



Multilateralism

The Path into the Community of Destiny with China

Challenges for Multilateralism in Southeast Asia

Daniel Schmücking / Christian Echle

China and the US have both declared war on multilateralism, albeit with different motivations. For regional associations such as ASEAN, this enmity is becoming an existential threat. The coronavirus crisis has given new urgency to the discussion of concepts for pandemic resistance. But the principle of unanimity will have to be jettisoned along the way.

Multilateralism in Times of Great Power Rivalry

It is almost like watching a sumo wrestling match: two gigantic powers run at each other uncompromisingly and with all their force, again and again, trying to rattle their opponent with taunts, striving to gain space, and to push one another to the edge. Until one is thrown out of the ring.

The adversaries in this case are the two superpowers, the US and China, whose global rivalry has reached a new level since the outbreak of the coronavirus. They have, for years, carried out their disputes in various multilateral bodies, such as the United Nations and the World Trade Organization (WTO). When the pandemic began, the struggle reached the World Health Organization (WHO). Like every previous arena, this one suffered great damage during the contest.

Even though COVID-19 has shown how vulnerable many of the connections in the globalised world are, it is indisputable that the superpower showdown is being carried out in a different international environment than that of the Cold War. It was precisely the end of the Cold War which provided an unprecedented boost to international cooperation, and to the integration of various world regions. These connections, which have grown over decades, are now being subjected to a particularly intensive stress test in the face of the tensions between Washington and Beijing. The haggling over the question of the participation of Chinese companies in the expansion of 5G networks shows

how difficult it has become to balance national and regional interests in the areas of economy, security, and geopolitics.

The European Union has only had to deal more intensively with this balancing act for a few years. It does not always appear prepared for the complex issues this challenge entails. But a glance at the world – especially at China's more immediate sphere of influence in Asia – reveals just how aggressively the Middle Kingdom is attempting to weaken multilateral organisations. This is an apparent common ground between the current governments in Washington and Beijing. What often appears impulsive in Donald Trump's actions, and seems merely a part of the daily news flow, is in the case of China well-prepared and strategically executed. The objectives are different as well: the American administration would like to extricate itself from the role of the world's policeman and reduce its expenditures on multilateral cooperation. China, meanwhile, would like to expand its international influence, but prefers bilateral negotiations as the tool for doing so. This allows it to employ its impressive economic and security policy weight to better effect.

In contrast to global organisations, such as the UN and the WHO, regional associations, such as the EU and the Association of Southeast Asian Nations (ASEAN) are, for one thing, more resistant to external hostility – there are generally common, overarching interests, and decisions cannot be blocked by a superpower veto. Nevertheless, the example of ASEAN in particular shows how well China has, in recent years, succeeded in blocking decision-making mechanisms

and slowing regional integration. Below, we will take a closer look at the strategies that China has used with especially great success, outline possible countermeasures, and describe the conclusions the EU should draw from this development.

Characteristics of ASEAN

It is important to begin by taking a brief look at the differences and commonalities between ASEAN and the EU. Both associations were established primarily to promote the economic interests of member states while reducing the risk of regional conflict. It was not until ten years after the Treaties of Rome were concluded in 1957 that Indonesia, Malaysia, the Philippines, Thailand, and Singapore joined together to form the Association of Southeast Asian Nations. From the very beginning, the fundamental principles of the ASEAN way have been non-interference in the internal affairs of member states and unanimity in all resolutions – the much-vaunted principle of consensus.

There is no doubt that ASEAN has been an overall success for the participating countries.

In many ways, Southeast Asia is less homogeneous than Europe. Today, there are ten member states, in five of which the majority religion is Buddhism, in three Islam, while the Philippines is Catholic, and Vietnam atheistic. Economic performance varies widely; while the city-state of Singapore had a GDP of 64,582 US dollars per capita in 2018, Myanmar had only 1,326 US dollars. Political systems differ greatly as well, from a hereditary monarchy in Brunei, to a one-party system in Vietnam, to the heavy military influence on the parliamentary governments in Myanmar and Thailand, to the more consolidated democracies in Malaysia and Indonesia. Overall, there are far fewer national borders within ASEAN than within the EU. Laos is the only land-locked country, and the Philippines is an island nation. These differences have also

given ASEAN the reputation of being a project for the elite, with scant relevance for the majority of the region's 600 million inhabitants. Nevertheless, there is no doubt that the association has been an overall success for the participating countries. The region is prospering economically, the number of conflicts is relatively small, and its geostrategic position attracts great interest from other associations of states, as well as from regional and world powers.

