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Session III: Asia's China Strategy II: Towards a Regional Order

ASEAN'S China Strategy Towards a Regional Order: A Philippine View

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Introduction

In just a decade or so, the Association of Southeast Asian Nations (ASEAN) and China improved their challenging relations with each other. The financial crisis and the economic rise of China were drivers in this process from ASEAN's point of view, while regional recognition of the role of ASEAN in East Asian regionalism particularly in the promotion and maintenance of regional peace, prosperity, and stability must have been among the drivers from China's perspective. Concern over the erosion and possibly loss of this role with the financial crisis in 1997 and China's remarkable economic growth led ASEAN to craft a strategy to improve relations with China through "constructive engagement" much to Beijing's discomfort with the policy which is ASEAN speak for relating to "problematic" states (including with Burma/Myanmar, one of its own).

Since then, ASEAN-China relations dramatically improved that they are at present usually described as being "never been this good". China's engagement contributed to the formation and/or enhancement of regional processes and mechanisms including the ASEAN+3 process (ASEAN-10 plus China, Japan, and South Korea), the ASEAN Regional Forum (ARF), and the East Asia Summit (EAS). ASEAN-China cooperation in various fields particularly the adoption of the China-ASEAN Free Trade Agreement (CAFTA) and in a number of non-traditional security issues such as pandemics, global terrorism, maritime security, and energy security.[1]

This presentation seeks to describe and analyze ASEAN's "China strategy" to promote and realize a regional order in East Asia by providing first a historical perspective on ASEAN-China relations as a backdrop of current relations driven by this "strategy", the problematique of ASEAN's constructive engagement with China, the highlights of ASEAN's 'China strategy', key challenges and opportunities, and concludes with a discussion of future prospects

ASEAN-China Relations in Perspective

It will be recalled that until 1995-1997, ASEAN relations with China were mired by the South China Sea (SCS) disputes.[2] Contested by China, Taiwan, Vietnam, the

[1] For a list of dialogue mechanisms and cooperation schemes between ASEAN and China, visit http://www.aseansec.org/4979.htm.

[2] See Lee Lai To, "The South China Sea, China, and Multilateral Dialogues", *Survival* Vol. 30, No. 2. 1999, pp. 165-178, and Ang Cheng Guan, "ASEAN, China, and the South China Sea Disputes: A Rejoinder", *Security Dialogue* Vol. 30, No. 4. 1999, pp. 425-430.

Philippines, Malaysia, and Brunei several islands, islets, reefs, and other geographical features in the SCS provided a basis for concerns that the disputes could trigger an armed conflict between the claimants, much like the armed skirmishes between China and Vietnam over the Paracel Islands in the 1980s.[3] To avert such an eventuality, ASEAN issued in 1993 a Declaration on the South China Sea[4] which provided principles to govern the behavior of states in the SCS, a declaration supported by non-ASEAN states, including at that time Vietnam which would join ASEAN only in 1995. The discovery in 1995 of Chinese installations on the Mischief Reef (Panganiban Islands in Philippine maps) which Beijing explained as "fishermen's shelters" triggered protests from the Philippines with diplomatic and moral support from ASEAN members. [5]

This and subsequent related incidents (chief among them China's improvement of the "fishermen's shelters" into a three-story installation widely believed to be a naval base, China's destruction of the coral reefs in the surrounding area raising concerns about maritime destruction affecting not only biodiversity but fisheries, and China's extended claims over Scarborough Reef just off the former US military base in Subic Bay, Philippines, and Malaysia's occupation of two other islands also within the Philippine claim) drove ASEAN to persuade China to negotiate and adopt a code of conduct on the SCS. Due to the conflicting claims among the ASEAN claimant states on the SCS, ASEAN cooperation in this process left much to be desired, dragging the difficult negotiations with a consequent watered-down agreement, the Declaration on the Conduct of Parties in the South China Sea signed in Phnom Penh in 2003. It reflects the principles governing behavior of states in the SCS earlier adopted by ASEAN, and included an important commitment that is seen as providing stability within a fragile status quo of conflicting claims and existing physical occupation of the contested features in the area. This commitment in the form of a principle is "no new occupation" in the contested area, seeking to freeze additional occupation by the

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[3] See Carolina G. Hernandez and Ralph Cossa, editors, *Security Implications of Conflict in the South China Sea: Perspectives from Asia-Pacific* (Quezon City: Institute for Strategic and Development Studies and Pacific Forum/CSIS, 1997)

[4] The ASEAN Declaration on the South China Sea, Manila, The Philippines, 22 July 1992. http://www.aseansec.org/1196.htm .

