

FOREWORD

The Rise of China: Responses from Southeast Asia and Japan¹

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Crisis and Community Building

The East Asian region has embarked on the project of building an East Asian community based on a vision forged by a group of intellectuals followed by a group of government officials who designed practicable and implementable measures to realize this vision. These two groups are the East Asia Vision Group (EAVG), formed in the wake of the Asian Financial Crisis on the initiative of then South Korean President Kim Dae-Jung, and the East Asia Study Group (EASG), made up of bureaucratic officials who delivered their report in 2001.

At the sub-regional level, Southeast Asia has embarked on a community-building project of its own. The outline of this sub-regional community can be found in the ASEAN Vision 2020, adopted in Kuala Lumpur in 1997 by the Association of Southeast Asian Nations (ASEAN). The Vision sought to establish in the sub-region “a concert of Southeast Asian Nations” governed by the Treaty of Amity and Cooperation (TAC), the Declaration on ASEAN as a Zone of Peace, Freedom and Neutrality (ZOPFAN), and the Bangkok Treaty making Southeast Asia a nuclear weapons-free zone (SEANWFZ). The Vision also sought the realization of ASEAN as “outward-looking,” “a partnership in dynamic development” and “a community of caring societies.”² ASEAN adopted the Hanoi Plan of Action (HPA) to implement measures to realize the Vision within its first six years. The focus was on narrowing the economic development gaps between the ten ASEAN member states. Japan played a major diplomatic and financial role in the HPA process, demonstrating its support for ASEAN’s policy of greater regional integration in Southeast Asia.

Although fears exist regarding the possibility of this kind of sub-regional community-

¹ Revised version of a presentation prepared for the workshop on “Rising China and Regional Responses,” organized and hosted by the National Institute for Defense Studies, Tokyo, Japan, November 4-7, 2008.

² Excerpts from the ASEAN Vision 2020, Kuala Lumpur, December 16, 1997.

building undermining East Asian community-building, sub-regional community-building can serve as an essential component of a broader regional community. Through the Bali Concord II of October 2003, the member states of ASEAN have agreed to build a sub-regional community which goes beyond the ASEAN Vision 2020 and stands on three pillars: an ASEAN Economic Community (AEC); an ASEAN Security Community (now called the ASEAN Political Security Community or APSC); and an ASEAN Socio-Cultural Community (ASCC). Since then, ASEAN has progressed so far as to draft, adopt and ratify the ASEAN Charter, and to begin drafting the terms of reference for an ASEAN Human Rights Body (AHRB) as provided for in the ASEAN Charter. A blueprint for the AEC has been adopted with clear measures to be taken for enhanced integration complete with timelines. Additionally, blueprints for the other two pillars (APSC and ASCC) are being readied for adoption in 2009.

It is remarkable that the two projects on regional community-building were born out of the 1997 Asian Financial Crisis, where a rising China contributed immensely towards the region's economic recovery. At the present time, the world is faced with another financial crisis which has already affected North America and Europe, and is beginning to affect the real economy of East Asia where growth has been fueled by exports to the markets of the developed world. Now that these markets are contracting, East Asia faces an uncertain future. East Asian economies must find new markets and take collective action to face and overcome the present crisis as the region did in 1997. Will a rising China make another heroic effort to save the global financial system and with it the real economies of countries around the world?

Rising China and Regional Responses

China's rise has attracted much attention from both think tanks and individual academics. What makes China's rise particularly remarkable is that even without this growth, China would remain a large, influential state in the Northeast and Southeast Asian neighborhoods. Through its long isolation from the affairs of the region and the world, China, with its collective memories of past humiliation at the hands of the Western powers and then Japan, is still viewed by its neighbors with suspicion regarding its long-term foreign policy and security intentions.

