

China: Pole Positioning

Randolf Carr und Paula Köhler

Suggested citation: Randolf Carr and Paula Köhler, "China: Pole Positioning," in: Tobias Bunde/Sophie Eisentraut/Leonard Schütte (eds.), Munich Security Report 2025: Multipolarization, Munich: Munich Security Conference, February 2025, 63—69, https://doi.org/10.47342/EZUC8623-3.

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Pole Positioning

What is China's vision for global order, and how is it received internationally? How do China's military, economic, and diplomatic strategies support – or contradict – its vision? How does increasing pushback from countries all over the world impact China?

Randolf Carr and Paula Köhler

China is the world's most prominent advocate of a new multipolar order: "An equal and orderly multipolar world means every country can find its place [...] and play its due role," announced Chinese President Xi Jinping last July.1 The Chinese Communist Party (CCP) is pushing to realign global governance institutions and promoting alternative structures, like BRICS, ostensibly to better reflect the "redistribution of power" towards the rising non-Western world.2 However, in jousting for "pole position" with the United States, Beijing often disregards the very countries it claims to uplift and the principles it touts. Thus, many see this advocacy as mere window dressing for naked power politics.3 Its considerable success in rallying the discontents of the current global order notwithstanding, China's economic and military progress face homegrown obstacles. Moreover, Beijing's power plays are drawing more and more resistance from its neighbors as well as European states; and under the new Trump administration, US efforts to hamstring China will likely intensify. If the CCP doubles down on its current course, China itself may help derail any hope of an "orderly multipolar world."

He Says, Xi Says: China's Vision for Global Order

In pushing for multipolarity, China is portraying itself as an advocate for the countries of the so-called Global South. Like many of them, China views the current order as distorted by the West's dominance over international institutions, double standards, and supposed "Cold War mentality." Beijing's vision promises to "democratize international relations," uphold the UN Charter, and give disaffected countries equal say and room to maneuver within international institutions and rules. But it also promotes the CCP's ideas: Its "right to development" prioritizes economic progress for the many over political and civil rights for the individual; and in its understanding,



"Multipolarity and economic globalization are the prevailing trends in the advancement of human society. But there are different views on how they should look like."8

Wang Yi, Director of the CCP Central Committee Foreign Affairs Commission, press meeting, March 7, 2024 sovereignty shall not be infringed over questions of values or governance.⁶ This interpretation of multipolar order tries to reconcile an appeal to the Global South with Beijing's desire to act, without outside interference, as a great power and regional hegemon. Unsurprisingly, the Chinese public is overwhelmingly convinced of the benefits of a more multipolar world for peace and prosperity (Figure 1.4). But even in China, some acknowledge that, as it pursues great-power competition with the US, calling for multipolarity is merely "a globally politically correct stance."⁷

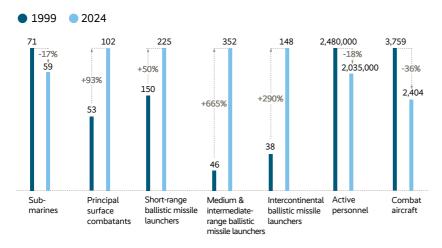
In Washington, and increasingly in other Western capitals, many see the CCP's overriding goal as winning a strategic competition with the US and upending core elements of the liberal international order. Some still caution against raising the stakes of competition with China or overstating its global ambitions,9 but the consensus is hardening that greater pushback against Beijing is necessary. 10 For many, China intensifying its opportunistic cooperation with Russia and other revisionist actors, like Iran and North Korea, has laid bare that the CCP's purported principles fall by the wayside when it serves its strategic interests. China has become an indispensable supporter of Russia's war in Ukraine: Since 2022, it has not only helped Russia withstand Western sanctions by sending dual-use goods worth nine billion US dollars and boosted trade - to the point that 38 percent of Russia's goods imports are now Chinese.11 It is also allegedly helping Russia build combat drones.¹² The continuing war gives Beijing a pretense to malign NATO and is straining its transatlantic competitors' military, economic, and political resources.13

Meanwhile, Beijing is using its diplomatic clout to rally discontents of the current global order to its cause. China is trying to position the BRICS grouping, whose newly expanded membership now accounts for nearly half the world's population and more than a third of global GDP, as a counterweight to the G7.14 Though BRICS is often still seen as a disorganized group with few concrete joint projects, it is a powerful vehicle for the CCP to denounce Western double standards and failures of global governance. But while President Xi announced China would "lead the reform of the global governance system," is it has, for instance, blocked serious paths to UN Security Council reform. It aims to dilute international institutions' liberal DNA by inserting CCP principles into their documents and placing Chinese officials in leadership positions. Moreover, China is increasing its military and economic power, obstacles and conflicts notwithstanding, and putting it to use towards strategic competition – often in contravention of its purported multipolar principles.

