China’s Periphery Diplomacy: Implications for Peace and Security in Asia
By Jacob Stokes

Summary

• China is expanding its influence around the world, yet the heart of its diplomatic efforts still lies in its own complex neighborhood. To advance the country’s interests in the region, Chinese leaders practice an interlocking set of foreign affairs activities they group under the umbrella of “periphery diplomacy.”

• China’s strategic rationales for working more closely with its neighbors include upholding the security of its border, expanding trade and investment networks, and preventing a geopolitical balancing coalition.

• Beijing uses a range of tools for periphery diplomacy, including deepening economic integration, engaging neighboring major powers, and at times using coercion to achieve its aims.

• Although states around China’s periphery welcome trade and investment ties with Beijing, China’s more assertive actions in recent years have engendered fear and wariness about Chinese intentions.

• The United States should track China’s periphery diplomacy closely, help provide viable alternatives to investment and trade with Beijing, take steps to blunt Chinese coercion tools, and cultivate and expand regional cooperation in Asia.

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Chinese President Xi Jinping during the G-20 Summit in Buenos Aires on December 1, 2018. (Photo by Tom Brenner/New York Times)
ABOUT THE REPORT
This report evaluates how China develops and executes foreign policy toward its neighbors under Chinese Communist Party General Secretary Xi Jinping—specifically, the interlocking set of activities Beijing calls periphery diplomacy.

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Introduction

China’s foreign policy is expanding in scope and depth and now reaches across the globe. Yet the heart of Beijing’s diplomatic efforts still lies in its own complex neighborhood. To advance the country’s interests in the region, Chinese leaders practice an interlocking set of foreign affairs activities they refer to as “periphery diplomacy.” Engaging the countries on its borders—and even shaping the borders themselves—has always been a key task for Chinese statecraft. But under Chinese Communist Party (CCP) General Secretary Xi Jinping, Beijing has emphasized this agenda more strongly, especially since 2013, when Xi inaugurated a renewed campaign to focus on China’s near-abroad. Observers, therefore, now have ample evidence to assess the campaign’s effects on the regional political and security order in Asia.

China’s geographic position necessitates an intricate foreign policy. The country has land borders with fourteen countries and maritime boundaries with six in addition to Hong Kong, Macau, and Taiwan. Several of the borders are disputed. At a minimum, Beijing’s periphery includes all the countries with which it shares borders, whether by land or sea. But when Chinese leaders talk about their periphery, they do not necessarily confine themselves to their immediate neighbors. While scholars debate whether to focus on the “large periphery” throughout Asia or the “small periphery” of directly adjacent states, this report primarily focuses on China’s relations with all the countries that border it (see figure 1).
China shares a land border with fourteen states:
- Afghanistan
- Bhutan
- Burma
- India
- Kazakhstan
- Kyrgyzstan
- Laos
- Mongolia
- Nepal
- North Korea
- Pakistan
- Russia
- Tajikistan
- Vietnam

... a maritime border with another six:
- Brunei
- Indonesia
- Japan
- Malaysia
- Philippines
- South Korea

... and two special administrative regions and one claimed province:
- Hong Kong
  semi-autonomous and nominally governed under the "one country, two systems" framework
- Macau
- Taiwan
  fully autonomous and self-governing as the Republic of China

Names and boundaries (which are approximate) shown on this map do not imply official endorsement or acceptance on the part of the United States Institute of Peace.

Source: CIA World Factbook. Artwork adapted from map by Peter Hermes Furian/Shutterstock
Managing relations with a vast and complicated periphery took on additional importance as China emerged from decades of internal dysfunction and turned its attention to becoming a trade and export power in a globalized economy. In the waning years of the Cold War, Beijing’s strategy focused on improving ties with surrounding states following decades of constant tensions and occasional conflicts—including brief border wars with India in 1962, the Soviet Union in 1969, and Vietnam in 1979.

Starting in the early 1990s, China embarked on a period that observers dubbed China’s New Diplomacy, which was characterized by a turn away from a historically confrontational stance toward the world. Instead, Beijing adopted a more sophisticated, confident, practical, and—at times—more constructive approach. The administrations of Jiang Zemin (1989–2002) and Hu Jintao (2002–12) worked to implement these concepts to support China’s domestic development and reassure the world while proclaiming its “peaceful rise” (later, “peaceful development”). Locally, this meant Beijing sought to cultivate better relations with its neighbors through a “good neighborly policy” that was “omni-directional,” meaning that it looked to foster ties with all of China’s neighbors, not just traditional major powers such as Japan and Russia. Following the 2008 financial crisis, Chinese leaders perceived an opportunity for the country to become more active on the international stage and carve out a larger role in Asia especially. They concluded that the crisis had arisen from the Anglo-American financial system and that Western policy responses were not as successful as China’s interventions, resulting in longer and deeper downturns in US and European economies and raising questions about the efficacy of the Western economic and governance models based on unfettered capitalism.

