



TONY BLAIR
INSTITUTE
FOR GLOBAL
CHANGE

China's role in the world

JUNE 2020

Government Advisory



US-China relations have sharply deteriorated in the past decade, with little prospect of rebounding

Recent US-China relations

Responsible Stakeholder
2001-2010


Pivot to Asia
2011-2016

New Cold War?
2017 – present

- Economic ties surged
- China joined WTO in 2001
- Co-operation on Global Financial Crisis

- Increased tensions on:
 - South China Sea
 - New Chinese institutions (e.g. AIIB)
- Strengthen ties with other Asian countries (e.g. Japan, Vietnam) to contain Beijing


- Trade/tech war
- Increased military competition in Asia
- Pushback against BRI



“Previous administrations **ignored or abetted China’s actions**. Those days are over.”

Vice President Pence


Domestic pressure on bilateral ties




Public opinion

% of Americans who hold unfavourable view of China

	47
	66
2017	2020




Bi-partisan consensus



“We **need to confront China’s** abusive behaviours and human rights violations.”

Joe Biden
Former Vice President



Econ. challenges

- First time China’s growth turned negative in 40 years
- CCP could increase nationalism to shore up legitimacy (particularly as feeling isolated globally)

Xi position

- Stoking nationalism also in Xi’s interest
- Leadership changes/anti-corruption campaign alienated powerful interests
- Vulnerable to criticism for Covid handling/BRI setbacks

Polling: Public opinion towards China in Britain, the US, France and Germany will also make it harder for politicians to not act



Nationally representative surveys conducted for YouGov on behalf of the Tony Blair Institute



Great Britain

2,033 adults
(4 – 15 June 2020)



United States

2,418 adults
(8 – 11 June 2020)



Germany

2,020 adults
(9 – 12 June 2020)

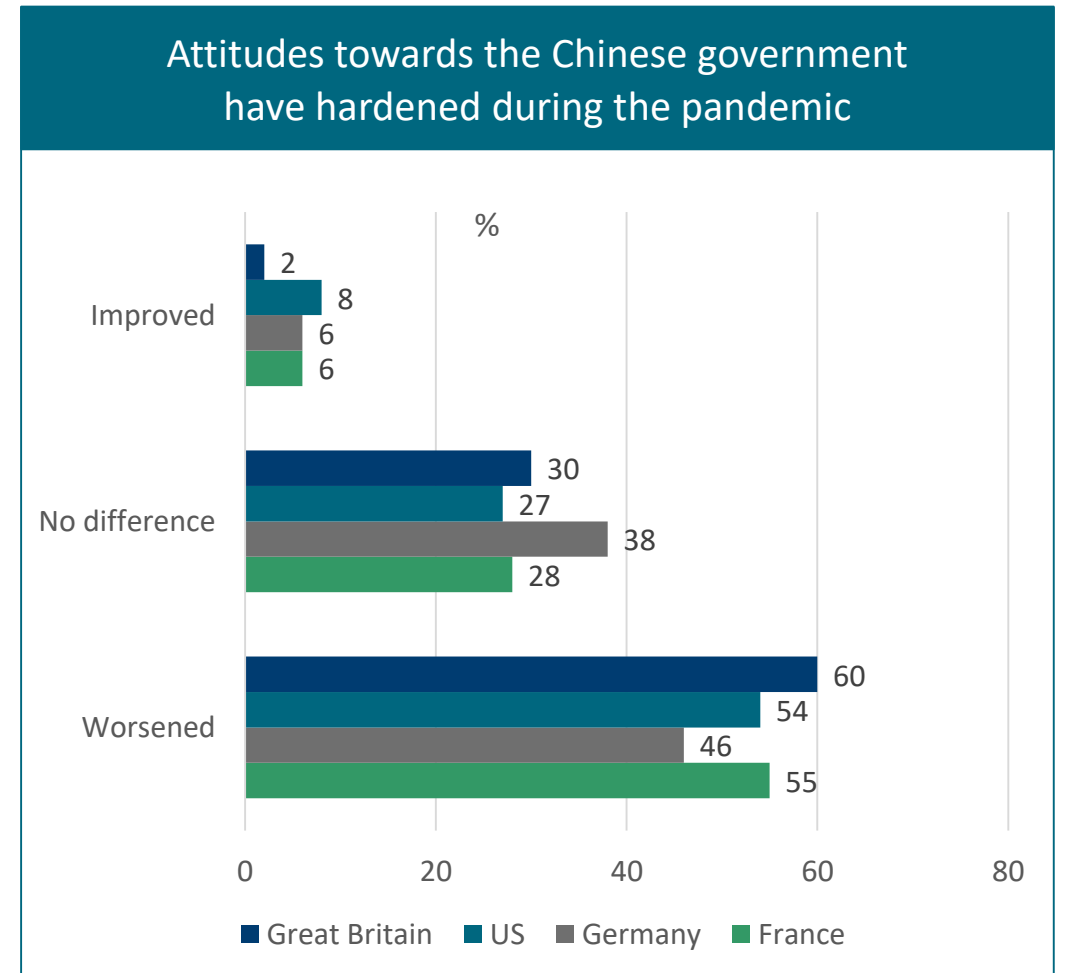
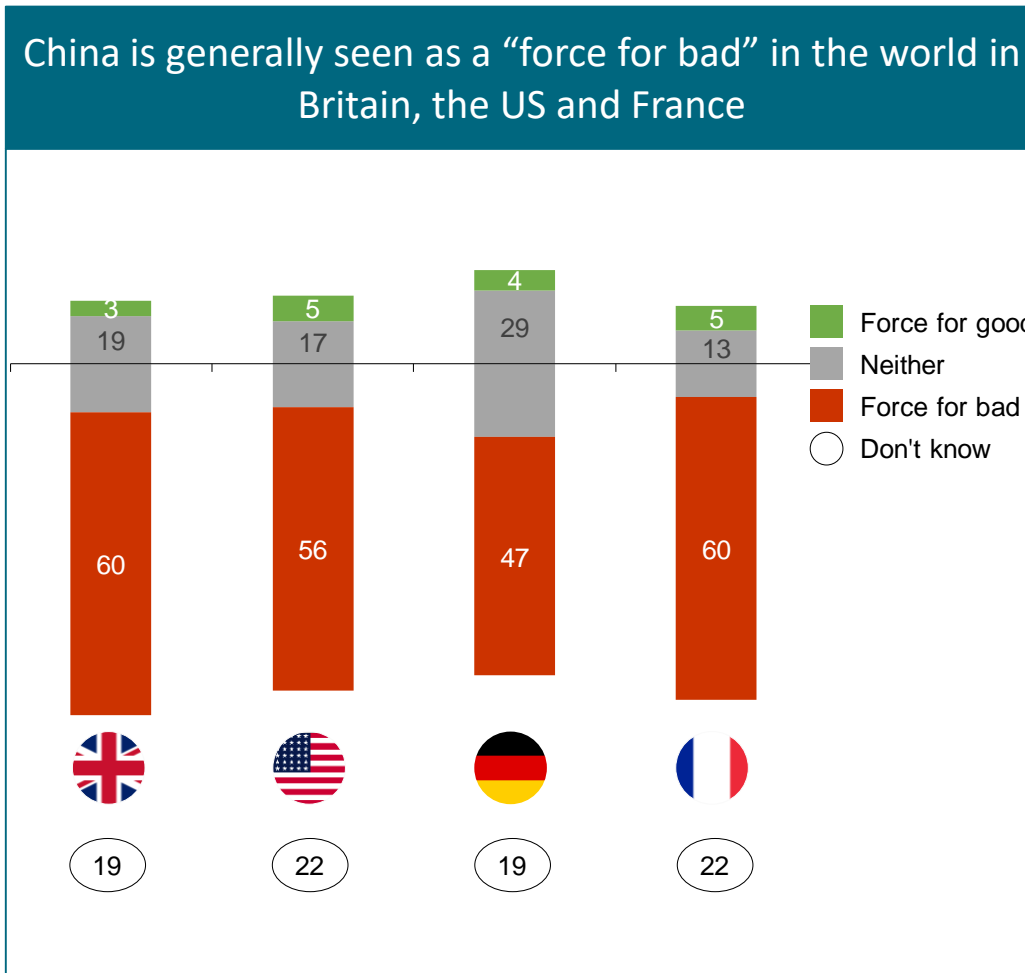


France

2,023 adults
(9 – 11 June 2020)



A majority of people in Britain, the US and France and a plurality in Germany actively see the Chinese government as a force for bad in the world and their opinion has worsened through the pandemic

