Change and Adjustment
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Key words summarizing the international situation in 2019 are "change" and "adjustment".

The year 2019 presents the world with a mixed picture of chaos and changes. Trade disputes between China and the United States have reached an unprecedented scale; International trade and investment have slowed down; Growth of world economy has decelerated; Some countries have experienced political and social unrest; Competition among major powers has intensified; International mechanisms and international cooperation have been severely dampened; International relations have entered an era of reorganization and reconstruction; "Disorder", "abnormality" and "uncertainty" have become popular keywords for assessing the international situation. Past experiences that people once took for granted in the post-Cold War Era—the triumphant advancement of globalization, the vigorous development of the world economy, the increasingly close ties among countries and regions, the overall stability of relations among major powers, and the strengthening of international cooperation—have all become ‘good old times’.

The United States is a major source of such chaos and changes. The year 2019 marked a year in which “Trumpism”—with its "America First" doctrine and economic nationalism and diplomatic unilateralism, continuing to enjoy full swing. Trade wars, breach of contracts, withdrawal from international treaties, paralyzing institutions, sanctions…these reckless decisions aim to pursue the "America First" principle with no regard to morality, responsibility, credibility or image. When the world’s most powerful country and main architect of international order is determined to revise the existing international order, the destructiveness could go beyond people’s wildest imagination. When the US is no longer the nation we know, the world no longer appears the way we are familiar with.

Against the backdrop of these drastic changes, some regions and countries are now urgently seeking ways to adjust their strategies and policies in response to the changing environment. Some have worked hard to improve their own performance; Some have made efforts both at home and abroad; And some have sought comfort from collaboration. The conclusion of the negotiations on the Regional Comprehensive Economic Partnership (RCEP), a free trade arrangement that spans 16 countries in the Asia-Pacific and covers the most populous in the world, marks a significant step forward for Asia’s regional economic cooperation. Given the strategic competition from the United States and the internal pressure of economic transformation and upgrade, China has made the wise strategic choice of opening wider to the outside world, deepening reform and strengthening cooperation. While responses may vary depending on different realities across countries and regions, the key lies in following the trend, responding to the times, staying agile and seizing opportunities.

Looking ahead to 2020, the changing international landscape is here to stay and adjustment will likely continue. Whoever can make genuine efforts to stay "agile", "flexible" and "innovative" and make substantial progress will be able to lead the trend of changes. China should perform its due tasks and keep going!

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1. International Politics: Changes and Adjustments

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In June 2018, General Secretary Xi Jinping made it clear at the Central Conference on Work Relating to Foreign Affairs that the world is undergoing profound changes unseen in a century. Looking back on 2019, the international political landscape did experience constant changes. The evolution of the global security, political and economic landscape faces a new round of challenges from protectionism, unilateralism and power politics. At the same time, many countries around the world are making difficult strategic and policy adjustments based on their own national interests to cope with these uncertainties.

Complicated Changes

In 2019, the international political order has continued to be impacted by unilateralism and protectionism spearheaded by the United States. Principles and mechanisms of multilateralism and the process of economic globalization have encountered constant challenges, and regional security and global governance have also faced increasingly more complex situations.

First, bullying behaviors represented by unilateralism and protectionism are intensifying. For example, the Trump administration, which has always been committed to implementing the "America First" doctrine, continued to take unilateral "extreme pressure" on other countries in 2019 to safeguard its perceived US interests. On May 10, 2019, when Sino-US trade negotiations were embroiled in a deadlock, the US brazenly announced that it would raise tariffs on $200 billion of Chinese imports from 10% to 25%. Trade tensions between the two countries again escalated when China responded with relevant countermeasures. On June 5, the US ended the Generalized System of Preferences trade treatment with India, which led to India’s imposition of retaliatory tariffs on some imports from the US on June 16. On July 2, the US announced punitive tariffs of up to 456% on steel products from Vietnam. In the same month, the US announced that it would launch an investigation under Section 301 of the Trade Act of 1974 of the Digital Services Tax of the Government of France. In August, in defiance of facts, the US unilaterally declared China a "currency manipulator". Under Washington’s pressure, the US and Japan signed a new
trade agreement. Despite Japan's concession on the opening of its agricultural market, the US still imposed 25% tariffs on exports of Japan's pillar industry-automobiles and part, leaving bilateral automobile trade frictions unresolved. On Dec 2, Trump unexpectedly announced that he would impose tariffs on imports of steel and aluminum from Brazil. On July 1, Japan, following the leads of the US, announced that it would restrict the export of three types of semiconductor materials to South Korea in order to counter the "forced labor incident", and then excluded the country from the "white list" of trade facilities, dealing a serious blow to the core industries of the South Korean economy. Following the practice of the United States and Japan, South Korea began to take retaliatory measures against Japanese exports, with Japan-South Korea bilateral relations falling to the freezing point.

Second, due to internal political, economic, social and religious problems, civic disorder broke out across many countries around the globe. On Jan 15, the "yellow vest" protests escalated once again in France, leading to domestic chaos that lasted for several months before it appeased. On Jan 23, during Venezuela’s civil unrest, the country’s Congress President Juan Guaido self-declared as "interim president" and won support from the US and some Latin American countries. The refusal of its incumbent president Nicolas Maduro to step down has sent Venezuela's domestic situation into a stalemate, which hasn’t been properly resolved since then. In October, rising subway fares in Chile has triggered large-scale demonstrations and riots, which forced the government to declare a "state of emergency" in the Santiago province, including its capital city Santiago. In Bolivia, then-President Evo Morales was forced to resign after a dispute over vote counting in the presidential election, and arrived in Mexico on Nov 12 to seek "political asylum". Opposition leader Jeannine Anez Chavez then declared herself as "interim president" in a special session of the Congress and issued an arrest warrant for Morales. In Asia, Modi's Bharatiya Janata Party campaigned by leveraging its proposed "Hindu nationalism" to secure a large victory in parliamentary elections in May. In December, the Modi government introduced the Citizenship (Amendment) Act, which directly triggered large-scale bloodshed between Hindus and Muslims.

Third, global order and free trade system are facing more challenges. As the "bellwether" of the international system, the US continued to "withdraw" from a series of global governance mechanisms and related organizations, acting as the "troublemaker" in the international community. On Feb 1, the US announced that it would suspend its obligations related to the Intermediate-Range Nuclear Forces Treaty and commence the withdrawal process. On Aug 2, the US formally announced
its exit from the agreement and finally forced Russian President Vladimir Putin to sign a bill to also withdraw from the treaty. The two nuclear powers—the US and Russia—immediately restarted the development and deployment plans of intermediate-range missiles, and successively conducted test fires. Such developments could easily evoke Europe and even the entire world of the nuclear confrontation flashbacks during the Cold War era. Due to obstruction from the US, the WTO Dispute Settlement Body was unable to start the selection process of new members of the Appellate Body in November. On the other side of the Atlantic, the British House of Commons repeatedly rejected then Prime Minister Theresa May's "Brexit" agreement, procrastinating the Brexit process and further dragging the integration process of the European Union. After Jair Bolsonaro, dubbed "Brazil’s version of Donald Trump", came to power in January this year, the country also announced its withdrawal from the United Nations Global Compact for Migration in order to demonstrate its "close ties" with the US. At the same time, the US, a once avid promoter of free trade, has intensified its "tariff wars" and "trade wars" against China, Japan, South Korea, the European Union, Canada and Mexico, which has caused many problems and troubles to the international community, with the degree of disorder of the international political and economic system increasingly aggravated.

Fourth, regional hotspot issues keep flaring up. In 2019, the turbulent regional security situation remained as volatile as ever. In South Asia, for example, tensions between India and Pakistan rose sharply since India shot down a Pakistani F-16 fighter jet in retaliation for a suicide attack on its police force in February that killed more than 40 people. With regard to the DPRK nuclear issue, the heads of state of the United States and the DPRK met in Hanoi, Vietnam in February and Panmunjom, South Korea in June, respectively, which led to the relaxation of tensions between the two countries to certain degrees. Yet situation exacerbated when Pyongyang continued to conduct many "major tests" in the second half of the year, including test-firing of a new type of "Polaris 3" submarine-launched ballistic missile to enhance its "deterrent power in a strategic nuclear war," while the United States accused the DPRK of being "full of hostility". In traditional geopolitical hot spots such as the Middle East, in March 2019, the United States recognized Israel's sovereignty over the Golan Heights, and consequently moved the US Embassy from Tel Aviv to Jerusalem in May, which directly triggered another round of bloody conflicts between Palestine and Israel. On October 9, Turkish troops entered northern Syria to carry out military operations code-named “Operation Peace Spring”. The fight between Turkey and Syrian Kurdish armed forces continued to escalate and further complicated Syria’s civil war. Hostility between the United States and Iran
continued to soar over the Iranian nuclear issue. In April, the US listed Iran's Islamic Revolutionary Guard Corps as a terrorist organization, while Iran announced in May that it would suspend some provisions of the Iranian nuclear agreement. On June 20, Iran shot down US’ Northrop Grumman RQ-4 Global Hawk, causing Washington to consider retaliating targets in Iran. On Sept 14, facilities at Saudi Aramco, the oil company of Saudi Arabia, were attacked, which halved Saudi oil production capacity. The US blamed Iran for the attack and announced the implementation of "highest sanctions" against Iran, triggering severe tensions between the duo.

Fifth, competition in the high-tech realm is intensifying among major powers. With the rapid development of science and technology, mankind is approaching the threshold of the fourth technological revolution, when a new round of technological revolution, represented by artificial intelligence, big data, Internet of Things, space technology, biotechnology and quantum technology, is in the making. They are spurring the development of new industries, new forms of business and new models, and bringing about marked changes in the mode of production, life and way of thinking. For example, powerful artificial intelligence algorithms and machine learning technology are gradually changing the world, and the new "digital highway" centered on 5G is bound to give birth to new industries and services that were once beyond imagination. In order to seize the commanding heights of high-tech related R & D, many countries have rolled out R & D strategies and industrial policies, even at the cost of cracking down on other countries to maintain their own technological leadership. One conspicuous representative in that practice goes undoubtedly to the United States. On May 15, 2019, Trump signed an executive order declaring a "national emergency" in the United States, under which American enterprises were required not to use telecommunications equipment manufactured by enterprises that could pose a risk to US’ national security. Then the US Department of Commerce put Huawei and its affiliated companies in China on the Control List. On Dec 16, the US House of Representatives passed the Secure and Trusted Communications Networks Act, which prohibited the Federal Communications Commission from distributing funds to purchase telecommunications equipment from companies such as Huawei that were considered "national security threats". It claimed that Huawei and its affiliated companies have posed a major threat to US commercial and security interests. At the same time, senior US government officials traveling around the world to slander and smear Huawei as a "national security threat", and pressed its allies not to use Huawei and other Chinese companies' telecommunications products in their own 5G network constructions. Agitated by the US, countries like Australia, New Zealand and Poland have shut doors to Huawei, while Britain, Germany, Italy and
Canada have been ambiguous about their stances. In addition, asset investment and war capability-building around the internet and the space are also on a competing trajectory: For example, on July 13, French President Emmanuel Macron announced the creation of a space command within air force, and NATO also announced that space belongs to the alliance's "combat area". On Dec 18, Trump ordered the establishment of 11th combatant command, known as the Space Command, which was designed to develop "space policy, tactics and technologies", by integrating the space forces of all branches of the US Army and fully controlling the US space military operations.

Varying Adjustments

Faced with uncertain external political and economic environment, countries around the world are making policy adjustments to varying degrees, seeking to enhance the level of cooperation and promote regional and world peace, stability, development and prosperity.

First, major countries have begun to adjust their foreign policies to varying extents to cope with international political and economic uncertainties. For instance, the increasing frictions between China and the United States in almost all fields, including security, diplomacy, economy, trade, finance, science and technology, have greatly enhanced uncertainties in bilateral relations. Against such background, China has continued to strengthen strategic coordination and cooperation with Russia, which is also facing pressure from the US, arming Sino-Russian bilateral ties with "the highest degree of mutual trust, the highest level of cooperation and the highest strategic value" in today's world. Russian President Vladmir Putin even explicitly spoke out that on the political front, China and Russia are “of course allies” in terms of maintaining international law and multi-centrality in international relations. On Dec 2, the China-Russia east-route natural gas pipeline-the main energy artery between China and Russia-was officially put into operation. Shortly thereafter, China and Russia jointly vetoed a draft resolution on cross-border humanitarian assistance to Syria proposed by the United States at the United Nations Security Council to prevent Washington from creating further chaos in the Middle East. Multilateral mechanisms such as the BRICS consultation and cooperation mechanism and the Shanghai Cooperation Organization mechanism, in which China and Russia both play a leading role, have also been strengthened. They will continue to act as "global strategic stabilizers" and promote the stable and orderly global governance. In addition, as China's largest trading partner and the largest source of technology, Europe has
actively promoted all-round cooperation with Beijing despite the opposition of the US. Sound progress has already been made in the creation of China-EU investment funds, interconnectivity and digital cooperation platforms. In order to alleviate the threat of US’ trade protectionism and minimize its impacts on regional economic growth, the 8th China-Japan-ROK Leaders' Meeting was held in Chengdu, Sichuan Province, on Dec 24, in an attempt to put aside previous differences and further enhance the level of economic and trade cooperation among the three countries. ASEAN countries have also begun to respond positively to the negotiations on the "Code of Conduct in the South China Sea" and jointly promote the "Regional Comprehensive Economic Partnership" (RCEP). The deepening of negotiations paves the way for establishing the world's largest free trade area, which covers 16 countries, approximately 3.5 billion people and a GDP volume of $23 trillion (one-third of the world's total).

Besides, multilateralism is taking tolls to defy unilateralism. In order to fight against hegemonic acts of unilateralism by some countries, major powers have vigorously advocated multilateralism and gathered strong momentum to support multilateralism in the international arena. For example, as a staunch defender and active practitioner of multilateralism, China actively seeks cooperation with European countries in tackling global climate change, safeguarding the authority of the United Nations and supporting the multilateral rules and framework under the WTO. It has begun discussions with the EU on launching FTA negotiations as soon as possible, advocating that China and the EU should become partners in the field of environmental protection, digital economy and free trade, upholding green growth, circular economy and renewable energy as new growth points for bilateral cooperation. On Sept 23, Russian Prime Minister Dmitry Medvedev signed an executive order, allowing the country to formally join the Paris Agreement. After undergoing repeated suppression and humiliation by the United States, Brazilian President Jair Bolsonaro also expressed support for the contents advocating multilateralism and the Paris Agreement in the Brasilia Declaration issued at the BRICS Summit in Brasilia in November.

Third, a growing number of countries, including many of Washington's allies, are no longer "blindly following the lead" of the United States, and gradually keep distance with policies adopted by the US. Take Sino-Japanese relations as an example: in the face of increasing trade pressure from the United States and the forced burden of sharing costs of US troops stationed in Japan, the dissatisfied Tokyo has actively stepped up policy adjustments towards China. In June 2019, President Xi Jinping held talks with Japanese Prime Minister Shinzo Abe in Osaka, Japan, and the two sides
reached important consensus on jointly building China-Japan relations that meet the requirements of the new era. In October, the Type 052D destroyer of the Chinese Navy berthed at Japan 10 years after its previous visit and joined the ship parade of the Japan Maritime Self-Defense Force. In November, the two countries held the first meeting of the China-Japan High-level Consultation Mechanism on People-to-People Exchange in Nagoya. In December, the Japanese Defense Minister also made his visit to China, first of its kind over a decade's time, marking the improvement of bilateral security relations. On July 13, French President Emmanuel Macron, who has been a strong opponent of Trump's unilateral approaches, openly declared that NATO had experienced "brain death". In public, he had repeatedly advocated "European Sovereignty", calling on European countries to strengthen diplomatic coordination and independent defense in order to shed dependence on the United States. And the passage of the bill that would sanction enterprises engaged in the construction of Russia’s Nord Stream 2 gas pipeline was not only opposed by a number of European nations, but was denounced, in a rare fashion, by Germany as a move ‘interfering in internal affairs’. As a NATO ally, Turkey, disregarding firm oppositions and sanctions from the United States, insisted on the completion of acquisition as well as deployment of the Russian-made S-400 Air Defense ballistic missile system. At a time when US-Turkish relations stood at a historic low, Turkey and Russia have stepped up efforts in coordinating and cooperating in setting up a demilitarized buffer zone in Syria and promoting the Astana process.

**Difficulties lie ahead**

The closing of the year still witnessed frequent occurrence of major incidents in the international arena, indicating more development are about to unveil in 2020.

On Dec 18, the US House of Representatives passed two articles of impeachment against President Trump, who angrily issued a statement calling it "one of the most shameful political events in the history of the United States". Future developments in the impeachment case and the upcoming US presidential election in 2020 are likely to cast a string of unexpected "shocks" on the international political stage. In addition, with the Conservative Party led by British Prime Minister Boris Johnson winning an absolute majority in the election of the House of Commons of the British Parliament on Dec 12, Brexit has essentially become a ‘foregone conclusion’ in 2020, and its impacts on European integration, world economy and international politics are also unpredictable.
In the coming year of 2020, geopolitical and geo-economic conflicts among major powers may further intensify, and global governance will face growing difficulty. First, the United States under the leadership of Trump is very likely to continue its role as the ‘trouble maker’ in today’s world. For example, the United States may choose to withdraw from the Treaty on Open Skies and the New Strategic Arms Reduction Treaty between the United States and Russia in 2020, developments that will not only exacerbate the strategic game between the United States and Russia, but once again intensify the global arms race. Second, the strategic competition between the two largest economies in the world around trade disputes and high tech is likely to continue heating up, which will further hit the dwindling world economy and bring greater impact on the global economic and trade order. Meanwhile, the United States’ comprehensive crackdown on China, including provocations on Taiwan, Hong Kong, Xinjiang, Tibet and other issues involving China's sovereignty and territory integrity, and may even generate spill-over effects or escalate into geopolitical conflicts. Third, with the rapid development and popularization of internet technology and emerging media forms, populism will continue to extend rapidly to the whole world and is set to become a major threat to resist globalization, destroy the global order and damage global governance. Fourth, the internal division among Western countries led by the United States will continue to expand, which would give rise to further alienation among US allies, as well as the pursuit of more independence and autonomy by regional powers. All of these will make it thornier to properly solve traditional security issues.
2. World Economy: Growth or Recession?

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In 2019, the shaky world economy continued to grow at a low speed, gaining momentum through adjustment and gradually evolving via competition and cooperation. With the continuous downward adjustment of the global economic growth rate by the International Monetary Fund, pessimism and uncertainty remained the common threads running through the year. Growth rate of both the world economy and international trade hovered at low levels. Looking back at 2019, trade protectionism has been the backdrop of world economic development. It wasn’t until the end of the year-when the first stage of trade agreement was reached between China and the United States, as well as the British general election finally got settled-that the world economy has seen the emergence of certain bright spots.

2019: Weak growth

Compared with 2018, the main theme of the world economy in 2019 was lack of growth momentum. The International Monetary Fund has lowered its assessment of economic growth in 2019 for three times within a year. The growth target was revised down to 3.3% from 3.5% at the beginning of the year, and subsequently to 3%, reflecting the deteriorating situation of the world economy. Both developed and developing economies are faced with the lack of growth momentum. According to forecasts, the economic growth rates for both groups reached 1.7% and 3.7%, respectively. That represented 0.4 percentage points and 0.6 percentage points lower than those of 2018. If the final growth rate for world economy is confirmed to reach 2.9% in 2019, this year would record the weakest economic growth globally since the financial crisis.

The US and China are the two main drivers of world economic growth. The US economy expanded 3.1%, 2% and 2.1% respectively in the first three quarters of 2019, lower than global average but higher than those of developed economies. China's economy grew by 6.4%, 6.2% and 6% respectively in the first three quarters, a rate almost tripling that of the US. It has thus made over 30%, or the largest contribution, to global economic growth, remaining in the global top spot for over a decade. Compared with China and the US, other major economies have registered somewhat poor performances. According to forecasts, among developed economies, GDP
growth in the euro zone and Japan reached 1.2% and 1% respectively in 2019. Major emerging economies such as India, Russia and Brazil grew by 4.8%, 1.1% and 1.2%, respectively. India, in particular, saw a severe decline in growth in 2019.

The sluggish growth of the world economy coincided with the renewed contraction of international trade and global investment in 2019. The United Nations Conference on Trade and Development (UNCTAD) predicted that global trade in goods would decline by 2.4% to US $19 trillion in 2019, while trade in services was expected to rise merely 2.7% to US $6 trillion, representing a significant deceleration compared with 2017 and 2018 standards. The World Trade Organization, which held a relatively optimistic view for global trade, only forecast a 1.2% of growth. As for the global direct investment growth, such decline is even more obvious. According to statistics, the scale of transnational direct investment has fallen for three consecutive years, with the growth of global direct investment flow down by 20% in 2019.

