The Impact of Chinese National Identity on Sino-ASEAN Relations

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China and ASEAN possess tremendous opportunities for economic cooperation, but also face significant security challenges, particularly regarding the South China Sea. In both domains, China’s national identity has greatly influenced the trajectory of the bilateral relationship. China’s ASEAN policy is characterized by a desire to recreate the Sinocentric structures of the tributary system, a belief in the historical legitimacy of China’s maritime and territorial claims, a vision of China as a global economic powerhouse, and a sense that China has already “peacefully risen” and can more actively assert itself to reap the rewards.

This paper first explicates the aspects of China’s national identity that are most relevant for its ASEAN policy. It then reviews developments in the bilateral relationship in 2016, first between China and ASEAN as an institution, and then between China and each of the ASEAN member states. Third, it considers the impact of Chinese national identity on its ASEAN policy in two major issue areas: economic relations, including OBOR (One Belt, One Road) and the movement toward freer trade, and security issues related to the South China Sea. It next evaluates economic and geopolitical perspectives on the bilateral relationship. It concludes by briefly assessing the aspects of Chinese national identity that have proven most influential and evaluating the likely impact of Donald Trump’s presidency on Sino–ASEAN relations.

CHINESE NATIONAL IDENTITY UNDER XI JINPING

Under the leadership of Xi Jinping, the PRC has sought to reassert its historical greatness. Shortly after taking power in November 2012, Xi urged his country to achieve the “China Dream” of “the great revival of the Chinese nation,” while touring an exhibit that portrays the CCP’s official interpretation of China’s “century of humiliation.” China perceives itself as “on the verge of reclaiming what it sees as its rightful position in the world.”1 This identity of rejuvenated greatness, which synthesizes historical legitimacy and inevitability with civilizational and economic superiority, permeates China’s foreign policy. This paper focuses on four aspects of Chinese national identity under Xi that have been most salient for China’s relations with ASEAN and its member states.

First, China has reclaimed its premodern identity as the center of a tributary system. Through this Sinocentric system, imperial China asserted its economic and cultural superiority over Southeast Asia for centuries, viewing itself as the benevolent patriarch to subordinate regimes. This view of the tributary system is, to some extent, a Chinese myth. As John Fairbank writes, “The Chinese world order was a unified concept only at the Chinese end and only on the normative level, as an ideal pattern.”2 Recent scholarship has made clear that the Chinese view of the regional hierarchy was not always shared by its interlocutors.3 Nevertheless, this vision of a historically rooted Sinocentric regional order influences current Chinese policy toward Southeast Asia.

Today, China’s OBOR initiative and its pursuit of a “community of common destiny” with ASEAN states evoke a return to this historical role. Rather than receiving tribute from vassal states, modern China offers soft loans and construction deals to increase connectivity through better infrastructure and to advance its economic interests. In the official Chinese parlance, these are “win-win” deals, and they certainly have benefits for the Southeast Asian partners. However, the long list of projects abandoned or delayed at the
hands of Southeast Asian states suggests that China’s interest in developing transportation pathways to new ports and markets dominates its decision-making.

Second, the current regime sees itself as the rightful heir to historical Chinese territorial and maritime claims. In its South China Sea dispute with the Philippines, China asserted its “historical rights” to the region within the “nine-dash line.” In November 2015, for example, Xi contended that the disputed islands and other features “have been in China’s territory since ancient times.” These historical claims side-stepped principles of international law laid out in the 1982 UNCLOS, and were soundly rejected by the Hague Tribunal in July 2016. Nevertheless, China’s belief in the historical legitimacy of its position continues to influence its stance on the disputes. In a December 2016 press conference, Ministry of Foreign Affairs spokeswoman Hua Chunying reiterated China’s commitment to “firmly safeguarding territorial sovereignty and maritime rights and interests” while pursuing bilateral negotiations with claimant countries. China’s insistence on direct, bilateral negotiations strengthens its hand, while weakening the ability of ASEAN, as an institution, to oppose it.

Third, the PRC’s new identity as an economic powerhouse has gradually replaced its longstanding identity as the leader among developing states. China’s economic boom catapulted its GDP per capita from $377 in 1993 to $8,028 in 2015 (in current U.S. dollars), landing it solidly among the ranks of upper middle-income countries. In per capita terms, China’s GDP exceeds that of most ASEAN members, with the notable exceptions of Singapore, Brunei, and Malaysia. In size, China’s economy dwarfs them all, with a total GDP of $11 trillion in 2015. By contrast, Malaysia and Singapore’s respective GDPs were just under $300 billion. Relative to its ASEAN neighbors, China is a vastly larger economic power and is an important source of investment capital, and, increasingly, technical expertise. China’s identity as an economic juggernaut inspires it to seek greater regional integration and expand free trade. In their call for a “21st century maritime silk route,” Chinese leaders deliberately link China’s contemporary regional economic influence to its earlier position as a wealthy terminus on the ancient Silk Road. This economic identity also has an important domestic component: with communist ideology no longer justifying the CCP regime, China’s government depends on continued economic growth to maintain its domestic legitimacy.

