

Cooperation, competition and shaping the outlook: the United States and China's neighbourhood diplomacy

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Since the end of the Second World War, the United States has maintained a formidable political, economic and security presence in the Asia–Pacific region and has been a major factor shaping China's geopolitical and geo-economic environment. As a result, China has had to give serious attention to the US factor in the making and implementation of its neighbourhood policy. In the 1950s and 1960s, when the United States was viewed as a major security threat to China, Beijing determined to resist the infiltration and expansion of US influence into its neighbourhood. In the 1970s and the 1980s, as China and the United States became quasi-allies against the perceived Soviet threat, Beijing cooperated with Washington in its neighbourhood, particularly in Afghanistan and Cambodia. In the post-Cold War era, the Chinese view of the US role in its neighbourhood has been mixed. Geopolitically, the United States is viewed by China as a challenger on some regional security issues and as a partner on others. Geo-economically, the United States is seen as both a partner and a challenger in regional economic cooperation. Reflecting this range of perceptions, China has recently adopted a more nuanced regional approach, characterized by both cooperation and competition, towards the US role in its neighbourhood.

Over the last few years, China has demonstrably attached higher priority and devoted more resources to its neighbourhood diplomacy. The position of the United States is prominent among the various factors facilitating this shift in Beijing's international strategy. More specifically, the Obama administration's strategy of 'rebalancing' to the Asia–Pacific (hereafter referred to as the 'rebalancing strategy' or 'rebalancing policy')¹ prompted China to pay more attention to relations with its neighbourhood.² As Washington rebalances in relation to

¹ When the then US Secretary of State Hillary Clinton announced this initiative, she called it a 'pivot toward the Asia Pacific' (Hillary Clinton, 'America's Pacific century', remarks at East–West Center, Honolulu, 10 Nov. 2011, <http://fpcc.state.gov/176998.htm>). (Unless otherwise noted at point of citation, all URLs cited in this article were accessible on 19 May 2016.) However, as the word 'pivot' was widely deemed both inaccurate and misleading, the Obama administration dropped it and adopted instead the term 'rebalance': see e.g. US Department of Defense, *Sustaining US global leadership: priorities for 21st century defense* (Washington DC, Jan. 2012), p. 2; US Department of Defense, *Quadrennial Defense Review 2014* (Washington DC, 2014), p. viii.

² A major Chinese concern is how the rebalance-to-Asia policy may affect China's geopolitical and geo-economic interests in the Asia–Pacific region, and how it should cope with the associated challenges. See e.g. Wu Xinbo, 'The Obama administration's Asia–Pacific strategy', *China International Studies* 34: 3, May–June 2012, pp. 79–97; Shen Minghui, 'A cost benefits analysis of the Trans-Pacific Partnership Agreement (TPP): a Chinese perspective', *Journal of Contemporary Asia–Pacific Studies*, no. 1, Feb. 2012, pp. 5–34; Zhu Feng, 'Obama

Asia and Beijing rebalances in relation to its neighbourhood, interactions between China and the United States on China's periphery have intensified, with significant impacts on the configuration of China's neighbourhood diplomacy and on the evolving regional order.

To develop a deeper understanding of the complex role played by the US factor in China's changing neighbourhood diplomacy, this article sets out a framework of analysis that highlights three key aspects of Sino-US interactions on China's periphery: namely, cooperation, competition and shaping.³ Where the two countries have shared or parallel interests, Washington solicits and encourages China's cooperation and collaboration on issues of mutual concern. Where Beijing believes that Washington challenges and undermines its core national interests, China competes with the United States in its neighbouring regions. As the Obama administration pursues its rebalancing strategy, the US factor has worked to shape China's neighbourhood diplomacy in prompting Beijing to attach more significance to relations with its neighbours and to attempt to strengthen economic, security and diplomatic ties with them. From a theoretical perspective, Sino-US cooperation shows some features of liberalism, while competition between the two states is largely informed by realist ideas such as power and institutional balancing. Overall, interactions between China as a rising power and the United States as an established hegemonic power in China's neighbourhood are driven more powerfully by the realist impulse than by the liberal one, and are characterized more by conflict between their respective national interests than by the shared pursuit of common interests.

The rest of this article sets out an empirical investigation of cooperation and competition in Sino-US interactions in China's neighbourhood regions, and of the role played by the US factor in shaping China's evolving neighbourhood diplomacy, in recent years. Specifically, it addresses the following issues. First, where do Chinese and US interests overlap on China's periphery, and how has this compatibility of interest led to cooperation between Beijing and Washington? In this section, I will discuss the North Korean nuclear programme and the state of affairs in Afghanistan. Second, where are Chinese and US interests in competition or conflict on China's periphery, and how has this tension been reflected in competition and conflict between Beijing and Washington? Here, I will discuss Sino-Japanese disputes in the East China Sea, and questions relating to the South China Sea, Vietnam, Myanmar, India, Russia and the Trans-Pacific Partnership (TPP). Third, how has the Obama administration's rebalancing strategy shaped the new

administration's "pivot to Asia" strategy and Sino-US relations', *Xiandai Guoji Guanxi* [Contemporary international relations], no. 4, April 2012, pp. 1–7; Qi Lin, 'A summary of the symposium on "Eastward shift of US strategic focus and China's national security"', *Xiandai Guoji Guanxi* [Contemporary international relations], no. 7, July 2012, pp. 61–2; Hou Dianqin, 'The eastward transfer of US strategy and its effect on the geopolitics in East Asia', *Southeast Asian Studies*, no. 6, 2013, pp. 42–8.

³ Michael D. Swaine and Ashley J. Tellis, in their analysis of China's grand strategy, characterize China's security-related policies towards the United States as a two-sided effort, focusing on 'co-optation' on the one hand and 'prevention' on the other: see Michael D. Swaine and Ashley J. Tellis, *Interpreting China's grand strategy: past, present, and future* (Santa Monica, CA: RAND, 2000), p. 114. As I will argue below, the US rebalancing strategy has not only defined Sino-US cooperation and competition in China's neighbourhood regions, but has also shaped China's thinking about its overall neighbourhood policy.

features of China's neighbourhood diplomacy, with its pursuit of the 'westward strategy' and its nurturing of a number of 'fulcrum countries' on China's periphery for diplomatic engagement? In this section, I will discuss the Chinese government's renewed attention to and unprecedented emphasis on its neighbourhood diplomacy, which has taken shape in new initiatives for regional security cooperation and new proposals for regional economic cooperation, such as the 'New Silk Road Economic Belt' and the 'Twenty-first Century Maritime Silk Road' (the so-called 'one belt, one road' initiative), the Sino-Pakistan economic corridor, the Bangladesh–China–India–Myanmar economic corridor and the Asian Infrastructure Investment Bank. Finally, what are the prospects for Sino-US interactions on China's periphery? How will these interactions affect Sino-US relations, and, more broadly, how will they shape the regional order in the Asia–Pacific?

