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Veröffentlichungsversion / Published Version

Stellungnahme / comment

**Empfohlene Zitierung / Suggested Citation:**

Rühlig, T. (2022). *China's Global Vision Vacuum: an Opportunity and Challenge for Europe*. (DGAP Policy Brief, 18). Berlin: Forschungsinstitut der Deutschen Gesellschaft für Auswärtige Politik e.V.. <https://nbn-resolving.org/urn:nbn:de:0168-ssoar-80052-9>

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# DGAP POLICY BRIEF

## China's Global Vision Vacuum

### An Opportunity and Challenge for Europe



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China seems to strive to redefine the global order around sovereignty and a strong state. Yet is China engaging in a constitutive process shaped by the global economy; or is it an imperial power pursuing national sovereignty at any cost? In the West, there are very different answers to this question. This ambiguity is not by design but rather indicates that China lacks a coherent vision for the world. If the EU is to exploit this, it needs to understand why.

– Despite its immense power, the Chinese Communist Party (CCP) sees the international system as a threat to its stability. Therefore, the party-state – far from constructing a vision of world order playing to its authoritarian strengths – melds its foreign policy around its domestic vulnerabilities.

– China's commitment to sovereign prerogatives is thus defensive and reflects the CCP's vulnerability and fragmentation. The many components of China's foreign policy institutions are adept at using the language of the strong-state to pursue their own individual goals.

– Given its internal vulnerabilities, China cannot offer a coherent vision for global order to compete with the West. But China's style of foreign policy will still challenge Europe because it undermines trust in existing international institutions.

– Europe has some potential to influence an inward-looking China and the countries gravitating toward it. But it can only realize it if it better understands how China assesses the world through the prism of its peculiar internal splits and vulnerabilities.

International affairs do not rest on force alone. Therefore, a country with ambitions of global power first needs to set out a clear vision of a world order. A hegemon sustains its power when its vision for the global order gains acceptance from other states, which helps reduce so-called transaction costs and leads to voluntary compliance with that hegemon's interests and ways of working. Rising powers need to reassure other states of their good intentions because a lack of familiarity raises the costs of working with them. This need for reassurance and clarity is particularly true of the People's Republic of China (PRC). If China could provide a coherent and persuasive vision of international order, it could undo the existing Western-led system of international institutions and practices of cooperation. Instead, China's opaque decision-making structure is harder to read than the democratic institutions of the United States, which makes it difficult for potential partners to anticipate policy changes to the international community.

The Chinese leadership has well understood the need to explain its principles to others. China's President Xi Jinping has repeatedly voiced the PRC's ambition to do just that. In 2016, Xi declared that "[we] are fully confident in offering a China solution to humanity's search for better social systems." And at the last National Congress of the Chinese Communist Party (CCP) in October 2017, Xi proclaimed that China "offers a new option for other countries and nations who want to speed up their development while preserving their independence." This latter notion of "independence" and its unspoken reference to state sovereignty is taken in Europe and elsewhere to serve as the germ of an idea for a "China Model" of order, tracing an unbroken line back to Mao's proclamation of the "Five Principles of Peaceful Coexistence" in China's bilateral treaty with India in 1954.<sup>1</sup>

Such a state-centric vision is evidently appealing to large parts of the international community. Compared to three decades ago, states today require deeper cooperation within international institutions and with transnational actors in the private sector to resolve the problems facing their societies. As trade

and financial flows have globalized, security threats have transnationalized. Global challenges such as climate change, migration, and cyber criminality have emerged that require collective worldwide efforts but pose uneven risks and benefits for different states. All this has come at the cost of states' ability to control crucial decisions by themselves (in the jargon: states are no longer "rule monopolists," but rather "rule managers" that set political frameworks for other actors to agree on and develop policies and rules).<sup>2</sup>

### BOX 1: TOWARD A "CHINA MODEL"?

States today are far from irrelevant, but to solve global challenges they need to cooperate among each other more deeply and involve private actors. This Western-led process of state transformation – never appealing to most developing states – has reached a crisis point because geopolitical rivalry complicates effective international cooperation that is more needed than ever before. This leaves the door to an ambitious China open. For many countries, the idea of partnering with a "China Model" that would redefine the role of the state is promising. A blend of national control and ownership of resources and economic activities shaped by a mix of state inference and private entrepreneurship seems attractive. While a coherent "China Model" does not exist (see below), academics and political observers agree that if one was to emerge, it would be based upon a strong state and sovereignty.<sup>3</sup>

1 Indian Treaty Series, Agreement Between the Republic of India and the People's Republic of China on Trade and Intercourse Between Tibet Region of China and India, 1954: <http://www.commonlii.org/in/other/treaties/INTSer/1954/5.html> (accessed May 30, 2022); Embassy of the People's Republic of China in the Republic of Turkey, "Carrying Forward the Five Principles of Peaceful Coexistence in the Promotion of Peace and Development," June 28, 2004: <https://www.mfa.gov.cn/ce/cetur/eng/xwdt/t140777.htm#:~:text=These%20principles%20are%3A%20mutual%20respect,mutual%20benefit%20and%20peaceful%20coexistence> (accessed May 30, 2022).

2 Philipp Genschel and Bernhard Zangl, "Metamorphosen des Staates. Vom Herrschaftsmonopolisten zum Herrschaftsmanager [Metamorphoses of the State. From Rule Monopolist to Rule Manager]," *Leviathan* 36:3, September 2008, pp. 430–454.

