

东亚研究所通讯

INSIDE PAGES

...

**ASEAN and the South
China Sea Disputes**

**Is America Returning to
Southeast Asia?**

**Claims to Islands in the
South China Sea**

**Japan and the South
China Sea Dispute**

**China-ASEAN Free
Trade Agreement
and Recent Trade
Developments**

**China-ASEAN Energy
Concerns and South
China Sea Cooperation**

**China's Third Wave of
Mass Immigration**

**Bringing the Political
Reform Back in**

ASEAN and the South China Sea Disputes

China and the ASEAN claimant states have to display political will to implement the Declaration on the Conduct of Parties in the South China Sea

LYE LIANG FOOK

The apparent “standoff” between the US and China over the South China Sea (SCS) disputes at the ASEAN Regional Forum (ARF) in Hanoi in July 2010 has again turned the spotlight on ASEAN’s effectiveness in managing these disputes. Rather than viewing this development negatively, this article argues that ASEAN and China have a golden opportunity to push ahead with implementing the letter and spirit of the Declaration of Conduct of Parties in the South China Sea (DOC). By doing so, they can demonstrate progress without active third party intervention, such as the US.

ASEAN ARF: “INTERNATIONALISATION” OF THE SCS DISPUTES

During the ARF meeting in Hanoi in July 2010, it was reported that 12 of the 27 participating countries made a pitch for a multilateral approach to the SCS disputes. In particular, in carefully crafted remarks intended to raise the ante, US Secretary of State Hillary Clinton said that the US has “a national interest in freedom of navigation, open access to Asia’s maritime commons, and respect for international law in the South China Sea”.

China traditionally prefers a bilateral approach in handling the SCS disputes with the respective claimant states in ASEAN. Within ASEAN, only Vietnam, the Philippines, Malaysia and Brunei have disputed claims in the SCS with China and Taiwan. China has argued before that raising the SCS disputes at multilateral forums like the ARF would lead to more tensions between China and ASEAN. As the ARF is intended to build cooperation and trust among countries, it is therefore not an appropriate forum to discuss the SCS disputes. Therefore, a better way to resolve the SCS disputes in China’s view was to keep it bilateral and low-profile.

As events unfolded, China did not have its way. While China had expected the SCS disputes to be raised, it appeared taken aback at the level of support for the disputes to be “internationalised”. Chinese Foreign Minister Yang reportedly left the room for an hour after Clinton spoke at the ARF and when he returned, he mounted a stout defence of China’s position. Among other things, he said that turning this issue into an international or multilateral one would only make matters worse and a resolution more difficult. Moreover, the non-claimant states of ASEAN had told the Chinese side that they hope these disputes to be settled “through bilateral consultations between the countries concerned”.

SIGNIFICANCE

What happened at the recent ASEAN ARF is significant. This was apparently the first time that the SCS disputes were formally discussed and where third parties such as the US categorically stated that it had a vested interest to see a peaceful resolution of these disputes.

Territorial Disputes in South China Sea Challenging China's Good Neighbour Policy

Despite China's persistent effort to improve relations with its Southeast Asian neighbours in the past two decades, it has not been able to make much progress in solving its territorial disputes with them in the South China Sea.

As China's spectacular rise is dramatically changing the balance of power structure in East Asia, the United States has decided to weigh in to help resolve the decades-long disputes, a gesture often interpreted by observers as the only superpower's attempt to "return to Southeast Asia." Tensions grew between the two powers when China expressed strong objection to the internationalisation of the thorny issue that China wanted to address bilaterally.

As China's sizzling economy is heavily dependent upon foreign oil, it is regarding the maritime territories in the South China Sea via which most of its imported energy is shipped as its "core national interest." Only time could tell whether the rising dragon would be more assertive over the disputed territory that is also the lifeline transport of other major players in East Asia. Influenced by its good-neighbourly and self-constraint diplomacy, China in 2002 signed a declaration of conduct in the South China Sea with members of the Association of Southeast Asian Nations (ASEAN), agreeing

to resolve the disputes peacefully. The world is now watching if the ascendant power will keep such self-constraining foreign policy unchanged or adjust its international stance in a more aggressive way.

