How Beijing Sees the Changing World Order

written by Ofir Zigelman | 13.07.2026

Abstract

Against the backdrop of the Iran War, intensifying U.S.–China strategic competition, and the continuing shift in the global balance of power, this article examines why many influential Chinese policymakers and intellectuals increasingly view the international system as evolving from a U.S.-led unipolar order toward a more competitive distribution of power.

The article identifies six major trends shaping this worldview: the enduring influence of China's historical consciousness on the thinking of its leadership; Xi Jinping's consolidation of political power and acceleration of China's national rejuvenation; the emergence of the Chinese techno-economic model as an alternative for developing countries; China's rapid advances in artificial intelligence, semiconductors, and advanced manufacturing; Beijing's interpretation of the Iran War and subsequent U.S.–Iran negotiations as evidence of constraints on American power; and the gradual fragmentation of the international financial system following Western sanctions on Russia and Iran.

The article does not argue that China is destined to replace the United States as the world's leading economic and military superpower. Rather, it suggests that the international system may evolve toward competing spheres of influence, in which the United States and China remain strategic rivals while continuing to depend on one another economically and technologically. Alongside China's growing sources of strength, the article also examines its significant domestic challenges, including demographic decline, high levels of debt, the prolonged real estate crisis, and slowing economic growth.

It concludes by considering the implications for Israel, arguing that its foremost strategic challenge will be to reinforce its alliance with the United States while simultaneously building a more self-reliant foundation of national power in technology, industry, and defense.

This article reflects the author's observations from meetings in Beijing and

Shanghai, together with publicly available historical and policy analysis. It is intended as an examination of contemporary Chinese strategic thinking rather than an endorsement of any particular geopolitical perspective. The views expressed are solely those of the author.

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I spent the week preceding the 250th anniversary of American independence in Beijing. Walking through the Forbidden City—the world's largest imperial palace complex, which served as the seat of China's emperors from the 13th century onward and has witnessed centuries of transformation in the international order—I found it an appropriate place from which to reflect on the geopolitical changes unfolding today. During a two-week working visit to Beijing and Shanghai, I met with senior figures from China's business, policy, and academic communities. Those conversations offered valuable insight into how China's elites perceive the ongoing shift of global power away from the West and how they believe the Iran War has accelerated these trends. This article summarizes those impressions through six principal observations.

The first observation is that modern China is deeply shaped by its historical consciousness, particularly by the memory of its former centrality in world affairs and the trauma of what Chinese historiography calls the "Century of Humiliation," which began in the nineteenth century.

While the United States celebrates 250 years of independence, Chinese civilization traces its history back roughly five millennia. Since the Qin Dynasty unified China in the third century BCE, the country has viewed itself as a continuous civilization governed by successive dynasties that ruled under the "Mandate of Heaven." For much of recorded history, China was the world's largest economy and among its foremost centers of scientific and technological innovation. It gave the world the compass, gunpowder, paper, printing, and paper currency, while also demonstrating extraordinary engineering capabilities through projects such as the Grand Canal and the Great Wall.

When the United States declared its independence in 1776, the thirteen American colonies had a population of approximately 2.5 million people. China, by contrast, was home to nearly 300 million inhabitants. Beijing itself was already one of the world's largest and most advanced cities, with a population approaching one million.

For most of the past two millennia, China occupied the center of the East Asian regional order as the "Middle Kingdom." Neighboring states maintained diplomatic and tributary relations with Beijing through a hierarchical regional system that recognized China's preeminence. This conception of regional order, together with the strategic tradition of Sun Tzu's *The Art of War*, which emphasizes achieving political objectives without direct military confrontation, continues to shape Chinese strategic thinking today.

Beginning with the Opium Wars in the 1840s, however, Britain and later other Western powers forced China to open its ports, undermined its sovereignty, and imposed a series of unequal treaties. Japan subsequently joined this process, occupying large parts of China and committing widespread atrocities. This period, remembered as the "Century of Humiliation," profoundly shaped China's national consciousness. It reinforced the conviction that only sustained economic, technological, and military strength can prevent China from ever again experiencing such subjugation.

