

Sino-ASEAN Relations: Implications of a rising China for ASEAN

by

Nazia Hussain

Research Assistant, Centre for Development and Peace Studies

Table of Contents

1. Abstract	6
2. Introduction	7
3. Overview of ASEAN	7
4. Sino-ASEAN Relations	8
5. Challenges to Sino-ASEAN Relations	13
6. ASEAN's perception of a rising China: Friend or Foe?	17
7. ASEAN's strategy towards a rising China	21
8. Conclusion	28
9. Bibliography	30

Abstract

The phenomenon of China's rise in the 21st Century can be both economically beneficial for ASEAN nations and a security challenge. While economic cooperation between China and ASEAN has proved rather successful, the same cannot be said for security issues. One of the main challenges to Sino-ASEAN relations is the perceived "China Threat" stemming from interactions with China in the past as well as prevailing maritime conflicts over the South China Sea. ASEAN has devised hedging strategies- balancing against China and engaging China in multilateral commitments- to quell the "China Threat". It may seem like ASEAN's hedging strategy is working but China too is pursuing its "charm offensive" simultaneously. Therefore it is debatable whether the hedging strategies really work and if so, to what extent can ASEAN take credit for the lack of a major military confrontation in the region in recent years.

Introduction

The rise of China has changed the geo-political and security landscape of Southeast Asia significantly. ASEAN countries find themselves dwarfed under the shadow of China's economic, military and demographic immensity and thus cannot afford to turn a blind eye to the emergence of a potential hegemon. China's rise could bring about economic growth and development for the region or could pose as a serious security threat, especially with the persisting maritime conflicts marked by suspicion and mistrust. Against this backdrop ASEAN has risen to carry out its role as a regional stabiliser and consciously puts efforts to engage China in regional dialogues and multilateral forums in the hope to quell the "China threat." This paper first looks at Sino-ASEAN relations within the political-security and economic realms after China officially established ties with ASEAN. It then aims to evaluate the implications of a rising China for ASEAN and the strategies adopted by ASEAN to deal with China's rise.

Overview of ASEAN

The Association of Southeast Asian Nations, or ASEAN, formally came into being in the midst of the Cold War following the "Bangkok Declaration" of 8th August, 1967.¹ The ASEAN started out with five founding members- Indonesia, Malaysia, the Philippines, Singapore and Thailand. It was joined by Brunei Darussalam in 1984, Vietnam in 1995, Lao PDR and Myanmar in 1997, and Cambodia in 1999, to make up the ten Member States of ASEAN today.² As outlined in the Bangkok Declaration, the aims and objectives of ASEAN is to fulfil the role of a regional stabiliser in Southeast Asia by promoting closer economic integration, social progress and cultural development of the region.³ Furthermore, ASEAN is

¹ Flores, J. M., & Abad, J. (1997). *Asean at 30*. Jakarta: Association of Southeast Asian Nations.

² Ibid.

³ *The Asean Declaration (Bangkok Declaration)*, (1967): .

to abide by the rule of law and adhere to the principles of the UN Charter. The Declaration claims that ASEAN represents “the collective will of the nations of Southeast Asia to bind themselves together in friendship and cooperation and, through joint efforts and sacrifices, secure for their peoples and for posterity the blessings of peace, freedom and prosperity.”⁴

The ASEAN states signed the Treaty of Amity and Cooperation in Southeast Asia (TAC) in 1976 which lays down the fundamental principles of ASEAN:

Mutual respect for the independence, sovereignty, equality, territorial integrity, and national identity of all nations; The right of every State to lead its national existence free from external interference, subversion or coercion; Non-interference in the internal affairs of one another; Settlement of differences or disputes by peaceful manner; Renunciation of the threat or use of force; and Effective cooperation among themselves.⁵

Today the ASEAN has come a long way since it was established in 1967. ASEAN has expanded to include other Asian powers like China, Japan, South Korea and India as well as non-Asian powers like Australia, The United States and the European Union through a variety of economic and security multilateral forums.

Sino-ASEAN Relations

When ASEAN was founded in 1967, China had grave doubts about the motives of the association. It viewed ASEAN to have a hidden military agenda to harbour anti-China feelings in Southeast Asia despite the Bangkok Declaration clearly stating that ASEAN would only aim for economic cooperation for regional peace and stability.⁶ Throughout the

⁴ Ibid.

⁵ *Treaty of Amity and Cooperation in Southeast Asia*, (1976): .

⁶ Alyssa Greenwald, "The ASEAN-CHINA Free Trade Area (ACFTA): A Legal Response to China's Economic Rise?" *Duke Journal of Comparative & International Law* 16, no. 1 (2006), 199.

1960s, China's relation with its Southeast Asian neighbours was marked by mutual suspicion, distrust and animosity, especially since China supported communist insurgents in several anti-communist Southeast Asian nations⁷. Hence, before the 1990s during the Cold War period, there were no official ties between China and ASEAN but only bilateral relations between China and individual member states of ASEAN.⁸ It was only in 1991 that formal ties were established between China and ASEAN when Chinese Foreign Minister Qian Qichen attended the opening ceremony of the Twenty-Fourth ASEAN Ministerial Meeting in Malaysia and expressed China's interest in being associated with the regional organisation.⁹ Following Qian Qichen's initiative to establish links with ASEAN as a grouping, several developments were initiated towards cooperation in the political-security and economic realms between China and ASEAN.

Political-Security realm

China and ASEAN have security tensions which threaten to spill over every now and then, keeping the region volatile. Yet, a number of treaties, agreements and other institutionalized

⁷ Ong Keng Yong, "Securing a Win-Win Partnership for ASEAN and China," in *ASEAN-China Relations: Realities and Prospects*, eds. Saw Swee Hock, Sheng Lijun and Chin Kin Wah (Singapore: Institute of Southeast Asian Studies, 2005), 20.

⁸ Saw Swee-Hock, Sheng Lijun and Chin Kin Wah, "An Overview of ASEAN-China Relations," in *ASEAN-China Relations: Realities and Prospects*, eds. Saw Swee Hock, Sheng Lijun and Chin Kin Wah (Singapore: Institute of Southeast Asian Studies (ISEAS), 2005), 1.