3 Christopher A. McNally, "Sino-Capitalism. China's Reemergence and the International Political Economy," *World Politics* 64:4, October 2012, pp. 741–776; Joshua Cooper Ramo, "The Beijing Consensus: Notes on the New Physics of Chinese Power," The Foreign Policy Centre, March 18, 2004: <https://fpc.org.uk/wp-content/uploads/2006/09/244.pdf> (accessed May 30, 2022).

## THE GAP BETWEEN CHINESE RHETORIC AND ACTION

Although much of the world appears highly receptive to the PRC's commitment to and promotion of sovereignty, there is growing awareness of the gap between what China says and what it does. In its rhetoric, the PRC insists that state sovereignty would be the constitutive idea of its chosen international order. But China's actions point in a different direction. Take Ukraine. The PRC certainly paid lip service to Ukraine's sovereignty, right of self-defense, and the principle of territorial integrity,<sup>4</sup> but it laced its statements with a recognition of Russia's crude security considerations: Russia, it says, was threatened by Ukraine and the expansion of the North Atlantic Treaty Organization (NATO).<sup>5</sup> The latter line of argumentation breaches the PRC's proclaimed commitment to the sovereignty principle that grants Ukraine the right to freely choose its military and political alliances.

This contradiction in China's rhetoric and policy was not just occasioned by Russia's war. China has adopted equally contradictory approaches to state sovereignty in its general stance and application of international norms and laws. For example, although the PRC has always been skeptical of the Responsibility to Protect (R2P) as a norm, it has never fully rejected it.<sup>6</sup> In Libya, it voted in favor of referring the case of mass atrocities to the International Criminal Court on the basis of the R2P and did not cast a veto against a resolution that mandated the United States and its allies to bombard the country.<sup>7</sup> In the context of the Syrian Civil War, by contrast, China has mostly rejected the R2P as a valid norm. Since 2012, China has cast 12 vetoes in the United Nations Security

Council that used "R2P-language." This is remarkable because the PRC has cast only 16 vetoes in the history of that council.<sup>8</sup>

When it comes to the implementation of commitments under the World Trade Organization, China's policy is similarly contradictory. Observers characterize China both as highly compliant with WTO law and a spoiler to the global trading system.<sup>9</sup> The PRC's compliance record varies according to the area of economics and governance involved; with that, its acceptance of limitations of state control over its economic policies varies too. For example, in the banking sector, China continues to violate the commitments it made upon its accession in 2001. At the same time, the PRC has remarkably good compliance with dispute settlement body rulings against it.<sup>10</sup>

The PRC was similarly inconsistent in the implementation of a bilateral treaty that it had concluded with the United Kingdom in 1984, the Sino-British Joint Declaration on Hong Kong – until 2020, when China "resolved" its contradictory approach by breaching that treaty. Remarkably, while establishing fully and undivided sovereignty over Hong Kong in 1997, China accepted an international treaty that promised a "high degree of autonomy" and thereby restricted the exercise of sovereign control over the Hong Kong Special Administrative Region for 50 years.<sup>11</sup> Before 2020, China did not put significant pressure on Hong Kong to develop national security legislation despite a constitutional duty of the Hong Kong Special Administrative Region to do so. At the same time, the leaders in Beijing did not show any willingness to consider compromise proposals for electoral reform in Hong Kong though this had been promised to Hong Kong as the "ultimate aim" of political reform.<sup>12</sup>

4 Ministry of Foreign Affairs of the People's Republic of China, February 26, 2022: [https://www.fmprc.gov.cn/eng/zxxx\\_662805/202202/t20220226\\_10645855.html](https://www.fmprc.gov.cn/eng/zxxx_662805/202202/t20220226_10645855.html) (accessed March 18, 2022).

5 Ministry of Foreign Affairs of the People's Republic of China, "Foreign Ministry Spokesperson Hua Chunying's Regular Press Conference," February 24, 2022: [https://www.fmprc.gov.cn/mfa\\_eng/xwfw\\_665399/s2510\\_665401/202202/t20220224\\_10645282.html](https://www.fmprc.gov.cn/mfa_eng/xwfw_665399/s2510_665401/202202/t20220224_10645282.html) (accessed March 18, 2022).

6 International Development Research Center, *The Responsibility to Protect: Research, Bibliography, Background: Supplementary Volume to the Report of the International Commission on Intervention and State Sovereignty* (Ottawa, 2001); United Nations Security Council, Resolution 1674, April 28, 2006.

7 United Nations Security Council, Resolution 1970, February 26, 2011; United Nations Security Council, Resolution 1973, March 17, 2011.

8 Global Centre for the Responsibility to Protect, "UN Security Council Resolutions and Presidential Statements Referencing R2P," April 5, 2022: <https://www.globalr2p.org/resources/un-security-council-resolutions-and-presidential-statements-referencing-r2p/> (accessed May 26, 2022); Dag Hamarskjöld Library, UN Security Council Quick Links, Security Council Meetings in 2022: <https://research.un.org/en/docs/sc/quick/meetings/2022> (accessed May 26, 2022); Dag Hamarskjöld Library, UN Security Council Quick Links, Veto List: <https://research.un.org/en/docs/sc/quick> (accessed May 26, 2022).

