

**CHINA'S FOREIGN POLICY IN 2016:
A MORE CONFIDENT AND
ASSERTIVE CHINA AMIDST GLOBAL
UNCERTAINTIES**

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Executive Summary

1. At a time when developed countries are saddled with weak growth and strong protectionist and anti-globalisation sentiments, China has taken this opportune moment to advocate its version of a free, open and inclusive multilateral order.
2. This order, with China playing a leading, if not, key role, stands in stark contrast to US President-elect Donald Trump's railings against other countries for stealing American jobs and opposition to unfair multilateral trade deals.
3. China made progress in shaping the world order with its launch of the Asian Infrastructure Investment Bank (where it wields majority voting power) and the hosting of the G20 Hangzhou Summit (where the needs of developing countries received much attention).
4. At the APEC Economic Leaders' Meeting held days after Trump's election victory, Chinese President Xi Jinping expressed strong support for the multilateral trading regime, a Free Trade Area of the Asia-Pacific and the Regional Comprehensive Economic Partnership (that excludes the United States).
5. On the security front, China renewed its call for a new regional security architecture by upgrading and improving existing mechanisms like the Shanghai Cooperation Organisation, Conference on Interaction and Confidence-Building Measures in Asia and the Xiangshan Forum.
6. China stepped up its political and diplomatic offensive as well as military activities before and after the Arbitral Tribunal Award to demonstrate its resolve to uphold its sovereignty in the South China Sea regardless of the outcome of the Award.
7. It provided billions of dollars of deals to ASEAN claimant states such as the Philippines and Malaysia for agreeing to downplay their differences and work bilaterally with China on the South China Sea.
8. China-US relations appear headed for more confrontation over the South China Sea issue and the decision to deploy an advance missile defence system to South Korea.

The Taiwan issue heated up with Trump's phone call with Taiwan's President Tsai Ing-wen and his suggestion that the One China policy was negotiable.

9. China-US ties will likely go through a period of adjustment before settling down to a new equilibrium. Terry Branstad, the incoming US ambassador to China whom President Xi considers an old friend, could help to bring relations to a practical, cooperative footing.
10. China is expected to build on its strategic ties with Russia even if US-Russia ties were to improve under the Trump administration. Russia is important to China as an oil producer and in its Silk Road Economic Belt strategy.
11. China will continue to champion the interests of the developing world and broaden its ties with these countries beyond resource extraction. Already, it is committed to industrial cooperation and infrastructure construction in these countries.
12. With ASEAN, it will want to work closely with the Philippines as ASEAN chair in 2017 to steer China-ASEAN relations to the track of cooperation and away from the contentious issue of the South China Sea.
13. China will continue to portray itself as a stable and reliable pillar of the world economy. It remains to be seen if the developed countries will cede further ground to China in this area if they become more preoccupied with their domestic agendas.