



The
CIIS Blue Book
on
International Situation and China's Foreign Affairs
(2009 / 2010)

China Institute of International Studies

World Affairs Press

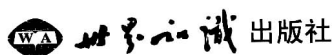


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The Changing International Situation

It is widely recognized that the international situation is undergoing profound and complex changes. The world is in a period of great development, dramatic reform and huge adjustment. This far-reaching transformation has started since the end of Cold War. The international financial crisis that originated in the US in September, 2008 has made this transformation more prominent. This shift is transformative and historical with three outstanding characteristics.

First, since the British Industrial Revolution in the 1600s, all major countries in Europe embraced capitalism. In nearly 200 years, wars among Britain, France, Germany and Russia took place frequently due to the competition for hegemony in Europe and for control of world commerce and navigation. At the same time, the European powers also seized overseas countries, and turned them into colonies, exploiting them cruelly. By the mid 1900s, Britain had become the world's largest industrial country with its overseas colonies 130 times as big as its mainland and a population 8.6 times of its own, which was known as "the sun never sets on the British Empire". Relying on its power, Britain once remained the world hegemony. However, Britain was weakened severely by WWI and WWII, while the US took the opportunity to become the world's number one power.

After World War II, the international situation underwent tremendous changes. On the one hand, socialist countries began to challenge capitalist countries. On the other hand, a large number

of countries in Asia, Africa and Latin America won their national independence, which greatly changed the world political power structure. Although these changes severely affected the Western camp, its dominant position in the international affairs remained intact. In the early 1990s, with the changes in Eastern Europe and the disintegration of the Soviet Union, the US became the exclusive superpower, who was growing in its ambition to dominate the world and in its attempt to establish a "New World Order" led by the US and based on Western political and economic models.

Generally speaking, modern history over the past 300 years has been one in which Western countries have striven to dominate and monopolize world affairs while abused nations and people elsewhere have struggled for liberation and equal rights. This situation finally took a favorable turn in the 21st century.

The US, the most powerful country in the world, experienced one major incident ("9.11" terrorism attack), two wars (the wars in Afghanistan and Iraq) and one crisis (the International Economic and Financial Crisis, ongoing since September 2008). Both its soft power and hard power were subjected to the profound harm, its prestige and credibility were severely frustrated, and its ability to control international affairs substantially declined. After six rounds of expansion, the European Union has become a community made up of 27 member nations with a population of 490 million and a Gross National Product of around Euro 12 trillion. However, after the Constitutional Treaty was suspended, the EU fell into a dilemma and institutional reform bogged down. In 2009, the "Lisbon Treaty" managed to go through the process of passage and ratification amidst difficulties. Both "President" and "Foreign Minister" were elected in accordance with the Treaty, indicating the further integration of the EU toward "statehood". The result of the above integration process

has yet to become clear. Besides, the European Union suffered from a severe blow due to the economic and financial crisis, its overall economic situation has declined, a situation which has constrained the EU ability to act and curtailed its influence in the international affairs. Japan's overall economy used to rank second in the world, but it has gradually lost the momentum of development amidst the ups and downs since the 1990s.

In contrast with the developed countries, a large number of developing countries are booming in economic development and social progress. Major emerging economies have been rising collectively, especially China, India, Brazil and other large developing countries, whose rapid developments have amazed the world.

Undoubtedly, the current overall strength of the developed countries is still predominant, but the international balance of power is undergoing some positive changes. From the perspective of developing trends, with the revitalization of the developing countries, the world balance of powers is bound to be changing, which will certainly promote a major overhaul of the international order and cause profound changes in the world structure. It will also fundamentally change the dominance that has been enjoyed by the West in international society for hundreds of years in the past.

Secondly, Asia, Africa and Latin America have had a brilliant history. Once there were many powerful countries that had created glorious civilizations. In Asia, until the 17th and 18th centuries, China was still prosperous during the Kangxi and Qianlong eras of the Qing Dynasty. India also created its boom era during the Shah Jahan of the Mughal Dynasty. Each of them had accounted for 20% of the overall world economy. However, since the industrial revolution in Europe, Asia, Africa and Latin America lagged behind respectively. Many countries suffered from the Western colonization. They were

divided into spheres of influence under the orbits of Western powers, subject to cruel exploitation and slavery. European countries and the US became world dominant powers respectively at different period of time, with the cross-Atlantic region regarded as the center of the world politics and economy.

Since the middle of the 20th century, Asia, Africa and Latin America have experienced their own arduous processes of development. After gaining political independence or liberation, a large number of countries actively explored ways to embrace economic revitalization, which was especially true in Asia. After Japan, the “Four Little Dragons”, namely Singapore, Korea, Taiwan and Hong Kong went through rapid economic development. Then, China, India and the ASEAN countries sprang up, showing vigorous trend of development. In recent years, economic growth in Asia has led the world. According to the World Bank, World GDP growth rate in 2007 was 5.2% and 10.6% in Asia. In 2008, the numbers were 3.0% and 7.6% respectively. In 2009, the world showed a decrease of -1.1% while in Asia it was 6.2% (estimated). In 2009, major economies in Asia became the first to step out of the economic and financial crisis and start the recovery. These facts show that Asia is the most economically active group of countries in today's world. The rise of Asia, together with the development of many countries in Latin America and Africa, is changing the political and economic map of the world. Regardless of whether the 21st century is really the “Asian century”, the rise of Asia or the Asia-Pacific region in the world is a fact. This means that the world center has begun to shift from the West to the East, from the Atlantic to the Pacific region.