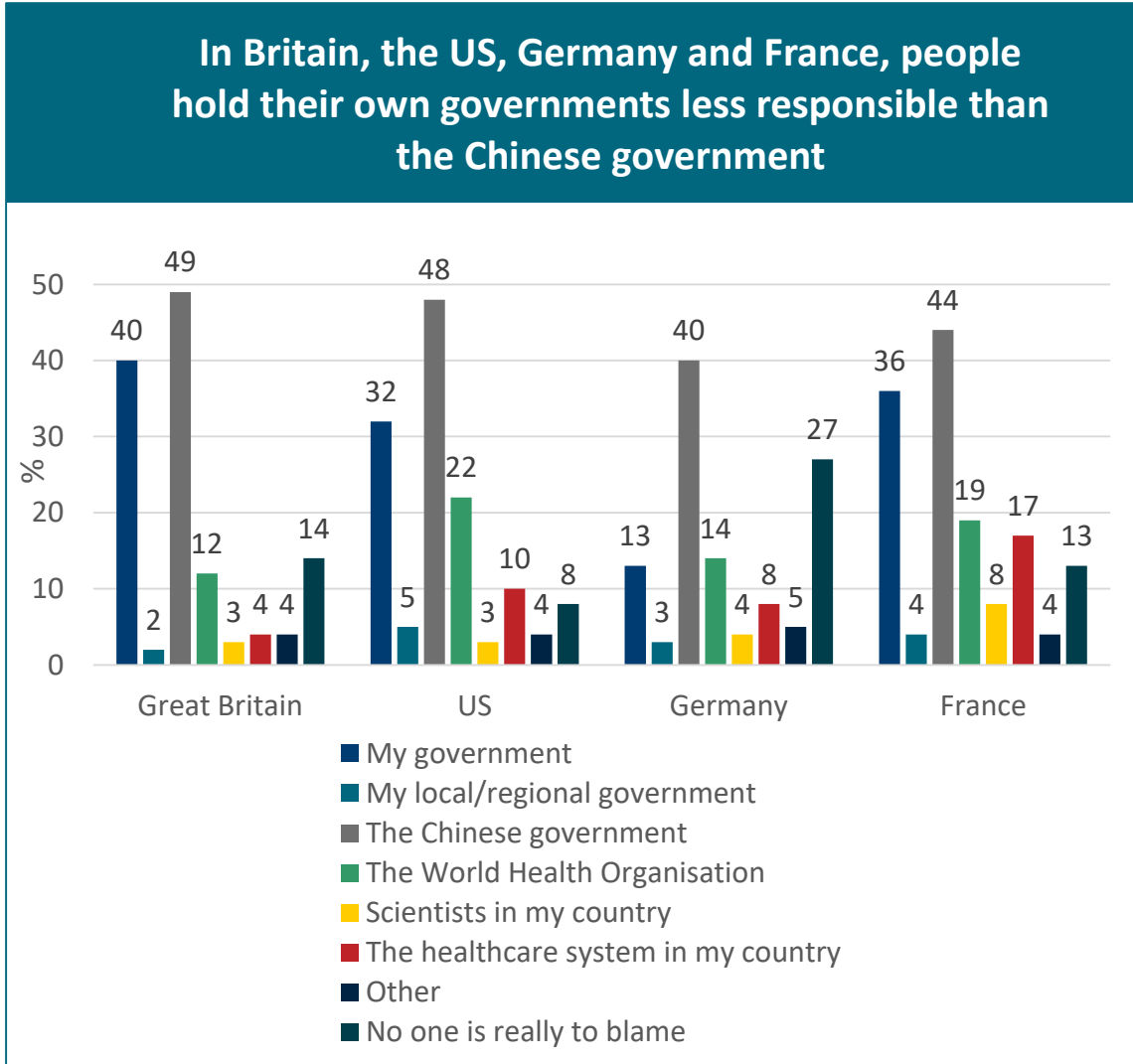


Question: Please say whether you think each of the following is generally a force for good or a force for bad in the world, or neither?

Question: Has your opinion of each of the following improved or worsened since the beginning of the coronavirus pandemic, or has it made no difference?



The Chinese government is consistently seen as the most responsible for the severity of the pandemic



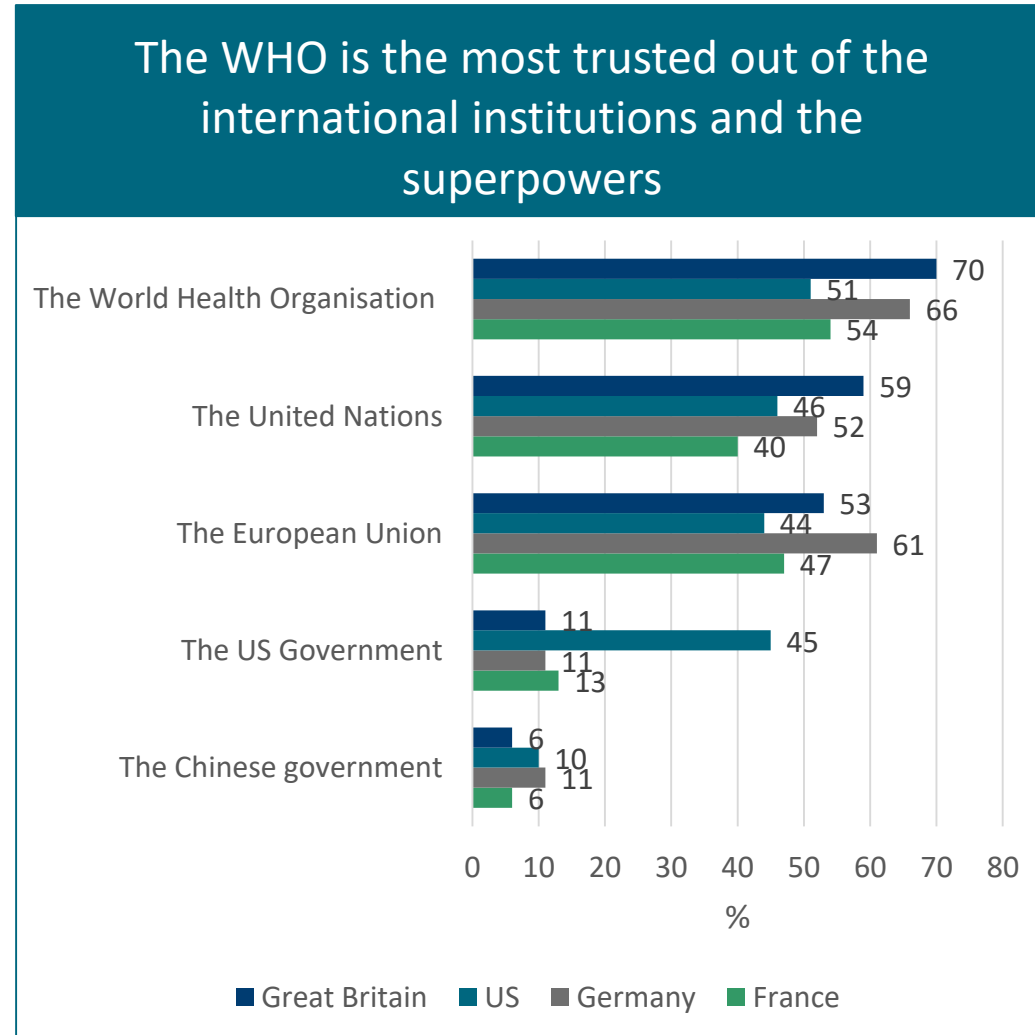
Question: Which one or two, if any, of the following would you say is MOST responsible for the severity of the coronavirus pandemic?

There are some differences in opinion by age

- Younger people in Britain are more likely to blame the British government than they are the Chinese government for the severity of the pandemic. (52% of UK 18-24s think Britain’s government is most to blame, compared to 31% of 55-64s.)
- In the US, older people are more definitive about blame resting with the Chinese government with 63% of those aged 65 and above saying it is most responsible. US 25-34s are the only generation to place more responsibility with their own national government than with the Chinese government.
- In Germany, the Chinese government is blamed the most across generations. Older people are more likely to say no one is to blame (21% for 18-24s compared to 35% of 65+).
- In France, 18-24s place almost equal responsibility with the Chinese government and their own national government (32% and 34%) whereas older people are more likely to blame the Chinese government.



There is extremely low trust in the Chinese and US governments to tell the truth about the coronavirus pandemic



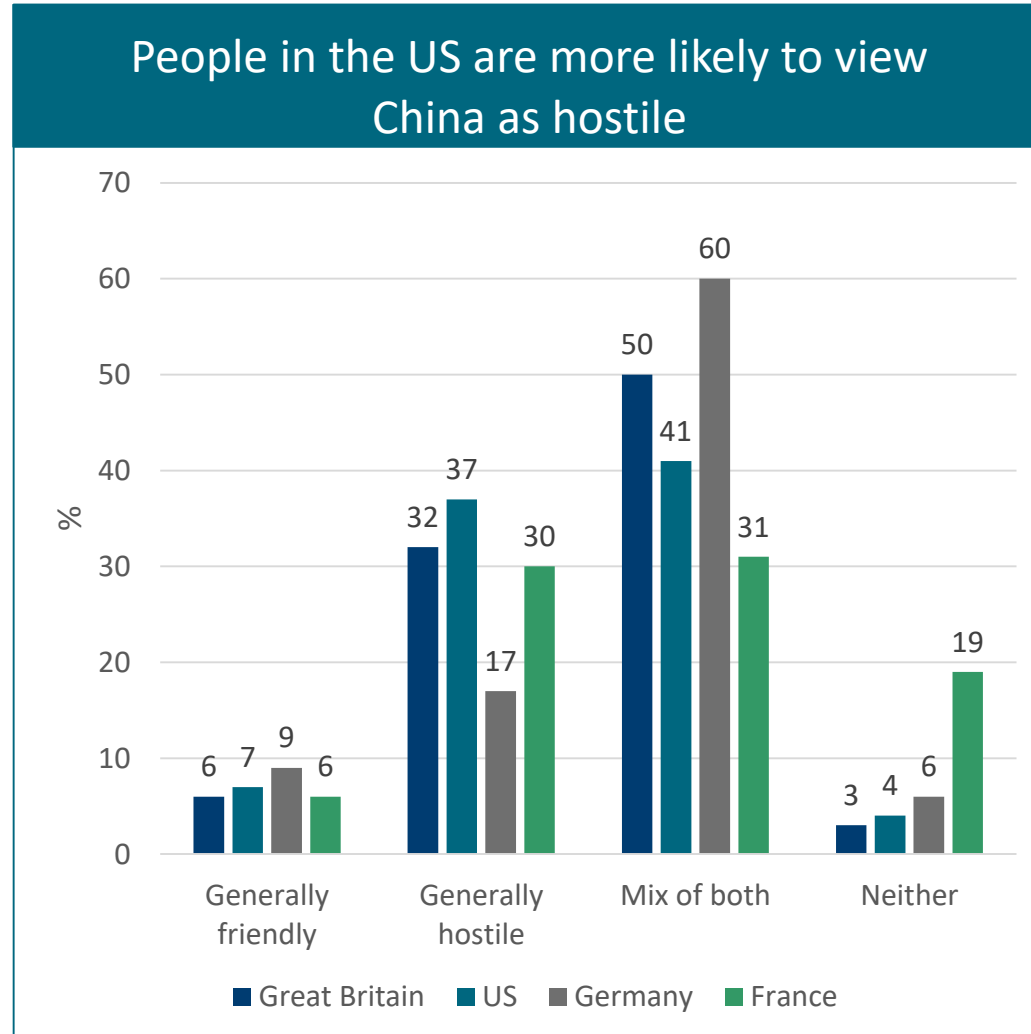
While opinions on geopolitical questions are highly polarised on political lines, there is widespread non-partisan distrust of China

- In all demographics and regions in the four countries we polled there was **majority, and often overwhelming, distrust in the Chinese government.**
- For example, **95% of Conservative voters in Britain do not trust the Chinese government.**
- In the US, 2016 Clinton and Trump voters have very different views on all of the international institutions and superpowers we asked about. But there is little difference in positive sentiment towards China, with **only around 4% of 2016 Trump or Clinton voters polled believing that China is a force for good** in the world.

