling vision of political and moral ideals around which China can appeal for support. The significance of the "profit and righteousness" concept (*liyi guan*), so heavily emphasized by President Xi and other Chinese leaders, lies precisely in the recognition that money is not enough to secure global

influence (see [China Brief](#), November 7, 2013). Beijing recognizes that it must articulate a compelling morality and political idealism that it can argue is superior to the one that currently exists. Xi declared at the conference that China should have a "correct viewpoint about justice and benefits, see to it that equal importance is attached to justice and benefits, stress faithfulness, value friendship, carry forward righteousness, and foster ethics." He urged diplomats to uphold principles of "non-interference in the internal affairs of other countries" and "oppose the use or threat of force at every turn."

The vision by President Xi at the conference and many other venues aims to appeal to emerging powers that China believes hold similar grievances regarding the current order. Xi stated China should "persist in promoting greater democracy in international relations," and "insist that all countries, big or small, strong or weak, rich or poor, are equal members of the international community." Lest there be any doubt as to the purpose of the message, Xi made clear that China should seek to "speak for other developing countries."

The flip side of Beijing's relentless promotion of the supposed superiority of its own political values and moral vision has been an equally relentless denigration of the weaknesses and failings of the values and morality of the current, Western-led order. Xi Jinping made news when he praised a virulently anti-U.S. blogger earlier this year, but commentary in official press are routinely filled with harsh denunciations of Western hypocrisy, immorality and abusive policies ([New York Times](#), November 12).

## Implementation: Shaping the Behavior of Other Countries

Another major change from the Hu Jintao era has been the Xi administration's elaboration of mechanisms to implement the foreign policy agenda. Chinese authorities are revamping policies to reward and punish countries as a way to shape their behavior in a direction desirable for Beijing. A commentator article in the state-run *People's Daily* stated that China must "resolutely maintain our country's territorial sovereignty and maritime rights and interests, effectively strike back at provocation and acts of violations of rights by a small number of countries" and "wage a resolute struggle against acts that interfere in our country's internal affairs" ([People's Daily](#), December

2).

Chinese scholars argue that countries should be evaluated based on how much their relations support or oppose Beijing's preferences, so as to provide "clear political direction" for specific policies. One prominent scholar explained that countries should be classified according to "friendly," "cooperative," "ordinary" and "conflict" based relations. For friendly countries, policies should demonstrate "benevolence and mutual assistance;" for countries that cooperate with Beijing, a policy of "appropriate concern" is in order; and for nations with ordinary relations, China should show a "policy of equality and mutual benefit": for countries with more conflict-ridden relations, however, Beijing should show a "tit-for-tat policy" of graduated retribution ([Global Times](#), August 25). This logic resonates with the logic of the "bottom line principle" mentioned by President Xi and other senior officials ([Ministry of Foreign Affairs](#), August 16, 2013). Officials cited this idea when explaining China's diplomatic punishment of countries such as Norway (over its decision to honor dissident Liu Xiaobo), the United Kingdom (for its treatment of the Dalai Lama), and the Philippines (over the Scarborough Reef dispute) ([The Diplomat](#), May 9; [Telegraph](#), June 12).

### Implications for the United States: The Price of Sino-U.S. Cooperation

While elements of the changes to China's foreign policy program herald good news for cooperation at the global level against common concerns, the risk of an entrenched rivalry is growing. China's growing parity in comprehensive national power with the United States alone increases the likelihood of an intensifying contest. Moreover, China understandably expects a greater voice in determining the international order as a fair price for its greater contributions. To gain the leverage necessary to ensure change, China seeks to consolidate its leadership of Asia, build a global coalition of sympathetic partner nations, bolster its credibility as a global leader and articulate a compelling political and moral vision it regards as superior to that of the United States.

