Global Politics Update
Issue 2 2019
Unit 3, Area of Study 2

This update provides recent information over the past year that students are required to study relating to the Key Knowledge in Unit 3 Area of Study 2 as well as providing questions and activities to prepare for SACs and the exam.

Essentially VCE Global Politics Unit 3 and 4 is the study of global power. In the 21st century one of the biggest questions is what will happen as the centre of global power shifts from the Atlantic to the Pacific, with the rise of China in what has been dubbed the ‘Asian Century’. In Unit 3 Area of Study 2, students study this power transition through the prism of a single state in the Asia-Pacific region and how this state tries to achieve its national interests within this context. Although there are five states to choose from in this area of study, it is difficult to discuss power in the Asia-Pacific without mentioning China, even if you have chosen to study another state in detail. For this reason (and because most schools study China in this Area of Study) China will be the focus of this Update. However, other relevant states are used in many examples, so it is possible to use some of this content even if you are not concentrating on China in this Area of Study.

This update provides recent information over the past year that students are required to study relating to the Key Knowledge in Unit 3 Area of Study 2 as well as providing questions and activities to prepare for SACs and the exam.

This Area of Study requires students to study the national interests of a state in the Asia-Pacific region and how the state uses types of power and foreign policy instruments to achieve (or sometimes hinder) those national interests. It is no longer necessary for examples and actions to exist within the Asia-Pacific region for any of the selected states. This Update concentrates on recent actions by China within the headings of prescribed national interests (National Security, Economic Prosperity, Regional Relationships and International Standing). For each action it will be clearly displayed which types of power (cultural, diplomatic, economic, military and/or political) and foreign policy instruments (aid, diplomacy, military and/or trade) the action relates to, as well as other relevant national interests. Hard and soft power will not be included for reasons explained below. The examples in this Update cover all national interests, types of power and foreign policy instruments outlined in the Study Design.

According to Nye, hard and soft power are not the same kind of power as the other types of power that students are required to study (cultural, diplomatic, economic, military and political). Hard and soft power are what Nye labels ‘Power Behaviours’ and the other types of power are ‘Power Resources.’ In global politics, states utilise these Power Resources to get other global actors to do what they want, and the nature in which they use these Power Resources is either with a hard power (coercion and/or payment) or a soft power (attraction) approach. For example, if China publicly denounces another government’s actions or policy, such as going against the One China policy, it is a hard power use of diplomatic power because it attempts to coerce other global actors to do what China wants through denouncements. Another example is that the joint naval drills undertaken by Russia and China in the East China Sea show China’s soft military power as Russia wants what China wants. In fact, all of the Power Resources can be used in a hard or soft power method and students should learn how to clearly explain how the use of a Power Resource is conducted in a hard power or soft power way.
National Security

The essential part to this national interest is that a state is ensuring it maintains sovereignty. Traditionally, this referred mainly to military security and the ability of a state to protect its borders from intruders. However, this has evolved to include other forms of security, such as resource and environmental security, that are necessary for a state to maintain sovereignty. It could even include economic security and, in that way, blend nicely with pursuing the other national interest of Economic Prosperity. The following examples refer mainly to the traditional meaning of national security, the maintaining of a state’s borders, which includes (in China’s case) ensuring the suppression of secessionist groups, such as those in Xinjiang.

South China Sea Dispute

Other National Interests: Economic Prosperity, Regional Relationships and International Standing

Types of power: diplomatic, economic and military power

Foreign policy instruments: diplomacy, trade and military

In October 2018, a near-collision between Chinese and US warships dramatically demonstrated that China’s developments in the South China Sea could escalate to military conflict between the two major powers. The ships were within 40 metres of collision. The US claimed the China vessel was being unprofessional as the US ship was conducting a “freedom of navigation” trip across the South China Sea. China, on the other hand, stated the US “threatened China’s sovereignty and security, and disturbed regional peace and stability” (more here: https://www.abc.net.au/news/2018-10-03/south-china-sea-encounter-between-us-warship-and-chinese-vessel/10333096).

