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The article argues that the Chinese party-state's most pressing question in 2017 continued to be its quest for legitimacy. In the period under review the party-state's main strategic answer to the legitimacy crisis was its effort to strengthen Chinese nationalism and build an ideology based on Chinese exceptionalism. This was accompanied by concrete political economic measures directed at radically transforming the Chinese economic development model from an export-driven one to an innovation-driven one in an attempt to rebuild the waning social consensus. In order to proceed with this complex transition, China needed not only to deepen its already profound integration with the global economic and political system but also to regulate it according to its national interests. The Belt and Road Initiative, launched in 2013, was effectively meant to serve this purpose. At the same time, it was promoted world-wide as an opportunity for the improvement of the social, economic and political conditions of all countries involved, in particular developing countries. In a specular way, China projected itself as a political and economic responsible stakeholder, while, at the same time, trying to demonstrate that its ability to behave as a responsible state in the international arena was due to its adherence to its own system of peculiarly Chinese social and political values.

¹ The present chapter is the outcome of a joint research effort, and every single part of it was jointly discussed by the two authors before being written and revised by both. However, the final draft of parts 1; 2; 3; 4.1; 4.2; 4.3 were written by Francesca Congiu, whereas the final draft of parts 4.4 and 4.5 were written by Christian Rossi.

1. Introduction

As in the year 2016, in 2017 the legitimacy question was at the centre of Chinese party politics.² In an article published on *Asian Survey*, the well known scholar Suisheng Zhao, argued that Xi Jinping's enormous effort to realise a massive ideological campaign was an «embarrassing confession of regime fragility» and an evidence of the party's political priority of «rebuilding regime legitimacy».³

The current descending trend of the annual GDP growth rate – that in 2017 saw a slight improvement in comparison to the previous year (6.9% in 2017 – 6.5% in 2016) – and the ongoing spread of localised social protests in urban and rural areas remained the two most powerful sources of legitimacy crisis (understood in terms of the Chinese communist party's loosing capacity to politically represent the different social groups and their interests). However, in 2017, it was the party itself, through its choices, its politics of repression, and its massive propaganda effort, to reveal its growing fear of losing legitimacy and its pressing need to propose a strong and winning new ideology.

Chinese nationalism is not a new tool at all. It is, on the contrary, a tool traditionally used by political authorities to build consensus. However, in the absence of another alternative source of legitimacy, Chinese nationalism has become the sole fulcrum around which China's President Xi Jinping has been trying to rebuild the party's legitimacy. In so doing, the «Chinese dream» became the framework inside which it was possible to find all major political, social and economic goals rhetorically pursued by the party. These included the struggle against poverty, the search for economic prosperity, freedom, equality, social harmony, and democracy and, last but not least, the implementation of the rule of law. The final target was represented by a real Chinese renaissance, which would bring China back to its glorious imperial past during which it was economically and military predominant. The message was that only the party and only a proper understanding and implementation of Xi Jinping's thought could effectively produce those results.

This ideological effort was accompanied by concrete political economic measures directed at radically transforming the Chinese economic development model from an export-processing one into an innovation-

² Francesca Congiu & Alessandro Uras, 'China 2016: Defending the legitimacy of the party-state's authority', *Asia Maior 2016*, pp. 17-51.

³ Zhao Suisheng, 'The Ideological Campaign in Xi's China. Rebuilding Regime Legitimacy', *Asian Survey*, vol. 56, n. 6, December 2016, pp. 1168-1193.

driven one through a progressive upgrading of the production system.⁴ This complex transition implied restructuring state-owned enterprises, reducing financial debts, delocalising labour-intensive and low quality industries, procuring abundant provisions of raw materials, financing investments in research, innovation and technologies, dealing with overproduction capacity, fighting pollution, and also tackling security issues along trade routes. In order to implement it, China needed to be interconnected with the global economic and political system. The Belt and Road world-wide project that Xi Jinping launched in 2013 was effectively aimed at reaching this goal, as it implied a China-driven economic globalisation. The project was in itself vital for the Chinese communist party's plan to restore its domestic legitimacy and, at the same time, it was promoted, in a great effort of international propaganda, as a project aimed at improving the social, economic and political conditions of all countries involved, in particular developing countries. In a specular way, China's attitude toward developed countries, as argued in this article, has been characterized by two main features. One was an enduring tendency to show itself as a political and economic responsible stakeholder in the world order, able and willing to deal with the ongoing serious international big questions, such as the global economic crisis or the North Korea question. The second feature of China's attitude towards developed countries was the message that China's ability to behave as a responsible state in the international arena was essentially due to its peculiarly Chinese system of social and political values, which diverged considerably from the Western model.

This study has been carried out through an in-depth analysis of official documents and Chinese and international media. In relation to the propaganda issue, the documentation which has been consulted include the central commission for discipline inspection website⁵, and Chinese official media. Also the international media where it was possible to identify the modalities used by China to expand its intervention and its control in the international information system have been consulted. As for the issues concerning the 19th national party congress and the Beijing anti-migrant workers politics, official party papers, official state council's papers and official Beijing municipality's papers have been consulted.⁶ At the same time, mainland China's, Hong Kong's and international media have been

⁴ Francesca Congiu & Alessandro Uras, 'China 2016: Defending the legitimacy of the party-state's authority'.

⁵ 中央纪委监察部网站 (Central Commission for Discipline Inspection website - <http://www.ccdi.gov.cn>) in Chinese.

⁶ Web sources of official party and government papers in Chinese: 新化网(Xinhuanet); 人民日报 (People's Daily); 中国日报 (China Daily); 求是(Qiushi).

consulted. In relation to the analysis of some of the most crucial events concerning China and the international arena, a crucial source has been the new Chinese Belt and Road portal.⁷ At the same time, the critical issues concerning the Belt and Road project have been identified by reference to the critiques made in 2017, in the various developing countries involved in the project. Furthermore, official papers and briefs of the Chinese Ministry of Foreign Affairs⁸ (中华人民共和国外交部) have also been used. They have been useful in understanding the position of Beijing on some key international issues, particularly when the United States and the European Union were involved. In order to cross check the above sources it has been important to analyse the Public Papers of the President of the United States, of the White House Press Office, of the Department of State Press Office and the official documents of the European Commission and of the European External Action Service.⁹

2. Xi Jinping's domestic and international ideological campaign

The Communist Party of China (CPC) has been at the command of a single-party system of government since 1949. Propaganda and censorship have traditionally been fundamental tools for the construction of its internal and international legitimacy. However, the recent rapid spread of the internet – which has interacted with the descending trend of the annual GDP growth rate, the growing political instability, the rising of income disparities and the mounting of social conflicts - have fully revealed the centrality of the social media and the need to formulate more stringent rules to govern them.¹⁰ As a matter of fact, since 2013, Xi Jinping has been implementing increasingly severe regulations of the propaganda apparatus, aimed at the defence of the party's authority and discipline, of the Marxist-Leninist ideology and of Maoism against the spreading of western values within China. In 2013, these issues have been included in an official party

⁷ Belt and Road Portal (中国一带一路网): <https://eng.yidaiyilu.gov.cn>.

⁸中华人民共和国外交部 (Ministry of Foreign Affairs of the Peoples' Republic of China) <http://www.fmprc.gov.cn>.

⁹ <http://eeas.europa.eu>; <http://www.presidency.ucsb.edu>; <http://whitehouse.gov>; www.state.gov

¹⁰ Guido Samarani, *L'evoluzione della Cina dopo Mao*, in C. Meneguzzi Rostagni (ed), *La Cina luci e ombre. Evoluzione politica e relazioni esterne dopo Mao*, Milano: FrancoAngeli, 2010.

document, called Document No. 9, which has not yet been entirely published.¹¹

Thus, Xi has hitherto sought to strengthen the CPC's legitimacy by tightening the ideological control, by reviving Maoist and Marxist principles and by mixing them with a rejuvenation of Chinese Confucian traditions. As argued by Suisheng Zhao: «By identifying the communist party-state with the Chinese nation, the regime wants to make criticism of the party an unpatriotic act».¹² The CPC's argument is that its leadership, in opposition to the examples of many western democracies, is able to provide political and social stability, which are the necessary conditions to pursue economic prosperity. The result of his propaganda effort has been that, in an age in which economic growth alone could not be anymore the only source of political legitimacy, «Chineseness» - or in other words «Chinese peculiarities» or «Chinese exceptionalism» - has become the new nationalist ideology. Xi Jinping's ideological tightening has been reflected in research and academic institutions, media, and civil society.¹³ Since 2013, he has often underlined the importance of Chinese media publicly supporting party policies within China and of telling a «good story» of China (讲一个好中国故事) abroad.¹⁴

In the international sphere, China's propaganda has been so pervasive that, in particular in 2017, the CPC has been even able to censor high level international academic publishing houses in their dissemination work within China. The worldwide diffusion of Confucius institutes and classrooms, finalized at raising non-Chinese foreigners' knowledge of Chinese language and culture, has been continued. It has been complemented by the launching of a new strategy of media management and international propaganda, mainly based on mergers and acquisitions of foreign media. The main aim of Xi Jinping's international propaganda has been to raise awareness of China's social, economic, and political stability,

¹¹ Francesca Congiu, «Due sistemi politici un'economia»: autoritarismo cinese e democrazia Taiwanese alla prese con il neoliberismo», *Asia Maior* 2013, p. 355.

¹² Zhao Suisheng, 'The ideological campaign in Xi's China', *Asian Survey*, vol. 56, n. 6, November/December 2016, pp. 1168-1193.

¹³ 'China universities must become Communist party «strongholds», says Xi Jinping', *The Guardian*, 9 December 2016.

¹⁴ «关于讲好中国故事，习近平总书记这样说」（'Concerning the need to tell a good story about China, Xi Jinping General Secretary proposed the following arguments'），中央纪委监察部网站（Central Commission for Discipline Inspection website），17 November 2017.

and of the nation's «unbelievable» economic growth.¹⁵ This strategy's has implied the strengthening of old and the making of new strategic partnerships with foreign TVs, radios or newspapers aimed at making them spread abroad party-controlled news.¹⁶

Secondly, international propaganda has also implied the building of strategic partnerships between Chinese and foreign universities, mainly through Confucius institutes. In this way, foreign universities have been receiving conspicuous financial support in exchange for their serious commitment to the diffusion of Chinese language and culture. An alternative method, aimed at obtaining similar results, has been pursued by Beijing University, which, in April 2017, bought a campus in Oxford aimed at offering «professional knowledge of China's economy, financial market and corporate management» to both European and Chinese students.¹⁷ Chinese universities indeed have been opening overseas branches since 2012: the first one in Laos, then in Florence, then the first large-scale one in Malaysia.¹⁸

Thirdly, the new international media management's strategy implied the rise of employment in Chinese media of foreigners in charge of explaining party policies in their own language. This has been particularly true for the worldwide transmission related to the Belt and Road Initiative (BRI). There are several videos on the web in which English speaking children, teenagers, or parents explain the benefits of the BRI for all the countries in the world. These videos highlight the mutually beneficial «community of interests» and «community of destiny» created by the BRI, which will help to put an end to the North-South political and economic inequalities.¹⁹

¹⁵ Laura De Giorgi, *Costruzione del consenso ed espressioni di pluralismo in Cina: il ruolo dei media*, in C. C. Meneguzzi Rostagni (ed), *La Cina luci e ombre. Evoluzione politica e relazioni esterne dopo Mao*, Milano: FrancoAngeli, 2010, pp. 45-60.