In stark contrast to declines in GDP, trade and investment, global debt hit a record high in 2019. According to the Institute of International Finance, global debt may exceed $255 trillion in 2019, up $120,000 from $243 trillion at the end of 2018, hitting a historical high. In total, global debt is already more than three times that of the world's annual GDP readings. In addition, from the perspective of bond, global negative -yielding bonds reached $17 trillion in the middle of this year and maintained a high level of nearly $14 trillion by the end of October. This is a clear indication that that investors are concerned about the prospects of the world economy.

In general, the world economy in 2019 failed to send robust growth signals, with a number of important indicators lower than last year's readings and even remaining at the lowest level in many years. However, this doesn’t mean that the global economy in 2019 had no bright spot. The most crucial gauge is that the world economy did not slip into recession in 2019. One of the major concerns about the development of the world economy in 2019 was whether the US economy would go into recession, because judging from pure economic cycles, it seems that the United States should have stepped into the recession cycle. Nevertheless, the US economy, albeit being far from satisfactory, managed to maintain steady growth. On a global scale, major economies have all witnessed some degrees of expansion, though overall performance remained lackluster. Thanks to these developments, the world economy last year has helped to set the record for keeping the longest economic expansion cycle since the World War II.
Main features of the current world economy

First, trade frictions between the United States and other economies lingered throughout the year, seriously constraining the growth potential of the global economy. The core culprit for the sluggish economic growth in 2019 was the hot-white trade frictions between the United States and other nations, especially China. This has brought serious uncertainty to the world economy and served as a major drag on global trade, investment and market confidence. Take trade disputes between China and the United States as an example. In 2019, the Trump administration continued to implement tough trade protectionism against China, imposing new tariffs on Chinese imports in May and September, while China retaliated with countermeasures. As a result, more than $500 billion worth of goods between the two countries were subject to high tariffs of various levels, causing average bilateral tariff to exceed 20%. Considering that the combined GDP of China and the US exceed 40% of the world's total, the trade dispute has not only dealt a blow to the economy of both sides, but severely distorted the distribution of market factors and restrained production potential. This has had a negative impact on global production, consumption, investment and trade, and dragged global economic growth down from its due level. Lack of fundamental breakthrough in resolving trade frictions between the US, EU and Japan in 2019 has also undermined global economic growth.

Second, before the end of the interest rate hike cycle, major economies have opted for loose monetary policies. In the face of global trade protectionism, decelerating economic growth and market uncertainty, major economies have adopted interest rate cuts. The Fed Reserve of the US is the most typical example of this round of interest rate cuts. In 2017 and 2018, the Fed raised interest rates seven times. In July 2019, the Fed, by taking various factors into consideration, announced its first interest rate cut decision since 2008, lowering the federal funds rate by 0.25%. In the subsequent September and October, the Fed cut interest rates again twice. Interest rate cuts became the mainstream choice of monetary policy across all economies throughout 2019, with nearly 30 countries taking such action. While China did not announce interest rate cuts in a straightforward manner, it did lower the level of interest rates by introducing market-oriented mechanisms for loan rates. The timely monetary policy adjustment adopted by major economies have bolstered global economic growth to some extent.

Third, despite the lackluster performance of other economic indicators, stock markets across the globe have witnessed general surges. In sharp contrast to the disappointing
performance of other important economic indicators such as GDP, trade and investment, global stock markets have surged, with bourses in key economies ushering in considerable gains. The Dow Jones Industrial Average of the US rose from 23327 at the end of 2018 to 28455 on Dec 20, 2019. S & P 500 and Nasdaq also hit historical new highs from time to time. China's CSI 300 index soared about 30%. European stock indexes jumped more than 20%. The rise of global stock market has brought in huge wealth, diluted the pessimistic expectations of weak GDP growth, and promoted domestic demand in various economies. However, it also bears the unexpected risk of “stock market nosediving”.

Fourth, economic security has become a more pronounced pursuit, with geo-economic strategies returning to competition among major powers. The year 2019 has witnessed the new development in security in international economic relations. Economic security has increasingly been shaped as an important pillar of national security, which also brings political and security impacts to the world economy in addition to economy per se. In order to increase its economic competitiveness and ensure its economic might, the United States has been playing up Huawei's so-called national security "threat" and putting pressure on other economies to restrict Huawei's entry. Technological security has become the focal point of economic security among major powers. Geo-economic strategies have also made a comeback. Each major power now leverages its own economic advantages and uses various economic means to expands its own economic network as well as economic rules that it deems beneficial. Various versions of geo-economic initiatives have emerged one after another, forming a staggeringly complex competition landscape.

2020: Towards a Rebound?

Looking ahead to 2020, at least three positive factors are at play to rescue and restore world economy from where it bottoms out.

The first is the global economic slowdown brought about by the conclusion of the first-stage trade agreement between China and the United States. Trade disputes between China and the US is one of the most important factors constraining the global economic growth in 2019. At the end of 2019, China and the US announced that they had reached the first-stage trade agreement, halting the trade disputes that had lasted for more than a year. Although it would still take some time before the trade dispute is finally and fully resolved, the first-stage agreement will generally help ease global trade tensions, increase bilateral trade between the two sides, stabilize global
economic expectations, redistribute global economic interests, form global economic rules in a wider scope, all of which will in turn be conducive to global economic growth. If Washington’s trade negotiations with other major economies, which the Trump administration has been pushing for, could be reached in 2020, more easing in economic tensions will hence be expected.

Second, the follow-up dividend of the global loose monetary policy is set to promote economic growth. In order to prevent a possible economic recession, major economies have generally responded by lowering interest rates. There is typically a “six month to one year” time difference between the adoption of the loose monetary policy and the materialization of economic growth. So 2020 will be the year when nations reap their gains from the policies taken. The US is a bellwether for global monetary policy. In order to build up momentum for the presidential election, incumbent US President Trump will be more engaged in the formulation of the Fed’s monetary policy to ensure that the monetary policy benefits US economic growth and meets electoral needs.

Third, the development of regional economic cooperation is conducive to world economic growth. The US-Mexico-Canada agreement has been approved by the US Congress, and the RCEP is expected to be signed in 2020. The EU, China and Japan are actively forging bilateral or multilateral free trade agreements that fit respective needs, as well as promoting various regional versions of economic liberalization initiatives. This is a strong hedge and countermeasure against protectionism endorsed by the US.

However, these three factors are still positive spill-overs brought about by policy adjustments. Despite their importance, they fail to fundamentally solve the existing problems in the world economy. From the perspective of economic growth per se, only through deeper structural adjustments and more significant technological advancements can we promote the more dynamic and sustained growth of the world economy.
3. China's Diplomacy: Calm amid Turbulence

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On Oct 1, 2019, a series of activities celebrating the 70th anniversary of the founding of the People's Republic of China were successfully held in Beijing. The galas fully demonstrated the great achievements of the PRC in the past 70 years and the diplomatic style of a major socialist country with Chinese characteristics.

Looking back to this past year, It must admit that China’s diplomacy has undergone major tests. The stability and sustainability of the existing international order are facing a critical test due to the Trump administration's reckless "withdrawals from international Institutions" and violation of international rules. China explicitly opposed unilateralism and hegemonism of the United States, made a firm commitment to the existing international order, and unswervingly safeguarded the international system with the United Nations as its core, the multilateral trading system with the World Trade Organization as its cornerstone and the international order based on international law. Through the “four big diplomatic events at home” in 2019—the second Belt and Road International Cooperation Forum, the Conference on Dialogue of Asian Civilizations, the second China International Import Expo and the International Horticultural Exhibition 2019 in Beijing, China has demonstrated its domestic and foreign policy propositions to international community and delivered a strong Chinese voice.

In the process of deepening its understanding of the international environment featuring “profound changes unseen in a century”, China has been contemplating and designing its diplomatic strategy more clearly from a global perspective. On the one hand, China takes the high moral ground, defending multilateralism and international justice; On the other hand, it is actively managing its relations with other major powers; In addition, China is more proactively promoting cooperation with neighboring countries and developing countries, especially the vigorous collaboration in the Asia-Pacific region, and striving to build China's strategic buffer against the strategic competition between China and the United States.

Managing relations with major powers

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In 2019, Sino-US relations got embroiled in a complex competition unprecedented in the past 40 years. Under the all-round pressure from the United States, China maintained its strategic focus and self-confidence. On issues concerning China's core sovereign interests, Beijing took resolute counterattacks and countermeasures, highlighting China's diplomatic posture: “We don't make trouble, but we have no fear of trouble.”

On bilateral trade, the United States has been aggressive since the beginning of last year. On the one hand, China has shown its sincerity to resolve the issue through negotiations and consultations; on the other hand, it has also adhered to the position and bottom line of negotiations, promptly announcing and taking counter-measures against the tariff increases imposed by the US on May 10 and Aug 15. The meeting between President Xi Jinping and President Trump in Osaka on June 29 injected new momentum into the "resumption" of the seemingly interrupted negotiation process. The two sides finally reached the first phase of the economic and trade agreement on Dec 13, pressing the "pause button" for trade disputes between China and the United States.

In addition to trade issues, the United States continued to suppress Chinese technology companies in 2019, obstruct people-people exchanges between the two countries, attack and stigmatize China on issues regarding Hong Kong, Taiwan, Xinjiang, Tibet and human rights, slander China's social system, development path and its mutually-beneficial cooperation with other countries. In light of this, China made clarifications in a tit-for-tat fashion on the international stage, lodged serious representations and strong protests at the bilateral level on the malpractices of the United States. Although the differences and conflicts between two countries are increasingly characterized by the strategic competition, China still strives to confine the differences and contradictions within specific areas of issues, and maintains cooperation with the US on certain global issues and regional issues (such as the Afghanistan issue), avoiding the occurrence of all-rounded confrontation.

In the meantime, China actively manage its relationship with the other major powers. In 2019, China-Russia ties was upgraded to one featuring “comprehensive strategic partnership of coordination for a new era”. The two sides would continue to adopt common positions on international and regional policies and support each other's important diplomatic agenda. The opening of the eastern route of the China-Russia natural gas pipeline and Russia's decision to assist China in developing the missile warning system were landmark events in the bilateral relations in 2019. The strategic
“back-to-back” proposition between China and Russia on global affairs has become a main pillar of China's diplomacy.

In 2019, China has embarked on diplomatic endeavors with major European powers. China and European powers share common interests and similar positions in safeguarding the existing international order, strengthening global governance, adhering to multilateralism and maintaining free trade. At the same time, China encouraged European powers to maintain their independence in their respective policies towards China. Beijing actively urges the EU not to undermine China's reasonable interests when conducting economic and trade consultations with the US, and encourages the EU to continue providing a fairer, more just and non-discriminatory business environment for Chinese enterprises entering Europe. In response to the US’ global crackdown on the 5G technology provided by Huawei, China called on the EU to take an objective and fair attitude, and provide a fair and non-discriminatory competitive environment for all enterprises, including those from China, to participate in the construction of 5G network in European countries.

President Xi Jinping's visits to Italy, France, Monaco and Greece in 2019 represented a strong boost to China's diplomatic goals in Europe. China and Italy signed a Memorandum of Understanding on the Belt and Road Initiative, making Italy the first Western developed country among the Group of Seven (G7) to formally join the initiative. Like the Joint Statement on Strengthening Contemporary Global Strategic Stability issued by China and Russia, China and France also issued the “Joint Statement on Jointly Maintaining Multilateralism and Improving Global Governance” in 2019, which stated the common positions shared by China, Russia and France on the issue of international order. In November, French President Macron attended the second China International Import Expo and paid a state visit, which greatly enhanced Sino-French relations. The country led the way among European countries in maintaining a sound relationship with China by voicing their uniquely independent propositions on a series of issues. On the other hand, in order to allay concerns about China's growing influence in Europe, President Xi Jinping reiterated during his visit to Greece in November that the Chinese government firmly supports a united, stable, prosperous and strong Europe. He pointed out that cooperation between China and central and eastern European countries has essentially enriched the comprehensive strategic partnership between China and Europe, and is conducive to promoting European integration. The “17+1” cooperation mechanism proposed by the Chinese is designed to closely connect Greece and China, as well as Europe and China.
Pursuing Strategic Influence in Surrounding Areas

The intensifying strategic competition Beijing and Washington has evoked an ever-increasing sense of "profound changes unseen in a century" for China. Therefore, China has devoted more energy to managing diplomacy with neighboring areas and recognized its importance in overall diplomatic strategy.

In 2019, China has overcome all kinds of difficulties and maintained the momentum of improving relations with major neighboring countries such as India and Japan, which have become the most prominent and important achievement in its neighborhood diplomacy. In August, India unilaterally changed the status quo of the Indian-controlled Kashmir, seriously undermining China's territorial sovereignty and interests. After China appealed to the UN Security Council for a meeting on the Kashmir dispute, India obstructed the informal summit between two leaders. Finally, the informal summit materialized after the two sides overcame difficulties, which laid the foundation for maintaining the stability of bilateral relations and created a new mechanism for future China-India economic cooperation. The improvement of China-Japan relations was also accelerated. In June, President Xi Jinping and Japanese Prime Minister Shinzo Abe met in Osaka and reached a 10-Point consensus on building China-Japan relations in line with the requirements of the new era. For the first time, China and Japan held a high-level consultation mechanism meeting on people-to-people exchanges, and made important progress in promoting jointly third-party market cooperation. The two sides strengthened communication and coordination on regional issues, and bilateral relations continued to show signs of improvement and development.

Promoting regional cooperation in the Asia-Pacific is an important measure for China to cope with the possible, gradual economic "decoupling" between Beijing and Washington. With the Japan-led Comprehensive and Progressive Trans-Pacific Partnership Agreement (CPTTP) coming into effect, as well as the conclusion of the Japan-EU Economic Partnership Agreement (EPA), China has sensed more urgency in such strategic pursuit. In 2019, China has significantly strengthened its efforts in promoting the negotiations of the Regional Comprehensive Economic Partnership (RCEP). Negotiations finally drew a conclusion in November, despite India’s withdraw from negotiations due to its internal affairs. On the other hand, Japan and South Korea kicked off a fierce "trade and technology war" in 2019, casting shadow on trilateral cooperation between China, Japan and South Korea. During the Foreign Ministers' meeting between the three countries in August, China took the initiative to
play a mediation role, paving the way for the hosting of the Eighth China-Japan-South Korea Leaders' Meeting in Chengdu in December. This has laid the political foundation for speeding up the negotiation and facilitating the inking of the China-Japan-South Korea Free Trade Agreement.

The Belt and Road Initiative is an important platform for China to promote economic opening-up and cooperation. In 2019, the Belt and Road Initiative made significant progress in the matter of Internatizationon and multilateralization. In April, China successfully held the second Belt and Road Forum for International Cooperation, yielding a series of achievements. More importantly, China has established the "X +" cooperation mechanism with many nations to promote regional cooperation. This mechanism has played an important role in dispelling concerns and promoting practical cooperation. In 2019, the "China-France + X" cooperation model was smoothly formulated. The "China-Japan-ROK + X" cooperation concept document was adopted. It is worth mentioning that a series of cooperation projects on "China-Japan-ROK + X" were agreed upon for the first time at the Chengdu meeting of leaders in China, Japan and the Republic of Korea, opening up a new mode of cooperation among the three countries under the new situation.

On regional hotspot issues, China continued to mediate among different parties and offered "China solutions". Apart from continuously playing a critical role in the Korean Peninsula issue and the Iranian nuclear issue, China also promoted dialogues among various factions in Afghanistan, between China, Afghanistan and Pakistan, as well as between China, the United States and Russia on the Afghan issue, and held the first-ever meeting between China, the US, Russia and Pakistan. In September, even after the Afghan Taliban came close to reaching an agreement with the US, China continued to press ahead with the settlement of the Afghanistan issue. In 2019, India and Pakistan entered into tense confrontations in February and August respectively, in which China played an active conciliatory role and contributed to the stability of the situation. It also played such a role in mediating in the issue of Rohingya refugees between Myanmar and Bangladesh.

In addition, China's diplomacy with key neighboring countries in 2019 has consolidated and upgraded strategic relations and long-term friendship. President Xi Jinping's visit to the DPRK in June has carried forward the traditional friendship between China and the DPRK, and promoted the faster development of bilateral relations in the new historical period. In October, President Xi Jinping paid a state visit to Nepal, which was the second visit by a Chinese president in 23 year. The two
sides announced the establishment of China-Nepal strategic cooperative partnership featuring long-lasting friendship for development and prosperity, which opened up new prospects for the cause of friendship between China and Nepal. The domestic politics of some key neighboring countries have undergone new changes in 2019. China has not only achieved a smooth transition in bilateral relations through proactive diplomacy, but even made even greater breakthroughs in some instances. In March 2019, Kazakhstan's first President Nursultan Nazarbayev suddenly announced his resignation of presidency, and in June Kassym-Jomart Kemeluly Tokayev was elected the country’s new president. During Tokayev's visit to China in September, the two leaders unanimously decided to develop a permanent comprehensive strategic partnership between China and Kazakhstan. Indonesia held its presidential election in April 2019, with President Joko Widodo getting re-elected. Indonesia has pledged to continue to work with China to jointly build the Belt and Road Initiative, advance the construction of the Jakarta-Bandung high speed railway and other key projects, maintain close communication and cooperation within multilateral frameworks, and support ASEAN countries in deepening coordination and cooperation with China. In November, Gotabaya Rajapaksa won the general election in Sri Lanka. Later, he appointed Mahinda Rajapaksa as Prime Minister. On Dec 19, President Gotabaya met with foreign journalists in Sri Lanka and made it clear that the Sri Lankan government would not renegotiate the cooperation agreement with the Chinese side on the port of Hambantota, and that the signed commercial contracts were not subject to changes just due to leadership reshuffle. China and Sri Lanka jointly promoted the construction of the Belt and Road initiative and achieved a smooth transition.

In short, the strategic competition of the United States and changes in the international situation in 2019 have, on the one hand, given rise to greater external pressure for China’s diplomacy. On the other hand, it also provides greater opportunities and space for China to manage diplomatic relations with major countries and articulate its diplomatic strategies with neighboring nations. China has maintained its strategic focus, safeguarded its core interests and made important achievements in properly dealing with the strategic competition of the United States. Looking ahead to 2020, we have every reason to believe that China's diplomacy will continue to forge ahead along this path, and that China will play a more prominent role in maintaining global stability and shaping regional cooperation.
4. The United States: Three Questions Confronting Donald Trump

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In 2019, the United States under the Trump administration witnessed continued economic expansion, staging of a presidential impeachment drama, and gathering momentum of “Trumpism” on diplomatic front. As the year drew to a close, the retrospect on United States in this past year and the outlook for the coming year can be summarized into three major questions: How long can economic growth sustain? What will be the impact of the presidential impeachment case? And how far can “Trumpism” go?

How long can economic growth sustain?

The US economy exhibited a general upward trend in 2019. This round of expansion, which began in June 2009, entered into its 121st month in July 2019, breaking the previous record of 120 months (from March 1991 to March 2001) and registering the longest period of growth since record commenced in 1854. Full-year growth was expected to grow by more than 2% in 2019, down about 0.5 percentage points from the previous year. Unemployment rate ebbed 0.1 percentage point to 3.5% in November from the previous month, remaining at the lowest level in 50 years. The stock market hit record heights; inflation remained low; and household incomes surged due to the rising stock market and wage increases, all of which were conducive to driving consumption and spurring economic growth.

On the flip side: Since March 2019, yield of the Two-Year Treasury bonds has exceeded that of Ten-Year’s, an inverted yield curve that marked the first of its kind since 2007. There have been five major yield inversions between the two bonds in different maturities since 1978, with an economic recession following suit each time. Impacted by the trade war, the dwindling manufacturing industry have contracted for consecutively four months since August; investment dropped, and transportation and logistics saw reductions. Skyrocketing federal debt bore significantly high risks. The US economy will slow down in 2020, with growth rate set to shrink to 2% and below. While a recession looks unlikely for now, the possibility of a sudden slip into recession, albeit being mild, cannot be fully ruled out. The most important task for Trump is to prevent the occurrence of a recession before the presidential election.
What is the impact of the impeachment?

On Dec 18, the US House of Representatives passed a resolution to impeach Trump on charges of abuse of power and obstruction of congressional investigations, making him the third president facing such accusation in the US history. Regardless of whether Trump would be eventually impeached and step down from presidency, this political stigma is bound to be recorded in history.

The House’ vote on Trump’s impeachment is largely a reflection of party lines, meaning that the decision of the Senate will also be dominated by partisan politics, and the Republican control of the Senate would strive to ensure that Trump is intact from the impeachment. Unless new and significant evidences are found against Trump and force the Republicans to abandon him, the chances of Trump being impeached and removed from the post remain slim. However, the impeachment case will undoubtedly deepen the antagonism between the two parties in the Congress, and the legislature’s normal operation will be further overshadowed by partisan politics.

The impeachment of Trump by Democrats of the House, was, of course, driven by the liberals, yet the primary focus is the 2020 presidential election. Democrats hoped that the impeachment of Trump could serve to expose his corruption and consequently influence swing voters. They also strived to mobilize voters in support of the Democrats to actively participate in the election campaign, diverting public attention away from Trump’s achievements (mainly on the economic front).