9 World Trade Organization, "2018 World Trade Policy Review. Report by the Secretariat," November 2018: <https://www.wto-ilibrary.org/content/books/9789287044051> (accessed June 6, 2022); Anabel González and Nicolas Veron, "EU Trade Policy amid the China-US Clash: Caught in the Cross-fire?," Study for the Greens/EFA in the European Parliament, June 15, 2019: [https://reinhardbuetikofereu/wp-content/uploads/2019/07/EU-trade-policy-amid-the-China-US-clash\\_final-version-9-July.pdf](https://reinhardbuetikofereu/wp-content/uploads/2019/07/EU-trade-policy-amid-the-China-US-clash_final-version-9-July.pdf) (accessed May 26, 2022).

10 Tim Rühl, *China's Foreign Policy Contradictions: Lessons from China's R2P, Hong Kong, and WTO Policy* (Oxford, 2022).

11 Constitutional and Mainland Affairs Bureau of the Government of the Hong Kong Special Administrative Region of the People's Republic of China, Joint Declaration of the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the People's Republic of China on the Question of Hong Kong: <https://www.cmab.gov.hk/en/issues/joint3.htm> (accessed May 26, 2022).

12 Tim Rühl, *China's Foreign Policy Contradictions* (see note 10); Government of the Hong Kong Special Administrative Region, The Basic Law of the Hong Kong Special Administrative Region of the People's Republic of China: [https://www.basiclaw.gov.hk/filemanager/content/en/files/basiclawtext/basiclaw\\_full\\_text.pdf](https://www.basiclaw.gov.hk/filemanager/content/en/files/basiclawtext/basiclaw_full_text.pdf) (accessed May 27, 2022).

It is not least because of these contradictions that the academic descriptions of Chinese foreign policy range from “aggressive” and “assertive” on the one hand, to “constructive” and “cooperative” or even “responsible” on the other.<sup>13</sup> A similar debate has evolved around the question of whether China is a “revisionist” or a “status quo” power in international affairs.<sup>14</sup> Some portray China as aiming to reverse the existing order and undermine international institutions for the sake of strengthening its own power and sovereignty. Others see the PRC as largely embracing the globalized economy and thereby accepting international institutions even if they limit the ability of the state to comprehensively control political and economic development.

## DIFFERENT INTERPRETATIONS OF CHINA, DIVERGENT POLICY RATIONALES

Some analysts consider such ambiguity and contradictions to be the design flaw inherent in a sovereignty-based global order. One US academic and former diplomat famously called this type of order “organized hypocrisy”<sup>15</sup> because, while it seems to promise respect and equality to all countries, bigger states tend to be more sovereign than others. Thus, according to these analysts, after decades of US domination and transnationalization, China is simply telling other states what they want to hear – when really it is planning a new era of Chinese imperial domination. Such an interpretation of the PRC’s behavior has recently received even more attention because it resembles Russia’s aggressive behavior (see Box 2). Following this interpretation, the West can hardly cooperate with China, let alone tolerate it. The West might, however, exploit the PRC’s double standard to prize potential allies away from China.

Other observers, by contrast, suggest that these contradictions reflect that China is in fact pretending to itself that it can inject a degree of sovereignty into the global order in a bid to sweeten the bitter pill of further integrating itself into the US-led global economy. They emphasize that China continues to be an actor that rationally prioritizes economic interests that shape the PRC’s international behavior. The economic agendas of China and the West may not align, but – from this perspective – economic engagement is the best instrument for ensuring that the PRC’s foreign policy can continue to be influential. And China will not squander its economic interests, as Russia has, by taking aggressive international action. One example of this is the current debate around semiconductors. While China strives to increase its self-reliance with massive investments, the PRC government has to acknowledge that the semiconductor value chain will remain highly transnational in the foreseeable future.<sup>16</sup> China will continue to depend on Western chip design and Taiwanese front-end fabrication. This raises the question of the extent to which the persisting interdependence shapes Chinese foreign policy calculations – not least its goal to regain control over Taiwan.

Both of these very different positions are represented in the policy-making circles of Germany and, more broadly, within the European Union. Perhaps this is because the EU’s official position takes a middle ground between them – an extremely expansive middle ground. Since the EU adopted a new “Strategic Outlook” toward China in 2019, it has routinely described the PRC simultaneously as a partner, competitor, and systemic rival.<sup>17</sup> While this description certainly captures the ambiguities of Chinese foreign policy-making, it says little about the ways in which China is taking these different roles, what determines Chinese foreign action, and how the EU can effectively relate and respond to it. Yet learning to make these distinctions in ambiguous fields such as

