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Opinion | OP-ED CONTRIBUTOR

How China Aims to Limit the West's Global Influence

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In January, at the World Economic Forum in Davos, Switzerland, President Xi Jinping of China called his country a champion of free trade and globalization. And at an international conference in Beijing in May, he laid out China's grand vision of promoting global integration by linking Asia, Europe and beyond through a new network of roads, railways and sea routes.

Skeptics have derided the notion that China, which has resisted dropping the many barriers that restrict the free flow of goods and capital across its borders, is suddenly all-in on globalization. But this criticism misses the bigger picture.

China is fashioning a new form of multilateralism, one in which it sets the tone and defines the rules of the game. This strategy will advance its economic and political influence in a far more effective manner than a unilateral approach built on brute economic force, a tactic that has produced mixed results for China so far.

With the United States apparently pulling back from multilateralism, China is deploying to great effect an approach that has been some years in the making but is now bearing fruit.

This form of multilateralism is built on transactional principles very different from the type of global order the United States and other Western economies have championed, one built on trust and mutual cooperation. It will eschew values like democracy, human rights and freedom of expression, which the United States has long sought to promote around the world.

Beijing's strategy has two main prongs. The first is to change the rules of the game from within, by expanding Chinese influence in existing international institutions.

China joined the World Trade Organization in 2001, committing to opening its own markets to foreign goods and investment in return for better access to markets worldwide for its exports. China did indeed benefit, kicking its manufacturing machine into high gear and boosting its exports.

But the other side of the bargain — China's opening — was not fulfilled. Foreign exporters and investors still face many barriers in China. To sell goods there, foreign companies often have to sign up with local partners. Foreign businesses undertaking production in China also have to partner with local companies, requiring transfers of technological expertise and intellectual property. Foreign investment is still restricted in certain sectors, including financial services like insurance.

Meanwhile, China has become the second-largest economy and one of the biggest traders in the world, allowing it to hold sway within the World Trade Organization. The country is now one of the prime users of the W.T.O. dispute-settlement process to protect its own interests and to aggressively counter trade actions brought against it by other countries.

With its rising economic clout, China has also been able to raise its voting shares at international financial institutions like the International Monetary Fund and the World Bank. At these organizations, the United States and other advanced Western economies together still have the dominant voting power. So, China has been subtle in its approach, creating alliances with other emerging-market countries like India and Russia to advance its priorities.

The second prong of China's strategy is to set up its own international institutions. These put a multilateral sheen on projects in which Beijing controls the purse strings and also makes the rules of the game.

Initiatives like One Belt, One Road — the plan to invest $1 trillion or more in transcontinental infrastructure — and the Asian Infrastructure Investment Bank, which started operation last year, allow Beijing to cloak its influence behind the facade of a large group of countries, all with ostensibly significant roles in running these institutions rather than a position that requires them to follow Beijing's commands.

When China wants to show off its raw economic power, it can put on quite a show. The One Belt, One Road conference held in Beijing in May drew nearly 30 national leaders from four continents, an array of former heads of state, and numerous leaders from major public and private financial organizations. The gathering will someday be remembered not for who attended or for how much money was put up, but rather as a display of the Chinese strategy to expand its geopolitical influence.

The professed multilateral nature of its initiatives allows Beijing to pull other countries more tightly into its fold. It becomes harder for countries that do not share China's values to stay on the sidelines. Many countries joining with China say they must do so to influence these new institutions from the inside rather than just complain about them from the outside. This was the justification when Britain, Germany and France signed up to become founding members of the Asian infrastructure bank, leaving the United States fuming.

China has also been effective at pulling its potential geopolitical rivals into its economic embrace. Countries such as India and Russia are competitors in many areas. But Beijing has corralled these and two other major emerging market economies, Brazil and South Africa, into economic alliances.

In addressing concerns that the institutions it is setting up will lead to low standards of governance, transparency and efficiency, Beijing has declared that it will uphold, and even improve upon, the standards set by Western-led institutions.

Consider the governance structure of the I.M.F. and World Bank. In both organizations, an 85 percent supermajority is needed to approve major policy decisions. The United States, with its voting share of about 16 percent, in effect has veto power, giving it outsize influence over decisions like what projects and countries the institutions fund as well as the conditions attached to the funding.

The dominance of the Western economies and their worldview, with the United States seen as the economic hegemon and the paragon of free markets and democracy, meant that this arrangement once gave these organizations legitimacy and power. But in recent years, with the declining economic power of the West and the rising clout of China and other emerging market economies, this situation has in fact eroded the legitimacy of such institutions.

By contrast, at the Asian infrastructure bank, China has a 28 percent voting share and no veto power. Unlike at the I.M.F. and the World Bank, though, approval of major policy decisions at the bank requires only majority support. It is hard to imagine the bank making any decision against China's wishes. Yet, on paper, this structure beats one in which the dominant country has unbridled veto power, a situation that now rankles other members of the I.M.F. and the World Bank

For its lending through the Asian infrastructure bank, China has indicated it will choose only projects that meet the highest standards in terms of corporate governance, environmental impact and commercial integrity. But unlike financing from the United States or from Western-dominated aid and financial institutions, Chinese-led projects rarely come with obvious strings attached. With this approach, China avoids sensitive political issues that could irritate loan recipients. Beijing does not bring up uncomfortable subjects such as corruption, freedom of expression, democracy and human rights.

In December 2015, President Xi attended a meeting of African leaders in Johannesburg. He came bearing nearly $60 billion in loans, loan write-offs and other forms of financing. Then, to the delight of the leaders, including the many despots in attendance, he uttered words that were music to their ears: "China supports the settlement of African issues by Africans in the African way."

China's strategy amounts to a systematic displacing of a multilateral system that was built on high ideals and trust, mainly of the United States but also of other advanced economies. Institutions like the I.M.F. and the World Bank were meant to improve national economies and global cooperation rather than propagate the power and influence of any particular country. While the United States benefited from its outsize role in these institutions, the values Washington espoused, such as free markets and democracy, were seen to benefit economic and human welfare around the world.

China's vision of multilateralism will certainly serve China well, allowing it to expand its economic and geopolitical influence in a manner that will become ever harder to resist. Whether this will be good for the world remains to be seen.

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