

## **Sino-US Competition and Challenges for Global Political Order**

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### **Abstract**

As the world would call it, China is the 2nd superpower in the world and this fact is making headlines. With this shift of power, China is being seen as reshaping the world order. While China negated this fact in the beginning, four years later China presented itself as establishing ‘new power relations.’ What are the ground realities? How does China want the world to see itself? How the United States challenging an emerging China and where are we heading towards is the emphasis of this paper. The first part, China makes headlines, provides a brief insight into how China is making inroads as a major actor, pushing itself towards a reformist agenda while making sure that its self-interest is not damaged. Mearsheimer’s theory of neo-realism is studied in this regard. In the second part of the part, the strategic relationship of South Asian states, post 9/11 has been studied with respect to the theory of balance of power, with United States and India vs Pakistan and China Strategic Quadrangle. It is concluded that in comparison to United States and India, Pakistan and China’s strategic partnership presents itself as a hallmark of ‘Grand Security Strategy.’ In the third part of the paper, with reference to the strategy of Bandwagoning and Balancing, scholarly discussion by Robert Ross, David Shambaugh and David Kang is detailed. The authors discuss the insecurities of Southeast Asian states and the balance they are trying to maintain between United States and China. They argue that ‘balance of influence’ is being maintained, evading the concept of balance of power. Fourthly, the paper debates the world of economic interdependence and states (US and China) which will dominate the 21st century. It relates this factor with specific reference to the European states, since their economies have majorly been at stake. The paper is limited to studying Sino-U.S. Competitions and Changes for the Global Political Order in the region of South Asia and European States. Conclusively, placing China into an international order does not come by choice, instead it is a necessity. Henceforth, U.S. needs to ensure that China is not seen as a disruptive but a positive force with which international affairs have to be restructured and balanced.

**Keywords:** China, United States, South Asia, Europe, Global Order.

### **Introduction**

Scholars in China have already given the country the title of “No.2.” or “superpower.” However, in the eyes of mainstream discourse China is seen not only as a great power, but also an emerging power. This shift of power allows China to be viewed as reshaping the world order. China, in itself is also ready to move beyond from becoming a norm in the system and instead emerge as a system ‘taker’ and ‘shaper.’ An example of this order shift came with Xi Jinping’s campaign for building of

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relationships amongst the great powers which would design the strategic shape required for operation (Breslin, and Zeng).

Contrary, China rejects the notion of the world being managed, solely by United States and China. With combination of a declining US power, rise of new powerful states and connectivity through globalization, undermining of state control over economic activities has paved path for the world to enter a new era. Premier Wen Jiabao on the concept of G2, rejecting the idea stated; according to some people the affairs of the world were to be solely managed by United States and China. These views were wrong and unjustified... A few countries or big powers alone cannot solve every global problem. The larger trend is being represented by will of the people, multipolarization and multilateralism (Xinhua News, 2009).

Fast forward to four years and China presented itself establishing an era for great power relations. This became evident with Xi Jinping's visit to Washington during 2012 and was reiterated in high level talks amongst the U.S. and China. During their meeting with the National Security Advisor of the U.S., Thomas Donilon, President Xi had stated; the two countries need to join in efforts for building U.S.-China cooperative partnership and need to look into new approaches for the newly formed 'great power relations,' that are like no other as practiced in history. This will open a new era of prosperity (People's Daily, 2013).

Intended to formulate the base for resolving bilateral problems between the USA and China, the new relationship formed a symmetrical position than of before. This was to ensure, that in the eyes of many Chinese, US would predominately remain a global power continuing to remain so in some years to come. This relationship was now being established not only among the Great Powers, but also between 'one developing economy and one great power.' It is important to know that the visit was prior to the G8 meeting of 2012, hosted by US and a missing China. Perhaps these overture by Xi for Obama were made to remind Washington of the new global powers realities and their utility for resolving international issues without active participation made by China.

Things from 2012 have changed and with the passage of time, under the leadership of President Xi Jinping, the country is reckless in terms of 'keeping a low profile.' Instead it wants to proactively strive for the instituting an advantageous (global) setting where China would revive as a nation (Xuetong, Y, 2014). This statement is grounded on the re-assessment which follows through comparing the relative strength of China to that of others. While the wide-spread belief is that US yet cannot be challenged by China (till some time), the country has achieved the status of a 'Great Power.' It today has that period of strategic opportunity during which its great power and interests can be served.