Finally, China increasingly sees itself as “peacefully risen,” rather than “peacefully rising,” and is starting to reap the rewards. China is no longer biding its time, but is instead more assertively seizing global influence. This is most evident in the promotion of a “new model of great power relations” with the United States. In the Chinese view, the 2008 financial crisis and failed U.S. policy in the Middle East exposed cracks in U.S. global primacy. Donald Trump’s election, on an isolationist platform, has reinforced this sense that the U.S.-led era is nearing an end. While only recently China insisted its aims were limited to regional influence, over the past several years it has increasingly asserted its global influence. With the successful creation of the AIIB and the BRICS-organized New Development Bank, and ongoing negotiations on RCEP, China is starting to rewrite the rules of the international system. China’s more assertive pursuit of global influence vis-à-vis the United States significantly impacts China–ASEAN relations because many ASEAN member states are caught in a difficult balancing act between the two powers. In 2016 several ASEAN member states veered from one side to another in a quest to advance their national interests.
ASEAN

China continued to emphasize economic cooperation with ASEAN in 2016, although maritime disputes in the South China Sea created challenges for the bilateral relationship. From a macro-perspective, China remained committed to Premier Li Keqiang’s 2+7 Framework, which urges the two parties to seek stronger cooperation through strategic trust and mutually beneficial economic development in seven issue areas. In the November 2015 Plan of Action to Implement the Joint Declaration on ASEAN–China Strategic Partnership for Peace and Prosperity (2016–2020), China and ASEAN promoted high-level visits; political cooperation at ASEAN-led fora; military exchanges; economic, social, and cultural cooperation; and greater connectivity and sub-regional development.10

Maritime disputes in the South China Sea marred Sino–ASEAN security cooperation. China persistently worked to peel off ASEAN members by persuading them that maritime disputes should be handled through direct, bilateral negotiations rather than between China and ASEAN. At the ASEAN–China Special Foreign Ministers Meeting in mid-June 2016, China asked ASEAN to accept a ten-point statement on the South China Sea. In an embarrassing episode, Malaysia issued a joint ASEAN statement, which expressed concerns about the effects of recent developments on maritime peace and stability, but then retracted it a few hours later after Cambodia and Laos objected. Singapore’s foreign minister, who was to represent ASEAN, failed to appear at a planned joint press conference with Chinese Foreign Minister Wang Yi, and, in the absence of a unified ASEAN document, several countries issued their own statements.11 The failure to achieve consensus was a blow to ASEAN, for which unity is a foundational principle.

Shortly after the Hague Tribunal released its findings, which were highly favorable to the Philippines’ position, in July, ASEAN and China released a Joint Statement on the Full and Effective Implementation of the Declaration on the Conduct of Parties in the South China Sea. The statement did not mention the arbitration results or express concerns about recent tensions. Instead, it reaffirmed the parties’ commitment to the DOC and the adoption of a Code of Conduct (COC), freedom of navigation and overflight, self-restraint, and the peaceful resolution of “territorial and jurisdictional disputes…through friendly consultations and negotiations by sovereign states directly concerned” in a manner consistent with UNCLOS and other “universally recognized principles of international law.”12 In the September Joint Statement of the nineteenth ASEAN–China Summit, which marked the twenty-fifth anniversary of ASEAN–China dialogue relations, the parties announced their adoption of the Joint Statement on the Application of the Code for Unplanned Encounters at Sea (CUES) in the South China Sea and Guidelines for Hotline Communications among Senior Officials of the Ministries of Foreign Affairs in the event of maritime emergencies.13 In the Chairman’s Statement, they further expressed their commitment to agreeing on a COC outline in 2017.14

Meanwhile, China continued to pursue economic development projects with ASEAN states as part of its OBOR strategy. In March, China, Myanmar, Laos, Thailand, Cambodia, and Vietnam held the first Lancong–Mekong Cooperation Leaders’ Meeting to spur sub-regional development. China and ASEAN expressed their support for linking ASEAN’s Master Plan on ASEAN Connectivity (MPAC) 2025 with China’s OBOR objectives at their
July meeting. At the East Asia Summit that immediately followed, China and ASEAN joined other parties in agreeing to promote “enhanced investment, financial and technical support” for infrastructure and connectivity projects in Southeast Asia. RCEP negotiations continued, with the fifteenth round held in October in China. China and ASEAN also worked with other states to strengthen regional defenses against financial crises. In February, ASEAN+3 established a new Macroeconomic Research Office (AMRO) to support regional macroeconomic and financial stability. At the nineteenth ASEAN+3 Finance Ministers’ Meeting in May, attendees agreed to strengthen the Chiang Mai Initiative Multilateralization (CMIM) to shore up the regional financial safety net.