The world has benefited from the decision by the leaders of the United States and China to build a stable, cooperative relationship, hailed by China as a "new type great power relationship." But the benefit China gains

from stable cooperation with the United States must be measured against the costs, and for Beijing the benefits appear to be diminishing rapidly. Moreover, the price of cooperation to U.S. interests is mounting as well: Stable U.S.-China ties have freed Beijing to deploy its considerable resources and tolerate greater short-term instability along its periphery to muscle greater control of disputed territories from its neighbors. Nor is this all. China's pursuit of a stronger global leadership role suggests an even higher price may await the United States in the form of a more destabilizing, systemic competition should China succeed in consolidating its leadership of Asia.

For these reasons, the United States will likely soon find itself under pressure to increase *both* competitive *and* cooperative policies aimed at molding a friction-filled collaborative U.S.-China relationship that protects its interests while avoiding a full-blown rivalry. More effective competition for regional and global leadership offers the prospect of granting the U.S. leverage to shape the terms of cooperation with China. Similarly, enhanced U.S.-China cooperation is increasingly vital to restraining competitive impulses. The approach may seem contradictory, akin to driving a car by stepping on the gas and the brakes at the same time. Yet the halting, lurching movement of the metaphor may well capture the best that can be made of a situation featuring even worse options.

### Notes

1. Beginning in 2013, Xinhua has carried numerous articles that have identified China, Brazil, Russia, Indonesia, India, Mexico and South Africa as "major developing countries."

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## China's "Server Sinification" Campaign for Import Substitution: Strategy and Snowden (Part 1)

By Clark Edward Barrett

On January 22, 2013, *Guangming Daily* reported the market launch of China's first independently developed high-end computer server, the Tiansuo K1, and touted the homemade server's leading role in "breaking a long-term import situation" (*Guangming Daily*, January 22, 2013). [1] The Tiansuo K1 represents the culmination of a long-term effort by the Chinese government to end China's dependence on U.S. information technology (IT) companies by pursuing a policy of "server sinification" (*funuqi guochanbua*) in conjunction with state-owned enterprises (SOEs).

China's reliance on foreign imported IT products has long been a cause of concern for the Chinese government, which claims that over-reliance on U.S. imports in server technology jeopardizes the country's information security (*People's Daily*, July 4). According to Chinese Ministry of Science and Technology (MOST) Bureau Chief Yang Xianwu, the Tiansuo K1's launch "broke the situation of being under the [foreign] yoke in IT network equipment" (*Science and Technology Daily*, June 5). Chinese state media also purport that foreign domination of the server market has led to increased costs for Chinese companies, maintaining that the average server selling price in China is 2.4 times that in the United States, seriously hindering the country's economic competitiveness and drive to equip the nation with the most modern IT infrastructure" (*Xinhua*, January 22, 2013).

China's concerted government-sponsored import substitution campaign for server products is explicitly intended, and will likely succeed, in reducing U.S. IT companies' market share in China and in supporting its fledgling domestic industry. This campaign will likely have serious deleterious consequences for U.S. manufacturers in China, including International Business Machines (IBM), Oracle and Hewlett Packard (HP). These companies currently control more than 90 percent of China's server market, and Chinese spending on server technology is estimated to grow by 8.4 percent annually through 2017, compared with 2.2 percent globally—

meaning a big blow to U.S. corporate IT profits in China (*Bloomberg*, May 27). Moreover, China's activities in this sphere likely qualify as "innovation mercantilism," exacerbating the relative loss of U.S. competitiveness in advanced technology goods with China, a sector where the annual trade deficit has risen from \$11.8 billion in 2002 to \$117 billion in 2013 (*U.S.-China Commission*, August 13, 2012; *U.S.-China Commission*, February 6). [2]

### History of China's Server Sinification Program

The spearhead of China's server sinification effort is the Tiansuo K1 server. The K1 was jointly developed by Inspur Group, a Chinese SOE IT company, and MOST as part of China's 11th Five-Year Plan, under the "high-end and fault-tolerant computer" program. [3] The server campaign also received substantial support from the Chinese government's national high-technology development plan (also known as the 863 Program), which invested 750 million RMB (\$122 million) in the program (*Guangming Daily*, January 22, 2013). [4]

