
CHINA'S SOFT BALANCING STRATEGY AND THE ROLE OF RESOURCE INVESTMENT

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Introduction

Since the end of the Cold War, there has been a conspicuous absence of balancing behavior against the unipolar power of the United States. It has been argued that balancing has in fact occurred, but in different ways to the “hard balancing” that has characterized the past. Instead, nations have sought to establish bases of cooperation without antagonizing the leading power because of the unprecedented level of economic interdependence which globalization has brought. This has been termed “soft balancing.”

Concurrently, China has maintained high levels of economic growth, resulting in a great need for resources to fuel the boom. Although China continues to put relations with the great powers and its neighboring countries at the top of its foreign policy priorities, it has also shown great interest in resource-rich countries, particularly those that have poor ties to the US. This has enabled China to achieve the three interrelated goals of: 1) expanding its sphere of influence, 2) acquiring resources for its domestic economy, and 3) undermining the US without provoking it.

This essay will explore the huge geopolitical implications of China's resource investment in its soft balancing strategy. First, balance of power theory will be discussed along with balancing behavior since the Cold War. Then, soft balancing will be conceptualized, and finally China's soft balancing strategy will be analyzed through the role of its resource investments in three regions: Central Asia, the Middle East and Africa.

Balance of Power Theory

Balance of power theory is a concept that has been in use for several centuries, and the behavior that it describes can be observed in accounts of state relations as far back as ancient Greece. Even though it predates realist theory, realists and

neo-realists have considerably elaborated on it and its analysis of international relations.¹ This is because it has similar assumptions to those made by realist theorists: the unit of analysis is the nation-state, states must resort to self-help in an anarchical international system, and the overriding interest of states is the survival of their sovereignty.

The idea of a balance of power offers only a partial solution to the problem of anarchy in the international system, since this 'state of affairs' has to somehow be achieved. Since each state's most important objective is survival, states move to match the efforts of rivals, leading to the emergence of a stable system. However, this stability needs to be constantly reestablished. States' capabilities tend to constantly change, leading a stable system inevitably toward instability.² Waltz saw this type of behavior as automatic and unconscious; an anarchical system will tend toward the kind of equilibrium appropriate to its power distribution. Thus, as Lasswell points out, it can be more useful to consider a *balancing* of power, rather than a balance of power.³

Balancing behavior can be divided into two categories: efforts to build up one's own power and efforts to weaken or diminish the adversary. If a state is strong, policymakers will take measures to ensure that balancing efforts by other states do not weaken the state. If the state is weak, policymakers will recommend actions that will reduce the possibility of being taken advantage of. However, since the end of the Cold War, this kind of balancing behavior has not been in evidence, despite a situation of unipolarity. Explanations have cited special circumstances such as the unprecedented gap in power between the US and the rest of the world, and a reduction in the perceived threat of US intervention.

Soft Balancing

In this system of unipolarity, however, states must still recognize that US power poses at least a potential threat and should act accordingly. It has been suggested that states have in fact been engaging in balancing behavior, but that this has taken the form of 'soft balancing' as opposed to traditional 'hard balancing.' Hard balancing strategies involve directly challenging another state's or group of states' military strength through such measures as military buildups, war-

1 Terry Terriff, Stuart Croft and Lucy James, *Security Studies Today* (Cambridge: Polity Press, 1999).

2 Michael J. Sheehan, *The Balance of Power: History and Theory* (London, New York: Routledge, 1996), 12.

3 Harold Lasswell, *World Politics and Personal Insecurity* (London: Collier-Macmillan, 1965).

fighting alliances and transfers of military technology to opponents of that state or group of states.⁴ Soft balancing, on the other hand, involves actions which do not directly challenge military preponderance, but instead are intended to *constrain* power.⁵

Soft balancing measures are “non-military tools to delay, frustrate, and undermine aggressive [US] military policies.”⁶ There are several mechanisms that states can use in a soft balancing strategy. First, territorial denial can reduce a state’s capability of aggressive action. Second, entangling diplomacy through multilateral institutions can reduce the legitimacy of such action, both domestically and internationally. Third, exclusion of a state from regional economic structures can negatively affect its future military capabilities, since these generally derive from economic strength. Finally, by interacting with other states in certain ways, the balancer is showing signals of resolve to resist the major power’s ambitions, and implies that future cooperation might entail more elements of hard balancing.⁷

According to Robert Pape, “States balance when they take action intended to make it hard for strong states to use their military advantage against others. The goal can be to deter a strong state from attacking or to reduce its prospects of victory in war.”⁸ Soft balancing fulfills the above aims by constraining the major power’s options to act unilaterally without provoking it directly. Most importantly, it creates relationships through which hard balancing can occur in the future.