Bilateral State-to-State Relations

Despite efforts to maintain ASEAN unity, substantial variation was evident in China’s relations with the ten ASEAN member states in 2016 as each state sought to advance its national interests and pursue a strategy toward China that took into account its bilateral relations with the United States. Bilateral relations between China and five of the ASEAN states moved in a generally positive direction. Most surprising, perhaps, was the sharp improvement in Sino–Philippine relations that occurred after new President Rodrigo Duterte decided to set aside the favorable Hague ruling and pursue bilateral talks. China rewarded Duterte with $24 billion in deals in October and a $500 million long-term soft loan in December.

Chinese–Cambodian relations also drew closer, with the two countries holding their first joint naval drill in February. After Cambodia agreed that maritime disputes should be handled bilaterally, during an April visit by Wang Yi, Cambodia repeatedly blocked ASEAN statements that would have criticized Chinese military construction in the South China Sea or referenced the Hague decision. China rewarded Cambodia during Xi’s state visit in October: the two countries signed 31 agreements, including Chinese soft loans of approximately $237 million, the cancellation of $89 million in debt, and $14 million in military aid. Xi also agreed to pursue Chinese support for high-speed railways and airport construction.

In Thailand, U.S. unwillingness to support the 2014 coup has driven closer Thailand–China relations, particularly regarding defense. In May, Thailand agreed to buy 28 Chinese battle tanks for $150 million. From May–June, the two countries held their third joint land and sea exercises since 2010, focusing on humanitarian relief and maritime transport. In July, the Thai navy resumed a plan to buy three Chinese submarines for $1 billion, first proposed in 2015. During the Thai defense minister’s December visit to Beijing, the two countries discussed the construction of a joint military production facility in Thailand.

Chinese–Malaysian relations also improved as U.S.–Malaysian relations faltered. Li Keqiang announced Chinese support for Malaysia’s beleaguered sovereign wealth fund, 1MDB, in November 2015. In April 2016, China stabilized the Malaysian economy by purchasing $7.2 billion in government securities. The two countries announced railway and pipeline projects, in addition to ongoing port deals, in November. China is also the leading bidder for the construction of a high-speed railway between Kuala Lumpur and Singapore. Despite tensions over the presence of Chinese fishing boats near Luconia Shoals in March, security relations have improved. The two countries have engaged in three joint military exercises since 2015, and Malaysia has agreed to purchase four Chinese patrol boats.
Finally, China continued to increase economic investment in Brunei. In July, the two countries announced a joint aquaculture venture that will produce $300 million of golden pompano fish each year. In December, the Bank of China opened the first Chinese bank branch in Brunei.

The direction of China’s relations with Indonesia and Myanmar was more ambiguous. Indonesia and China announced several economic deals in 2015, and Chinese FDI accelerated in 2016. Nevertheless, the two countries engaged in repeated skirmishes off the coast of Indonesia’s Natuna Islands. Meanwhile, Indonesian authorities repeatedly halted a $5.5 billion Chinese high-speed rail project during early 2016 because of paperwork problems and failure to obtain proper work permits.30

Despite Chinese investment, Myanmar remains nervous about Chinese influence and has recently moved closer to the United States. A Chinese-backed business district opened in Muse in January 2016 and state-controlled Guangdong Zhenrong Energy received Myanmar’s approval to build a $3 billion refinery in Dawei in April. Nevertheless, ethnic tensions at the border involving China-linked groups have exacerbated a difficult situation.32 Myanmar has halted many Chinese infrastructure and development projects, including the Myitsone dam, Letpadaung copper mine, and a proposed Yunnan–Rakhine railroad.33 Despite rocky relations, Wang Yi visited Myanmar in April. In August, Aung San Suu Kyi said, in Beijing, that Myanmar would evaluate several joint hydro projects.

Chinese relations with the remaining three ASEAN members, Laos, Singapore, and Vietnam, worsened in 2016. Despite Chinese investments of about $1 billion/year in 2014 and 2015 and an April 2016 visit by Wang Yi, the new Laotian administration is pulling away from China and pursuing closer relations with both Vietnam and the United States. Construction on a joint rail project stalled, but finally began in late December.