[5] See Aileen S.P. Baviera, *The South China Sea Disputes: Philippine Perspectives* (Quezon City: Philippine-China Development Resource Center, 1992.), Joseph Linyong Chow, "Balancing, Bandwagoning, or Hedging: Strategic and Security Patterns in Malaysia's Relations with China, 1981-2003", In Ho Khai Leong and Samuel C.Y. Ku, editors, *China and Southeast Asia: Global Challenges and Regional Challenge* (Singapore: Institute of Southeast Asian Studies, 2005), and Ramses Amer, "Assessing Sino-Vietnamese Relations Through the Management of Contentious Issues", *Contemporary Southeast Asia* Vol. 26, No. 2. 1999, pp. 320-345.

claimants[6] such as those done since 1995 by China and Malaysia. These two parties initially fought to exclude this principle, but peer influence and a desire to project a good image must have prevailed in the end.

There were also varying historical issues with China that shaped responses to Beijing among key ASEAN countries. For example, Indonesia has a history of diplomatic problems with Beijing in the years following the ouster of Sukarno during which the successor New Order government held the communist bogey centered on China as a rallying point among its people.[7] The notion of the "overseas Chinese", populations with a long history of migration into Southeast Asia and their economic success was a matter of concern for new states trying to build themselves also as nations. Even after the normalization of relations with Beijing, ethnic Chinese within these societies continued to face social pressures as ethnic politics ebbed and flowed in the domestic context, particularly in Indonesia and Malaysia. The economic and diplomatic rise of China momentarily made the notion of a "Greater China" to consist of the Mainland, Taiwan, Hong Kong, and Singapore[8] a matter of renewed concern serving thereby to revive primordial ethnic fears lulled by policies that built domestic political stability and order.

Moreover, domestic communist insurgency by communist parties perceived to be linked to and supported by the Chinese Communist Party particularly in the Philippines did not help to allay these ethnic concerns.[9] Linked to the superpower ideological contest during the Cold War, domestic communist insurgency shaped the non-communist (read anti-communist) orientation of ASEAN's original members (Indonesia, Malaysia, the Philippines, Singapore, and Thailand) two of whose members were formal military allies of the United States (the Philippines and Thailand).

With ASEAN enlargement to Vietnam (with Laos closely hewing its foreign and security policy to Hanoi's), the number of ASEAN countries that held latent suspicion about Chinese foreign and security policy goals increased, fortunately muted by further enlargement to include Burma/Myanmar and Cambodia with strong ties to Beijing. This also meant a dilution of ASEAN's non-communist character, given the fact that Vietnam and Laos remain communist party-led, while Cambodia's deep ties

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[6] The ASEAN Declaration on the South China Sea, Manila, The Philippines, 22 July 1992. http://www.aseansec.org/1196.htm

[7] See Hong Liu, "Constructing a China Metaphor: Sukarno's Perception of the PRC and Indonesia's Political Transformation", *Journal of Southeast Asian Studies* No. 1. 1997, pp. 27-46.

[8] See Harry Harding, "The Concept of 'Greater China': Themes, Variations, and Reservations", *The China Quarterly* 136, Special issue on Greater China. 1993, pp. 660-686.

[9] See Lim Joo-Jock and Vani S., editors, *Armed Communist Movements in Southeast Asia* (Hampshire, England: Gower Publishing Company Ltd., 1984).

with Beijing and Burma/Myanmar's reliance on Chinese economic ties and financial support would keep them tilted favorably towards China.

