

The consolidation of the People's Republic of China

The disruption of global trade chains during the Coronavirus pandemic, Russia's invasion of Ukraine, and the war in Gaza have confirmed that we are at a turning point in the configuration of the international system. While not dominating the headlines, nevertheless, China's rise is probably the most decisive underlying factor in the reconfiguration of the international system. In just seventy years, the Asian country has gone from being an underdeveloped, fragmented peasant economy, morally humiliated by Western colonialism, to becoming the world's second largest economic and military power. This process of transformation remains largely misunderstood by Western public opinion. The objective of this article is to analyze the evolution of China's grand strategy, understood as the framework that has guided this transformation.

The British military historian B. H. Liddell Hart defined the purpose of grand strategy as “to co-ordinate and direct all the resources of a nation, or band of nations, toward the attainment of the political object of the war”¹, while Hal Brands defines it as the “intellectual architecture that gives form and structure to foreign policy”². Thus, grand strategy is the global doctrine from which each state understands its geopolitical position and articulates its resources -economic, diplomatic and military- to achieve its political ends.

China has undergone enormous social and ideological changes since the creation of the People's Republic of China in 1949. However, what has always remained a strategic objective for Chinese leaders is the aspiration to reverse the national subordination suffered since British steam gunboats sailed up the Yangtze River and forced Chinese ports to open to British manufactured goods and opium from India. Given this common aim, China's grand strategy has varied depending on its policy of alliances, alternately triangulating between Russia and the United States, and on the economic model chosen as a means of overcoming its subordination.

Mao Zedong's initial approach was to pursue a foreign policy in line with Marxist-Leninist orthodoxy, characterized mainly by an alliance with the Soviet Union to industrialize

¹ LIDDELL HART, Basil, “Strategy: the indirect approach”. Faber & Faber: Londres, 1967.

² BRANDS, Hal, “What Good Is Grand Strategy?” Cornell University Press: 2014.
<http://www.jstor.org/stable/10.7591/j.ctt5hh0bc>

China. However, the growing deterioration of Sino-Soviet relations reached a turning point in 1969 when, amid the political turmoil of the Cultural Revolution, Soviet and Chinese forces clashed at several border points, leaving nearly 1,000 dead. As a result, the USSR began to be considered the main existential threat to China, which initiated an external balancing maneuver by forming an alliance with the United States. In the late 1970s, Deng Xiaoping inaugurated a new era with his “Reform and Opening Up” policy, introducing market mechanisms in agriculture and industry. Collaboration with the United States then expanded from the military realm to the economic and ideological spheres³.

A new turning point took place in 1992. Until then, the People's Republic of China's priority had been to ensure its survival in the face of external threats through a defensive orientation. Following the collapse of the USSR and the internal stabilization of China after Tiananmen, the Chinese elites redefined their strategic objective: to move from mere survival to “national rejuvenation”, aimed at expanding the country's global influence. Three factors prompted this change: internal consolidation following the protests of 1989, the disappearance of the USSR as a threat—and at the same time as an ideological warning about the fragility of the power of the “Party-State”—and the conviction that China now had sufficient nuclear and conventional military capabilities to deter external aggression⁴. With this new context, China initiated a strategy to act as a great power based on economic liberalization, diplomatic caution and gradual military modernization.

The strategy of “national rejuvenation” has been shaped by the tension between the desire for “peaceful rise” and the limited military capacity to protect expanding interests. Deng Xiaoping summarized this approach in the “24-character strategy”: “Observe calmly; secure our position; cope with affairs calmly; hide our capacities and bide our time; be good at maintaining a low profile; and never claim leadership”⁵. The goal was to grow by capitalizing on demographic and economic power without arousing geopolitical fears. However, the Asia-Pacific security architecture, heavily influenced by the United States and with Taiwan at its center, generated persistent strategic anxiety in Beijing. This became clear during the Third Taiwan Strait Crisis in 1994, when China launched a military skirmish against Taiwan but was forced to back down after rapid US intervention.