According to China it owns the South China Sea area surrounding what it calls ‘the 9-dash line’. This ownership is based on historical considerations that it has always controlled this area and China even includes this 9-dash line in its passports (http://time.com/4412191/nine-dash-line-9-south-china-sea/). However, many states claim they own sections of the South China Sea based on the Convention on the Law of the Sea relating to maritime borders of states. China’s claim and that of other states overlap, which has resulted in disputes around the South China Sea. For example, China, Vietnam, the Philippines and Malaysia all lay claim to the Spratly Islands in the middle of the South China Sea. Despite losing a case at the arbitral tribunal relating to the Convention of the Law of the Sea to the Philippines in 2016, that dismissed the legal foundations of the 9-dash line, China continues to behave as though it has control of the entire Sea. Most notably, since 2015 China had been transforming reefs to islands and then constructing infrastructure, including military infrastructure, on the islands, such as Fiery Cross Island, where in February 2019, China opened maritime rescue centre. This is to shore up China’s claim to ownership, as well as enhance its military power in the region, as the islands can effectively be used as stationary aircraft carriers. This incremental approach of forming islands and thus manoeuvring more ships into the area is known as the ‘Cabbage Strategy’, because each new leaf (island or ship) becomes a part of the greater whole and makes it difficult for other states to penetrate.

Recently, China has added a “maritime militia” to its arsenal in the Sea. These are a group of roughly 100,000 to 150,000 fishing boats and other commercial ships that China uses to assert its interests (more here: https://www.lowinstitute.org/the-interpreter/dark-harvest-chinese-black-ships). They could be used to blockade or intimidate other states’ vessels. China has also been accused of painting military vessels white, to look like China Coast Guard ships, to intimidate fishing boats, particularly from Vietnam.

The South China Sea is strategically important. It is estimated to contain 11 billion barrels of oil and 190 trillion feet of natural gas deposits, as well as 10% of the world’s fisheries. Approximately 30% of the global shipping trade goes through the South China Sea, as it is used as a corridor from the Middle-East to East Asia. For China, it is essential to the development of the Belt and Road Initiative, or BRI (see Economic Prosperity below), China’s most important economic and diplomatic investment. This is a good video that outlines the disputes and the Sea’s importance: https://youtu.be/luTPMHC7zHY.
Xinjiang: surveillance and internment of Muslims

Other National Interests: Economic Prosperity, International Standing

Types of Power: cultural, economic, military and political

Foreign policy instruments: none

The province of Xinjiang has become a technologically advanced surveillance state to maintain order and prevent any active secession by the ethnic Uyghurs and other Muslim groups in the province. Xinjiang is a crucial province to the success of China’s Belt part of the BRI as it connects China by land to the West. Due to the province’s strategic importance, the government has invested approximately US$70 billion each year into infrastructure projects since 2017 (more here: http://www.xinhuanet.com/english/2018-01/05/c_136874801.htm). There have been violent uprisings over the years by Uyghur secessionist groups, who wish to create an autonomous state of East Turkestan. The Uyghurs are a Turkic ethnic group who are predominantly Muslim, as opposed to the dominant Han ethnicity in the rest of China. The response by the Chinese government has been fierce; from setting restrictions on Islamic practice to detaining thousands of Uyghurs in re-education centres and implementing a police state. The Chinese government argues that this is part of its ‘People’s War on Terror’ – i.e. fighting against Islamic separatism linked to global terrorism.

China argues that the re-education camps are designed to teach Muslim minorities Mandarin and new skills. However, there have been reports of torture and it is estimated that between 800,000 and 2 million people are currently being detained. The concern by Uyghurs has gone global, with many people outside the province, and across the world, concerned for families. There are currently 17 Australian citizens in the camps (more here: https://www.sbs.com.au/news/fearful-australian-uighurs-demand-answers-over-china-s-internment-camps).

The camps are not limited to Uyghurs and have now extended into foreign states, as China encouraged Kazakhstan to arrest the leader of a watchdog on the camps. Kazakhstan is China’s neighbour and a crucial gateway for the BRI’s path to the West. As a result, it has received considerable investment from China. However, Ethnic Kazaks are also predominantly Muslim, and it is estimated that over 10,000 are currently in the re-education camps. This has spurned a public outrage within Kazakhstan, led by the organisation Atajurt Eriktleri (“Homeland Volunteers”), which has been on the front lines of documenting and raising awareness about the mass detentions in the Chinese region of Xinjiang. Its head, Serikhan Bilash, has been arrested and faces imprisonment, demonstrating the power China has within Kazakhstan. If Atajurt is shut down, it may hurt global efforts to understand what is happening in the camps (more here: https://foreignpolicy.com/2019/03/11/uighur-china-kazakhstan-astana/)

Economic Prosperity

Economic prosperity is important for any state to ensure they maintain sovereignty and increase their international standing. An economically prosperous state can weather international economic instability as well as protects and build the wealth and welfare of its citizens. For China, economic prosperity and development is essential to the existence of the Communist Party of China (CPC), because it is the deal they have made with their people to ensure they continue to be the ruling government. This is linked to Xi Jinping’s ‘Chinese Dream’ (中国梦) and the ‘Two 100s’ of being a moderately well-off society by 2021, the centenary of the CPC and a ‘fully developed nation’ by 2049, the centenary of the People’s Republic of China.