Since development of the Tiansuo K1 began in 2009, the project has advanced with astonishing rapidity, in large part due to assistance from the Chinese government and multiple SOEs. According to K1 chief designer Wang Endong, the first K1 server prototype began online testing in a Xinjiang branch of the state-owned China Construction Bank (CCB) in August 2010. Account transaction processing was initiated in July 2011, whereupon all services were transferred from IBM to Inspur servers (*People's Daily*, July 4). In order to assuage reliability concerns, Inspur regularly invited technicians from the CCB to its research and development (R&D) laboratories to act as "special overseers." Wang told the *People's Daily* that, "unlike college or research institute R&D, we [Inspur] invited in our users to let them participate in the whole manufacturing process. This was done to build user confidence in the product and better address their requirements" (*People's Daily*, July 4).

The Tiansuo K1 is now being used widely, or considered for adoption, by other Chinese SOEs, particularly in the banking sector, in an orchestrated effort to spur sales by the Chinese government. The K1 is used extensively by the CCB in 14 second tier bank branches, nearly 200 trading websites, more than 3,000 bank tellers, 20,000

self-service and electronic equipment supply services, as well as in financial transaction communications. CCB IT supervisory department manager Lin Leiming has also claimed that preparations are underway for greater wide-scale adoption ([People's Daily](#), July 4). In 2012, Inspur beat IBM and HP to win a server contract tendered by the China Import-Export Bank and the K1 has displaced small Oracle servers from the Shengli oil field in Shandong as well as small IBM servers in the Ministry of Agriculture ([Xinhua](#), January 22, 2013; [People's Daily](#), July 4). MOST officials and the Chinese Banking Regulatory Commission also indicated that in the next phase of server sinification, the government will approve demonstration projects as well as prioritize procurement and support for Chinese-made server products to promote the K1 in finance, telecommunications, government and other key industries ([Xinhua](#), January 22, 2013).

Inspur has moved quickly to ensure that Chinese companies are able to transition to its Tiansuo K1 server. This January, *Science and Technology Daily* reported that Inspur, in conjunction with Chinese software and integrated systems companies, is exploring methods of facilitating the smooth transition of business services from foreign equipment to the K1 ([Science and Technology Daily](#), January 22). Also in January, Inspur launched the K1 adoption program under which databases, middleware and other applied systems would be transferred from IBM, Oracle and HP to K1 servers “thereby challenging America’s market dominance and assisting the development of Chinese supply chains” ([Beijing Times](#), January 17). This April, Inspur invited more than 700 cooperation partners to its head office to discuss K1 adoption ([People's Daily](#), July 4).

The official launch of the K1 adoption program followed the inauguration of the China Server System Industry Alliance (CSSIA) in Beijing on September 27, 2013. The CSSIA is intended to encourage cooperation amongst Chinese corporations in advancing import substitution in the IT sector under the direction of the Ministry of Industry and Information technology ([People's Daily](#), July 4). The alliance’s goal is the creation of an independent Chinese IT supply chain in server operating systems, hardware and middleware. Initially founded with Inspur and 15 other Chinese hardware and software companies, by this October the alliance had grown to 58 members

([Guangming Daily](#), October 24).

Interestingly, IBM may also be unwittingly assisting the development of a serious market rival. Yunnan Nantian Electronics Information Corporation (Nantian) R&D Manager Wang Wei confirmed in January 2013 that Nantian and Inspur are cooperating on a high-level project to transfer commercial banking core service systems to independently controlled hardware and software installations ([Guangming Daily](#), January 22, 2013). The next month, Nantian won an IBM Partner of Choice Beacon award for Outstanding Optimized Systems Solution on Enterprise Servers (System z) at the 2013 IBM PartnerWorld Leadership Conference ([Bloomberg](#), March 1, 2013). [5] Nantian’s award was given for its Core-banking Intelligence Transaction Architecture on System z (zCITA). According to Nantian, the zCITA is built on more than 30 years of banking information systems integration and development experience, which “fully comprehends the demands of large Chinese nationalized banks and newer banking entities drawing on the latest business thinking of commercial banks, the most modern computer and network technologies and cooperating with IBM to develop a successful new generation of comprehensive commercial banking business systems” ([Nantian](#), March 11, 2013).

