

China: Dimensions of the Dragon's Rise in International Influence and Its Impact on Neighbors

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Introduction

Mao said, "The world is in chaos, the situation is excellent" [1].

China has achieved spectacular progress in face of immense difficulties. It has maintained a rapid pace of economic growth for over twenty-five years without significant political liberalization. In only three decades, China has risen to become a global economic power. It has transformed itself into the world's second largest economy, largest exporter, and largest provider of loans to the developing world. At the same time, China's economic and political system, and its foreign policy are still developing. Economic power does not transform directly into political power. Economic globalization trends enhance and enable wide international cooperation leading to the rise of big nations. China's rise can't be compared with the Western nations because of the fact that they have risen in different ages. Realists believe that it is impossible for any major power to rise peacefully, while liberals and constructivists both support the peaceful-rise. Realism assumes that states are in competition with one another and in pursuit of their interests, states will attempt to amass resources, and that relations between states are determined by relative levels of power. Peace, according to Realists, is only sustainable through a balance of power among several states. Liberalism holds that state preferences are the primary determinant of state behavior. Interaction among states is not just limited to the political and security dimensions; rather it also involves economic and cultural aspects. There are plenty of opportunities for cooperation. Another assumption is that absolute gains can be made through cooperation and interdependence, thus peace can be achieved. Constructivism most concerns itself with the role of ideas in shaping the international system. By 'ideas' constructivists refer to goals, threats, fears, identities, and other elements of perceived reality that influence state and non-state actors within the international system. Therefore, there must be perceptions at work in shaping international outcomes. China's closer integration into the world economy and the impact of China's growth on other Asian countries need to be analyzed. The paper presents an overview of China's regional strategy and policy accomplishments with respect to neighboring countries in the post-Cold War period. After sketching a brief picture of China's

strategy, emphasizing its core ideas and practices, the paper offers an appraisal of China's regional strategy and its implications for the region by highlighting its goals, strategic thinking and outcomes.

Since the end of the Cold War, the concept of multi-polarity has gained prominence in both global and regional affairs. The development approaches and growth paths of China, India, and other emerging countries, highlight its impact on the global distribution of wealth. Rapid growth has been a key driver behind poverty reduction and the expected convergence of per capita incomes at the national and international levels. This has prompted the growth of an emerging 'middle class', a group of people who can afford, and demand access to, the standards of living previously only accessible to those in developed countries. The current development agenda has achieved much for the developing world, and some countries did manage to raise their participation in the global economy and improve the living conditions of their population. Notwithstanding these positive developments, fast growth may well widen income distribution within countries. Nevertheless, progress has not been uniform but concentrated in a relatively small group of countries, most of them from the East Asian region. The IMF estimates that over the period 1970-1998, "... 75% of developing countries recorded slower per capita income growth than the industrialized countries ...". One reason may be incomplete trade and investment liberalization. Another essential component of human development and the HDI is command over resources, as measured by income per capita. Between 1990 and 2012, income per capita rose in all four HDI groups, though in varying degrees. The highest average annual growth in income per capita was recorded in China and Equatorial Guinea, both over 9%. Only 12 countries surpassed 4% growth, while 19 saw income per capita fall [2].

Some development problems that have gained prominence pose a serious challenge for the global society including increasing inequality, poverty, unemployment, environmental constraints and increased market volatility. In spite of efforts at reforming their economies, many countries in Asia are sidestepped by investment flows and are unable to profit significantly from growing global trade flows. Some scholars suggest that the reason why some

countries are not participating in the globalization process can be traced to their own policies, including unfinished reform programs. Lack of institutions and resources to build capabilities only compound the problem. Countries that have been able to integrate are seeing faster growth and reduced poverty. Outward-oriented policies brought dynamism and greater prosperity to much of East Asia, transforming it from one of poorest areas of the world to one of the richest. As living standards rose, it became possible to make progress in other issues such as environment and work standards. It has been widely projected that by 2030 China's economy could be twice the size of America's. The effects of increasing trends in global connectivity, integration and interdependence in the economic, social, technological, cultural, political and ecological spheres are likely to be felt intensely by China's Asian neighbors. China strives to maintain mutual benefit and cooperation and consequently realize common prosperity.