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- 13 Aaron L. Friedberg, “The Sources of Chinese Conduct: Explaining Beijing’s Assertiveness,” *Washington Quarterly* 37:4 (2014), pp. 133–150; Alastair Iain Johnston, “How New and Assertive Is China’s New Assertiveness?,” *International Security* 37:4 (2013), pp. 7–48; Camilla T.N. Sorensen, “That Is Not Intervention; That Is Interference with Chinese Characteristics: New Concepts, Distinctions, and Approaches Developing in Chinese Debates on Foreign and Security Policy Practice,” *China Quarterly* 239 (2019), pp. 594–616; Feng Zhu and Peng Lu, “Be Strong and Be Good? Continuity and Change in China’s International Strategy under Xi Jinping,” *China Quarterly of International Strategic Studies* 1:1 (2015), pp. 19–34.
- 14 Giovanni B. Andornino, “China and Global Governance: Status Quo Power or Challenger to the Global Order?,” in *A Handbook of China’s International Relations*, ed. Shaun Breslin (London, 2010), pp. 94–105; Shaun Breslin, “China’s Emerging Global Role: Dissatisfied Responsible Great Power,” *Politics* 30:S1 (2010), pp. 52–62; Yong Deng, “China: The Post-Responsible Power,” *The Washington Quarterly* 37:4 (2015), pp. 117–132; Enrico Fels, *Shifting Power in Asia-Pacific? The Rise of China, Sino-US Competition, and Regional Middle Power Allegiance* (New York, 2017); Xiang Gao, “China as a ‘Responsible Power’: Altruistic, Ambitious, or Ambiguous?,” *International Journal of China Studies* 4:3 (2013), pp. 405–438; John Ikenberry et al., *America, China, and the Struggle for World Order* (New York, 2015); Scott L. Kastner and Phillip C. Saunders, “Is China a Status Quo or Revisionist State? Leadership Travel as an Empirical Indicator of Foreign Policy Priorities,” *International Studies Quarterly* 56:1 (2012), pp. 163–177.
- 15 Stephen D. Krasner, *Sovereignty: Organized Hypocrisy* (Princeton, 2019).
- 16 Jan-Peter Kleinhans and John Lee, “China’s Rise in Semiconductors and Europe,” *Stiftung Neue Verantwortung*, December, 8, 2021: <https://www.stiftung-nv.de/de/publikation/chinas-rise-semiconductors-and-europe> (accessed May 26, 2022).
- 17 European Commission, “EU-China – A Strategic Outlook,” March 12, 2019: <https://ec.europa.eu/info/sites/default/files/communication-eu-china-a-strategic-outlook.pdf> (accessed May 26, 2022).

technological development, the green transition, or international trade – and, if possible, learning to anticipate when China will behave in one way or another – will be vital to the EU as Europeans themselves rethink their own vision of global order.

## EXPLAINING CHINA'S CONTRADICTIONARY FOREIGN POLICY

To understand China's approach better, this author carried out an extensive ethnographic study of Chinese foreign policy-making and the people involved in it. More than 150 in-depth interviews with Chi-

nese party-state officials show that the ambiguities in China's support for a sovereignty-based order have little to do with its attempt to meld its national ambitions with the need to win friends and allies and much more to do with its domestic vulnerabilities. National confidence in China's (economic) power and pride about China's growing stature are only two small elements that drive China's pursuit of a strong-state system on the global stage. A larger role is played by persistent concerns about the vulnerabilities to the rule of the CCP and the sense that the current international system poses not only an opportunity to China but also a threat to regime security.

### BOX 2: HOW ETHNOGRAPHIC RESEARCH HELPS TO ELUCIDATE CHINESE MOTIVATIONS

Russia's renewed invasion of Ukraine frames the analysis of China in Germany and the EU. Russia's aggression has also exacerbated the old debate in Europe about whether China can be moved in a positive direction by Western economic engagement or whether China, too, will turn out to have been an imperialist power hiding in plain sight. The reasons for this framing are clear: Germany feels it has been naïve about the power of trade to shape countries like Russia, but any shift in policy will be costly in the extreme.

Another reason for bunching the Russian Federation and PRC together is that, shortly before Russia's war of aggression against Ukraine broke out, their two presidents signed a joint statement that laid out a comprehensive agenda of cooperation between the world's two most powerful autocracies.<sup>18</sup> In this statement, China and Russia explain nothing less than their shared stance on "international relations entering a new era." Subsequent events suggest that this *démarche* heralds an age of imperialism.

Europeans and Americans alike are concerned about Russia's and China's determination to reshape international affairs – even if they

continue to ask whether the partnership between Russia and China is as close as the joint statement might suggest and whether Russia, as an autocracy in decline that is suspicious of its neighbor's ambitions, can even work together with a rising China. While some see a clear neo-imperialist agenda, others still ask whether China is ready to pay as high of an economic price as Russia for achieving its geopolitical interests.

Put another way, they are asking if China will prove to be as irrational as Russia when it comes to pursuing its status in the world. This is precisely the kind of policy question for which ethnographical research is particularly fitting – because we need to appreciate China's foreign policy on its own terms. The fact that China's foreign policy deviates from our own style of calculation may only make it seem irrational. At the same time, the fact that Russia has behaved in a certain way does not provide China with a template for action.

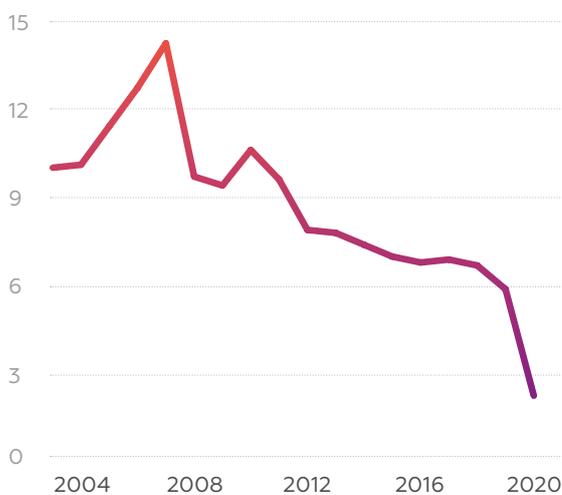
Understanding China's foreign policy rationale – and thereby its impact on the world of tomorrow – requires us to trace Chinese discussions and actors involved in the PRC's foreign policy-making. This is precisely what the author's new book, *Understanding China's Foreign Policy Contradictions*, does. This policy brief is based on its analysis.