### Political-Industrial Partnership

China’s actions in executing a national IT import substitution program have been facilitated by the government’s control of large sections of its national economy and the close relationships between the country’s business and political elite. Inspur’s chairman, Sun Pishu, who appears to be the project’s political champion, is using his seat on the National People’s Congress (NPC) and the 863 Program Expert Committee to advance his cause. [6] For several years at NPC annual meetings, Sun had proposed the acceleration of IT import substitution and the imposition of mandatory security approval requirements for the suppliers of “critical information infrastructure” in telecommunications, finance, energy and transportation. However, despite interest from various government departments, these proposals have made little headway, although this might change in the wake of revelations by former National Security Agency contractor Edward Snowden ([China.com](#), March 11).

The state capitalist nature of Chinese politics and industrial strategy is also evidenced by the comments made by the K1's chief designer, Wang. He claimed that the elimination of international giants from the Chinese server market would require earnest cooperation amongst China's domestic industry to break closed operating systems such as databases, middleware, and software tools that run on foreign equipment. Wang said, "foreign business competition is not only one company and one product but competition from a complete set of companies... Due to massive commercial interests, building an independent ecosystem cannot depend on foreign enterprises but must rely on the mutual efforts of an alliance of domestic industries" (*People's Daily*, July 4). To this end, Inspur has benefitted enormously from the mobilization of various Chinese SOEs and government-backed organizations, such as the CSSIA, which is directed by the Ministry of Industry and Information Technology.

### Implications

Currently, China's server sinification campaign appears focused on the Chinese domestic market. However, the "going out" precedent set by Chinese SOEs in other sectors, such as the civilian nuclear industry and high speed rail, suggest that Chinese IT companies will attempt to compete internationally against U.S. server manufacturers after consolidating their home market (*China Brief*, April 23; *China Brief*, July 3). These developments may further erode U.S. competitiveness in high technology goods and thus have a serious detrimental impact on the future profitability of U.S. IT companies in China and worldwide.

*This is the first of a two-part series covering the development of China's server sinification program. The second part will evaluate the impact of ongoing espionage disputes between the United States and China, especially the revelations of Edward Snowden, which the Chinese government is using in order to accelerate and justify its import substitution campaign in the IT sector.*

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*a fluent Spanish speaker and is proficient in Mandarin Chinese.*

### Notes

1. High-end servers support many modern business IT systems, such as in banking and telecommunications, which require the ability to process large numbers of simultaneous calculations and operating programs.
2. The U.S.-China Commission defines advanced technology as: biotechnology, life sciences, optoelectronics, information communication technology (ICT), electronics, flexible manufacturing, advanced materials, aerospace, weapons and nuclear technology.
3. Inspur is a Shandong-based information technology SOE known in China as Langchao Group.
4. Promulgated in March 1986 by the then Chinese Paramount Leader Deng Xiaoping, the 863 Project is focused on strengthening China's competitiveness in the global economy.
5. Beacon prizes are awarded to IBM business partners as recognition for technical excellence, industry expertise, and innovative solutions for IBM products and services.
6. Of note, the 863 Program Expert Committee developed the world's fastest supercomputer, the Tianhe-2, in collaboration with the China's National University of Defense Technology.