³ GOLDSTEIN, Avery, “China's Grand Strategy under Xi Jinping: Reassurance, Reform, and Resistance”. *International Security*, 45(1), 2020. https://doi.org/10.1162/isec_a_00383

⁴ WO-LAP, Willy, “China after Deng Xiaoping”, Wiley, 1995.

⁵ SIERRA, Ander y MARRADES. Angel, “La nueva era de China”. Valencia: Fuera de Ruta, 2023.

Based on these experiences, Presidents Jiang Zemin and Hu Jintao reinforced the idea of “peaceful rise” between 1996 and 2008: they prioritized trade and international cooperation, as exemplified by China's entry into the World Trade Organization in 2001⁶.

China rides the wave of globalization

As mentioned earlier, a country's grand strategy includes not only military and political factors, but also the management of all its resources. Combining socialist and nationalist ideas, Chinese leaders positioned the industrial strengthening of China as a necessary prerequisite for achieving greater international influence. Beijing's grand strategy has thus been marked by a high degree of long-term planning in which economic development occupies a central place.

To this end, China took advantage of the widespread internationalization of the manufacturing sector, marked by the outsourcing of key industries from Western countries to newly independent nations following the “neoliberal reforms” of the 1970s. Western industrial companies relocated a large part of their factories to the former colonies, where huge portions of the population were moving to cities and providing unprecedented reserves of cheap labor. Thus, as can be seen in Figure 1, the manufacturing workforce grew rapidly in developing countries, particularly in China, until it far exceeded manufacturing employment in early industrialized countries, which remained stagnant. This process of globalization of industrial production led to a subtle but significant shift in the economic relationship between core and peripheral countries. Consequently, while in the early stages of the Industrial Revolution the production chain was largely limited to a single factory and nearby labor, by the end of the 20th century the “assembly lines” for the most important goods (and even services) had become truly global. Raw materials, the different stages of manufacturing and marketing were organized in distant locations. This change in the international value chain shifted the center of gravity of industrial production from Western countries to the former colonies.

It was precisely at this time that China's transition to a market economy took place. Following its legal opening to international capital in 1978, China became the world's

⁶ CLARKE, Michael, “Making the Crooked Straight’: China's Grand Strategy of ‘Peaceful Rise’ and its Central Asian Dimension”, *Asian Security*, 4(2), 107–142, 2008. <https://doi.org/10.1080/14799850802006589>

leading recipient of foreign direct investment. Although most of East Asia played an important role, China came to act as the nerve center of international production chains, mainly due to two distinctive characteristics: its enormous scale and its strategic economic planning policy. Its huge population and availability of industrial workforce gave China a gravitational weight for industry that could not be taken up by other rapidly developing countries in the region.

Estimated Global Manufacturing Employment by Group (1960–2010)

