

ASEAN–China Relations since Building of Strategic Partnership and Their Prospects

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Abstract

Member states of ASEAN and China are neighboring countries sharing land and maritime borders and have long-standing cultural and economic exchanges. Since the building of ASEAN-China Strategic Partnership in 2003, ASEAN-China relations have developed dramatically, comprehensively and deeply on various fields. At present, international and internal contexts create many opportunities for both sides. Therefore, both sides should have new solutions to strengthen the cooperation, and to establish a long-term healthy and stable relationship.

Keywords: *ASEAN-China Relations, ASEAN, China, Strategic Partnership, Economic Diplomacy*

1. Introduction: An Overview of ASEAN–China Relations since the Building of the Strategic Partnership in 2003

1.1 Politic Relations have been Closer and Contributed to Strengthen Mutual Trust between Two Sides

As a regional association, ASEAN has established a strategic partnership with China. Aside from ASEAN, there are seven ASEAN members that have built strategic partnership with China (Indonesia, Malaysia have comprehensive strategic partnerships with China; Thailand, Vietnam, Cambodia, Lao and Myanmar have comprehensive strategic cooperative partnerships with China). High ranking leaders often pay visit to each other which contribute to stimulate bilateral cooperation on various fields and exchange views on international and regional issues as well. The two sides have also built mechanisms for recurring meeting among ministers and high ranking officials. Such mechanisms have strengthened cooperation and development in various fields.

1.2 Promotion of Economic Relations and Progresses in Cooperation between Both Sides

On trade relations, ASEAN-China bilateral trade turnover reached USD443.6 billion in 2013 an increase of eight-fold from the year 2002 with annual average growth of 20.9 per cent. ASEAN is the third largest trading partner of China and China is the largest trading partner of ASEAN. Both sides have set a target of reaching bilateral trade volume of USD500 billion in 2015 and USD1000 billion in 2020.

In terms of investment, up until the end of 2013, the total accumulated foreign direct investment (FDI) from ASEAN to China and vice versa was USD120 billion. FDI values from ASEAN to China were USD85.4 billion and Chinese FDI towards ASEAN was USD29.3 billion. Along with trade and FDI cooperation, China have carried out many construction contract projects in ASEAN and provide official developmental assistance (ODA) to the developing countries of ASEAN. For construction contract projects alone, up until August 2014, the accumulated value of labour cooperative and construction contract projects between China and ASEAN achieved USD32.22 billion with completed projects' values of USD21.73 billion.

Some member countries of ASEAN also cooperated with China on building industrial parks or ecological parks, such as the Suzhou Industrial Park, the Shaanxi Ecological City between Singapore and China, the Qinzhou Industrial Park between Malaysia and China, among others. These are highlights of cooperation between China and ASEAN.

1.3 Promotion of People-to-People Exchanges and the Foundation for Stable and Sustainable Cooperation between ASEAN and China

People-to-people exchange activities between ASEAN and China, and cooperation on various fields such as culture, education, communication, and public health, have been developed over the years since the forming of the strategic partnership in 2003. Year 2014 was defined as the Year of Cultural Exchanges between ASEAN and China. In addition, exchange activities among governmental and social organisations such as youth exchanges and city-to-city exchanges and others are intensified. At present, between ASEAN and China there are more than 140 twin cities. Finally, cooperation along relief activities and dealing with natural calamities and epidemic diseases are also increasingly important agenda in the diplomacy between ASEAN and China.

1.4 Transportation Projects Connecting ASEAN with China are Promoted and Contribute to Strengthen Economic and People-to-People Exchanges

At present, land roads and railroads connecting ASEAN with China are being planned and implemented. For aviation alone, there are more than 1,000

flights between ASEAN and China. Moreover, both sides have attached much importance to the development of river and marine transport for exchanging goods and services. China also initiated the idea of building the Nanning–Singapore Economic Corridor and the 21st Century Maritime Silk Road; transportation connectivity henceforth is considered as an important conductor and contributes to goods and services exchanges.

1.5 Progress in Security Cooperation and Mutual Strategic and Political Trust

At present, land border agreements and demarcations have been completed between Myanmar, Lao, Vietnam with China, which have created stable conditions to ensure security and promote cooperation on various fields such as economics, culture and people-to-people exchange. Cooperation on non-traditional security fields such as anti-terrorism, anti-drug operations, anti-transnational crime, and humanitarian relief and rescue operations, among others, are given more prominence and have achieved initial success. In terms of the maritime border disputes, member states of ASEAN and China have signed a Declaration on the Conduct of Parties in the South China Sea (DOC) and are in negotiating process to sign the Code of Conduct (COC).

1.6 Existing Problems

ASEAN-China cooperation has obtained important achievements – the ten years since the establishment of ASEAN-China strategic partnership in 2003 can be considered as a golden decade. However, an objective assessment would show that there exist issues and difficulties in ASEAN-China relations, including: first, mutual political and strategic trust still needs to strengthen and consolidate further; second, the effectiveness of the cooperation in the fields of economics, culture, education, and others, need to improve further; third, security cooperation, in particular in ensuring maritime and air security in the East Sea (South China Sea) need to be firmed up. These existing problems would need careful studies to tackle.