China's Peaceful Rise Policy

Elizabeth Economy explained how China balances its economic and social priorities and how its success in meeting economic targets "has enormous implication for rest of the world" [3]. Relations among countries are ever changing and evolving with time. In recent past, various forces have recombined to promote interdependence among states. In contrast to traditional security concerns such as geopolitics, military security and ideology, economics now plays a major role in international relations. China's economic and trade growth, its enmeshment with regional and global trade have not happened in a political vacuum. International cooperation is both, the factor in China's peaceful development and a guarantee for its rise without threat. The impact of rising China on the neighboring countries is enormous. To achieve its strategic developmental goals, China not only needs a peaceful and stable domestic and external environment, but also needs to create a harmonious world in favor of economic development. China promotes cooperation and dialogue among states and peaceful resolution of conflicts to maintain domestic and regional stability. China is pursuing friendly and equal relations with neighboring countries to achieve this goal. In 2003, China proposed the "peaceful rise policy". Despite the assertion of peaceful intent, the proposal generated negative responses from the international community. It was popularized in 2005 when Zheng argued that unlike other former great powers, China's rise would not be based on the exploitation of others, rather stressed that China's rise would benefit the Chinese people and the rest of the world. The term "rise" carries the implication of the growth of relative power and further implies potential pressure and threat towards neighboring countries, especially during periods of political instability. At such times, when a state may need to pursue self-interest and security, any states sudden increase in power inevitably results in other state's insecurity and the rise of a security dilemma [4]. As Herz points out, a state that seeks to increase its security has the unintended effect of decreasing the security of other [5]. When a state pursues power and security, a security dilemma is fostered as other states' pursuits of power and security are threatened [6]. This may be the very reason for China's proposal of the "harmonious worldview"

in place of the "peaceful rise" [7]. Premier Wen Jiabao said in a speech that China would step up its contributions to international efforts in such areas as education, medical care, and debt reduction because it is "the aspiration of the international community and in China's own interest, too" [8]. At the 2005 Asia-Africa Summit in Jakarta, Chinese President Hu Jin Tao pointed out that Asian and African countries should "promote good friendship, equal dialogue and development of prosperity among civilizations, and jointly construct a harmonious world" [9]. Following the summit, former foreign minister Li Zhao Xin, during Asia-Europe Meeting (ASEM), asserted that countries should continue to strengthen cultural exchanges, promote equal dialogue, accommodate each other, develop prosperity and jointly construct a harmonious world. Hu's speech "Making Great Efforts to Build a Harmonious World with Long-lasting Peace and Common Prosperity" at the United Nations introduced its harmonious worldview concept. This new foreign policy concept promulgated that China would maintain multilateralism and realize common security. Based on the spirit of equality and openness to maintain respect for diversity among nations, China promotes the diminishment of mutual suspicion and separation, the facilitation of democracy and the construction of a harmonious world accommodating different civilizations [10].

China has become increasingly important within the Asian regional economy. With its rapid rise after the Cold War, China regards a peaceful and stable global environment not only as a stabilizer for development, but also as an important foundation for the country to promote connection and integration with the international political-economic system [11]. China is surrounded by smaller countries that fear Chinese domination. China's size and situation continue to make it "a critical independent factor in the balance of world forces". China has worked hard towards improving economic relations with East Asian countries by implementing regional trade agreements that benefit both China and its neighbors. For China, Southeast Asia is one of the most cherished regions, has strategic value and presents an arena of opportunity as it is geographically proximate, economically attractive with rich natural resources, historically subordinate and harboring an influential Chinese population. Southeast Asia sits astride sea lanes that are rapidly becoming China's energy lifeline. Chinese security analysts see Southeast Asia as the weak link in any US effort to contain China [12]. Due to Southeast Asia's strategic importance, China wants to achieve predominance in the region and see a sharp diminution of US influence, "especially in terms of its military deployments to the region and its encircling chain to bilateral security arrangements with many of China's neighbors" [13].

The theory of harmonious world, as an important part of socialism with Chinese characteristics, has been developed and perfected on the Seventeenth National Congress of the Communist Party of China. It has become the guiding theory of handling relations between China and rest of the world, structuring the harmonious world [14]. On one hand, China promotes the concept of a "harmonious worldview" to counter the impression of a "China threat", and on the other, China hopes to improve its relations with neighboring countries through bilateral and multilateral



approaches under the policy of “good neighbor diplomacy”. Through these policies, China is attempting to reduce security threats and to construct a regional environment favorable for economic development. Under the harmonious worldview concept, China has actively sought various bilateral and multilateral initiatives with ASEAN and the establishment of bilateral free trade agreements. In the past few decades, China has also sought international input on other important issues such as environmental standards, trade norms, the development of its health-care system, cyber and maritime security and food safety. China’s cooperation theory shows that the purpose of international cooperation is not only to increase national capability, but also to integrate China into the international system and to realize the unity of order and justice, and cooperation can be achieved through internal construction and external process [15].