¹⁶ In the past, this practice, called «borrowing foreign newspapers» («借用海外报») implied the traditional Chinese politics of cultivating good relationships with foreign journalists considered to be politically friendly to China. Later, from the mid-2000s, it expanded to include China's own news in foreign newspapers. Once a month, just to mention an example, the *Washington Post* publishes a paid supplement from *China Daily*. Anne-Marie Brady, 'Authoritarianism Goes Global (II). China's Foreign Propaganda Machine', *Journal of Democracy*, vol. 26, n. 4, October 2015, pp. 51-59.

¹⁷ 'Chinese university to open in Oxford despite ideological crackdown at home', *Reuters*, 6 April 2017.

¹⁸ 'Going global: China exports soft power with first large-scale university in Malaysia', *Reuters*, 7 July 2017.

¹⁹ 'What's the Belt and Road Initiative? Belt and Road Bedtime Stories', *China Daily*, 7 May 2017 (<https://www.youtube.com/watch?v=uKhYFFLBaeQ>); 'Music Video: The Belt and Road is How', *New China TV*, 10 May 2017 (<https://www.youtube.com/watch?v=M0IJc3PMNIg>).

Lastly, the Chinese government has also promoted strategic partnerships with foreign academic publish houses.²⁰

To testify China's dramatic intensification of its international propaganda reach and its censorship's global power, it is worth mentioning the Cambridge University Press affair of summer 2017. Initially accepting China's request, Cambridge University Press (CUP) censored, within China, more than three hundreds online academic articles of the scholarly journal *China Quarterly*. Most of the censored articles dealt with crucial political questions such as the Tibet question, Tian'anmen protests, Mao Zedong's legacy and the Cultural Revolution. Only after mounting international criticism and calls for an academic boycott, CUP reversed its decision.²¹

3. Domestic politics

3.1. *The 19th National Congress of the Communist Party of China and Xi Jinping's thought on socialism with Chinese characteristics for a new era*

The most significant official event in 2017 was undoubtedly the 19th National Congress of the Communist Party of China, held between 18 and 24 October in the presence of 2,338 delegates. Being the party's highest-level meeting, it usually sets the party's strategy over the following five years. The Congress agenda was set up at the preparatory meeting of the Congress, held on 17 October and made public at a press conference by Tuo Zhen, the spokesperson for the 19th Congress. The official agenda included: 1) hearing and examining a report submitted by the 18th CPC Central Committee; 2) scrutinising a work report of the 18th Central Commission for Discipline Inspection; 3) deliberating on and adopting an amendment to the Party's Constitution; 4) electing the Party's 19th Central Committee and its 19th Central Commission for Inspection.²²

The work report submitted by the 18th CPC Central Committee – untitled *Secure a decisive victory in building a moderately prosperous society in all respects and strive for the great success of socialism with Chinese characteristics for a new era* – was made public in October the 18th by the General Secretary, Xi Jinping. As usual, the work report contained

²⁰ Anne-Marie Brady, 'Authoritarianism Goes Global (II)'.

²¹ 'Cambridge University Press headed for showdown with China over censorship', *Reuters*, 9 September 2017; 'Cambridge University censorship U-turn is censored by China', *Reuters*, 22 August 2017; 'Cambridge University Press blocks readers in China from articles' *Reuters*, 18 August 2017.

²² 'Agenda set for 19th CPC National Congress', *Xinhuanet*, 17 October 2017.

an overview of the past five years' work and a work programme for the next five years, plus a projection extended until the centenary of the People's Republic of China foundation (2049).²³

The work programme and the congress proceedings were characterised and guided by the newly announced party's fundamental ideological line. This line has been presented in the national and international media as a very new one. It appears directly connected with the «Chinese Dream» («中国梦») theory, enunciated by Xi Jinping in November 2012, at the beginning of his first mandate.²⁴ The concept was further elaborated in March 2013 on the occasion of the President's speech at the closing ceremony of the 12th National People's Congress. Finally, the theoretical structuring of the concept was assigned in December 2013 to an international intellectual forum called «International Dialogue on the Chinese Dream».²⁵

In Xi's words the Chinese dream was to guarantee «better education, more stable employment, higher incomes, a greater degree of social security, better medical and health care, improved housing conditions and better environment» to the Chinese people.²⁶ To carry out these improvements, it was necessary to promote the general advancement and modernisation of the nation: «Only when the country is doing well, can the nation and its people do well».²⁷ Furthermore, the concept implied a global perspective, namely the effort at changing the global landscape as it had been shaped by western countries, making it more democratic and ruled by a common vision, shared by both developed and developing countries: «The Chinese dream will not only benefit the Chinese people, but also the people of all countries in the world».²⁸

According to Fang Ning, the Director of the Institute of Political Science at the Chinese Academy of Social Sciences (CASS), the Chinese dream and the American dream were of the same nature because they both concerned the relationship between individuals and society. In his words

²³ Xi Jinping, 'Secure a decisive victory in building a moderately prosperous society in all respects and strive for the great success of socialism with Chinese characteristics for a new era', delivered at the 19th National Congress of the communist party of China, *Xinhuanet*, 18 October 2017.

²⁴ According to Chinese official reports, Xi Jinping referred to the concept for the first time in November 2012 during a visit to *The Road towards Renewal exhibition* at the National Museum of China stating that the Chinese dream meant the «great renewal of the Chinese nation». 'Background: Connotations of Chinese Dream', *China Daily*, 5 March 2014.

²⁵ The Forum, held in Shanghai, brought together scholars and officials from China and abroad to debate about the «Chinese dream» and to try to give structured definitions.

²⁶ *Ibid.*

²⁷ 'Weighing in: The Chinese Dream', *Beijing Review*, n. 51, 19 December 2013.

²⁸ *Ibid.*

During the process of industrialization, every country encounters many problems, including social mobility, sudden increase of wealth and a change of identity. So it's natural for the government to advocate a common value to inspire individuals to fight for their own ideals and pursuits. Hence, the improvement and progress of the nation will be realized.²⁹

Since 2013-2014, the concept has become central in the official party rhetoric based, as it was, on the fact that the CPC had an essential mission: realising the Chinese dream in all its forms. The dream had the intermediate goal of making China a «moderately well-off society» by 2020 (the 100th anniversary of the CPC) assuring to all citizens, urban and rural, high living standards, and the long-term goal of making China a fully developed nation by 2049. By that date (the 100th anniversary of the People's Republic of China) China would regain a leading international role in the fields of science, technology and economics.

Xi Jinping's new ideological framework, presented in the 2017 party congress, was a combination of the «Chinese dream» idea with the concept of «socialism with Chinese characteristics». The latter was a concept that dated back to the second half of the 1980s but which has become, since then, the mantra of all post-Mao Chinese leaderships. This ideological evolution has resulted in Xi Jinping thought on «socialism with Chinese characteristics for a new era» («习近平新时代中国特色社会主义思想»). This is the new party's ideological framework that the 19th national congress of the Chinese communist party unanimously agreed to add to Marxism-Leninism, Mao Zedong's thought, Deng Xiaoping's theory, Jiang Zemin's theory of the three represents and the scientific outlook on development as the new guiding lines of the CPC in the party's constitution.³⁰ Xi Jinping's thought is divided into eight premises or key concepts (明确) and fourteen guidelines (坚持) and it is fully described in the third section of the abovementioned work report.

It is worth to underline that Xi Jinping has been the first leader in the post-Mao era to share the same honours as Mao Zedong: 1) being expressly mentioned next to his thought into the party's constitution (as Mao and Deng); 2) and being the author neither of a theory (as Deng Xiaoping or Jiang Zemin) nor of a vision (as Hu Jintao), but of a personal thought (as Mao Zedong).

²⁹ *Ibid.*

³⁰ 'Full text of resolution on amendment to CPC Constitution', *China Daily*, 24 October 2017.

The idea at the basis of «socialism with Chinese characteristics» goes back to the Maoist perspective on Marxism and had been re-elaborated in particular by Zhao Ziyang during the second half of the 1980s in order to justify the transition to market mechanisms and to private property rights. It implies that the party must be able to adapt Marxism to «Chinese peculiarities». In other words the CCP must give priority to the facts, to the current domestic and international contexts, to the current needs of Chinese people, implementing whatever it is necessary to fulfil those needs.³¹ According to the current official rhetoric, since 1949 China had experienced three phases of development: 1) standing up (1949-1976); 2) getting rich (1978-2012); 3) getting strong (2012 onwards) (从站起来、富起来到强起来的历史性飞跃). Each phase had a contradiction; the ability of the CPC has been identifying it and to adapt its strategy to correct it and further develop the process of national rejuvenation.

During the first phase, the major contradiction was class conflict which had to be corrected through class struggle. During the second phase, the main contradiction was between the material and cultural needs of the people and the backward production standards and levels. This contradiction had been solved from Deng onwards through fundamental political economic reforms that gave a bigger role to the market forces. Entering in a new era implied the struggle against a new contradiction: the one between «unbalanced and inadequate development and the people's ever-growing needs for a better life».³² The party and its ideology needed to adapt to the current context in which economic growth could not be the only source of legitimacy anymore. According to Xi Jinping, the party needed to make China stronger, fairer, more democratic, more equal, ruled by law and more careful about environment. In other words, China's new mode of governance in politics, economics and foreign policy had to be strictly connected and dependent on the elaboration of this ideological framework.³³

³¹ Zhao Ziyang, 'Advance along the road of socialism with Chinese characteristics'. Report delivered at the 13th National Congress of the Communist Party of China on October 25 1987, *Beijing Review*, 9 November 1987.

³² Xi Jinping, 'Secure a decisive victory in building a moderately prosperous society in all respects and strive for the great success of socialism with Chinese characteristics for a new era'..

³³ See '从站起来、富起来到强起来的历史性飞跃' ('The historical phases from standing up, to getting rich to getting strong'), *人民日报 (Renmin Ribao)*, 6 September 2017. Here the article refers to a Xi Jinping speech pronounced on 26 July in front of provincial and ministerial officials. See also Li Junru, 'Deeply understand the major significance of the evolution of the principal contradiction facing Chinese society', *People's Daily*, 16 November 2017; '亮眼！习近平新时代中国特色社会主义思想' ('Dazzling! Xi

In this openly affirmed attention to the socio-economic widening gap, there is a clear, although undeclared, reference to Hu Jintao's concepts of «scientific outlook and social harmony», which, for the first time, effectively admitted the presence of the gap and started to prioritise the search for a social compromise among different social groups.³⁴ However, notwithstanding the party's growing awareness of these unbalances, what it seems to be less evident is the need to look for social compromises among conflicting social interests. In the new elaboration everything converges on the «Chinese dream» and everyone is called to make this dream come true, eventually overcoming social conflicts. There is an evident effort to smooth social conflicts through nationalism: the «Chinese dream» of regaining a position as a world leader in science, technology, economics and business – with an open reference to China's ancient and glorious imperial past – following the Chinese way to modernization is presented as offering opportunities to everyone and bound to overcome differences and conflicts among Chinese people, raising a sense of membership.³⁵

3.1.2. Xi Jinping's work report at the 19th party congress: the contents

From section IV to section XIII, the work report explains in details how the party would realise the Chinese dream. It should be underlined that in this detailed document concerning the party's political and economic line, Xi Jinping did not detached himself too much from the contents of Hu Jintao's work report at the 18th party congress.³⁶ All sections – except for section XII, which is focused on China's role in the global system – are significant to understand the trends of Chinese domestic politics.