⁹ Joseph Y. S. Cheng, "Sino-ASEAN Relations in the Early Twenty-First Century," *Contemporary Southeast Asia: A Journal of International & Strategic Affairs* 23, no. 3 (12, 2001), 421. Swee-Hock, Lijun and Wah, *An Overview of ASEAN-China Relations*, 1-18

initiatives have marked the path to a better and working relation between the two since formal ties were established in 1991.

China first took part in the ASEAN Regional Forum (ARF) - an informal multilateral organisation which seeks to address security issues in the Asia-Pacific region- in July 1994 as a Consultative Partner and eventually became a full Dialogue Partner in 1996.¹⁰

In December 1997, the then Chinese President Jiang Zemin, along with leaders from ASEAN nations had their first summit- ASEAN+1 which resulted in a joint statement to establish “a partnership of goodwill and mutual trust, oriented towards the 21st Century.”¹¹ By

the year 2000, China had signed framework documents for bilateral cooperation with all ASEAN nations, fulfilling the goal of the ASEAN+1 summit of establishing partnership of good neighbourliness oriented towards the 21st Century.¹²

Apart from multilateral forums, ASEAN and China has also signed treaties and declarations to ensure peace, security and economic development in an otherwise volatile Southeast Asia. ASEAN and China signed the Declaration on the Conduct (DOC) of Parties in the South China Sea in 2002 which states that, “the parties concerned undertake to resolve their territorial and jurisdictional disputes by peaceful means, without resorting to the threat or use of force.”¹³ However, the dispute continues to resurface despite China signing the DOC as it lacks a legally binding code of conduct, and China remains unwilling to give up its claims on sovereignty over the South China Sea. The paper will take a closer look at the issue in later sections.

¹⁰ Zhai Kun, "The Rise of China and the Development of Relations between the PRC and ASEAN, 1991-2020: A Historical Survey and a Strategy for the Future," *Far Eastern Affairs* 33, no. 4 (2005), 29.

¹¹ *Ibid.*

¹² Swee-Hock, Lijun and Wah, *An Overview of ASEAN-China Relations*, 2

¹³ Association of Southeast Asian Nations, "Declaration on the Conduct of Parties in the South China Sea," 2002

ASEAN and China has also collaborated to address transnational non-traditional security threats such as drug trafficking, human trafficking, sea piracy and terrorism by signing a joint declaration in 2002, Memorandum of Understanding (MOU).¹⁴

An important milestone in Sino-ASEAN relations was achieved in 2003 when China became the first country outside ASEAN to sign a crucial ASEAN security protocol of non-aggression and non-interference- The Treaty of Amity and Cooperation (TAC), whereby both parties declared to be “strategic partners of peace and prosperity.”¹⁵

Economic realm

Though China and ASEAN has come a long way in the political-security realm from animosity to a strategic partnership, it is in the economic realm that the two parties have succeeded and mutually benefitted the most. In the wake of the Asian Financial Crisis in 1997, China got the chance to portray itself as a good and responsible neighbour by deciding against devaluing the Chinese Yuan. Former Prime Minister of Malaysia, Mahathir Mohamad stated, “*China’s performance in the Asian financial crisis has been laudable, and the countries in this region . . . greatly appreciated China’s decision not to devalue the [Yuan]. China’s cooperation and high sense of responsibility has spared the region a much worse consequence. The price China has to pay to help East Asia is high, and the Malaysian people truly appreciate China’s stand.*”¹⁶

Following the Asian Financial Crisis, the focus of ASEAN shifted to strengthening regional economic cooperation. The ASEAN Plus Three (ASEAN+3), also known as “Ten+3”, was

¹⁴ Yong, *Securing a Win-Win Partnership for ASEAN and China*, 21

¹⁵ Swee-Hock, Lijun and Wah, *An Overview of ASEAN-China Relations*, 3

¹⁶ Alice D. Ba, "China and Asean: Renavigating Relations for a 21st-Century Asia," *Asian Survey* 43, no. 4 (July/August, 2003), 637.

established in 1997 as a regional framework which included the ASEAN countries plus China, Japan and Korea.¹⁷ It was initially formed as an informal measure to tackle the financial crisis but soon evolved into an institutionalised regional framework furthering economic integration in the region. This framework of ASEAN+3 has been mutually beneficial for all states involved and proved a relatively successful driving force for economic integration in the region mainly due to the convergence of interests. While the smaller and lesser developed ASEAN countries benefit from China's surging market which provides a sense of competition as well as a bigger opportunity for export related growth, China benefits from the possibility of an economically stable Southeast Asia for its own development and to enhance its status as a superpower in the region.¹⁸

It was during the ASEAN+3 Summit in November 2000 when China proposed the establishment of a China-ASEAN Free Trade Area (CAFTA)¹⁹ which was regarded as a pillar to economic integration between ASEAN and China, promoting free trans-border trade and investment. The CAFTA Agreement aimed to establish a free trade area by 2010 between China and the six original ASEAN member states- Brunei, Indonesia, the Philippines, Malaysia, Thailand and Singapore- and by 2015 include less developed ASEAN states of Laos, Cambodia, Myanmar and Vietnam.²⁰ The CAFTA Agreement is seen as a milestone in Sino-ASEAN relations because not only was this agreement a first for ASEAN as a grouping to have a free trade agreement with an external power but it was also the first time China had a free trade agreement with another nation.²¹ To speed things up before the CAFTA got fully

¹⁷ Claudia Astarita, "China's Role in the Evolution of Southeast Asian Regional Organizations," *China Perspectives* 2008, no. 3 (09, 2008), 82.

¹⁸ Eric T. C. Cheow, "ASEAN+3: The Roles of ASEAN and China," in *ASEAN-China Relations: Realities and Prospects*, eds. Saw Swee-Hock, Sheng Lijun and Chin Kin Wah (Singapore: Institute of Southeast Asian Studies, 2005), 49-67.