China needs peace and stability in order to pursue economic ties and it has worked to develop economic ties with neighboring countries. More and less developed Asian countries are being affected very differently by China’s rise. Different stages of economic development, technological capability and comparative advantage may mean that China’s exports and other Asian countries’ exports complement each other. China’s modern, export-oriented manufacturing sector relies on imported raw materials, energy components, and capital equipment. Thus, the faster the country’s exports grow, the faster its imports of materials and components will grow, thereby stimulating the export growth of its neighbors rather than slowing it. In some cases, similarities in stages of economic development, factor abundance and technological capability mean that other Asian economies will compete with China in markets. Thus, China’s emergence may intensify the competitive pressure felt by other Asian economies, slow the growth of their exports, and challenge the sustainability. All of these factors work, to a different extent in different countries. How China’s emergence is affecting the export competitiveness of the neighbors has important implications at the national, regional and global levels. The impact of China’s exports has implications for national development trajectories in Asia. The effect of Chinese growth is negative for low-income Asian countries that export mainly consumer goods and feel the Chinese competition in third markets, but positive for high-income Asian countries that export mainly capital goods and benefit from China’s voracious appetite for imported machinery and equipment [16]. There is need to develop strategies and responses to meet such challenges. In many industries, China is now the global player and manufacturers in other countries rely on Chinese components. The attractiveness of its domestic market provide China tremendous bargaining power. China’s size also means a vast pool of human resources. China has become a source of technological, scientific and managerial resources. China has realized that participating in international institutions is an important requirement for breaking out of isolation and garnering international respect through responsible actions [17].

China is engaged with regional security institutions such as the SCO in Central Asia, the six party talks on Korea, ASEAN+3 in Southeast Asia and the ASEAN regional forum in the Pacific region.

For centuries, China was the dominant political force in east and Southeast Asia. In trade, China has made efforts to reduce tensions in Asia; has cultivated a more cooperative relationship with ASEAN, sponsoring ASEAN+3 initiatives, improving ties with India; and has warm ties with Russia and Japan. ASEAN–China economic linkages are moving into a new direction. Because of its more advanced level of technological and cultural development and sophisticated political organization, Southeast Asian countries are attracted to China as a source of inspiration. In November 2001, ASEAN and China agreed to establish an ASEAN–China free trade agreement in 10 years. More than a strategic move to signal China’s interest in Southeast Asia, there are other implications of this endeavor. For both sides, there should be net trade gains. With China’s strong growth, it seems China would require more imports input and ASEAN could prove as an alternative source of inputs for natural-resource based and intermediate inputs in an FTA. A new FTA has also opened up debate of a possible formation of an “Asian Economic Community”. Set against these positive developments, has been an effort on part of China to maintain close ties with countries such as Iran, Sudan, Zimbabwe, and Venezuela that are sources of oil and other resources and who welcome China’s non-conditional investment. After 1997 Asian Financial Crisis, ASEAN member countries started this initiative to support regional reserves and to facilitate work of other international financial arrangements and organizations like International Monetary Fund. The rise of sovereign funds and initiatives such as the Chiang Mai Initiative Multi-lateralization, Bank of the South and BRICS development bank indicate a gradual reorganization of global finance. The Chiang Mai Initiative Multi-lateralization (CMIM) is a multilateral currency swap arrangement among the ten members of the Association of Southeast Asian Nations (ASEAN), the People’s Republic of China (including Hong Kong), Japan, and South Korea. The Shanghai Cooperation Organization has emerged as a counterpoint in Central Asia. The Shanghai Cooperation Organization, comprising China, Russia, Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan, was originally formed as a confidence-building mechanism in 1996 to demilitarize the border between China and the former Soviet Union. In 2001, the organization added Uzbekistan and renamed itself the Shanghai Cooperation Organization. Mongolia received observer status in 2004; Iran, Pakistan and India became observers in 2005. In its present form, the SCO serves more as a forum to discuss trade and security issues, including counter-terrorism and drug trafficking. Over the past few years, the organization’s activities have expanded to include increased military cooperation, intelligence sharing and counter-terrorism drills. Though the SCO’s presence in the region is growing, it is still not very strong. Some experts believe frictions between its two largest members, Russia and China, effectively preclude a strong, unified SCO. S. Frederick Starr, Chairman of the Central Asia-Caucasus Institute says the “fundamental asymmetry” of the SCO is that “China recognizes the right of Central Asian states to make their own decisions ... Russia does not” [18]. This dynamic was highlighted in August 2008, when Central Asian members and China refused to unconditionally support Moscow during Russia’s conflict with Georgia.

