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**The Storms to Come: China and Natural Disasters**

*By John S. Van Oudenaren*

**Introduction**

The Chinese government is currently focused on sustaining its “dynamic clearance” zero-COVID strategy, while also mitigating the negative externalities of this approach, including shortfalls in food supply and access to medical services in Shanghai and other major urban centers ([China Brief](#), April 8). Last Friday, netizens temporarily overwhelmed censors on WeChat to widely share the video- “Voices of April” (四月之声, *si yue zhi sheng*), which highlights the nightmarish lockdown experiences of many Shanghai residents ([China Digital Times](#), April 23, 2022). Mounting popular frustration with the government’s pandemic response underscores how environmental factors, which include not only diseases but also natural disasters, threaten the Chinese Communist Party’s (CCP) political standing. Water-related disasters such as the severe flooding that

devastated Henan province last summer, and the extended drought that hit southeast China beginning in late 2020 are a rising risk due to climate change and extensive environmental degradation in China ([Xinhuanet](#), July 31, 2021; [Sina](#), December 9, 2021).



(Image: Emergency workers help evacuate people from severe flooding in Henan last July, source: [Xinhua](#))

Many Chinese population centers are particularly vulnerable to typhoons or heavy rains that can overwhelm rickety infrastructure and flood control systems. As a result, experts fear that many cities are unprepared for large-scale, water-related natural disasters. Following last summer's severe flooding in Henan, a senior engineer at the Chinese Academy of Water Sciences warned that many local governments lack emergency plans for sudden and severe natural disasters that are low-probability, high-risk "black swan events" (黑天鹅事件, *hei tian'e shijian*) ([Sohu](#), July 22, 2021). In his April 15 address to a government conference on flood control and drought relief work, Premier Li Keqiang called for greater disaster preparedness in order to safeguard people and their property ([Xinhuanet](#), April 15). Li stressed that flood control and drought relief are "closely related to the overall situation of economic and social development." The CCP's propaganda messaging also underscores that protection from disasters is a key public good that the government provides to the people. For example, ahead of its 6<sup>th</sup> plenum last November, the CCP released a slick video advertisement entitled: "I am a party member, I am here" (我是党员我在, *Wo shi dangyuan wo zai*) ([Weibo](#), November 11, 2021). The video depicts cadres delivering food to people in home quarantine and helping a blind person navigate a crowded city street. The most dramatic vignette shows a rescue worker reaching out his hand to a child trapped in a tree by rising floodwaters and pulling her to safety over his shoulder. The video is accompanied by the words: "In your time of need, I am a shoulder to lean on" (你需要时, 我是担当的肩膀, *Ni xuyao shi, wo shi dandang de jianbing*).

### **Floods**

In July 2021, Henan province experienced unprecedented rainfall that resulted in large-scale flooding. On July 20, Zhengzhou, the provincial capital, was inundated with 21.7 inches of rainfall, which is nearly a year's worth of precipitation in a single day. ([Henan Daily](#), July 20, 2021; [China Weather- Henan](#)). From 4:00-5:00 PM on that day, eight inches of rain fell in one hour. Due to the combination of inadequate drainage systems and extensive underground construction, the torrential rains produced “urban waterlogging” as underground subway lines, shopping centers, warehouses and other facilities filled with water, trapping people and wreaking enormous property damage ([China Brief](#), July 30, 2021). Nearly 400 people died due to the flooding, and almost a million people were evacuated from their homes. The Henan Provincial government assessed that the disaster negatively impacted 14.5 million people ([Xinhuanet](#), August 2, 2021). The economic losses from the flooding were also staggering. Insurance giant, Swiss Re estimated that Henan incurred around \$19 billion in losses due to the floods, with only \$2.3 billion in damages covered by insurance ([South China Morning Post](#), April 3).

In January, the State Council released the findings of its “Investigation Team for the ‘7-20’ Heavy Rain Disaster in Zhengzhou, Henan” (河南郑州“7·20”特大暴雨灾害调查组, *Henan Zhengzhou 7.20 teda bayou diaocha zu*), which involved multiple government ministries and the Henan provincial government working under the guidance of the relevant Central Commission for Discipline Inspection (CCDI) and the State Supervision Commission departments ([Xinhua](#), January 21). Unsurprisingly, the investigation lauded the national and provincial-level disaster responses, while castigating local authorities. The 7.20 investigation team’s report praises General Secretary Xi Jinping for providing guidance during the crisis, carefully monitoring flood control and disaster relief measures, insisting on always putting the safety of people’s lives and property first, and promptly dispatching the People’s Liberation Army (PLA) and People’s Armed Police (PAP) to support disaster relief efforts. Premier Li is also commended for chairing multiple meetings on the flooding, and undertaking an in-person investigation of the crisis zone. The PLA, PAP and Henan provincial government are also acclaimed for going “all out to fight the floods.”

By contrast, the government investigation found that the Zhengzhou Municipal Party leadership was derelict in its duty, and that it failed to adequately implement central and provincial government directives. The investigation fingered Zhengzhou Party Secretary Xu Liyi (徐立毅) as the main culprit for the disaster for his lack of vigilance, and “improper overall leadership and emergency response” ([Ministry of Emergency Management](#), January 21). As a result, Xu was stripped of his position as Party Secretary and subject to disciplinary measures. An additional 89 government officials were also punished for their emergency response failures ([China Daily](#), January 21).

### **Droughts**

While storms and floods pose a major danger to Chinese cities due to their severity and suddenness, drought is a more gradual but grave danger. From late 2020 until this spring, Southeastern China suffered a severe drought due to historically low rainfall. The situation was particularly severe in Guangdong province. According

to the Provincial Department of Water Resources the drought was Guangdong's worst since 1963 ([Yancheng Evening News](#), August 11, 2021). From last fall through February, 70% less water flowed in to the Han river and Pearl river systems than usual, which further exacerbated water shortages in Guangzhou, Shenzhen and other large urban centers ([Sixth Tone](#), February 15).

Due to water shortages, cities such as Shenzhen implemented conservation measures and made public service announcements encouraging residents to reduce their water consumption. Water authorities used targeted water supply pressure reduction to curtail leakage, which accounted for about 8.5% of the city's water usage in 2019 ([Caijing Magazine](#), December 11, 2021). Nevertheless, any increases in water supply efficiency are likely offset by Shenzhen's burgeoning water consumption. Per Zhang Jianan of the Shenzhen Water Affairs Bureau, tap water usage in the city increased by 9.3% last year. As a result, city authorities have sought not only to optimize supply, but also to limit demand. Last fall, residents were encouraged to take steps to conserve water such as turning off their showers while applying soap, shutting off the sink while brushing their teeth and reusing water previously used to wash clothes to flush or clean their toilets ([China Daily](#), December 10, 2021).

Southeast China's long drought appears to have finally subsided this spring. At a Ministry of Water Resources Press Conference on March 28, Vice Minister Liu Weiping stated that the drought had basically ended due to extensive rainfall in March ([Ministry of Water Resources](#), March 28). Nevertheless, in order to safeguard against the threat of future drought, Liu stressed the need not only to ensure that existing reservoirs are refilled, but also to increase water storage capacity.