The regional mood following the end of the Cold War was optimistic as ASEAN's rapid economic growth made it the fastest growing region in the world until the financial crisis hit East Asia in 1997. ASEAN's successive diplomatic success such as in playing a key role in the resolution of the Cambodian issue of the late 1970s to the 1980s, the initiation of a regional political security dialogue mechanism which enlarged ASEAN's external relations in the form of the ARF to include all the world's strategic actors (the United States, China, Russia, Australia, India, the European Union), the surprise enthusiastic initiation/reception of the Asia-Europe Meeting (ASEM), among others.[10]

With China's opening and rapid economic growth, there emerged the concern that ASEAN would lose its economic competitiveness in investments, production, and trade.[11] This was exacerbated by the fact that many ethnic Chinese business players within the ASEAN region started moving part of their investments to China, no matter that in many cases the movements of their funds to China took the form of rebuilding their forebears' ancestral homes and villages. China began to be seen as an economic challenge in some ASEAN circles, refueling latent concerns about its future strategic goals. Constructive engagement made a lot of sense, given China's size, geographic proximity and the likelihood of the successful realization of its four modernization goals. ASEAN as a group began to pursue its constructive engagement policy with China.

The Problematique Regarding Engagement with China

While the policy of constructive engagement made a lot of sense, ASEAN's inability to forge a coherent "strategy" to engage China caused by the diversity of history, external ties, and overall core interests of its member states, its numerous meetings sapping the energy and other resources of individual member states to focus on crafting such a "strategy", tedious and lengthy decision making process, a consequent

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[10] See Michael Leifer, "China in Southeast Asia: Interdependence and Accommodation", *CAPS Paper No. 14* (Taipei: Chinese Council of Advanced Policy Studies, 1997) and Ralf Emmers, "The Influence of the Balance of Power Factor within the ASEAN Regional Forum", *Contemporary Southeast Asia* Vol. 23, No. 2. 2001, pp. 275-291.

[11] This concern would lead the ASEAN financial ministers to commission McKinsey a study on ASEAN competitiveness which became a key factor in the evolution of the policy to build an ASEAN Economic Community ahead of the adoption of the Bali Concord II which seeks a regional community with two other pillars for (1) political and security cooperation and (2) socio-cultural cooperation. .

inadequate regional mechanism for crafting such a common "strategy" made it easier for bigger powers to cash in on this diversity and incapacity.

ASEAN's engagement with China was further handicapped by an asymmetric situation between a grouping of ten highly diverse small and middle-sized sovereign countries on the one hand and a single coherent state, huge and powerful despite the full realization of its modernization goals on the other. Moreover, the relative coherence that ASEAN demonstrated before enlargement had been seriously undermined, further aggravated by the loss of older-generation leaders who knew and more or less trusted each other, and had experience in working together despite their differences. For example, it is well-known in ASEAN circles that China is infinitely better prepared and resource-supported than ASEAN in their negotiations with each other. This is exacerbated by the uneven financial capacity of ASEAN member states to prepare and perform well in these engagements.

Moreover, within ASEAN, the rhetoric about solidarity needs to be matched by intention and behavior. There remains the tendency on the part of the ASEAN Leaders to aspire for championing a program or an initiative even as this has not yet been well-thought through, especially when they serve as Chair of the ASEAN Standing Committee (ASC) and therefore host of ASEAN's annual meetings with member states including the Leaders Summit, meetings with dialogue partners, and related processes such as the ARF. There is a tendency to rush programs, initiatives, etc. without benefit of full deliberation[12] to meet annual events such as the ASEAN Ministerial Meeting (AMM) in July each year, and more importantly, the ASEAN Leaders Summit. The most recent example is the rush to draft the ASEAN Charter in under a year that resulted in the adoption of a seriously flawed and retrogressive document. This is certain to have serious implications for ASEAN's declared goals, in particular the building of an ASEAN Community and holding the center in East Asian regionalism.[13] This tendency to keep initiatives closely guarded and therefore with little if any consultation no doubt afflicts ASEAN's engagement with China and other dialogue partners.