Historic changes have occurred in the relations between contemporary China and rest of the world, resulting in ever closer interconnection between China and the neighboring countries. With traditional security problems under control and temporarily resolved, China hopes to strengthen cooperation with neighboring countries in the realm of non-traditional security. Countries should join hands to deal with global security threats, move forward from Cold War thinking; build new security concepts to ensure mutual trust, mutual prosperity and mutual cooperation and to maintain world peace and security together. China has changed almost beyond recognition over the past 20-25 years. There is still more to be done. In the last two decades China has made unparalleled gains in economic development and living standards. The principal themes in China since Mao Zedong-national pride and sovereignty, stability, and economic development-are unlikely to change. At the same time, restructuring the economy has created a degree of fragmentation in China which can be a destabilizing factor. So, when speculating about the future moves, it is important to remember that economic reform is related to political and social stability.

China's Regional Strategy

China has achieved considerable progress in a relatively short period of time. Its economic development has had severe ramifications for the neighboring countries. China is a key player in the Asia-Pacific region and has shown interest in participating in international and regional forums, including peacekeeping operations, as well as focusing on expanding and deepening its investment commitment. China is seeking to develop itself in a peaceful environment, and at the same time promote regional integration, cooperation and world peace. It is gradually changing its foreign policy practices for the promotion of security. China first emphasizes commercial interactions; then displays flexible and diverse forms of dialogue; and finally searches for a win-win result [19]. Geographical proximity, shared borders, linguistic commonalities, and the existence of extensive networks of overseas Chinese are among the reasons to expect large amounts of trade between China and the rest of Asia. China has helped to advance its image as a "responsible power" through such actions as preventing a decline in the value of its currency during the 1997 Asian financial crisis, providing economic aid to neighboring countries and advocating the establishment of formal regional economic cooperation mechanisms. As a result of such actions, positive benefits have accrued to China from Southeast Asia's regained economic stability, as evidenced in China's rising influence in the region [20]. A rising China also provides more opportunity for cooperation with the international community to work on elements critical to China's development. Since the mid-1990s, China has expanded both the number and scope of its bilateral relationships, joined in various trade and security accords, deepened its participation in notable multilateral organizations and accepted many prevailing international rules. Thus, China has become a much more capable and adept player of the diplomatic game [21]. In recent years, Chinese leaders have been regular travelers to the world, and China has sought a higher profile in the UN and other multilateral organizations. Guided by a stated policy of "mutual

trust, mutual benefit, equality and cooperation", China has sought to improve its relationship with ASEAN and persuade countries in the region that the idea of a "China threat" is illusory [22]. The magnitude of regional integration in China and the transformation of the country into a unified, fair and regulated market as it join the World Trade Organization take on particular importance.