### **Conclusion**

The concept of performance legitimacy is deeply rooted in Chinese political culture and derives from the dynastic concept of the "mandate of heaven." Since the end of the Mao era, a measure of performance legitimacy has returned to Chinese politics, predicated on the tacit bargain between the CCP and the Chinese people, whereby the people accept the party's rule so long as it continues to advance economic development ([Journal of Chinese Political Science](#), February 2011). As a result, in times of crises, when the government not only fails to safeguard people and their property, but actually undertakes measures that threaten their well-being (e.g., draconian epidemic prevention measures such as city-wide lockdowns), this is not only a humanitarian issue for the CCP, but a political challenge. Because natural disasters are stress tests that expose corruption and other systemic shortcomings, they pose a particular challenge to China's one-party system. For example, during the 2008 Sichuan earthquake, many children were killed when schools collapsed as a result of shoddy construction stemming from widespread graft. These revelations sparked popular anger and spurred rare pushback from civil society ([Human Rights Watch](#), April 14, 2020). The enormous devastation wrought by the 1976 Tangshan earthquake, which struck as Mao Zedong was on his deathbed, convinced many Chinese that the Gang of Four and other radicals who rose to prominence during the Cultural Revolution had lost the "mandate of heaven."

For Xi and his political allies, another "black swan" disaster akin to the Zhengzhou flooding would be a most unwelcome development this year, particularly given the challenge of the continuing pandemic and mounting popular frustration with the government's zero-COVID orthodoxy. The fallout from the Shanghai lockdown has

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already damaged the political prospects of Party Secretary Li Qiang, who is a close factional ally of Xi ([Nikkei](#), March 31). Until recently, it was widely assumed that Li Qiang would be selected to join the Politburo Standing Committee (PSC) at the 20<sup>th</sup> Party Congress this fall with some even hypothesizing he could replace Li Keqiang as Premier. The latter scenario looks unlikely, and even Li's prospects for elevation to the PSC, once a given, are now murky. Consequently, as Xi clings to Zero-COVID as a hallmark of his political brand while he strives to remove rivals, elevate allies and clinch a third term in the top leadership posts, he undoubtedly hopes that the storms and droughts that cloud China's future will hold off until next year at least.

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**China's 2022 Defense Budget: Behind the Numbers**

*By Amrita Jash*



**(Image: A PLA Air Force J-20 Stealth Fighter on the runway, Source: Global Times)**

**Introduction**

At the fifth session of the 13<sup>th</sup> National People's Congress in early March, the Chinese government announced a defense budget of 1.45 trillion yuan (about \$229 billion) for fiscal year 2022, which is a 7.1 percent year-on-year increase from 2021 ([Xinhua](#), March 5). After years of double digit increases in the 2000s and early 2010s, this is the seventh consecutive year that China's defense spending has grown by single digits. Nevertheless, China has moved up in the global defense spending rankings, and is now second only to the United States in expenditures. In the Indo-Pacific region, China's military spending increasingly dwarfs that of its neighbors. For example, China now spends more on its military than Japan, South Korea, the Philippines, and India combined ([Stockholm International Peace Research Institute \[SIPRI\]](#), April 2021). For instance, at \$229 billion, China's military spending is three times that of India's \$70 billion figure for 2022 ([The Economic Times](#), March 5).

An increase in Beijing's defense budget raises red flags for China's neighbors and the U.S. given the growing tensions over Taiwan, the South China Sea, the East China Sea, and the Sino-Indian border dispute in the Himalayas. However, in Chinese eyes, as Beijing-based military expert Wei Dongxu argues, the budget is "proper and reasonable" ([Global Times](#), March 5).

**Reading Between the Lines of the "Hike" in China's 2022 Budget**

While the increase in Beijing's defense budget is not surprising, it is still alarming. At a time when every other

nation is struggling to muster resources for defense due to the global economic slowdown precipitated by the COVID-19 pandemic, China has been the exception in sustaining high military expenditure increases. Consequently, the continued significant increase in China's 2022 defense budget can be assessed from three perspectives: Beijing's strategic intentions; the People's Liberation Army's (PLA) modernization goals, and China's external security environment. Here, the first two parameters are relatively static, while the third is more dynamic.

### **I. Mapping China's Strategic Intentions**

Continued increases in military budgets are a direct outcome of Beijing's objective to enhance the military training, advance the capabilities, and increase the combat readiness of the PLA as guided by the military strategy of "winning informationized local wars" (信息化条件下的局部战, *Xinxi hua tiaojian xia de jubu zhan*) ([China Brief](#), July 2, 2015). In undertaking these efforts, China's intentions are three-fold: 1) to build a strong military that is commensurate with both its growing international standing and its national security and development interests; 2) to close the gap between the PLA and the world's leading militaries; and 3) to compensate for the deficiencies in its military's capabilities to wage modern warfare ([People's Republic of China State Council](#), July 24, 2019). These guideposts are further underscored in President and Central Military Commission Chairman Xi Jinping's 2022 "mobilization order." In issuing this year's mobilization directive, Xi called on the PLA to closely follow the evolution of technology, warfare, and rivals; redouble efforts to better combine training with combat operations; and strengthen systematic training and use of technologies to develop an elite force that is capable of fighting and winning wars ([Xinhua](#), January 4).

The current roadmap for the PLA under the 14<sup>th</sup> Five-Year Plan (2021-2025) is to make "significant strides in the modernization of national defense and armed forces." The agenda includes intensifying efforts to modernize military logistics and asset management systems, build a modern weaponry and equipment management system, strengthen innovation in defense science and technology, train competent personnel in the new era, and promote the overall high-quality development of the military ([PRC State Council](#), March 12). In terms of military equipment, China is likely to launch its third aircraft carrier, increase production of the J-20 stealth fighter jet, and continue to modernize its nuclear arsenal in 2022 ([Global Times](#), March 5).

### **II. Eyes on the Twin Centenary Goals**

Defense budget increases align with the fulfilment of the two centenary goals set by Xi for the military in order to achieve national rejuvenation. In his October 2017 address to the 19<sup>th</sup> Party Congress, Xi set forth the objective that by 2035, the PLA's modernization is to be "basically completed," and that by mid-century, the PLA is to be "fully transformed into world-class forces" driven by the logic that "a military is built to fight" ([China Daily](#), November 4, 2017). In addition, in 2020, the CCP added a new shorter-term benchmark to coincide with the PLA's centennial in 2027, which is to ensure that the military is on track to achieve its modernization goals later in the century ([Global Times](#), October 31, 2020; [China Brief](#), March 26, 2021). Continued defense budget increases support efforts by China to further develop its military capabilities and remain on track to meet Xi's ambitious modernization goals for the PLA.

### **III. Gauging the “Trend” of the External Security Environment**

In Xi’s view, China’s security environment is faced with “Three Trends” and “Three Major Dangers.” Here, the “Three Trends” exemplify the external environment, the constantly changing international situation, and continually emerging opportunities and challenges; while the “Three Major Dangers” are that of China being “invaded, toppled, and separated” by losing Taiwan, Tibet, and/or Xinjiang.

Beijing’s strategic calculus in pushing through another major defense budget increase in 2022 is predicated on the assessment that the nation is navigating an increasingly challenging external security environment. Given the timing, the budget increase coincides with three developments that challenge Beijing. First, the recently released U.S. Indo-Pacific Strategy categorically states that “the Indo-Pacific faces mounting challenges, particularly from the PRC,” and as a result, will remain Washington’s primary theater of strategic focus ([The White House](#), February). Second, the Russia-Ukraine conflict has acted as a catalyst for China as well as many other countries such as Germany, Poland, Sweden, Romania, and Denmark to boost defense spending. Third, China’s increasing military strength enhances its ability to safeguard its territorial and maritime claims in regions of strategic importance, including the South China Sea, East China Sea, and along the Himalayan border with India, which has been a key priority for Xi. For example, last year, the NPC passed new legislation prescribing all necessary measures to protect the PRC’s “sacred and inviolable” sovereignty and territorial integrity ([Xinhua](#), October 23, 2021).