China's Growing Influence

Among these powers, of course, is China. The starting gun for the increasing interconnection was the economic cooperation treaty of 2002, which provided for the creation of a free-trade zone encompassing the ASEAN member states and China (ACFTA). Since 2009, China has been the ASEAN states' most important trading partner. In 2018, the total trade volume was 587 billion US dollars.¹ The formal exchange takes place primarily via the ASEAN+3 platform, which includes China, as well as Japan and South Korea.

An important step in the development of relations was the 18th National Congress of the Communist Party of China in 2012. Since then, President Xi Jinping has pursued a much more active form of diplomacy in China's immediate neighbourhood, which from then on he termed "partners with a common destiny".² As part of this strategy, China often cites the common interest in progress, improved standard of living, and a harmonious community. But it implies unchallenged Chinese pre-eminence in the region. This is especially true of the South China Sea, where Chinese territorial claims conflict with the claims of almost all ASEAN member states, but especially with those of the Philippines, Vietnam, and Malaysia. In their paper "ASEAN in China's Grand Strategy"³, Zhang Yunling and Wang Yuzhu describe the Chinese expectation that the ASEAN community will work on a solution with China without involving external powers in the process. Only in this way, ASEAN would have the leeway to play a constructive role, China claims. The authors praise the rapid improvement in



Cooperation in times of crisis: ASEAN was primarily established to promote the economic interests of member states while reducing the risk of regional conflict. [Source: © Luong Thai Linh, Reuters.](#)

Chinese-Philippine relations after the two countries faced each other in a legal dispute, initiated by the Philippines, before the Permanent Court of Arbitration in The Hague from 2013 to 2016 to resolve territorial claims in the South China Sea. The court denied China's far-reaching claims to the strategic sea-lanes through which more than five trillion US dollars worth of global trade flows each year. Beijing still considers the verdict irrelevant, calling the court's decision a farce.

The diplomacy of the community of destiny is underpinned by special efforts in three areas. The first is development cooperation, especially on the platform of China's Belt and Road Initiative (BRI), through which China pumps billions of US dollars into the development of infrastructure in its immediate and wider neighbourhood. The second pillar is the expansion of China's soft power in the region. This includes extensive exchange programmes for students and



academics, as well as the targeted influencing of public opinion – during election campaigns, for instance.⁴ The result of these efforts is that, in all ASEAN member states, at least some of the opinion influencers and economic and political elites are extremely China-friendly. This fact was particularly visible during the coronavirus crisis, ever since China began trying to control the narrative concerning the outbreak and the initial errors it made.⁵ An opinion piece by the former Singaporean diplomat Kishore Mahbubani in the *Economist*, for instance, devotes a half-sentence to the errors that China made immediately after the outbreak of the virus. The remaining two pages of his article are full of praise for the extremely efficient crisis management, which is a model for the world, and will further accelerate China's rise to a leading world power.⁶

The third pillar of Chinese diplomacy in the region is the demonstration of geopolitical and military strength, especially with respect to the South China Sea, where China is creating artificial islands and using them to establish military bases and other infrastructure. It is this area that is the most obvious conflict line between China and the ASEAN states. Nevertheless, it is difficult for ASEAN to speak with one voice about these conflicts. To better understand the dynamics of the situation, it is helpful to take a closer look at the bilateral relationships between China and the individual ASEAN member states, for instance, Cambodia.

Cambodia as a Chinese Submarine

The consensus principle is one of the primary reasons that individual member states are of great importance to the decision-making mechanisms within ASEAN. This becomes a problem when a member state is susceptible to external influence, especially when it is economically weak, has no independent justice system, and therefore lacks transparency in political and economic decision-making, as is the case in Cambodia.⁷ The country has been a political football for great powers in the past, a situation that reached its awful climax with the reign of terror under the Khmer Rouge. But its dark past has

not increased its immunity to external influence. Widespread corruption and the lack of checks and balances make Cambodia extremely vulnerable today. This creates a risk for all of ASEAN, since Phnom Penh has increasingly become the focus of the new system competition between Western democracies and China in recent years.

