Smile diplomacy

Working magic along China's periphery

The Chinese government calls it—pick your phrase—a “harmonised world” or a “new security concept”, but Shi Yinhong of the People's University in Beijing expresses it more felicitously: “smile diplomacy”. Whatever it is called, the calculus behind it is simple, if not usually spelt out. Without encouraging peace and prosperity around China's long borders there will be no peace and prosperity at home. And without peaceful development at home the Chinese Communist Party is toast. This calculus has become increasingly important over the past decade and may well apply for decades more yet.

China's smile diplomacy would have had fewer chances of working without the economic forces of globalisation drawing much of East and South-East Asia closer to it (see article). All the same, the transformation is astonishing. Just two decades ago China had no diplomatic relations with South Korea, Singapore and Indonesia, among others. On the Korean peninsula, the government in Seoul eyed China warily for being North Korea's chief backer. In South-East Asia suspicions of China ran high, thanks in big part to attempts under Mao Zedong to export leftist revolution and stir up overseas Chinese communities against their rulers. As for Vietnam, which for much of its history was a vassal of China, it was still smarting from a border war in 1979 launched (with American blessing) to “teach Vietnam a lesson” for unseating the genocidal (China-backed) Khmer Rouge regime next door in Cambodia. Towards Japan, China used a sense of victimhood to play upon Japanese war guilt in order to extract more aid from its rich neighbour.

Relations with the Soviet Union were only just starting to thaw after a long falling-out between the two former allies that had included border skirmishes along the Amur in 1973; at the peak, 1.5m troops were ranged along both sides of the 7,000-kilometre (4,400-mile) border. In the Himalayas, tensions had recently risen again in China's border dispute with India which in 1962 had spawned a high-altitude war.

As well as border disputes on land, China pursued maritime and island claims with Japan, and also laid claim to a great swathe of the South China Sea stretching down almost to the coast of Borneo. That set it against rival claimants to some or all of it: Vietnam, Malaysia, the Philippines and Brunei, as well as Taiwan. As recently as 1995, China alarmed its neighbours when its armed forces occupied one of the larger specks of rock, aptly named Mischief Reef, that formed part of the Spratly Islands (around which large oil deposits are reckoned to lie). China has occupied the Paracel Islands, disputed with Vietnam, since a bloody skirmish in 1974.

Mutual engagement

Yet now China has applied balm to old sores, particularly in South-East Asia. Perhaps, as David Shambaugh argues in “Power Shift”, the opening came after the Tiananmen Square massacre in 1989, when Asian neighbours (except, partly, Japan) failed to join the rest of the world in ostracising China. Instead, though critical of the regime in Beijing, Singapore's then prime minister, Lee Kuan Yew, led a South-East Asian push to engage China.

As Chinese diplomats tell it, the Asian financial crisis of 1997-98 was a watershed. Around Asia, currencies and stockmarkets were buckling as foreign and domestic capital fled. The crisis threatened to spread to China. Yet if China devalued, a further round of competitive devaluations across Asia would redouble the turmoil.

China had every reason not to want a devaluation, which would have imperilled a dire banking system and might even have brought down China's autocracy. The regime also had the means easily to resist one. By standing firm, then, it was doing itself a favour. But that action, and the aid and loans that China offered to other countries, helped ease the crisis. China developed a taste for getting respect.

Ties with South-East Asia have swiftly evolved since. Indeed, many of the understandings that have governed relations among the ten members of ASEAN—in particular, non-interference in each other's affairs—are dear to China's heart. In its dealings with ASEAN, the key events came earlier this decade. China undertook formally to settle its territorial disputes with ASEAN members not by force but through collective mechanisms for conflict resolution. And it became the first non-member to sign up to ASEAN's Treaty of Amity and Co-operation, an undertaking never to use force against its members for any reason. (India, South Korea, Japan and Pakistan have since also signed.) Thus the risk of hostilities in the South China Sea, which in the 1990s was seen as a spark for a broader conflagration, has greatly receded.

Lastly, China boldly proposed a China-ASEAN free-trade area (FTA), which was agreed on in 2002 and will be implemented in stages (with safeguards for ASEAN's poorer members) up to 2015. The deal has done much to reassure South-East Asia that China's rise will not come at the expense of the region's prosperity.