What are the impacts of impeachment on the 2020 presidential election? After the passage of the impeachment bill from the House, national polls showed a narrow edge in favor of the impeachment of Trump. While the attitudes from key states are more important than the national results, the attitudes of these key states regarding the impeachment remain largely unchanged. Meanwhile, Trump gained extra popularity given the paramount enthusiasm exhibited by his fanatics. Therefore, the 2020 general election is set to be an extremely fierce political contest, with Democrats going all out to remove Trump from presidency. Trump will also go to great length in retaliation for the impeachment dodged by the Democrats and strive to win re-election, with Republicans making every effort to defend Trump. The election is bound to be filled with not just mania but political anger and hatred. The 2020 general election will be more than contentious than it has ever been for decades, with voter turnout rate forecast to reach record high. The impacts of the impeachment case on the election
outcome will only be unveiled on the voting day.

**How far can Trumpism go?**

The year 2019 features the arbitrary implementation of Trumpism, which is defined by the upholding of the "America First" principle and characterized by economic nationalism and diplomatic unilateralism.

Since the United States launched an unprecedented trade war with China in 2018, tariffs imposed on imported Chinese products have escalated several times in 2019. Although the two sides reached the first stage of agreement in December, trade war and related measures (such as tightening technical cooperation with China, restricting China's investment in the US, limiting Sino-US cultural exchanges, etc.) not only dealt huge blows to the Sino-US relations, they also dampen world economy on a significant scale. The impacts of the trade war on the supply chain and value chain have led to a sharp decline in international trade and investment, and put a dent on world economic growth. According to WTO statistics, in the year ended in mid-October of 2019, new trade restrictions around the world reached a new height since 2012, affecting $747 billion worth of goods and services, and exacerbating the uncertainty of international trade and the global economy. In addition, once the United States shows dissatisfaction with the implementation of the agreement, it may threaten to wield the tariff stick again, casting a potential shadow of the re-escalation of the trade war.

On Dec 10, 2019, for the first time since the establishment of the WTO, the organization’s Appellate Body was on the brink of dysfunction due to the insufficient number of judges as the Trump administration obstructed the election of new judges. In the 1980s, through the abusive use of Section 301, the US threatened and punished some countries. As a result, in 1994, certain countries reached a consensus with Washington to make new multilateral commitments on service trade, foreign investment and intellectual property rights, and to introduce a binding dispute settlement mechanism, which gave birth to the WTO in 1995. In the past 25 years, this system has promoted stability and prosperity of international trade to a certain extent. Now the United States is obsessed with protectionism and unilateralism, and takes all chances to disable the WTO dispute settlement mechanism at all costs, only to return to the pre-WTO era. By doing so, the US is free to adopt unilateral means against its trading partners, maximize economic benefits and serve the goal of “America First”. The suspension of the WTO Appellate Body is a major blow to the
rule-based international trading system. The transformation of the US from the WTO founder to destroyer deplores not only Washington but also multilateralism and free trade. It forebodes that Washington will escalate the trade war in 2020 and beyond, and the global trade environment is facing greater uncertainty.

On Aug 2, 2019, the United States announced its formal withdrawal from the Intermediate-Range Nuclear Forces Treaty, immediately resumed the development and testing of land-based medium-range missiles (one land-based medium-range cruise missile and one land-based medium-range ballistic missile test were conducted in the year), and declared that it would redeploy intermediate-range missiles in Europe and the Asia-Pacific region. The failure of the Treaty has seriously weakened international strategic stability, which exposed Europe and the Asia-Pacific region to a more complex and severe security situation, and greatly enhanced the risk of arms race. Before and after the withdrawal, the United States was also keen on using China as a constant excuse for its exit, and had tried to drag China into relevant arms control negotiations. In addition, the Trump administration also announced that the US would withdraw from the United Nations "Arms Trade Treaty", threatening that the country would never ratify the Comprehensive Nuclear Test Ban Treaty, and starting to spread rumors that it was mulling to exit from the “Treaty on Open Skies” that the US and Russia have implemented for many years. The string of retrogressive behaviors on the part of the US challenging international security and strategic stability is no doubt fueled by the unilateral sentiment, yet in essence, it is also a reflection of the deep-rooted hegemonic thinking that the US is free to exercise its power in pursuit of its power superiority.

In 2019, the world also witnessed the unbridled exercise of sanctions by the United States, extending its jurisdictions over foreign entities and individuals. On May 22, the Bureau of International Security and Nonproliferation accused 13 Chinese enterprises of violating the Iran, North Korea, and Syria Nonproliferation Act and launched sanctions against them. In September and December, the US imposed two rounds of sanctions on Iran, of which the sanctions against the Central Bank of Iran were perceived as the toughest-ever sanctions the US has imposed on other countries. On Dec 20, Trump signed the bill of National Defense Authorization Act for Fiscal Year 2020, imposing “ex-territorial sanctions” related to Russian energy pipelines Nord Stream 2 and TurkStream. These included sanctions against any European companies involved in the construction of the pipelines, cancellation of visas on companies and individuals engaged in such services, and freezing of all financial assets in the US. The reason why the US can recklessly enact sanctions worldwide is
largely due to the status of the US dollar as an international currency, which gives Washington the leeway to punish with the currency tool any countries violating its will and interests. However, the result of abusing the “extended jurisdiction" has not only encountered opposition from the international community, including the US’ allies, and seriously damaged the international credibility and reputation of the US, it has also prompted some countries to try to get rid of the US dollar-denominated payment system and lessen reliance on the dollar. For example, to help European companies circumvent US sanctions and continue to do business with Iran, Germany, France, and Britain have launched a new “trade support tool” dubbed INSTEX early this year (2019). By the end of the year, six more European countries have embraced such mechanism. Meanwhile, Russia, a long-time victim of US sanctions, is down on the path of "de-dollarization." Hence it seems the U.S. is playing a game that in the long run will end up hurting itself.

In 2019, Trumpism has become more rampant on the international stage. From trade war, breach of contracts, exit from treaties to paralyzing institutions and imposing sanctions, these reckless behaviors are all in pursuit of the “America First” policy with no regard to morality, responsibility, credibility or image. Judging from the actual results of Trump Administration's diplomatic endeavors this year, few progresses have been made on issues ranging from the North Korean nuclear issue, the Iranian nuclear issue, the Middle East issue, relations with Russia and the US-European relations, with the exception of the Phase-One trade negotiation agreement with China. How far can Trumpism go? The answer is expected to be revealed after the 2020 US general election.
5. Russia: External Stability and Internal Concerns

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In 2019, international affairs and world order continued to undergo in-depth adjustment. The world economy has exhibited signs of weakness; the absence of effective global governance has become imminent; and various ideological thoughts have emerged on the international arena. Under such changing situation, Russia has taken on an active approach in its diplomatic endeavors, improving external relations by leveraging the current chaotic environment and making considerable achievements. But due to a mixture of factors, including the sluggish economy, lackluster livelihood, as well as changing ideologies, discontent from the public has soared and domestic political undercurrents have sprung up.

Improvement in External Environment

After the 2014 Ukraine crisis, Russia was sanctioned by the West and the external environment has since deteriorated dramatically. However, the world has entered into a ‘chaotic period’, with heavy blows dealt to the international systems, owing to the ‘muddy water effect’ caused by changing foreign policy of the United States after Donald Trump took office, as well as the intensified strategic competition between China and the US. These represent a good opportunity for Russia, which sees national strength dwindle but excels in strategy and diplomatic maneuvers, amid changes and chaos.

Ideas shape strategy, and strategy determines action. In June 2019, President Vladmir Putin publicly stated that liberalism had come to an end. In September, Russian Foreign Minister Sergei Lavrov addressed the United Nations General Assembly that the Western dominance of world order had declined. Leading Russian strategists have all predicted the arrival of the “dusk of the West”. In October 2019, the Valdai Discussion Club published its annual report entitled "Time to Grow Up, or the Case for Anarchy", pointing out that "the international order formed after the Second World War has irreversibly broken down, and efforts to reconstruct it remain futile", and declaring that "the lack of international order is not a disaster, and anarchy is a more natural state of international relations. The new world is much more democratic than the preceding one based on hegemony. This is why it opens up great opportunities for
furthering humanity’s maturation as a community of independent states." The report went on to emphasize that "whatever is the structure of the international system, even if there is no structure at all, states will still be struggling for survival." A thorough comprehension of the report leads to the conclusion that Russia doesn’t feel sorry or panic about the disorder of international relations. On the contrary it has sensed a rare opportunity. Though President Putin expressed his attitudes in a more euphemistic manner, saying that "international order is still needed but should be more flexible", the sub context, based on Russia’s diplomatic tradition and Putin's governance style, is undoubtedly that “Russia should have its due position and space in the international order”. In a similar vein, Vladimir Lukin, vice-chairman of Federation Council Committee on Foreign Affairs of the Russian Federation Council, also believed that "harmony and stability are faltering worldwide". But he also emphasizes that it is in "today's turbulent international background that the relations between China, the United States and Russia are of vital importance".

Impacted by such strategic thinking, Russia has not showed any hesitation or lost its ground due to such international disorder. On the contrary, it has flexed its muscles vigorously and freely, further reflective of Russia’s edges on de-construction rather than construction in handling diplomatic relations.

In the post-Soviet era, Russia has adopted the carrot and stick strategy. On the one hand, it has managed to reshape its influence as the US diverted its attention away from Eurasia affairs and certain Eurasian nations faced mounting pressure from home and abroad. On the occasion of the 20th anniversary of the establishment of the Union State with Belarus, Russia once again mentioned the integration of Russia and Belarus, hoping to continuously promote the “merge” of the two nations. Russia has intensified engagement with the two major Central Asian countries, Uzbekistan and Kazakhstan, which have successively experienced leadership changes. The frequent interactions between the countries’ top leaders have caused the two countries to tilt their diplomatic focus towards Russia. On the other hand, in order to alleviate the pressure from the West, Russia has appeased its tensions with Ukraine, returning the three naval vessels it detained during the Kerch Strait crisis at the end of 2018. It exhibited a flexible attitude on the issue of Ukraine's natural gas transportation, and reached a temporary compromise on the conflict in eastern Ukraine under the "Normandy Format” talks.

In the Middle East, Russia has fully flexed its muscles and exercised its power. It not only dispatched troops to Syria to support and safeguard the incumbent Bashar
al-Assad government, thus maintaining Russia's strategic presence in the Eastern Mediterranean. It also formed a "temporary alliance" with Iran and Turkey in an attempt to fill the strategic vacuum in the Middle East. While Russia and Saudi Arabia were at loggerheads on the Syrian issue, the two countries worked together on the establishment of the "OPEC +" mechanism to limit production and maintain oil price levels. In fact, Russia is one of the few countries that cooperate with both Sunni and Shia Muslims in the Middle East. Although Israel often launched pinpointed military strikes against Syria and Iran, both of which are Russia's important allies in Central Asia, Moscow always turned a deaf ear to such incidents to avoid antagonism. It’s safe to say that Russia is shaping up to play the "mediator" role in the Middle East, using minimum costs in exchange for maximum interests. Its diplomatic policy in the Middle East fully demonstrates pragmatism and sophistication. But it’s worth emphasizing that while having reaped much gain in the Middle East, it’s still too early to assert that Russia is able to dominate in the region, given the inextricable disputes of interests.

In the Asia-Pacific region, Russia's “Turning East” policy has generated positive results. China and Russia have updated their relationship to a comprehensive strategic partnership of coordination for “a new era”. Bilateral trade is expected to exceed $110 billion by 2019. The China-Russia eastern natural gas pipeline has been put into operation. The countries also coordinate and cooperate more closely in the international arena. Under the background of the continuous deterioration of relations between Russia and the West, Russia has not only obtained investment, technology and market from China, but also gained strategic support from China that wouldn’t have been attainable from elsewhere. Such “inspiring move” has greatly relieved the enormous pressure it faces. Russia-Japan relations continue to improve. Though territorial disputes remain difficult to solve in a short period of time, the two heads of States interacted frequently, with the “2+2” running smoothly and the two sides taking nuanced steps towards each other. Russia's strategic cooperation with India has not declined due to New Delhi’s active alignment with the US on the "Indo-Pacific Strategy". After introducing India to the Shanghai Cooperation Organization, Russia has continued to strengthen coordination among China, Russia and India, as well as the operations of the BRICS, in an attempt to form a "non-Western platform". By making good use of its special historical ties, Russia and Vietnam saw the continuous growth of bilateral trade. This has prompted the two countries to conduct joint exploration and development of the Vanguard Bank, continuously advance bilateral military technical cooperation, and officially kickstart the implementation of Eurasia Economic Union and the Vietnam Free Trade Agreement. According to Putin,
“Bilateral relations of Russia and Vietnam are of strategic importance. The two countries will expand cooperation in economic and political fields.”

While the relationship between Russia and the West have not reached a comprehensive reconciliation, there have been some signs of improvement. Although Putin have stated that he would not “plea for a reduction in sanctions against Russia”, he still hoped for a normalization of the Russian-US relations. On Dec 10, Russian Foreign Minister Lavrov flew to the United States for consultations on issues from arms control, Russian-US trade, the situation on the Korean Peninsula, the Syrian issue and the situation in East Ukraine. Trump said the meeting was "very good" and that he hoped to continue such dialogue. Pompeo also believed that "the United States and Russia need to improve relations" and agreed to continue to maintain contacts. Putin is reportedly to have invited Trump to participate in the 75th Anniversary of World Anti-Fascist War Victory, with Trump showing intention for participation. French President Macron said NATO should not regard Russia as an enemy and called for transparent and sustainable dialogue with the country.

What makes Russia rejoiced in a secretive fashion is the growing conflict between China and the US. Washington has been treating Beijing as its primary strategic opponent, stepping up efforts to promote the “Indo-Pacific Strategy” and stirring up the Sino-US trade war. These have relieved much of the burden off Russia that Putin had inadvertently revealed his on-looker attitude at the St. Petersburg International Economic Forum in June 2019.

**Discerning Internal Problems**

In sharp contrast to the improvement of the external environment, Russia's internal problems have piled up, while no imminent turn-around of the situation is expected. Such a reality has caused 88% of the population to believe that the biggest threat Russia faces comes from home.

Russia’s biggest headache goes to continued lackluster of the economy. In the first three quarters of 2019, Russia's economic growth rate reached 0.5%, 0.9% and 2%, respectively. Russia’s Central Bank predicted its annual economic growth to be between 0.8% and1.3%, its Ministry of Economic Development gave the forecast at 1.3%, and the estimates from both Accounts Chamber of Russia and the World Bank stood at 1%. From 2010 to 2018, the average annual growth rate of Russia's economy was only 1.8%, far below the world average of nearly 4% in the same period.
According to estimates from official agencies such as the Russian Central Bank and the Ministry of Economic Development, average annual growth rate of the Russian economy would be no higher than 2% from 2020 to 2029, continuing to fall short of the expected global average. This also means that Russia's position in the world economic system will continue to falter. According to IMF statistics, China's nominal GDP in 2013-2017 soared from $9.635 trillion to $12.015 trillion, an increase of 24.7%; The United States surged from $16.623 trillion to $23.208 trillion, up 19.4%; Russia, on the other hand, fell 31.3% from the previous $2.279 trillion to $1.578 trillion. President Putin has put forward multiple times the goal of Russia becoming the top five economies by 2020 and 2024, but such ambition could only fall through in light of such embarrassing economic figures. There are certainly cyclical factors restricting Russia's economic growth, but structural factors play a more crucial role. The heavy reliance on the resource industry has slowed the transformation of Russia’s economic structure, making it a dilemma to maintain economic growth and structural transformation at the same time. In recent years, the significance of the resource sector in Russia's economic structure has not declined but increased, hampering the sustainable development of the economy and turning the precious ‘resources’ from benefits to curse.

Weak economic growth and twisted social distribution mechanism have led to the aggravation of polarization between the rich and the poor as well as the hardship of people's livelihood. According to the United Nations Human Development Report, inequality is currently on the rise worldwide, with income inequality intensifying across most regions since 1980, but the most serious scenario occurred in Russia. In 1990, the richest 10% of the Russian population occupied 23% of the nations’ total income, while that figure jumped to 46% in 2016. At the outset of 2019, 11 rich individuals in Russia possessed personal assets of more than $10 billion each, of which five had more than $20 billion. Currently 35% of the country’s wealth are in the hands of around 100 rich individuals, while the proportion of the population living below the poverty line (with an average monthly income of less than $180) rose from 11.9% in 2010 to 14.3% in the first quarter of 2019, totaling 20.9 million. According to data from the Russia’s Federal State Statistic Service, from 2013 to 2018, real income of Russian residents has fallen year by year, with a cumulative drop of 11%. In mid-2019, the average monthly salary was $658, down 11.5% from same period last year.

Hardships have propelled more people to take a more proactive attitude towards their lives, with a large number of intellectual elites leaving the country. Polls show that 53%
of young Russians aged between 18 and 24 intend to go abroad. A study by the Russian Presidential Academy of National Economy and Public Administration found that since 2012, about 100,000 Russian have emigrated to developed countries each year, 40% of whom have received higher education. In 2012, the number of emigrants was 123,000, while the figure hit 377,000 in 2017. At present, more than 3 million Russian citizens have residence permits in EU nations. Nikolai Dolgushkin, chief scientific secretary of the Presidium of the Russian Academy of Sciences, revealed in 2018 that the number of Russian scientific researchers has dropped by nearly 63% since 1990, with an average annual decrease of 1.3% since 2000, and the number of high-quality professionals emigrating from Russia has expanded from 20,000 in 2013 to 44,000 in 2016. Despite strict prohibition from the government, there are still 10 officials at or above the deputy minister level in the Federal Government who have residence permits for EU countries. Three members of the Federal Council have foreign citizenships, five hold foreign residence permits, four members of the State Duma, the lower house of Russia’s Federal Assembly, have foreign citizenships and 12 hold foreign residence permits.

Together with the emigration of elites is a considerable amount of capital outflow. While the outflow amount from 2000 to 2009 was $118 billion, that very figure reached $586 billion between 2010 to 2019. Foreign assets owned by Russians outstripped total GDP of Russia in 2018, resulting in a serious "blood loss" of the Russian economy.

Economic and social changes inevitably bring about corresponding political impacts. Though Russia’s political situation remains stable, undercurrents and changing mindsets are gaining momentum secretively. In the first three quarters of 2019, Russian citizens have lodged 429, 434 and 580 massive protests respectively, with doctors and crane-workers on strike to protest against unfair dismissals and poor working conditions. Citizens from Yekaterinburg protested against the construction of a church in the downtown square and had direct confrontations with the military and the police, a crisis that was only resolved by the interference of President Putin. Before local elections in September 2019, many opposition and independent candidates were canceled eligibility for the election, which triggered strong dissatisfaction from the opposition camp. They believed this represented the intended suppression of the opposition party from the incumbent government. The chaos gave rise to the outbreak of continuous political demonstrations across the country, including Moscow. In Moscow’s City Council election, the ruling party-United Russia-lost nearly a third of the seats. It managed to maintain its majority position
though, securing 25 seats out of 45.

More worth-noting than the overt protest movement was the questioning of "Putinism" from the public. The so-called "Putinism" is a general term summarizing the Russian governance model under Putin's 20-year tenure. In February 2019, Vladislav Surkov, personal advisor to President Vladimir Putin, published an article entitled "Putin's Long State" in the Independent newspaper. He summarized the essence of Putinism as external, military and people-oriented and believed that there are always “deep people” from Russia who unconditionally trust the country’s top leader, regardless of the format of the country or in what historical period. Once the country enters a phase of decline or transition, the "deep people" will drag the country back on track. Sulkov stressed that due to the mutual trust between Putin and the people, "Putin's country" will exist for a long time. Surkov had strived to construct a ‘theoretic framework’ for “Putin’s Long State”, by imitating the practice of Sergey Uvarov, then Minister of National Education under the rule of King Nicholas I, who had proposed three pillars, namely “Orthodoxy, Autocracy, and Nationality” to legitimize the rule of the Romanov Dynasty. But irony abounded, with a poll conducted by the Levada Center in February 2019 suggesting that 45% respondents believed Russia has taken the wrong direction, and only 42% voted for the path the country has taken on. Also, 84% of Russians said they want to get involved in the decision of where the country heads.

Since 2000, Putin has been in power for nearly 20 years. Russia has not realized rejuvenation, yet the reality has reminded its people of the ‘stagnation’ period under the leadership of Brezhnev. Although Putin's fourth presidential term will not end for another four years, Russia seems to have been locked in a state of confusion. With Putin holding power for now, the “2024 Question” has already surfaced.

Where is Russia heading? This is indeed a question!
6. Europe: Resilience and Reinvention

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In recent years, with the impacts of globalization and aging, the European Union has gone through a series of crises and changes -- the European debt crisis, the refugee crisis, the rise of populism, the Ukrainian Crisis, terrorist attacks, Brexit, America First policies by the Trump government, and the rise of emerging countries. In 2019, Europe was still adjusting to the constantly-changing situation abound with challenges and achievements, with its new pattern not yet finalized.

