

Progress and Improvement in a Fragile World – The Chinese Perspective

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I Introduction

The era of Xi Jinping has been called the “age of ambition”¹ by non-Chinese commentators. But within the country, in the language at least of Xi himself, it is seen as a time of “rejuvenation,” “renaissance,” one in which, as he said at the start of his epic address to the 19th Party Congress in October 2017, the country and the party ruling over it must “remain true to our original aspiration and keep our mission firmly in mind, hold high the banner of socialism with Chinese characteristics, secure a decisive victory in building a moderately prosperous society in all respects, strive for the great success of socialism with Chinese characteristics for a new era, and work tirelessly to realize the Chinese Dream of national rejuvenation.”² After this heady, stirring language, however, Xi almost immediately used a different tone: “Both China and the world are in the midst of profound and complex changes. China is still in an important period of strategic opportunity for development; the prospects are bright but the challenges are severe.” In 2021, we are in the midst of this period. This article will ask how it is that China has come to be in this place of huge strategic opportunity, where it understands the importance of working with the wider world, and why this is throwing up significant challenges, but offering important opportunities.

II The PRC: A Story of Big Statistics

If there is one point of data that captures the essence of why China is where it is today, then that would be the rise of its wealth. The chart below shows that clearly. From a miniscule figure in the early era of the foundation of the People’s Republic of China (PRC), since the turn of the millennium the country has experienced an historically significant explosion of growth. The most dramatic happened under Xi’s predecessor Hu Jintao. While many criticize Hu as presiding over “the lost decade” when “nothing ever got done,”³ one thing was achieved – an explosion of GDP growth which saw the country quadruple the size of its economy in a decade. Xi Jinping is a strong leader because of this legacy of raw wealth and its potential for power that Hu gave him.

The other important fact to remember in this context is that this extraordinary growth was mostly triggered by China’s entry to the World Trade Organization (WTO) in late 2001. That introduced significant pressure from multinational corporations (MNCs) coming into China and competing with domestic state-owned enterprises (SOEs). This more than anything made them more efficient, and allowed a liberalization of the labor market and Chinese finance. Those processes are ongoing. But it would be false to claim China’s economic achievements were ones it alone achieved. They were a collaborative act, in which the outside world (and in particular the US and the European Union (EU), as China’s largest trade and technology partners) played a key role. The issue in 2021, however, as the impact of COVID-19, and its origination from China, make clear, is that the West (here referring mainly to North America and Europe) feel increasingly like the benefits of this partnership have been asymmetrically shared out, with China getting the lion’s share. This indeed

¹ Osnos, Evan. *Age of Ambition: Chasing Fortune, Truth, and Faith in the New China*. New York: MacMillan, 2014.

² Jinping, Xi. *Secure a Decisive Victory in Building a Moderately Prosperous Society in All Respects and Strive for the Great Success of Socialism with Chinese Characteristics for a New Era*. XINHUANET. October 18, 2017.

