

# China's Rise: The Politics Behind China and Southeast Asia Relations

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# Sino-Southeast Asian Relations under Xi

- President Xi Jinping's statecraft has transformed Sino-Southeast Asian relations since 2012.
- Why is Southeast Asia so important to China?
  - Trade: US\$580 bn in two-way trade in 2018.
  - Investment: Singapore the largest source of FDI; China has invested US\$150 bn in Southeast Asia.
  - ASEAN as a diplomatic community that China wants to have an exclusive relationship with.
  - Southeast Asian sea lanes critical to China's export-led growth and energy security
  - The South China Sea dispute.
  - Southeast Asia as the principal theatre of US-China competition.
- Three issues under examination:
  - South China Sea dispute
  - China's Belt and Road Initiative
  - Intensified Sino-US competition

# The South China Sea Dispute

- SCS tensions have risen under Xi.
- Construction of seven artificial islands in the Spratlys a game changer.
- China can now project military power into the heart of maritime Southeast Asia, coerce the SEA claimants and push its territorial and jurisdictional claims.
- Psychological impact: growing sense of fatalism in SEA.

# The South China Sea Dispute

- ASEAN-China Code of Conduct (CoC) for the South China Sea:
  - Framework (August 2017)
  - Single Draft Negotiating Text (August 2018)
  - First Reading (July 2019)
  - Second, Third Readings?
  - 2021 “deadline”
- Problems:
  - Legal status
  - Geographical scope
  - Listing prohibited activities

# South China Sea Dispute

- No downside to China's participation in CoC talks:
  - Strengthens China's narrative that "Asian security problems should be solved by Asians" and not "outsiders".
  - Won't affect China's territorial/jurisdictional claims.
  - Burnishes China's self-image as a responsible and constructive player, even as it increases coercion on the SEA claimants.

# Belt and Road Initiative

- Drivers of BRI: economic or geostrategic?
- SEA countries have broadly welcomed it to plug infrastructure gaps.
- Most BRI projects in SEA have run into difficulties:
  - Kuala Lumpur to Singapore HSR [suspended]
  - East Coast Railway, oil pipelines, Malaysia [renegotiated]
  - Kyauk Pyu Port, Myanmar [downsized]
  - Thailand's HSR [delayed/renegotiated]
  - Sino-Lao HSR [too costly]
  - Jakarta-Bandung HSR [delayed]
- Pushback on BRI but China is still in the game, though faces competition from Japan.

# Intensified US-China Competition

- Full-spectrum competition between US and China now the central organizing principle of regional security.
- Xi's policies have led to a broad-based coalition in the US which has called for tougher policies against China; Trump has turned it into policy.
- The Trump administration now identifies China as America's greatest security challenge.
- Strategic rivalry likely to intensify into the 2020s; and likely to be centred on Southeast Asia.

# Intensified US-China Competition

- SEA states view Sino-US competition with unease, even as it creates opportunities to play one side off the other.
- Smaller states may have to make binary choices, on trade, technology and security.
- To recapture the regional narrative, SEA states have promoted the ASEAN Outlook on the Indo-Pacific (AOIP) – more inclusive, emphasizes economic development and connectivity over strategic competition.
- But can the ASEAN states really influence the dynamics of Sino-US relations?