Belt Road Initiative (BRI)

Other National Interests: National Security, Regional Relationships, International Standing

Types of power: diplomatic and economic power

Foreign policy instruments: diplomacy and trade

The BRI is the signature foreign policy of China. It is currently, publicly, trying to “change the world political and economic landscape through development” of the Silk Road Economic Belt and the 21st century Maritime Silk Road, previously referred to as ‘One Belt One Road’ or OBOR and now more commonly referred to as the Belt Road Initiative or BRI. Essentially BRI is an infrastructure plan to improve transportation and infrastructure linking China to Europe via the ‘Belt’ and China to the Indian Ocean and South Pacific via the ‘Road.’ Already the ‘Belt’ has reached its ultimate destination of London, meaning increased trade with the UK, as well as any state that is along the railway between London and Shanghai.

The BRI is also a charm offensive and is China’s main method of increasing soft power. It has done this ranging from corny Youtube videos that include rap (https://youtu.be/pdPK1v0UxqQ) and bedtime stories (https://youtu.be/edzNYN4hZxo) to international conferences that are attended by the EU, UN and IMF. At the inaugural Belt and Road forum President Xi said, “China’s Belt and Road Initiative is based on the historic roots of the Silk Road, it focuses on Asia, Europe and African continents, and is open to all friends.” That being said, as the bedtime stories will tell you, the BRI extends to Chile, Argentina and New Zealand. China publicises mutual benefit of the BRI, and it is currently linked to two-thirds of the world’s population and has invested more than $1 trillion.

However, suspicious states, such as the USA, Australia and parts of the EU, see the BRI more as a way for China to increase its global influence and make participants dependent on China. For this reason, there was surprise and consternation at Italy’s decision to join the BRI in March 2019, the first state of the G7 to do so. It broke ranks with the G7 by doing this, who had previously decided to stay out of the BRI given its potential to compromise the economic sovereignty of states. The USA and the EU, led by Germany and France, warned that Italy was making a mistake. Italy, who is currently in an economic downturn, wants to increase trade with China as China enjoys Italian luxury goods amongst its burgeoning middle-classes. As a result, China has gained access to ports across Italy (more here: http://theconversation.com/italy-joins-chinas-belt-and-road-initiative-heres-how-it-exposes-cracks-in-europe-and-the-g7-114039).

The USA has labelled the BRI as a vehicle for “debtbook diplomacy” and accused the BRI of being nothing but a vanity project. In terms of...
debtbook diplomacy, it points out that Sri Lanka had to offer a 99-year lease of its Hambantota port to China because it could not afford its BRI debts. There is potentially a similar issue in Pakistan. The US sees this as China’s way of economic takeover of other states where it does not need its military. Vox has produced a short video regarding BRI in this vein: https://www.youtube.com/watch?v=EvXROXlipvQ.

Despite the Australian government’s reluctance to get onboard, the Victorian state government has signed up to the BRI, with a memorandum of understanding in October 2018. Premier Daniel Andrews sees it as a possibility of finding funding for its considerable infrastructure project across the state (more here: https://www.lowyinstitute.org/the-interpreter/melbourne-joins-belt-and-road). This may raise the ire of the federal government, who sees Chinese investment as potentially a risk to sovereignty, which is evident from making Darwin revoke its 99-year lease to China and not allowing Huawei contracts to roll out 5G networks in Australia (see below in Regional Relationships).