Section V deals with China's current path aimed at transforming its own growth model. In this section, the current economic transition from a phase of rapid growth to a phase of high-quality development is highlighted and reforms in several fields are encouraged. Firstly, the intention to continue with the supply-side structural reform to make China a manufacturer of

Jinping's socialism with Chinese characteristics for a new era'), *新化网 (Xinhuanet)*, 22 December 2017; '习近平新时代中国特色社会主义思想的历史地位与世界意义' ('The historical status and world significance of Xi Jinping's socialism with Chinese characteristics for a new era'), *求是 (Qiushi)*, 31 December 2017.

³⁴ In the current official representation, the Hu era is paradoxically included in the «getting rich» phase. '从站起来、富起来到强起来的历史性飞跃'.

³⁵ Alessandra C. Lavagnino & Bettina Mottura, *Cina e modernità. Cultura e istituzioni dalle guerre dell'oppio a oggi*, Roma: Carocci editore, 2016, pp. 99-101.

³⁶ 'Full text of Hu Jintao's report at 18th party congress', *People's Daily*, 19 November 2012.

high quality is declared, stressing at the same time the will to protect entrepreneurship and to build an «educated, skilled and innovative workforce». Secondly, the work report refers to innovation as «the primary driving force behind development» and announces the party's intention to improve Chinese innovation system in science and technology, aerospace, cyberspace, transportation, product quality. Thirdly, the report underlines the importance of rural development and the need to integrate rural-urban development and to accelerate the modernisation of rural areas. Lastly, the report suggests an improvement of the socialist market economy by creating a protective equilibrium among the different property rights enjoyed by both the state and by private businesses. Finally it encourages the further opening to the outside world by promoting high-standard liberalisation.

The final aim is to «turn Chinese enterprises into world-class, globally competitive firms». Pursuing this goal, the party has to make state capital stronger and bigger and, at the same time, to support the development of private enterprises.

Section VI deals with political institutions and underlines that the Chinese political system is the reflection of China's own historical evolution and cultural traditions. According to the report, it is a peculiar system with Chinese characteristics, which has its own dignity and should not try to copy the political systems of other countries: «The political system of socialism with Chinese characteristics is a great creation of the Communist Party of China and the Chinese people». In 2012, Hu Jintao too had affirmed in his work report: «[...] we will never copy a western political system»³⁷. The Chinese peculiarity lies in the fact that actual party leadership must coexist with a highly developed constitution-based governance and basic democratic institutions, assigning a greater role to people's congresses and guaranteeing people's rights to participate to the political life.

Section VII is dedicated to culture and ideology, presented as two intertwined and fundamental elements of party's work, ideology determining the direction and path of culture. Here it is possible to find the tendency, already evident in the Hu Jintao era, to build up Chinese national identity by drawing a continuity line between the Confucian imperial past and China's adherence to a Marxism-Leninism with Chinese characteristics.³⁸

³⁷ *Ibid.*

³⁸ See Alessandra C. Lavagnino & Bettina Mottura, *Cina e modernità. Cultura e istituzioni dalle guerre dell'oppio a oggi*.

Section VIII is dedicated to the struggle against socio-economic inequality giving priority to education, to the improvement of the quality of employment, and to the strengthening of the social security and health system. Furthermore, in the same section, there is an important reference to the improvement of national security strategies in order to «combat all acts of infiltration, subversion, and sabotage, as well as violent and terrorist activities, ethnic separatist activities and religious extremist activities». Finally, the reports deals with the party's commitment to the development of an ecological friendly system, to the modernisation of national defence and the military, and, finally, to the promotion of national reunification and world peace.

The closing section, section XIII, is dedicated to the efforts necessary to improve the party's ability to maintain domestic consent: «The future of a political party or government is determined by whether it enjoys public support. We must guard against and resolve the practises the people oppose and resent». The call to trade unions and to other social organizations to better represent the people, to be bridges between the party and the people, to be able to prevent social conflicts is not too far from the ideology of the party's first neo-authoritarian faction, so clearly represented in Deng Xiaoping's words back in the Fifties: «Nobody would demand greater democracy and no workers or students would go on strike once the masses have vented their anger and every effort has been made to solve their problems». ³⁹This same ideology has later been reaffirmed by Zhao Ziyang, in his elaboration of the so called «first stage socialism» («社会注意的初级阶段»). ⁴⁰

3.1.3. *The composition of the new politburo standing committee*

Apart from Xi Jinping and Li Keqiang, who remained on charge in the transition between the 18th to the 19th party congress, five new members have been chosen for the new politburo standing committee (PSC) and their names were unveiled on 25 October.

Li Zhanshu took 3rd place in the PSC ranking, a position previously occupied by Zhang Dejiang. He was also supposed to take the role of chairman of China's national people's congress in 2018. Li was the director of the party central committee's general office and had been working in the Politburo during the previous five years. He was considered to be Xi's

³⁹ Deng Xiaoping, 'The communist party must accept mass supervision (1957)', *Deng Xiaoping's Selected Works*, vol. I, 1938-65.

⁴⁰ Zhao Ziyang, 'Advance along the road of socialism with Chinese characteristics'.

closest collaborator. Between 1983 and 1985 they were both local party chiefs of neighbouring counties in Hebei province, where he was born and where he spent fifteen years before moving to Shaanxi in 2003 and to Heilongjiang afterwards. In 2013, at the beginning of Xi's first mandate, Li was named director of the general office of the new national security commission led by Xi.

The 4th place has been given to Wang Yang, the former party chief of Guangdong province, who was expected to become chairman of the Chinese people's political consultative conference. Wang Yang was known for his «Guangdong development model», a pro-market and liberal model opposed to the failed Bo Xilai's «Chongqing model» that favoured a state developmental strategy.⁴¹ During Xi Jinping's first mandate, Wang had handled Sino-US trade relations and managed Xi's poverty alleviation programme.

Wang Huning was another key component of the PSC. For the past fifteen years, Wang had been in charge of ideology, propaganda and party organization. He was said to be the thinker at the origin of Jiang Zemin's theory, Hu Jintao's outlook and the «Chinese dream» concept. Before working as party official, he had worked at the Fudan University in Shanghai as professor in International Relations.

Zhao Leji was scheduled to substitute Wang Qishan in the secretariat of the central commission for discipline inspection, the organ in charge of the anti-corruption campaign. Since 2012, Zhao has occupied a related role, being in charge of the party's organisation department that had the duty to monitor high level appointments in state-run institutions such as ministries, state-owned companies, public universities. Lastly, Han Zheng, the former Shanghai party chief, was scheduled to gain the role of executive vice-premier.

All the new entries were considered to be loyal to Xi Jinping and to have gained his trust during the past mandate. By observing the last ten years' changes in CPC standing committee's composition according to loyalties and factions' belonging, it is possible to identify a departure from factional compromises and collective leadership (typical of the Hu Jintao era) and a growing tendency toward a one-sided faction party. During the Hu Jintao era there was a significant emphasis on social and political compromises which was evident as well in the much well balanced composition of the CPC standing committee which saw a balanced

⁴¹ Bo Xilai was party chief in Chongqing municipality from 2007 to 2012 and a potential candidate for the politburo standing committee in 2012. However, he was condemned for corruption and expelled from the party. For a detailed description of his Chongqing development model see Francesca Congiu, 'La Cina sull'orlo di una crisi politica e internazionale: l'anno del 18° congresso del PCC', *Asia Maior* 2012.

presence of the so called Shanghai faction and communist youth league faction. During Xi Jinping leadership, the communist youth league faction, represented by the outgoing leader Hu Jintao, gradually disappeared, being currently represented only by Li Keqiang, the current premier.⁴²

Furthermore, because of their age, most of the PSC members were unlikely to be confirmed at the end of the current mandate in 2022. This represented a significant departure from the manner of programming top leadership transitions that had been usual since the 1990s. No one has indeed been unofficially identified as Xi Jinping's potential successor.⁴³

3.2. *The conflicting nature of the «Chinese dream»: the migrant workers' clearing out in Beijing*

During 2017, one of the most representative facts regarding the conflicting nature of the «Chinese dream» has been the mass eviction of migrant workers in Beijing. On 18 November, 19 people were killed in a fire in the Xinjian village (新建村) in Daxing district (大兴区) in Beijing, in a popular housing block inhabited mostly by migrant workers. According to Chinese authorities, around 400 people were crowding up small apartments in a building which also served as workshop and warehouse. Daxing district is located at the periphery of Beijing and it is mostly populated by migrant workers, as it is also the case for other urban-rural districts (rural districts within a urban municipality). In these places rents were cheaper and the implementation of safety regulations was not very strict, which gave migrants the opportunity to divide the apartments into smaller rooms and to rent them separately. Soon after the incident, Beijing's municipal government launched a forty-day campaign against «illegal structures», organizing safety inspections with a particular attention to wholesale markets, rental compounds, and warehouses on the rural-urban borders of Beijing. The municipality proceeded to demolishing those buildings declared illegal, in some cases cutting electricity and water without giving

⁴² For the previous CPC standing committees' composition and for a more detailed description of the Shanghai clan and the communist youth league faction, please consult: Francesca Congiu, 'Il partito alla ricerca di un compromesso: la «società armoniosa» nella Cina di Hu Jintao' in Michelguglielmo Torri (a cura di), *L'Asia nel grande gioco. Il consolidamento dei protagonisti asiatici nello scacchiere globale*, Asia Maior 2007, Guerini e Associati, Milano 2008, pp.311-364; Francesca Congiu, 'La Cina sull'orlo di una crisi politica internazionale: l'anno del 18° congresso del PCC'.