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## Building Think Tanks with Chinese Characteristics: Current Debates and Changing Trends

By Silvia Menegazzi

China has the second largest number of think tanks in the world (426), behind only the United States (1,826). [1] On October 27, at the sixth meeting of the Leading Group for Overall Reform, Chinese President Xi Jinping called for a new type of think tank. President Xi said think tanks should have “Chinese characteristics,” promote China’s modernization and governing system as well as strengthen China’s soft power ([Xinhua](#), October 27). When compared with their U.S. counterparts, Chinese think tanks tend to be considered less influential on a global scale and yet, the number of think tanks is growing along with their scope of research. Despite the general tendency in the West to perceive them as strongly repressed by the Chinese Communist Party’s (CCP) ideological control, Chinese analysts and Party officials have discussed the path forward over the past few months. The expansion of think tanks’ intellectual power in China depends on the Chinese leadership’s willingness to allow the development of think tanks’ credibility to speak for a country rapidly emerging as a major player in world affairs. Yet, Xi’s call for reform does not appear to empower think tanks to provide objective policy recommendations detached from the Party.

Although President Xi’s attention toward think tanks was only recently covered by the Western media, the call for think tanks with Chinese characteristics in China dates back as far as the new Chinese leadership taking office in 2012 ([South China Morning Post](#), November 3). To be more precise, it was during the Annual Central Economic Conference in December 2012 that Xi, at that time already General Secretary of the CCP Central Committee, officially urged new guidelines for Chinese think tanks, specifically intended to provide policy makers with valuable policy advice ([Beijing Review](#), May 29).

### An Overview

Think tanks in China are policy research organizations that can vary in terms of organizational structure, research field and affiliation status. Think tanks are

generally categorized as official policy research institutes, such as the Central Compilation and Translation Bureau (CCTB); government-sponsored think tanks, such as the Chinese Institute of International Studies (CIIS); and civilian organizations, like the Unirule Institute of Economics (UIE). [2] However, a rather different Chinese classification appeared recently, the Blue Book of Think Tanks. Published by Red Flag Press, a social science publishing house based in Beijing that also publishes *Qinshi*, the CCP Central Committee’s journal, the list should be considered very authoritative and nearly official. It distinguished first and foremost between official think tanks at the central level and official think tanks at the provincial level; and secondly between semi-official think tanks, specifically research organizations or civilian organizations, such as the Center for China and Globalization (CCG), and university-based research organizations, such as the Center for International and Strategic Studies at Peking University (CISS). [3]

More generally, think tanks in China provide information, analysis and policy recommendations to the government and Party leadership through conferences, informal discussions as well as writing official reports and policy briefs. They also function as a “transmission belt” between the state and society, providing information and policy analysis to the Chinese media. At present, they represent an important microcosm of, and laboratory for, policy making in China. In this light, the purpose of this article is to highlight ongoing discussions and reactions in China following the sudden attention paid by the new leadership to Chinese think tanks.

### Enhancing the Academic Debate

Following President Xi’s official statement, among the first to engage with the theme were university-based academics, who began to publicly discuss the importance of the growing think tanks industry in China. Chinese academics believe think tanks to be essential in “discarding old ideas and bringing forth new ones”—as exemplified by the Chinese term *chuangxin*. [4] To a certain extent, Chinese scholars tend to see the need to build think tanks with Chinese characteristics more as a way to modernize the Chinese academic environment, rather than a willingness by the Party to control research organizations. The debate, although mainly limited to

scholars working within academia and think tanks, was free enough to be followed through Chinese print and online media.

The discussion ranged from those who, more in line with the Party's official statements, believe think tanks are an important element in pursuing China's national rejuvenation, to those not excluding "Western characteristics" a priori. [5] Professor Zhu Guanlei of Nankai University, stressed that university-based think tanks could have a role in strengthening Chinese institutional mechanisms' shortcomings: "With universities exerting political consultancy, serving the community but without neglecting policy research" (*Guangming Daily*, May 31). Professor Wang Jisi of Peking University believes Chinese think tanks can certainly compete with Western institutes. However, it will be necessary to work on two main fronts: to fill knowledge gaps about China's conditions and national policies and, at the same time, to eliminate the lack of knowledge that is still persistent in China with regards to world affairs (*Guangming Daily*, May 31).

