



# CHINA INTERNATIONAL STRATEGY REVIEW 2013

► **He Yafei**

Thoughts on Global Governance

► **Wang Jisi**

North, South, East, and West — China Is in the  
“Middle”: A Geostrategic Chessboard

► **Zhou Mingwei**

Presenting China from an International Perspective

► **Paul Haenle**

U.S.-China Relations: Moving Beyond the Script

► **Kai-Olaf Lang**

Germany's Role in the Eurozone Crisis and the EU  
Reform Process

► **Andrew Lambert**

Two Hundred Years of Anglo-American Relations,  
1782-2012: A Case Study in the Peaceful Transfer of  
Power

# **CHINA INTERNATIONAL STRATEGY REVIEW 2013**



FOREIGN LANGUAGES PRESS

First Edition 2013

ISBN 978-7-119-08675-0

©Foreign Languages Press Co. Ltd, Beijing, China, 2013

*Published by*

Foreign Languages Press Co. Ltd

24 Baiwanzhuang Road, Beijing 100037, China

<http://www.flp.com.cn>

*Printed in the People's Republic of China*

## 图书在版编目 ( CIP ) 数据

中国国际战略评论 . 2013 : 英文 / 王缉思主编 .

— 北京 : 外文出版社 , 2014

ISBN 978-7-119-08675-0

I. ①中… II. ①王… III. ①国际形势—研究—

2013—英文②对外政策—研究—中国—2013—英文 IV. ①D5②D820

中国版本图书馆 CIP 数据核字 (2014) 第 011340 号

---

英文审定: 李振国

责任编辑: 杨春燕 杨璐

内文装帧: 北京维诺传媒文化有限公司

封面设计: 王旻

印刷监制: 张国祥

## 中国国际战略评论 2013

王缉思 周明伟 主编

© 2013 外文出版社有限责任公司

出 版 人: 徐 步

出版发行:

外文出版社有限责任公司 ( 中国北京百万庄大街 24 号 100037 )

[http:// www.flp.com.cn](http://www.flp.com.cn)

电 话: 008610-68320579 ( 总编室 )

008610-68995852 ( 发行部 )

008610-68327750 ( 版权部 )

制 版: 北京维诺传媒文化有限公司

印 制: 北京朝阳印刷厂有限责任公司

开 本: 787mm × 1092mm 1/16

印 张: 32

2013 年 12 月第 1 版 第 1 次印刷

( 英 )

ISBN 978-7-119-08675-0

14800

---

版权所有 侵权必究

# CONTENTS

- 1     **Thoughts on Global Governance**  
      *He Yafei*
- 27    **North, South, East, and West — China is in the “Middle”: A  
      Geostrategic Chessboard**  
      *Wang Jisi*
- 53    **Integrative Diplomacy for the 21st Century**  
      *Brian Hocking, Jan Melissen, Shaun Riordan and Paul Sharp*
- 89    **Five Key Balances for China’s Near Future**  
      *Yu Keping*
- 101   **China’s Foreign Policy Since the 18th National Congress of CPC**  
      *Zhang Qingmin*
- 135   **Presenting China from an International Perspective**  
      *Zhou Mingwei*
- 145   **Progress and Challenges: China-U.S. People-to-People Exchange**  
      *Jia Qingguo*
- 164   **Observing China’s Energy Policies: How Strategic Are They?**  
      *Zha Daojiong*
- 183   **RMB Internationalisation: Topping China’s Next List of Reforms**  
      *Shen Jianguang*
- 216   **Realising the Chinese Dream and Building Up National Defense  
      and Armed Forces**  
      *Yang Yi*
- 227   **Taiwan’s “International Space” Issue**  
      *Li Yihu*
- 241   **U.S.-China Relations: Moving Beyond the Script**  
      *Paul Haenle*
- 258   **An Obama Grand Strategy? What Does It Mean for U.S.-China  
      Relations?**  
      *Carla Freeman*

