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Changes in Turmoil: Fudan International Strategic Report 2018

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Changes in Turmoil:Fudan International Strategic Report 2018

Abstract:The international political arena of 2018 featured turbulence and turmoil.The Trump administration put forward the ‘American First’ policy,leading to an increase in the uncertainty of the international political system. Consequently, conflicts among major powers surged and turbulences were widely spotted on the global and regional level. In the face of such turbulence triggered by the actions of the Trump administration,countries around the world,have stepped up efforts to cope with the situation, by adjusting existing policies and embarking on new strategic moves.

1. International Political Landscape: Seeking Changes in Turmoil

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Turmoil

The international political arena of 2018 featured turbulence and turmoil.One important factor is that the United States under Trump administration interfered with and shocked the current international political order,leading to an increase in the uncertainty of the international political system. The international economic and trade order also falls into chaos.Ignoring widespread opposition from countries across the globe, the Trump administration insisted on launching an unprecedented ‘global trade war’ and triggered a slew of trade disputes.Not only in US,other areas around the world also face with turmoil.The chaos in the Middle East remains unchanged, as does the security chaos in Europe.At the global level,populist sentiments continued to stir up the international political landscape.

Seeking Changes

In the face of a series of unconventional and unreasonable policies adopted by the Trump administration, as well as the consequent international political chaos, many countries have begun to adjust existing policies and embarking on new strategic moves.Facing US’ overall pressure that originated from trade frictions, China maintained its strategic focus and competed with the US in a cautious manner.America’s key allies, such as the European Union and Japan, have begun to seek self-protection.In the Milldle East,regional power like Turkey, Saudi Arabia and Israel,also adjust their foriegn policies quickly in succession in response to the US foreign policy.. A new round of geopolitical struggle, filled with uncertainties, is likely to resurface in the Middle East.

Prospect

The Trump administration have resulted in more geopolitical ‘vacuum’ and intensifying turmoil in the international system, forcing countries to contemplate ways to respond and counterbalance. Looking into international political arena of 2019: The massive impact and destructiveness of the Trump will endure. Other countries marginalized by the US will continue to deal with it, by seeking to form issue-specific alliances and enhance strategic coordination in response to an increasingly unpredictable US, as well as an ever complex and uncertain world.

2. The World Economy: Escalating Uncertainties?

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The world economic growth in 2018 was relatively good. But from the perspective of economic governance and economic order, the world economy faced huge uncertainties. With the outbreak of Sino-US trade war, the world economy officially entered a critical stage of reshaping its order in 2018. Meanwhile, the global economic philosophy changed dramatically. The Washington Consensus, which advocates free trade and open markets, has encountered serious challenges.

Despite the lack of positive highlights in global economic governance, regional economic integration has made gratifying progress. In the absence of major breakthroughs in promoting multilateral economic governance at the global level, many positive practices at the regional level will effectively dispel concerns about de-globalization and help to counter the challenges of trade protectionism.

Looking ahead to 2019, the three biggest uncertainties determine the world’s economic trend in the coming year. The first is the prospect for US economic growth. If the US economy goes into recession, then the world economy will face serious challenges. The second is the trend of Sino-US trade war. It will bring a serious negative impact on international trade and the development of the global economy. The third is the development of the European economy. On the one hand, there is still a lot of uncertainty in the outcome of Brexit, on the other hand, the deep social and institutional contradictions within the EU, which have been revealed by the Yellow Vest Movement in France, are also breaking out.

3. Chinese Diplomacy: Stabilizing Neighboring Relations and Promoting Opening-up

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China has established President Xi Jinping's thoughts on diplomatic as guidelines for China's diplomacy for the new era in 2018. While coping with China-United States trade dispute in a calm manner, Beijing has seized the opportunity to comprehensively ameliorate relations with neighboring countries. Also, China has made active efforts in mediating in neighboring hot issues, promoting regional cooperation and pushing forward its own opening-up. All these have made China a leader in regional cooperation and a guard of regional peace and development.

