

By Invitation

Asean and China: Past, present, future

It is in Beijing's interest to pursue a good neighbour policy, given ties that bind



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For The Straits Times

The People's Republic of China (PRC) was established in 1949. The Association of South-east Asian Nations (Asean) was created in 1967. From 1967 to 1978, relations between the PRC and Asean were difficult.

During that period, the PRC sought to export communism to the Asean member states by supporting local communist insurgencies. Beijing also appealed to the ethnic Chinese population in Asean to support the PRC.

Two Chinese leaders, Deng Xiaoping and Zhu Rongji, brought about a fundamental change to the relationship, moving it from night to day and from sour to sweet.

Changes under Deng and Zhu

In 1978, Mr Deng visited three countries in Asean – Thailand, Malaysia and Singapore. As a result of what he heard from the leaders of these countries, he stopped supporting the communist insurgencies, stopped the hostile radio broadcasts and stopped appealing to the ethnic Chinese population.

For 30 years, from 1978 to 2008, China pursued a policy of good neighbourliness towards Asean. Gradually, trust replaced mistrust and the relationship steadily improved.

Mr Zhu Rongji was the premier of China from 1998 to 2003. He was a brilliant man and a strategic thinker. He wanted to bring Asean and China closer to each other by linking their economies. In 2000, he offered Asean a free trade agreement. Asean accepted his offer in 2001. He also offered Asean an early harvest, meaning that even before the conclusion of the FTA, some Asean exports were given tariff-free access to the Chinese market.

The conclusion of the Asean-China Free Trade Agreement (ACFTA) has transformed the character of the relationship between Asean and China.

Nature of current relationship

China became a dialogue partner of Asean in 1991. In 2003, the relationship was elevated to a "strategic partnership". China appointed an Ambassador to Asean

in 2012. The current relationship is both broad and deep. The two sides enjoy many points of convergence and a few points of divergence. I will proceed to review the different sectors in which the two sides cooperate to their mutual benefit.

ECONOMIC COOPERATION

The economic relationship is very impressive. China is Asean's top trading partner and Asean is China's No. 3 trading partner. Asean is China's top foreign investor and China is Asean's No. 3 foreign investor. The two-way trade in 2017 was US\$441.6 billion (S\$607 billion). China accounts for 17 per cent of Asean's external trade.

To enhance economic cooperation, China has hosted, since 2004, an annual China-Asean Expo in Nanning.

In 2015, Premier Li Keqiang and the 10 Asean Leaders signed a protocol to upgrade the Asean-China FTA.

Asean, China and five other dialogue partners are currently seeking to conclude the 16-party Regional Comprehensive Economic Partnership Agreement.

Cooperation has expanded into many new areas. This year, we successfully concluded the Asean-China Year of Innovation. There is demand in Asean for innovative technology, and China has many high-tech solutions.

POLITICAL AND SECURITY COOPERATION

Asean and China share the objective to promote peace and stability in the Asia-Pacific. They seek to build a regional order which is transparent, inclusive and rules-based.

China's leaders have consistently expressed support for the central role which Asean plays in the regional architecture.

Asean and China cooperate in various forums, including, Asean + China, the Asean Regional Forum, Asean + Three (China, Japan and Republic of Korea), the East Asia Summit and the Asean Defence Ministers Meeting Plus.

In October last year, Asean and China carried out, for the first time, a joint maritime exercise.

The exercise took place in Singapore and in China. The exercise in Zhangjiang, China, involved all 11 countries (the Asean 10 and China) as well as more than 1,000 military personnel. It was successful and a positive contribution to confidence building.

PEOPLE-TO-PEOPLE COOPERATION

The good relations between Asean and China must rest on three pillars: government, business and the people.

Tourism is booming between Asean and China. In 2016, close to 20 million Chinese visited the Asean countries and over 10 million Asean nationals visited China.

A joint statement between Asean and China on tourism cooperation was adopted by Asean and China last year.

Air links between the two sides are growing. At present, there are nearly 50,000 flights per week between 37 cities in Asean and 52 cities in China.

The exchange of students is also expanding. It is estimated that there are about 200,000 students from the two sides studying at each other's universities.

AIIB AND BRI

Asean has been a dependable friend of China. Let me cite two examples. In 2013, China proposed setting up the Asian Infrastructure Investment Bank (AIIB). It was intended to be a multilateral development bank, focusing on the building of infrastructure in the Asia-Pacific region.

The AIIB has 87 members and began operation in 2015. All 10 Asean members are founding members of AIIB.

In late 2013, President Xi Jinping launched a new initiative called the Silk Road Economic Belt and the 21st Century Maritime Silk Road. The initiative is now known as the Belt and Road Initiative or BRI.

The concept is to rebuild China's ancient connections to the West, by land and sea. The initiative has been described as one of the largest infrastructure and investment projects in history, involving 68 countries, including 65 per cent of the world's population and 40 per cent of the global GDP.

Asean has supported the BRI from the onset. However, Asean would like the BRI to complement and not supplant the Master Plan on Asean Connectivity 2025.