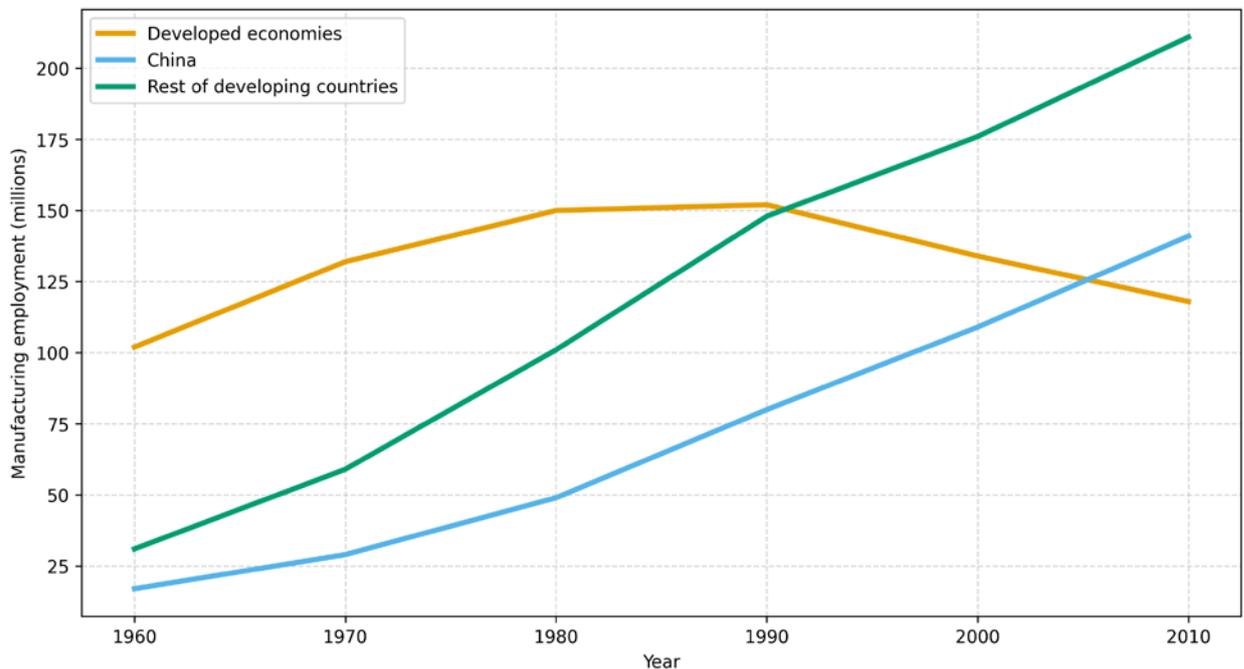


Figure 1: Estimated manufacturing employment by country group. Source: own calculations based on GMED⁷ and UNIDO⁸ data.

China initially attracted light industries such as textiles, which were characterized by the predominance of labor over technological development. However, the Chinese elites strategically orchestrated the liberalization process to avoid becoming “trapped” in the initial phase of industrialization⁹, which is characterized by sectors with low added value. China welcomed the unrestricted entry of international capital and established extensive “special economic zones” suited to sectors where its massive and cheap labor force gave it a comparative advantage. At the same time, Beijing retained a set of planning tools and

⁷ Global Manufacturing Employment Database, 2024. Available at: 10.17632/fvjf4zyxm9.2

⁸ United Nations Industrial Development Organization, “Industrial Development Report 2013”. Available at: https://www.unido.org/sites/default/files/2013-12/UNIDO_IDR_2013_main_report_0.pdf

⁹ LIN, Yustin, “Demystifying the Chinese economy”. Cambridge University Press: Cambridge, 2012. <https://doi.org/10.1017/CBO9781139026666>

used the state's capacity to safeguard and promote strategic sectors, such as heavy industry and telecommunications, which might have been vulnerable if they had been immediately exposed to international competition. This highly centralized industrialization process allowed China to progressively increase the complexity of its exports. By the beginning of the current millennium, China was no longer the “world's workshop”, but rather the logistical hub where most components and goods, of increasing technological value, were assembled before being shipped to Western destinations. As a result, China surpassed Germany as the world's leading export economy in 2009.

This string of successes in China's strategy on the “economic front” has had several consequences for the Asian giant's role in the international system. As China gained a comparative advantage in international trade, its strategy changed significantly. It transitioned from an initial emphasis on economic protectionism to becoming the leading advocate of free trade, as the low price of its exports allowed it to penetrate most national markets. Beijing sought to use its commercial superiority and financial aid, especially to developing countries, as their main asset to reform the international system and turn it into a multipolar world.

However, this rapid integration into globalization also generated internal tensions: growing inequality, lack of political rights and conflicts in autonomous regions. After Tiananmen and faced with signs of exhaustion in the model based on low value-added exports, the Chinese leadership reoriented its economic strategy in two directions: strengthening the domestic market by creating a broad consumer middle class; and diversifying its external ties by opening up to new markets in Africa and South America, both to place its excess capital—especially in infrastructure—and to secure access to natural resources that are essential for its population and industry¹⁰.

The ‘New Silk Road’ as China's *transition* to great power status

After becoming the world's second largest economy, China interpreted the 2008 Financial Crisis and the strategic erosion of the United States in the Middle East as an opportunity to assume a more central role in the international system. With the arrival of Xi Jinping in

¹⁰ GLOBAL STRATEGY, “Geopolítica de China”, Estrategia podcast, número 7, 2021. Disponible en: <https://www.youtube.com/watch?v=fNBRIGs8aa0>

2012, Beijing abandoned its low-profile strategy and adopted a more assertive foreign policy, supported by its growing economic and military weight.