Critics such as Stephen Brooks and William Wohlfort argue that these actions should not necessarily be construed as balancing behavior, and that ideas of soft balancing are just a weak attempt by theorists to justify balance of power theory in an age in which the conceptual assumptions of the theory no longer hold due to changes in norms.⁹ However, as He and Feng point out in a riposte to Brooks and Wohlfort, the international system is still anarchic, with states having to rely on self-help to ensure their survival. Furthermore, they say, it is not power itself that states balance against, but it is the “fear of power generated by the anarchic system that drives states to balance against each other

4 Robert A. Pape, “Soft Balancing against the United States,” *International Security* 30, no. 1 (Summer 2005): 9.

5 T.V. Paul, “Soft Balancing in the Age of U.S. Primacy,” *International Security* 30, no. 1 (Summer 2005): 59.

6 Pape, “Soft Balancing against the United States,” 10.

7 *Ibid.*, 37.

8 *Ibid.*, 36.

9 Stephen G. Brooks and William C. Wohlfort, “Hard Times for Soft Balancing,” *International Security* 30, no. 1 (Summer 2005): 72-108.

in the system.”¹⁰ If we believe that the assumptions made by balance of power theory still hold true, then it still has explanatory power.

Soft balancing has been a feature of second tier powers’ strategy toward the US, especially since 2001 when the ‘war on terror’ was initiated. Unilateral action by the US has led states that have traditionally been staunch US allies to reevaluate their relationship. States such as Russia, France and Germany have engaged in strategies of non-cooperation in US military action because they recognize that US power has the potential to threaten their own interests, even if it does not threaten their sovereignty. With this realization, they coordinated their diplomatic positions to prevent the US from gaining the legitimacy of UN Security Council authorization for the invasion of Iraq.¹¹ Other strategies included Turkey and Saudi Arabia’s refusal to allow US ground forces on its soil in the buildup to the Iraq war. Because the US’s military strategy since World War II has relied on overseas bases from which to stage military action and has tended to seek legitimacy from multilateral institutions for its actions, such behavior by other states deliberately constrains its future ability to act freely.

China’s Soft Balancing Strategy through Resource Investment

As we have seen, balancing against the US by second-tier powers has not taken the traditional forms of military buildups or formal alliances. Instead, states have looked to undermine the US whilst avoiding direct confrontation, otherwise known as soft balancing behavior. China’s soft balancing strategy has been achieved in two ways: the promotion of multilateral institutions that exclude the US and the strengthening of bilateral relations with countries that either currently have weak ties to the US or are perceived by China to have the potential or desire to distance themselves from US influence.

Both of these tactics are also strongly linked to China’s strategy of securing access to resources. According to Joshua Kurlantzick, China’s leadership has three main objectives, which are to maintain peace and stability on its borders, obtain enough resources to feed its economy and to build a ring of allies who share Beijing’s concerns about external intervention into sovereign affairs.¹² The last two goals are interrelated in China’s soft balancing strategy.

10 Kai He and Huiyang Feng, “If Not Soft Balancing, Then What? Reconsidering Soft Balancing and U.S. Policy Toward China,” *Security Studies* 17, no. 2 (2008): 366.

11 Stephen M. Walt, “Taming American Power,” *Foreign Affairs* 84 (2005): 113.

12 Joshua Kurlantzick, *Charm Offensive: How China’s Soft Power is Transforming the World* (Binghamton: Vail-Ballou Press, 2007).

China desperately needs access to resources, and it also needs friends. It has \$1.95 trillion in foreign exchange reserves, coupled with a need for resources and a desire to win influence.¹³ Resources investment is not China's only reason to get close to other states, but it helps in building relationships.

Central Asia

In Central Asia, China has been the co-leader of the Shanghai Cooperation Organization (SCO), providing major financial support and hosting its headquarters, while insisting that the US be excluded from this institution.¹⁴ Through the SCO, China and Russia have sought to counterbalance US influence in the Central Asian region. Together they backed Uzbekistan's demands for US forces to leave the country in 2005, and the SCO has made statements calling for the US to depart the region. SCO members' cooperation with the US over the invasions of Afghanistan and Iraq has been cited as evidence that the SCO is not an instrument aimed at the US.¹⁵ However, this support was due to the fear of SCO members that transnational terrorism was originating from these countries. Most SCO states are threatened by terrorism and chose to put the domestic priority of fighting terrorism ahead of their suspicions of the US. They are still very opposed to a long-term US presence, as can be seen from the SCO's statements calling for the US to depart the region. Furthermore, China and Russia have conducted a military exercise near the Chinese coast designed as a show of force.¹⁶ Such acts can be interpreted as signals to the US that the SCO is prepared to upgrade its alliance if needs be, and transform its soft balancing into hard balancing.