18 President of Russia, "Joint Statement of the Russian Federation and the People's Republic of China on the International Relations Entering a New Era and the Global Sustainable Development," February 4, 2022: <http://en.kremlin.ru/supplement/5770> (accessed May 26, 2022).

# CHINA'S DOMESTIC VULNERABILITIES IN FIGURES

## CHINA'S GROWTH RATE IS IN CONSTANT DECLINE

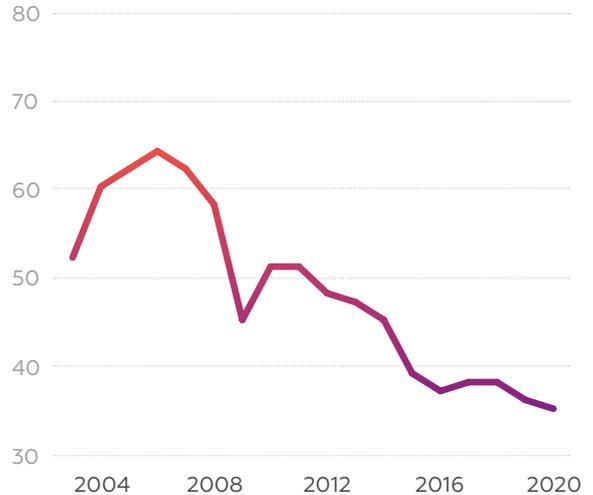
China's GDP Growth (Annual in %)



China's GDP growth has been constantly falling for a decade. What is referred to in the PRC as the "new normal" necessitates its ongoing economic transformation. | Source: World Bank

## TRADE IS NO LONGER THE DRIVER OF ECONOMIC GROWTH

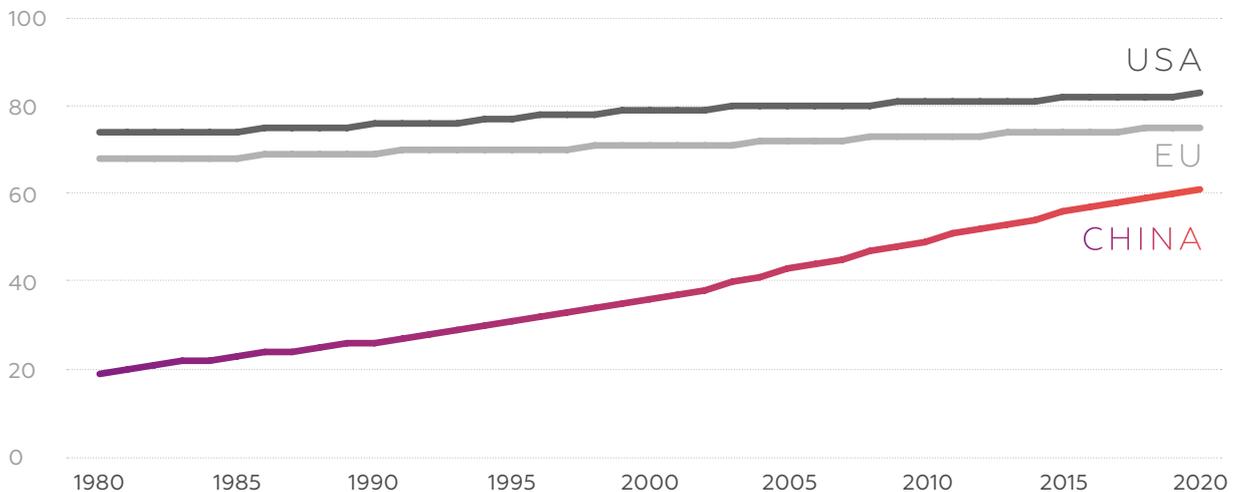
Share of Trade in China's GDP Growth (in %)



The contribution of international trade to China's GDP growth is almost half that of 2006. China's labor cost is less competitive internationally, and the PRC has turned more to domestic investment and consumption as a driver of growth and prosperity. | Source: World Bank

## THE ECONOMIC POTENTIAL OF URBANIZATION IN CHINA IS ALMOST FULLY UTILIZED

Urban Population in % of Total Population in China, the United States, and the EU



The cheap labor that results from urbanization has been a major factor driving China's economic prosperity and competitiveness. However, China's urbanization potential is shrinking. Today, large parts of China's rural areas are populated by children and the elderly. | Source: World Bank

For decades, the domestic legitimacy of the CCP – and the social stability that underpinned the regime – resulted from enormous economic growth and increasing prosperity and welfare for all parts of Chinese society (even if unequally distributed). China's export-led growth model relied on low labor costs resulting from its enormous urbanization potential. Due to China's current demographics, however, these advantages have evaporated. Inefficient allocation of financial resources and the "One Child Policy" are legacies of China's history as a planned economy that add threats to newly created challenges such as a looming real estate bubble that is being fueled by the fiscal shortcomings of the local party-state.

Today, China needs to undertake a new and even more grinding economic transformation – to move the country up the global value chain, make it more innovative, strengthen domestic consumption, and reduce reliance on foreign supply and sales markets. Transitions in the digital and climate sectors open a window of opportunity for China to develop a new successful growth model, but transformation entails political uncertainty and social instability. The party-state thus needs to preserve economic growth through a combination of continuing economic integration into global markets and strengthening domestic consumption and supply. How exactly economic openness and global integration on the one hand should be combined with self-reliance, isolation, and protectionism on the other is contested within the party-state itself.

