China in search of a liberal partnership international order

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The rise of China and its expanding role on the world stage are among the most prominent developments in the post-Cold War era, with wide-ranging and far-reaching implications, among which the most significant is the impact on the prevailing international order.[1] Scholarly debate on this subject has given rise to various schools of thought both within and outside China. Chinese academia largely concentrates on what approach the country should employ towards the current order. One view suggests that it should play a leading role in altering that order; another proposes that it should continue to keep a low profile on world affairs and preserve the existing order; and a third—a mainstream view—advocates an incremental and peaceful approach to reforming and changing the order in which China already possesses a major stake.[2] Outside the country, academic discourse pays more attention to the consequences of China's rise for international order. One school takes a sanguine view, arguing that, given the inherent merits of the current order and China's already deep integration within the international system, it is likely that 'China will continue to actively seek to integrate into an expanded and reorganized liberal international order'.[3] Another school takes a more cautious view, holding that while China, along with Russia and others, will continue to develop a parallel political order 'that challenges Western norms of democratic governance and that rejects any external interference in support of human rights', as long as the West does not turn to protectionism, China

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1 See G. John Ikenberry, 'The end of the liberal internationalist order?', *International Affairs* 94: 1, Jan. 2018, pp. 7–24; Christopher Layne, 'The US–China power shift and the end of the Pax Americana', *International Affairs* 94: 1, Jan. 2018, pp. 89–112.

2 Xiao Xi, 'Guoji zhixu biange yu zhongguo lujing yanjiu' [On the transformation of international order and China's path], *Zhengzhixue yanjiu* [*CASS Journal of Political Science*], no. 4, 2017, p. 43. For the mainstream Chinese view, see Yan Xuetong, 'Wuxu tixi zhong de guoji zhixu' [International order in an anarchical system], *Guoji zhengzhi kexue* (*Quarterly Journal of International Politics*) 1: 1, 2016, pp. 1–32; Men Honghua, 'Zhongguo jueqi yu guoji zhixu biange' [The rise of China and change in international order], *Guoji zhengzhi kexue* 1: 1, 2016, pp. 60–89.

3 G. John Ikenberry, *Liberal Leviathan: the origins, crisis, and transformation of the American world order* (Princeton: Princeton University Press, 2011), pp. 344–7.

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will want to sustain the current international economic order characterized by open markets and free investment flows.[4] A third, more pessimistic, school asserts that, given China's historical, cultural and socio-economic trajectory, while Beijing may not seek to overthrow the existing order, it will push for changes that might significantly alter its norms, rules and institutions.[5]

A recent research report by the Rand Corporation titled *China and the international order* finds that 'since the advent of the reform and opening-up period in the late 1970s, the trajectory of China's policy toward the postwar order has been more supportive. It has joined hundreds of leading institutions, gradually boosted its direct and indirect support for many multilateral activities and norms, and expressed a commitment to increasing its role in global governance'; at the same time, 'China as an increasingly powerful nation has also demonstrated a willingness to challenge and revise aspects of the existing order.'[6] To be sure, as China's capabilities continue to grow, so will its aspiration to shape an international order that reflects its interests and preference. An accurate interpretation of China's evolving attitude towards the international order, as well as a reasonable anticipation of the possible Chinese impact on it, will help inform the perception of China's rise, deepen understanding of the character of international order in the twenty-first century, and contribute to the debate about how the international system can best accommodate a rising China.[7] Indeed, a firm grasp of China's impact on international order as it emerges as a major player on the world stage calls for in-depth investigation of the following questions: How does China view the existing order? Specifically, from Beijing's perspective, what elements in the order are fair and reasonable, and therefore deserving preservation, and what elements are unfair and unreasonable, requiring changes to be made? What is China's vision for a future international order, and what is the reasoning behind it? How has China been endeavouring to reform the prevailing order, and what are the features of such practices? Finally, what changes is China likely to bring about, and what factors will constrain the Chinese efforts?

This article intends to answer the above questions. It argues that the current US-centred liberal hegemonic order faces a variety of challenges necessitating an order transition, and that the rise of China is both one of the drivers of change and a key determinant shaping the emerging order. Given its capability, interests and preferences, China pursues a liberal partnership order composed of an open economic order, a relatively more equal political order and a cooperative security order. Beijing is unlikely to seek to overturn the liberal hegemonic order as a whole, but likely to try to expand its liberal features while diluting its hegemonic

[4] Robin Niblett, 'Liberalism in retreat: the demise of a dream', *Foreign Affairs* 96: 1, Jan.–Feb. 2017, pp. 17–24.

[5] Amitav Acharya, *The end of American world order* (Cambridge, UK, and Malden, MA: Polity, 2014), p. 50; Charles A. Kupchan, 'The normative foundations of hegemony and the coming challenge to Pax Americana', *Security Studies* 23: 2, May 2014, pp. 219–57; Martin Jacques, *When China rules the world: the end of the western world and the birth of a new global order* (New York: Penguin, 2009).

[6] Michael J. Mazarr, Timothy R. Heath and Astrid Stuth Cevallos, *China and the international order* (Santa Monica, CA: RAND, 2018), 'Summary', p. ix.

[7] Jinghan Zeng and Shaun Breslin, 'China's "new type of Great Power relations": a G2 with Chinese characteristics?', *International Affairs* 92: 4, July 2016, pp. 795–816.

nature. Over time, joint efforts by China and other like-minded players will facilitate the incremental transformation of the liberal hegemonic order into one that is more liberal and less hegemonic, reflecting more of an economic logic than a political–security logic, empowering emerging economies, giving developing countries a louder voice in international affairs, and allowing regional organizations a more prominent role in regional governance, accommodating greater social, economic and political diversity, although it is an open question how far China may successfully push forward the transformation.

What, then, are the characteristics of a liberal hegemonic order and a liberal partnership order, respectively? According to Ikenberry, 'liberal international order is defined as order that is open and loosely rule-based', and 'liberal international order can be contrasted with closed and non-rule-based relations—whether geopolitical blocs, exclusive regional spheres, or closed imperial systems'.[8] A liberal order, whether regional or global, reflects such liberal traits as openness, multilateralism, pluralism, market economics, economic and security cooperation, respect for state sovereignty and so on. A hegemonic order is one maintained by a single state with superior economic and military resources: such a state dominates the system, establishes a clear and unchallenged hierarchy, defines the collective goals and rules, and enforces them; the order is based on the dominant power's interests, values and vision of the world.[9]According to Men Honghua and Liu Xiaoyang, 'partnership is a kind of international cooperation based on common interests to achieve common goals through common actions'.[10] In contrast to a hegemonic order, which is contingent on the preponderant power of the dominant state, a partnership order is based on common/shared interests among states. There is no clear authority or hierarchy in the relationship; states are integrated horizontally rather than vertically. They jointly define goals and take actions, and cooperation is mutual and reciprocal. In a hegemonic system, the dominant state provides most of the public goods, while in a partnership system, public goods are provided through joint efforts by all the members, even though their respective contributions may vary.

As construction and alteration of the international order is basically the responsibility of nation-states, exploration of the agent's concepts and policies relies mainly on the analysis of government statements regarding its attitudes and purposes, and of its policy practices. It is also useful, indeed necessary, to refer to relevant academic discourse which provides insights into the rationales behind and changes in state behaviour. This article will elucidate the Chinese official position and policy regarding the international order by drawing on Chinese government sources, while also testing it through empirical study of related cases and examining it through scholarly work on the subject.

[8] Ikenberry, *Liberal Leviathan*, p. 18.

[9] Muthiah Alagappa, 'The study of international order', in Muthiah Alagappa, ed., *Asian security order: instrumental and normative features* (Stanford, CA: Stanford University Press, 2003), p. 53; Robert Gilpin, *War and change in world politics* (Cambridge: Cambridge University Press, 1981), pp. 29–30; Robert O. Keohane, *After hegemony: cooperation and discord in the world political economy* (Princeton: Princeton University Press, 1984), pp. 32–5.

[10] Men Honghua and Liu Xiaoyang, 'Zhongguo huoban guanxi zhanlve: pinggu yu zhanwang' [Partnership strategy of China: progress, evaluation and prospects], *Shijie jingji yu zhengzhi* [*World Economics and Politics*], no. 2, Feb. 2015, p. 68.

I will begin with a critical look at the existing international order and an inventory of the major challenges confronting it. I will then explore what the Chinese vision for a future order looks like and the rationales behind it, after which I will use case-studies to explore the efforts China has been making to improve and reshape the international order. In conclusion, I summarize the possible Chinese impact on the international order and shed some light on factors that may work to constrain Chinese efforts.