Under the circumstances of major changes in the global economic and trade cooperation environment, China has increased its leadership in regional economic cooperation. First, promote economic and trade cooperation in the Asia-Pacific region. China is pushing for the conclusion of the Regional Comprehensive Economic Partnership Agreement (RCEP). In the area of economic and trade cooperation in Northeast Asia, President Xi attended the 4th Russian Eastern Economic Forum and made great efforts to promote cooperation between Northeast China and the Russian Far East.

During the celebration of the 40th anniversary of reform and opening up on Dec 18, China further demonstrated its determination to adhere to 'development' as its top priority and unswervingly deepen reform and opening-up. The Belt and Road Initiative is an important starting point for China to usher in cooperation in the surrounding regions. In 2018, China has made remarkable progress in implementing the initiative with neighboring countries and completed quite a few major projects. Looking forward to 2019, we have solid reasons to believe that China's neighbouring diplomacy will continue along the path of building a community of shared future.

4. U.S.: The 'Trump' Turmoil

WU Xinbo

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Entering into the second year of his presidency, President Trump has taken more unconventional measures in diplomacy to implement his "America First" policy, which has

had a series of negative impacts on world political and economic landscapes and left the Sino-US relations in a rather severe situation.

The Trump administration's unconventional measures in diplomacy disrupt world economic and political landscapes severely. Firstly, US withdrawal from various international arrangements has been a severe blow to multilateralism and international institutions. Secondly, protectionism impact the global economic structure. Finally, the redefinition of US-EU relations also has an impact on US ties with its alliance.

Since 2017, the Trump administration has regarded China as a 'strategic competitor' and a 'revisionist power', pushing Washington to adjust its foreign policy with Beijing. The US has competed with China in all aspects of politics, economy and security. Besides, in order to prevent China from acquiring US's high-tech, the US has taken a series of measures. Moreover, the US has taken judicial actions, impose sanctions, or directly exerted pressure on the Chinese government in response to the Chinese companies' or individuals' alleged infringement of US intellectual property rights.

Under such backgrounds, the current Sino-US relations have faced an unprecedentedly grim situation. First of all, the structural contradiction between China and the US have been growing prominent. Second, the relationship model between the two countries has transformed. The third is an overall setback in bilateral relations. The year 2019 remains to be a tough year for China-US relations. During the important transition period of Sino-US relations, frictions, turbulence, and conflicts will become more frequent. Therefore, an effective risk and crisis management mechanism is a pressing challenge for both sides.

5. Russia: Back to Pragmatism

FENG Yujun

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In May 2018, Vladimir Putin returned to the Kremlin, kicking off his fourth term as the country's president till 2024. His governing ideas have made 'a return to pragmatism'.

Although Putin won re-election with a high vote in the presidential election in March 2018, the measures he implemented after his re-election, such as delaying retirement age and raising taxes, have incurred fierce social backlash. Under the turmoil, Putin has diverted more resources and energy in improving domestic governance, keeping economic stability and

maintaining people's livelihood. However, due to many structural factors, Russia's economy growth remains weak. What's more important, Russia's economy is still mainly bolstered by oil and gas, arms and food exports, and such economic structure cannot be changed in the short term.

As his "aggressive diplomacy" faced obstruction, Putin has clearly realized the huge national strength gap between Russia and US and that Russia is unable to compete with the US on a full scale. As a result, Russia has gradually returned to a rational and pragmatic approach when dealing with the US. In order to win over time and space for 'breath' and 'survive the winter', Russia lowered its profile on the Ukraine issue and Syria issue, also enhanced cooperation with Germany and France to alleviate Western pressure.

