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## Evaluation of China's Potential to Become a 21st Century Global Power

China's rapidly growing and flourishing economy taking the path of Western developing is pursuing the status of a new global power. China's economic ascent raises questions on America maintaining its status of a hegemony into the future. China ceaselessly improves its markets and is becoming highly efficient in the technological dimension. Geopolitically, China is expected to have a population of 1.4 billion by 2015 and is the second-largest country in the world by land area<sup>1</sup>. Importantly, the middle-class has been expanding, experiencing bettering standards of living. This is similar to Britain's and America's previous ascension to becoming the leading global power of their times, as a burgeoning middle-class reflects the growing status of the state in question. What is also important to note is China's current self-perception of their power status: in economic terms, China is following a special trajectory on account of its economic growth, consequently giving China a major role in the world economy<sup>2</sup>. However, even though China is so felicitous in both economic and geopolitical terms, it concomitantly faces energy security dilemmas, which have the power to undermine this spectacular growth. Therefore, China's ascension to an exceptional status as the 21<sup>st</sup> century's global power faces difficult challenges.

Before the 1960s, the world perceived China as a country deficient in oil and the general view was that it would be extremely difficult for it to become

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<sup>1</sup> "China Statistical Yearbook" 2013, N.p., n.d. Web. 18 Sept. 2014, <http://www.stats.gov.cn/tjsj/3/indexeh.htm>.

<sup>2</sup> F. Zhang, *The rise of Chinese exceptionalism in international relations*, "European Journal of International Relations" 2013, 19(2), pp. 305–328.

a world power. This perception changed once the country started producing oil and consequently, met its domestic energy needs<sup>3</sup>. However, at the time this industry was a novelty for China, as it heavily relied upon the Soviet Union and its technology. China was still in a period of reform, a long shot from its contemporary status as the potential new world power.

Nonetheless, Mao's reforms from 1949 allowed China to positively emerge from China's humiliating century of declining power status following their defeat by Britain in the Opium Wars. Consequently, China was subject to colonial exploitation, losing its agency and potentiality to rival the great power of Britain<sup>4</sup>.

Historical evidence proves how well China managed in more recent years as a result of its successful economic industrialisation. Careful centralised economic planning, accredited to the Mao's communist economics was paired with free-market initiatives to escalate China's economic growth with startlingly effective results. China was powerful and potent enough to keep its GDP growth at 7% in 1998, even after experiencing the Asian financial crisis<sup>5</sup>.

The Chinese economic reform policy in 1978 contributed to various industry innovations, effective allocation of resources and, ultimately, to the rapidly growing economy, altering both the domestic and international conditions<sup>6</sup>. The technological achievements and the introduction of the opening-out policy led to the country's advancement and accelerated the development of transport. Along with the improvement of modernization and trade liberalization, the living standards of rural and urban Chinese people rose as well<sup>7</sup>.

In the 1990s, China took a step further to open to the outside world in order to facilitate trade and adopted the *Along's Strategy*, which included the coast, borders, rivers and railroads. This multi-level entry into the markets of other countries bolstered China's economy and intensified its competitiveness on an international level<sup>8</sup>. This strategy was to prove of great importance economically, laying the foundations for China's contemporary economic strength.

Geopolitically, China adopted a peaceful foreign policy. A belligerent attitude helped to integrate into the global market, especially in the Cold-War. Today, the Confucian principles based on harmony resound in China's foreign policy. It follows the so-called *smile diplomacy*, encouraging other countries to

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<sup>3</sup> V.P. Keong, *China's Energy Needs and Economic Relations with Reference to Southeast Asia*, [in:] *Facets of a transforming China: resource, trade, and equity*, ed. E. Kok-Kheng Yeoh, University of Malaya, Institute of China Studies, Kuala Lumpur 2008, pp. 39–48.

<sup>4</sup> F. Zhang, *op. cit.*, pp. 305–328.

<sup>5</sup> L.H. Liew, *China Beyond the Asian Financial Crisis: A New Path of Institutional Change*, [in:] *Economic globalization in Asia*, Aldershot, Hants, England: Ashgate, 2005, pp. 119–120.

<sup>6</sup> W. Yin, *China's road to development in a global perspective*, Foreign Languages Press, Beijing 2007.