It is difficult for claimant parties to make substantial progress in solving the South China Sea disputes in the foreseeable future; however this will not prevent their economic and trade ties from being further consolidated. China now is a forerunner among Northeast Asian powers in fixing a free trade agreement with ASEAN. Since the China-ASEAN Free Trade Area came into effect on 1 January 2010, their bilateral trade had surged 55% in the first half of 2010. With global economic recovery well underway, closer economic ties between ASEAN and China would not only foster regional economic integration, but also provide impetus for the sustainable growth of the world economy at large. ■



Prof Zheng Yongnian
EAI Director

EDITORIAL COMMITTEE

Prof Zheng Yongnian
eaizyn@nus.edu.sg

Dr Chen Gang
eaicg@nus.edu.sg

Ms Jessica Loon
eailmh@nus.edu.sg

EAI Bulletin is published twice yearly by the East Asian Institute (EAI), an autonomous research organisation set up in April 1997 under a statute of the National University of Singapore. EAI succeeds the former Institute of East Asian Political Economy (IEAPE).

All rights to the materials in this newsletter belong to EAI. The views expressed in this newsletter are those of the authors and do not necessarily reflect the views of EAI. The Institute welcomes contributions and comments from readers.

Please address all correspondence to: **Mr James Tan**, East Asian Institute, 469A Tower Block #06-01, Bukit Timah Road, National University of Singapore, Tel: (65) 6779 1037 • Fax: (65) 6779 3409 • Email: eaitanj@nus.edu.sg.

<http://www.nus.edu.sg/NUSinfo/EAI/>

Is America Returning to Southeast Asia?

Following Hillary Clinton's recent statements at the ARF Forum in Vietnam regarding the South China Sea dispute, there is a growing misperception that the United States is "returning" to Southeast Asia. It never left though America is set to face stiff competition from China.

RYAN CLARKE

Hillary Clinton's comments on the territorial disputes in the South China Sea at the recent ASEAN Regional Forum (ARF) meeting in Vietnam has predictably prompted a flurry of analysis regarding America's envisioned future role for itself in Southeast Asia. The discussion has also deeply involved China given its territorial claims and its increasing legitimate interests in Southeast Asia. While there are multiple stands in this debate, a dominant one is that America is somehow "returning to Southeast Asia", a rather dangerous misperception that runs the risk of skewing analysis.

On the economic front, America has never disengaged itself from Southeast Asia in any appreciable or systematic manner. If anything, it is the private sector that has been the first component of American power that has adjusted to new geopolitical realities (such as increasing codependence) and has learned to have lateral conversations with their regional counterparts on equal terms. Further, while competition is indeed intensifying, American companies continue to provide the bulk of critical goods and services in the region, especially in high technology fields. Far from stagnating, this trend appears set to accelerate alongside increasing rates of GDP growth and domestic consumption in Southeast Asia though American companies are set to face tough competition from China after the completion of the recent China-ASEAN Free Trade Agreement.

On the security front, America is hardly returning either although Clinton's comments on the South China Sea have created a false perception that this is indeed the case. Despite wars in Iraq and Afghanistan as well as serious concerns over Iran, North Korea and international terrorism, America's quiet commitment has, contrary to much recent analysis, never actually faltered though publicised diplomatic visits declined somewhat during the previous Bush administration. The US remains committed to the security of the Philippines and is actively working with Filipino forces in Mindanao while the US Navy even waited offshore for permission from Myanmar's military government to enter the country to provide aid in the aftermath of Cyclone Nargis in 2008. The American Navy is also actively involved in patrolling the Malacca Straits as part of its greater task of securing trade and oil transportation routes from the Middle East to Asia. Further, America has maintained a strong defence-based relationship with Thailand and the two cooperate in a variety of fields, such as counter-narcotics training. Lastly, the US has worked closely with counter-terrorism forces in Indonesia and is presently pursuing further cooperation with Jakarta in other strategic matters. These activities are not the result of purely political initiatives by individual leaders or institutions. Rather, they are a reflection of a gradually increasing, though

American apprehensions over China's long-term strategic trajectory have provided additional impetus to its involvement in Southeast Asia but it is not the key driver.

not yet complete, American understanding of the shifting geopolitical and security dynamics of this complex region that is home to around half a billion people.