The “New Silk Road” is the backbone of this strategy, which can be conceptualized as China's transition from a developing country to a power with the capacity for global projection. The initiative was initially presented to the world as “One Belt, One Road” in Kazakhstan in September 2013, and two years later, the China Development Bank and the Export-Import Bank of China had already announced a reserve of \$890 billion to invest in nearly 1,000 infrastructure, energy and communications projects in the 46 countries that joined the Belt and Road Initiative since its start¹¹. The logic here is to make China the hub of a huge economic network connecting the resource-rich and strategically important region of Central Asia with the Pacific and Indian Oceans, whose routes have already become the center of gravity of the global economy. This means that the Belt and Road Initiative would make it logistically possible to connect Central Asia, that “Heartland” that Mackinder thought was key to dominating the Eurasian continent, with the economic dynamism of the “Rimland”, which would make China a potential hegemonic power in Eurasia.

The project consists of two main components, one land-based and the other maritime. The first creates a series of economic corridors comprising roads, rail networks, fiber optic cables and oil pipelines that run mainly in two directions. First to the west, towards Central Asia, with a special emphasis on the rail connection with Kazakhstan. The world's largest dry port has already been built there, constituting an important logistics hub for accessing the region's energy and mineral resources and improving land trade with Russia and Europe. Secondly, the land-based “Belt” also travels southward to reach the Indian Ocean by land through connections with Pakistan and Myanmar. The potential of these corridors for China lies in the possibility of maintaining its access to the Indian Ocean even in the event of a blockade in some of Indonesia's straits, which are essential for Chinese maritime trade. Furthermore, both countries surround India, a country with which China has historically maintained regional hostility and which can be considered the only country capable of challenging China's hegemony in the Indian Ocean in the medium term. In this regard, the China-Pakistan Economic Corridor, which connects Xinjiang with the

¹¹ GOLDSTEIN, Avery, “China's Grand Strategy under Xi Jinping: Reassurance, Reform, and Resistance”. *International Security*, 45(1), 2020. https://doi.org/10.1162/isec_a_00383

Pakistani port of Gwadar, is one of the pillars of the New Silk Road that has received the most investment. It strengthens the strategic alliance between the two countries against their common enemy, India, and gives China direct land access to the Indian Ocean.

For its part, the maritime “Road” consists in investing in infrastructures and acquiring a whole series of ports stretching from the major ports on China’s East Coast to the main European ports on the Mediterranean and Atlantic coasts, passing through the Indian Ocean and increasingly connecting with African and Latin American countries. Chinese capital is thus positioning itself on the “highways” along which global trade flows. Meanwhile, as we shall see, the maritime aspect of the Silk Road enables the possibility of dual use—not only economic but also military—of the entire network of infrastructure located at strategic points¹².

Three main dimensions can be highlighted to understand the role of the Belt and Road Initiative in China's global rise. First, the project places China at the center of the world's main industrial and commercial network. This allows it to export the excess capital it has been generating in sectors of lower technological value, such as iron and steel, to the construction of large infrastructure projects in less developed regions or countries. As China’s vice-minister for foreign affairs graphically put it: “We Chinese often say that if you want to get rich, build roads first”¹³. The Belt and Road Initiative reflects the perspective of “Xi Jinping Thought”, a kind of synthesis between a particular version of socialism, in which the “development of productive forces” occupies a central place, and Confucian values, which emphasize hierarchy and social harmony, to promote national unity.

In the beginning, investments prioritized the construction of physical infrastructure linking Central Asia with the Chinese coast, with the aim of extending the economic and bureaucratic presence of the Chinese central government in the autonomous regions of Xinjiang, Tibet, and Inner Mongolia. Beijing's foreign policy was thus linked to the goal of defusing the long-standing ethnic conflicts taking place in these impoverished regions.