The second observation is that Xi Jinping has emerged as China's most powerful leader since Mao Zedong and appears well positioned to remain in power for years to come. Under his leadership, the Chinese Communist Party (CCP) has tightened its political control while accelerating China's military modernization, economic development, and pursuit of technological self-sufficiency.

After assuming the presidency in 2013, Xi abolished the constitutional two-term limit in 2018, effectively removing formal constraints on his tenure. Since then, particularly during his third term, he has removed numerous senior military officers and Communist Party officials through an extensive anti-corruption campaign. While officially presented as a campaign to strengthen party discipline, many scholars also interpret it as a mechanism for consolidating Xi's personal authority and eliminating potential political rivals. At present, there is little evidence of organized opposition to Xi's rule. He is widely expected to secure another term at the Communist Party Congress in late 2027 and to continue leading China well into the next decade.

If Mao Zedong unified China under communist rule in 1949, and Deng Xiaoping transformed its economy by opening it to global markets in the 1980s, Xi Jinping has articulated a new national mission: restoring China as one of the world's preeminent powers during the present generation. Chinese students today study not only Mao's writings but increasingly *The Governance of China* (2014) and other collections of Xi's speeches and writings, which have become the principal ideological framework shaping contemporary Chinese politics.

Xi seeks to accelerate China's emergence as a leading economic, technological, and military power capable of matching, and in key domains surpassing, the United States, particularly within Asia. To achieve this objective, he has elevated science and technology to the level of national strategy, prioritized technological and economic self-reliance, reaffirmed reunification with Taiwan as an essential component of China's national rejuvenation, and strengthened the Communist Party's control over the state and society in the name of preserving political stability. At the same time, Beijing has increasingly prepared for the possibility of prolonged strategic confrontation and international isolation, drawing important lessons from the collapse of the Soviet Union in 1991.

The third observation is that China has developed what many policymakers and scholars increasingly regard as a serious economic and political alternative to the Western liberal democratic model, one that is becoming increasingly attractive to many developing countries seeking rapid economic growth, advanced technologies, and effective digital governance.

For decades, many Western economists assumed that breakthrough innovation could flourish only within liberal democratic and capitalist systems. China, however, has challenged this conventional wisdom by combining one-party political rule with a highly competitive and dynamic private-sector economy. Companies such as Huawei, Xiaomi, Tencent, and Alibaba have expanded aggressively beyond their original markets, creating integrated technology ecosystems that increasingly rival those of the West.

China has also built an industrial manufacturing base without parallel in the modern world. It now leads globally in electric vehicles, batteries, drones, robotics, and renewable energy. While the United States is projected to account for roughly 11% of global industrial output by 2030, China is expected to produce approximately 45%. Such an industrial advantage could prove decisive not only in economic competition but also in future military conflicts.

These advantages have enabled China to expand its global influence. Chinese exports of software, cloud computing, and artificial intelligence are growing rapidly across Southeast Asia, the Middle East, Latin America, and Africa. As more countries adopt Chinese digital infrastructure and technology platforms, they may also become more closely aligned with Beijing technologically, diplomatically, and geopolitically.

The fourth observation is that China has significantly narrowed the technological gap with the United States in artificial intelligence while moving rapidly toward semiconductor self-sufficiency.

The emergence of large language models such as Kimi, DeepSeek, and Alibaba's Qwen demonstrates that Chinese firms now compete at the global frontier of AI. At the same time, Beijing is investing enormous resources in building a complete domestic semiconductor ecosystem. Although China still lags the United States and Taiwan in manufacturing the most advanced chips and remains dependent on ASML's EUV lithography systems, the technological gap continues to narrow. If these trends continue, the long-term effectiveness of American export controls is likely to diminish.

A defining feature of China's strategy is its emphasis on embedding AI in the physical economy through robotics, autonomous vehicles, drones, intelligent factories, and industrial automation. Combined with China's unmatched manufacturing base and a domestic market of more than 1.4 billion people, this creates a powerful platform for scaling new technologies. Chinese firms are simultaneously promoting open-source AI models and expanding computing infrastructure abroad, particularly in Southeast Asia, to mitigate the impact of U.S. export restrictions.

