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from the Maoist Era to the Present

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Abstract
This study examines the change of China’s Third World policy from the Maoist era to the present. The term “Third World” refers to all developing and underdeveloped countries in Central Asia, South Asia, Southeast Asia, Africa and Latin America. During the Maoist and the Dengist era, China was mainly responding to the international pressures from the United States and the Soviet Union rather than dealing with the Third World countries per se. But since the launching of the War on Terror in 2001, the American military expansion into Iraq and Afghanistan completely changed China’s diplomatic priorities. Beijing has begun to pursue an active policy of engaging many Third World countries in order to undermine the U.S.-dominated international order. This development reflects the current Chinese government’s rhetoric about the peaceful rise of China, meaning that a powerful China will not threaten its Asian neighbors as the Western imperialists had done in the past.
China’s Third World Policy
from the Maoist Era to the Present*

Joseph Tse-Hei Lee

Introduction

From Darfur to Burma, many years of civil war have caused hundreds of thousands of deaths and numerous internally displaced people in the cities and countryside. The international communities have used the strongest language possible to condemn the bloodshed in both countries and held the Sudanese and Burmese governments accountable for crimes against civilians. Because China is the largest business partner and military supplier to both countries, the West, especially the United States, have pressurized Beijing to support the deployment of the United Nations peacekeeping forces to Darfur and to impose sanctions against Burma. Even though Beijing did not act as what the United States called a “responsible international player” by interfering into the Sudanese and Burmese internal affairs, the world have yet to come to grips with China as a

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great power in the early twenty-first century.

China now has no formal power or infrastructure to be a First World state, but it possesses the practical ability, adequate resources and clear political will to become a champion of the Third World. At the Beijing Summit and the Third Ministerial Conference of the Forum on China-Africa Cooperation in November 2006, President Hu Jintao pledged to open up its market for more than four hundred types of tariff-free import items from those developing African countries with diplomatic ties with Beijing. ¹ As with his predecessors, President Hu views the Third World in both ideological and geopolitical terms. He is pursuing a larger strategy of creating a multipolar and anti-hegemonic world order, but at the same time, he is determined to combine that cause with China’s goal of competing with the United States in different parts of the world. In Hu’s mind, ideological zeal intersects with Realpolitik. Meanwhile, the United States is facing a serious military setback in the Second Iraqi War and loses the diplomatic battles against North Korea and Iran over their nuclear weapon programs. It has become increasingly difficult for the Bush administration to hold onto its unipolar dominance.² It is against this new political climate that China has begun to use its economic and diplomatic influences to counter the United States.

As Wang Yuan-Kang points out, China today is keen to maintain a stable international environment for its rapid economic
growth and to avoid provoking any vigorous response from the United States towards its diplomatic, economic, social and cultural expansion. Liselotte Odgaard also argues that Beijing is developing closer economic relations with many middle powers and weaker states as a part of its global strategy to counter the United States in Africa, Asia and Latin America. After joining the World Trade Organization in November 2001, China has been very active in making its presence felt in the World Health Organization, the Security Council of the United Nations, the Shanghai Cooperation Organization and the six-nation nuclear talks.

This paper examines the change of China’s Third World policy from the Maoist era to the present. The term “Third World” refers to all developing and underdeveloped countries in Central Asia, South Asia, Southeast Asia, Africa and Latin America. During the Cold War, many poorer countries that gained independence from the European colonial powers after the Second World War referred to themselves as neither being aligned with NATO or the Soviet Union, but instead constituting a non-aligned “third world.” Politically, the Bandung conference (1955) marked the beginning of the Nonaligned Movement in international politics. China and India played an important role in launching that conference and in changing the relation between the Third World countries, the United States and the Soviet Union. This study looks at the Chinese strategies of countering the American power in the developing world as well as the geopolitical implications of China’s rise in the early twentieth
The Development of China’s Third World Policy

Let us begin with an analysis of the transformation of China from a Soviet ally into a champion of the Third World during the Maoist era (1949-1976). After the Communist Revolution of 1949, the People’s Republic of China was faced with diplomatic isolation imposed by the West. Through its strong military presence in South Korea and Japan, the United States sought to contain the Maoist China in Northeast Asia. The Korean War that began in June 1950 was “clearly a war between the United States and China fought on Korean soil.” It exacerbated tensions between the United States and Maoist China, and brought the two countries into open conflict. The Sino-American rivalries in the Korean Peninsula marked the beginning of the Cold War in Pacific Asia.