US-China trade war
Other National Interests: Regional Relationships, International Standing
Types of power: diplomatic and economic power
Foreign policy instruments: diplomacy and trade

Roberto Azevêdo, the director-general of the World Trade Organization, stated in November 2018 that the US-China trade war is the “worst crisis” since 1947 when the multilateral system was created (more here: https://www.bbc.com/news/business-46395379). The USA and China believe they are on the precipice of a new trade deal, dubbed by President Trump “the grandaddy of them all” (more here: https://www.scmp.com/week-asia/opinion/article/3005930/us-china-trade-war-if-trump-and-xi-agree-grandaddy-trade-deals). Both states ramped up their tariffs in late 2018, with the USA imposing US$250 billion tariffs on Chinese Goods and China responding with US$110 billion, concentrating on goods produced in Republican held parts of the US or goods that could be purchased elsewhere, like soybeans (more here: https://www.bbc.com/news/business-45899310). In October 2018 the IMF stated it could create a global economic downturn and trade growth has decreased to 4% in 2018, from 5.25% in 2017 (more here: https://www.forbes.com/sites/charleswallace1/2019/03/20/us-china-trade-war-hurting-the-global-economy/#2d4ab4a55756). The current sticking points relate to an enforcement mechanism to ensure China follows through on the agreement. President Trump is noting his victories, highlighting that the two countries are discussing intellectual property laws and theft, which initially thought to be no-go zones for China, who has traditionally stated it has no issue with IP. Commentators have noted that Trump already considers it a ‘done deal’, as he threatens to impose tariffs on the EU.

“There appears to fit a pattern: he is confident of settling one trade fight, so he will start another one.”

China’s debt crisis
Other National Interests: National Security and International Standing
Types of power: political and economic power
Foreign policy instruments: trade

If China was behaving as most states do, it would currently be experiencing a severe economic bust. China’s current debt is 255% of its GDP. While many states have debt higher than GDP, the IMF has stated that a ‘bad outcome’ is likely to be the result when a country has both a high debt to GDP ratio and a prolonged (more than six years) economic boom (very high annual growth rates). This potential debt crisis emerged following the GFC where China enacted a $600 billion stimulus package to avoid going into recession. China also assisted other states in reinvigorating the global economy. China was able to achieve this due to its staggering economic growth that has averaged 9.5% from 1989 to 2018. In that time, China pulled enough people out of poverty single-handedly to meet the Millennium Development Goal of poverty alleviation in 2015.

There is currently an ‘economic slowdown’, as GDP growth has shrunk to 6%. This is occurring in conjunction with the trade war with the US and an overall drop in exports. It is uncertain to know China’s future with experts arguing that there will be anything from a complete crash, to a moderate slowdown to even going back to very high growth (more here: https://www.bloomberg.com/quicktake/chinas-debt-bomb). President Xi has taken note, however, stating China must be on the alert against black swans and grey rhinos (more here: https://www.lowyinstitute.org/the-interpreter/china-cabinet-black-swans-grey-rhinos-elephant-room). This is a reference to the “Zombie corporations” that are not turning a profit in China. Many are state-owned companies.

Those that believe China will not fall prey to what happens to other states, point out the prominence of state-owned enterprises (SOEs) in China. These SOEs received their loans from state-owned banks. This effectively means the Chinese government owes itself money, which gives it considerably flexibility in how it chooses to deal with these debts. It is this state-owned nature of China’s capitalism that has helped its staggering growth and it may also be what prevents it from having an economic downturn that would have global ramifications (more here: https://www.scmp.com/news/business-10713614).

Regional Relationships

Regional relationships are an important national interest, for if these relationships are positive, then they may be mutually beneficial. However, if they are negative, they may threaten state sovereignty. Still, this must be weighed against the importance of other national interests.

China/Taiwan Relations
Types of power: diplomatic, economic and military power
Foreign policy instruments: diplomacy, trade and military

According to both China and Taiwan, this would not be considered a regional relationship as they are not independent states, according to the One China Policy. Still recent developments may impact on the region, if not also the world. Alarming, in January 2019, President Xi Jinping made a public statement that reunification with Taiwan was inevitable. This alarmed part was that he stated, “We make no promise to renounce the use of force and reserve the option of taking all necessary means,” adding that the issue was an internal one and that China would permit “no external interference” (more here: https://www.theguardian.com/world/2019/jan/02/all-necessary-means-xi-jinping-reserves-right-to-use-force-against-taiwan). This “external interference” is a direct reference to the USA, who despite having no official diplomatic relations
with Taiwan, is also its primary line of defence against invasion from the mainland, which it has been since Taiwan was formed in 1949. In response, the US has given approval for the sale of 60 new F-16 fighter jets to Taiwan, signalling to China that will not be scared off with threats (more here: https://foreignpolicy.com/2019/03/25/chinas-scare-tactics-prompt-u-s-fears-of-a-clash-over-taiwan/).