Question: How much, if at all, do you trust each of the following to tell the truth about the coronavirus pandemic?



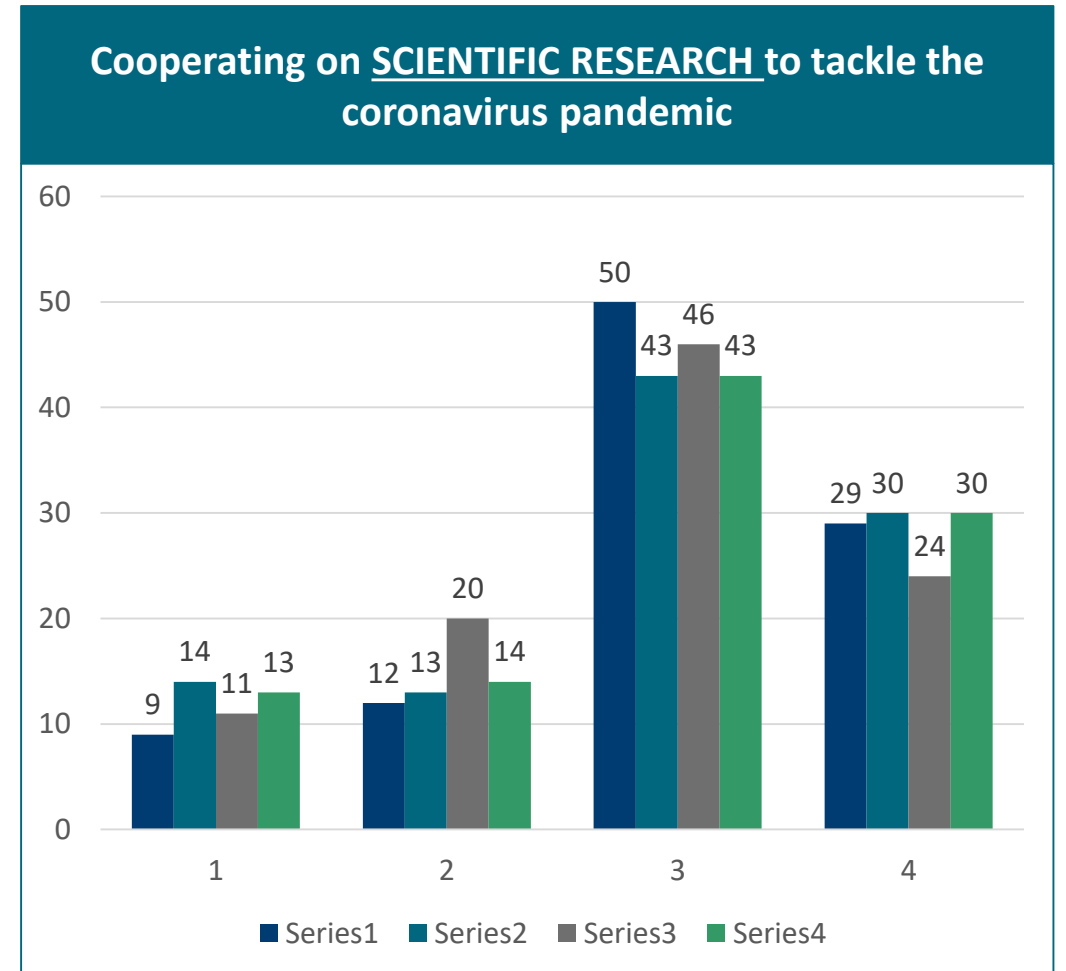
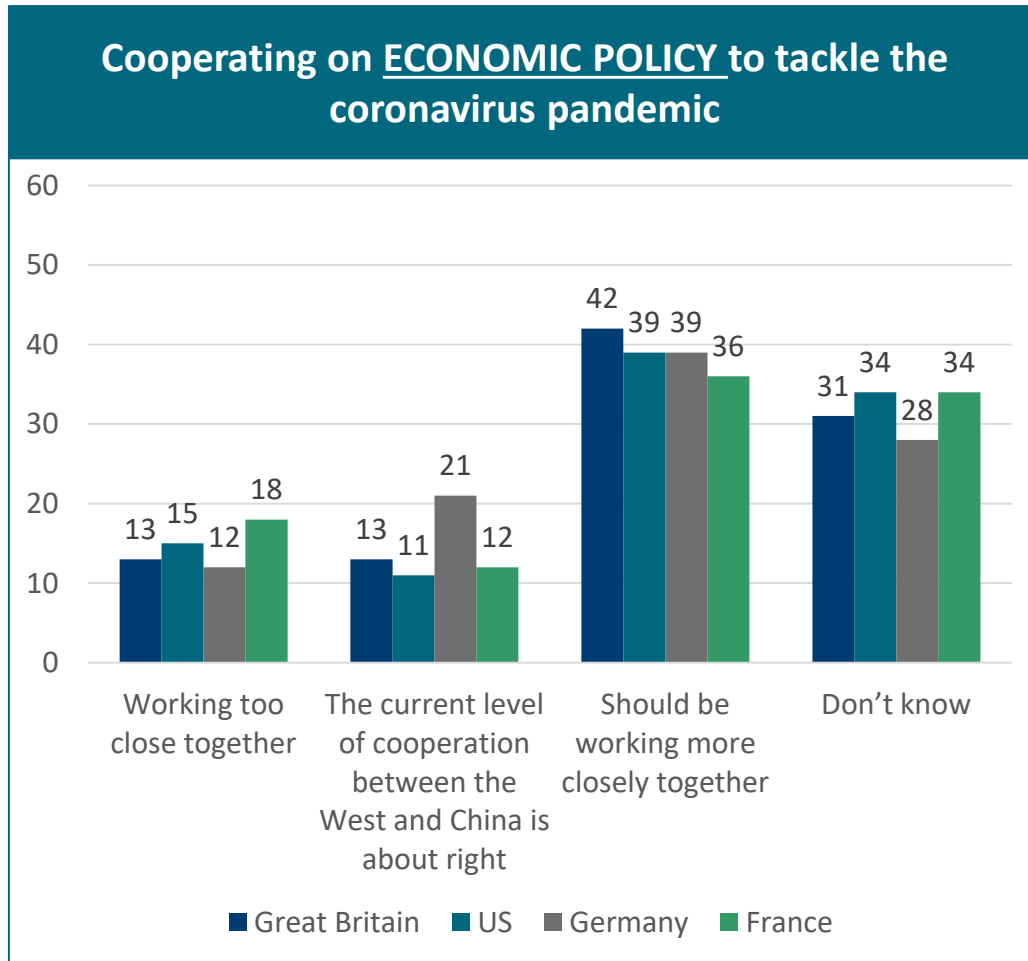
Many have mixed feelings about whether China is friendly or hostile to the West, but few think it is generally friendly



Question: Generally speaking, do you think China is friendly or hostile to the West, or a mix of both, or neither?



There is support for greater cooperation on scientific research and, to a lesser degree, on economic policy around the pandemic, but also a high degree of uncertainty

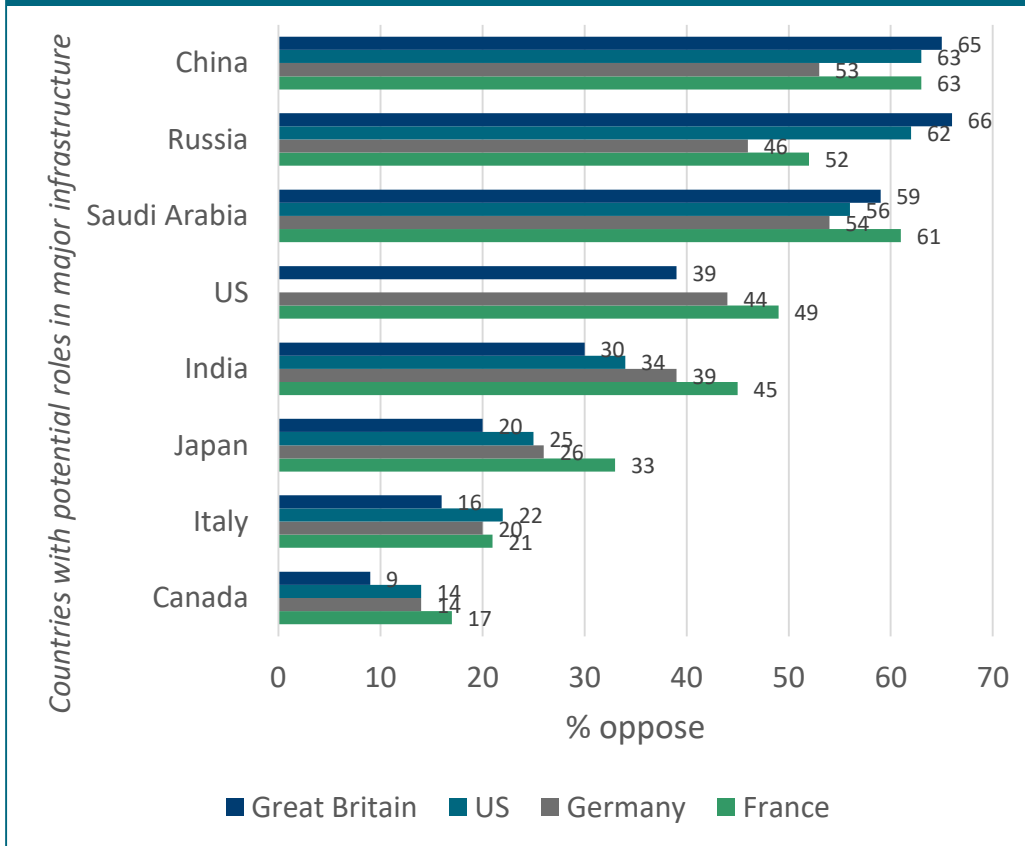


Questions: Generally speaking, do you think the West and China are working too closely together or should be working more closely together on [scientific research/economic policy] to tackle the coronavirus pandemic, or is the current level of cooperation between the West and China about right on this issue?