South China Sea

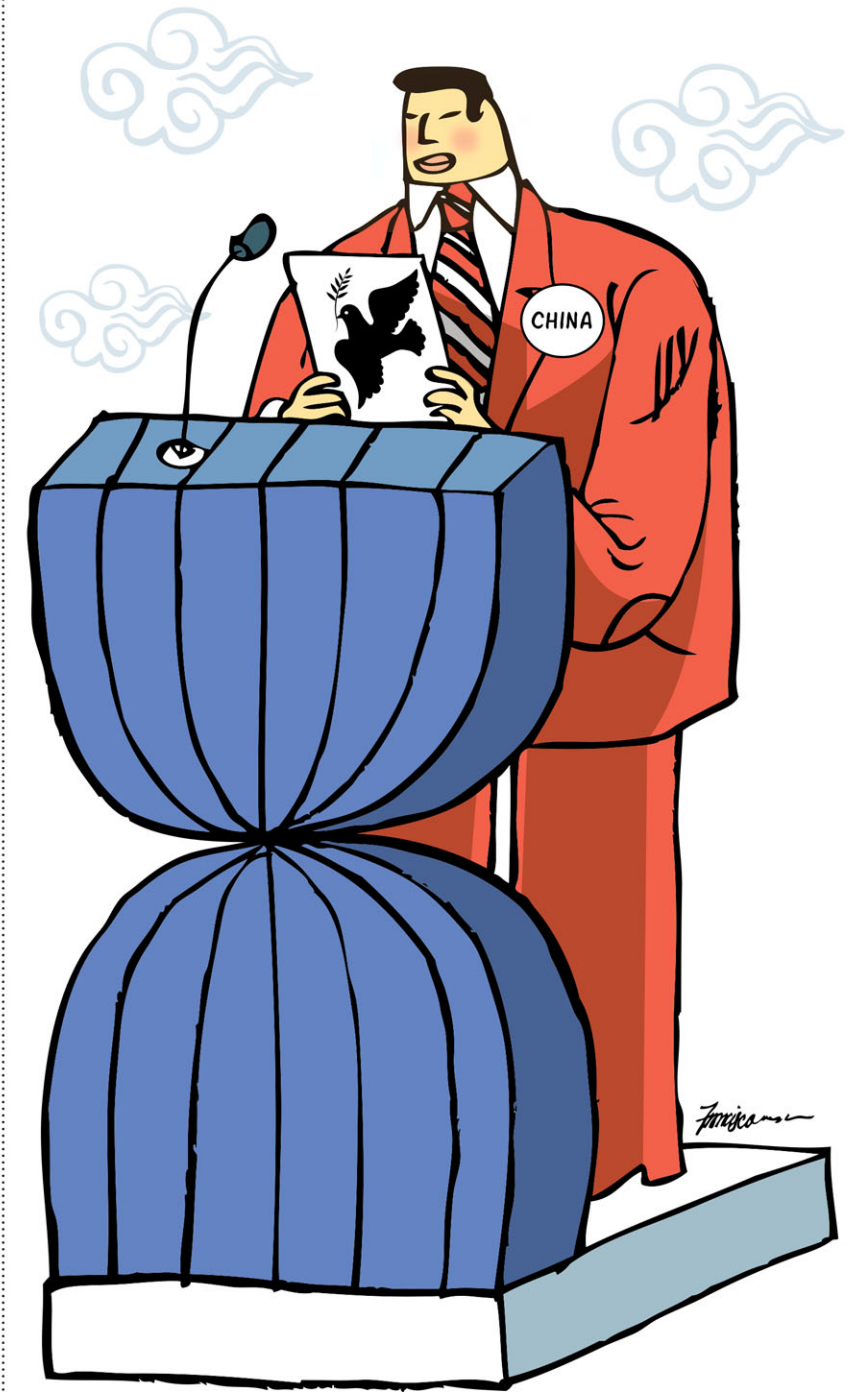
Asean and China have both convergent and divergent views on the South China Sea.

Asean holds the view that the South China Sea is a vital sea line of communications of the world. It is, therefore, a global commons and cannot be appropriated by any state.

Asean is also of the view that the South China Sea is governed by international law, including the 1982 UN Convention on the Law of the Sea. All the claimant states and the user states should act strictly in accordance with the law.

Asean holds the position that disputes relating to the South China Sea must be settled peacefully, in accordance with international law.

If negotiations fail, the parties to



a dispute should be willing to refer their cases to a binding dispute settlement procedure, such as, conciliation, arbitration or adjudication.

China is a claimant state. Four of the Asean members – Brunei, Malaysia, the Philippines and Vietnam – are also claimant states.

Asean is not a claimant state and does not take sides regarding the merit of the various claims. But it is a stakeholder. It has a stake in peace in the region, in the freedom of navigation and overflight and in upholding the rule of law.

In 2002, China signed the Declaration of Conduct of Parties in the South China Sea. In 2011, the two sides adopted the guidelines for the implementation of the declaration. In 2016, the foreign ministers of the two sides adopted a joint statement to ensure the full and effective implementation of the declaration.

In 2017, Asean and China announced the commencement of the negotiations of the Code of Conduct in South China Sea. This year, the two sides arrived at a single negotiating text, which would be the basis of further negotiations.

Given goodwill on all sides, it should be possible to make further progress towards resolving outstanding issues of its geographical scope, whether the code will be legally binding and whether to include dispute settlement.

Evolving ties

The relationship between Asean and China has gone through three historical phases. It has transitioned from hostility to amity to uncertainty.

Why uncertain? Because China is now a rich and powerful country. The question is whether such a China will continue to pursue a policy of good neighbourliness towards Asean and its member states.

I am optimistic. I believe that it is in China's national interest to have good relations with Asean and with its neighbours in South-east Asia.

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