China proposed a "new security concept" at the ASEAN Regional Forum (ARF) and pointed out that, as a member of the Asia Pacific region, it had continued its efforts towards developing dialogue and cooperation with other countries and contributing to the facilitation of economic stability and prosperity in the region. China's adjusted approach towards bilateral relations, multilateral organizations and international security issues demonstrate the attempt by recent leaders to break out of its post-Tiananmen isolation and reconstruct China's image while protecting and promoting its economic interests and national security [23]. Since the 1990s, China has been promoting new relations with other countries, establishing different levels of partnerships to balance the US alliance system in East Asia. China began to engage Southeast Asia by agreeing to hold an annual meeting with senior ASEAN officials in 1995, which further developed into an annual meeting between ASEAN and China's premier. The ASEAN+3 mechanism was initiated by China after its participation in ASEAN+1, and China has also deepened its involvement in the Asia Pacific Economic Council (APEC), hosting the ninth unofficial summit in 2001. After proposing the new security concept, China proposed the good neighbor diplomacy based on the concept of "befriending and maintaining good relationships with neighbors". It is guided by the ideal of "be harmonious, pacify and enrich thy neighbor's" and has "peace, security, cooperation, prosperity" as policy goals. This new approach is applied towards the pursuit of regional cooperation. Since China's entry into the international system, it has gradually demonstrated and realized its vision of a harmonious worldview, a view that emphasizes multilateral negotiations. In October 2013, the Chinese Communist Party (CCP) convened a national conference on China's relations with its neighborhood. President Xi Jinping's speech defined a new "Maritime Silk Road" at the APEC summit in Bali in October 2013. In October 2013, Chinese President Xi Jinping announced the establishment of a new China-led multilateral development bank, the Asian Infrastructure Investment Bank (AIIB), to "promote interconnectivity and economic integration in the region" and "cooperate with existing multilateral development banks," such as the World Bank and the Asian Development Bank (ADB). After two years of negotiations, the AIIB was formally established on December 25, 2015. Xi has pursued an ambitious foreign policy agenda to deepen economic, security, and political ties with neighboring countries. The President said that "China's inception and joint establishment of the AIIB with some countries is aimed at providing financial support for infrastructure development in countries along the 'One Belt, One Road' and promoting economic cooperation" [24]. China hosted the G20 Hangzhou Summit in September 2015, where broad consensus was reached on moving "Towards an Innovative, Invigorated, Interconnected and Inclusive World Economy" [25]. According to Prime Minister Li Keqiang, the



world's second-largest economy has shown real structural reform. Li made the remarks that new economic driving forces contributed to more than 70 per cent of China's employment in 2016. To quote him, "We must reform and strengthen international trade rules to ensure equal rights, equal opportunities and equal rules for all countries" [26].

Regional integration matters a lot for the economic growth as well as regional trade agreements have their impact on growth. Regional cooperation on trade-related projects also help to promote the competitiveness of China. However, achieving regional cooperation on infrastructure and trade-related regulation is difficult, as illustrated by the many examples of regional integration initiatives. Duncan Innes-Ker of the Economist Intelligence Unit said, "The size of the market means that the world needs to be paying attention because what happens in the Chinese property market affects everything from steel outputs in Brazil to iron ore exports from Australia" [27]. China sought to create a secure regional and global environment to foster good relations with countries that could aid its economic development. It is clear that China has been taking a less confrontational and more constructive approach towards regional and global affairs, adopting a more measured and confident approach in foreign relations. Indeed, as China seeks common development and prosperity with the world, it is acting soundly to rebut the allegation that it is "eating other's lunch".

The Developmental Challenges

Globalization has thrown up opportunities and challenges to China. The development challenges faced today include poverty and inequality, environmental degradation and volatility in financial markets. These are, of course, problems common to all countries and they require common efforts. While globalization has brought enormous economic benefit to the country, the Chinese has suffered from both expected and unexpected political consequences. Rapid economic transformation and globalization are leading to what Shaoguang Wang called "distributive conflicts" [28]. The economic reforms initiated by Chinese authorities in the late 1970s promoted spatial domestic market integration alongside state withdrawal, economic modernization and international openness. In pre-reform China, the emphasis was placed on planning, autarky and regional self-sufficiency. Some reforms, notably trade and financial opening to the World economy moved forward very quickly. Achievements in internal reforms are less obvious. Serious reform took a back seat to the robust economic growth China experienced over the last two decades. Some authors express their concerns about the degree of economic integration between Chinese provinces. With rapid economic expansion, private arena has become more profitable than the public arena. As the socioeconomic reform became more visible during 1990s, the problems of inequality, injustice, poverty also emerged. Since then social discontent has found expression in political unrest. Since China's international opening can only be effective if goods are traded freely inside the country. Relying on indirect analyses of price and provincial economic structures data, Young makes the assertion that over the past 20 years of economic

reform China, has evolved into "a fragmented internal market with fiefdoms controlled by local officials" [29]. This claim was also put forward by World Bank's report on China's internal market development [30]. Huang bears out the same thesis of decreasing inter-regional economic integration [31]. With China's accession to the World Trade Organization in late 2001, many of its trading partners have become concerned that the resulting increased competition in the world's goods and capital markets will adversely affect their own growth prospects. The question arises whether the politically conceived investment drive will prove sustainable.