When asked about international companies having a major role in national infrastructure projects, there is high suspicion of China

A majority of people in all countries surveyed opposed China having a major role in national infrastructure projects

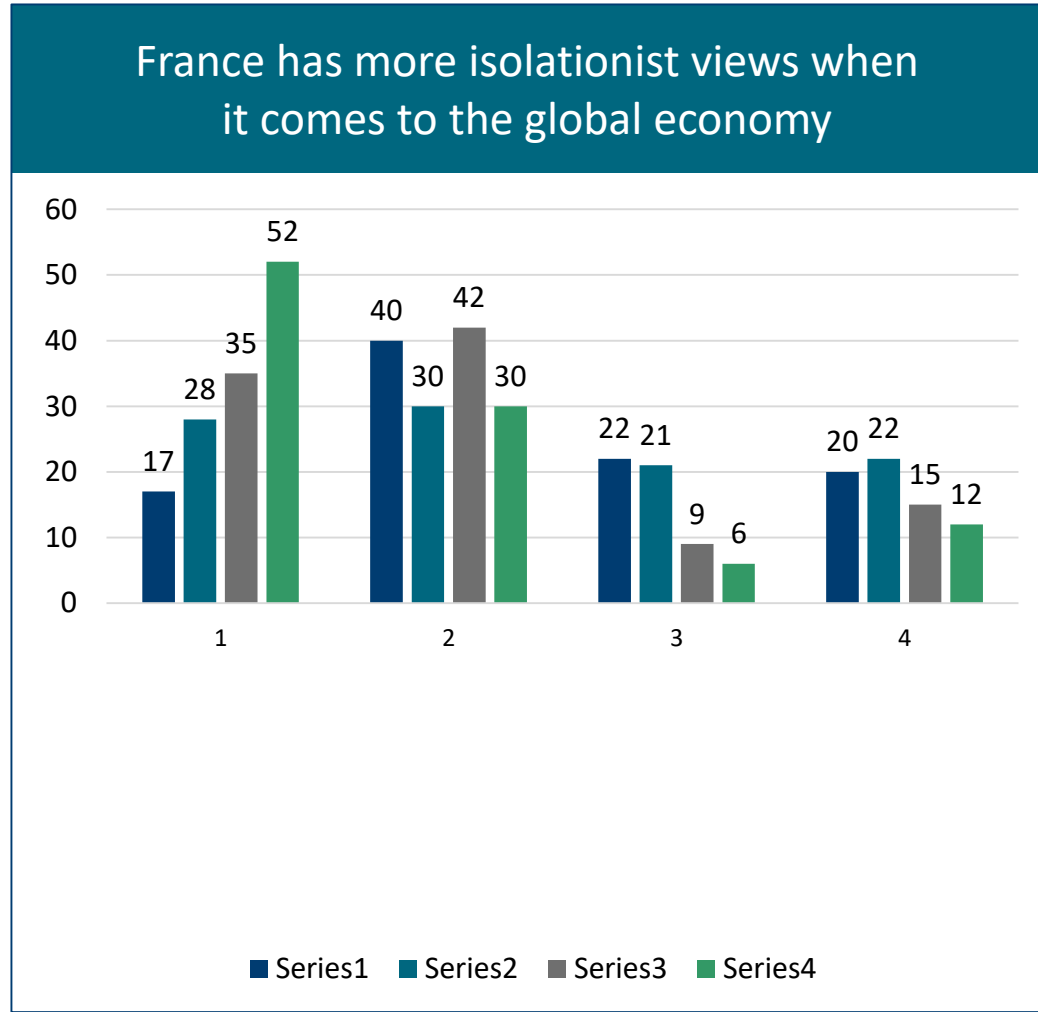
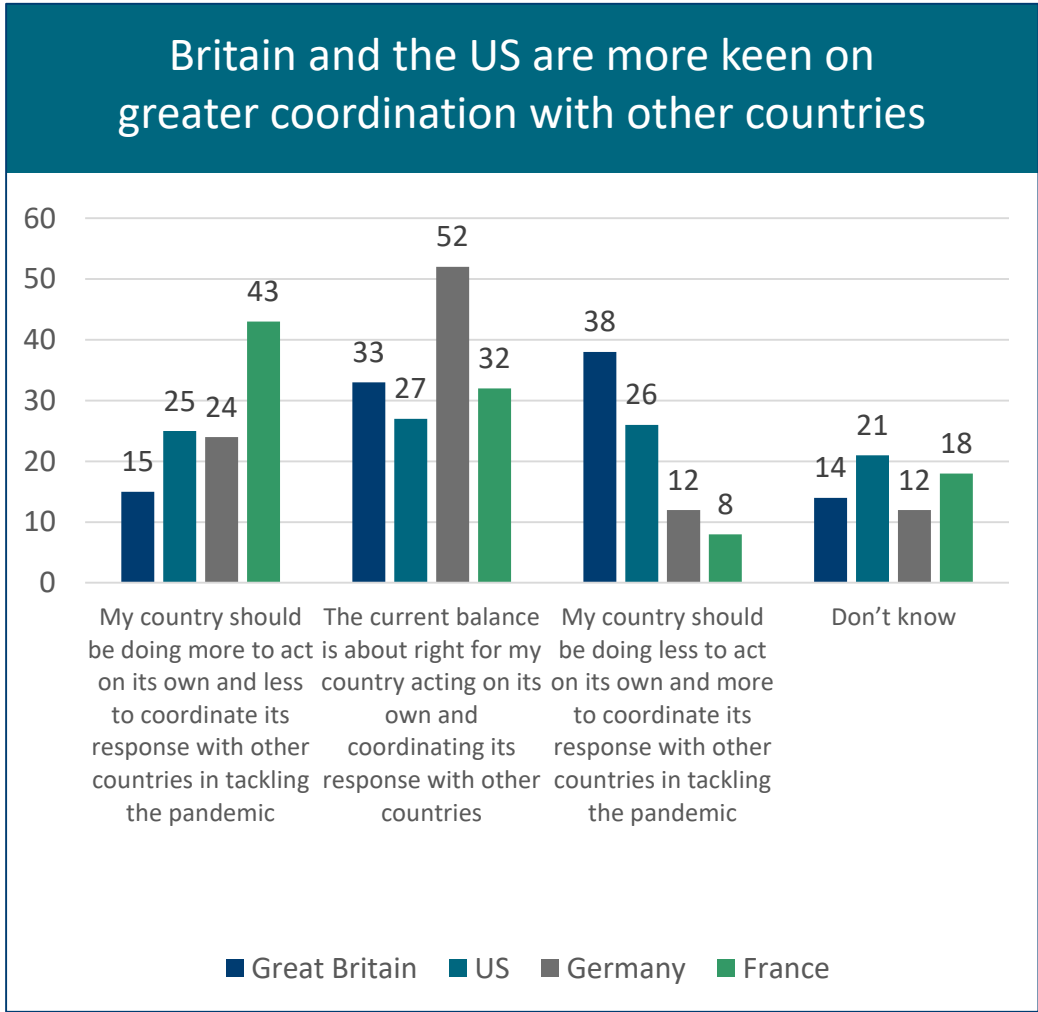


- Younger people in the countries we surveyed are likely to be more supportive of companies from foreign nations having a major role in national infrastructure projects.
- People we surveyed are **more certain about whether they support Chinese companies having a major role, than they are about whether the Chinese government is a force for good or bad in the world** (10% of people in the UK didn't know what they thought about China's role in infrastructure, compared to 19% who didn't know whether they thought China was a force for good or bad).
- **Politics is a likely driver for opposition to Chinese and other countries' investment in the US**, but is less of a driver for other countries.

Question: Generally speaking, to what extent would you support or oppose allowing international companies from each of the following countries to have a major role in infrastructure projects in Britain?



There is no consistent view when it comes to coordination between countries on the pandemic, and less than a quarter of people surveyed want more integration with the global economy