After ascending in November 2012 to the role of general secretary of the CCP, Xi Jinping renewed China’s emphasis on engaging countries in its near-abroad. He officially established periphery diplomacy (zhoubian waijiao)—often also translated as neighborhood diplomacy—as a central focus of Chinese foreign policy strategy during a major conference in October 2013, the Peripheral Diplomacy Work Conference. In the bureaucracy of the Chinese party-state, the particularities of process provide important signals about the weight leaders place on specific policy agendas. That meeting was the first of its kind since 2006 to focus on a foreign policy topic, and the only one to focus exclusively on periphery diplomacy, thus marking a major shift in Chinese foreign policy. During the meeting, Xi emphasized “the important roles of neighboring countries in China’s overall development and diplomacy.” The focus on periphery diplomacy was underscored again during another high-level foreign policy meeting in November 2014, the Central Foreign Affairs Work Conference. Repeating the call to focus on neighborhood diplomacy in that more formal meeting made the guidance even more authoritative and signaled its importance to Chinese government bureaucracies. In short, Xi has elevated periphery diplomacy to a top priority for China during his tenure in a way that builds on and deepens existing efforts.

**Strategic Rationales**

To understand how China carries out its periphery diplomacy, it is first useful to understand the strategic rationales underlying its focus on its immediate neighborhood. Six overlapping
Coronavirus Pandemic
Impact on China’s Periphery Diplomacy

Developments related to the novel coronavirus pandemic are unfolding rapidly. It is far too early to tell what the long-term effects of the pandemic will be for China’s periphery diplomacy. Early trends, though, suggest that they will be mixed. On the positive side, after bringing its initial domestic outbreak under control, China turned to providing medical supplies and expertise to other countries dealing with their own outbreaks, including neighbors such as Mongolia, India, Japan, Russia, Pakistan, and several Southeast Asian countries. China is a major producer of critical medical supplies—including personal protective equipment and ventilators—which puts it in a position to reap the political benefits of selling or giving those supplies to countries in urgent need. Early shipments were greeted with much fanfare, leading observers to describe China’s efforts as “mask diplomacy.”a Beijing has touted the actions as part of a “Health Silk Road.”b The negative political and diplomatic effects could be just as pronounced, however. Some supplies coming from China were reportedly faulty or made from substandard materials. In addition, China often sells rather than donates supplies, undermining its messages about charity. More broadly, despite Beijing’s propaganda campaign devoted to obscuring the origins of the virus, mainstream expert opinion still holds that the virus likely originated in China, potentially from animal-to-human transfer at a meat market or from a research lab with inadequate safety procedures.c That the virus almost surely originated in China, along with Chinese authorities’ suppression of doctors who sounded early alarms about the outbreak, underscores the role of the Chinese government and the Communist Party in the spread of the virus.d Thus, both governments and publics in neighboring countries might attribute its ravages to China, fostering more negative attitudes toward Beijing. Moreover, China again demonstrated a propensity for bullying rhetoric and double standards by excoriating neighboring countries for banning Chinese citizens from travel to their countries during the height of China’s outbreak, only for Beijing to place essentially the same restrictions on foreigners once it had made significant progress in combating the virus at home and cases exploded abroad. Finally, the virus itself and the costs of response measures are already creating a major economic downturn globally. As a result, China will likely face pressure to reassess Belt and Road Initiative infrastructure projects, either because of domestic economic constraints or borrower countries’ compromised ability to service the loans.e The coronavirus pandemic poses a massive challenge for China’s neighborhood diplomacy, which Beijing hopes to turn into an advantage by portraying itself as a regional and global leader in pandemic response.

Notes
b. Xinhua, “Xi says China to send more medical experts to Italy,” March 17, 2020.
motives drive the approach. First, Beijing sees territorial integrity as a “core interest,” a vital national interest worthy of going to war over. Chinese leaders have expanded their definition of core interests since 2010 to include more parts of the periphery, especially disputed maritime areas. Neighboring countries necessarily have an essential role to play in upholding China’s security, including the integrity of its borders and as a buffer against threats. This might seem obvious but it is nevertheless fundamental for Chinese leaders, who are obsessed with preventing any territorial compromise and are constantly fearful that outside powers are seeking to divide the country. As Chen Xiangyang of the China Institutes of Contemporary International Relations writes, the periphery “is the main theater where China preserves national security, defends its sovereign unity and territorial integrity, and unfolds the struggle against separatism.”

Second, Beijing seeks to expand its economy and sustain that growth in part by deepening regional economic integration. Doing so requires cultivating good relations with neighbors. To that end, Chinese leaders want to use the allure of China’s massive domestic market, the country’s ability to invest abroad, and its technology- and infrastructure-building prowess as drivers to expand regional trade. In return, Beijing gets access to the rest of fast-growing Asian markets and gains influence that it can wield on political issues.