⁴³ 'China's new leadership team unveiled: Zhao Leji named as anti-graft chief while Xi Jinping elevates trusted deputy to top military role', *South China Morning Post*, 26 October 2017; 'New politburo standing committee unveiled', *The Economist Intelligence Unit*, 25 October 2017.

notice, and forcing 10,000 people to move out without organizing proper alternative accommodations. At the same time, shops, restaurants and small factories were also shut down for the sake of safety.⁴⁴

According to an inquiry by an envoy of the Hong Kong-based *The Initium Media*, who visited the Xinjian village soon after the fire, the village had been included in a demolishing and evacuation plan (拆迁方案) well before the incident, with the aim to address Beijing's problems of overpopulation, pollution and resource scarcity (响应优化提升首都功能).⁴⁵ Daxing district was indeed one of the Beijing districts that in 2016 had announced plans to cap or lower its population in the next few years, to deal with pollution and congestion in a process of beautification of the capital. The declared target of Daxing's authorities was a population below 1.7 million. Other districts with similar objectives were Dongcheng, a downtown district, Xicheng and Shunyi. Plans to relocate residents and some companies and to demolish illegal buildings were expected to play a major role in the overall city's plan to restrict population. The local plans were indeed included in a wider Beijing plan announced back in 2015 and aimed at keeping its foreseen population in 2020 below 23 million.⁴⁶ In 2015, Beijing vice-mayor Li Shixiang stated that to reach that target, the plan was to relocate industries and to build new schools and hospitals outside the capital. In the same year, Zhang Cuixi, a deputy from west Beijing's Shijingshan district, argued that it was not possible to simply forbid migrant workers from going to and working in Beijing. The strategy was to relocate industries and remove markets.⁴⁷

Beijing municipal authorities' plan to control population growth has to be understood as one of the actions included in a very ambitious program called «Beijing-Tianjin-Hebei regional development program» (京津冀协同

⁴⁴ '北京大兴火灾 19 名遇难者身份确定 刑拘 18 人' ('Fire in Daxing Beijing, 19 victims identified, 18 persons under detention') *新闻中心* (*News Sina*), 20 November 2017; 'How the mass eviction of migrant workers has left Beijing reeling', *South China Morning Post*, 11 December 2017.

⁴⁵ '圖片故事：火災之後的北京邊緣，拆遷進行時的新建村' ('Photo story: the periphery of Beijing after the fire, the new village after the demolishing'), *The Initium*, 27 November 2017.

⁴⁶ 'Beijing districts to cap population in bid to tackle smog, congestion', *Reuters*, 22 December 2016.

⁴⁷ 'Beijing to limit population growth this year', *China Daily*, 24 January 2015; 'Beijing to try to cap population at 23 million by 2020', *Reuters*, 6 March 2015. It is worth noting that this kind of plan was common to other big cities such as Shanghai: 'Shanghai caps population at 25 million to rein in booming housing market amid limited land supply', *South China Morning Post*, 25 January 2016.

发展), which was launched by Xi Jinping back in 2013.⁴⁸ The aim behind the creation of regional and integrated markets inside China was to challenge the power of local leaders and to change the dynamics of regional competition to produce a better allocation of wealth and investment and to reduce disparities. More specifically, the aim behind the Beijing-Tianjin-Hebei regional development program was to transfer the national capital non-essential functions (manufacturing, logistics, wholesale markets) outside Beijing to neighbouring areas. In this way, Beijing's problems of overpopulation, pollution, traffic congestion, resource scarcity could be addressed. In September 2017, to cite an example, Beijing's largest market for metal building materials was closed down and relocated to Hebei province together with its more than 10,000 industry workers.⁴⁹ This kind of actions, indeed, implied the transfer of a huge amount of population outside Beijing. At the same time, the program aimed at improving the role of both Tianjin municipality and Hebei province, the former as an advanced manufacturing industry and shipping hub, the latter as a national base for trade and logistics experimenting industrial transition and upgrading. The program was officially adopted by the state council in 2015 and, as far as the Beijing municipality is concerned, was institutionalized by the 2016 13th five-year plan for Beijing's national economic and social development and by the 2017 Beijing municipal overall development program.⁵⁰

Just one month before the November 18th incident in Daxing, the Beijing University of Technology released a report attesting Beijing's success in managing population growth and in particular in limiting migrant workers' access to the city. The author of the report, sociologist Li Junfu, argued that the city's education authorities were contributing to this policy, by tightening rules on school admissions: «If parents are unable to produce the necessary documents to show how long they have lived in the city and what work they do, their children will not be allowed to go to school [...] with such tough measures I don't think the migrant worker population will pick up». The author confirmed also the commitment to this

⁴⁸ ‘新闻分析：北京非首都功能如何疏解?’ (‘News analysis: how to ease Beijing non-capital functions’), *新华网 (Xinhuanet)*, 22 October 2015; ‘习近平指导京津冀协同发展这几年’ (‘In recent years, Xi Jinping instructed Beijing, Tianjin and Hebei to coordinate development’), *新华网 (Xinhuanet)*, 25 September 2017.

⁴⁹ ‘Leaving nothing to chance, China increases security, social control before Congress’, *Reuters*, 28 September 2017.

⁵⁰ See the Beijing-Tianjin-Hebei regional development program's official web site at www.jingjinjicn.com; and see ‘北京市国民经济和社会发展第十三个五年规划纲要’ (‘Outline of the 13th five-year plan for Beijing's national economic and social development’) and ‘京城市总体规划(2016年—2035年)’ (‘Beijing master plan (2016-2035)’), *Beijing Municipality web site* (www.beijing.gov.cn, in Chinese).

policy of districts authorities outside the downtown areas, such as the Daxing authorities.⁵¹

According to an article appeared on the 24th of November in a Chinese critical medium, named *Tootopia* (土逗公社), which can be considered the new leftist platform based in China, eviction of rural residents from urban areas was not a new phenomenon. Authorities have made full use of eviction policies since the 1980s by strengthening regulations and increasing housing prices and rents. Furthermore, the author (Lu Bu) disagreed with the widespread conviction that the speeding up of urban industrial upgrading could bring about a consequent labour force upgrading of technical skills and salaries, generating a jump from «low-end labour power» («低端劳动力») to «high-end personnel» («高端人士»). The author believes that industrial upgrades usually generate a more complex division of labour which implies in any case the presence and the contribute of «low-end labour».⁵²

On the 24th November, a group of over one hundred intellectuals issued a public letter condemning the November evictions. The letter stated that «Beijing has been able to develop into what it is today not solely as a result of the hard work of Beijing citizens, but also because of the sacrifice and contribution of people from other parts of the country [...]. Therefore Beijing has an obligation to be grateful towards all Chinese citizens, instead of being forgetful and repaying the country people with arrogance, discrimination and humiliation – especially the bottom income group [...] discrimination against our own people cannot continue». Furthermore, the letter accused the Beijing municipal authorities of violating human rights, stating that this kind of violations were such that: «any civilized and ruled by law society cannot tolerate (任何文明社会、法治社会都不可能容忍)».⁵³

4. China and International Relations

⁵¹ 'Beijing's population set to fall as government's efforts to trim migrant numbers pay dividends', *South China Morning Post*, 3 October 2017; Li Junfu, *北京社會建設分析報告2017 (Beijing Social Construction Analysis Report 2017)*, Social Sciences Academic Press – China, 2017.

⁵² Lu Bu, '他们就是“低端劳动力”，但谁不是呢？' ('They are indeed 'low-end labor-power' but who isn't?'), *土逗公社 (Tootopia)*, 24 November 2017.

⁵³ '知识界人士就近日北京大规模驱赶“外来人口”事件致中共中央、全国人大、国务院、全国政协' ('Full Text of the letter of the public intelligentsia on Beijing recent eviction of the «foreign population» to inform the central committee of the Chinese communist party, the national people's congress, the state council, the national Chinese people's political consultative conference') (<https://twishort.com/09Fmc>).

4.1. Xi Jinping's declaration at the World Economic Forum

Xi Jinping opened 2017 with a significant symbolic and concrete action, being the first Chinese president to attend the World Economic Forum (WEF) in Davos (17-20 January). Xi led a big delegation of business executives among whom there were Jack Ma, the founder of the internet group Alibaba, and Zhang Yaquin, the president of web services company Baidu.

In his opening address to the conference, Xi made a speech, destined to go down in history, in which he defended economic globalisation and free trade. The speech was a clear reaction to United States' just elected president Donald Trump's declared position in favour of protectionism and retreat from international deals.⁵⁴

There were three excerpts of Xi Jinping's Davos declaration in which the Chinese president highlighted the different phases of China's gradual and controversial integration into the world economy. The first phase, according to Xi, had been characterised by resistance and reticence vis-à-vis globalisation. It was summarized by Xi as follows: «There was a time when China also had doubts about economic globalization, and was not sure whether it should join the World Trade Organization. But we came to the conclusion that [...] to grow its economy, China must have the courage to swim in the vast ocean of the global market. [...] We have had our fair share of choking in the water and encountered whirlpools and choppy waves, but we have learned how to swim in this process. [...] Whether you like it or not, the global economy is the big ocean that you cannot escape from [...]».

The second phase, according to Xi, was characterised by China's necessity to free itself from dependency of any kind. «In exploring its development path - stated Xi - China refuses to [...] blindly follow in others' footsteps [...]». In this passage, Xi described China's development path as being marked by Chinese peculiarities: the central role of the CPC; putting people's interests first; pursuing reform and innovation; opening-up the economy. Furthermore, Xi presented China's economic growth as an opportunity for the rest of the world, mentioning the amount of Chinese foreign assistance to developing countries and the contribution given by the People's Republic of China (PRC) to the global struggle against poverty.

Finally, the third phase, in Xi Jinping's own words, was typified by China's assumed role, aimed at satisfying a need felt by the whole

⁵⁴ 'Xi Jinping to become the first Chinese president to attend WEF in Davos', *The Guardian*, 11 January 2017; 'Xi's Davos visit shows Chinese wisdom, confidence', *China Daily*, 21 January 2017.

international community. This was the reform of the rules of the global economic order in response and adaptation to a changing landscape, characterised by the emergence of new developing economies. According to Xi: «There is a growing call from the international community for reforming the global economic governance system, which is a pressing task for us».⁵⁵

Thought-out the whole year, the ideas expressed in the Davos opening address were articulated in a more institutionalised form in Xi Jinping's work report of October 2017. In it one finds the same emphasis on the irreversibility of economic globalisation and on the need to reform its governance. These positions are coupled with the same critical comments against the US policy of isolation.⁵⁶ In his work report, Xi Jinping clearly stated China's commitment to widening its opening-up policies, especially through the Belt and Road Initiative (BRI). «In doing so - stated Xi - we hope to achieve policy, infrastructure, trade, financial, and people-to-people connectivity and thus build a new platform for international cooperation to create new drivers of shared development». Furthermore, Xi declared China's will to «do its part to reduce the North-South development gap». This objective was to be reached by increasing China's financial and economic assistance to other developing countries.⁵⁷

4.2. *The Belt and Road Initiative in 2017: forum, official documents and bilateral agreements (an overview)*

As in the case of Deng Xiaoping's reform and opening-up policies, the BRI has been added to the party's constitution during the 19th party congress: «The congress agrees to include into the Party Constitution the following statements: "The Communist Party of China shall [...] follow the principle of achieving shared growth through discussion and collaboration, and pursuing the Belt and Road Initiative"».⁵⁸ In this manner, the BRI has been institutionalised as the most important factor in China's international political economy.

The introduction of the BRI into the CPC's constitution came after a year-long decrease of China's overseas investments by over 40%. According to The Economist Intelligence Unit's Report on China's outward

⁵⁵ 'Full Text: Xi Jinping's Keynote speech at the World Economic Forum', *The State Council Information Office – China.org.cn*, 6 April 2017.

⁵⁶ Xi Jinping, 'Secure a decisive victory ...', section XVII.