Re-examining the current international order

When US President Franklin Roosevelt envisaged the postwar international order during the Second World War, two major factors loomed especially large in his consideration: one was the idea of a world government initiated by Woodrow Wilson during the First World War; the other was the concert of major powers—the United States, Britain, the Soviet Union, France and China, allied nations in the united front against Nazi Germany and militarist Japan. This vision of international order was largely embodied in the United Nations established in 1945, and characterized by a spirit of cooperation and inclusiveness. Yet as the Cold War unfolded, Washington and Moscow each began to pursue an international order aligned with its respective preferences. As a result, the concert of powers fell apart, the ideological competition heated up, and the orders the two powers sought to construct became more and more mutually exclusive. In this process, Washington successfully created a US-centred alliance system to supplement the UN-centred international system, presenting a vision for a world order characterized by US hegemony, liberal democracy and market economics.[11] With the end of the Cold War, the United States found itself in a position to extend its preferred order to the rest of the world, and a powerful impulse arose on the part of Washington to create a unipolar world dominated by the US both materially and ideationally.

Reflecting on the historical background and the current state of affairs, one can sum up the characteristics of the existing order as follows.

First of all, the current order, though embodied in norms, rules and institutions, is based on power. Throughout history, it has been a change in the distribution of power that has caused order transition: the old order collapses as its founding actor(s) decline or vanish, while the ensuing order is invariably established by the emerging dominant power(s). Moreover, the three aspects in which the order is theoretically manifest—norms, power and rules—are, as He and Feng have noted,[12] by no means equally important. Power is the primary agent, determining *who* is to establish the order. Norms are the secondary agent, determining *how* the order will be created. Rules and institutions come third, determining *what* shape the order will take. Hence, in order-building, power is more

[11] Charles A. Kupchan, *No one's world: the West, the rising rest, and the coming global turn* (New York: Oxford University Press, 2012), p. 72.

[12] Kai He and Huiyun Feng, 'Rethinking China and international order', concept paper presented to conference on 'Debating China and international order' held at Griffith Asia Institute, Griffith University, Brisbane, Australia, 17–18 Jan. 2018.

fundamental compared with norms and rules, which are more instrumental. This analysis allows us to better understand the realist origin of the existing order. As Ikenberry acknowledges, 'liberal order, in each of its nineteenth- and twentieth-century formations, has been built on realist foundations'.[13] The current order is defined as liberal for being 'open and loosely rule-based',[14] yet here again openness and rules are manifestations rather than the basis of the order. Should the power basis change, so will the norms and rules.

Second, the current order is a hegemonic and hierarchical system in which the United States has enjoyed a dominant position. The hegemonic role of the US is manifest in several aspects. It has dictated the adoption of norms and the making of rules. For example, in the process of order-building after the Second World War, Washington played a decisive role in promoting decolonization as a norm as well as establishing the rules for the UN, IMF, World Bank and other institutions. It also assumed a paramount role in command and control over the operation and evolution of the order. Major institutions underpinning the order, from the UN, IMF and World Bank to NATO and US alliances in east Asia, operated under US auspices.[15] In the wake of the Cold War, Washington was determined to expand the West-centred order to the rest of the world, particularly the east European part of the former Soviet bloc.

The hegemonic role of the United States was also reflected in its taking exception to the rules that it set. From time to time, Washington resorted to unilateral action outside the multilateral institutions such as the UN when it calculated that they could not meet its needs. As Amitav Acharya has observed, 'America's commitment to multilateralism has been both selective and self-serving'.[16] The United States also ignored and violated norms and rules embodied in the UN Charter by interfering in the internal affairs of other sovereign states, both during the Cold War era (for political/strategic reasons) or after the end of the Cold War (on the ground of humanitarian intervention). According to Ikenberry, the US role in the current order, in terms of the decisive influence it exercises over other political units within the order and its imposition of the rules of a hierarchical order, while itself not being bound by those rules, is not only hegemonic, but also to some extent imperial. Such an imperial tendency was particularly evident in some parts of the developing world, including Latin America and the Middle East.[17]

Third, the current order is not universally accepted. After the end of the Cold War, the West, under US leadership, attempted to expand the 'American-led and Western-centred' system[18] to the non-western world. Such efforts bore more fruit on the economic front than on the political/security front. For instance, China is now within the order both economically (as a member of the IMF, World Bank,

[13] Ikenberry, *Liberal Leviathan*, p. 21.
[14] Ikenberry, *Liberal Leviathan*, p. 18.
[15] Ali Burak Güven, 'Defending supremacy: how the IMF and the World Bank navigate the challenge of rising powers', *International Affairs* 93: 5, Sept. 2017, pp. 1149–66.
[16] Acharya, *The end of American world order*, p. 51.
[17] Ikenberry, *Liberal Leviathan*, pp. 24–7.
[18] Ikenberry, *Liberal Leviathan*, p. 20.

WTO, etc.) and politically (as a permanent member of UN Security Council), but is not a member or partner of the US alliance system, even though it has joined many international security regimes initiated by the United States. The same is true of Russia, although it is less embedded economically in the current order than China. Many other emerging players, such as Brazil and India, are not fully integrated into the system. Moreover, there also exist differences among countries over norms. For instance, as the sacrosanctity of sovereignty has been diluted in an evolving global economic, social and political environment, states differ over the degree to which sovereignty should be compromised. While some countries opt for alignment, others prefer non-alignment. To some extent, the Cold War ideological antagonism between East and West has now been replaced by normative differences between countries, sometimes (not always) along the divide between the West and the non-West. Overall, the order's incomplete coverage of non-western players, along with the normative differences among countries, reveal the lack of inclusiveness of the current order, undermining the willingness of the non-West to comply with it.[19]

Finally, as Ikenberry has noted, 'the American-led liberal hegemonic order is only one type of liberal order'.[20] To be sure, the United States' order-building efforts after the Second World War reflected not only pursuit of its own interests, but also its preferred model of norms, values and institutions.[21] This means the current order, with strong American flavour, is not the only version of liberal order. There can be other types of liberal order bearing much less of an American stamp. Moreover, some of the very American features in the current order, such as US command and control over the system and the reliance of other states (particularly its allies) on its security protection, the hegemonic position it enjoys within the system, and the hierarchical structure of the order, run against the liberal concepts of consent, equality and multilateralism.[22] To some extent, the liberal hegemonic order is inherently self-contradictory.

The sudden and unexpected collapse of the Soviet Union inflated America's ambition for its role in the world, as reflected in Washington's strenuous efforts in the post-Cold War era to create a unipolar world and expand the liberal hegemonic order to the rest of the globe. While such attempts hit stumbling blocks during the George W. Bush administration, including the negative effects of the US invasion of Iraq and the outbreak of the financial crisis, a more serious challenge also emerged: a quarter century after the end of the Cold War, 'the desirability and sustainability of the order have been called into questions as never before … The order, in short, is facing its greatest challenges in generations.'[23] What, then, are these challenges and how serious are they?

As noted above, the current order was created by the United States in the

[19] See e.g. Acharya, *The end of American world order*, pp. 37–9.
[20] Ikenberry, *Liberal Leviathan*, p. 22.
[21] Kupchan, 'The normative foundations of hegemony', pp. 246–51.
[22] Qin Yaqing, Amitav Acharya and Shi Yinhong, 'Shijie zhixu: sikao yu qianzhan' [International order: retrospect and prospect], *Shijie jingji yu zhengzhi*, no. 6, June 2017, pp. 5–11.
[23] Joseph S. Nye, Jr, 'Will the liberal order survive? The history of an idea', *Foreign Affairs* 96: 1, Jan.–Feb. 2017, p. 12.

post-1945 era by virtue of its preponderant power. The emergence of Japan and West Germany in the 1960s as major economic powerhouses undermined US power supremacy; yet, as US allies, Tokyo and Bonn did not try to challenge America's dominant position, and the United States for its part tried to accommodate them in certain ways (for instance, by allowing them a greater voice in international economic and financial affairs by creating the G7). As a result, Washington was able to keep the order intact until the end of the Cold War. In the 1990s, faced with a feeble Russia and a poor China, and itself enjoying overwhelming military and economic superiority, the United States was in a position to expand the order to the non-western world. However, the second decade of the twenty-first century has witnessed a rapid decline in US supremacy: its share of the world economy dropped from a peak of over 30 per cent in 2001 to below 25 per cent in 2016,[24] while Russia's strategic re-emergence and China's fast-growing defence capability undermined its military superiority. With shrinking wherewithal, Washington may still be able to preserve the liberal hegemonic order in the West, but not worldwide. Moreover, what is declining is not only power, but also will. The victory of Donald Trump in the US presidential election in 2016 reflected the trend of introversion among the American general public and marked the beginning of a significant reduction of US involvement in world affairs under the banner of 'America First', curtailing not only the US leadership role but also US participation in and responsibility for multilateral mechanisms and global governance, as evident in the US withdrawal from the Trans-Pacific Partnership, the Paris Agreement on Climate Change and the UN Educational, Scientific and Cultural Organization. Some argue that, by choosing to forgo the export of democracy and abstain from many multilateral agreements, Donald Trump has switched to an 'illiberal hegemony'.[25] Although it remains to be seen how long the trend will endure, it does resonate with America's relative decline in power, and also coincides with the pattern of behaviour in American foreign policy predicted by the cyclical theory.[26] In the post-Trump era, the trend of introversion may lessen in degree but is unlikely to be completely reversed, given the changing internal and external circumstances of the United States.