Consequently, it is easier to "divide" and to "rule" ASEAN by appealing to the national interests of member states, thereby further diluting the commitment by

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[12] Earlier initiatives without prior consultation that created bumps in intra-ASEAN relations in the past include the Malaysian initiative to form an East Asia Economic Grouping (EAEG), Thailand's declaration to convert the former Indochinese region "from a battlefield into a market", and the launching of the East Asia Summit in Kuala Lumpur that set back the recommendation of the East Asia Study Group for the ASEAN+3 summit to eventually evolve into an East Asia Summit.

[13] See Carolina G. Hernandez, "The ASEAN Charter and the Building of an ASEAN Security Community", Paper Presented at the the *12th Asia Pacific Security Forum*, Honolulu, Hawaii, 10-12 August 2008.

ASEAN member states to an already diluted position based on the least common denominator and a pace comfortable to the slowest member, norms that are key components of the ASEAN Way of doing things.

The ASEAN Way[14] is one of the features of ASEAN that encouraged China to become engaged in the ASEAN processes. Principles committed to the Westphalian norms have distinguished the ASEAN Way to critics, even as these principles are the cornerstone of the United Nations and other multilateral institutions. Non-interference is particularly appealing to states with domestic situations potentially vulnerable to external action. Consensus decision making is ASEAN's equivalent of the UN veto by the Perm Five, except that in ASEAN's case, each member state or participant in ASEAN processes has the veto power. And the veto is often exercised by smaller states, perhaps encouraged or egged on by larger ones with international images to protect or perhaps due to their inability to move faster on regional cooperation activities.

Despite these handicaps, ASEAN has pursued the policy of constructive engagement since the early 1990s, contributing thereby to the marked improvement of relations with China.

ASEAN's China Strategy: Towards Regional Order

Aware of the growing importance of China and eventual emergence as a "complete" global power, ASEAN moved to forge better relations with China, choosing to focus on common goals and aspirations and de-emphasizing sensitive and potentially divisive issues. This led ASEAN to develop with China a number of measures to enhance their cooperation which conduces to the promotion of a stable regional order in East Asia. These measures however were governed by ASEAN's time-tested approach to international relations, Thus, if there is an ASEAN China strategy towards regional order, it is one that seeks to keep China permanently engaged in the region in a peaceful, cooperative, comprehensive, and usefully responsible way. This is a time-honored strategy adopted by its founding member states, keen to end intra-state tension and confrontation by key states in Southeast Asia,[15] to ensure not to give the superpowers an excuse to intervene in regional affairs and make the region a

[14] See Tobias Ingo Nischalke, "Insights from ASEAN's Foreign Policy Co-Operation: The 'ASEAN Way', A Real Spirit or a Phantom?", *Contemporary Southeast Asia* Vol. 22, No. 1. 2000, pp. 89-112.

[15] See Mely Caballero Anthony, "ASEAN's Mechanism of Conflict Management: Revisiting the ASEAN Way" in *Regional Security in Southeast Asia: Beyond the ASEAN Way* (Singapore: Institute of Southeast Asian Studies, 2005) pp. 49-82.

battlefield in superpower competition during the Cold War. ASEAN has been careful to develop equidistant relations with the great powers, whether they were the superpowers during the Cold War or key strategic actors in East Asia after the Cold War (e.g., the US, China, and Japan). Consequently, they joined the Non-Aligned Movement (NAM) and continued to play leadership and active roles in NAM in the post-Cold War era. Thus, building equidistant relations with key strategic actors continues to form part of ASEAN's strategy, including with China.

ASEAN undertakes this strategy through its dense set of mechanisms and processes in which these strategic players participate. Included in these mechanisms and processes are (1) dialogue partnership which evolved from one with the industrialized countries in the West (members of the Organization of Economic and Development Cooperation, OECD) during the 1970s and enlarged to include South Korea, China, Russia, India, among others in the 1990s, (2) ASEAN Regional Forum (ARF) for political and security dialogue in the broader region since 1994, (3) ASEAN+3 whose second decade of cooperation initially in the financial and economic fields as a response to the 1997 financial crisis has spilled over into cooperation in non-traditional security (such as pandemics, maritime security, energy security) and social (poverty alleviation and gender)issues, (4) East Asia Summit (EAS) launched in December 2005 involving the ASEAN-10 plus China, Japan and South Korea as well as Australia, India, and New Zealand, (5) the Asia-Europe Meeting (ASEM) with the EU in which ASEAN+3 is the core Asia component, and (6) the Asia Pacific Economic Cooperation (APEC) forum although not initiated by ASEAN but in which key countries in ASEAN and China participate.