More generally, the debate unleashed conflicting opinions on whether think tanks should maintain a certain distance with regard to their Western counterparts and follow their specific path of development, with official and semi-official think tanks in strong support of moving away from the West. The Chinese Academy of Government, the policy research institute administrated directly by the State Council, argued that China's different conditions and culture mean Chinese think tanks should pursue a different developmental path. Chinese think tanks should learn from Western-based policy research institutes, but they need to maintain their own characteristics. Whereas "U.S. think tanks developed and grew within a bipartisan political system enriched by lobbying and interest groups, in China, it is advisable for think tanks to maintain strong linkages with the government, a characteristic, which is, in fact, much more in line with the Chinese reality" (*China Social Science Daily*, November 3). Thus, bipartisanship— together with cultural factors—is one of the main distinctions when remodeling China's think tanks: "due to its different political system, history and culture, any move to transplant the Western model to China will cause its think tanks development to be unsuitable for its national conditions" (*Qinshi*, November 6). Moreover, differences between Chinese and U.S. think tanks persist

with regards to the researchers' profiles and the institutes' organizational structure (*China Social Sciences Network*, July 29).

Nevertheless, the harshest critics of the new plan were Chinese policy analysts, especially when discussing the uneven playing field for think tanks in China. Under the new plan, official think tanks will still maintain strong benefits compared to other institutes: whereas the former directly provide analysis and policy documents to the government, university-affiliated institutes often struggle to reach a concrete balance between student training and policy research (*Hongqi Wengao*, August 7). In this sense, because university-affiliated or civilian think tanks are not totally excluded from conducting policy work for the CCP, the government's unequal distribution of financial resources remains one of the main limitations to Chinese think tanks' ideological innovation and international competitiveness.

### Construction Plan for University-Based Research Institutes

Academic circles and university-based research institutes were asked to follow specific guidelines about how to incorporate the new "Chinese characteristics." In February, the Ministry of Education circulated a document, *The New Think Tanks Construction With Chinese Characteristics Promotion Plan*, which was sent to each subordinate college at the provincial and district level (*Ministry of Education*, February 10). According to the document, the main task of think tanks in the future will be to support the government. In particular, research organizations will be established in order to serve the development of the country, focus on China's urgent needs (exemplified in terms of economic, political and cultural development, ecological civilization, Party-building and foreign affairs); integrate high-quality resources; train talented people; spread research results through different channels of communication (print and online media), reform their administration and renovate their organizational structures (*Ministry of Education*, February 10). On April 17, CCG hosted the first "Symposium on Think tanks and China's Development: Transforming China's Think Tanks." The conference featured top ranking experts from think tanks in China and abroad. The intent was to share experience on think tank management and to strengthen cooperation among the many participants involved (*CCG*, April 17).

This suggests the Chinese government intends to build think tanks into research organizations that can compete with their Western counterparts.

### Promoting China's Soft Power

University-based research institutes are not the only organizations restructuring; official and semi-official research institutes working in the field of foreign affairs and international relations are expected to play even a far greater role under the new plan. In his call to develop Chinese think tanks, President Xi for the first time made clear how he expects think tanks to promote China's future soft power. In Xi's words, think tanks "are an important part of national soft power and of a growing concern, therefore we need to actively investigate think tanks' Chinese characteristics both with regards to their organizational structure and their management" ([People's Daily Online](#), October 29). It is difficult to say to what extent this will improve the working mechanisms of Chinese foreign policy or whether such reform will restrict think tanks' independence for policy recommendations. On the one hand, the reform will innovate the think tank system in China, with the clear intent to establish high-quality policy research organizations and modernize China's overall governance system, with institutes inevitably opening up to the Western world. On the other hand, the shift toward such a strict research compartmentalization—exemplified by the central government's efforts to assign research topics and a three-stage system for reviewing research conclusions—could also impact the quality of think tank research, especially in the long-term ([DRC](#), April 22).

