

# ABSTRACTS

## **Diplomacy in the Neighborhood and with Developing Countries— Chinese Diplomacy at Seventy: Review and Outlook (Part Two)**

*SIIS Study Group*

**ABSTRACT:** This Part Two of the series of articles marking China's diplomacy at seventy deals with Chinese diplomacy in the neighborhood and with developing countries. The relations between China and developing countries have seen its ups and downs, but they are always moving forward and developing together. As the transformation of the international system is at a critical juncture, China should promote the diplomacy with developing countries in three aspects: strategic consciousness, strategic benefit, and strategic mechanism. Relations with neighboring countries have always been an important part of Chinese diplomacy. "Neighborhood" is a special geographic concept in Chinese diplomacy. "Neighborhood diplomacy" implies the complexity and importance of the diplomacy in the areas. As for Sino-Indian relations, China needs to focus on energy security, geoeconomy, and strategic relations. Southeast Asian countries are China's important neighbors along the "Belt and Road." The development of China's relations with these countries is characterized by both historical friendship and practical needs. In order to deepen cooperation with Southeast Asian neighbors, China should proactively carry out strategic planning to maintain the vitality of bilateral relations.

**KEYWORDS:** Chinese diplomacy at seventy, relations with developing countries, neighborhood diplomacy

## **New International Investment Rules and China's Strategic Response**

*ZHANG Yunling and MA Tianyue*

**ABSTRACT:** The evolution of international investment rules proceeds in three phases. In the first phase, a basic, broad framework is erected to regulate increasing international investments. In the second phase of expansion, neoliberalist rules, norms, and regulations facilitate unfettered flows of transnational investment and expand a worldwide capital market. The third phase of adjustment and in-depth development puts in place new rules and regulations to oversee activities related to investment and management. New international investment rules include the following main features: higher investment protection and tighter host-state regulations; rules established for new investment areas; diverse dispute settlement mechanisms; growing investment-trade nexus; and an increasingly complex, diversified, and fragmented regulatory regime. As both a growing investor and a major destination of international investment, China must be an active participant in the rule-making process regarding investment rules. As the China-U.S. trade dispute escalates, there is an urgent need to establish new rules to stabilize the international economic and trade order. In this context, China needs to accelerate the negotiating process with other major economies and reach at an early date international investment treaties with a view to improving the global investment market and mitigating the adverse impact of the current trade dispute. In addition, new bilateral investment treaties and agreements could serve as templates in the global investment rule-making process.

**KEYWORDS:** international investment, new rules, Chinese participation, rule-making

## **The Belt and Road Initiative and China's Institutional Gains**

*YANG Jian and ZHANG Ming*

**ABSTRACT:** Institutional gains are the gains obtained through institutional reform. While maintaining the smooth operation of the current international system and its institutions, China can obtain institutional gains by enhancing the conducive interaction with the international system through cooperation under the Belt and

Road Initiative, and become an important provider of international institutions. Institutional gains for China include: more China's institutional proposals in global governance and regional cooperation; better response to development issues in the region; smoother interaction between China and other countries. As a result, the relevant Chinese entities can also gain real benefits from long-term and stable exchanges in the fields of economy, culture, science and technology, and so on. Through the construction of the Belt and Road, China can also promote the domestic opening-up institutional system. As the existing institutional systems of the countries along the Belt and Road will inevitably clash with the construction of the Belt and Road institutions and mechanisms, China should build the value system and knowledge system for the construction of the Belt and Road institutions and mechanisms, so as to enhance the effectiveness of the institutional system advocated by the Belt and Road Initiative as well as the compatibility of the institutions. The peaceful change of the international institution system is the path for China to obtain institutional gains.

**KEYWORDS:** Belt and Road Initiative, international institution, institutional gains

## **Water Resources and the Community of Shared Future among Lancang-Mekong Countries**

*ZHANG Li*

**ABSTRACT:** Lancang-Mekong Cooperation Mechanism (LMCM) is born of water, connected by water, and thrives by water, which is a distinct feature for China in its regional cooperation. The key to build a community of shared future among Lancang-Mekong countries lies in how to let the role of water to connect and flourish the Mekong river area, and how to avoid disputes for water in the coastal states. This paper comprehensively analyzes the historic breakthroughs that the LMCM has made in the establishment of water resources cooperation platform, water disaster response, in-depth cooperation with the Mekong River Commission, and the water resources capacity building since 2016. The author also points out that behind the Mekong River water cooperation and water crises,

we should bear in mind that the water resources are the lifeline and bond for cooperation. It also analyzes the role of water resources in building the community of shared future among Lancang-Mekong Countries. In order to handle the new water crises, China could implement several strategies: to emphasize the significance of water resources cooperation in LMCM, to further promote the Five-Year Plan of Action on Lancang-Mekong Cooperation (2018-2022), and design the Five-Year Action Plan on Water Resources Cooperation, to increase the diversity and transparency of water resources projects and beneficial groups, to lay out the pattern of healthy competition and cooperation with actors inside and outside the region, to enhance the international voice of Mekong water issues, and to give full play to multilevel think tanks interaction.