Per state media, Beijing’s perception that it inhabits an increasingly challenging international security environment intensifies “demands for national defense capability enhancement” that China “needs to continue to increase” its budget in order to achieve ([People’s Daily Online](#), March 4). As a result, according to PRC military expert Song Zhongping, the 7.1 percent increase in 2022 should not be considered high relative to the large size of the PLA, the immense needs to upgrade its weapons and equipment, and China’s growing external security challenges ([Global Times](#), March 5).

#### **A “Reasonable and Transparent” Increase or Cause for Worry?**

With no room for compromise on defense spending, China is likely to continue to steadily increase its military expenditures in the coming years. In Beijing’s view, the budget is “reasonable” and in line with the overall level of economic development. As Zhang Yesui notes: “Maintaining a proper and steady increase in defense spending is needed to safeguard our [China’s] sovereignty and development interests, fulfil China’s international responsibility and obligations, and promote the transformation of the Chinese military with Chinese characteristics” ([Global Times](#), March 5, 2021).

Furthermore, China has pushed back against international skepticism over its defense spending figures claiming that expenditures are “open and transparent.” In its Defense White Papers, China’s defense expenditure is broken down by three categories: personnel expenses, training and sustainment, and equipment spending ([PRC State Council](#), July 24, 2019). As noted above, China is the most transparent about the first category and the least transparent about armaments spending. Little is known about the costs of weapons and equipment produced by the Chinese defense industry or the amount of money allocated to research and



development. For instance, in 2020, for the first time, four Chinese companies—Aviation Industry Corporation of China (AVIC), China North Industries Group Corporation (NORINCO), China Electronics Technology Group Corporation (CETC), and China South Industries Group Corporation (CSGC)—had a combined arms sales of \$54.1 billion, ranking in SIPRI's Top 20 global arms sales list, which has previously been dominated by American, European, and Russian companies ([SIPRI](#), January 27, 2020).

The lack of transparency on China's defense spending raises concern over China's strategic intentions. However, China negates the "hidden military spending" theory on the grounds that it has been submitting reports on its military expenditure to the United Nations every year since 2007. Zhang Yesui posits that "[f]rom where the money comes from to how the money is used, everything is accounted for" ([Xinhua](#), May 21, 2020). However, it is also important to note that China submits the "Simplified Reporting Form" to the UN with no "breakdowns" as opposed to the "Standard Reporting Form." [2] Lastly, Beijing maintains that it is committed to "peaceful development" and defends the "growing budget" by suggesting that "China does not export revolution, hunger or poverty and does not interfere in other countries internal affairs" ([Reuters](#), March 5, 2019). However, what China calls "reasonable" may well be quite worrisome for others.

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### **Notes**

[1] Sun Jianguo, "Upholding the Chinese Approach to National Security," China Institute of International Studies, June 11, 2015, [http://www.oriprobe.com/journals/caod\\_263/2015\\_2.html](http://www.oriprobe.com/journals/caod_263/2015_2.html).

[2] Adam P. Liff and Andrew S. Erickson, "Demystifying China's Defence Spending: Less Mysterious in the Aggregate," *The China Quarterly*, vol. 216, 2013, p. 815.

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**Why China Funds Renewable Energy at Home, but Invests in Fossil Fuel Projects Overseas**

*By Mathias Lund Larsen and Lars Oehler*



*(Image: A coal fired power plant Pakistan source: Global Times)*

## **Introduction**

Across the world, energy investments are gradually shifting towards renewables as part of commitments to curb global warming. In this trend, China is seen as both a climate hero and a climate criminal – the country is simultaneously by far the largest investor in both renewable energy and coal power ([IEA](#), June, 2021). As China's global role expands, its energy investments have an increasing impact outside its borders. However, there is a significant difference in the proportion of fossil fuels and renewables in China's domestic energy development, and in its overseas energy investments. China invests in both renewables and fossil power generation domestically, but a clear majority of its investment is in clean energy. Yet, overseas, fossil fuel power generation comprises the majority of Chinese investment ([Fudan University](#), February 2). According to a recent study by the authors, an often overlooked reason for this disparity is the nature of the Chinese financial system. This highlights the need for Chinese government intervention to align energy investment with the goals of the Paris Agreement. **[1]** This discrepancy is also particularly notable as Chinese President Xi Jinping stipulated in his September 2021 UN General Assembly address that China would cease construction of new coal power plants overseas, but did not provide a timeline for doing so ([State Council Information Office](#), October 27, 2021; [CGTN](#), September 22, 2021).

The current misalignment is a major concern as China is rapidly expanding its influence in global infrastructure investments through the Belt and Road Initiative (BRI), but has displayed little ambition to bring its overseas investments in line with the Paris Agreement ([Belt and Road Forum](#), April 10, 2017). In order to limit global warming to well below 2°C, countries will have to surpass their current nationally determined contributions (NDC). Moreover, as the largest emitter of greenhouse gases in the world, accounting for about 27% of the global total, the actions that China takes on the climate will influence not only global success in limiting emissions, but can also serve as a model for other emerging economies ([Rhodium Group](#), May 6, 2021).

### Chinese Domestic and Overseas Energy Investments

China dominated renewable energy investment between 2010 and 2019, amounting to \$818 billion total, exceeding for example, the combined sum of European countries. Since 2010, China is cumulatively the largest renewable energy investor despite a downturn from \$145.9 billion in 2017 to \$91.2 billion in 2018, when the phase-out of solar subsidies deterred investment ([Renewables 21](#), October 4, 2020). Compared with the scale of its domestic investments in renewable energies, Chinese investments overseas are still at a very early stage. China’s global energy finance from policy banks is dominated by fossil fuels (70%,) whereas renewables (excluding hydro) only represent 2% of investment ([Boston University](#), April 21). Furthermore, the trend of mainly financing fossil fuels persists across Chinese energy investments from commercial banks, the Silk Road Fund, State Owned Enterprises (SOEs), and private companies. In fact, renewables only make up the largest proportion of financing from the private sector.

Recently published research collects statistics on this issue to shows that while China performs better than the global average domestically, it performs significantly worse than average overseas. [2] As shown in table 1, it is notable that Chinese domestic investment is 85% in renewables, while the overseas percentage is only 34%. If we further exclude medium and large hydropower, which is neither considered green nor renewable by many current definitions these figures are 77% and 22% respectively.

**Table 1. 2019 investment proportions in power generation and energy supply in fossil and renewable energy across sectors and geographies (Source: Authors calculations based on data from numerous sources [3])**

Geography	USD	Fossil /	Fossil /
	billion	renewable	renewable
		split	split (w/o hydro)
<b>Global</b>	480	25 / 75 %	36 / 64 %
<b>Chinese domestic</b>	122	15 / 85 %	23 / 77 %
<b>Chinese overseas (BRI countries)</b>	21.3	66 / 34 %	78 / 22 %

**Chinese fossil fuel companies are SOEs, and renewables companies are private**

Renewable energy projects already have difficult financing terms given their higher initial construction costs. In comparison, a coal-fired power plant is cheaper to build, but expensive to run as it requires continuous coal supply. In addition, a specific barrier to Chinese renewable energy companies is the lack of support from financial institutions ([Greenovation Hub](#), April 6, 2020). It turns out that an indirect but underlying reason for this problem is that Chinese financial institutions favor state-owned enterprises (SOEs) over private companies.