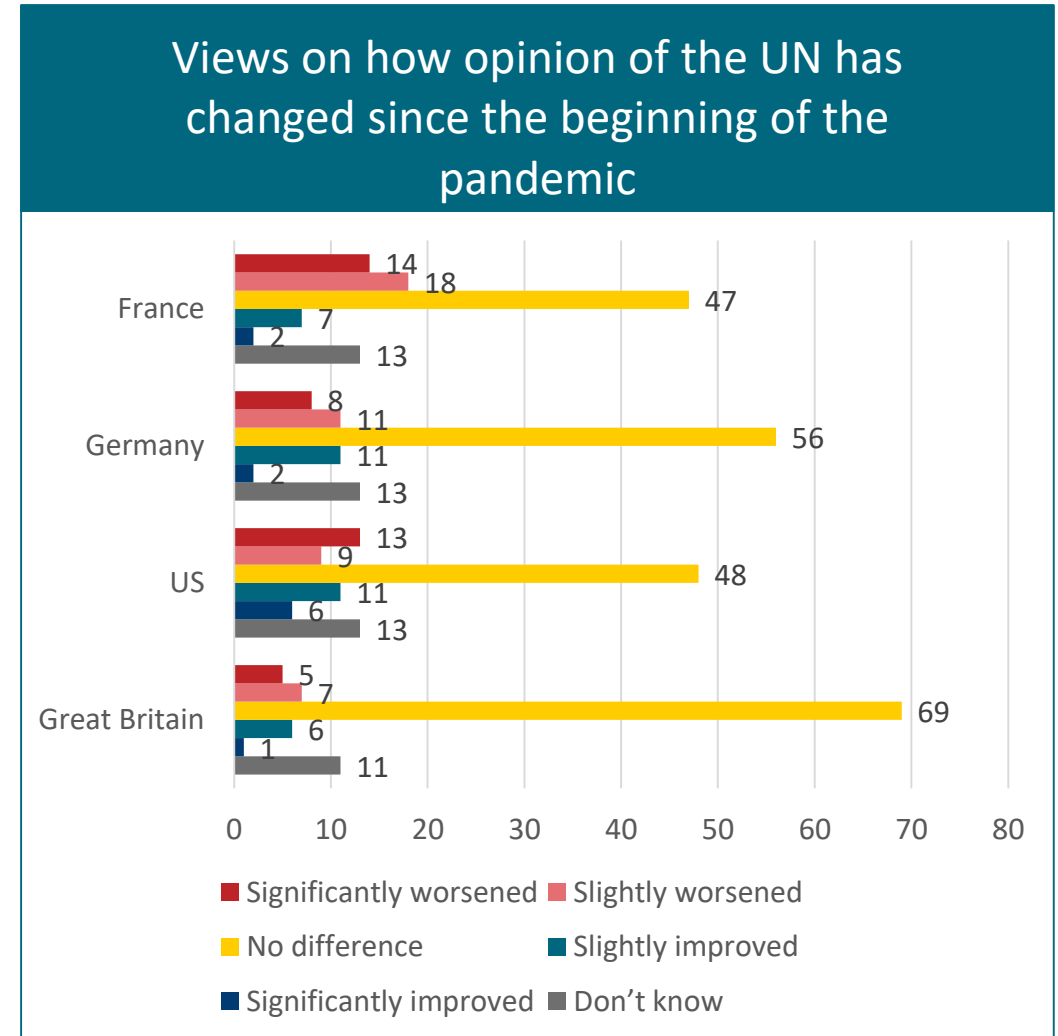
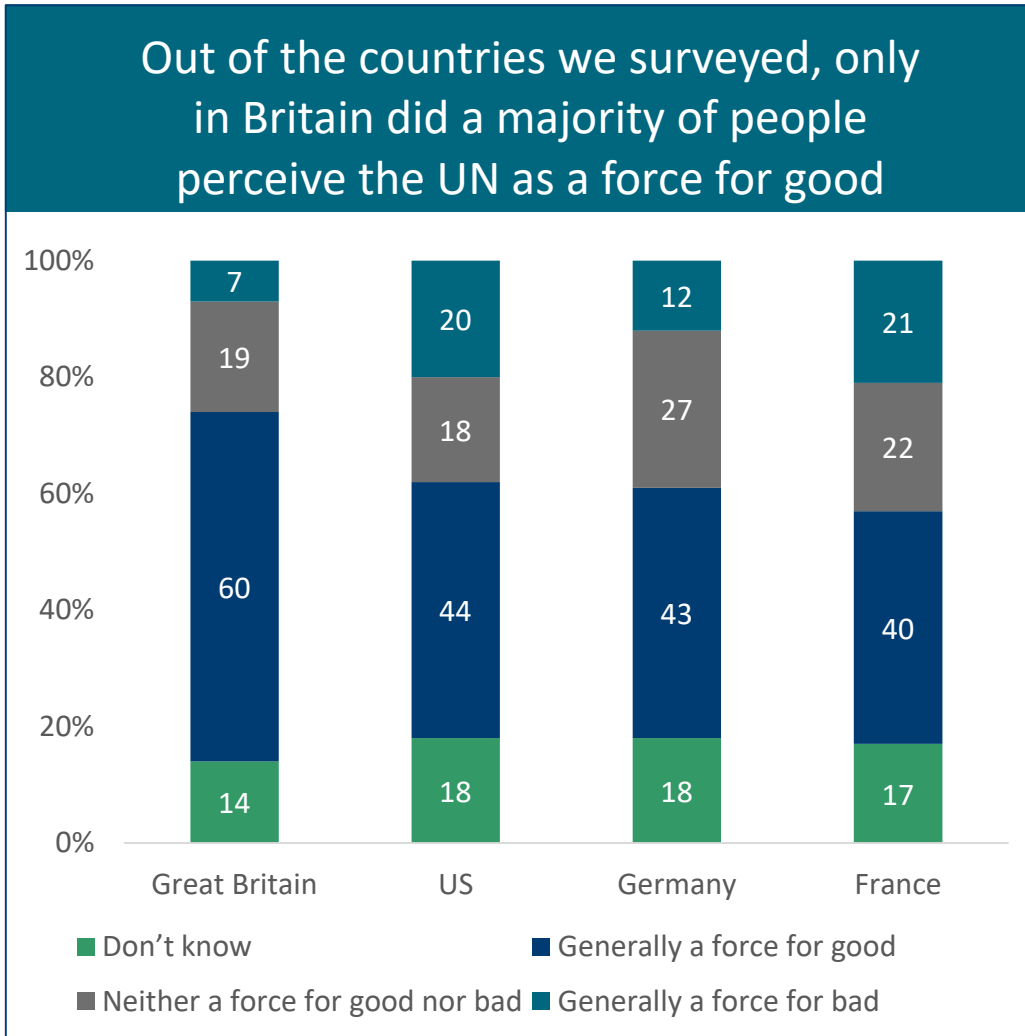


Question: People have different views on whether your country should be doing more to act on its own or more to coordinate its response with other countries in tackling the coronavirus pandemic, or whether the current balance is about right. Which of the following statements best describes your view?

In response to the coronavirus pandemic, people have different views on whether your country should become more independent from the global economy or more integrated with the global economy, or should generally keep the balance it has now between economic independence and integration with the global economy. Which of the following statements best describes your view? In response to the coronavirus pandemic...



There is majority support in Britain for the UN as a force for good in the world, but the pandemic has changed few opinions



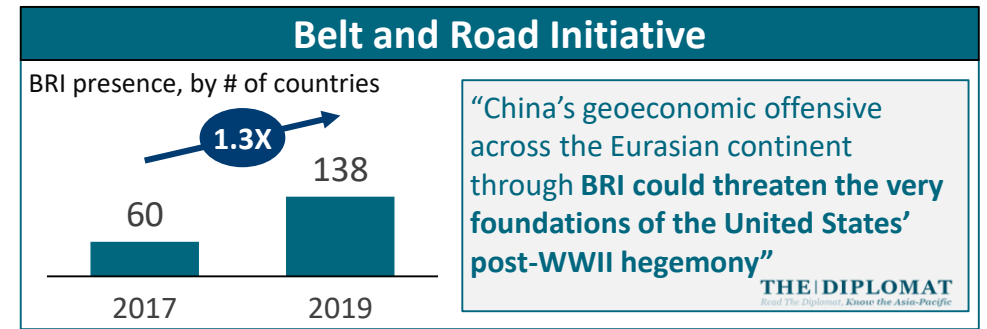
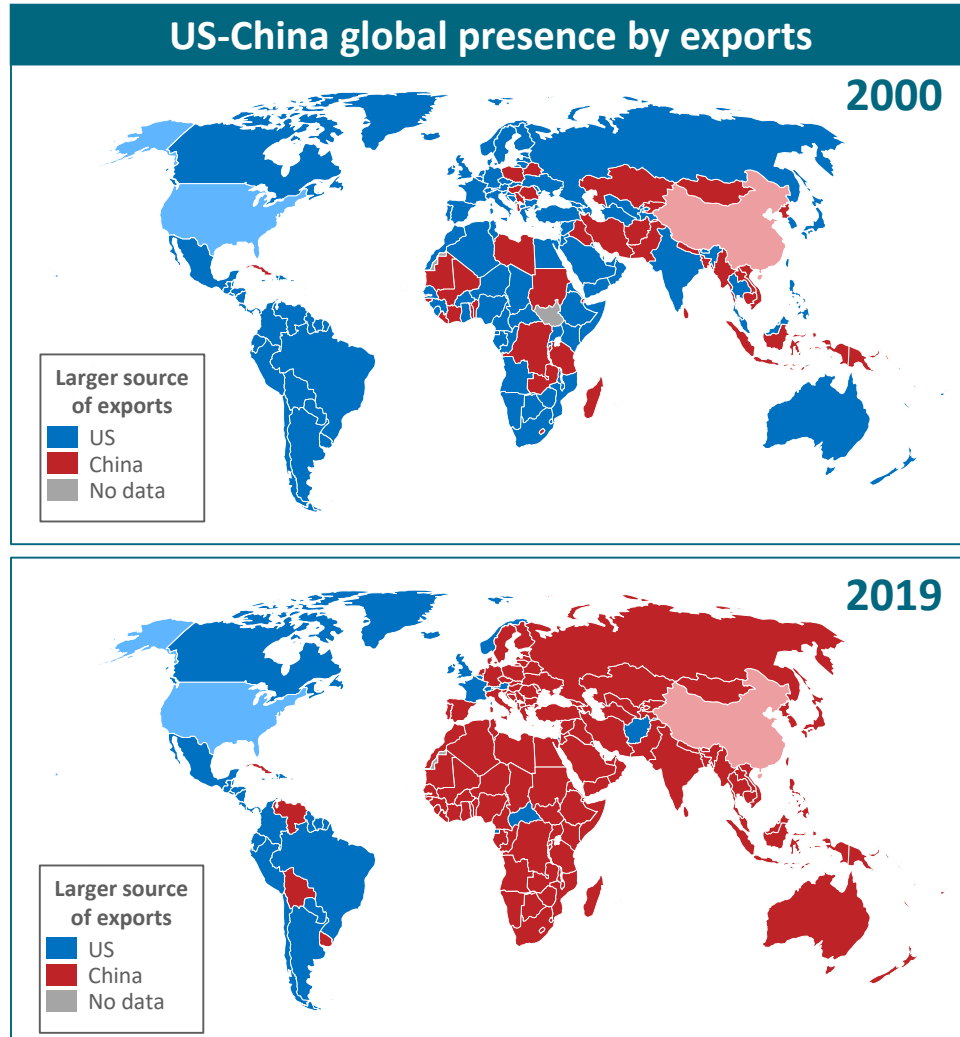
Question: Please say whether you think each of the following is generally a force for good or a force for bad in the world, or neither?

Has your opinion of each of the following improved or worsened since the beginning of the coronavirus pandemic, or has it made no difference?