## THE STRONG-STATE MODEL AS A PRODUCT OF CHINA'S NATIONAL FRAGMENTATION

In this context of fear and vulnerability, the CCP has revitalized an old nationalist narrative to trigger national pride – not out of self-confidence but to counter uncertainty and social instability. This narrative rests on the idea that the Communist Party ended a century of humiliation characterized by domestic turmoil, war, and semi-colonialism that lasted through the first half of the 20th century. It attributes the following to former and present party leaders: Mao is the chairman who unified the country, Deng brought prosperity, and Xi completes this journey by placing China at its rightful historical place of world leadership. This narrative, however, is both volatile and disputed: Two interpretations of national pride exist within the party-state. While some emphasize that China's role is best captured

in its growing reputation as a responsible, peaceful great power that enjoys widespread support from the international community, others advocate a more chauvinistic nationalism.

This exacerbates the split inside China between those who believe in a confident and constitutive China on the world stage and those who want a defensive and exceptionalist one. These frictions are captured in both the PRC's approach to economic performance and national pride. China's party-state officials agree that both are vital for the legitimation of CCP rule and regime stability. However, the concrete choices to make when considering economic integration versus economic isolation and international reputation versus chauvinistic nationalism remain contested.

These two very different approaches are, in turn, refracted in a national institutional mosaic far more fragmented than it might seem from the outside. While China has undergone a recentralization of power under Xi Jinping, this has not eliminated the fragmentation of its foreign policy – an area where ministries, the People's Liberation Army, and various party-state agencies compete over influence. Parallel party and state institutions add to this fragmentation. Moreover, the interests of state-owned enterprises and private companies owned by entrepreneurs with close ties to the party state, often referred to as "red capitalists," increasingly impact Chinese foreign policy. In addition, sub-national party-state institutions continue to have a strong influence.

### **This institutional fragmentation results in three types of bureaucratic logic:**

- First, party-state institutions have differing institutional mandates and therefore advocate agendas that often conflict. For example, influential local authorities promote the preservation of the existing financial system that benefits local industry, pushing back against China's central bank and financial regulators who advocate for deeper integration into global financial institutions.
- Second, party-state officials have different socializations depending on their career paths. The foreign policy establishment, having served abroad, tends to care more about China's international reputation than party-state cadres who have had less exposure to international affairs.

# MULTIPLE ACTORS SHAPE CHINA'S FOREIGN POLICY

## THE PRC'S FRAGMENTED POLITY CAN BE A VULNERABILITY

AFFILIATION



LEVEL



Depicted above are some of the most influential actors shaping Chinese foreign policy – though not all to the same extent and in all policy fields. | \* Influential think tanks include the China Institute of International Studies, China Academy of Social Sciences, or China Institutes of Contemporary International Relations, among others | \*\* Among the most relevant ministries for foreign affairs are the Ministry of Industry and Information Technology, Ministry of the Environment, Ministry of State Security, Ministry of Defense, or Ministry of Science and Technology | \*\*\* Examples for such agencies are the China Banking and Insurance Regulatory Commission, China Securities Regulatory Commission, or Hong Kong Macao Affairs Office, among many others. | Source: Author's own compilation

- Third, in addition to competing over influence, party-state cadres also have divergent material interests. Hence, widespread corruption in China impacts the PRC's foreign policy.

Each fragment not only has its own peculiar interpretation of China's role in the world, but it is also well versed in claiming CCP ideology to support it. Notions such as sovereignty, progress, and anti-Westernism provide all of them with ample conceptual fodder and terminology to shape their own ideological interpretations. On the surface, all of China's institutions seem to speak the same language and are united in their attempt to generate social stability and legitimize the authority of the CCP. However, because the efforts to create such legitimacy stem from a fragmented institutional framework with different understandings of national pride and conflicting methods for generating economic growth, they result in contradictory foreign policy. China's rhetoric might highlight the value of sovereignty, but its foreign policy practices are inconsistent with this principle.

## EROSION OF THE EXISTING ORDER WITHOUT A NEW VISION

In short, and contrary to widespread perceptions, the PRC has no "China Model" to offer – let alone an ideology to order the globe symbolically. But this does not let the West off the hook. For one thing, numerous countries are gravitating toward China, hearing the signals that they want to hear. For another, and perhaps even more problematically, China is trying to cloak and accommodate its own vulnerabilities, fragmentation, and lack of constitutive power; its efforts to introduce "pragmatic" new practices are undermining existing international institutions and increasing transaction costs for the United States and European Union. As those rules break down, power differentials suddenly matter again, and they favor revisionist forces. The partnership between China and Russia can neither rival the one between the United States and EU for constitutive power, nor can it erect new principles with which to replace existing norms. Yet it does have the potential to dismantle existing forms of cooperation.