For historical reasons, Chinese fossil fuel technologies and assets are primarily controlled by SOEs. On the contrary, renewable energy are largely in the hands of private companies. This situation is summarized in table 2 below. For example, the largest Chinese wind power companies, Goldwind, Envision, and Mingyang, are all primarily privately owned. Similarly, the largest Chinese solar companies, Jinko, JA Solar, and Trina Solar, are also private. On the other hand, the largest fossil fuel companies are state-owned including China National Petroleum Corporation (CNPC) China Energy Investment, Sinopec, and Power Construction Corporation of China (see [CNPC](#), [Sinopec](#) 2020 Annual Reports). As the Chinese financial system has a strong favoritism towards SOEs, this translates into favoritism for fossil fuel companies. There is little indication of this changing under Xi, who has overseen initiatives to create "stronger, better and bigger" SOEs through large-scale mergers and spinoffs ([South China Morning Post](#), November 3, 2020).

**Table 2. Ownership structure of leading wind turbine, solar PV, and fossil fuel companies in China (Source: Authors' calculations based on data from numerous sources [4])**

Sector	Firm	Global market share 2018	Type	Government ownership
<b>Wind turbine</b>	Goldwind	13.8%	Public	43.33% (Three Gorges New Energy)
	Envision Energy	8.4%	Private	-
	Mingyang	5.2%	Public	7.3% (ICBC Int. Investment)
	Longyuan Power	(24%)	Public	57.25% (China Energy Investment)
<b>Solar PV</b>	Jinko Solar	12.8%	Public	-

	JA Solar	9.7%	Private	-
	Trina Solar	8.9%	Public	-
	Longi Green Energy Technology	8.1%	Public	-
		<b>Consolidated revenue 2018</b>		
<b>Fossil fuels</b>	China National Petroleum Corporation	\$340 bn	SOE	81% (China National Petroleum Corporation (State-owned Assets Supervision and Administration Commission-SASAC))
	Sinopec Group	\$314 bn	SOE	70% (Sinopec Group (SASAC))
	China National Offshore Oil	\$22 bn	SOE	64,44% (China National Offshore Oil Corporation (SASAC))
	China Energy Investment*	\$76 bn	SOE	100% (SASAC)
	State Power Investment Corporation Limited	\$30.1 bn	SOE	100% (SASAC)
	China Huadian	\$30.3 bn	SOE	100% (SASAC)
	Power Constructio	\$53.8 bn	SOE	100% (SASAC)

n			
Corporation			
of China			
China	\$17.6bn	SOE	100%
National			(SASAC)
Coal Group			

The disparities outlined above mean that when, for example, both PowerChina and Goldwind seek to undertake an energy generation project outside China, PowerChina is likely to gain greater support from Chinese financial institutions. As a result, PowerChina can undertake projects at cheaper cost, which translates into greater resources for new projects. Exacerbating this effect is that as China's national energy strategies begin to favor renewables, the fossil fuel SOEs end up with an excess capacity that drives them to search for new projects abroad. These often overseen circumstances are key factors in the different proportions of renewables and fossil fuels in China's domestic and overseas investments.

### **A Top-Down Solution to a Top-Down Problem**

The Chinese government fostered this favoritism towards SOEs in the financial system and hence has the ability to change the system. What needs to be done is, in fact, technically simple. Liberalizing the system by reducing state interference in financial decisions would allow Chinese financial institutions to make market-based decisions. As with Western counterparts, Chinese financial institutions would see a strong for-profit case for renewables. However, while technically feasible, this change is politically difficult. The Chinese government intends to continue controlling the direction of the economy, and reducing fossil fuel financing would require SOEs to lay off employees.

If carrying out such a systematic change proves too difficult, the Chinese government also has more targeted tools available. Xi's pledge to stop building coal plants abroad is a step in the right direction, but is insufficient as most overseas energy projects are in the oil and gas sector. A number of further practical actions could be taken. The Chinese policy banks, which make up the majority of overseas energy financing, could be required to stop investing in coal projects, as is increasingly the case for development banks across the world ([China Dialogue](#), June 8, 2021). Furthermore, the Chinese commercial banks could provide incentives for green investment, like scaling up the recently implemented central banking policies giving the banks higher interest rates on their central bank deposits if they are green ([Climate Policy](#), June 9, 2020). In addition, the government could prompt SOEs themselves to invest more in renewables. Some already have high renewable proportions, such as the State Power Investment Corporation, which uses about 56% renewable energy, but such companies are the minority ([PV Magazine](#), January 19, 2021). Relatedly, the government can reshape the strategy of Sinosure, which insures most Chinese overseas projects ([Sinosure](#)). Options include placing stringent quotas on maximum coal exposure as well as on minimum proportions allocated to green energy. An additional option often discussed is for Sinosure to require projects to use an independent third party to carry out high-standard environmental and social impact assessments.

A more complicated area is the role of smaller banks in overseas development financing. While Chinese domestic renewable energy projects are financed by the four large banks, smaller banks also play a role. However, the smaller banks provide very limited overseas financing. Conversely, as fossil fuel SOEs are mainly financed by the large commercial banks domestically, they can also rely on these relationships to expand their overseas operations. Consequently, if relying on existing relations were possible for smaller banks investing in renewable energy, international expansion would be substantially smoother. However, CBIRC policies that require smaller banks to meet stringent governance and management standards inhibit their operational ambitions. These standards include securing the approval of the Central Bank's State Administration of Foreign Exchange (SAFE) to transfer money across borders and to use foreign currencies ([SAFE](#)). These impediments are exacerbated by smaller banks being subject to a higher cost of capital than the big four, particularly internationally, in addition to the costs of establishing overseas branches (the big four's branches have been active abroad for many years) ([US-China Economic and Security Review Commission](#), May 27, 2020). Regulators could reduce barriers and actively encourage overseas lending while obliging Sinosure to cover this lending in order to reduce smaller banks' risk exposure. While local banks are small in comparison to the four main state-owned Chinese commercial banks, they are large by international standards and certainly mature enough to manage international loan portfolios.

### **Conclusion**

Insufficient attention has been paid to the underlying issue of the Chinese financial system's preference for SOEs in favoring fossil fuel over renewable energy investments abroad. Although China is the world's largest investor in renewable energy, the country's overseas energy investments are primarily in fossil fuels. This is problematic as it slows transition towards low-carbon development trajectories to meet the 1.5-degree warming target of the Paris Agreement, especially as China is a leader in renewable energy technology.