Self-adjustment under Mounting Resistance

The economic recovery in Europe has been weak and unsatisfactory. Although the impact of the European debt crisis has long been away, the recovery of the European economy seemed to have been stumbling. The EU has been very much like a patient suffering from chronic diseases who lacks the vitality for a full recovery. In 2019, due to the deterioration and uncertainty of the external economic environment, such as trade disputes between China and the United States as well as trade frictions between the United States and Europe, the EU economy, which has relied heavily on foreign trade, especially on trade with non-EU countries which accounts for more than 60% of the total trade, has been severely strained. The overall gloomy Eurozone economy is expected to edge up by only 1.2% in 2019. Particularly discerning was the economic situation in Germany, which has long outshined other EU economies since the European debt crisis. It recorded 0.2% negative growth in the second quarter of 2019 while third quarter saw the unexpected registration of 0.1% growth, eclipsing concerns for a technical recession. Hence, Germany’s luster as EU’s economic locomotive failed to persist. The economic reform in the Eurozone has been slow and lackluster, with only limited reform put in place on the European Stability Mechanism, as member States failed to agree on plans to accelerate the completion of a bloc-wide banking union. Despite the new ECB President Christine Lagarde talked up the performance of the European economy, saying it has showed signs of stability and that downward risks are “not that obvious”, it is an indisputable fact that the ECB has forced to re-start the quantitative easing, which it pulled out only by the end of 2018, in order to prevent recession.

The past 2019 has witnessed the constant remodeling and adjustment of EU’s political
spectrum. First, the rising momentum of populism, to some extent, has been neutralized and contained. In the European Parliament elections held in May 2019, despite the loss of 70 seats, the center-right Christian Democratic Party (EPP) and social democrats represented largely by the center-left Social Democratic Party (S&D) retained their statuses as the top two political parties within the European Parliament. Together with the increase in votes from the Alliance of Liberals and Democrats for European Progress (ALDE) and the Green Party in the European Parliament, relevant parties have worked in tandem to successfully block the attempt of anti-EU extremist parties to take over the European Parliament, though votes dedicated to these parties have also surged. Second, traditional major parties in Europe are gradually losing popular support, continuing their downward trajectory. The most obvious case was found in the political scenario in Germany, where extremist parties, such as Alternative for Germany, have taken a strong foothold, while traditional and established political parties, such as the center-right Christian Democratic Union of Germany led by Merkel, and the center-left Social Democratic Party, have both experienced historical fiascos. In particular, the Social Democratic Party has gone under 10% of total votes in some local elections, which risked degrading from the status of a major party to a "small party struggling for survival". It remains to be seen whether a leadership vacuum will surface in Germany’s political arena with the faltering influence of Angela Merkel accompanied by the seemingly inability of her designated successor Kramp-Karrenbauer to convince the public as well as the lack of a charismatic leader in the Social Democratic Party.

There remain many obstacles in the social and economic reforms within member countries. And the new governance model has not yet taken shape. France has seen the "explosion" in 2019. The "yellow vest" movement triggered by fuel tax reform has been largely tamed. Yet it has still been visible in the entire year of 2019. By the end of the year, French president Macron put forward a series of reforms on the country’s pension system, which planned to extend the actual retirement age. The reform, which intended to unify the country’s pension system, essentially navigate to a point-collection mechanism that would encourage citizens to pay more tax in order to gain more benefits upon retirement and cancel special insurance treatment dedicated to certain industries and social classes. This has cut into the interests of many, triggering large-scale protests where some 800,000 people took to the streets across over 70 cities. The confluence of the two groups reflects the difficulties in economic and social reforms in Europe. More worth-noting is that the likes of the yellow vest movement have proposed the establishment of a referendum by citizens' initiative "in all matters", and called for a change in the French National Assembly elections. These
The European integration has been going through some bittersweet adjustments. First, with Brexit turning into a protracted campaign, along with the unilateral actions by the Trump administration, as well as the mounting pressure from the emerging markets, people in the EU have exhibited a stronger willingness to hold tight together to weather the storm, and their recognition of the EU integration has been constantly on the rise. In 2019, according to Eurobarometer, 59% of the EU population held the positive view towards their nation’s membership in the Union. Second, the difficult process of generating new EU leaders has demonstrated the rift between the Old and New Europe, as well as the division between the East and the West. The EU has abandoned the original Spitzenkandidat system and instead nominated the institution’s leadership through consultations among major country leaders. Besides, candidates for key positions such as the President of the European Commission, President of the European Council, President of the European Parliament, High Representative for Common Foreign and Security and head of the ECB all came from the so-called Old Europe bloc. These have reflected the anxiety of core EU member states and their leaders to push forward EU’s integration. From the State of the Union address delivered by former European Commission president Juncker, to the new political guidelines of the current President von der Leyen, the documents have prioritized bridging internal differences and getting the bloc united. Third, progress has been made in Europe’s defense integration in 2019, and the Permanent Structured Cooperation has been gradually implemented, which can be regarded to some extent as a response to the adjustment of the NATO alliance relations under the Trump administration. Fourth, the Franco-German engine has embarked on collaboration but enmity remains. On the one hand, France and Germany strived to reshape the momentum of European integration. On the other hand, the direct confrontation between the French and German leaders on the judgement of NATO’s “brain death”, as well as the unwillingness of the German elites and economic circles to fully support Macron’s plans to revitalize Europe, suggested that the Franco-German engine’ cooperation on driving the EU development in the post-crisis era is far from mature.

In 2019, the once most worrisome negative event in Europe, Brexit, experienced twists and turns, and finally turned into a protracted event. After the failed attempt to promote the withdrawal agreement, Theresa May stepped down as prime minister.
Hard-liner Boris Johnson filled the void and went to great lengths, only to run into setbacks. He finally took the chance and won the general election at the end of the year, which set the stage for dragging the country out of the protracted process and officially wrapping up the “grand drama” in 2020. Britain's departure from Europe has undoubtedly consumed a lot of energy of the European Union, and the future of the new UK-EU relations, especially the type of economic and trade agreements to be reached between the two sides, remains uncertain.

EU-US Relations at constant odds

Under Trump’s administration, the Europe-US relations have experienced the fiercest blow since World War II. The United States frequently withdraws from multilateral institutions, scraps existing agreement, pushes unilateralism and trade protectionism, and abandons multilateralism, all of which are increasingly eroding the foundation of the US-European relations. In the past year, the United States and Europe have been drifting apart in the process of continuous mutual adaptation and adjustment. However, the pair still constitutes a close-knit alliance.

On the economic issues, the United States continued to implement unilateralism and trade protectionism by exercising bullying trade policies, extending its spat with a Europe that adheres to multilateralism and free trade. In addition to continued threats on tariff increases imposed on European cars, the US has taken aim at Airbus and consequently the EU, owing to the production suspension of Boeing’s 737MAX and the subsequent financial stalemate. In March 2019, the WTO ruled on the amount of punitive tariffs EU can slap on a range of US goods, and it equally set out the level of punitive tariffs the Washington can impose on European imports in retaliation for subsidies that led to lost sales for Airbus in October. Towards the end of the year, the United States threatened to impose a 100% tariff on $2.4 billion worth of French luxury goods and other imports to the United States in response to Paris’ imposition of a digital tax on the US Internet giants. At the end of the year, the decision of the US to impose sanctions on companies involved in the North Stream 2 natural gas project mainly in Russia and Germany has taken Washington’s ‘long-arm jurisdiction’ and bullying to an extreme. However, due to the diverse attitudes of the new and old EU member states on this matter, as well as the differences within the German government based on the strength imbalance between the United States and Germany, it has been difficult for the German government to take effective countermeasures.

The spat between the US and Europe is intensifying around NATO and other military
cooperation issues to the extent that Macron put forward the narrative of NATO's "brain death". This revealed the dissatisfaction over Washington’s ignorance of core NATO issues, setting its post-Cold War goal for example, and Trump’s hasty urges on increase of defense spending as well as the US and Turkey’s actions on the Syrian and Kurdish issues. But Merkel's attitude on this issue was clear --"Even if we have problems, we must stay united". This is a clear manifestation that while Brussels remains dissatisfied with the US and has come to realize that the days of total reliance on others are over, the EU still cannot afford to abandon NATO, discard the protective umbrella of the US, and to build its own, independent defense system.

Repositioning China-EU Relations

After 70 years of constructions and developments, China has become the second largest economy in the world. This has greatly unnerved the EU, which is embroiled in a number of crisis amid globalization. From EU's point of view, China's rise, together with Trump’s presidency, constitutes an external shock to the Union.

At present, China-EU relations have developed into a comprehensive strategic partnership. EU is China's largest trading partner, while China is EU’s second largest. China and Europe are partners for peace, growth, reform and civilization. Cooperation between China and Europe has been remarkable -- in the fields of economy and trade, the strategic bridging between the Belt and Road and EU’s Connectivity Strategy, the construction of multilateral economic and trade mechanism, climate change, anti-terrorism and important global issues. On the other hand, China's rapid rise has brought about changes in the connotation of Sino-EU relations. For example: Sino-EU bilateral trade has changed from inter-industry trade with complementary structures to one featuring intra-industry with increased competition amongst similar industries; China has transformed from the role of purely taking in European investment to recording net investment in the EU, especially with Chinese mergers of high-tech enterprises in the EU and Chinese enterprises like Huawei leads the world in certain high-tech fields. In addition, differences between the two sides in ideology, culture, thinking patterns, economic and social systems, and development phases, as well as the long-standing misunderstanding and trust deficit, especially the gap between China's economic and social status quo and the EU's original expectations for China's political and economic modernization, have overshadowed EU and its core member states, prompting them to propose anti-China policies. This is also seen in the responses by EU and its member states. The most striking example are that the EU has introduced a special foreign investment screening mechanism, and that Germany
and France are jointly committed to promoting the introduction of relevant EU industrial policies. As the political heritage of former European Commission president Juncker, the EU-China: A Strategic Outlook, issued on March 12, 2019, positioning the EU-China bilateral relations as partners in cooperation and negotiation while for the first time, defined China as an economic competitor and a systemic rival. As China-EU relations is undergoing the process of re-positioning, EU is also reshaping its China policies.

It is known that China and the EU do not have geopolitical or strategic conflicts, nor any strategic idea to contain each other. The basis of bilateral cooperation is clearly on mutual benefit and win-win. Both parties adhere to multilateralism and free trade, and have extensive consensus and common interests over international affairs and global governance. For China and the EU, cooperation outweighs competition, and consensus outstrips differences. Over the past year, China has attached importance to, and actively promoted, the development of China-EU relations, and attended to EU’s concerns. At present, both China and the EU have high expectations for an agreement to reach in the bilateral investment treaty negotiations. The new EU leadership has just been formed, and its position on China-EU relations and the corresponding policies towards China are still under discussions and formulation. Despite competition and differences, it is obvious that confrontation between China and the EU is not in the best interests of the EU. It is therefore critical to strengthen cooperation and communications between China and Europe, make reasonable bids and concessions, and seek the greatest common interests for the sake of both sides. Based on such judgement, we have reasons to be cautiously optimistic about the prospects of China-EU relations.
7. China-Japan Relations: Opening a New Era

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After redirecting its route in 2018, Sino-Japanese relations exhibited a comprehensive and strong momentum in 2019. The key word featuring the adjusted relationship is undoubtedly "new era". In May 2019, Japan's new Emperor Naruhito formally ascended to the throne, ushering in Japan's new era. China, on the other hand, celebrated the 70th anniversary of the founding of the People's Republic of China, as well as the construction of socialism with Chinese characteristics entering a new stage and a new era. In order to build China-Japan relations in line with the requirements of this new era, the two countries have conducted a series of political, economic, trade, military and cultural exchanges in 2019, including high-level visits, strengthening strategic mutual trust, restarting high-level economic dialogue after eight years' halt, launching high-level consultation mechanism for Sino-Japanese cultural exchanges, strengthening military exchanges to enhance security and mutual trust, and refining the maritime and air emergency liaison mechanism for crisis management. These efforts have helped further promote bilateral relations in all respects, and taken a key step in making the Sino-Japanese relationship stable and far-reaching.

High-level leaderships lead to consensus

Regarding high-level visits, the highlight of 2019 was undoubtedly President Xi Jinping's attendance of the G20 summit in Osaka in June. This is the first ever state visit by top Chinese leader in 11 years to again set foot on the Japanese territory, carrying great symbolic significance in the improvement of Sino-Japanese ties. China’s core achievement is the reach of a 10-point consensus on Sino-Japanese relations with Prime Minister Abe. These consensus have extraordinary significance: they serve not only as the summary of experience and lessons on how to understand and handle the fluctuations of Sino-Japanese relations since the end of the World War II (especially in recent years), but also a concentrated reflection of how to construct major strategies and measures to adapt to the new era of the Sino-Japanese relations. For example, the two sides both confirmed that they have entered a new era of development; that their common interests and concerns are increasing; and that bilateral relations are facing new opportunities for development. Therefore, the two parties should work together to build a China-Japan relationship that meets the requirements of the new era. Leaders of the two countries reiterated the importance of
adhering to the four political documents, confirmed the political consensus that China and Japan are partners and pose no threat to each other, and stressed that political mutual trust between the two countries should be continuously enhanced through the guidance of high-level leadership.

To this end, Prime Minister Abe, on behalf of the Japanese government, invited President Xi Jinping to pay a state visit to Japan next spring, and President Xi has accepted the invitation in principle. The leaders of the two countries agreed to further strengthen mutually beneficial cooperation in a wide range of fields, such as scientific and technological innovation, intellectual property protection, trade and investment, fiscal and finance, medical and healthcare, senior care, energy conservation and environmental protection, and tourism sight-seeing. The Japanese side regarded the Belt and Road Initiative as a concept and idea with huge potential to connect diverse regions, and pledged to continue working with China to promote third party market cooperation in a bid to achieve substantial results. Unlike previous meetings between leaders of the two countries, this time the pair has stressed that both China and Japan are important countries in the development of Asian civilization, and they should continue to strengthen cultural exchanges and cooperation, leveraging the profound historical and cultural ties as a link. They have hence decided to launch a high-level consultation mechanism on cultural exchanges within the year. The leaders of the two countries reiterated that China and Japan will adhere to the path of peaceful development and become partners on this front. The two sides should further strengthen exchanges and cooperation in the field of security, actively forge a constructive bilateral security relationship, and gradually build solid strategic benefit and mutual trust. At the same time, the two parties agreed to properly handle sensitive issues and control contradictions and differences in a constructive manner. On regional and global issues, the leaders of the two countries agreed to jointly uphold multilateralism and the free trade mechanism, actively lead regional integration, jointly tackle various global challenges, and strengthen communication and coordination on international affairs such as development aid, climate change, arms control and disarmament, and health care, so as to jointly contribute to world peace, stability and development.

In addition, on Nov 4, Premier Li Keqiang and Japanese Prime Minister Abe met in Bangkok during a multilateral meeting; On Dec 25, the leaders of China, Japan and South Korea will hold a meeting in China, when President Xi Jinping and Premier Li Keqiang are expected to meet with Prime Minister Abe again. From October 21 to 25 this year, at the invitation of the Japanese government, Vice President Wang Qishan,
as the special envoy of President Xi Jinping, attended the enthronement ceremony of Emperor Naruhito of Japan and visited the country in due course. In order to further promote local exchanges between China and Japan, Wang Qishan also paid a special visit to Hokkaido. These high-level interactions have effectively promoted the new momentum of the development of bilateral relations.

**Comprehensively promote bilateral relations and consolidate its foundation**

In terms of comprehensively promoting Sino-Japanese exchanges and cooperation in multiple fields and further consolidating the stable and far-reaching bilateral relations, the biggest highlight in 2019 is undoubtedly the establishment of the high-level consultation mechanism for Sino-Japanese cultural exchanges, which marks the deepened improvement of Sino-Japanese relations.

On Nov 25 this year, Chinese State Councilor and Foreign Minister Wang Yi co-chaired the first meeting of the China-Japan High-level Consultation Mechanism on Humanities Exchange with Japanese Foreign Minister Toshimitsu Motegi in Tokyo. In his keynote speech on "jointly composing a new chapter of cultural exchanges and helping to create a new era of Sino-Japanese relations", Wang Yi pointed out that the establishment of a high-level consultation mechanism for cultural exchanges between China and Japan aims to craft a top-level design for cultural exchanges between the two countries, strengthen overall planning, and create a new pattern of cultural exchanges that are multi-interactive and splendid in the new era. The profound cultural origins of China and Japan have forged the unique cultural ties that tightly bond people of the two countries. It has also acted as an inexhaustible driving force for the development of bilateral relations. In the future, the two countries should further expand two-way personnel exchanges, enrich the connotation of cultural exchanges between the two countries, strengthen the guidance and shaping of public opinion, and promote civilized exchanges and mutual learning. Wang Yi stressed in particular that China and Japan should seek value identity from the profound heritage of history and culture, draw modern inspiration from the ancient wisdom of benevolence and good neighborhood, open up a new era of mutual understanding and friendship between the two peoples, in a bid to promote stable and far-reaching Sino-Japanese relations.

Second, in terms of economic and trade cooperation, the Fifth China-Japan High-level Economic Dialogue was held in Beijing on April 14 this year, which was co-chaired by State Councilor and Foreign Minister Wang Yi as well as Japanese Foreign
Minister Taro Kono. The dialogue emphasized that the two countries should further strengthen communication and cooperation in jointly safeguarding multilateralism and free trade system, continuing to further promote economic globalization and regional integration, and promoting the improvement of the global economic governance system. The Japanese side said that it would send a high-level delegation to China to attend the second "Belt and Road" International Cooperation Summit Forum held by China to further deepen third-party cooperation between China and Japan. China welcomed Japanese enterprises to actively take advantage of the China-EU railways and the cooperation in Eastern Economic Corridor (EEC) project in Thailand by companies from both sides. The pair also reached consensus on improving China-Japan innovative cooperation mechanism, tackling the challenge of population aging, and strengthening communication and cooperation on global environmental issues such as climate change, marine environmental governance and biodiversity protection. This high-level dialogue will undoubtedly play an important role in substantially promoting the in-depth cooperation between the two countries in many economic and trade fields.

Third, in the field of military security, exchanges and cooperation between the two sides have yielded important results. Japanese Defense Minister Taro Kono visited China from Dec 18 to 19 and held talks respectively with Vice-Chairman of China's Central Military Commission Xu Qiliang and State Councilor and Defense Minister Wei Fenghe. The two nations’ defense ministers agreed to continue the exchange of visits between the Chinese Navy and the Japanese Maritime Self-Defense Force, and the friendly exchanges between the officers of the Chinese People's Liberation Army and the Japanese Self-Defense Force. At the same time, he stressed that the defense departments of the two countries should further strengthen the construction of crisis control mechanism, especially the earlier launch of the hotline between the two countries’ defense departments based on the sea and air liaison mechanism that kicked off in the previous year. As Japanese Chief Cabinet Secretary Yoshihide Suga pointed out, the visit of Japanese Defense Minister to China after 10 years is of "far-reaching significance to the development of Japan-China relations" and "extremely important to enhancing mutual understanding and trust between (Japan and China) and promote multi-level dialogue". In terms of action, on April 23, the Japan Maritime Self Defense Force Destroyer DD-117 JS Suzutsuki participated in the multinational naval activities for the 70th anniversary of the founding of the Chinese Navy, which was the first such appearance of Japanese Maritime Self-Defense Force ships for over seven years since December 2011. Also, the Type 052D destroyer, the missile destroyers in the Chinese People's Liberation Army Navy Surface Force, participated in the
international fleet parade held in Japan on Oct 14, representing the first visit of Chinese naval vessels to Japan in a decade. In addition, the PLA delegation of field-level officers visited Japan from Oct 17 to 27, and exchanged viewpoints with Japanese Self-Defense Force officers from the Defense Ministry, the Defense Research Institute, local entrepreneurs and non-governmental organizations.

**Despite hidden perils, prospects remain**

The year 2019 witnessed the comprehensive, vigorous and largely smooth development of Sino-Japanese relations after the bilateral ties got back on the right track. Nevertheless, on the one hand, the world is undergoing profound changes unseen in a hundred years. Huge instabilities and uncertainties abound given the Trump administration’s ‘America First’ principle and its steadfast implementation of unilateralism and trade protectionism. In light of this, both China and Japan are facing tremendous strategic pressure, which has strengthened the willingness for the pair to build mutual trust. However, Rome is not built in one day. While strategic mutual trust requires foundation and accumulation, at present, China and Japan are still at the initial stage.

