

Title: *International Journal of China Studies*
ISSN: 2180-3250
Publisher: Institute of China Studies, University of Malaya
50603 Kuala Lumpur, Malaysia

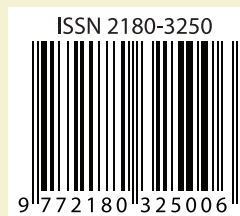
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International Journal of China Studies

Volume 6, Number 2, August 2015

International Journal of China Studies

Volume 6 Number 2 August 2015 ISSN 2180-3250

Editor's Foreword

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International Journal of China Studies

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1. Manuscripts submitted for publication in the *International Journal of China Studies* should focus on contemporary China and her relations with other countries and regions, in the context of regional and global development, and more specifically, issues related to the political, social and economic development, trade and commerce, foreign relations, regional security and science, medical and technological development of contemporary Mainland China, Taiwan, Hong Kong and Macau.
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Typeset by Ivan Foo Ah Hiang

Printed by University of Malaya Press
University of Malaya, Lembah Pantai
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International Journal of China Studies, Vol. 6, No. 2, August 2015

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First published in 2015

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Typeset by Ivan Foo Ah Hiang
Printed by University of Malaya Press
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International Journal of China Studies

Vol. 6, No. 2, August 2015

Editor's Foreword

This issue of the *International Journal of China Studies* is a special focus issue. All the articles are originally papers presented at the International Conference on “Malaysia, China, and the Asia Pacific Region in the Twenty-First Century,” organised by the Institute of China Studies of the University of Malaya, on 29th and 30th of October in 2014. The conference was organised to commemorate the 40th anniversary of the establishment of diplomatic ties between Malaysia and China. The conference was successfully organised, with more than 20 papers presented. The editor would like to thank the authors of the articles in this issue for making their papers available for publication in this journal.

Dr. NGEOW Chow Bing
Institute of China Studies, University of Malaya

**Special Focus on “Malaysia,
China and the Asia Pacific in
the 21st Century”**



Images and the Shaping of Malaysia's China Policy: 1957-1974

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Abstract

This paper describes early images of China in Malaysia and explains how they reflected Malaysia's early China policy. The images were mostly negative in character and were the outcome of Malaysia's historical experience, both in the distant past and in more recent years. This was set against a background of colonialism, nationalism and the Cold War. The last forty years of official Malaysia-China relations, however, have led to a generally more positive view of China in Malaysia. This improved relations helped reshape the images of China in the perception of Malaysians.

Keywords: *images, Malaysia, China, state, revolution, homeland, market*

1. Introduction

A Pew survey in 2013 on global attitudes towards the United States and China revealed that China had an 81% favourable rating in Malaysia compared to US's rating of 66% (Pew, 2013). This is significant and even surprising for two reasons. First, the 2013 Pew's Global Attitudes Survey showed that generally most countries viewed the United States more positively than China. Only in a few other Muslim countries such as Indonesia and Pakistan did China, as the Pew survey suggests, has a higher rating than the US. Second, the image of China in Malaysia has, until recently, been largely negative. China was generally held with suspicion and seen as a power threatening the interest of Malaysia.

Certainly, China's image in Malaysia has, in recent years, improved. This favourable view of China by Malaysians is currently underlined by growing trade between the two countries. Since the establishment of Kuala Lumpur-Beijing relations in 1974, China has emerged to be Malaysia's biggest trading partner. In turn, Malaysia is China's eighth largest trading partner worldwide and the largest in Southeast Asia (Lee, 202). There is growing

exchange between the two countries in education and tourism. At the same time, the security concern about China has since receded and Malaysia in official forums has declared that it does not consider a rising China as a threat (Saravanamuttu, 1983).

This paper explains why early images of China in Malaysia were negative and how those unfavourable images reflected Malaysia's early China policy. It will then consider the emergence of a latter set of images following the establishment of relations and the sources for the construction of these new images. Generally, the images of China in Malaysia were drawn from two sources. First, they were formed by the behaviour or statements by China and responses to them by Malaysian leaders. Second, the images arose out of the historical experience of Malaysians. These experiences found expression in events, writings and policies of Malaysian leaders.

The images that countries have of one another are important. An image is a mental conception held in common by members of a group and represents a basic attitude or the general impression that a person, organisation or product presents or is presented to the public. Various scholars contend that decision-making in foreign policy formulation is influenced by how decision-makers view other countries. Kenneth Boulding suggested that: "We act according to the way the world appears to us, not necessarily according to the way it 'is'... it is one nation's image of the hostility of another, not the 'real' hostility, which determines its reaction" (Boulding, 1959). How a country is perceived or projected by another influences the nature of their relations. In international relations, images of nations hint at or project intent, whether friendly or hostile (Nathan and Scobell, 2012). They also enable nations to attract or conversely deter foreign investments and trade (Anholt, 2007). Images reduce very complicated real environment into simpler models easily comprehensible to the society at large. They are also not value free mainly because the images are associated with the attributes of the target nation and those of the beholders. Furthermore, they are often mediated through historical memory, articulation of leaders, and the selectivity of the press in the countries concerned (Li and Chitty, 2009).

China, as a series of images was first used by Ruth McVey in her study of the Indonesian Communist Party (McVey, 1968). McVey argues that to Indonesians, China in the 1949-1965 period was viewed as a state, a revolution and homeland to their own ethnic minority. In the early years especially during the period of liberal democracy the Chinese images were received positively by many Indonesians. Liu Hong argued that in immediate post-independence Indonesia, China was idealised. Many Indonesians separated the China they admired from its communist ideology and credited the creation of a disciplined, cohesive and harmonious society they saw to Chinese nationalism and the new democracy (Liu, 2011). Sukarno found no

incompatibilities between the ideas driving China and his own views, and his interpretation of China's political experience served as a key rationale for the introduction of Guided Democracy that greatly concentrated power in the president's hands (Bunnell, 1966). Disenchanted with Western-style democracy, China as a model appealed to Sukarno. This idealised image of China differed greatly from Western observers who viewed the country as a repressive, totalitarian communist state.

China as a state, revolution, and homeland were also images projected to Malaysians. However, unlike Indonesia, China in the same period was perceived in Malaysia as a threat. This difference in perception of China in Malaysia and Indonesia arose out of different decolonisation process. It was also due to Malaysia's own historical experience, both in the distant past and in more recent years. The images of China were particularly threatening when they were seen as linked together. When this happens China was not only a state but a state that came to power through a communist revolution and had set out on a course of a continuous revolution supporting liberation movements worldwide. Furthermore, Beijing offered the view of China as a homeland for Chinese overseas by recognising as Chinese national those whose grandfather was a Chinese. Thus, Malaysia was unable to see China without associating it with its revolutionary origin and with its homeland appeal. China as a revolution and as homeland posed difficulties for Malaysia at a time when Beijing declared support for the insurgency in Malaya led mostly by local Chinese. This shaping and re-shaping of China's image must also be seen against a backdrop of colonialism, nationalism and the Cold War.

With diplomatic relations between Malaysia and China established in 1974 and trade between the two countries growing, the images took on a less hostile appearance. As the international scene changed, so did the nature and the evocative power of the images. Indeed the image of China as a revolution faded into the background while new images of China as a market and a trading partner as well as of a shared past that has an Islamic sub-text became more prominent. Gradually the several images of China were de-linked from one another and efforts were made to re-cast each of them in more positive appeal.

2. China as a State

Contact between a Malay state and China started as early as the 15th century. There are two sources referring to this contact. These are the *Sejarah Melayu* (the Malay Annals) and the Ming records (*Ming shi lu*). In neither was China portrayed as a threatening or belligerent power. Rather, some historians argue that the visit of Chinese naval fleets in the early 15th century especially led by Admiral Zheng He helped consolidate Malacca as

a power in the Straits of Malacca. However, contact between Malay states and China was not sustained.

It was towards the end of the 19th and the beginning of the 20th century that China as a state reappeared in the political discourse in Malaysia. This was a period when China was going through political upheavals amidst efforts to reconstruct the Chinese state. The conflict in China between reformists and revolutionists extended to Southeast Asia when both sides sought the support of overseas Chinese. This caused concern to the colonial powers at the possible political impact the reformist-revolution conflict and the emerging new Chinese state would have on overseas Chinese and local nationalists. Certainly the 1911 Chinese revolution that overthrew Manchu rule was followed with great interest in Malaya and elsewhere in Southeast Asia. However, the subsequent civil war and Japanese invasion left China weakened and the image was of a state unable to exercise overseas influence.

It was through the lens of post-World War Two and Cold War politics that the image of China as a state reappeared to Malaysians. It was an image of a China going through revolution that persisted in the post-war and post-1949 period in Malaya. The response to a revolutionary China was divided (Wolf, 1983). Indeed, while London recognised the new government in Beijing and established diplomatic relations, the British colonial administration in Kuala Lumpur banned all contact and communication between Malaya and the People's Republic of China (PRC).¹ Within Britain, there were strong criticisms of London's recognition of Beijing in January 1950.² There were fears that establishing diplomatic relations with the PRC would complicate the security situation in Southeast Asia and serve to encourage the communist-led insurgents in Malaya. Sir Gerald Templer, High Commissioner of the Federation of Malaya, declared that the insurgency was supported by China. In a meeting with Richard Nixon, the then US Vice President visiting Kuala Lumpur on a fact-finding mission, Templer warned that to safeguard Southeast Asia "...a halt must be called to Chinese encroachment, and again the sooner the better" (Cloake, 1985).

The Malayan leadership on taking over from the British (Malaya gained its independence in 1957, renamed as Malaysia in 1963 after Sabah and Sarawak joined Malaya) maintained the policy of not recognising China. All official contacts between the two countries were forbidden. The exception was unofficial trade that was carried out largely through Singapore and Hong Kong. Tunku Abdul Rahman, Malaysia's first Prime Minister, gave several reasons for not recognising China. First, the Tunku contended that Malaya would not recognise a regime which openly supported the Malayan Communist Party (MCP) in its war against the Kuala Lumpur government.³ Second, he feared that given the fact that a majority of the Malaysian communists were of Chinese origin, recognition of Communist China could

not only be a morale booster to the insurgents but might give occasions for China to interfere in the internal affairs of Malaysia.⁴ Related to this was the concern that recognition could be misconstrued by the huge Chinese majority in Malaysia that he approved communism. Third, the Tunku used the China case to explain his dilemma of not having diplomatic relations with other communist countries. He explained that he did not want to be forced into a situation where, by recognising communist countries, Malaysia would eventually have to have diplomatic relations with China. Fourth, as elaborated by Abdullah Ahmad, a former cabinet member and UMNO (the dominant party in the ruling coalition) leader, "the Malays would not take kindly to a China-Malaysia relationship" (Ahmad, 1985). Memory of the mainly ethnic-Chinese-based and communist affiliated Malayan People's Anti-Japanese Army's (MPAJA) reprisals against the Malays after World War II remained and there was unease among Malays to China because of alleged links it has with local Chinese communists. There was also the long held fear as expressed by Dato Onn Jaafar (founder of UMNO) that China had ambition of taking over Malaya and this could be achieved with the help of local Chinese. The link between the Chinese state and local Chinese appeared in a statement by Dr Ismail bin Dato Abdul Rahman, the Malayan ambassador to the United Nations and the US in 1959. When asked whether Malaya might recognise Communist China, Dr Ismail explained that, "...there were still Communist terrorists in Malaya and the Government was building a united nation helping citizens of Chinese race to identify themselves completely with Malaya."⁵

The first Prime Minister was generally pro-West and in the Cold War environment he always saw China as a threat to regional security. Thus, when the issue of China's admission into the United Nations was raised by India in September 1957, Malaya, which had just become a member of the world body, voted with 46 other countries to have the question shelved.⁶ India, which supported the motion, strongly criticised Dr Ismail who was leading the first-ever Malayan delegation to the United Nations for taking such a stand.⁷ In January 1959, Dr Ismail, who was then also Malayan Ambassador to the US, elaborated on Malaya's apprehension of China. He declared that "the free world has to contend against two big Communist powers, one of which will concentrate on South-East Asia... Communist China is the one which will concentrate on South-East Asia."⁸ Two months later, in March 1959, the Malayan Federation Government released an 11,000 word document claiming that there were, "...plans and plots of Communists inside and outside Malaya for overthrowing the Government and establishing a Red state."⁹ The document alleged that there were secret printing presses in the Kuala Lumpur area and that these reproduced propaganda from Radio Peking and from Chinese Communist publications. Some of these materials were said to be targeting students in Chinese schools. The government warned that

the Communist regime in China was making an all-out effort to spread its influence particularly among the local Chinese. The document further claimed that in its drive to gain local support, the Chinese Communist Party in the previous year sent into Malaya more than 13 million Chinese publications. This was 10 per cent more than the total sent in 1957.

Events in Tibet and India seemed to lend support to Malaya's view of China as a state with expansionist intentions. In March 1959, following reports of China's use of military force against unrests in Tibet, Malaya issued a statement condemning Beijing.¹⁰ Then in 1962 a border war broke out along the Himalaya between India and China. In the India-China border dispute, the Tunku declared support for India. He saw the conflict as more than a border dispute. He described the clash between the two Asian powers as a battle between democracy on one hand and communism of a totalitarian society on the other. The Tunku thereupon launched a "Save Democracy Fund" in support of India.

In the 1959-1966 period, China's alignment with Indonesia gave Kuala Lumpur further reasons to see the Chinese state as unfriendly towards Malaysia.¹¹ In 1963 Indonesia launched a confrontation against the formation of Malaysia and landed armed "volunteers" along the coast and border regions of Malaysia (Weinstein, 1976). In this confrontation campaign, Beijing joined Jakarta in attacking Malaysia as part of a scheme to retain neo-colonial influence in the region. In 1965 the Tunku alleged that China had amassed some \$150 million in Malayan currency for subversive purposes in Malaya. In 1971 Zaiton Ahmad, the Secretary-General of the Foreign Ministry of Malaysia, declared that China continued to give support to the Malayan Communist Party: "The MCP claims affiliation with Peking and China has not denied this. Rather Peking has allowed a radio station in South China calling itself the 'Voice of the Revolution of Malaya' to beam propaganda for the party in this country."¹² The image of China as a state thus came through regularly as a malevolent one to Malaysia.

It should be noted that this negative image of China as a state was also shared by some Malaysian Chinese. These were older Chinese who in the pre-WWII years had been sympathetic to the Kuomintang and were opposed to the communists in Malaya and China. Indeed, it was said that among some leaders in the Malaysian Chinese Association (MCA), the Chinese coalition partner of UMNO in the ruling Alliance coalition, were Kuomintang sympathisers. Several of these leaders were close to the Tunku and their influence on Tunku's China policy cannot be discounted. Many of these strongly anti-communists were from business groups and had business ties with Taiwan. Not surprisingly, the Malaysian government allowed Malaysians to travel to Taiwan for business and education, in contrast to its ban on all contact with mainland China. Several hundred Malaysian students,

mainly from Chinese-language schools, enrolled each year in Taiwanese universities. In November 1965 a trade mission was sent to Taiwan and in 1966 a Malaysian consulate was established in Taiwan.

3. China as a Revolution

China as a revolution was also a striking image for many in Malaysia because of the manner the new government in Beijing came to power and because of its association with the communist insurgency in Malaysia. The Chinese Communist Party gained control of Beijing in October 1949 after a protracted struggle against the Kuomintang. Furthermore, for Mao Zedong the revolution did not end in 1949. The struggle was to be a continuous one, both at home and abroad. Zhou Enlai, PRC's first Foreign Minister, declared that China would support revolutions in countries still under colonial rule and work to unite the world's people (Kissinger, 2011; Lowenthal, 1968).

Most of Southeast Asia in 1949 was still under colonial rule or engaged in the struggle for independence. The Dutch in Indonesia and the French in Indo-China were attempting to regain control of their former colonies. In Malaya, the MCP had, in June 1948, launched an armed insurgency against the British. It was in this regional context of political upheaval that the communist leadership in China kept up its rhetoric of China's continuing revolution and declared solidarity for all liberation movements.¹³ And consistent with this rhetoric, Beijing declared support for the communist insurgency in Malaya.¹⁴

Nevertheless, Mao realised that China did not have the capacity to intervene directly in support of overseas revolution. Preoccupied with domestic challenges and with fears of Western threats surrounding it, Beijing's support was largely rhetoric (Schram, 1977). Still, the image projected was of an expansionist and hostile China providing direct material and moral aid to overseas revolutions. It was this image that was received and exploited by decision-makers in Malaya in the military and psychological war during the Malayan Emergency. But they were also convinced that China's support for the Malayan Communist Party was part of China's efforts to export its revolution overseas. Colonial administration and military commanders fighting the communists in the Malayan jungle accused China of backing the Malayan insurgency. This image of China was accepted by Malayan leaders as they gradually replaced the British.

4. China as a Homeland of Malaysian Chinese

The image of China as a homeland persisted among the older generation of Chinese in Malaya. This was especially among those who had hopes of returning to China. But this image aroused unease among other communities,

particularly the Malays. Since the 19th century a large number of immigrants especially Chinese had settled in Malaya. These immigrants came from China to work as labourers in tin mines and rubber estates. Many had hoped to make enough money and eventually to go back to China where they had families they left behind. But over time most Chinese chose to remain in Malaya. They had long settled down and had families and children. These included those born in the Straits Settlements, many of whom qualified for British nationality.

China as a homeland of the Chinese in Malaysia was also a position accepted by Chinese governments. The Kuomintang government when in power in mainland China and when they subsequently retreated to Taiwan regarded as a Chinese national anyone overseas whose grandfather was Chinese. When the communists took power in China in 1949 they continued the policy of *jus sanguinis*. Under this, China held that “any person born of a Chinese father or mother was a Chinese citizen regardless of birthplace” (Chang, 1980; also, Fitzgerald, 1970).

In the past, China benefitted from the loyalty and homeland sentiments of overseas Chinese. Such benefits included funds sent from Southeast Asia as remittances to support immigrants’ families back in China. So large were the amounts sent back that during the Great Depression in the 1930s it was estimated that these remittances made up for China’s trade deficit. There were also the funds raised by overseas Chinese for natural disaster relief efforts in China. Finally, overseas Chinese in rallying in support of China when it was invaded by Japan in 1937 collected large sums raised through sales of Chinese bonds. At the same time, thousands of overseas Chinese went as volunteers to Burma and the border regions of China to assist what many then still regarded as their homeland.

The nationality policy pursued by the Chinese government created early difficulties for many Southeast Asian nations which had just obtained independence. These newly independent nations would not tolerate large communities living in their midst who were citizens of another country, especially of a big nearby power such as China.¹⁵ The image of China as a homeland was troublesome because the indigenous community placed premium on loyalty to Malaysia and held with suspicion those whose affection was for another country (Katayama, 2013). This unease created by the image of China as a homeland was particularly evident during the Emergency. Conjured up by the image was of local Chinese facilitating the expansion of China which on its part was already said to be supplying arms to the insurgency. Indeed, in the context of the Cold War, there were claims that the overseas Chinese particularly in Southeast Asia were potentially fifth columnists for China’s expansionist ambitions.¹⁶ Such claims fuelled further suspicion of nationalists groups in Southeast about the loyalty of the Chinese in their midst. Added to this was also resentment among indigenous

groups of the economic dynamism of the Chinese community within the national economy.

The image of China as a homeland gained further traction when some 30,000 Chinese suspected of aiding the insurgency were detained and deported to China (Low, 2014). This despite the fact that many of those repatriated were local-born and had resisted deportation since for them Malaya rather than China was their homeland. Indeed, the new Chinese government unsure of the political background of those sent back was initially unwilling to accept the boatloads of Malayan Chinese.

This spectre of the homeland image was raised by Dato Onn bin Jaafar, founder of UMNO. In March 1953, speaking in his capacity as Member for Home Affairs in the Legislative Council, Dato Onn warned that "... Chinese organisations in Malaya were trying to make the country [Malaya] the thirtieth province of Chinese."¹⁷ To Dato Onn, the anti-China policy was perfectly understandable because the country was still fighting the China-supported communists.

5. The Market Image

A strong image of China as a market and trading partner took a longer time to take shape. This was despite the fact that China has always been important in Malaysia's overseas trade. Such trade began when early merchants from China visited Southeast Asia regularly. When the port of the Malacca sultanate was established it became a destination for Chinese ships. Then later, as increasing number of Chinese immigrants settled in the Malay states in the 19th century this trade grew especially through newly opened Hong Kong and Singapore. Chinese goods such as medicine and foodstuff were imported from southern China into Malaya in exchange for primary produce. Actively participating in this growing trade were Chinese merchants in the Straits Settlements who sent ships to Guangzhou, Xiamen, Hainan and Shanghai.¹⁸ World War II, however, disrupted regular trade between Malaya and China.