The statement should also be framed in terms of China's growing role in world affairs. Chinese think tanks not only play an essential role in providing policy input and ideas into China's current decision-making system; indeed, their functions and roles in the future will also play a fundamental role at the global level. Specifically, one of their main tasks when supporting Chinese soft power will be to combine policy recommendations for *yin jin lai* (coming in) and *zou chuqu* (going out). These are China's two great investment streams, which are considered to be two complementary forces for China's sustainable economic development and global advancement. For instance, CCG recently published a Blue Book Report on Chinese enterprises going abroad ([Xinhua](#), January 14; [Reuters](#), October 29).

Many policy research organizations have already reorganized themselves to provide consulting and other services outside of the traditional scope. This has blurred the line between official and semi-official think tanks and consulting firms, as is the case with the Institute of West Asian and African Studies (IWASS) at the Chinese Academy of Social Science (CASS). One official at IWASS said, "We are part of a growing market-economy environment, we need to survive and for this reason we currently serve three main markets. We provide policy inputs and advice to ministries and the international department of the ruling Party, but we also advise large business firms with strategic concerns in the need for long-term project investments, and we advise Chinese financial institutions who cover political insurance for big companies abroad" (Author's interview, Beijing, November 19, 2013).

Think tank funding will likely remain a problem in China, limiting their space for independent policy research, despite a growing number that offer consulting services for additional revenue. Chinese think tanks rely on three main funding sources: financial appropriation, contract research and research sponsorship (Author's interview, Beijing, November 18, 2013). Whereas the first two are provided directly by the government, the latter allows sources from outside official channels. Thus, beyond government funding, private and international resources have also become essential to their survival. However, details about to what extent Xi Jinping's recent call could change think tanks' funding procedures or whether international funding could also be restricted was not really part of the ongoing discussion.

### Conclusion

Chinese think tanks have been often underestimated in the West. Their proximity to the government apparatus and its bureaucracy gave many policy research organizations a bad reputation for the quality of their policy recommendations, especially when compared with their Western counterparts ([South China Morning Post](#), November 10). President Xi's recent call for a new think tank environment in China should be first understood as a willingness to develop research institutes just like the many hundreds of similar organizations that exist worldwide. Think tanks in China must be competitive, modernized and ready to support China's numerous challenges on a

global scale. And yet, think tanks in China are not totally independent, as Xi's effort appears more like an invitation for policy research organizations to "officially" adhere to the Party line, rather than the possibility for a new intellectual spring to bloom (*South China Morning Post*, November 17). Heavy Party control risks jeopardizing the credibility of Chinese think tanks, therefore limiting their ability to successfully engage with their Western counterparts. Meanwhile, the Party's determination to dictate a top-down approach to its modernization risks obscuring their real transformation. China's research community is increasingly internationalized, increasingly professionalized, and is producing higher quality and diversified research and policy recommendations for a wider range of customers.

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## Notes

1. For a full list, see "[2013 Global Go To Think Tanks Index & Abridged Report](#)," 2014, University of Pennsylvania.
2. For a detailed discussion about Chinese think tanks' organizational structure, see: *The China Quarterly*, Volume 207, 2011.
3. "Zhiku lanpinshu. Zhongguo zhiku fazhan baogao" (Blue book of Think Tanks). China Think Tank Development Report), 2012, Red Flag Press.
4. *Dangdai shijie yu shehui zhuanyi* (Contemporary World and Socialism), Volume 2, 2012.
5. Among Western scholars, think tanks are usually intended as "a distinctive class of organizations that are formally autonomous from states, markets and universities" (Thomas Medvetz, [Think-Tanks-as-an-Emergent-Field](#), 2008, p. 1).

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