¹⁹ Swee-Hock, Lijun and Wah, *An Overview of ASEAN-China Relations*, 3

²⁰ Ibid.

²¹ Greenwald, *The ASEAN-CHINA Free Trade Area (ACFTA): A Legal Response to China's Economic Rise?*, 193-218

implemented, China and ASEAN launched the “Early Harvest Programme” in January 2004 to promote reduction of tariffs on agricultural products. The “Early Harvest Programme” gave China another chance to prove itself as a strategic partner as it mostly involved the ASEAN countries gaining from China- “it allows ASEAN products to be exported to China at a very concessionary rate so that ASEAN countries can actually get the benefits of a free trade agreement even before the agreement is realized.”²²

Challenges to Sino-ASEAN Relations

One of the main reasons for the gradual improvement in Sino-ASEAN relations is that both parties are aware of the strategic importance of one another. Successfully courting ASEAN countries is of particular interest to China as its development and potential to be a superpower is dependent on a stable and economically vibrant Southeast Asia. Moreover, China is already entwined in a complex web of institutionalised frameworks such as ASEAN+3, the ARF and many others. As Han Feng states, “*Most advanced Chinese economic cities, zones and areas are along the coast facing Southeast Asia; [and] more than half of Chinese sea lanes for foreign trade are connected to the Southeast Asian region.*”²³ On the other hand, China’s strategic importance for the ASEAN is obvious, given its proximity to ASEAN states and its status as a rising superpower with a booming market that has a potential to create both economic stability and security threat in the region.

However, while Sino-ASEAN relations may seem to be slowly becoming more stable with conscious efforts at political and economic integration, there still exists persisting conflicts which continue to keep the region on the boil. The greatest threat to Sino-ASEAN relations is

²² Ibid., 198

²³ Han Feng, "Evolving Security Environment in Southeast Asia: A Chinese Assessment," in *ASEAN-China Relations: Realities and Prospects*, eds. Saw Swee-Hock, Sheng Lijun and Chin Kin Wah (Singapore: Institute of Southeast Asian Studies, 2005), 182.

the territorial dispute in the South China Sea with regard to the Spratly Islands. The South China Sea is a semi-enclosed sea around the ASEAN member states and China, which links the economic heartland of south-east China's coastal cities to Southeast Asia. The sea water is rich in petroleum, natural gas and other marine resources with a potential to take care of the ever increasing energy requirements for further development of China and ASEAN states.

The geo-political and strategic location of the South China Sea is also the root of overlapping national claims. As Aileen Baviera states, "*The South China Sea disputes refer to competing territorial and jurisdictional claims over four groups of islands, reefs, and atolls (Paracels, Spratlys, Macclesfield Bank, and Pratas), along with their surrounding waters, lying strategically between China and Southeast Asia.*"²⁴

The Spratly Islands dispute is the most prominent source of tension between China and the ASEAN states. The oil and gas rich Spratly Islands have overlapping national claims- China, Taiwan and Vietnam has claimed the whole area while Malaysia, Brunei and the Philippines has partial claims over it.²⁵ Each of these states has indulged in unilateral acts of imposing their jurisdiction over the islands. This show of authority has threatened the states with stakes in the islands and has led to an arms race to protect territorial claims. Data released by the Stockholm International Peace Research Institute on arms transfer shows that the value of the major conventional weapons systems delivered to Southeast Asian countries almost doubled between 2005 and 2009.²⁶

The ASEAN has managed to get China to put the dispute up for multilateral discussions at the ASEAN Regional Forum and also succeeded in making China sign the Declaration on the

²⁴ Aileen Baviera, "The South China Sea Disputes After the 2002 Declaration: Beyond Confidence-Building," in *ASEAN-China Relations: Realities and Prospects*, eds. Saw Swee-Hock, Sheng Lijun and Chin Kin Wah (Singapore: Institute of Southeast Asian Studies, 2005), 344.

²⁵ Ho Khai Leong, "Rituals, Risks and Rivalries: China and ASEAN in the Coming Decades," *Journal of Contemporary China* 10, no. 29 (11, 2001), 687.

²⁶ Richard Weitz, "Nervous Neighbors," *World Affairs* 173, no. 6 (Mar, 2011), 9.

Conduct of Parties in the South China in 2002. The declaration calls for peaceful settlement of conflicts through “equality and mutual respect” and also asks the involved parties to exercise self-restraint. However, since the declaration is not legally binding there is no real obligations to abide by it, and since each state puts its national interest higher than a stable Southeast Asia, very little has been achieved in reality. Infact, soon after the declaration was signed, it had already been breached- China conducted a navy drill on the sea waters, Philippines carried out military drill with the United States, Taiwan constructed a stand for bird-watching purposes while Vietnam used the islands as tourist attractions.²⁷

China even went back from the softer stance it had adopted towards the South China Sea conflict (when it agreed for the dispute to be raised in a multilateral forum and signed the declaration) to declaring the South China Sea as “a core national interest”²⁸ in March 2010, which worried ASEAN states as the term had been previously used by China only in case of Tibet and Taiwan. In July 2010, Chinese Ministry of Defence spokesman Senior Colonel Geng Yansheng stated, “*China has indisputable sovereignty of the South Sea, and China has sufficient historical and legal backing.*”²⁹

Contesting territorial claims over the Spratly Islands leads to other maritime disputes amongst the claimants. In 2005, the Philippines, China and Vietnam agreed for a joint seismic survey to further their oil exploration efforts in the areas that had overlapping national claims.³⁰ This was initially seen in a positive light as a joint effort in securing energy needs for Southeast Asia. In order for the oil exploration to run smoothly without being interrupted by existing rivalries, China and ASEAN even issued a Joint Declaration which would ensure that the combined efforts does not mean that either claimant has revised their claims on the islands

²⁷ Baviera, *The South China Sea Disputes After the 2002 Declaration: Beyond Confidence-Building*, 352

²⁸ Richard Weitz, "Nervous Neighbors," *World Affairs* 173, no. 6 (Mar, 2011), 8.

²⁹ Ibid.