⁵⁷ *Ibid.*

⁵⁸ «Belt and Road» incorporated into CPC Constitution', *Xinhuanet*, 24 October 2017; 'Full text of resolution on amendment to CPC Constitution', *Xinhuanet*, 24 October 2017.

investment,⁵⁹ the decrease was due to a tightening of the approval processes for capital outflow. Firms were investing too heavily in projects unlikely to generate profits. Accordingly the government (the National Development and Reform Commission, the Ministry of Commerce, the Ministry of Foreign Affairs and the People's Bank of China) issued the *Guidance on Further Directing and Regulating Overseas Investment Direction* (关于进一步引导和规范境外投资方向的指导意见) in August 2017. The goal of the new regulation was to formally divide investments into encouraged, restricted and forbidden. Investments in advanced technology, in high-standards global brands, as well as BRI related investments were generally encouraged; investments in entertainment, sports and luxury real estate were discouraged.⁶⁰

In May, Beijing hosted the first Belt and Road Forum for International Cooperation. According to the Ministry of Foreign Affairs of China, 29 heads of state or government attended the round table session of the forum. International organizations too were well represented with the attendance of leaders of the United Nations, the World Bank and the International Monetary Fund. Furthermore, there were 1,500 more attendants from about 130 countries. The Chinese Ministry of Foreign Affairs specified that among the 29 heads of state or government there was a major representation of developing countries.⁶¹ All G7 countries sent their delegations, while India was the great absent.⁶² The forum produced a

⁵⁹ 'China Going Global Investment Index 2017', *The Economist Intelligence Unit*, 2017.

⁶⁰ The National Development and Reform Commission, the Ministry of Commerce, the Ministry of Foreign Affairs and the People's Bank of China, 'Guidance on Further Directing and Regulating Overseas Investment Direction' ('关于进一步引导和规范境外投资方向的指导意见'), 18 August 2017, *Belt and Road Portal*.

⁶¹ Among the 29 heads of state or government, it is worth mentioning those of Russia (President Vladimir Putin), Kazakhstan (President Nursultan Nazarbayev), Uzbekistan (President Shavkat Mirziyoyev); Turkey (President Recep Tayyip Erdogan); Pakistan (Prime Minister Muhammad Nawaz Sharif), Sri Lanka (Prime Minister Ranil Wickremesinghe), Vietnam (President Tran Dai Quang), Cambodia (Prime Minister Hun Sen), Myanmar (State Counsellor Aung San Suu Kyi), Laos (President Bounnhang Vorachith), the Philippines (President Rodrigo Duterte), Ethiopia (Prime Minister Hailemariam Desalegn), Kenya (President Uhuru Kenyatta), Greece (Prime Minister Alexis Tsipras), and also Chile (President Michelle Bachelet) and Argentina (President Mauricio Macri). The presence of the last two heads of state demonstrated that the interest for the project was overtaking the historical borders of the ancient silk and maritime roads.

⁶² 加强国际合作，实现共赢发展王毅部长在“一带一路”国际合作高峰论坛中外媒体吹风会上的讲话 ('Strengthen international cooperation, achieve win-win development, Foreign Minister Wang Yi speech at the press conference of the Belt and Road International Cooperation Summit Forum'), *Ministry of Foreign Affairs of the People's Republic of China*, 18 April 2017; 'Foreign Ministry Spokesperson Geng Shuang's

document called *Guiding Principles on Financing the Development of the Belt and Road* which was endorsed by 27 Finance Ministers.⁶³ Its aim was to promote financial integration calling upon governments, financial institutions and companies from the countries involved to cooperate in the implementation of the BRI. The document asked governments to «send a positive signal of supporting and financing the development of the Belt and Road».⁶⁴

According to the Asian Infrastructure Investment Bank (AIIB) official website,⁶⁵ there were 15 new approved BRI projects in 2017, involving Oman, India, the Philippines, Egypt, Tajikistan, Georgia, Bangladesh, and Indonesia. The Oman Broadband Infrastructure Project concerned telecommunications connectivity. The total cost was estimated to be around US\$ 476 million and the financing plan (almost totally footed by AIIB) envisaged a long-term debt financing of some US\$ 239 million. The AIIB list of approved projects for 2017 also reveals that, notwithstanding India's absence in the Belt and Road Forum, the country was enjoying BRI related financial supports. In India, the approved projects by AIIB were indeed four: the Bangalore Metro Rail Project; the Transmission System Strengthening Project (to enhance capacity of electricity supply in the South); the Gujarat Rural Roads (to improve connectivity among rural villages in Gujarat); India Infrastructure Fund (to expand the AIIB's loan investments through its investments in the fund); the Andhra Pradesh 24x7-Power for All (to increase the delivery of electricity to customers in selected areas of Andhra Pradesh).

Furthermore, in relation to the BRI, the AIIB approved the Metro Manila Flood Management Project in the Philippines, a project concerning the installation of eleven photovoltaic solar power plants in Egypt; a project

Regular Press Conference on May 11, 2017', *Ministry of Foreign Affairs of the People's Republic of China*, 11 May 2017. For a more detailed description of the Forum's participants and outcomes see the 'Joint communiqué of leaders roundtable of Belt and Road forum', *Belt and Road Portal*, 16 May 2017 (<https://eng.yidaiyilu.gov.cn/zchj/qwfb/13694.htm>).

⁶³ The 27 Finance Ministers were from Argentina, Belarus, Cambodia, Chile, China, Czech, Ethiopia, Fiji, Georgia, Greece, Hungary, Indonesia, Iran, Kenya, Laos, Malaysia, Mongolia, Myanmar, Pakistan, Qatar, Russia, Serbia, Sudan, Switzerland, Thailand, Turkey, and United Kingdom. *Guiding Principles on Financing the Development of the Belt and Road*, *Belt and Road Portal*, 16 May 2017.

⁶⁴ *Ibid.*

⁶⁵ The Asian Infrastructure Investment Bank was the principal multilateral financial mechanism of the Belt and Road Initiative and China held the largest number of shares. For more detailed information see Francesca Congiu 'China 2015: Implementing the Silk Road Economic Belt and the 21st Century Maritime Silk Road', *Asia Maior 2015*, vol. XXVI.

concerning the rehabilitation and restoration of the generation capacity of three power generating units of hydropower plants in Tajikistan; a project concerning the funding of a new two-lane long highway to provide a bypass to the Batumi port city in Georgia; a project on natural gas infrastructure and efficiency improvement in Bangladesh; and lastly a project aiming to increase the safety and functionality of existing dams in Indonesia. It must be underlined that most of these projects were not totally funded by AIIB's loans, as the financial support of the World Bank and of the European Investment Bank was quite significant, showing the deep integration among financial institutions.⁶⁶

As reported in the official Belt and Road Portal, the year 2017 has also been characterized by several bilateral agreements concerning BRI-related cooperation projects. From 26 to 28 March, Chinese Premier Li Keqiang visited New Zealand and signed a *Memorandum of Arrangement on Strengthening Cooperation on the Belt and Road Initiative* with his New Zealand counterpart.⁶⁷ On 5 April 2017, the People's Republic of China and the Republic of Finland signed a *Joint Declaration* on cooperative partnership; in it Finland declared its appreciation for China's BRI and the two countries agreed to promote Sino-Nordic cooperation.⁶⁸ On 2 May, in Beijing, the national development and reform commission of China and the Ministry of Economy of the United Arab Emirates jointly issued a *Framework Agreement on Strengthening Cooperation on Production Capacity and Investment*.⁶⁹ On June 2017, the same national development and reform commission of China signed a Memorandum of Understanding with the United Nations Economic Commission for Europe, whose main aim was the promotion and implementation of the public-private partnerships' model as an integral part of the BRI strategy.⁷⁰

⁶⁶ 'Approved Projects' (<https://www.aiib.org/en/projects/approved>).

⁶⁷ 'Memorandum of Arrangement on Strengthening Cooperation on the Belt and Road Initiative between the government of the People's Republic of China and the government of New Zealand', *Belt and Road Portal*, 31 March 2017.

⁶⁸ 'Joint Declaration between the People's Republic of China and the Republic of Finland on Establishing and Promoting the Future-oriented New-type Cooperative Partnership', *Belt and Road Portal*, 24 April 2017.

⁶⁹ '中华人民共和国国家发展和改革委员会与阿拉伯联合酋长国经济部关于加强产能与资合作的框架协议' ('Framework agreement between the national development and reform commission of the People's Republic of China and the United Arab Emirates Ministry of Economic Affairs on Enhancing Cooperation in Production Capacity and Investment'), *Belt and Road Portal*, 9 June 2017.

⁷⁰ 'Memorandum of Understanding between the United Nations Economic Commission for Europe and the national development and reform commission of China', *Belt and Road Portal*, 9 June 2017.

4.3. *The Belt and Road Initiative and its critics: China's debt trap*

Since its launch in 2013, the BRI has drawn significant attention from the media, the business community, analysts, and researchers from some of the countries involved in the project. Among them, Pakistan, Sri Lanka, India, and the United States were particularly critical of the initiative.

One of the most serious critiques concerned the main essence of the BRI: China's financing and building infrastructures in developing countries was said to provide her with access to these countries natural assets (mineral resources or ports only to mention some examples). In turn, this could not but result in an evident reduction of these countries' sovereignty. Whether European powers used grants and concessionary loans, China, according to this view, was using huge project-related loans to acquire advantages such as addressing its own domestic industrial overcapacity, securing trade routes vital to its own interests, increasing its own military security and geopolitical influence, acquiring natural resources and assets. An integral part of this strategy was lending such a large amount of financial resources that the borrowing countries, particularly the developing ones, would be caught in a debt trap and forced to lease land, ports, mining areas to China for millions of dollars per year and for long-term periods.⁷¹ The frequently mentioned example of China's debt trap was the network of ports that it has been building since the 2013 launch of the 21st Maritime Silk Road, if not even before.⁷²

As is well known, the ancient Maritime Silk Road started in Fujian (in the South of China), went to Southeast Asia through the South China Sea and then, via the Malacca strait and the Indian Ocean, reached the Mediterranean and Europe. Along today route, the People's Republic of China has been paying attention to Eastern African countries too, such as Djibouti, Kenya, Mozambique, Tanzania, and Ethiopia. Also, in the modern day version of the Maritime Silk Road, sea and land routes are strictly interconnected. Accordingly, building networks of ports meant also devolving attention to the reconstruction or construction of high-speed railways, highways, airports, pipelines, aqueducts, telecommunication

⁷¹ Brahma Chellaney, 'China's Creditor Imperialism', *Project Syndicate*, 20 December 2017. See also: 'Pressure on as Xi's «Belt and Road» enshrined in Chinese party charter», *Reuters*, 24 October 2017.

⁷² A list of the ports belonging to the China-built network includes, among others, Darwin in Australia; the Kyauk Pyu in Myanmar; ports along the Strait of Malacca; Hambantota in Sri Lanka; Gwadar in Pakistan; Piraeus in Greece; Djibouti city in the Republic of Djibouti; ports in Namibia, in São Tomé and Príncipe and in North Europe. 'How China rules the waves', *Financial Times*, 12 January 2017.

infrastructures, and also export-processing zones and industrial parks, where Chinese industries and enterprises can relocate their production sites. Lastly, existing or new born free trade agreements were an integral part of the Belt and Road plan.

