

***CHINA'S DOMESTIC POLITICS
& FOREIGN POLICY IMPLICATIONS***

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XI JINPING'S STRATEGIC VISION

- Xi's "**China dream**": "to build a **prosperous** China with a **strong** army under leadership of **Communist Party**"
- Xi's goal: to achieve China's goal of becoming a great power after its "**century of humiliation**" by foreign powers, recovering "**lost territory**" & restoring its preeminent position in the region

XI'S DOMESTIC STRATEGY

- **Anti-corruption campaign** to win public support, clean up CCP & PLA, eliminate or neutralize political opponents
- Shift from “collective leadership” to “Xi Jinping as the **core** of CCP leadership”
- National unity via **nationalism** & Xi's tightening control over CCP, PLA, media

XI'S VULNERABLE POINTS

- **Mounting economic challenges:** slowdown in growth, reform of state-owned enterprises, credit expansion
- Intensified **inner-CCP struggle** (Jiang Zemin & Hu Jintao factions vs “princelings”) for 2017 CCP Congress
- **Uncertainty in PLA** as anti-corruption campaign extends to top military brass

DRIVERS OF CHINESE POLITICS

- **3 Pillars** of CCP legitimacy: economic growth, nationalism & PLA
- **Economic growth**: pursuit of economic security – food & energy sources
- **Nationalism**: defense of nat'l sovereignty, territorial integrity & “core interests”
- **PLA**: bulwark of national security & defense of maritime perimeter (“near seas”)

IMPLICATIONS FOR WPS

- **Island-building** as part of Xi's tactic of "defending core interests" & winning support from PLA & Chinese public
- Xi as **risk-taker**: a balancing game of "defending core interests" vs "maintaining stability" (avoiding military conflict)
- **Assertive moves** will continue but stop short of full-scale war, though short, sharp skirmishes are possible

XI ON ARBITRATION RULING

- **Xi Jinping:** “China will not accept any proposition or action based on the decision of the **arbitral tribunal**...China’s territorial sovereignty & maritime interests in the South China Sea, under any circumstances, will not be affected by the award.” **(Xinhua, July 12/16)**

A POSSIBLE WAY FORWARD

- **China's "soft line":** "Pending final settlement, China is ready...to enter into **provisional arrangements of a practical nature**, including joint development in relevant maritime areas, in order to achieve win-win results." **(PRC statement, July 12, 2016)**

CHALLENGES AHEAD

- Need for creativity, flexibility & pragmatism during bilateral talks
- Finding possible areas of functional cooperation (trade, tourism, fisheries, marine protection, anti-drugs, anti-crime, infrastructure projects, Maritime Silk Road, AIIB)
- Managing disputes, easing tensions