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### **Notes**

[1] Mathias Lund Larsen, Lars Oehler, "Clean at home, polluting abroad: the role of the Chinese financial system's differential treatment of state-owned and private enterprises," *Climate Policy*, February 24, 2021, <https://www.tandfonline.com/doi/full/10.1080/14693062.2022.2040409?src=>

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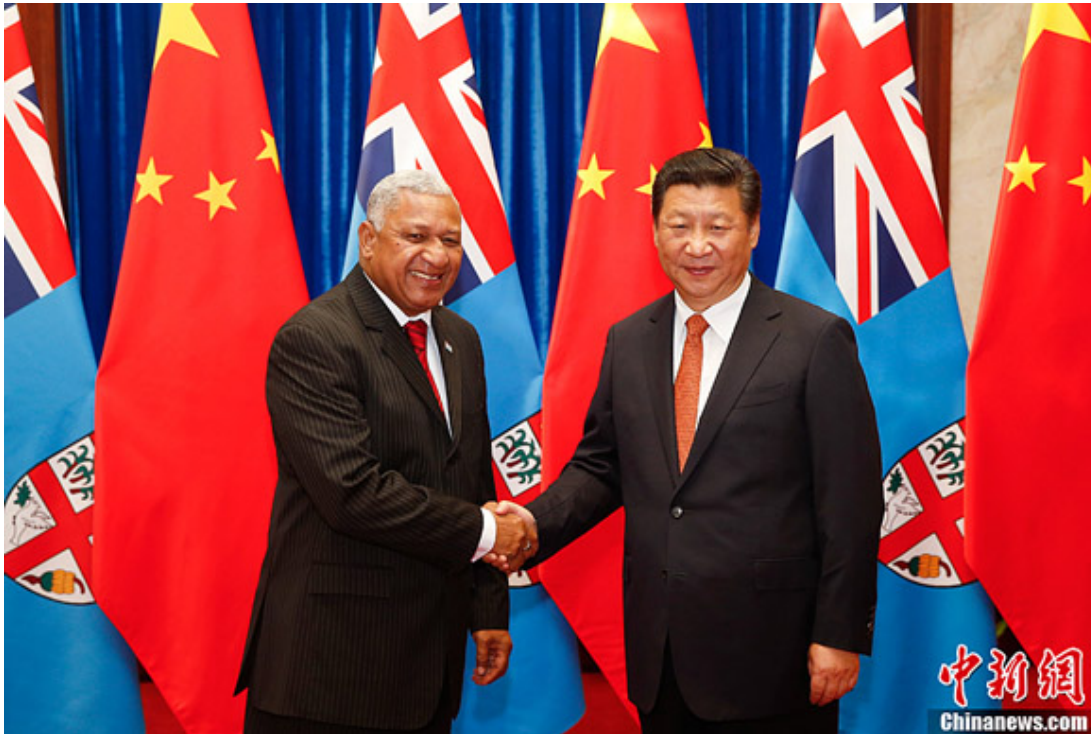
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## Tonga, Fiji, and Kiribati: U.S.-China Competition Heats Up in the Pacific

By William Yuen Yee



(Image: Prime Minister of Fiji Frank Bainimarama meets with Xi Jinping in 2015, Source: China News)

### Introduction

International attention has returned to the Pacific island countries (PICs) after China and the Solomon Islands signed a broad security agreement permitting Beijing to send its armed forces to the nation “to assist in maintaining social order” ([CGTN](#), March 31; [The Jakarta Post](#), April 1). Although the pact reportedly does not involve the immediate installation of a Chinese military base, the deal nevertheless sparked the anxieties of other key external actors in the PICs- the United States, Australia, and New Zealand, and provides a cautionary tale about the consequences of overlooking this strategic region ([China Brief](#), February 25). In response, the Biden administration dispatched a coterie of senior officials to the region, including National Security Council Indo-Pacific Coordinator Kurt Campbell and Assistant Secretary of State for East Asian and Pacific Affairs Daniel Kritenbrink, who visited the Solomon Islands, Fiji, and Papua New Guinea ([White House](#), April 18). The Solomon Islands now finds itself caught in the crossfire of U.S.-China competition, and it’s not the only one. Several other island countries including Tonga, Fiji, and Kiribati have also emerged as flashpoints in this rapidly escalating great-power contest that is playing out across the Pacific.

After a volcanic eruption and tsunami devastated the island nation of Tonga in mid-January, several countries mobilized humanitarian aid. The eruption of the underwater Hunga Tonga Hunga Ha’apai volcano ignited an ash plume that traveled over 162 miles and triggered seismic tsunami waves that reached the western

seaboard of the Americas ([World Bank](#), January 20). The once-in-a-millennium catastrophe resulted in a national state of emergency and a massive influx of foreign aid. The rush of humanitarian assistance, however, also had a geopolitical component, as part of the broader competition for influence in the region between China, and the U.S. and its allies.

In response to the natural disaster, China sent military aircraft with emergency supplies such as drinking water, food, and other post-disaster reconstruction supplies including generators, water pumps, and chainsaws ([Xinhua](#), January 24; [China Brief](#), February 25). The state-funded Red Cross Society of China provided \$100,000 in emergency assistance to the Tongan government ([State Council Information Office](#), January 21). The U.S. government matched China's provision of \$100,000 shortly afterward, and later announced an additional \$2.5 million to deliver critical water, sanitation, hygiene, and other disease prevention supplies ([USAID](#), January 25). As Beijing has proactively expanded its influence across the strategically critical Pacific region, Washington has sought to respond. As a result, despite key differences between the PICs, there is at least a tacit recognition among the states in the region that they are enmeshed in a deepening geopolitical rivalry between the U.S. and China. Indeed, the U.S.-China contest for influence over the PICs looks poised to only intensify.

Official Chinese statements on the Pacific region reflect Beijing's oft-touted foreign policy principles of mutual respect and non-interference. "In developing relations with Pacific island countries, China always treats all countries, big or small, as equals, upholds justice while pursuing shared interests, and follows the principle of sincerity, real results, affinity and good faith," said Foreign Ministry spokesperson Zhao Lijian. "China is committed to building a community with a shared future with Pacific island countries, which has been warmly welcomed by the governments and people of these countries" ([Ministry of Foreign Affairs of the People's Republic of China \(FMPRC\)](#), February 11). And Beijing appears, at least publicly, to reject a zero-sum view of the region. Speaking on China's recently signed security agreement with the Solomon Islands, diplomat Wang Wenbin emphasized that "security cooperation is open, transparent and inclusive, and does not target any third party" ([FMPRC](#), April 19). However, Beijing's actions appear to indicate otherwise.

### **Tonga**

In addition to disaster relief assistance, Beijing has also used generous financial aid to increase its influence across the Pacific kingdom. After political riots in 2006 largely destroyed Tonga's central business districts, China was the only country willing to help it rebuild, providing a \$100 million conditional loan ([RNZ](#), July 13, 2018). China has also provided lavish gifts, including a new \$11 million government office block, annual all-expenses-paid trips for government bureaucrats to China, and invitations to a training camp in Sichuan province for Tongan athletes and coaches. "The best facilities. The gym, the track, and a lot of equipment we don't have here in Tonga," explained Tevita Fauonuku, the nation's head athletic coach. "The accommodation: lovely, beautiful. And the meals. Not only that, but China gave each and everyone some money. A per diem" ([Taiwan News](#), July 10, 2019).