In these processes and mechanisms, ASEAN has maintained equidistant relations with the US, China, and Japan although outsiders perceive a division within ASEAN member states in their foreign and security policy *vis-à-vis* these strategic actors. ASEAN has also provided a vehicle for the plus three countries to meet together during the bilateral dialogues with partners, the AMM, and the ASEAN and related summits it hosts annually. On occasion, the ASEAN Secretary-General felt compelled to clarify this position of equidistance and non-partisanship in great power competition in track two discussions, particularly amid criticism that ASEAN was tilting towards either Japan or China. One of them said that if pushed to choose between one or the other of these partners, ASEAN would withdraw to its "comfort zone", suggesting that in that event it is likely that ASEAN would return to its previous set of relations with older partners with which habits of cooperation are at least four decades old.

This has seen positive results in shaping China's behavior in the region. China has continued to value ASEAN support in developing its regional role, in spite of its

obvious leverage over ASEAN. This posture has fed ASEAN belief that it would be able to hold its role as the core, center or driving force in building regional order in East Asia, even as the plus three countries are holding bilateral talks and soon, their own summit independently of ASEAN, as well as their determination together with the US, Russia, and North Korea to develop the 6 party talks on the North Korean nuclear program into a Northeast Asian security mechanism out of frustration over the inability of the ARF to deal with Northeast Asia's security issues. It is not coincidental that ASEAN leaders had offered their capitals as a venue for the 6 party talks after failing to join the talks as a party, an offer that was not taken by the 6 parties.

This approach of trying to be involved in the 6 party talks is not likely to help ASEAN keep its role in the building of regional order. More important in this regard is whether it can become a real partner with the plus three countries through becoming a single cohesive actor by realizing an ASEAN Community of three pillars. This requires its transformation into a single production base and market through deeper economic integration, political development and leveling or narrowing of the political and other divides or gaps that continue to inhibit its evolution into a coherent single regional player. According to current ASEAN Secretary-General Surin Pitsuwan, the ASEAN Charter is the grouping's response to the challenges it faces, including holding the center of building an East Asian regional order. How the present charter resistive of making ASEAN more effective would be able to do this remained unarticulated by ASEAN officials.

Challenges and Opportunities

Together with the remains of the region's colonial, political and diplomatic history, the problematique surrounding ASEAN's constructive engagement with China continues to define the challenges facing the grouping's China strategy in building a regional order.

The key challenges include:

- historical – colonial and war experiences that continue to divide the region in two levels; one is intra-regional within Northeast Asia and within ASEAN member states on the one hand and the other is between Northeast Asia and ASEAN on the other;
- unfinished state and nation building projects, especially in Southeast Asia where collective action must be forged within the constraints of the ASEAN Way, a

guarantee that each member state would be able to ensure its national sovereignty, independence, territorial integrity and all the entitlements of a sovereign state including non-interference in domestic affairs by outside parties, assurances that state building and nation building would proceed without external interference;

- territorial disputes including between Japan and China, Japan and South Korea, and the South China Sea disputes between six claimant parties, with the latter likely to rise once again due to the problems of implementing the tripartite agreement between the national oil companies of China, the Philippines and Vietnam for joint seismic testing and exploration in the contested area and the suspicion that the area holds huge offshore oil and natural gas deposits that could alleviate their search for energy security in a world of rising energy prices;

- great power relations in East Asia, particularly between China, Japan, and the US whose relations, whether good or not-so-good are likely to impact on regional order, including ASEAN's China strategy in this regard;

- strategic competition for regional leadership between the three great powers cited above, but more particularly for regional order in East Asia, between China and Japan on whose relations the structure of power in the region and the world have serious implications;

- various kinds of diversity and asymmetry within ASEAN, and between ASEAN and China posing hindrance to a coherent China policy for ASEAN member states, and a coherent bilateral policy for building East Asian regional order;

