


Chapter 9

Is China an Honest Trade Broker?

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ABSTRACT

The story of modern China can be traced back to Deng Xiaoping, who challenged the Chinese people to do even better than Japan did with the Meiji Restoration. The end result has been over forty years of extraordinary economic growth and China rising to become the second-largest economy in the world with hundreds of millions of people lifted out of poverty. Its share of global trade has also risen significantly over the past four decades with the help of special economic zones being established, along with becoming a member of the World Trade Organization and more recently the Belt and Road Initiative. But the rise of China has not occurred without suspicions and concerns along the way. From cyber espionage and stealing trade secrets to Taiwan and the militarization of the South China Sea, questions remain about China's true intentions and if it is trying to rise peacefully or overturn the liberal order. This chapter explores the history of China's rise to global superpower status and if China can be considered an honest trade broker and member of the global community under Xi Jinping.

1. INTRODUCTION

The rise of modern China can be traced back to Deng Xiaoping, who declared “Poverty is not socialism” and challenged the Chinese people to do even better than Japan did with the Meiji Restoration that began nearly a century earlier. Deng first began by instituting agricultural reforms that saw real income for the average Chinese

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farm family double within five years with an average annual increase of fifteen percent for rural Chinese families (Kissinger, 2011). The ten-year period between 1978 and 1988 also saw the Chinese economy double in size with its global exports increasing from less than \$10 billion to over \$50 billion. Exports quickly reached \$200 billion by the 1990s with China going on to surpass Japan as the second-largest economy in the world by 2010 (Kissinger, 2011; Kroeber, 2016). Tens of billions of dollars also began to flow annually into China from foreign corporations in the 1990s due to China's ability to dominate the market in labor-intensive goods (Kroeber, 2016).

Foreign loans also began to flow into China following Deng having China join both the International Monetary Fund and World Bank. Special economic zones were created to encourage foreign investment, and those zones are still vital for the Chinese economy today. China would later join the World Trade Organization in 2001 (Kissinger, 2011; Woodward, 2017) and that decade would see greenfield investments reach \$100 billion in China by 2010 (Yanlin, 2011). Since 2013, China has become the largest importer of oil in the world and has established three major national oil companies, which are the China National Petroleum Corporation, China National Offshore Oil Corporation, and Sinopec (Kroeber, 2016; Carney, 2018).

2013 was also the year Xi Jinping launched the Belt and Road Initiative, which has established multiple economic corridors and economic cooperation zones that have further interconnected Asia, Oceania, Africa, and even parts of Europe and Latin America. Examples of corridors and economic zones include the China-Pakistan Economic Corridor and Lancang-Mekong Cooperation Zone. The Belt and Road Initiative has seen China provide loans for infrastructure and financial investments spanning multiple continents that has resulted in the construction or restoration of railways, highways, ports, and more around the world. A network of sea routes has also been established, which has become known as the Maritime Silk Road and has further facilitated trade between China and signees of the Belt and Road Initiative. The BRI has been described by China as a way to enhance and deepen "South-South Cooperation" and (Castle, 2018; Chen, 2018; Bolt and Cross, 2020; Shambaugh, 2021; Shirk, 2023) perhaps offer an alternative to development than the ideas usually pushed by the International Monetary Fund and World Bank.

But the rise of China has not occurred without questions and concerns along the way. Is the Belt and Road Initiative really what China advertises it to be, or have poorer countries found themselves further indebted and exploited? The tensions between China and Taiwan have not been resolved, which is coinciding with militarization efforts by China in the South China Sea with the goal being to claim most of the sea as part of its territory (Hayton, 2014; Corr, 2018; Shambaugh, 2021). Concentration camps in Xinjiang have been reported, along with support provided to Russia for its invasion of Ukraine. The Chinese Communist Party has also made it clear that

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