The US\$ 62 billion worth China-Pakistan Economic Corridor (CPEC) has been a particularly important part of the 21st century Silk Road. It connects Kashgar, in China, to the Pakistani port of Gwadar in the Arabian Sea, near to Iran and the Persian Gulf shipping lines through which most of China's oil imports transit. Since 2015, the port has been managed on a lease, due to expire in 2059, by state-owned China Overseas Port Holding Company. The CPEC aims at providing China with alternative routes for shipping gas and oil, bypassing peninsular India and the Strait of Malacca, where the hostile presence of United States and India itself is quite strong. CPEC has not only been a port project:⁷³ some 64% of the related expenditures aims at financing electric power projects in the whole of Pakistan. In December 2017, the foreign ministers from China, Pakistan and Afghanistan met to discuss how to extend the CPEC to Afghanistan and, in the pursuit of this goal, agreed to establish a trilateral dialogue and to reinforce cooperation in politics, economy and security. This plan appeared to be a clear strategic response to Baloch nationalists' opposition against the Chinese BRI.⁷⁴

Critics of CPEC, such as Pakistani columnist Farrukh Saleem, claimed that the Chinese projects were overburdening Pakistan with debt while providing high and fixed returns to Chinese companies. Furthermore in June, during a lecture organized at Calcutta and untitled *Has China taken over Pakistan?*, Pakistani political economist Akbar Zaidi noted that the CPEC would be detrimental for Pakistan sovereignty and criticized Pakistan's ruling classes for having «prostrated themselves before Chinese imperial designs».⁷⁵ A similar accusation to the Pakistani government came from *The Diplomat*, a well-informed, Tokyo based, current-affairs magazine for the Asia-Pacific, and from *Dawn*, Pakistan's leading English daily. Pakistani authorities were accused of being reticent in giving wide

⁷³ The construction of the port started in 2001. 'Gwadar port: 'history-making milestones'', *Dawn*, 14 April 2008.

⁷⁴ As explained by Marco Corsi in *Asia Maior 2016*, Balochistan, a crucial area in Pakistan for the success of the BRI, poor but rich in natural resources, was one of the major opponents to Chinese investments and to the Pakistani government's pro-China attitude. Marco Corsi, 'Pakistan 2016: Economic features', *Asia Maior 2016*, pp. 396-8. See also 'China, Pakistan, Afghanistan agree to discuss extending economic corridor', *Xinhuanet*, 26 December 2017.

⁷⁵ 'After OBOR gets ready, Pakistan will become China's colony: S. Akbar Zaidi', *The Economic Times*, 12 June 2017; Farrukh Saleem, 'Capital suggestion', *Pakdiscussion*, 8 October 2017.

and open publicity to a plan, the CPEC, which was described as the country's ultimate chance for economic success.⁷⁶ The Chinese official media gave their answer through the *Global Times* arguing that «The accusation was essentially a conspiracy theory» and adding, in relation to the debt trap argument that «[...] if Pakistan wants to achieve industrialization with China's help, it also needs to make adjustments on its own toward the goal».⁷⁷

Similar arguments were used to discuss China's financial involvement in two big infrastructural projects in Djibouti: Doraleh Multipurpose Port, and the Ethiopia-Djibouti railway. According to a report of the US Center for Naval Analysis (CNA), China was the biggest provider of capital for this Djibouti's development program and most of the capital was supplied by the China Export-Import Bank (a state-owned bank). The bank, according to the report, was posing some conditions to borrowers such as buying goods and services from Chinese enterprises. In fact, the government of Djibouti effectively used the Chinese loans to hire Chinese companies (China Railway Group; China Civil Engineering Constructions Group Corporation; China Harbour Engineering Corporation), to build infrastructures, and to buy the necessary equipment. The port, which opened in May 2017, was owned by a joint venture set up in 2013 by China Merchants (23.5% of stake) and the Djibouti Ports and Free Zones Authority (76.5% of stake). The Ethiopia-Djibouti railway was also owned by a joint venture of which 10% was held by China Civil Engineering Construction Corporation, as a result of the Djibouti government's inability to finance the whole project.⁷⁸ China's involvement in Djibouti development plan entailed a third project too, which was launched in 2015 and whose works officially started in 2017: the Ethiopia-Djibouti potable water pipeline.⁷⁹

In the summer of the year under analysis, China made of Djibouti its first overseas military base, although describing it as merely a logistics facility to be used especially to resupply its navy ships during peacekeeping and humanitarian operation in Yemen or Somalia.⁸⁰

⁷⁶ Umair Jamal, 'Understanding China's «Master Plan» for Pakistan', *The Diplomat*, 18 May 2017.

⁷⁷ 'Concerns that CPEC will result in colonialism in Pakistan by China are not new and still wrong', *Global Times*, 12 June 2017.

⁷⁸ Erica Downs, Jeffrey Becker & Patrick deGategno, 'China's Military Support Facility in Djibouti: The Economic and Security Dimensions of China's First Overseas Base', *Center for Naval Analysis*, July 2017.

⁷⁹ 'Chinese funded Ethio-Djibouti water project to be inaugurated soon', *Xinhua*, 27 June 2017.

⁸⁰ 'China formally opens first overseas military base in Djibouti', *Reuters*, 1 August 2017.

Similar criticisms were made to China's participation in the construction of the Hambantota port in Sri Lanka. The port of Hambantota was opened in 2010 thanks to Chinese financial support. The construction had been carried out by China Harbour Engineering Company and in 2010, at its opening, it was presented as a major infrastructural project that would improve Sri Lanka's economy.⁸¹ However, the anticipated gains did not materialize, which made impossible for the Sri Lanka government to repay its debts. In 2016, an agreement was reached between the Lankan government and China Merchants Port Holdings, allowing the Chinese company to buy 80% of the port. In 2017, protests from unions and other opposition groups forced the Colombo government to renegotiate the agreement, which, however, was only marginally changed. As a result, the Chinese company agreed to hold 70% of the port in a joint venture with the state-run Sri Lanka Ports Authority for a 99-year lease-term.⁸²

4.4. *China and European Union relations along the BRI*

Although established forty years ago, the relationships between China and the European Union revived in 2013, when President Xi Jinping, as we have seen, officially launched what would later be known as BRI. Since then, the European Union has been facing a charm offensive on part of the PRC. To it, the EU has reacted, on the one hand, launching a new strategy towards China with the political aim to create more jobs, growth and investments within the Union, and, on the other hand, trying to re-launch its own role as a global actor.⁸³ Even if within the member states there are strong opposing views on how to deal with China, particularly on the human rights issue, nevertheless the aim of the present EU High Representative of the European Union for Foreign Affairs and Security Policy Federica Mogherini was that of creating a strong, clear and unified approach to China. The European Union needs to find a balance between the full compliance with the *acquis communautaire*, namely the cluster of laws, legal acts and court decisions which constitute the body of European

⁸¹ 'Hambantota port opened', *The Hindu*, 18 November 2010.

⁸² 'China signs 99-year lease on Sri Lanka's Hambantota port', *Financial Times*, 11 December 2017.

⁸³ On the past relations between the EU and China see: David Shambaugh, *Dalla luna di miele al matrimonio: presente e futuro delle relazioni Cina – Europa*, in C. Meneguzzi Rostagni (ed.), *La Cina luci e ombre. Evoluzione politica e relazioni esterne dopo Mao*, Milano: FrancoAngeli, 2010.

Union law, and the respect of the basic rule of «One-China Policy» in order to avoid political clashes with Beijing.⁸⁴

As in the previous year, there were regular high level contacts between Beijing and Brussels during 2017. Chinese Foreign Minister Wang Yi, during a meeting of the ministerial session of the G20 in Germany, underlined that his country firmly supported the European integration process and that, as strategic partners, China and the EU shared similar stances on many major global issues. In particular, China and the EU aimed at working together to establish a partnership of peace, growth, reform and civilization, while at the same time promoting an open world economy.⁸⁵ This position, from the Chinese point of view, was a clear declaration of Beijing's willingness to play a responsible role in the international political and economic scenario.

The willingness of the PRC to play a role on the world economic stage was directly connected to Beijing's concern about the WTO rules and the ending of the effects of the Protocol of Accession. Until December 2016, WTO members were allowed to treat China as a Non-Market Economy country in antidumping proceedings. Despite Federica Mogherini's statement on the development of close relations between China and EU and the positive reaction to President Xi's speech at Davos World Economic Forum, nothing was done to solve the problem posed by the expiry of Article 15 of the Protocol of China's Accession to WTO.⁸⁶ There were, as a matter of fact, good intentions from the European side and the EU looked forward to working together with Beijing, strengthening communication

⁸⁴ European Commission, Joint Communication to the European Parliament and the Council. Elements for a new EU strategy on China', 22 June 2016, pp. 1-5 (http://eeas.europa.eu/archives/delegations/china/documents/more_info/eu_china_strategy_en.pdf).

⁸⁵ Ministry of Foreign Affairs of the People's Republic of China, *Wang Yi Meets with High Representative of the EU for Foreign Affairs and Security Policy Federica Mogherini*, 17 February 2017 (http://www.fmprc.gov.cn/mfa_eng/wjb_663304/zjzg_663340/xos_664404/xwlb_664406/t1440215.shtml); European Parliament, *Protection from dumped and subsidised imports, EU Legislation in Progress*, ([http://www.europarl.europa.eu/RegData/etudes/BRIE/2017/595905/EPRS_BRI\(2017\)595905_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/BRIE/2017/595905/EPRS_BRI(2017)595905_EN.pdf)).

⁸⁶ Ministry of Foreign Affairs of the People's Republic of China, *Foreign Minister Wang Yi Attends Working Dinner of Diplomatic Envoys to China of the EU and Its Member States*, 15 March 2017 (http://www.fmprc.gov.cn/mfa_eng/wjb_663304/zjzg_663340/xos_664404/xwlb_664406/t1446553.shtml). Since the expiry of art. 15 of the Accession Protocol, China is still treated as a non-market economy in antidumping proceedings, contrary to the agreements. Thus China is still barred from using domestic prices with WTO trading partners and is forced to use a price constructed using external factors.

and coordination and signalling a joint opposition to protectionism, but nothing more.⁸⁷ There was a clarification of the European position on this aspect during a meeting between Wang Yi and German Vice Chancellor Sigmar Gabriel, when the latter pointed out that any revision of the EU regulations would be in line with WTO rules, without discrimination against any country. Gabriel also pointed out that he had hoped that China should have automatically gained market economy status at the end of the previous year, as stated in the Protocol. This statement was an indication as clear as any that the real position of the most important EU country was somewhat different from the official EU position. Gabriel, however, also stated that Germany would make positive efforts to induce the EU to adopt trade remedial measures, taking into account not only the market economy status of a given country, but also the implementation of dumping practices or actions contrary to the WTO rules.⁸⁸ This meant that, as noted by Beijing, in spite of its welcoming public declarations, the European Commission was still analysing China's alleged dumping activities⁸⁹, and in some case targeting China with antidumping measures,⁹⁰ irritating the Chinese Government.