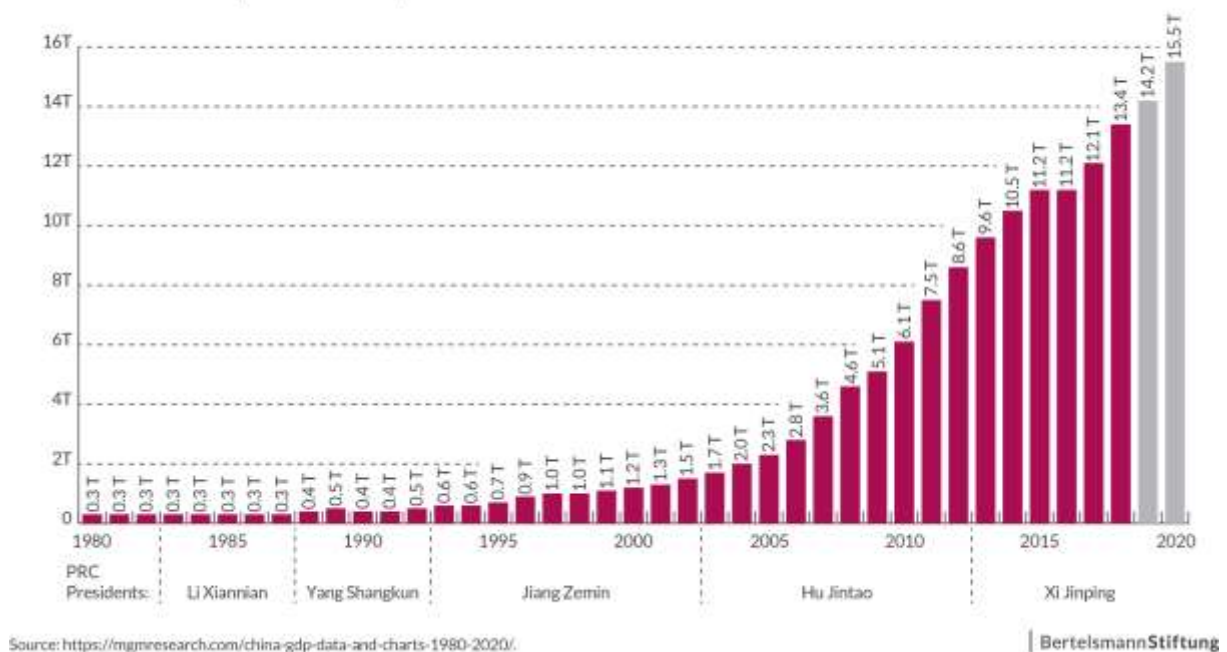
³ See Brown, Kerry. *Hu Jintao: China’s Silent Ruler*. Singapore: World Scientific, 2011, for a description of the “wu wei” (doing nothing) criticisms made of Hu’s administration.

was behind the core Trump complaints made during his bid for the presidency, and during his time in office. His Vice President Mike Pence, at a speech at the Hudson Institute in 2018, made the clearest articulation of this complaint: “China’s actions,” he stated, referring to what America saw as its currency manipulation, forced technology transfer, intellectual property theft, and industrial subsidies “have contributed to a trade deficit with the United States that last year ran to \$375 billion – nearly half of our global trade deficit. As President Trump said just this week, ‘we rebuilt China’ over the last 25 years.”⁴

Two years of complex negotiations resulted in a partial trade deal between the US and China in January 2020. That, however, was disrupted by the pandemic that overwhelmed the world thereafter. The most one can conclude from this event, however, is that it made clear China was in the mood to revise its basic trade-and-investment relations with the outside world, and that it still saw that world as playing a key role. Commitment to globalization and partnership figured in the delayed National People’s Congress in May 2020, and then in the meeting of China’s annual parliament the following year. It also figured in the Common Agreement on Investment (CAI) agreed with the European Union (EU) after seven years of negotiations in late 2020. For the first time, it seemed that this deal, unlike the WTO two decades before, opened up a large amount of China’s domestic services economy to foreign investment, something that had been requested for a number of years. It is ironic that the Europeans, rather than the Chinese, resisted ratifying the deal in 2021 for political reasons. For this reason, the CAI currently sits in limbo.

China GDP

GDP in Current Prices (Trillions of US \$)