In terms of national emotions, it is expected that 12 million Chinese would have visited Japan in 2019, and the Chinese people’s fondness in Japan are likely to be greatly improved. According to a public opinion survey conducted jointly by Japan's The Genron NPO and China International Publishing Group this year, 45.9% of Chinese people said they have a good impression of Japan, hitting a record high since the survey began in 2005. But in sharp contrast, the proportion of Japanese who have a negative impression on China remained as high as 84.7%. A total of 34.3% of the Chinese believe that Sino-Japanese relations are "good", an increase of 4 percentage points over the previous year; However, the number of Japanese who believed Sino-Japanese relations were "bad" jumped 5.8 percentage points to 44.8%. These figures suggest that major challenges still abound in the improvement of national perceptions and feelings, which require efforts and time. In addition, economic and trade cooperation recorded only a mild rebound due to complex reasons. Cooperation in the Belt and Road Initiative, third-party market, as well as the high-tech fields remain in the exploratory stage.

Despite all hidden perils, shortcomings and problems, the momentum of improving the Sino-Japanese relations remains vibrant. It is characterized by strong high-level leadership of the two countries, as well as urgent needs in the fields of economy, trade,
security and people-to-people exchanges. After going through twists and turns, China and Japan, as closely-knit neighbors facing the new era, can manage to remain invincible and achieve long-term development only by standing at a higher position, being more far-sighted, seeking common grounds while reserving differences, and pursuing cooperation and win-win. This consensus has been gradually formed and deepened between China and Japan, and has evolved from an abstract concept to a concrete national strategic orientation and policy objective.

In the spring of 2020, President Xi Jinping will pay an official state visit to Japan, earmarking yet another such visit in 12 years. In addition to its symbolic significance, a top-down design is anticipated to shape bilateral relations, which shall combine the political wisdom of the two countries. It will serve as the conducting baton guiding Sino-Japanese relations in the new era, and is set to be the new milestone. The development of Sino-Japanese relations in 2019 is perceived to have made positive preparations for laying such a solid foundation.
In 2019, India unveiled multiple major measures with regard to internal affairs. The first was the Indian election. Although the Bharatiya Janata Party (BJP) failed to deliver most of its economic commitments, it leveraged counter-terrorism, national security, and Hindu nationalism to successfully realize a counterattack by winning more seats in Lok Sabha. However, this also made it more difficult for the Indian government to resist the requirements of Hindu nationalist factions, by continuously unveiling major measures such as the abolition of Kashmir autonomy and the passage of the “Citizenship Amendment Act.” The Indian economy was not promising. The economic growth rate has been declining continuously, and the unemployment rate has hit a record high in decades. Social conflicts in India have intensified, and conflicts between different religious groups and socioeconomic classes have risen, affecting not only India itself but also the relations between India and the United States. India took a very proactive stance in foreign affairs, and began to regard itself as a great power. However, it mainly used this to pay the way for internal affairs. China-India relations continued to develop steadily in 2019, and continued to move forward in a mature and pragmatic way.

Multiple highlights in internal affairs

The year 2019 can be called the Year of Politics of India, during which there have been many rarely-seen events since the founding of the country.

Firstly, the BJP successfully staged a counterattack in the general election. Prior to the 2019 election, India’s economic growth continued to slow down and the unemployment rate hit a record high in decades, making people extremely dissatisfied. According to the common situation, although the BJP might continue to rule, it would have lost some seats and even the simple majority status. However, India’s 2019 election results were significantly different from the usual. The BJP won 303 seats, an increase of 21 seats compared with 282 seats in the 2014 election (simple majority is 272 seats), thus further expanding its dominance. In general, the main reasons leading to the unusual election results in India were as follows: First, the brand effect of PM Modi. Modi has been committed to creating his own strongman politics as “Modi
against everyone” to meet the expectations of Indians for a political strongman. Second, leveraging national security issues. According to the BJP’s election slogan, choosing the BJP is choosing Modi, and choosing Modi is choosing “the best defender of India’s national security.” Third, Hindu nationalism was on the rise, which was also underpinned by the needs of the Indian people for a strong country. Fourth, the BJP’s strong organizational and mobilization capabilities. In particular, as the key pillar of the BJP, Rashtriya Swayamsevak Sangh (RSS) has a large number of members with the strong religious belief and dedication, who have established a nationwide religious and political network that widely covers villages and streets. Fifth, scrapping banknotes, together with anti-corruption measures, has weakened the funding capacity of opposition parties and local political parties.

Secondly, India has abolished Kashmir’s autonomy. On August 5, 2019, India issued a presidential decree announcing the abolition of Article 370 and Article 35A of the Constitution granting special status to Indian-controlled Kashmir region, as well as the establishment of two union territories, Jammu-Kashmir and Ladakh. Prior to this, Lok Sabha and Rajya Sabha passed the law with by 370 to 70 and 125 to 61, respectively. The BJP and right-wing Hindu groups believed that the core of the Kashmir issue was the dominance of Muslim under the protection of its special status. Under a high degree of autonomy, anti-Indian armed groups continued to obtain legitimacy and popular support. The BJP believed that Kashmir’s special status had limited the scope, effectiveness and legitimacy of the Indian government’s efficient governance, making itself the key reason behind the prevalence of separatism, terrorism, nepotism and corruption. Therefore, the abolition of the autonomy was a solution to completely solve the problem by choosing short-term pain for long-term gain. However, India’s such move caused a lot of oppositions at home and abroad, worsening India-Pakistan relations, and once putting Kashmir in danger and turmoil.

Thirdly, India passed the Citizenship Amendment Act. On December 12, 2019, after years of preparation and debates, India finally passed the Citizenship Amendment Act. According to the Act, “non-Muslim” illegal immigrants from Pakistan, Bangladesh and Afghanistan, who came to India due to “religious persecution” before December 31, 2014, will be granted Indian citizenship. This has not only caused a strong response from the international community, but also led to large-scale protests and riots across India. Leaders in Japan and Bangladesh have cancelled their visits to India, while the United States and the United Nations have criticized India for this “religious discrimination.” This was the biggest riot against Prime Minister Modi and the BJP since he was in power 6 years ago. Large-scale protests erupted in key cities
such as Delhi, Mumbai, Kolkata and Bangalore, and some have led to serious casualties. In the capital city Delhi, police stormed the Jamia Millia Islamia (JMI) university library and released tear gas at demonstrators and bystanders. This was a rare phenomenon in Indian history.

**Economic downturn continuing**

The Indian Ministry of Finance stated in the 2018 year-end assessment report that the average growth rate of the Indian economy was 7.3% from FY 2014-2015 to FY 2017-2018. “It is expected that India will be the world’s fastest-growing major economy in FY 2018-2019 and FY 2019-2020.”

But over a year, India’s economy didn’t performed as well as expected.

Firstly, India’s economic growth continued to decelerate. As of July-September 2019, India’s economic growth had declined for seven consecutive quarters. The growth rate in the first half of 2019 was only 5.5%, and in the third quarter (July to September) it was only 4.5%. The data for the last quarter of 2019 (October-December) had not yet been released, but it was not expected to be promising. From a policy perspective, it was generally believed that the initiative to abolish larger banknotes in 2016 and the introduction of Goods and Service Tax (GST) in 2017 were important reasons behind the economic downturn. The Indian government initially believed that the abolition of larger banknotes could reduce the cash dependence of the Indian economy so as to curb corruption, increase tax incomes, and improve economic efficiency. However, the Indian government clearly overestimated its ability to transform itself and also underestimated the stability of a cash-based economy.

Secondly, the unemployment rate was the highest in 45 years. After the 2017 tax reform, a large number of micro, small, and medium-sized economic units were unable to survive, and India’s unemployment rate suddenly rose from 3.4% to 8.4%. At present, the Indian textile industry with 45 million jobs and the automotive industry with 37 million jobs are facing serious difficulties. India’s car sales fell 32% in August, 2019. This has not only dragged down India’s economic growth rate, but also worsened India’s employment.

India’s consumption capacity declined for the first time in 40 years, and power generation, private investment, and manufacturing have all declined or contracted. In order to reverse the tough situation, the Indian government introduced large-scale tax cuts, and the Indian central bank was also in a rare move to cooperate with the
government to lower interest rates, but the effect was not obvious. Due to the large scale of bad and non-performing debts, banks were afraid to increase credit. India exhausted its total budget deficit for the current fiscal year four months ahead of annual schedule, and had limited room for economic adjustment.

India’s economic downturn may not be a cyclical issue but a structural one. The severely lagging reform process, the capricious and unpredictable changes in domestic rules, and a climate of mutual distrust have all further worsened India’s economic situation. External factors have also dealt a blow to India’s economic scenario. Especially, the US-India trade friction, the end of the oil price dividend, and slowdown in global economic growth have all made India face a less friendly international development environment. At present, the Indian government is pressing ahead with a privatization process in an attempt to enhance government balance sheet and increase economic efficiency by selling some national assets. This is a positive economic move, but its effectiveness remains to be seen.

India’s economic downturn would affect not only its internal affairs, but also its foreign policies. Many of India’s aggressive diplomatic, political and national security strategies need a strong economic foundation.

**Taking initiative in foreign affairs**

In 2019, India’s diplomatic activities are very active, which was partly to cope with international pressure caused by domestic political changes. On September 22, Prime Minister Modi hosted a rare “Howdy, Modi” event in Houston, USA. President Trump made a special trip to support the event. Subsequently, Modi made many remarks on the UN reform and the Indian economy at high-profile events in the UN General Assembly and New York. Indian Minister of Foreign Affairs Subrahmanyam Jaishankar was very active. During the United Nations General Assembly alone, he met with foreign ministers of 42 countries.

India has actively upgraded the Quadrilateral Security Dialogue (Quad) from the directorate level to the ministerial level, striving to institutionalize the quadrilateral mechanism. On November 21-22, the four countries conducted the first joint counter-terrorism table-top exercise (CT-TTX) in New Delhi. So far, India’s positioning of the quadrilateral mechanism is still limited to testing the possibilities and limitations of non-military coalition operations. However, India’s enthusiasm for non-combat military cooperation with the other three countries remained high. After
India was also actively strengthening bilateral defense relations with the United States, Japan and Australia. On December 8, India and Japan held the first “2 + 2” ministerial dialogue. On December 9, India and Australia held the third “2+2” dialogue and discussed “security issues caused by China’s military movements in the Indo-Pacific region.” On December 18, India and the United States held the second India-US “2 + 2” ministerial dialogue in Washington. During the dialogue, India and the United States signed new cooperation agreements or initiatives such as the Agreement on Science and Technology Cooperation. US Secretary of State Pompeo said that the United States and India are “building a deeper and stronger relationship between the two countries.”

Although India was having closer relations with the United States, but even with the shared values and international strategic concepts, the two countries still lacked shared economic interests. Although India’s huge potential market continued to attract the United States, but the United States is not satisfied with India’s trade policy and market access due to India’s domestic political, social and economic issues. In addition, a new problem was emerging. In the past, India and the United States had a lot in common in respecting Gandhi and his ideas. Speaker of the United States House of Representatives Pelosi also delivered a speech in the Congress for Gandhi’s 150th birthday. But because of India’s Citizenship Amendment Act and the Kashmir issue, Americans began to question the true position of the current Indian government on Gandhi’s thinking (that is, nonviolence, support for pluralism, and preferential treatment for minorities).

**China-India relations moving towards maturity and stability**

After Rajiv Gandhi visited China in 1988 in an ice-breaking journey for China-India relations, India’s China policy has basically continued under the framework of “parallel diplomacy” or “Dual Track Diplomacy”, in a bid to prevent border disputes from affecting the two countries’ exchanges in other areas. This diplomatic framework is currently facing serious challenges. First, due to climate change and the improvement of border management capabilities, the confrontation as well as contacts
between the two countries in the border areas have gradually increased, and the impact on bilateral relations has also risen. Second, with the rise of the two countries, the contacts and interactions between the two countries in new areas such as the oceans have increased, making bilateral relations both more complex and important.

Under such circumstances, the traditional diplomatic framework between China and India is facing greater pressure, and an adjustment is needed. In order to solve this problem, China and India launched a new form of diplomacy, or the informal summit between state leaders. The second India-China Informal Summit was held in India in 2019. This innovation in diplomacy has provided leaders of both countries with the opportunity to break the constraints of traditional diplomacy and parallel diplomatic framework, while having frank, unconstrained, free exchanges of ideas on all possible issues. This would be very useful for exploring and seeking new forms and frameworks for China-India relations.

At the same time, however, China and India were operating as usual at the working level. The differences and disputes between the two countries on the border issue still existed, and they often showed up in the form of confrontation. The differences between the two countries on the Kashmir issue remained apparent. This illustrates both the stability of China-India relations and the difficulty in advancing China-Indian relations. Overall, in 2019, China-India relations showed a mature and stable trend, but with new progress and breakthrough.
9. Korean Peninsula: A Tricky Scenario under Complex Games

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In recent years, under the extreme confrontation and military pressure from the United States, the DPRK has made a decisive strategic shift. Leveraging the series of activities by top leader Kim Jong-un, the DPRK has acted within a very short “time window” to resolve the US “maximum pressure” and successfully transformed its US diplomacy into a Korean-style “maximum pressure” on the United States. In this context, the DPRK and the United States started a complex multidimensional game in 2019. Due to the “wrestling” between the two players, the “chess game” on the Korean Peninsula once again exhibited a state of turbulence in 2019.

The DPRK’s way to seek survival

In 2019, the DPRK’s domestic and foreign policies continued to focus on two keywords: “survival” and “development.” Marked by Kim Jong-un’s new policy stance focusing on both economic growth and nuclear issues, especially by emphasizing “the realization of the full denuclearization of the Korean Peninsula” as the main diplomatic tone, the DPRK, on one hand, has stabilized the domestic situation, and tapped economic construction to address people’s livelihood issues, thus laying the foundation for its survival. On the other hand, with domestic stability as the basis, the DPRK raised the principle of achieving a full denuclearization on the Korean Peninsula on its nuclear policy, to stabilize China-DPRK and Russia-DPRK relations. Based on this, the DPRK sought new relations with the United States, with a series of summit meetings that have achieved a major breakthrough in the DPRK’s diplomacy, spreading the new image of the new DPRK leader, and promoting domestic stability with the help of external forces, thus forming a virtuous circle to a certain extent.

Firstly, with regard to political propaganda, the DPRK has reached multiple diplomatic achievements in terms of declarations, deals, and agreements through a series of meetings with heads of state in China, South Korea, and the United States, particularly the interactions with China and South Korea. Backed by China and Russia, the DPRK spread some of its intentions through South Korea. The DPRK reached the Panmunjom Declaration with South Korea, realized military reconciliation, and successfully resolved the security crisis and diplomatic
containment, thus further making itself stay in the driving seat over the Korean Peninsula issues.

Secondly, with regard to international morality, the DPRK abolished the Punggye-ri nuclear test site and high-power missile engine test facilities, and indicated on several occasions during negotiations that it had the intent to abandon the Yongbyon nuclear facility, thus taking the initiative to turn the “DPRK nuclear issue” to the “Korean Peninsula nuclear issue” and eventually to the “Korean Peninsula nuclear issue that the United States does not want to resolve.” From the international morality perspective, such moves helped dismiss the old global perception of the DPRK that was created by the United States.

Thirdly, in terms of economic construction, the DPRK took advantage of actively boosting China-DPRK trade, together with its own efforts, to revitalize the economy, while actively developing tourism and other industries that are not restricted or sanctioned. It has improved its own ability to generate economic output in a bid to circumvent and resist downward pressure on the economy from the sanctions, thus stabilizing the country.

Fourthly, in terms of foreign policy, the DPRK further strengthened diplomatic relations with China and Russia to ensure the stability of friendly relations with neighbors in the most extreme cases. Meanwhile, it cut off relations with South Korea on the ground that South Korea has not fulfilled bilateral agreements, thus preventing South Korea from interfering in DPRK-US relations and putting the diplomatic focus on the United States.

Fifthly, on military means, the DPRK test-fired medium- and short-range missiles or rocket projectiles a dozen times, trying to check but not to over-stimulate the United States. With the pressure on the United States spiraling up, together with blurred comments on missile engine tests and “Christmas gift” threats, the DPRK acted to spread fear and stress to the United States.

The response from the United States

After Trump came to power, his ever-changing personality and distinctive problem-solving logic resulted in the ending of the traditional DPRK-US dialogue model, and brought many challenges to the Korean Peninsula. Trump’s extreme personality has formed a distinctive decision-making path. First, he proposed targets
that were much higher than expected, so that opponents didn’t know how to respond. Second, he leveraged publicity and incitement to cast great pressure on the opponents, who might not be able to resort to conventional policies under such high pressure. Third, he repeatedly changed his decisions, so that the opponents couldn’t get what the bottom line was. Finally, he proposed a suboptimal option, making opponents believe that accepting this condition was the best result. Through all these steps, Trump achieved the results he desired. This decision-making process has indeed caused trouble to the DPRK, and its “peripheral strategy” failed to work in the short term, forcing it to make concessions. But in fact, neither its operability nor durability could be guaranteed.

In the domestic and international political environment facing the United States in 2019, the DPRK’s abandonment of nuclear weapons has a greater political meaning for Trump. First, the DPRK’s nuclear abandonment will reduce the security threat to the United States. Regardless of whether the nuclear abandonment is ultimately “complete”, Trump is more concerned about the “achievement” itself rather than the progress made on the nuclear issue. Second, the Trump administration needs to show its diplomatic achievements in a chaotic world. The DPRK is the best sample, so it has magnified the diplomatic meaning of the DPRK’s nuclear abandonment. Especially for Trump personally, he cared a lot about any kind of “award” related to the DPRK’s nuclear abandonment. Third, Trump, who was in the election season and facing impeachment, needs to see significant diplomatic achievements, and the DPRK’s nuclear abandonment would make the United States safer, which is exactly in line with the need to fight for votes in “swing states”, and it is also a powerful weapon to counterattack Democrats in Congress. Finally, strategically, making the DPRK feel secure and become more accountable is one of the motivations for the United States to change its strategy to engage with the DPRK.

Under such extreme contempt toward the DPRK, Trump has adhered to the “either-or” approach on the Korean Peninsula issue, that is, either resolving it through military actions, or forcing the DPRK to accept Complete, Verifiable and Irreversible Dismantlement (CVID) of nuclear weapons as requested by the United States. As a result, the United States presented a three-stage approach to the Korean Peninsula nuclear issue in 2019. The first was promoting changes by increasing pressure, squeezing the DPRK’s living space through diplomatic, economic, and financial sanctions so as to lower the expectations of the DPRK to leverage nuclear weapons to seek negotiations. The second was promoting changes by military threats, continuing to deter the DPRK with extreme pressure. The United States adopted high-intensity
targeted military exercises and deterrent actions to create military threats in a bid to
test the DPRK’s military resilience. The third was promoting changes through talks,
leveraging extremely dramatic styles to squeeze the room for negotiations, and
tapping summits between the heads of state to strive for the greatest benefits.

Overall, the Trump administration’s perception of the Korean Peninsula was not
complicated as the United States continued to leverage the Korean Peninsula issue to
control South Korea and Japan, and used it an excuse to contain China. From the
perspective of military technology, the DPRK’s nuclear technology and strike
capabilities lag far behind those of the United States, and could not catch up within
the foreseeable scope. Therefore, the United States is not worried about “being subject
to the DPRK’s nuclear strike.” So the Trump administration, like its predecessors,
uses the phrase of the DPRK threat more for the purpose of political manipulation. So
is the proposal to solve the DPRK nuclear issue. Noticeably, the United States has
“said too much, but done too little.”

**Multiple challenges in breaking the dilemma**

In 2019, in the face of the conditions and environment created by the DPRK, Trump’s
approach was not always effective, but on the contrary, he encountered the biggest
trading dilemma in his strategy towards the DPRK. It also resulted in strange and
tricky twists and turns in the high-profile Korean Peninsula issues in 2019, mainly in
the following four aspects.

First, the United States was extremely arrogant toward the DPRK. Trump and his
security team had no de facto strategy for the DPRK’s nuclear abandonment. Instead,
based on some kind of imagination, they tried to succeed in one battle, with an aim to
force the DPRK to “surrender and hand over nuclear weapons”, and even whimsically
proposed the “Libya model”, “sending a warcraft to transport the DPRK’s nuclear
weapons away” and “Yongbyon + a type transaction model.” This strategy aimed at
quick success and instant benefits was also taken advantage of by the DPRK. After
realizing the DPRK-US summit meeting based on the imagination of the Trump
administration, the DPRK did not make any substantive concessions on the issue of
abandoning nuclear weapons and vetoed the proposals by the United States one by
one.

Second, there was controversy over the definition of nuclear abandonment. The core
of the US-DPRK negotiations was the definition of nuclear abandonment. The claims
of successive US administrations were very clear. The core is to require the DPRK to accept complete, verifiable and irreversible dismantlement (CVID) of nuclear weapons and weapons of mass destruction, and nuclear abandonment is a prerequisite for other measures. The DPRK had three points to make in terms of nuclear abandonment. Firstly, if the international community continues to maintain strong pressure, it will “firmly” take the road toward denuclearization, and, at the same time, demand the corresponding denuclearization benefits to develop its own economy. Secondly, by gauging the international pressure and domestic needs, as well as the support and benefits the United States and the international community are willing to provide, the DPRK will respond with a corresponding degree of “determination” and measures to abandon nuclear weapons. Thirdly, the DPRK may gradually go beyond various restrictions by assessing the complexity of the game, in a bid to make the international community, especially the United States, have “fatigue toward nuclear abandonment”, thus achieving its nuclear status either explicitly or implicitly.