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While China continues to push itself towards a reform agenda, trying to supplant the present global order through new Sino centric, developments will need to be made in a manner which does not rupture the present system and in process damage the self-interests of China. Though China may not necessarily have what has been called by Vice Premier Wang Yang the capacity or resolve challenging the United States (Yang, W, 2015), appetite for assertion of China's interest and its objectives is growing and efforts for action are being taken in the form of readdressing world inequalities and gaps in governance, aggregating the 'institutional voice' of China (zhiduxing huayuquan). This has materialized in the countries provision of new system of governance through Banks like BRICS New Development Bank and Asian Infrastructure Investment Bank. It may be too early to know how initiatives like The Silk Road Economic Belt and the 21<sup>st</sup> - century Maritime Silk Road would develop; however, one understands it in terms of China manifesting its new power, establishing the country as a major actor.

China's proactive policy of manifesting itself through initiatives like Silk Road Economic Belt and the 21<sup>st</sup>-century Maritime Silk Road, China seems to be building on its relationships aligning itself with other countries according to its areas of major policy making. It's goal, establishing itself through a 'hub-and- spoke partnership' centering China. Increased paternalistic (shared) cooperation with states of Africa epitomized through the Forum of China Africa Cooperation, a separate alignment with its neighboring countries of Southeast Asian states (the organization of ASEAN) and another different relationship with neighboring countries of northwest and the north (the organization of Shanghai Cooperation Organization), all are examples of global networking (Breslin, S and Zeng, J).

### What the theories hold?

*Mearsheimer's theory of neo-realism:* While the Western theories continue to be built on studies of experiences of the (in particular that of Europe) Western built historical era, theories of power transitions in particular neorealist assumptions by John Mearsheimer have argued that historically rising and existing hegemons do not come to peaceful accommodations, with the most obvious shifts being in made in US-China East Asia security competition, which has much potential for war (Mearsheimer, J, 2014). According to Xi Jinping, for avoiding the Thucydides trap of destruction among an emerging and established power, 'we all need to work together' (Jinping, Xi, 2014). As of the past, China wants to make it clear that in comparison to the previous theory of power transition, the present relations of great power would not involve conflict, zero-sum game and power struggles.

### ***New Strategic Partnerships in South Asian***

Post 9/11, politics of South Asia, in terms of Pakistan-China relations has drastically changed. New equations have been formed in inter-state relations and the balance of power is rapidly being influenced through Indo-United States (U.S.) strategic relationship affecting South Asia's security. This strategic partnership is being driven by Indo-U.S. strategies of re-countering, restoration and re-balancing grounded on 'engagement-resistance' (Nadkarni, 2010). Contrary, Pakistan and China have changed their old long-standing partnership towards a new regional partnership which is being threatened by U.S. strategic support to India. Contributing towards regional stability and peace, China is that steadfast friend which has stood by Pakistan during all times. Both the countries are trying to construct a link of economic collaboration, joint security and harmony among countries of Central Asia, South Asia and Russia as a factor which can act as a balancer in a unipolar world (Ahmad, S, 2006).

***Players in South Asia and Balance-of-Power:*** The dynamics of South Asian balance-of-power commonly studies the power struggles of military built-up and nuclear power among traditional players, India and Pakistan and China, USSR or United States, which have remained great powers of the past. In comparison to other regions, concept of balance-of-power in South Asia differ from that of European states, however, the principal concept remains unchanged (Thomas, R, 2004).

### **Comparison of Balance-of-power**

- While the European system of balance-of-power was a uniform, harmonized with one prominent balancer, Britain, South Asian balance-of-power was a bipolar system having societies which were multilingual, heterogeneous and serious interstate battles.
- South Asian balance-of-power has mostly been influenced by "Western great-power politics." Similarly, the balancers existing in the sub-system have either been Russia, China or America. However, in terms of nuclear power developments amongst the traditional players, the balancer for Pakistan has been China with Indian analysts seeing China as an unbalanced player.