<sup>7</sup> *Ibidem.*

<sup>8</sup> *Ibidem.*

make investments in China by creating convenient political conditions<sup>9</sup>. In 2005, President Hu Jintao emphasized the importance of a harmonious and peaceful coexistence, equality, mutual trust and collaboration<sup>10</sup>. The slogan of 'peaceful rise' introduced by Deng Xiaoping, now replaced by 'peaceful development', restrains China's manoeuvres. In order to stimulate its growth, the country prefers finding solutions instead of engaging itself in conflicts<sup>11</sup>. These Confucian doctrines reflect China's potential benevolent policy if it reaches the status of the 21st century's leading great power: rather than adopting what Chinese scholars claim to be the corrupt American/British style of hegemony, where policy is either based on crusading militarism or passive isolationism, China as a world power would embody its Confucian principles. Acting in the interest of all, it is argued, is simultaneously acting in the interest of China, creating harmony<sup>12</sup>.

On the other hand, China's recent increased presence in Latin America contradicts these peace-oriented policy. Even if Latin America sees future benefits from this relationship and claims that China has no nefarious intentions, other analysts warn that China's engagement in Latin America could have detrimental effects for the region<sup>13</sup>.

The whole world is a witness of the remarkably quick progress of China's economy. Indubitably, China has a great impact on the IR and geopolitics, playing a major role in developing the global economy<sup>14</sup>. Demographically, the country is an absolute leader. Geopolitically, the central location of China in East Asia with its easy access to the main sea lanes gives the country a propitious position. Also, its relations with Central Europe and UE-member countries are becoming more dynamic<sup>15</sup>. *The Chinese dream* (*Zhōngguó mèng*) is a response to the *American dream*. The promotion of China's culture, language and soft power (particularly in regard to its increasing presence in Africa) resulted in coining the term *Chiglobalization*, which is understood as an alternative vision of the world order. Thus, unsurprisingly, the world is concerned about China's

<sup>9</sup> M. Walkowski, *Chiny jako globalna potęga gospodarcza. Analiza wybranych przejawów procesu rozwoju*, [w:] *Przyszłość azjatyckich tygrysów. Zagrożenia i wyzwania*, red. J. Marszałek-Kawa, E. Kaja, Wydawnictwo Adam Marszałek, Toruń 2008, pp. 29–32.

<sup>10</sup> R. Devlin, *China's Economic Rise*, [in:] *China's expansion into the western hemisphere: implications for Latin America and the United States*, Brookings Institution Press, Washington 2008, D.C., pp. 128–130.

<sup>11</sup> K. Lieberthal, *Energy Security and the Future of Energy Cooperation: China*, [in:] *Power realignments in Asia China, India, and the United States*, ed. A. Ayres, C.R. Mohan, SAGE, Los Angeles 2009, pp. 158–164.

<sup>12</sup> F. Zhang, *op. cit.*, pp. 305–328.

<sup>13</sup> R. Devlin, *op. cit.*, pp. 128–130.

<sup>14</sup> V.P. Keong, *op. cit.*, pp. 39–48.

<sup>15</sup> H. Radke-Kozłowska, *Chińskie inwestycje bezpośrednio w Europie Centralnej ze szczególnym uwzględnieniem sektora bankowego*, [w:] *W kierunku nowego ładu gospodarczego – rola Azji w XXI wieku*, red. J. Marszałek-Kawa, R. Gawłowski, Wydawnictwo Adam Marszałek, Toruń 2014, pp. 195–213.

potential to reshape the existing world order, especially since it gained an influence on global currency and the price of commodities. The realists contend even though the phenomenon of a “rising China” may seem harmless to the international stage, new emerging powers are very likely to lead to multilateral disturbances<sup>16</sup>.

However, the economic growth also entails a variety of issues. China faces other serious developmental problems: devastation of the natural environment (China is the biggest CO2 emitter in the world), rising unemployment, corruption (*crony capitalism*), the ageing society, overpopulation and high consumption of energy<sup>17</sup>. Domestically and politically, energy security has emerged as a salient concern for China – the energy needs are exceeding the economic growth and thus slowing down the economic development. China’s GDP was 5% in 2005 while the energy consumption was considerably higher than this<sup>18</sup>. This is why China invests in international projects: China cannot rely on its own. By surpassing its domestic dimension and gradually opening up to the international market, it marches towards a more complex and multidimensional position, where supply for energy from other states must remain ever-present to sustain China.