China has repeatedly emphasized its commitment to countries like Tonga. "To develop friendly and cooperative relations with Pacific island countries is by no means an expedient measure, but a long-term strategic policy of China," then Vice Premier Wang Yang told the 2013 China-Pacific Island Countries Economic Development

and Cooperation Forum in Guangzhou. Wang averred that “as long as we work shoulder to shoulder and pull the oars together, the ship of friendship and cooperation between China and Pacific island countries is bound to break waves and forge ahead in the vast Pacific Ocean” ([FMPRC](#), November 8, 2013). Nevertheless, the growing bilateral relationship is not without tensions. Tonga currently owes \$108 million to the Export-Import Bank of China, which is about 25 percent of the island’s gross domestic product (GDP) ([Nikkei Asia](#), January 20). Due to economic hardships resulting from the COVID-19 pandemic, Tonga asked China for debt forgiveness in 2020. Beijing denied the request, but extended Tonga’s repayment deadline to 2024 ([Stuff](#), January 21). The U.S. and its regional allies like Australia have voiced concerns that China aims to use such debt to increase its influence over the island ([Taipei Times](#), July 24, 2020).

Tonga’s ties to China extend into the realm of technology as well. The telecom giant Huawei has installed and oversees many telecommunications facilities on the island. After the volcanic eruption earlier this year severed local communication lines, Huawei rapidly restored satellite data services and fixed international voice communications systems ([China Daily](#), January 19). However, Huawei’s presence in Tonga has also become a point of contention between the island and its Asia-Pacific neighbors. Australia permanently banned Huawei from its domestic communications network, while New Zealand’s intelligence agency rejected an initial bid for Huawei to supply components for 5G development in 2018. Both Canberra and Wellington cited national security concerns over the firm’s ties to the Chinese government as grounds for barring Huawei ([Sydney Morning Herald](#), May 21, 2021).

Now, the U.S. is rapidly working to shore up its relations with the Kingdom of Tonga. In his recent visit to the nearby island of Fiji, U.S. Secretary of State Antony Blinken spoke with leaders of Tonga and other Pacific Islands via videoconference. In the meeting, he touted the importance of preserving a “free and open Indo-Pacific” and tackling climate change ([Government of the Federated States of Micronesia](#), February 14). Blinken’s visit followed U.S. President Joe Biden’s August 2021 speech to the Pacific Islands Forum, an inter-governmental organization that aims to enhance cooperation between PICs, which was the first time that a sitting U.S. president has either addressed or attended the forum ([Australian Broadcasting Corporation](#), August 6, 2021).

### **Fiji**

The Biden administration underscored the strength of its commitment to Fiji and the broader Pacific region by dispatching Secretary Blinken to the island amidst Russia’s invasion of Ukraine—Europe’s biggest conflict since World War II. Blinken became the first U.S. Secretary of State to visit Fiji in 36 years ([U.S. Department of State](#), February 12). “We see our long-term future in the Indo-Pacific,” he announced at a joint news conference alongside Fiji’s acting prime minister, Aiyaz Sayed-Khaiyum. More recently, Biden’s “Asia czar” Kurt Campbell visited the island to discuss enhanced bilateral cooperation on issues like climate change, security, and economic recovery ([Twitter](#), April 20).

However, preventing Fiji from becoming further enmeshed in China’s expanding regional influence will require more than mellifluous rhetoric and high-level official visits. “I can tell you that more than 20 Chinese leaders and senior officials above the foreign minister level have visited Fiji since 1985,” Zhao Lijian said when asked about the historic nature of Blinken’s trip ([FMPRC](#), February 11). Furthermore, Fiji’s current prime minister,

Frank Bainimarama, is known for his close ties to China. Last October, Bainimarama praised China and called it a “global success” with “unprecedented achievements” ([The Fiji Times](#), October 2, 2021).

Currently, the U.S. is largely playing defense in its efforts to revitalize ties with Fiji after Washington significantly downsized its regional presence in the 1990s after the Cold War. Bilateral relations further deteriorated after the 2006 military coup that thrust Bainimarama into office ([Australian Broadcasting Corporation](#), December 4, 2016). Although U.S. ally Australia remains the chief source of foreign aid to Fiji, China has committed increased assistance, particularly to bolster the island’s transportation systems ([Lowy Institute](#), April 17, 2019). In 2020, Fiji received a \$50 million loan from the China-led Asian Infrastructure Investment Bank, which followed its decision to join the Belt and Road Initiative (BRI) in 2018 ([Asian Infrastructure Investment Bank](#), August 14, 2020). Last November, Chinese diplomat Qian Bo visited Albert Park in the Fijian capital of Suva to announce the establishment of three different “development centers” that tackle issues like poverty reduction, climate action, and disaster relief. Bo said that the poverty reduction center would “step up cooperation in various areas under the framework of the Belt and Road Initiative and by sharing China’s experience in poverty eradication to realize common development with PICs” ([The Fiji Times](#), November 20, 2021).

Ultimately, the U.S. lacks China’s on-the-ground presence in Fiji. During the depths of the coronavirus pandemic in 2020, China augmented its local presence with around 30 Chinese companies—mostly construction firms—operating across the island nation of 896,000 people. One project, which is facilitated by the state-owned China Railway First Group, aims to expand access to affordable housing for low- and middle-income Fijians in the Davuilevu neighborhood outside the capital ([Xinhua](#), October 15, 2020). “If his goal is to curtail Chinese influence in Fiji and the region, Blinken has his work cut out,” wrote Shailendra Singh, an associate professor at the University of the South Pacific ([The Guardian](#), February 11).

### **Kiribati**

Beloved by tourists for its cerulean seas and world-class bone fishing, Kiribati has a population of just 120,000, no military, and a GDP of less than \$200 million ([World Bank](#), accessed April 22). Nevertheless, the island has one of the world’s most expansive exclusive economic zones, spanning over 2.2 million square miles, and occupies a strategic position along the sea lanes connecting the United States and Australia. And, China’s growing influence over Kiribati is unmistakable.

In June 2020, Kiribati President Taneti Maamau, the pro-China incumbent, won re-election over a challenger who had explicitly pledged to recognize Taiwan ([South China Morning Post](#), June 23, 2020). The victory came six months after Maamau visited Beijing at the invitation of Chinese President Xi Jinping, and Kiribati joined the BRI. During the visit, Beijing emphasized both its willingness and capacity to facilitate the island’s economic development. China will “encourage more Chinese enterprises to invest in Kiribati” and has “approved the listing of Kiribati as a destination for Chinese tour groups,” declared the official Chinese readout of the visit ([FMPRC](#), January 6, 2020).

Under Maamau’s leadership, Kiribati severed formal diplomatic ties with Taipei and switched recognition to Beijing in September 2019. In 2020, China unveiled plans to upgrade an airstrip on Kanton, one of the nation’s

remote islands, located about 1,860 miles from Hawaii ([Asia Times](#), May 10). Kanton possesses historical and strategic significance: it served as a launch point for bombing raids by American planes on Japan during World War II and is near several U.S. territories, including Jarvis, Baker, and Howland Islands. China “is conscious of the U.S.” in working to renovate the airstrip, said Hideyuki Shiozawa, a senior program officer at the Tokyo-based Sasakawa Peace Foundation ([Nikkei Asia](#), May 19, 2021).

Under President Trump, the U.S. actively sought to augment its presence in Kiribati, and the Biden administration has pursued a similar tack. The Trump administration created a director for Oceania position on the National Security Council to focus on nations like Kiribati and announced the 2020 Pacific Pledge, which allocated over \$300 million in new spending to the region ([U.S. Department of State](#), October 1, 2020). In his pre-recorded remarks to the Pacific Islands Forum last August, Biden sought to bolster America’s renewed presence in the region by pledging 500 million doses of Pfizer’s COVID-19 vaccine. “We are not attaching any strings or conditions to these doses—this is about saving lives,” he emphasized ([YouTube](#), August 5, 2021).