Cooperation and coordination

Broadly speaking, China and the United States have shared interests in the stability of the Asia–Pacific region, including China's periphery; however, this does not mean they can always cooperate effectively, as the two sides may have different views about the sources of instability and the best approaches to the problems. Along China's periphery, the Korean peninsula and Afghanistan have been the two major areas in respect of which Beijing and Washington have engaged in cooperation and coordination in recent years.

China and the United States have shared interests in a denuclearized Korean peninsula. With the collapse of the Agreed Framework between the United States and the Democratic People's Republic of Korea (North Korea) and the latter's announcement in late 2002 of its intention to withdraw from the Non-Proliferation Treaty (NPT), Beijing and Washington started to cooperate in dealing with the problem of denuclearizing the peninsula. This objective was pursued mainly through the six-party talks between China, the United States, North Korea, the Republic of Korea (South Korea), Japan and Russia. Washington complained from time to time that China was not being tough enough with North Korea with regard to its nuclear programme and other forms of provocation on the peninsula. In February 2013 North Korea conducted its third nuclear test, in defiance of China's strong dissuasion. This elicited a strong Chinese reaction and facilitated more substantive Sino-US cooperation and coordination on the North Korean nuclear issue.⁴ Beijing and Washington worked together to secure the passage of a United Nations Security Council resolution imposing unprecedentedly severe sanctions on North Korea. When the North Korean leader Kim Jong-un sent a special envoy to China in May 2013, with the intention of repairing damaged bilateral ties, Beijing gave him a direct and stern warning,

⁴ A significant change in Beijing's policy towards Pyongyang's nuclear programme after its third nuclear test is reflected in China's public announcement that it now puts 'pushing for a nuclear-free peninsula' ahead of 'maintaining the peace and stability on the peninsula', a clear reversal of its earlier policy. See Xinhua (Seoul), 'Xi calls for "no more stirs" on Korean Peninsula', 3 July 2014, http://news.xinhuanet.com/english/china/2014-07/03/c_133458684.htm.

fully expressing its profound disapproval of North Korea's nuclear activities. In June, when Presidents Xi and Obama held their summit meeting in Sunnyland, California, they had a substantive discussion on the North Korean nuclear issue, and both sides pledged to step up their cooperation and coordination on that matter. To demonstrate its seriousness in opposing North Korea's nuclear programme, China promulgated a new regulation tightening controls on the export to North Korea of articles that might be used for its nuclear and missile programmes.⁵ China also moved to strengthen its relations with South Korea after the accession to power of President Park Geun-hye in early 2013. Presidents Xi and Park exchanged visits in 2013 and 2014, but there was no such exchange of visits between Beijing and Pyongyang during the same period. As a result, a warm relationship between China and South Korea developed, in marked contrast with the deepening chill between China and North Korea. Meanwhile, Beijing stayed in close consultation with Washington, trying to reopen the stalled six-party talks. It has also worked to dissuade Washington from taking actions that might give rise to tensions on the peninsula. In early 2014, for instance, when the United States and South Korea conducted their regular combined military exercises, China urged the United States not to introduce strategic weapons in order to avoid provoking drastic reactions from the North. Overall, then, China's neighbourhood diplomacy in respect of the Korean peninsula has been marked by a strained relationship with North Korea, a warmer relationship with South Korea, and close coordination with the United States.

Cooperation between China and the United States has also been possible in respect of Afghanistan, where the two countries have overlapping interests.⁶ Both Beijing and Washington want to see a stable and secular Afghanistan that will no longer be a hotbed for terrorism. As the United States fought the Taliban with its NATO partners, China became a major investor in the country, trying to help develop its impoverished economy. This cooperative division of labour between China and America was well illustrated by a construction project in which Chinese workers built a road in a mountain valley while US soldiers protected them from attack by the Taliban. Starting in 2012, China and the United States jointly launched an annual training programme for Afghan diplomats, in which each year a group of young Afghan diplomats spent two weeks in China and another two weeks in the United States. China also helped to train officers and soldiers in the Afghan security forces.

As the United States made plans to withdraw its forces from Afghanistan, China felt concern at the prospect of Afghanistan falling back into chaos, with potentially damaging effects on stability in China's Xinjiang Autonomous Region. The United States, for its part, was concerned about the potential for the Taliban to regain control of the country, and wanted to see China play a more positive role

⁵ After Pyongyang conducted its fourth nuclear test in January 2016, Beijing and Washington drafted by far the most rigorous sanctions imposed by the United Nations Security Council against Pyongyang, and it is believed that China has been very strict in the implementation of the sanctions.

⁶ See Zhao Huasheng, 'Afghanistan and China's new neighbourhood diplomacy', *International Affairs* 92: 4, July, p. 891–908 in this issue.

there after the US withdrawal. Against this background, Beijing and Washington agreed to step up their coordination on Afghan affairs. During the fifth Sino-US Strategic and Economic Dialogue, held in July 2013 in Washington DC, the two sides decided to 'expand coordination in advance of the 2014 drawdown in support of their shared interest in political stability and economic revitalization in Afghanistan'.⁷ They also agreed to continue the joint diplomatic training programme for Afghan Ministry of Foreign Affairs officials through 2013. The two governments also stated their intention to continue to work together in support of regional cooperation efforts such as the Istanbul Process, and the United States welcomed China's decision to host its fourth ministerial meeting in 2014.

As the deadline for US withdrawal approached, China notably strengthened its efforts on issues relating to Afghanistan. Sun Yuxi, appointed special envoy for Afghan affairs in July 2014, visited Afghanistan and Pakistan, telling Afghan President Hamid Karzai in their meeting that 'China wants to enhance its role in Afghanistan'.⁸ In October, the fourth ministerial conference of the Istanbul Process on Afghanistan was held in Beijing. When the newly elected Afghan President Ashraf Ghani visited Beijing in the same month, China pledged 2 billion renminbi (US\$327 million) in aid to Afghanistan up to 2017, more than doubling the US\$250 million China had already contributed to Afghanistan since 2001. In addition, China promised to provide training for 3,000 Afghan professionals as well as to help develop Afghan agriculture, hydroelectricity and infrastructure.⁹ Since late 2014, China has actively facilitated dialogue between the Taliban and the Afghan government, and between Afghanistan and Pakistan. Chinese Foreign Minister Wang Yi announced during his visit to Islamabad in February 2015 that 'we will support the Afghan government in realizing reconciliation with various political factions including the Taliban' and that 'China is ready to play a constructive role and will provide necessary facilitation any time if it is required by various parties in Afghanistan'.¹⁰ A US State Department official welcomed China's efforts, stating that 'the US and China have agreed to work together to support Afghanistan's government of national unity, security forces and economic development to ensure that Afghanistan can never again be used as a safe haven for terrorists'.¹¹ In early July 2015, talks were held in Pakistan between the Taliban and the Afghan government with the participation of Chinese and US representatives, signalling a joint effort by the latter to promote the peace and reconciliation process in Afghanistan.¹²

⁷ US State Department, media note, 'US-China Strategic and Economic Dialogue outcomes of the strategic track', 12 July 2013, <http://www.state.gov/r/pa/prs/ps/2013/07/211861.htm>.