The existing order has also been called into question because of its ineffective provision of public goods in both the security and the economic arena. In the twenty-first century, security challenges have become more complicated, with a mix of traditional and non-traditional security threats. While the current international system offers relatively effective mechanisms to prevent interstate conflict, especially large-scale war among major powers, it does not provide adequate effec-

[24] http://databank.worldbank.org/data/reports.aspx?source=world-development-indicators#. (Unless otherwise noted at point of citation, all URLs cited in this article were accessible on 19 July 2018.)

[25] Barry R. Posen, 'The rise of illiberal hegemony: Trump's surprising grand strategy', *Foreign Affairs* 97: 2, March–April 2018, pp. 20–21; Peter Dombrowski and Simon Reich, 'Does Donald Trump have a grand strategy?', *International Affairs* 93: 5, Sept. 2017, pp. 1013–38.

[26] Frank L. Klingberg, *Positive expectations of America's world role: historical cycles of realistic idealism* (Lanham, MD: University Press of America, 1996); Frank L. Klingberg, 'The historical alternation of moods in American foreign policy', *World Politics* 4: 2, 1952, pp. 239–40; Jack E. Holmes, *The mood/interest theory of American foreign policy* (Lexington: University Press of Kentucky, 1985).

tive multilateral arrangements in coping with non-traditional security concerns. On the economic front, the outbreak of the financial crisis in the United States in 2008 and the ensuing world economic crisis have seriously weakened confidence in the prevailing economic governance regime.[27] The post-crisis era has witnessed lacklustre growth in the world economy, a rise in trade protectionism, a weakened momentum for globalization and a lack of progress in efforts by the G20 and G7 to address structural problems in the world economy—all symptoms of serious governance deficits in the current order.[28]

The lack of inclusiveness in the norms and institutions of the current order, as well as the frequent breach of them by the United States, also undermines its desirability and sustainability. China and India, two major emerging economies in the post-Cold War era, were not at the table when the norms and rules for the current economic order were set. The emerging markets and developing countries believe that they are under-represented in the World Bank and IMF. As their wealth grows, so does their aspiration for more autonomy and a louder voice. This has been reflected in the establishment of cooperation mechanisms within the BRICS grouping (Brazil, Russia, India, China and South Africa), such as the New Development Bank (NDB), and the Asian Infrastructure Investment Bank (AIIB). The US resistance to China's launch of the AIIB revealed Washington's unwillingness to accommodate rising powers, only aggravating their dissatisfaction with the existing order. Moreover, as noted above, the United States, as the dominant power, has manifested a tendency to violate the very norms and institutions it helped to establish after the Second World War. The US invasion of Iraq stands as an extreme case of Washington's defiance of the core principles enshrined in the UN Charter. The Trump administration has shown a clear and strong penchant for unilateralism, trade protectionism and economic nationalism, challenging both the norms and the institutions underwriting the current order. Under such circumstances, a strong doubt has spread worldwide about whether a US-led order is sustainable.

Overall, the liberal hegemonic order created by the United States navigated the decades of the Cold War quite successfully. In the post-Cold War era, too, it made remarkable progress in promoting globalization, economic growth and prosperity, while also facing serious challenges on the political/security front. Even on the economic front, growing pressure has arisen for adjustments of rules and institutions. Now, as the power balance shifts and new challenges emerge, Washington feels both overstretched and even somewhat tired of preserving the current order. Nonetheless, the existing order will not collapse or be overthrown, but rather evolve and transform. China, as an emerging major player on the world stage, will help define the process.

[27] Jeffrey M. Chwieroth and Andrew Walter, 'Banking crises and politics: a long-run perspective', *International Affairs* 93: 5, Sept. 2017, pp. 1107–30.

[28] See e.g. Qin Yaqing, 'Quanqiu zhili shiling yu zhixu linian de chonggou' [Global governance failure and ideational reconstruction for a sustainable world order], *Shijie jingji yu zhengzhi*, no. 4, April 2013, pp. 4–18.

China's vision for a new international order

China's attitude towards international order has been informed on the one hand by its historical experiences, its overall concept of the nature of international affairs and its interactions with the outside world, and on the other hand shaped by its capabilities and goals in pursuit of its national interests.[29] In the 1980s, when China was just opening up and coming into substantive contact with the outside world, it called for the 'establish[ment of] a more fair and equitable international political and economic order' that would better protect the interests of the developing world. In the 1990s, against the background of the end of the Cold War and accelerating globalization, China strove to join the international system in a comprehensive way. By the early twenty-first century, when China had become a full participant in the international system and was enjoying more benefits from it (especially on the economic front), Beijing was declaring that it sought to play a constructive role within the international order and facilitate its development in a more fair and equitable direction. Two recent developments have led to the further evolution of the Chinese position. The first is the 2008–2009 world financial and economic crisis and the relative decline of the United States, which revealed the structural defects in as well as the unsustainability of the existing order; the second is the shift in the Chinese diplomatic posture from 'keeping a low profile' to 'striving for achievement'.[30] The first development made China more conscious of the need for reform, while the second prepared it to act. As Chinese Foreign Minister Wang Yi put it in 2015, 'We will continue to safeguard [the] contemporary international order and system … Meanwhile, the trend of multi-polarization and globalization means that we need to work together for the reform and improvement of the international order and system to make it more fair and equitable, and better serve the aspirations of the international community.' Claiming for China the role of a 'participant, facilitator and contributor' in the global and regional order, Wang Yi's remarks suggest that the country is now ready and determined to reshape the existing order.[31] Even more significantly, Chinese President Xi Jinping, after his visit to the United States and attendance at the summits marking the 70th anniversary of the UN in September 2015, chaired a study session of the politburo of the Communist Party of China (CPC) central committee in October at which he stressed the urgency of strengthening global governance and reforming the global governance system against a backdrop of growing global challenges. To this end, he called for the establishment of new mechanisms and rules for international economic and financial cooperation and regional cooperation, and the reform of 'unjust and improper arrangements in the

[29] For a review of the evolution of China's view of the international order, see, among others, Dong He and Yuan Zhengqing, 'Zhongguo guoji zhixuguan: xingcheng yu neihe' [China's view of international order: formation and cores], *Jiaoxue yu yanjiu* [*Teaching and Research*], no. 7, July 2016, pp. 45–51.

[30] Yan Xuetong, 'From keeping a low profile to striving for achievement', *Chinese Journal of International Politics* 7: 2, 2014, pp. 153–84.

[31] Wang Yi, 'China's role in the global and regional order: participant, facilitator and contributor', speech at Fourth World Peace Forum, Beijing, 27 June 2015, http://www.fmprc.gov.cn/mfa_eng/wjdt_665385/zyjh_665391/t1276595.shtml.

global governance system'.[32] This rhetoric, along with the recent launch of the NDB, AIIB and other initiatives, indicates that Beijing realizes that a propitious moment has arrived to push for the reform of the international order, and that such a moment should be seized.[33]

Meantime, Chinese academia has also made a close examination of the prevailing international order.[34] On the one hand, scholars acknowledged its merits, such as respect for the sovereignty and territorial integrity of the nation-state, sovereign equality among states, the preservation of peace (or the avoidance of major wars among major powers) and the facilitation of international economic cooperation. Within the existing order, China has reaped remarkable economic benefits and a steady enhancement of its overall status. On the other hand, Chinese scholars also noted many defects, including a West-centred orientation in values, norms and institutions; US hegemonism and power politics; unfair trade and financial arrangements; and declining capacity and willingness in providing public goods. It is commonly believed among Chinese academics that, mainly as a product of US power and interests, the current order inevitably constrains the further expansion of Chinese power and interests. Given these considerations, the mainstream view holds that China should adopt a gradual and reformist approach to the order by adding a set of new values, norms and institutions, so as to facilitate its transformation to a more fair, equitable and sustainable order.