Even as late as the early 1990s, its relations with the dynamic and rising ASEAN region were marred by past Chinese Communist Party support for domestic communist insurgencies in core ASEAN countries including Indonesia, Malaysia, the Philippines, Thailand and Singapore, as well as the South China Sea disputes involving Malaysia, the Philippines, Brunei and Vietnam. From ASEAN's perspective, the Asian Financial Crisis helped to transform relations with China as ASEAN economic competitiveness began to decline at the same time that China's competitiveness was rising. From Beijing's side, a liberal interpretation of this transformation could be a genuine Chinese desire for regional peace, prosperity and stability where the destinies of Asians are determined by Asians, rather than by external powers. However, from a realist perspective, this interpretation of Chinese intentions is naive at best. This being the case, a prudent government seeks insurance to protect against an uncertain future. This could be called a hedging strategy.

One way in which ASEAN members can hedge against a rising China is through a clear, region-wide response. Creating an ASEAN community would bring about a single production base and a single market to recoup competitiveness lost to China's rise. Without such a community, ASEAN cannot be seen as economically attractive when compared to China. Thus, an empowering ASEAN Charter is necessary for the region to respond to China's rise.³

Moreover, ASEAN member states as a group have always maintained a policy of equidistant relations with all key powers, regardless of continuing formal military alliances with some of those powers.⁴ They view these alliances as merely temporary (pending the realization of the region according to the goals of the ZOPFAN and the SEANWFZ). This was true during the Cold War and it remains true today. Thus, it is unlikely that ASEAN members would be lulled into becoming biased towards China

³ The author has argued in another article that the ASEAN Charter would not be able to improve ASEAN's effectiveness, which is a necessary component in realizing the ASEAN Community. Should ASEAN community-building fail, ASEAN is not likely to hold the center, the core or its role as the driving force of East Asian regionalism. See Carolina G. Hernandez, "The ASEAN Charter and the Building of an ASEAN Security Community," paper presented at the Asia-Pacific Security Forum 2008 jointly organized by the Pacific Forum CSIS (US), the Institute for National Policy Research (Taiwan), the Institute for Strategic and Development Studies (the Philippines), and Centre Asie (France), Honolulu, August 11-12, 2008.

⁴ The Philippines and Thailand remain allies of the US in its system of alliances sometimes called "the San Francisco system." Singapore is even closer to the US in strategic terms than either of the latter's formal allies in Southeast Asia.

vis-à-vis other regional actors including the US and Japan, especially with lingering concerns from some influential quarters in Southeast Asia over the future trajectory of China's foreign and security policy.

However, ASEAN member states have taken the enormous opportunities offered by a rising China without losing sight of the need to purchase "insurance" in the event that China's peaceful rise changes after China has fully risen. Enhanced cooperation between ASEAN and China is evidenced by the adoption in 2002 of the Declaration on the Conduct of Parties in the South China Sea as well as the agreement to establish a China-ASEAN Free Trade Area (CAFTA). Cooperation is also seen between China and individual ASEAN member states, between China and Japan, and between China and South Korea. Even cross-strait relations appear to be on the mend with the election of a more moderate and pragmatic political leadership in Taiwan, even though the long-term trajectory of China-Taiwan relations remains uncertain.

Northeast Asian relations have improved to a point where the key countries in the region now seek to create a Northeast Asian security mechanism out of the Six-Party Talks despite historical and structural sources of fissure between China, Japan and South Korea, and despite the inclusion of the US and Russia in this proposed regional security mechanism. Russia's role in such a security dialogue is evolving and is certain to be shaped by its energy policy behavior in Europe as orchestrated by Vladimir Putin who appears to be trying to reinstate the position Russia once held in the world.

Japan, Australia, New Zealand and India are taking steps to cooperate with ASEAN so as to ensure that the region's future will not be dominated by Beijing. These states, including China and South Korea, have been taking part in the East Asia Summit (EAS) since 2005. The EAS, different from what was envisioned by the EASG, can be seen as a manifestation of its member states' insurance policy (or hedging strategy) in the event that China's full rise might have negative implications for the core national interests of regional states. Some expect that the EAS will increase in size as the US moves into a new administration under President Barack Hussein Obama.⁵

⁵ He assumed office on January 20, 2009.