The conclusion of a formal alliance between China and the Soviet Union in February 1950 was another seminal event in the Cold War. From 1950 to 1957, China saw itself as a dependent state of the Soviet Union and identified itself within the socialist bloc led by Moscow. In return, the Soviet Union sent large numbers of Russian technicians assisting China’s industrialization in the early 1950s. But the Sino-Soviet alliance was short-lived because it was a result of hard negotiating, complicated strategic calculations and reluctant compromises between Mao and Stalin. After Stalin’s death
in 1953 and the suppression of the Hungarian Uprising in 1956, ideological differences between China and the Soviet Union began to surface, although it was as much about Chinese and Soviet national interests as it was about Communist ideology. Tensions and rivalries led to the Sino-Soviet split in the mid-1960s. Consequently, the Soviet Union withdrew its aid program. Then China was aware of the lack of support within the socialist world and had to look elsewhere for diplomatic recognition. In the meantime, Beijing had no seat in the United Nations and the Republic of China in Taiwan was recognized by the West as a legitimate authority of China. In order to break through diplomatic isolation, Mao was determined to build a coalition of radical forces in the Third World against the “U.S. imperialism” and the “Soviet revisionism.” Therefore, China abandoned its strategic base of support from the socialist camp and proceeded to create a new political force made up of the newly independent countries of Africa, Asia and Latin America. This strategy is best characterized in a slogan during the Cultural Revolution (1966-1976): “All people of the world unite, to overthrow American imperialism, to overthrow Soviet revisionism, to overthrow the reactionaries of all nations!”

When Mao turned his attention to the Third World, he regarded the Third World as a “land of opportunity” because the old political order and alliances were crumbling and the new ones were being formed. In that case, China could find many potential allies from the Third World. By repositioning China as a Third World
Map 1: China and Her Neighbors in 2007
China’s Third World Policy from the Maoist Era to the Present

country, Mao sought to assert Chinese political leadership and achieve a certain degree of global power. In September 1965, Marshal Lin Biao said, “The United States and Western Europe are cities of the world, whereas Asia, Africa and Latin America are rural areas of the world.” In the Chinese Communist rhetoric, it was the countryside that encircled the cities and won the Revolution of 1949. In other words, Africa, Asia and Latin America were capable of forming a united front against the United States and the Soviet Union. When China appealed to the Third World during the 1960s and 1970s, it supported local nationalistic movements. By invoking the anti-colonial rhetoric across Africa, Asia and Latin America, Mao presented himself as an international spokesman of the Third World. Many Third World intellectuals and African American writers began to portray Mao’s China as a model for the developing and underdeveloped countries. For instance, W. B. E. Du Bois and his wife, Shirley Graham Du Bois, subscribed to the anti-American, anti-Soviet and pro-Beijing rhetoric of the day and sympathized with “colored Beijing” in its struggle against “white” Moscow. During their trip to China in 1959, they were impressed by Mao’s support of the anti-colonial movements in Africa and the African-American struggle in the United States. They turned Mao into an icon and romanticized him as champion of the victims of racism and colonialism in their writings.8

Nevertheless, Mao’s Third World policy failed to mobilize the developing and underdeveloped countries against the United States
and the Soviet Union. Despite their admiration for Mao’s national unification and socialist reform, very few Third World countries followed China’s international leadership for such a political action could run the risk of offending the two superpowers. During the Cold War, China was a middle power. It did not have adequate military and economic capabilities to underpin its attempt at leadership in global politics. It also encountered the military threats from the United States and the Soviet Union. The American invasion of Vietnam in the mid-1960s threatened China’s southwest frontier and led the Chinese to believe that there might be a war with the United States in Southeast Asia. In 1969, the outbreak of border conflicts with the Soviet Union deepened the Chinese sense of insecurity. As a result, Mao’s Third World policy failed to create a new coalition of states against the American and Soviet influences in global politics. China was simply responding to the international pressures rather than dealing with the Third World countries per se.

Deng Xiaoping’s economic reform after 1978 marked a radical departure from the revolutionary radicalism of the Maoist era. The Chinese leadership in Beijing announced in public that China would oppose any foreign intervention into another country’s internal affairs, but the overall direction of the Chinese foreign policy changed. China adopted a pro-Western foreign policy. For instance, Beijing gave many financial incentives to the multi-national corporations as well as Overseas Chinese and Western investors for
establishing joint business ventures. The government was eager to join the global institutions such as the International Monetary Fund, the World Bank and the World Trade Organization in order to attract foreign investments. Meanwhile, China sent large numbers of students to receive technical training from the West rather than sending them to work in the Third World. Throughout the 1980s and 1990s, Beijing even became a strong supporter of the U.S.-dominated global order so as to maintain a stable relationship with Washington and to maximize the potential economic benefits for its modernization. In Deng’s China, the concern for economic reform took precedence over the Maoist discourse of the Third World liberation. Deng died in early 1997 and his successor, Jiang Zemin, continued the same economic reform and pro-Western foreign policy. As regards to the Third World countries, China still maintained its pragmatic approach to foster diplomatic relations with some middle powers such as South Africa, Mexico and Brazil. However, the main purpose was not to unify the Third World but to marginalize Taiwan in global politics and stop Taiwan from joining the World Health Organization, the United Nations and other international bodies.