Efforts were made after WWII to restore commercial links. One of the first steps taken by the Nationalist Chinese government was to appoint a Commercial Advisor to the Chinese consulate in Singapore.¹⁹ When the civil war in China ended and the communists gained power in Beijing, there were hopes for increased export of Malayan rubber to China as large quantities of the commodity were needed to rebuild the country. In return Malaya increased the import of textile and traditional foodstuff and medicine.²⁰ However just as trade was beginning to pick up, volume once again dropped sharply. This happened when China entered the Korean War that broke out in June 1950. In May 1951 the United Nations enforced an embargo on sale of arms and

strategic supplies including rubber to China.²¹ Malaya under British rule was bound by the embargo.²²

So severe was the impact of the rubber embargo that Malaya's export to China fell from \$99.5 million in 1951 to \$32,000 in 1952 and imports from \$127 million in 1951 to \$120 million in 1952.²³ There was strong reaction to the trade embargo in Malaya especially within the rubber industry. While Malaya had to abide by the embargo, Britain was conducting trade with China. Woodrow Wyatt, a Labour MP raised the matter in the British parliament: "Did Mr Nutting [Conservative MP] not know there was considerable feeling in Malaya and Singapore because there was discrimination against them, while Britain was increasing trade with China?"²⁴ Earlier, Wyatt pointed out that despite the UN embargo, there was considerable export of rubber by other countries to China. Sri Lanka (then Ceylon) which was then not a member of the world body was sending large quantities of rubber to China. Sources from the rubber industry pointed out that Sri Lanka rubber was sold to China at prices above prevailing market rates (Shao, 1959).

Templer, the High Commissioner of Malaya while firm about not recognising Beijing, nevertheless was not opposed to trade with China. In response to a question from Richard Nixon at their meeting in Kuala Lumpur in September 1953 on whether trade with China should be resumed, Templer told Nixon that wages in rubber estates had been cut five times in the previous five months because of low rubber prices and Asian-owned estates were badly affected. Furthermore, the government's social services programme introduced as part of the fight against the insurgency was hit by low commodity prices. The new leaders of self-governing Malaya likewise saw China as a large market. The Tunku, when meeting Peter Thorneycroft, president of British Board of Trade, pointed out that the Alliance Government would like to see the removal of the embargo. The embargo did not entirely prevent rubber going to China. Rather the embargo diverted the flow through Europe to China. China was still getting as much rubber as it wants, with profits from the higher prices going to European middlemen and to countries like Ceylon, which did not observe the embargo.²⁵

In 1956, the UN lifted the ban on export of rubber to China, and this was soon followed by the Federation of Malaya government. With indications that the authorities were relaxing commercial restrictions between Malaya and China, plans were made to send trade missions to China. David Marshall, Chief Minister of Singapore, in declaring that his government was anxious to reopen trade with China added that: "...Singapore can survive only if it is a market-place open to all nations."²⁶ He then announced plans to lead an unofficial trade mission to China.

In June 1956, a group of Chinese traders and planters in the Federation announced plans to send a 15-man unofficial mission to China. China was likewise keen to improve trade. In July 1956, the All-China Commerce and Industry Association and the China Committee for the Promotion of International Trade cabled an official invitation to the Malayan trade mission.²⁷ It also invited a press party to accompany the trade mission. Earlier in the year, it was reported that the Singapore branch of the Bank of China was organising an exhibition of Chinese-made goods. It was expected that some 1,000 different items including appliances, textiles, food products, and medicine would be on display.

The Malayan mission consisting of 62 businessmen from various ethnic groups arrived in November 1956 and spent altogether six weeks in China to study trade conditions there.²⁸ While in China the mission discussed with importers problems affecting rubber trade and worked out new arrangements for the purchase of the commodity from Malaya. That the Chinese government placed importance in improving trade with Malaya was indicated by the attendance of Zhou Enlai, premier of China, in a reception to the Malayan trade delegation in August 1956. During the reception, the premier offered a toast to the prosperity of the people of Malaya and Singapore.²⁹

Nevertheless, the resumption of Malaya-China trade was not without some problems and not all groups in Malaysia benefited directly. The import of cheaper Chinese imports such as cement and textile, for instance, threatened the young local industries. Many of the newly set up industries in Malaya could not compete with Chinese imports. As a measure to protect its industries, the Singapore government in October 1958, banned the import of textile claiming that it was a case of dumping by the Chinese. Singapore's decision was followed not long afterwards by Kuala Lumpur.³⁰ In retaliation, the Chinese government in the same month stopped all imports from Malaya and Singapore.³¹ The trade dispute worsened when the Malayan government ruled in November 1958 that banks run by foreign government should be closed in Malaya. The ruling hit the Bank of China which had branches in the Federation and Singapore.³² It was not until many years after the establishment of Malaysia-China diplomatic ties that the Bank of China was allowed to re-open.

Meanwhile, the new Malayan government also showed interest in developing trade with Taiwan. Certainly it was part of an effort by the new nation to open up commercial ties with as many countries as possible. It is likely that the Malayan initiatives were also encouraged by pro-Kuomintang groups within the ruling coalition which besides commercial reasons had also political consideration. In August 1957, a 63-member trade delegation from Singapore and the Federation visited Taiwan for a two-week trade visit. The aim of the mission was to promote Malayan rubber, iron-ore, coconut oil, and

tapioca, and in return to attract Taiwan investment to Singapore and Malaya.³³ Later, the delegation flew to Taichung where they were welcomed by Taiwan's president, Chiang Kai-shek.³⁴

The following tables capture the flow of trade between China and South and Southeast Asia from 1930s to late 1950s and between China and Malaya from 1950s to 1970s.

6. Images De-linked

But images of nations can change. They alter, are replaced or fade away as circumstances dictate. A recent example are the images of Germany and Japan, seen by the US as enemies during World War II but since have been replaced by images projecting them as staunch allies. Russia and China which were on the side of the US during World War II are now cast in images as hostile rivals.

State, revolution, homeland, and market were images through which China once came to be known to Malaysia. The four images each conjured up a particular picture of China. The images projected by China and those received by Malaysia led to a particular perception of China. China saw itself not only as a state but also, following the communist gaining power in Beijing, as a continuous revolution supporting liberation movements worldwide. It was also a homeland because Beijing for a short while recognised as a Chinese national those overseas Chinese with a Chinese grandfather. For Malaysia during the Emergency, the three images of China as a state, of a state arising from a revolution and supporting worldwide revolution, and as homeland led to a perception of China as an expansionist power.

However, over time there was a de-linking of the images. First, the communist government in China was keen to establish diplomatic relations with the new Southeast Asian states. In fact, China as a state indicated early interest to improve relations with Malaya. When Malaya gained independence in 1957, the Chinese leadership sent congratulatory messages to Kuala Lumpur. Yet at the same time it could not renounce its claims on those Southeast Asians of Chinese descent without some reciprocity from these Southeast Asian states. Eventually China, in the process of establishing diplomatic relations with Indonesia in 1955, came out with a policy that subsequently formed the basis for its relations with other Southeast Asian states that have Chinese minorities. Beijing, in exchange for diplomatic recognition from Indonesia, relinquished its claims to those of Chinese origin who had become Indonesian citizens of their own free will. For those Chinese residing in Indonesia who, for one reason or another, could not be Indonesian citizens, Beijing urged them to respect the law and the customs of Indonesia. Second, China's changing policy was helped by the emergence of a group of

Table 1 Trade between Mainland China and South and Southeast Asia (a – in millions of USD, b – in percentages of total export or import of SEA country)

Export to China

<i>Exporting country</i>		<i>1938</i>	<i>1948</i>	<i>1952</i>	<i>1953</i>	<i>1954</i>	<i>1955</i>	<i>1956</i>	<i>1957</i>
Burma	a	3.8	13.4	0.1	1.3	0.1	17.5	14.4	9.1
	b	2.2	5.9	0.03	0.5	0.04	7.7	5.9	4.3
Ceylon	a	0	0	25.9	50.8	46.5	25.5	38.3	35.6
	b	0	0	8.2	15.4	12.2	6.3	11	10.1
Hong Kong	a	7.3	70.6	91	94.5	68.4	31.8	23.8	21.6
	b	4.7	17.4	17.8	19.5	16.1	7.1	4.2	4.1
India	a	4.8*	17.4	6.5	2.5	3.7	14.3	8	8.5
	b	0.8*	1.3	0.5	0.2	0.3	1.1	0.6	0.6
Indonesia	a	13.7	1.6	0	0	2.3	6.2	11.7	26.3
	b	3.6	0.4	0	0	0.3	0.7	1.3	2.7
Malaya	a	2.1	7.1	0	1.8	6.4	4.2	7.8	24.2
	b	0.2	0.9	0	0.2	0.6	0.3	0.6	1.8
Pakistan	a	0	9.9	83.8	7.2	26.1	31.7	15.9	9.5
	b	0	1.6	15.7	1.6	7.3	7.9	4.7	2.8
Total	a	31.7	120	207.3	158.1	153.5	131.2	119.9	134.8
	b	1.8	2.9	4	2.6	3.4	2.6	2.4	4.4

Import from China

<i>Importing Country</i>		<i>1938</i>	<i>1948</i>	<i>1952</i>	<i>1953</i>	<i>1954</i>	<i>1955</i>	<i>1956</i>	<i>1957</i>
Burma	a	1.4	5	2.3	1.5	0.5	2.3	22.2	12.5
	b	1.8	2.8	1.2	0.8	0.2	1.3	11.2	4.2
Ceylon	a	0.1	0.9	6.8	43.9	33.3	16.8	28.2	17.6
	b	0.1	0.3	1.9	12.9	11.3	5.5	8.2	5.9
Hong Kong	a	73.9	108.4	145.3	150	121.1	151.1	181.7	197.9
	b	39.5	20.7	21.9	21.9	20.1	23.2	22.7	22
India	a	5.9*	3.6	32.4	1.9	3.2	5.4	17.5	10.9
	b	1*	0.2	1.9	0.2	0.2	0.4	1	0.5
Indonesia	a	2	11.7	1.9	2.1	3.5	9.9	30.2	27
	b	0.7	2.9	0.2	0.3	0.6	1.6	3.5	3.5
Malaya	a	5.3	53.6	39.4	34.3	28.5	37.8	43.1	52.2
	b	1.6	6.3	3.1	3.3	2.8	3	3.1	3.7
Pakistan	a	0	20.8	2.2	3.3	1.6	0.2	0.5	7.8
	b	0	5.1	0.4	0.9	0.5	0.05	0.1	1.8
Total	a	88.6	204	230.3	237	191.7	223.5	323.4	325.9
	b	5.9	4.3	4	5.2	4.4	2.5	5.8	5

Note: * – including Pakistan.

Source: Shao, 1952.

Table 2 Malaysia's Trade with China 1950-71 (in RM million)

Year	Imports			Exports			Trade Balance
	RM	% of total imports	Index	RM	% of total imports	Index	
1950	18.9	2.5	42	18	1.4	100	-0.9
1951	28.2	2.1	63	16	0.8	89	-12.2
1952	27.2	2.8	60	*	—	—	-27.2
1953	23.4	2.6	52	1.6	0.2	9	-21.8
1954	19.1	2.4	42	5.6	0.6	31	-13.5
1955	24.5	2.6	54	2	0.2	11	-22.5
1956	29.3	2.8	65	8.5	0.6	47	-20.8
1957	36	3.3	80	28.5	1.2	158	-7.5
1958	45.2	4.5	100	51.6	4.1	286	6.4
1959	25.1	2.5	56	5.7	0.3	32	-19.4
1960	35	2.7	78	*	—	—	-35
1961	42.4	3.2	94	*	—	—	-42.4
1962	45.5	3	101	0.2	*	1	-45.3
1963	75.9	5	235	0.2	*	1	-75.7
1964	106	6.7	235	*	—	—	-106.0
1965	101.2	6.1	225	0.1	*	—	-101.1
1966	173.3	6.6	385	2.5	0.8	14	-170.8
1967	192.7	7.4	428	19.7	0.7	109	-173
1968	175.3	6.3	389	73.1	2.3	406	-102.2
1969	174.9	6.2	388	136.4	3.3	755	-38.5
1970	164.8	4.9	366	66.2	1.6	366	-98.6
1971	137.9	4.1	306	53.4	1.4	296	-84.5

Source: Wong, 1974: 26.

Chinese in Malaysia able to work with Malay nationalists to obtain for the community citizenship entitlement and a political role in the country. Chinese leaders formed the Malayan Chinese Association in 1949 that together with UMNO created the Alliance (now the Barisan Nasional), that negotiated independence from the British. Here were leaders and a party that convinced the Malays and the British that there were Chinese loyal to Malaya. Malaya and not China was their homeland. Third, by 1960 the independent Malayan government declared that the insurgency had largely been defeated and the Emergency officially ended. Armed members of the MCP had been forced to retreat to the northern jungles or to southern Thailand.

With the image of China as a state being de-linked from that of revolution and homeland, Malaya slowly adjusted its stance towards Beijing. The Tunku in August 1960 declared that Malaya would support the admission of China to the United Nations on the condition that Beijing recognised “the independence and sovereignty of Formosa.” The Tunku pointed out that if “Peking was admitted to the United Nations on her terms, the fate of many millions of Chinese under Chiang Kai-shek would be sacrificed.”³⁵ The Tunku argued that “...it is in our own interest to invite Communist China, one of the world’s most powerful nations, to any talks that would ensure world peace.”³⁶ Elsewhere, the Tunku pointed out that China was no more “war-like” than some countries which were members of the United Nations.³⁷ Nevertheless while Tunku was Prime Minister, Malaysia was not prepared to establish diplomatic relations with Beijing.³⁸

7. Images Adjusted

It was under Tun Abdul Razak, the second prime minister, that Malaysia established diplomatic relations with China in May 1974. Under Tun Razak, Malaysia moved away from a largely pro-Western foreign policy. In helping to set up the Association of Southeast Asian Nations (ASEAN) Tun Razak was anxious that the region be turned into a zone of peace and neutrality. Towards this objective, Tun Razak held that ASEAN countries must engage China. China was too big and important to ignore. By this time too, China was beginning to open up more to the outside world. China was changing. Its economy had made little progress under central planning, and the Great Leap Forward in the late 1950s and the Cultural Revolution beginning from 1966 brought disastrous consequences. China’s leaders thereupon put aside ideological priorities and set to introduce market-economy reforms. Beijing also became more realistic about its place in the larger geopolitics of East Asia. The US played its part as well, when in 1972 President Richard Nixon visited China as a start to the rapprochement process. Furthermore, within Malaysia, the Malayan Communist Party was no longer a real threat militarily.

Following Tun Razak’s visit and as Malaysia-China relations continued to improve, the images of China in Malaysia also came to be reshaped. The images of revolution and homeland while fading persisted but seemed incongruous with the new state of Malaysia-China relations. The old images needed to be reshaped or perhaps new ones created to offer a more positive tone reflecting the friendlier diplomatic footing.

In recasting the images to reflect the new relationship it was to the distant past that both China and Malaysia drew resources from. Recalled was the neglected story of early China-Malay relations as found in the narrative of the *Sejarah Melayu* (the Malay Annals) and the Ming records. Weaved into

this narrative is an Islamic encounter that had received little notice in the past but has since gained some renewed interest. This historical recall revolves around early Malacca rulers and of the visits of Ming naval fleets some 600 years earlier when Malay and Chinese political power were at their heights in the region and when the two had friendly exchanges. The encounter in this period provides helpful materials to forge a positive and more acceptable image of China.

The *Sejarah Melayu* is one of the oldest Malay historical texts and covers the Malacca sultanate part of Malay history. The text has three references to China. Two of these are associated with Sultan Mansur Syah who ruled in the 1456-77 period. In one of these is an episode of the marriage of Hang Liu (popularly referred to as Hang Li Po / 汉丽宝) to Sultan Mansur Syah that is narrated at some length (Brown, 1970). The text describes Mansur Syah sending a delegation to China and during a banquet managed to convince the emperor that Malacca was a powerful kingdom with as many subjects as there were grains of rice served. Impressed by this the Chinese emperor gave his daughter to be wife of the Malacca ruler. The story of Hang Li Po and Mansur Shah has in recent years been regularly highlighted to emphasise the friendly ties Malaysia had with China. Malacca in the *Sejarah Melayu* was depicted as enjoying parity of status with Ming China.

The visits of the 15th century Ming fleets to Southeast Asia have also been given renewed attention by China and Malaysia. For Beijing, those Ming fleets represented China's maritime power and China's peaceful encounters with neighbouring states. To Malaysia the visits of the Ming fleets is a reminder that Malacca was once a regional power whose friendship was sought by China. It was a regional role which is assumed by modern Malaysia and whose diplomatic support is cultivated by China today.

Significantly, the narrative of Admiral Zheng He has created awareness in Malaysia of the presence of a long Islamic presence in China. Given the growing Islamic resurgence in Malaysia, the discovery of a Muslim side of China offers Malaysians an added and acceptable perspective of the country (Zook, 2010). In August 1994 Anwar Ibrahim, the then Deputy Prime Minister, on an official visit to China took time off to visit Zheng He's tomb, accompanied by his wife and a large number of officials and businessmen.³⁹ Anwar was founder of Abim, the Islamic youth organisation and a charismatic Islamic leader. Malaysian newspapers gave great publicity to his visit to Zheng He's tomb. Supporting inter-civilisational dialogue and in taking a step back into history, Anwar turned the event into a historic moment as well. It was reported that during the visit, the Federal Auto chairman, Ahmad Saad, read a small prayer at the grave site of the Chinese admiral. Anwar, then using a Chinese brush wrote "In appreciation of the great Cheng Ho for a lasting Malaysia-China friendship – signed Anwar Ibrahim" on a piece of paper.⁴⁰

Dr. Mahathir Mohamed, who as the fourth prime minister of Malaysia from 1981 to 2003 and whose administration boosted Malaysia-China trade exchanges, also showed a keen awareness of the historical dimension of Malaysia-China relations. Attending a dinner hosted by the Malaysia-China Friendship Association in August 1999 he noted that ties between the two countries started more than 600 years. He added: "For us Malaysians, names such as Yin Ching, Admiral Cheng Ho (Zheng He) and Princess Hang Li Po were associated with the history of the Malacca Empire."⁴¹ Dr. Mahathir added that the close relationship between the two countries was weakened by the West whose power and influence began to prevail upon the two countries.

The references to Admiral Zheng He and Ming China by both Mahathir and Anwar helped to shift attitudes in Malaysia and in the process contributing to a new and positive image of China, an image rooted in Malay history and Islam. In 1996 the Malaysian Language and Literary Institute (Dewan Bahasa dan Pustaka), a government institution set up to promote Malay language and studies, organised a conference in Beijing on Malay studies. A second conference was held in Beijing in October 2002 where some 300 academics on Malay studies gathered.⁴² Underlying the interest among the participants particularly those from Malaysia was not only the attempt to compare Malay and Chinese literature, but through studying the links between the Malacca Sultanate and Ming China to rediscover early Malay history. Keen interest was shown when touring the Forbidden City where Malay academics believed Mansur Syah and Hang Tuah (a 15th century Malay admiral and hero), were entertained when they visited China. A conference paper in referring to Zheng He being Muslim and the strong influence of Islam in Ming China, suggested that Malacca-China relations had some role in the spread of Islam in the region (Kong, 2000).

The new image of a powerful but peaceful China was to a large extent contributed by Dr. Mahathir Mohamed. In the world order as seen by Dr. Mahathir, China was not a threat. Instead, in speaking up for the developing countries, he had been critical of the West on several issues such as trade policies, the international financial system, the United Nations, and differing perceptions of human rights and democracy. In many of these concerns Malaysia took positions close to that of China. Dr Mahathir's views of a changing world order were important in helping to improve bilateral relations and constructing new images of China.⁴³

8. Conclusion

Images are products of messages received, and the discussion above showed how through them China was projected and perceived by Malaysia. The early images of China in the imagination of Malaysians were of a state,

revolution, homeland, and a market. These images of China were moulded by Malaysia's historical experience, both in the distant past and in more recent years. This shaping and reshaping of China's image took place against a background of colonialism, nationalism and the Cold War. It is suggested here that how China was perceived in the pre-1974 period partly helps explain the non-establishment of diplomatic relations. These images presented China as a threat to Malaysia. Each image reinforced the perception of China as malevolent.

But images needed to be reconstructed when China and the international environment changed. The last forty years of official Beijing-KL relations especially from the end of the Cold War have helped recast the images to create a more favourable view of China in Malaysia. This is happening at a time of growing trade between the two countries. In education and tourism, there is increasing exchange between the two countries while on security, Malaysia does not see a rising China as a threat. Today, the dominant image of China is that of a market and a trading partner.