Third, Chinese leaders want to reassure their neighbors about how Beijing will use its growing power. As stated, China started a campaign with that goal in the 1990s. But expansion of Chinese strength and aggressive moves to advance its territorial claims in the East and South China Seas make reassurance both more necessary and more difficult. In this way, periphery diplomacy serves the grand strategic purpose of trying to forestall the creation of a regional coalition of states working together to balance Chinese power. Instead, China wants its periphery to support, or at least not actively oppose, Beijing assuming a larger role in the region and the world.

Fourth, deteriorating relations with the United States—traditionally, the major focus of Chinese diplomacy—create an incentive to diversify Beijing’s relationships beyond Washington. Cultivating a broad set of partners in its neighborhood can help counteract US influence in Asia and provide China a wider base of support generally. Influential Tsinghua University scholar Yan Xuetong explains the thinking this way: “Whenever improving our relations with neighbors...
China’s Expanding Diplomatic Capacity

China’s overseas interests are growing at a brisk pace. Its leaders consequently recognize a need to expand the country’s diplomatic capacity to protect those interests—all while increasing Communist Party control over state functions. As Foreign Minister Wang Yi stated in March 2019, “Chinese diplomacy has reached a new starting point.”a To that end, the government has doubled the budget for its foreign affairs activities under President Xi Jinping.b Xi himself has traveled to more than fifty countries, obliterating the records set by all previous leaders of the People’s Republic.c In 2018, Beijing upgraded its office for coordinating foreign affairs, now known as the Central Foreign Affairs Commission.d According to the state-run Xinhua News Agency, the commission’s purpose is to “play a role in policy-making, discussion and coordination, advance the innovation of diplomatic theories and practices and provide strong guidance for foreign affairs.” The government also created the China International Development Cooperation Agency to coordinate its foreign aid work. Moreover, in addition to the traditional Ministry of Foreign Affairs representing the state, the Chinese Communist Party (CCP) has what is effectively its own foreign ministry, the International Department, which augments the country’s total diplomatic capacity through exchanges and cooperation with foreign political parties, international political organizations, and overseas political elites.e

Beijing has also revamped its media operations to promote this more ambitious approach. As part of the restructuring, it merged several of its overseas-focused state media outlets into a single organization, the Voice of China. The new outlet’s goal is, in Xi’s words, to “tell China stories well,” that is, according to the official line.f Those efforts are part of a broader campaign to expand the reach of CCP media influence around the world.g Taken together, a better-funded and more bureaucratically agile foreign affairs apparatus provides the institutional support Beijing needs to coordinate and implement its vigorous neighborhood diplomacy.

Notes
c. Xinhua, “Five years on, Xi’s vision of civilization more revealing in an uncertain world,” March 26, 2019; Jonathan Kaiman and Yingzhi Yang, “China’s president is the country’s most-traveled leader since Communism—and maybe the strongest,” Los Angeles Times, December 25, 2015.
Fifth, periphery diplomacy dovetails with another important Chinese foreign policy doctrine: major power diplomacy. In the context of periphery diplomacy, this means a focus on Russia, Japan, and India, and, to a lesser extent, middle powers such as Indonesia and South Korea. Engaging strong and influential neighbors advances China’s efforts to build robust relationships with those countries separate from their ties with the United States. China can similarly seize opportunities to deepen ties with those countries when disputes arise between them and the United States.

Sixth, China’s periphery diplomacy constitutes its initial foray into building a China-led regional order that incorporates a diminished role for the United States. The prospects for and likely nature of a China-led regional order are not entirely clear, though historical experience can inform some of the likely contours. Still, Chinese officials, including Xi, talk about it frequently using phrases such as “community of common destiny” and the “new Asian security concept,” often referred to as “Asia for Asians.” Chinese officials also regularly call for accelerating a shift to a multipolar world order where, presumably, China would lead an Asian pole. Foreign analysts who take a dark view of Chinese intentions see Beijing working toward what amounts to a Monroe Doctrine for Asia, wherein China seeks to establish hegemony in its periphery. Chinese leaders vehemently deny any such ambitions.

Periphery Diplomacy Tools

The practice of periphery diplomacy involves the integration of a range of tools to advance China’s broad goals in its neighborhood. Each represents a complicated phenomenon that merits extended treatment. They are presented here in brief to illustrate how they relate to the larger aims of periphery diplomacy.