A dramatic twist took place after the terrorist attacks on September 11, 2001. The War on Terror completely transformed the global opinion towards the United States as a superpower. The invasion of Iraq provokingly deepened a large-scale anti-American
sentiment around the Islamic world. Worse, the complete failures to control Afghanistan and Iraq and to stop the nuclear weapons program in North Korea and Iran undermined the image of the United States as a sole superpower. The subsequent events show that the military power of the United States is thinly spread around the world. The Bush administration is not capable of fighting several regional wars at once and pursuing the policy of global hegemony. Meanwhile, China has repositioned itself to fill the power vacuum left by the United States. It has already succeeded in developing closer relations with Central Asia and Southeast Asia as well as with many oil-producing countries in the Middle East, Latin America and Africa.

The Silk Road for Oil: The Sino-Russian Alliance in Central Asia

The new political climate after September 11 ensures China of an active role in Central Asia. It is against this background that the Shanghai Cooperation Organization acquired a new agenda to respond to the American military presence in Afghanistan. The Shanghai Cooperation Organization was formerly known as the “Shanghai Five.” It was initially founded as a regional alliance in 1996 and consisted of China, Russia, Kazakhstan, Kyrgyzstan, and Tajikistan. Uzbekistan was invited to join in June 2001 and the “Shanghai Five” was officially called the Shanghai Cooperation Organization. Since 2001, the Shanghai Cooperation Organization has become a new regional alliance for multilateral cooperation in
political, economic and strategic matters among its members. It is through the Shanghai Cooperation Organization that China projects itself as a rising power in Eurasia. The Shanghai Cooperation Organization has now become a Chinese and Russian led military alliance. In 2002, China and Kyrgyzstan carried out the first joint military exercise. In August 2005, China and Russia launched a high-profile military exercise called “Peace Mission 2005” in Vladivostok in Russia’s Far East. And some 10,000 troops from the armies, navies and air forces of both countries took place in the military drill in Shandong province along China’s northeast coast. On August 9-17, 2007, all member states of the Shanghai Cooperation Organization launched a joint anti-terrorism drill known as “Peace Mission 2007” in the Urals Mountain City of Chelyabinsk in Russia. This joint military exercise coincided with President Vladimir Putin’s decision to resume regular bombing patrols over the Atlantic, Pacific and Arctic oceans. Putin’s order was a direct response to the relocation of NATO forces closer to Russia’s western frontier because NATO has expanded to include the Czech Republic, Hungary, Poland as well as the former Soviet republics of Latvia, Lithuania and Estonia. When the United States exploited the War on Terror to establish military presence in Afghanistan, Central Asia and the Middle East, China and Russia combined to form a new regional defense system against the United States and to counterbalance Washington’s policies. All the joint military exercises carried out under the Shanghai Cooperation Organization have had a direct impact on Northeast Asia.
Russia have formed a united front with North Korea against the U.S.-Japan Security Alliance in the six-nation nuclear talks. Both China and Russia are clearly pursuing an ambitious strategy that combines the Shanghai Cooperation Organization and the six-nation nuclear talks to undermine the American influence in Northeast Asia. This Sino-Russian partnership is primarily based on the shared geopolitical interests between both countries. Therefore, a new Sino-Russian strategic alliance is taking shape which involves Central Asia and North Korea and could include South Korea in a future challenge to the United States.

Besides the strategic consideration, the Chinese expansion into Central Asia is driven by the needs to reduce its dependence on the Middle Eastern oil and to enhance the security of energy supplies for its economic reform. In recent decades, China has been totally dependent on the Persian Gulf for supplying over 50% of its oil. China is now the second largest oil consumer in the world. In 2006, the International Energy Agency in the United States estimates that the world’s oil demand will increase by 47% from 2003 to 2030, and China and India will account for 43% of that increase in world oil use. This raises a number of strategic problems. First, China only began to set up its strategic oil reserve in 2005. The strategic reserve is expected to be completed by 2010 to provide China with two months’ oil supply at the present level of energy consumption. Before 2010, China is still vulnerable to fluctuations in oil price
caused by military crises in the Middle East. Second, China does not have a strong ocean navy to protect its oil tankers sailing through the Indian Ocean and the Straits of Malacca. China is still dependent on the United States to protect these important ocean lanes. But China’s pursuit of energy security can be in conflict with the American military expansion into the Middle East. The only feasible strategies in China’s energy diplomacy are to diversify its energy supply and to push for a multipolar power system. In this context, the Central Asian oil fields provide an attractive source of energy for China. Janet Xuanli Liao refers to the newly established oil and natural gas pipelines between China and Central Asia as a “Silk Road for oil.” In 2004, China and Kazakhstan agreed to build an oil pipeline to export oil into the western part of China. In the summer of 2005, the China National Petroleum Corporation, a state-owned enterprise, took over the Petro-Kazakhstan. China now controls the second largest oil company in Kazakhstan through which it can expand into other oil projects in that country and further expand into the Caspian Sea. As Charles E. Ziegler points out, these cooperation projects allow Beijing to promote a new system of regional economic integration with its neighbors and to build a series of overland oil pipelines from Central Asia and Russia to China.