Notes

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ASEAN, China and Malaysia: Cautious Diplomacy, Trade, and a Complex Sea

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Abstract

During 2014, the Governments of the People's Republic of China (PRC) and Malaysia celebrated the 40th Anniversary of the formal establishment of diplomatic relations. The 1974 event was a milestone and significant during a period of the thawing of the Cold War era. The benefits of the past 40 years are witnessed in the sound bilateral investment and trade relations with cautious diplomacy. However, the Governments of the two nations, in recent years, grapple to find resolutions to their respective sovereignty disputes in the South China Sea and solutions on how best to collectively manage the marine biotic and mineral resources therein and the maritime space and jurisdictional issues. This study highlights the creative diplomacy against the backdrop of the contemporary disputes within the South China Sea with a special emphasis on Malaysia and the PRC in the context of the Asia-Pacific in the 21st century. During 2015, Malaysia holds the Chairmanship of the Association of South East Asian Nations (ASEAN) a regional bloc whose objective is to get closer to the 600 million people and the population of China which presently stands in excess of one billion.

Keywords: *Malaysia-China Relations, South China Sea, ASEAN, ASEAN-China Relations*

1. Introduction

Despite criticisms made against the effectiveness of Association of South East Asian Nations (ASEAN), it is clear that cooperation within ASEAN is now firmly entrenched. ASEAN will not lose its dynamism, viability and relevance that is the belief. On the contrary, increasing interest towards ASEAN and requests made for sectoral dialogue partnership by a number of Asian, African, and Latin American countries, reflect the high esteem accorded by

them to ASEAN as a regional organisation. The Government of China (PRC) is especially aware of the potential benefits that can be accrued especially with the concept of the Maritime Silk Route that is being espoused in academic literature and electronic and print media. Indeed, Malaysia's recommendations for the planned economic route have been incorporated into China's equation and developmental projects (*The Star*, 28 January 2015, p. 10).

The Government of Malaysia believes that the existence of ASEAN has encouraged patterns of behaviour that reduce risks to security by enhancing bilateral relations as well as fostering habits of open dialogue on political and security matters including establishing confidence building measures. The dialogue through the ASEAN Post Ministerial Conference (ASEAN-PMC) process and ASEAN Regional Forum (ARF), in which ASEAN functions as the core group, adequately serves the purpose (Yu, 2005; Kim, 2007; and Lai, 2007). Besides ASEAN, the Government of Malaysia places great emphasis on its foreign relations with countries in North East Asia. As a strong proponent of regional cooperation, China has always been a staunch friend of ASEAN. The China-Malaysia historical (in the period between 1949 and 1983) bilateral relations has been aptly described in the volume edited by R.K Kumar (Jain, 1984), in the series *China and Southeast since 1949*, Volume 2. It was the Government of China's unflinching support that helped the region overcome the financial and economic crisis of 1997. That country is expected to play a significant and positive role in strengthening ties between ASEAN and North East Asia. Malaysia's adoption of the "One China Policy", whilst pursuing close economic relations with Taiwan, bears no paradox but reflects its pragmatism in the face of certain realities (Sheng, 2007).

In the formulation of foreign policy, every country has its own objective. In the case of the Government of Malaysia, it is as simple as the pursuit of Malaysia's national interest at the international arena. Developing close bilateral relations with its neighbours remains a high priority for the Government of Malaysia. A cautious and constructive approach has been taken to resolve outstanding problems including those related to overlapping territorial claims and the determination of land and maritime boundaries. Every diplomatic effort has been, and is being made, to ensure that bilateral relations do not become adversely affected on account of such problems with all its neighbours. For example, agreeing to refer to the International Court of Justice (ICJ), regarding the overlapping territorial claims that Malaysia had with Indonesia and Singapore, in separate instances, revealed the extent to which the Government of Malaysia was prepared to go in achieving solutions to bilateral problems.

Territorial disputes between Malaysia and its maritime neighbours continue to linger as an under-current in diplomatic relations within the Southeast Asian region during 2014 and well into 2015 due to the complexity

of the issues at hand. The disputes are with China, Indonesia, the Philippines, Singapore and Vietnam, and generally relate to the sovereignty over marine features and management of marine resources and jurisdictional space mainly in the South China Sea and to a lesser extent in the Malacca Strait (Hamzah and others, 2014: 207-226) and in the western sector of the Sulawesi Sea with Indonesia and the Philippines. The Indonesia-Philippines Exclusive Economic Zone (EEZ) Agreement of 23 May 2014, signed in Manila may be a useful teaching manual for the South China Sea claimants to employ.

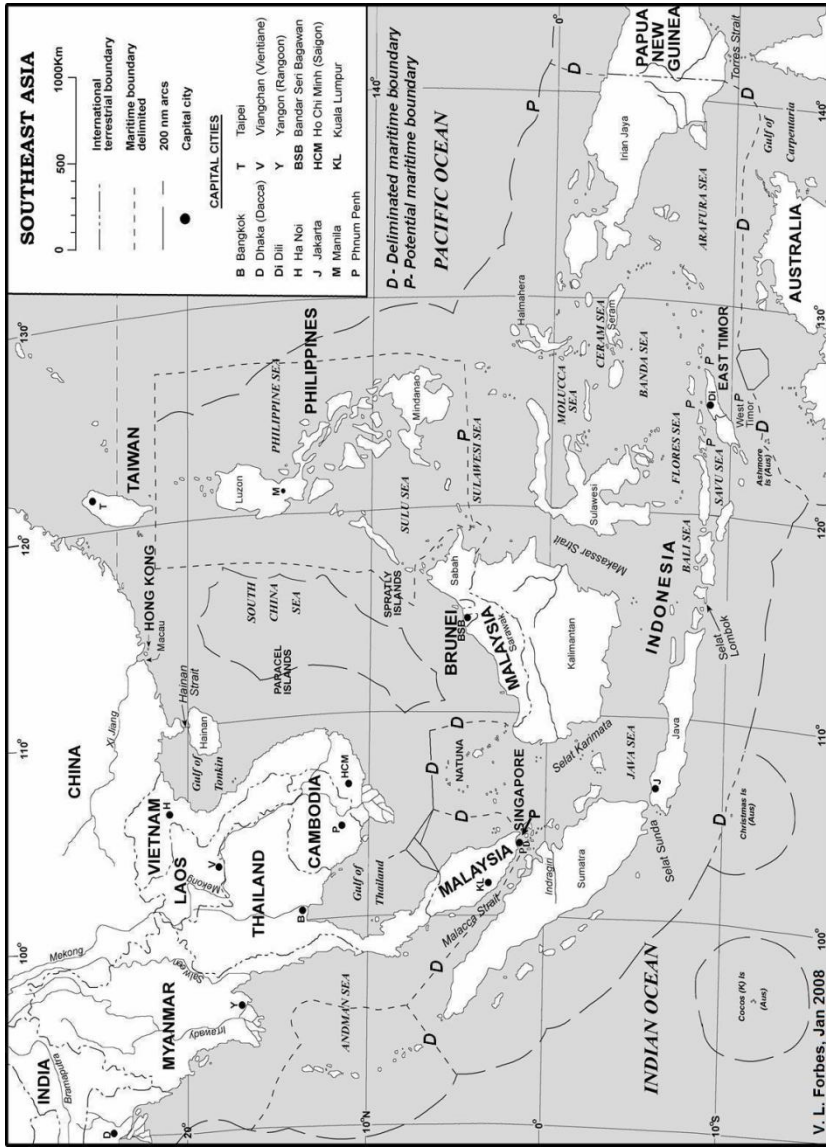
The People's Republic of China (PRC) and Malaysia are not land neighbours, since the distance between China's international border and Malaysia along the meridian of Longitude 100° E. is nearly 3,350 km; however, they share a potentially lengthy maritime boundary in the southern sector of the South China Sea (see Figure 1). A dispute over these maritime borders concerns the Government of Malaysia particularly because of the PRC's apparent claim to all of the marine features in the South China Sea, as shown on Chinese maps that depict the "nine-dashed" line, an area that is approximately 2,225,420 km² in size (Forbes, 2013: 155). Four other states, if Taiwan is included, have disputes with the PRC and amongst themselves with reference to the insular features of the South China Sea (Elleman, Kotkin and Schofield, 2013).

2. The Governments of China (PRC) and Malaysia

In June 2009, Malaysian Prime Minister, Najib Razak, made a four-day trip to Beijing to mark the 35th anniversary of China-Malaysia diplomatic relations. It was a significant event as the two countries had enjoyed friendly relations and economic benefits that provided an impetus for growth (Lim, 2009). The Malaysian Prime Minister during that visit encouraged Chinese companies to invest in Malaysia and identified five key sectors for cooperation: infrastructure, energy, manufacturing, services and finance. He also proposed a broadening of bases of trade between the two countries and to increase the share of higher value and high-technical products and services (Leong, 2007).

The Governments of the People's Republic of China (PRC) and Malaysia, in 2014, celebrated the 40th anniversary of the formal establishment of diplomatic relations, which was the initiative of the then Prime Minister, Tun Abdul Razak, when he visited Beijing in 1974. The 1974 event was a milestone especially as Malaysia had just experienced major ideologically issues with its neighbours Indonesia and Singapore and it was the recipient of a number of refugees from Cambodia and Vietnam arriving illegally by sea. It was also significant that the two Governments met during a period of the thawing of the Cold War era. The benefits of the past 40 years are witnessed in the bilateral investment and trade relations. Indeed, one impressive statistic

Figure 1 Map of China and Malaysia in a Regional Setting



Note: "D" placed on a dashed line represents a delimitated maritime boundary; the longer dashes infer the EEZ limits. Source: Present author's collection of personally compiled maps.

infers that nearly 40 per cent of tourists visiting the State of Sabah come from China due to historical migration linkages (*The Star*, 24 July 2015). However, both nations grapple to find a resolution to the sovereignty disputes in the South China Sea and solutions on how best to manage the marine biotic and mineral resources therein. This study also focuses on the broader scope of the Asia-Pacific in the 21st century in the context of ASEAN as cohesive political bloc and of regional importance. The aim of this study is to highlight the cautious diplomacy against the backdrop of the contemporary disputes within the politically complex South China Sea with a special emphasis on Malaysia and the PRC.

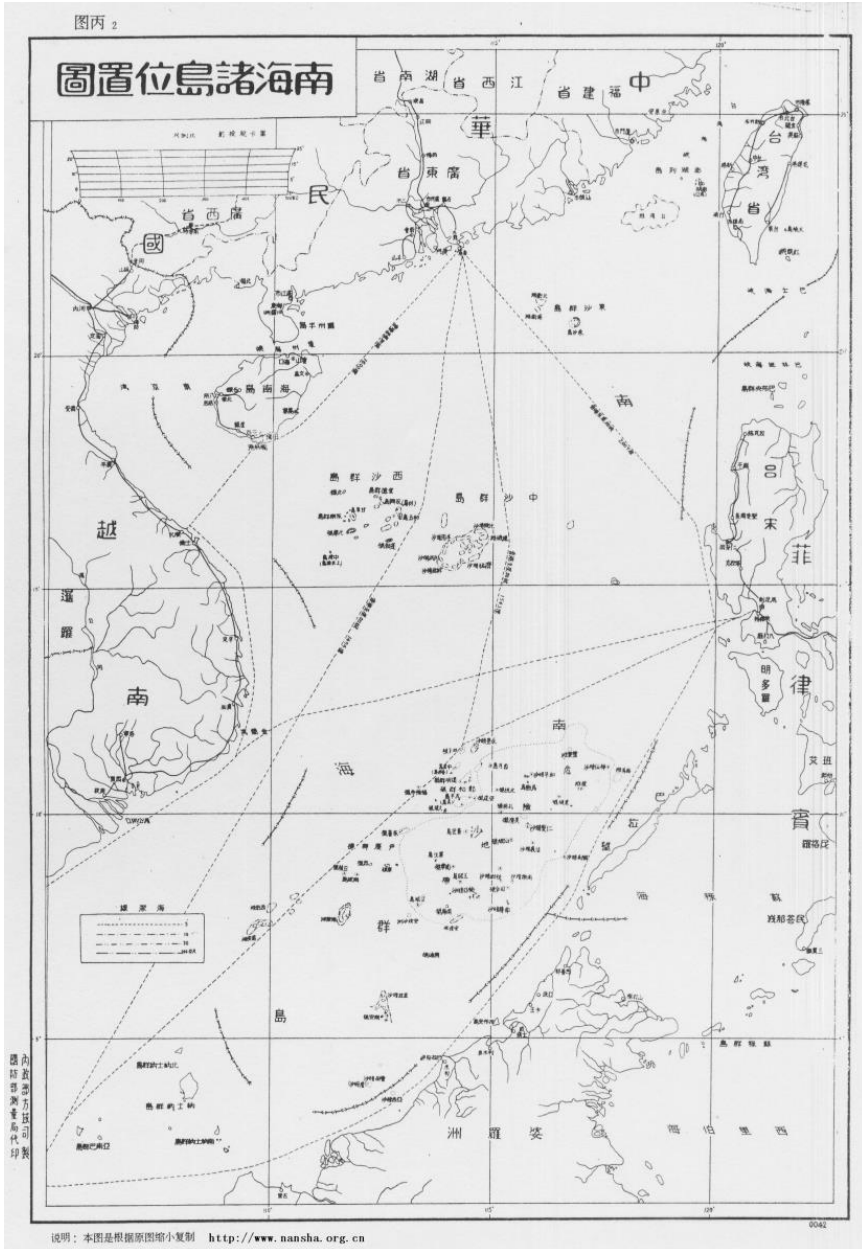
China and Malaysia have yet to delimit their maritime boundaries and resolve their territorial dispute in the South China Sea. In particular, they must first determine sovereignty over the Spratly Group (islands, rocks and reefs), which include numerous small features encompassing a collective 7.8 km² of land scattered over 240,000 km² of maritime space. Determining sovereignty over these highly disputed islands, islets, reefs, and sand cays encompassed by the Nine-dash line (also referred to as the “Nine dotted line”, “U-shape line” or “Cow’s tongue line”) is the first step in resolving this complex border problem. The original map of 1947 depicted 11 dashes (See Figure 2 which delineates the 11-Dashed Lines).

The map of 1st December 1947 was published by the Kuomintang Government of the Republic of China (1912-1949) to justify its claims in the South China Sea. When the Communist Party of China seized administrative control over mainland China and formed the PRC in 1949, the map was adopted and the number of lines was reduced to nine and endorsed by the then Premier, Zhou En Lai. Two of the lines in Gulf of Tonkin were removed from the map. The Republic of China (Taiwan) continues its claim, and the nine-dashed line remains as the rationale for that country’s claim to the Paracel and Spratly Islands. During 2013, the PRC extended its claim with a new ten-dash line map and included the image in all new passports issued by that Government. The tenth line is located to the east of Taiwan, and not in the South China Sea.

3. The Regional Dispute and Cooperative Avenues

Whilst the PRC had previously never used the map as an inviolable boundary to its sovereignty, the submission of the map to the United Nations on 7 May 2009 as a *Note Verbale* in protest to the joint submission of an extended continental shelf by Malaysia and Vietnam to the Commission on the Legal Continental Shelf heightened concerns and drew protests. In response to the lodgement of the map by the PRC, Indonesia, Japan and Vietnam registered their respective protests against the claim by the PRC.

Figure 2 The 1947 Map Depicting the “11-dashed lines” Inferring China’s Claim



The contested area includes the Paracel Group of marine features that are administered and occupied by the PRC but claimed by Vietnam; Macclesfield Bank and Scarborough Shoal claimed by four States; and the Spratly Group of marine features, most if not all, claimed by the PRC, Taiwan and Vietnam; and many of the southern features disputed by Brunei, Malaysia, the Philippines, Vietnam and potentially Indonesia (Elleman, Kotkin and Schofield, 2013).

Despite their maritime and territorial disputes in the South China Sea, recent political and economic relations between China and Malaysia have been warming. The PRC's impressive economic growth has been linked to China's strengthening international profile, in league with the PLA's (People's Liberation Army) expanded military might. Malaysia has also experienced stable economic growth, notwithstanding external negative factors such as the financial crash in 1997 and the global financial crisis of 2008. However, by 2011, Malaysia's foreign trade with China reached US\$74.2 billion, reflecting an annual growth rate of about 23 per cent since 2000, thus making Malaysia China's largest Southeast Asian trading partner. According to Malaysia's Ministry of International Trade, China was Malaysia's largest trading partner for the fifth consecutive year in 2013. Tourism numbers were equally positive, with 1.79 million people visiting from China in 2013 – an increase of 14.9 per cent from the previous year. Closer cultural and economic ties, throughout 2013-14, brought about by the Government of China's financial reforms coupled with the promotion by the Government of Malaysia encouraged companies in China to establish their base and expand the Malaysian market. The financial reforms now make Chinese companies more efficient and this in turn has indirectly assisted Malaysian companies to become more profitable. However, an incident that has caused a minor rift between the two nations – not so much at administrative echelons but rather by the populace of China – was the loss of Flight MH370, a Malaysian Airline plane enroute from Kuala Lumpur to Beijing, in early March 2014 – details of which was given wide coverage in the electronic and print media at local, regional and international levels. Whilst the administrators of the nations had endeavoured to keep the relationship on an even keel, the memories of lost family members had reversed the kind thoughts of the relatives towards the Malaysian Government and its national airline.

Regional cooperation has been Malaysian Government's major pre-occupation and in 2015 it has the opportunity to demonstrate that commitment. ASEAN remains its cornerstone and the Malaysian Government attaches vital importance to its relationship with the countries in the region. ASEAN is the predominant forum for maintaining regional peace and stability through dialogue and cooperation. Indeed, what distinguishes ASEAN from other regional organisations is the level of commitment towards achieving a

community. This is just one of the challenges that Malaysia, as Chair of the organisation accepts in 2015 (Majid, 2015: 15). The peace, prosperity and stability that Malaysia enjoys presently (in 2015) are to a large extent, due to ASEAN's role as an organisation that fosters confidence and trust amongst its member states and through its dialogue partners.

4. Malaysia's Foreign Policy: 1957-2014

Malaysia's foreign policy is premised on establishing close and friendly relations with countries in the community of nations. The policy continues to respect the internal affairs of other nations and advocates a commitment to non-interference and recognising the sovereignty of nations. Since independence in 1957, successive Government administrations' vision in foreign policy has remained consistent in order to safeguard the nation's interests as well as to contribute towards a just and equitable international community. This has been achieved by upholding the country's sovereignty and promoting universal peace and fostering friendly relations; however, protecting the nation's interests in the regional and international arena has been of prime importance. The Government's policy is to consolidate its relations with other countries and international organisations, both at the regional and international level.

The nation's foreign policy has undergone several phases of significant transition with different emphases under five previous leaderships. The policy has been largely determined by the established national characteristics and succession of political leadership as well as by the dynamic regional and international environment. Tunku Abdul Rahman, the first Prime Minister of Malaysia (from 1957 to 1971), held a markedly anti-Communist and pro-Western posture as the era witnessed that the country and region was threatened by the Communist insurgency. The foreign policy during this phase took into consideration the bi-polar power struggle between opposing ideologies of communism and democracy. Under the tenure of Malaysia's second Prime Minister, Tun Abdul Razak (from 1971 to 1976), Malaysia's foreign policy began to shift towards non-alignment and internationalism with Malaysia joining the Organisation of Islamic Conference (OIC) and Non-Aligned Movement (NAM). A period of consolidation ensued under the third Prime Minister Tun Hussein Onn (from 1976 to 1981) with ASEAN becoming the cornerstone of Malaysia's foreign policy following the collapse of Saigon (now Ho Chi Minh City) in 1975, the withdrawal of the US military presence from Southeast Asia and the invasion of Kampuchea (now Cambodia) by Vietnam.

During the premiership of Tun Dr. Mahathir (from 1981 to 2003), Malaysia was forthcoming to foster relations with more nations and showcase the country as a developing nation on the rise. Under the Mahathir's

stewardship, a shift of attention to the “Look East” policy greatly influenced and enhanced Malaysia’s economic development. The Government’s foreign policy adopted a much greater economic orientation in the country’s external relations while championing the rights, interests and aspirations of developing countries. The country became the voice of the developing world and was a role model for many developing countries as it became well known for its active stance at the UN and other international conferences. Malaysia’s participation in peacekeeping missions under the UN is also a testimony of the nation’s seriousness in instilling the will of the international community.

The fifth Prime Minister of Malaysia, Tun Abdullah Ahmad Badawi (from 2003 to 2009), continued to ensure that Malaysia was active in the international arena. During his tenure, Malaysia played an instrumental role in the formulation and adoption of the ASEAN Charter which was ratified by all ASEAN member states and subsequently entered into force on 15th December 2008. During this period, Malaysia was also active in expanding the focus of OIC from being an organisation focused solely on political issues into one which focuses on the socio-economic development of Islamic countries. Under the leadership of the present Prime Minister (from 2009 to the present), Dato Seri Najib Tun Razak, Malaysia continues to project a positive, forward-looking and pragmatic foreign policy to attract foreign investment, facilitate trade with China and its immediate neighbours, as well as projecting Malaysia as a stable and peaceful country. The Prime Minister has often stressed that Malaysia’s foreign policy under his administration is shaped significantly by the “1Malaysia: People First, Performance Now” concept.