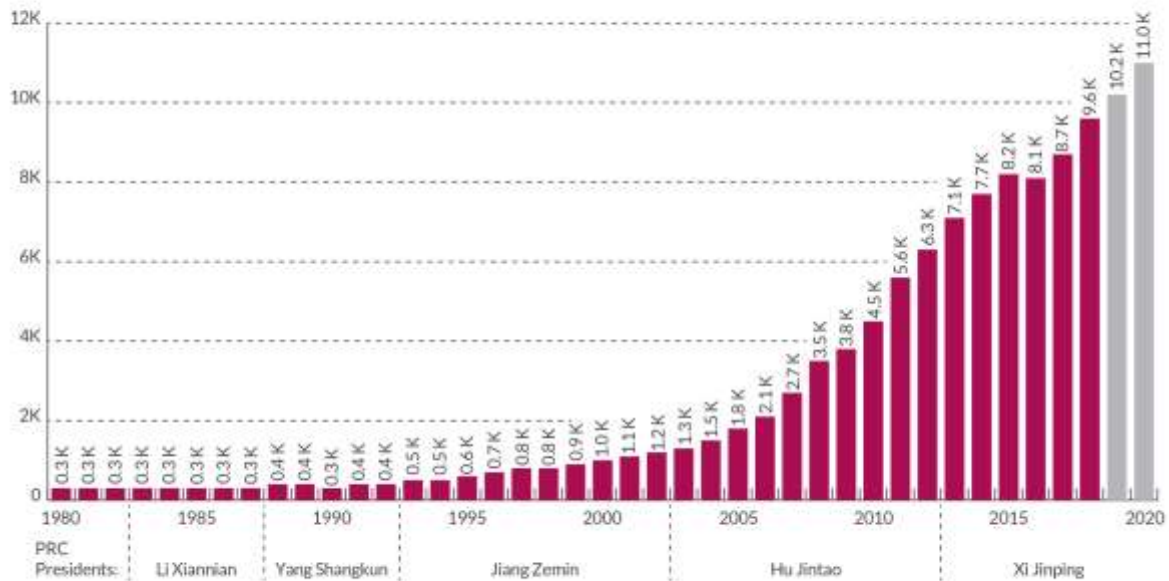


China is in the mood to work with international partners not just because there are still benefits economically, but because this era of stellar growth has brought about fast-paced changes that China cannot handle on its own. Per capita GDP shows that, at the level of the individual, China is no longer a poor country, but now in the middle-income bracket. In 2020, it had reached \$11,000.

⁴ Pence, Mike. Vice President Mike Pence’s Remarks on the Administration’s Policy Towards China. Hudson Institute, Washington, DC, Oct. 4, 2018.

China GDP per Capita

GDP in Current Prices (Trillions of US \$)

Source: <https://mgmresearch.com/china-gdp-data-and-charts-1980-2020/>

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While still far below European or American levels, for a country that had experienced famine in living memory (during the great famines of the early 1960s), this was an extraordinary achievement. In March 2021, China announced that it had eradicated absolute poverty.⁵ Against these, however, were set the massive issues of environmental degradation which had come as a result of rapid industrialization since 1978, with the country accounting for a quarter of global carbon emissions by 2019 – leaving the US a distant second at 14.5 percent.⁶ Xi himself made commitments to see CO2 emissions peak by 2030, and to have them eradicated by 2060.⁷ The country has built more infrastructure than any other in the world, with 37,000 kilometers of high speed rail,⁸ and 130,000 kilometers of highways⁹ – both the highest figures in the world, and both built in a remarkably short period of time. Set against this, however, is the fact that as China has become wealthier, car usage has also exploded. The country now has 281 million cars.¹⁰ Before the pandemic, 156 million trips by Chinese were made abroad in 2019.¹¹ All of these figures, apart from the last (due to the restrictions from the pandemic) are growing. All of them carry significant implications for pollution, even though the shift to train travel over air and car might in the long term give some benefits. The paradox for Chinese leaders, and the strategic challenge Xi referred to in 2017, is that for the

⁵ <https://www.bbc.co.uk/news/world-asia-china-56194622>, [retrieved July 16, 2021].

⁶ <https://www.statista.com/statistics/271748/the-largest-emitters-of-co2-in-the-world/>, [retrieved July 16, 2021].

⁷ Xinhua. Xi Focus: Walk the Talk: Xi Leads China in Fight for Carbon-neutral Future. XINHUANET, March 16, 2021.

⁸ Jones, Ben. Past, Present and Future: The Evolution of China's Incredible High-speed Rail Network. CNN, May 26, 2021.

⁹ http://english.www.gov.cn/news/top_news/2017/08/27/content_281475818432406.htm, [retrieved July 16, 2021].

¹⁰ <https://www.statista.com/statistics/285306/number-of-car-owners-in-china/#:~:text=The%20vehicle%20population%20in%20China,of%20the%20end%20of%202019>, [retrieved July 16, 2021].

¹¹ <https://www.travelchinaguide.com/tourism/2019statistics/>, [retrieved July 16, 2021].