The United States has also sent ships through the Taiwan Strait three times already this year, and six times in total since July 2018. Still, in March 2019 China requested that the USA not allow Taiwan President, Tsai Ing-wen, to stop over in Hawaii, a frequent request made by China when Taiwan dignitaries travel. President Tsai was meeting with its Pacific neighbours, who recognise its sovereignty over China’s. Only 17 states are still diplomatically allied with Taiwan (more here: https://reut.rs/ZuI9fP1). In 2018, China persuaded the Dominican Republic, Burkina Faso and El Salvador to forge diplomatic relations with it instead. It appears that the Solomon Islands will soon change too (more here: https://reut.rs/ZurQsn). The tensions between China and Taiwan may only increase as President Tsai and her party are for an independent Taiwan, something that President Xi cannot condone.

**China/US Relations**

*Other National Interests:* National Security, Economic Prosperity, International Standing  
*Types of power:* diplomatic, economic and military power  
*Foreign policy instruments:* diplomacy, trade and military

It is difficult to know the state of the relationship of the number 1 and 2 economies in the world. Despite the potential trade war and possible tensions emerging in the South China Sea, or in relation to North Korea (see below), the relationship between the two leaders of the superpowers is mostly cordial and even respectful. China, for its part, is making the most of Trump’s protectionism and seeing this as the moment where it can become the defining state of the 21st century. This includes a potential free trade deal with the EU, to highlight that China is more free trade than the USA (more here: https://www.politico.eu/article/eu-china-summit-result-assist-donald-trump/). The USA is cracking down on potential espionage, particularly in relation to China’s technological giant Huawei. The USA may still charge Meng Wanzhou, Huawei’s chief financial officer, for fraud in relation to sanctions on Iran. If this goes ahead, it would be a blow to China as both Huawei and ZTE, two of its biggest tech firms, may not be able to trade in the USA (more here: https://www.lowyinstitute.org/the-interpreter/china-tantrum-diplomacy-huawei/).

**China/Australia Relations**

*Other National Interests:* National Security, Economic Prosperity, International Standing  
*Types of power:* diplomatic, economic and military power  
*Foreign policy instruments:* diplomacy, trade and military

Australia has a confusing relationship with China. On the one hand, Australia’s economy is largely dependent on Chinese investment and trade (more here: https://www.abc.net.au/news/2019-01-15/china-economy-slowdown-will-affect-australia/10716240). On the other, Australia is often at the forefront of condemning China for its actions, be they Xinjiang internment camps or the South China Sea. In March 2019, former Trade Minister Andrew Robb made waves for criticising the former Turnbull government on creating a ‘toxic’ relationship with China. There are mentions of security threats, without too many details revealed, and the remnants of an ‘Asian invasion’ kind of rhetoric from Australia’s past occasionally bubble to the surface. Here is a nice debate on the subject between Clive Hamilton and Hugh White: https://www.lowyinstitute.org/the-interpreter/great-china-debate-clive-hamilton-v-hugh-white.

The ABC has also begun a series of programs looking at China’s influence in Australia: https://www.abc.net.au/news/2019-02-08/chinas-foreign-

media-push-a-major-threat-to-democracies/10733068. To date, the economic relationship has maintained but there may be cracks emerging. The revoking of the Darwin port lease to China in 2015 was a public beginning of Australia openly saying no to Chinese investment because it was a security threat. Australia also has the Foreign Investment Review Board which also examines or monitors Chinese (and other) investment.

In August last year, Australia also denied Huawei any participation in the rolling out of 5G mobile network. It appears that China has had enough, as in April 2019 it has decided to take Australia to the WTO over this exclusion of Huawei (more here: https://www.smh.com.au/world/asia/china-takes-australia-s-huawei-5g-ban-to-global-trade-umpire-20190413-p51dwu.htm). Suspicious China-watchers noted also how China suddenly stopped allowing coal imports from Australia back in February 2019, they said it was a warning to remind Australia how much it needs China (more here: https://www.abc.net.au/news/2019-03-19/coal-export-fears-resurface-as-restrictions-hit-more-china-ports/10915818). It is a tightrope for Australia to walk in order to ensure that it maintains a productive and cordial relationship with China, without giving up its strategic relationship with the USA, as well as ensuring its security into the future.