Malaysia has also maintained excellent relations with other countries, bilaterally and multilaterally, through existing regional and international mechanisms of ASEAN, UN and other organisations. Malaysia’s foreign policy is structured upon a framework of bilateralism, regionalism and multilateralism. ASEAN forms the core priority of Malaysia’s current foreign policy, in consideration of its neighbours as closest allies. Malaysia gives importance to the solidarity of the *Ummah* and the spirit of cooperation among the member states of OIC. Its status as a developing nation makes it imperative for the country to engage actively in the Non-Aligned Movement (NAM), the Commonwealth of Nations, Group of Seventy Seven (G77), Developing Eight (D8), Asia Middle East Dialogue (AMED), Far East Asia Latin America Cooperation (FEALAC), Indian Ocean Rim Association for Regional Cooperation (IOR-ARC), Asia Europe Meeting (ASEM) and Asia Pacific Economic Cooperation (APEC). No less important is the country’s continued active participation in the Commonwealth, the United Nations and other international organisations.

Malaysia also advocates the “Prosper thy neighbour” policy to enhance economic relations and cooperation with neighbouring countries through

the Brunei-Indonesia-Malaysia-the Philippines East ASEAN Growth Area (BIMP-EAGA), the Indonesia-Malaysia-Thailand Growth Triangle (IMTGT) and other trade initiatives. Malaysia continues to play a significant role in the various multilateral issues that affect its national interests and international standing. These issues include disarmament, counter-terrorism, trafficking in persons, climate change and environmental issues. As a member of the UN, Malaysia is a firm believer of international peace and security and an upholder of international law. Malaysia contributes to the UN peace-keeping force programmes. Malaysia's election as the President of United Nations Economic and Social Council (ECOSOC) for 2010 and the Chairmanship of the Board of Governors of the International Atomic Energy Agency (IAEA) are further testimony of Malaysia's positive international image. Malaysia's foreign policy continues to engage with like-minded nations, both in the region and beyond in ensuring its sovereignty and economic wellbeing are preserved and protected. The policy continues with the principles of engagement and cooperation rather than isolationism and unilateral action.

5. Malaysia-China Mutual Investment and Trade: Gaining in Strength

Trade and investment opportunities are continually explored with the traditional trading partners and at the same time developing strategic partnerships for trade and investment with countries in the other parts of Asia and further afield. In the decade leading up to 2020, the Malaysian Government would have to deal with great changes in the global environment whilst improving and upgrading the country's domestic conditions. In recognising this challenge, Malaysia's foreign policy continues to focus on protecting national interests while responsibly and effectively contributing towards the building of a fair and just world and in particular, ensuring peace and stability in the region. The fundamental principles of sovereign equality, mutual respect for territorial integrity, peaceful settlement of disputes as well as mutual benefit in relations are the guiding principles that would continue to guide the present Government's relations with other countries. These principles have stood the test of time. Indeed, Malaysia's steadfast adherence to these principles, supported by a consistent foreign policy, has established for itself a credible image in the eyes of the international community.

After four decades of positive political affiliation, Malaysia-China economic ties are flourishing, and are expected to grow exponentially in the next few years, as both countries remain committed to taking the relationship to a higher level. Commodities are no longer the major source of goods traded. As much as 50 per cent of trade now comprises manufactured products, and other higher value-added goods. Malaysian businesses also made over US\$6bil in investments in China in 2013. About US\$1bil in

Figure 3 The Prime Minister of Malaysia Witnessing the Exchange of MoUs with China in May 2014



investment was posted by Chinese businesses in Malaysia during the same period.

Prime Minister Najib and China's President Xi Jinping agreed to upgrade bilateral ties to a comprehensive strategic partnership, when the latter visited Kuala Lumpur in October 2013. Among the objectives set between both leaders was to increase Malaysia-China bilateral trade to US\$160bil by 2017. To add to the mutual agreement, Najib on his return visit to China in June 2014 signed a joint communiqué with Chinese Premier Li Keqiang which, among others, touched on increasing cooperation in trade and the people-to-people relationship. The communiqué was signed during the grand celebration of Malaysia-China bilateral relation's 40th anniversary. Another key point in the communiqué was cooperation between the central banks of both countries to further accelerate the use of local currencies as settlement for trade and investment as well as promoting the development of the necessary supporting infrastructure. To realise all the resolutions and understanding agreed upon, a special committee would be set up to monitor and take the necessary follow-up action. The Government of Malaysia would invite the relevant ministries to establish a committee to coordinate all the action necessary in a timely manner. The committee would meet periodically when necessary but at least twice a year. The Prime Minister would chair a joint committee for the

development of the Malaysia-China Kuantan Industrial Park (MCKIP). Both the Federal and Pahang governments have allocated US\$120m (RM700m) for the development of the park. The park, part of the “Two Country Twin Park” project, is aimed at wooing more Chinese investments into Malaysia and to address the imbalance in the investment gap between Malaysia and China. The trade gap now stands at a 6 to 1 ratio, favouring the Chinese.

The MCKIP offers special incentives tailored to Chinese investors keen to invest in Malaysia. Malaysian efforts to attract more Chinese investments also received positive response from the Chinese leaders. Both President Xi and Prime Minister Li gave a commitment to encourage investments by Chinese companies in Malaysia. The Chinese government is also giving priority to the Twin Park project, whereby, it has approved a US\$0.4bn (2.4 billion yuan) development fund for the Qinzhou (Chingchou) Industrial Park on top of the one billion yuan already pledged by the government of Guangxi province. Apart from bilateral relations, Najib said Malaysia and China are also working together to take the ASEAN-China free trade agreement to the next level. At the opening ceremony of the China-Malaysia High Level Economic Forum, he said both countries are striving to deliver the Regional Comprehensive Economic Partnership, an FTA between ASEAN countries and its existing partners, in 2015. During his visit to China, Najib also witnessed the signing of six government-to-government and 11 business-to-business agreements.

Malaysia’s exports to China contracted by 14 per cent to RM8.52bn during 2013 due to lower exports of metal, petroleum products and crude natural rubber. This was partly attributed by the International Trade and Industry Ministry to the significant drop in China’s global imports in November 2014. However, Malaysia recorded a trade surplus at the same time. There was no concern as the trade balance will adjust automatically as lower exports translate into lower imports. China has the policy flexibility to stimulate its economy and consequently offer some support to the global demand scenario, and this is where ASEAN, and in particular, Malaysia, can expect opportunities for further development with the northern neighbour. The Bank of China has predicted a GDP growth of 7.2 per cent for China during 2015; the Malaysian economy can expect a five per cent growth in the same year (Murad and Bedi, 2015: 6).

Reclamation of the sea is not necessarily an evil concept. During the week ending 17 January 2015, much attention was devoted in Malaysia (“Starbizweek”, *The Star*, 17 January 2015, p. 2) to the news that approval was given by the Malaysian Department of Environment (DOE) for the development of “Forest City” in the western sector of the Johor Strait (*Selat Johor*), Malaysia. The original plan was to reclaim about 5,000 acres in the Strait and develop the land that would accrue a gross development value of about RM600bil over 30 years. While details are scant, there are indications

that the project will be scaled down. Nevertheless, this is a massive project in the Malaysian context. It is a joint venture between the Johor State Government and China's Country Garden Pacific View (CGPV) in which there will be water-fronting properties. Developments in an area known as Danga Bay include 9,000 high-rise condominiums by CGPV during 2014 known as "Aquiand Danga Residensi" and another major Chinese investor/developer, Guangzhou R&F plans to create some 30,000 condominiums over the next few years. There are many projects on the drawing board or in developmental stages that include the establishment of a university at Sepang which will be funded by Xiamen University; a hotel in Petaling Jaya to be built by a Chinese enterprise and investment in petro-chemical hubs planned for establishment on the shores of Malaysia within the Straits of Singapore.

Premier Li Keqiang of China was prompt to assure delegates and the international community at the World Economic Forum (WEF) in Davos, Switzerland in January 2015 that China will avoid a hard landing and that it was focused on ensuring long-term medium-to-fast growth. China would not have systematic financial risks and would endeavour to improve the quality of growth to ensure a steady pace of expansion. The country would pursue a prudent monetary policy and proactive fiscal policy. The nation's savings ratio is as high as 50 per cent and this is seen as providing strong support for growth (Bloomberg, 2015: 9).

6. ASEAN-China Exchanges and Linkages: Good Opportunity for Development

January 2015 marked the fifth anniversary of the establishment of the China-ASEAN Free Trade Agreement (FTA). Major changes have been witnessed during the past half-decade, importantly, in the way of public transportation. Prior to 2010, infrastructure and logistical issues equated to poor business transactions. However, with the establishment of the FTA for the region, zero-tariff status was accorded to the export/import of fruit (*Xinhua*, 5/1/2015, p. 5).

The China-ASEAN FTA is the biggest trading agreement among the developing countries, covering the largest population in the world. It is the third largest in terms of nominal gross domestic product (GDP). The top two are the European Economic Area and the North American Free Trade Area. A billboard in the city precinct of Kuala Lumpur along Jalan Ampang displays (during January 2015) the following facts:

ASEAN covers 4.46 million sq km of the World; We will find opportunities together

ASEAN conducts US\$598 billion in trade; Let us increase that figure together.

Nearly 60 per cent of the ASEAN population is under 40 years of age, hence is an attractive avenue for foreign direct investment (FDI). Generally, countries with younger population have more opportunities. Youth in Malaysia could play an important role and increase the country's prominence and ensure ASEAN's objectives are achieved. The Malaysian Association of ASEAN Youth Entrepreneurs (MAAYE) is an offshoot of ASEAN and was conceived by Malaysia.

The China-ASEAN FTA initial framework agreement was signed in Cambodia in 2002, when trade volume between ASEAN and China was valued at US\$54.8bil. Trade statistics for the year 2013 illustrate an increase to US\$443.6bil (or about Malaysian Ringgit 1.58 trillion). During the first 11 months of 2014, trade volume increased at an impressive rate of nearly eight per cent, perhaps reflecting the steady rate of economic growth in China. This FTA has assisted to strengthen the exchanges between China and ASEAN. Indeed, per capita Gross Domestic Product (GDP) has doubled in the States covered by the FTA. The movement of people between China and ASEAN rose from 3.87 million to 18 million.

In 2009, ASEAN leaders decided to establish the ASEAN Community 2015 with the objective of strengthening regional peace and stability and to transform ASEAN into a competitive region with equitable economic development as well as to promote a people-centred and socially responsible community (Zulfakar, 2015: 22). There are more than 600 action plans on the drawing board that make up the ASEAN Community – economic, socio-cultural and political/security. All three pillars have achieved more than 80 per cent of the implementation rate – impressive, given the diversity of political thoughts and ideology within the 10-nation bloc.

A prediction made in Davos, Switzerland in January 2015, was that ASEAN will officially term itself as a “single market” by the end of the year with tariffs abolished and freer movement of goods and services, and free movement of skilled workers, however, issues such as “seamless” travel for tourists within the regional bloc is forecasted to be in place by 2020.

7. Issues that Strain the Bonds of Friendship with China

Bonds of Friendship between the Government of China and the ASEAN administration are strained due to the Declaration on the Code of Conduct over the sovereignty of the marine features in the South China Sea. The official statement uttered by China is that ASEAN is not a party to the South China Sea dispute. However, as a regional grouping ASEAN is of the opinion that China was a signatory to the Declaration in 2002 and hence should adhere to the principles adopted by ASEAN. With reference to China's relations with Vietnam, the major issue in 2014 was the locating/positioning of an

oil-drilling platform some 19 nautical miles (M) south-west of Triton Island of the Paracel Group, or about 120M off the coast of Vietnam during the months of May and June 2014. In the case of relations with the Philippines, it is due to the action taken by the Philippines, in January 2013, to request the Permanent Court of Arbitration (PCA) to adjudge on China's unilateral claim to the South China Sea as depicted by the 'Nine-dash Line' map published in various versions between 1947 and 2014.

China's assertiveness in the South China Sea resulted in a clash of naval vessels and work boats at sea and anti-Chinese protests in cities in Vietnam resulting in deaths, injuries and arrests and a temporary slump in trade between the two countries. In December 2014, Vietnam made a submission in support of the Philippine's case at ITLOS over the dispute in the South China Sea. China, for its part, has refused to participate in the arbitration and stressed that its sovereignty over the sea and the marine features encompassed by the 9-dash lines on the map it publicises was formed over a long course of history (Tho, 2015: 22).

In late-November 2014, Chinese authorities issued *Notice to Mariners* (NTM) indicating the intentions to position oil platforms in locations in waters continental shelf claimed by Brunei and Malaysia (NTM, No. of 2014). Such actions are of concern to authorities not only in Brunei and Malaysia but also with Vietnam as at least eight locations in the southern sector of the South China Sea were made public. Perhaps of greatest concern is that of the extensive reclamation work on Johnson South Reef and at least two other marine insular features in the Spratly Group during 2014. This is akin to refashioning of geography to justify territorial gain (Forbes, 2012). The reclamation is massive and has been referred to as island factory in the South China Sea and evident in images captured by satellite as well as photographs taken by civilians and military personnel. The activities are seen as clear violation of the 2002 Code of Conduct between ASEAN and China which was formulated to prevent armed conflicts over the disputed islands and reefs.

In a statement by Malaysian Prime Minister, Najib Razak, delivered at a meeting of 26th ASEAN Summit on 27th April 2015, he devoted a mere two paragraphs to tensions in the semi-enclosed, allegedly hydrocarbon-rich sea, but stopped short of taking sides in overlapping maritime claims and territorial and associated potential jurisdictional expansion through the activities of transforming reefs and sand cays into fully-fledged recognised islands suggesting ASEAN must address such developments in a proactive, positive and constructive manner. Furthermore, he urged that respect for international law, which included the 1982 United Nations Convention on the Law of the Sea, must be the basis for the rules of engagement and activities in the South China Sea. To that end, Malaysia, as Chair of ASEAN for 2015

will endeavour to achieve progress in its efforts towards an early conclusion of a Code of Conduct.

Surprisingly, for the present author, very little attention was made on two issues that reared since November 2014. The first, was an announcement in a Chinese edition of *Notice to Mariners*, as mentioned above, which listed a series of geographical coordinates of actual or planned location of “platforms” on the continental shelf just north of the coasts of Brunei and Sarawak and further northwest off the coast of Palawan Island. The second, is an image (photograph) of an alleged “island” which appeared in the media in early-June 2015, in the location of a feature named on nautical charts as South Luconia Reef and/or South Luconia Shoal which is on Malaysia’s natural continental shelf and obviously claimed by Malaysia. However, the feature is located with China’s unilateral claim as inferred by the extent of the U-shaped line. When and how the “island” evolved is open to conjecture and if its status as a feature has changed it should be recorded on the official appropriate-scaled charts and all other national and international documents accordingly.

The reclamation projects are not just minor adjustments but are designed to change the status quo of the marine features from the “reef” and /or “rock” into an “island” to accord with Article 121 – Regime of Islands – of the 1982 UN Convention on the Law of the Sea. The work on Johnston South Reef (named *Mabini* by the Philippines and *Chigua* by the Chinese) has transformed by January 2015 into an elongated sandy island measuring about

Figure 4 Alleged Reclamation by China on What is Internationally Recognised as Johnson South Reef in the South China Sea.



Photo: AFP, c. Nov. 2014

two kilometres in length and one kilometre in width. Intended use: an airstrip! Malaysia, Vietnam and the Philippines have protested this reclamation work, the loudest naturally, from the last named country.

Although China and Malaysia both claim sovereignty over several territorial features and maintain overlapping resource rights claims over thousands of square kilometres of maritime space, they generally avoid any outward shows of confrontation as they pursue a special relationship.

Such reclamation work of the sea and modifying geography is obviously to justify an extension to territorial expansion and solidifying sovereignty over specks of “land” in the South China Sea. The modified features are also designed to be utilised as military bases and refuelling depots as illustrated in Figure 5. The Government of China has stated that the transformation of the marine features into islands is for a common cause as the developed once established islands with personnel stationed thereon will assist in search and rescue operations; monitoring of weather and climate; establishing a data base on marine species; and, yes, used as military bases capable of landing moderately large military aircraft and anchorage facilities of China’s expanding “blue-water navy”. There is a school of thought in Malaysia that suggests that China’s actions will eventually benefit the fisheries sector and

Figure 5 Transforming a Reef System into a “Militarised Base”



Source: <http://www.scmp.com/news/china/article/1688651/philippines-accuses-china-widening-reclamation-works-disputed-south-china>

provide aids to navigation and thus safety at sea and hence one should not be alarmed but rather accept the historical facts that Chinese fishers and sea-traders plied the trade routes of the South China Sea. Such facts are accepted, however, that in itself is not sufficient to claim sovereignty over all the marine features and the semi-enclosed sea. The concern on the negative side, is that if the Government of China imposes restrictions to freedom of navigation and overflight these will be contrary to international law. Thus China should abide by the rules on international law and strictly adhere to the strict interpretation of the provisions contained in the 1982 UN Convention on the Law of the Sea.

8. Conclusion

The Government of Malaysia will play an important role during 2015 in the socio-economic development of the region as Chair of ASEAN. Its attitude towards China whilst demonstrating its adherence to the “ASEAN Way” of geopolitics will showcase a very visible change in international and domestic sectors. Fora to promote ASEAN and Malaysia to help explain trade opportunities will no doubt see a greater participation by delegates from China to share ideas and allow for greater networking.

As ASEAN Chair in 2015, the Government of Malaysia is in the fore to guide the regional bloc in the direction it needs to head to 2025. Malaysia’s foreign policy towards the Government of China will depend not only on the excellent trade and economic exchanges that have been established in the past 40 years but also how it negotiates with its northern neighbour, and indeed with the Philippines and Vietnam on the sovereignty issues of the Spratly Group of insular marine features and the management of maritime space in the semi-enclosed South China Sea.

In 2009, ASEAN leaders called for the establishment of an ASEAN Community 2015 with the objective of strengthening regional peace and stability and for the transformation of ASEAN into a single market to create a competitive region with equitable economic development as well as to promote a people-centred and socially responsible community. Such a dream is being realised with the assistance of China. The only stumbling block is that of the sovereignty issue and territoriality of the South China Sea between China and a few members of the regional bloc known as ASEAN. Statements issued by officials from Malaysia on the issues of the South China Sea will be closely monitored only because of its cautious diplomacy so as to not only promote by safeguard its privileged economic trade relations with its distant, yet historic, neighbour, China.

The Government of Malaysia’s confidence in China, as a neighbour of the region, is based on traditional friend and on a trading relationship dating back

thousands of years, with particular reference to sea-borne trade. The PRC and Malaysia acknowledge that they are good neighbours, and that the peoples of these countries share a long history of friendly exchanges. During the last four decades, and especially since 2009, political trust has been deepened and economic and trade cooperation has yielded remarkable results, bringing substantial benefits to both nations. Malaysia's adoption of the "One China Policy", even while pursuing close economic relations with Taiwan reflects commercial expediency in the face of political realities. Every diplomatic effort is being made to ensure that bilateral relations do not become adversely affected by these territorial problems. The Government of Malaysia's 2009 joint submission with Vietnam for a joint continental shelf claim to the UN Commission on the Limits of the Continental Shelf will almost certainly interfere with China's apparent claim to the entire South China Sea, as per its "nine-dashed" line map. If the competing claims to sovereignty are not resolved it is hoped that cooperation rather conflict and/or prolonged legal hearings over issues connected with these territorial claims. Hints of Malaysian dissatisfaction with China's actions have, however, been getting clearer and more frequent since 2013. It was discernible in the ASEAN expressions of collective "serious concern" about land reclamation at two meetings chaired by Malaysia in 2015, following China's deployment of an oil rig to disputed waters in May 2014. Other examples include publicly announced diplomatic representations over Chinese activities at James Shoal and Luconia Reef, and upgrades to military hardware and facilities on artificial "islands".

Note

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China at the Turn of the 21st Century: The Role of Public Opinion in Its Relations with Japan

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Abstract

During recent decades, public opinion has played an important role in the making of Chinese foreign policy. Chinese citizens, with the coming of commercialised media and information technology, have more latitude to express their own views on international affairs. As a result, it is difficult for the Chinese leadership to get the people to conform to official foreign policy orthodoxy, including the concept of “Peaceful Rise” propagated by the Chinese Communist Party and the government. Emotional outburst during the anti-Japanese protests in 2005 and 2012 reminds us that the peaceful image of China presented by the authorities has been challenged by the public’s violence and anger. However, the Chinese government has been quite successful in responding to public emotion while maintaining official foreign policy orthodoxy and regime stability. Therefore, although the role of public opinion is non-negligible, it does not completely dictate the course of Chinese foreign policy.