⁸ Xinhua (Kabul), 'Afghan president meets China's special envoy', 24 July 2014, <http://english.sina.com/world/2014/0723/721457.html>.

⁹ Shannon Tiezzi, 'Can China save Afghanistan?', *The Diplomat*, 31 Oct. 2014, <http://thediplomat.com/2014/10/can-china-save-afghanistan/>.

¹⁰ Mateen Haider, 'China ready to support Kabul-Taliban reconciliation', *Dawn*, 12 Feb. 2015, <http://www.dawn.com/news/1163118>.

¹¹ 'Big mediator: China offers to broker stalled Afghan talks with Taliban', 13 Feb. 2015, <http://rt.com/news/231891-china-taliban-talks-pakistan/>.

¹² Pakistan Foreign Ministry, press release, 'Pakistan hosts a meeting to facilitate peace and reconciliation in Afghanistan', 8 July 2015, <http://www.mofa.gov.pk/pr-details.php?mm=MjkyNg>.

For the foreseeable future, China and the United States are likely to continue to cooperate and coordinate their policies in respect of North Korea and Afghanistan, motivated by their shared and overlapping interests. However, there are some geopolitical factors that may constrain such cooperation and coordination. On the North Korean issue, Beijing will insist on pursuing the goal of denuclearization without jeopardizing the stability of the North Korean state, in which China has important geopolitical interests, while Washington may be ready to see the current regime in Pyongyang collapse at any time. On the Afghanistan issue, the United States may want China to go so far as sending troops into the country under certain conditions to help stabilize the situation, which China is unlikely to be willing to do, considering the associated risks too great. Also, Washington may urge Beijing to put more pressure on Islamabad on the Afghan issue, which Beijing would be reluctant to do out of concern for Sino-Pakistani ties.

Competition and conflict

As is frequently observed, Sino-US competition on China's periphery has intensified in recent years, with China adopting a firmer and more assertive stance on territorial and maritime disputes with its neighbours and the United States pursuing its rebalancing strategy, partly so as to check and constrain rising Chinese power and influence in the region. This section of the article will examine how balance of power considerations and geopolitical rivalry have led to competition and conflict between Beijing and Washington.

In the South China Sea, the longstanding disputes among China, Vietnam, the Philippines, Malaysia and Brunei over all or some of the Nansha/Spratly Islands have led to intermittent friction and conflict. Nevertheless, until recently the overall situation in the South China Sea has been quite stable and freedom of navigation in these waters has never been interrupted because of the disputes.¹³ Up to July 2010 the US had long pursued a neutral and hands-off approach to the territorial and maritime disputes in the South China Sea. In that month, however, the then US Secretary of State Hillary Clinton announced in her remarks at the annual foreign ministers' meeting of the ASEAN Regional Forum (ARF) in Hanoi that the US had important interests in the South China Sea,¹⁴ marking the beginning of greater US involvement in these issues. Since that time, indeed, the United States has become deeply involved in the South China Sea disputes. It has strengthened its military presence in the region, has sought to enhance its security cooperation with the Philippines and Vietnam, and has supported Manila and Hanoi in their resistance to Beijing on the issue. It has also challenged China's claim based on the 'U-shaped line'¹⁵ and criticized China's activities in the South

¹³ It is worth noting that China and the United States hold different interpretations of the concept of freedom of navigation. For instance, China opposes US military activities such as reconnaissance in its exclusive economic zone, while the United States insists it has a right to conduct them according to its own interpretation of the UN Convention on the Law of the Sea and deems that right part of the freedom of navigation.

¹⁴ US State Department, remarks at press availability by Hillary Clinton at National Convention Center, Hanoi, Vietnam, 23 July 2010, <http://www.state.gov/secretary/20092013clinton/rm/2010/07/145095.htm>.

¹⁵ A line first used on a map of the South China Sea in the 1930s, resurrected on an official map in the 1940s and

China Sea, while urging China and ASEAN to conclude as early as possible their negotiations to formulate a code of conduct in the South China Sea.

From the Chinese perspective, US policy in this area is driven primarily by geopolitical and hegemonic considerations, that is, a wish to prevent China from dominating the South China Sea and to preserve its own military freedom of action in the region.¹⁶ US involvement has complicated the South China Sea issue not only by heating up the disputes but also by turning it into a matter of geopolitical rivalry between China and the United States in the western Pacific. Under these new circumstances, Chinese decision-making in respect of its South China Sea policy has to take into consideration not only the national quests for territorial integrity and for natural resources, but also the need to cope with the unrelenting diplomatic and security pressure coming from the hegemonic power, the United States. China has accordingly developed a two-pronged approach. On the one hand, it attempts to repudiate US involvement, proposing that 'relevant disputes [in the South China Sea] be 'addressed by countries directly concerned through friendly consultations and negotiations and in a peaceful way', with 'peace and stability in the South China Sea being jointly maintained by China and ASEAN countries'.¹⁷ On the other hand, Beijing has sought to consolidate its position in the region by conducting land reclamation and construction work on islets and reefs under its control, turning them into new and bigger islands on which harbours, airstrips and large buildings have been constructed. In response to US expressions of concern about China's land reclamation activities in the South China Sea, Chinese Foreign Minister Wang Yi has stated that 'China's determination to safeguard its own sovereignty and territorial integrity is rock-hard and unquestionable',¹⁸ while General Fan Changlong, Vice-Chairman of the Chinese Central Military Commission, sought to reassure his audience at the Xiangshan Forum in Beijing that 'those construction projects [in the South China Sea] are mainly carried out for civil purposes' and 'will not affect freedom of navigation in the South China Sea. Instead, they will enable us to provide better public services to aid navigation and production in the South China Sea.'¹⁹ As the United States continues to enhance its military presence and conducts more military operations in the South China Sea, the Sino-US standoff here will continue and Sino-US strategic competition is likely to intensify. The possibility of some incidental clashes between the two sides cannot be ruled out.

While the United States has become more actively and directly involved in the South China Sea and contributed to heightened tensions there, it has assumed a

re-presented in a map submitted to the UN Secretary-General in 2009.