Beijing has recently used Cambodia's institutional weakness to undermine ASEAN decisions.

Beijing has recently used Cambodia's institutional weakness to undermine ASEAN decisions, especially in the South China Sea. This became very clear when the ASEAN foreign ministers met in July 2016 for the first time since the Court of Arbitration verdict in favour of the Philippines. Manila hoped to join Hanoi in making a joint declaration on the part of the ASEAN foreign ministers referring to the decision, the necessity of compliance with international law, and the importance of a multilateral, rules-based solution. Cambodia rejected the proposed formulation, using the consensus principle to prevent a joint ASEAN declaration. Phnom Penh thus clearly supported Beijing's position, which is that the conflict is a bilateral issue. It was, to date, only the second time in the history of ASEAN that the association was unable to reach a joint declaration. The first, in 2012, also involved Cambodia blocking a declaration concerning the South China Sea.⁸ In both 2012 and 2016, Cambodia received a reward from China. The first was a pledge to increase foreign direct investments and interstate trade,⁹ and the second was further development credit.¹⁰ The situation is exacerbated by the fact that China currently enjoys considerable economic and political leverage over various ASEAN states, reducing the ability of the group of ten nations to reach joint positions on strategic issues.¹¹

Shortly thereafter, in October 2016, China underscored Cambodia's strategic significance for its economic and geopolitical ambitions in

Southeast Asia with a state visit by President Xi Jinping.¹² Since then, Cambodia's relations with China have blossomed. Bilateral trade is growing exponentially, Chinese investments in Cambodian infrastructure are increasing, diplomatic relations are being expanded, and there is mutual support in such matters as the detention of the leader of the Cambodian opposition, Kem Sokha, by the Chinese government, and Cambodian support of Chinese opposition to the democratic movement in Hong Kong.¹³

Phnom Penh needs good relations with the EU and the US, also because these are important sales markets and major donors of development aid.

China's support no longer takes place behind closed doors. Before the 2018 National Assembly elections, the Chinese ambassador in Phnom Penh even took part in a rally for the governing Cambodian People's Party (CPP). The quality of support has thus changed drastically.¹⁴ It is therefore no surprise that China publicly supports Cambodia against Western criticism. When Western governments loudly criticised the political and human rights situation following the dissolution of the Cambodia National Rescue Party (CNRP), the Chinese ambassador in Phnom Penh said that Western criticism was unnecessary and for "minor issues".¹⁵

Difficult Balance

Beijing sees Phnom Penh as a close ally, especially with respect to China's own interests. Cambodia, on the other hand, must balance its interests between China, Vietnam, and ASEAN in order to prevent conflict and avoid endangering the process of regional integration. At the same time, Phnom Penh needs good relations with the EU and the US, which represent important markets for Cambodian products and

provide a great deal of development aid. This balancing act is becoming increasingly complex to achieve. Cambodia, which identifies itself as neutral, has difficulty living up to that identification – especially from the point of view of Western partners. China's economic influence is immense. A symbol of that influence is the city of Sihanoukville, which was, until a few years ago, a sleepy fishing village and has since become a huge construction site for Chinese casinos. Lack of transparency regarding Chinese investments makes it difficult to get a comprehensive picture of the situation. The US has made clear beyond which point it can no longer view Cambodia as a neutral player, however. An article in the Wall Street Journal quoted sources within the US administration saying that there is an agreement between Cambodia and China regarding a planned Chinese military base.¹⁶ The Cambodian government strongly denied the claim, as did the Chinese government, the latter unconvincingly.¹⁷ It was clear, however, that the US and its allies in the region will not accept a Chinese military base in Cambodia, and that such a base would have severe consequences for Cambodia's image in the world and for its international relations. The West would then question a great many cooperative efforts and investments in Cambodia, such as development aid and trade facilitation. Cambodia is thus, without any great need, bringing the new systems conflict between Western democracies and China to ASEAN.¹⁸