Keywords: public opinion, Sino-Japanese relations, nationalist sentiment

1. Introduction¹

China is a country that has suffered much from aggression and humiliation in the past. The Chinese people have a strong sense of fairness and justice when it comes to international issues. You rarely hear them attacking other people or intervening in other countries’ internal affairs. However, when provoked, they also react quickly and express their indignation. This is quite normal in most developing countries. Likewise the Chinese government cannot but respond to its people and take measures to safeguard rights and interests of the country.

(Chinese Vice Foreign Minister Fu Ying’s interview with the *Straits Times* and *Lianhe Zaobao*, 10th September 2012)

At Boao Forum for Asia in China's Hainan province in November 2003, Zheng Bijian, former vice president of the Central Party School and one of the Chinese Communist Party's (CCP) leading thinkers and writers on ideological questions, proposed the concept of "Peaceful Rise" by describing that China at the beginning of the 21st century is facing two major problems. The first one concerns multiplication. Multiplied by 1.3 billion, any social or economic problem, no matter how small it is, will become a huge problem. The second one concerns division. Divided by 1.3 billion, China's resources, no matter how abundant they are, will be at extremely low per capita levels. As a result, in order to achieve its development goals, China has no choice but to take part in economic globalisation, pursue a road of independent development, and adhere to peace and never seek hegemony (Zheng Bijian, 2005: 14-19). Since then, the concept of "Peaceful Rise", used interchangeably with "Peaceful Development", has become key words in many speeches on foreign policy by China's leaders and diplomats.

In the interview with Chinese writer Ye Xiaoshen on 10th September 2004, Zheng Bijian revealed that the concept of "Peaceful Rise" is in fact an antidote to the so-called "China Threat Theory" which has been popular in the West since the early 1990s. The theory states that if China becomes stronger, it will look for resources and seek expansion abroad. Zheng's immediate reaction was that a reply was needed and he should respond "based on the facts and basic experience of China's development" (Zheng Bijian, 2005: 56). In this article, the author argues that, although the Chinese leadership have chosen to strive for a peaceful rise, their discourse has been challenged by the rise of public opinion in the globalised world. Facilitated by the Internet and a more commercialised publishing industry, public opinion in China has been more diverse and sometimes become a limit to official foreign policy orthodoxy including the concept of "Peaceful Rise". However, as seen in the anti-Japanese protests in 2005 and 2012, the Chinese government has been quite successful in responding to public emotion while maintaining official foreign policy orthodoxy and regime stability. Therefore, one should not be too pessimistic on the role of public opinion in China's foreign relations.

2. The Role of Public Opinion in Chinese Foreign Policy

Public opinion has played an important role in the making of Chinese foreign policy since 1978. Entering the reform era, the state has diminished its control over society and citizens have enjoyed considerably more latitude to speak their minds in private and public, as long as they respect the "Four Cardinal Principles" laid down by supreme leader Deng Xiaoping in 1978; i.e. Marxism-Leninism-Mao Zedong Thought, the socialist road, the people's

democratic dictatorship, and the supremacy of the CCP (Shambaugh, 2000: 184). In other words, “public sphere” developed in post-Mao China.

Although the media are still under the control of the government and the CCP, they have been encouraged to be more commercialised in order to reduce the state's financial burden. Advertisements are permitted and publishers tend to publish news, articles, and opinions on public issues whose contents are more interesting and different from official orthodoxy, in order to attract readers and make profits. The media like the *People's Daily*, the official newspaper of the CCP, attracts fewer readers. Liu Dabao, a senior researcher of *People's Daily's* research office told Thai researchers in October 2003 that its amount of sales decreased from seven to eight million issues per day in the Maoist era to two million issues per day after Deng's institution of reform (Utamachan and Utamachan, 2006: 94-95). In addition, the Internet has expanded in China, enabling public opinion to be formed quickly. According to the Chinese Internet Information Center in a 2011 report, more than 450 million people in China subscribe to Internet services and more than 300 million people are using mobile phones to access the Internet (Shin 2013: 76-77). As Qing Cao (2007) argues, “the growing partially deregulated market forces, though under tight control, could still combine with a potential societal push for quantity information and wider participation in public affairs”. Therefore, what the Chinese government and the CCP call “pacifist foreign policy” might not always be supported by their own citizens.

The indication of differences between official foreign policy orthodoxy and public opinion occurred in 1996 with the publication of *China Can Say No*, a book edited by Zhang Xiaobo. On the one hand, the book criticised the American aims to contain China's growth; e.g. the CIA secret mission in China, the support for Tibet's independence, the protracted negotiation over China's bid to join the World Trade Organization (WTO). On the other hand, it also charged that the Chinese government was naïve and soft in its dealing with the United States, and that it should dare to “say no” to Washington (Fewsmith and Rosen, 2001: 163). The book quickly became a bestseller, selling as many as two million copies, reflecting that many people read it and had the same sort of frustrations they shared with the authors.

In the early years of the 21st century, the people's frustrations became an outburst in the protests against foreign powers like Japan. In the “collective memory” of the Chinese, Japan has been perceived as an aggressor who invaded China several times during the so-called “Century of Humiliation” (1840-1949) and has not apologised to China for its atrocities. *March of the Volunteers*, the national anthem of China composed during Japan's occupation of northeastern China in the 1930s, is full of anti-Japanese sentiments. History still haunts Sino-Japanese relations.

3. Anti-Japanese Protests over History Textbooks in 2005

The year 2005 was a sensitive year for Sino-Japanese relations as it marked the 60th anniversary of the Chinese people's victory over Japan in the Second World War. Anti-Japanese protests in China in the second week of April of that year were a result of a coincidence. The first was the Japanese Ministry of Education's approval of eight history textbooks to be used in secondary schools. Many Chinese citizens claimed that the content in them made a glorification of Japan's war with China. The second was Japan's bid to become one of the permanent members of the United Nations Security Council (UNSC). More than 20 million Chinese "netizens" signed their names to protest against the bid, saying that an unrepentant nation like Japan is ineligible for the permanent seat on the council whose mission is to maintain world peace. In Beijing, tens of thousands of people marched to the Japanese Embassy and the residence of Japan's ambassador, and smashed windows of these buildings to show their frustrations. Meanwhile, ten of thousands of people in Shanghai destroyed Japanese stores, companies, and cars on their way to the Japanese Consulate. The crowd chanted anti-Japanese slogans like "Japan doomed", "Go away Japanese" (Khamchoo, 2005: 49-50).

The protests created a dilemma for the Chinese leadership. On the one hand, China's economic interests with Japan were non-negligible. By the end of 2004, trade volume between the two countries had reached 167 billion US dollars and Japan had replaced the US as China's biggest trading partner. Also, more than 70,000 Chinese students were studying in Japan (Theeravit, 2006: 113). On the other hand, failing to take the issue of history seriously could be detrimental to the CCP's legitimacy. Ma Licheng, an editorial writer of *People's Daily*, and some Chinese scholars in 2003 had proposed what is called "New Thinking" on Sino-Japanese relations. They held the views that China should abandon the issue of history in dealing with Japan. Moreover, it should recognise and value the economic aid that Japan had given to China since 1979 in the form of soft loans. However, their proposal aroused criticism, not only from scholars, but also from many citizens and netizens who denounced Ma as a "traitor" (Hughes, 2006: 149). Therefore, following "New Thinking" was not an option for the Chinese leadership, as it could easily arouse anti-CCP sentiments.

The protests became a difficult task for the Chinese government to keep a balance between peaceful foreign policy orthodoxy and violent popular sentiments. In his meeting with Kyodo News Agency's president Toyohiko Yamauchi on 12th April, the then Chinese State Councilor Tang Jiaxuan said that the Chinese people really could not understand how a nation which cannot honestly look at its aggressive history and which cannot correctly understand the feeling of the people of the countries it victimised could be

quantified to bid for a permanent seat on the UNSC. At the same time, Tang assured Yamauchi that China and Japan should look forward into the future and uphold bilateral relations (Handling China-Japan Ties Carefully, 2005: 16). He also said that the Chinese government called on the public to express their emotions by calm, reasonable, and legal means, rather than with violent behaviour. In order to communicate to the public, Tang's remarks to Yumauchi were published in full two days later by the *People's Daily* (Tang, 2011: 30).

After allowing the people to vent their anger for a few days, the Public Security Bureau of Beijing Municipality on 15th April made a declaration that any protest without official permission would be considered illegal and assured the people that the government and the CCP would handle Sino-Japanese ties in a proper manner (Theeravit, 2006: 114). Thereafter, the Chinese leadership had concentrated all efforts to express their concerns on historical issues and improve relations with Japan by means of governmental and non-governmental contacts and exchanges which led to Japanese Prime Minister Shinzo Abe's ice-breaking visit to China on 8th-9th October 2006. During his talks with Chinese Premier Wen Jiabao, Abe admitted that Japan had brought disasters and sufferings to Asian people and would look humbly at history (Tang, 2011: 57). A month later, in the exclusive interview with Xinhua News Agency, Chinese Ambassador to Japan Wang Yi said with confidence that "the Sino-Japanese relations are witnessing obvious improvement and a momentum of development in all fields" (Wang, 2006).

4. Anti-Japanese Protests over the Diaoyu/Senkaku Islands in 2012

Anti-Japanese protests in China erupted again in August and September 2012 as a result of disputes between the two countries over the Diaoyu/Senkaku Islands in the East China Sea. The official position of China is that these islands have appeared on China's maps since the Ming Dynasty (1368-1644), more than 400 years before Japan claimed discovery of the islands in 1884. China's sovereignty over the islands had never been disputed until the government of the Qing Dynasty (1644-1911) was forced by the Japanese to sign the Treaty of Shimonoseki in 1895, under which it ceded the whole island of Taiwan and its surrounding islands, including the Diaoyu/Senkaku Islands, to Japan. After its defeat in the Second World War, Japan signed the Treaty of San Francisco with the United States in 1951, in which the Diaoyu/Senkaku Islands were assigned to Japan's Ryukyu zone. As a result, the Chinese government lodged a strong protest and has never recognised the treaty (History of the Diaoyu Islands, 2012: 12)

The problem occurred on 7th July 2012 when Japanese Prime Minister Yoshihiko Noda had expressed his consideration for the Japanese government to buy the disputed islands from the Kurihara family, claimed by the Japanese

side as the private owner of the islands. Therefore, activists from Hong Kong sailed to and landed on one of the disputed islands on 15th August where they were stopped and detained by Japanese authorities. This led to calls from netizens in China for a nationwide protest against Japan on 19th August. In Beijing, a crowd gathered in front of the Japanese embassy. Up to 2,000 people with Chinese flags and banners protested in Shenzhen, overturning Japanese cars, attacking Japanese restaurants and burning images of Japanese flags (Branigan, 2012). In Chengdu, the protesters walked with a banner saying, "Defend the Diaoyu Islands to the Death". Another one said, "Even if China is covered with graves, we must kill all Japanese" (Bradsher *et al.*, 2012). Qingdao, Taiyuan, Hangzhou, Guangzhou, and Shenyang also saw protests.

Another wave of anti-Japanese protests took place a few weeks later, when the Japanese government on 11th September signed a contract with the Kurihara family to purchase the islands which cost some 2.05 billion yen (equivalent to 26.15 million US dollars). As a result, on 18th September, on the occasion of the 81st anniversary of Japan's occupation of Manchuria (or the so-called "Mukden Incident" of 1931), people across the country joined the protests. Japanese businesses shut stores and factories across China, some sent workers back to Japan in fear the protests would get out of hand. The Japanese Embassy in Beijing was under siege by protesters throwing water bottles, waving Chinese flags and chanting slogans evoking Japan's occupation (Wee, 2012).

Again, like the anti-Japanese protests in 2005, the Chinese leadership faced a dilemma. China and Japan were mutually dependent economically with bilateral trade volume reaching around 345 billion US dollars that year (Wee, 2012), and the protests might disrupt economic relations between the two countries. However, banning the protests was not an option because the protesters might see it as a weakness of the leadership and thus may redirect their outburst of anger to their own government, or even question the legitimacy of the CCP's authoritarian rule. Therefore, the Chinese government used balanced measures. On the one hand, the Ministry of Foreign Affairs stated on September 19th that the widespread anti-Japanese protests reflected Chinese public's firm resolution to safeguard sovereignty and urged the Japanese government to listen to the Chinese people's strong appeals (Anti-Japan protests reflect Chinese people's resolution: FM, 2012). Other Chinese government bodies also lodged stern protests, including the National People's Congress, the National Committee of the Chinese People's Political Consultative Conference and the Ministry of Defense. Furthermore, Chinese marine surveillance ships were dispatched to waters near the Diaoyu/Senkaku Islands. Besides, the Chinese government announced the basic points and baselines of the territorial waters of the Diaoyu/Senkaku Islands (Ding, 2012: 12).

On the other hand, Chinese Foreign Ministry Spokesman Hong Lei also said that the Chinese government would protect the safety of foreign diplomatic missions, personnel and institutions in accordance with the law, adding that relevant cases would be properly handled (Anti-Japan protests reflect Chinese people's resolution: FM, 2012). Therefore, a large number of riot police were deployed around the Japanese embassy in Beijing and the subway operator closed the station nearest to the Japanese mission (Wee, 2012). Meanwhile, the editorial of state-run *Beijing Review* magazine on 27th September stated that, although Japan must act responsibly, "some demonstrations have regrettably turned violent and these irrational expressions of anger must end" (Play Fair, 2012: 2).

5. Conclusion: Will Chinese Foreign Policy be More Aggressive?

The outburst of anger and the government's reactions to these anti-Japanese protests revealed the growing importance of public opinion in the making of Chinese foreign policy. Despite the fact that the government and the CCP have maintained their media control mechanism, Chinese citizens in the age of commercialised press and information technology have their own windows to the outside world, leading to the state's reducing capabilities to influence public opinion. Moreover, the Chinese leadership have to give more latitude to the people to express their frustrations. Otherwise, they could redirect their frustrations towards their own government and the CCP's authoritarian rule would face a crisis of legitimacy. Hughes (2006) calls this phenomenon as "the powerlessness of the powerful" because elite discourse is challenged by popular nationalism. In addition, the Chinese people have ambivalent attitudes towards their country's fate, described by Callahan (2010) as "pessoptimist" structure of feeling, which is a result of their country's grievous experience during "the Century of Humiliation". They are confident about China's prosperous future, but they also feel that China has always been victimised by foreign powers. Their victim mentality thus easily becomes an outburst of anger and violence. In other words, the Chinese people do not always conform to the concept of China's "Peaceful Rise" propagated by their leadership.

Recently, there are some China scholars who hold the views that the public's frustration is not only detrimental to the concept of China's "Peaceful Rise", but also leads to aggressive foreign policy. Susan Shirk (2007) argued that, in order to preserve the CCP authoritarian rule, Chinese leaders will make domestic considerations a priority, including the promotion of nationalist myths to show how strong they are, which in turn risks trapping them into an aggressive stance abroad. Shirk's views resonate with Avery Goldstein (2012) who argued that many Chinese are suspicious of the toughness of their post-revolutionary leaders in conducting foreign relations.

As a result, it generates demands for the Chinese government to stand up for China's interests on the world stage that the Chinese leadership find difficult to ignore.

However, one should not take such pessimistic views on public opinion. As seen in the measures toward anti-Japanese protests in 2005 and 2012, the Chinese government has been quite successful in responding to public emotion while maintaining official foreign policy orthodoxy and regime stability. In sum, although the role of public opinion is non-negligible, it does not completely dictate the course of Chinese foreign policy.

Notes

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- 1. This article is a major revision of the article titled "Public Opinion and the Limit of China's Peaceful Rise" published in the *Journal of the Royal Institute of Thailand*, Vol. 2 (2010), pp. 37-43. In this revised article, the author puts more emphasis on Sino-Japanese relations, analyses recent anti-Japanese protests in 2012 and makes a new argument about the non-negligible but somewhat limited role of public opinion in the making of Chinese foreign policy.

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Beyond Offensive Realism: Why Leadership Matters More than Structure in the Security Environment of East Asia

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Abstract

In recent years, relations between China and Japan/US and the security environment in East Asia as a whole have aroused serious concerns around the world. Offensive realism structurally ascribes this regional geopolitical evolution to the rise of China and the distrust it causes in Tokyo, Washington and capitals of other neighbouring countries, which is a very influential explanation. However, offensive realism does have some theoretic blind spots. This paper offers a leadership theory of foreign policy to illuminate the blind spots, arguing that the immediate cause consists in the lack of diplomatic leadership and the ensuing compromise deficit in regional geopolitical arena that in larger part gives rise to the worrying situation. This leadership theory is composed of four core arguments: 1) foreign policies are made by top leaders; 2) leaders do make different policies in response to the same international changes and pressures; 3) leaders are better-informed than any elite or mass groups to know where the boundaries of political compromise lie; 4) only leaders are in the capacity to help shape international politics. Therefore, the key to a better security environment of East Asia is held in the hands of the leaders. Relations between nations rely largely on interaction and understanding between their leaders, so more summit meetings between Chinese and Japanese leaders are a necessary condition for smarter handling of bilateral territorial disputes. If four prerequisites are met, leaders can better manage power-security competition between their countries, so as to minimise the risks of violent conflict, and make regional peace sustainable and lasting. The prerequisites are: 1) when leaders are prudent; 2) when leaders resist nationalistic pressure of public opinion; 3) when leaders are strategically pragmatic and patient; 4) when leaders are strategically tolerant.

Keywords: *China, East Asia, Security Environment, Leadership Theory of Foreign Policy, Compromise Deficit*

1. Introduction: The Worrying Security Environment of East Asia Today¹

About twenty years ago, an international political scientist, Richard Betts of Columbia University, described the post-Cold War East Asia as “a bad combination” of “a more important interest to the United States” and “less stable as an arena of great power interaction”, largely because China and Japan might form in the region “the most probable bipolar pair, and potentially the most antagonistic”, which “would be the one with most potential for war among great powers”, if the two countries failed to establish an unlikely “condominium” (Betts, 1993-94: 34, 70). Today, the predicted scenario seems to be in the making, because East Asia has been in increasingly serious geopolitical trouble since 2010, and its precarious security environment has kept leaders, diplomats, government officials, experts, analysts, professionals and even average people worried about the possible deterioration of power-security competition between nations like China, the US, Japan, Vietnam, the Philippines, the Republic of Korea, and Democratic People’s Republic of Korea.

For example, in August, 2012, Graham Allison, a well-known senior Harvard international relations professor, published an op-ed piece in the *Financial Times*, arguing about the future chance of a dangerous “Thucydides’s trap” between China and the United States (Allison, 2012). Not coincidentally, in its late September issue in 2012, *The Economist* produced a cover story titled “Could China and Japan really go to war over these?” – meaning over Diaoyu Islands. On the cover picture, a turtle swimming not far away answered “Sadly, yes.” (*The Economist*, 2012) About two years later, the *Financial Times* published a piece written by Gideon Rachman, with the title “Keep the lid on Pandora’s box or Asia will pay dearly”. According to Mr. Rachman, East Asian powers had been for many years pursuing a serious “getting rich” approach, behaving like the Atlanta’s slogan “too busy to hate”. However, Rachman regretted, “there are now alarming signs that East Asia’s giants are pursuing dangerous new priorities, and diverting their energy into angry nationalism and territorial disputes”. He continued to warn that the increasing rise in regional tensions was so “palpable” that the geopolitical sirens were sounded by a number of senior political figures, some of whom made such comments as it “looks like Pandora’s box is being opened” in Asia (Rachman, 2014). In September 2014, *The National Interest*, one of American leading foreign policy magazines, published an analysis on its website, saying a US-China war was “Asia’s Greatest Fear”, with speculations on “how would it start? who would win?”, and made a pessimistic prediction of a possible “World War III” (Farley, 2014).

No matter how different their wording was, all four pieces had it in common to see the security environment in East Asia as full of risks.

Unsurprisingly, there have been many other similar viewpoints expressed everywhere from government offices to think tank podiums and university classrooms, from traditional mass media to the Internet platforms. For instance, as the top two forces within East Asia, China and Japan have had pessimistic assessment of regional security environment ever since a couple of years ago. In its *Diplomatic Bluebook 2013*, Japanese Ministry of Foreign Affairs (JMOFA) grew even more pessimistic with its security environment, saying “the security environment of the region around Japan has become more challenging than before” (JMOFA, 2013: 10). North Korea, China and Russia were mentioned as the major traditional security concerns. The *Diplomatic Bluebook 2014* claimed that “China’s advance in military capabilities without sufficient transparency and unilateral attempts to change the status quo”, which contributed to “increasing severity in the East Asian security environment” (JMOFA, 2014: 4).