- 275 **American Public Perceptions of a Rising China**  
*Richard K. Herrmann*
- 306 **The U.S. Rebalance to the Asia-Pacific Region and Its Impact on the Regional Strategic Environment**  
*Yoichi Kato*
- 325 **America's Asia Rebalancing: Understanding New Zealand's Response**  
*Robert Ayson*
- 345 **Can the Denuclearization of the Korean Peninsula Still Be Achieved?**  
*Zhu Feng*
- 365 **Why Chinese Sanctions on Japan Might Not Be Effective**  
*Zhang Yun*
- 380 **BRICS, Africa and China's Role**  
*Li Anshan*
- 401 **Germany's Role in the Eurozone Crisis and the EU Reform Process**  
*Dr. Kai-Olaf Lang*
- 418 **Islamism, Legitimacy, and the Deep State: How Egyptian "Revolutions" Have Failed to Change Egypt**  
*Lian Chaoqun*
- 431 **Two Hundred Years of Anglo-American Relations, 1782-2012**  
*Andrew Lambert*
- 451 **Security Dilemma, Strategic Imbalance and Imperial Germany's Fragile Rise**  
*Xu Qiyu*
- 464 **Military Power in the Modern World: Opportunities and Problems for Russia**  
*Sergei Karaganov*
- 479 **Parallel Progress, Positive Potential: Sino-American Cooperation to Further Sea Lane Security in the Gulf of Aden**  
*Andrew S. Erickson and Austin M. Strange*

# Thoughts on Global Governance

— From the G20 Summits Onwards

*He Yafei*<sup>†</sup>

## EXECUTIVE SUMMARY

Since the end of the 20th century, the global configuration of powers and international relations have undergone great transformations and change with the escalation of globalization, multicultural development and the spread of information within societies as its salient features. Global power shifts and fragmentation are ever more evident, with geopolitical conflicts, economic crises, food security, environmental degradation and climate change finding expression across the world. Against such mega trends, no country can distance itself from global issues. The only option remains global coordination in tackling such issues. The importance of global governance both in theory and in practice is obvious. The outbreak of financial crisis in 2008 and the subsequent economic chaos has promoted the G20 to the position of the primary platform of global economic governance, thus replacing G7 and G8+5 (China, India, Brazil, South Africa and Mexico). The crisis has also provided impetus and opportunities for new momentum in the evolution of global governance, which currently faces a wide array of challenges and difficulties. It is vitally important for China to meet these challenges by taking advantages of the opportunities to further integrate itself into the system of

---

<sup>†</sup> Vice Minister of Overseas Chinese Affairs Office of the State Council, PRC.



global governance and play a constructive leadership role, so as to realize its transformation from a great country to a great power that bases its own interests on the interests of the international community as a whole.

## INTRODUCTION

One summer evening in 2009 at the German Central Bank headquarters in Frankfurt, Sherpas for G20 from China, the U.S., the UK, Germany and France were having a quiet dinner. The menu was simple with cod and steak as the main courses, but the conversation was deadly serious, concerning the fate of G8 and G8+5. It ended, after heated discussions, with a preliminary consensus among the five to replace G8 and G8+5 with G20 as the main forum for global economic governance. The consensus was subsequently taken on board in the leaders' statement in the G20 summit in Pittsburg, thus signaling the shift from Western dominance to the sharing of powers in the global governance structure with new emerging countries such as China. No less importantly, it also indicated that China was acquiring institutional rights in world finance and economy, in addition to its political rights represented by its permanent seat on the United Nations Security Council.

The 2008 financial crisis that originated in the United States was a watershed event in global governance. It certainly exposed in its fullness the inherent defects of the system in preventing and managing the world economic crisis. The adequacy of its representation was called into question, because it was believed to have acted on behalf of the West. This has exacerbated the questioning of the global governance system and a crisis of belief. As a result, G20, the BRICs and the BASIC countries have emerged and the reform of the IMF and the World Bank is on the agenda, which has added to the practice of global governance reform.

The idea and practice of global governance has come a long way, from the League of Nations in the early 20th century to the Yalta system of political arrangement after WWII, the Bretton Woods economic and financial system and GATT, from the



Versailles-Washington treaties to the UN Charter and the UN plus its specialized agencies, from the world dominated by the U.S. and former USSR to the one where G7 tried to manage its economic and financial affairs. In sum, global governance in the past has been shaped by great power rivalries. American scholar Joseph Nye pointed out that, in the last three decades, globalization has been the most important phenomenon of human progress. Economic globalization has been a driving force in promoting international trade and development, contact between civilizations, and people-to-people exchanges on a large scale. However, globalization has also contributed to economic crises, food and energy crises, geopolitical conflicts, ecological deterioration and cross-border crimes, involving all countries and regions with an ever increasing complexity and severity that makes it imperative for the international community to respond effectively. Global governance, both its theories and practices, has become and will be on the political agenda of mankind throughout the 21st century.

The idea of global governance can be traced to the word “international” coined by the British philosopher, political thinker and legalist, Jeremy Bentham, and possibly dates back even further to Dutch politician and “father of international law,” Hugo Grotius. The two exerted great influence on the development of modern theories of international relations and international law with their thoughts on regulating inter-state relations through bodies of international treaties and laws. International Communism and the First Communist International were also born against such a backdrop.