China, on the occasion of the 19th China-EU Summit, held in June in Brussels, and attended by Chinese Premier Li Keqiang, highlighted its position as a responsible counterpart and as a great economic power. The Chinese Premier reminded that his country and the European Union were contributors and part of the world multi-polarization and economic globalization. As a consequence, both of them had to face the instability of the international situation building a stable bilateral cooperation.

The primary aim of Li's visit to Brussels was the reassertion of China's position as an indispensable partner of the European Union. In turn this was

⁸⁷ *Foreign Minister Wang Yi Attends Working Dinner of Diplomatic Envoys to China of the EU and Its Member States*, 15 March 2017

(http://www.fmprc.gov.cn/mfa_eng/wjb_663304/zzjg_663340/xos_664404/xwlb_664406/t1446553.shtml).

⁸⁸ *Foreign Minister of Germany: New EU Anti-dumping Rules Must Accord with WTO Regulations*, 24 May 2017

(http://eeas.europa.eu/archives/delegations/china/documents/more_info/eu_china_strategy_en.pdf).

⁸⁹ *European Commission, Joint Communication to the European Parliament and the Council. Elements for a new EU strategy on China*, 22 June 2016, p. 6

(http://eeas.europa.eu/archives/delegations/china/documents/more_info/eu_china_strategy_en.pdf).

⁹⁰ 'COMMISSION IMPLEMENTING REGULATION (EU) 2017/1444 of 9 August 2017 imposing a provisional anti-dumping duty on imports of certain corrosion resistant steels originating in the People's Republic of China', *Official Journal of the European Union*, 10 August 2017, L. 207/1.

aimed at launching a stable and continuing dialogue on an equal basis.⁹¹ Indeed, Beijing was aware of the existence of strong political differences with Europe that could be overtaken with a long-term dialogue on equal basis.⁹² It was also clear that China intended to make use of discreet moral suasion to persuade the European member states to repeal that part of the EU legislation that was contrary to Chinese economic interests. In pursuing its objective, China appeared fully aware of the opportunity to exploit the different positions of the EU member states for its own advantage. An example of this was the Summit for the Cooperation between China and Central and Eastern European Countries (CEEC) held in Budapest in November 2017,⁹³ when it was decided to improve the «16+1» cooperation. This was a new platform established in 2012 by China and 16 Central and Eastern European Countries, aiming at the joint efforts on policy coordination, economy and trade, culture, agriculture, transportation and other key issues useful in improving the Belt and Road Initiative.⁹⁴

4.5. China – US Relations

The relationships between the People’s Republic of China and the United States during 2017 experienced a fluctuating trend, characterised by standstill periods, strong confrontations and intense talks. There was, indeed, both a perceivable enhancement in mutual understanding over the North Korean issue, and strong hostility on the economic and trade relation front. As a matter of fact, the relationships under the new Administration of Donald J. Trump began under a shadow because one of the President-elect’s first acts was his phone call to President Tsai Ing-wen of Taiwan. The conversation occurred on 2 December 2016 and was later confirmed by

⁹¹ *Li Keqiang Arrives in Brussels for the 19th China-EU Summit and Official Visit to Belgium*, 2 June 2017

(http://www.fmprc.gov.cn/mfa_eng/wjb_663304/zjzg_663340/xos_664404/xwlb_664406/t1467843.shtml).

⁹² *Director-General of the Department of European Affairs of the Foreign Ministry Chen Xu Attends the Opening Ceremony of the Twelfth European Diplomats Seminar*, 14 September 2017 (http://www.fmprc.gov.cn/mfa_eng/wjbxw/t1519725.shtml).

⁹³ *Li Keqiang Arrives in Budapest to Attend 6th China-CEEC Summit and Pay Official Visit to Hungary*, 27 November 2017

(http://www.fmprc.gov.cn/mfa_eng/wjb_663304/zjzg_663340/xos_664404/xwlb_664406/t1514926.shtml).

⁹⁴ The China+16 cooperation included Albania, Bosnia and Herzegovina, Bulgaria, Croatia, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Macedonia, Montenegro, Poland, Romania, Serbia, Slovakia and Slovenia.

the President-elect through his personal Twitter account.⁹⁵ Beijing expressed concern, conveying its strong diplomatic displeasure to the Department of State.⁹⁶ Actually, the phone call turned out to be a full political conversation with an exchange of views that touched key policy matters, such as the need to promote domestic economic development and strengthen national defence for the sake of citizens' security and the Asian region. During the call, the President of Taiwan had also the opportunity of making some comments on future Taiwan-US relations, with the possibility of enhancing bilateral interactions in order to build closer cooperative relationships.⁹⁷ The previous conversation of this kind had occurred back in 1979, when President Jimmy Carter had decided to ask the Congress to pass legislation authorizing the American people and the people of Taiwan to maintain commercial, cultural, and other relations without official Government representation and without diplomatic relations.⁹⁸

After the diplomatic rift in the China-US relations caused by Trump's call to President Tsai, things started to improve thanks to an official lengthy and cordial phone conversation between President Trump and his Chinese counterpart in February 2017. This was the last of a series of phone call made by the US President to the world leaders. The US and China presidents shared ideas on several topics and President Trump, at Xi's request, agreed to honour the «One China» policy, thus virtually closing the Taiwan incident. The call laid the foundations for the future relationship between Washington and Beijing designing a road map for discussions and negotiations of topics of mutual interest and setting the timing for forthcoming meetings.⁹⁹ However, the confrontation over Taiwan, despite

⁹⁵ Gerrit Van Der Wees, 'President-elect Donald Trump's phone call to Taiwan's leader is a major breakthrough for U.S. relations with the nation', *New York Daily News*, 2 December 2016.

⁹⁶ Ministry of the Foreign Affairs of the People's Republic of China, *Foreign Ministry Spokesperson Lu Kang's Regular Press Conference*, 5 December 2016 (http://www.fmprc.gov.cn/mfa_eng/xwfw_665399/s2510_665401/2511_665403/t1421494.shtml).

⁹⁷ Office of the President Republic of China (Taiwan), *President Tsai and US President-elect Donald J. Trump engage in phone conversation*, Press Release, 3 December 2016 (<http://english.president.gov.tw/NEWS/5031>).

⁹⁸ Public Papers of the President of The United States, Jimmy Carter, 39th President, *Taiwan Relations Act Statement on Signing H.R. 2479 into Law*, 10 April 1979, ([http://www.presidency.ucsb.edu/ws/index.php?pid=32768&st=&st1=](http://www.presidency.ucsb.edu/ws/index.php?pid=32768&st=&st1=;)); Executive Order 12143 - Maintaining Unofficial Relations with the People on Taiwan, 22 June 1979(<http://www.presidency.ucsb.edu/ws/index.php?pid=32522&st=&st1>).

⁹⁹ The White House, *Readout of the President's Call with President Xi Jinping of China*, Press Release, 9 February 2017 (<https://www.whitehouse.gov/briefings-statements/readout-presidents-call-president-xi-jinping-china>).

President Trump's reassurances, continued with intermittence for the rest of the year. In October the US Senate passed both the Taiwan Travel Act, authorizing US officials to travel and have contacts with their counterparts in Taipei or vice versa, and the National Defence Authorization Act for 2018, which allowed the US Navy to visit the ports in Taiwan.¹⁰⁰ In both cases, the Chinese Foreign Ministry reminded that any official exchange and contact with Taiwan, as well as any wrong message to the «Taiwan independence» separatists, would disrupt and undermine the relations with China.¹⁰¹

Despite this friction and other major and minor contrasts, the relationships with the United States generally improved, even if strong differences remained on trade and investments. China's major concern was that of safeguarding stability and security in Northeast Asia and in the Asian Pacific region, maintaining its position of leading regional power and preventing any external interferences that could threaten its paramount position. This strategy was fiercely challenged by the United States that pointed out that the efforts made over the last 20 years have so far not succeeded in curbing the threat posed by North Korea's illegal weapon program. The only positive fact, according to Washington, was China's stated policy of denuclearization of the Korean peninsula. Both Washington and Beijing agreed on urging the North Korean Government to choose a better path and a different future for its people. However, the US and China diverged on the policy of sanctions on North Korea. The reinforcement of Chinese sanctions against North Korea would extensively hurt the already difficult relationship between Xi and Kim Jong-un,¹⁰² which made improbable that Beijing could comply with the US request of really tough sanctions.¹⁰³ A further reason for Beijing's reticence to impose more severe sanctions rested on the necessity to prevent a North Korean humanitarian crisis, which would in turn provoke mass population movements from North Korea to China and very possibly allow an expansion of US

¹⁰⁰ Ministry of the Foreign Affairs of the People's Republic of China, *Foreign Ministry Spokesperson Lu Kang's Regular Press Conference*, 14 December 2017 (http://www.fmprc.gov.cn/mfa_eng/xwfw_665399/s2510_665401/2511_665403/t1519590.shtml).

¹⁰¹ Ministry of the Foreign Affairs of the People's Republic of China, *Foreign Ministry Spokesperson Hua Chunying's Regular Press Conference*, 13 October 2017 (http://www.fmprc.gov.cn/mfa_eng/xwfw_665399/s2510_665401/2511_665403/t1501588.shtml).

¹⁰² Marco Milani & Barbara Onnis, 'Penisola Coreana 2014: «Ombre» all'interno e «duci» all'esterno', *Asia Maior 2014*, pp. 127-29.

¹⁰³ Jane Perlez, 'Rex Tillerson Meet in China and Emphasize Cooperation', *The New York Times*, 19 March 2017.

influence in the area.¹⁰⁴ The agenda of the first official meeting between President Xi and President Trump included of some of the more contentious issues in bilateral relations, such as, among other subjects, President Trump's claims about China's unfair trade practices; North Korea's nuclear ambitions; and American concerns about Chinese military ambitions in the South China Sea.¹⁰⁵ As previously decided, it was agreed a roadmap of meetings and topics to tackle, aimed at easing the relations between the two countries and inside the region.¹⁰⁶ It was also decided concerted effort, aimed at implementing a joint 100-Day Action, to pursue the first Comprehensive Economic Dialogue and to achieve positive and tangible outcomes.¹⁰⁷

Obviously, the subject of major concern for the US was the growing threat posed by North Korea's nuclear and ballistic missile programs. On this the two presidents arrived at a shared position, based on the commitment to a denuclearized Korean Peninsula. The two presidents found a common ground also on other regional and bilateral issues of mutual interest.¹⁰⁸

Beijing was aware that, in order to settle the Korean issue, it was fundamental to take into consideration the legitimate concerns of all parties and to address them in a balanced way. The Chinese well known vision was the «dual-track approach» or «suspension for suspension» proposal, implying that North Korea would be asked to stop its missile and nuclear tests while US and South Korea would be asked to end their military exercises. An idea backed also by Russia that agreed to issue a joint statement with China based on the «dual-track approach». The PRC's

¹⁰⁴ 'Preventing a Post-Collapse Crisis in North Korea. How to Avoid Famine and Mass Migration', *Foreign Affairs*, 25 January 2018.