Similarly, in its National Defense White Paper 2013 titled *The Diversified Employment of China’s Armed Forces*, China officially described its security environment as “complex and volatile”, “still faces multiple and complicated security threats and challenges”, among which are “the issues concerning China’s territorial sovereignty and maritime rights and interests”. On those issues, the White Paper attached great importance to the argument that “some neighboring countries are taking actions that complicate or exacerbate the situation, and Japan is making trouble over the issue of the Diaoyu Islands” (China Information Office of the State Council, 2013). American Department of Defense straightforwardly described the situation as “a deteriorating security environment” in its latest report on “Military and Security Developments Involving the People’s Republic of China 2015” (Office of the Secretary of Defense, 2015: 3).

Obviously, when it comes to the East Asian security environment, the trajectory of China-Japan relations has been one of the key determinant factors for a couple of years, and the case will remain the same or the impact may even grow bigger down the road. Then, questions arise. What is the root cause of the worrisome security environment and geopolitical situation in East Asia today? Is there a way out? If yes, what is the key to the way out?

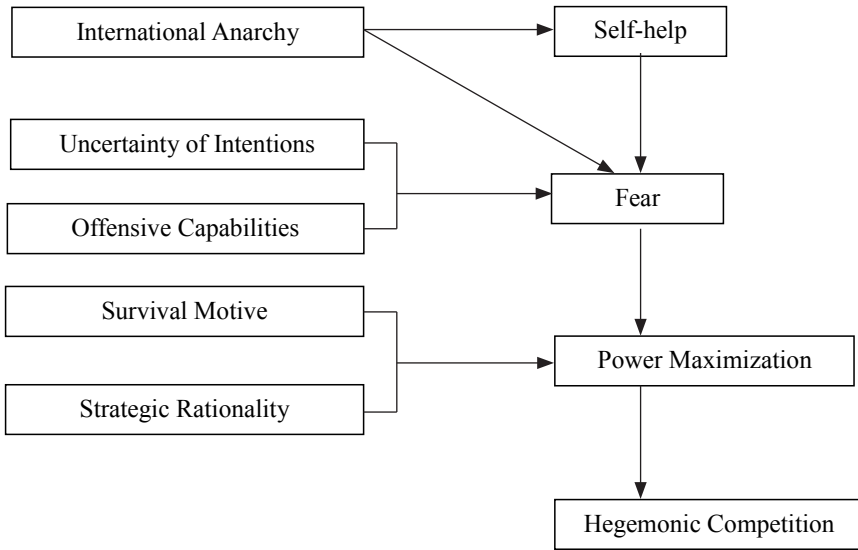
2. What Are the Driving Forces? Offensive Realism as Structural Explanation

To answer the above questions, one needs to turn to International Relations (IR) theories. There have been a great many academic efforts made to help people explain and understand the driving forces of regional security problems in East Asia ever since the end of the Cold War in the early 1990s. For example, the late Harvard professor Samuel Huntington focused on cultural

differences among nations, and his most famous and controversial theory of “clash of civilizations” presented a robust explanation for and prediction of recent South China Sea situation almost 20 years ago (Huntington, 1996: 218-237). Some scholars took the neoliberal institutionalist approach, arguing that the absence of regional collective security institutions was to blame for the geopolitical trouble in this region. For instance, Georgetown University IR Professor Charles Kupchan, maintained in his recent book that a “security community” is key to a “stable peace” in East Asia, claiming that “if East Asia is ultimately to enjoy a security community similar to the one that has evolved in Europe, states of the region – China and Japan, for example – may well be a more suitable anchor than the United States” (Kupchan, 2012: 66). Zheng Yongnian, one of the leading China experts in Singapore, published a paper advocating that collective security regime be established to improve the security relations between China and neighbouring countries (Zheng, 2011). Still some others, mostly American China experts, maintained that China’s assertiveness or new assertiveness in peripheral diplomacy (Johnston, 2014) and naval nationalism in maritime disputes were the drivers of the unpleasant situation (Ross, 2009).

However, offensive realism is widely regarded among scholars and diplomats as the most influential account for the dynamics of geopolitics in East Asia today, which was vividly demonstrated by some articles that believe China’s rise and its consequential impact on China-US and China-Japan/neighbours relations are the touchstone for the theory (Betts, 2010), and by the fact that Professor John Mearsheimer, the father of offensive realism, was invited to countries like Australia, China and Japan to give talks on the likely scenarios of regional security competition in East Asia. Offensive realism is a structural theory that typically focuses on great powers and systemic balance of power. According to the theory, great powers live in an anarchic international community, having no night watchman to turn to for safety and justice. They primarily struggle to survive as a sovereign entity, busy with security goals like territorial integrity and political autonomy. Furthermore, great powers by definition possess destructive offensive capabilities that can do great harm to each other, while they are not certain about the intentions of each other. Therefore, great powers are driven by both their first will to survival and strategic rationality to behave in such ways as self-help, fear, and power maximisation. In other words, states as rational security maximisers fear each other, and they never let go of any opportunity to pursue their own security maximisation. Because power remains the only and most reliable means of achieving national security in international politics, great powers as self-helpers seek to maximise their power so as to maximise their security, their ultimate mutual interactions being directed to the hegemonic competition at the expense of their rivals (Mearsheimer, 2014:

Figure 1 Offensive Realism



30-36). The theoretic logic of offensive realism can be graphically presented in Figure 1.

Obviously, great powers in an offensive realist world are destined to engage in lasting power-security competition, and this inherent international-political logic of competition serves as the essential driving force to pull great power politics into the direction of a tragedy. When offensive realism is employed to explain East Asian geopolitics, it offers a robust mental picture to observers.

Why does the constant power-security competition in East Asia pick up a seemingly faster pace in recent years? The offensive realist answer goes very structural: because mainland China has overtaken Japan economically to be the world's second largest economy, and with its accelerated modernisation of military might, especially its development of a powerful blue-water navy, the global and regional balance of power have been undergoing a big change in China's favour. As a natural result, China is seen as a potential regional hegemony-seeker by Japan and some neighbouring countries, and treated as a likely peer competitor by the only status quo superpower, the United States. Those nations that feel threatened by a rising China think it necessary to take early hedging actions to deal with the uncertainties brought about by China's new and assertive moves in East and South China Seas. Thus, the US has adopted an Asia-Pacific rebalance strategy, Japan a hardline maximalist position on Diaoyu Islands, the Philippine a unilateral tactic of

using international law to settle disputes with China, and Vietnam a policy of hardening nationalist sentiment.

In response, China has employed a combined strategy whose elements include: 1) internal balancing of military modernisation; 2) establishing an East China Sea air defense identification zone (ADIZ) covering Diaoyu Islands; 3) founding Sansha city to enhance administrative management over small islands and reefs that China has held actual control in the South China Sea; and 4) making some maritime oil and gas explorations out there. Unfortunately, the actions and reactions on all sides have reinforced each other's suspicion and caused dangerous tensions between China and its neighbours, with a spiral of accidental escalation appearing to loom. However, according to Mearsheimer, all the above risky interactions are just phenomena on the surface, their deep-rooted causal logic lies in the essential power-security competition among great powers and lesser states. The sad story here is that the East Asian tragedy of great power politics is just a matter of "when" question rather than a "yes-or-no" one. No effective and workable measures can be invented to help China, Japan, the US and other local nations escape this "downright depressing" scenario (Mearsheimer, 2010: 396).

3. Beyond Offensive Realism: Bringing Leaders Back in

At the system level, offensive realism paints a very gloomy theoretical picture about the possible evolution of security competition in East Asia down the road. Pessimism notwithstanding, John Mearsheimer's grand theory does offer a formidable structural explanation for the recent state of security environment and geopolitical situation in East Asia, in the sense that the majority of regional countries and outsiders feel pressured by the power-security competition between such major actors as the US, Japan, and China. For example, Japan views the shift of regional and global balance of power as one of the two major challenges facing this world for the several decades to come. The country expressed this concern in its *Diplomatic Bluebook 2011*, "the current international community faces two major changes: (1) the shifts in the international balance of power caused by the rise of emerging countries and (2) the increasing influence of myriad non-state actors caused by globalization. The nature of the basic structure upholding international society is quietly but certainly changing." (JMOFA, 2011: 2) In the meantime, Chinese leaders have kept urging Japan to reflect correctly on its dark history of imperial invasion of its neighbours prior to 1945 for fear of the possible resurgence of Japanese stubborn and savage militarism, which is "the only one single question China worries about Japan", to quote Deng Xiaoping's comment in May, 1987 (Deng, 1993: 230). When President Xi Jinping met Prime Minister Shinzo Abe in Indonesia in this April, he reiterated that "the

history question is one important principle issue that remains closely pertinent to the very political basis of China-Japan relations. Japan is expected to take into serious account the concern of neighbouring countries, and convey positive message to the outside world that Japan sincerely faces up to its history” (Du and Yu, 2015: 2).

However, offensive realist approach has its obvious weaknesses and disadvantages in explaining the fact that it was neither China nor America who initiated recent tension of maritime disputes, and it was not Japanese national leaders but the former Governor of Tokyo Shintaro Ishihara, one of the most infamous Japanese nationalist politicians who started the new subtle confrontation with China on Diaoyu Islands dispute. Therefore, the origin and formation of current security environment in East Asia is less an international-political problem, but more a problem of foreign policy choice due to inadequate diplomatic leadership and ensuing big compromise deficit. Such theoretical blind spot of structural explanations encouraged scholars to work out “neoclassical realist” theories that aimed to fill the gap focusing on “state” or “more specifically the decision-makers and institutions that act on their behalf”. They particularly address the domestic variables such as “the extractive and mobilization capacity of politico-military institutions, the influence of domestic societal actors and interest groups, the degree of state autonomy from society, and the level of elite or societal cohesion” (Lobell, Ripsman and Taliaferro, 2009: 1, 4). Although the neoclassical realists treat leaders together with institutions as an important factor that pulls the foreign policy train of countries, they fail to go far enough to acknowledge the decisive and distinctive role of heads of state and government play in the final decision-making of their national security strategy and specific foreign policies. Thus, the major contribution of this paper is to highlight their role, to bring leaders back in international politics and hold them first and foremost responsible for bad decisions that may exacerbate the East Asian security environment. In other words, it is the lack of leadership among leaders in different capitals that makes difficult diplomatic and security situations in East Asia.

Why do leaders matter more than the international structure or the effect of global and regional power transition? Why a leadership theory of foreign policy can do the job to illuminate the theoretic blind spot of the structural explanation of offensive realism? The logic is simple and can be reduced to four points. *First, because foreign policies are made by leaders, they are in larger part the result of how leaders observe and understand the international-political laws and specific development of events, incidents and accidents.* So conditional, situational, and structural forces of international politics all work through leaders. Good and great leaders are those who perform quality leadership, capable of leading their respective nations through

foreign policy troubles by making necessary compromise. On the contrary, the more nationalistic the leaders are, the more difficult for countries to reach diplomatic compromises, thus giving rise to crisis management hard to achieve and work.

Second, leaders do make different policies in response to the same international changes and pressures. Structural theorists of international politics have been the most important mainstream scholars since Kenneth Waltz and his *Theory of International Politics* published in 1979. In addition to John Mearsheimer, other major scholars like Robert Keohane and Alexander Wendt, who are well known for their institutionalist and constructivist approaches respectively, also frame their theories at the structure level. As a result, leaders are mostly not seen as the determinant factor in international politics. However, according to Fred I. Greenstein, a senior scholar of American presidency studies, in several historical episodes in American history, if another person had been in the White House, some of the decisive foreign policies in post-war American history might have been different or even the opposite. For example, when President Eisenhower decided not to get military involvement in Vietnam in 1954, his vice-president Richard Nixon disagreed and favored military action. In 1965, when President Johnson made up his mind about getting into the Vietnam civil war, his vice-president Hubert Humphrey expressed his disagreement and urged his boss to resort to diplomatic strategy in a confidential memorandum to Johnson, which displeased Johnson so much that he excluded Humphrey out of meetings respecting Vietnam policy for quite a while. If Nixon and Humphrey had been the final decision-makers in 1954 and 1965, then the outcomes of international politics in those two decades might have been different (Greenstein, 2009: 1-2). Similarly, President Obama voted against US war with Iraq when he was a senator in 2003. If he were in the Oval Office then, things might have been not the same. So, the key point is that IR research should reintroduce American presidency studies into the field to explain world politics in a better way.

Third, leaders are better-informed than any elite or mass groups to know where the boundaries of political compromise lie. Top politicians and diplomats attach great importance to compromise in all forms of politics, including both foreign policy and domestic politics. For example, former US president Ronald Reagan mentioned “compromise” 32 times in his *The Reagan Diaries*, though most of which referred to domestic political issues such as “budget compromise”. He gave the terminology “compromise” such a definition that “a compromise is never to anyone’s liking – it’s just the best you can get and contains enough of what you want to justify what you give up” (Reagan, 2007: 86). Meanwhile, former US Secretary of State and now the 2016 presidential candidate Hillary Clinton talked about “compromise”

52 times in her recent book *Hard Choices*, most of which were about compromise between states (Clinton, 2014).

Fourth, only leaders are in the capacity to be heroes that help shape international politics. When conflict is looming, it is leaders who are in the position to take the duty and do their job to manage the crises and save peace. Diplomacy is peaceful by definition. Henry Kissinger defined the essence of diplomacy as “the adjustment of differences through negotiation” (Kissinger, 1973: 2), and his emphasis on leaders’ role in diplomacy was explicitly shown in his masterpiece *Diplomacy* when he connected such statesmen as Richelieu, Metternich, and Bismarck with the shaping of international systems in the 17th and 19th centuries (Kissinger, 1994: 17). In his recent book *World Order*, Kissinger’s focus was exclusively on leaders and their policies, without a single quotation of any important IR scholars, which implied his conviction that leaders matter more than any other factors in international politics (Kissinger, 2014). Besides Kissinger, classical realist scholar Hans Morgenthau also found that “the essence of diplomacy” was “the promotion of the national interest by peaceful means” (Morgenthau, 1985: 563). According to Morgenthau, leaders of nations should understand that the means of diplomacy are “persuasion, compromise, and threat of force”, and “the art of diplomacy consists in putting the right emphasis at any particular moment on each of these three means at its disposal” (Morgenthau, 1985: 565). For sure, Morgenthau’s “art of diplomacy” meant diplomatic leadership and was naturally designed for leaders to learn and employ in tough relations.

It is possible that the impact of international structural change be managed by leaders, but it requires quality leadership which is badly in shortage in today’s regional security politics of East Asia. As Graham Allison wrote in his eye-catching op-ed piece, “to recognise powerful structural factors is not to argue that leaders are prisoners of the iron laws of history. It is rather to help us appreciate the magnitude of the challenge. If leaders in China and the US perform no better than their predecessors in classical Greece, or Europe at the beginning of the 20th century, historians of the 21st century will cite Thucydides in explaining the catastrophe that follows. ...In light of the risks of such an outcome, leaders in both China and the US must begin talking to each other much more candidly about likely confrontations and flash points. Even more difficult and painful, both must begin making substantial adjustments to accommodate the irreducible requirements of the other” (Allison, 2012).

The same logic applies in the case of China-Japan strategic relations. The question is how leaders of both countries can figure out a way to develop their diplomatic leadership in addressing bilateral relations. First, it is a necessary condition that as many summit meetings as possible are to be held. Relations between nations rely largely on interaction and understanding

between their leaders. Chinese and Japanese leaders must meet in person regularly and on institutionalised basis, so as to appreciate their counterparts' leadership style shaped by the factors such as era, values and defining moments of history. Warren Bennis, a famous leadership theorist, recently pointed out that era, values and defining moment are important factors that shape leadership. According to his analysis, leaders like President Harry Truman "were shaped by World War I, the growth of big business, and the idea of the melting pot", while subsequent leaders such as John F. Kennedy and George Herbert Walker Bush "were formed in the crucible of World War II and came of age in a nation unified by its fight for its very survival", and President Clinton, Vice President Al Gore, and President Bush the younger "were all children of the 1960s, who grew up in a nation divided over the Vietnam War, in a nation of divided families" (Bennis and Thomas, 2002: xiii-xiv). Although they grew up in different political cultures and values, President Xi and Prime Minister Abe are of almost the same age and witness the same era and defining moments of world history, so they have a good starting point to listen and talk to each other, discuss problems in the language of their own generation, find commonalities and transcend differences. Anyway, it is easier for them to establish a personal contact than leaders of different generations, which is good news for bilateral relations of the two countries.

Second, the best leadership quality is closely related to their way of addressing nationalism in both countries. John Mearsheimer once made a very important observation about nationalism in international politics, arguing that "nationalism is probably the most powerful political ideology in the world" (Mearsheimer, 2001: 365). Nationalism can bring leaders and their populace closer, but the problem is that the political force of nationalism can be manipulated to cultivate a sentiment of xenophobia and populist hatred against certain nations. In recent years, Japanese and Chinese have accumulated pronounced mutual nationalistic dislikes toward each other, which seem to have been reinforced by the lack of summit diplomacy between the two countries.² But history shows summit diplomacy helps improve overall bilateral relations and ease emotional tensions between the two peoples. For instance, Japan's *Diplomatic Bluebook 2011* wrote, "though Japan-China relationship became tense when a Chinese fishing trawler collided with two Japanese patrol vessels ... in September, it has been improving again since the holding of the bilateral summit meeting and foreign ministers' meeting during APEC Economic Leaders' Meetings in Yokohama in November" (JMOFA, 2011: 10). Similarly, after the Xi-Abe meeting in Indonesia in April 2015, there have been positive signs of an improving China-Japan relationship, and some postponed visits and security talks have been resumed, together with people-to-people exchanges on the rise.

4. The Way Out: When Leadership Works?

East Asian geopolitics is in serious lack of compromise among countries like China, Japan, and the Philippines. Therefore, troubles constantly arose. In order to find a way out of this awkward geopolitical situation and prevent the deteriorating security environment, leaders in Beijing and Tokyo (and Manila also included) must create conditions for better management of security competition, which require they work better together to demonstrate their quality leadership. The conditions for quality leadership to unfold itself are created when four prerequisites hold their root in East Asian politics.

First, when leaders are prudent. Prudence means leaders are willingly prepared for diplomatic solutions to the disputes and divergences with other countries. Stephen Walt of Harvard's Kennedy School of Government once reminded his readers in his op-ed article, that "if leaders are prudent, the rivalry may be managed. But reckless leaders on either side could increase the danger of war" (Walt, 2012). In international relations, being prudent requires that leaders put diplomatic means ahead of military ones, and constantly keep in mind the limit of the use of armed force when they make significant foreign policy decisions. Hans Morgenthau meant almost the same when he said, "the armed forces are the instrument of foreign policy, not its master" (Morgenthau, 1985: 590). When leaders rely excessively on the minister or secretary of defense, diplomatic compromise is more difficult to strike.

Second, when leaders resist nationalistic pressure of public opinion. Competition can be destructive for involved parties, especially for the more vulnerable ones. Quality leadership in diplomacy naturally means the leaders' capabilities of understanding international politics as security competition and avoiding violent conflict and war. In order not to be dragged backward by populist and nationalist pressures from pushing diplomacy in the dangerous direction of confrontation and conflict, leaders must take brave steps to engage in persuasion and reach compromises, so as to de-escalate tensions among their nations. However, history shows nationalism, especially hyper-nationalism and populist nationalism, work against reasonable compromise between leaders and states, thus confrontation and conflict follow. When he mediated between Spain and Morocco over the Parsley crisis/ Perejil Island crisis in July 2002, then US State Secretary Colin Powell said, "I decided that I had to push for a compromise fast because otherwise pride takes over, positions harden, and people get stubborn" (Zakaria, 2009: 216). Hans Morgenthau once said "government should be the leader of public opinion, rather than the slave to it" (Morgenthau, 1985: 591).

The reality of politics tells us that average people in different countries, whether they are labeled as "voters" or "the mass", do not have much say in domestic and foreign policy making processes. Joseph Schumpeter famously

said that “voters do not decide issues”, their choice of their representatives to form the parliament are “shaped”, not “flow from its initiative”, because in all normal cases, “the initiative lies with the candidate who makes a bid for the office of member of the parliament and such local leadership as that may imply”. The true political situation of voters is they “confine themselves to accepting this bid in preference to others or refusing to accept it” (Schumpeter, 2003: 282).