2. New Changes in International Situation, Regional Situation, Each Side's Situation and ASEAN-China Relations

2.1 New Changes in International Situation and Regional Situation

After the global financial crisis in 2008, the global economy has been recovering slowly. There also exist a number of unstable geopolitical factors. For example, the Ukraine crisis has led to the consequence of the US and

its allies taking a confrontational stand towards Russia. This issue is still ongoing and no solution is in sight yet. While the global economy has been recovering slowly, the Chinese and ASEAN economies have maintained a relatively high growth rate, and they have played a distinguish role in the global economy. ASEAN and China are geographically contiguous. If both sides could connect well, this will be a big market with 1.9 billion people, 30 per cent of the world population, and one of the key centres for development in this century.

2.2 New Changes in ASEAN's Situation and ASEAN-China Relations

As open economies, both ASEAN and China cannot avoid the impacts of the global economy. However, with efforts and determination, along with some drastic measures undertaken by the governments in China and ASEAN, their economies have recovered quickly with high growth rate. Noticeably, both sides are aware of the unprecedented difficulties and challenges, and do not simply pursue purely economic growth but attach much importance to the quality and effectiveness of economic growth as well. ASEAN affirmed their determination to build an ASEAN Community in 2015 with the three main pillars being Political-Security, Economics and Culture-Society. The Chinese leadership sets its target of “comprehensively deepening reforms, leaving the market to play the decisive role in allocation of resources” in 2013.

On bilateral relations, the fast development and the wide ranging and high level cooperation in various fields between ASEAN and China since the building of comprehensive partnership has prepared a solid ground for the development of ASEAN-China relations in the coming years, notwithstanding the historical issues in ASEAN-China relations, i.e. the East Asia Sea issue. However, this issue is not the whole of ASEAN-China relations.

Noticeably, China's new leaders have new awareness of ASEAN's role in China's “good neighborhood” foreign policy. Chinese leaders consistently assert the importance of ASEAN – ASEAN-China relationship now stands at a “new historical starting point” (Xi Jinping) or a “smooth period” (Li Keqiang), and “has entered a new stage of higher-level development that features even deeper and more substantive cooperation” (Wang Yi).¹ On his visit to some ASEAN countries in October 2013, President Xi Jinping made a speech at Indonesia's parliament where two main ideas were put forward: “first, China is ready to open itself wider to ASEAN countries on the basis of equality and mutual benefit to enable ASEAN countries to benefit more from China's development. Second, China is committed to greater connectivity with ASEAN countries. China will propose the establishment of an Asian Infrastructure Investment Bank that would give priority to ASEAN countries' needs. Together, China and ASEAN can achieve opportunities,

face up to challenges, develop and be prosperous and work together to build the ‘Maritime Silk Road’.² In his speech at the 16th ASEAN Summit on 9th October 2013, Prime Minister Li Keqiang proposed the idea of a “2+7 Cooperation Framework”³ between ASEAN and China.

Chinese Vice Premier Zhang Gaoli’s speech, delivered at the 11th China-ASEAN Expo and China-ASEAN Business and Investment Summit in Nanning, formulated the “one insist, three supports” formula, which means “China will insist on giving priority to ASEAN in its neighbourhood diplomacy; to support the development of ASEAN; to support the building of the ASEAN community in 2015; and to support the decisive position of ASEAN in regional cooperation.” Following on this, he emphasised that “we should actively push forward to discuss the establishment of dialogue and cooperation mechanism with countries along the Mekong River; coordinate and complement with each other regarding GMS (Greater Mekong Subregion) cooperation, and make regional cooperation beneficial to the people of ASEAN and China.”⁴ Chinese Foreign Minister Wang Yi, in attending the 47th ASEAN Foreign Ministers Meeting in Nay Pyi Taw, Myanmar, made a speech on 9th August 2014 to propose 12 suggestions, which can be categorised into three main areas of cooperation: political cooperation, regional cooperation and maritime cooperation, between ASEAN and China.⁵

All these pronouncements can be considered as Chinese policies toward the development of ASEAN-China relations in the next 10 years. To sum up, in the second decade of the 21st century, with new changes in the international situation, regional situation, each side’s situation and ASEAN-China relations, there will be new developments for ASEAN-China relations.

3. Suggestions on ASEAN–China Cooperation in the New Context

3.1 Global and Regional Trends

First, the general development trend of the whole world is *global economic integration*, and this trend is unchangeable. Consequently the trend of *market playing the decisive role in allocation of resources* is also unchangeable, and therefore the trend of *peace, cooperation and development* of the world is unchangeable. These unchangeable trends at different levels will affect the ASEAN-China cooperation process.

Second, Chinese economic reform development is strategically important and presents huge opportunities to others. Chinese reform will be much deeper and more comprehensive; it will continue to implement the open door policy. The market scale will increase to be the world’s largest importing country, the value of which will achieve USD10,000 billion, and the FDI China attracts

will achieve about USD500 billion. This is a big opportunity for countries in the world in general and for ASEAN in particular to take advantage in exploring the Chinese market.