¹⁶ See e.g. Ju Hailong, 'Research on the Obama administration's South China Sea policy', *Journal of Contemporary Asia-Pacific Studies*, no. 3, June 2011, pp. 96–112; Shi Yong-ming, 'The US policy in the South China Sea: target and strategy', *Southeast Asian Affairs*, no. 1, March 2015, pp. 1–9.

¹⁷ Embassy of the People's Republic of China in the Republic of Poland, 'Wang Yi: handle the South China Sea issue through the "dual-track" approach', 9 Aug. 2014, <http://www.fmprc.gov.cn/ce/cepl/pol/xwdt/t1181820.htm>.

¹⁸ Chinese Foreign Ministry, 'Wang Yi expounds views on situation of South China Sea', 16 May 2015, http://www.fmprc.gov.cn/mfa_eng/zxxx_662805/t1265386.shtml.

¹⁹ 'Beijing's plans in South China Sea explained', *Japan Times*, 17 Oct. 2015, <http://www.japantimes.co.jp/news/2015/10/17/asia-pacific/beijings-plans-south-china-sea-explained/#.VjYzm67hAUt>.

more passive stance on the disputes between China and Japan over the Diaoyu/Senkaku Islands and tried to calm down the situation in the East China Sea. After decades of effective management based on a tacit understanding between the two sides, the dispute was aggravated by the Japanese government's decision to nationalize three of the islands in September 2012 and China's reaction in the form of conducting regular boat patrols in the territorial waters surrounding the islands. Although claiming that it takes no side in the sovereignty dispute, Washington announced that the islands are covered by the US–Japan alliance as they are under Japanese administration, and accordingly it strengthened its security cooperation with Japan over the islands. Washington's support for Japan on this issue is driven by both its security commitment to Japan and its desire to use Japan to check a rising China in the western Pacific.²⁰ At the same time, Washington has urged both China and Japan to exercise restraint and avoid the dispute turning into a crisis, concerned about the potential for escalation of the tensions and, even worse, the outbreak of military clashes between China and Japan around the Diaoyu/Senkaku Islands.

China has reacted to these developments by maintaining the regular presence of its law-enforcement vessels in the territorial waters surrounding the Diaoyu/Senkaku Islands, increasing its naval activities in the western Pacific, and establishing in December 2013 an Air Defence Identification Zone in the East China Sea. All these actions are intended to demonstrate China's resolve and ability to sustain its sovereign claim to the islands. Beijing also prepared to deal with any possible further provocations from Tokyo in connection with the islands, while also fine-tuning its own activities in the area so as to avoid any unintended accidental conflict with Japan, and at the same time urging Washington to restrain the government in Tokyo.

In the case of the Diaoyu/Senkaku Islands dispute, US involvement does not seem to have changed the Chinese position—unless, arguably, to have prompted Beijing to take stronger measures to bolster its position in the face of the US–Japan alliance. Nevertheless, Washington's advice on crisis avoidance has clearly been heeded in both Tokyo and Beijing.

As part of the Obama administration's rebalancing strategy, the United States has actively sought to develop a 'strategic partnership' with Vietnam.²¹ With its fast-growing economy, its significant geopolitical position in south-east Asia, its complicated history of relations with China and its disputes with China in the South China Sea, Vietnam is regarded by the United States as a useful counterpoise to a rising China. The Obama administration has accordingly worked energetically to enhance political ties and strengthen security cooperation with Hanoi, supported the Vietnam government in its confrontation with Beijing in the South China Sea, and brought Vietnam into the TPP negotiations.²² This rapid

²⁰ Hou Yi, 'The evolution and analysis of US policy on the Diaoyu Islands', *Pacific Journal* 22: 4, April 2014, pp. 55–61.

²¹ US Department of Defense, *Quadrennial Defense Review Report* (Washington DC, Feb. 2010), p. 59; 'Hillary Rodham Clinton press statement on Vietnam's National Day', 31 Aug. 2011.

²² Liu Qing, 'Recent development and prospect of US–Vietnam relations', *Guoji Wenti Yanjiu* [International studies], no. 2, March 2012, pp. 90–99.

rapprochement between the United States and Vietnam has naturally been a cause of concern to China. In response, Beijing has acted to consolidate its traditional ties with Vietnam's ruling party and military, and to enhance economic cooperation between the two countries. In respect of the South China Sea disputes, while Beijing has taken active and strong steps to assert its claims, it has also managed to prevent the clashes that have occurred from escalating into major military conflict. For instance, in May 2014 China's deployment of an oilrig in the waters adjacent to the Xisha Islands prompted severe reactions from Vietnam, including violent ramming of Chinese ships around the oilrig and riots outside Chinese factories established in Vietnam. As a consequence of this episode, the two countries have witnessed their most serious confrontations since the 1990s. Even so, Beijing has managed to avoid military conflicts with Hanoi, and bilateral ties have been gradually repaired since China removed its oilrig from the contested waters. China has also expressed to Vietnam its grave concern over US military access to Cam Ranh Bay, which was the location of a major US naval base during the Vietnam War and to which the US military is greatly interested in returning today.

Looking into the future, Washington will continue to make efforts to win over Hanoi as a major geopolitical counterpoise to China, while Beijing will endeavour to ensure that Hanoi does not tilt definitively towards Washington. This means that Sino-US competition for influence over Vietnam will continue. The facts that there exist within the Vietnamese leadership differences over whether priority should be given to ties with China or with the United States, and that Hanoi will seek to maximize its national interests by playing off Beijing and Washington against one another, are likely to further exacerbate Sino-US rivalry.

From the Chinese perspective, the Obama administration's new approach to Myanmar (Burma) and the change in US-Myanmar relations have also posed a challenge to the China-Myanmar relationship. Over the past two decades, Myanmar has become increasingly important to China, both geopolitically and geo-economically. China has invested heavily in tapping Myanmar's natural resources in order to meet China's growing domestic demand. The recently completed Sino-Myanmar oil and gas pipelines connecting China's Yunnan Province and Myanmar's Indian Ocean ports provide China with a more convenient and economical energy supply route. Moreover, as China seeks to enhance its economic access to the Indian Ocean, Myanmar is viewed in Beijing as a significant piece in the jigsaw.

Soon after taking office, the Obama administration conducted a review of US policy towards Myanmar. Following this review, it decided to switch from a policy of 'pressure and isolation' to one of 'pressure and engagement' to promote political change in Myanmar.²³ As the process of democratization in Myanmar moved forward, the country's relations with the United States gradually improved, reducing its dependence on China. The political changes in Myanmar have also strengthened those voices opposing China's economic activities there,

²³ Kurt Campbell, 'US policy toward Burma', US Department of State special briefing, 28 Sept. 2009, <http://www.state.gov/p/eap/rls/rm/2009/09/129698.htm>.

both on environmental grounds and out of concern for the economic rights of the local people. Conditions for Chinese investment in Myanmar have consequently become less favourable, and China–Myanmar relations subject to a greater degree of uncertainty.