China’s rapid expansion into Central Asia has a significant impact on the local economy in Xinjiang Uygur Autonomous Province, a Muslim-dominated region along the old Silk Road. In Kashgar, a major city close to the Chinese border with Pakistan,
many car-owners and bus drivers have already used natural gas rather than petroleum. There were dozens of natural gas stations inside the city and along the highways. The natural gas is widely used in many Chinese cities along the border with Russia and Central Asia. Evidently, there is a strong determination on the Chinese part to diversify its energy supply system.

The economic, social and cultural linkages between China and Central Asia can also be seen in everyday lives in Xinjiang. Urumqi, the provincial capital and Kashgar are always crowded with Russian, Central Asian, Persian, Afghani and Pakistani merchants, tourists, religious pilgrims, students and government officials. Beijing has succeeded in using its Muslim frontier region to reach out to the Islamic communities in Eurasia. For instance, the Xinjiang Networking Transmission Limited which runs the Urumqi People’s Broadcasting Station and the Xinjiang People’s Broadcasting Station, and broadcasts in the Mandarin Chinese, Uyghur, Kazak and Mongolian languages has begun broadcasting programs in English for Pakistan, Afghanistan and all Central Asian states. The purpose is to counter the spread of Western ideologies from the Voice of America and the B.B.C. and to present China as a land of opportunities for many young people in the region. Whatever China is doing now in relation to Central Asia is based on a combination of strategic and economic concerns with the security of energy supplies. With this consideration in mind, China is bound to expand its connections with Central Asia in the coming years.
The Chinese Expansion into Southeast Asia

In Southeast Asia, China has adopted a very active policy of undermining the American economic and diplomatic influences. In 2005, Beijing encouraged the formation of the East Asian Community, a large regional alliance composed of China, Southeast Asia, Japan, South Korea, India, Australia and New Zealand. Taiwan is the only major regional economic power excluded from the East Asian Community, but Beijing has offered many tax exemptions for Taiwanese agricultural products to be exported to the Mainland. With its fast-growing free market economy, the Chinese government is eager to use influence to create a win-win situation for all neighboring countries. In a fashion akin to the European Economic Union, the East Asian Community works towards a regional model of economic integration. This development reminds us of the intra-Asian trading networks which had dominated the South China Sea and the Indian Ocean prior to the arrival of Western imperialism. All the countries in Southeast Asia had a long history of associating with the Middle Kingdom because of the economic benefits derived from the Chinese maritime trade. Whether the current economic development will lay the foundation for the emergence of a China-centered economic union in East Asia and whether China’s influence will decline when its economic reform slows down and the Chinese market loses its appeal to the neighboring countries are debatable. But China has begun to challenge the American influence by its attempt to create a new economic order in maritime Asia.
China and the North Korean Nuclear Crisis

As the North Korean nuclear crisis evolves, China is playing an active role in the six-nation nuclear talks. China has to support North Korea because of the strategic necessity to defend its northeast frontier against the U.S. forces in South Korea and Japan. China has succeeded in reducing the U.S. hostility towards Pyongyang and marginalizing the American influence in Northeast Asia. On October 9, 2006, North Korea conducted their first nuclear test which further undermined the American strategic position in Northeast Asia. The test proved the capacity of North Korea to produce nuclear weapons. The key issue for the United States was no longer how to prevent but how to contain a nuclear North Korea. On the following day, Secretary of State Condoleezza Rice asserted that the United States had no intention to invade or attack North Korea, but threatened Pyongyang with sanctions if North Korea shared its nuclear knowledge with anyone else. Nevertheless, the Bush administration still insisted on the multilateral six-nation nuclear talks in order to avoid direct negotiation with North Korea. And there were signs of disagreement within the Republican Party over whether the Bush administration should negotiate directly with Pyongyang. On October 14, 2006, the U.N. Security Council adopted unanimously the Resolution 1718 which imposed weapons and financial sanctions on North Korea over its nuclear test. The Resolution urged all the countries concerned “to intensify their diplomatic efforts, to refrain from any actions that might aggravate tension and to facilitate the early resumption of the Six-Party talks” according to the Joint
Statement issued on September 19, 2005. The wording of the Resolution was very mild. The document opened the door for the next several rounds of the six-nation nuclear talks in 2007.