Communist Party to stay securely in power, it needs to deliver better things to a population still aiming to grow wealthier and enjoy a better lifestyle. That means it still has to factor in significant environmental costs, and still has to find ways of working with the outside world in order to address these and explore new areas for growth. China's domestic challenges remain deeply international both in their impact and in possible solutions to them. This shows that in many ways the China challenge for the outside world is one that is shared within China – how to work together with partners you don't agree with, but have no choice about co-operating with for self-interest.

III China in the Business to Do Deals

In the decade since Xi has been in power, balancing the need to address domestic issues so that social and economic progress can be maintained, while also ensuring that there is a reasonable relationship with the outside world, has proved increasingly important – and increasingly fraught with problems. The first is that the strategy Xi's administration has adopted is clearly to assert as much control and centralization of decision making in China, to ensure that things don't spiral out of control. Very early on, in 2013, there were rumors that a colleague close to Xi, Politburo member Wang Qishan, had advised his officials to read 19th century French philosopher Alexis de Tocqueville's "The Old Regime and The Revolution."¹² This focused on the 1789 French Revolution and its aftermath, and argued that it was not desperate nations that experienced revolutions, but rather ones that were developing and where different social groups had things to fight over between each other. For Chinese leaders, it seemed that this reflected their own challenges. Producing raw growth in vast amounts had been achieved in the Jiang and Hu era. Now it was more about making hard decisions between different contesting groups. That would mean alienating some of the people right at the heart of the Party – those exposed to the anti-corruption struggle because they had been confusing business with politics, and gone for personal enrichment rather than public service. In a closed meeting in 2013, Xi said to a group of visiting foreign dignitaries that the immediate future was going to see more tough choices between contesting groups.¹³ That was perhaps why, first of all, the Party purged itself and ensured that it looks disciplined and fit to start demanding sacrifices from others.

In a series of complex moves, Xi took up the mantle of Deng Xiaoping reformism, and started to calibrate it to the new situation of a wealthier, stronger China. Rule of law was strengthened in the commercial area in particular in 2013 at the third Plenum that year, and officials made to obey court orders and act in a more reliable way. But at the same time, it was clear that broad rule of law where political rights were going to be expanded to make China more like the West was not an option. The government, and Xi, issued a number of curt rejections of Western universalism. It passed a foreign Non-Governmental Organizations (NGOs) law in 2016, making it much clearer what sort of foreign cooperation was possible with outsiders. Corporates from abroad in China like GlaxoSmithKline were exposed to fierce corruption investigations, just like Chinese ones. Academics were told not to start preaching foreign ideology in their lectures. The symptoms of this were very visible in the outside world, with dissidents detained, and, in a few cases, foreign researchers prosecuted. What has perhaps been less understood is the political rationale driving this outlined above – the attempt by the Party to ensure that it maintained control over a society with huge divisions in terms of wealth and developmental levels, one where people were

¹² Huang, Cary. Tocqueville's Advice on French Revolution Captures Chinese Leaders' Attention. In: South China Morning Post, Jan. 22, 2013.

¹³ Personal communication.

increasingly making demands for a better life, and where the government, basing its legitimacy on performance, was under increasing pressure.

Up to 2017-18, at least, it was clear that the Party State wanted to preserve pragmatic relations with the outside world. But it felt it now needed to do this increasingly on its own terms – and that it had enough incentives in terms of its newly developed services sector to placate the more values-focused interests of the West. The Belt and Road Initiative (BRI), Xi's signature foreign policy, a vast network of potential deals spreading across over 130 countries, all linked to China, can be seen as part of this move – China using the language of “win win” and showing that its conquest of its internal challenges was something the outside world could participate in, and gain benefit from, as China became a larger outward investor and producer of technology. But the BRI was also clearly a further acknowledgement that China recognized and valued the role of the wider world in its own development plans, and that, in some ways, it would not be able to achieve its dream of being a “wealthy, strong country” without this sort of linkage.

With the Trump presidency from around this time placing more pressure on China to correct perceived imbalances in terms of trade, and with rising anxiety over the evidence of widespread human rights abuses in the Xinjiang Autonomous Region in the northwest of the country, along with turbulence in Hong Kong, China's global role became more exposed and contested. This is part of the other paradox that Xi is facing: that as and when China succeeds in achieving some of its domestic targets in terms of maintaining good growth, building infrastructure and modernizing its services economy, these also make the country look stronger to the outside world – and therefore, under its one-party system, more worrying.