Beijing believes that Washington's promotion of Myanmar's democratization process is motivated by its pursuit of important political and strategic goals, namely, undermining Chinese influence and interests in this neighbouring country and blocking China's short cut to the Indian Ocean.²⁴ In response to the challenges posed by both political change within Myanmar and the new US approach to the country, Beijing has sought to maintain good relations with the new leadership in Naypyidaw and to maintain close ties between the Burmese military and its own, while at the same time withholding further major investments in Myanmar and reaching out to the opposition party led by Aung San Suu Kyi, who was invited to visit China in June 2015.

Given the geographical proximity and longstanding close ties between the two countries, and considering China's economic importance as Myanmar's largest trading partner and foreign investor, changes in Myanmar's domestic politics and foreign policy are unlikely fundamentally to alter the overall bilateral relationship between China and Myanmar, although they may put some limits on it. However, Beijing will watch very closely any steps Washington may take to expand its influence in Myanmar and to challenge China's interests there, and will take such measures as are necessary to protect Chinese interests and stakes in the country. As a result, Sino-US competition in Myanmar will continue to unfold, and may even intensify under certain circumstances.

Forging a 'strategic partnership' with India is a major element of the Obama administration's rebalancing strategy. In its National Security Strategy report released in May 2010, the administration stated that: 'The United States and India are building a strategic partnership that is underpinned by our shared interests.' Further, the US Department of Defense declared in a document released in January 2012 that: 'The United States is also investing in a long-term strategic partnership with India to support its ability to serve as a regional economic anchor and provider of security in the broader Indian Ocean region.'²⁵ The US approach to India has obvious implications for China. Taking into account its historical border conflicts and unresolved territorial disputes with China, its dissatisfaction with Beijing's support of Pakistan, and its aspiration to major power status, India could help the US balance China's growing power and rising influence in the region.²⁶ The United States has accordingly made significant efforts to promote military cooperation with India and to encourage it to play a larger and more active role in east Asia. Beijing has been alert to the increasing closeness in US–Indian relations and in recent years has competed actively with Washington in improving

²⁴ Du Lan, 'US Myanmar policy: adjustments and constraints', *Guoji Wenti Yanjiu* [International studies], no. 2, March 2012, pp. 40–50.

²⁵ The White House, *National Security Strategy* (Washington DC, May 2010), p. 43; US Department of Defense, *Sustaining US global leadership: priorities for 21st century defense* (Washington DC, Jan. 2012), p. 2.

²⁶ Zhang Li, 'US pivot to Asia and India's role choice', *South Asian Studies Quarterly*, no. 2, June 2012, pp. 1–7.

its own ties with New Delhi. These efforts include promoting trade with and investment in India, managing the border conflict issues, and expanding cooperation with that country in multilateral settings such as the BRICS (Brazil, Russia, India, China and South Africa), the China–India–Russia trilateral dialogue, the Shanghai Cooperation Organization (SCO), which in July 2015 set in train the process of extending full membership to India and Pakistan, and the Asian Infrastructure Investment Bank. During President Xi's visit to India in September 2014, the two sides agreed to 'build a closer partnership for development' and to enhance cooperation, collaboration, consultation and exchanges in various areas.²⁷ The return visit to China by the Indian Prime Minister Narendra Modi in May 2015 further enhanced bilateral economic ties. In the foreseeable future, as the US continues to play the India card against China, which responds by seeking to further entrench its own close ties with India, Sino-US competition in relations with India will endure, leaving New Delhi in a very advantageous position in dealing with both Beijing and Washington.

In the post-Cold War era, China and Russia developed their relationship with a shared interest in resisting pressure from Washington and countering the US effort to create a unipolar world. As early as 1996, Beijing and Moscow decided to forge a 'strategic consultative partnership'.²⁸ For Beijing, Sino-Russian relations affect not only the security of China's neighbourhood regions, but also the global and regional balance of power. In recent years, to offset the perceived strategic pressure issuing from the US rebalancing strategy, China has moved to further strengthen its ties with Russia. In March 2013, Xi chose Russia as the first country to visit after he assumed the Chinese presidency, signalling the significance he attached to relations with Moscow. The outbreak of the Ukraine crisis in early 2014 pushed Russia's President Putin towards building closer ties with China as a way of resisting pressure from the West. In May 2014, when Putin came to China to attend the fourth summit meeting of the Conference on Interaction and Confidence Building Measures in Asia (CICA), he and President Xi signed the China–Russia Joint Statement on a New Stage of Comprehensive Strategic Partnership of Coordination, which expressed their joint willingness to expand and deepen bilateral cooperation in various areas. They also witnessed the signature of several key documents promising a broad range of measures of economic cooperation in fields including energy, electricity, aviation, communication and local government cooperation. The single most significant achievement to emerge from Putin's first trip to China after the outbreak of the Ukraine crisis is a 30-year deal for the supply of Russian natural gas to China. Talks about this deal had been going on for about ten years and had repeatedly stalled over pricing issues. The ultimate conclusion of this agreement is therefore regarded as a marker of strategic progress in Sino-Russian relations. Indeed, both the US rebalancing strategy and

²⁷ Embassy of India in China, 'Joint statement between the Republic of India and the People's Republic of China on building a closer developmental partnership', 19 Sept. 2014, <http://www.indianembassy.org.cn/newsDetails.aspx?NewsId=538>.

²⁸ Wang Tiejun, "'New Cold War' and Sino-Russian-US trilateral relations', *Russian Studies*, no. 5, Oct. 2008, pp. 34–42.

the Ukraine crisis have prompted China and Russia to deepen and substantiate their 'strategic consultative partnership'.²⁹ Looking into the future, Beijing and Moscow will probably continue to strengthen their ties in the political, economic, security, energy and other fields as both are confronted with pressure from Washington.³⁰

One of the tools employed by the United States in its attempt to check and balance a rising China is regional institution-building. According to Kai He's study of institutional realism in the Asia-Pacific region, institutional balancing has been an important component of US regional policy.³¹ In this regard, the TPP stands as a major economic instrument of Obama's rebalancing strategy and serves its goal of balancing a rising China. From the Chinese perspective, this initiative poses challenges to China on several fronts. First, it undermines the momentum for east Asian economic cooperation in which China has been playing a significant role, and undercuts China's position as a regional economic centre of gravity. Second, in excluding China from a new arrangement for Asia-Pacific economic cooperation, it weakens China's economic ties with the TPP members. Third, any undermining of China's centrality in the regional economy will also undercut its influence in political and security affairs.³² For all these reasons, the TPP is regarded by Beijing as a significant device employed by Washington to compete with China not only economically, but also strategically. In response, Beijing has moved to enhance its own economic cooperation with east Asian countries by pursuing bilateral, trilateral and multilateral free trade agreements (FTAs). China has concluded FTAs with South Korea and Australia respectively, has launched negotiations for a trilateral FTA with Japan and South Korea, and has proposed the upgrading of the China-ASEAN FTA that came into effect in 2010. Meanwhile, it has also joined with Japan, South Korea, India, Australia, New Zealand and the members of ASEAN to establish a Regional Comprehensive Economic Partnership (RCEP), which promises to become the world's largest FTA with a population of about 3 billion and an economic output of US\$20 trillion. Once in being, the RCEP will greatly enhance economic cooperation among east Asian countries. In addition, at the Asia-Pacific Economic Cooperation (APEC) summit in Beijing in November 2014, China persuaded other members to agree to start the process of creating the Free Trade Area of the Asia Pacific (FTAAP), which is intended to encompass the entire Asia-Pacific region and prevent its being divided between the TPP and RCEP.