Deepening Economic, Trade, and Financial Ties

Economics and trade are a central pillar of China’s periphery diplomacy. They support diplomatic and political goals because Beijing wants its neighbors to view China as a source of economic growth and opportunity as well as a provider of public goods. Beijing argues that its neighbors will benefit from its development and should therefore welcome its growing clout. As Song Guoyou of Fudan University explains, “China’s economic strategy in Asia offers an alternative for countries in this region so that . . . a new Asian economic order can be better built.” As will be discussed later, Chinese leaders have demonstrated a willingness to use economic influence for coercive purposes to pressure trading partners into aligning with Beijing on political issues.

Free trade agreements (FTAs) are a central component in China’s efforts to exert economic influence on its periphery. In 2018, the state-run People’s Daily reported comments by Vice Commerce Minister Wang Shouwen that China’s FTAs form “a network that is rooted in neighboring countries, radiating [through] Belt and Road nations and open to the globe.” China has several FTAs with neighboring countries, including the ten-member Association of Southeast Asian Nations (ASEAN), Pakistan, and South Korea. Beijing is negotiating an expanded trilateral FTA to include both South Korea and Japan as well as the Regional Comprehensive Economic Partnership, which would be the world’s largest trade deal. Furthermore, FTAs with Nepal and Mongolia are officially under consideration.
The Belt and Road Initiative (BRI), Xi’s ambitious plan to build infrastructure and digital connectivity, launched in 2013, is the second major tool for China to boost trade with its neighbors. Among its other goals, BRI aims to place China at the center of regional and global trade flows: in other words, BRI wants all roads to lead back to China. Although BRI investments span the globe, they are concentrated in China’s near-abroad, especially South and Southeast Asia. In addition to building infrastructure, BRI projects are designed to enhance technological and financial integration—including the use of China’s currency, the renminbi—and increase the use of Chinese standards. All these efforts have paid off. China now exerts massive economic influence in its near-abroad. An analysis by the New York Times found that as of 2016 every Asian country traded more with China than the United States, some by a factor of two to one. In 2019, ASEAN overtook the United States as China’s second-largest trading partner for the first time in twenty-two years.

**ENGAGING MAJOR POWER NEIGHBORS**

China has also worked to improve its relations with major power neighbors, namely, Russia, Japan, and India. All three of these bilateral relationships represent for China a nexus between its periphery diplomacy and another central tenet of its foreign policy, major power diplomacy. At times, however, Beijing has struggled to balance seeking accommodation and cooperation with assertively staking out a larger regional role for itself. China’s relations with each of the major powers affects Beijing’s calculations vis-à-vis the United States, in addition to bilateral security concerns, resulting in continual tension between competing priorities.

China has been particularly successful in warming relations with Russia. Following decades of bitter Cold War rivalry, Sino-Russian relations started a long thaw in the late 1980s. Xi and Russian President Vladimir Putin have established a strong personal relationship that trickles down through their respective systems of increasingly personalized governance. Moscow’s estrangement from the West after seizing Crimea and fomenting war in eastern Ukraine has added particular impetus to cozying up to Beijing. Strategic alignment with Russia helps address problems that have historically plagued the People’s Republic of China in its periphery, specifically the need to devote massive military forces to guarding the Sino-Russian border. Russian efforts to balance China in...
Asia through active partnerships with Vietnam, India, and other regional powers have also slowed. The burgeoning energy partnership between Beijing and Moscow—including via overland pipelines that help alleviate potential vulnerabilities from sea-based supplies—is another pillar of the relationship. The pair coordinate through the Shanghai Cooperation Organization (SCO) as well.

Chinese engagements with Japan and India have yielded more mixed results. Sino-Japanese relations fell into crisis following Japan’s 2012 decision to purchase some of the disputed Senkaku/Diaoyu Islands from private owners. Since 2015, Beijing and Tokyo have worked to improve relations. Both states seek a relatively stable strategic environment that is conducive to economic cooperation. Both also want to hedge against the uncertain trajectory of US policy in Asia. Still, the centuries-long strategic competition between the two major East Asian states remains. Several issues—most notably the ongoing maritime territorial disputes—continue to inject friction into bilateral relations.

Moreover, Japanese Prime Minister Shinzo Abe now holds the record as Japan’s longest-serving premier, but when he does leave office, ties could again turn downward. For now, though, Sino-Japanese relations are on an upward trajectory from their previous low baseline. For China, improving relations with Japan offers the prospect of putting distance between Tokyo and Washington. Better relations might also restrain somewhat Japan’s efforts to counter China through expanded regional partnerships compared with how Tokyo would respond in the event of another major downturn in bilateral interactions.

