

The China Asians want

Dealings between China and its neighbours should be characterised as having limits, with reasonable, rational and rules-based expectations on all sides



Chinese Foreign Minister Wang Yi (left), seen here in a traditional Filipino barong shirt, meeting Philippine President Ferdinand Marcos Jr at Malacanang Palace in Manila this month. While opinion in the West overall towards China has turned negative, perspectives among Asian states are more varied, says the writer. Many still hope for economic cooperation with Beijing on a win-win basis. But there are gaps in mutual understanding and trust. PHOTO: AGENCIE FRANCE-PRESSE

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For The Straits Times

China's list of challenges is long and relates to not only domestic conditions. The external environment is also unfavourable, including the turbulent global economy and rising energy and food costs. Additionally, and particularly, is the fallout from contested supply chains and technology, trade and investment stemming from Sino-US tensions.

Opinion in the West overall towards China has turned negative, even among governments in Europe that once openly welcomed it. As the war in Ukraine continues, the narrative is not only that Russia is the aggressor but also that China is its friend "without limits" and possible enabler.

Among Asian states, perspectives are more varied. Many still hope for economic cooperation with Beijing on a win-win basis. But there are gaps in mutual understanding and trust.

China is a key partner for most in the region and does reach out regularly, with Foreign Minister Wang Yi especially a frequent visitor. Talk about shared visions as well as symbols of abiding and close friendship follow. Recently, for instance, when Mr Wang went to Manila to meet new Philippine President Ferdinand Marcos Jr, he took pains to wear a traditional Filipino barong shirt.

Such niceties are appreciated but sore points relating to Beijing also abound in the region. These could be about China's declared "core interests" like the South China Sea, or with regard to terms offered in

loans and assistance. China can sometimes be very generous or move to punish – often by regulating access to its large market and, in pre-pandemic years, to tourists as well. Its economy is used to charm but also to sanction and harm. There are also instances when "wolf-warrior" tactics sharply elbow fellow Asian states.

Surveys show the effects. Quite consistently, while influential, China is the least trusted major power. One study by the ISEAS – Yusof Ishak Institute shows that distrust of China increased from 51.5 per cent in 2019 to 63 per cent last year, before settling at 58.1 per cent this year. This is notwithstanding efforts like China's help to supply vaccines.

While Asian states hesitate to jump on the bandwagon with the United States, it is wrong to conclude that most of the region now sides with China. It is more accurate to say that they have little choice but to continue to deal with Beijing. In those dealings, they cannot be naive or be swayed by symbols like the type of shirt that is worn.

They listen to what China's leaders say, but must watch what they do more closely. They exercise a degree of agency to shape outcomes and influence bargains. Studies about Belt and Road projects in Asean show that host governments and local partners can make the projects more rational in scale and purpose or, otherwise, enable corrupt practices and even larger debt.

RETHINKING ASSISTANCE

There are things that Asians may wish to see from China.

A first request would be about

assistance generally and the Belt and Road Initiative (BRI) specifically.

The BRI is to be applauded for highlighting the need for infrastructure across the region even if activity has slowed in the pandemic years. Also welcome is that Beijing has invited partners to look at how to green BRI projects.

A new Global Development Initiative is now emerging to help countries meet sustainability goals.

While details are still pending, there are opportunities to go beyond infrastructure and deal with underlying social and environmental concerns.

Led by China, the Asian Infrastructure Investment Bank has implemented a number of well-received projects – with multilateral partners and a process similar to other development banks. From such positive examples, China can rethink and recalibrate its assistance and loans amid a now turbulent economic outlook.

A relook is also timely because of what occurred in Sri Lanka. To some, it shows the potential risks from China loans. While a range of factors contributed to the crisis on the island, the Rajapaksa government had undertaken large projects like the Hambantota port which exerted pressure on its coffers, and it failed to repay its debts.

RULES-BASED TRADE

A second request relates to trade, for which China is the largest partner across the region. China policymakers have said they uphold international rules and their participation was one key to completing the Regional

Overall, Asians have not tried to pressure China so much as to persuade. Conversely, for China, it should be clear that economic coercion does not work in the long term. Trust with other Asian states must be fostered. Even a powerful China needs friends and partners. There is a solid foundation of cooperation, built from the late 1990s, and this can grow further. These relationships need not be framed as being a family or a friendship "without limits", however.

Comprehensive Economic Partnership (RCEP), led by Asean.

At the same time, however, exports to China have on occasion been curtailed and not always by keeping to the rules. Ask Australia, South Korea and also the Philippines about wine, car components and bananas.

With new governments in all three countries, developments no doubt are being keenly watched. Australia hopes to "stabilise" an increasingly acrimonious relationship with Beijing. This does not mean a reset on all issues, but Canberra expects that the issue of trade barriers imposed from 2020 that impact some A\$20 billion (S\$19.3 billion) in Australian exports should be addressed.

For South Korea, President Yoon Suk-yeol has called for equal respect between the two countries as sovereign nations. China remains South Korea's top trade partner and, with influence on the North Korean question, was once favoured in Seoul. But following economic restrictions, the South Korean elite and public opinion have turned negative and attempts are being made to tilt South Korean manufacturing and supply chains towards the US, especially for high-tech chips.

Not all issues can be resolved. Yet efforts to restart dialogue on contentious issues should follow, at least to manage the tensions. Such a move would be well received, and not only by those countries directly involved. Others looking on will read signals about a powerful China's intentions and attitudes. The efforts can also help smooth the way for the RCEP – in which all are members – to move forward on economic cooperation.

COOPERATION WITH LIMITS

Few can cut off economic ties with China, or not be impacted when the reverse is done. This is true even for the US and more so for others in Asia, where trade and manufacturing links run thick and deep.

Most Asians recognise this interdependence and have been realistic. There are many "core" issues over which they will have little influence, such as Taiwan, Hong Kong and the Uighur minority, as well as, fundamentally, democracy. But, unlike the US, most Asian states – bar Japan – are not pressing on those causes. On the South China Sea, there are those seeking a bold resolution or at least movement on the long-negotiated Code of Conduct.

But overall, Asians have not tried to pressure China so much as to persuade. Conversely, for China, it should be clear that economic coercion does not work in the long term. Trust with other Asian states must be fostered.

Even a powerful China needs friends and partners. There is a solid foundation of cooperation, built from the late 1990s, and this can grow further. These relationships need not be framed as being a family or a friendship "without limits", however. Indeed, it might be better if dealings between China and its neighbours be characterised as having limits, with reasonable, rational and rules-based expectations on all sides.

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