Some Issues for Further Thought

The goal of this report is to analyze the regional responses among Southeast Asian states and Japan to a rising China. We shall see that in each and every case, there is evidence that all states in the region are seizing whatever opportunities are presented by a rising China, be they economic, political, diplomatic or cultural. At the same time, there is clearly a hedging response not only out of latent suspicions about China wrought by its past, but also due to the natural suspicion great and rising powers invite from outsiders.

From ASEAN's perspective, becoming an economic community is critical as a regional response. However, the divisions between ASEAN member states that have been slowing integration thus far would need to be done away with through deep political and security frameworks. Therefore, an empowering charter to compel compliance and make ASEAN genuinely rules-based and effective is necessary. This would necessitate a shift in the ways ASEAN conducts its business.

Unfortunately, besides a few institutional changes bereft of adequate funding provisions, the present charter merely codifies the old ways of conducting business among member states. This means a legally-based obligation to perpetuate Westphalian norms that unfortunately, in this age of interdependence and globalization, are certain to impede collective regional responses to challenges and crises. These norms continue to protect national sovereignty and national jurisdiction at a time when revolutions in technology and values have continued to prove the vacuity and irrelevance of the old meaning and practice of national sovereignty, and where other dynamic and transformative changes, including the rise of non-state actors everywhere on Earth, are clearly demonstrating the need to drastically alter the way national, regional and global life is organized.

On Beijing's side, there is much to do to demonstrate China's readiness to become a responsible stakeholder in regional and global affairs beyond simple rhetoric. There is much to be gained by demonstrating specifically that becoming more closely integrated with the regional and global economies could mute or moderate its political and security goals which remain unclear to some. This would do much to promote a collective assurance that China is not a threat, but a responsible stakeholder. On

occasion, however, we find Beijing dropping its economic goals when political and security interests appear to be at risk. This was what was seen during the 1990s when Taiwan's Democratic Progressive Party (DPP) made clear its eventual goal of Taiwanese independence and in the Chinese reaction to former Japanese Prime Minister Koizumi's visits to Yasukuni Shrine. The inclusion of a map of the South China Sea in a map of China distributed by China Southern Airlines may be part of this reaction.⁶

Questions persist over how to assess the lack of sufficient safeguards to human security concerns in sub-regional cooperation programs where China is a key actor, such as in the Greater Mekong Sub-region (GMS) (China's western integration project with parts of Southeast Asia) where the fragility of bodies of water dependent on the waters of the Mekong for their sustainability is not being addressed. Other questions include what to make of the newly launched economic integration program on China's eastern side reaching out to both maritime and continental Southeast Asia, with the Nanning-Singapore corridor holding Southeast Asia and Guangxi Province together. At present, Vietnam is the biggest beneficiary of these twin economic integration programs by Beijing, receiving about 80% of China-ASEAN trade. Vietnam was China's most ferocious rival in the South China Sea disputes. It will be noteworthy to observe whether economic interests continue to moderate political and security interests in the region.

Finally, ASEAN's response is likely to remain as individual country responses rather than a regional response, so long as ASEAN remains ten nation-states instead of coalescing into an integrated, coherent and cohesive sub-regional unit. The realization of an ASEAN community is supposed to facilitate this development and the ASEAN Charter is supposed to empower ASEAN to achieve this goal. However, as already noted, the ASEAN Charter, in its present form, has done far too little in this regard.

Japanese and Korean responses share the same features of cooperation and hedging that characterize ASEAN responses. These are prudent responses given the present political and structural realities in East Asia. China's responsibility to effect a positive

⁶ The route map of China Southern Airlines, for example, has this insert of the South China Sea region implying that it is part of China even though its fleet does not fly there.

change in these regional responses is larger precisely because it is China whose rise has altered the strategic calculus of power in the region and the world, and it is China that is the rising power whose behavior will remain critical to regional peace, prosperity and stability.