**KEYWORDS:** Lancang-Mekong Cooperation Mechanism, community of shared future, water crises, China's response

## **American Scholarly Views of the “Gray Zone” Challenge**

*DAI Zheng and HONG Yousheng*

**ABSTRACT:** The end of the Cold War ushered in a new era marked by an unchecked U.S. hegemony. However, after more than two decades of unipolar dominance over the world, the United States is facing a growing non-traditional geopolitical challenge called “gray zone.” Revisionist, asymmetrical, amorphous, and incremental, gray zone challenges emanating from China and Russia, in U.S. scholarly views, are eroding the very foundations of the American-led postwar international order, as in the cases of China's strategic activism in the South China Sea and Russia's annexation and subversion in Crimea and eastern Ukraine. However, the lack of a clear-cut and widely accepted definition for the increasingly popular term only reveals a growing strategic anxiety about U.S. hegemonic status and great power rivalry in American academia. As great power competition returns as the top priority in U.S. global strategy, Chinese and Russian strategic actions will be closely watched by the United States. In this

context, it is imperative for Beijing to follow scholarly and official debates on gray zone challenges and come up with appropriate countermeasures.

**KEYWORDS:** gray zone, great power competition, hybrid warfare, measured revisionism

## **The BUILD Act in the Context of Growing China-U.S. Competition**

*FAN Hesheng, WANG Letong, and LI Bo*

**ABSTRACT:** With President Donald Trump signing the BUILD Act into law, this Congress-initiated legislation will exert a profound impact on future African economic development. In the context of growing China-U.S. competition, the act is part of U.S. strategic efforts to strengthen coordination with Africa with a view to erecting barriers to China's access to the African continent. Under the act, Washington will restructure its development finance by recruiting more private enterprises in a reinvigorated model of public-private partnership. The act also reflects an American vision and proposal for African economic future in an increasingly fierce battle of ideas with a globally active China championing a non-Western model of development. Competition with the United States along the Belt and Road trade routes in Africa will intensify in the coming years. Studies of the challenges and opportunities presented by the BUILD Act may better prepare China for the upcoming competition whose outcome will depend whether Beijing can improve its investment structure in Africa, faithfully implement the sustainable development model, and fully engage with African nations in economic, political, and cultural dimensions.

**KEYWORDS:** BUILD Act, U.S. Africa policy, China-Africa cooperation, Belt and Road Initiative

## **Intellectual Property Protection and U.S. Technological Hegemony**

*WANG Jinqiang*

**ABSTRACT:** Technical hegemony refers to an asymmetric relationship established

by technologically advanced countries through their dominant position in the technical field. The United States has incorporated intellectual property protection into the international system through UNESCO, the World Intellectual Property Organization, and the World Trade Organization while improving the domestic intellectual property protection system. As a result, the TRIPs Agreement was accepted as a package by member states, thus the interests of the United States to protect intellectual property rights became an international norm. The globalization of the U.S. intellectual property protection system has enabled the United States to use its first-mover advantage to force other countries to comply with U.S. standards. Ignoring the differences in economic development levels and technological innovation capabilities of other countries, the United States not only introduces intellectual property issues into economic and trade relations, but also implements technological containment to curb China's economic development through unilateral measures. China should comprehensively assess the impact of current trade frictions on China's economic development. In addition to strengthening the institutional basis of domestic intellectual property protection and further enhancing its innovation capacity, it is also necessary to minimize the negative impact of technological hegemony on China's domestic economic development and global economic governance.

**KEYWORDS:** intellectual property protection, technological hegemony, trade friction

## **Global Economic Governance: Japan's Approach and Practice**

*CHEN Youjun*

**ABSTRACT:** After the outbreak of the international financial crisis, the global economic governance system has entered an important stage of deep reform and rapid adjustment. However, the rise of unilateralism and protectionism, the emergence of bilateral and multilateral economic and trade cooperation frameworks, which are weakening the global free trade order based on WTO, and the Sino-U.S. economic and trade frictions, have become the main strategic

dilemmas hindering the reform of the global economic governance system. Against the background, driven by its dream of being a “geopolitical power,” as well as many strategic considerations, such as filling the political space left by the Sino-U.S. contest, opening up a new frontier for Sino-Japanese competition, and forming an inverted mechanism of “promoting the internal with the external” and so on, Japan actively exerts its strategic autonomy, participates in and attempts to lead the reform process of the global economic governance system, hoping that it will “enhance efficiency” and that the Japanese approach to global economic governance will be embedded or partly reflected as the core principle in the future governance system. Therefore, Japan has launched a multidimensional work at the level of global rule-making, including the G20 and WTO, in order to demonstrate Japan's positive attitude toward cooperation, openness and firm determination to lead the discussion and development of issues; worked with the United States and Europe in leading the formulation and revision of new rules for free trade; actively led and promoted regional economic cooperation agreements to expand its basic and supporting areas for participating in the reform of the global economic governance system; and actively promoted the structural reform of Japan's economic system and built internal and external linkage mechanism to provide innovative elements and motivation for promoting and leading the reform of global economic governance system. In such context, the future competition between China and Japan will become increasingly fierce, especially in the formulation of new regulations.

**KEYWORDS:** global economic governance, reform, Japanese approach, Sino-Japanese competition