China–Singapore relations ended 2015 on a positive note, with the launch of the Chongqing Connectivity Initiative and efforts to upgrade their FTA, but hit the skids in 2016. Points of contention included Singapore allowing the U.S. navy to launch patrols of the Strait of Malacca from its territory; China’s pursuit of a four-point consensus on the South China Sea with Laos, Cambodia, and Brunei; and allegations in China’s state-run Global Times that Singapore tried to alter language on the South China Sea at the Non-Aligned Movement Summit. In November, Hong Kong’s Customs and Excise Department confiscated nine Singaporean tanks, citing improper documentation.38

Finally, repeated South China Sea incidents during early 2016 and negative public views of China soured Sino–Vietnamese relations. Vietnam apparently continued to develop its Spratly Island installations and militarize the islands under its control. Obama’s May visit to Vietnam and the full lifting of the U.S. arms embargo supported the trend toward closer Vietnamese–U.S. relations. Nevertheless, the January 2017 Sino–Vietnamese joint communique, which pledges to avoid conflict in the South China Sea, is a possible sign of thawing relations.42 The enormous variation in China’s bilateral relations with individual ASEAN members and the tremendous impact of the United States on these bilateral relations demonstrate the challenges ASEAN faces as an institution as it seeks a unified China policy.
THE IMPACT OF CHINESE NATIONAL IDENTITY ON BILATERAL RELATIONS WITH SOUTHEAST ASIA

Economic Relations: One Belt, One Road and Greater Trade Liberalization

China’s revival of its ancient identity as the center of a tributary system, its vision of itself as an economic powerhouse, and its newfound confidence as a peacefully risen great power underpin its efforts to develop regional infrastructure in Southeast Asia under the auspices of OBOR. Although OBOR originally referred to the Eurasian economic belt and the 21st century maritime Silk Road, Chinese analysts now use the term to refer more broadly to regional development projects designed to increase international trade and develop trade routes through greater connectivity and productivity.\textsuperscript{43} Progress on a number of bilateral infrastructure projects accompanied ASEAN and China’s agreement to link ASEAN’s MPAC 2025 initiative with China’s OBOR policy. China pursued railroad construction projects in the Philippines, Cambodia, Thailand, Malaysia, Indonesia, Laos, and Vietnam. In September, China and Thailand agreed on the first stage of a high-speed Thai railway that will ultimately connect Thailand’s ports to Kunming, Yunnan via Laos, although the start date has been delayed.\textsuperscript{44} In November, China and Malaysia signed financing and construction deals for the $13 billion East Coast Railway Line between Port Klang and Kuantan Port.\textsuperscript{45} China is also improving maritime connections through its “port alliance” with Malaysia, which links six Malaysian and eleven Chinese ports, and has announced a $10 billion plan to develop a deep-sea port at Malacca.\textsuperscript{46} Through these projects, China is building the logistical infrastructure to transport goods throughout the region.

In addition to reconstituting trade routes, the modern reboot of the Silk Route includes efforts to integrate regional production capacity. Xu Bu and Yang Fan suggest that China should develop industrial parks in areas that highlight Chinese strengths, such as communication technologies, mining and metallurgy, and equipment manufacturing.\textsuperscript{47} At their September summit, China and ASEAN released a joint statement on production capacity cooperation, in which they agreed to “encourage a business-led cooperation on production capacity to promote economic development though industrial upgrading.”\textsuperscript{48} Many of these businesses, of course, are closely linked to the Chinese state.

At the same time, China’s identity as a peacefully risen economic great power gives it the confidence to operationalize its newfound strength. Chinese analysts portray China as a benevolent elder that will generously share its superior expertise, technology, and management capabilities with less developed Southeast Asian states as they industrialize.\textsuperscript{49} China is also a vital source of capital, and is building institutional frameworks to dramatically expand regional investment. China holds approximately 30 percent of the shares of the AIIB, which is headquartered in Beijing and opened for business in January 2016.\textsuperscript{50} In 2016, the AIIB approved a $216.5 million loan for slum development in Indonesia and $20 million in debt financing for a power plant in Myanmar.\textsuperscript{51} In early 2017, it approved two additional Indonesian projects and was evaluating a proposal from the Philippines.\textsuperscript{52} The Chinese Development Bank and the Export–Import Bank of China also play a key role in financing OBOR projects in Southeast Asia.
Convinced of the benefits of international infrastructure projects, many Chinese analysts are hard-pressed to understand why recipient countries would object to their largess. Officials portray OBOR projects as creating a “community of common destiny” that will provide mutually beneficial economic development.\(^5\) Liu Jianwen, in considering why NGOs have successfully blocked OBOR projects like the Miusone dam and the Myanmar–China railroad, is dismissive of the possibility that local populations might be genuinely hurt by large-scale development projects.\(^6\) While conceding that ASEAN members’ concerns about massive foreign-directed infrastructure projects within their borders are “natural,” Li Dongyi argues that ASEAN states are enthusiastic about OBOR once they are fully informed of the details.\(^7\)

