

**CHINA'S FOREIGN POLICY IN 2013:
PURSUING A MORE ACTIVE
FOREIGN POLICY WHILE
UPHOLDING ITS NATIONAL INTERESTS**

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Executive Summary

1. Xi Jinping is the strongest Chinese leader since the passing of Deng Xiaoping. Although Xi's orientation is predominantly domestic, he has started to make his mark on China's foreign policy.
2. Xi has fostered a positive momentum in China-US relations. Apart from his rapport with US President Barack Obama, Xi has gotten the US to respond to his call for a new model of big powers relationship. China-US relations saw progress in other areas such as military exchange, climate change and cyber security.
3. However, the level of trust between the two major powers is low. China's rapidly expanding military power poses added challenge for the two countries to adjust to each other despite Xi's call for a new type of relations.
4. China has focused on creating a sound neighboring environment. It is leveraging on its economic strength to draw other countries closer by prospering together. This will enhance China's reach and influence.
5. Xi chose to make Russia his first stop on his first overseas visit. Russia has agreed to supply natural gas to China. With Central Asia, Xi has proposed a "Silk Road Economic Belt" of enhanced trade, investment and infrastructure connectivity.
6. China's relations with the European Union made further progress despite their trade differences. Both sides agreed to start talks on an investment agreement. Bilaterally, China has sought closer ties with Germany and France than with Britain.
7. China has reached out to former Eastern European countries. It will build a high-speed railway in Romania and another to link Budapest (Hungary) and Belgrade (Serbia).

8. With ASEAN, China wants to upgrade the China-ASEAN Free Trade Area, enhance connectivity and promote maritime cooperation. It has also initiated consultations with ASEAN on a Code of Conduct on the South China Sea.
9. China has, however, given the Philippines the cold shoulder as the latter has internationalized its territorial dispute with China. China's differentiated policy towards ASEAN will pose a challenge to ASEAN unity.
10. China-Japan ties hit a new low when China announced an Air Defense Identification Zone that covers the Diaoyu Islands claimed by both countries. The strong nationalistic sentiments on both sides will make it difficult for the two governments to take the initiative to de-escalate tensions.
11. In 2014, China is likely to press ahead with peace, development and cooperation in its foreign policy. It is uncertain whether China's newly established National Security Council will play a role in reinforcing China's peaceful development. It could be another indicator of whether President Xi's "Chinese Dream" complements the dreams of other countries.