

## **CHAPTER IV**

### **CHINA'S FOREIGN POLICY DECISION-MAKING FACTORS**

This chapter will answer the research question and analyse about China's foreign policy decision-making factors in the South China Sea stability. It will analyse by using foreign policy approach. Then it continues with the analysis by using hegemonic stability approach. This chapter will strengthen and develop the hypothesis that has been drawn earlier in the first chapter.

#### **A. China's Domestic Politics on South China Sea**

Foreign policy is an important decision for a state, because it determines the action and reaction that need to be implemented toward other states. For this reason, foreign policy of each state is different one another. Both domestic politics and economic and military capability influence the decision makers of foreign policy, which is the head of the state, whom each of them are having different personality.

Before foreign policy is taken, China's foreign policy decision-maker need to consider the influence and impact of domestic politics. China's national interest affect the foreign policy, since national interest is aimed to fullfil the people's needs. China's national interest is changing time by time. It depends on the decision maker who is having different personality as according to William D. Choplin. It also

depends on what the people needs and national goals at that time.

In President Hu Jintao era, he implements the harmonious society concept in the country. The concept is the reflection of China's domestic leadership management. It aims to "narrow income gaps, aids disadvantaged groups, and respect nature"<sup>138</sup>.

Hence like the harmonious society concept, in President Hu era, he introduced "harmonious world" foreign policy during his speech in 2005 on the United Nations 60<sup>th</sup> Summit. Harmonious world is a perfect reflection and way to achieve harmonious society in China. The concept of its foreign policy and its national interest is "where all civilizations coexist and accommodate each other"<sup>139</sup>. It also aims of China's national interest, which is the implementation of harmonious society to the whole society in the world.

Meanwhile, during President Xi era, China's national interest is becoming a "rich and strong socialist country". To achieve that interest, China needs to build economy and security cooperation with other countries. Hence, President Xi Jinping introduced "Chinese Dream" in 2012 during 18<sup>th</sup> National CCP, by "become more active and constructive in ...

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<sup>138</sup> Jean-Marc F. Blanchard & Sujian Guo, *"Harmonious World" and China's New Foreign Policy: Introduction*, 2008, Maryland: Lexington Books, p. 4.

<sup>139</sup> Ibid, p. 2.

negotiating peace and ending conflicts and in safeguarding world's peace and stability”<sup>140</sup>.

In the case of South China Sea dispute, to maintain the economy and security relations between China and the dispute parties, foreign policy uphold an important effect. China has built its relations with Southeast Asia nations for years. The stability in the region should be maintained in order to stabilise the relation among others and China should be more active to maintain the stability and avoid a high tension of conflict.

Also, the implementation Chinese dream in maintain world stability can be applied in South China Sea issue. To achieve the stability of the world, stability in the region should be created. It aims to maintain the flow of economy and security cooperation between China and other parties, as South China Sea is located strategically between China and Southeast Asia.

The relation with other countries is to measure the value of China's economy and security limit. It becomes the

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<sup>140</sup> Wang Yi. 2013. China at a new starting point. Statement at the general debate of the 68th session of the UN General Assembly. New York. September 27. Available at [http://gadebate.un.org/sites/default/files/gastatements/68/CN\\_en.pdf](http://gadebate.un.org/sites/default/files/gastatements/68/CN_en.pdf), retrieve from Camilla T. N. Sørense, The Significance of Xi Jinping's "Chinese Dream" for Chinese Foreign Policy: From "Tao Guang Yang Hui" to "Fen Fa You Wei",

second factor that influence China's foreign policy decision-maker, which is economic and military capability.

In the making of foreign policy, the decision-maker should look at the state's power in order to achieve their goals. China has maintain the international relations with Southeast Asia nations for years in term of bilateral, trilateral and multilateral. The main cooperation is economy. China becomes one of the highest trade partner for the ASEAN countries. The export-import trading value increases year by year.

The trading value between China and ASEAN countries which covering 15 percent of total trade, China becomes an economic influence in the region. Additionally, China-ASEAN free trade agreement (CAFTA) also increases the trading value either China and Southeast Asia countries, as well as rising the income for the parties.

By China's capability on its economic, it sets the parameter to the decision maker. When China struggles in creating stability in South China Sea, China's foreign policy strategic direction changes become "striving for achievement"<sup>141</sup>, where China becomes more active on trying to achieve its national interest. It is proven by building

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<sup>141</sup> Camilla T. N. Sørense, The Significance of Xi Jinping's "Chinese Dream" for Chinese Foreign Policy: From "Tao Guang Yang Hui" to "Fen Fa You Wei", page 56. Retrieve from <https://journals.aau.dk/index.php/jcir/article/download/1146/967>.

constructing islands in South China Sea area especially in Spratly Islands reef features to show China's capability in military and security. Also, it aims to avoid any dominance by other issue parties in the area of the dispute so it can build stability and balance the power in South China Sea.