Global governance, in the sense of the word today, took shape at the end of the Cold War with the establishment of the Global Governance Commission and its report. The book entitled *Governance without Government: The Order and Evolution of World Politics* by James N. Rosenau was the first to introduce the theory of global governance systematically.

An important change brought about by globalization is the shift in focus of human social development from the rule-by-government of nation states to regional and global governance. According to Rosenau, after the Cold War, we witnessed the unprecedented

and simultaneous development of global political, economic and cultural integration and fragmentation. Against this backdrop, the position of political authority has undergone a fundamental transformation, whereby the governance of human social life has moved from a focus on government-rule of states towards multiple-level governance within which governance at global level is the most prominent.<sup>1</sup> For instance, the turbulence in the Middle East that broke out in 2011 has led to high tensions in Tunisia, Egypt, Libya and Syria, a stark demonstration of the fading political authority and strongman-rule under globalization. Major powers have engaged one another in a fight for the control of global order and its rules of governance especially during the Libya and Syria crises. The key issues are whether to uphold the Treaty of Westphalia as the cornerstone of modern international relations or to promote neo-interventionism as the core global security governance, as well as whether to preserve non-interference in internal affairs as a major international rule or rather promote “responsibility to protect.”

Many a scholar believes that global governance is, by its nature, an option available when a state lacks the capability to deal with emerging global problems. The international community is, therefore, seeking solutions to global issues with binding international rules. “Management of transnational issues through voluntary international cooperation has come to be referred as Global Governance.”<sup>2</sup>

## I. G20 HAS

### OPENED UP A NEW VISTA IN GLOBAL GOVERNANCE

The financial crisis has fully demonstrated the inadequacy of the global governance structure that was set up in the immediate aftermath of WWII, as we are undergoing unprecedented changes in the world’s political, economic, diplomatic and military landscape. We need to come up with new ideas on global governance and roadmaps to match.

Crisis breeds change. The first G20 summit in November 2008 saw China and other emerging countries sitting at the “head table” in global governance. With two summits, 2009 was a milestone

year for G20. At the London summit, a \$1.1tr rescue package was unveiled to boost world economic recovery and growth, acting as a signal to raise market confidence that G20 members were committed to tackling the crisis head-on. The Pittsburg summit in September affirmed the primary role of G20 in global governance, institutionalizing the important position of G20 legally. This marked a major breakthrough in global economic governance, raising the curtain on a new era of world order that is more representative, more legitimate and more just.

From 2010 to 2012, the G20 mechanism was formalized and many important consensuses were reached, such as IMF quota-reallocation, quantifiable macro-economic targets, global development cooperation and stimulating world economic growth. G20's role in rule-making, priority-setting and macro-guidance was thus firmly established.

In a little more than four years, G20 has shown its worthiness and has grown into the single most important global economic organization due to a combination of the following factors:

- (1) Fast expansion of globalization. The global reallocation of resources and production factors has made the world economy more integrated and interdependent. Meanwhile, geopolitical conflicts and global issues, such as the economic crisis, food security, the environment and climate change, have pitted national interests against global common interests. Faced with financial calamity, G7/8 found it impossible to coordinate a world economic response, forcing it to seek a more representative and inclusive institutional arrangement. It is therefore no historic coincidence that G20 emerged as the best option, one that is not divided along ideological lines, is fairly balanced in its representation and supported by major international financial and development institutions.
- (2) Shift of power among major countries and between developed and emerging economies. The fast pace of globalization has brought about a power shift "from west to east and from north to south," triggering critical rethinking, redesigning and rebuilding of global governance. For a long period of time, G7 countries were the top global powers in

terms of their total GDP and trade volume. Yet from 1999 to 2008, G7's GDP and trade volume plummeted from 67% and 51% respectively of the world total to 53% and 42%, while the shares of emerging economies in G20 rose from 14% and 13% to 23% and 21%. This shift accelerated after the outbreak of the financial crisis. While major Western economies experienced negative growth, China, India, Brazil and other emerging markets were the first to recover and became the engines of world economic growth. For the last five years, the BRICS countries led by China, which make up 40% of the world population, accounted for more than 50% of world growth. Their combined GDP rose to 25% of global GDP, making the group an important power for economic growth as well as the evolution of the new international order.

