

## **China's Cross-Strait Relations, Soft Power, and Economic Influence: Implications for Regional and Global Strategy**

China's extraordinary economic growth and active diplomacy has continued to transform the regional and global political and economic affairs through expanding its sphere of influence in foreign policy and robust development aid provisions (Flores & Basas, 2018:901). Soft power<sup>1</sup> has been critical to China's growing influence, of which the Confucius Institutes (CIs) were at the forefront (Sun, 2023:53). CIs are instrumental in expanding the Chinese traditional cultural values, embodied in Beijing's diplomacy, to a larger audience through the concept of harmony – the most important Chinese traditional value<sup>2</sup>. This has made China an important subject of discourse in strategic relations among scholars alongside the growing interests in cross-strait relations, that have also increasingly gained importance and attracted significant attention among scholars of global politics.

The August-December issue of Volume 9 of the *Contemporary Chinese Political Economy and Strategic Relations: An International Journal* (2023) presents a collection of papers that analyses the patterns and trends in studying cross-strait relations as a research field and the developments in China's soft power strategies, and strategic economic relations, particularly with ASEAN member states and middle eastern countries.

It begins with the mapping of cross-strait studies as a specific research area. Tonny Dian Effendi, in his paper "*Mapping the Cross-Strait Studies as a Specific Research Field*," traced the academic discourses on cross-strait relations and discovered that this field is dominated by Taiwanese scholars. The academic works are primarily focused on national identity, sovereignty, and the implications of the party-based policies that deal with cross-strait dynamics. Other common themes explored by and had pulled the interests of scholars in this field of study are centred on the Influence of the United States (US), specifically in shaping and

determining the future cross-strait relations; and the Interregional Implications of China-Taiwan dynamics in security, particularly in Southeast Asia.

China's rich history and culture contribute to a positive image that enhances Beijing's influence. Showcasing its culture and traditions has, thus, become an essential part of China's soft power projection strategy. One significant Chinese investment in support to this strategy is the establishment of CIs worldwide pouring extensive resources in their operations<sup>3</sup>. The second paper, *"The Development of Confucius Institute and its Identity Transformation—From the Perspective of Social Identity Theory"* written by Xiaotong Jiao and Qian Qin emphasises the importance of empirical research and case studies in understanding the establishment and functioning of CIs. The paper highlights various studies that explore the effectiveness of CIs in different regions, showcasing how localised practices and interactions contribute to the overall understanding of CI's role in cultural exchange and international relations, essentially because CIs had undergone significant transformation in identity, shifting from a broad cultural promotion program to a more focused Chinese language promotion institute.

The last three papers examine the implications of China's monetary and fiscal policies, economic influence, and investment partnerships.

Trương Quang Thông took notice China's rapid fiscal and monetary policy responses to both the Global Financial Crisis (GFC) and the Covid-19 pandemic as among the fastest in the world. His paper *"China's Fiscal and Monetary Policies During the Global Financial Crisis and the Covid-19 Pandemic: Lessons and Policy Implications"* discusses the evolution of China's fiscal policy and economic reforms. It highlights the focus on expanding consumption, promoting technological advancement, and enhancing food security in recent years, while also noting the significant role of local governments in infrastructure provision and public service delivery. Moreover, it addresses the rising credit risks associated with local government financing platforms and the real estate sector due to the rapid expansion of credit during the stimulus periods.

The growing economic presence of China in Southeast Asia brings in both the benefits, such as increased in trade and investment opportunities, and the challenges, including dependency and geopolitical tensions. In their paper,

*“Strategic Hedging in Southeast Asia: ASEAN Member States’ Policy Responses to China’s Growing Economic Influence,”* Tran Xuan Hiep, Le Hoang Kiet, and Phan Thi Hai Yen underscore the necessity for ASEAN members to remain adaptable and flexible in their policy decisions. Adaptability is crucial in effectively managing relationships with major powers, such as China and the US. They argue that ASEAN’s collective bargaining power in the context of great power competitions can enhance its autonomy and resilience, assert its position as key player in the region’s geopolitical landscape while mitigating the risks associated with reliance on any single major power.

In the Middle East, China has a growing partnership with the renewable energy sector in Iran and the United Arab Emirates. Dustin Rashidi Hasan, on his paper *“China and the Middle East Interdependence in Renewable Energy Amidst China-US Rivalry,”* believes that the partnership is not only economically beneficial, as it allows for technology transfer and investment opportunities, but also strategically advantageous, as it aligns with China’s broader Belt and Road Initiative and goals for energy security and diversification. As China leverages its renewable energy initiatives to foster alliances and assert its influence, moving away from traditional fossil fuel diplomacy that has historically dominated international relations, the paper posits that through various mechanisms such as trade agreements, joint ventures, and substantial investments in renewable energy projects, China can strategically position itself in altering the balance of power in global affairs.

The journal issue ends with a review article of Shim Lester G. de Pio of the book *“Taiwan and Southeast Asia: Soft Power and Hard Truths Facing China’s Ascendancy (2023),”* edited by Karl Chee Leong Lee and Ying-kit Chan, where Lee, Chan and their chapter contributors provided different empirical findings of Taiwan’s wide-ranging relations and the national situations of Taiwanese soft power diffusion in nine in Southeast Asian countries.

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## Notes

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1. Joseph Nye (2004) described soft power as co-opting people rather than coercing them. Soft power is the ability to get “others to want the outcomes that you want,” and tends to be associated with intangible assets, such as an attractive culture. An ethical culture has become essential for countries to shape a positive image in world politics.
2. As the cardinal cultural value in Chinese society, the Confucian harmony presupposes the coexistence of different things and implies a certain favorable relationship among them (Wei & Li, 2013).
3. By 2004, China has invested extensive resources and effort in establishing culture and language centres known as Confucius Institutes, named after the 6th century B.C. Chinese philosopher. These institutes now represent one of China’s most significant soft power investments (See: M. Chaziza (2023 July 25). China’s Soft Power Projection Strategy: Confucius Institutes in the MENA Region. *BESA Centre*. <<https://besacenter.org/chinas-soft-power-projection-strategy-confucius-institutes-in-the-mena-region/>> (date accessed: 20th October 2023).

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