Overall, the US rebalancing strategy has had the effect of complicating China's neighbourhood diplomacy across the board. It has emboldened Japan, the Philip-

²⁹ This development has aroused concern among some US policy analysts. See e.g. Mathew Burrows and Robert A. Manning, 'America's worst nightmare: Russia and China are getting closer', *The National Interest*, 23 Aug. 2015, <http://nationalinterest.org/feature/americas-worst-nightmare-russia-china-are-getting-closer-13661>.

³⁰ Yang Jiemian, 'The Asia-Pacific strategic interaction of China, the United States and Russia: motivation, features and theoretical construction', *International Review*, no. 9, July 2014, pp. 1-11.

³¹ Kai He, *Institutional balancing in the Asia Pacific: economic interdependence and China's rise* (London and New York: Routledge, 2009), pp. 49-79.

³² Wu Xinbo, 'The Obama administration's Asia-Pacific strategy'; Fan Libo, Zheng Wei and Zheng Xuedang, 'The US-Japanese TPP strategy and China's response', *Xiandai Guoji Guanxi* [Contemporary international relations], no. 12, Dec. 2012, pp. 54-60.

pires and Vietnam to take more assertive positions in their territorial and maritime disputes with China, alienated China from some of its neighbours (for example Myanmar), and generated more diplomatic, security and economic competition between China and the United States in the region. As ever greater consideration is given to the balance of power, and as geopolitical and geo-economic competition inform the respective regional policies of China and the United States, the realist paradigm has dominated Sino-US interactions. Not surprisingly, growing Sino-US rivalry in the Asia-Pacific has given rise to concerns in both countries as well as in other parts of the region.³³

Shaping the outlook: the US factor and new features in China's neighbourhood diplomacy

It is widely acknowledged that the Chinese government has paid more attention and dedicated more resources to its neighbourhood diplomacy in recent years. This significant shift has found expression in the formulation and pursuit of the 'westward strategy', in particular in the 'one belt, one road' initiative, and in the Chinese government's renewed efforts to foster regional security cooperation. These developments are in large part the result of China's own assessment of and response to a changing regional environment, in which the US rebalancing strategy is a major factor. This section of the article examines how the US factor has worked to shape the new outlook of China's neighbourhood diplomacy.

As part of its rebalancing strategy, the United States has acted to enhance its ties with some of China's neighbours and strengthen its diplomatic, military and economic presence on China's periphery. This has generated more geopolitical pressure on China as well as straining its relations with some of its neighbours, such as Vietnam and Myanmar, as discussed above. In fact, when the Obama administration launched its rebalancing strategy in the autumn of 2011, China was caught by surprise. After the initial shock, Beijing conducted a clinical assessment of the US rebalancing strategy and determined how it could effectively meet this new challenge. One important decision was to pay more attention to China's relationship with its neighbouring countries, in order to create a reliable geopolitical and strategic context along its periphery for realizing its broader strategic goals. Neighbourhood diplomacy was therefore accorded a higher priority on China's overall foreign policy agenda. In October 2013 the Central Committee of the Chinese Communist Party held the first Peripheral Diplomacy Work Conference, an unprecedented gathering which made important decisions on strategic goals, guidelines and overall arrangements for neighbourhood diplomacy in the following five to ten years.³⁴ As a result of this decision, Beijing has not only devoted more resources to its neighbourhood diplomacy, it has also intensified

³³ See e.g. Wu Xinbo, 'The Obama administration's Asia-Pacific strategy'; Robert Ross, 'The problem with the pivot', *Foreign Affairs* 91: 6, Nov.–Dec. 2012, pp. 70–82; Leszek Buszynski, 'The South China Sea: oil, maritime claims, and US–China strategic rivalry', *The Washington Quarterly* 35: 2, Spring 2012, pp. 139–56.

³⁴ Xinhua (Beijing), 'Xi Jinping: China to further friendly relations with neighbouring countries', 25 Oct. 2013, http://news.xinhuanet.com/english/china/2013-10/26/c_125601680.htm.

its diplomatic, economic and security engagement with its neighbouring states.³⁵ Seeking to forge closer and stronger ties with its neighbours, China has proposed to join hands with them to create a community of shared interests, common destiny and shared responsibilities.³⁶ In particular, China has worked more vigorously to strengthen relations with a number of so-called 'fulcrum states', including Indonesia, Kazakhstan, Malaysia, Pakistan and South Korea, which possess important geopolitical weight in China's neighbourhood and can shape China's surroundings in significant ways.

As the US rebalancing strategy has taken effect, it has generated more military and geopolitical pressure on China's eastern flank. Meanwhile, the TPP initiative threatens to create in the Asia-Pacific region an economic bloc that excludes China, thus putting it in a geo-economically disadvantageous position. Confronted with both geopolitical and geo-economic challenges from the United States, Beijing has decided to pursue a 'westward strategy'. This strategy, drawing on China's wide geographical connections with countries on the Eurasian continent and the tremendous potential for economic growth that this vast region promises, aims at promoting China's economic cooperation with countries in south-east Asia, central Asia, south Asia, west Asia and eastern Europe. This grand design, once implemented, will not only create more opportunities for China's economic development, but also expand its geopolitical space on the Eurasian continent. It is within this strategy that Beijing has announced initiatives such as the Silk Road economic belt, the Twenty-first Century Maritime Silk Road, the China-Pakistan economic corridor and the Bangladesh-China-India-Myanmar economic corridor. These plans are intended to facilitate trade and investment, ease of communications and movement, trade and monetary cooperation, and exchanges of personnel. Since the 1990s, China's regional economic cooperation strategy has been focused mainly on east Asia and the Pacific. The proposed westward strategy has opened up a genuinely new vista for China's efforts in regional economic cooperation, with undoubted long-term impacts on its foreign and security policies.