Oil is of special concern. Chinese leaders recognise that oil is not only an economic commodity – it affects political disputes, trade, diplomacy and influences policies. China’s resources are scarce and the production taking place in the most mature oil fields is declining. The production and exploitation of oil does not meet the domestic demand and it has been predicted that over the next 15 years it will double<sup>19</sup>. Without oil, China would be vulnerable, even though it can still rely on coal, which accounts for 67% of the Chinese total energy mix. Some scholars assert that coal can save China’s energy security dilemmas but these assertions are fallible because they don’t take into account the contextual matters, e.g. the fact that the most essential Chinese sectors heavily rely on hydrocarbon<sup>20</sup>. Without this, China will undoubtedly slip behind in its rise to becoming the new global power.

Presently, China is the world’s third-largest oil importer and second-largest oil consumer. Today, it imports 40% of its oil, but by 2020 this number is about to soar up by 70%<sup>21</sup>. This reflects how reliance on resources poses a massive threat to the highly industrialized China. A growing economy also entails energy constraints, so Beijing decided to follow its go-out strategy in the energy-centric aspect. China tries to improve its status quo through regulating policymaking

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<sup>16</sup> J. Baylis, S. Smith, *The globalization of world politics: an introduction to international relations* (2nd ed.), Oxford University Press, Oxford 2001.

<sup>17</sup> M. Walkowski, op. cit., pp. 29–32.

<sup>18</sup> W. Yin, op. cit.

<sup>19</sup> K. Lieberthal, op. cit., pp. 158–164.

<sup>20</sup> Ibidem.

<sup>21</sup> Ibidem.

and the moves of its national oil companies (NOCs). China has three leading NOCs that ensure oil imports in attempt to control its energy security: China Petrochemical Corporation (Sinopec), China National Petroleum Corporation (CNPC) and China National Offshore Oil Corporation (CNOOC), which all form energy ties with the most important energy-exporting regions, e.g. The Middle East, Russia, Kazakhstan, Angola, Brazil and Ecuador. Additionally, China seeks to diversify the routes of its oil imports through establishing domestic and international pipeline networks. The crude oil supplies come from neighbouring countries: Russia, Kazakhstan and Myanmar<sup>22</sup>.

China relies upon NOCs but these are new companies, inferior to international oil companies (IOCs), which hold more power, are on a technologically higher level and have greater access to offshore oil reserves. Still, China benefits from cooperating with IOCs in terms of receiving technological feedback<sup>23</sup>.

The relations between China and America are the subject of numerous analysis. It is difficult to envisage the nature of further relations between these two competing countries. Both countries are great petroleum consumers and both face rising energy demands. Nevertheless, America and China are exceptional, especially when considering the temporal dimensions of their development and achieving the status of a superpower. Clearly, the American exceptionalism differs from the Chinese one – while the former can be defined as defensive and offensive, China has been characterized only as defensive<sup>24</sup>. Although so far China's exceptionalism is based on ground-breaking reforms and benevolence, it has incidents of the violation of international human rights<sup>25</sup>. While the United States directed its attention to Iraq, military intervention and the costly war on terror, China systematically built the foundations of a new economy and focused on its "going global" strategy, expanding its economic and diplomatic influence overseas in regions such as Africa, Latin America and Southeast Asia<sup>26</sup>. In order to proceed with acquiring more influence and further expansion, Chinese banks (Bank of China, Development Bank of China, Export-Import Bank of China) locate the investment capital abroad. This is also a response to a range of environmental, economic and social problems, which act as a stimulus to enhance the Chinese impact on its market share in the global banking sector<sup>27</sup>.

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<sup>22</sup> K.C. Klaver, *Accounting for Acquisition of Oil and Gas Properties*, "Natural Gas", 2(8), pp. 14–19.

<sup>23</sup> K. Lieberthal, op. cit., pp. 158–164.

<sup>24</sup> F. Zhang, op. cit., pp. 305–328.

<sup>25</sup> M. Eades, (n.d.), *Asia Times Online: No joy in US or Chinese exceptionalism*, [in:] *Asia Times Online :: No joy in US or Chinese exceptionalism*. Retrieved October 6, 2014, from <http://www.atimes.com/atimes/China/CHIN-01-110913.html>.

<sup>26</sup> R. Devlin, *China's Economic Rise*, [in:] *China's expansion into the western hemisphere: implications for Latin America and the United States*, D.C.: Brookings Institution Press, Washington 2008, pp. 128–130.

<sup>27</sup> H. Radke-Kozłowska, op. cit.