In the mid-1990s China moved to ease tensions with its land neighbours. The "Shanghai Five" grouping with the former Soviet Union countries that share borders with China—Russia, Kazakhstan, Kyrgyzstan and Tajikistan—was formed to resolve remaining border issues, reduce military tensions and build confidence. In 2001 the grouping became the Shanghai Co-operation Organisation (SCO), which Uzbekistan also joined.

In South Asia, an unprecedented development in recent years has been huge Chinese road and rail projects that will eventually link the country's remote western regions with the Arabian Sea (at the Pakistani port of Gwadar) and its south-western regions with the Bay of Bengal, via Myanmar. Ever closer strategic (and military) co-operation between China and Pakistan, you would expect, might alarm India. Yet relations between India and China have warmed. Annual trade is now worth $25 billion—still modest, but a big leap in recent years. India's nuclear test in 1998 angered the Chinese; some Indian politicians had suggested that the nuclear deterrent had been developed with China in mind. However, since the visit to Beijing in 2003 of India's then prime minister, Atal Behari Vajpayee, relations have been on a more cordial footing.

There is even some prospect of resolving what is almost China's last remaining—and massive—border dispute (one with tiny Bhutan also remains). India appears to have concluded that better relations with China will act as a constraint on China's support for Pakistan, India's old foe. The strengthening of a growing strategic partnership between India and the United States might also further push China towards co-operation with India.

Ties that bind

Through its dealings with neighbours, China has been drawn into a cat's cradle of regional and sub-regional co-operation. It has shed its deeply held reluctance to get involved in multilateral groupings. Indeed, Hu Jintao, the president, Wen Jiabao, the prime minister, and other leaders seem at times to be doing an interminable round of summit meetings, including ASEAN plus one (ie, ASEAN and China), ASEAN plus three (China, Japan and South Korea) and the Asia-Pacific Economic Co-operation (APEC, the only trade forum embracing both sides of the Pacific). On sunny Hainan island, China itself hosts the Boao Forum, which it wants to become an Asian version of the Davos World Economic Forum. And some policymakers in Beijing even want to turn the six-party talks hosted by China (with the United States, South Korea, North Korea, Japan and Russia) launched in 2003 to get North Korea to dismantle its nuclear weapons into a broader north-east Asian security forum.

Other groupings are gaining heft. In particular, the ASEAN Regional Forum, with more than two dozen participants (including the United States and the European Union) has become the principal platform for discussing security issues in the Asia-Pacific region. The SCO has evolved to embrace issues such as drug-smuggling, energy and now economic co-operation in Central Asia. Zhou Li, director-general of European and Central Asian affairs at China's foreign ministry, says there is a possibility that India, Mongolia and others will be invited to join. But fighting what China calls "terrorism, separatism and extremism" remains a central purpose of the SCO. Ethnic Uighurs from western Xinjiang province have long chafed at Chinese rule, and many have fled to Central Asian states.

For China, the broader advantages of engagement are becoming ever more obvious. Relatively stable relations with its neighbours act as protection against volatility in relations with the United States—particularly as that superpower is absent from many of the groupings. China's stock and influence is undeniably on the rise. In January, at the second East Asian Summit of 16 Asian nations held in the Philippines, the country's president, Gloria Macapagal Arroyo, declared, without any Orwellian irony: "We are happy to have China as our big brother."

Yet whereas Chinese policymakers see these growing webs of interdependency as a way to ease their country's rise, some neighbours see them also as a constraint on the giant among them. "Despite a wariness of China, which has its roots in the past," says Rodolfo Severino, a former Philippine foreign minister and secretary-general of ASEAN, "South-East Asia's only choice has been to engage China. Its rapid economic advances awe people, who see this big presence in their midst. Yet this argues for viewing China not with concern but with a sense of caution. And if you ask whether the process of engagement has had the effect of 'socialising' China, the answer is certainly yes."

Smile diplomacy, then, is working, but not everywhere. Later, this special report will look at north-east Asia (see article), where a divided Korean peninsula, historical and territorial tensions between China and Japan and the uncertain future of Taiwan suggest that the cold war simmers on.

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