China fear is now a shared issue across different countries. The evidence of China winning the economic growth game by coming closer and closer to overtaking the US as the world's largest economy, and yet doing this while maintaining a one-party socialist system, disrupts the more orthodox narratives of development and modernity in the West. This has resulted in an array of different kind of fears towards China – something that can be seen in a raft of think tank, media and other reports coming from Washington, London and elsewhere. Some of these fears focus on China as a Communist country being a threat to Western values. Others, like the words of Pence quoted above, are around China being a problem because of unfair practices that make it steal market share and profits. Some feel that China is a military threat because of its outstanding claims against Taiwan and the South China Sea. The lack of consensus outside China on the sort of threat it is, and how to deal with it, is one of the main impediments to working out clearly how best to cooperate with it. Depending on the kind of fear, different partners draw the line at working with China in different places.

For China's own position on this, at least there is more clarity. Under Xi there is a strong acceptance of international cooperation being necessary. Even the “dual circulation” notion, where domestic economic growth is the priority and development of indigenous technology a major objective, acknowledges the strong role of external partners. In combatting climate change and dealing with public health, and facing some of the rising issues around sustainability, despite the harsh rhetoric levelled at each other over the last few years, China and the US/Europe are being increasingly pulled together.

This predates COVID. Participating in the G20 summit in Osaka in 2019, China put its name to the final leaders' statement that with others “we will further lead efforts to foster development and address other global challenges to pave the way toward an inclusive and sustainable world, as

envisioned in the 2030 Agenda for Sustainable Development.”¹⁴ As the US was preparing to withdraw from the 2015 Paris Climate Agreement, Xi stated at the 2020 UN General Assembly that his country will scale up its nationally determined contribution (NDC) to tackling climate change by adopting more vigorous policies and measures. “China,” he stated,

is the largest developing country in the world, a country that is committed to peaceful, open, cooperative and common development. We will never seek hegemony, expansion, or sphere of influence. We have no intention to fight either a Cold War or a hot war with any country. We will continue to narrow differences and resolve disputes with others through dialogue and negotiation. We do not seek to develop only ourselves or engage in a zero-sum game. We will not pursue development behind closed doors.

He went on:

China will scale up its Intended Nationally Determined Contributions by adopting more vigorous policies and measures. We aim to have CO2 emissions peak before 2030 and achieve carbon neutrality before 2060. We call on all countries to pursue innovative, coordinated, green and open development for all, seize the historic opportunities presented by the new round of scientific and technological revolution and industrial transformation, achieve a green recovery of the world economy in the post-COVID era and thus create a powerful force driving sustainable development.¹⁵

China is no altruist. It has strong reasons for doing this, as were covered above. Even so, there is a clear alignment at least here between it and the wider world. While the Xi era has seen increasingly centralized and autocratic rule in China, the anomaly for the outside world is that there is little doubt, at the moment at least, that to do a deal with China, then one has to do that deal with Xi Jinping. How long this sort of simplicity prevails is open to question – even though Xi himself removed constitutional limits on the position of country president in 2018. The key political question for the West is whether they can set aside their own domestic antipathy to dealing with China under its current political model in order to achieve longer-term goals. Democracies are often accused of short-termism. This may well be a classic proof of that.

IV COVID-19 Upends Everything

The fierce arguments about the origins of the COVID-19 over late 2019 and into 2020 cannot obscure the fact that, whatever the actual truth of when and how the pandemic started, its impact on China, and then the wider world as it spread, was unwelcome, worrying and increasingly negative. COVID-19 has certainly made China’s relations with the US, Europe, and its own region challenging. At a time when the PRC was gearing up to celebrate the 100th anniversary of the founding of the ruling Communist Party, it is most unlikely that it wanted the sort of global atmosphere it now finds itself in, in mid-2021. While China has managed to both contain the pandemic domestically, and ensure that the country’s economy has returned to healthy growth after a major downturn in 2020, it has also created deeper political boundaries. These include:

- Rising tensions with the US through the final months of the Trump presidency into the Biden era due to blame about COVID-19, which Trump himself, to China’s anger, called the “China virus.”

