

# U.S. and East Asia

Shifting Balance of Power and its  
Implications?

# What is East Asia?

- China
- Japan
- South Korea
- North Korea
- Taiwan
- Hong Kong
- Geographical proximity
- Historical/cultural connectedness



# Important Trends?

- Shifting Balance of Power Due to China
  - Hard Power: military and economic means to influence the behavior of other states
  - Soft Power: the use of culture, diplomacy and other “soft” incentives to shape the preferences of other states
- Growing Intra-regional trade
- Regional Arms Race?
- Shifting strategic interests for China, Japan and the U.S.

# China's Growing Economic “Footprint”

- 2<sup>nd</sup> largest economy in the world today—  
GDP:10.17 T
- US GDP:13.13T
- Represents 6% (10% in PPP) of world's economy
- World Bank—China as an “engine of growth” for the world economy
- Holds nearly 2 trillion in foreign currency



# Manufacturing Center of the WORLD (still)



- China is #1 in producing coal, steel and cement
- China produces 70% of the world's toys
- China is the #1 producer of electronic goods
- China is the 3<sup>rd</sup> largest producer of autos
- 400 out of the top 500 companies operate in China
- Sweatshop labor?

# Rising Center of Technology

- Increasing number of U.S. companies have established research centers in China
- Growing number of U.S. universities have established research centers in China



# Rising Center of Technology

- Increasing number of U.S. companies have established research centers in China
- Growing number of U.S. universities have established research centers in China



# China as Major Exporter and Importer

- China is the 2<sup>nd</sup> biggest trade partner of the U.S., second only to Canada
- China buys electrical machinery, transport equipment, textile fibers, steel, oilseeds and fruits from the U.S.
- But, U.S. trade deficit with China was \$266 Billion in 2008

# China and the Carolinas—moving up the production cycle?



- High-tech textiles to China
- Lenovo Group in Research Triangle & Morrisville
- Haier in South Carolina



# China's Military Challenge



- China is 3<sup>rd</sup> in nuclear weapons
- China has the largest conventional army
- China is modernizing its military
- China demands the return of Taiwan
- Building an aircraft carrier
- “Peaceful Rise” policy

# Chinese Nationalism



该图片由 一泓秋水1122 上传至 Tiexue.Net 图片版权归原创者所有

mop.com

# China's "charm Strategy" or Public Diplomacy

- Offer "alternative" to the U.S. approach to world politics
- Offer investment
- Offer infrastructure
- Offer "hands off" or non-intervention in human rights issues
- Promote cultural knowledge and exchange
- Gain resources
- Gain support against Taiwan
- Gain stature commensurate with its rising power status

# China's Energy and Resource Challenge

- China is #2 in oil consumption
- By 2020 China will import 70% of its oil needs (now 50%)
- Number of autos in China expected to increase 5-fold
- China's middle class has been growing rapidly



# China's "outreach" to Oil Producers



# China's Lack of Human Rights



- Increased personal and informational freedom, up to a point
- Crackdown on Tibetan autonomy attempts
- Arrest of any opposition or political critics

# China's Unique Hard/Soft Power Challenge

- Long-term economic growth but current troubles
- Increasing clout in global affairs by a capitalist/Leninist state
- Democracy? Not in the near future
- Growing opposition to China's one-party rule? Likely
- Continued nationalism and enhanced Chinese pride



# North Korean Challenge

- Why develop nuclear weapons?
  - Nationalism
  - Perceived security threat
  - Lack of world military to stop it
  - Others have done it without punishment
  - Diversion from bad economy
- Responses to NKs nuclear program?
- 1990s diplomacy-lost opportunity?
- Axis of evil
- China and 6-party talks
- UN sanctions
- U.S. military interdiction?

# Japan Challenge

- Domestic problems
  - lack of a dynamic economy
  - lack of effective leadership
  - spiraling social costs of an aging society
  - nationalism and threat of militarization
- Regional challenges
  - China's growing military power
  - Taiwan
  - Control of Senkaku islands
  - North Korea
  - Economic interdependence with China