The fifth observation is that the Iran War and subsequent negotiations between Washington and Tehran are widely interpreted by Chinese elites in Beijing as further evidence of the erosion of the U.S.-led unipolar order.

Many of my Chinese interlocutors interpreted Iran's ability to withstand sustained American pressure without regime collapse as evidence of limits on U.S. coercive power. In my discussions with Chinese academics and policy experts, a recurring view was that Washington struggles to sustain prolonged conflicts, is reluctant to deploy ground forces, and increasingly finds it difficult to mobilize broad international support for military operations. Whether this assessment proves accurate remains uncertain, but it illustrates how some influential Chinese observers are reassessing the limits of American power.

Some observers even suggested that the conflict could represent an American "Suez moment"—a reference to Britain's loss of great-power status following the 1956 Suez Crisis. If Beijing concludes that Washington's willingness to use military force is diminishing, it may reassess the credibility of American security commitments to allies such as Japan, South Korea, the Philippines, and Taiwan. Recent discussions in Washington about achieving "strategic stability" or an "equilibrium" with China reinforce the perception among some Chinese observers that the regional balance of power is gradually shifting in Beijing's favor.

The sixth observation is that Western sanctions on Russia and Iran have unintentionally accelerated the development of alternative financial systems that are less dependent on the U.S. dollar and the SWIFT payments system.

Since the Bretton Woods era in the 1940s, the dollar has served as the world's principal reserve currency, giving the United States extraordinary influence over the global financial system. Yet recent sanctions have also encouraged countries to develop alternative payment mechanisms. China has continued extensive trade with both Russia and Iran using yuan-denominated transactions and alternative settlement systems, reducing the effectiveness of Western financial pressure.

This does not mean that the dollar is about to lose its dominant international role. A more plausible outcome is the gradual emergence of a more fragmented financial system in which sanctioned states possess an expanding range of options for bypassing Western financial infrastructure. The growth of cryptocurrencies and blockchain-based financial systems may reinforce this trend over time.

Taken together, these six observations do not suggest that the United States is ceasing to be the world's leading power. America is likely to remain dominant in many areas, including innovation, higher education, capital markets, and alliances. They do, however, point toward the gradual erosion of the post-Cold

War unipolar order and the emergence of a more competitive international system.

Rather than returning to a Cold War characterized by two isolated blocs, one plausible trajectory is a more regionally differentiated international system characterized by intensified strategic competition alongside continued economic interdependence. The United States may increasingly concentrate on the Western Hemisphere while maintaining the balance of power in the Indo-Pacific through its alliance network. China, meanwhile, may continue consolidating its position as the dominant power in East Asia through expanding economic, technological, and security relationships that in some respects resemble the historical tributary system.

Competition between the United States and China is likely to be far closer than the rivalry between the United States and the Soviet Union. At its peak, the Soviet economy was only around 50 percent the size of America's. China has already reached parity with the United States in purchasing power parity (PPP) and continues to narrow the gap across multiple measures of economic, industrial, and technological strength. Nevertheless, China's continued rise is far from guaranteed. Demographic decline, the prolonged property crisis, high levels of local government debt, slowing productivity growth, and intensifying tensions with the West may all constrain its future trajectory.

The possibility that major international decisions may increasingly require competition, negotiation, and selective cooperation between Washington and Beijing remains the subject of active debate in the United States. In important respects, the emerging international system resembles the 19th century more than the late 20th: a world of multiple great powers rather than a single dominant superpower.

If this is indeed the view from Beijing, the central question for Israel is not simply whether it is correct, but how Israel should prepare for it. Historically, China has admired Israel for its achievements in science, technology, and innovation. At the same time, Israel's close strategic partnership with the United States has made its relationship with Beijing increasingly complex.

The appropriate response for Israel is not to distance itself from the United States, but rather to strengthen that strategic alliance while simultaneously building a more independent foundation of national power. If the international system is indeed becoming more competitive, with economic, technological, industrial, and military capabilities playing an increasingly central role in national security, Israel will need to invest even more heavily in innovation, advanced industry, artificial intelligence, energy, infrastructure, and manufacturing. Its foreign policy will require greater strategic agility while preserving its indispensable alliance with the United States. That will be Israel's defining strategic challenge in the decades ahead.

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