China's role in the world is changing



China's economic rise over the past two decades is translating into greater strategic influence



New institutions

AIIB 2016

New Development Bank 2014

“... the global governance system has not embraced these new changes and is inadequate in terms of representation”

Pres. Xi Jinping, 2017

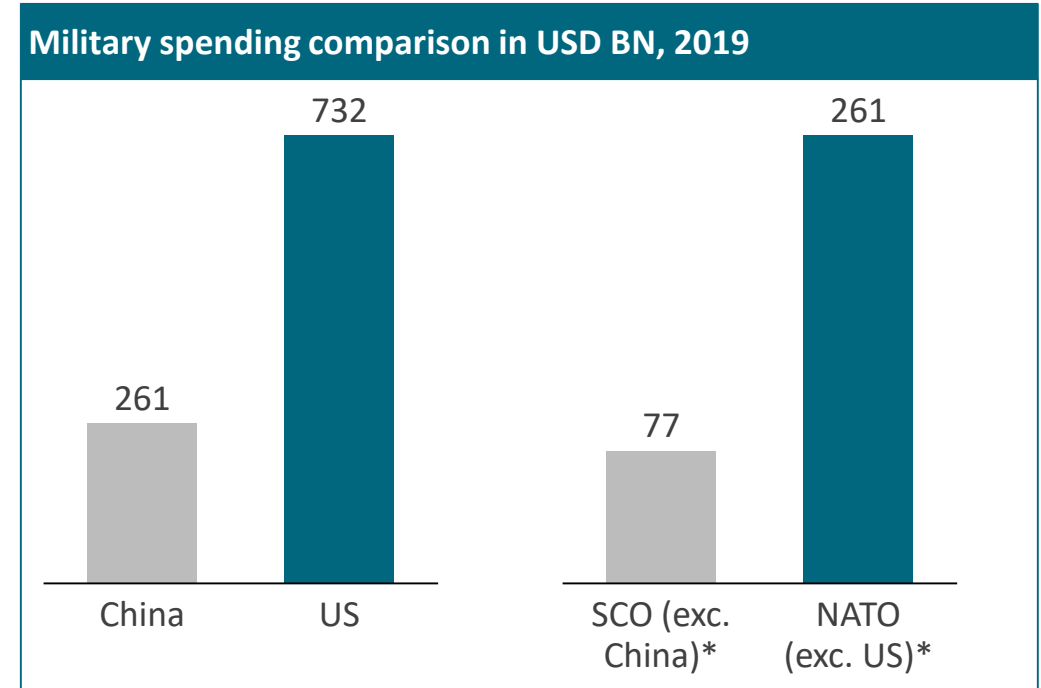
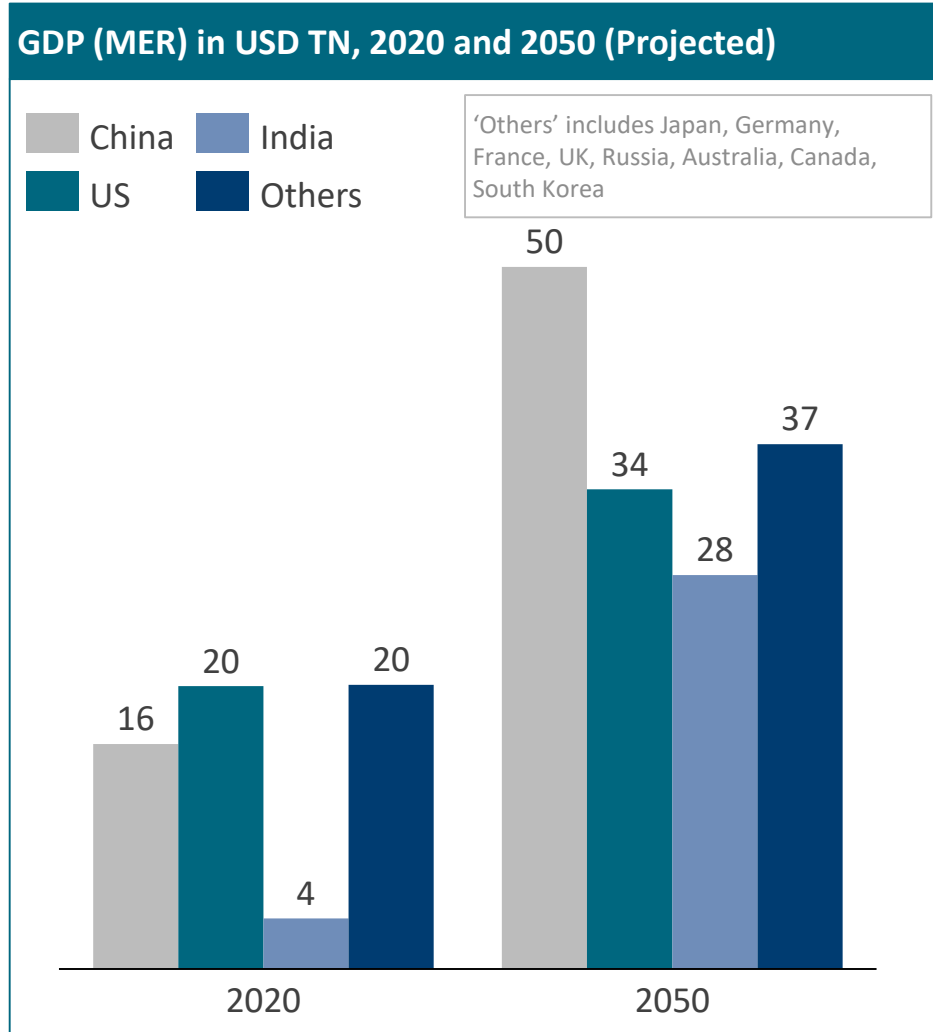
Military bases

- China opened 1st overseas base in Djibouti in 2017
- Currently hosts 2K PLA personnel, but reportedly could deploy up to 10K troops (vs 4.5K troops at US Djibouti base)

Sources: TBI analysis; IMF Direction of Trade Statistics; The Diplomat; Washington Post; The Globe and Mail; East Asia Forum



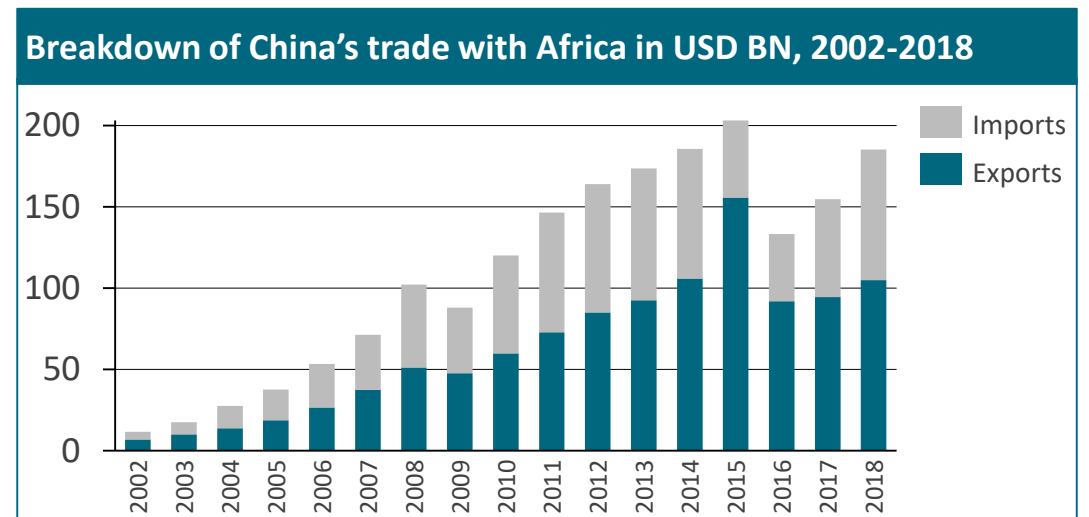
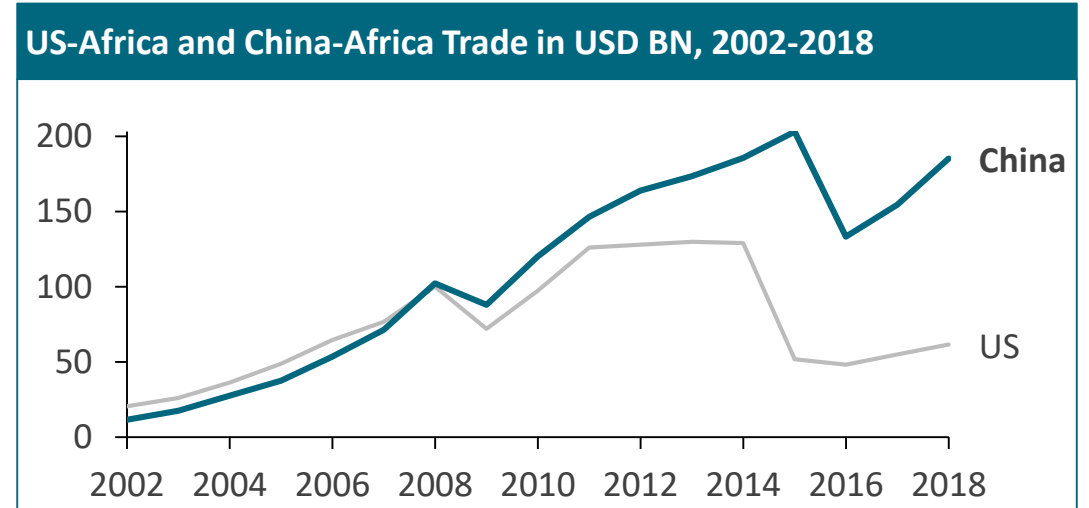
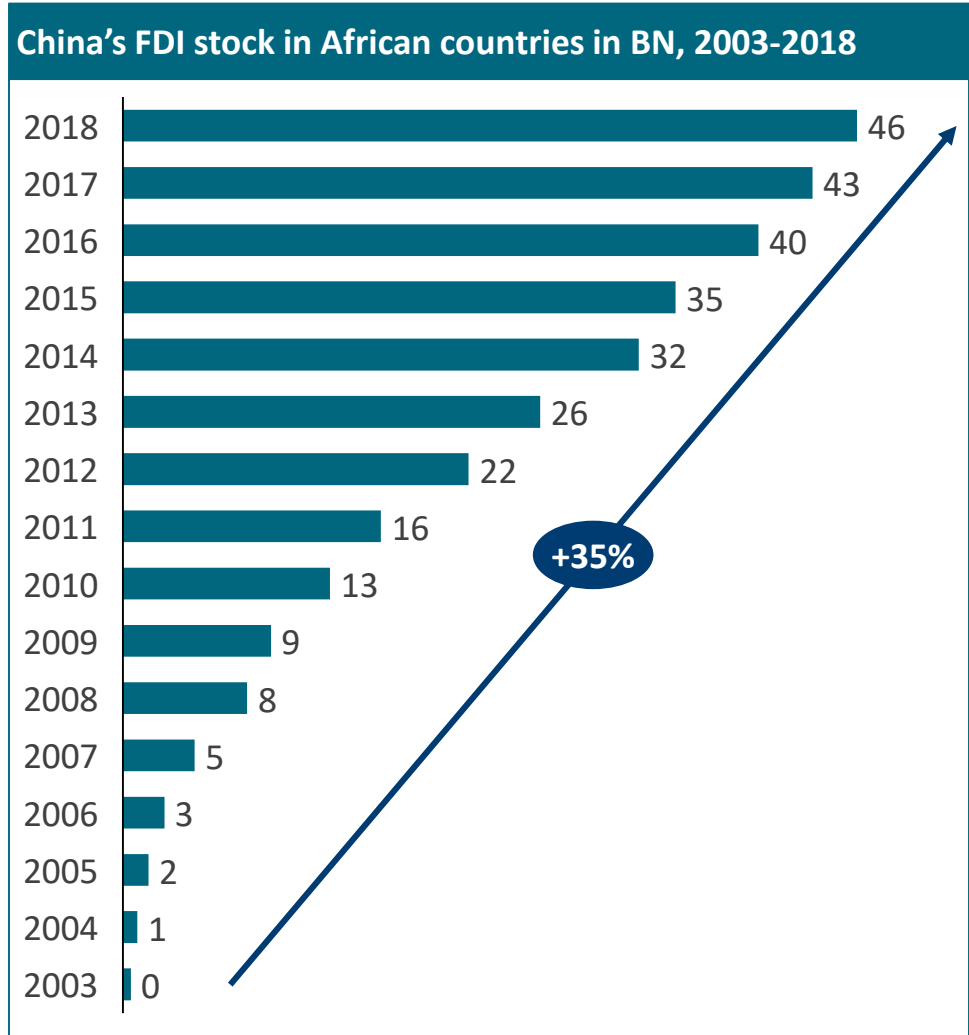
Although China is forecast to become the world's largest economy, the balance of global power will likely continue favouring the US