At the same time, China and South Korea decided to continue their economic exchanges with North Korea and did not intend to strictly enforce the Resolution 1718. But when North Korea’s U.N. ambassador, Oak Gil-yon, accused the U.N. Security Council as “gangster-like” for passing the Resolution and warned that Pyongyang would consider any further pressure from the United States as a “declaration of war,” China began to put pressure on Pyongyang. On October 19, 2006, China sent a delegation led by Tang Jiaxuan, a senior Communist Party official at the State Council to conduct a high-level talk with Kim Jong-II. The Chinese delegation was to stop North Korea from conducting a second nuclear test. China also tightened cargo inspection at the border city of Dandong and ordered four local banks to freeze money transfers to North Korea. It was rumored that China might cut its low-cost oil supplies in a cross-border pipeline which provided over 80% of North Korea’s energy. What China did was to keep the North Koreans and Americans at the negotiation table. The Chinese intervention actually prevented the further escalation of tensions on the Korean Peninsula and provided the United States with a face-saving opportunity to get out of the nuclear crisis. On October 31, 2006, China announced the six-nation nuclear talks to be resumed soon after a meeting between envoys from the United States, North
Korea and China. It is worthy noting that very little attention had been paid to this announcement in the American media.

The immediate reactions from the United States and China to North Korea’s nuclear test had significant geopolitical implications. The United States initially tested the level of tolerance of China, South Korea, Japan and Russia towards the American position on the use of force against the proven North Korean nuclear facilities. In reality, the United States has been trapped in Iraq and Afghanistan and it is not capable of launching a military action against North Korea. As David E. Sanger points out, “It is hard to remember a moment when the world’s sole superpower seemed less positioned to manage a fractured world. It is not only that American hard power is tied up in Baghdad and Kabul; Mr. Bush has acknowledged that soft power (i.e. the ability to lead because you are admired) is suffering too.” Because the United States could not deal with North Korea from a position of strength, it had to turn to China for help. Seen from this perspective, America’s power in Northeast Asia today can only be measured by its need to cooperate with China.

The continuation of the six-nation nuclear talks in late 2006 and early 2007 led to the North Korean agreement to disable its nuclear facilities. On October 3, 2007, North Korea announced in Beijing that it would disclose all its nuclear programs and facilities in exchange of 950,000 metric tons of fuel oil or its equivalent in economic aid. Then, at the inter-Korean summit meeting in
Pyongyang on October 4, 2007, South Korea’s president, Roh Moo-Hyun and the North’s leader, Kim Jong-Il announced that both sides agreed to work toward signing a formal peace treaty to end the Korean War, which stopped after an armistice in 1953. This was a significant political concession by the North. The North had long asserted that South Korea would not be involved in any peace negotiation because only North Korea, China, and the United States signed the 1953 armistice. Evidently, China has not only mediated between the United States and North Korea throughout the six-nation nuclear talks but also facilitated the inter-Korean summit meeting in October 2007.

The Chinese position on North Korea was to limit the possibilities of violent confrontation in Northeast Asia. Beijing opposed military acts against Pyongyang and handled the nuclear crisis by pressing the United States to negotiate directly with North Korea. Throughout the six-nation nuclear talks, China has clearly emerged as an equal of the United States. Ever since the collapse of the Soviet Union, China has been keen to replace the longstanding Cold War structure with a new international order in Northeast Asia at the expense of the United States. The Sino-American relations are being shaped by the North Korean nuclear crisis and the Taiwan Question. In a trade off, China tacitly did not oppose the American policies in Iraq and Afghanistan, while it urged the United States to reduce its support for Taiwan’s military. Beijing has vowed to attack the island if its democratically elected government declares
independence. To gain China’s support in the North Korean nuclear crisis, the United States agreed to consider Beijing’s requests to postpone its support for Taiwan’s military modernization. Therefore, the Chinese active involvement in the North Korean nuclear crisis should be understood as a defense against any potential American military threats in Northeast Asia and a response to the Sino-American dispute over Taiwan.

**Balance of Power between China, India and Pakistan**

China’s relation with India is another problematic issue in its foreign policy. The Sino-Indian encounter has witnessed a change from strategic rivalry to economic collaboration. With the exception of the early 1950s, the Sino-Indian relations have been characterized by border conflict, regional rivalry, and strategic, military and economic competition. The Sino-Indian border conflicts resulted from the rejection by Beijing of the British-drawn McMahon Line of 1913-1914 separating India and Tibet, the flight of Dalai Lama to India after the 1959 Tibetan Uprising, as well as the dispute following the 1962 border war in which China seized 38,000 square kilometers (14,670 square miles) of Indian territory in Aksai Chin, and another 5,180 square kilometers (2,000 square miles) of northern Kashmir that Pakistan ceded to Beijing under a 1963 pact.