China's vision for a future order is informed by a set of values, concepts and ideas that have evolved out of its historical memory and recent diplomatic practices. On the political side, China first and foremost upholds the principle of sovereignty as enshrined by the UN Charter.

> The principle of sovereignty not only means that the sovereignty and territorial integrity of all countries are inviolable and their internal affairs are not subjected to interference. It also means that all countries' right to independently choose social systems and development paths should be upheld, and that all countries' endeavors to promote economic and social development and improve their people's lives should be respected.[35]

China's emphasis on sovereignty can be attributed to two main factors. One is the historic memory of the 'century of humiliation' between the 1840s and 1940s in which the country suffered badly from invasion and conquest by the western powers and Japan. The other is the concern about pressure from the West on

[32] 'Xi stresses urgency of reforming global governance', *Xinhua*, 13 Oct. 2015, http://news.xinhuanet.com/english/2015-10/13/c_134710464.htm.

[33] Alice de Jonge, 'Perspectives on the emerging role of the Asian Infrastructure Investment Bank', *International Affairs* 93: 5, Sept. 2017, pp. 1061–84.

[34] See e.g. Yan, 'Wuxu tixi zhong de guoji zhixu'; Men, 'Zhongguo jueqi yu guoji zhixu biange'; Qin, 'Quanqiu zhili shiling yu zhixu linian de chonggou'.

[35] Xi Jinping, 'Working together to forge a new partnership of win-win cooperation and create a community of shared future for mankind', statement at 70th Session of UN General Assembly, New York, 28 Sept. 2015, http://www.fmprc.gov.cn/mfa_eng/topics_665678/xjpdmgjxgsfwbcxlhgcl70oznxlfh/t1305051.shtml. On the other hand, it is worth noting that China's attitude towards the principle of sovereignty has become more flexible. For instance, in joining international trade and financial institutions, Beijing chose to compromise its sovereignty on economic and financial affairs. Even on the political/security front the Chinese position has evolved, as for example in the more pragmatic approach adopted towards UN peacekeeping operations. See e.g. Xue Lei, *China as a permanent member of the United Nations Security Council* (Berlin: Friedrich-Ebert Stiftung, April 2014), http://library.fes.de/pdf-files/iez/10740.pdf.

China's political system and human rights behaviour. In addition, China also stresses forging partnerships rather than alliances in state-to-state relations. It believes that while alliance is in nature hierarchical, exclusive and antagonistic, partnership means equality, inclusiveness and cooperation, among which equality is the value most esteemed by China in international relations.[36] Although already regarded by the international community as a major power or even the next superpower, China still harbours a deep-rooted sense of inequality in a West-centred system in which it is not only a latecomer, but also a political entity alien to the mainstream polity. For Beijing, equality does not mean denying the differences among sovereign states in national capabilities, interests and responsibilities, but rather emphasizing that all countries enjoy equal statehood and state dignity. Moreover, Beijing strongly advocates multilateralism and rejects unilateralism, and insists on the UN as the main framework for managing international affairs. For China, the UN is an ideal artefact that perfectly reflects both its ideals and its interests: on the one hand, the UN is composed of sovereign states as its members, upholding the principles of sovereign equality; on the other, as a permanent member of the UN Security Council, China possesses veto power that affords it precious international status and privileges. Last but not least, China values the democratization of international relations, which means that developing countries should have a louder voice on the world stage. As a major developing country, Beijing deems it necessary and beneficial for the developing world to exercise more international clout.

On the security front, China suggests that the UN and its Security Council should play a central role in ending conflict and keeping peace.[37] Beijing views the UN as the primary authority in managing international security, and always disapproves of US attempts from time to time to circumvent the UN and rely on its own security alliances to deal with security challenges. Meanwhile, China has also tried to propose new security norms for the post-Cold War world, initiating in the late 1990s a new security concept characterized by mutual trust, mutual benefit, equality and coordination.[38] Since 2014, China has been actively advocating a new set of security norms, summed up in the concept of common, comprehensive, cooperative and sustainable security. According to Beijing, common security means respecting and ensuring the security of each and every country; comprehensive security means upholding security in both traditional and non-traditional fields; cooperative security means promoting the security of both individual countries and their region as a whole through dialogue and cooperation; sustainable security means focusing on both development and security to ensure that security is durable.[39] The 2014 version of the new security norms drew on Beijing's

[36] Xue, *China as a permanent member of the United Nations Security Council*; Wang Yi, 'Work together to build partnerships and pursue peace and development', speech at China Development Forum, Beijing, 20 March 2017, http://www.fmprc.gov.cn/mfa_eng/wjb_663304/wjbz_663308/2461_663310/t1448155.shtml.

[37] Xi, 'Working together to forge a new partnership'.

[38] Permanent Mission of the People's Republic of China to the UN, *China's position paper on the new security concept*, n.d., http://www.fmprc.gov.cn/ce/ceun/eng/xw/t27742.htm.

[39] Xi Jinping, 'New Asian security concept for new progress in security cooperation', remarks at the fourth summit of the Conference on Interaction and Confidence Building Measures in Asia, 21 May 2014, http://

latest reflections on the new security circumstances as well as China's security practices in the twenty-first century. It appears to embody a Chinese preference for a cooperative security order over a confrontational one dominated by geopolitical rivalry and antagonism between military blocs.

In the economic area, China upholds such norms as openness, inclusiveness, win–win cooperation, multilateralism, sustainable development, and fair and equitable governance.[40] China repudiated autarky and adopted an opening-up development strategy in the late 1970s, since when it has benefited tremendously from an open international economic system. Since the 2008–2009 world financial and economic crisis, there has emerged in some western countries a strong sentiment against globalization and in favour of increasingly protectionist economic policies. As a major stakeholder in the current international economic order, Beijing is seriously concerned about this countercurrent and has taken a firm stance in promoting globalization in recent years. When Donald Trump won the 2016 US presidential election and manifested a propensity for unilateralism under the banner of 'America First', Chinese President Xi made a clear statement of principle: 'We should adhere to multilateralism to uphold the authority and efficacy of multilateral institutions. We should honor promises and abide by rules. One should not select or bend rules as he sees fit.'[41] To demonstrate that China is committed to an open international economic system and globalization, and also to address growing outside concern in recent years that it might be veering towards more protectionist/nationalist economic policies, Xi announced in April 2018 a set of new measures aimed at widening market access, improving the investment environment, protecting intellectual rights and expanding imports.[42] Meanwhile, China continues to reiterate its call for emerging markets and developing countries to assume greater representation and voice in multilateral institutions as they make greater and greater contributions to the growth of the world economy.

On the cultural dimension, China stands for diversity and exchange. In modern history, western civilization has gained an advantageous position through its superior material power as well as its success in realizing modernization in the West. During the Cold War years, differences among civilizations were largely overshadowed by the ideological conflict. In the post-Cold War era, there arose a notion of 'clash of civilizations' which was first set forth by Samuel Huntington,[43] then deemed to be validated by developments such as the 9/11 terrorist attacks on the US and the US invasions of Afghanistan and Iraq. Beijing, however, rejects both the notion of western superiority and that of a clash of civilizations. It argues that in a world of various civilizations, it is important to respect differences and seek harmonious coexistence among them. In Xi's words: 'We should respect all

www.fmprc.gov.cn/mfa_eng/wjdt_665385/zyjh_665391/t1159951.shtml.

[40] Xi Jinping, 'Jointly shoulder responsibility of our times, promote global growth', keynote speech at opening session of the World Economic Forum annual meeting, Davos, 17 Jan. 2017, http://www.china.org.cn/node_7247529/content_40569136.htm.

[41] Xi, 'Jointly shoulder responsibility of our times'.

[42] 'President Xi: China will take measures in deepening opening-up', *People's Daily online*, 10 April 2018, http://en.people.cn/n3/2018/0410/c90000-9447494.html.

[43] Samuel Huntington, *The clash of civilizations and the remaking of world order* (New York: Simon & Schuster, 2011).

civilizations and treat each other as equals.'[44] This is echoed by Chinese scholars, who disapprove of the dominance of western civilization and espouse diversity in civilizations.[45] Meanwhile, given its own experience of learning from the West in its modernization drive, China also encourages exchange and mutual learning among civilizations as a productive route to enrichment. In fact, on the basis of its remarkable economic success, China has become more active during recent years in promoting its overseas cultural influence in an attempt to forge a more favourable international image for itself.