For Cambodia, it is risky both economically and from a security policy point of view to bet everything on China. The stable growth of the last few decades was due primarily to low wages and tariff-free access to the European and American markets. These factors have been exploited primarily by Chinese investors in the textile sector. However, only the end of the production chain has been outsourced. China's slowing growth, the stability crises brought on by the

Of great importance: Over one million jobs are dependent on the volatile textile industry in Cambodia. *Source: © Chor Sokunthea, Reuters.*



US-China trade war, the outbreak of the coronavirus, the democracy movement in Hong Kong, and the subsequent ratification of the security law could all result in the end point of Chinese production lines moving away from Cambodia. Since Cambodia has invested little in infrastructure and education, it is very dependent on China. Yet, the economic integration of ASEAN could offer Cambodia great potential for diversifying its economy. Currently, only about ten per cent of Cambodian exports go to ASEAN.¹⁹

From a security policy perspective, a Chinese military base in Cambodia would subject ASEAN to a severe test that would change it permanently. The countries that are already in conflict

with China, and the Southeast Asian countries that are allied with the US, would not be able to accept such a step. If the plan is implemented, ASEAN will have few options left. It is difficult to predict whether ASEAN would impose sanctions following such a decision, and if so, what the nature of those sanctions would be. But such a development would certainly be detrimental to multilateral cooperation in the region.

Defensive Multilateralism?

Many factors will determine whether it comes to that. The central question is the extent to which ASEAN itself can contribute to making its internal decision-making process more resistant



and thus give new strength to the association. If political consultants in the region had their way, the focus would be on two mechanisms: minilaterals and the abandonment of unanimity in favour of ASEAN minus X. The latter concept represents the capability of reaching resolutions that not all ASEAN members agree on. Deviating positions should be made visible, and the various perspectives should be included in the final declaration. The practice is already established in economic cooperation and should be adopted for security-relevant issues – at least where the decision does not affect the sovereignty or territorial borders of a member state, but instead affects the entire region.²⁰

Two powers are mentioned as preferred strategic partners for ASEAN, alternative to China and the US: Japan and the EU.

Of equal importance for modern, adaptable regional cooperation would be increased recourse to minilaterals in the area of security. Minilaterals are cooperation efforts involving sub-groups of ASEAN members on issues that directly affect only the members of a sub-group. Cambodia and Laos would then be unable to block decisions on the South China Sea issue, for instance, if the sub-group in question included only the Philippines, Malaysia, Vietnam, and Brunei. For this to work, it would be important that these groups be formed according to a fixed procedure, which also includes official support for the relevant working group by the ASEAN community.

Both concepts have been discussed intensively since Cambodia blocked the declaration regarding the verdict of the International Court of Arbitration. They have so far not been implemented because the relevant ASEAN chairmanships have not given them sufficient priority, and because the numbers involved in the concepts are not clear. Do minilaterals require three, four, or five members? And what should X be if, in future,

resolutions opposed by individual member states can be ratified? The longer these questions go unanswered, the more China will be encouraged to drive the wedge deeper into the Southeast Asian community of nations.

This danger is well-known within ASEAN. In the current The State of Southeast Asia survey²¹, conducted annually with more than 1,000 experts in the region by the Institute for Southeast Asian Studies (ISEAS), about 85 per cent of respondents expressed concern about China's political and strategic influence on ASEAN. When asked about which strategic partners could provide an alternative to the competition between China and the US, the survey returned two primary powers: Japan (38.2 per cent) and the EU (31.7 per cent). The study also clearly showed the hurdles the EU would have to clear so as to be a viable partner: among EU-critical respondents, about a third did not think that the EU has the political will to be a global leader, and another third thought that the EU was too concerned with its own problems to be able to assume such leadership.

It's the EU's Move

This painful appraisal will not go away overnight. But it is important that the EU seizes the opportunity to position itself as a more valuable strategic partner for ASEAN. The example of China shows clearly that this can be achieved by strengthening bilateral ties to ASEAN member states. The EU's free-trade agreements with Singapore and Vietnam, which only recently came into effect after a long delay, are an important step in the right direction.