Over time, Chinese investments have increasingly shifted toward Southeast Asia, where the global economy is concentrated. China has become the main trading partner of the

¹² GIL, Abel, “La geopolítica de China y su collar de perlas”, *El Orden Mundial*, 2020. Available at: <https://elordenmundial.com/mapas-y-graficos/china-y-su-collar-de-perlas/>

¹³ FRANKOPAN, Peter. “The new silk roads: The present and future of the world”. Bloomsbury Publishing. 2018.

Association of Southeast Asian Nations (ASEAN). This has led to a significant change in the regional security architecture: the United States continues to be the main military supplier in the region, but China finds in its “economic diplomacy” a powerful counterweight to any threat to its interests. Likewise, China's financial power allows it to advance its geopolitical objectives, with well-known examples such as Sri Lanka granting a 99-year lease to a Chinese company in Hambantota, a port of utmost strategic importance due to its location off the Indian coast¹⁴.

Secondly, China's international economic power has been followed by its consolidation as a military power. In the decade since the start of the New Silk Road, China has developed a missile capability that is increasingly on par with that of the United States, even in the most advanced technological areas. China's ground forces, already the largest in the world, have been significantly modernized. However, their greatest advance has been in the naval sphere: the construction of artificial islands in the South China Sea, the substantial increase in its navy — now the largest in the world — and the addition of their third aircraft carrier, *Fujian*, which this year conducted exercises to the east of Taiwan, demonstrate their desire to project power beyond their shores. The expansion of ports linked to the Belt and Road Initiative, best exemplified by the construction in Djibouti of the first Chinese military installation abroad, facilitates the sea power projection of Beijing¹⁵.

Thirdly, China aspires to consolidate its own normative power. The New Silk Road seeks to form a Sinocentric sphere of influence in which economic integration goes hand in hand with the promotion of “Chinese civilizational values” as an alternative to the primacy of Western culture¹⁶. In this regard, while the Belt and Road Initiative initially emphasized connections with Europe, growing tensions and the trade war with the United States initiated in 2018 have led the Silk Road to increasingly focus on Africa and Latin America with the aim of positioning itself as the leading power in the so-called “Global South”. The Chinese government argues that the diplomacy accompanying the Silk Road promotes mutual benefit (‘Win-Win’) for collaborating countries through common economic development. In this sense, granting financial loans to developing countries on terms

¹⁴ Ibidem.

¹⁵ GARCÍA, Diego, “China: Gran estrategia y poder marítimo en la era de Xi Jinping”. URVIO. Revista Latinoamericana de Estudios de Seguridad, 27, 2020 <https://doi.org/10.17141/urvio.27.2020.4381>

¹⁶ KALLIO, Jyrki, “Xi Jinping Thought and China's Future Foreign Policy”, Finnish Institute of International Affairs, 2018. Available at: https://www.fiaa.fi/wp-content/uploads/2018/08/bp243_china_s_future_foreign_policy_1508.pdf

more favorable than those offered by the IMF, and advocating for reform of the UN Security Council to make it more representative, has allowed Beijing to expand its “soft power” and present itself as the provider of a series of international public goods that present China as a global power.

But where China's growing normative power is likely to be most decisive is in the field of high technology, the central axis of the dispute between the United States and China. For the first time, China has surpassed Western countries in the number of patents registered for 5G development¹⁷. In this regard, the Chinese government has prioritized the “Digital Silk Road” in the last years, that is, investments to develop telecommunications infrastructure in countries of the “Global South” which would allow Beijing to displace Western companies in this key strategic sector. This opens up the possibility, especially since the 2018 trade war and growing technological nationalism in the United States, that new developments in cutting-edge technology (AI, semiconductors, quantum computing) will be divided globally into areas of influence, breaking interoperability.

Alfred Mahan in Beijing: China's “two oceans” strategy

Merchant fleets precede navies in shaping sea power: maritime trade lowers the cost of trade and opens up access to key ports that can serve as logistical bases for projecting military power. This was the conclusion reached by Alfred Mahan after his historical study of the creation of the British Empire. His intention was to open the minds of American statesmen to turn the United States into a world power at the end of the 19th century¹⁸.