Examining the Chinese vision mainly through its rhetoric, it appears that what China aspires to is a liberal partnership order. Beijing has emphasized a series of liberal ideas underpinning an ideal international order, such as openness, inclusiveness, cooperation, diversity, equality, multilateral institutions and rules. At the same time, it has rejected geopolitical or military blocs, a hierarchical international system and unilateralism. These preferences are based on Beijing's perception that China has suffered from imperialism, hegemonism and power politics, and on its calculation that a liberal partnership order would do a better job than the liberal hegemonic order in protecting and advancing China's political, economic and security interests. They also reflect a more progressive belief prevalent in Chinese policy and intellectual circles that international relations in the twenty-first century will be characterized by equality, mutual trust, inclusiveness, mutual respect, fairness, justice, and win–win cooperation.[46] However, there is also a discernible tint of idealism in the Chinese rhetoric, and Beijing's promotion of some lofty ideas may have a self-serving purpose, namely enhancing China's international image and positioning it on the moral high ground in the world arena.

In search of a liberal partnership order

While the vision as set out above describes in general *what* kind of order China prefers, Chinese diplomatic practices demonstrate *how* it is pursuing such an order.

On the political side, the single most important effort has been to construct a global network of partnership. Beijing began to forge partnerships immediately after the end of the Cold War, establishing the very first partnership—'strategic partnership'—with Brazil in 1993; by the end of 2016, China had forged various

[44] Xi, 'Working together to forge a new partnership'.

[45] Yan, 'Wuxu tixi zhong de guoji zhixu'; Men, 'Zhongguo jueqi yu guoji zhixu biange'.

[46] For instance, Chinese leaders have in recent years stressed the need for adopting a new spirit in international relations. Hu Jintao stated in his report to the 18th CPC Party Congress, 16 Sept. 2012: 'We call for promoting equality, mutual trust, inclusiveness, mutual learning and mutually beneficial cooperation in international relations and making joint efforts to uphold international fairness and justice': http://www.chinadaily.com.cn/china/2012cpc/2012-11/18/content_15939493.htm. Xi Jinping pledged in his report to the 19th CPC Party Congress that China will remain committed to forging 'a new form of international relations featuring mutual respect, fairness, justice, and win-win cooperation': http://10.6.0.124/files/30940000006D8136/www.xinhuanet.com/english/download/Xi_Jinping's_report_at_19th_CPC_National_Congress.pdf. For Chinese scholars' discussion of a new type of international relations, see e.g. Ruan Zongze, 'Goujian xinxing guoji guanxi: chaoyue lishi, yingde weilai' [A new type of international relations: to transcend the history and win the future], *Guoji wenti yanjiu* [*International Studies*], no. 2, March 2015, pp. 16–30; Men Honghua, 'Goujian xinxing guoji guanxi: zhongguo de zeren yu dandang' [Building a new type of international relations: China's responsibility and undertakings], *Shijie jingji yu zhengzhi*, no. 3, March 2016, pp. 4–25.

forms of partnership with 97 countries and international organizations. While the individual arrangements bear various and nuanced definitions (such as strategic partnership, comprehensive partnership, partnership of mutual benefits, etc.), partnership generally serves the purpose in Chinese diplomacy of enhancing political coordination, economic cooperation, security assistance and social–cultural exchanges with other international players.[47] In March 2017, Foreign Minister Wang Yi declared China's intention to build on the current basis to further enrich the connotations of partnership, elevate its standard and coverage, and forge a closer global partnership network.[48] For Beijing, the utility of the partnership strategy is twofold. On the one hand, it embodies China's preference for international relationships characterized by 'partnership rather than alliance', equality, openness and cooperation. According to Feng and Huang, China's strategic partnership diplomacy represents an effort to shape an international order more in line with its long-term interests.[49] On the other hand, it helps to create a framework within which China can seek to develop a closer than ordinary relationship with other actors (leaving it to both parties to decide how close their ties should be), while avoiding the binding commitment entailed by a formal alliance that might entrap China in an unnecessary conflict with a third party. To put it bluntly, for China's external relations, partnership strategy offers more opportunities while circumventing risks.

On the security side, China accords the central role to the UN, not only as the primary source of legitimacy for collective actions on international security, but also as the key player in ending conflicts and keeping peace. Beijing always insists on working within the UN framework in dealing with international security challenges and repudiates the legitimacy of actions taken without UN authorization, such as the US invasion of Iraq and its frequent unilateral sanctions against other countries. Underscoring the priority it accords to the UN in preserving international peace, China has been the largest provider of troops to UN peacekeeping forces among the five permanent members of the Security Council. In the period 2016–2018, China shouldered 10.2 per cent of the UN peacekeeping expenses. Speaking at the 70th session of the UN General Assembly in September 2015, President Xi announced a series of measures to support the UN's peacekeeping work: establishing a China–UN peace and development fund of US$1 billion; setting up a permanent police squad; and building a peacekeeping standby force of 8,000 troops.[50]

While the priority accorded by China in security affairs to the UN reflects its preference for a UN-centred system, the Shanghai Cooperation Organization (SCO) stands as an example of China's efforts to reform the international security

[47] Men and Liu, 'Zhongguo huoban guanxi zhanlve ', pp. 65–95.
[48] Wang, 'Work together to build partnerships'.
[49] Feng Zhongping and Huang Jing, *China's strategic partnership diplomacy: engaging with a changing world*, ESP working paper no. 8 (Madrid: Fundación para las Relaciones Internacionales y el Diálogo Exterior/European Strategic Partnership Observatory, June 2014), http://fride.org/download/wp8_china_strategic_partnership_diplomacy.pdf.
[50] Xi, 'Working together to forge a new partnership'.

order in both conceptual and practical terms.[51] Established in June 2001, with China, Russia, Kazakhstan, Uzbekistan, Kyrgyzstan and Tajikistan as its founding members, the SCO was mandated to coordinate regional efforts to fight terrorism, separatism and extremism in central Asia. In 2017, with India and Pakistan joining as full members, the SCO expanded its geographic scope to include south Asia. The organization currently also has four observer states (Afghanistan, Belarus, Iran and Mongolia) and six dialogue partners (Armenia, Azerbaijan, Cambodia, Nepal, Turkey and Sri Lanka), which may become formal members in the future. The SCO Charter, which was signed in June 2002, outlines the organization's goals and principles, as well as its structure and core activities.[52] According to the Charter, the SCO is expected not only to maintain peace and security in the region, but also to promote 'a new, democratic, fair and rational political and economic international order'.[53] It also embraced the so-called 'Shanghai Spirit'—one of mutual trust, mutual benefit, equality, joint consultations, respect for cultural diversity and aspiration for collective development as a norm in relations among member states.[54]

The evolution of the SCO since 2001 has manifested the following features. First is the emphasis on sovereignty and equality. The SCO Charter stipulates adherence to the principle of 'mutual respect of sovereignty, independence, territorial integrity of States and inviolability of State borders, non-aggression, non-interference in internal affairs, non-use of force or threat of its use in international relations, seeking no unilateral military superiority in adjacent areas' and 'equality of all member States'.[55] The emphasis on sovereignty and equality reflects the sensitivity to and carefulness about relations among members within the SCO.[56] In fact, the rules do not endow big powers like China and Russia any special privileges, even though they contribute more than others to the annual budget. For instance, the executive secretary of the secretariat, a standing SCO administrative body, is appointed among the nationals of member states on a rotational basis every three years. Second is consensus-based decision-making. The Charter stipulates: 'The SCO bodies shall take decisions by agreement without vote and their decisions shall be considered adopted if no member State has raised objections during the vote (consensus).'[57] Such a consensus-based decision-making format better serves the interests of the lesser powers. Third is the comprehensive nature of cooperation. Starting from cooperation in non-traditional security areas, over the years the SCO has broadened its agenda to develop effective cooperation among

[51] Gao Fei, *The Shanghai Cooperation Organization and China's new diplomacy*, discussion papers in diplomacy (The Hague: Netherlands Institute of International Relations 'Clingendael', July 2010), https://www.clingedael.org/sites/default/files/pdfs/20100700_The%20Shanghai%20Cooperation%20Organization%20and%20China%27s%20New%20Diplomacy.pdf/

[52] Charter of the Shanghai Cooperation Organization, n.d., http://eng.sectsco.org/load/203013/.