The strategic direction leads China to take their own action to achieve their interests and goals by any mean. Nevertheless, China's action towards the issue leads to opposite way of China's national interest and its foreign policy outcome. China is taking a careful hard power step on the region as China needs to follow their foreign policy to create a harmonious world and Chinese dream.

According to Coplin's rational approach, foreign policy of state is reaction from other state's action in international relations. After the Chinese leader takes the decision and implement its foreign policy as the outcome, international respond become one of the aspect that influence the domestic politics and economic and military capability of China.

When China implement its foreign policy that is purposed to maintain peace condition and relation in South China Sea, Southeast Asia nations' become supportive of the policy. It brings positive interaction among the parties especially in economy and security term. By that, China can achieve its national interest and fulfil its people need.

## **B. International Factors and China's Policy in South China Sea**

Southeast Asia is a region that located strategically, along with its large population. The region has built relation and cooperation with other countries especially in term of economy and security. The Assosiation of Southeast Asia Nations (ASEAN) and China agreed to remove the trade tariff under the CAFTA, which resulted in the increasement of their trading value.

According to Robert Keohane, there is possibility that a single state controls the international system and it can affect foreign policy's reaction by other states. The thought by Robert Keohane is *hegemony*. To reach the hegemony, the state can approach it by hard power or soft power.

Besides that, Charles P. Kindleberger combines the perspective of international political economy and international relations, which is *hegemony stability*. According to Kindleberger, a state can be the only stabilizer in the world by dominancing the economy and military.

China has a potential to dominate the system in international relations. However, South China Sea issue becomes an attractive attention to other countries as it involve ASEAN as the legal society in Southeast Asia, and China as one of a big country.

One of the challenge of China's hegemony stability aim is maritime border issue in South China Sea. China's effort to achieve hegemony stability in the region is by showing its dominance in economy and military. China implements hard power as its direct approach and soft power as its indirect approach.

China strengthen its aim by implementing direct approach, which is using military force. China started to occupy the reefs feature in Spratly and paracel Islands. The reefs are built to become artificial islands where human can habitate it. The construction of the islands also include the military base and port, that aims to be a station for China in managing and maritime patrol in the area of dispute.



Figure 4.1 An “Island” Made around Mischief Reef, Spratly Islands<sup>142</sup>

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<sup>142</sup> Joshua Fatzik, Report: China Nears Completion of Militarizing Island Chain, VOA News, February 24, 2017 9:30 PM. Retrieve from

Besides that, Liaoning—China's maneuver, and some other aircraft carrier is shown in the area. Also, China took action by stopping and blocking other countries' naval ship in China's claimant water. China is showing its military power to control the reaction by other countries especially Southeast Asia nations.

That aims to push the conflict in South China Sea by showing its capability on its military force. When China dominating the military and controlling security in the area, other countries will not take hard power.

Another approach to achieve hegemony stability is by indirect approach, or soft power. This approach can be implemented by diplomacy, leadership and relations by China to other parties. The economy cooperation between China and other ASEAN member states shows positive growth. Bilateral and multilateral cooperation between China and ASEAN member states focus on economic, infrastructure and investment development.

China has established international relations and approach bilateral cooperation with ASEAN member states like Vietnam, the Philippines, Indonesia, Thailand, Malaysia and Singapore. With those countries, China concerns about diplomatic relations and economy cooperation. China

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<https://www.voanews.com/a/south-china-sea-militarization-test-for-trump-administration/3735341.html> on November 15, 2018.



established joint research with other countries like Vietnam and the Philippines which it shows that peace, stable and conducive situation in South China Sea is important because it stimulates the economic and security development in the area.

China's another way to approach Southeast Asian countries is by proposing the "high-speed railway diplomacy" to Thailand, Indonesia and Malaysia. The purpose is to expand China's investment and economic cooperation with the countries. It also becomes one of the way to achieve hegemony stability in the region, since the investment in Southeast Asian is from other big countries like Japan, the US and UK.

Besides the multilateral cooperation, China-ASEAN Free Trade Agreement (CAFTA) also becomes one of the impact on the economy development of the parties. It shows that in 2004-2005, after CAFTA is applied, China was covering 7.2 percent of total export to ASEAN. For the import section, China was receiving 11.2 and 11.4 percent consecutively from the total import.<sup>143</sup> The implementation of CAFTA makes China becomes the highest trading partner for ASEAN. In 2015, China covers 15 percent of ASEAN trading value total.<sup>144</sup> Besides the goods movement, every year China

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<sup>143</sup> Vaughn, Bruce & Morrison, M. Wayne, China-Southeast Asia Relations: Trends, Issues, and Implications for the United States, CRS Report for Congress: 4 April 2006.

<sup>144</sup> Oh Yoon Ah, China's Economic Ties with Southeast Asia, Korea Institute for International

covers around 17 percent of total tourist visiting Southeast Asia.

This economy cooperation lead China to take position as an economic influence in the region. China and Southeast Asia countries build mutual understanding and interdependent relations with each other. It is the impact of economy cooperation where China is one of the biggest trading partner for ASEAN compare to other big countries.