Russia, of course, is not simply backing down in its relationship with the West. While seeking to ease ties, Russia has also taken 'the carrot and stick' approach, leveraging a series of issues to divide the US and its allies. At the same time, Russia is also stepping efforts to 'turn East' and actively enhancing cooperation with countries in like China, Japan and India. It can break siege of Western countries while reaping substantial economic gains.

Looking ahead into 2019, Russia will continue its pragmatic internal and external policies. In domestic affairs, Moscow should strive to avoid any serious impact of social reform policies on people's lives so as to ensure social and political stability. In terms of diplomacy, Russia should make great efforts to consolidate its geopolitical achievements in the Middle East and seek to improve Moscow-Washington ties through Putin's proposed visit to the US.

6. The European Malaise: Old Rules Falling Apart, New Ones on the Way

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Looking back at 2018, the European Union has seen old rules falling apart while new ones not yet well established. First, the economic recovery has been sluggish and downside risks have intensified. Second, expanding level of inequality, shrinking middle class and the ever-surging social discontent are rampantly fuelling populism. Third, the political landscape in Europe features the decline of traditional mainstream parties, the rise of extreme parties, and the fragmentation of politics.

Facing the difficulties, the EU and leaders of its member states have tried hard to keep the

reform momentum. But little substantial progress has been made as the reform itself has encountered strong obstacles and slipped into a 'reform-protest-compromise' vicious cycle. It reflected that the new generation of European politicians and leaders still lack careful and thorough researches before the introduction of the policy design. Their governance ideas are excessively elitist and thus separated from the middle and lower classes. Moreover, the risks of a "hard-landing Brexit" scenario also increases unprecedentedly.

Faced with such a series of internal and external concerns, the EU and its member states are still making unremitting efforts to forge ahead on the road of integration.

First, on the EU level: Politically, the bloc adheres to integration. Economically, strengthened the euro zone rescue mechanism. On the defense front, formed a joint European intervention military force and limited the US's control. In terms of global governance, the EU has made clear its opposition to trade protectionism, adhered to multilateralism and free trade.

Second, on the level of member states: The French government under Macron's presidency has rolled out a string of ambitious plans to push forward EU reform and promote integration.

Third, the confidence in EU integration bounced back thanks to a slew of factors, including the slow yet continued recovery of the economy, provocations from old-day ally-the United States and the turbulent situation of the UK due to its Brexit decision as a negative example.

7. China-Japan relations: Turnaround and Progress with Twists

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In 2018, China-Japan relations went into the second major adjustment period after the Cold War.

After the Cold War, the Japanese elite chose the basic strategy to ally with the United States to counterbalance China, marking that the relations between two countries entered the first major adjustment period after the Cold War. In the period ruled by the conservative Liberal Democratic Party, the conflicts over Sino-Japanese territorial and maritime rights, represented by "Japan's purchase of disputed isles" intensified, national sentiment plummeted. After Prime Minister Shinzo Abe took office again in 2012, he further tried to counterbalance China, intensifying the tensions between China and Japan in the political and security fields.

Evaluation of the Results of Prime Minister Abe's Visit to China

However, since last year, Prime Minister Abe has clearly begun to adjust China-Japanese relations in various ways. In October 2018, Prime Minister Abe officially visited China. The two countries formally confirmed that China-Japan relations have returned to normal track. Through this visit, the two sides have reached a lot of consensus on enhancing political mutual trust. Second, China and Japan have achieved important consensus and major achievements in key philosophies and new platforms in terms of economic and trade cooperation. Third, civil society exchanges were also boosted to improve the feelings of the people.

Reasons and Prospects for Major Adjustments in China-Japan Relations

First, there is a huge gap between the inefficiency of counterbalancing and the price paid. Second, what the Trump administration did has deepened and intensified the inherent contradictions in the deformed relations between Japan and the US. Third, for any Japanese politician, long-term, constant tensions with close neighbor China is something unbearable. Under the above-mentioned scenario, the adjustment was still at a low level. The old structural conflicts, including historical issues between China and Japan, have not been truly resolved. The more straightforward issues lie in the new structural contradictions in maritime issues. Therefore, in order to make China-Japan relations stable and far-reaching, a top-level positioning is needed in the context of the new era. Second, the two sides must boost military exchanges, maximize the understanding of each other's strategic intentions, reduce misjudgments, and ease security dilemmas.