[53] Charter of the SCO, art. 1, 'Goals and tasks'.

[54] 'Declaration on the establishment of the Shanghai Cooperation Organization', 15 June 2001, http://eng.sectsco.org/load/193054/.

[55] Charter of the SCO, art. 2, 'Principles'.

[56] Zhao Huasheng, *Shanghai hezuo zuzhi: pingxi he zhanwang* [Shanghai Cooperation Organization: analysis and outlook] (Beijing: Current Affairs Press, 2012), p. 47.

[57] Charter of the SCO, art. 16, 'Decision-taking procedure'.

member states in the political, economic, energy, environmental, infrastructure and many other areas, echoing the pursuit of comprehensive and sustainable security as proposed by Beijing in its new security concept. Fourth is accommodation of diversity. The six founding members represent quite different cultures and political systems, yet cultural and political differences have not become obstacles to effective cooperation among them. Last but not least is openness and a non-confrontational orientation. As stipulated by the SCO Charter, the organization's membership is open to other states in the region that undertake to respect the objectives and principles of the Charter and to comply with the provisions of related international treaties and instruments.[58] This openness has been demonstrated by the participation of India and Pakistan. The Charter also states that the 'SCO [is] not directed against other States and international organizations',[59] suggesting that it is not going to become a geopolitical bloc targeted on any third party. In fact, even though Russia is interested in turning the SCO into a kind of geopolitical counterpoise to the United States and NATO, China and other members have not endorsed such a position.[60]

The SCO is in fact the very first international security organization initiated by China. In addition to facilitating concrete cooperation among member states in the security, economic and many other fields, the development of the SCO also reflects the Chinese quest for a new regional security order characterized by partnership rather than alignment, equality, non-confrontation with third parties, diversity, openness and so on. So far the SCO has been relatively successful in promoting internal cooperation as well as advancing the building of a liberal partnership regional order. Its future will hinge on how it manages its growth and copes with new challenges.

On the economic front, the Belt and Road Initiative (BRI) is potentially the most significant development initiative proposed by a rising China. Announced by President Xi in 2013, the BRI includes the Silk Road Economic Belt and the Twenty-first Century Maritime Silk Road, aiming to promote the connectivity of the Asian, European and African continents and their adjacent seas, facilitate trade and investment, create markets and job opportunities, and enhance personal and cultural exchanges.[61] For Beijing, the initiative serves the need to reduce its excess production capacity and facilitate outward direct investment at a time when China is confronted with the urgent task of adjusting its traditional growth model, based on heavy investment in labour- and resources-intensive industries. Broadly speaking, the BRI promises to enhance the industrialization of developing countries through cooperation in production capacity and development of hitherto inadequate infrastructure. Moreover, at a time when the world economy is still suffering from a sluggish recovery following the 2008–2009 crisis and the

[58] Charter of the SCO, art. 13, 'Membership'.
[59] Charter of the SCO, art. 2, 'Principles'.
[60] Zhao, *Shanghai hezuo zuzhi*, p. 165.
[61] National Development and Reform Commission, Ministry of Foreign Affairs, and Ministry of Commerce of the People's Republic of China, *Vision and actions on jointly building Silk Road Economic Belt and 21st-Century Maritime Silk Road* (Beijing, March 2015),

pace of globalization has slowed down, Beijing aspires to turn the BRI into 'an open platform of cooperation' to sustain an open world economy.[62] The BRI was welcomed by countries wishing to improve their infrastructure and boost their economies through the inflow of Chinese investment. By August 2017, China had signed cooperation agreements with 69 countries and international organizations on the joint development of the BRI.[63] Although a Chinese initiative, the BRI is not a unilateral or bilateral venture, but a multipartner collaboration platform: many projects (such as infrastructure connectivity) involve more than just China and another country in both construction and financing. Therefore, it is regarded by some scholars as a new type of regional cooperation mechanism.[64] Pledging to uphold the ideas of opening up, inclusiveness, market-oriented operation and mutual benefit, as well as innovative and green development,[65] the BRI, if successfully implemented, will have the potential to exercise a series of impacts on the existing world economic order: making up for the deficits in the public goods provided by the World Bank, Asia Development Bank (ADB) and other international financial institutions, promoting economic cooperation among developing countries and reducing their dependence on the developed world, and, eventually, facilitating the reform of the existing world economic governance system.[66]

While related to the BRI, the AIIB is more directly illustrative of Chinese efforts to complement and improve the existing international economic order. Founded in January 2016, the AIIB is intended to 'foster sustainable economic development, create wealth and improve infrastructure connectivity in Asia by investing in infrastructure and other productive sectors'.[67] The meagre infrastructure in many Asian countries has long restricted their social and economic development. According to a report by the ADB, between 2010 and 2020 'Asia will need to invest approximately $8 trillion in overall national infrastructure and, in addition, about $290 billion in specific regional infrastructure projects—an average overall infrastructure investment of $750 billion per year'.[68] As the available financing from various channels amounts to around $400 billion per year, there exists a big gap between demand and supply in funding for Asian infrastructure development. In this context the AIIB, with an original authorized capital stock of US$100 billion and 57 founding members (increasing to 80 approved members from around

[62] Xi Jinping, 'Work together to build the Silk Road Economic Belt and the 21st Century Maritime Silk Road', speech at opening ceremony, Belt and Road Forum for International Cooperation, *Xinhua*, 14 May 2017, http://news.xinhuanet.com/english/2017-05/16/c_136287878.htm.

[63] 'China signs cooperation agreements with 69 entities under Belt and Road', *China Daily*, 18 Aug. 2017, http://www.chinadaily.com.cn/business/2017-08/18/content_30765230.htm.

[64] Li Xiangyang, 'Goujian yidaiyilu xuyao youxian chuli de guanxi' [Relations to be prioritized in China's Belt and Road Initiative], *Guoji jingji pinglun* [*International Economic Review*], no. 1, 2015, pp. 55–6.

[65] National Development and Reform Commission and Ministry of Commerce, *Vision and actions on jointly building Silk Road Economic Belt and 21st-Century Maritime Silk Road*; Xi, 'Work together to build the Silk Road Economic Belt and the 21st Century Maritime Silk Road'.

[66] Sun Yiran, 'Yatouhang, yidaiyilu yu zhongguo de guoji zhixuguan' [AIIB, the Belt and Road initiatives, and China's view of international order], *Waijiao pinglun* [*Foreign Affairs Review*] 3: 1, 2016.

[67] Asian Infrastructure Investment Bank Articles of Agreement, n.d., p. 2, https://www.aiib.org/en/about-aiib/basic-documents/_download/articles-of-agreement/basic_document_english-bank_articles_of_agreement.pdf.

[68] Asia Development Bank and Asia Development Bank Institute, *Infrastructure for a seamless Asia* (Tokyo, 2009), https://www.adb.org/sites/default/files/publication/159348/adbi-infrastructure-seamless-asia.pdf.

the world by the end of 2017), will play an important role in helping to provide the public goods that the existing multilateral financial institutions have failed to furnish. As a new development bank, the AIIB pledges to 'promote regional cooperation and partnership in addressing development challenges by working in close collaboration with other multilateral and bilateral development institutions'.[69] To date, the AIIB has signed cooperation agreements with the ADB, the World Bank Group, the European Bank for Reconstruction and Development and the European Development Bank, and most projects that the AIIB has funded so far are led by partner development banks and not by the AIIB itself.[70] As Alice de Jonge has noted, 'the dominance of co-financed projects signals the bank's willingness to cooperate with more experienced partners in ensuring that environmental standards and financial soundness criteria are met'.[71] This demonstrates that the AIIB is a partner to, rather than a replacement for, the existing international financial institutions.

Rather than just copying the World Bank or the ADB, the AIIB aspires to become a more advanced multilateral development bank by introducing a series of innovations in institution-building and rule-setting. Embracing the core principles of 'openness, transparency, independence and accountability' and pursuing a mode of operation under the banner 'lean, clean and green',[72] the AIIB is geographically more representative and includes more developing countries than the ADB. Its governance structure is leaner than those of more established institutions so that it can be less bureaucratic and more flexible in responding to client needs. As its sponsor and largest donor, China does not seek to exercise veto power *per se* or to monopolize the presidency of the AIIB. For instance, in response to international concerns about its potential veto power within AIIB decision-making structures, Beijing scaled back its original capital share from 50 per cent to 27.55 per cent of total AIIB capital (as at June 2017). Although China holds over 26 per cent of total voting rights and thus technically has the numerical power to veto major decisions requiring a 75 per cent vote of the board of governors or board of directors, China's voting power will be further reduced as new members continue to join the bank, and its de facto veto power will gradually be lost.[73] Meanwhile, as stipulated by the AIIB articles of agreement, the president of the bank is elected 'through an open, transparent and merit-based process' and the candidate 'shall be a national of a regional member country'.[74] This implies that even though the first president of the AIIB, Jin Liqiun, is from China, the future president can be from any regional member state. This contrasts with the established rules that the president of the World Bank has to be an American, the managing director of the IMF a European, and the president of the ADB a Japanese.