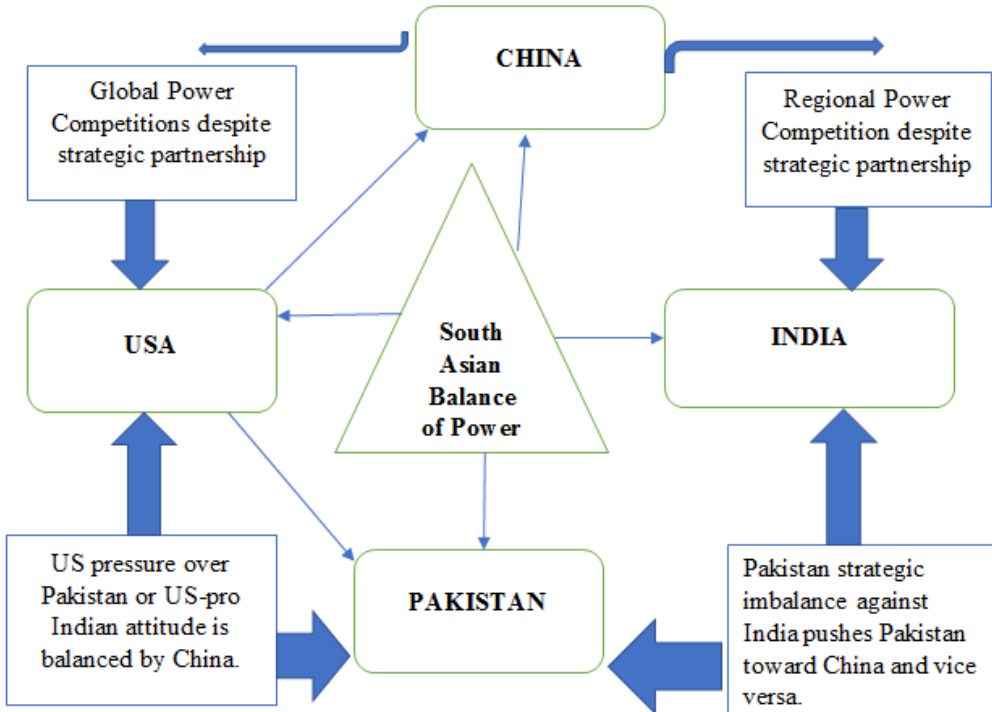
***Major Players of the Sub-Continent:*** Major players in the region of sub-continent have included two major players i.e. Pakistan and India. Following independence, arch rivalry between the two countries meant threats of security which could only be acquired by military means. This allowed Pakistan to start off with external balancing (Naseer, et.al, 2011). CENTO and SEATO and bilateralism policy of the U.S. was started. As for India, it adopted the policy of non-alignment strategy. This pattern then became an entrenched concept in the foreign policies of these states (Tahir-Kheli, 1973).

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***Strategic Triangle of South Asia:*** Since 1947/1949, the South Asian Strategic Triangle (SAST) has been devised between China, Pakistan and India. Started off in the early years of 1960s, because of the territorial conflict of SinoIndia, the joint has been initiated amongst China and Pakistan against India. Presently, all these three players have been involved in economic and political and a non-combative arm race (Kapur, A, 2011). In this equation, common interests against India are shared through interaction between Pakistan and China. Their mutual interest, keeping a check on India's military strength aimed for regional hegemony. This major threat is being countered through nuclear assistance provided to Pakistan through China (Yuan, J.D, 2007).

***Balance-of-power, U.S. and India:*** U.S. South Asian policy is drawn as of its global policy. It maintains and strengthens its ability a superpower through interventions in all world regions, which prevents other powers challenge its leadership (Nawaz, Z.J., 2007). For maintaining its balance-of-power, the sole superpower has either lead a foremost role, helped its strategic supporter or been directly involved (Murad, 2012). Within the framework of South Asia, terrorism, geo-economics and proliferation of nuclear technology are the vital interest of U.S. Therefore, interactions with China, India and Pakistan remains important (Yusuf, M, 2007). Nuclearization, unsolved border issue and the region's structural changes allowed the U.S. to maintain indecisive relationship of bilateral partnership with its players. Regional balance-of-power has thus emerged between Pakistan and India on one hand and between India and China on another. There is a quadrilateral relationship of China-Pakistan-India-U.S. In this partnership, India is considerably favored by the U.S. realigning itself founded on "engaged and resist" "hedging strategies" (Nadkarni, V, 2010). Figure 1 demonstrates the complex interactions of South Asia's quadrilateral relationship. This complexity between the four players has made the politics of South Asia a spider's web where balance-of-power has transformed from being a simple to a complex balance-of-power (Bull, 2002).