China's efforts to act as a co-leader in the Central Asian region along with Russia are reinforced by resource concerns. Chinese energy imports tend to arrive via sea lanes in the Indian and Pacific Oceans which the Chinese navy would find hard to secure in the case of outside interference. Through its ties to Central Asian nations in the SCO, China has managed to secure direct resource supply links, such as two major pipelines which will soon be completed. One will carry oil from the Caspian Sea across Kazakhstan, while the other will

13 Simon Henderson, "China and Oil: The Middle East Dimension," *The Washington Institute for Near East Policy* Policy Watch 898 (September 15, 2004).

14 Robert G. Sutter, *Chinese Foreign Relations: Power and Policy since the Cold War* (Lanham: Rowman & Littlefield, 2008), 121.

15 Brooks and Wohlfort, *Hard Times for Soft Balancing*, 86.

16 Sutter, *Chinese Foreign Relations*, 121.

carry natural gas from Turkmenistan across Uzbekistan and Kazakhstan.¹⁷ In sum, China's concerns about US influence in the region and its demand for resources complemented each other in the formation of a multilateral institution which facilitated the achievement of China's stated objectives.

Middle East

In the Middle East, the Sino-Arab Cooperation Forum (SACF) was established in 2004, creating a framework for cooperation between China and the 22 members of the League of Arab States (LAS). Sino-Arab links have been reaffirmed in the short time since the SACF's foundation, with the LAS firmly supporting China's anti-secession law of 2005 and China stating its support for Arab peace proposals for the Israel-Palestine conflict, in contrast to the US position.¹⁸ In addition to providing a forum for diplomatic cooperation, the SACF laid the groundwork for a cooperation mechanism for energy affairs to be set up in June 2009.

Similarly to the situation in Central Asia, the Middle East has been an important staging ground for US power projection. In return for its support and resources, China offers Middle Eastern countries a non-US source of revenues. Domestic opposition to the US is strong in most of the Middle East, with a majority of people in predominantly Muslim countries expressing concern that US power will ultimately be turned against them.¹⁹ Creating stronger links to China not only makes good business sense, it can also increase Middle Eastern governments' legitimacy in the eyes of domestic populations by reducing ties to the US. As Chinese influence grows, Middle Eastern countries will become less likely to cooperate with the US, reducing its ability to act unilaterally.

Thanks to strong trade, China has developed strong relationships with particular key states in the Middle East. Iranian President Mahmoud Ahmadinejad was invited to address the SCO in 2008, and has talked about Iran and China's "identical views."²⁰ This is in no small part thanks to massive investment by Chinese firms which has helped trade rise from negligible levels in the early 1990s to \$10 billion in 2007.²¹ China's links to Iran undermines US efforts

17 Robert D. Kaplan, "The Geography of Chinese Power: How Far Can Beijing Reach on Land and at Sea?" *Foreign Affairs* 89, no. 3 (2010): 26.

18 Nicola P. Contessi, "Experiments in Soft Balancing: China-led Multilateralism in Africa and the Arab World," *Caucasian Review of International Affairs* 3, no. 4 (2009): 419-20.

19 Walt, *Taming American Power*, 107.

20 Kurlantzick, *Charm Offensive*, 54.

21 Ibid.

to isolate it in the global community by reducing its incentive to play by US rules, thereby reducing the legitimacy of those rules. Saudi Arabia is China's largest energy supplier, and exports are set to increase dramatically thanks to Saudi Arabia's granting of numerous exploration agreements to Chinese companies.²² One way in which this is undermining US strength is through Saudi and Chinese efforts to gradually reduce the amount of payments that are made in dollars, undermining the dollar's strength.²³ Saudi Arabia also has the option of creating a strategic reserve of its oil in China, similar to the US's strategic reserve.

China's soft balancing is nearly at the point of developing into hard balancing through increasingly closer military relationships. Chinese military cooperation with individual states such as Iran, Saudi Arabia and Syria through arms sales is an indication of the shifting influence in the region, and also shows the strength of the relationships that China is cultivating.²⁴ Even without such a shift, China's ever-closer relations to the Middle East constrain the US in several ways. There is the potential for further territorial denial, as we have already seen from Saudi Arabia. Sino-Arab relations have also given China the option of creating strategic energy reserves, which could be crucial in the case of armed conflict.