Third, it was an internal game of the participants. On the nuclear issue, both the United States and the DPRK witnessed close interactions between internal affairs and foreign affairs in 2019. Firstly, in terms of decision-making for negotiations, although the DPRK and the United States maintained the “top-down” stance, it was clear that the DPRK side was more effective. The team of Ri Yong Ho, Kim Yong Chol and Choe Son Hui worked consistently, with strong synergy from decision-making to execution. On the US side, the team of Trump, Pompeo, Bolton, and Biegun often had misjudgments and was weak in execution. Secondly, both sides linked internal issues with nuclear issues. The DPRK side bargained on the nuclear issues on the grounds of military pressure to maximize diplomatic status and economic compensation, while the US side, which was under tremendous pressure in Russia Gate, Ukraine Gate, the impeachment, and presidential elections, tried to use the DPRK nuclear issue as a tool to break the current dilemmas. However, the interaction with internal affairs also gave the other party more room to play in, leading to constant changes in asking prices and further complicating the DPRK nuclear issue.

Fourth, the DPRK was trying to isolate the United States. As the nuclear issue on the Korean Peninsula proceeded, in order to avoid distortion of the asking prices in the complex game, the DPRK has taken various measures and has always tried to exclude any third party involved in nuclear transactions, by removing potential obstacles in diplomacy, and isolating the United States. Firstly, the DPRK turned away from the six-party talks, and constantly moved toward direct negotiations between the DPRK and the United States. It tried to use bilateral negotiations to also address other issues,
and even stated that “third parties” including Sweden could not participate in the negotiations. Secondly, the DPRK tried to eliminate “third country influence”, especially South Korea’s attempt to enter the negotiation process. It cracked down on South Korea’s efforts to interfere in the Korean nuclear abandonment process, while ensuring that it played the main role in working out the nuclear issue on the Korean Peninsula. Thirdly, the DPRK seriously warned Japan and prohibited Japan from sending “bad news” to the United States, and used Japan’s “historical crimes” and “nuclear ambitions” as one of the reasons for nuclear weapon testing. Fourthly, backed by China and Russia, and by maintaining good bilateral relations with the two countries, the DPRK, from time to time, used the implicit “China-DPRK-Russia Triangle Relations” to show its strength to the United States.

Looking ahead into 2020, with the temporary stabilization of China-US relations due to the conclusion of the first-phase trade agreement, it has re-created the key external environment for the settlement of the Korean Peninsula nuclear issue. Generally speaking, the DPRK’s purpose is not to confront the United States extremely, but to hope for a substantial response from the United States. The DPRK needs the United States with Trump as the president. At the same time, due to internal needs such as domestic elections, President Trump will not easily use further sanctions or military measures if the DPRK doesn’t show excessive “provocation”, and may even boast of stabilizing the “dangerous situation” on the Korean Peninsula. Trump also needs Kim Jong Un who understands himself. Under these considerations, the time window during which the US “Kim Jong Un opportunity” meets DPRK’s “Trump opportunity” is very narrow. Once the US election results become clear, this time window will also be closed. Therefore, although the DPRK threatened to give the United States a “Christmas gift” and continuously displayed missile launchers in the Sohae launching site, we have reason to be optimistic to some extent about where the DPRK nuclear issue will move in the future.

But for any substantial move in nuclear abandonment, it will not happen until the US political situation is stable. Because of the huge trust deficit between the DPRK and the United States, especially the DPRK’S vigilance over President Trump’s own credibility, and the conflict in Congress due to the impeachment, it is difficult for the DPRK to take substantial measures toward nuclear abandonment. Can the DPRK and the United States reach some compromises in the wiliness to preserve the previous results and start negotiations that feature strong execution and are independent of government reshuffle, thus laying the foundation for solving the issue? More importantly, the process may also depend on the degree of cooperation between China
and the United States on the denuclearization on the Korean Peninsula. In short, the complex variables in the game between all parties are going to result in multiple changes in the future scenario on the Korean Peninsula.
10. Middle East: Power Restructuring amid Shocks and Adjustment

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In 2019, countries in the Middle East were struggling to explore paths suitable for their own development. Previous long-standing hot issues still haven’t been solved, while new burning issues were emerging, with a new round of political turmoil hitting many countries. Although the extremist group of “Islamic State” was hit hard, it is still waiting for a chance to roll back, and uncertainty in the Middle East has increased. Thus the outside powers and regional countries have readjusted their strategies in foreign policy one after another. Various forces were engaged in realignment and regrouping, and a multipolar pattern has taken shape. The Middle East may usher in a new “hundred-year change” after the disintegration of the Ottoman Empire one century ago.

Arab Spring 2.0 setting off another storm

The first Arab Spring erupted at the end of 2010 sweeping North Africa and West Asia and toppled the regimes of Tunisia, Libya, Egypt, Yemen, and weakened Bahrain, Syria and other countries. Under its impact, most countries have actively or passively carried out political, economic, and social reforms, but various contradictions were hard to overcome, and the effectiveness of their respective political reforms was unsatisfactory, even leading to new crises. Except for a few countries like the UAE, Qatar, Oman, and Kuwait, the political situation in most of the Middle East countries is fragile; reforms are badly needed; and economic growth is generally sluggish. The region has been further marginalized in the global division of labor, triggering a new wave of political crisis.

Anti-government protests in various scales broke out in Algeria, Sudan, Lebanon, Iraq, Egypt and other countries in 2019, which was labelled the “second wave of the Arab Spring”. The new wave has caused Algerian President Bouteflika and Sudanese President Al-Bashir to step down; Lebanese Prime Minister Hariri and Iraqi Prime Minister Abdul Mahdi were forced to resign. The four countries have not yet emerged from the shadow of the crisis. In addition, the largest protest broke out in Egypt in September 2019, and the Egyptian public also complained about the ruling authorities for mismanagement and inefficiency.

Similar to the Arab Spring that began at the end of 2010, the street politics mainly took place in the republican countries of the Arab world, while the Monarchies were generally stable. However, unlike the political slogans such as “democracy” and “freedom” shouted out in the first Arab Spring, in the second wave of Arab Spring of 2019, the main demand of protestors was people’s livelihood, as they urged the governments to improve the economy, boost the employment, crack down
corruption, stabilize prices, and revitalize industries. People in transitional countries were generally disappointed with the governments’ “inaction” and poor performance in improving people’s livelihood. Although the Middle East countries have formulated mid-term or -long-term development strategies to actively promote industrialization and informatization, accelerate infrastructure construction, and boost employment, they have been affected by the sluggish global oil prices, slow global economic recovery, rapid population growth rate in the Middle East, geopolitical rivalry among regional countries, and external forces’ intervention in the Middle East affairs. The Middle East is facing big challenges in pressing ahead with economic, social and political transformations.

The second wave of the Arab Spring also had spillover effects, and the domestic situations in the three non-Arab countries, namely Iran, Turkey and Israel, were also in turmoil. In 2019, under the influence of “Maximum Pressure” by the United States, Iran’s economy was in further trouble, life cost rose, and demonstrations erupted in many regions. In 2019, local elections were held in Turkey. The Justice and Development Party (AKP), led by Erdogan, faced frustrations, as the largest opposition party, the Republican People’s Party, and Good Party (IYI) formed a “national alliance”, winning 7 of the 12 major cities’ election, including the capital Ankara and the largest city Istanbul. People were dissatisfied with the slowdown in Turkey’s economic growth, thus the governance basis of President Erdogan and the AKP has been weakened. Israel held two general elections in 2019, but Likud’s leader Netanyahu and Blue and White leader Gantz have long postponed the establishment of a new cabinet, and Prime Minister Netanyahu was accused of corruption, turning domestic politics into a crisis in the State of Israel as well.

The looming regional multipolar pattern

In 2019, outside powers and the Middle East regional powers have actively adjusted their strategies in foreign policies, leading to a shift in their respective power and driving the formation of a multipolar pattern in the Middle East. The Trump administration pursued a policy of “overall detachment and limited involvement”, cutting military engagement from the Middle East and reducing military deployment in the Kurdish stronghold of Syria. As of December 2019, the United States had withdrawn its main military force from the Kurdish region, leaving only about 600 soldiers to protect key facilities and traffic corridors. The Trump administration made Iran a strategic target that it aimed at containing, building a “united front against Iran”, vigorously supporting Israel, and forming the Middle East Strategic Alliance with GCC states, Egypt and Jordan. However, after the drone attacks on Saudi oil facilities and UAE tankers, the Trump administration adopted a disengagement policy, unwilling to take risks in supporting its allies, and even less willing to confront Iran. In order to win Turkey’s support, the United States abandoned its anti-terrorist ally, the Syrian Kurds. These moves have caused anxiety among the United States’ allies in the Middle East, such as Saudi Arabia, the UAE, Qatar, and Turkey, who adjusted
their policies and pursue a balanced approach among outside powers.

Russia leveraged the opportunity of the Trump administration’s strategic contraction to actively expand its political and military influence in the Middle East and to act against US and Western sanctions. The Putin government has several thousand fighters and military advisers stationed at its naval base in Tartus and Khmeimim Air Base in Latakia to expand its military presence in Syria and facilitate reconciliation between Syrian government and Kurdish forces. In October 2019, Putin paid a high-profile visit to Saudi Arabia and the UAE to drive a wedge between the United States and its allies, strengthen cooperation in energy with the GCC states, consolidate the Russia-Turkey-Iran strategic triangle, and focus on nuclear energy export and arms sales to boost strategic cooperation with Egypt, Algeria and Iraq.

In 2019, the EU was busy with its internal affairs, and its willingness to intervene in the Middle East issues declined. In terms of the solutions to the Israeli-Palestinian issue and the Iranian nuclear issue, the EU pursued an independent policy, by adhering to multilateralism and the “two-state solution”, and drawing a line between EU and the United States. The EU opposed the Trump administration’s moves to withdraw from the Iran nuclear agreement (JCPOA), to hold a biased policy towards Israel, and connive Turkey’s cross-border crackdown on Kurdish forces in Syria. In February 2019, the first European Union (EU)-League of Arab States (LAS) summit was held in Sharm El-Sheikh, a coastal city on the Red Sea in Egypt, reflecting the mutual needs of the two sides. Influenced by the influx of illegal immigrants from the Middle East, the EU was not enthusiastic about promoting the Mediterranean Union to integrate the West Asian and North African countries in its development trajectory.

In 2019, the Middle East countries generally followed the “Looking East” strategy and actively developed political, economic, trade and energy cooperation with Asian powers. In February 2019, Saudi Arabia’s Crown Prince Mohammed bin Salman visited China, India and Pakistan. In December, Iranian President Rouhani visited Malaysia and Japan. China took the “Belt and Road” as its starting point, and advocated “promoting peace through development” in driving integration of development strategies and pragmatic cooperation with countries in the Middle East, thus deepening strategic partnerships. China leveraged the United Nations as a stage to carry out mediation and actively facilitated resolutions of conflicts in the Middle East. In November 2019, the first Middle East Security Forum was held in China in a bid to offer China’s plan for peace and development in the Middle East. Besides China, Japan and India were also actively participating in security issues in the Middle East, and enhanced the status of the Middle East in their diplomatic affairs. For example, Japanese Prime Minister Abe visited Iran in June to try to mediate between the United States and Iran.

From a regional perspective, the growth in strength of Middle East countries varied. In West Asia, Turkey, Iran, Saudi Arabia, Israel, the UAE, and Qatar were competing
for the power of discourse with aggressive actions in foreign affairs. North African powers such as Egypt, Algeria, and Sudan had weak economic growth and were struggling to deal with domestic conflicts, leading to their decreased influence on the security affairs in the Middle East.

Taking advantage of the conflicts between the United States and Russia, Turkey launched the Operation Peace Spring in north Syria, to fight against Syrian Kurdish forces on the other side of the Euphrates River, in an attempt to establish more buffer zones, causing widespread dissatisfaction within the Arab world and the European Union. Turkey has also consolidated its relations with Qatar, acted as a Palestinian “spokesperson” and showed strong support to the Palestinian cause in order to increase its appeal within the Sunni camp.

Saudi Arabia and the UAE failed to obtain protection by the United States after the attacks on their domestic oil facilities and offshore tankers, and had to seek reconciliation with Qatar. They also improved relations with Iran by a limited extent, while managing differences. Affected by the “Maximum Pressure” by the United States, Iran’s oil revenue plunged, foreign exchange reserves were insufficient, and treasury was empty. It had to leverage the hot issues of the region, such as Palestine and Israel, Syria, and Yemen to balance the United States, and, at the same time, took the initiative to ease relations with Iraq and the GCC states. Israel was actively constructing an “anti-Iran united front” with the GCC, Egypt and Jordan, but it pursued a tough stance on the Israeli-Palestinian issue and launched cross-border attacks on targets in Syria, weakening its strategic foundation for cooperation with Sunni-dominated Arab countries.

There had been a long-standing discord within the Arab states, and it now shows a further trend of fragmentation under intervention of external forces. However, in 2019, under growing pressure brought by Turkey’s attack on Syria, Israeli’s air strikes in Gaza, and Iran’s expansion of geopolitical influence, internal relations among Arab countries have somewhat eased. The 30th Arab League Summit and the 40th GCC Summit were held in Tunisia and Saudi Arabia respectively as scheduled. The Arab League and the GCC also held emergency meetings on security threats posed by Turkey, Iran and Israel. Eight Arab countries, including Egypt and the UAE, supported Syria’s return to the Arab League, which would help the Arab countries bridge their differences. However, the member states of the Arab League have different demand or interests, and their external strategies are very different. The situation of leaderless in the Arab League has not been fundamentally changed.

The pending regional hot issues

In 2019, the traditional hot issues in the Middle East have not been addressed, while new hot issues were emerging constantly, leading to a cumulative effect of each other. On the Israeli-Palestinian issue, the United States announced the “Deal of the
“Century”, which aims to absorb the funds of rich countries in the Middle East to invest in Palestine and surrounding Arab countries, in a bid to promote Palestine’s economic growth to compel it to abandon its political demands. This plan naturally faced resistance from Palestine and the vast Arab-Islamic world, which dubbed it “Deal of the Next Century”. With the acquiescence of the United States, Israel claimed its sovereignty over the Golan Heights, built more Jewish settlements on the West Bank, increased the siege of Hamas in Gaza and launched targeted elimination of Hamas leaders, resulting in worsening of Palestinian-Israeli conflicts.

Conflicts in Syria have further plunged into an “agents-dominated” model, with Syrian government, Syrian Democratic Forces, Free Syrian Army, Syrian Turkmen Brigades, and religious armed forces becoming the geopolitical tools of large countries. In October, the Turkish government launched Operation Peace Spring in the northern part of Syria, and the United States, Russia, Turkey, and Syrian government all intensified efforts to strive for dominance in the Kurdish region. In southern Syria, Iran, Syria, and Hezbollah, as one side, exchanged fire with Israel on multiple occasions.

The Yemen crisis continued to ferment, creating a serious humanitarian crisis. Arab coalition forces led by Saudi Arabia and the UAE were helpless against Yemen’s Houthi forces. Saudi Aramco’s oil facilities were hit by unknown “drones” and suffered heavy losses. The lack of strategic mutual trust between Iran on one side and on the other side Saudi Arabia, the UAE and Bahrain has affected the political settlement of the situation in Yemen.

In North Africa, the split between eastern and western governments in Libya became a “new normal”, with armed conflicts escalating from time to time. Although the Libyan National Unity Government in Tripoli was recognized by the United Nations, it failed to control the national situation. The West and Turkey has accused Russia of supporting Libyan military strongman Haftar and his Libyan National Army to repeatedly attack the National Unity Government. In addition, the maritime security issues in the Middle East, oil and gas disputes in the Eastern Mediterranean, and water disputes in the Middle East are on the rise and likely to become new hot issues.

The counter-terrorism scenario in the Middle East is still not promising. The Islamic State, which lost its territories in Syria and Iraq, had to break up the whole into parts through “localization”, shifted to the underground, and temporarily stopped its terrorist activities. In November 2019, the United States announced the killing of al-Baghdadi, the leader of the Islamic State, and several other senior officials, dealing a heavy blow to this terrorist group and forcing it to join hands with al-Qaeda and other extremist organizations to preserve vitality. The extremists even disguised themselves as “refugees” and returned to Southeast Asia, South Asia, Europe, and other parts of the Middle East. They were waiting for the right timing to stage a comeback and carry out sabotage activities in the Middle East.
Although the Islamic State has been hit hard, al-Qaeda, Islamic State, and al-Shabaab in Somalia are still active in Syria’s Idlib, Yemen, Iraq, Egypt’s Sinai Peninsula, Somalia, Libya and other places.

The escalation of the game among big powers in the Middle East, the prolonged war by agents of outside powers, the pending hot issues, and the political turmoil in many Middle East countries are creating the possibilities for the resurgence of terrorist organizations in the Middle East. Yemen, Somalia, Syria, and Libya have not yet achieved a state of peace. New hot issues have emerged in Algeria, Sudan, Iraq, and Lebanon, providing a hotbed for the resurgence of terrorist organizations. The United States’ favor of Israel may trigger a new round of “anti-Americanism” and “anti-Semitism”, which could lead to “radicalization” and “extremism”, and make it increasingly difficult to resolve hot issues in the Middle East.

Looking forward to 2020, the Middle East countries will continue to explore their own development paths in the turmoil, and adjust domestic and foreign policies. Various forces both in and outside of the Middle East will continue to be engaged in realignment and regrouping. There is still a long way to go to achieve peace and development and to establish an effective mechanism to prevent and resolve conflicts in the Middle East.
11. Southeast Asia: Policy Adjustment under China-U.S. Competition

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The “biggest change in a century” in the Southeast Asian region is reflected by the intensifying competition between major powers. In 2019, Southeast Asian countries undertook a new round of policy adjustment under the background of increasingly fierce China-U.S. strategic competition. China regarded Southeast Asia as a key region in its diplomatic affairs and actively promoted the Belt and Road Initiative (BRI). The Trump administration’s Indo-Pacific Strategy has gradually become clear, and Southeast Asia was also regarded by the United States (the U.S.) as a key area to link the Indo-Pacific region. Against the background of the increasingly fierce strategic competition between China and the U.S., Southeast Asian countries made adjustments accordingly in regional policies, defense policies, and regional economic integration policies in 2019. The strategic competition between China and the U.S. also had spillover effects on internal affairs and economies of Southeast Asian countries.

Intensifying competition between China and the U.S. in Southeast Asia

Against the background of the intensifying strategic competition between China and the U.S., both China and the U.S. were trying to expand their influence in Southeast Asia in 2019. In June 2019, the U.S. Department of Defense’s Indo-Pacific Strategy Report emphasized strengthening partnerships with Vietnam, Indonesia, and Malaysia, and maintaining engagements with Brunei, Laos, and Cambodia.1 In September 2019, the U.S. and ASEAN launched the first joint maritime exercise, and the U.S.’s move was intended to show its presence in Southeast Asia and to curb relations between ASEAN countries and China. On the other hand, since the establishment of the China-ASEAN strategic partnership in October 2003, China has always taken Southeast Asia as a priority in its relations with neighboring countries, and firmly developed friendly cooperation with Southeast Asian countries. China is willing to work with ASEAN as partners for “common development, peace, greater openness and win-win progress, entrepreneurship and innovation, inclusiveness and mutual

learning.” China is willing to build a closer community of common destiny with ASEAN. In November 2019, Chinese Premier Li Keqiang went to Thailand to attend the 22nd China-ASEAN (10+1) Summit, the 14th East Asia Summit, and the 3rd Regional Comprehensive Economic Partnership (RCEP) Summit. In 2019, the first round of review of the “South China Sea Code of Conduct” between China and 11 parties in ASEAN was completed, and the second round of review was launched.

At present, China and the U.S. are in “competitive coexistence” in Southeast Asia. In recent years, China’s relations with Cambodia have become closer, relations with the Philippines have improved significantly, and relations with Myanmar have been rapidly moving up. In 2019, the U.S. and Europe continued to pressure Hun Sen and his Cambodian government to allow opposition leaders to return to Cambodia. China continued to increase investment and assistance in Cambodia, supported Cambodia in taking a development path that was in line with its own national conditions, and assisted Cambodia in maintaining stability, accelerating development, and improving people’s livelihood. Since Duterte became the President of the Philippines in June 2016, he has visited China five times in three years, and President Xi Jinping and Premier Li Keqiang have also visited the Philippines, and China-Philippine relations have been closer. In October 2019, China and the Philippines convened the first meeting of China-Philippines Inter-Governmental Joint Steering Committee on Cooperation on Oil and Gas Development, thus facilitating substantive progress in joint development. Myanmar has been accused and criticized by the U.S. and other Western countries for the Rohingya issue. China believed that unilateral accusations or pressure will not help solve the issue. In 2019, China continued to give firm support in Myanmar’s domestic peace process and the resolution of the Rakhine issue, and supported Myanmar to foster development and improve people’s livelihood. But at the same time, the U.S. still had a great influence on Cambodia, the Philippines, and Myanmar, and there were still strong pro-American forces in these three Southeast Asian countries. The U.S. is still one of the major sources of investment for Southeast Asian countries. As of 2018, the stock of direct investment by the U.S. in ASEAN countries was US Dollar (USD) 271.4 billion. Neither China nor the U.S. has an absolute advantage in Southeast Asia, and the two countries will show a long-term trend of “competitive coexistence” in Southeast Asia. For both China and the U.S., it is imperative that measures be taken to avoid turning increasingly fierce

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competition into a zero-sum game.