Sino-Indian relations show a slightly different pattern in that China’s growing influence in South Asia is a relatively new trend. New Delhi feels strategic pressure from Beijing’s expanding activities throughout its neighborhood, including through BRI investments and China’s deepening relationship with India’s archrival, Pakistan. Those frictions come on top of long-standing disputes over territory on their shared border (which flared up in the disputed Doklam Plateau in the summer of 2017), Tibet issues, and persistent trade imbalances. Here again, leader-to-leader diplomacy between Xi and Indian Prime Minister Narendra Modi offers an avenue to improving ties. Informal summits in Wuhan, China, in April 2018 and Chennai, India, in October 2019 were both attempts to keep the overall relationship on an even keel. New Delhi has also tried to strike a balance on Beijing’s regional role by joining the SCO and the Asian Infrastructure Investment Bank (AIIB), the Asia-focused development bank China launched in 2014, while refraining from signing on to BRI overall. Taken together, managing relations with major powers that border China plays an essential role in Beijing’s periphery diplomacy.

**SUPPORTING ILLIBERAL GOVERNANCE**

China’s regional diplomacy has also made headway by providing support for illiberal governments, helping them avoid opprobrium for abuses and gird against outside pressure for political liberalization. Some analysts frame these actions as China promoting its domestic governance model abroad. Scholars debate whether Beijing is indeed promoting its political system as an option for other countries. Nevertheless, Xi talks about the Chinese system in ways that suggest that it has applicability beyond China. He characterizes it as “a great contribution to political civilization of humanity” and says it “offers a new option for other countries and nations who want to speed up their development while preserving their independence.”
Beijing concentrates more on bolstering illiberal neighbors than undermining democratic ones (with some important exceptions, especially in Taiwan). Instances include propping up longtime authoritarian governments in North Korea and Cambodia, cooperating with the fellow communist government in Vietnam, and working with Central Asian governments through the SCO to quash challenges to authoritarian rule, especially “color revolutions,” the popular protests that have sought changes of government over the past two decades. Supporting illiberal governments is a major component of the Sino-Russian entente as well. Elsewhere in the periphery, China provides succor to regional governments that are undergoing democratic backsliding or are weak democracies generally, such as in the Philippines, Thailand, Nepal, and Burma. Notably, Chinese leaders have not criticized the Philippines’ bloody campaign of extrajudicial killings of suspects in drug-related crimes or the Rohingya crisis in Burma—both developments that have led to those countries’ estrangement with the United States and European countries. Beijing’s support and assistance ease both internal and external pressures for liberalization. China has been aided in this regard by a general regional trend of democratic decay.

Beijing advances illiberal governance by example, but also by sharing or selling equipment and know-how to interested countries. China now offers both information technologies, many of which have dual uses, as well as training on how to use them for political control. A Freedom House analysis finds that China has trained elites from Vietnam, Burma, and the Philippines on censorship to control politically sensitive information, and sold artificial intelligence–based surveillance systems to Burma, Kazakhstan, Kyrgyzstan, and Pakistan. China has also used techniques such as shutting down the internet during periods of political turmoil—which have been mimicked in India, Pakistan, and Burma, among other places—and espoused a doctrine of “cyber sovereignty” where the state enjoys ultimate control over information online.

MEDIATING AND NEGOTIATING

China has also staked out a bigger role in diplomatic negotiating processes under the auspices of periphery diplomacy. In the words of Vice Foreign Minister Le Yucheng, China has “actively promoted the political settlement of hotspot issues.” Beijing wants to establish itself as an independent broker and diplomatic problem-solver. It has appointed special envoys for several issues in its periphery, including Burma (using the title Asian Affairs), Afghanistan, and North Korea. China’s objective in each of these processes, however, is not necessarily to solve the conflicts but instead to protect Beijing’s interests and burnish its image along the way. The result of that approach has often been the perpetuation rather than the resolution of conflicts, though of course China does not have decisive control in most of these situations.

For example, Beijing has played a major role in North Korea’s diplomacy with the United States and South Korea over nuclear weapons and peace. Between 2018 and 2019, North Korean leader Kim Jong Un met Xi five times. China, along with Russia, pushed the “freeze for freeze” framework that formed the basis of the 2018–19 period of diplomatic engagement. That effort harkened back to China’s first attempt at diplomatic problem-solving in its neighborhood during the Six-Party Talks that ran from 2003 through 2009. In the most recent round, though, Beijing’s weak enforcement of sanctions against Pyongyang gave Kim enough breathing room to forgo making any concessions on denuclearization in exchange for sanctions relief.
In Afghanistan, China has worked with Russia, Pakistan, and the United States to reach out to both the Afghan government in Kabul and the Taliban. It has hosted meetings with Afghan and Pakistani leaders in a trilateral format and even worked with the United States and India to train Afghan diplomats. Beijing’s ambitions remain limited, however. For example, it has not proposed terms for a permanent settlement between the Taliban and the central government. China also plays a role in Burma’s internal conflicts, where it tries to balance relationships with the central government and armed ethnic groups that are fighting for autonomy.

