

CHINA- ASEAN RELATIONS: OPPORTUNITIES AND CHALLENGES

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Abstract

With the changing circumstances the relations between both the states have changed from hostility to prosperity as both the blocks especially the founding members of the ASEAN have been hostile due to the Cold war politics. But as soon as the Cold War came to an end the relations were quickly changed to most friendly. The signing of free trade agreement in 2001 has presented a greater opportunity for the China- ASEAN to increase the bilateral trade between both the parties. But with the emergence of new powers like India which is vying for the dominancy in Asia and can create a big problem for the ASEAN-China relations due to the fact that the competition would threaten the Chinese influence in ASEAN.

Introduction

China has remained one of the powerful states in the ancient world, as it was the sole power of the Far East and South East of Asia. Nationalists came to power in 1911 when they have overthrown the rulers. Nationalists were led by the Dr. Sun Yat Sen. Although they controlled the all apparatus of the state but soon their policies were diverted from their aims and as a result people supported the Communists led by the Mao Tse Tung. Mao's support base mainly came from the peasants as they were facing lots of problems in their daily life. Soon the civil war started between the Communists and the Nationalists in 1930s, but it was stopped by the Japanese invasion of Manchuria which resulted the start of World War II in Asia. During the Second World War both the groups agreed for ceasefire and fought against the Japanese invaders. But as soon as

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the Japanese forces surrendered and the World War II came to an end both the groups restarted fighting which lasted until 1949 when the Communists took over the control of the mainland China. Nationalists on the other hand fled to the island of Formosa and established their government there. Communist forces tried to overtake the island of Formosa (now known as Taiwan) but the US sent the Seventh Fleet for the help of nationalist forces and it stood against the mainland China and Taiwan. Since then the Taiwan is a matter of dispute between the peoples Republic of China and the United States of America.

China has been an agricultural state and when on October 1, 1949 Communists took over the control of the government from the Nationalists they tried to reform the Chinese agriculture as the Communist revolution was mainly supported by the peasants. As a result in 1950 Agrarian Law was passed which ended the ownership of the land, and government distributed all the tools to all the people which led the chaos in the state. And later the government realized the chaos and in 1953 started the Agrarian reforms which started by collectivizing farms.

*"In the first stage, peasants were required to help one another on their various plots of land. In the second stage, peasants were required to pool their tools, labor, and land, though they still retained rights over individual plots. In the third stage, completed in 1956, farms were completely collectivized under cooperative communities of farmers. By 1957, there were some 800,000 collective farms in China, each consisting of some six to seven hundred individual persons. Finally, in 1958, the social life of the country was transformed into communes."*¹

China is one of the fastest growing economies and since 1995 it is one of the ten top trading countries of the world. China's entry in the World Trade Organization (WTO) had a profound impact on Chinese economy and since 2001 Chinese economy had reached at a

highest level. As the Chinese economy grew at an average of 10% during the 1990-2004 period it is the highest growth rate in the world. The economic growth has positive impact over the trade as china's trade in 2006 has surpassed \$ 1.76 trillion, which made her third largest trading country after USA and Germany.

Whereas ASEAN is also one of the prime examples of the United region is developing rapidly which shows that the region has the talent to prosper at a very fast pace. ASEAN is a regional organization formed on 8th August 1967, but before that an organization named Association of South East Asia was working and which was formed in 1961 by Philippines, Malaysia and Thailand.

In 1967 the founding members i.e., Indonesia, Malaysia, Philippines, Thailand and Singapore met in Bangkok and signed the ASEAN Declaration. Brunei Darussalam became the member of ASEAN on 8th January 1984, Vietnam joined on 28th July 1995, Laos and Myanmar on 23rd July 1997, and finally Cambodia became the member of the ASEAN on 30th April 1999.

Basic Goals of ASEAN

- The basic purpose at that time was to fight the communism in the region as they were the allies of the west, and they were directly threatened by the communist forces in the region. As in 1966 Indonesia under the leadership of General Suharto started the mass murder of Chinese population or in simple terms the communist party workers and sympathizers.
- To foster the economic development of the region
- Increase the regional cooperation on various matters facing the region.
- Bring the peace and stability to the region, as the region was engulfed by many conflicts like Vietnam War has created a

bad impact in the region, which has reduced the economic growth of the region.

- Bring the sovereignty to the region as the states of the region were dependent on the support of the external powers which have brought the conflicts. As the world at that time was divided into two blocs i.e., communist and capitalist bloc. These ideological blocs have divided the region into two blocs and external powers were influencing their policies.
- Solve the problems through peaceful means.

China-ASEAN Relations

China and ASEAN have not very friendly relations until 1970s when US rapprochement towards Peoples Republic of China took place. China continued to support communists around the globe as a result the animosity has reached at its highest level between China and ASEAN. ASEAN was formed as a result of Chinese threat to those states as these states wanted to contain the Chinese influence in the region. The countries of the region have also been the part of the alliances with the United States and Japan in 1954 South East Asia Treaty Organization.

The relations became warm and friendly from 1970 to 1990 as a result of two factors and these factors are:

- 1- Mao's realignment towards US
- 2- Deng Xiaoping's announcement to stop support to communist parties and ethnic Chinese of South East Asia.