**Figure 1: India-Pakistan-China-Pakistan Strategic Quadrilateral Relationship**



**Source:** Concept of “India-U.S.-China-Pakistan” Strategic Quadrilateral relationship mainly taken by “Dan Markey”. This strategic quadrilateral frames a complex balance-of-power in South Asia region. (Jahangir, 2012).

***Quadrangle: China-Pakistan Vs Indo-U.S.:***

South Asia’s balance-of-power is foreseeing a new balance-of-power dynamics called “Strategic Quadrangle.” In this manner, an exclusive equilibrium scale has evolved. Dan Markey draws the sketch in these given words; The strategic quadrangle is being stretched in the direction of two poles i.e. with India and United States vs China and Pakistan. This has let ‘two sets of players diametrically opposed’ (Markey, D, 2011).

A strong strategic partnership is being built by China and Pakistan against the strategic partnership of India and the U.S. Both the countries are signatory of the civil

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nuclear deal hedging China and offsetting backing to Pakistan during 2005. On the other hand, Pakistan finds itself balancing India in terms of attaining qualitative superior weapons and diplomatic provisions through major powers. Still, the struggle made by India of obtaining nuclear capabilities left Pakistan with no other option but to strengthen itself through nuclear competency (Paul, T.V, 2005) through efforts made internally. When U.S. did not support the same deal for Pakistan, once it has signed the nuclear deal with India, Pakistan looked for options and enlarged its ties of nuclear deal with China. This allowed Pakistan to showcase strength of support from alternative sources i.e. opting China instead of the U.S. Similarly, pursuing hedging strategy, China and Pakistan are making ways for countering regional, global challenges without violating

Similarly, Pakistan and China are following hedging policy for countering global and regional challenges without violation of international rules and laws. Conversely, U.S.-Indo alliance has raised alarms for South Asian stability in terms of the regime on nuclear non-proliferation. Together with the nuclear capability of Pakistan and China's strong economy, South Asia's strategic equilibrium is invisible. With U.S. establishing military alliances with China's periphery partners in Taiwan, Afghanistan, Mongolia, Kyrgyzstan and countries of South Korea and Japan, Pakistan becomes the most suitable option for China. According to Huang Jing, Pakistan's China bilateral relationships are to be transformed from what was followed as a historical pattern to a partnership in which '*both equally need each other.*' India and the U.S., both see China as a major challenger. Since India cannot bear the threat from China all by itself, support from United States is required (Zaki, M.A, 2010).

Pak-China strategic partnership presents itself as a hallmark of 'grand security strategy.' As compared to India-U.S. strategic partnership, China-Pakistan partnership is stronger and much developed because of their relationship starting in 1965 as opposed to 1980's, in which U.S.-India developed their relations (Ganguly and Scobell, 2005).

### **What the world has to say about rising China? The Strategy of Bandwagoning or Balancing**

Taking on a neorealist view on Southeast Asia, *Robert Ross* has argued that the politics power-balancing is still alive in this region. Others have emphasized on military capacities as well as security dilemma. The author states that though China may not present itself as hostile right away, in the future it might do so. This insecurity gives the governments of Southeast Asia the space to construct their alliance and defense with the United States balancing the rise of China (Ross, 2006). After exhausting all choices, states of Southeast Asia will fall into accommodating Beijing. 'Domestic politics and international-based threat perception are unnecessary variables' which explicate the alignment of Southeast Asian states (Ross, 2006,

p.358). According to Ross, military proximity is of importance where the mainland states follow the military strength of China, whereas naval countries stabilize and support America for preserving the countries maritime dominance.

Other analysts however, disagree on the states of Southeast Asia preferring policies of power-balancing. Scholars have instead given preference to ‘soft power’ and variables of cultures which help to explain the posture of alignment for the states of Southeast Asia. *David Shambaugh* maintains that the impending threat from China is occasionally heard of from the specialist of regional security in Taipei, Singapore, New Delhi, Tokyo and Hanoi. Thus far, the voices are still a vision from the minority. While most of these countries continue are uncertain of the long-term ambitions of China and are embracing policies of hedging against a possible belligerent China, majority in Asia see China as ‘benign’ compliant to its growth (Shambaugh, D, 2004. p.67).