Although the China-Japan relations have turned around, they still face the risk of twisting. In this regard, China needs to have a clear understanding and a higher degree of political wisdom.

8. India: From 'Pulling Chestnuts out of the Fire' to 'Balancing for Survival'

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In 2018, India's economic, political and diplomatic landscapes remained generally good, but uncertainties escalated.

In 2018, India's economy generally performed well. However, India also faced some economic uncertainties, which will affect India's economic growth in the future. To make matter worse, the Modi government was trapped in internal politics and religion issues, making it hard to take further steps on lots of economic reform issues. India's social conflicts were also on the rise. Hindu nationalism has been on the rise, with escalating religious contradictions and conflicts. In the political field, Over more than four years since Prime Minister Modi came to power, domestic reform measures have resulted in both gains and losses.

In the same time, India's relations with major powers face pressure for adjustment. Since Donald Trump took office, under the "America First" policy, the US didn't consider India's interests on many issues, and only required India's obedience and cooperation, leading India's policy towards the United States to challenges. In 2018, India became obviously disappointed and gradually developed towards "balancing for survival." As the US didn't care about India's core interests and ignored India's normal security interests, resulting India to make strategic adjustments since the end of 2017 and shift to a traditional balanced multilateral strategy.

In the international scenario featuring chaos and great changes, India has adjusted its foreign relations strategy by rediscovering the importance of balanced diplomacy among major powers. However, India's basic strategy of leveraging the US to contain China and seeking balance among major powers will not change.

The Korean Peninsula: New Situations and New opportunities

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The year 2018 marked a turning point for the Korean Peninsula, with multiple forces pulling in concerted efforts to push forward changes on the peninsula. First, the Democratic People's Republic of Korea (DPRK) is the most critical driving force for the recent turnaround on the Korean peninsula. As domestic economic development tended to stabilize, the DPRK was determined to take a new course focusing on "comprehensive economic development and the complete denuclearization of the Korean Peninsula". The guiding role of the Republic of Korea (ROK) acts as another driving force. Also, the strategic shift of the US has played a guiding role. At last, China's role as a "stabilizer" is an important driving force.

As the situation on the Korean peninsula continued to evolve, interactions among all parties have also taken on a new look. First, China-DKRRK relations have walked out of the nadir and moved towards a virtuous circle. Second, inter-Korean relations have undergone a sharp reversal, from one featuring cold confrontation to warm interaction. Third, the DPRK-US relations first experienced an ebb and then made a rebound, moving from confrontation to contact. Fourth, in order to stabilize the hard-won appeasement on the Korean peninsula, the government of Moon Jae-in has made adjustments in national defense, diplomacy and issues concerning the DPRK.

The operational work to address the nuclear issue on the Korean peninsula has entered a substantial stage. But at the same time the situation on the peninsula also faces huge uncertainty. First, how to turn Kim's idea of "nuclear disarmament in exchange for development and development for security" into reality is the most important factor determining the direction of the Korean peninsula. Second, the changing personal traits of leaders in the US, DPRK and ROK have all resulted in a severe deviation between domestic politics and diplomacy. Third, the new normal of logic on the Korean peninsula has emerged, providing more possibilities for the settlement of the situation on the peninsula.

In the foreseeable future, the denuclearization process on the Korean peninsula will step into the "deep water" zone, and there will be perceived difficulties in making progresses in achieving tasks and goals.

10. DPRK: Towards a 'New Concerted' Path

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The transformational changes on the Korean peninsula in 2018 is of course the result of concerted efforts and interactions among multiple forces. But the most important driving force changing the peninsula's situation still originates from the transformation of North Korea itself, especially due to changes from its top leader Kim Jong-un.