Until 1991 all the ASEAN members have established diplomatic relations with the People Republic of China, and in 1994 china became the member of the ARF (ASEAN Regional Forum). Although there were differences between ASEAN member countries and China over the islands in South China Sea, but these differences have not deteriorated the friendly relations. In 1996 China was upgraded

from AMM to Full Dialogue Partner status.

China ASEAN relations can be described into three main phases:

- 1- First phase 1967-1990
- 2- Second phase 1991-2001
- 3- 2002- present

First Phase 1967-1990: the first phase was marked from mutual suspicion to mutual trust later despite being they were neighbors. Mutual suspicion between the neighbors was due to the Cold War politics as both the blocs i.e., Communist and Capitalist blocs were involved in the power politics of both China and ASEAN region as they were hostile towards each other. Major ASEAN members like Indonesia, Malaysia, Singapore and even Philippines were western allies so it was not possible for them to trust on Peoples Republic of China (PRC) as it was a Communist state since 1949 and had strong relations with the Soviet Union the carrier of Communism in the world politics. Although later when the Sino-Soviet split occurred and the relations were frozen between both the states.

Relations between ASEAN states and China have established in 1950 when china started its diplomatic relations with Indonesia, followed by Burma in 1950. The relations with Indonesia have friendly since 1950 and have reached at its peak during the Bandung Conference of Asian-African countries in 1955. During this phase china has established the relations with the communist regime of North Vietnam, which became another cause for the hostility with the France and United States.

ASEAN and China were unable to develop friendly relations due to the ideological reasons as ASEAN countries especially Malaysia and Indonesia feared that PRC could support the Communists uprising in their states.

And this fear has got at its peak in the mid 1960s when the Indonesian government under the leadership of General Suharto had started the mass murder of ethnic Chinese and the people who were the members of the communist Party because General Suharto proclaimed that Communist had tried to take the government through an unsuccessful coup. It was the mass slaughter of the Chinese and Communist Party members in Indonesia that has led the bitter memories in Sino-Indonesia relations.

During the mid 1960s, communists were threatened by the western forces in the region and their allies. During the mid 1960s, Sukarno regime was overthrown by the general Suharto, which began the massacre of Chinese people and communists in Indonesia. This phase has also marked the US enmity towards China as its support for the communists in the region continued which has resulted into the US involvement in the region. US have formed the alliances of SEATO (1954) and FPDA (Five Power Defence Arrangements) in 1971.

But the relations took a turn in the 1970s as China and ASEAN have started their relations towards normalization especially after the Rapprochement Policy of the US. Being the Western allies they have followed the US line and tried to establish the relations with China and as a result their volume of trade has increased and mutual suspicion which prevailed in the early relations was changing in the mutual trust.

There were two major factors that have influenced the relations of ASEAN and China during the Cold War years and those were:

- 1- ASEAN felt threat over Chinese military build-up
- 2- People's Republic support for the Chinese people who were living in ASEAN, and support for the communist parties within Southeast Asia.

Second Phase 1991-2001: Before the 1990s, there was no official relationship between ASEAN as a grouping and China; although China had official bilateral relations with certain individual ASEAN member states...In his visit to Thailand in November 1988, Chinese Premier Li Peng announced four principles in establishing, restoring and developing relations with all the state². As a result the situation quickly changed between the relations with each other and increased the level of trade. High level official dialogues continued between both the parties and as result in 1997 both the parties issued a joint declaration to build good friendly relations. By 2001 both China and ASEAN have developed themselves as Full Dialogue Partner.

Third Phase 2002 - Present: the relations between both ASEAN and China flourished as a result in 2002 both sides signed Framework Agreement on China-ASEAN Comprehensive Cooperation, which has launched the process of forming the China-ASEAN Free Trade Area until 2010. "China is a key trading partner of ASEAN – the third largest – and is responsible for 11.3% of total ASEAN trade in 2008 or US\$ 192.6 billion. And the statistics clearly show the economic clout of the FTA: a combined GDP of US\$ 6.6 trillion, 1.9 billion people and total trade of US\$ 4.3 trillion. Trade between the parties is an impressive 13.3% of global trade or half of the total trade of Asia in 2008. In addition, the two regions attracted a combined 10% global FDI or US\$ 167.3 of foreign direct investment in 2008."³

Opportunities

ASEAN- China relations have the greater opportunities to increase their trade with each other, and enhance the level of cooperation among each other which can stabilize the region as a whole. These opportunities are:

- ASEAN can increase its exports to China as it represents the greater opportunity for ASEAN to increase the export due to the huge Chinese consumers present there.