*David Kang* agrees and according to him the states of Southeast Asia are following this strategy since these countries have a diverse historical convention, varied political and geographical reality and diverse cultural practices as of West, where theories of IR were created. However, he disagrees on the point of ‘Bandwagoning’ than balancing establishing China as a ‘gravitational center’ for East Asian states (Kang, D, 2003). *Martin Stuart-Fox* shares a similar view. Mainland states of Southeast Asia avoid balancing of coalition which could aggravate China’s wrath. As an alternative, ‘bilateral regimes’ through which security can be attained into tributary-style agreements (Stuart-Fox, 2004).

The view that is dominant among experts is that the states of Southeast Asia have resolved into settling for limited alignments with great powers (one or more), while following multi-directional, extensive strategies of engagement. Many governments of ASEAN have tailed limited alliance by United States, and others including Laos, Cambodia, Thailand and Myanmar have established military cooperation by means of China. This trailing of limited alliance has been pursued because of fright from diminished autonomy, apprehensions of abandonment or entrapment and worries linked with alienation of neighbors or great power rivalry.

China has had considerable impact in Cambodia and Myanmar, however this has been done by economic might, which has been discounted by Ross. For guarding their independence both countries have engaged in placement of definite limits to their ties with China, guarding their liberation. Poking the PRC has been avoided by leaders of Vietnam, but running towards diversification of their defense ties has been hastened. Maintaining a ‘tight-rope’ among United States and China, the country has reached out to South Korea, Russia and India helping upkeep its place of relative non-alignment. Laos, essentially overlooked by West, has diplomatically played amongst Vietnam, China and Thailand avoiding being influenced any of these countries.



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Having warm relations with China, Thailand in 2003 became a 'non-NATO ally' of the US and still hosts principal military exercises which involve Cobra Gold, forces of the US. Therefore, Southeast Asia's mainland still is not in the strategic orbit of China.

Singapore and Philippines continue to support the 'soft form of the US' followed by a system of 'places not bases', however, Indonesia and Malaysia instead have not let Uncle Sam extend his footprint. These countries have maintained an irregular balance of influencing regions external powers. They have long supported principles of 'Zone of Peace, Freedom and Neutrality (ZOPFAN). Initiatives which could give US military a permanent place in the region has been frowned upon. Defense agreements made regionally have aided in reduction of aligning burden with America (Chin, 2000).

Regional governments have been careful in terms of avoiding labelling China as a threat and justifying the presence of US on their soil- like over concerns of war on terror, even though in the background concerns of China materialized (Goh, 2007/2008, pp.133-139). The Prime Minister of Malaysia Mohamad Bin Mahathir tacitly detailed why China should be feared saying, 'If you identify a country as your future enemy, it becomes your present enemy' (Mitton, 1997). Apart from some exceptions- including Lee Kuan Yew and Fidel Ramos- the states of Southeast Asia have tended to evade the use if concepts like 'balance of power,' suggestive of a moderate's policy of confrontation towards China. In its place, the states of Southeast Asia give reference for building a strong 'balance of influence' between external powers.

### **Who will dominate the 21<sup>st</sup> century- Power Influence through economic interdependence?**

In the region of Southeast Asia, contemporary studies have been accurate to draw attention towards the influence of great powers through economic power. Like in the policy of alignment, the states of this region have steered a middle way in economic matters. This has created a network of economic interdependence, which is powerful enough to aid external powers build strong stakes for regional stability and peace. Economic links allow big powers to remain intricate for shaping security and preserving a stabilized balance of influence (Cheng, J.Y-S2004). Broadening and diversification of ties make the government of Southeast Asia states reduce their reliance on a one great power in order to strengthen their economic suppleness. Lastly, reaching out to foremost economic help to fulfill their domestic political objective of stimulating growth, legitimating regimes and assisting people (which include officials) in money making.