- national interests v. regional order, a tension which afflicts all countries including ASEAN especially when national interests remain rather detached from or contrary to measures needed to build a regional order;

- noodle bowl of dense regional mechanisms (ASEAN, ASEAN+3, EAS, APEC, etc.) which leads to duplication, competition, and diffusion of resources by parties involved in them and eventually inertia and inaction especially when they do not result in actionable results;

- uncertain future of ASEAN's community building project which is not prospered by a charter that largely codified the way ASEAN has conducted business in the past and does not address challenges its members face in the 21st century; without realizing an ASEAN Community, the prospect of building a regional order in East Asia would remain inconclusive so long as intra-Northeast Asian reconciliation is

not achieved and ASEAN's interlocutor role it plays today among the plus three countries is not effectively sustained;

- continuing concerns about China's rise remains a challenge even as there is general agreement that while on the rise, China needs a peaceful environment with the issue of its policy beyond its peaceful rise remaining largely unresolved; and

- internal dynamics of change in China as well as in the ASEAN member states where issues about social change, political succession, and generational change are likely to preoccupy them for some time to come.

Yet despite these daunting challenges, there are opportunities for furthering the ASEAN China strategy. In this regard, it should be recalled how in the past ASEAN has responded to challenges and adopted pragmatism even as the needed measures have the potentials of undermining the ASEAN Way. A good example of this is its willingness to shift its approach to regionalism (step-by-step and evolutionary) in times of crisis. Before the 1997 financial crisis, ASEAN's approach to regional cooperation had been to take measures in various fields (such as economic, political, functional, etc.) without providing a well articulated framework for them. For example, in the economic field, one argument raised for the building of an economic community is that the features of an envisioned ASEAN economic community are already in place with the ASEAN Free Trade Area (AFTA), the Initiative for ASEAN Investments (IAI), customs harmonization, among others.[16] In this instance, several projects, programs, and initiatives were taken prior to the provision of the economic community as their umbrella.

Following the 1997 financial crisis, ASEAN agreed to the South Korean initiative of thinking through the building of an East Asia Community (EAC) through the creation of the East Asia Vision Group (EAVG) of experts to provide the vision for the proposed EAC, followed by the appointment of the East Asia Study Group (EASG) of bureaucrats that drafted specific recommendations on how to realize the EAC. The crisis that faced ASEAN then drove its leaders to enter into this process and commit to the vision of the EAC already complete with recommended specific measures even at the outset.

[16] See "A Track Two Report to ASEAN Policy Makers: Towards an ASEAN Economic Community," Appendix 6 of Hadi Soesastro, Clara Joewono, and Carolina G. Hernandez, editors, *Twenty-Two Years of ASEAN ISIS: Origin, Evolution, and Challenges of Track-Two Diplomacy* (Jakarta: Centre for Strategic and International Studies for the ASEAn Institutes of Strategic and International Studies, 2006) pp. 193-200.

This example shows ASEAN capacity to shift paradigms when necessary, as seen also in the enlargement of ASEAN membership and external relations following the end of the Cold War which diluted its non-communist character and compounded its diversity and gaps between member states.

The two most important opportunities to prosper ASEAN's China strategy are:

- the continuing value of ASEAN to China for political and diplomatic support in the region to the point that it might be said that China tries to conform to ASEAN's aspiration of remaining at the center of building a regional order in East Asia;
- a realization among ASEAN Leaders that the building of an ASEAN community is essential for building an East Asian regional order and this community must be realized with or without the ratification of the ASEAN Charter.

Future Prospects and Concluding Remarks

No doubt, the challenges outweigh the opportunities, but most of these challenges had been present even prior to the pursuit of constructive engagement with China and the huge improvement of their bilateral relations that are now at the beginning of the second decade. The economic dynamism that China's rapid rise from which the region including ASEAN has benefited is most likely going to continue. And China's ascent to a complete global power is not unlikely either. In this regard, that ASEAN will continue to encourage China to become a responsible strategic actor in East Asia and beyond is also highly likely. China will want to continue having ASEAN's support especially so long as its relations with rival Japan (for regional leadership) and the US (for global leadership) continue to face difficulties.