- China can also increase the volume of trade with the ASEAN and can reduce the influence of the West particularly US as since the Cold War era the major ASEAN members like Malaysia, Indonesia, Philippines, and Singapore have strong ties and remained the allies of the West during the Cold War era.
- In November 2004 ASEAN and China have signed the Agreement on Trade in Goods of the Framework Agreement on Comprehensive Economic Cooperation which will increase the bilateral trade among both the parties. As a result the trade between both the states has risen to over \$ 300 billion in 2011.
- They can resolve the differences particularly the territorial differences through peaceful negotiations and China can be an effective player in solving the major disputes among the ASEAN states. China and Southeast Asian nations agreed today on non-binding guidelines for joint activities in the South China Sea... Chinese Foreign Minister Yang Jiechi met counterparts from the 10-member Association of South East Asian Nations after the countries settled yesterday on a framework to implement a 2002 agreement on behaviour in the sea, a step toward a legally binding code of conduct... The 2002 ASEAN-China statement calls on signatories to avoid occupying disputed islands inform others of military exercises and resolve territorial disputes peacefully. The eight guidelines approved today say activities in the sea should be step-by-step, on a voluntary basis and based on consensus, according to a draft obtained by Bloomberg News⁴. This treaty was aimed to protect the nations from taking any hostile action and solve the issues peacefully.

Challenges

The relations between both China and ASEAN have faced lot of challenges like:

Rising China: With the rising China it represents a greater challenge to the ASEAN as China is occupying the ASEAN markets and entered as a challenger to ASEAN commodities worldwide. China is also considering ASEAN as its traditional sphere of influence and it does not wants the other powers to involve in the conflict. The United States and Japan has been the main players of ASEAN and they with the India will try to contain the role of China in ASEAN as US is also the main ally of the ASEAN in combating terrorism in the region. The rise of china has raised the suspicion in the eyes of the US as it sees it as a challenger to its dominancy in ASEAN and world. United States has clearly targeting China by forming alliances with Japan, South Korea, Australia, India and they are already present in Iraq and Afghanistan. They are trying to come in Central Asia to encircle China. This has raised the concerns in Beijing as they watch the Washington's encirclement very carefully and are still peaceful as Beijing believes in the peaceful co-existence and is in favor of prosperity through peaceful means.

With the rise of China has created a greater challenge to the ASEAN as it has brought the fears and opportunities in ASEAN and the global competitors in ASEAN to establish their dominancy in the region, as a result ASEAN sees rising china as a great challenge to its sovereignty.

Competition by the US and India: India and China together account for 40 percent of the world's population, 9 percent of the world's gross domestic product (GDP) at market exchange rates and 16 percent of the world's GDP in purchasing power parity (PPP) terms, according to a report by IIFL Asia published in February 2009.⁵

The tough competition by the United States and India to capture the ASEAN markets and the influence in the ASEAN region as the Indians are trying to create the sphere of influence in the Indian Ocean, and ASEAN being the part of the region has been regarded by the India as there area of influence, which would be in direct confrontation with the China. But China has been also intervening in the Indian sphere of influence particularly in Tibet and Pakistan, which is being helped by the China in improving its defence against India. China and India could develop into partners as well as competitors in the economic and security arenas in Southeast Asia. ASEAN must manage the two rising powers and two other major powers, the United States and Japan, in such a way that they will complement each other and learn to respect one another⁶.

The Ideological Fear of the Past: The past realities that there were lot of problems occurred between ASEAN and China as Indonesia's mass slaughter of ethnic Chinese during the attempted military coup of general Suharto in which hundreds of thousands of Chinese were slaughtered. The relations between both the states remained strained until the end of the Cold war so did it has problems with other member states of the ASEAN like Singapore, Malaysia and Philippines which were the main allies of the West especially the United States. On the other hand the Vietnam War has been a troublesome problem for the whole of the region until the reunification of Vietnam. The other states which have been affected by the Cold War politics were divided that whether they should join the China or not.

War on Terror: War on terror has brought a greater challenge to the world and terrorists have been greater challenge to both the China and ASEAN. As a result since 9/11, 2001 ASEAN and China have been engaged in war on terror. ASEAN has been an ally of the US in war on terror and China has reservations over the notion of the terrorism. ASEAN has been also engaged on multilateral levels to combat the terrorism. War on terror will remain the greater

challenge in both parties' relations as ASEAN is the second main front in war on terror. Since 9/11, the United States has strengthened its military presence in the region and resumed and intensified joint military exercises with a number of ASEAN member states, ostensibly aimed at fighting global terrorism⁷, and it is feared that US will remain for long time in ASEAN due to the ongoing war on terror.

Conclusion

With the growth of the Chinese economy since the late 1970s when under the leadership of Deng Xiaoping the reforms started the Chinese economy grew at an annual rate of over 10% for more than three decades which has led the Chinese economy surpass their neighboring giant Japan and is causing the challenge for the United States. Whereas on the other hand ASEAN is formed in 1967 an association of ten states which has prospered at a remarkable rate until the 1997 Asian financial crisis has shook the economies of the ASEAN also. It was the most difficult times for the ASEAN as they have faced the financial crisis for the first time since the foundation of the organization. The Chinese came for the help of the ASEAN in this hour of the need and since then their relations have reached at new heights, as a result the China – ASEAN free trade agreement was signed in 2001 which would enable both the China and ASEAN as free trade areas until 2010.

Even though the relations have continued to grow at a good level but still they feel the problems and they cannot be met until the mistrust between both the parties' prevails. The international politics has been also the greatest obstacle in improving the relations between both China and ASEAN.

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