What is interesting is that China's long-term strategy has also relied on trade, and maritime trade in particular, to sustain its growth and influence. As the world's largest exporter, China funnels its production from its major coastal regions to Europe and America via sea routes that it also uses to import critical oil, food, and raw materials, in which Beijing runs a large deficit. China's huge population generates high energy and food dependency, especially on resources that pass through strategic straits between the Indian and Pacific Oceans. For example, 75% of the oil imported by China in 2014 had to

¹⁷ THOMPSON, Kieran, “Worlds Apart: Geopolitics Shake 5G Supply Chains”, Hinrich Foundation, 2023.

¹⁸ MAHAN, Alfred, “Discussion of the elements of sea power”. En: Dittner, J y Sharp J. (eds), *Geopolitics. An introductory reader*. London & New York: Routledge, 2014.

cross the Strait of Malacca¹⁹. This has given rise to what is known as the “Malacca dilemma”, that is, the critical risk that a blockade in the straits connecting the two oceans could strangle the Chinese economy.

Following Mahan's interpretation of maritime “chokepoints”, Chinese strategists view their access to the ocean limited by three “chains of islands”, including Japan, Taiwan and Guam (the main US naval and air base in the region), which are under US military influence. These barriers, coupled with disputes with the Philippines and Vietnam in the South China Sea, form the core of China's security concerns. Conversely, eventual control over the island of Formosa would allow Beijing to break the US military architecture in the region and greatly increase its capacity to project its sea power. The Chinese government considers Taiwanese separatism to be the main threat to Chinese national security and, in its 2019 White Paper, for the first time openly considers that “We make no promise to renounce the use of force, and reserve the option of taking all necessary measures” to avoid the independence of Taiwan²⁰.

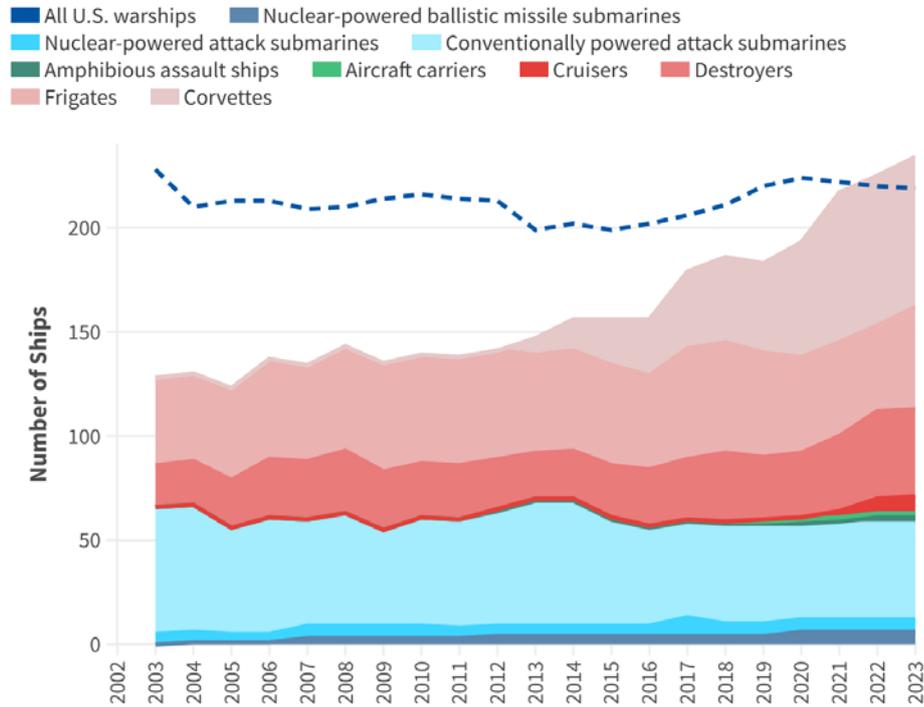
This openly aggressive policy goes hand in hand with China's growing military capacity to act as a major military power, at least in numerical and logistical terms, despite its lack of combat experience. This is where the enormous economic power generated by the Belt and Road Initiative is linked to military development. In this regard, the strategy of defense developed in 2019 stated that “the People’s Liberation Army Navy is speeding up the transition of its tasks from defense on the near seas to protection missions on the far seas”²¹. The Chinese Navy perceives itself as capable of controlling the Pacific Western coast (*near seas*) and seeks to expand its capacity beyond the First Chain of Islands towards the Indian Ocean (*far seas*).