Thirdly, different from previous major changes in the history, the current round of changes of the balance of powers is taking place peacefully. Though the arms race may have led to the end of the Cold

War, the downfall of the Soviet Union was also hastened mainly by the economic factors. Economic globalization offers opportunities for countries to catch up in terms of development. There is no doubt that though the developed countries have accounted for larger and better opportunities, they have too often taken advantages of the said opportunities too “luxuriously”; developing countries have seized the opportunity to “diligently” develop themselves through the hard work of their people. Wars used to play an indirect role in facilitating global changes. The US was over confident of its own strength. Adhering to unilateralism, the US tried to strengthen its international hegemony by force, and launched wars in Afghanistan and Iraq respectively against the international opposition. It antagonized Islamic countries, almost broke up the Western world, wasted enormously national financial and material resources, and is now bogged down in a quagmire of difficulties. It is clear that the US is rapidly falling from the peak of world power.

A noteworthy phenomenon is that any country that wishes to develop itself will explore the means in accordance with its own national conditions in principle, rather than copying the Western models. The world economic and financial crises clearly demonstrate that the development models advocated by the West are not universal panacea, nor are they universal models that must be followed in order to realize economic salvation. In fact, strategy of peaceful development, reform and opening-up policy, together with the principle of win-win cooperation, are now showing vitality, and they serve as the way to prosperity, and are increasingly becoming the international consensus. The “Sino-America Joint Statement” issued on November 17, 2009 explicitly pointed out that “the two sides stressed that each country and their people have the right to choose their own way of development.” States should respect one another for

the choice of development models. This was the first time that the US recognized the diversity of development models, which had profound influence.

“The law that guides the changes of earthly things is as follows: Things will change for the opposite directions when they develop to a certain degree, and things will wither when they grow to a certain stage.” This is the natural law of the world development. If the developed countries can treat developing countries fairly, and sincerely help them develop in order to achieve common prosperity, the situation may be different. Poverty gives rise to desires for change, and the weak tends to seek for self-strengthening. No forces would be able to stop the will of the people in the developing countries to improve their situations and fate. The transformation of the international structure will not be a smooth sail and there will be many twists and turns, but the overall trend will be irreversible.

Currently, China is right in the era of great international development, reform and adjustment. As a rapidly developing country with one-fifth of the world's population, China is undoubtedly an important factor vis-à-vis the transformation of the international power structure. At the same time, there is also the fact that, on the one hand, China is now ushered into the center of the world stage “prematurely and hastily”, and the international community is demanding that the China take greater responsibilities and play greater roles in the world affairs. On the other hand, China is in a crucial period of modernization, with its domestic development amidst many challenges and with its comprehensive national power to be further strengthened. China is now faced with complex challenges, not only relating to concentrating its own efforts on national development, but also resultant from the double pressures from “China Threat” and “China Responsibility”. The above

scenarios require China to stay cool with a peaceful, healthy, calm and tolerant mind, recognize its position in the world objectively, judge the world situation accurately, assess its role in the world affairs realistically, and coordinate its domestic and foreign situations properly. With regard to the on-going antagonistic criticism and excessive flattery remarks, China should neither become frustrated, nor be carried away.

To help the general public to fully understand the international situation and China's foreign policy, China Institute of International Studies has been concentrating its research efforts on the compilation of the "Blue Book on the International Situation and China's Diplomacy 2009/2010" in both English and Chinese versions. In the process of executive planning, logistic supplies, editing, translation, proofreading, and publishing, Dr. Youfa Liu, Vice President, Research Fellow Manyuan Dong, Associate Research Fellow Youming Wang and Mingwen Zhao have devoted much of their hard work. Dr. Xulong Chen and Xiaohui Su from the Department of International Strategic Studies have done their share in the above regard. And Mr. Zhongming Shen from the World Affairs Press has contributed effort to ensure the publication in time. My sincere thanks also go to all authors who have submitted their papers on time, to all the experts who have helped to supervise the project, and to all the readers and parties concerned for their praise and support for this book series over the years.

**President, China Institute of
International Studies
Ma Zhengang**

January 2010

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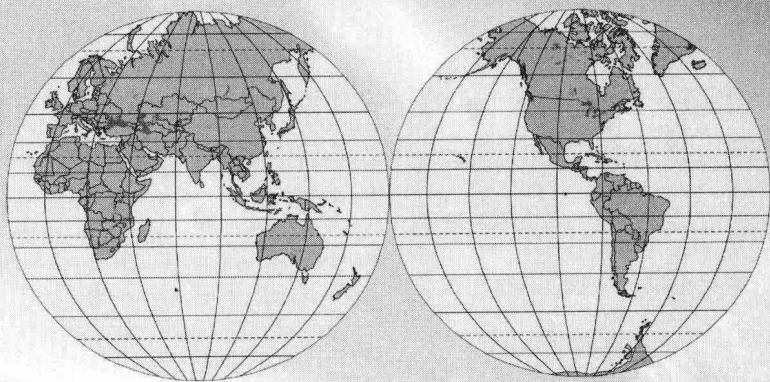
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Part I

Overview



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