China has been restricting Indian power to the region of South Asia in order to avoid confronting a powerful India south of the
Himalayas. Beijing was extremely concerned when India permitted the creation of Dalai Lama’s exiled government in Dharamsala. In response, China decided to contain India by supporting Pakistan in the 1965 Indo-Pakistani war. Throughout the 1970s and 1980s, the continuous Chinese arms transfers to Pakistan indicated the close links between Beijing and Islamabad.

The Cold War conflict further complicated the Sino-Indian relations as shown in the Soviet alliance with India and the U.S. support for China since the 1970s. Despite the gradual development of Sino-Indian rapprochement after Indian Prime Minister Rajiv Gandhi’s visit to Beijing in 1988, China refused to sacrifice its strategic partnership with Pakistan. It is this “two-front threat” (Pakistan in the west and China in the north and northeast) that gave rise to Indian concern about China’s policy towards South Asia. Another security issue affecting the Sino-Indian relations is the rise of Chinese naval activity in the Indian Ocean and Arabian Sea. To protect its lines of communication across the Indian and Pacific Oceans, China gradually expanded its naval activity in the region throughout the 1990s. China constructed new ports, maritime communication and overland transport routes in Pakistan and Burma, respectively. Underlying China’s agenda is the need to strengthen Pakistan in order to maintain the balance of power in South Asia.

Indian policy makers view China as an interloper in South
Asia, an external power that has challenged India’s natural sphere of influence. Through its strategic alliance with Pakistan as well as its growing political and economic relations with weaker South Asian countries like Bangladesh, Sri Lanka, Myanmar and the Himalayan kingdoms, Beijing has denied New Delhi’s claim to dominance in South Asia. With the end of the Cold War and the American military involvement in Iraq and Afghanistan, the United States becomes an active factor in the balance of power between China, India and Pakistan. Because of the new quadrangular structure, the Indo-Pakistan-China interactions have been part of the tension between the United States and China over Taiwan and North Korea. For their part, Chinese leaders see India as an emerging regional power inclined to expand its military and economic power in South Asia. As a rising global power, China perceives South Asia as a legitimate area for expanding its diplomatic, economic and military influences in order to counter India and the United States. In response to the perceived Chinese encirclement, India launched its own counter measures by pursuing security relations with China’s neighbors in the Pacific Ocean, especially Vietnam, Japan and Taiwan. This counter-encirclement by New Delhi was a direct response to China’s expansion of its security ties with Indian’s neighbors in South Asia. In the entangling relations between China and India, both sides have a series of defensive security concerns, and they continue to complete with each other in the wider Asian region.
Despite their different perceptions over security issues like the strong Sino-Pakistan military ties and India’s Tibet policy, China and India are determined to cooperate and further expand their ties. The high-level discussion about the border conflict between China and India in 2004 marks a new chapter in the Sino-Indian relations. President Bush’s visit to India in the spring of 2006 and his recognition of the Indian nuclear weapons program can be interpreted as his efforts to create a strong alliance between the United States and India on South Asian subcontinent to counter the rise of China and to gain India’s support for a potential war against Iran. But, on the other hand, with China’s refusal to impose sanction on Iran in the U.N. Security Council and its growing trade with Tehran via India and Pakistan, there seems to be an informal collaboration between China, Iran and India against the growing American military presence in the Asian heartland. If this is the case, Beijing will probably concede South Asia to New Delhi as India’s sphere of influence in order to maintain stable bilateral relations. In the face of a regional and global balance of power shifting more in China’s favor, India will have to come to terms with the reality of China’s emerging dominance in Asia and accept, however reluctantly, the status of a lesser power.

The respective economic accomplishments have enabled China and India to set aside mutual suspicion and to collaborate with each other. Bilateral trade between these two Asian giants doubled in recent years, rising up to around US$18 billion in 2005. The
Confederation of Indian Industry estimates that the bilateral trade will increase to US$30 billion by 2010. Both governments even opened a trade route at Nathula Pass in early 2006 in order to facilitate cross-border economic activities. The cooperation between these two Asian giants was institutionalized in a ten-point strategy to expand bilateral ties and promote civilian nuclear cooperation in a joint declaration issued by Hu Jintao and Manmohan Singh on November 21, 2006.45

Furthermore, China and India are partners in an oil venture in Sudan, even though Europe and the United States have expressed concerns about the genocide in the Darfur region of western Sudan. China has outperformed India in gaining access to the rich deposits of iron ore, copper and oil in many African countries, and China’s bilateral trade with the continent was nearly US$40 billion in 2005. By comparison, Indian automakers are selling sport utility vehicles for the African market, promoting hair care products and constructing hotels, and the total amount of bilateral trade was about US$12 billion in 2005.46 The Chinese and Indian expansion into Africa reflects their growing concerns about energy security in the midst of high oil prices as well as a rush for oil, natural gas and other natural resources essential for industrial development.