Geography leaves China more exposed to damage from climate change. The rapid aging of its population, may set China on a different course. The China's internal development and role on global stage will be influenced by the aging process. The impact of aging presents enormous challenge for the Chinese government in its effort to steer the nation through its transition to market economy and its integration into the global economy. There is international pressure by those brought about by China's participation in international regimes, the desire of many multinationals to ensure that they and their people are living in a safe environment. The potential threats are mostly associated with trade and financial flows, and with the social and political implications of China's financial outflows. "Reform and openness" in this context resulted in a strengthened Chinese state, a weakened civil society (especially labor), and a delay in political liberalization [32]. China's influence in Asia has increased over the last decade. Some scholars point out that besides increases in economic and military power the strengthening of China's soft power has been pivotal in expanding regional influence [33-35]. The country's recognition of soft power and its application to national policies is an important factor in explaining China's rapidly increasing influence in Asia.

China will likely continue to dominate global growth as it has become global economic power. The top priority of China's foreign policy is "neighborhood diplomacy." In order for China's growth to be sustainable significant policy adjustments are required. China's 12th Five-Year Plan (2011-2015) and the 13th Five-Year Plan (2016-2020) highlight the development of services and measures to address environmental and social imbalances, setting targets to reduce pollution, to increase energy efficiency, to improve access to education and healthcare, and to expand social protection. Even at the market exchange rate. China overtook Japan in 2010 as the second largest economy. China's trade and financial activities, economic engagement with developing countries and regions entails interactions in the areas of labor, human rights, international relations, security, and environmental sustainability. To maintain social stability and encourage domestic consumption, the government will have to create a more comprehensive safety net and focus on improving equality of opportunity. Also, monetary policy liberalization and increased competition in the banking system will be key to improving credit and capital access for dynamic private companies. Land reform will also help unlock massive potential productivity gains. China faces so many internal problems and many nations in the region have experience in

managing similar problems. There is ample opportunity for other countries to share their expertise with China. Such cooperation may create an atmosphere that could be extended to issues like nuclear non-proliferation and border disputes. In a nut shell, with reform measures properly implemented, Chinese state cannot only survive but can actually be revitalized through outside influence.

Conclusion

The rapidity and magnitude of the changes that are taking place in China and the complex ways in which these changes are interacting with each other and transforming the country have compelled both the Chinese leadership and the international community to envisage what China might look like in future. China's economic success has been largely interpreted as the result of thriving economic and political reforms. The rapid and efficient integration of China with its neighbors and the international community is critical for its future economic security and strategy. Since stability and prosperity in the Asia-Pacific region is most relevant to the development of its national interests, China must endeavor to maintain and ensure regional stability as a foundation for economic development. The unparalleled performance of China and its influence on the world economy has been larger and faster. American foreign policy, national security, and economic interests are being realigned and shifting towards Asia, China in particular. Therefore, it is the government's role to design and implement successful development policies and structural reforms. China's rise will not damage the interests of other Asian countries because as China rises, it provides a huge market for its neighbors, which in turn supports the progress of others in the region. Simultaneously, hostile regional environment could seriously threaten China's development. A key lesson from China's experience is the adoption of a pragmatic approach to economic reforms. The liberalization of commercial policies has played a primary role in its growth story. Growth and development strategies are, in turn, challenged by the multiplicity or non-uniqueness of institutional arrangements, needed for reforms to succeed and to achieve desirable ends.

The lessons provided by Chinese experience might prove to be more inspiring for other neighboring countries. China's rise is not just about rapid economic growth; it is as much a reflection of deliberate foreign policy choices in Beijing that emphasize engagement, in particular with China's immediate neighbors. China is actively seeking to establish international norms to help shape its own system and assumes leadership on resolving global concerns, such as climate change, North Korea, and Iran. It can be said that China has already risen. Any degree of instability in China will likely affect the region as a whole. Hence there is even more incentive for China's neighbors to work with China on cooperative solutions to the challenges that China faces. Even though China's foreign policy has become more practical, China's rise has generated regional and international anxiety. Still, China has further to go in terms of political, economic and social policy reforms. In the future, various interest groups will emerge among China and regional countries, based on common interests. It is widely believed that China's new development will not only bring new momentum to its own growth,

but also contribute to world peace and common development. A more confident and constructive China is now a partner in the world.

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