*Enters China:* It has been argued by Alica Ba that in the past when Asia was in financial crisis, the People's Republic of China (PRC) repeatedly was seen as a competitor which was to downpour the region and the developed markets of the countries through cheap exports. Presently, the officials of SouthEast Asia have concerns related to competing China in economic might. Nevertheless, the image of China which was portrayed through the 1990's has improved. The reason; China did not devalue its renminbi, gave aid without any strings attached and contributed towards initiatives which would improve region's financial flexibility. Ba argues that the economic policy of the country remained successful because during this period the frustration of Southeast Asian states with United States, EU and the IMF had grown and China was able to capitalize on it. These states of Southeast Asia saw China as a lesser domineer (Ba, 2003, pp. 638–644). *China builds confidence and secures its position in the global order:* In the same period, the PRC took many steps, opening to the countries of Southeast Asia its markets, building confidence.

1. The first important initiative came through 'ASEAN-China Framework Agreement on *Economic Cooperation*.' In 2010, this would build an area of free trade. Although China is still feared as a competitor, suggests Ba, nevertheless, the diplomacy and investments made by PRC secured it position not as adversary, rather as an economic partner (Ba, 2003, pp.641-643). Shambaugh states, the governments of Southeast Asia which once were at loggerhead now view China exporting goodwill and consuming in its place of weapons and revolutions (Shambaugh, 2005, p.65).
2. Provision of *relief* is the second factor. During the previous five years, the states of Southeast Asia were provided with billions of dollars, and this has often been down on low interest loans. Even though, data related to dispersion of Chinese aid is poor, in general analyst have argued that the PRC has dispersed aid to its mainland states of Cambodia, Laos and Myanmar (Lum et.al, 2008, pp.5-7). Using its big reserves of foreign exchange, China has capitalized on frustrations of grants and loans provided through the institutions of Bretton Woods. Aid provided by China has with it few attached strings. Detached literature has also begun to inspect the impact of lending's given by China to the developing economies. According to many economists, it is believed that these loans would reassure moral risks serving as crutches which interrupt structural developments. Nevertheless, the governments of Southeast Asia are eager to take money and the influence of China as grown as a traditional provider of aid vis-à-vis countries of EU, United States and Japan. In 2001, the former President of Philippine, Fidel Ramos stated, 'growing economic interdependence may not guarantee peace and stability—but it does create an incentive for avoiding conflicts by raising their costs' (Ramos, 2001).

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*America is not at lost:* The rise of China in the region should not be overstated. The governments of Southeast Asia have not only made themselves dependent on China. To guard their interdependence on China, countries have reached out to the United State. Growing commerce through China has provided them negotiated leverage with further external authorities who loath Chinese gaining an upper hand. United States is one such case. America holds an important position in terms of regional economy. The trade which US has with the states of ASEAN now amounts to \$170 billion every year. America still is amongst the three partners of trade and investment for many countries of the region (Asian Development Bank Outlook, 2007). A number of steps have been taken by the US to advance its economic interest in the region of Southeast Asia.

1. During 2003, United States and Singapore became a signatory to free trade agreement (FTA).
2. In 2002, it launched FTA cooperation through Malaysia and Thailand, launching the i ASEAN initiative.
3. The country later added 'Enhance Partnership' for promotion of trade linkage (Limaye, 2004).
4. In 2006, the government pushed for a 'APEC-wide FTA' in rejoinder to proposals given by Japanese and Chines for narrowing free trade area in East Asia (Dent, C.M, 2007).

While pacts like these may not materialize in the nearby future, the economies of Southeast Asian states have a source of leverage. Never factors have hampered the economic diplomacy of US, which has included:

1. Refusal of US to deal with Myanmar has debarred the opportunity of an ASEAN-wide trade deal.
2. Restriction of trade talks by US on members of WTO have excluded Laos and till 2006, it has also ruled out Vietnam.

While ASEAN has the leverage of maintaining relative unity in terms of negotiations, bilateral FTAs has made the governments of Southeast Asian scared. They feel that because of inadequate leverages, an anticipated deal with Washington cannot be reached. Border struggles with the United States in term of economic province is inventive i.e. the governments of the US have focused on free markets instead of partial interventions by governments which has threatened governments of Southeast Asia who have relied on important government interventions. Ba and Evelyn have maintained that divergence has allowed preservation of comparative self-sufficiency and provision of influence in terms of connections with outside powers (Ba, 2005,

p.103; Goh, 2007/08, p.140). This pattern has opened up many channels of finance to prevent crisis and to moderate risks of opposing shocks when market tumbles. The Financial crisis has not come in a decade, still many of Southeast Asian policymakers invest their career in disaster management. In spite of a promising climate in the coming years, apprehensions related to economic resilience are an important factor for making strategic decisions.