¹⁰⁵ Gerry Mullany, 'China Confirms Details of Trump-Xi Meeting at Mar-a-Lago', *The New York Times*, 30 March 2017.

¹⁰⁶ The American Presidency Project, Donald J. Trump, *Remarks Following a Meeting With President Xi Jinping of China in Palm Beach, Florida*, Online by Gerhard Peters and John T. Woolley, 7 April 2017, (<http://www.presidency.ucsb.edu/ws/?pid=123816>).

¹⁰⁷ Ministry of Foreign Affairs of the People's Republic of China, *Foreign Ministry Spokesperson Hua Chunying's Regular Press Conference*, 2 November 2017 (http://www.fmprc.gov.cn/mfa_eng/xwfw_665399/s2510_665401/2511_665403/t1506972.shtml).

¹⁰⁸ The White House, *Readout of President Donald J. Trump's Phone Call with President Xi Jinping of China*, Press Release, 2 July 2017 (<https://www.whitehouse.gov/briefings-statements/readout-president-donald-j-trumps-phone-call-president-xi-jinping-china>).

vision implied also that war was not the right choice to make if the goal was to solve the nuclear issue.¹⁰⁹

War prevention was another point in common shared by many actors such as the President of the Republic of Korea, Moon Jae-in, the Russian Foreign Minister, Sergey Lavrov, and the US Ambassador to the United Nations, Nikki Haley. All of them, even if with different hues, affirmed that the military solution was not an option.¹¹⁰ This international recognition of China's point of view was clearly a victory for Beijing diplomacy and a sign of strength. This achievement demonstrated the effectualness of China's moral suasion and of its leading role in international negotiations and in the region.

What the PRC was also looking at, to ease future direct or indirect talks with North Korea, was a clear confirmation of the adoption by the international community, and the US in particular of the so called Four Nos approach. These included no to a change of Government in North Korea, no to foreign-engineered collapse of the North Korean regime, no to reunification, no to sending troops over armistice line, no to inflicting harm to the North Korean people. This policy was reaffirmed by US Acting Assistant Secretary of State Susan Thornton, during a Senate Committee hearing,¹¹¹ and was a clear success for Beijing's diplomatic efforts. In doing so, the Chinese hoped that the US could translate these commitments into concrete actions and that North Korea could be brought to accept peace talks.¹¹²

A low point in the bilateral relations was reached with respect to the economic issues such as reciprocal trade and market access.¹¹³ Washington

¹⁰⁹ Ministry of Foreign Affairs of the People's Republic of China, *Foreign Ministry Spokesperson Geng Shuang's Regular Press Conference*, 10 July 2017 (http://www.fmprc.gov.cn/mfa_eng/xwfw_665399/s2510_665401/t1476743.shtml).

¹¹⁰ Ministry of Foreign Affairs of the People's Republic of China, *Foreign Ministry Spokesperson Geng Shuang's Regular Press Conference*, 6 July 2017 (http://www.fmprc.gov.cn/mfa_eng/xwfw_665399/s2510_665401/t1475968.shtml).

¹¹¹ *Statement of Susan Thornton Acting Assistant Secretary Bureau of East Asian and Pacific Affairs U.S. Department of State Before the House of Foreign Affairs Committee*, 12 September 2017 (<http://docs.house.gov/meetings/FA/FA00/20170912/106389/HHRG-115-FA00-Wstate-ThorntonS-20170912.pdf>).

¹¹² Ministry of Foreign Affairs of the People's Republic of China, *Foreign Ministry of RPC, Foreign Ministry Spokesperson Lu Kang's Regular Press Conference*, 29 September 2017. (http://www.fmprc.gov.cn/mfa_eng/xwfw_665399/s2510_665401/2511_665403/t1498369.shtml).

¹¹³ The White House, *Readout of President Donald J. Trump's Meeting with President Xi Jinping of China*, Press Release 8 July 2017 (<https://www.whitehouse.gov/briefings-statements/readout-president-donald-j-trumps-meeting-president-xi-jinping-china>).

declared that there were strong trade imbalances and expected from China an equitable solution.¹¹⁴ The PRC had a totally different point of view and, in several occasions, Chinese officials claimed that the economic and trade relations between China and the US were mutually beneficial and win-win in essence. In the first half of 2017, China's import from the US rose by 20.1%. This was a higher rate of growth than both the one of the total China-US trade and China's export to the US (amounting to 648 billion dollars in 2016). In terms of trade-services, China had a deficit with the US that grew by 36.5%.¹¹⁵

President Trump's visit to Beijing in November 2017 was the occasion for the Chinese authorities to set the agenda for future talks on North Korea and on trade and investments, with a parallel effort to reduce the topics on the table. It was thus agreed to diminish the topics to be discussed from 26 to only four. These four remaining topics were to be discussed at the highest level through a Security and Diplomatic Dialogue, an Economic and Trade Dialogue, a Social, People-to-People Dialogue, a Law Enforcement and Cyber Dialogue.

A special place besides the four dialogues was reserved to the North Korean case. After a year-long dialogue with China, the United States started to admit that it was open to the possibility of bringing the Pyongyang regime at a negotiation table to find a shared and peaceful solution. Beijing received this availability to negotiation with much favour, as well as Washington's statement that its principal aim was denuclearization and not a change of regime. It seemed clear that the US had accepted the idea that the goal of the North Korean nuclear tests was Kim Jong-Un's necessity to keep his regime strong. Accordingly the US target should not be the collapse of the regime but only the denuclearization of North Korea. Reaching this objective was the principal reason behind, and the hoped effect of, the sanctions imposed on North Korea.¹¹⁶ It was also clear, at the end of 2017, that the negotiations between China and the United States and the moral suasion exercised by Beijing had reached the effect of bringing Washington too to the table of negotiations.

The perception of the possibility of peace talks with North Korea started to spread among the American public opinion. Also former President Jimmy Carter stated that the US should send a high-level

¹¹⁴ *Remarks Prior to a Meeting With President Xi Jinping of China in Hamburg, Germany*, Online by Gerhard Peters and John T. Woolley, The American Presidency Project, 8 July 2017 (<http://www.presidency.ucsb.edu/ws/?pid=126621>).

¹¹⁵ Office of the United States Trade Representative, *US-China Trade Facts*, (<https://ustr.gov/countries-regions/china-mongolia-taiwan/peoples-republic-china>).

¹¹⁶ US Department of State, *Rex W. Tillerson, Remarks at a Press Roundtable*, 30 September 2017 (<https://www.state.gov/secretary/remarks/2017/09/274563.htm>).

delegation to Pyongyang for peace talks or support an international conference, including the relevant parties, at a mutually acceptable site.¹¹⁷ The Chinese seemed well aware of the readiness of the US Administration for possible direct talks with the North Korean leader.¹¹⁸ This position was later reiterated by the US President prior to his state visit to China, during his tour of the Republic of Korea, when he said that he was open to the possibility to talk with Kim Jong-Un.¹¹⁹ This was a victory for the PRC strategy, committed to reaching the twin goals of the denuclearization of the peninsula and of stability and peace through dialogue and consultation.¹²⁰

After the US opening towards the possibility of resuming direct contacts with North Korea, China approved the possibility of taking concrete action to curb Pyongyang's nuclear and missile development. It did so by putting forward the «suspension for suspension» proposal, with the aim of creating conditions for resuming dialogue and negotiation.¹²¹

In conclusion, the relations that China had maintained with the United States since the starting of the Trump Administration had increased rapidly and the consequent constant dialogue maintained by the two countries at various levels had possibly led to a better reciprocal understanding, particularly on the Korean issue, but they saw no advancement if not a rapid deterioration on the commercial side, where the United States are ready to confront the PRC with a strong opposition and confrontation. Also, another aspect that helped in easing the relationship was the fact that the Trump Administration seemed not to pay less attention than the previous one to the human rights issue.¹²²

¹¹⁷ Jimmy Carter, 'What I've learned from North Korea's leaders', *The Washington Post*, 4 October 2017.

¹¹⁸ Ministry of Foreign Affairs of the People's Republic of China, *Foreign Ministry Spokesperson Hua Chunying's Regular Press Conference*, 6 November 2017, (http://www.fmprc.gov.cn/mfa_eng/xwfw_665399/s2510_665401/2511_665403/t1507940.shtml).

¹¹⁹ *Remarks to the National Assembly of the Republic of Korea in Seoul*, Online by Gerhard Peters and John T. Woolley, The American Presidency Project, 8 November 2017, (<http://www.presidency.ucsb.edu/ws/?pid=128678>).

¹²⁰ Ministry of Foreign Affairs of the People's Republic of China, *Foreign Ministry Spokesperson Hua Chunying's Regular Press Conference*, 8 November 2017, (http://www.fmprc.gov.cn/mfa_eng/xwfw_665399/s2510_665401/2511_665403/t1508790.shtml).

¹²¹ Ministry of Foreign Affairs of the People's Republic of China, *Foreign Ministry Spokesperson Lu Kang's Regular Press Conference*, 11 December 2017 (http://www.fmprc.gov.cn/mfa_eng/xwfw_665399/s2510_665401/2511_665403/t1518491.shtml).

¹²² Ministry of Foreign Affairs of the People's Republic of China, *Foreign Ministry Spokesperson Hua Chunying's Regular Press Conference*, 2 November 2017

Finally, besides the diplomatic contacts minor military clashes continued to happen, when US warships entered Chinese territorial waters without the permission of the Chinese government, carrying out so-called «freedom of navigation operations». The PRC strongly urged the US to respect China's sovereignty and security interests, refraining from any further action that was detrimental to the China-US mutual trust and regional stability.¹²³

There is also another aspect to take into consideration when examining the relationships of the two countries. This is the fading of the United States' power, while China is assuming a more prominent role. This is certainly a wide and complex question, probably the central question in all the various fields of studies concerning the present state of global relations and the global system. It deals with the clash between a rising hegemonic power and a declining one, a clash that has been repeating itself in history since the most ancient times.¹²⁴ The year 2017, as argued at the beginning of this section, registered a fluctuating trend in the relations between the two global powers, varying from standstill periods, to conflict, to intense talks. In this situation of flux is quite difficult to decide if, at the end of the day, Washington is amenable or not to accept Beijing's views. In the former case, Washington is, in a way, reconciling itself to American decline, although a slow and controlled one; in the latter case it is keeping its options open, including – one can assume – the most extreme ones. But our task here is to record what has happened, not to guess the future. Our account, therefore, closes here.

(http://www.fmprc.gov.cn/mfa_eng/xwfw_665399/s2510_665401/2511_665403/t1506972.shtml).

¹²³ Ministry of Foreign Affairs of the People's Republic of China, *Foreign Ministry Spokesperson Geng Shuang's Remarks on the US Warship's Unauthorized Entry into the Neighboring Waters of Relevant Islands and Reefs of China's Nansha Qundao*, 11 August 2017

(http://www.fmprc.gov.cn/mfa_eng/xwfw_665399/s2510_665401/2535_665405/t1484116.shtml).

¹²⁴ Christopher Layne, 'The US–Chinese power shift and the end of the Pax Americana', *International Affairs*, vol. 94, n.1, January 2018, pp. 93-100.