The current influence of China and the U.S. in Southeast Asia is shifting from a U.S.-dominated model to China-U.S. “competitive coexistence” for three reasons. First, the proportion of U.S. investment and trade in Southeast Asia has declined relatively. According to ASEAN statistics on flows of inward FDI, the 2018 FDI from the U.S. was USD 8.341 billion, ranking behind the European Union (USD 21.613 billion), Japan (USD 20.955 billion), and China (USD 9.940 billion). According to ASEAN statistics on trade in goods, the import and export value of goods between the U.S. and Southeast Asia in 2018 was USD 262.412 billion, ranking behind China (USD 483.135 billion) and the European Union (USD 287.924 billion). Second, trade and investment between China and Southeast Asia have gradually increased, and the BRI advocated by China is being pushed forward in Southeast Asia. China has remained ASEAN’s largest trading partner for 10 consecutive years, and ASEAN has become China’s second largest trading partner. In 2019, China’s import and export value with ASEAN reached USD 641.46 billion. In 2018, China’s non-financial direct investment flows to ASEAN were USD 9.95 billion, and ASEAN investment flows to China were USD 5.72 billion. As of the end of 2018, China’s investment (stock) in ASEAN was USD 89.01 billion, and the investment (stock) of ASEAN in China was USD 116.7 billion. The two-way stock of investment has increased by 22 times in 15 years. The growth of China’s economic power in Southeast Asia will inevitably lead to the expansion of political influence. Third, the gap between the “human rights diplomacy” by the U.S. and the actual needs of Southeast Asian countries is too large. Philippines, Myanmar, Thailand and other countries that once favored American values were dissatisfied with the U.S. because of American pressure on their domestic human rights issues. On the contrary, China has taken consideration of the real difficulties in internal governance of Southeast Asian countries and has not unilaterally pressed Southeast Asian governments on human rights and governance issues.

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New policy adjustment by Southeast Asian countries

In the context of the increasingly fierce strategic competition between China and the U.S., Southeast Asian countries have adjusted their regional policies, defense policies, and regional economic integration policies accordingly. The strategic competition between China and the U.S. also had the spillover effect on the internal affairs and economies of Southeast Asian countries.

The adjustment of regional policies by Southeast Asian countries was reflected in maintaining ASEAN’s “central role” and “avoiding to take sides” in foreign policies. A key move by Southeast Asian countries trying to maintain ASEAN’s “central position” was proposing an ASEAN version of the Indo-Pacific outlook. In June 2019, ASEAN released the “ASEAN Outlook on the Indo-Pacific”, reaffirming ASEAN’s central role in regional multilateral cooperation.8 The ASEAN Outlook on the Indo-Pacific carefully expressed a neutral attitude towards China and the U.S., striking a balance in the issues that China and the U.S. are concerned about. As an archipelago country across the Pacific and Indian Oceans, Indonesia plays a major role in driving the drafting of ASEAN’s own Indo-Pacific outlook. Avoiding to “take sides” between China and the U.S. has become the consensus among most Southeast Asian countries, which was clearly reflected in the speech delivered by Singaporean Prime Minister Lee Hsien Loong at the Shangri-La Dialogue in May 2019. Lee Hsien Loong’s core point was that small countries do not want to be forced to take sides when China-U.S. relations tend to be tense, and hope that the two big countries do not put pressure on the small countries. The Singapore government is impartial towards China’s BRI and the U.S. government’s Indo-Pacific strategy.9 Regarding the BRI initiated by China and the “Indo-Pacific Cooperation” initiated by relevant countries, Lee Hsien Loong pointed out that these initiatives should strengthen existing cooperation arrangements centred on ASEAN, and should not create rival blocs, deepen fault lines or force countries to take sides.10

The adjustment of defense policies in Southeast Asian countries was reflected in military exercises and cooperation with both China and the U.S. Judging from the

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military exercise data of Southeast Asian countries from 2017 to 2019, the U.S. has participated in 27 military exercises in Southeast Asian countries as the main external military partner.11 However, there were also limits to the development of defense relations between Southeast Asian countries and the U.S. Southeast Asian countries’ domestic political autonomy, the need to stabilize their relations with China, and their preference for the central role of ASEAN were the three restrictive factors for the development of defense relations with the U.S.12 At the same time, Southeast Asian countries also regarded China as an important external partner for their military exercises. From the military exercise data from 2017 to 2019, China has participated in 7 military exercises in Southeast Asian countries.13 In April 2019, China and Southeast Asian countries held the “Joint Maritime Drill 2019” in Qingdao, China. Seven countries including China, Thailand, the Philippines, Singapore, Vietnam, participated in the drill, and Indonesia and Laos sent observers. In September 2019, the U.S. and the 10 ASEAN countries held the first joint maritime military exercises. With regard to specific countries in Southeast Asia, in July 2019, Singapore held its annual joint military exercise with the U.S. military, and also held the Cooperation 2019 joint army exercise with China. The military exercises held by Southeast Asian countries with external partners such as China and the U.S. were mainly used as confidence building measures, rather than responding to potential China-U.S. confrontations by developing their respective military capabilities.

The adjustment of regional economic integration policies in Southeast Asian countries was reflected in a particular focus on the expansion of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and the acceleration of the signing of the Regional Comprehensive Economic Partnership (RCEP) agreement.14 Regarding the expansion of the CPTPP, Thailand, Indonesia, the Philippines and some other Southeast Asian countries have expressed their willingness to join the CPTPP. The Singapore government hopes that both China and

the U.S. will consider joining the CPTPP in the future. In terms of the RCEP, ASEAN has formed a high degree of consensus in jointly promoting the RCEP negotiations. In November 2019, 15 member states of the RCEP (not including India) have concluded all text negotiations and essentially all market access negotiations in Bangkok, Thailand. The RCEP negotiations were initiated by ASEAN, and if it can be successfully reached, it will be conducive to maintaining the central role of ASEAN. The RCEP covers all the key countries on the western side of the Pacific, including Northeast Asia and Southeast Asia, and also importantly India, Australia and New Zealand. This inclusive configuration minimises the risk of the RCEP being misperceived as a bloc that excludes the US and its friends.15

The strategic competition between China and the U.S. has spillover effects on the internal affairs and economies of Southeast Asian countries. The pressure from China-U.S. strategic competition on Southeast Asian countries was transmitted through multiple political power groups (military groups, technocrats groups, government-related conglomerates group, emerging capital groups, and urban middle class), which has spillover effects on the internal affairs of these countries. The China-U.S. strategic competition has not yet had a fundamental impact on the core issues of the internal affairs in the Southeast Asian countries, but the external pressure from the China-U.S. strategic competition has had a disruptive effect on the political rifts of Southeast Asian countries. Various “China-related issues” concocted by the U.S. have become important means for the opposition parties to attack the ruling parties. Another negative influence on internal affairs was that the policies of Southeast Asian countries may deviate from the established trajectory under the influence of the China-U.S. strategic competition, and move toward a scenario under which they have to “take sides or take the initiative to adopt a closed-door policy.”16 Southeast Asian countries are cautiously following the progress of the China-U.S. trade war, and emphasize that they would maintain a neutral position in developing economic and trade relations with China or the U.S. Take Vietnam as an example, the China-U.S. trade war is bringing both opportunities and challenges to Vietnam’s economic development. Under the influence of the China-U.S. trade war, labor-intensive production will rapidly shift from China to Southeast Asia, including Vietnam. Foreign investment in some Southeast Asian countries will increase significantly in the short term. However, in the long run, the negative impact of the

China-U.S. trade war in Southeast Asia is greater than the positive one. For example, Vietnam may become a target of the U.S. to implement tough trade measures in the future.17

**Future trends of policy adjustment of Southeast Asian countries**

In the context of long-term China-U.S. strategic competition, the adjustment of regional, defense, and economic integration policies in Southeast Asian countries will continue. No matter how the global situation or the situation in Southeast Asia changes, the policies of Southeast Asian countries will still follow some trends and principles during the adjustment.

In terms of regional policies, Southeast Asian countries will still adhere to the value of ASEAN Centrality and avoiding to “taking sides”. If Southeast Asian countries have to take sides in the future, they may choose a strategy to take sides based on specific topics. These countries may adopt different policies toward the U.S. or China in accordance with different issues such as politics, economy, and security, in order to maximize benefits. In terms of defense policy, Southeast Asian countries will still maintain close defense cooperation and conduct military exercises with both China and the U.S. In the foreseeable future, the U.S. government will continue to focus on defense cooperation related to the South China Sea and strengthen bilateral military relations with key Southeast Asian countries such as Indonesia. In terms of regional economic integration policies, Southeast Asian countries will continue to focus on CPTPP expansion and the signing of the RCEP agreement in the short term. In the long run, Southeast Asian countries will continue to promote regional or multilateral trade agreements and will remain open and inclusive towards the BRI initiated by China and the Indo-Pacific Cooperation initiated by relevant countries.

The most important external factor that will affect the future policy adjustment of Southeast Asian countries is whether China and the U.S. can manage their strategic competition in Southeast Asia. Both China and the U.S. need peace and stability in Southeast Asia, so the two countries must avoid turning competition into conflicts. The differences between Chinese and U.S. in political systems and ideology do not necessarily lead to China-U.S. confrontation. Although China’s political system is different from that of the U.S., China actively participates in the current international

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system and adopts a market-based economy approach. China has close economic and trade relations with other countries in the world, including the U.S. Neither China nor the U.S. can divide Asia or the Pacific into two halves and to lead in their respective half. In Southeast Asia, the consensus of most Southeast Asian countries is to postpone taking sides between China and the U.S. and to maintain regional peace and stability.

Southeast Asian countries are not completely passive in the China-U.S. strategic competition. They have also learned the experience of getting along with China and the U.S. by studying the history of the games between great powers. During the Cold War, the U.S. and the Soviet Union fiercely competed in Southeast Asia, and the region was divided into Communist and non-Communist states. In 2009, the Obama administration began to implement “Rebalancing” to the Asia-Pacific to enhance relations with Southeast Asian countries. Since then, competition between China and the U.S. in Southeast Asia has begun to intensify. Southeast Asian countries are no stranger to big power competition, and the history of big power games in the region has taught Southeast Asian nations how to respond. Southeast Asian countries will once again find their own way to respond to the China-U.S. strategic competition, and will try to step up efforts to take the initiative to control the future of Southeast Asia in their own hands.
Africa has been fully involved in the systemic transformation since the end of the Cold War at the turn of the 21st century, lagging behind most of the world, which in turn has given birth to its own political, economic, security and social transformation. With the gradual recovery of African economy since 2017, the emphasis on autonomy has become a basic feature in Africa’s political and security transformation. However, while promoting political self-governance, it has also induced significant non-structural violence in terms of security challenges. The development in 2019 has strengthened the existing trend further.

**Endogenous political transformation: strengthened structural stability**

Since independence, Africa’s political governance has undergone roughly four stages of development, namely: inherited governance in the first decade after independence, localized governance in the following 20 years, western-style democratic governance after the Cold War ended, and self-governance since the second decade of the 21st century. The development of African politics in 2019 further strengthened ongoing transformation towards self-governance, and has largely promoted Africa’s progress towards structural stability, embodied as following aspects.

First, African electoral violence has been eased significantly. Because of the in-adaptability of the western-style democracy in Africa, presidential elections in African countries often triggered violent conflicts since the end of the cold war, making electoral violence as a common phenomenon in African politics.

However, electoral violence has been eased significantly in recent years. In 2019, a total of 20 countries in Africa held presidential and parliamentary elections, and some of them previously had a poor track record. For example, since the “gentleman’s agreement” was broken in the last election, there were widespread concerns that incumbent president Muhammadu Buhari, who was in poor health, might not be re-elected in February presidential election, and electoral violence followed again. Fortunately, such worry did not become a reality. The election was held smoothly and Buhari won a successful re-election. Unlike Nigeria, Madagascar’s general election in 2019 was largely the first normal election after the 2009 coup, even there was one in
2013. It was held peacefully, showing that African political elections were gradually maturing. Similarly, the success of the Democratic Republic of Congo (DRC) election, especially the peaceful transfer of power, has alleviated previous concerns that the DRC might fall into pre- or post-election turmoil. In addition, elections in South Africa, Senegal, Guinea-Bissau, Algeria and other countries have also maintained stability, marking the maturity of African election politics.

Second, given that generational shift accelerated, and the gerontocracy in African politics was gradually waning. Due to the anti-colonialism history, founding fathers and elders are quite common in African political ecology. Meanwhile, Africa has the world’s most youthful population. On the whole continent, on average, people under the age of 18 account for more than 50% of the total population. However, compared with the natural generational shift, the political generational shift was far from being smooth. In fact, Africa has the world’s oldest and longest serving head of governments, with the longest one being in power for 40 years. Not all of these leaders were willing to voluntarily retire. In April 2019, amid people’s opposition and the army’s withdrawal of support, Algerian President Abdelaziz Bouteflika, who had been in power for 20 years, and Sudanese President Omar Hassan al-Bashir, who took the reins for 30 years, were both forced to step down. Former Tunisian President Zine al-Abidine Ben Ali and Zimbabwe’s former President Robert Mugabe, who were forced to step down in 2011 and 2017 respectively, both passed away in September 2019, further showing the inevitable trend of natural generational shift of political leaders in Africa.

Third, African party politics was gradually on track, and the number of “short-lived parties” has dropped significantly. Due to its unique historical background, multiparty politics in Africa often presented two distinctive characteristics. On one side, party politics was often alienated into “tribal politics.” On the other hand, compared with the ruling parties, opposition parties were often too weak and existed for a very short period of time. As a result, “short-lived parties” have become a normal phenomenon in African politics. In recent years, with the development of political autonomy, multiparty politics has gradually matured. As an important manifestation, the phenomenon of “short-lived parties” was disappearing. For example, in the African countries holding general elections in 2019, few political parties were formed just for the elections or were dissolved after the elections concluded. In other words, African party politics was gradually shifting from short-term election politics to a focus on long-term governance issues.
Fourth, the autonomy of political governance on the African continent and regional levels has improved significantly. Pan-Africanism, the philosophical foundation for continental and regional integration -- a unique ideological advantage that other regions have not, is supported by Africans broadly and strongly. In 2019, significant progress was made in the implementation of the African Union’s “Agenda 2063” to promote regional integration in Africa. The African Continental Free Trade Area (ACFTA) was approved by 27 member states, and then officially launched. Correspondingly, a mechanism for coordinating the African continent and various regions has also been established, which would provide better institutional guarantee for regional integration in Africa. In order to promote the autonomy of political governance in the African continent and regions, the African Union also specifically strengthened the Continental Forum of Election Management Bodies in 2019, focusing on promoting the integration between the AU’s “Agenda 2063” with the United Nations 2030 Agenda for Sustainable Development, especially the integration of “Agenda 2063” Vision 1 and 6 with UNSDG Goal 5 “Gender Equality”, Goal 6 “Clean Water and Sanitation”, Goal 7 “Affordable and Clean Energy” and Goals 11-15.

Endogenous security transformation: Rise of non-structural violence

The Arab Spring in 2011 has largely changed the basic nature of the security challenges in Africa. Political awareness at the grassroots level has led to endogenous transformation in security, making non-structural violence the leading challenge to security in Africa. In 2019, this feature was still very obvious in the security field in Africa.

First, structural violence, especially inter-state conflicts and civil wars, was no longer a fundamental challenge to African security. Structural violence in Africa continued to wane in 2019. Although South Sudan’s reconciliation process was still in ups and downs, it was moving in a positive direction in general. Former Vice President Riek Machar returned to Juba and initiated the formation of a new transitional government. Also in the Horn of Africa, the process of reconciliation between Ethiopia and Eritrea was still full of uncertainties, and was advancing slowly. Ethiopian Prime Minister Abiy Ahmed Ali’s wining of the Nobel Peace Prize showed the overall support by the international community. The peace agreement reached by the parties involved in the conflicts in the Central African Republic also means that the security situation in the Great Lakes region has improved.
Second, non-structural violence, caused by the imbalance in the pace of economic and social transformation, keeps growing and making itself the top challenge for African security. While keeping growing rapidly entering the 21st century, disappointed performance in distribution of economic achievements caused large amount of social grievances that finally evolved into various violence and conflicts. Whether it was ethnic conflicts in Ethiopia, secessionism of the Anglophone region of Cameroon, or the xenophobia in South Africa and Nigeria, the underlying cause was the inconsistent pace of economic and social transformation. Against this background, non-structural violence such as social protests and riots launched by grassroot forces from the bottom up, and various unexpected violent conflicts, were growing rapidly. The frequency of such non-structural violence picked up again in 2019, mainly due to the rise in the number of riots and protests. In fact, the gerontocracy ended in Algeria and Sudan largely as a result of social protests, while the independence or secessionist movements in the Anglophone region of Cameroon were more a consequence of non-structural violence. Similarly, the political turmoil in Ethiopia was inseparable from the rise in non-structural violence.

Third, the security governance transformation on the continent and at the regional level was still slow, and terrorism and piracy rebounded significantly. Even prioritized “human security” quite early, African security governance capacity building progresses much slowly. Either the build-up of the African Standby Force and rapid reaction force, or the construction of the peace index for Africans, or the implementation of the “Silencing the Gun by 2020” initiative, the progress lagged far behind expectations, and the response to fast-growing non-structural violence remained weak. In contrast, in 2019, some non-traditional security challenges, especially terrorism and piracy, were re-surfacing. Whether it was the attack on Nairobi, Kenya at the beginning of the year, or the reactivation of Boko Haram in Nigeria and Lake Chad, or the attacks on countries such as Mali, Burkina Faso, and Nigeria, all these not only highlighted an obvious rebound in terrorism, but also the insufficient progress of security governance in the African continent, regions and even subregions. In addition, although piracy incidents in the Somali waters dropped significantly again compared with 2018, piracy activities in the Gulf of Guinea continued to grow from 2018. In January-October 2019 alone, piracy incidents in the Gulf of Guinea accounted for more than 80% of the world’s total, and the Port of Lagos in Nigeria topped the list with 11 piracy attacks.
13. Global Governance: Defending Multilateralism

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In 2019, multilateralism faced unprecedented challenges. On the first day of 2019, the United States officially withdrew from UNESCO. On August 2, the United States officially withdrew from the Intermediate-Range Nuclear Forces (INF) Treaty. On November 6, the United States officially initiated the process of withdrawing from the Paris Agreement. On December 10, Roberto Azevêdo, Director-General of the World Trade Organization (WTO), announced that the WTO Appellate Body would be officially “closed down” starting December 11 because the number of judges was less than the minimum quorum. This was the most severe blow to the multilateral trading system since the establishment of the WTO. The main cause was that the United States had been blocking the appointments of new judges to the WTO Appellate Body. Since the United States announced its withdrawal from the Trans-Pacific Partnership (TPP) in 2017, the Trump administration has announced its withdrawal from more than 10 international institutions, mechanisms or treaties, covering international security, economy and trade, human rights, culture, education, climate change and other fields. In addition, the United States has disregarded international laws and consensus by backing Israel’s right to build Jewish settlements in the occupied West Bank. The United States threatened to impose tariffs on many countries, and it tried “protection racket” on multiple allies. The United States was also in long-term arrears in the payment of dues and peacekeeping costs to the United Nations, which was the main reason behind UN’s lack of funding.

US “withdrawal” triggers crisis in multilateralism

The unilateral and protectionist behaviors of the United States have brought lots of difficulties and problems to the international community. As the main initiator, founder and leader in many international organizations and multilateral treaties after World War II, and the country with the most comprehensive strength in the world, the United States has voluntarily renounced its international responsibilities and obligations, and has instead embraced the “law of the jungle” that advocates “survival of the fittest”, “might makes right” and “every man for himself,” it was undoubtedly crippling the progress in history.
A series of moves on withdrawal and breach of contract since Trump took office has caused the decline of the multilateral mechanisms. First, the governance deficit in the international community has been exacerbated. In the face of many new global issues, threats and challenges, the international community inherently lacked effective governance. Because of greater political and fiscal influence of the United States, its withdrawal has caused problems and even crises in the operation of these governance mechanisms. Second, it increased the difficulty of international cooperation. Interests and trust are the foundation of international cooperation. Guided by the principle of “America First”, the United States treated international systems by only using those that bring benefits while abandoning those that bring disadvantages. This self-interested behavior has weakened the foundation of trust between nations and made international cooperation increasingly difficult. Third, it has brought negative effects to the multilateral mechanisms. The arbitrary withdrawal by the United States has damaged the credibility, authority and effectiveness of the international mechanisms, and reduced and weakened the willingness, expectations and confidence of other member states to solve problems through multilateral approaches. Both the G20 and APEC have been unable to reach consensus due to differences between the major powers, and even security mechanisms such as NATO have been hit by conflicts.