China is acutely aware that the American market is indispensable to its economy, if it wants to have demand for its products and maintain market share. This is the reason why contemporary China consciously functions to cover the large American deficit, redeeming America's international financial security<sup>28</sup>. Yet, even though China receives substantial amounts of US imports, China still sends more of its goods to the United States. In 2006, the trade deficit with China amounted to \$232 billion<sup>29</sup>. China is America's second largest trading partner. In addition, China has also become the biggest trade partner of Africa, outpacing USA and UE. Chinese products are cheaper and their quality is improving. The Chinese inventors have already outrun foreign firms in terms of patents<sup>30</sup>. Therefore, American industries need to cooperate with the Chinese producers in order to gain access to cheap labour and the technologically advanced products.

It cannot be denied that as China's economy gains momentum, it needs to be careful in ensuring its future energy supplies. This would encapsulate a wide range of policy initiatives. As explored, NOCs play a critical role in forming efficient deals with other countries that are of mutual benefit. Accordingly, NOCs and countries must adhere to "peaceful policymaking" in order to remain reliable to the global market. China certainly has great market and economic capabilities: although it is utterly dependent upon other countries to gain access to resources such as oil. This dependence, no matter how the Chinese policymakers and government attempt to diminish by striking transnational deals and spreading influence by NOCs, continues to be a burden that may easily wreck socio-economic stability and energy security. Unquestionably, America has reasons to treat China as a potent competitor even if China's purpose is to retain the cautious character of its policy towards the USA. However, there is no guarantee that China will alter the future of international politics and replace the USA as a hegemony. For now, America's military superiority and China's dependence on raw materials from overseas and foreign investments makes this potential transition unlikely.

China's expansion should not be exaggerated: its social stability and further economic thrive depends on maintaining a benign bilateral relationship with America. The reality of the situation necessitates perspectival cooperation. It seems as if China heads towards self-promotion, creating an image of a globally responsible country, a promoter of balanced development and above all, a leader of the developing countries. However, we should have no illusions. While China may claim competitiveness rather than cooperation as its driving force, China's potential emergence as the 21<sup>st</sup> century great power will reveal China's true colours as a state considered exceptional enough to take a lead-

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<sup>28</sup> B. Jaroszevska, *Dominująca pozycja Chin w globalnej gospodarce*, [w:] *Przyszłość azjatyckich tygrysów...*, pp. 121–133.

<sup>29</sup> R. Devlin, op. cit., pp. 128–130.

<sup>30</sup> B. Jaroszevska, op. cit., pp. 121–133.

ing role in the world: defensive or offensive, benevolent or malevolent, harmonious inclusionist or self-interested, the truth of this matter shall unfold.

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Zhang F., *The rise of Chinese exceptionalism in international relations*, "European Journal of International Relations" 2013, 19(2), pp. 305–328.

## **Evaluation of China's Potential to Become a 21st Century Global Power**

### **Summary**

The article deal with the topic of: if the 21st century is the Chinese century? On the whole, it cannot be denied that China's national strength gains momentum, but needs to be careful and constantly secure its future energy supplies and this means a wide range of geopolitical activities. Accordingly, it must also adhere to its "peace policymaking" in order to remain reliable to the global market. Unquestionably, America has reasons to the treat China as a potent competitor even if China's purpose is to retain the cautious character of its policy towards the USA. The is no guarantee that China will alter the future of international politics and replace the USA as a hegemony.

**Keywords:** China, geopolitics, America, hegemony, expansion, relationship.

## **Ocena potencjału Chin w dążeniu do światowej potęgi XXI wieku**

### **Streszczenie**

Artykuł traktuje o problemie, czy XXI wiek będzie stuleciem Chin? Nie można zaprzeczyć, że Chiny są państwem, które osiągnęło znaczenie w obecnym czasie, lecz należy być uważnym i ostrożnym w ocenie całej sytuacji geopolitycznej, która może zaistnieć w związku z problemem zabezpieczenia źródeł energii, a z tym powiązane jest znaczenie geopolityczne. Zgodnie z tym osoby decydujące o polityce pozostają uzależnione od rynków światowych. Należy stwierdzić, że Ameryka jest niekwestionowanym potencjalnym konkurentem także dla Chin, które zachowują specyficzną politykę wobec Stanów Zjednoczonych. Nie mamy jednak gwarancji, że Chiny zmienią w przyszłości międzynarodową scenę polityczną i zastąpią hegemonię USA.

**Słowa kluczowe:** Chiny, geopolityka, Ameryka, ekspansja, relacje.