

**CHINA'S FOREIGN POLICY IN 2012:
RESPONDING TO THE US PIVOT
TO ASIA AND TERRITORIAL
DISPUTES WITH ITS NEIGHBOURS**

ZHENG Yongnian, LYE Liang Fook & CHEN Gang

EAI Background Brief No. 778

Date of Publication: 20 December 2012

Executive Summary

1. China devoted considerable time and effort to manage its relations with countries in the Asia-Pacific. This was primarily due to the US pivot to the Asia-Pacific region and its impact on China's interests.
2. Despite repeated assurances, China perceives the US pivot as directed at China by citing the predominant focus by the US on developing the military dimension of its ties with regional countries.
3. To influence the US to play a more constructive role, China has urged the US to recognize the aspirations of regional countries for peace, economic growth and prosperity.
4. Regional maritime territorial disputes have become more serious. China attributes this to the US pivot which has emboldened neighboring countries to be more assertive in their disputed claims with China.
5. In particular, China-Japan relations have nosedived due to rising tension over the Diaoyu Islands. Deviating from past practices, China demonstrated its readiness to increase the stakes after Japan nationalized the islands.
6. Chinese vessels have conducted routine patrols in territorial waters of the Diaoyu Islands. A Chinese aircraft has even intruded into Japan's airspace over the islands. Japanese businesses in China especially its car manufacturers have seen their sales plummet.
7. In spite of China's pressure, Japan has refused to acknowledge a dispute with China over the Diaoyu Islands. China is therefore expected to continue with its pressure tactics. Simultaneously, rising right-wing influence in Japan will make it harder for both sides to find common ground.

8. China's ties with individual ASEAN countries and ASEAN as a whole have also been marred by disputes in the South China Sea (SCS). China has also shown its readiness to raise the stakes in its disputed claims with Vietnam and the Philippines.
9. The attempts by ASEAN claimant states to rope in third parties have further complicated the SCS issue. Besides US involvement, India has indicated it is ready to defend its maritime and economic interests in the SCS. The Philippines has also expressed support for Japan to rearm itself.
10. In contrast, cross-strait ties have continued its positive momentum on the basis of the 1992 Consensus. Two-way socio-cultural and economic ties have been stepped up. Besides the ruling Kuomintang, China has engaged individual opposition members to encourage them to build ties with China.
11. In 2013, the Chinese leadership will seek a conducive external environment to deal with pressing domestic issues. China will closely watch the unfolding US pivot to Asia and continue to impress on the US the need to build a strategic partnership based on mutual respect and mutual trust.
12. China's maritime territorial disputes are likely to continue to affect the overall dynamics of its ties with immediate neighbors like Japan and ASEAN. Chinese leaders will not want to appear weak on these disputes given rising nationalism in China and the involvement of third parties in these disputes.