³⁰ SHELDON SIMON, "ASEAN and Multilateralism: The Long, Bumpy Road to Community," *Contemporary Southeast Asia: A Journal of International & Strategic Affairs* 30, no. 2 (08, 2008), 264-292.

but rather that the overlapping claims would take a back seat for as long as the oil exploration required.³¹ And in the event of any resource discovery, thorough and fair negotiations would determine the future course of action. However, despite these arrangements for a joint exploration, crisis erupted when Chinese naval vessels fired on Vietnamese fishing boats and caused one to sink near the Paracel Islands in July 2007, which killed a Vietnamese fisherman and wounded many others.³² Vietnamese officials further reported that this was a pattern of China's harassment whenever their boats come across a Chinese vessel. As noted by Vietnam expert Carl Thayer, "*these Chinese actions are part of a general posture of staking out territorial claims and curtailing encroachments by Vietnamese ...*"³³ These kind of maritime conflict over the South China Sea can potentially hinder economic development in the region as commercial companies would not want to take a risk. For instance, in June 2007, British Petroleum, US Conocco Phillips, and state-owned PetroVietnam froze a US\$2 billion project to develop a gas field in the area.³⁴

Another source of conflict between China and ASEAN is the so-called "China Threat." Despite China's increasing involvement with ASEAN frameworks as well as China assuring the region of its peaceful rise, the fear of some kind of economic or military threat from China remains among southeast Asian nations- "*residual fear of China is still evident in the smaller states of Southeast Asia, and for some in ASEAN, the perception is that China remains a threat, albeit a long-term one, because of its actions in the South China Sea and the implications of its military modernisation*".³⁵ This perception of China as a potential

³¹ Ibid.

³² Ibid.

³³ Ibid.

³⁴ Ibid.

³⁵ M. Venkataraman, "TAIWAN AND THE SOUTH CHINA SEA IN SINO-ASEAN RELATIONS - AN OVERVIEW." *China Report* 42, no. 2 (2006), 153-177.

threat stems from China's aggressive actions in the past when it used military force to occupy the Mischief Reef in 1995, an area that was also claimed by the Philippines.³⁶

ASEAN's perception of a rising China: Friend or Foe?

The 21st Century has witnessed the phenomenal rise of China, both economically and militarily, as the most strategic actor in the Asia-Pacific. China is set to take over the spot of the biggest economy from the US by 2030; it is the largest exporter of manufactured goods and has the largest army.³⁷ As such, it is impossible for the ASEAN countries to ignore the rise of China as a potential hegemon in the region. Moreover, realistically speaking, the ASEAN has very little power to restrain or confront China in case of a serious confrontation. As such, the viable course of action for ASEAN is to accommodate and have a working relationship with China instead of direct confrontation.

The perceptions that the ASEAN has about China and the significance of its rise for Southeast Asia has been shaped by a combination of historical, cultural, economic and military interactions with China over time. One way of perceiving the rise of China is the belief in a 'China Threat'³⁸-be it a military threat or an economic threat- which in turn becomes a prolonged challenge to China-ASEAN relations. However, there seems to be contesting opinions within ASEAN regarding the significance of the "China Threat". While China has strong ties with Myanmar, Cambodia, Thailand and Malaysia, it still has difficult relations with Vietnam and the Philippines over territorial issues.³⁹ China's conduct of

³⁶ Hidetaka Yoshimatsu, "The Rise of China and the Vision for an East Asian Community," *Journal of Contemporary China* 18, no. 62 (11, 2009), 745-765.

³⁷ Vibhanshu Shekhar, "ASEAN's Response to the Rise of China: Deploying a Hedging Strategy," *China Report* 48, no. 3 (2012), 253-268.

³⁸ Ren Xiao, "Between Adapting and Shaping: China's Role in Asian Regional Cooperation," *Journal of Contemporary China* 18, no. 59 (03, 2009), 303-320.

³⁹ Shekhar, *ASEAN's Response to the Rise of China: Deploying a Hedging Strategy*, 253-268

neighbourhood diplomacy leaves ASEAN wondering how serious the “China Threat” really is. On one hand, China rises to diffuse its identity as a threat by increasing its involvement within ASEAN frameworks but on the other hand, it still sticks to non-negotiability over the South China Sea. Recent trends of China’s foreign policy shows the country taking a more proactive role in ASEAN by proposing the China-ASEAN Free Trade Area, giving concessions like the ‘Early Harvest Programme’, even agreeing to go beyond bilateral discussions over the South China Sea dispute to sign the Declaration on the Conduct (DOC) of Parties in the South China Sea. Moreover, China’s foreign policy stance of ‘peaceful rise’ and good neighbour diplomacy, rhetoric or not, nevertheless has managed to stall some fears. For instance, the Sixteenth Party Congress Report delivered by Hu Jintao coined the phrase, “*yu lin wei shan, yi lin wei ban*” or “becoming friends and partners with neighbours”.⁴⁰ It is the very idea of the existence of the concept of a “China Threat” which drives Chinese leaders to adopt the “good neighbour” diplomacy. However, despite China’s reassuring foreign policy rhetoric and concessions to ASEAN countries, some ASEAN states still perceive China’s actions as threatening to the region. China’s continued territorial claims over the entire South China Sea area is one such worry amongst ASEAN members, which has been termed as “creeping assertiveness” and “talk and take.”⁴¹ The question arises that if China indeed is sincere about its peaceful rise and role as a responsible neighbour, then what is the reason behind its renewed interest in the South China Sea territories. Therefore, ASEAN states believe in a “China Threat” but there is a divergence of opinions about how worrisome this threat really is in the foreseeable future. As Evelyn Goh points out, “[A]lthough Southeast Asian leaders have now banished the “China threat” from their rhetoric, the “China challenge” remains prominent in the regional lexicon, and almost every

⁴⁰ Xiao, *Between Adapting and Shaping: China's Role in Asian Regional Cooperation*, 303-320

⁴¹ Cheng, *Sino-ASEAN Relations in the Early Twenty-First Century*, 420

country's leaders express worries about the territorial disputes in the South China Sea and about potential conflict between China and the United States over Taiwan."⁴²