[69] Asian Infrastructure Investment Bank Articles of Agreement, p. 2.
[70] De Jonge, 'Perspectives on the emerging role of the Asian Infrastructure Investment Bank'.
[71] De Jonge, 'Perspectives on the emerging role of the Asian Infrastructure Investment Bank', p. 1074.
[72] See https://www.aiib.org/en/about-aiib/index.html.
[73] De Jonge, 'Perspectives on the emerging role of the Asian Infrastructure Investment Bank', pp. 1067–8; Fu Jing, 'AIIB chief rules out Chinese veto power', *China Daily*, 27 Jan. 2016, http://www.chinadaily.com.cn/business/2016-01/27/content_23265846.htm.
[74] Asian Infrastructure Investment Bank Articles of Agreement, p. 17.

The phenomenon of the AIIB can be best understood through the lens of 'contested multilateralism',[75] which argues that when states or other actors are dissatisfied with the existing multilateral institutions, they may resort to the use of different multilateral institutions to challenge the rules, practices or missions of the established bodies. Contestation can take the form either of 'regime shift'—turning to an alternative multilateral forum with a more favourable mandate and decision rules—or of 'regime creation'—creating a new multilateral forum with a set of different and preferred rules and practices. Such challenges 'create or expand a regime complex in a way that leads to fundamental changes in institutional practices or changes the distribution of power between institutions'.[76]

The birth of the AIIB was facilitated by a combination of two major factors. One was the Chinese desire to pursue the BRI with its own huge reservoir of foreign currency; the other was China's dissatisfaction with the perceived shortcomings of existing multilateral financial institutions such as the World Bank and the ADB, as embodied in their perceived unfair distribution of representations and voting powers, unreasonable operational procedures, low efficiency in responding to client needs, monopoly of leadership by the US and Japan respectively, and the lack of willingness to undertake significant reform.[77] As a contesting institution, the AIIB was designed to redress the defects of the existing development finance institutions by offering better representation to emerging economies and developing countries (China and India rank as its two largest shareholders), a leaner governance structure, a waiver of institutionalized veto power and no leadership monopoly by the sponsor country, and a greater focus on infrastructure development in Asia. While the AIIB acts as a partner to existing multilateral financial institutions in co-financing projects, it also poses a challenge to them in terms of rules and practices. Looking into the future, existing multilateral institutions will need to undertake adjustments to make themselves more attractive and competitive. It is in this sense that 'the AIIB has the potential to become an important node within a network of overlapping relationships in twenty-first-century sustainable development finance'.[78]

Alongside launching the BRI and creating the AIIB, China has also made an effort in recent years to push forward the reform of the global economic governance system. In 2015, President Xi suggested at a CPC politburo meeting that international economic and financial organizations, including the IMF and the World Bank, should move forward to 'reflect changes in the international landscape'. In particular, they should boost representation and the voices of emerging economies and developing countries. Xi also advocated democratic and law-based rules to guide global governance so that the global governance system represents the will

[75] Julia C. Morse and Robert O. Keohane, 'Contested multilateralism', *Review of International Organizations* 9: 4, 2014, pp. 385–412.
[76] Morse and Keohane, 'Contested multilateralism', p. 388.
[77] Sun, 'Yatouhang, yidaiyilu yu zhongguo de guoji zhixuguan', pp. 23–4; Qi Tong, 'Lun yatouhang dui quanqiu jinrong zhili tixi de wanshan' [The Asian Infrastructure Investment Bank and reform of global financial governance], *Faxue zazhi* [*Law Science Magazine*], no. 6, June 2016, pp. 15–16.
[78] De Jonge, 'Perspectives on the emerging role of the Asian Infrastructure Investment Bank', p. 1083.

and interests of a majority of countries in a more balanced manner.[79] In 2016, during the G20 summit held in Hangzhou, China, the leaders' communiqué put a premium on the reform of the IMF and World Bank:

> We welcome the entry into effect of the 2010 IMF quota and governance reform and are working towards the completion of the 15th General Review of Quotas, including a new quota formula, by the 2017 Annual Meeting. We reaffirm that any realignment under the 15th review in quota shares is expected to result in increased shares for dynamic economies in line with their relative positions in the world economy, and hence likely in the share of emerging market and developing countries as a whole. We are committed to protecting the voice and representation of the poorest members. We support the World Bank Group to implement its shareholding review according to the agreed roadmap, timeframe and principles, with the objective of achieving equitable voting power over time. We underline the importance of promoting sound and sustainable financing practices and will continue to improve debt restructuring processes.[80]

Furthermore, in January 2017, in a speech at the annual meeting of the World Economic Forum, President Xi called the reform of the global economic governance system a 'pressing task'. He stressed that 'emerging markets and developing countries deserve greater representation and voice', noting in particular that while the 2010 IMF quota reform had entered into force, further reform should be carried forward.[81]

Overall, China has adopted a two-pronged approach to the global economic governance system. On the one hand, launching new development initiatives and creating alternative multilateral institutions enables China to pursue more reasonable rules and practices. On the other, reforming the existing multilateral institutions can ensure a fairer distribution of power and improve the soundness and efficiency of their governance. Moreover, success in the new development initiatives and multilateral institutions will produce a 'transmission effect' on the existing multilateral institutions, catalysing changes in their rules and practices.[82]

While China has made tangible and concerted efforts to help shape the liberal partnership order to which it aspires, some of its actions send conflicting signals. For instance, since 2012 China has pursued a more assertive and aggressive approach to the South China Sea issue. It has made large-scale island reclamations and military deployments on those islands, and it has refused to participate in and rejected the arbitration of the tribunal launched by the Philippines to deal with certain disputes in South China Sea. These actions suggest that Beijing is determined to bolster its claims to sovereignty here with its growing power and resources. This runs counter to the idea of common and cooperative security and contradicts the Chinese claim to be pursuing the building of a regional community with a shared destiny and common interests. In recent years, some of China's

[79] 'Xi stresses urgency of reforming global governance'.
[80] G20 leaders' communiqué, Hangzhou summit, 4–5 Sept. 2016, http://www.fmprc.gov.cn/mfa_eng/topics_665678/XJPCXBZCESGJTLDRDSYCFHJCXYGHD/t1395000.shtml.
[81] Xi, 'Jointly shoulder responsibility of our times, promote global growth'.
[82] Qi, 'Lun yatouhang dui quanqiu jinrong zhili tixi de wanshan', pp. 19–20; De Jonge, 'Perspectives on the emerging role of the Asian Infrastructure Investment Bank', p. 1075.

small and weak neighbours have openly complained about its high-handedness in dealing with them, raising the question of whether, as China becomes stronger and more self-confident, it will still treat other, smaller countries as equals. As the BRI forges ahead, too, concerns and suspicions have arisen over such issues as the lack of transparency in deals on major projects, corruption in business behaviour, the soundness of financial arrangements and possible geopolitical motives. While China pledges to sustain an open international economic system, it has also adopted some domestic rules and regulations that favour Chinese enterprises over their foreign counterparts, causing some US and EU companies to complain openly of a protectionist and nationalist tendency in China's economic policies.

More broadly, some fundamental questions and challenges exist to test and constrain Beijing's quest for a liberal partnership order. How can China reconcile an internal one-party (illiberal) political system with an external push for democratic (liberal) international relations? While the US economic and political system constitutes 'the central component of the larger liberal hegemonic order',[83] China's mixed economic system (with both command and free market elements) and authoritarian political system may hold some sway with certain developing countries, but not in the developed world. As China becomes more powerful and influential, how will it exercise its power and resources—will it be tempted to seek dominance in east Asia and beyond? How will military power be used in China's security practice? Will Beijing be disposed to use its economic wherewithal more frequently with coercive intent to advance its political goals? Overall, the primary litmus test of China's declared pursuit of a more progressive international order will be whether it can evade the realist approach to power.