Note: SCO military spending also does not include India due to its non-aligned posture, Tajikistan and Uzbekistan due to lack of data. Source: TBI Analysis; [PwC, The World in 2050](#); [SIPRI](#)



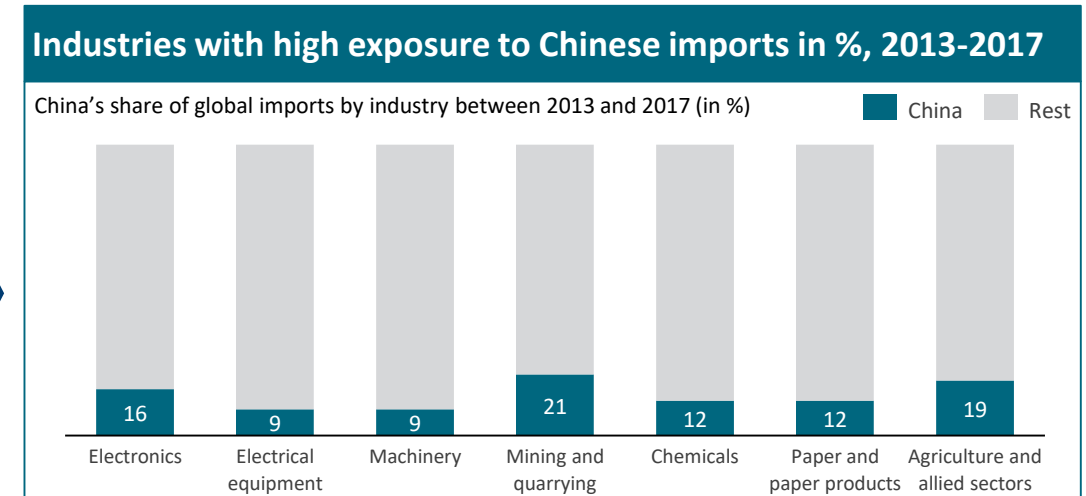
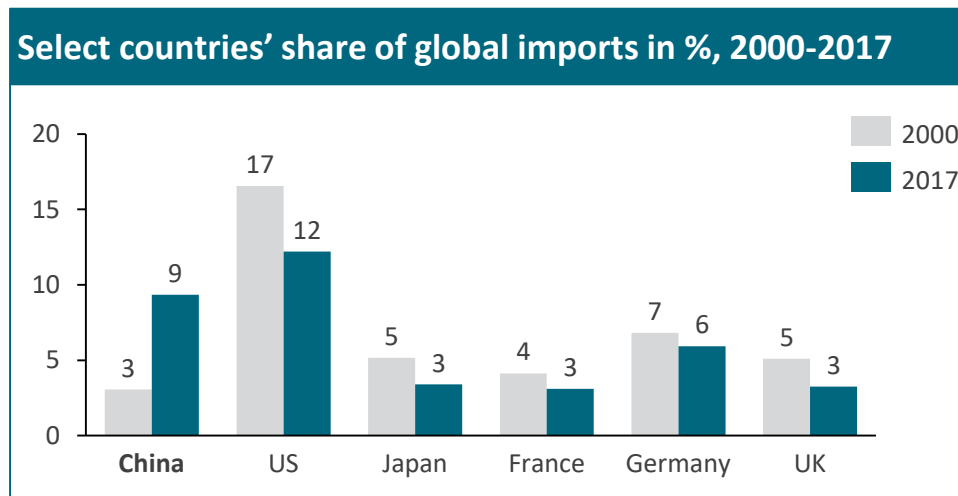
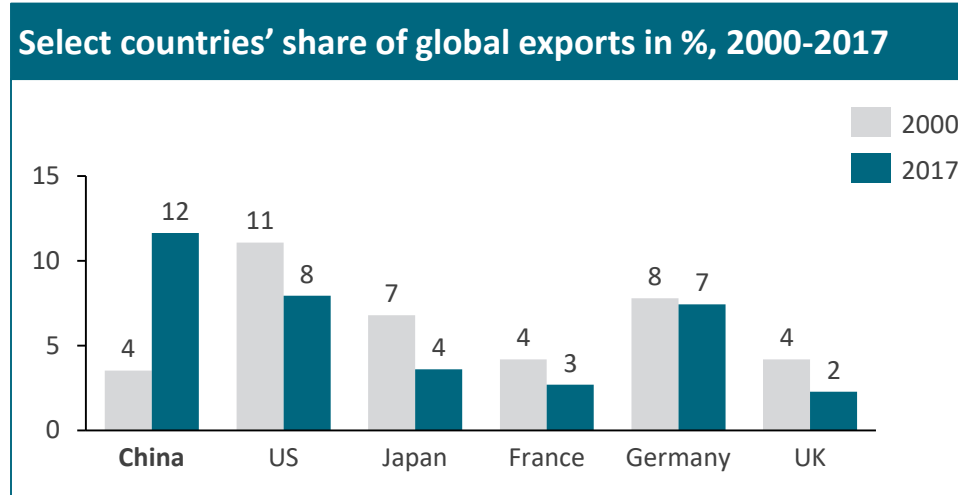
China has also significantly deepened and strengthened its economic relationship with Africa



Sources: [China-Africa Research Initiative](#); UN Comtrade



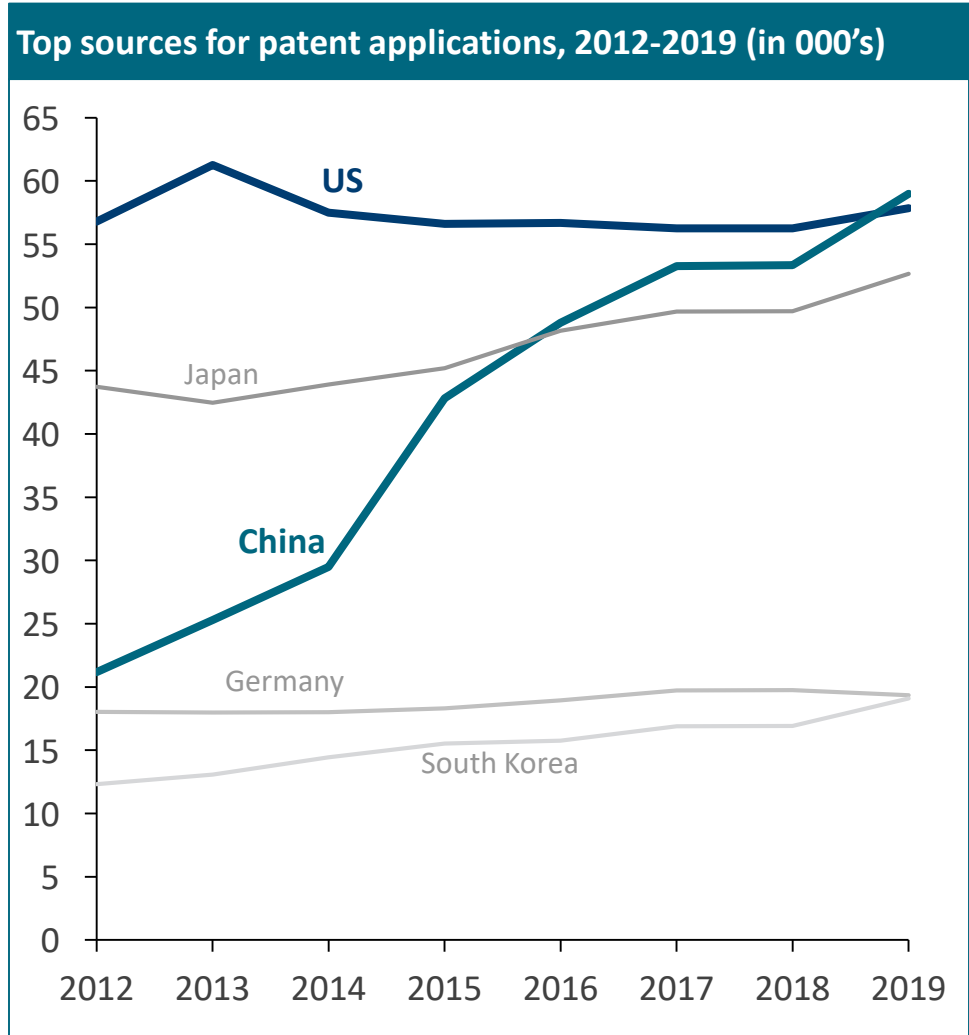
China is integral to global supply chains and manufacturing, and accounts for an increasingly significant share of global output