Admittedly, some rules, procedures, standards, and management approaches in the existing multilateral mechanisms need to be reformed to adapt to new changes and new characteristics in the international community. But the reform path needs to be further improved through negotiations and consultations, rather than pursuing a simple “withdrawal” or “starting all over again.” In October 2018, the United States initiated a process to withdraw from the Universal Postal Union. After a year of negotiations, the UPU agreed to reform the postal rate system, and the United States announced in October 2019 that it would abandon its withdrawal from the UPU. This reform not only met some requirements of the United States, but also protected many developing countries from being affected. It may provide some reference and inspiration for handling the relationship between the United States and international mechanisms.

**Multilateralism remains dynamic and motivated**

Fortunately, multilateralism didn’t only have an disappointing side. At the global level, most member states of the United Nations still favor multilateralism and maintenance of the multilateral order. At the General Debate of the 74th Session of the United
At the regional level, multilateral efforts have also made encouraging progress. On July 7, 2019, the African Union announced the establishment of the African Continental Free Trade Area (AfCFTA). The African free trade area would have the largest number of member states among all free trade zones since the establishment of the WTO, thus forming a single African market with a population of 1.2 billion and a GDP of 2.5 trillion US dollars. On November 4, 15 member states of the Regional Comprehensive Economic Partnership (RCEP) announced the conclusion of the text negotiations and are ready to sign the agreement next year. This will be the world’s largest free trade zone with a population of 3.5 billion people and a total GDP of 23 trillion US dollars. Driven by Japan, Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) came into effect on December 30, 2018. The 11 member states of the CPTPP have a population of 500 million, and the sum of GDP accounts for 13% of the global economy. Therefore, while the WTO was facing a crisis and economic globalization was encountering challenges, regional economy as a whole still showed strong vitality and momentum.

Emerging economies and developing countries are basic forces for maintaining multilateralism. With the withdrawal by the United States from multiple treaties, together with Brexit, traditional western developed countries were deviating from multilateralism, while emerging economies and developing countries represented by the “BRICS” have become basic forces for maintaining multilateralism and supporting global governance. At the 11th BRICS Summit held in Brasilia in November 2019, all parties promised to demonstrate the responsibilities of the BRICS
countries, take the lead in advocating and practicing multilateralism, safeguard the international system with the United Nations as the core, and improve representation and voice of emerging market countries and developing countries in global governance. The BRICS countries pledged to drive changes in global governance system and promote international order in a more just and reasonable direction. In October, at the 18th Non-Aligned Movement Summit in Baku, representatives of more than 160 countries and international organizations called for joint efforts to promote multilateralism and a commitment to building a just, inclusive, transparent and efficient global governance system. Similarly, with the active participation and efforts by major emerging economies, the G20 Osaka Summit achieved positive results, helping boost the confidence of the international community in multilateral organizations.

**China becomes the backbone of multilateralism**

In stark contrast to the US unilateralism and protectionist practices, China has become the backbone of maintaining multilateralism and democratizing international relations. It was manifested in at least the following several aspects. First, China continued to actively participate in and support the international system centered on the United Nations. Starting from 2019, China’s share of UN regular budget and UN peacekeeping dues is 12.01% and 15.22%, respectively, making it the second largest contributor. Because China made the full payment in a timely manner, while the United States has long been in arrears, China is the member country that actually paid the most within a long period of time. For many years, China has been the permanent member of the Security Council that provides the largest number of personnel for UN peacekeeping operations. Second, China made great effort to lead and drive multilateral cooperation. In recent years, China has initiated the establishment of the Asian Infrastructure Investment Bank and the BRICS New Development Bank, advocated the establishment of the Lancang-Mekong Cooperation Mechanism, and took the initiative to set up the China-UN Peace and Development Fund and South-South Cooperation Assistance Fund. All these efforts helped further improve the existing multilateralism system and injected new impetus into the development process of multilateralism. In 2019, China hosted the Conference on Dialogue of Asian Civilizations for the first time, co-hosted the Global Governance Forum with France for the first time, hosted the Middle East Security Forum for the first time, and held the first negotiations among China, the United States, Russia and Pakistan on the Afghanistan issue. These “firsts” were groundbreaking and iconic. Third, the Belt and Road Initiative is a China plan to practice multilateralism. The Belt and Road
cooperation started at the bilateral level and has now entered a new stage with both bilateral and multilateral progress. As of the end of December 2019, China has signed cooperation documents on co-construction of the Belt and Road with 30 international organizations. The BRI’s principle of “Consultation, Contribution and Shared Benefits” reflects the spirit of multilateralism. The connectivity and cooperation under the BRI have shown the connotation of multilateralism. The goal of realizing mutually beneficial and win-win situations pursued by the BRI reflected the essence of multilateralism. The Belt and Road Initiative cannot solve all global issues, but it undoubtedly offers a correct direction and path for solving global issues.

It was worth mentioning that in 2019, a number of Chinese citizens took up leadership positions in international organizations. In January this year, the UN Secretary-General Antonio Guterres announced the appointment of Xia Huang, former Chinese ambassador to the Republic of Congo, as his special envoy for Africa’s Great Lakes Region. On June 23, Qu Dongyu, the former Chinese Vice Minister of Agriculture and Rural Affairs, was elected Director-General of the Food and Agriculture Organization of the United Nations, becoming one of the four heads with Chinese nationality in 15 specialized agencies of the United Nations, after Li Yong, Director General of the United Nations Industrial Development Organization, Zhao Houlin, Secretary General of the International Telecommunication Union, and Liu Fang, Secretary General of the International Civil Aviation Organization. The outgoing Chinese ambassador to Iran, Pang Sen, will serve as the UN Resident Coordinator in Namibia. This is also the first time that a Chinese has held this position known as the “UN ambassador”.

Of course, China is still under-represented in the United Nations and international organizations. The total number of Chinese staff in international organizations is small, and the number of middle and senior managers is also small. According to the data on staff nationality provided by the United Nations Secretariat, as of December 31, 2018, the number of Chinese staff in the Secretariat was 546, accounting for approximately 1.46% of the total number of Secretariat staff (37,505). As of July 31, 2019, based on the number of posts by region, there were 1 Chinese at the Assistant Secretary-General and above level, and 92 Chinese at the Director (D) and below level, which far lagged behind the geographical representation range of Chinese nationality calculated by the UN Secretariat (minimum:238, median: 280, the upper limit: 322), making China seriously under-represented. In addition, there are a limited number of Chinese citizens who hold positions such as consultants and rapporteurs in the United Nations system.
In recent years, China has attached great importance to the construction of a global governance talent team, by leveraging a national strategy in training and promotion of talent for international organizations and in global governance. The Organization Department of the CPC Central Committee, the Ministry of Education, the Ministry of Human Resources and Social Security, and the China Scholarship Council have issued a series of documents and policies, while universities and colleges across the country have adopted various measures and actions to actively support college students for internships and positions in international organizations. With the vigorous promotion by government departments and the joint efforts by universities and people from all walks of life, China has achieved gratifying results in training and promoting talent for international organizations.

“China and the United Nations: Position Paper of the People’s Republic of China For the 74th Session of the United Nations General Assembly” states that “China firmly supports and pursues multilateralism… We stand for the international system built around the United Nations (UN), the international order underpinned by international law, and the multilateral trading system centered around the World Trade Organization (WTO).” Should the world return to the “law of the jungle” or adhere to multilateralism? China has given the world a clear answer with the above comments.

Looking forward to 2020, the 75th anniversary of the United Nations will be celebrated. The United Nations is holding the world’s largest “cross-border, cross-sectoral and inter-generational” global dialogue worldwide starting in January to contribute ideas for building the “Future We Want”. China will host the second United Nations Global Sustainable Transport Conference in May. It can be expected and believed that multilateralism and global governance will usher in a new opportunity.
14. Belt and Road: Towards High-Quality Development

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In 2019, the construction of the “Belt and Road Initiative” highlights the concept of "high-quality development", and strives to promote the next stage of cooperation in subtle and delicate ways comparable to the techniques of “claborate-style painting”. This is a natural extension of China's economy into the new stage of high-quality development, an inevitable choice to effectively respond to the reasonable concerns of all parties, and continuously enhance the sustainability of international cooperation.

A Key Choice in Response to Profound Changes

In June 2019, President Xi Jinping attended the plenary session of the 23rd St. Petersburg International Economic Forum in Russia. In his speech, he pointed out that the world today is experiencing profound changes unseen in a century: "The rise of emerging market countries and developing countries is unprecedented; evolution and competition brought about by the new round of scientific and technological revolution and industrial transformation are unprecedented, and the incomptability and asymmetry between the global governance system and changes in the international situation are unprecedented". President Xi Jinping summarized the essence of these profound changes unseen in a century, using the word ‘unprecedented’ three times.

It is not difficult to see the close-knit co-relations between promoting “Belt and Road Initiative” and the above-mentioned three “unprecedented”. It has become a key grasp for China to adjust its relations with the world against major changes. First of all, the “Belt and Road” international cooperation is targeting to promote economic development and treat emerging market countries and developing countries as important partners. According to statistics from the International Monetary Fund, the total economic output of emerging market countries and developing countries, based on the purchasing power parity matrix, has exceeded that of developed countries in 2008 and accounted for 59% of the world economy by 2018. A large number of developing countries, such as Indonesia, Saudi Arabia and Ethiopia, are vigorously promoting their own industrialization and urbanization processes, and are looking to forge closer development partnerships with China. The Belt and Road Initiative has huge potential in boosting global common development. In June 2019, a research report released by the World Bank pointed out that the cooperation under the Belt and
Road framework is expected to lift 7.6 million people out of extreme poverty and 32 million out of moderate poverty in certain countries, and will increase trade by 2.8% to 9.7% for countries participating in such an initiative. It will also boost global trade by 1.7% to 6.2%, and global income by 0.7% to 2.9%.

Second, the construction of the innovative Silk Road is an important goal set by the B&R Initiative, which seeks to explore more common development opportunities from the technological revolution and industrial transformation. At present, the world is in the upswing phase of a new round of scientific and technological revolution and industrial transformation, with some key core technologies expected to achieve revolutionary breakthroughs. In particular, a new round of information technology represented by big data, Internet, Internet of things, and artificial intelligence is constantly on the rise, and new formats such as Internet Plus, sharing economy, 3D printing and intelligent manufacturing are subsequently emerging, all which contain huge opportunities for development. If we can seize and make good use of these opportunities, emerging market countries and developing countries are expected to narrow the "science and technology gap" between developed countries and achieve better and faster development. The Belt and Road Initiative attaches great importance to promoting cooperation in people-to-people exchanges in science and technology, the construction of science and technology parks, and technology transfer. We will stimulate the vitality of innovation and development and better boost economic cooperation by formulating and implementing the B&R action plan for scientific and technological innovation, and establishing an international alliance of scientific organizations. It should be noted that in some new technologies and industries, China has accumulated certain experiences and advantages, which can be exchanged and shared with other countries. China actively advocates the construction of innovative Silk Road and the Digital Silk Road, which provide important platforms for all countries to work together to cope with the new round of scientific and technological revolution and industrial transformation.

Third, the "Belt and Road " cooperation is conducive to enhancing the inclusiveness and balance of the global governance system, and its principles of “Consultation, Contribution and Shared Benefits” have shaped up to be China's overriding concept of global governance. The improvement and reform of the global governance system represent the general trend and the aspiration of the people. On the one hand, the overall strength of emerging markets and developing countries including China is on the rise, and their voice and influence in the international governance mechanism should be accordingly enhanced. On the other hand, global challenges such as climate
change, food security and cybersecurity are very prominent, which call for more effective global governance strategies, rules and mechanisms, because tackling global issues requires greater participation of emerging market countries and developing countries. By participating in the construction of the “Belt and Road Initiative”, countries stand to not only put forward their own resorts for regional and global governance, they can also make more contributions through their own development. The B&R Initiative adheres to the principle of “Consultation, Contribution and Shared Benefits”, and its essence is to implement multilateralism and emphasize that the common issues of the international community should be fully discussed and dealt with through collective wisdom. This has become the basic concept and proposition for China to actively participate in the reform of global governance. It should be noted that the goal of "Belt and Road" is highly consistent with the 2030 Agenda for Sustainable Development of the United Nations. This will help maintain the international system with the UN as the core, and the cooperation network and working patterns created by the B&R initiative can serve as an important basis for optimizing global governance.

**Ushering in a new stage of high-quality development**

In 2019, 16 countries and international organizations signed the Belt and Road Cooperation document with China, with Italy becoming the first of the G7 countries to ink the deal. As of December 2019, the total number of relevant cooperation documents has risen to 199. A mechanism featuring cooperation and win-win, Belt and Road initiative also represents a huge test to make a good business function as desired. With the formation of a basic interconnectivity framework featuring “corridors, roads and ports in multiple countries”, the B&R cooperation has increasingly sharpened its focus on detailed works, and is shifting from forging a ‘freehand brushwork ’ to the curation of an “elaborate-style painting.

In order to further gain consensus and guide the "Belt and Road Initiative" to more material cooperation, the second Belt and Road Forum for International Cooperation (BRF) was held in Beijing in April 2019. Leaders of 40 countries and international organizations, as well as nearly 6000 delegates from 150 countries and 92 international organizations attended the meeting and witnessed 283 important achievements being reached. This forum marked a new stage of the construction of the B&R initiative towards high-quality development, which included the following aspects:
First, quality comes first. China proposes to build "high-quality, sustainable, risk-resistant, affordable and inclusive" infrastructure, and pay more attention to the economic, social, fiscal and financial sustainability on B&R constructions, especially when dealing with debt problems. In April 2019, the Ministry of Finance of China, together with relevant parties, issued the "Debt Sustainability Analysis Framework" to provide guidance for the joint construction of B&R’s financing cooperation.

Second, green development. The promotion of green infrastructure construction, green investment and green finance is set to become an important direction for the next stage of Belt and Road cooperation. China clearly advocates that relevant projects should adhere to the concept of green development. Under the initiative, it proposes to build a sustainable city alliance and an international alliance for green development with other parties, formulate the B&R green investment principles, and launch a bespoke ecological environmental protection big data service platform and other mechanisms.

Third, people's livelihood is important. The Belt and Road Initiative should have both heavy assets projects in infrastructure, but also attach importance to "small and beautiful" projects involving the vital interests of the people, and promote cooperation in education, healthcare and other areas improving people's livelihoods. China proposes to focus on eliminating poverty, increasing employment and improving people's livelihood, so that the achievement of the initiative can better benefit ordinary people. This serves to “implement livelihood projects that can provide timely help and benefit local people”.

Fourth, multi-dimensional cooperation. The B&R initiative aims to promote global interconnectivity, and the achievement of this goal can be realized through multiple means of cooperation. China advocates the building of a global connectivity partnership, by forming a joint force rather than a closed and exclusive circle. As long as the relevant parties follow the principles of “Consultation, Contribution and Shared Benefits”, they can put their respective strengths into full play and seek common and win-win development through bilateral, trilateral and multilateral cooperation.

Fifth, innovation-driven approach. Cooperation under the B&R Initiative will further ride the trend of the fourth industrial revolution and innovation will play an increasingly important role in related projects. China stresses that it will work with all parties to seize the opportunities of digital, networked and intelligent development, actively explore new technologies, new formats and new models, and explore new
growth momentum and development path in the fields of artificial intelligence, high-end manufacturing and modern agriculture.

Sixth, improve governance level. The sustainable development of the B&R Initiative depends on the improvement of domestic, regional and global governance of relevant countries. China advocates promoting relevant projects with the concept of integrity, jointly combating corruption with a zero-tolerance attitude through the unveiling of the Beijing Initiative for the Clean Silk Road with relevant parties. China stresses the need to introduce rules and standards that are universally supported by all sides, respect laws and regulations of all countries, and build a stable, fair and transparent governance framework for the joint construction of the B&R.

China is both the advocate and the practitioner to promote the “Belt and Road Initiative” cooperation to achieve high-quality development. In 2019, a lot of progress has been achieved in the joint construction of the B&R. First, policy communication between China and relevant countries has been optimized. At the bilateral level, mechanisms such as the Joint Cooperation Committee of the China-Pakistan Economic Corridor and the Steering Committee for the China-Greece Cooperation Framework Plan for Key Areas 2020-2022 have operated in an orderly manner. They have adopted the consultation mode of "government + enterprises + financial institutions", and conducted in-depth communications on tackling key issues on project promotion. From a multilateral perspective, in November 2019, the 22nd China ASEAN 10 + 1 Leaders' Meeting issued a statement on Belt and Road, which was an important step for China and ASEAN as a whole to build a high-quality B&R initiative. In many specific areas, policy coordination aimed at solving practical problems for enterprises is also increasing. For example, the multilateral consultation on B&R taxation and management cooperation mechanism was held in Beijing in November.

Second, a number of important economic and livelihood projects have been steadily pushed forward. The China-Laos railway, which conveys the nation’s dream of "transforming from a land-locked country to a land-linked country", completed a large number of roadbeds, bridges and tunnels in 2019, and is expected to be completed and open to traffic in December 2021. As of September this year (2019), the Jakarta-Bandung High-speed Railway Project, which is built by Chinese enterprises, has completed 32% of the entity construction and is forecast to be operational by 2021. As a pilot demonstration project of the B&R Initiative in Myanmar, the Sino-Myanmar pipeline project has brought substantial benefits to the two countries.
As of November 2019, China-Myanmar oil and gas pipelines have transported 24.8575 million tons of crude oil and 24.233 billion cubic meters of natural gas to China, bringing direct economic benefits worth $520 million to Myanmar. In addition, projects in livelihood-related areas continue to be pushed forward. For instance, Pakistan's Vocational and Technical College and Hospital Project in Gwadar, Baluchistan Province, officially kicked off construction with the aid of China.

Third, the financial support of building B&R Initiative has grown more powerful. After obtaining the highest ratings from three major international authoritative credit rating agencies, the Asian Infrastructure Investment Bank issued $2.5 billion five-year global bonds for the first time in May 2019, and received oversubscription from 27 countries. At present, the bank has 97 members and operates 40 projects in 16 countries. Since its establishment in 2014, the Silk Road Fund has diversified financing through equity and debt issuance and signed 34 projects as of November 2019, with a commitment to invest about $12.3 billion. The Silk Road Fund has also established a "China-Singapore Joint Investment Platform" with Singapore’s Surbana Jurong Group. In order to improve the quality of financial cooperation, ICBC organized R&R-themed roundtable for bankers; The Bank of China held the B&R international financial exchange and cooperation seminar. In addition, as of August 2019, 30 large financial institutions around the world have signed the B&R green investment principle promoted by China, which aims to reduce investment featuring high carbon and pollution, and build a green Silk Road.

Fourth, the "third party market cooperation" between China and developed economies has continued to deepen. As of June 2019, China has signed third-party market cooperation documents with 14 countries, including France, Japan, Italy and the United Kingdom. In September, the National Development and Reform Commission issued *Third Party Market Cooperation Guidelines and Cases*, listing 21 cases in five categories that included product services and engineering cooperation. China and Japan have promoted cooperation in the eastern economic corridor of Thailand. In August, the 9th China-Japan-ROK Foreign Ministers' Meeting proposed to promote "China-Japan-ROK + X" cooperation in the fields of sustainable economy, ecological environment protection and so on. The third-party market cooperation between China and the United Kingdom focuses on infrastructure construction, aiming to combine UK’s strength in engineering design and consultation with China’s advantages in construction efficiency and cost control. Other developed economies have also strengthened cooperation with China. In September, the Foreign Investment Department of the National Development and Reform Commission and the
Department of Economic Affairs, Innovation and International Policy of the Austrian Ministry of Digital and Economic Affairs held the first working group meeting in Beijing on China-Austria Third Party Market Cooperation.

Without doubt, the high-quality development of the B&R Initiative holds rosy prospects. At the same time, we should also notice that economic globalization has encountered headwinds, multilateral mechanisms have been impacted, and global geopolitical risks have risen. All these would exert a negative impact on the high-quality development of the B&R Initiative. The "Indo-Pacific Strategy" proposed by the US, Japan's "Quality Infrastructure” plan and EU's "Eurasian Interconnection Strategy" all compete with the B&R. The challenge is particularly imminent when the US and other countries jointly promote the “Blue Dot Network”, which strives to lead the formulation of high-quality infrastructure standards. In view of this, China needs to continue to take an active approach in accelerating the implementation of the “high-quality development” concept and promoting the long-term and pragmatic cooperation under the B&R Initiative.