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ASEAN-China Relations Realities and Prospects

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ASEAN-China Relations Realities and Prospects

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Saw Swee-Hock • Sheng Lijun • Chin Kin Wah



Institute of Southeast Asian Studies Singapore

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Foreword

The rise of China is one of the most critical developments in the world today. Some are reflective on its meaning and implications. Others ponder over the long-term impact on the region's security landscape while exploring security cooperation with this major power. The regional business community seeks to adjust to this change, wondering how to ride the tide of benefits that can come with the creation of an ASEAN-China Free Trade Area. There will be the downside but, for the present, the focus is on the immense opportunities that will come with the rise of China. Both ASEAN and China are hoping for a win-win outcome. For better or worse, the rise of China is a development we can ill afford to ignore.

To provide a comprehensive understanding of China's rapid rise and explore the impact and implications for ASEAN, the Institute of Southeast Asian Studies (ISEAS) organized the first ASEAN-China Forum from 23 to 24 June 2004 in Singapore. The forum brought together more than thirty reputable experts and scholars from China and ASEAN countries. They included strategic thinkers, senior economists and policy advisers from leading research institutions and think-tanks. Among the Chinese participants were representatives from the State Council, Ministry of Commerce, Ministry of Foreign Affairs, Ministry of Defence, and Chinese Academy of Social Sciences.

HE Ong Keng Yong, ASEAN Secretary General, delivered the keynote address on how to develop ASEAN-China relations, while Professor Cai Bingkui, PLA Major General and Vice Chairman of China Institute for International Strategic Studies, delivered the luncheon speech on "China's Peaceful Development and Relations with Its East Asian Neighbours".

Issues discussed at the forum included ASEAN and China assessments of the evolving security environment in Southeast Asia; the role of other major powers; the prospects for ASEAN-China maritime security cooperation; **xvi** Foreword

strengthening cooperation in the ARF; the proposed ASEAN-China FTA; cooperation in human resources development; cooperation for Greater Mekong Sub-Region (GMS) development; moving beyond confidence-building in the South China Sea; the ethnic Chinese factor in ASEAN-China relations; and strengthening East Asian cooperation through the ASEAN+3 process.

ISEAS hopes that this publication, which contains the essence of the discussions at the two-day forum, will contribute towards a greater understanding of ASEAN-China relations.

I would like to acknowledge, with thanks, Professor Saw Swee-Hock's sponsorship of the ASEAN-China Study Programme which funded the holding of the forum and the publication of this book.

K. Kesavapany Director ISEAS

Opening Remarks

On behalf of ISEAS, let me welcome all of you to ASEAN-China Forum 2004. ISEAS is only slightly younger than the original ASEAN first established in 1967, but ISEAS has, of course, not grown together with ASEAN in every respect. For one thing, ISEAS did not admit five new partners. For another, I am delighted to add ISEAS did not experience the financial crisis that almost paralysed some of the members of ASEAN. I say this only in jest in order to emphasize how presumptuous it is for me to mention ISEAS and ASEAN in the same breath. But, seriously, there is one link between the two that I am not afraid to point to. The founders of ASEAN, like those of our institute, would not have expected ASEAN to grow as quickly and as dramatically as it did during this past decade. The fact is that, despite the crises for some members and for the region as a whole, ASEAN proved to be more than viable under great stress and the Secretary General's office in Jakarta is now busier than ever before.

Among ASEAN's many changes, there were a few that were exceptional. One of them was something that the founders of our institute would hardly have dared to dream of. I refer to the fact that ASEAN, the organization that the ISEAS as a research centre began to study almost from day one of its foundation, would one day have the People's Republic of China as one of its warmest supporters. I think it would have been inconceivable for any of our founders that we can now expect concrete plans to be drawn up for ASEAN and China to develop a Free Trade Area.

It is humbling to think how far ASEAN has come. You can thus imagine how proud our institute is to hold this forum today on "Developing ASEAN-China Relations". We are indeed grateful that the Secretary General Mr Ong Keng Yong has found it possible to come and support our efforts and give us this keynote address.

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I also want to thank the large number of paper writers and discussants who have agreed to help us explore the many realities that this relationship will have to face. We have many expert essays here on how ASEAN-China relations might be developed in the coming years and there are even more ideas there about the prospects for the relationship to progress smoothly. Needless to say, we look forward to the discussions that these papers will stimulate.

However, there is one set of realities that we should not forget. ASEAN began under conditions of insecurity and threat but sought to focus initially on the possibilities of economic cooperation. The leaders of the five original members and their officials spent a lot of time tracing the ways and means for such cooperation to take effect. But, until the late 1980s, progress in intraregional economic relations was exceedingly slow with each member depending mainly on extra-regional trading relations for their development. In contrast, economic growth *within* each country into the first half of the 1990s was more dramatic. It has been explained that this had to do directly with the fact that the U.S. economy was doing so well during that period. Perhaps the sharp entrepreneurship of many of the region's businessmen has something to do with it, too. We may even have to thank the cultural values that we have been so fortunate to have inherited.

But the explanations that take us back to some major political decisions are those that attract me most of all. I do feel that they really made the difference between sluggish and cheeseparing talk and the readiness to take decisive steps forward. Let me mention a few obvious examples. In 1978, Chinese leaders turned away from an ideology that made the country poorer and that changed the background for ASEAN's position. Another, ASEAN and its allies acted together to help rebuild the Cambodian nation and that was remarkable. Also, American political leaders pushed the Soviet Union to a state of collapse and ended the Cold War, indirectly giving ASEAN fresh fields to conquer. Yet another, ASEAN leaders decided to invite the remaining four Southeast Asian countries to join ASEAN; that was a decision not without pain but it was one that has led to other very promising possibilities.

None of these decisions is related to the feeble efforts before the 1990s among ASEAN members to cooperate economically. I cannot help but think that, where there is no political will, economic relations will always develop at the slowest allowable pace. ASEAN's recent relationship with China reminds us how true this observation can be. Out of the blue came a decision by China's leaders to seek a Free Trade Agreement with ASEAN as a whole. For boldness, the region has rarely seen anything like this since the organization was first mooted. Suddenly, a new configuration emerged. All kinds of gears

Opening Remarks xix

had to be changed in the ASEAN vehicle and also in some of our neighbours' machines. I therefore underline one of the realities for the conference to ponder on, the need for political will to be exercised by ASEAN leaders.

Such an emphasis, of course, suggests that the prospects of ASEAN-China relations developing smoothly, and according to the time hoped for, may also depend on bold political decisions in the future. We note that ASEAN has acted firmly several times before. This has been possible whenever ASEAN gave more weight to the organization as a whole and softened its insistence on each member's absolute sovereignty. Whenever the mantra of non-intervention in each other's affairs is silenced because of an urgent need that most members can see, ASEAN as an entity has taken a step forward. That is what I am inclined to see. Even if this observation is only partly true, I hope that past experiences will encourage ASEAN members to be bold from time to time.

Today, this forum is pursuing the consequences of China's first moves, the fact that China made the initial difference. But I see no reason to doubt that ASEAN too could do the same the next time round. It may be that, for the relationship to take the next great step forward, more will depend on ASEAN. I do not know if that will be so, but I do expect the sessions today and tomorrow to provide us with some evidence that ASEAN has reached the point when the organization will now do some of the leading. What I do know is that when the secretary general and his colleagues in Jakarta identify the way that ASEAN should next go, they would expect the leaders of ASEAN to have the will to move along with them.

Wang Gungwu Chairman ISEAS