China needs to brush over its own lack of coherence in two different ways. First, China strives to challenge the idea of universality and Western interpretations of politics to legitimize its own divergent practices and shield the PRC from the power of

democratic ideas. Second, China needs to hide its inconsistencies by providing vague and loose international frameworks that make even its incoherence look good. In doing so, China is actively undermining established understandings of the vocabulary used in international politics, arguing that terms such as free trade, human rights, rule of law, or democracy have no universal meaning but only definitions that depend on context. This allows for a maximum of flexibility. In each case, China can point to context when explaining that it acts differently than in a similar case. However, emptying out the vocabulary of international politics has a damaging effect on international law and international institutions. When interpretations of legal terms are flexible, international institutions can no longer generate predictability. International law has cast off its usual attribute as a constraint on states and is instead becoming a tool for powerful actors to use to depoliticize and disguise their intentions. China's de facto status as a global power allows the CCP to justify inconsistent if not contradictory foreign policies that reflect its domestic vulnerabilities, divergent visions and interests, and fragmented institutional decision-making structure.

So how should the West respond? While the EU's multifaceted approach to China – defining the PRC simultaneously as a partner, competitor, and systemic rival – captures the diversity of Chinese foreign policy, it contributes little to an understanding of China's approach and, in turn, effective means of reacting to it. China is neither an imperialist, revisionist power like Putin's Russia that neglects its economic interests and international reputation; nor, however, is it a status quo power that exclusively strives to gain influence and wealth within the existing system. Instead, its international affairs are shaped by domestic considerations and vulnerabilities. China's inward-looking approach to international affairs limits the capabilities of outside actors, including the European Union and Germany, to influence the course of its foreign policy. The PRC's thinking is not dominated by international considerations but by domestic vulnerabilities that are harder to shape from the outside.

# Seven Lessons for Europe's Foreign Policy-Makers

European policy-makers risk becoming paralyzed in their approach toward China. They are trying to bridge the gulf between shaping China into a partner via continued global economic engagement and trying to resolutely block its imperialist tendencies through assertive policies in the Indo-Pacific and Ukraine, as well as along any number of emergent geopolitical dividing lines. Furthermore, the EU's inability to chart a clear course between economic globalization and the assertive defense of its interests is off-putting for other countries and leads to the sense that the West is at best unpredictable and at worst hypocritical. This paper, however, suggests that the EU needs to understand China on its own terms. It should neither put it in the box of the idealized Western-style rational economic power nor that of the irrational Russian-style imperialist.

Trying to understand China on its own terms means appreciating the muddled internal decision-making processes inside the PRC and seeing through the CCP's attempts to cloak that fragmentation. Ironically, if the EU is to draw any comparison here, then to itself. The EU is a hugely complex power that has been trying to set out a coherent vision for the outside world for decades. It has frequently been criticized by partners and rivals for its incoherent communication – even when it believes that its internal processes and documents are clear. With this comparison in mind, a well-grounded China policy should consider these seven lessons:

**1. Assess the domestic implications for CCP rule first:** When weighing China's actions and trying to predict Chinese reactions to proposals, Europe's foreign policy-makers need to carefully consider implications for China's domestic vulnerabilities in the context of ongoing economic transformation. This requires determining potential spillover effects into other policy areas and their importance in the eyes of the Chinese party-state. Wherever common interests exist, the EU needs to understand whether the PRC gives them priority and, if not, whether Europe can help add importance to a given issue.

Combating climate change, for example, is a goal that is generally shared by both China and the West. But, although desirable, efforts to get the PRC to commit to more ambitious targets for reducing greenhouse gas emissions might prove ill-timed if, say, these conflict with other domestic vulnerabilities resulting from energy or food insecurity. Hence, European proposals that address climate change along with other vulnerabilities might be more meaningful in the long run. While the EU might not want to help China paper over its vulnerabilities, it should also pragmatically consider where domestic vulnerabilities provide a window of opportunity to address global challenges.

**2. Try to understand not only your interlocutors but also their diverse agendas:** China may be fragmented but that does not mean that European diplomats can simply pick the interlocutors they want when they negotiate with China. "Divide and rule" is not an option. Nevertheless, European diplomats can recognize the parallel institutions within the Chinese party-state that are likely to be involved in domestic decision-making over a given subject. Giving weight to divergent agendas within the PRC can help create momentum for European proposals.

Vice versa, international negotiators need to consider potential opposition from within the party-state from actors that do not participate in international negotiations. For example, addressing technical barriers to trade with China will meet resistance primarily from state-planning agencies, a significant share of local authorities, and vested interest groups in the PRC that profit from continued protectionism. Calling out illegitimate practices and bringing cases to the judiciary of the World Trade Organization – particularly in fields where reforms are being discussed – can help further the momentum for steps toward economic liberalization, even if only minor ones.

**3. Do not trust China's ambitious headline messages but assess its capabilities to realize its goals:** Given that the CCP is so focused on domestic stability, foreign actors need to ask themselves who the intended audience for China's public statements is. The CCP leadership is frequently bullish about its international goals and blurs the distinction between its ambitions and its actual capabilities in order to portray China as strong to several primarily domestic audiences. Independent European research should focus on this gap and assess the real policy options available to the PRC for achieving its strategic goals.

Take, for example, China's contribution to rewriting the internet protocol in ways that would ease state oversight, the monitoring of internet traffic, and the shutdown of the network. While the ambitions of the PRC's "New IP" proposal were alarming, they do not go beyond a rough framework that requires substantiation. China put forward the proposal merely to gain first mover advantage – not because it was anywhere near to establishing a new global internet protocol for which it would need greater engineering capabilities, its own proposals for technical standards, and political contextualization. A European "early warning" mechanism on technical standard-setting that considers technical quality and feasibility as well as political ambition could not only detect threats to universal values enshrined in technology from China but also help avoid alarmism when the PRC's proposals are far from implementation.