Africa

The African region is very important geopolitically because of its voting power in multilateral institutions. It accounts for almost half of the world's non-aligned nations and a third of UN member countries.²⁵ In 2000, the Forum on China-Africa Cooperation (FOCAC) was established, bringing together most African states and China. This was created partially out of a long relationship based on common values and principles, but this relationship has been much strengthened over the past ten years, boosted by the ties that China's resource acquisition engenders. China became Africa's second largest oil importer in 2005, overtaking Japan.²⁶ Major investments have been made by Chinese oil companies in Nigeria, Angola and Sudan.

China's interest represents a constraint on US power by reducing its

22 David L. O. Hayward, "China's Oil Supply Dependence," *Journal of Energy Security* (June 2009).

23 Flynt Leverett and Jeffrey Bader, "Managing China-US Energy Competition in the Middle East," *The Washington Quarterly* 29, no. 1 (2005): 196-7.

24 He and Feng, *If Not Soft Balancing, Then What?*, 389.

25 He Wenping, "The Balancing Act of China's Africa Policy," *China Security* 3, no. 3 (2007): 27.

26 Contessi, *Experiments in Soft Balancing*, 426.

influence in the region. This is being achieved by challenging the US-led international system's norms. For example, Angola was about to sign a major loan agreement with the IMF which would have imposed conditions associated with the 'Washington Consensus.' However, before the deal could be made, China stepped in and offered unconditional loans.²⁷ Also, similarly to its relationship with Iran, China refuses to support sanctions against Sudan. African countries are openly showing their support for China. The 2006 Beijing Declaration by FOCAC states that FOCAC members would strive to facilitate a "new world order which will reflect their needs and interests."²⁸ Only five African nations continue to maintain diplomatic relations with Taiwan. Of these, none is a resource-rich country. African nations have helped block proposals brought against China by the US at the UN Conference on Human Rights. In addition to these elements of soft balancing, China has engaged in terrorism-related intelligence and training cooperation with several African countries.²⁹

Conclusion

China is still very cautious about confronting the US directly or antagonizing it, realizing that it is still much weaker than the US and would gain nothing from such strategies. China is also heavily dependent on the US for its economic development, and does not want to lose access to its vast markets. Therefore, it is not in China's interest to try to portray itself as the new great power. However, China is nonetheless actively gaining influence all around the world at the expense of the US, especially through its resource acquisition strategy. China is achieving its objectives by conflating its own interests and the countries with which it is trying to balance. All of this is consistent with the soft balancing thesis.

It is very difficult to assess the real intentions behind China's behavior. The very nature of soft balancing involves purposely not threatening the major power, meaning that the rhetoric does not necessarily reflect reality. According to balance of power theory, unipolarity is inherently unstable and balancing will naturally occur. Over the past decade, this has been occurring through China's resource investments. Even if China is not intentionally pursuing a strategy of soft balancing, it is still occurring automatically in that Chinese capabilities are increasing at the expense of the US. As a power whose rise is based on exports,

27 Kurlantzick, *Charm Offensive*, 174.

28 Contessi, *Experiments in Soft Balancing*, 430.

29 He, *The Balancing Act of China's Africa Policy*, 25.

China has plenty of foreign exchange on hand. This in itself is an asset which is being converted into political influence through closer ties with many resource-rich states.

Some believe that the US will attempt to constrain China's rise, exploiting its energy dependence by cutting off its energy supplies.³⁰ However, as we have seen, the US is becoming increasingly constrained in what it can achieve. China is building strategic reserves of oil and gas, better allowing it to wage a sustained war. The US is also losing territory from which to stage such a preemptive attack, especially in the Central Asian region, although much less so in East Asia. The US is also losing support in multilateral institutions as China gains influence, and by being frustrated in its attempts to isolate pariah states, the US is also being undermined. The web of relationships that China is creating also has the potential to be upgraded to something more significant if necessary.

The success of China's soft balancing is not assured. Due to China's treatment of its Uighur minority in 2009, anti-China demonstrations were held in Turkey and Iran.³¹ Other nations will be wary of hurting their ties to the US by aligning themselves with China. The key issue is the strength of the ties that it is creating, and whether or not they would survive in the face of US aggression. China has definitely managed to constrain the US's options on some levels, but the gap in capabilities between the US and the rest of the world is still too great to conceive of a major power shift happening in the near future. **PEAR**

30 Rosemary Foot, "Chinese Strategies in a US-hegemonic Global Order: Accommodating and Hedging," *International Affairs* 82, no. 1 (2006).

31 "Walking between the raindrops," *The Economist*, May 29, 2010.