Yet another perception of China's rise that the ASEAN holds as a whole is that China's rise is beneficial for the economic growth and stability of ASEAN nations. As ASEAN Secretary General Rodolfo stated, "*ASEAN sees China's surging economy as both a competitive challenge—for markets and investments—and an opportunity as an export market and an investment provider and destination*".⁴³ A closer economic integration between China and ASEAN would bring about currency stability in the region and provide a market for ASEAN export commodities. According to Xinhua news agency, China has already become the largest trading partner of ASEAN while ASEAN is China's third largest trading partner.⁴⁴ For ASEAN, China's booming economy together with the rising economies of India and to some extent Japan can bring development to the poorer member states of ASEAN. China's huge economy needs a lot of natural resources which are supplied by the resource-rich but economically backward ASEAN countries like Laos, Cambodia and Vietnam⁴⁵ who in turn makes economic gains through this demand-supply chain. China's growing influence in the international stage would also mean that ASEAN can cope better with the help of China to deal with non-traditional security challenges in Southeast Asia like drug trafficking, terrorism, piracy, etc.

ASEAN also perceives that China might be trying to subtly dominate multilateral forums to push its own national agenda.⁴⁶ Infact, many ASEAN scholars like Kuik Cheng-

Chwee argue that "China's rising multilateralism has been driven by its underlying aspiration

⁴² Shekhar, *ASEAN's Response to the Rise of China: Deploying a Hedging Strategy*, 253-268

⁴³ Xiao, *Between Adapting and Shaping: China's Role in Asian Regional Cooperation*, 303-320

⁴⁴ Shibo Zheng, "China, ASEAN Urged to Strengthen Economic Cooperation," http://news.xinhuanet.com/english/china/2012-09/25/c_131871624.htm (accessed April, 2013).

⁴⁵ Tai Lim, "ASEAN Coping Mechanisms to Manage the Rise of China," *East Asia: An International Quarterly* 25, no. 4 (Winter2008, 2008), 407-422.

⁴⁶ Kuik Cheng-Chwee, "Multilateralism in China's ASEAN Policy: Its Evolution, Characteristics, and Aspiration," *Contemporary Southeast Asia: A Journal of International & Strategic Affairs* 27, no. 1 (04, 2005), 102-122.

to shape the 'rules of the game' for regional institutions, for the ultimate ends of fulfilling the needs of a range of foreign policy concerns."⁴⁷ China's proposal for the ACFTA for instance is said to be crucial for enhancing its national interest. Not only will the ACFTA increase China's exports to ASEAN by 55.1%,⁴⁸ but increased economic connection with resource-rich Southeast Asia will also take care of China's energy requirements to some extent. Soon after the CAFTA was proposed, China had already started buying liquid natural gas and pulp from Indonesia, and rubber and palm oil from Malaysia.⁴⁹ Furthermore, there is a sense that Beijing prefers economic cooperation more than getting too integrated and committed on security matters with ASEAN. This can be deduced from the fact that China went out of its way to accommodate ASEAN interests with regard to the Early Harvest Programme of the ACFTA but still conveniently maintains its doubts on the ASEAN Regional Forum which according to China is not yet ready to engage in 'Preventive Diplomacy'⁵⁰ and should remain as it is- an informal forum for discussion and not an institutionalized security mechanism which could pose a strategic hurdle to China's interests.

Moreover, ASEAN fears that a rising China would set off power rivalries in the region⁵¹ especially since China does not have the best of relations with the other powers in the region like India and Japan. There is a potential for a hostile environment which is not very conducive for the economic growth and development of the ASEAN countries.

Rising China has also been perceived as using soft power diplomacy in place of traditional hard power, through cultural influence in the region. China has increasingly been promoting a friendly image and consciously popularising contemporary Chinese culture which could be

⁴⁷ Ibid.

⁴⁸ Ibid.

⁴⁹ Ibid.

⁵⁰ Ibid.

⁵¹ Shekhar, *ASEAN's Response to the Rise of China: Deploying a Hedging Strategy*, 253-268

seen during China's hosting of the Olympics in Beijing. Additionally, Chinese comic books, TV shows and movies have been very popular in Indonesia and other ASEAN countries.⁵²

ASEAN's strategy towards a rising China

Whether China's rise is a potential security threat or an economic opportunity for Southeast Asia is quite unpredictable today, hence ASEAN needs to rise up to meet the expectations of its role as a regional stabiliser. Prominent Southeast Asia expert, Michael Leifer, argued that "the United States had lost the will to maintain the regional balance of power, Russia had weakened militarily and was spent and Japan had become a sleeping giant, leaving the rise of China as an area of concern for ASEAN."⁵³ ASEAN is well aware of the fact that it is no match for China- militarily or economically, hence had to develop strategies to deal with China as a potential hegemonic threat in the region. The most influential of all is the "Hedging Strategy that exhibits elements of uncertainty, allows an actor to have multiple options and safeguards it from having to choose one side at the obvious expense of another."⁵⁴ The hedging strategy involves balancing against China and engaging China in multilateral commitments.

Balancing against China

The main idea behind balancing against China's rise is to include other regional and non-regional powers like India, Japan and the United States in ASEAN's various multilateral forums with the aim of indirectly keeping a check on China's actions. Balancing would also help ASEAN gain some back-up from the other powers in case China decides to abandon its 'good neighbour' diplomacy. ASEAN has thus far managed to include external powers

⁵² Ibid.

⁵³ Lim, *ASEAN Coping Mechanisms to Manage the Rise of China*, 407-422

⁵⁴ Shekhar, *ASEAN's Response to the Rise of China: Deploying a Hedging Strategy*, 253-268

through forums such as ASEAN Plus Initiatives- ASEAN+3, ARF, and the East Asia Summit to name a few.