In the maritime arena, Beijing has dragged out but kept alive negotiations with ASEAN states since 2002 on a code of conduct for the South China Sea. Prolonging these negotiations helps China blunt the political and reputational pressure it faces for its outright rejection of the 2016 UN Convention on the Law of the Sea Arbitral Tribunal decision. That ruling invalidated most of China’s expansive maritime claims in the South China Sea, which encompass nearly the entire body of water as delineated by the “nine-dash line.” Beijing responded by refusing to acknowledge the decision and kept up its campaign of reclaiming and militarizing features (islands, reefs, and submerged shoals) there.
BUILDING AND ENGAGING WITH MULTILATERAL INSTITUTIONS

Multilateral institutions also play an important part in neighborhood diplomacy, especially those in which Beijing plays a predominant role. China seeks to draw a contrast between US bilateral security alliances in its neighborhood and Beijing’s efforts to build multilateral structures (despite China’s expansion of its strategic partnerships in recent years, which Beijing insists bear no resemblance to alliances).45 Focusing on multilateral institutions allows China to have a greater agenda-setting power and—at least in theory—enhances its reputation as a regional leader able to resolve problems and foster cooperative approaches to common challenges. Moreover, by shaping the structures of the institutions themselves, China can more effectively influence their processes and personnel to align with its preferences. Beijing wants to be “present at the creation” as much as possible as Asia continues to develop its regional institutional architecture.

China naturally wields the most influence in the institutions it helped organize or in which it plays a steering role. These include the Belt and Road Forum supporting the BRI, the AIIB, and dialogue conferences such as the Boao Forum, the Xiangshan Forum on defense issues, and the Conference on Dialogue of Asian Civilizations. Additionally, China plays a predominant or major role in various organizations, such as the SCO and the Conference on Interaction and Confidence-Building Measures in Asia. The BRICS (Brazil, Russia, India, China, and South Africa) grouping notably includes China and two major power neighbors and meets annually. Next, China participates in region-wide groupings that include the United States, such as the Asia-Pacific Economic Cooperation grouping, the ASEAN Regional Forum, the ASEAN Defense Ministers’ Meeting-Plus, and the East Asia Summit. Of course, China plays a growing role in United Nations deliberations generally, with a particular focus on issues in its neighborhood such as North Korea, Taiwan, and Burma.

Finally, China works within a raft of “minilateral” forums that cover subregional issues with its neighbors. Those groupings allow China to maintain influence as the region’s biggest power on local issues while breaking off pieces of China’s periphery into more manageable chunks. Examples include China-South Korea-Japan meetings, Russia-India-China meetings, China-ASEAN meetings, and China-Mongolia-Russia meetings. China also engages the five Mekong River countries of Cambodia, Laos, Burma, Thailand, and Vietnam through the Lancang-Mekong Cooperation arrangement.46 The now-defunct Six-Party Talks on North Korea fell into this category as well.

EMPLOYING COERCIVE TOOLS

China’s efforts to shape its neighborhood sometimes go beyond seeking to improve cooperation and coordination. Beijing also relies on coercion as part of an integrated diplomatic campaign to advance its interests in its periphery. Coercive actions are the sticks (pressure tools) used to force acquiescence to Beijing’s preferences when simple carrots (inducements) have failed. As we have seen, Chinese leaders designed their periphery diplomacy strategy as a way of enticing neighboring countries to adopt policy positions consistent with Chinese preferences in exchange for economic, political, and security benefits. Inducements only make up half of the equation, though; the other half is punishments. As one Chinese ambassador put it in a moment of bluntness, “We treat our friends with fine wine, but for our enemies we have shotguns.”47 Those punishments include some combination of military pressure, economic pain, and political interference.
Chinese leaders designed their periphery diplomacy strategy as a way of enticing neighboring countries to adopt policy positions consistent with Chinese preferences in exchange for economic, political, and security benefits.

Beijing often applies pressure using economic coercion, such as boycotts against South Korean companies following Seoul’s decision in 2016 to deploy the Terminal High Altitude Area Defense antimissile defense system or leaving produce from the Philippines to rot in ports over trumped-up customs issues because of maritime territorial disputes. China can also potentially use natural resources as leverage, especially given its control over the headwaters of ten of eleven of Asia’s major rivers. Beijing’s alleged decision to suspend hydrological data sharing during its 2017 standoff with India over the Doklam Plateau in Bhutan provides a preview of that power. Beijing is expanding its toolkit for political influence, or what scholars have termed “sharp power,” as well. The concept refers to a state’s use of political and informational interference to shape the politics of other countries. Often, sharp power activities blur the line between public diplomacy, traditional diplomacy, and people-to-people ties, on the one hand, and more “covert, coercive, or corrupt” activities, as former Australian Prime Minister Malcolm Turnbull characterized them, on the other.