The Emperor's New Boats: China's Military Posture

China aims to field a "world-class military" in the Indo-Pacific and to do so without the threat of US intervention. ¹⁹ In certain areas, China's capacity for regional power projection already surpasses that of the US. ²⁰ It procures at a pace five to six times faster than the US and numerically has the largest maritime fighting force worldwide. ²¹ China's overall shipbuilding capacity is 230 times that of the US, with its Jiangnan Shipyard alone having more than all US shipyards taken together. ²² In 2024, Beijing also confirmed that it is working on a fourth, possibly nuclear-powered, aircraft carrier. ²³ In addition to its significant conventional buildup (Figure 3.1), China's operational nuclear arsenal is projected to grow to more than 1,000 warheads by 2030, up from around 600 in 2024. ²⁴

Figure 3.1 Change in China's military capabilities, 1999–2024, number of equipment pieces and percent



Data: IISS. Illustration: Munich Security Conference

Yet Beijing's military goals face internal obstacles. Combat experience is almost nonexistent, force integration remains low, and logistical issues persist.²⁵ Corruption also remains a serious problem: In recent months, President Xi removed several top military officials from their positions, among them two former defense ministers, to be investigated for corruption.²⁶

Abroad, pushback to China's military buildup and power plays is also increasing. Australia, Japan, the Philippines, and South Korea are investing

heavily in defense and seek stronger security ties with the US in response to Chinese intimidation and breaches of international law.²⁷ Indeed, in the past year, Chinese provocations reached a new level. In June, in the South China Sea, the Chinese coast guard rammed a Philippine boat in waters unlawfully claimed by Beijing,²⁸ injuring several sailors. The Philippines called it out as "the most aggressive action ever conducted" by China in the area.²⁹ In October 2024, China's military staged its largest "rehearsal" for a blockade of Taiwan yet, practicing port closures and ground assaults.³⁰ The intensifying exercises back up US concerns that, by 2027, Xi wants his military to be able to take the island.³¹ Beijing may preach "indivisible security," which condemns ensuring one's own security "at the expense of others."³² But its efforts to create a sphere of influence in the Indo-Pacific contravene international rules and betray a "might makes right" view of world order.³³

Crazy Rich Asians? China's Economic Clout

China's economy is its leaders' greatest asset on the world stage, but perhaps also their greatest concern. China is projected to account for 21 percent of global economic growth in the coming five years. The backbone of this success are future-oriented industries. China is ranked the world leader in as many as 37 of 44 critical technologies. The world also depends on it for rare earth elements used in key high-tech products, with China mining 60 percent and processing

Figure 3.2 Import barriers imposed by the world's 50 largest economies vis-à-vis China between 2020 and 2024



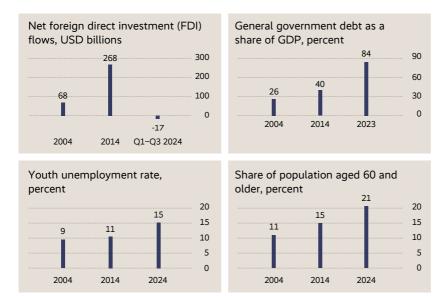
Data and illustration: MERICS

nearly 90 percent of global supply.³⁶ Chinese companies have left the competition in photovoltaics far behind and may do so in electric vehicles (EVs) as well.³⁷

To increase its edge and resilience, the CCP is pursuing a policy of "dual circulation:" To strengthen "internal circulation," it is investing heavily in onshoring supply chains in strategic industries for the sake of economic security. ³⁹ To promote "external circulation," it is opening up trade routes and export markets for Chinese goods. China is already the top trading partner for over 120 countries. ⁴⁰ It also exerts additional economic influence over the 150 countries signed up to its Belt and Road Initiative for infrastructure investment. ⁴¹ With this dual strategy, Beijing insulates its economy against outside pressures, be it trade restrictions, sanctions, or natural shocks. Meanwhile, it uses its trade partners' dependence on Chinese exports or market access for political advantage. ⁴² This often comes in the form of economic coercion, such as import and export restrictions, boycotts, or tourism limits to punish unwanted behavior, as smaller countries ranging from Lithuania to Mongolia have experienced. ⁴³