ASEAN is pushing for balancing support not only from the US but also India and Japan as emerging regional powers. As far as ASEAN's relations with Japan goes, the 2003 ASEAN-Japan Plan of Action outlines three main areas of cooperation- strengthening ASEAN integration, enhancing competitiveness and cooperation in non-traditional security issues like terrorism and piracy.⁵⁵ China encourages Japan's involvement only in economic frameworks like the ASEAN+3; however Japan's gradual involvement in Southeast Asian security issues through other ASEAN forums is rather worrisome for China. ASEAN's relation with the United States also has the potential of creating hostility in Sino-ASEAN relations, especially over the Taiwan issue and the US guaranteeing Taiwan's security.⁵⁶ Another emerging power in the region that ASEAN included in its forums is India- both China's and ASEAN's neighbour. ASEAN's ties with India started with India's engagement in the ARF in 1996 and the EAS in 2005. India's relation with ASEAN is mainly focused on its "Look East"⁵⁷ policy which seeks to improve trade and connectivity between Northeast India and the ASEAN nations. However, India-China relations are not the friendliest as mutual suspicion and border tensions still prevail. Since China's relations with all three powers are very delicate, ASEAN has to be very careful in its balancing act.

Though inclusion of other major powers is more effective than taking the risk of facing China alone, balancing comes with its own share of problems. For instance, historical rivalries and mistrust between China and Japan hinders the smooth functioning of these multilateral forums. In 2005, a summit meeting between China, Japan and Korea got cancelled because Junichiro Koizumi, the then Japanese Prime Minister, visited the controversial Yasukuni

⁵⁵ Swee-Hock, Lijun and Wah, *An Overview of ASEAN-China Relations*, 1-18

⁵⁶ *Ibid.*

⁵⁷ *Ibid.*

Shrine- a shrine dedicated to those dead in service for the Emperor of Japan during the Second World War- which had angered China as Japan denied the atrocities committed during the war.⁵⁸ Also, the first East Asia Summit witnessed how intricate power politics could get when various regional powers got together under one forum – China, Malaysia and Thailand were against expanding the EAS beyond the ASEAN+3 members while Japan, Singapore and Indonesia, fearing Chinese domination over the forum, wanted to expand the EAS to include India, Australia and New Zealand.⁵⁹ The EAS summit meeting also witnessed competing values- while Japan emphasized on universal values of human rights and rule of law, the Chinese Premier instead stressed on regional cultures and values - *“China will respect, as always, the diverse nature of cultures, religions and values in East Asia and promote both dialogue on an equal footing among civilizations and cultures and exchanges among them.”*⁶⁰

Engaging China with Multilateralism

This strategy seeks to engage China in various institutionalized multilateral forums in the hope that China will be obliged to display responsible behaviour because it has already committed to the forums. It has also been termed as ‘enmeshment’ or ‘double binding’.⁶¹ Evelyn Goh defines the concept of enmeshment as “the process of engaging with an actor or entity so as to draw it into deep involvement into a system or community, enveloping it in a web of sustained exchanges and relationships, with the eventual aim of integration. In the process, the actor’s interests are redefined, and its identity possibly altered, so as to take into greater account the integrity and order of the system.”⁶²

⁵⁸ Yoshimatsu, *The Rise of China and the Vision for an East Asian Community*, 745-765

⁵⁹ Ibid.

⁶⁰ Ibid.

⁶¹ Shekhar, *ASEAN's Response to the Rise of China: Deploying a Hedging Strategy*, 253-268

⁶² Evelyn Goh, "Great Powers and Southeast Asian Regional Security Strategies: Omni-Enmeshment, Balancing and Hierarchical Order," *The Institute of Defence and Strategic Studies* (2005).

The strategy to engage and commit China is particularly crucial for smaller ASEAN states like Vietnam with feelings of suspicion and mistrust towards China. Thus the strategy of enmeshment is a reassurance that the multilateral frameworks would constrain potential Chinese threat. Vietnamese foreign ministry sees the strategy as “constructive entanglement” of China- *“Sino-Vietnamese relations will be meshed within the much larger network of interlocking economic and political interests...[creating] an arrangement whereby anybody wanting to violate Vietnam’s sovereignty would be violating the interests of other countries as well.”*⁶³

ASEAN has managed to both balance against China and engage China in forums such as the ARF which also includes US, Japan, India and the EU and the ASEAN+3 summit which brings China, Japan and South Korea in a closer economic integration with ASEAN. The strategy also relies on ASEAN setting the “rules of the game”⁶⁴ and China having to abide by it. For instance, the ASEAN has been lauded for setting the rules of the game over the South China Sea and getting China to sign the Declaration of Conduct (DOC). Though China did sign it but the question remains whether the declaration will actually be able to constrain China at all if China decides to use military force over the islands. It is hard to predict whether the rules that ASEAN sets in its institutions and those that China supposedly ‘commits’ to will really have any impact if China suddenly decides to reverse its foreign policy and go on an offensive.

However, ASEAN experts claim that this strategy is not entirely useless and it creates an element of competition amongst the participants in the forums.⁶⁵ For example, China decided to negotiate a Free Trade Agreement (FTA) with ASEAN in 2001, soon after the US and

⁶³ Ibid.

⁶⁴ Shekhar, *ASEAN's Response to the Rise of China: Deploying a Hedging Strategy*, 253-268

⁶⁵ Goh, *Great Powers and Southeast Asian Regional Security Strategies: Omni-Enmeshment, Balancing and Hierarchical Order*

Singapore negotiated for a FTA in 2000. In the security realm, China and India signed on to ASEAN's Treaty of Amity and Cooperation in 2003, which was soon followed by Japan, South Korea and Russia in 2004.⁶⁶

Effective or not, ASEAN's strategy to get China to participate in regional dialogues would not have been too easy had China not been pursuing its own "Charm Offensive." As noted by Vibhanshu Shekhar, "China is projecting its image as the ultimate benefactor to its smaller ASEAN neighbours, approaching Southeast Asia with its large inventory of soft power with the objective of creating a positive image for China and enhancing Chinese influence in the region. These policy tools and initiatives, characterised as a 'charm offensive', cover any non-military sectors of transactions either between the governments, the government and the people or between the people from China and Southeast Asia."⁶⁷ The ACFTA and the Early Harvest Programme is just one of many examples of China's policy. As long as China pursues its policy of a charm offensive, the ASEAN will not have much of a problem in engaging China in various forums, but as discussed above, if the charm offensive is abandoned will ASEAN really manage to restrain China through its commitments? So far, the charm offensive has been successful for China in developing relations with some ASEAN nations like Cambodia, Myanmar, Malaysia and Thailand but at the same time created disunity within ASEAN.⁶⁸

ASEAN's hedging strategy seems to be working so far in keeping China's power in check.