Sometimes pressure takes the form of threats or use of force. China has a formidable military, the People’s Liberation Army (PLA), which has transformed into the world’s second most powerful military, propelled by two decades of double-digit annual growth in military spending starting in the 1990s. The PLA gives China the overwhelming ability to resort to the use of force. That, in itself, has intimidating political effects on its neighbors, especially those who are not US treaty allies. Beijing has also developed sophisticated ways of using paramilitary and civilian actors, including the Chinese Coast Guard and maritime militia, to advance its goals. Combinations of conventional PLA, coast guard, and maritime militia forces have been at the heart of China’s campaign to exert control over massive maritime claims and disputed features in the South and East China Sea, as well as territorial claims on the land border with India. Altogether, this suite of tools gives Chinese policymakers options to develop tailored coercion strategies that can be dialed up or down depending on how the target responds in support of broader goals on its periphery.

Evaluating Effectiveness and Implications for Peace and Security

As we have seen, China draws on a range of tools to engage its periphery. But whether those tools work as intended is another question. The record for China’s neighborhood diplomacy is mixed. On one hand, Chinese leaders’ public statements indicate that they believe the policy has succeeded. At a December 2019 symposium on the state of China’s foreign relations, State Councilor and Foreign Minister Wang Yi reflected positively on these efforts, saying, “China has comprehensively strengthened its ties with neighboring countries, contributing to greater stability in the region.” Similarly, a 2018 Xinhua article claimed that “in recent years, China and its neighboring countries have shared weal and woe and worked hand in hand.”
On the other hand, polls in countries surrounding China and in Asia generally tell a more complicated story. They show that states on China’s periphery, especially in Southeast Asia, see China as either already the dominant power in the region, or likely to become the dominant power—a good result from Beijing’s perspective. At the same time, however, viewing China as a rising and powerful neighbor does not directly translate into affinity for Beijing. Often, in fact, it translates into the opposite. A Pew Research Center analysis of nearly two decades of polling about attitudes toward China among Asian countries finds that favorable views toward China have declined in recent years. Japan, South Korea, Indonesia, Australia, and the Philippines in particular saw big drops between the first polls in 2002 and the most recent sample in 2019. A poll of Southeast Asian experts released in January 2020 finds that 71 percent are worried about China’s economic influence and 85 percent about its political and strategic influence.

This negative trend presents more than a reputational problem for Beijing. Skepticism about China’s intentions has led many of its neighbors to start taking steps to balance against becoming overly dependent on Beijing. Those actions notably include expanded intra-Asian security cooperation, especially among the major powers. More generally, regional wariness suggests that China’s diplomatic reassurance campaign cannot make up for its assertive and at times
aggressive actions on territorial issues and its rapid military buildup. Furthermore, China’s involvement in the mediation of nearby conflicts has not yet resulted in positive outcomes—often because Beijing values maintaining influence to shape the conflict over solving it. This holds true with regard to North Korea, Burma, Afghanistan, and the South and East China Seas.

**PERIPHERY DIPLOMACY’S FUTURE**

Whether China’s periphery diplomacy has a positive or negative impact on peace and security in Asia going forward depends on which theory of success Beijing adopts. One option would be a continuation of recent years, when periphery diplomacy acted as the political arm of a strategy designed to eventually achieve dominance over its near-abroad. In this conception, periphery diplomacy serves classic geopolitical goals such as countering major power competitors, preventing the emergence of balancing coalitions, and cowing smaller states into submission. Diplomacy does not equate to working toward cooperative solutions. Thus it is not always—or even usually—supportive of avoiding or resolving conflicts. Instead, advancing China’s geopolitical aims is the main goal. Rather than taking a shared, consultative approach, China seeks to use its size, influence, and even force to dictate outcomes. This approach corrodes peace and stability over time by fueling geopolitical tensions and maintaining the use of force as a legitimate tool of statecraft.

An alternative model would be for China to live up to its lofty rhetoric about win-win outcomes and developing cooperative solutions to common problems. Agreeing to and fully implementing confidence-building measures would constitute a critical first step in rebuilding mutual trust. For example, China could phase out the use of its maritime militia and fishermen as proxy forces to advance its maritime territorial claims and do more to ensure its military operates in a professional manner. It might also recommit to its stated principle of noninterference, which in practice has been eroding in recent years, especially on priority issues. Perhaps most critically, it could be more accommodating toward Taiwan and Hong Kong rather than trying to pressure them to abandon systems based on democracy and the rule of law and submit to Communist Party rule from Beijing.

The latter scenario would not require leaders in Beijing to become pure altruists. Instead, China could decide to prioritize resolving disagreements with its neighbors rather than seeking maximalist gains on territorial disputes and regional affairs more broadly. China’s engagement with its periphery could actually lay the groundwork for deep-rooted and sustained peace and security in Asia by easing security competition and entrenching rules-based approaches to resolving disagreements. China could be satisfied with collaboration but would not require total fealty. Its occasional efforts to delineate borders through compromise provide a blueprint for how it might prioritize resolving disputes rather than seeking maximalist gains. In this model, the region would likely have fewer reservations about China’s taking on a bigger role in managing regional diplomatic and security issues. The pressures to band together and balance Chinese power would likewise weaken.