**4. Despite all ambiguity, take Chinese sources seriously:** The PRC might prefer ambiguous language, but Chinese Communist Party rule relies – to a great extent – on written guidelines and circulars. Chinese-language sources that serve as directives for the fragmented party-state are enormously valuable for understanding China. Many of these documents are open source but not translated into English by China. Foreign powers should invest more in their translation to strengthen the knowledge base of the West. Translated sources may not be a perfect solution, but they help address existing deficits due to limited Chinese language skills.

The latest Five-Year Plan (2021–2025), for example, triggers a cycle of sub-plans at the national, provincial, and local level to implement general targets. Circulars and directives will flesh out these plans. All these documents are primarily produced to signal policy directives to domestic actors and unleash resources and experimentation in fields of priority.

Hence, such documents provide valuable and reliable insights. While not all ambitions will turn into reality, these documents offer important guidance for domestic policy-makers and entrepreneurs. The West does not currently exploit the information provided by China to the fullest possible extent.

**5. Manage interdependence while remaining attractive to China:** Reducing dependencies on China is undoubtedly wise given geopolitical developments and the unpredictability of the PRC's domestic and international course. However, full decoupling is neither realistic nor desirable. China is an integral part of a globalized world that will remain – to some degree – interdependent for the foreseeable future. China could well prove as irrational as Russia and reduce dependency even at the cost of its economic growth. Still, the EU should acknowledge two things: first, that the PRC is not Putin's Russia and, second, that a certain level of engagement is the only leverage that Europeans continue to possess.

Hence, Europe will need to ensure that the PRC remains reliant on the EU increasing the cost for China to cut Europe off from its supply and sales market in a situation of confrontation. It is particularly important that Europe strengthens the few chokepoints it has in the key field of foundational technologies: semiconductors. One such chokepoint is lithography. Maintaining European strength requires thinking ahead and understanding the machinery that will be required for future generations of semiconductors to strategically invest in these fields. While this is no guarantee that China will not be willing to pay a heavy economic and technological price, it reduces the risk of the PRC provoking a disruptive crisis like the one Russia has recently created.

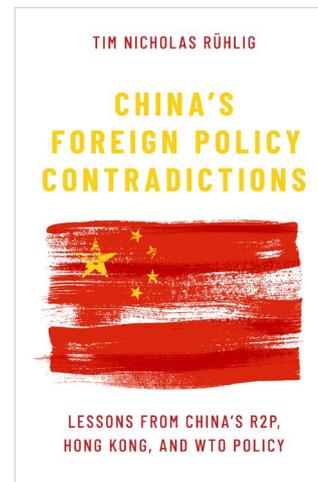
**6. Utilize the uncertainty that China's policy creates for the Global South:** China's contradictory policy creates uncertainty that can be particularly harmful for less powerful states of the Global South. Europe can utilize this opportunity if it develops a policy that treats the Global South as an actor with independent agency instead of a subject of geopolitical conflict. The EU should find a trade-off between well-established rules and principles that provide certainty to its partners and enough flexibility to meet the needs of the Global South.

For example, the EU's Global Gateway infrastructure initiative will only be able to compete with China's Belt and Road Initiative (BRI) in the Global South if it understands the factors that led to the BRI's success-

es. This requires attaching less conditions to Global Gateway projects than those currently attached to development financed by the Bretton Woods Institutions. Yet Global Gateway should not copy the BRI. Instead, it should apply rules that provide certainty and avoid lock-in dependencies for recipient countries. It should be an offer of diversification and autonomy. Most of the Global South does not want to pick between the West or China. European outreach should strengthen its role but not aim to squeeze the recipients into a Western alliance against the PRC.

**7. Protect our democracies from Chinese interference:** Democratization is key to the Western vision of global order. China, however, considers functioning democracies to be yet another vulnerability to CCP rule because they provide an alternative vision to governance. It is precisely because the Chinese leadership is not fully confident in its own approach that it sees liberal democracies and freedom of speech as a threat. Public discourse that sheds a negative light on China is of particular concern to Chinese authorities. China's leaders fear that Chinese nationals living in Europe could be exposed to democratic success stories and question CCP rule in the PRC. If ideas of a democratic alternative met with domestic crises in China, this could undermine CCP rule. Accordingly, while China has no coherent alternative approach to rival Western democracy, it does fear the success of Western democracy and has an interest in limiting the effects of a successful example.

Hence, Europe should strengthen its general capacity to protect its own democracies. In particular, it should defend freedom of speech with regard to Chinese diaspora communities. Institutions of higher education are of enormous importance because they attract foreign students. Chinese authorities actively reach out to Chinese students to provide them with information in Chinese and prevent them from engaging in political activities. Europe should counter such activities with Chinese-language information and offer decentralized points of contact to anyone threatened. Ultimately, China's vulnerabilities only make it more urgent for Europe to stand with its democracy and protect its civil liberties.



This policy brief is based on the analysis of the author's new book *China's Foreign Policy Contradictions* (2022, Oxford University Press).



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*DGAP receives funding from the German Federal Foreign Office based on a resolution of the German Bundestag.*

**Publisher**

Deutsche Gesellschaft für  
Auswärtige Politik e.V.

**ISSN** 2198-5936

**Editing** Helga Beck

**Layout** Luise Rombach

**Design Concept** WeDo

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