Internal factors are the biggest drivers of the changes in North Korea's foreign policy. First, Kim Jong-un weakening the country's 'militarized impression' and presented "normal" state behavior. Second, social development has approached a tipping point where economic upgrade has become the only way forward. Third, the new thinking and the old ideas collide fiercely, and the political development faces the bottleneck.

The adjustment of North Korea's external perspective is another important driver for its transformation. First, the risks of war prompted North Korea to change its mindset about confrontation. Second, North Korea fears a collapse in its economy. Third, North Korea has changed its view on South Korea. Fourth, North Korea has adjusted its perception of China.

However, whether North Korea is heading towards further adjustment and transformation remains to be closely watched. First, North Korea is not refusing to make any progress. Its failure to open up is the result of (constraints from) external circumstances. Second, progress on the nuclear issue holds key to whether North Korea can move towards reform and opening-up. Third, the DPRK has accumulated relevant experience and lessons in construction and development. Fourth, domestic politics remains stable and there is no Plan B for political arrangement.

From the perspective of internal and external environment, the future of North Korea is worth expecting. First, externally, Beijing-Pyongyang ties are being patched and bilateral relations are re-picking up momentum. Second, internally, North Korea has needs, resources, aspirations and the potential. To a certain extent, whether the DPRK can achieve its goal of abandoning nuclear weapons in exchange for development opportunities relies on the outcome of the game on the Korean peninsula.

11. Middle East: Confrontation, Stalemate and Imbalance

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Confrontation, stalemate, and imbalance have formed the typical characteristics of the scenario in the Middle East in 2018.

Intensified Confrontation between the US, Its Allies and Iran

Since the "Islamic State" was eliminated in 2017, there was no imminent threat to energy security. Containing Iran then became the priority of US Middle East policy in 2018. In general, denying and withdrawing from the nuclear agreement with Iran, restarting sanctions, and instigating regional allies against Iran were the main part of Trump administration's Iran policy. However, the US policy of containing Iran faced the following severe challenges and difficulties. Firstly, the US attempt, through sanctions, to force Iran to succumb to the US or to change Iran's regime is unlikely to succeed. Secondly, although the US policy for Iran was supported by Saudi Arabia, Israel and other Middle East allies, their own political

development remained uncertain. Finally, the uncertainties caused by comprehensive sanctions against Iran may cast an impact on the US financial hegemony.

Stalemates over Hot Issues Continue and the Political Settlement Proves Difficult

Among the hot issues of the Middle East in 2018, the ups and downs of the Palestinian-Israeli stalemate were the most striking. The US held a high-profile opening ceremony of the US Embassy in Israel in Jerusalem, which triggered the most bloody violent clash. Trump also attempted to push ahead the so-called "Deal of Century" in the Middle East, which seriously violates the territorial sovereignty of the Arab countries in the Middle East. What's more, there was a serious conflict between Israel and Hamas in Palestine.

The Syrian issue was also deadlocked. In 2018, the Bashar Assad regime continued to expand and consolidate its controlled areas with the support of Russia, but US-backed Kurds and Turkey each controls a small part of the territory. In terms of political reconciliation, the various mechanisms led by the West and Russia have developed in parallel, making the process of political reconciliation stagnant. The Yemen conflict was also in a stalemate.

Regional Pattern Remains Unbalanced with Increasing Regional Disorder

As for the external factors that affect the pattern in the Middle East, the US reduced inputs and became reluctant to directly intervene in this area. Russia doesn't have the dominant power in the Middle East region or the ability to build the regional order. Europe's influence on the Middle East continued to wane. The foreign powers that had long dominated Middle East now has been weakened. This is a key reason behind the fact that Saudi Arabia, Iran, Turkey, Israel and other regional countries strive to expand their regional influence for the purpose of their own security. First, conflicts and frictions between Saudi Arabia and Turkey have been worsened. Second, the division of the Arab world, especially the Gulf Cooperation Council (GCC), has intensified. Finally, the US promoted the construction of the Israel-Pragmatic Sunni Axis against Iran, bringing Israel closer to some Arabic countries, which may make the Gulf region a new vortex in the Middle East after the "Fertile Crescent".