Between 2003 and 2008, G8 invited China, India, Brazil, South Africa and Mexico to participate in an annual dialogue between developed and developing countries. In addition, with such a power shift in mind, the representation of emerging economies in the IMF and World Bank began to increase and within the World Trade Organization, a real multilateral negotiation mechanism started to take shape. These events were precursors to the institutionalization of the G20 summit.

- (3) The 2008 financial crisis proved to be a catalyst for the quickened pace of global governance reform. The unprecedented magnitude and scale of the crisis, which spread like wildfire across the world, dealt G7 and Bretton Woods institutions a heavy blow and stunned the U.S. and Europe. There was thus a sense of urgency in seeking new cooperation arrangements to coordinate the macro-economic policies of major economies in order to save the world from the disastrous consequences of the crisis. G20's centrality in global governance is therefore in line with world trends. G20's membership covers almost all major economies and international financial centers, constituting 85% of world GDP, 80% of world trade and 2/3 of the world population, reflecting real world power distributions. Since its inception,

G20 has played a proactive role in encouraging major economies to have better macro economic dialogue and coordination. The experience G20 has accumulated over the years has laid a solid foundation for its institutionalization at summit level.

Major power politics. The institutionalization of the G20 summit put question marks over the viability of the traditional global governance structure and called for a reexamination of the governance model. Furthermore, it is a creative attempt in power rebalancing, economic rebalancing and the rebalancing of responsibility in the globalization process. The Obama Administration's support for G20's institutionalization at summit level and the putting of a timely end to G8+5 is a carefully considered move, which reflects the U.S. strategy to squeeze Europe and maintain the supremacy of the U.S. dollar in the international monetary system as the financial crisis unfolds. France, Germany and other European countries are being swept along with current that they lack the power to resist, and might be used to mold a mechanism of G8 plus X to include emerging economies into the fold of global governance. For emerging economies, G20 provides a direct route to the center of global economic decision-making. They are only too happy to go along with this!

## 2. CHALLENGES FACED

### BY A G20-CENTERED GLOBAL GOVERNANCE

G20 serves as a forum in which powers big and small interact and cooperate with each other to explore ways to solve the deep-rooted problems in the world economic imbalance. It has motivated the IMF, World Bank and WTO to engage in new reform. A historic opportunity to build a better global governance structure that is more just, effective and equality-based has emerged. Should G20 continue to perform well in managing global economic governance, its influence could very well spill over to climate change, environment and social issues, thus planting deeper the seeds of global governance reform.

However, G20 has waded into deep water with world economic

malaise being transferred from the emergency room to the outpatient department. The team spirit in “caring for others in the same boat as themselves” is being replaced by attempt to “push others out of the boat.” The Middle East is in the midst of more turmoil. Nonproliferation of nuclear weapons, cyber insecurity, climate change and public health pose a growing challenge to global cooperation. Flaws in the structure of G20 that prevent it from effectively dealing with these challenges tell us a lot about the predicament in which global governance finds itself.

- (1) Randomness of agenda. Beguiled by its seeming omnipotence and authority, G20’s agenda has been flooded with all kinds of issues, political, economic and social. At the same time, it has to focus on macroeconomic management issues such as the debt ceiling and quantitative easing, and has to take into account the communiqués of the meetings, as well as choosing issues that can easily be agreed upon.
- (2) Hollowness of agenda. The biggest bottleneck for G20 is that it lacks the permanent structural support of a secretariat and the enforcement power of relevant international treaties. It did attempt to devise a framework for mutual assessment, but didn’t get much support in the form of accountability.
- (3) Fragmentation of interests. There are various small groupings within G20, issue-driven “menu-type” alliances, i.e., “QE group,” “Austerity Group,” and “Stimulus Group.” This fragmentation has diluted the authority and effectiveness of G20.
- (4) Non-state-actors. These players resort to dialogue, monitoring and assessment, alternative summits, etc. to influence the discussions and decision-making of G20.<sup>3</sup> On the other hand, G20 has tried to establish links with civil society through official documents and proactive cooperation, reinforcing the legitimacy of G20. The multiplicity of dialogue partners demonstrates the plurality and multiple levels of global governance, but also adds to its difficulties in coordinating different interest groups.
- (5) Western countries are unwilling to share more power with emerging economies and give up their vested interests. Their



attitude towards global governance has become ambiguous as seen by their slower actions, in addition to the lack of enforcement mechanism, meaning that G20 has often found itself in unenviable situations where “discussion with no action, decision with no implementation” has become the norm rather than the exception. The reallocation of shares in the IMF remains uncompleted and trade and currency wars have raised their ugly heads.