Conclusion

As the above analysis suggests, there exist some major differences between the current US-led liberal hegemonic order and the Chinese vision for a liberal partnership order. The first concerns sovereignty. While Washington has been trying to dilute the concept of state sovereignty in a globalized and interdependent world, Beijing insists that the principle of sovereignty should remain as the cornerstone of international relations, even though it has in practice taken a less rigid position on the issue. For Beijing, the nation-state remains the primary actor in the international order in the twenty-first century, and the principle of sovereignty should also be preserved. The second concerns the role of the UN in world affairs. While the US adopts an instrumental and opportunist attitude towards the UN, China regards the organization as the paramount authority in managing international peace and security. For China, the UN is both an instrument and a value. Washington favours a US-centred order; Beijing prefers a UN-centred one. The third concerns the principle of equality. While the United States views countries as inherently unequal, given their varying capabilities and differential relationships to the hegemonic power, and assigns them to different positions in a

[83] Ikenberry, *Liberal Leviathan*, p. 20.

hierarchical structure topped by the US itself, China assumes that countries, 'big or small, strong or weak, rich or poor, are all equal members of the international community',[84] and are all equal partners in a networked international order. From this perspective, equality refers to statehood rather than capabilities, interests and responsibilities.

China's overall approach to the current international order is a mixture of preservation and reformation. On the one hand, China holds significant vested interests in the existing system politically (as a permanent member of the UN Security Council) and economically (as a major beneficiary of the open international economic system); therefore Beijing acknowledges the legitimacy and value of the current international system, which, according to Foreign Minister Wang Yi, 'is like a well-designed building with multilateralism as its cornerstone and the UN and other international organizations as important pillars'; recognizing that it still plays an irreplaceable role in promoting world peace and development, China would not seek to create an alternative structure. On the other hand, there is a great deal China is not satisfied with in respect of the western (and particularly the US) dominance of the system, and so it keeps emphasizing that the international system cannot stay unchanged. 'It must be reformed so that it can better reflect the new reality, meet countries' needs and catch up with the changing times.'[85] As illustrated above, Chinese reform efforts take two forms. One is to push for changes within the existing institutions; the other is to introduce new elements into the existing international order by creating alternative regimes, through institutions such as the SCO, AIIB and NDB. Instead of seeking a comprehensive overhaul of the current international order, then, Beijing is adopting a selective and incremental tactic. Reflecting its capabilities, interests and feasibility, the priorities of China's reform efforts lie in the international economy and finance, regional cooperation, and emerging areas such as the oceans, the poles, cyberspace and outer space, among others.[86]

The Chinese desire to reform the prevailing order reflects on the one hand its ideas and interests (discussed above) and, on the other, the evolution in the international system in general. Prior to the Second World War, the international system was characterized by empires, colonies and patron–client relationships between them; since the Second World War, it has been characterized by hegemony, alliance and hierarchy. The twenty-first century is likely to witness the emergence of various communities among states based on common interests and/or shared values and partnerships between them, while empires and hegemony are consigned to history. It is certain that, with the further growth of its material power, along with its accumulation of experience and expertise, China will have a more perceptible imprint on the international order. In one aspect, as exemplified by the SCO and AIIB, China will introduce more liberal features into international security and economic/financial cooperation. In another, China will

[84] Xi, 'Jointly shoulder responsibility of our times, promote global growth'.
[85] 'China to continue to support multilateralism, UN-centred int'l system: FM', *Xinhua*, 8 March 2017, http://news.xinhuanet.com/english/2017-03/08/c_136112570.htm.
[86] 'Xi stresses urgency of reforming global governance'.

help dilute the hegemonic nature of the international order and gradually flatten the existing hierarchical structure. Over time, joint efforts by China and other like-minded players will facilitate the incremental transformation of the liberal hegemonic order into one that is more liberal but less hegemonic, reflecting more of an economic logic than a political–security logic, empowering emerging economies and developing countries with a louder say in international affairs and according regional organizations a more prominent role in regional governance, as well as accommodating more social, economic and political diversity.[87] Overall, China will follow a path to pursue 'a negotiated order during a messy transition out of unipolarity'.[88]

China's ultimate impact on international order hinges on the one hand on its capabilities and aspirations, and on the other, on its interactions with the United States and its Asian neighbours. Relations with the United States will have a crucial effect on China's endeavour to transform the existing order. The power gap between the two will probably narrow further, yet even so China is unlikely to surpass the US in terms of comprehensive national power.[89] Even when China surpasses the United States to become the world's largest economy at some point in the future, it may not hold a clear advantage *vis-à-vis* the US in military power and technological prowess. On another front, China, with growing power and aspiration, is intensifying competition with the United States for influence and leadership at both regional and global levels. However, Beijing is probably not going to replace Washington as the next hegemon in the international system, not just because China will not enjoy the same degree of power superiority as the United States did in the wake of the Second World War and the Cold War, but also because it lacks the kind of institutional leverage that the US has developed in its global alliance system and in the major international mechanisms that Washington helped create after the Second World War. Given that China is unlikely and/or unable to replace these institutions with a whole new set of alternative artefacts, it has to push for reform within the system and will continue to be subject to the built-in disadvantages *vis-à-vis* the United States.

As a result, what is going to happen between China and the United States is not a matter of power shift and hegemonic succession, but one of power and leadership sharing. Past patterns of power relations, such as the Anglo-American hegemonic succession in the wake of the Second World War, the US–Soviet hegemonic rivalry during the Cold War era, or the re-emergence of Japan and West Germany within the US hegemonic system in the 1960s and 1970s, will not apply to China–US interactions in the twenty-first century. Rather, Beijing and Washington have to search for a new mode of relations under new circumstances. In fact, China put forward an idea in 2012 to forge a new type of major-country relationship with the United States, in an attempt to avoid the trap of major power

[87] See also Amitav Acharya's analysis of the 'multiplex world', in Qin et al., 'Shijie zhixu: sikao yu qianzhan', pp. 16–23.

[88] Randall L. Schweller and Xiaoyu Pu, 'After unipolarity: China's visions of international order in an era of US decline', *International Security* 36: 1, Summer 2011, p. 64.

[89] See e.g. Nye, 'Will the liberal order survive?', p. 13.

conflict, characterized by Graham Allison as the 'Thucydides trap'.[90] Setting out 'no conflict, no confrontation, mutual respect, and win–win cooperation' as the core elements of the concept, it proposed that the two sides should respect each other's core interests while expanding areas of cooperation, including on international and global issues.[91] As a matter of fact, Sino-US cooperation on issues such as the North Korean nuclear programme, the Iranian nuclear programme and climate change was a conspicuous aspect of the two countries' relationship during the Obama administration. The Trump administration puts much less of a premium on multilateral cooperation with China, given its 'America First' orientation. However, in the long run, Washington has to secure Beijing's assistance in sustaining international order while accommodating its desire for change,[92] and the form and tempo of order transition will depend largely on the outcome of Sino-US bargaining.[93]

If China's impact on the international order starts with the economic and financial dimension, its impact on regional order is likely to be more comprehensively apparent, involving political, economic and security aspects. Here the challenge to China is how to manage its intricate relations with its neighbours in Asia. In spite of growing economic links, ties between China and most if not all of its neighbours are fraught with all kinds of difficulty, from historical animosity to territorial and maritime disputes to geopolitical rivalry, giving rise to a serious trust deficit. This is further complicated by the existence of a US-centred network of allies and partners involving many regional members. To facilitate the construction of a new regional order, China needs not only to provide more public goods, but also to reassure its neighbours about its intentions and present an appealing vision of a future regional system.

Overall, while it is quite certain that China will be a significant player in order transition in the twenty-first century, and it is also clear what kind of future order it aspires to, it is as yet uncertain how many changes it will ultimately bring about and how successful it may be in its endeavours. This open question is not only the subject of scholarly discourse, but also a matter of practice.

[90] Graham Allison, *Destined for war: can America and China escape Thucydides's trap?* (New York: Houghton Mifflin Harcourt, 2017).

[91] Chen Jian, 'Building a new type of relations between major countries', *China International Studies*, 37: 6, Nov./Dec. 2012, pp. 56–70; Wu Xinbo, 'Agenda for a new Great Power relationship', *The Washington Quarterly* 37: 1, Spring 2014, pp. 65–78.

[92] Mazarr et al., *China and the international order*, 'Summary', p. xiv.

[93] Power transition theory suggests the scenario in which the existing hegemon is replaced by the rising power and conflicts between them are inevitable, whereas power-sharing theory suggests that the existing hegemon shares power and responsibility with the rising power so that they can coexist peacefully, cooperate and coordinate in sustaining the international system.