At the same time, the EU is weakening itself by withdrawing trade preferences that Cambodia had previously enjoyed as part of the EBA (everything but arms) scheme. The EU felt that this step became necessary because of severe, systematic human rights violations on the part of Cambodia. Although this is true, the first EBA withdrawal in the history of the preference scheme remains an unusual step. Of the 49 countries currently benefitting from EBAs, several have human right situations at least as

worrying as that of Cambodia. The economic effect of the withdrawal of trade preferences will be catastrophic for the country. Over one million jobs are dependent on the volatile textile industry, which exports primarily to Europe because of tariff-free access to the single market. On 11 February 2020, the EU Commission announced partial withdrawal of the EBA status from Cambodia. The withdrawal affects about one fifth of Cambodia's annual exports to the EU, or one billion euros. The rhetoric of the EU's press release by High Representative for Foreign Affairs Josep Borrell was sharp: "The European Union will not stand by and watch as democracy is eroded, human rights curtailed, and free debate silenced."²² The withdrawal came into force on 12 August 2020.

By punishing Cambodia, the EU drove it further into the Chinese camp because it has almost no other alternatives left.

With this move, the EU is punishing Cambodia, driving it further into the arms of the Chinese because now, even though the measures are Cambodia's own fault, it has almost no other alternative. Nevertheless, the fight is not yet lost for the West. The EU should promote its convictions and core values without being naive. But a simple "punishment" that is not adapted to cultural practices will harm the reputation and reduce the influence of the West in the long run. Cambodia can still orient itself towards democratic partners in Asia – Japan, South Korea, and India – who are more aggressive in asserting their interests while retaining a good reputation. Their strategy in Cambodia is focussed on containing Chinese influence – and on the geopolitical importance of Cambodia, which should not be underestimated, especially given its central location in the Gulf of Thailand.

The "punishment" by the EU also leads to a closing of ranks of Cambodia's governing CPP, and a silencing of the younger, more progressive,

more Western voices in face of Prime Minister Hun Sen's rhetoric about protecting the country from EU influence.²³ But the party is very much divided with respect to the EU decision. Some are quite interested in continuing negotiations and reaching an agreement with the EU. Hardliners have already written off the EU as a partner. The goal must therefore be to support progressive forces, since if the hardliners get their way, the EU will lose all foreign policy and development policy involvement for the foreseeable future.

The current tensions between Cambodia and the EU also have a negative impact on the Asia-Europe Meeting (ASEM) scheduled to take place in Phnom Penh in mid-2021. The conflict must therefore be resolved before the Asian and European heads of state and government meet in Phnom Penh. This important event provides Cambodia with an opportunity to settle its complicated relations with the EU for the long term.

The case of Cambodia shows how China undermines the rules-based world order. The EU should therefore be wary, but not punitive; instead it should, without betraying its own values, make attractive economic and security policy cooperation offers.

Before the sumo wrestlers move on to the next multilateral arena, the EU should leave the stands and take a more active role in events. Not as a third wrestler, but rather as a referee that monitors compliance with rules – and ensures that other participants are not harmed in the conflict between the two opponents.

–translated from German–

Dr. Daniel Schmücking is Head of the Konrad-Adenauer-Stiftung's office in Cambodia.

Christian Echle is Director of the Konrad-Adenauer-Stiftung's Political Dialogue Asia / Singapore Regional Programme.