Third, when leaders are strategically pragmatic and patient. Because countries possess legitimate sovereignty, in no case do leaders have the capability of imposing upon their counterpart their own way of finding solutions, the spirit of compromise, pragmatism and strategic patience should be always with leaders. Deng Xiaoping, one of the smartest international strategists and most successful Chinese top leaders in foreign policy after 1949, made it very clear more than 25 years ago, that compromise must be made on immediate interest to find a way acceptable to both sides, and the problems would be eventually solved and long-term and vital interests be served (The Editing Working Group, 2000: 143-145). For example, international history shows that no great powers are willing to subordinate to international legal rules when territorial dispute cases are involved. It is fine for leaders in some countries to pursue the way of arbitration and legal action, but the fact is that no unilateral method should be imposed on the other party when it refuses, regardless whether the other party is great or small. Diplomacy takes two or more parties to work problems out hand in hand. If countries cannot agree on a peaceful and feasible way of solving maritime and territorial disputes at present, the best pragmatic and patient strategy is to leave the status quo untouched. According to Deng’s logic of strategic patience, solutions will be sooner or later found by the better wisdom of the future leaders (Deng, 1993: 87). History will help those who help themselves to find a win-win solution.

Last, but most important, when leaders are strategically tolerant. Strategic tolerance means the willingness of a leader to engage and exchange ideas with counterparts he or she politically dislikes. Leaders with strategic tolerance will by all means hold one-on-one meeting to know their counterparts and the leadership style so as to establish sufficient “personal contact” for their countries to get along with each other. As Eisenhower once wrote in his letter before his trips to Asia and Europe, “I have found from experience that there is no substitute for personal contact in furthering understanding and good will” (Galambos, 1970: 1382). George W. Bush agreed with Eisenhower on this point when he wrote similarly that “to develop close relations with China’s leaders, helped to develop and strengthen ‘trust’ between the two countries” (Bush, 2010: 425-426), which contributed to good US-China relations, a positive legacy of the Bush administration (Barnett, 2009: 8-9).

Therefore, no matter how disappointed Chinese leaders are with Japanese leaders, or vice versa, they need to put aside their displeasure and reach out their hands. One of the best ways is a state visit of President Xi to Tokyo, aiming to explain China's strategic intentions toward Japanese people and promote a stable China-Japan relationship of "Mutually Beneficial Relationship Based on Common Strategic Interests".

5. Conclusion

The core logic of a leadership theory of foreign policy presented in this paper is that leaders are responsible for the foreign policies that a nation makes in response to the change and continuity of international politics. Even though the root cause of geopolitical difficulties in East Asia can be partly attributed to the objective "structural law" of a rising China that is regarded to be bound to challenge the America-led regional order in Asia, the immediate cause is largely a problem of compromise deficit resulting from inadequate diplomatic leadership. Compromise is the essence of diplomacy. Quality leadership requires responsible leaders to be prudent, de-nationalistic, strategically pragmatic and patient, and strategically tolerant. Then, leaders in East Asian nations can work hard together to manage security competition, solve the "compromise deficit" in regional geopolitics, and make regional peace sustainable and lasting.

Notes

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- 1. This paper is the final product of a research program on "East Asian Security Environment", which was financially funded by the Center for World Asian Studies, Beijing Foreign Studies University, China. It is also supported by my research program on "Peace, Development and China's International Leadership" (12KDB017) granted by Beijing Social Sciences Fund (BSSF). The original ideas of this piece were presented at the Conference on "Malaysia, China, and the Asia-Pacific in the 21st Century", held by the Institute of China Studies, University of Malaya (UM), October 2014. My sincere thanks go to the conference organisers and fellow participants in the symposium, and to the Confucius Institute at UM that sponsored my airfare to the conference. The opinions expressed are the author's own, and any faults are his own responsibility.
- 2. It is reported that a survey, co-sponsored by the Japanese non-profit organisation Genron NPO and *China Daily*, revealed that about 86.6 per cent of Chinese respondents dislikes Japan, while 93 per cent of the Japanese respondents view China unfavourably. See The 10th Japan-China Public Opinion Poll, "Analysis

Report on the Comparative Data (Sept. 9, 2014)", http://www.genron-npo.net/en/poll/docs/10th_Japan-China_poll.pdf (accessed May 9, 2015).

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Global Maritime Axis: Indonesia, China, and a New Approach to Southeast Asian Regional Resilience

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Abstract

In the second decade of the 21st century, East and Southeast Asia have become a region fraught with potential hotspots. Rising tensions call for a new initiative in building a security architecture featuring the region's maritime resources. Central to this initiative is the implementation of China's new security concept which needs to consider ASEAN's important role in maintaining peace and security in the region, particularly when tensions in the South China Seas continue to escalate. With its unique geographical position, President Joko Widodo is suggesting the creation of a Global Maritime Axis (or Fulcrum) with Indonesia playing a key role as a maritime power. Such an axis or fulcrum can be a mechanism for a win-win solution towards achieving common stability, security and prosperity in the region while recognising the economic diversity of Asia and beyond. Challenges at both national and regional levels, however, need to be resolved to establish the Global Maritime Fulcrum.

Keywords: *China, ASEAN, Indonesia, security, global maritime axis*

1. Introduction

Much has changed in the Southeast/East Asia region in this second decade of the 21st century. It is now a region fraught with potential hotspots and recent disputes between neighbouring countries in East Asia and Southeast Asia highlight the risk of war in the most dynamic region in the world.

The remains of the Cold War in the region still persist in China-Taiwan and in North-South Korea without any sign of reunification or integration, creating fragmented zones, while overlapping claims of sovereignty in the South China Sea and East China Sea have resulted in a new and more complex landscape of geopolitical tensions, marked by expanding nationalisms across the region. Moreover, the claims in the South China

Sea are not just about sovereignty or military offensive actions in territorial waters, but also about economic matters such as fishing rights and oil and gas drilling operations. The seas have become a new battlefield of widening spheres of influence involving not only countries in the region who perceive the region as their core interest, but also external powers who likewise consider Asia-Pacific as vital to their interests. Rising tensions have increased military expenditure among Asian countries anxious to defend themselves. These realities call for a new initiative in building a security architecture featuring the region's maritime resources.

2. China's New Security Concept and ASEAN

Since 9/11 and the 2008 Global Financial Crisis, the geopolitical and geo-strategic situation has changed dramatically. We are faced with unprecedented developments in which developed economies have weakened and the US' role as a super power has declined, limiting its ability to provide the security umbrella which has allowed the economic growth in Asia-Pacific since the end of the Cold War. At the same time, new developments in information technology have created a world with no physical borders which in the past dictated the way we analyse global situations (Kaplan, 2012: 24-26). This borderless world has facilitated countries in Asia to cooperate through trade and economic relations, moving towards the integration of an inclusive and dynamic regionalism in an era of free trade.

The rapid changes in the region's political and security environment intensified in 2010 in reaction to US Secretary of State, Hillary Clinton, stating at the ASEAN Regional Forum that the US will expand and intensify its already significant role in the Asia-Pacific region, especially in the southern part of the region, adding that the surrounding seas in Asia are a core interest of the US. This marked a shift in focus in US foreign policy in anticipation of the fundamental changes affecting the norms and rules in the Asia-Pacific region caused by China emerging as a highly influential regional power (Congressional Research Service, 2012).

China's spectacular economic development at an average of 10 per cent per year in the past few decades, as well as her thorough integration into the regional economy through trade and investment networks, was changing the geopolitical landscape permanently. At the same time, however, countries in the region were also concerned about the growth of China's military spending at a pace that exceeded her economic development (Bader, 2012: 1-8). China's rise combined with the so-called "pivot policy" of the US raised concerns and mixed reactions in the region. Leaders in the region do not wish the Asia-Pacific region to become the stage for great power US-China rivalry. Indonesia makes this point with its "dynamic equilibrium" which seeks to

involve all the major powers within a cooperative framework as a basis for the development of a more inclusive regional architecture, avoiding the “unchecked preponderance of a single state” or the “disorder or uncertainty associated by a multipolar region.”¹

Nevertheless, increases in defence budgets, the strengthening of security alliances between the US and Japan, Vietnam, the Philippines and other ASEAN countries, as well as the geopolitical shifts changing regional cooperation in trade, economics and finance – creating alliances of interests such as the RCEP (Regional Comprehensive Economic Partnership) and Trans-Pacific Partnership (TPP) – reflect not just economic competition in the region but are also a manifestation of ideas and concepts in search of a new regional architecture in response to the new realities. These are efforts to build a new type of cooperation among Asian nations by increasing their connectivity, not only for the integration into a more inclusive dynamic regionalism, but also for shaping the expansion of economic, trade and business opportunities among nation-states intertwined by a dynamic free trade region.

Given these changes, China has formulated a new, comprehensive security concept or 新安全觀 (*xin anquan guan*) encompassing bilateral and multilateral relations (Shih, 2002: 3). This new concept explains China’s approach to various contemporary global issues in anticipation of a growing multipolar world. It details China’s expanding strategic culture, the dynamic international environment supporting economic growth, and reviews its strategy to ensure stability to protect China’s national interests. China’s regional leadership aspirations are formulated in the universal ideas of creating a peaceful environment and a more transparent and appropriate security mechanism.²

The concept covers four aspects bearing in mind China’s position as a permanent member of the UN Security Council and the second biggest economic power in the world: 共同安全安全觀 (*gongtong anquan*, common security), 综合性的安全 (*zonghexing anquan*, comprehensive security), 合作安全 (*hezuo anquan*, security cooperation), and 可持续安全 (*kechixu anquan*, sustainable security). The concept is based on a logic which is China-centred; avoids the traditional security concept which it considers as limiting its allies and foes; mutually beneficial cooperation among countries bound by collective security alliances; group security; stresses on deterrence, containment, and other ways to limit the potential of enemies (Ma, 2014). It is a concept which combines national security with international security to build harmony within China and through consultation, cooperation, and the search for common security and prosperity.

China’s new security concept is comprehensive, covering military issues, politics, economics, energy, research and technology integrated in such a way

so as to effectively deal with both traditional and non-traditional security threats. It also refers to standards and norms of the UN Charter and the Five Principals of Peaceful Co-existence in managing international relations in a globalised, multipolar and interdependent world. At the Fourth Conference on Interaction and Confidence Building in Asia (CICA) in Shanghai, Chinese President Xi Jinping explained that the new security concept should be understood as a new form of politics and security with “Chinese characteristics” as a projection of China’s rise, as well as a comprehensive approach to realising China’s maritime ambitions. In his speech, he also emphasised that Asia’s problems should be resolved by Asians without the intervention of extra-regional powers.

In formulating its new security concept and new great power relations vis-à-vis the US, however, China has to consider ASEAN’s force as an economic and trade regional organisation straddling the world’s most strategic sea lanes of communication. ASEAN as a cohesive, united bloc has a role to play in maintaining peace and security in the region. China cannot expect ASEAN countries to accept China’s position that, “China is a big country, other countries, only a small country, this is an indisputable fact” (中国是一个大国, 其他国家只是小国, 这就是不可争辩的事实).³ Nevertheless, ASEAN member states realise that bilaterally they are no match for China but it also does not mean that ASEAN is creating an alliance against China.

When tensions escalate in the South China Sea (SCS), ASEAN is being tested. China has stated that the SCS is its core national interest which has to be defended and refuses to resolve the overlapping claims through ASEAN, preferring a bilateral approach. The issue of the “9-dash line” which encompasses a greater part of the SCS has for more than 20 years been disputed by many ASEAN member states as contravening the United Nations Convention on the Law of the Sea (UNCLOS) that China is also a signatory. Finding a resolution to the dispute is complicated by several aspects: first, it is a conflict between China and ASEAN member states not between ASEAN; secondly, it is a conflict between an existing power (US) and a rising power (PRC); thirdly, it is a question of China wanting to resolve the issue bilaterally with the respective ASEAN member states and Indonesia’s initiative to resolve the issue through a yet-to-be-realised Code of Conduct (COC). ASEAN has to therefore convince China to accept the COC and to explain what China means by wanting to negotiate only when conditions are “ripe”.⁴ ASEAN also needs to know how to respond should China take a divisive approach by treating claimants differently⁵ and anticipate how to respond should China act bilaterally among ASEAN member states or with ASEAN as a regional entity.

With the changing dynamics in the region overall (in the East China Sea between China, Japan, and South Korea, and in the South China Sea between

China and the Philippines), ASEAN needs to find a way to ensure that it “remains relevant and self-confident and resilient in the unfolding power game in the wider region of East Asia” and “maintains the centrality and proactive role of ASEAN as the primary driving force in its relations and cooperation with its external partners in a regional architecture that is open, transparent and inclusive”.⁶

3. A Possible Solution: Indonesia as a Maritime Power and its Maritime Axis

As an archipelago in the middle of the Indian Ocean and the Pacific Ocean, Indonesia controls strategic points of sea lanes of communication (SLOC) through several choke points in the Strait of Malacca, the Sunda Strait, Lombok Strait, and the Ombai-Wetar Strait. The geographical position of Indonesia offers opportunities for Indonesia to play a significant role as a maritime power in maintaining regional peace and stability amid geostrategic changes.

In his inaugural speech, Indonesian President Joko Widodo emphasised that Indonesians have to work hard, “to restore Indonesia as a maritime power. The oceans, the seas, the straits and the bays are the future of our civilisation. For far too long, we have turned our backs on the seas, the oceans, the straits and the bays to restore *Jalesveva Jayamahe* (at sea we are victorious), the motto of our forefathers. We should return back to sailing the seas.” He ended his speech by referring to President Soekarno, who “...once said that to make Indonesia a great, strong, prosperous and peaceful nation, we need to have the spirit of the *cakrawarti* (brave sailors), who confronted the great tides and the mighty rolling waves.” Metaphorically, President Joko Widodo sees himself as, “the captain entrusted by the people” and appeals to the people to “come on board the Republic of Indonesia vessel and together we will sail toward Great Indonesia. We will roll open the stout sails. We will face all the ocean tides and waves with our own strength.” In the same speech he also noted that, “Indonesia as the third-largest democracy in the world, as the country with the largest Muslim population, as an archipelagic state, and as the largest country in Southeast Asia, will continue to pursue its independent-active foreign policy, dedicated to national interests, and to taking part in creating an international order that respects independence, eternal peace and social justice.”

For the next five years, President Joko Widodo’s vision is to create a “sovereign, independent Indonesia with character based on the principle of “*gotong royong*” – mutual assistance.⁷ Although unclear of what this would entail in foreign policy terms, *gotong royong* is an important characteristic of the Indonesian people which has long been abandoned by the New Order

era of Soeharto and which Joko Widodo wants to revive as a principal ideal. Hence, the spirit of *gotong royong* should also be reflected in Indonesia's foreign policy.

President Widodo is suggesting the creation of a Global Maritime Axis based on his understanding and vision of the global geopolitical map which is marked by an economic shift from Europe and America to Asia with Indonesia right in the midst of it.⁸ It harks back to the 7th century era of Sriwijaya and the 14th century Majapahit era, meant to instil a sense of nationalism for Indonesia as a maritime state and to capitalise on the geopolitical reality that Indonesia straddles between the Indian and the Pacific Oceans.⁹ Its nationalistic strains are similar to President Xi Jinping's idea to create a Maritime Silk Road (海上丝绸之路) inspired by Admiral Zheng He of the Ming Dynasty. Xi's Maritime Silk Road is a reaction to ward off external pressure, particularly vis-à-vis Southeast Asia, as a win-win solution through cooperation in economic, trade, and financial cooperation, including developing marine resources which are a source of livelihood for many in the region. At the same time, it is a concept which aims to mitigate the disputes with small countries.¹⁰

In achieving these ideals, Indonesia is faced with tremendous challenges in the years ahead. By underlining Indonesia as an archipelagic nation in Indonesia's diplomacy and international cooperation and using the concept of Global Maritime Axis or fulcrum as the core of domestic and regional development policies, it would be difficult to implement the modern Indonesian foreign policy of the 21st century based on "*gotong royong*". The reality is that Indonesia's foreign policy implementation will be constrained by the interaction of geopolitical changes of big power national interests of China, India, the US and Japan expanding their spheres of influence. If the argument posed is that Indonesia is an archipelago, Indonesia has to be able to achieve greater economic development of its many islands to ensure that what it aims to project regionally and globally is supported by what is achieved domestically. In other words, interconnectivity between Indonesia's many islands has to be achieved in order that Indonesia can take advantage of the ASEAN community. The strategic connectivity that can be achieved by 2025 will provide ample opportunity for Indonesia to actively play an important role regionally and globally. Hence the future of maritime connectivity becomes extremely crucial for the economy, trade, food and energy security in the region, particularly when interconnectivity within ASEAN is also crucial for creating a political, economic, and social community.

Indonesia's strategic position between two oceans and the formulation of a maritime state identity will broaden the opportunities to build a modern maritime industry and for maritime security. Abandoning the view of Indonesia as an island nation and instead seeing it as a maritime nation, able

to connect and defend its many islands, and to sustainably exploit its marine resources, requires a change in mind-set as well as a change in strategy. In this context, Indonesia's maritime interests will always be located in the South China Sea. Therefore, it is important to resolve the overlapping claims of sovereignty among neighbouring states and avoid igniting conflict becoming open hostilities. All maritime countries in Southeast Asia have limited alliances in security relations with the United States. For Joko Widodo, the higher intra-regional cooperation, based on a common strategic view which includes bilateral relations with the US, will enhance Indonesia's influence in a wide variety of dialogues, including dialogue with China.

4. The Challenges

In reality, the Global Maritime Axis which President Joko Widodo currently speaks of refers mainly to domestic demands to improve the maritime infrastructure to support the transportation of goods and improve economic development across the archipelago. The global dimension relates to overcoming the scarcity of resources and the competition for markets in the global economy by opening up sea access to take advantage of the opportunities offered by Asia-Pacific's exponential growth.

Trade between ASEAN and China since the 1990s has become increasingly more important. In 2012, export to China (US\$127.9 billion) surpassed that to the US (US\$106.3 billion), reflecting the importance of both these markets to ASEAN (ASEAN, 2012). Global economic competition of the 21st century will be about securing resources and markets but competition in the next decade will shift to the oceans. The idea of having maritime seas as a fulcrum could be an antithesis to the possibilities of a serious confrontation, thereby reformulating geopolitical elements in a changing world.

The issues of energy and food security within the next 5 to 10 years, for example, are forcing a number of countries to expand their partnership schemes in various sectors of modern life. The new regionalism will also factor in domestic issues of demographics, urbanisation, availability of resources, level of income or income inequality, governance structures, and concerns facing the problem of climate change. This changes the context and it needs to be understood that exponential growth in various sectors of life in the Asia-Pacific region creates new opportunities, like the Indonesian Maritime Axis and Chinese Maritime Silk Road. The scale of changes in this maritime doctrine will also have a long-term impact in shaping strategic military-political planning, when the reconstruction of interstate relations needs an exit from the politics of balance of power.

All countries, except Laos, have coastlines on the South China Sea. Such close proximity has created many problems between ASEAN member states

but the spirit of friendship has succeeded in mitigating the tensions between them. How Joko Widodo's Global Maritime Axis and Xi Jinping's Maritime Silk Road can influence the dynamics in the region is yet to be seen but tensions in the South China Sea can be eased through greater cooperation. This requires Indonesia and China, as well as other countries in the region, to synchronise their interests accordingly if, for example, they want to resolve the issue of overlapping Exclusive Economic Zones and illegal fishing. Asia is currently the biggest producer of fish in the world. Indonesia and China have seen tremendous growth in fishing, up 27 per cent and 13.6 per cent respectively in 2012 or 5.4 million tons for Indonesia and 13.8 million tons for China (Food and Agricultural Organization of the United Nations, 2014). Indonesia, however, is victim to illegal fishing, not just by Chinese vessels but other countries in the region. The major difference is that China is the only country in the region which backs up its fishermen with coercive force.¹¹ The presence of Chinese fishing vessels in the disputed territory in the SCS has increased. China's naval security forces have had direct contact with Indonesia and various incidents since 2010 show how ineffective Indonesia's security forces have been in pursuing Chinese illegal fishermen operating in economic zones claimed by Indonesia. Efforts to protect Indonesia's jurisdiction over the economic zones have failed and if left unresolved will be detrimental to Indonesia's military deterrence and legal claims.

Indonesia's idea of a Global Maritime Axis is an extension of the dynamic equilibrium philosophy important to maintaining peace and security in the region and should be the new paradigm in the Asia-Pacific. Developments in Southeast Asia and East Asia stresses that change will always be part and parcel of developments in which equilibrium is achieved with no dominant power. The Natalegawa Doctrine should be understood as Indonesia's way to achieve peaceful coexistence with the major powers in Asia, while at the same time create the foundations of a foreign policy which is independent and active and at the same build a Southeast Asia which is stable, safe and prosperous made possible by the three pillars of an ASEAN Community.