Countries around the world are taking measures in response to China's economic tactics (Figure 3.2). Since 2022, the US has continuously tightened





 ${\tt Data: IMF; World Bank; International Labour Organization; UN Population Division. \\ Illustration: Munich Security Conference$



"Through theft, market distorting subsidies, and strategic planning, Beijing now leads in many of the industries that will determine geopolitical supremacy in the 21st century." 38

Marco Rubio, then-US Senator, press release, September 2024



"With huge subsidies, China currently produces more than it sells due to weak domestic demand, leading to an oversupply of subsidized Chinese goods, such as electric cars and steel, resulting in unfair trade."48

Ursula von der Leyen, President of the European Commission, press conference, May 6, 2024 export controls on semiconductors, trying to withhold the components China requires for its high-tech sector and military. If President Trump makes good on a campaign promise to levy tariffs of 60 percent on Chinese imports, China could lose around 0.7 percent of its GDP. In October 2024, the EU introduced tariffs of up to 45 percent on Chinese EVs out of concern about subsidy and overcapacity practices. Europe will likely also come under pressure from the new US administration to further toughen its China policies. But China's cheap exports are also prompting many developing countries, including some of its BRICS partners, to draw up barriers as they try to move up the value chain.

China also remains dependent on the dollar-centric financial system. Its efforts at "de-dollarization," to replace the dollar with the Chinese yuan, have made little inroads globally.⁴⁹ Not only external but also internal constraints weigh on China's economy. Relatively poor recent GDP growth, an aging population plus dramatic youth unemployment, a troubled real estate sector, high government debt, decreasing capital inflow, and dependence on food imports may mean China's growth is peaking (Figure 3.3).⁵⁰ Also, its position as the world's largest bilateral lender, especially to unstable economies, increasingly looks like a liability.⁵¹ Calls for China to provide more debt relief to countries struggling with repayment are growing, but Beijing remains reluctant.⁵² Beijing's securitization of trade relations and protection of industrial sectors run counter to both global trade rules and its commitment to "inclusive, balanced globalization."⁵³

Changes Unseen Since 2017: Global Order and US-China Competition

While advancing its narrative of a supposedly emerging multipolar world, China is amassing significant capabilities to challenge the US as the dominant world superpower. Yet it increasingly faces internal structural headwinds and pushback from abroad. The strongest pushback comes from Washington, where the consensus is to more resolutely oppose China (Chapter 2). Beijing, in turn, is projecting confidence that it can withstand a "Trump shock."54 Moreover, Trump's distancing from alliances and international institutions could even hand China opportunities. The CCP could underscore its narrative of the US as a destabilizing force in the world and would face less resistance to embedding its own initiatives into the international system.⁵⁵ And although Beijing faces pushback from Europe and the "non-American West" too, it may also have chances to exploit new divisions between the US and its partners.⁵⁶ However, if Beijing responds to increased international opposition by doubling down on coercion and rule-breaking, it may jeopardize its standing with like-minded countries while further undermining the chances of an "orderly multipolar world."

Key Points

- China's advocacy for a multipolar order is well received in the so-called Global South but is ultimately a rhetorical cover for amassing power to compete strategically with the US. Its support for Russia's war against Ukraine and other military and economic power plays expose these contradictions.
- China lacks reliable allies but is increasingly cooperating with other revisionist actors. It is rallying countries around its promise to reform the global order, for instance in the BRICS group.
- China's continuously growing capabilities for military power projection in the Indo-Pacific rival and, in some ways, exceed those of the US. The US and Indo-Pacific actors have responded by rearming and strengthening defense ties.
- 4 China is set on insulating and weaponizing its economic strength, but structural obstacles and pushback from abroad may slow down its economic rise.
- China must brace for stiffer confrontation with the new US administration but may also benefit from its retrenchment from international commitments.

Quotations originally in British English have been adapted to American English. In some cases, stylistic adjustments were made to quotes.

Endnotes

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