However, in face of China's own persuasive policy of charm offensive coupled with

ASEAN's enlargement to include other major powers, the unity of ASEAN seems shaken.

This can be visible in the way ASEAN is internally split over policy preference in the South

China Sea issue. The Philippines and Vietnam prefer multilateral negotiations between China

⁶⁶ Ibid.

⁶⁷ Shekhar, *ASEAN's Response to the Rise of China: Deploying a Hedging Strategy*, 253-268

⁶⁸ Ibid.

and ASEAN as an organisation but Cambodia, Myanmar and Thailand prefer bilateral dialogues which would be in favour of China given the huge asymmetry of power relations.⁶⁹ As far as the security environment goes, China has successfully gained Cambodia, Laos, Malaysia and Myanmar's support. Singapore, Thailand and the Philippines remain closer to the US, while Indonesia and Vietnam are neutral players.⁷⁰ If ASEAN wants to have some weight against China in the region and not succumb to China's charm offensive, it first has to correct the growing disunity within the organisation.

Also, to what extent is China's relatively good behaviour in the region so far a result of ASEAN's hedging strategy is debatable as China's own foreign policy is undergoing change with its rise. According to Professor Qin Yaqing's analytical model, the process of China's rise influences Chinese foreign policy and leads to a culture oriented towards cooperation, where the state's main focus shifts from security issues to economic security and cooperation.⁷¹ If argued from this theory, then it can be said that China's increased engagement with ASEAN and its policy of a "peaceful rise and friendly neighbour", its restraint over using military force to occupy the Spratly Islands despite overlapping claims by other nations, is actually a result of China's rise and growing sophistication of its foreign policy and not a result of ASEAN's successful strategy in binding its rise. As noted by Mark Beeson, "Despite China's growing capacity to dominate regional affairs and browbeat its neighbours if it chooses to do so, China's leaders have been at pains to let Southeast Asians generally and the Association of Southeast Asian Nations (ASEAN) in particular remain 'in the driving seat' when it comes to steering regional relations."⁷²

⁶⁹ Ibid.

⁷⁰ Ibid.

⁷¹ Kun, *The Rise of China and the Development of Relations between the PRC and ASEAN, 1991-2020: A Historical Survey and a Strategy for the Future*, 28-42

⁷² Mark Beeson, "Asymmetrical Regionalism: China, Southeast Asia and Uneven Development," *East Asia: An International Quarterly* 27, no. 4 (12, 2010), 329-343.

The ‘ASEAN Way’: Accommodate instead of Confront

Another strategy, though does not come under hedging, is to ‘ride the Chinese Wave.’⁷³ This involves accommodating China into the regional framework through the “ASEAN Way” which entails non-interference in domestic affairs of other countries, non-use of force and a consultation and consensual form of decision making which allows for an informal and non-confrontational negotiating style.⁷⁴ China has particularly encouraged the “ASEAN Way” of conducting regional dialogues. Chinese Premier Wen Jiabao stated during the fifteenth anniversary of Sino-ASEAN relations in October 2006, *“The ASEAN Way that advocates consensus building and non-interference in other’s internal affairs has both consolidated unity in the organization and enhanced state-to-state relations in the region. Guided by the principle of flexibility, pragmatism and gradualism, ASEAN has made solid progress in community building and become a successful example of cooperation among developing countries.”*⁷⁵ Indeed, China has good reasons to prefer the ASEAN Way as it means China is not entirely constrained when it agrees to ASEAN protocols and rules. Take the case of the Declaration of Conduct for instance which though China signed, it still leaves room for China to do whatever it wanted on the South China Sea as the declaration is informal (typical of ASEAN negotiating style) and not legally binding. Moreover, the principles of non-interference and non-use of force provides Beijing a good point of argument to prevent potential intervention from external actors with regard to the human rights situation in Tibet and Taiwan.⁷⁶

Moreover, not confronting China at least has economic benefits for ASEAN countries. While Singapore is laying out baits to attract Chinese companies, former Malaysian Prime Minister

⁷³ Swee-Hock, Lijun and Wah, *An Overview of ASEAN-China Relations*, 1-18

⁷⁴ Amitav Acharya, *Constructing a Security Community in Southeast Asia : ASEAN and the Problem of Regional Order*, 2nd ed. (Hoboken: Taylor and Francis, 2009).

⁷⁵ Yoshimatsu, *The Rise of China and the Vision for an East Asian Community*, 745-765

⁷⁶ Ibid.

Mahathir Mohamad is said to have instructed Malaysian firms to “ally themselves with Chinese manufacturers in areas where the Chinese have technological advantages as this would help them penetrate the Chinese as well as regional and global markets.”⁷⁷

Conclusion

China-ASEAN relations have been more successful in achieving economic cooperation rather than solving security issues. Though there exists many treaties and declarations for political-security cooperation and peaceful settlement of disputes these are informal and not binding on the signatories, leaving scope for unilateral actions. China’s official rhetoric of a peaceful neighbour poses a doubt for many ASEAN members who believe that China’s enthusiasm for a stable Southeast Asia stops at economic integration and that it is not ready to give up its national interests for increased security integration. One of the reasons for this view is China’s criteria of non-negotiability over the South China Sea area. This makes ASEAN wonder whether China can really be trusted and there is a growing disunity within ASEAN regarding this. Meanwhile, ASEAN has come up with hedging strategies to counter China’s rise. These strategies of balancing against China and engaging China in commitments seem to be working so far in avoiding any massive military confrontations between China and ASEAN nations. However, to what extent can ASEAN take credit for this remains debatable since China is pursuing its own plans of conducting “neighbourhood diplomacy” through a charm offensive.