Yet the U.S. seems to lack a comprehensive, overall strategy for the region. “Washington’s current Indo-Pacific strategy lacks an understanding of small island nations and littoral states, and how the changing dynamics between these small states and their security providers is shaping the overall regional security environment,” wrote Darshana Baruah, an associate fellow at the Carnegie Endowment for International Peace ([War on the Rocks](#), March 18, 2021).

### **Conclusion**

Leaders and media outlets in Beijing often accuse Washington foreign policymakers of clinging to a strident zero-sum mentality to foreign affairs. Yet it seems increasingly clear that this mindset is driving the policies of both China and the United States toward the Pacific island countries. Tonga, Fiji, and Kiribati have become the latest examples of island nations that are now largely seen as pieces on the chessboard of U.S.-China competition. With the international landscape rapidly shifting from one of unipolar American hegemony in the 1990s to bipolar U.S.-China conflict in the 21<sup>st</sup> century, such geopolitical competition will likely persist unabated.

In today’s tense security environment, both sides will probably continue to view interstate relations as a vicious zero-sum game; one state’s gain is the other’s loss. As with many contests in international politics, there will inevitably be winners and losers; to the victor will go the spoils of infrastructure and 5G telecommunications contracts and potential control of some vital fishing industries in the Pacific. One can only hope that among the winners, whether the U.S. or China ultimately prevails, will be the Pacific Island nations themselves and their people.

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## Shifting China-NATO Relations: From Selective Cooperation to Strategic Rivalry?

By Jagannath Panda



(Image: Foreign Minister Wang Yi meets with NATO Secretary General Jens Stoltenberg in Munich, Germany on February 14, 2020, Source: [People's Daily](#))

### Introduction

On March 15, North Atlantic Treaty Organization (NATO) General Secretary Jens Stoltenberg called on China to withdraw its support for Russia and to condemn its “brutal” invasion of Ukraine ([NATO](#), March 15). The next day, the nationalistic state media outlet *Global Times* issued a scathing criticism of NATO as a “puppet” of the United States that is “stained with blood” ([Global Times](#), March 16). China’s aversion to NATO is hardly new. However, as China continues to rise and the global center of gravity shifts to the Indo-Pacific region, Beijing’s fears that U.S. is seeking to establish an “Asian NATO” via partnerships like the Quadrilateral Security Dialogue (Quad), have also increased ([China Daily](#), June 6, 2004; [Global Times](#), October 11, 2020). Concurrently, China’s exponential rise, its coercive behavior and Beijing’s ‘special’ relationship with Moscow have significantly altered its relationship with NATO.

This article analyzes the drivers of the recent disconnect between NATO and China, especially given Beijing’s ambivalent position on the Russian invasion of Ukraine. In doing so, this piece seeks to answer the following questions: are Beijing’s fears of NATO expanding or replicating in the Indo-Pacific legitimate? Will the “no-limits” China-Russia friendship test existing U.S.-led Indo-Pacific security coalitions?

### **Europe's Growing Divergence with China**

Despite longstanding mutual mistrust, China and NATO viewed each other with a “mixture of hope and fear” until recently ([China Brief](#), July 6, 2012). In 2002, the two sides launched a “political dialogue” and have hitherto continued to pursue selective cooperation on shared security challenges, such as promoting stability in Afghanistan and Central Asia, counter-terrorism and counter-piracy operations, e.g., in the Gulf of Aden ([NATO](#), 2009; [China Institute for International Strategic Studies](#), January). Furthermore, NATO allies were not united in their respective stances against China because of their different bilateral relations with Beijing, especially with regards to Chinese investment in Europe.

By 2021, however, cracks in China's burgeoning relationship with the European Union (EU) and its member states, most of whom are also NATO members, were increasingly evident. In 2019, the EU labelled China a “systemic rival” and in 2021, sanctioned Chinese officials for human rights abuses in Xinjiang ([European Commission](#), March 12, 2019). China responded with retaliatory sanctions that drove the EU to freeze ratification of the EU-China Comprehensive Agreement on Investment (CAI), which was signed in 2020 after years of negotiations ([European Parliament](#), May 20, 2021; [China Daily](#), May 22, 2021). The rift reached new depths in December 2021 after the EU announced its €300 billion (roughly \$334 million) Global Gateway strategy and released a European Parliamentary Research Service (EPRS) briefing on establishing “a joint Western alternative” to China's Belt and Road Initiative (BRI). The briefing criticized BRI as a corruption-prone “opaque project” that hindered the EU's “enlargement policy” and value-based “infrastructure framework” ([European Commission](#), December 1, 2021; [EPRS](#), December 2021).

At the same time the EU began to acknowledge fundamental differences with China, NATO also noted the “systemic challenges” to the existing rules-based world order posed by authoritarian states at the Brussels Summit in June 2021. NATO specifically admonished China for its “lack of transparency, use of disinformation,” and “coercive policies” ([NATO Communique](#), June 2021). Stoltenberg stressed the need for NATO to adopt a more global approach due to essential changes in the “global balance of power,” primarily driven by China's rise, although he also maintained that China is “not an adversary” ([NATO](#), June 30, 2020). This was a departure from the 2019 communique, which recognized China's rise as presenting both “opportunities and challenges” for NATO ([London Declaration](#), December 4, 2019). The omission of the word “opportunities” from the latest communique encapsulates the shift in China-NATO interaction toward a predominantly competitive relationship. With the war in Ukraine still raging, the next NATO Strategic Concept, which will be released around the Madrid Summit in June, assumes greater significance in outlining the transatlantic vision to address the increasing authoritarian convergence between Russia and China.

Notwithstanding historical tensions, several recent events have shaped NATO's comprehensive approach to addressing the challenges posed by China. The Biden Administration has pushed the alliance to develop a united and assertive tone that aligns at least in some measure with Washington's approach. Furthermore, China's aggressive and coercive actions in its regional neighborhood and beyond—the oppression of Hong Kong; military excursions around Taiwan, in the South China Sea and along the Sino-India border; promulgation of COVID-19 disinformation; economic coercion in Europe; and BRI “debt trap” diplomacy—make it increasingly difficult for leading actors like France and Germany to sidestep the U.S.'s tougher approach.

Above all else, the Ukraine war has compelled the broader European community to stay united, and cautious about any future engagements with Russia and/or China. The war has also fostered greater awareness in Europe as to the U.S.'s role in global politics and has generated renewed interest in strengthening transatlantic ties.

### **China's Rejection of NATO Enlargement amid Fear of "Asian NATO"**

Beijing's foreign policy outlook toward the West is heavily influenced by the notion that China endured a "century of humiliation" (百年国耻, *bainian guochi*) from the mid-19<sup>th</sup> to the mid-20<sup>th</sup> century at the hands of the colonial powers. This narrative has also long been propagated by the Chinese Communist Party (CCP). Distrust of NATO increased after the U.S. bombing of the Chinese Embassy in Belgrade during the 1999 Kosovo War, which killed three Chinese journalists. Ever since, Beijing has maintained that the US-led security bloc owes it a "debt of blood" ([CGTN](#), November 11, 2021; [Xinhua](#), May 7, 2021; [Ministry of Foreign Affairs of the People's Republic of China](#), February 24). In principle, China does not support alliance systems much less their expansion. The latest Chinese defense white paper in 2019 expresses opposition to any lingering "Cold War mentality" and emphasizes bilateral dialogues and partnerships over multilateral alliances ([China Brief](#), March 4 2009; [PRC State Council](#), 2019).