- 1 Huang, Xilian 2019: China and ASEAN doing well on economic, trade cooperation, The Jakarta Post, 31 Jan 2019, in: <https://bit.ly/3gWYtXY> [1 Jun 2020].
- 2 Stromseth, Jonathan 2019: The testing ground: China's rising influence in Southeast Asia and regional responses, The Brookings Institution, Nov 2019, in: <https://brook.gs/2QcNYUr> [21 Aug 2020].
- 3 Zhang, Yunling / Wang, Yuzhu 2017: ASEAN in China's Grand Strategy, The Economic Research Institute for ASEAN and East Asia, 8 Aug 2017, in: <https://bit.ly/3gUq8bN> [1 Jun 2020].
- 4 Crabtree, James 2019: 2020 look ahead: Chinese influence a concern as ASEAN elections arrive, Nikkei Asian Review, 31 Dec 2019, in: <https://s.nikkei.com/2POI7FV> [1 Jun 2020].
- 5 Paul, Lew / Merkle, David 2020: The World Hand-COV'd: Navigating between Great Power Rivalry and International Stability, Minsk Dialogue Council on International Relations, 10 Jun 2020, in: <https://bit.ly/2XWAYqm> [21 Aug 2020].
- 6 Mahbubani, Kishore 2020: By Invitation – Kishore Mahbubani on the dawn of the Asian century, The Economist, 20 Apr 2020, in: <https://econ.st/2DRTbhQ> [1 Jun 2020].
- 7 Burgos, Sigfrido / Ear, Sopha 2010: China's Strategic Interests in Cambodia, Influence and Resources, in: Asian Survey, 50: 3, p. 615, in: <https://bit.ly/2EiGCw1> [21 Aug 2020].
- 8 Mogato, Manuel / Michael, Martina / Blanchard, Ben 2016: ASEAN deadlocked on South China Sea, Cambodia blocks statement, Reuters, 25 Jul 2016, in: <https://reut.rs/3iAel2T> [28 May 2020].
- 9 Chan Tul, Prak 2012: Hu wants Cambodia help on China Sea dispute, pledges aid, Reuters, 31 Mar 2012, in: <https://reut.rs/2E49gkc> [28 May 2020].
- 10 Chan Tul, Prak 2013: China pledges \$548 million in aid to ally Cambodia, Reuters, 10 Apr 2013, in: <https://reut.rs/30Skn8X> [28 May 2020].
- 11 Panda, Ankit 2015: Why Hasn't Maritime Multilateralism Worked in Southeast Asia?, The Diplomat, 24 Feb 2015, in: <https://bit.ly/2POITmj> [28 May 2020].
- 12 Associated Press 2016: China's leader visits ally Cambodia to cement strong ties, 13 Oct 2016, in: <https://bit.ly/31MQDtr> [28 May 2020].
- 13 Khemara, Sok 2019: Cambodia Backs China on Hong Kong Protests, Voice of America, 23 Nov 2019, in: <https://bit.ly/2PR9C0w> [28 May 2020].
- 14 Chan Tul, Prak / Allard, Tom 2018: Cambodia's Hun Sen has an important election backer: China, Reuters, 28 Jul 2018, in: <https://reut.rs/33XbJbq> [28 May 2020].
- 15 Lipes, Joshua 2018: New Chinese Ambassador to Cambodia Slams Western Criticism of Hun Sen Regime Over 'Minor Issues', Radio Free Asia, 28 Dec 2018, in: <https://bit.ly/30Tv5MI> [28 May 2020].
- 16 Page, Jeremy / Lubold, Gordon / Taylor, Rob 2019: Deal for Naval Outpost in Cambodia Furthers China's Quest for Military Network, The Wall Street Journal, 22 Jul 2019, in: <https://on.wsj.com/3anxO48> [28 May 2020].
- 17 Schroeder, Peter / Brunnstrom, David 2019: Cambodia denies deal to allow armed Chinese forces at its naval base, Reuters, 22 Jul 2019, in: <https://reut.rs/2DZdfi6> [28 May 2020].
- 18 Hutt, David / Crispin, Shawn 2018: Cambodia at the center of a new Cold War, Asia Times, 15 Nov 2018, in: <https://bit.ly/3akNt40> [28 May 2020].
- 19 ASEAN Stats 2018: Statistical Highlights 2018, ASEAN Stats, Jakarta, <https://bit.ly/3gScOVy> [28 May 2020].
- 20 Le, Hong Hiep 2016: Can ASEAN Overcome the 'Consensus Dilemma' over the South China Sea?, Institute for South East Asian Studies (ISEAS), 24 Oct 2016, in: <https://bit.ly/3iIk515> [1 Jun 2020].
- 21 Tang, Siew Mun et al. 2020: The State of Southeast Asia: 2020 Survey Report, ISEAS, 16 Jan 2020, in: <https://bit.ly/30SA2oQ> [1 Jun 2020].
- 22 European Commission 2020: Trade/Human Rights: Commission decides to partially withdraw Cambodia's preferential access to the EU market, 12 Feb 2020, in: <https://bit.ly/2DFAnTe> [28 May 2020].
- 23 Sokhean, Ben 2019: Hun Sen slams EU over unacceptable EBA demands, Khmer Times, 22 Nov 2019, in: <https://bit.ly/3kH93EM> [28 May 2020].