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## **China-ASEAN Relations: Hamstrung Soft Power in South China Sea?**

*By Lim Kheng Swe*

### **Synopsis**

*China's multi-faceted relations with Southeast Asia is often hamstrung by Beijing's hard line position on territorial claims in the South China Sea. Is it possible to isolate the maritime disputes from other aspects of the Sino-Southeast Asian relationship?*

### **Commentary**

CHINA AND Southeast Asia are more intertwined than ever. Trade between these two regions is booming, and Chinese investors are pouring into Southeast Asia. China is fully involved in most regional security meetings organised by ASEAN. This era of Sino-Southeast Asian relations should therefore be a golden age bringing mutual peace and prosperity for all concerned.

Nevertheless, there is a shadow hanging over this idyllic picture: the South China Sea conflict. Vietnam and the Philippines have had several diplomatic and military spats with China. In the most recent crisis, Vietnamese and Chinese ships faced off near the Paracel Islands over China's deployment of an oil rig in disputed waters. For the casual observer of Sino-Southeast Asian ties the problems in the South China Sea would be cause for doom and gloom. However, amid all of the media noise about plummeting relations, a broader view of relations between the two sides would be instructive.

### **Expanding economic relations**

Economic relations between both sides are expanding. In 2013, total Sino-Southeast Asian trade hit an all-time high of US\$ 443.6 billion. This was an increase of 10.9 per cent from the figure in 2012, which was itself a 6.2 per cent increase from 2011 levels. Even in the case of Vietnam and the Philippines, bilateral trade with China has soared as diplomatic tensions have soured; Sino-Philippine trade rose 4.6 per cent from 2012 to 2013, and Sino-Vietnamese trade leaped by 29.8 per cent over the same period.

China's investments and infrastructure projects in Southeast Asia are also on the up and up, particularly in the CLMV (Cambodia, Laos, Myanmar and Vietnam) countries. China's Export-Import Bank has sponsored a new infrastructure private equity fund, the China-ASEAN Investment

Cooperation Fund, which will funnel Chinese assets into investment opportunities in infrastructure, natural resources and energy in ASEAN countries.

Bangkok recently approved the Vientiane-Bangkok leg of the Kunming-Singapore railway, which will increase connectivity between Southwestern China and mainland Southeast Asia. The Chinese have also completed a natural gas pipeline running from Kyaukphyu on Myanmar's eastern coast to Yunnan Province, and Chinese state-owned enterprises have been active in building dams and hydropower plants in the hills of Laos.

China and its Southeast Asian neighbours also are boosting their military ties. A closer look at official Chinese media reports shows that the number of bilateral visits between China and its Southeast Asian neighbours has spiked dramatically between 2009 and 2013, with between 18 and 36 visits taking place every year during this period. This is a large increase from the period between 2003 and 2008, in which the number of visits each year ranged from zero to nine.

China also takes part in military exercises with Southeast Asian countries, such as the ASEAN-centred ADMM-Plus HADR exercises in humanitarian and disaster relief; the Komodo multilateral exercises hosted by Indonesia; and Cobra Gold, which involves several Southeast Asian countries as well as the United States. China is also heavily involved in the regional multilateral diplomatic and security architecture, taking place in most ASEAN-led gatherings such as the ASEAN Plus meetings, the ADMM Plus negotiations and the East Asia Summit, among others.

Much of this outreach to Southeast Asia is in keeping with China's use of "soft power" in order to further its interests. China's foreign policy is ultimately aimed at keeping stable diplomatic and economic relations with its neighbours as part of its "good neighbour policy". This boosts trade and investment, which feeds back into China's domestic economy and helps contribute to domestic stability.

### **Why the South China Sea conflict?**

So what explains the conflict in the South China Sea, which undermines China's "smile diplomacy" with the rest of the region? Ultimately, the Chinese government is uncompromising on China's territorial integrity. Beijing appears to have absorbed the Westphalian view of the sacredness of the nation-state's territorial integrity, making it react instinctively whenever its territory is being threatened. From Beijing's point of view, the Philippines and Vietnam are claiming maritime space which is also claimed by China.

The history of conflict between China and these two countries has led to Vietnamese and Philippine mistrust of Chinese motives, leading to a hardening of stances and an escalation of the conflict. Although it would be possible to de-escalate the conflict by using quiet diplomacy, the need for the Philippine and Vietnamese, as well as the Chinese, governments to "hang tough" on the dispute in order to please a nationalistic domestic audience makes this unlikely.

China's soft power approach towards Southeast Asia is therefore hamstrung by its hard power attitude towards the South China Sea. This, though, is not necessarily a bad strategy for Beijing. By being hard with one hand and soft with the other, China can extract maximum gain from its dealings with Southeast Asia. It is arguably able to reap the benefits of increased economic ties and (on the whole) stable relations with its neighbours, while not compromising on the South China Sea issue.

### **Silver lining for ASEAN**

Although the South China Sea conflict is indeed a real security problem for the region, there is a silver lining for ASEAN. China's mixed strategy implies that the South China Sea conflict is isolated from other aspects of the Sino-Southeast Asian relationship.

China's military, diplomatic and trade relations with Southeast Asia as a whole should remain undamaged by this territorial dispute, meaning that Southeast Asia itself can take advantage of China's soft-power approach to the region.

What is important is to keep being mindful that there is this dividing line between the two, so that

Southeast Asia can continue to benefit from the best that China has to offer, while minimising the spillover effects of the rockier side of their relations.

The dividing line means that although the South China Sea conflict may remain unresolved, it can be confined to only one part of the broader Sino-Southeast Asian relationship. If the conflict does not infect other aspects of the relationship, all countries would be able to focus on the business of strengthening economic prosperity, military cooperation, and political stability, without constantly worrying about the looming “China threat”.

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