¹⁴ European Council. G20 Osaka Leaders’ Declaration. Press release, June 29, 2019.

¹⁵ Ministry of Foreign Affairs of the People’s Republic of China. Statement by H.E. Xi Jinping President of the People’s Republic of China at the General Debate of the 75th Session of The United Nations General Assembly. Sept. 22, 2020.

- Raised concern about the situation in Hong Kong as a result of Beijing's passing a National Security Law there in 2020 which had wide application, and has been used to round up democracy party activists, business people, students and journalists.
- Global anger at the situation in Xinjiang, and the continuing evidence of human rights abuses there. This has prompted some national legislatures, such as the Canadian, to label this "genocide."
- Tightening of restrictions on areas of technology cooperation between China and the outside world, with the telecoms operator Huawei becoming a target for sanctions and controls by the US, Europe and others.

China's response to this over 2020 into 2021 has been increasing frustration – as shown by the Wolf Warrior phenomenon where Chinese officials, diplomats and others claiming a formal status from China took to social media in English, frequently unleashing harsh attacks on those seen to have been attacking them. Xi had stated in 2013 that he wanted his colleagues to "tell the China story" so that it was better understood abroad. There would be no more diffidence, and "keeping a low profile," as the famous phrase reportedly from the Deng era 30 years before put it. China was now a confident, world-class power and one that could face the world on equal terms. By 2020, it stood accused of being bullying, harboring designs to manipulate and exploit the outside world, with some naming it a "hidden hand" that was reaching further and further into cyberspace and other areas to get its own way and assert control. The mismatch between what China said it was doing, and what it stood accused of, was stark. This situation was made more complicated by the issue referred to above – the different kinds of fears felt towards China, meaning that as the geopolitics became more agitated when the pandemic spread, the anger levelled at China often mixed up different kinds of issues with it. Everyone seemed to be concerned about China – but for different reasons and with different levels of intensity.

There have been two responses to this new, more confrontational situation. From China's side, it has deployed the idea of "dual circulation" referred to above. Defined by Xinhua, the official state news agency, as taking "the domestic market as the mainstay while letting internal and external markets boost each other,"¹⁶ this boils down to the notion of a decoupling with Chinese characteristics – with China focusing on the ongoing challenge to modernize and build its economy to address the issues referred to at the start of this article, while also allowing space for outside influence to come in, albeit strictly on its own terms. One area in which one can see how this works is that of finance – with companies like Goldman Sachs and JP Morgan reportedly enjoying better access to the developing financial services sector in China, even as the political environment becomes more difficult.¹⁷ There was good reason for this: nowhere else in the world offered the same kind of potential as China for this, as the charts below with predictions for growth in a number of key areas over the next decade show.

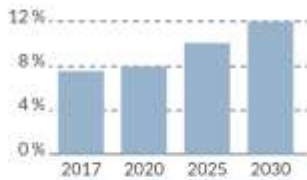
¹⁶ Xinhua. China Focus: Understanding "Dual Circulation" and What It Means for World. XINHUANET, Beijing: Xinhua, Sept. 5, 2020.

¹⁷ See, for instance, Bloomberg. Goldman Forms Wealth Venture with China's Largest Bank. Bloomberg, May 25, 2021; and Hale, Thomas. JPMorgan Applies to Take Full Control of China Securities Venture. Financial Times, June 3, 2021.

China's Promise

Bloomberg Economics Projects Lucrative Gains in Market Share for Foreign Firms

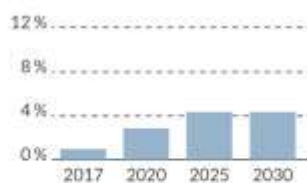
Life Insurers' Premiums
Estimated 2030 value: **\$217B**



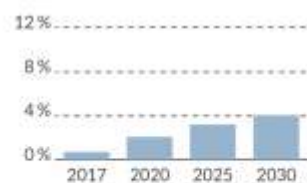
Fund Assets Under Management
Estimated 2030 value: **\$1.8T**



Securities Industry
Estimated 2030 value: **\$3.3B**



Banking
Estimated 2030 value: **\$29B**



Source: <https://marketingtochina.com/marketing-for-financial-services-in-china/>