A Global Maritime Axis is a mechanism for a win-win solution towards achieving common stability, security and prosperity while recognising the economic diversity of Asia and countries from beyond the region in facing global challenges. In this context, it aims to address the basic philosophy of the ASEAN Charter. The challenge lies in contextualising the Global Maritime Axis in the existing regional architecture with its various mechanisms, such as the ARF, EAS, ADMM-Plus, in addressing the presence of major powers. The proposal to establish the Indonesian Maritime Partnership Initiative¹² together with Japan, China, India, South Korea, and Singapore raises questions of where ASEAN countries and the US should

position themselves. What role can Indonesia play in maintaining the balance between the four major powers of China, the US, Japan and India in a stable and peaceful Southeast Asia when the rise of China and India has to face off with existing powers, the US and Japan? These questions need to be answered by President Joko Widodo's new government and how the Global Maritime Axis is realised.

Notes

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1. Address by Dr. RM Marty M. Natalegawa entitled "An Indonesian Perspective on the Indo-Pacific" conveyed at the Conference on Indonesia held in Washington DC, USA in May 2013.
 2. Former Ambassador Sha Zukang emphasised the collective security in the region "should be the fundamental objective" of the PRC to establish a sustainable regional security environment, see <<http://www.fmprc.gov.cn/eng/backup/jksbf/cjjk/2622/t15411.htm>>.
 3. René L. Pattiradjawane, "ASEAN Dipecah Belah China" (China disunites ASEAN), *Kompas*, 18 July 2012, p. 10. This statement was made by Chinese Foreign Minister Yang Jiechi on a forum at a meeting of the ASEAN Regional Forum (ARF) in Hanoi on August 2010.
 4. Mark Valencia, "China influences Cambodia as ASEAN host; other members, caught in middle of China-US power struggle, ponder loyalties", *The Japan Times*, 14 August 2012.
 5. See René L. Pattiradjawane, "Draf Nol Indonesia" (Indonesian Draft Zero), *Kompas*, 26 February 2014, p. 10.
 6. ASEAN Charter, Chapter 1, Article 1.15.
 7. The closest literal meaning of "*gotong royong*" is mutual cooperation. It implies that cooperation will be given without reservations in which issues and goals are elaborated before implemented through informal meetings and common interests

are analysed with a step-by-step approach to reach an agreed upon resolution. In Indonesia, and probably in the rest of Southeast Asia, “*gotong royong*” is seen when villagers in remote areas contribute goods and labour to build schools, houses of worship, bridges, roads, and other public needs without government involvement and budgetary assistance. The concept of “*gotong royong*” can also be understood in the context of community empowerment as a form of social capital amplifying institutional resources at the community level. “*Gotong royong*” also contains the meaning of collective action to struggle, self-governing, common goals, and sovereignty. See Pranadji, 2009.

8. See “Ringkasan Debat Capres Jokowi VS Prabowo 22 Juni 2014” (Summary presidential debate Jokowi versus Prabowo 22 June 2014), <<http://politik.kompasiana.com/2014/06/23/ringkasan-debat-capres-jokowi-vs-prabowo-22-juni-2014-668428.html>>.
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ASEAN–China Relations since Building of Strategic Partnership and Their Prospects

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Abstract

Member states of ASEAN and China are neighboring countries sharing land and maritime borders and have long-standing cultural and economic exchanges. Since the building of ASEAN-China Strategic Partnership in 2003, ASEAN-China relations have developed dramatically, comprehensively and deeply on various fields. At present, international and internal contexts create many opportunities for both sides. Therefore, both sides should have new solutions to strengthen the cooperation, and to establish a long-term healthy and stable relationship.

Keywords: *ASEAN-China Relations, ASEAN, China, Strategic Partnership, Economic Diplomacy*

1. Introduction: An Overview of ASEAN–China Relations since the Building of the Strategic Partnership in 2003

1.1 Politic Relations have been Closer and Contributed to Strengthen Mutual Trust between Two Sides

As a regional association, ASEAN has established a strategic partnership with China. Aside from ASEAN, there are seven ASEAN members that have built strategic partnership with China (Indonesia, Malaysia have comprehensive strategic partnerships with China; Thailand, Vietnam, Cambodia, Lao and Myanmar have comprehensive strategic cooperative partnerships with China). High ranking leaders often pay visit to each other which contribute to stimulate bilateral cooperation on various fields and exchange views on international and regional issues as well. The two sides have also built mechanisms for recurring meeting among ministers and high ranking officials. Such mechanisms have strengthened cooperation and development in various fields.

1.2 Promotion of Economic Relations and Progresses in Cooperation between Both Sides

On trade relations, ASEAN-China bilateral trade turnover reached USD443.6 billion in 2013 an increase of eight-fold from the year 2002 with annual average growth of 20.9 per cent. ASEAN is the third largest trading partner of China and China is the largest trading partner of ASEAN. Both sides have set a target of reaching bilateral trade volume of USD500 billion in 2015 and USD1000 billion in 2020.

In terms of investment, up until the end of 2013, the total accumulated foreign direct investment (FDI) from ASEAN to China and vice versa was USD120 billion. FDI values from ASEAN to China were USD85.4 billion and Chinese FDI towards ASEAN was USD29.3 billion. Along with trade and FDI cooperation, China have carried out many construction contract projects in ASEAN and provide official developmental assistance (ODA) to the developing countries of ASEAN. For construction contract projects alone, up until August 2014, the accumulated value of labour cooperative and construction contract projects between China and ASEAN achieved USD32.22 billion with completed projects' values of USD21.73 billion.

Some member countries of ASEAN also cooperated with China on building industrial parks or ecological parks, such as the Suzhou Industrial Park, the Shaanxi Ecological City between Singapore and China, the Qinzhou Industrial Park between Malaysia and China, among others. These are highlights of cooperation between China and ASEAN.

1.3 Promotion of People-to-People Exchanges and the Foundation for Stable and Sustainable Cooperation between ASEAN and China

People-to-people exchange activities between ASEAN and China, and cooperation on various fields such as culture, education, communication, and public health, have been developed over the years since the forming of the strategic partnership in 2003. Year 2014 was defined as the Year of Cultural Exchanges between ASEAN and China. In addition, exchange activities among governmental and social organisations such as youth exchanges and city-to-city exchanges and others are intensified. At present, between ASEAN and China there are more than 140 twin cities. Finally, cooperation along relief activities and dealing with natural calamities and epidemic diseases are also increasingly important agenda in the diplomacy between ASEAN and China.

1.4 Transportation Projects Connecting ASEAN with China are Promoted and Contribute to Strengthen Economic and People-to-People Exchanges

At present, land roads and railroads connecting ASEAN with China are being planned and implemented. For aviation alone, there are more than 1,000

flights between ASEAN and China. Moreover, both sides have attached much importance to the development of river and marine transport for exchanging goods and services. China also initiated the idea of building the Nanning–Singapore Economic Corridor and the 21st Century Maritime Silk Road; transportation connectivity henceforth is considered as an important conductor and contributes to goods and services exchanges.

1.5 Progress in Security Cooperation and Mutual Strategic and Political Trust

At present, land border agreements and demarcations have been completed between Myanmar, Lao, Vietnam with China, which have created stable conditions to ensure security and promote cooperation on various fields such as economics, culture and people-to-people exchange. Cooperation on non-traditional security fields such as anti-terrorism, anti-drug operations, anti-transnational crime, and humanitarian relief and rescue operations, among others, are given more prominence and have achieved initial success. In terms of the maritime border disputes, member states of ASEAN and China have signed a Declaration on the Conduct of Parties in the South China Sea (DOC) and are in negotiating process to sign the Code of Conduct (COC).

1.6 Existing Problems

ASEAN-China cooperation has obtained important achievements – the ten years since the establishment of ASEAN-China strategic partnership in 2003 can be considered as a golden decade. However, an objective assessment would show that there exist issues and difficulties in ASEAN-China relations, including: first, mutual political and strategic trust still needs to strengthen and consolidate further; second, the effectiveness of the cooperation in the fields of economics, culture, education, and others, need to improve further; third, security cooperation, in particular in ensuring maritime and air security in the East Sea (South China Sea) need to be firmed up. These existing problems would need careful studies to tackle.

2. New Changes in International Situation, Regional Situation, Each Side's Situation and ASEAN-China Relations

2.1 New Changes in International Situation and Regional Situation

After the global financial crisis in 2008, the global economy has been recovering slowly. There also exist a number of unstable geopolitical factors. For example, the Ukraine crisis has led to the consequence of the US and

its allies taking a confrontational stand towards Russia. This issue is still ongoing and no solution is in sight yet. While the global economy has been recovering slowly, the Chinese and ASEAN economies have maintained a relatively high growth rate, and they have played a distinguish role in the global economy. ASEAN and China are geographically contiguous. If both sides could connect well, this will be a big market with 1.9 billion people, 30 per cent of the world population, and one of the key centres for development in this century.

2.2 New Changes in ASEAN's Situation and ASEAN-China Relations

As open economies, both ASEAN and China cannot avoid the impacts of the global economy. However, with efforts and determination, along with some drastic measures undertaken by the governments in China and ASEAN, their economies have recovered quickly with high growth rate. Noticeably, both sides are aware of the unprecedented difficulties and challenges, and do not simply pursue purely economic growth but attach much importance to the quality and effectiveness of economic growth as well. ASEAN affirmed their determination to build an ASEAN Community in 2015 with the three main pillars being Political-Security, Economics and Culture-Society. The Chinese leadership sets its target of “comprehensively deepening reforms, leaving the market to play the decisive role in allocation of resources” in 2013.

On bilateral relations, the fast development and the wide ranging and high level cooperation in various fields between ASEAN and China since the building of comprehensive partnership has prepared a solid ground for the development of ASEAN-China relations in the coming years, notwithstanding the historical issues in ASEAN-China relations, i.e. the East Asia Sea issue. However, this issue is not the whole of ASEAN-China relations.

Noticeably, China's new leaders have new awareness of ASEAN's role in China's “good neighborhood” foreign policy. Chinese leaders consistently assert the importance of ASEAN – ASEAN-China relationship now stands at a “new historical starting point” (Xi Jinping) or a “smooth period” (Li Keqiang), and “has entered a new stage of higher-level development that features even deeper and more substantive cooperation” (Wang Yi).¹ On his visit to some ASEAN countries in October 2013, President Xi Jinping made a speech at Indonesia's parliament where two main ideas were put forward: “first, China is ready to open itself wider to ASEAN countries on the basis of equality and mutual benefit to enable ASEAN countries to benefit more from China's development. Second, China is committed to greater connectivity with ASEAN countries. China will propose the establishment of an Asian Infrastructure Investment Bank that would give priority to ASEAN countries' needs. Together, China and ASEAN can achieve opportunities,

face up to challenges, develop and be prosperous and work together to build the ‘Maritime Silk Road’.² In his speech at the 16th ASEAN Summit on 9th October 2013, Prime Minister Li Keqiang proposed the idea of a “2+7 Cooperation Framework”³ between ASEAN and China.

Chinese Vice Premier Zhang Gaoli’s speech, delivered at the 11th China-ASEAN Expo and China-ASEAN Business and Investment Summit in Nanning, formulated the “one insist, three supports” formula, which means “China will insist on giving priority to ASEAN in its neighbourhood diplomacy; to support the development of ASEAN; to support the building of the ASEAN community in 2015; and to support the decisive position of ASEAN in regional cooperation.” Following on this, he emphasised that “we should actively push forward to discuss the establishment of dialogue and cooperation mechanism with countries along the Mekong River; coordinate and complement with each other regarding GMS (Greater Mekong Subregion) cooperation, and make regional cooperation beneficial to the people of ASEAN and China.”⁴ Chinese Foreign Minister Wang Yi, in attending the 47th ASEAN Foreign Ministers Meeting in Nay Pyi Taw, Myanmar, made a speech on 9th August 2014 to propose 12 suggestions, which can be categorised into three main areas of cooperation: political cooperation, regional cooperation and maritime cooperation, between ASEAN and China.⁵

All these pronouncements can be considered as Chinese policies toward the development of ASEAN-China relations in the next 10 years. To sum up, in the second decade of the 21st century, with new changes in the international situation, regional situation, each side’s situation and ASEAN-China relations, there will be new developments for ASEAN-China relations.

3. Suggestions on ASEAN–China Cooperation in the New Context

3.1 Global and Regional Trends

First, the general development trend of the whole world is *global economic integration*, and this trend is unchangeable. Consequently the trend of *market playing the decisive role in allocation of resources* is also unchangeable, and therefore the trend of *peace, cooperation and development* of the world is unchangeable. These unchangeable trends at different levels will affect the ASEAN-China cooperation process.

Second, Chinese economic reform development is strategically important and presents huge opportunities to others. Chinese reform will be much deeper and more comprehensive; it will continue to implement the open door policy. The market scale will increase to be the world’s largest importing country, the value of which will achieve USD10,000 billion, and the FDI China attracts

will achieve about USD500 billion. This is a big opportunity for countries in the world in general and for ASEAN in particular to take advantage in exploring the Chinese market.

Third, for ASEAN-China cooperation, building economic corridors is very important. However, with economic corridors such as the Nanning–Singapore economic corridor, Kunming–Singapore High Speed Railway, Pan Tonkin Gulf Economic Cooperation, and the recent idea of building up of a Maritime Silk Road, there should be coordination to create a connectivity network linking land roads, railways, waterways and air ways in between various parts of China and ASEAN. Once this has been formed, it will create flows of goods and people; establish industrial clusters and groups of seaports along with the urbanisation process, and narrow development gaps between regions, between rural and urban areas (in both ASEAN and China), and between ASEAN and China.

3.2 *Suggestions*

Based upon the above consideration, we have several recommendations to suggest:

- 1) *To governments.* Both the central governments and local governments of ASEAN countries and China need to coordinate well. In bilateral cooperation, governments mainly play the role in the development, regulating, and supervising of the market, providing major public services, creating equal environment to different kinds of enterprises; and governments should leave the market to play the decisive role in the allocation of resources. The construction of cooperation projects, particular in economic and transportation fields, should be relied on the ASEAN-China cooperation framework. In addition, to make the Chinese “good neighborhood” foreign policy, particularly its mantra of “amity, sincerity, mutual benefit and inclusiveness” to become a reality, “mutual benefit” should be considered as a “core issue” in ASEAN-China relations. In solving different issues, both sides should negotiate based on the spirit of friendship and should not allow differences to affect the normal development of ASEAN-China relations. “Abide by international law” should be considered as a foundation for “Four Respect” which Chinese Foreign Minister expressed recently.
- 2) *To enterprises.* Enterprises are major players in ASEAN-China economic cooperation. To attain long-term cooperation, enterprises should take advantage of the close geography between both sides, and the diverse culture in the region as well. Market strategies should be formulated accordingly and that they are suitable to the development process of

each side. The seven cooperation fields which Prime Minister Li Keqiang mentioned in his speech on 9th October 2014 can be considered as directions for the enterprises.

- 3) *To scientists.* In order for ASEAN-China cooperation to be effective and realised, scientists from both sides need to further their cooperation as well. Joint researches (between scientists of both sides as well as the researches that connect local governments and enterprises in ASEAN countries and China), as well as academic conferences, should be organised regularly to exchange information and propose suggestions. For instance, several topics of interest to the academics and scientists in China and the ASEAN countries would include the mutual impacts of the development of transportation connectivity that come with the implementation of the economic corridors, studies of policy coordination in bolder economic zones between ASEAN with China and among ASEAN countries, radioactive and other environmental impacts of economic development, poverty reduction in areas close to or within the various proposed economic corridors, the preservation of ethnic minorities' culture, policy environments that facilitate conditions for bilateral trade and FDI, and the currency issue in bilateral trading.

In conclusion, new situations have brought new opportunities and challenges to the development of ASEAN-China cooperation. Since the construction of strategic partnership between ASEAN and China, the global situation, regional situation and each side's situation have deeply changed. These changes are unprecedented. Because of the effects of regional situation and global situation, ASEAN-China relations may experience both elements of cooperation and competition in the coming years. Nevertheless, our argument is that cooperation is the main direction. Therefore, the fundamental principles of ASEAN-China relationship should be: "mutual respect for sovereignty and mutual trust, equality and mutual benefit, win-win situation, common development and prosperity". To realise these principles, we echo the suggestions made by the Chinese leadership: "to gain popularity, to connect transportation, to coordinate policies, to facilitate trade, and to circulate currency" (民心相通, 交通连通, 政策沟通, 贸易畅通, 货币流通).

Notes

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1. "Foreign Minister Wang Yi: Build an Even Closer China-ASEAN Community of Common Destiny", 19 August 2014, available at http://www.fmprc.gov.cn/mfa_eng/zxxx_662805/t1181521.shtml.
 2. Xi Jinping's speech at Indonesia Parliament on 2 October 2013, available at http://www.asean-china-center.org/english/2013-10/03/c_133062675.htm.
 3. Prime Minister Li Keqiang put forward the "2+7 Cooperation Framework" for the future development of China-ASEAN relationship at the 16th China-ASEAN Leaders' Meeting held in Brunei on October 9, 2013. The '2' refers to two political consensuses: deepening strategic trust and expanding good-neighbourly relationship, and focusing on economic development and enlarging mutual benefits. The '7' refers to seven key cooperation fields: politics, economy and trade, interconnection and mutual-trust, finance, ocean, security and humanity. In the 2+7 cooperation framework, mutual trust and deepening of economic interdependent relationship are governing principles to strengthen the China-ASEAN relationship.
 4. Zhang Gaoli's speech at Nanning, 16 September 2014, available at http://www.mfa.gov.cn/mfa_chn/zyxw_602251/t1191739.shtml.
 5. "Foreign Minister Wang Yi," *op. cit.*

Book Review



Book Review

Ivan Tselichtchev, *China versus the West: The Global Power Shift of the 21st Century*, Singapore: John Wiley & Sons, 2011, 356 pp.

In an era where global economic growth is no longer driven by the Western economies (which increasingly are being displaced or supplemented by the emerging economies), the emergence of China as an economic power opens a debate on the changing power balance between the emerging superpowers and the “old” developed economies. Indeed, rapid economic growth arising from dramatic changes in government policy since economic reforms that began in 1978 has propelled China to the forefront of global discourse on growth and structural change. China has undoubtedly become a major economic power in the world. Tselichtchev’s book offers a timely, comprehensive and incisive account of China’s emergence as a major player in the global economy.

By illustrating the areas in which China has been leading the world, or catching up with the early industrialisers, especially in acquiring competitive advantage, this book successfully fills a vital gap by providing a uniquely sharp and thought-provoking analysis of the factors shaping China-Western power relations and its implications for global power balance in the wake of the 2008-2009 global financial crisis.

Written succinctly and in a reader-friendly way, the 19 chapters of the book are organised into three major parts. Part One provides the theoretical and methodological anchor by examining changes in the China-West power balance that have taken place in the manufacturing sector, merchandise trade, and the commercial and finance services sectors. Tselichtchev makes a robust assessment of the macro-economic environment to explain China’s progress in the world economy. In doing so, he identifies comprehensively the sectors in which China does and does not enjoy trade competitiveness. Part Two unfolds with the theme of China-West power balance in the wake of the global economic and financial crisis of 2008-2009, from which China has become relatively stronger while the West has become relatively weaker. This part ends with a profound comparison between Western capitalism and Chinese capitalism where the structural strength of the latter has provided a strong springboard for sustainable growth. Part Three provides an outlook of China-West power relations by looking at five major areas where the West’s and China’s interests clash. An assessment is also made of possible solutions

to address the clash, arguing that the West needs a cohesive China policy to address the challenges posed by the post-crisis era.

However, while the book is rich in empirical evidence, it lacks a systematic theoretical anchor to organise the argument in a coherent way. As a consequence it comes out as a book put together from scattered scientific research without a well knitted structure. For instance, the changing China-West economic balance can be understood from the perspective of evolutionary and institutional economics, or social transition theory, so that the readers could have a coherent picture of the forces that drive China's socio-economic development after reforms. As Veblen has said, it is institutions, either formal or informal, that determine economic outcomes, as they shape the way the rules are enforced within the broad legal regime and social cultural practices. Changes in social relations are then attributable to the relative influence of various institutions – e.g. markets, states, regulations and social norms. Only then can one distinguish and compare the structural differences between China and the West coherently. An attempt in this direction will help the author explain systematically the structural transformation of China.

Overall, this is a well-structured and finely organised book, which offers readers not only a comprehensive understanding of the topic, but also offers fresh empirical evidence on what is really happening on the ground in China and in the world. Thus, the author should be congratulated for bringing together such a rare collection of works, which demonstrate a fair understanding of China's economic development and its implications for the West and the rest of the World. The book is eloquently presented, which should attract a wide audience amongst businesspeople and policy makers on China in particular, as well as, scholars and university students.

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International Journal of China Studies

Volume 6

Number 1

April 2015

ISSN 2180-3250

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