Yet, a trail of broken deals suggests that OBOR projects are not always as self-evidently “win-win” as the Chinese believe. Thailand cancelled its high-speed railroad deal in March 2016 out of dissatisfaction with the cost and interest rate proposed by China, before later resuming negotiations.\(^8\) Laotian dissatisfaction with the terms of their railroad construction agreement with China, including how many Laotian workers will be employed, delayed work on a rail project from Vientiane to the Chinese border.\(^9\) According to Shi Yinhong, the main obstacle for OBOR is other countries’ lack of enthusiasm. He cautions that to progress, OBOR must serve other countries’ development interests, and that China cannot simply decide what other states should want or need. Furthermore, continued tensions over the South China Sea, discussed later, erode trust and limit China’s persuasiveness when trying to make OBOR deals with countries like Vietnam and Myanmar.\(^10\)

China’s belief that it should be at the center of regional economic relations also underlies its commitment to strengthening regional free trade. ASEAN and China upgraded their FTA (ACFTA) in November 2015. For much of the past decade, China has been ASEAN’s largest trading partner, while ASEAN is China’s third largest trading partner. The two parties seek to increase their rapidly growing trade volume to $1 trillion by 2020. By removing barriers to trade and investment, ACFTA allows China to maximize its “going out” strategy in Southeast Asia.\(^11\) Chinese analysts also support the creation of a single ASEAN market through the 2015 establishment of the ASEAN Economic Community, arguing that better ASEAN integration benefits trade relations with China.\(^12\) Trade and investment liberalization through ACFTA goes hand-in-hand with China’s OBOR strategy. OBOR projects create the infrastructure to move goods between China and Southeast Asia; the FTA removes economic barriers that would limit this trade. Furthermore, the agreement sweetens the environment for Chinese FDI.

China’s enthusiasm for free trade extends beyond ACFTA. Chinese-led RCEP negotiations, launched at the 2012 ASEAN Summit, aim to create an FTA between ASEAN, China, Australia, India, Japan, South Korea, and New Zealand. At a 2014 APEC meeting, Xi pushed for an Asia–Pacific FTA (FTAAP) that would include even more economies than RCEP. With TPP dead, RCEP is now the most likely path to a future FTAAP. Chinese exports as a share of GDP have fallen from a peak of 37 percent in 2006 to 22 percent in 2015.\(^13\) Chinese officials, anxious about slacking domestic economic performance, are eager to expand the market for Chinese products through wide-ranging free-trade agreements.
Security Relations: Disputes in the South China Sea

China’s belief in the historical legitimacy of its South China Sea claims, together with its newfound confidence in its regional and global status, has inspired it to push back against the United States, regional claimants, and the UN’s Hague Tribunal. Flare-ups continued during the first half of 2016, as the region awaited the Tribunal’s decision. In January, Vietnam protested that China’s Haiyang Shiyou oil rig had re-entered disputed waters. Vietnam also objected to China’s decision to repeatedly land civilian planes at a new airstrip on Fiery Cross Reef (Yongshu) and reported at least 46 incidents of Chinese planes flying through Vietnam-monitored airspace in the first week-and-a-half of the year. Adding to the tensions, Vietnam complained that a Chinese boat had rammed a Vietnamese fishing boat.62 In March, Vietnam claimed that two Chinese ships had intercepted a fishing boat near the Spratly Islands. During Chinese Defense Minister Chang Wanquan’s visit to Vietnam in late March, the two countries agreed to pursue stronger military ties and avoid conflict in the South China Sea.63 Nevertheless, in early April, Haiyang Shiyou returned to disputed waters, this time near the Gulf of Tonkin. The Vietnamese protested the Chinese construction of a lighthouse on Subi Reef (Truong Sa archipelago) and seized a Chinese fuel resupply ship.64