**China/North Korea Relations**

*Other National Interests:* National Security, Economic Prosperity, International Standing  
*Types of power:* diplomatic, economic and military power  
*Foreign policy instruments:* diplomacy, trade and military

China is North Korea’s only military ally. This, along with being its main trading-partner, shows that without the support of China, it is doubtful whether North Korea could remain a state. China has its reasons for supporting North Korea, most built around geopolitical power plays against the USA (more here: https://www.lowyinstitute.org/the-interpreter/four-reasons-why-china-supports-north-korea/). The relationship between China and North Korea has improved since North Korea began negotiations with the USA concerning North Korea’s nuclear weapons capabilities. Kim Jon Un only visited China for the first time before the Singapore conference with the USA last year. Since then he has visited four times, not including the journey he made to get to Hanoi for his second meeting with Donald Trump. There was concern that China would be upset from the lack of agreement in the Hanoi meeting. On the contrary, China seemed quite upbeat (more here: https://thdipomat.com/2019/03/why-china-istn-mourning-the-collapse-of-the-trump-kim-summit/). In many ways, the status of quo of searching for agreement, but not reaching any, is the best situation for China. It allows peace to remain along the Korean Peninsula but does not disrupt the balance of
power out of China’s favour in any significant way. One note of concern following the Hanoi meeting however was Trump’s comment that he is happy to walk away from meetings where he doesn’t like the agreement. He specifically mentioned trade agreements with China and that he “would do that too with China if it didn’t work out” (more here: https://www.voanews.com/a/as-hanoi-summit-falters-trump-sends-china-a-message/4807607.html).

International Standing

The international standing of a state is an important national interest as it influences the power a state has in global politics. If a state has a high international standing, it will be responded to positively by the international community. Other national interests impact both positively and negatively on international standing as well as a state’s role and recognition in intergovernmental organisations and how they uphold international law. China has a growing focus on international standing, as it becomes the second most powerful state in terms of the size of its economy, and its growing military and international influence. As a permanent member of the United Nations Security Council, it plays a central role in global governance.

China in the UN


Types of power: diplomatic and military power
Foreign policy instruments: diplomacy and military

China has now replaced Japan as the second biggest donor to the UN. China commits over 2,500 more personnel to UN peacekeeping operations than any other permanent member of the UN Security Council (http://chinapower.csis.org/china-un-mission/). China is increasing its involvement and power in the UN, which is completely at odds with its history and policy of non-interference to ensure national sovereignty. However, it sees that there is now a space as Trump pursues his “America First” doctrine. It is using its increase in power to quash human rights concerns and ensure its interests are better represented at the intergovernmental organisation. China recently blocked a UN Security Council motion to label a group within Pakistan, a key Chinese ally, as a terrorist group (more here: http://time.com/5551266/china-block-un-blacklist-masood-azhar/). It also consistently votes with Russia to veto resolutions against the Assad Regime in Syria. Still, China cannot be blamed for being the only permanent member of the UN Security Council that uses its position to promote its national interests. And it is not being overwhelming successful. Despite widely publicised threats against member-states and other organisations to not speak out against China regarding its treatment of Uighurs in Xinjiang, the UN Human Rights Council during its regular review of China highlighted the abuse nonetheless (more here: https://www.hrw.org/news/2019/04/01/un-china-responds-rights-review-threats). Still, Human Rights Watch points out that it will be important for member-states to follow the ruling when the report is made in June, to “show that China is being held to international rights standards.”

China and aid

Other National Interests: National Security, Economic Prosperity, Regional Relationships

Types of power: diplomatic and economic
Foreign policy instruments: aid, trade and diplomacy

China has a bad global reputation when it comes to aid and developmental assistance. Its use of aid has never fit well within the typical definition of ‘aid’. China is a strong player in terms of foreign investment, as seen by the BRI above. However, it often places different conditions than other states. For example, AidData made an assessment of China’s global development investments from 2000 to 2014 and found that only US$81.1 billion of the US$350 billion in development investment was made as ODA (Official Development Assistance), which is typically considered ‘aid’. In comparison, the USA had similar total investment of US$395 billion over the same time period, but US$366 billion was considered ODA (more here: http://aiddata.org/china).