12. Southeast Asia: New Diplomatic Adjustment under the Sino-U.S. Competition

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In 2018, the scenario in Southeast Asia (SEA) was generally stable, but the Sino-U.S. Competition in SEA was particularly intense, as the two great powers were trying to expand their influence in the region. In 2018, the Sino-U.S. Competition in SEA showed a trend of

“ China advancing while the U.S. retreating. ” China grew relationship with Cambodia, dramatically improved relationship with the Philippines, and fast-expanded relationship with Myanmar. While the US’s investment in Southeast Asia has declined, and its advocacy of "human rights diplomacy" is far from the real needs of Southeast Asian countries. However, the current Sino-U.S. Competition in SEA is not a zero-sum game, and it is still in a “competitive coexistence” stage.

At the same time, ASEAN countries believe it “would be better if they could become part of the regional balance-of-power configuration rather than begging for security from great powers”. Amid the increasingly fierce Sino-U.S. Competition in 2018, the new diplomatic adjustments of SEA countries had the following characteristics. Firstly, SEA countries have proposed the ASEAN version of the Indo-Pacific Vision in a bid to maintain ASEAN’s “central status.” Secondly, SEA countries adopted bandwagoning policy with great powers based on different concerned issues with an aim to maximize benefits. Thirdly, SEA countries speeded up adjusting their foreign policies towards China and the U.S today.

13. Indo-Pacific Strategy: How far Can It Go?

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At the end of 2017, the Trump administration was officially proposed the Indo-Pacific Strategy for the first time. This strategic concept generally includes three aspects. Firstly, it regards China as the main strategic challenge of the US in the Indo-Pacific region. Secondly, economy and security are the main concerns. The Trump administration believes that the Belt and Road Initiative, which China is actively promoting, is an important part of China’s bid to create regional hegemony. In terms of security, the Trump administration believes that China is stepping up efforts to modernize its navy and protect its maritime rights and interests. Thirdly, the bilateral military alliance and coordination between the US, Japan, India and Australia are the main tools to implement the Indo-Pacific Strategy.

However, it seems that the Trump administration has not invested many resources in the region. The investment in economy field is apparently impossible to leverage this amount of input to promote digital economy, energy and infrastructure development in the vast area. Besides, seldom projects meet the strict US requirements in terms of labor rights, environmental and so on. Compared with the stingy economic package, the Trump administration seemed to be much more generous in security spending. At the same time,

the Trump administration also continued to strengthen its support for maritime capacity building for Indo-Pacific countries.

After the Trump administration unveiled its high-profile Indo-Pacific Strategy, Japan, India and Australia also expressed their “Indo-Pacific Dream” to varying degrees. Economically, the three countries attach great importance to infrastructure construction in the Indo-Pacific region. In terms of security, they all emphasize the importance of maintaining maritime security and order in Indo-Pacific. However, they are not in line with the US on how they view China and deal with China. Japan has made some breakthroughs in its relationship with China in 2018. India also actively boosted its ties with China, thus maintaining a delicate balance between regional powers.

The future of the Indo-Pacific strategy’s future will depend on the interaction and development of the following issues. The first issue is the evolution of Sino-US relations. The second issue is how much resource the US is willing to invest. The third issue is coordination between the “America First” policy and the interests of its allies. Fourthly, India and Japan are uncertain factors. If China-Japan and China-India relations are further developed in the future, the Trump administration’s “anchors of Indo-Pacific” will inevitably drift farther away.

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