For Beijing, NATO's Eastern expansion epitomizes the gradual consolidation of an American presence across the European continent since the 1990s. At that time, Beijing evinced concern that a similar U.S.-led security bloc was emerging in its neighborhood, which stemmed from deteriorating U.S.-China relations and a growing convergence of the U.S. with South Korea and Japan ([NATO](#), 1999). Although NATO enlargement was a "secondary national interest" for China in the 2000s, it has gained widespread official currency, particularly against the backdrop of the Russian invasion of Ukraine ([China Brief](#), March 4, 2009; [FMPRC](#), March 16).

Presently, Beijing echoes the Kremlin's narrative on NATO, expressing support for Russia's "legitimate security concerns" in Eastern Europe, which are based on the "principle of indivisible security" and opposition to the "five waves of NATO expansion eastward all the way to Russia's doorstep" ([Permanent Mission of PRC to the UN](#), February 27; [Chinese Embassy in the U.S.](#), February 23). This rhetorical backing has lent credence to President Vladimir Putin's dubious historical rationale for attacking Ukraine. The CCP has repeatedly referred to NATO as a Cold War relic that needs to "adapt to changing circumstances," and that Europe must "eventually form a balanced, effective and sustainable European security mechanism" ([Munich Security Conference](#), February; [Permanent Mission of PRC to the UN](#), February 27).

Meanwhile, NATO has expanded its reach in the Indo-Pacific, deepening relations with its four Asia-Pacific partners, Australia, Japan, South Korea, and New Zealand, in order to "address cross-cutting security issues and global challenges, as well as to defend the rules-based international order" ([NATO](#), July 8, 2021). In addition, the successful revival of the Quad (Australia, India, Japan, and U.S.) and the emergence of new security mechanisms like AUKUS (Australia, UK, and U.S.) have stoked the long-held Chinese belief that the West is animated by a "Cold War mentality" that seeks to hamper China's rise, and thereby imperils global peace and stability (People's Daily, April 1; [FMPRC](#), December 3, 2021). For example, in his address to this year's Munich Security Conference (MSC), Foreign Minister [Wang Yi](#) indirectly criticized U.S. foreign policy



with his assertion that a “certain big power is reviving Cold War mentality and stoking confrontation between blocs” ([MSC](#), February 19).

Recent U.S.-led security initiatives such as AUKUS have strengthened China’s anxieties over an “Asian NATO”, which former U.S. Deputy Secretary of State Stephen Biegun characterized as “[loose talk about an Indo-Pacific NATO](#)” ([U.S. Department of State](#), August 31, 2020; [Global Times](#), October 11, 2020). As a “revolutionary revisionist power” seeking to supplant the reigning global hegemon, China’s primary concern is the increasing strength of the U.S.-led military-security architecture, which it views as a key deterrent to its own global ambitions. [1] The question then is whether the West’s growing antipathy toward China will drive Moscow and Beijing closer together in the strategic triangle. In an opinion article, Wang Huiyao, founder and director of the Center for China and Globalization (CCG) in Beijing, dismissed the Western emphasis on the revival of a U.S.-Russia-China “tripolarity” as a “zero-sum” outlook redolent of Cold War geopolitics ([South China Morning Post](#), March 1). Beijing has also dismissed “disinformation” and “rumors” about China’s alleged role in Russia’s military action in Ukraine as the U.S “slinging mud” ([China Daily](#), March 17).

More broadly, China’s perspective on NATO is also influenced by its geostrategic ambitions in Eurasia, where it has sought to expand its clout through the Silk Road Economic Belt, which is a critical component of the Belt and Road Initiative (BRI). As a result, China is hardly in favor of leaving the Eurasia market completely to Russia. At the same time, for China, the partnership with Russia is both a strategic deterrent, and a means to challenge the prevailing American or West-dominated order ([National Interest](#), March 3; [Kremlin.ru](#), February 4)

### **True vs. Selective Multilateralism**

Despite the limitations of the Sino-Russian partnership, Beijing and Moscow have reaffirmed their intent to cooperate to bring about “true multilateralism,” as opposed to the universal-values based “selective multilateralism” of the West ([China Daily](#), January 7; [Kremlin.ru](#), February 4). In his January 2022 speech at the World Economic Forum, President Xi Jinping reiterated that to achieve this multipolar vision for “peaceful coexistence” and “win-win outcomes” it is necessary to abandon a “Cold War mentality” and to desist from construction of “parallel systems.” Per Xi, “exclusive small circles or blocs” are responsible for polarizing the world, and “overstretching the concept of national security to hold back economic and technological advances of other countries, and fanning ideological antagonism and politicizing or weaponizing economic, scientific and technological issues” ([World Economic Forum](#), January 17). Xi’s remarks are a clear criticism of the existing U.S.-led alliance system, and in turn of NATO as the foremost example of a “selective” multilateral (collective) security system ([NATO](#), May 5, 2020). As a result of China’s emphasis on “true multilateralism,” the Shanghai Cooperation Organization (SCO) and the Russia-led Collective Security Treaty Organization (CSTO) are two multilateral bodies that Beijing will continue to promote. In fact, both groups appear to have gained additional momentum following the U.S. and NATO withdrawal from Afghanistan in August 2021.

Though Beijing draws a distinction between the CSTO and the SCO due to India’s membership in both the latter and the Quad; China still perceives India as having role to playing in fostering ‘true multilateralism’ particularly given the “special relationship” between New Delhi and Moscow. In fact, China has included India in an array of overlapping international groupings that promote ‘true multilateralism’ in a multipolar world order.

Beijing has sought to stay connected with Moscow and New Delhi through the RIC (Russia-India-China) trilateral, BRICS (Brazil-Russia-India-China-South Africa) and the AIIB (Asian Infrastructure Investment Bank) where both Russia and India are the two largest voting shareholders. The key for Beijing will be how to strengthen relations with Moscow to exploit the emerging situation in Eurasia and beyond in order to advance the China-Russia relationship as the “cornerstone of [a new] multi-polar international order” ([Global Times](#), February 17, 2022).

### **Conclusion**

Chinese state media consistently seeks to discredit the transatlantic alliance, as seen on multiple recent occasions: the Taliban’s return to power in Afghanistan; during the China-Europe Comprehensive Agreement on Investment (CAI) negotiations; after the US-France rift following the signing of AUKUS, and now throughout the Ukraine conflict ([Global Times](#), [January 3, 2021](#), [August 18, 2021](#), [October 29, 2021](#), [February 22](#)). Beijing’s goal remains to foster an aura of mistrust in Brussels toward Washington. It can be argued that in a bid to counter NATO, China could focus on the SCO (albeit in limited ways), which is not exclusively a military alliance, although its members participate in joint military exercises. However, India’s membership in the SCO continues to be a key deterrent to any inherent ambitions by Beijing to establish the organization as a counterweight to NATO.

Nonetheless, Xi’s push for “true multilateralism” and “a new type of international relations,” which stresses the exclusive CCP-mandated version of international politics and order, including democracy, sovereignty, and human rights, ultimately implying the unfurling of Beijing’s own hegemonic agenda, is a legitimate concern for the Western alliances ([China Daily](#), March 24, 2013; [CGTN](#), January 25, 2021; [China Daily](#), November 5, 2021).

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### **Notes**

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