Xi Jinping knows China has an image problem when it comes to aid and has sought to address this. At the most recent Forum on China-African Cooperation in September 2018, Xi announced the cancellation of interest-free debt for the African continents most heavily indebted, landlocked, and least-developed countries. He also admitted there was a need to look more closely at the commercial viability of some projects, and make cooperation more sustainable. China’s new independent foreign aid agency, the State International Development Cooperation Agency (SIDCA), was announced in April 2018 with the mandate to strengthen strategic planning and coordination, and consolidate management of foreign aid programs. Until now, China’s foreign aid apparatus has been ad-hoc and vague. A more carefully managed Chinese aid program should help China project a more competent image of China in development (more here: https://www.lowyinstitute.org/the-interpreter/chinas-aid-image-boost).

Confucius Institute Bans

Other National Interests: Regional Relationships

Types of power: diplomatic and political power
Foreign policy instruments: diplomacy

The bedrock of Chinese soft power for decades is now under threat in the USA, UK and Australia. Confucius Institutes are the ostensibly benign cultural and language centres that are ubiquitous across world, particularly on university campuses. There is growing concern that these centres are considered a national security threat to other states as they enhance the control of the Chinese government beyond its borders. The main concern seems to be that these Confucius Institutes are either demanding or at least strongly requesting self-censorship of issues that relate to the Chinese government. In the USA, President Trump passed a law that will not allow the CIA to fund Chinese language programs that are linked to Confucius Institutes and American Universities are beginning to close the Institutes on campus (more here: https://www.insidehighered.com/news/2019/01/09/colleges-move-close-chinese-government-funded-confucius-institutes-amid-increasing). China is perturbed by this response and see it as an unnecessary war of cultural power on the US’ behalf (more here: http://www.chinadaily.com.cn/a/201808/30/W55b87266a310add14f88839.html). Suspicion of the centres is being growing in other English-speaking states, where the Conservative government in the UK has called for a review of Confucius Institutes (more here: https://www.rfa.org/english/news/china/review-02192019121618.html) and in Australia the government has requested universities register them for the new foreign influence...
transparency scheme implemented in March to prevent foreign influence in Australian political affairs. All the universities have declined, albeit for different reasons (more here: [https://www.smh.com.au/politics/federal/foreign-influence-showdown-as-universities-decline-to-register-china-funded-confucius-institutes-20190315-p514kg.html](https://www.smh.com.au/politics/federal/foreign-influence-showdown-as-universities-decline-to-register-china-funded-confucius-institutes-20190315-p514kg.html)). Depending on which side of the suspicion you lie, you may find this comforting or disquieting.

**Application Exercise:**

**DFAT Report on China**

Assume that you work for Australian Government in the Department of Foreign Affairs and Trade (DFAT). You are responsible for the China portfolio. Your boss wants you to put together a report on China for the Foreign Minister following the Federal Election. The main focus of the report is to advise the Foreign Minister on the greatest opportunities and threats to China and its national interests. You must then decide whether Australia should strengthen or weaken economic and diplomatic ties with China.

Construct a table like the following:

<table>
<thead>
<tr>
<th>National Interest</th>
<th>Opportunity</th>
<th>Threat</th>
</tr>
</thead>
<tbody>
<tr>
<td>National Security</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Economic Prosperity</td>
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<td>Regional Relationships</td>
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<td>International Standing</td>
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1. Review this Update and determine the Case Study that has the greatest opportunity for each national interest and which is the greatest threat. Insert these into the table.
2. Write an evaluation for each explaining why they are the greatest opportunity and threat for each national interest.
3. Based on this evaluation, explain whether Australia would benefit from strengthening economic ties with China.
4. Based on this evaluation, explain whether Australia would benefit from strengthening its diplomatic ties with China.
5. Write a conclusion with a recommendation for the Foreign Minister.

**Review Questions**

Use the examples provided in this Update to answer the following questions (Hint: the examples state how they are relevant to particular national interests, types of power and foreign policy instruments).

1. Define ‘international standing’ as it relates to the study of global politics. (2 marks)
2. Describe an example of China increasing its economic prosperity. (3 marks)
3. Describe a use of trade by China. (3 marks)
4. Describe how aid has been used by China as a foreign policy instrument. (3 marks)
5. Explain how political power has been used by China to achieve a national interest. (5 marks)
6. Explain how a Case Study achieves one of China’s national interests. (5 marks)
7. Explain how China uses its diplomacy as hard power. (6 marks)
8. Assess how a Case Study that supports one national interest may hurt another national interest. (8 marks)
9. Compare the relative importance of cultural power to military power for China. (8 marks)
10. Evaluate the relative importance of China’s national interests. (10 marks)

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