Meanwhile, Malaysia issued an official complaint in March over the presence of approximately 100 Chinese fishing boats near the Malaysian-administered Luconia Shoals.65 That same month, Indonesia and China engaged in the first of three skirmishes in disputed waters off the coast of Indonesia’s Natuna Islands; the Chinese Coast Guard freed the captured Chinese fishing boat by knocking it off the tow line, but Indonesia detained its crew.66 In May, the Indonesian Navy engaged in a second skirmish with a Chinese fishing boat, resulting in shots fired and the detention of a second crew. After a third skirmish, in June, Indonesian President Joko Widodo visited the Natuna Islands on a naval warship.67

In the lead up to the decision, Chinese analysts and officials argued that China holds “historical” sovereignty over the disputed features in the South China Sea. In its December 2014 Position Paper rejecting the jurisdiction of the Hague Tribunal, the PRC asserted, “Chinese activities in the South China Sea date back to over 2,000 years ago. China was the first country to discover, name, explore and exploit the resources of the South China Sea Islands and the first to continuously exercise sovereign powers over them.” The paper further argued that China reclaimed these features from Japan after World War II and “published an official map which displayed a dotted line in the South China Sea” (the so-called “nine-dash line”).68 In a May 2016 piece in The National Interest, Fu Ying and Wu Shicun argued that the PRC’s historical sovereign claims include the “four archipelagos in the South China Sea, namely, the Xisha [Paracel], Nansha [Spratly], Zhongsha [including Scarborough Shoal and Macclesfield Bank] and Dongsha [Pratas] Islands.”69 Reflecting widespread dissatisfaction with the arbitration process, Chinese experts criticized the Tribunal as unwilling to consider China’s “historical rights” to the region within the “nine-dash line” and narrowly focused on legal precedent.70 However, with its focus on denying the jurisdiction of the Tribunal and its official policy of “do not accept, do not participate, do not acknowledge, do not implement” (bu jieshou, bu canyu, bu chengren, bu zhixing), China did not defend its historical claims before the Tribunal.
Chinese analysts widely viewed the arbitration as a “legal trap” in which the United States colluded with the Philippines to achieve its regional, strategic objectives.\textsuperscript{71} Chinese observers worried that a loss at the Tribunal would inspire “copycat” cases, most likely by Japan and Vietnam.\textsuperscript{72} Some detected variation in ASEAN members’ enthusiasm for U.S. involvement. According to Chen Xiangmiao and Ma Chao, the Philippines, Vietnam, and Singapore broadly supported U.S. involvement in the South China Sea disputes, Malaysia and Indonesia were worried, and Cambodia was “indifferent.”\textsuperscript{73}

In the period immediately preceding the Tribunal’s decision, Chinese discourse and policy focused on breaking ASEAN unity by persuading individual countries to support direct, bilateral negotiations and arguing that the South China Sea should not be an ASEAN issue.\textsuperscript{74} This approach was strategic (China recognized that it would likely lose the arbitration), and rested on a nuanced understanding of the particular national interests held by each ASEAN state in the South China Sea.\textsuperscript{75} The strategy apparently worked. China persuaded several countries to accept its position, as Cambodia and Laos demonstrated by blocking the joint statement at the ASEAN–China Special Foreign Ministers Meeting in June.\textsuperscript{76} With ASEAN unable to reach unanimity, China succeeded in throwing ASEAN South China Sea policy into disarray just weeks before the announcement of the Tribunal’s decision.

The Hague Tribunal released its decision on July 12. In a sharp blow to China, the Tribunal unanimously found that China’s claims, vis-à-vis the Philippines, to “historic rights” to maritime areas within the “nine-dash line” are invalid to the extent that they violate UNCLOS and that China’s accession to UNCLOS supersedes any prior historical claims.\textsuperscript{77} It further found that the land features claimed by China are incapable of generating exclusive economic zones, and that Mischief Reef and Second Thomas Shoal lie within the Philippines’ EEZ.\textsuperscript{78} China continued to reject the Tribunal’s jurisdiction. Its foreign ministry reiterated China’s historic maritime rights, castigated the Philippines for bringing the case, and vowed that “China’s territorial sovereignty and maritime rights and interests in the South China Sea shall under no circumstances be affected by those awards.”\textsuperscript{79}

In the decision’s aftermath, the most unexpected outcome was Duterte’s astonishing willingness to simply sidestep the ruling, and focus instead on improving ties with China.\textsuperscript{80} China rewarded the Philippines handsomely through a series of investment and financing agreements.\textsuperscript{81} In November, Duterte announced plans to declare the lagoon within the Scarborough Shoal a “no-fishing zone” for both China and the Philippines.\textsuperscript{82} Nevertheless, Duterte’s embrace of China appears to have been short-lived. In February 2017, the Philippine defense minister asserted that Chinese control of Scarborough Shoal would be “unacceptable” and announced runway repair and barrack construction projects in the Spratlys.\textsuperscript{83} In April, Duterte’s declaration that he would deploy troops to uninhabited features claimed by the Philippines was quickly walked back by defense and military officials.\textsuperscript{84}