China's position in trade with Southeast Asia nations is one of the highest, especially after CAFTA was signed in 2004. The position is up and down compare to the United States, Japan and United Kingdom.

China is one of the superpower country with its large land area and population. The country's structure and economic development are important to fulfil the people's needs and achieve its national interest. The plan is needed to ease the movement in economic flow. Hence, due to this matter, China and other countries especially Southeast Asian countries establish export-import cooperation.

Some of China main export products to Southeast Asia are food and consumer products, machinery and raw material. Also, China main import products from ASEAN are agricultural products and fresh and frozen foods. Meanwhile

for productions, transportation and other purposes, oil becomes a basic need too. For oil, China still unable to cover total production domestically. China needs to import from Middle East.

China's total import of oil per day from Middle East countries is 2.9 million barrels. The Middle East countries that provide oil supply for China are Saudi Arabia, with 1.1 million barrels per day supply and also Iran, which becomes among the highest four in oil import to China. The import of oil from Middle East fulfil 60 percent of the total oil needs per day.<sup>145</sup> China's import of oil from Middle East take the road flow from Saudi Arabia to Red Sea and Gulf of Aden, meanwhile from Iran to Persian Gulf. From both countries, the flow continues through Arabian Sea and Indian Ocean, then it goes to Andaman Sea before through the Strait of Malacca. After that, it will go pass across South China Sea.

Andaman Sea and the Straits of Malacca are located in Southeast Asian and its area are belong to the countries in the region. Hence, since the oil flow from Middle East to China is one of important activity, the security stability in the region is important. By that mean, China and Southeast Asian nations have interdependency on the economic stability as well.

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<sup>145</sup> "Table of China December Data on Oil, Oil Product and LNG Imports", *Dow Jones Global Equities News*, January 21, 2013. Retrieve from Erica S. Downs, *China-Middle East Energy Relations*, Brookings, June 6, 2013, accessed on <https://www.brookings.edu/testimonies/china-middle-east-energy-relations/>.

China's road of oil flow from Middle East through the Strait of Malacca is taking few days to finally reach China. Hence, China proposes a shorten road of oil flow by the pipelines from Middle East through Southeast Asian country. The plan of new oil flow is initiated under Belt and Road Initiative (BRI). China's BRI plan takes shorter times of flow from Middle East. It takes from Saudi Arabia and Iran pass through Burma and reach Kunming, China. Another project that is planned under China's BRI is high-speed railway. The high-speed railway project is involving some other Asian countries and three Southeast Asian nations like Thailand, Indonesia and Malaysia. The aims of the railway project is to connect each country involved and connect to to China as the investor.

In order to maintain the project to still going, China needs to approach each country and maintain the international relations in good manner. It will affect the diplomatic relations. During the claimant of South China Sea, China should take careful action as well, since some of countries that have approved for the railway project are from ASEAN member states. Additionally, ASEAN member states prefer to solve the dispute in South China Sea multinationally by table talk. By this mean, China needs to maintain the diplomatic stability with ASEAN member states, including the security stability in South China Sea to gain more trust by the member

states and achieve security domination as the approach to gain hegemony stability.

China's goal to be the stabilizer in the world can be achieved if China is dominating the region's economy and security in the case of South China Sea dispute. Meanwhile, China's military and security cooperation with ASEAN member states is less compare to the United States.

The US signed a security agreement with the Philippines, which aimed for peace-keeping in the country's area. Military base is built in the country as a part of the agreement. The US military conducted joint exercise with the Philippines, with aims for the preparedness of the Armed Forcess of the Philippines (AFP). The United States also have a close military and security relations with Singapore. Singapore provides Changi Naval Base for the US naval ship and its aircraft carrier. Both of the parties conduct joint exercise, like the Philippines, in order to strengthen their security cooperation and bilateral relations. Besides those states, Vietnam seek for the US assistance to improve its military capability. Vietnam and the US conducted join rescue, join exercise and search, aimed to manage unexpected situation during the dispute in South China Sea.

The US provides assistance to maintain peace and condusive situation in South China Sea within the dispute area. Also, the US eager to prevent the conflict among

Southeast Asian countries by patrolling the area of the dispute. Under President Trump, the US navy warship routinely seen in South China Sea, in order to implement its military and political will.<sup>146</sup>

Both the US and China are giant economy countries. However, some of the Southeast Asia countries put more trust to the US in term of security. Refer to the US effort in maintain the stability of the region and South China Sea, China took step to establish more active diplomacy with Southeast Asia countries in order to creat hegemony stability especially in the region. By this mean, South China Sea stability is an important thing for China to consider, as the interest in the region is related to South China Sea.

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<sup>146</sup> Casey Egan & Ricky Zipp, High-Stakes Brinkmanship in the Pacific as China Expands Reach into the South China Sea, USA Today, June 26, 2018, at 6:00 AM ET, retrieve from <https://www.usatoday.com/story/news/politics/2018/06/26/china-south-china-sea-expansion-neighbors-nervous/711006002/> on 2 December 2018 at 10:34 PM MYT.