**Africa as China’s New Frontier**

Of all the regions, the African continent has become a new frontier
for the Chinese expansion (Map 2). The search for new energy supplies is now the driving force of China’s African policy. As President Nicolas Sarkozy of France said, “China is transforming its insatiable quest for raw materials into a strategy of control, especially in Africa.”

According to Jonathan Holslag, China sees Africa as an important resource supplier and a modest consumer. Therefore, the Chinese government has been pursuing a pragmatic mercantilist policy that combines diplomatic and economic activities since the 1990s. Although the Sino-African trade only makes up a small proportion of China’s overall foreign trade, its annual rate of growth is around 55% between 2001 and 2006, the fastest growing trade between China and any other continent. From 2001 to 2006, more than 10,000 African government officials and technical personnel have received training in China. These returnees served as the agents of China’s expansion into Africa.

At the Forum on China-Africa Cooperation in Beijing on November 5, 2006, China signed bilateral trade deals with African countries worth US$1.9 billion and promised to provide US$3 billion in preferential loans, US$2 billion in export credits and US$5 billion to encourage Chinese investment in Africa. These agreements are part of China’s consistent efforts to consolidate its ties with Africa, to bid for oil deals and to seek new markets for its products. The examples of Angola and Sudan are illustrative.
Angola, as sub-Saharan Africa’s second largest oil producer, is central to China’s energy diplomacy in the continent. In 2004, bilateral trade accounted for US$4.9 billion, increasing more than 113% from 2003. The state-owned China Petrochemical Corporation is a major investor in Sonangol, the Angolan state oil corporation. In May 2006, Angola surpassed Saudi Arabia as China’s largest crude oil supplier and provided 15% of China’s total oil import. In 2007, Chinese enterprises were the largest foreign investors in Angola. The country has now become China’s second largest trading partner in Africa.

Equally important to the Chinese energy diplomacy in Africa is Sudan, where China is now the largest investor with total stakes worth US$4 billion. The China National Petroleum Corporation now owns the biggest share (40%) of Sudan’s largest oil enterprise, the Greater Nile Petroleum Operating Company. This Sino-Sudanese oil operation built the 930-mile pipeline to the Red Sea and an oil refinery near Khartoum. China has also invested US$ 2 billion in the Merowe hydropower dam project. When the dam opens in 2008, the Merowe will meet Sudan’s demand for electricity and allow the country to sell the excess to other African neighbors. Meanwhile, the Sudanese government has been relying on China for the supply of weapons and military tracks throughout the civil war. China is filling the power vacuum left by the West in Sudan and gaining control over the country’s oil and other natural resources. As China
Map 2: China’s Expansion into Africa and Latin America since 2001
seeks to protect its business interests, it has strongly opposed the United Nations’ attempt to interfere into the Darfur conflict.\textsuperscript{53} Hu Jintao’s trip to Sudan in February 2007 further confirms the growing importance of economic and diplomatic relations between the two countries.\textsuperscript{54} This development indicates that Africa is becoming a top priority in Chinese foreign policy.

There have also been closer military and diplomatic relations between China and many African countries at the expense of the American influence. Chinese military aid and arms sales to Africa are on the rise. In 2001, China sold Sudan twelve F-7 Shenyang fighter jets (the Chinese equivalent of the Russian MiG-12) and Zimbabwe twelve FC-1 multipurpose fighters as well as numerous lighter arms to Angola, Nigeria, Sierra Leone and others.\textsuperscript{55} Most of the Chinese firms investing in Africa are state-owned enterprises and enjoy strong government support. They are often willing to make less tangible long-term business decisions rather than seeking immediate profits.

\textbf{The Growth of Chinese Influence in Latin America}

In a fashion akin to Africa, Latin America has gradually become an attractive destination for Chinese investors (Map 2). The Chinese-Latin American business and political connections have become a matter of concern to policy makers in the United States.\textsuperscript{56} China has begun to operate on the peripheries of the United States.
The most controversial issue was the clash of the Chinese and American interests over the Panama Canal. In 1999, the Panama government issued an international tender to negotiate a 25-year contract for managing the container terminals at the Atlantic and Pacific outlets of the Canal. Panama signed a contract with the Panama Ports Company, a subsidiary of the Hong Kong-based Hutchinson Whampoa Ltd., which is one of the Fortune 500 companies and owned by Li Ka-Shing, the richest tycoon in Asia and the ninth richest man on the world’s billionaires in 2007. Besides the Hutchinson’s track record of handling most of Hong Kong’s container traffic, Beijing’s support was a key to the implementation of the contract. Li Ka-Shing is widely known to have strong personal connection with the top political leaders in Beijing, and he is said to be willing to use his business influence to advance the strategic and political interests of the Chinese Government. At that time, the Republicans at the Congress feared that Beijing could take over the Canal’s security, but they failed to block the signing of the contract between the Hutchinson and the Panama government.