Despite initially positive Sino–Philippine relations, the Tribunal’s decision did not ease China’s bilateral relations with several other states. In the immediate aftermath of the decision, Singapore and Indonesia angered China with statements on the ruling that China found to be unacceptably impartial.\textsuperscript{85} In August, Reuters reported that Vietnam had moved rocket launchers to five bases in the Spratlys.\textsuperscript{86} In November, CSIS reported that Vietnam had engaged in land reclamation, the construction of two hangars, and the extension of a runway on Spratly Island.\textsuperscript{87} Although the ruling is, practically speaking, unenforceable,
the Tribunal’s decision provides a legal basis for other claimants to reject China’s position in international courts. Perhaps more important, continued disputes undermine China’s strategic position by undermining regional trust. By lending credence to “China threat theory,” continuing tensions will motivate ASEAN to unify against China and create a Code of Conduct to restrain it.

IDENTITY, GEOPOLITICS, AND ECONOMICS

It is worth considering the identity lens stressed here against other perspectives that focus on economic and geopolitical explanations for Chinese behavior. China’s enthusiasm for infrastructure building abroad results, at least in part, from its slowing domestic growth and the resulting pressure to increase external demand for Chinese products. OBOR projects, including infrastructure construction and financing agreements in Southeast Asia, provide an outlet for China’s excess industrial capacity, capital, and labor. In 2015, China produced an astonishing 803.8 million tons of crude steel, accounting for nearly half the world’s total production. Unable to find a use for about half of this product, the Chinese leadership sought to cut overproduction and increase exports. OBOR initiatives also provide an outlet for Chinese capital. The Silk Road Fund, for example, brings together Chinese foreign currency reserves, its sovereign wealth fund, and two development banks. To a lesser degree, overseas infrastructure projects also provide employment opportunities for Chinese workers who have been displaced domestically by slowing construction demand. Consequently, OBOR projects solve many Chinese economic problems at once: they channel excess capital in the direction of regional infrastructure projects that will enhance long-term economic integration and provide trade routes to growing markets for Chinese products, while using surplus steel and other construction commodities. China’s 2015 upgrading of ACFTA demonstrates its commitment to better trade integration with its Southeast Asian neighbors.

Geopolitical considerations also inform China’s ASEAN policy. In addition to drawing China closer to its Southeast Asian neighbors, China’s infrastructure projects increase its national security by giving it more control over transportation routes. Chinese and Malaysian companies have proposed the construction of a new deep-sea port off the shore of Malacca. Meanwhile, the expanded Kuantan Port, co-owned by Chinese and Malaysian companies, will connect, via the Chinese-financed East Coast Railway Line, to Port Klang on Malaysia’s west coast. This port–rail–port pathway from Kuantan Port to Port Klang will completely bypass the Strait of Malacca, through which approximately 80 percent of China’s energy imports currently flow. The Chinese have long expressed concerns about the “Malacca dilemma” and the possibility that the United States might intervene to prevent its ships’ passage in a time of conflict; the construction of an alternative pathway somewhat alleviates these security concerns. Furthermore, although the Chinese government officially rejects Cold War-style zero-sum views of its relations with the United States, positive relations with ASEAN clearly counter the U.S. Asia-Pacific rebalance by expanding China’s regional sphere of influence.

Geopolitical motivations also influence China’s South China Sea island reclamation and construction activities, which strengthen its platform for maritime influence. China’s recent construction of functional air bases on Subi, Mischief, and Fiery Cross reefs belies
its insistence that its interests in the South China Sea lie only in maintaining its territorial sovereignty, exploration rights, and freedom of navigation. Jin Canrong asserts that China has no desire to control the South China Sea or restrict access to trade routes, but his contention that superior Chinese naval capabilities will rout the United States from this region in the medium term undermines these claims. In an unusually critical piece, Lu Peng argues that China’s current South China Sea policy is inconsistent with its stated policy of a peaceful rise, and that a policy focused on regional power and control makes little sense if the objective is not global dominance vis-à-vis the United States. Geopolitical considerations offer a compelling explanation for China’s continued assertiveness in the South China Sea, despite the damage this causes to its bilateral relationships with ASEAN and its members, and to its regional economic interests.