Third, for ASEAN-China cooperation, building economic corridors is very important. However, with economic corridors such as the Nanning–Singapore economic corridor, Kunming–Singapore High Speed Railway, Pan Tonkin Gulf Economic Cooperation, and the recent idea of building up of a Maritime Silk Road, there should be coordination to create a connectivity network linking land roads, railways, waterways and air ways in between various parts of China and ASEAN. Once this has been formed, it will create flows of goods and people; establish industrial clusters and groups of seaports along with the urbanisation process, and narrow development gaps between regions, between rural and urban areas (in both ASEAN and China), and between ASEAN and China.

3.2 *Suggestions*

Based upon the above consideration, we have several recommendations to suggest:

- 1) *To governments.* Both the central governments and local governments of ASEAN countries and China need to coordinate well. In bilateral cooperation, governments mainly play the role in the development, regulating, and supervising of the market, providing major public services, creating equal environment to different kinds of enterprises; and governments should leave the market to play the decisive role in the allocation of resources. The construction of cooperation projects, particular in economic and transportation fields, should be relied on the ASEAN-China cooperation framework. In addition, to make the Chinese “good neighborhood” foreign policy, particularly its mantra of “amity, sincerity, mutual benefit and inclusiveness” to become a reality, “mutual benefit” should be considered as a “core issue” in ASEAN-China relations. In solving different issues, both sides should negotiate based on the spirit of friendship and should not allow differences to affect the normal development of ASEAN-China relations. “Abide by international law” should be considered as a foundation for “Four Respect” which Chinese Foreign Minister expressed recently.
- 2) *To enterprises.* Enterprises are major players in ASEAN-China economic cooperation. To attain long-term cooperation, enterprises should take advantage of the close geography between both sides, and the diverse culture in the region as well. Market strategies should be formulated accordingly and that they are suitable to the development process of

each side. The seven cooperation fields which Prime Minister Li Keqiang mentioned in his speech on 9th October 2014 can be considered as directions for the enterprises.

- 3) *To scientists.* In order for ASEAN-China cooperation to be effective and realised, scientists from both sides need to further their cooperation as well. Joint researches (between scientists of both sides as well as the researches that connect local governments and enterprises in ASEAN countries and China), as well as academic conferences, should be organised regularly to exchange information and propose suggestions. For instance, several topics of interest to the academics and scientists in China and the ASEAN countries would include the mutual impacts of the development of transportation connectivity that come with the implementation of the economic corridors, studies of policy coordination in bolder economic zones between ASEAN with China and among ASEAN countries, radioactive and other environmental impacts of economic development, poverty reduction in areas close to or within the various proposed economic corridors, the preservation of ethnic minorities' culture, policy environments that facilitate conditions for bilateral trade and FDI, and the currency issue in bilateral trading.

In conclusion, new situations have brought new opportunities and challenges to the development of ASEAN-China cooperation. Since the construction of strategic partnership between ASEAN and China, the global situation, regional situation and each side's situation have deeply changed. These changes are unprecedented. Because of the effects of regional situation and global situation, ASEAN-China relations may experience both elements of cooperation and competition in the coming years. Nevertheless, our argument is that cooperation is the main direction. Therefore, the fundamental principles of ASEAN-China relationship should be: "mutual respect for sovereignty and mutual trust, equality and mutual benefit, win-win situation, common development and prosperity". To realise these principles, we echo the suggestions made by the Chinese leadership: "to gain popularity, to connect transportation, to coordinate policies, to facilitate trade, and to circulate currency" (民心相通, 交通连通, 政策沟通, 贸易畅通, 货币流通).

Notes

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1. "Foreign Minister Wang Yi: Build an Even Closer China-ASEAN Community of Common Destiny", 19 August 2014, available at http://www.fmprc.gov.cn/mfa_eng/zxxx_662805/t1181521.shtml.
 2. Xi Jinping's speech at Indonesia Parliament on 2 October 2013, available at http://www.asean-china-center.org/english/2013-10/03/c_133062675.htm.
 3. Prime Minister Li Keqiang put forward the "2+7 Cooperation Framework" for the future development of China-ASEAN relationship at the 16th China-ASEAN Leaders' Meeting held in Brunei on October 9, 2013. The '2' refers to two political consensuses: deepening strategic trust and expanding good-neighbourly relationship, and focusing on economic development and enlarging mutual benefits. The '7' refers to seven key cooperation fields: politics, economy and trade, interconnection and mutual-trust, finance, ocean, security and humanity. In the 2+7 cooperation framework, mutual trust and deepening of economic interdependent relationship are governing principles to strengthen the China-ASEAN relationship.
 4. Zhang Gaoli's speech at Nanning, 16 September 2014, available at http://www.mfa.gov.cn/mfa_chn/zyxw_602251/t1191739.shtml.
 5. "Foreign Minister Wang Yi," *op. cit.*