Strategic Insight No. 6
June 10, 2020

The World HandCOV'd: China After COVID-19: Navigating between Great Power Rivalry and International Stability

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Key takeaways

- The pandemic has reinforced already emerging trends in international relations. Key to prevent further deterioration of great power relations will be consensus on the basic value and functioning of the main pillars in our multilateral system.
- China's 'dual track' approach is reshaping the international structure enormously. It can undermine the positively connoted role of multilateral forums as they appear increasingly 'toothless'. Antagonism between the two great powers erodes their capacities as important platforms for global governance decision-making.
- The dichotomy between the use of coercive means (power politics) and positive engagement in the Chinese foreign policy is growing. The two sides of the coin cannot be viewed separately and China is seen increasingly as an ambiguous international actor.

When China marked the 70th anniversary of the founding of the People's Republic in October 2019, the role of the United States in the international arena had been thoroughly reshuffled by the presidency of Donald Trump. His open contempt of multilateral institutions and policies driven by narrow interests had left allies doubting if they could rely on US support in the event of a crisis. At the same time, China has become particularly active in defining its role in the world since President and Party Chairman Xi Jinping took over leadership in 2012. He shifted China's ambitions into a higher gear by announcing that China must "take centre stage in the world."

China is pursuing this goal in a number of ways: stressing its aspiration to gain global technological leadership, making offers many countries find hard to refuse through the Belt and Road Initiative, using economic leverage to shape multinational debates in its favour, and crafting multilateral frameworks in which Beijing holds the upper hand. The Communist Party's strategists know the country lacks a system of alliances that can rival that of the US. Instead, focus has been set to gear China's influence by reshaping the international structure which in the eyes of the leadership in Beijing has been characterized by unequal distribution of power and solely functioned for the benefit of the "West."

Hence, China initiated new international regimes such as the New Development Bank in 2014 and the Asian Infrastructure Investment Bank (AIIB) in 2015; and pushed forward the collaboration with Central and South Asian neighbour countries in the Shanghai Cooperation Organisation (SCO), focusing on regional security issues. At the same time, China's preference to strengthen relations with groups of countries such as the Central and Eastern European countries under the umbrella of the so called 17+1 platform or the ASEAN+1 framework exemplify China's quest for global engagement based on two complementary tracks.

The 'battle of narratives' and China's attempts to restore reputation

When the coronavirus epidemic escalated in Hubei Province in early 2020, attempts to cover up the outbreak quickly drew fierce criticism even in the heavily censored Chinese social media. As more and more countries became affected by the current pandemic, China mobilised its resources to actively shape the narrative surrounding this crisis. While much of the Western world was struggling to contain the virus, the story that was sent out to the world emphasized that China had successfully regained control over the virus and is leading global aid and support efforts.

> As soon as the pandemic hit Europe in early March 2020, '*mask diplomacy*' – the delivery of medical aid and supplies – became an important feature to showcase China's goodwill to take over responsibility as global power.

However, as more and more voices from the international community demanded an independent and transparent investigation into the origins of the virus outbreak, China's self-portrayal was accompanied by strong and often coercive rhetoric. This

included reports and statements from Chinese state media and diplomats with warnings that countries eager to doubt and counter China's official narrative, could harm their economic relations with China.

Over time, an increasingly confrontational approach emerged, reinforced by strong accusations from the US and other states. They came to the conclusion that had China been acting transparent during the first phase of the outbreak in Wuhan, the impact of the pandemic could have been kept to a minimum. As a consequence, a stark contrast to the perceptions prevalent in Western countries has even triggered growing tensions between China and countries like Australia, Sweden and especially the US.

In the course of the pandemic, governments had to take – and justify – decisions of unprecedented scale and negative impact. In this situation, the most valuable asset for any international actor is trust. For China, the widening gap between domestic confidence and lack of trust within the international community puts a stumbling block on the way towards global leadership. For instance, policymakers around the world have serious misgivings about China's insistence on disabling Taiwan from gaining the WHO membership, especially in times when global cooperation has been commonly described as indispensable to overcome a global health crisis of this dimension.