*Troubled World Order, Troubled geo-economics and a world of chaos – How the EU is getting along with US and China*

*The expanded economic profile of China:* In their paper, “*China’s Global Rise: Can EU and U.S. Pursue a Coordinated Strategy*,” Philippe Le Corre and Jonathan Pollack” elaborated that it was during the 1990’s that China began exploring the opportunities on “Going Out Strategy.” It was planned to intensify and outline movements for state-owned enterprises (SOEs). It had a clear purpose; to obtain raw materials and energy required for China’s domestic progress. This should increase China’s role of ownership. Starting with President Jiang Zemin, the program developed quickly in times of Hu Jintao, the heir, which was followed by China’s entry in WTO. This led to a *two-track strategy*: widespread purchase and deals in countries that were less developed but resourced, and expansion of Chinese export through consumer goods, especially in the developed countries.

It’s involvement in WTO allowed the country to economically transform itself. Quantitative transformation has been surprising with the country during the years of 2001 to 2015 increased its GDP as of \$ 1.33 trillion to \$ 10.68 trillion. The data given by WTO states that today China:

- In terms of GDP, is the second largest economy of the world.
- The biggest exporter of merchandise.
- The third principal merchandise exporter subsequent to the EU.
- The fourth biggest exporter of marketable amenities.
- The third biggest importer of marketable facilities.
- For the developing countries, the foremost destination (fourth in order subsequent to United States, Hong Kong and the EU) intended for Foreign Direct Investment (FDI).
- The biggest source of outward FDI amongst the developing countries.

Followed by China’s accession to WTO, exports in China have expanded from industrial to machinery products moving into less developed countries and the developing economies. In the presence of China, American and European leading

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companies have also significantly extended their attendance of corporates. With the continued growth of Chinese economy, parallel expectations for enhancing access into Chinese economy which has long been protected is also being made. In spite of repeated pledges made by Chinese of external investments, expectations have been fairly met. This has led the trade organization of Europe and America to voice their concerns related to enduring prospects of business in China (European Business in China Position Paper, 2016/2017).

With growth slowed within China, intensive debate related to its sustainable model of economic development has been triggered. The revised economic strategy assumes growth from export-led to long-standing industrial revolution and product enlargement. However, the repercussions of yearly double-digit development continue. Immediate expansion by the industry lead to congestion of cement, steel and other products with CEOs of China gradually looking towards external markets which would divest additional production. This has put major economies of Europe at unease. *As one officer of EU remarks in an interview that experts of European experts have envisioned trains of China carrying surplus of goods, arriving in Europe, returning empty in China.*

With Europe's continued prospects of sluggish growth together with heightened unemployment, pessimistic assessment cannot be completely laid off. One senior officer of the European Commissioner in an interviewed research states that in Europe, the status of the full market economy can lead to about 200,000 losing their jobs. While the officials of the U.S. adopted provision of anti-dumping in return of Chinese counterparts, the institutions of EU have approached discussion on market economy. After early equivocations, a much clearer policy was adopted by the EU. It was declared by the European Commission that for the market economy status (MES), five practices had not been accomplished (Commissioner of European Communities, 2008). During May, a non-binding elect was taken by the Parliament of Europe overwhelmingly ruled out permitting MES to China (Hafbauer, C.G. and Isaacs, C.C, 2016).

It was during July, that the European Commission moved its focus away from possibly recognizing MES for Beijing towards developing a novel system of defense trade for Europe. It was applied on all the non-state of EU, irrespective of its establishment of structure, politics and economics. The Trade Commissioner of EU, Cecilia Malmstrom alleged that no difference was to be made amongst the non-market and market economies of EU's trade policies. Jyrki Katainen, the Vice President Commission of EU has underscored that EU would have to regulate according to U.S.'s system, which has stronger defenses for trade and relies on international prices as a standard determining dumping of the countries products.

## **Europe and trending relations with China**

The states of Europe including United Kingdom, Germany and France have high developed institutional and political relations through the People's Republic of China (PRC). In the previous years, European Union states build diplomatic relations with China. Beijing also payed increasing attention to the EU counterparts, however, the relationship changed considerably over the years.