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For the outside world, the main strategy was also to aim for decoupling, but with Western characteristics. Supply chains have been diversified, with India, Vietnam, Indonesia and other partners receiving attention. In sensitive technology areas, like semi-conductors, while some manufacturing of more basic components continues in China, the most advanced material is now being made elsewhere. The aforementioned Huawei was blocked from a number of markets, and tariffs imposed by the US on sectors which were regarded as being detrimental to US jobs and economic interests. The EU, UK and Australia have introduced stricter investment screening processes. Despite this, for the US and EU, trade continued to rise through 2019 to 2020, for the EU reaching record levels, and for the US bouncing back after a drop in 2019. Talk about decoupling has to be held against the reality that in many areas this has not happened, and perhaps might not be able to happen.

EU Trade in Goods with China, 2010-2020

(€ billion)

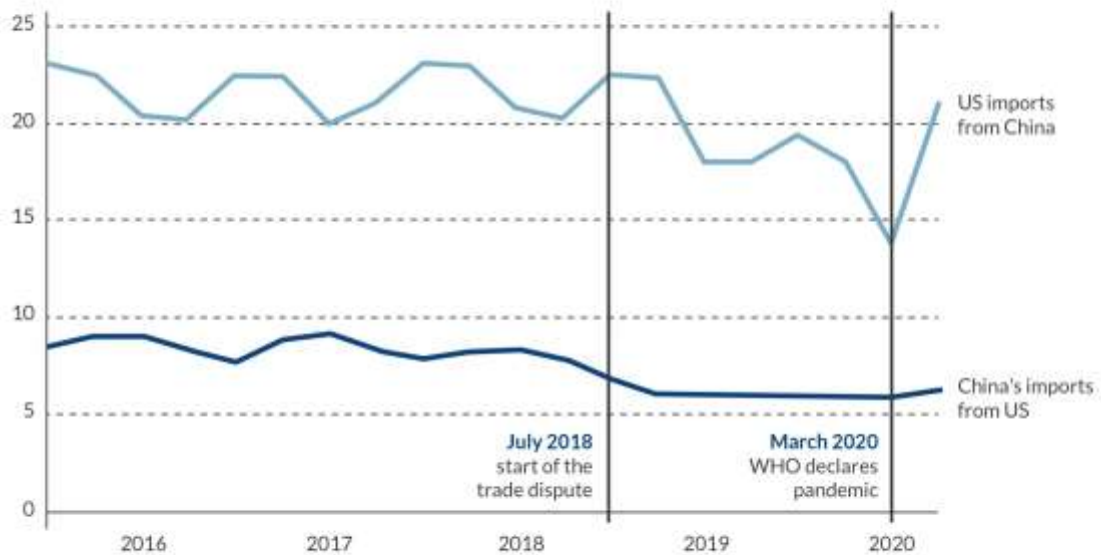


Source: https://ec.europa.eu/eurostat/statistics-explained/index.php?title=China-EU_-_international_trade_in_goods_statistics.

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US Imports from China Pick up Again During Pandemic

Percent of all Imports



Source: https://ec.europa.eu/eurostat/statistics-explained/index.php?title=China-EU_-_international_trade_in_goods_statistics.

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V Conclusion: Shared Commitment Despite Everything

The complex situation outlined in this paper shows that if the world is witnessing the emergence of a new Cold War, this is one where the depth of interlinkages and co-dependences between China and the outside world, and the need for cooperation on far vaster issues like combatting climate change, means that the notion of decoupling to any major extent is likely to prove impossible. Realistic acceptance of this, on both the Chinese and non-Chinese side, needs to form the basis

of all action moving forward. A more accurate and helpful picture of what we are witnessing over 2021 is a process of renegotiation, and realignment, where China sets out its new model of engagement, and where the outside world balances its political antipathy to the political system in the world's second largest economy while also acknowledging the strong self-interest in needing to work with China, for economic and other reasons.