> Domestically, China has started to leverage the pandemic to boost national cohesion and control, but among foreign observers, suspicions grow as to how trustworthily and responsibly China will act in similar scenarios in the future.

Economic outlook: walking down a sustained growth path at home and abroad

As the Chinese economy still relies heavily on manufacturing and the export of commodities, shrinking global demand as a consequence of the pandemic illustrates a major bottleneck for China's economic growth model. This has been especially the case as the US-China trade war had caused major disruption effects for Chinese value chains prior to the pandemic. After the Chinese economy saw the contraction of the GDP by 6,8% in the first quarter of 2020, Premier Li Keqiang recently announced a stimulus package at the National People's Congress in May to stabilize the economy. The amount of the package corresponds to 6.1% of China's nominal gross domestic product, thus staying relatively small compared to the measures recently introduced by many countries in Europe.

Amid growing US-China rivalry, Beijing is eager to continue building up its own footprint in the international arena and to become technologically independent from the US. China's role as a major trading partner for many countries in the world has provided a significant set of tools to exercise its influence in bilateral relations as well as on the multilateral level. Within the framework of the Belt and Road Initiative, China has diversified its economic and political relations, has established trading routes with access to harbours and trading hotspots all over the world and has created a new framework for Chinese companies to access and develop new markets. From a Chinese perspective, *connectivity* has become an important feature in China's interaction with the world, intended to contribute to economic growth processes in previously rather isolated countries and regions.

> As the pandemic has foreseeable tremendous economic consequences for countries in Africa and elsewhere which are heavily indebted to China, a broader debt relief and realignment of Chinese lending practices is to be expected.

International security: coercion and cooperation

In the past few weeks, China has sent strong signals to neighbouring countries that the Chinese military is determined to safeguard Chinese national interests towards bilaterally and internationally highly disputed islands in the South China Sea. This has been followed by confrontations between Indian and Chinese troops in the Himalayan border region and increasing sabre-rattling towards Taiwan. Strategically, Chinese security interests are not limited to China‘s neighbourhood anymore and gradually follow the growing presence of Chinese companies and as such broader Chinese interests overseas. With the first Chinese overseas military base in Djibouti, China's growing presence in the global security architecture has set a milestone.

As China has turned into the world's second biggest weapons producer after the US, cooperation in the military field such as joint military drills with armies from the SCO countries (especially with Russia) have become quite common. Since 2015 China has been partnered up with Belarus to help the country in developing its own missile system, the *Polonez*. Also in other regions, respectively in Western Africa, China has become a major security actor. The motivation behind it cannot be reduced to China's economic interests in the region only, but rather to its ambition to be more engaged in the overall security architecture on the continent, including providing troops as part of UN peacekeeping operations.

Chinese engagement abroad and technological solutions

The Belt and Road Initiative has become an important accelerator for China to promote new technological standards. Chinese companies setting up the 5G network in BRI countries; the introduction of mobile payment solutions abroad; increasing efforts to establish platforms linked to the introduction of new digital currency solutions; or China's satellite network *Beidou*, which is increasingly promoted under the umbrella of the BRI, are some of the striking examples. As a consequence of the Covid-19 pandemic, more efforts under the umbrella of the BRI can be expected from China to set up joint platforms for cooperation in the area of health and pandemic prevention.

For China's engagement in Central and Eastern Europe, this means a major strategic dilemma to be tackled.

> As the BRI lacks a clear conceptualization and could be more understood as public diplomacy approach, the message it sends out will not be able to provide a clear picture about its main intentions.

Hence, the more China-led initiatives are prevalent in the regional context, the more they risk being viewed as challenging and competing alternatives to the existing regional cooperation mechanisms.

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The paper is part of the project The World HandCOV'd: Assessing longer-term implications of the pandemic disruption for international security. The project is implemented by the Minsk Dialogue Council on International Relations and KAS Belarus. The content of the publication represents the views of the author only.



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