Extensive development has been made in terms of two-way flow of traffic in private, government and business institutes. The delegates and officers make a visit to Brussels and capitals of the European countries in huge numbers, and parallel visit are made by European counterparts to China. As of the reports of 2015, no less than sixty yearly sectoral dialogues take place between EU-China (Eurobiz, 2015). Today, after having overcome hesitation, leaders in China have attached increasing importance to institutes of EU, which includes the European Parliament and its Commission. Almost all states of China or advanced visits include key CEO's of China and their leaders from business. During 2014, Xi Jinping, the President of China made his first high level visit to institutes of Brussels. China and EU, both make use of the word "partnership" for defining their relations: During 2015, four years of diplomatic relations was announced as "EU-China Comprehensive Strategic Partnership" (The EU-China Comprehensive Strategic Partnership, 2016).

Beijing's presence has also been improved through European's External Action Service (which is equivalent to EU's foreign ministry) (Austermann, F, 2015). Nevertheless, as has been perceived through Frauke Austermann, a European scholar, "portraying one European voice abroad (and especially in China) depends heavily on the local context to which a new EU institution must adapt and can hardly change."

The increasing interest of Foreign Direct Investment is readily obvious. Investments include long-term commitment and companies of China are eyeing for an established, legitimate secured environment which has include private investments in sectors of real estate. China has prioritized attainment of progressive industrial technologies from the firms of Europe emerging as China's importance priority. Resultantly, Chinese investments have surged during the past decade. A report which has been published by MERICS (which is a leading think tank for firms of China), and Rhodium Group, total investment made by China amounted till \$ 23 billion during 2015 (McKenzie & Baker, 2014).

Although United States is beheld as the leading holder for EU's FDI (\$ 1.68 trillion or 39%), China's deepening involvement is the future trend. China's present wave of European investment primarily fast-tracked as an aftershock of the global economic crisis, 2008 which emaciated many countries, including Cyprus, Ireland, Spain, Greece and Portugal buffeting three biggest economies of the EU; Germany, France

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and the United Kingdom. China responded robustly providing the firms and entities of Europe with new source of investment and money (Jack, E and Mozur, P, 2016).

This inclination has become more prominent ever since China propelled its initiative of “One Belt, One Road (OBOR),” which first was recommend by way of Xi Jinping, President of China during his Kazakhstan visit during 2013. Special interest was showed by China in terms of building and rebuilding Europe’s portion of its infrastructure in particular the ports, energy plants, rail lines, utilities and its roads. Although officers of China have clocked these potentials in the dialectic of “win-win” collaboration, they undeniably understand the geopolitical concerns. Therefore, China has taken ownership of its strategy, which will become a fundamental element of the political legacy presented by Xi Jinping.

A few countries of Europe have extensively begun to engage themselves in extensive debate associated to growing investments made by China and many have stopped or delayed some programs of privatization. However, in most of the cases eventual results have been reiterated. Athens almost took a year before it could grant 67% share of the harbor towards COSCO, which is a power SECO of China focusing on maritime transportation.

Extensive debate is being extended to elites of Germany, with attention being given to inroads which China is making in the sector of technology. Attainment of Kuka, which is firm of German robotics, Midea and is a large manufacturer of appliance is a pertinent example. An important contractor of technology brand, Germany already is a major destination for FDI made by China, having a total amount of \$ 10.8 billion during 2016. Germans risks the acquisition of Chinese conglomerates and officers of German have taken on a tougher stance. The Ambassador of Berlin, China Michael Clauss states that for Germany it is “more or less impossible” for investments to be refused by China. It has still to decline even one Chinese investment as of Kaku (Zhou, L and Wu, W, 2016).

During 2015, President Xi Jinping was welcomed ostentatiously by the United Kingdom, announcing how U.K. possibly would have a greater constructive and progressive part indorsing profound growth of EU-China relations (Chinese Minister of Foreign Affairs, 2015).

**Conclusively**, United States and Europe face the strategic issue of not seeing China becoming the world’s biggest economy, instead their focus is on foreseeing China pursue the conceptions of global governance undermining the present practices of America and Europe. Incorporation of China *into an international order does not come by choice, instead it is a necessity*. Henceforth EU and the United States need to make sure that rise of China as a global power demonstrates itself not as a disrupting

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but a positive force further exploring coordination between approaches of America and Europe weighing policy response by EU and U.S.



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