American scholar Ian Bremmer warned that the greatest danger for the world today is “G-zero,” i.e., no country or group of countries are able or willing to implement a global economic agenda. In the “G-zero” leaderless, disorderly world, every country pursues policies that only benefit itself, making it impossible to formulate and even less implement common rules on important issues like trade, markets and currency.

In sum, the G20 summit mechanism has ushered us into a totally new era of multiple world economic development models, in which G20’s legitimacy, justness and fair representation are recognized, its ideas about mobilizing global efforts to meet global challenges have taken root, its cooperative spirit has found concrete expression in joint actions to overcome the crisis, the G20-led world financial and economic reforms are underway, and emerging economies have gained representation and the right to participate in world economic decision-making. All is good. But we have to remind ourselves that G20 alone is not proof enough that the global governance structure has undergone a fundamental change, that the position of emerging economies is now unshakable and that the new global governance system is in place. The fact remains that G7 is still active in international economic affairs, and has not been replaced by G20 as promised by G20 leaders. The IMF, World Bank and WTO still control the rule-making and the implementation of these rules in finance, trade and development. The U.S. and the EU, though hit hard by the crises, could rise from the ashes like a phoenix to reclaim the lead in world economic growth. In the post-crisis era, members of G20 will be embroiled in a quagmire of issues, including representation, controls, decision-making mechanisms, enforcement regimes and relations with other international bodies. The fights



will grow uglier and more difficult. The curtain of the great show of global governance in the 21st century has just been raised!

### 3. PROACTIVE PARTICIPATION IN GLOBAL GOVERNANCE REFORM TO PROMOTE THE ESTABLISHMENT OF A NEW INTERNATIONAL ORDER

As far as China is concerned, the G20 summit is more an opportunity than a challenge. The G20 summit mechanism has given China the chance to be part of global macroeconomic coordination decision-making and helped China attain substantive progress in international financial system reform, diffuse many difficult issues in the multilateral economic field and engage in better global developmental cooperation.

G20 with its summit arrangements is conducive for China to manage and improve its relations with major powers while accruing diplomatic resources. It benefits China by further tapping into the world market and resources to safeguard and expand its development interests. It also benefits China to merge into the historic big picture of the rise of all emerging economies, and the rebalance and reallocation of global political and economic powers. For China, G20 and the UN Security Council will become two "important wheels," which, by reinforcing each other's role, will help to promote China's international standing and influence.

The world needs China in addressing such global issues as global economic imbalance, the stability of the international financial system, bridging the developmental gap between North and South, and tackling climate change. In return, China needs the world for maintaining international trade, ensuring the safety of its overseas assets and securing its supply of resources from abroad. Never before have China's interests been so intertwined with those of the world as they are today. The rise of China will be the core factor that affects international relations and the strategic environment for us all in the first part of the 21st century, as it will impact hugely on the global governance system. China is already a big power politically, economically and culturally and has entered the core

of global governance, geopolitical and geo-economic decision-making of the major powers. Thus, China is a factor that all countries have to consider while formulating their national foreign policy and international strategy. The fast pace of China's progress, the acquisition of its institutional rights that have surpassed the expectations of others, and its unstoppable forward momentum have enabled China to have a profound impact on the strategic inner parts of the global governance structure established and dominated by the West. This is a huge challenge for the structured and inclusive transformation of global governance.

As the then-Foreign Minister Yang Jiechi pointed out, the international multilateral system of the 21st century should expand its representation, improve its fairness and enhance its efficacy. China is a participant, builder and contributor of this international system. We will be more proactively taking part in the management of global affairs and play our part in transforming the system in a more legitimate and more just fashion.

"Rise or sink, we are together." It has become the common will of all countries to work together to meet global challenges through global governance reform. As the most populous developing country, China takes its responsibility to safeguard the common interests of mankind seriously. China's future growth will be more dependent than ever upon the acquisition and reallocation of resources, capital, markets and information. For China, a great deal more challenges lie ahead. China has no option but to seize the historic window of opportunity to engage in the transformation of global governance with a forward-thinking strategy, so as to promote a better international order that is fair, just and legitimate. The CCP's 18th National Congress report clearly states that China needs to take part in the capacity-building of global governance, actively promote global governance, deepen cooperation with emerging economies and put emphasis on regional governance. This is the roadmap for us to follow.

### **(1) Cooperation Is a Must in Tackling Global Challenges**

Global challenges need global solutions and global participation. Difficulties in the form of fragmentation, multiplicity of actors and