⁷⁷ Michael R. J. Vatikiotis, "Catching the Dragon's Tail: China and Southeast Asia in the 21st Century," *Contemporary Southeast Asia: A Journal of International & Strategic Affairs* 25, no. 1 (04, 2003), 65.

Bibliography

- Acharya, Amitav. *Constructing a Security Community in Southeast Asia : ASEAN and the Problem of Regional Order*. 2nd ed. Hoboken: Taylor and Francis, 2009.
- The Asean Declaration (Bangkok Declaration)* (, 1967): .
- "Declaration on the Conduct of Parties in the South China Sea." 2002
- Treaty of Amity and Cooperation in Southeast Asia* (1976)
- Astarita, Claudia. "China's Role in the Evolution of Southeast Asian Regional Organizations." *China Perspectives* 2008, no. 3 (09, 2008): 78-86.
- Ba, Alice D. "China and Asean: Renavigating Relations for a 21st-Century Asia." *Asian Survey* 43, no. 4 (July/August, 2003): 622-647.
- Baviera, Aillen. "The South China Sea Disputes After the 2002 Declaration: Beyond Confidence-Building." In *ASEAN-China Relations: Realities and Prospects*, edited by Swee-Hock, Saw, Sheng Lijun and Chin Kin Wah, 344-355. Singapore: Institute of Southeast Asian Studies, 2005.
- Beeson, Mark. "Asymmetrical Regionalism: China, Southeast Asia and Uneven Development." *East Asia: An International Quarterly* 27, no. 4 (12, 2010): 329-343.
- Cheng, Joseph Y. S. "Sino-ASEAN Relations in the Early Twenty-First Century." *Contemporary Southeast Asia: A Journal of International & Strategic Affairs* 23, no. 3 (12, 2001): 420.
- Cheow, Eric T. C. "ASEAN+3: The Roles of ASEAN and China." In *ASEAN-China Relations: Realities and Prospects*, edited by Swee-Hock, Saw, Sheng Lijun and Chin Kin Wah, 49-67. Singapore: Institute of Southeast Asian Studies, 2005.
- Feng, Han. "Evolving Security Environment in Southeast Asia: A Chinese Assessment." In *ASEAN-China Relations: Realities and Prospects*, edited by Swee-Hock, Saw, Sheng Lijun and Chin Kin Wah, 175-186. Singapore: Institute of Southeast Asian Studies, 2005.
- Goh, Evelyn. "Great Powers and Southeast Asian Regional Security Strategies: Omni-Enmeshment, Balancing and Hierarchical Order." *The Institute of Defence and Strategic Studies* (2005).
- Greenwald, Alyssa. "The ASEAN-CHINA Free Trade Area (ACFTA): A Legal Response to China's Economic Rise?" *Duke Journal of Comparative & International Law* 16, no. 1 (2006): 193-218.
- Kuik Cheng-Chwee. "Multilateralism in China's ASEAN Policy: Its Evolution, Characteristics, and Aspiration." *Contemporary Southeast Asia: A Journal of International & Strategic Affairs* 27, no. 1 (04, 2005): 102-122.

- Kun, Zhai. "The Rise of China and the Development of Relations between the PRC and ASEAN, 1991-2020: A Historical Survey and a Strategy for the Future." *Far Eastern Affairs* 33, no. 4 (2005): 28-42.
- Leong, Ho Khai. "Rituals, Risks and Rivalries: China and ASEAN in the Coming Decades." *Journal of Contemporary China* 10, no. 29 (11, 2001): 683-694.
- Lim, Tai. "ASEAN Coping Mechanisms to Manage the Rise of China." *East Asia: An International Quarterly* 25, no. 4 (Winter2008, 2008): 407-422.
- Shekhar, Vibhanshu. "ASEAN's Response to the Rise of China: Deploying a Hedging Strategy." *China Report* 48, no. 3 (2012): 253-268.
- SIMON, SHELDON. "ASEAN and Multilateralism: The Long, Bumpy Road to Community." *Contemporary Southeast Asia: A Journal of International & Strategic Affairs* 30, no. 2 (08, 2008): 264-292.
- Swee-Hock, Saw, Sheng Lijun, and Chin Kin Wah. "An Overview of ASEAN-China Relations." In *ASEAN-China Relations: Realities and Prospects*, edited by Hock, Saw Swee, Sheng Lijun and Chin Kin Wah, 1-18. Singapore: Institute of Southeast Asian Studies (ISEAS), 2005.
- Vatikiotis, Michael R. J. "Catching the Dragon's Tail: China and Southeast Asia in the 21st Century." *Contemporary Southeast Asia: A Journal of International & Strategic Affairs* 25, no. 1 (04, 2003): 65.
- Venkataraman, M. "TAIWAN AND THE SOUTH CHINA SEA IN SINO-ASEAN RELATIONS - AN OVERVIEW." *China Report* 42, no. 2 (2006): 153-177.
- Weitz, Richard. "Nervous Neighbors." *World Affairs* 173, no. 6 (Mar, 2011): 6-15.
- Xiao, Ren. "Between Adapting and Shaping: China's Role in Asian Regional Cooperation." *Journal of Contemporary China* 18, no. 59 (03, 2009): 303-320.
- Yong, Ong Keng. "Securing a Win-Win Partnership for ASEAN and China." In *ASEAN-China Relations: Realities and Prospects*, edited by Hock, Saw Swee, Sheng Lijun and Chin Kin Wah, 19-26. Singapore: Institute of Southeast Asian Studies, 2005.
- Yoshimatsu, Hidetaka. "The Rise of China and the Vision for an East Asian Community." *Journal of Contemporary China* 18, no. 62 (11, 2009): 745-765.
- Zheng, Shibo. "China, ASEAN Urged to Strengthen Economic Cooperation ." , accessed April, 2013, http://news.xinhuanet.com/english/china/2012-09/25/c_131871624.htm.