

**Australia-China Dialogues  
EMERGING LEADERS FORUM 2010**

**China's Rise and Its Implications for Asia**

**Background**

China's stunning rise to great power status is poised to continue well into the 21<sup>st</sup> century. China has the world's fastest growing economy with an annual growth rate that has hovered between 7-9% of gross domestic product since the late 1990s. This has been accompanied by China assuming the status as the world's single largest recipient of foreign direct investment.

But the most striking dimension of China's economic power lies in its *projected* increase in coming decades. Mainstream projections indicate that China will probably surpass the United States as the largest economy in the international system (in absolute terms) early in the second half of this century. If realized, this will be a truly remarkable achievement for a country that had one of the least developed economies in Asia up until the late 1970s.

China's rapid economic ascent has had significant flow-on effects in improving Beijing's ability to modernize its conventional and nuclear force assets, as well as reinforcing China's political and diplomatic influence in foreign capitals, particularly in Asia. This influence has been carefully nurtured by Beijing, with considerable effort devoted to improving China's diplomatic reach across regional capitals. Central to this has been the promotion of a *perception* among regional states that China's continuing rapid rise is assured.

China's spectacular economic performance, while generally regarded as positive, has stirred debate about whether it will remain content to play a benign leadership role in Asia or whether Beijing will pursue a more aggressive posture aimed at securing regional hegemony. In general terms, there are two alternative scenarios about how China's regional engagement with Asia will evolve over coming years:

**Scenario #1**

China will remain preoccupied with preserving internal domestic stability and be content with playing a constructive role in improving regional cooperation in Asia. Beijing's primary concern and focus will be to *defend* its sovereign territorial integrity. From this perspective, China will not seek to dominate regional affairs and—in line with its historical approach to international relations—it will not have aggressive designs on other states.

**Scenario #2**

China's rise will pose acute challenges for regional countries in Asia. China will seek to dominate the Asian region and shape it in its own image. Countries will have little choice but to either accommodate or confront China in its quest for regional hegemony. In this scenario, China will behave just as all other great powers have behaved throughout history: It will aspire to exercise control over its own "sphere of influence".

**Focus**

The primary focus of the Emerging Leaders Forum for 2010 will be on **understanding the implications for Asia of China's rise in the 21<sup>st</sup> century**. In particular, the Forum will focus on the following three issue areas:

1. **China's motives and aims in Asia.** Are they narrow or wide-ranging? Do they conflict with, or complement, the status quo? Should we judge China primarily according to its words or its actions in Asia?
2. **China's strengths and vulnerabilities as a regional actor.** Will China's massive internal challenges (e.g. core-periphery development differentials, ethnic cleavages, sheer population size) serve to constrain what it can achieve externally in Asia?
3. **The sorts of policies and approaches other countries—including Australia—should be pursuing in their interactions with China.** Should countries avoid policies that could potentially undermine domestic order and stability within China?

All participants are expected to engage actively with these issues and questions. This will be achieved through Plenary and Group sessions overseen by the expert facilitator. Required readings will be circulated to participants in advance of the Forum.

An important feature of the Forum will be presentations from specialists in the academic, government, and the business communities.

### **Outcomes**

Participants are required to produce a research paper of no more than 1,500 words (excluding references) that analyses **one** of the three issue areas sketched above. Participants are required to submit this paper **no later than Monday 20 September**

Those papers judged to be the best will be included in a *Regional Outlook* paper series produced by the Griffith Asia Institute. *Regional Outlook* papers have high profile circulation among influential actors in government, academic, and business communities throughout Australia and the Asian region.

The discussions held at the Forum will result in a formal Outcomes Paper that will be sent to the Queensland government, a major sponsor of the Emerging Leaders Forum. It will be distributed widely among government departments.