Sources: [World Integrated Trade Solutions Database](#); [McKinsey Global Institute](#)



China is rising as a leading source of digital innovation, most notably in emerging technologies



Sources: [World Intellectual Property Organization](#); [Nikkei Asian Review](#)

Top 5 countries for patent applications in select technologies, 2017

China accounted for 49% of total applications while the US accounted for 20%

Technology	1st	2nd	3rd	4th	5th
AI					
Quantum computing					
Regenerative medicine					
Autonomous driving					
Blockchain					
Cybersecurity					
Virtual reality					
Lithium-ion batteries					
Drones					
Conductive polymers					



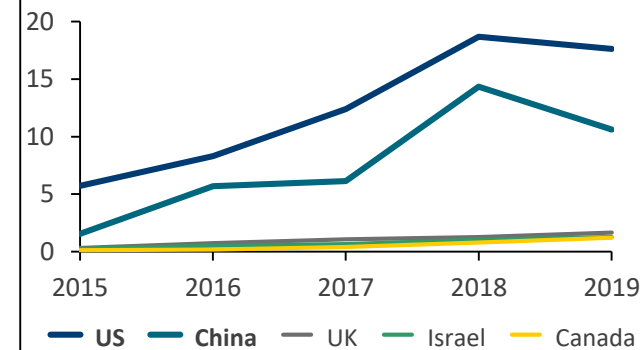
China seeks to become a global leader in advanced and emerging technologies such as artificial intelligence

China's AI goals under its AI Development Plan

- 2017**
 - China's State Council issues the New Generation Artificial Intelligence Development Plan
 - Seeks to make China **"the world's primary AI innovation centre"** by 2030
- 2020**
 - China **among most advanced countries** in AI tech
 - RMB **1.15 TN (~USD 162 BN)** in total output from core AI and AI-related industries
 - AI market with several **globally competitive firms**
 - Pushing **breakthroughs in key areas** (e.g. intelligent big data, swarm intelligence)
- 2025**
 - China is a **leader in some AI tech and achieving key breakthroughs** in fundamental AI theories
 - RMB **5.4 TN (~USD 762 BN)** in total output from core AI and AI-related industries
 - AI marketplace for **smart cities, manufacturing, health care, agriculture** and **national defence**
- 2030**
 - China **leads in all AI theories, tech & applications**
 - RMB **11 TN (~USD 1.5 TN)** in total output from core AI and AI-related industries
 - Domestic marketplace with **integrated application** in **production segments, social governance** and **national security and defence**

Investment in AI

Private investment in AI, (USD BN)



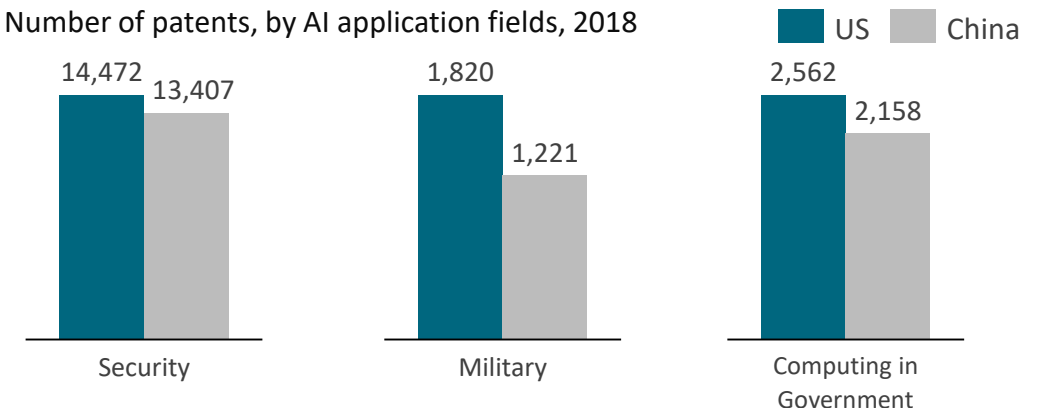
"The US and China obviously have stolen a lead. They're out in-front in Artificial Intelligence, in terms of numbers of applications, and in scientific publications."



Francis Gurry
Director General
World Intellectual Property Organization

US-China comparison of AI patents in key sectors

Number of patents, by AI application fields, 2018



Sources: [Paulson Institute](#); [Stanford Human-Centred Artificial Intelligence Institute](#); [World Intellectual Property Organization](#)

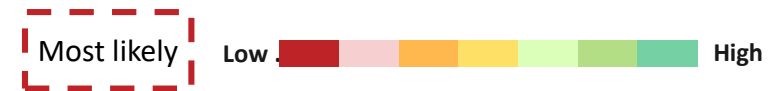


The two most likely scenarios for US-China relations are a “light Cold War” or “great power rivalry” that falls just short of this

Scenario	Prob.	Description	Scenario-based assessment of key focus of tension				
			Domestic issues	Territorial disputes	Trade	Technology	BRI
 Cooperation		<ul style="list-style-type: none"> Close economic engagement Some cooperation on global issues Similar to ~15-20 years ago 					
 Great power rivalry		<ul style="list-style-type: none"> US tries to contain China’s rise But does this on select issues (e.g. South China Sea/technology) Cooperation in some areas 					
 Light Cold War		<ul style="list-style-type: none"> Continuation/intensification of status quo Geo-political contest in Asia Geo-economic contest worldwide 					
 Full Cold War		<ul style="list-style-type: none"> Similar to US-Soviet contest World split into rival camps Arms race/economic influence wars Unlikely given more integrated diplomatic/econ. structures 					
 Military conflict		War breaks out (probably in East Asia)					

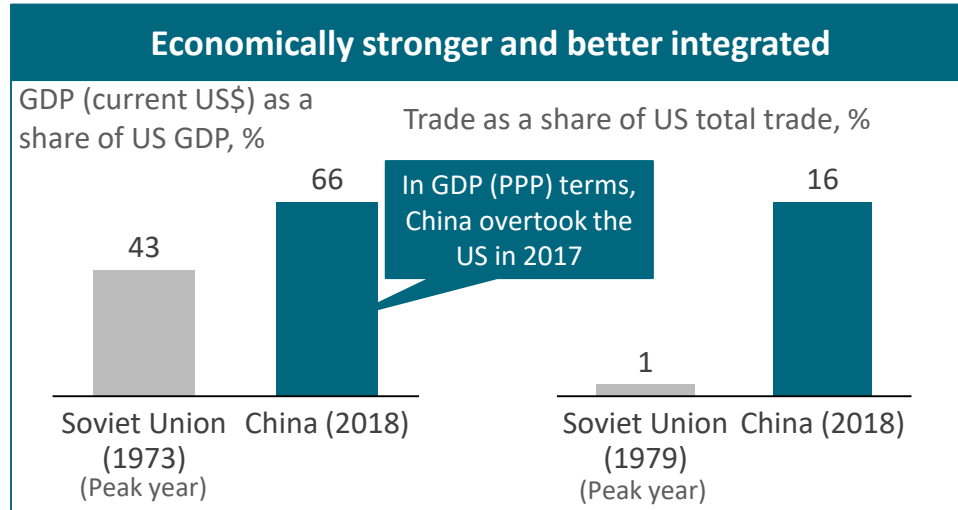
Note: **Domestic issues:** Xinjiang and Uyghurs, Tibet, Hong Kong, and human rights issues; **Territorial disputes:** South China Sea, Taiwan, Indo-China border disputes; **Trade:** China’s trade relationship with the United States; **Technology:** Huawei and the competition for technological leadership between the US and China; **BRI:** BRI-related expansion of commercial and industrial ties globally

Legend for Probability (Prob.)





Despite the Cold War analogy's appeal, China is significantly different from the Soviet Union and will have to be engaged thus



A more stable country

China is one state with common history and civilisational values while the Soviet Union was a group of states held together by force and power



“Soviet power, like the capitalist world of its conception, bears within it the seeds of its own decay”

George Kennan

A distinct competition

- No emergence of an arms race
- Lack of proxy conflict between the US and China
- No ideological delineation of country blocs

Implications of China's rise as a global power

A challenging geopolitical environment?

- China effectively **converts its economic strength into strategic influence**, usually at the cost of the United States
- China has deepened economic ties and become the **top trading partner with more than two-thirds of world**, most notably among emerging economies
- China is emerging as a **global leader in several emerging and key sectors**, such as advanced technology

An indispensable partner?

- China's rise is **central to the continued prosperity of the United States and its partners**
- Chinese factories are the **backbone of the global economy and deeply intertwined with global supply chains** and manufacturing
- China's role as a **leading source of digital innovation could play an integral role in the global advancement of key technologies**, such as AI

Sources: [U.S. Library of Congress](#); [Foreign Affairs](#); [United Nations Statistics Division](#); [US Census Bureau](#)



Going forward, the West should adopt a strategic framework to effectively engage with China



Cooperate

Reserve space to cooperate with China to benefit the global commons and ensure long-term stability

- China is likely to be a major power and a key decision-maker in global affairs
- Cooperating with China is critical to addressing key transnational challenges:

Illustrative examples

- Framework to combat future pandemics
- Sharing data on diseases for faster cures
- Coordinating economic policy



Compete

Preserving the West's competitive edge in technology and innovation must be prioritised

- Ambitious and focused public investments in R&D
- Greater government support to incentivise innovation
- Attract the best and the brightest minds from around the world
- **Collaborate with like-minded partners:**
 - Synergise R&D efforts
 - Agree global standards and norms on sensitive use of tech
 - Reduce dependencies on China



Confront

- Be willing and prepared to **protect the international community's norms, interests and values**
- Speak out against **China's human rights violations as well as its undermining of civil liberties** within China (e.g. Hong Kong, Uyghurs)
- Call out **China's aggressive actions** against neighbouring states as well as against Western allies and partners