In short, economic and geopolitical perspectives offer useful insights into China’s recent relations with ASEAN. Nevertheless, states that experience dramatic economic growth do not necessarily develop major infrastructure projects abroad or fortify reefs and islands in their surrounding seas. China’s interest in “going out,” both economically and militarily, indicates its fundamental perception of itself as a state that should rightfully possess greater influence over international affairs on historical grounds. Xi’s “China Dream,” in which China reclaims its historical role as a major power center and reaps the benefits of its remarkable rise, permeates these other perspectives.

CONCLUSION

The Chinese leadership’s operationalization of a particular vision of history, which emphasizes a premodern Sinocentric regional order, greatly influences its ASEAN policy. Its idealization of the ancient Silk Route and its identity as a contemporary economic powerhouse motivate China to rebuild a regional network of trade routes through OBOR. The PRC views itself as reclaiming its rightful regional position, and sees its actions as those of a benevolent elder. At the same time, it seeks to reassert its authority over areas it claims were long under imperial China’s control. This idealized vision of Chinese history is combined with a set of normative expectations about the role that a regional and global great power plays on the international stage. Although official party doctrine holds that China has until 2049 to become “fully developed,” now that the goal of achieving a “well-off society” by 2020 is well in hand, China increasingly acts as it believes a populous, developed state is entitled to do. China’s rapid economic growth has given it the confidence to assert its right to remake international institutions, most notably in the areas of trade and development. How China’s vision of its role in Southeast Asia will collide with U.S. policy under Trump remains uncertain.

Trump’s unexpected election in November 2016 brought into question U.S. commitment to the Obama administration’s Asia pivot. Sino–U.S. relations, which seemed to be headed for the rocks after Trump accepted a congratulatory phone call from Taiwanese President Tsai Ing-wen and publicly questioned U.S. support for the “One China” policy, recovered dramatically in the first few months of the administration as Trump reversed his previous positions and met with Xi at Mar-a-Lago. Nevertheless, given Trump’s tendency to erratically shift his foreign policy positions and the stressor of the North Korean nuclear crisis, it remains to be seen whether the post-summit bump will continue.
Broadly speaking, increased Sino–U.S. tension would complicate foreign policy for ASEAN states, which manage their bilateral relations with each power with one eye on the other. For the past several years, many ASEAN members have intensified economic relations with China, while maintaining security relations with the United States. A tense Sino–U.S. relationship would make it harder for these states to continue to have it both ways, and might force them to make difficult decisions about which relationship to prioritize.

In the economic realm, Trump’s strong trade isolationism will likely have the largest influence on China–ASEAN relations. Trump’s rejection of the TPP as a threat to U.S. jobs embodies his rejection of free trade and his pledge to extricate the United States from agreements like NAFTA. Not only does Trump’s policy approach set up an odd tableau, in which the United States seeks protectionist trade policies while China pursues FTAs and accelerating regional economic integration, but it also threatens to put the United States at a strategic disadvantage as RCEP negotiations, which exclude the United States, move forward. Moreover, the U.S. decision undermines the efforts of countries like Vietnam to “diversify away from reliance on China” through closer economic relations with the United States.98

In the security realm, the impact of Trump’s election is more uncertain. Trump ran on a platform of U.S. isolationism, but his decision to bomb Syria and his deployment of a strike group off the Korean Peninsula suggest that he is still willing to let the United States act as the world’s policeman. Trump is pushing China to more actively prevent North Korea from continuing its nuclear and missile testing; dissatisfaction with China’s efforts would strain Sino–U.S. relations. Disagreements in the South China Sea remain another possible trigger for a rapid decline in bilateral relations. Any disruption in the Sino–U.S. relationship would significantly complicate Sino–ASEAN relations. The interaction between China’s vision and the U.S. vision of its own role in the world and in the Asia–Pacific—now in flux—will greatly impact the future of Southeast Asia and China’s relations with its ASEAN neighbors.

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ENDNOTES

15. “Joint Statement of the 19th ASEAN–China Summit.”


43. For example see Liu.


46. Chew.


49. Xu and Yang, 43.


53. See, for example, “China, ASEAN Seek to Jointly Build Community of Common Destiny,” *China Daily*, July 24, 2016.

54. Liu.


60. Xu and Yang 2016, 43–44.


69. Fu Ying and Wu Shicun, “South China Sea: How We Got to This Stage,” *The National Interest*, May 9, 2016.


74. See, for example, Chen and Ma; Kong Lingjie; Xu and Yang.

75. Chen and Ma, 94–97.

76. Sim.


81. “China Offers.”


86. Torode.

87. Asia Maritime Transparency Initiative, “Updated.”

88. Shi Yinhong, 37.

89. Chen and Ma, 104.