The model China chooses will depend in large part on how its leaders perceive the value of strategic restraint. That is, it depends on whether they can countenance small concessions in order to advance bigger strategic goals. The prominence of territorial ambitions in the Chinese Communist Party’s chauvinistic nationalist narrative make such a restrained approach difficult. The trend has been moving in a negative direction, but that does not preclude a course correction by Beijing, which would be welcomed by the region, including major powers, and the United States.
Policy Recommendations

Recent years have seen China engaging its neighbors through a robust campaign of periphery diplomacy. Although a more diplomatically active China could theoretically create opportunities to resolve regional disputes, in practice Beijing’s actions have often advanced its interests at the expense of other regional parties. The United States and its allies and partners should respond to China’s neighborhood diplomacy campaign and encourage outcomes that support peace and security in the region in several ways.

**Track, analyze, and push transparency around China’s periphery diplomacy.** US policymakers should recognize the major investments China has made in cultivating its neighbors and should continue to track Chinese activities closely. Those monitoring efforts should include embassies and regionally focused interagency groups for Northeast Asia, Southeast Asia, South Asia, Central Asia, and Russia. As part of those tracking efforts, officials should seek objective analyses informed by local views, from both government and civil society, about which aspects of Chinese engagement regional actors view as beneficial and which they view as problematic. Understanding which constituencies stand to gain from Beijing’s involvement, and which stand to lose, will also be a critical task.

This program should also have a more proactive element. It should focus on pointing out instances of Chinese coercion and how they differ from Beijing’s professed intentions and arguments about the benevolent character of Chinese foreign policy. In doing so, Washington should be careful to exhaustively document its arguments and avoid sensationalizing or embellishing them; showing will be more effective than telling. More broadly, Washington should help clarify the implications of a China-dominated regional order rather than of a multipolar region of independent states. Those efforts, however, need to go beyond simplistic public diplomacy narratives that paint all Chinese behavior as necessarily malign—which can and should be done without overlooking malfeasance by Beijing—and acknowledge constructive Chinese contributions to the region where merited.

**Blunt China’s coercive tools and pursue realistic cooperation where possible.** The United States, along with its allies and partners, should seek ways to blunt China’s coercive tools, from its growing military power to its economic leverage to its political and informational campaigns. The reason is simple: fewer opportunities to force the hand of local parties will force Beijing to use cooperation and inducements instead, or to revise its objectives. Developing and propagating viable alternatives to Chinese offerings would be a good first step toward neutralizing Beijing’s pressure tools. Creating truly competitive alternatives, however, requires revamping the nonsecurity tools of US statecraft to account for the important role that economics, trade, technology, diplomacy, and people-to-people issues play in the region.

At the same time, Asian countries mostly want to avoid taking sides in a zero-sum competition between the United States and China. US policymakers should look for areas where Washington can cooperate with Beijing in the region, such as Afghanistan and, perhaps to a lesser extent, North Korea. At the same time, Washington should acknowledge the limits of cooperation where the two sides’ interests diverge and pursue narrower goals such as coordination or simple deconfliction as appropriate.
Organize the US government for maintaining a reliable, long-term focus on Asia. US policymakers should ensure that America’s strategy toward China’s neighborhood maintains a focus on Asia as a region, not just on China. Shaping Beijing’s behavior will require developing a coherent regional strategy that is attractive to countries and citizens in the region. Perhaps the most important step to implementing such a plan is to ensure consistent, high-level travel to and engagement with Asia by US officials, despite the distance from Washington. In addition, budgets for diplomacy, foreign aid, intelligence, and defense should allocate resources to the region commensurate with its importance.

Last, the United States should recommit to its decades-long efforts to shape the regional diplomatic, economic, and security architectures in China’s neighborhood. Doing so starts with shoring up US regional alliances, expanding its partnerships, and engaging in a sustained way with regional multilateral organizations. Washington should also do more to encourage and facilitate regional countries to improve intra-Asian cooperation, including among major powers (such as the Quadrilateral Security Dialogue grouping of India, Japan, Australia, and the United States); between major powers and less capable states (such as Japan and Vietnam); and among smaller powers seeking to group together rather than engage a powerful China one-on-one.
Notes


10. One of Xi’s main contributions is asserted to have been to “highlight the primacy of the surrounding areas” (Kong Xuanyou, “Xi Jinping’s Thinking on Foreign Policy and Innovations in China’s Diplomatic Theory and Practice” [in Chinese], *Qiushi*, April 16, 2019, www.qstheory.cn/dukan/qs/2019-04/16/c_1124364176.htm).


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