The 2020-2021 era was a strange one because of the mismatch between the rhetoric used by political figures, and their actual actions. In the twilight of the Trump era, his Secretary of State Mike Pompeo used strong, categorical language about the China threat. Biden since January 2021 has been engaged through G7, NATO and other forums in creating an alliance of democracies. Despite this, in the 25-plus pages of the communique issued at the end of the June 2021 G7 meeting in Britain, China merited only one sentence. The rest was on the issues of restoring growth, and ensuring that the global issues of sustainability and environment were effectively addressed. To underline this, the actions and words exchanged between the US and China when they met in Alaska in mid-March where both sides lambasted each other, the Chinese in particular expressing extreme frustration in public, have to be held against the absolutely different, more cooperative tone of the John Kerry visit to China to discuss climate change a month later.

With COVID-19 gradually withdrawing, the main focus will be on economic issues from this point forward. On this, more prudent politicians in Europe and the US like Angela Merkel of Germany have made sure that their language about China over 2020 into 2021 has not created such a level of antipathy in Beijing that it precludes cooperation that might become necessary in the post-COVID world. The stark reality is that on current data, China looks more likely to emerge from COVID strengthened economically, even as other major economies endure a period of perhaps prolonged uncertainty. This, more than anything else, will dictate where the political relationship with China may be heading, and is the prism through which China most easily relates to and understands the outside world.

VI Policy Proposals

- There is a deficit of trust between China and the West, built up over many years, and due to many factors. Combatting climate change is one of a handful of issues where self-interest between China and the rest of the world aligns. Ensuring strong, demonstrable and successful environmental protection and carbon emission mitigation measures, beyond their intrinsic use, will be a very rare opportunity for the US, EU, China and others to create at least some level of trust between each other. This is an area where there needs to be intensified and sustained work with each other. It is one of the few areas where China speaks broadly the same language as other developed economies.
- Western politicians need to take the lead in creating a clearer consensus on the kind of challenge they feel China presents and what sort of fears they are really responding to. At the moment, there is division between those who feel that China presents an existential threat to Western values, and one that is seeking to subvert and eradicate them, and those who instead see China as a self-interested player, seeking to work within the international system when it suits it, but unwilling to present a new set of values that others might embrace because of its own exceptionalist self-identity. The latter view is the more pragmatic, and has more evidence backing it up. Seeing China as a problem in this context is very different to seeing it as a threat in the former viewpoint outlined above. There may be short-term benefits that politicians can gain by painting China strongly as an existential threat. But in the long term, the real existential

issues for humans of climate, pandemics, nuclear proliferation and artificial intelligence, are ones where China will be needed as our partner.

- The whole geopolitical framework going forward needs to be one based on realism and pragmatism. This involves, more than anything, a psychological decoupling, rather than a physical one. China needs to accept that the outside world will not, despite the efforts of its propagandists, come to like its political system. The West needs to accept that, despite huge work since 1978 when China opened up, the dream of a China politically transforming to become more like democracies, is not going to happen. The basis of cooperation should be on an acceptance of pluralistic values, where both sides at the very least accept each other's difference, and simply move beyond that. China may well change politically. So may the West. But the starting point for co-operation needs to be in specific tasks, and processes, not grand, ultimate outcomes. That means finding ways on working together to address human development, caring for the natural world and making a sustainable future.
- Multilateralism as a means to work against China, or restrain and deal with China, is unlikely to offer a long-term solution to the brute fact that China will be a major part of the global order, and that it will not be going away. Engagement with China is no longer an option but a necessity. This is not just for economic reasons, but also for security ones – the closer the contact with China, the better the understanding of its intentions, and the likelier it will be that misunderstanding and clashes will occur. Engagement is not a friendly optional add on – it is now an absolute necessity. All multilateralism has to acknowledge that different parties have very different concerns about China, and very different benefits they may be seeking from it. Some (Greece) will prioritize economic links. Some (the US) have larger geopolitical aims. In dealing with a uniform actor like China, which clearly does have a reason to seek dominance in some areas, all of these outside parties, for their own self-interest, need to come to a consensus very quickly on how they frame their fundamental posture towards China. Excluding it is not possible. Trying to change it is also unlikely. But it is clear that there are solid areas where working with it is reasonable, and necessary. The G7 communique with its focus on issues rather than places shows the direction of future travel.

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