The rivalry over the control of the Panama Canal reveals the broader patterns of economic, political and strategic competitions between Beijing and Washington. As the United States considers Latin America to be its sphere of influence, some government officials in Washington are worried that many Latin American countries will replace the United States with China as their primary patron. From 1993 to 2003, the Chinese-Latin American trade
increased 600%. In 2004, the total amount of bilateral trade between China and Latin America was $40 billion. This figure overtook Japan’s trade with Latin America. China has become a new market for Chilean copper, Argentine and Brazilian soybeans, and the region’s ores and gas resources. Geographically the Chinese trade has always been heavily concentrated in Mexico, Brazil, Chile and Argentina which makes up 75% of its total trade in the region. In recent years, China and Brazil developed joint programs in space and aviation industries. China also gained access to the exploration of Bolivia’s natural gas reserves as well as the development of oil fields in Venezuela, Ecuador and Peru. Much of the Chinese investment in Latin America focuses on the construction of infrastructure so that the region can export its goods more efficiently to China. In November 2004, China pledged to invest more than US$19 billion in the Argentine railway system and other construction projects. China is also committed to constructing a cross-national highway from Sao Paolo in Brazil to Lima in Peru so that products from other countries can be easily transported to Peru’s harbors along the Pacific coast and from there to be shipped to China. The growth of the trans-Pacific maritime trade has an important impact in re-orientating Latin America towards China.

Apart from the bilateral trade, there has been cooperation among the Chinese and Latin American military. China is reported to have been operating two intelligence stations out of Cuba since 1999, monitoring computer data traffic and telephone traffic within
the United States, respectively. In 2001, China negotiated with Russia for the use of a Soviet-built military base on the outskirts of Havana for gathering intelligence on the United States. China has taken advantage of the vacuum created by Washington’s decision to cut military aid to several Latin American countries. Many senior Latin American military officers who used to come to the United States for training are now going to Beijing. The United States is losing contact with the future generation of the Latin American officers to China.

**Conclusion**

There has been a significant shift in the Chinese foreign policy towards the Third World since September 11, 2001. During the Maoist and the Dengist era, China was mainly responding to the international pressures from the United States and the Soviet Union rather than dealing with the Third World countries per se. But the failure of the American military policies in Iraq and Afghanistan created many vacuums throughout the world and completely changed China’s diplomatic priorities. The United States is now facing a serious setback in the Second Iraqi War and losing the diplomatic battle against Iran. As Iraq disintegrates into civil war with the United States caught in the middle, it will be extremely difficult for the American military to establish law and order in a land with different types of Islamic communities as well as a large Assyrian and Syrian Orthodox Christian population, together with
Chaldean Catholics and Jews. Neither will it be possible for the United States to impose the American form of democracy and free market economy in this war-torn country. Given the proliferation of Iraqi resistance forces and the growth of anti-Americanism across the Middle East, the withdrawal of the U.S. army is only a matter of time. As the United States is troubled by the Second Iraqi War and becomes increasingly isolated around the world, China has exploited the War on Terror to its political advantages.

Furthermore, the regional and global balance of power is shifting more and more in China’s favor. Beijing seeks to create a new system of strategic alliance and to enhance its influence around the world. Since 2001, it has pursued an active policy of engaging many Third World countries in order to undermine the U.S.-dominated international order. This development corresponds to the current Chinese government’s rhetoric about the peaceful rise of China, meaning that a powerful China will not occupy territories and seek military bases as the Western imperialists had done in the past.

Strategically speaking, China’s active engagement with many countries in Central Asia, Latin America, South Asia and Africa reminds us of the classic Maoist strategy of guerrilla warfare, “encircling the city from the countryside,” which in this case is to use the Third World countries to challenge the United States in global politics. The question for many developing and underdeveloped
countries now is whether to side with a declining global American empire or to ally with the rising Middle Kingdom. Evidently many ruling elites from the Third World are aligning with China for political and economic gains and distancing themselves from the United States. If the Chinese economic and military power continues to expand dramatically in the next few decades, this growth will soon propel China towards its strategic goals of achieving dominance in Asia and becoming a global power of the twentieth-first century.
Notes


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