¹⁹ GARCÍA, Diego, “China: Gran estrategia y poder marítimo en la era de Xi Jinping”. URVIO. Revista Latinoamericana de Estudios de Seguridad, 27, 2020 <https://doi.org/10.17141/urvio.27.2020.4381>

²⁰ State Council Information Office of the People’s Republic of China, “China’s National Defense in the New Era”, 2019. <https://bit.ly/3aYPKBw>

²¹ *Ibidem*.

Active Chinese Warships by Type



Source: International Institute for Strategic Studies, *The Military Balance*, 2004-2024 editions.

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Figure 2: Evolution of the Chinese Navy by type of warship. Source: CSIS. Available at: <https://www.csis.org/analysis/unpacking-chinas-naval-buildup>

In general, China's military strength stands out in terms of quantity: since 2012, the Chinese Navy has practically doubled the number of active ships, becoming the largest in the world. The US Navy remains superior in terms of firepower and has a significantly higher number of active aircraft carriers (11, compared to China's 3). However, China has a shipbuilding capacity up to 200 times greater than that of the US, which is enabling it to modernize its fleet at a much faster pace²². This, coupled with the advantage of concentrating its forces on its nearby coasts, leads many analysts to question the United States' ability to prevail in a conflict in the western Pacific, especially if that conflict were to evolve into a protracted industrial war²³. Added to this is the large presence of the Chinese maritime militia, made up of fishing boats that have nevertheless taken part in

²² PALMER, Alexander, CARROLL, Henry, y VELAZQUEZ, Nicholas, "Unpacking China's naval buildup". Center for Strategic International Studies, 2024. <https://www.csis.org/analysis/unpacking-chinas-naval-buildup>

²³ JONES, Seth, "China is Ready for War". Foreign Affairs, October 2024. <https://www.foreignaffairs.com/china/china-ready-war-america-is-not-seth-jones>

various operations in the “gray zone”. Mahan's argument in favor of a population that looks to the sea has found resonance in unexpected latitudes.

Conclusions

The historical trajectory of China's grand strategy shows a profound transition: from a country focused on ensuring its survival and internal stability to a power that aspires to shape the international order. After decades of economic growth, controlled liberalization and gradual military modernization, China has gone from hiding its capabilities to openly deploying them. The Belt and Road Initiative, the expansion of its maritime power and the promotion of new rules and institutions reflect its ambition to position itself at the center of an economic and geopolitical network spanning Asia, Africa and Latin America.

This rise coincides with the unfinished transition of an international system shifting from US unipolar hegemony to unbalanced multipolarity, where several great powers interact without a clear balance of power. This type of scenario is most prone to “miscalculations” and the outbreak of major conflicts. For China, the ongoing transition offers opportunities—growing economic influence and greater room for maneuver—but also significant risks. Chinese strategists recognize that the country will not achieve military parity with the United States before 2049. This could make a *premature* military conflict between great powers an obstacle to the completion of “national rejuvenation”. Hence, Beijing continues to formally advocate a policy of peaceful cooperation and regional stability, even as it more clearly asserts its status as a great power.

At the same time, the US response has hardened. Beyond changes in administration, there is a political consensus in Washington that identifies China as its main systemic rival. This intensifies strategic competition in key areas—technology, trade, maritime routes, and security architectures—and places Chinese elites before decisions of great significance. The combination of global ambitions and the difficulties Beijing is encountering in consolidating a consumerist middle class at the national level makes the current stage one of the most delicate for China since the beginning of its opening up: the balance between achieving economic leadership and the risk of a major military conflagration will, to a large extent, shape the world order of the 21st century.

*Guillermo Gómez Moreno**
International relations analyst