As has been evident over the past few years, regional security is an important pillar of the US rebalancing strategy. The Obama administration has sought to deploy more military resources to the Asia-Pacific region, strengthen its military presence in south-east Asia, vigorously pursue security cooperation with its allies and partners, and become more actively involved in regional security affairs, particularly in the South China Sea disputes. In so doing, Washington intends not only to check/deter assertive behaviour by China, but also to highlight its own role as the credible security guarantor of the region, in sharp contrast to China's somewhat ambiguous role in regional security. In the eyes of some regional states, China, given its huge size and growing material capability, its history of conflicts with surrounding countries, and its existing territorial and maritime disputes with

³⁵ For instance, there have been more frequent exchanges of visits and meetings among the leaders of China and its neighbouring countries.

³⁶ Li Keqiang, 'Jointly open up new vistas for Asia's development', speech delivered at the opening plenary of the Boao Forum for Asia annual conference 2014, 10 April 2014, http://www.fmprc.gov.cn/mfa_eng/topics_665678/lkqcxhbalt2014nnh/t1145980.shtml.

some of its neighbours, is a major source of instability and even a direct security threat. While Beijing feels concerned about the growing US military pressure targeted on China, it has also come to realize the weakness of its security role in the region, particularly as compared with that of the United States. Chinese policy-makers and analysts agree that while China is becoming the regional economic centre, and provides more and more economic public goods to its neighbours, it should strengthen its security role, and to this end it seeks to provide more security public goods in Asia. It was for this very reason that President Xi stressed at the Peripheral Diplomacy Work Conference the need to promote new progress in regional security cooperation.³⁷

As a result, Beijing has adopted a more active posture in enhancing regional security cooperation and in dealing with security problems on its periphery. For instance, on 21 May 2014 the fourth CICA summit was held in Shanghai. As CICA chair from 2014 to 2016, China advocated a new concept of 'common, comprehensive, cooperative and sustainable' security in Asia. In his speech at the conference, President Xi made ambitious proposals to enhance the capacity and institution-building of CICA, deepen exchanges and cooperation in various fields, strengthen CICA's inclusiveness and openness, make it a security dialogue and cooperation platform that covers the whole of Asia and, on that basis, explore the establishment of a regional security cooperation architecture. Xi also pointed out that: 'It is for the people of Asia to run the affairs of Asia, solve the problems of Asia and uphold the security of Asia. The people of Asia have the capability and wisdom to achieve peace and stability in the region through enhanced cooperation.'³⁸ Xi's remarks not only highlight the need for security cooperation among Asian countries, but also imply a constraint on US involvement in regional security affairs. China has also sought to strengthen the role of the SCO in regional security. At the 2014 SCO summit, President Xi proposed to give responsibility for controlling drug trafficking to the organization's Regional Counter-Terrorism Structure (RCTS), to establish a security challenge and threat response centre, to sign an anti-extremism convention and to expand the membership of the organization to include India and Pakistan.³⁹ In addition, as discussed above, China has since 2013 been playing a more active role in dealing with the North Korean nuclear issue and with the situation in Afghanistan. Overall, Beijing is taking a higher profile on these issues not only because of their challenges to China's security interests, but also for the purpose of promoting China's constructive role in regional security affairs.

As noted above, the US factor has prompted China in recent years to give higher priority to its neighbourhood diplomacy, to seek to forge closer ties with its neighbours, to launch more economic and security cooperation initiatives with other Asian countries and to play a more active role in regional security. To be

³⁷ Xinhua (Beijing), 'Xi Jinping: China to further friendly relations with neighbouring countries'.

³⁸ 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, Shanghai, http://www.fmprc.gov.cn/mfa_eng/topics_665678/yzxhxzyxrcshydsfch/t1159951.shtml.

³⁹ 'Xi Jinping attends SCO summit in Dushanbe and delivers important speech stressing gathering people's will and power and coordinating sincerely to push SCO to a new level', 12 Sept. 2014, http://www.fmprc.gov.cn/mfa_eng/topics_665678/zjpcxshzzygyshdshsbydtjktmedfslkydjxgswf/t1191482.shtml.

sure, as China rises, it is more capable of promoting its national interests and projecting its influence in its surrounding areas, as well as providing more public goods to its neighbours. Yet without the stimulus of the Obama administration's rebalancing strategy, China's diplomatic shift to its neighbourhood might not have come about so quickly, and the level of attention and resources devoted to Asia might not have been so high. It is the US activity in China's neighbourhood in implementing its rebalancing strategy that has alarmed Beijing and given rise to its desire to create a stable geopolitical and strategic environment and a broader geo-economic network on its periphery. It is fair to say that it is the US rebalancing strategy that has prompted China to introduce new elements into its neighbourhood diplomacy.

Sino-US interactions on China's periphery and regional order

Three key points can be identified from the above analysis regarding Sino-US interactions in China's neighbourhood. First, both countries are paying more and more attention to the vast area comprising the west and south Pacific, east Asia, central Asia, south Asia and the Indian Ocean. This has broadened the theatre of Sino-US engagement. Second, while both cooperation and competition exist in Sino-US interactions in the region, it is competition that is intensifying. Third, although the theoretical framework underpinning the mutual interactions reflects both liberal cooperation and realist competition, on balance the latter predominates over the former, suggesting that relations between a rising power and a hegemonic power in the Asia-Pacific are increasingly informed by realist thinking.

What, then, are the prospects for Sino-US interactions on China's periphery? First, we can be certain about two general trends: China will continue to pursue its neighbourhood diplomacy, seeking to forge closer geopolitical and geo-economic ties with its neighbours as an integral part of its grand strategy; and the United States will continue endeavouring to expand its political, economic and security interests in the region and to balance a rising China, even though challenges and crises in other parts of the world may divert US attention and resources away from the region from time to time.

Cooperation and competition as the two sides of the same coin will persist in Sino-US engagements. On the one hand, China and the United States will cooperate and collaborate on issues such as the Korean Peninsula, Afghanistan and counterterrorism, and in regional mechanisms such as APEC, the East Asian Summit, the ARF and the ASEAN Defence Ministers' Meetings Plus. On the other hand, as a more confident Beijing seeks to promote its interests and influence in the region more energetically, Washington will probably work even harder with its regional allies and partners to balance China's rising power and influence, including supporting Japan, the Philippines and Vietnam in their territorial and maritime disputes with China, in an attempt to maintain a US-dominated regional order.⁴⁰

⁴⁰ See e.g. Elbridge Colby and Ely Ratner, 'Roiling the waters: why the United States needs to stop playing peacemaker and start making China feel uncomfortable', *Foreign Policy*, Jan.-Feb. 2014, pp. 10-13; Oriana

A more optimistic view would hold that such competition, while itself negative and even destabilizing for both the bilateral relationship and the regional situation, will be tempered by cooperation between the two countries at bilateral, regional and global levels; and that, given the significant stakes that both Beijing and Washington have in this relationship, they will exercise damage control whenever the competition risks spiralling downward into confrontation and conflict. As a result, a dynamic and healthy balance of cooperation and competition will keep Sino-US interactions in the region largely in a state of normality.

From a realist viewpoint, however, the curtain has just risen on an episode of geopolitical rivalry between China and the United States in the Asia–Pacific theatre.⁴¹ As China makes further progress in strengthening political, economic and security ties with its neighbours and expanding its regional influence, the United States may try to pool more resources to compete even more forcefully with China. For its part, China, challenged and threatened by US manoeuvres around its neighbourhood, would seek not only to offset the US pressure, but also to work vigorously to undermine US policy instruments, including its network of allies and partners in the region. As a result, according to this interpretation, Sino-US geopolitical rivalry is likely to escalate, diplomatic confrontation and conflicts may occur from time to time, and other countries in the region may be forced to take sides between Beijing and Washington. Sino-US relations, fraught with frictions and conflicts, could move the regional order towards confrontation and polarization.⁴²

While there exists a chain of action and reaction between China and the United States in their interactions on the Chinese periphery, it is nonetheless Beijing that holds the key to the equation. The way it pursues its interests and influence in the region, the approach it adopts to relations with its neighbours, including those that are allies of the United States, the efficacy and effects of its regional economic and security cooperation initiatives—all these elements will together shape Washington's perception of China's regional strategy and define the space in which it can manoeuvre on China's periphery. Other regional states, including South Korea, Japan, the ASEAN countries and Australia, will also play an important role in Sino-US engagements in the Asia–Pacific. Few if any of them wish to see the outbreak of confrontation between Beijing and Washington in the Asia–Pacific region, with the concomitant pressure on themselves to take sides.

To forge a benign pattern of Sino-US interactions in the Asia–Pacific and create a more cooperative and stable regional order, both China and the United States need to formulate and carry out their respective regional policies with greater

Skylar Mastro, 'Why Chinese assertiveness is here to stay', *The Washington Quarterly* 37: 4, Winter 2015, pp. 151–70; Harry J. Kazianis, 'Superpower showdown: America can stop Chinese aggression in Asia', *The National Interest*, 6 March 2015, <http://nationalinterest.org/feature/superpower-showdown-america-can-stop-chinese-aggression-asia-12368>; The White House, Office of the Press Secretary, 'Remarks by President Obama at the University of Queensland', Brisbane, Australia, 15 Nov. 2014, <https://www.whitehouse.gov/the-press-office/2014/11/15/remarks-president-obama-university-queensland>.

⁴¹ Ron Huisken, 'A superpower showdown: China vs. America in Asia', *The National Interest*, 6 Jan. 2015, <http://nationalinterest.org/blog/the-buzz/the-great-collision-course-china-vs-america-asia-11977>.

⁴² Wu Xinbo, 'Chinese visions of the future of US–China relations', in David Shambaugh, ed., *Tangled titans: the United States and China* (Langham, MD: Rowman & Littlefield, 2012), pp. 378–9.

wisdom. It is neither reasonable nor feasible to expect one side only to adjust; the two sides should meet each other halfway. China, as a rising power, should exercise its growing capability in a more constructive way, abstain from pursuing a narrowly defined agenda of national interests, and work in earnest to promote the well-being of the region. When Beijing tries to promote its national interests in the region, it should make a better job of reassuring others, Washington included, about the ultimate purpose of its actions. In so doing, Beijing will be more likely to achieve its stated goals of forging a community of common destiny with its neighbours and constructing a new type of Great Power relationship with Washington. For its part, the United States should learn a lesson from its failed attempt to block China's initiative on the Asia Infrastructure Investment Bank. As an established hegemonic power, it should adopt a more open-minded and progressive attitude towards the shifting power balance as well as the evolution of regional order, learn to live with China's rising influence in regional affairs and greater political, economic and security cooperation among Asian countries themselves, and refrain from seeking to monopolize the leadership of regional affairs and resisting the inevitable trend of change in the regional order. As Zbigniew Brzezinski wisely advised: 'To increase the probability that China becomes a major global partner, America should tacitly accept the reality of China's geopolitical preeminence on the mainland of Asia, as well as China's ongoing emergence as the predominant Asian economic power.'⁴³ Only in this way can the United States help to shape a regional order in which its role and interests are well preserved, and more effective Sino-US cooperation and coordination in regional and global governance take place.

Conclusion

Sino-US competition in the Asia-Pacific region is growing, reflecting a rivalry for geopolitical and geo-economic gains between a rising power and a hegemonic power. Such competition is redolent of traditional major power politics and bodes ill both for Sino-US relations and for the Asia-Pacific region. How Beijing and Washington will manage their interactions is a major question in both policy and academic circles.

The challenges confronting China are new and daunting. At a time when it needs to expand cooperation with its neighbours and step up its role and influence in regional affairs, how should it handle territorial and maritime disputes with surrounding countries and mitigate their concern about, even fear of, a powerful China? How should it cope with US interests and concerns, legitimate or not, in the region while avoiding turning China's neighbourhood into a major battlefield for Sino-US competition, so as not to obstruct the implementation of President Xi's neighbourhood strategy?

The challenges for the United States are no less daunting. America has adopted a strategy to rebalance its policy and material resources to the Asia-Pacific region

⁴³ Zbigniew Brzezinski, *Strategic vision: America and the crisis of global power* (New York: Basic Books, 2012), p. 174.

in order to pursue significant political, economic and security interests there. In the twenty-first century, the Pacific is likely to replace the Atlantic as the centre of gravity for world politics as well as the global economy. Should the United States enter into vicious competition and even confrontation with China, how can it realize its goal of protecting and enhancing its interests in the region? On the other hand, how can Washington reconcile its traditional Asia–Pacific policy framework of hegemonic stability, characterized by dominance, superiority and alliance,⁴⁴ with the changing regional economic and security landscape largely brought about by a rising China? Can Washington skilfully accommodate China's growing legitimate interests while effectively managing some of China's destabilizing behaviour?

As the United States enters its next domestic political cycle, the prospects for Sino-US interactions in China's neighbourhood are likely to become even more uncertain. Yet one thing is clear: as the power gap between China and the United States narrows and China's Great Power diplomacy plays out, the coming decade will define, for better or worse, the landscape of Sino-US relations and the regional political economy in the Asia–Pacific region. These developments will greatly enrich academic debate on the subject.

⁴⁴ G. John Ikenberry and Michael Mastanduno, 'Images of order in the Asia–Pacific and the role of the United States', in G. John Ikenberry and Michael Mastanduno, eds, *International Relations theory and the Asia–Pacific* (New York: Columbia University Press, 2003), pp. 421–39.