So how does the South China Sea dispute fit into all of this? While the timing of Clinton's statements surprised most, including China's Foreign Minister, her statements were hardly new or controversial. She essentially reiterated what has been a longstanding American policy: that America has a national interest in the freedom of navigation, open access to Asia's maritime commons and respect for international law in the South China Sea. America's offer to mediate between claimants is also less than revolutionary as this is a common diplomatic practice that is employed elsewhere, namely in the Middle East. However, while this has not represented an American policy shift, this renewed interest at this point in time is likely a function of a greater American constraint strategy with built-in hedges against China.

While there are coercive elements in this strategy, this approach is largely due to Washington's continuing inability to determine China's "grand strategy" with this concern being present across the political spectrum. Put simply, the purpose of this renewed interest is not to "attack" China, as some in Beijing have claimed, but to remind China that the US still takes its commitments to Southeast Asia seriously and has no intention of voluntarily clearing the way for greater Chinese influence. However, American involvement in Southeast Asia should not be viewed through the prism of China-US relations or analysed using Cold War era concepts. America has not maintained a strong presence in Southeast Asia because of China. It has done so because Washington believes that it has core national interests while Corporate America sees tremendous human and market potential. It is within this context that the recent comments on the South China Sea must be seen. American apprehensions over China's long-term strategic trajectory have provided additional impetus to its involvement in Southeast Asia, but it is not the key driver. ■

Ryan Clarke is Visiting Research Fellow at the EAI

Claims to Islands in the South China Sea

Five countries and six parties, namely, China Mainland, Vietnam, the Philippines, Malaysia, Brunei Darussalam and Taiwan have made various claims to some of the islands in the South China Sea and many of these claims overlap.

LIM CHEE KIA

The South China Sea refers to the sea south of China encompassing about 3.5 million square km of water, the largest body of water after the five oceans. The sea comprises five groups of islands, the Pratas Islands to the north, Spratly Islands to the south and Paracels Islands, Macclesfield Bank and Scarborough Shoal in between. Five countries and six parties, namely, China Mainland, Vietnam, the Philippines, Malaysia, Brunei Darussalam and Taiwan have made various claims to some of the islands in the South China Sea and many of these claims overlap, causing a complicated multi-lateral dispute. Indonesia does not claim any of the islands in the South China Sea, but the maritime zone drawn off the coast of its Natuna Islands overlaps with China's Nine-dotted Line.

China claims over 80 percent of the entire South China Sea with its Nine-dotted Line. While China points to historical writings as early as 200 AD as evidence to support its sovereignty claim over South China Sea, China's first contemporary official claim over the sea body was in 1947 when China was still under the Kuomintang government. That year, the Geography Department of the Ministry of Internal Affairs released "The Location Map of the South China Sea Islands" which shows an Eleven-dotted Line that marked all the South China Sea Islands within Chinese territories. In 1953, the Chinese under the Communist government removed two dotted lines bordering Vietnam's Gulf of Tonkin, thereby changing the Eleven-dotted Line into the present Nine-dotted Line.

The Chinese however, has yet to provide an official explanation to the legal standing of the Nine-dotted Line. The four most common explanations circulating within Chinese academia are that the line indicates a 1) territorial boundary, 2) claim for all islands within the line, 3) marking of historical water and 4) marking of historical rights. The first claim regards all waters within the Nine-dotted Line as China's territorial water while the second simply regards the island within it to be Chinese territory. The historical water claim is similar to the territorial boundary claim but is based on historical arguments. The last version, the claim for historical rights, claims that China has the rights to all islands and resources within the line but not sovereignty rights over the water.

Besides China, Vietnam claims the largest portion of the South China Sea. Vietnam claims the Macclesfield Bank, the whole of Paracels and Spratly Islands and is in control of most of the Spratly Islands. Like China, Vietnam has also offered a variety of historical records as evidence to their claims and is also justifying its claims with the continental shelves argument which specify countries may claim exclusive rights to water resources up to 350 nautical miles off a country's baseline.

While China points to historical writings as early as 200 AD as evidence to support its sovereignty claim over South China Sea, China's first contemporary official claim over the sea body was in 1947 when China was still under the Kuomintang government.

The Philippines claims part of the Spratly Islands and the whole of Scarborough Shoal and Macclesfield Bank. Philippines' claim is largely based on the "proximity" argument and the continental shelf argument. Philippines' claim is further complicated by the Tomas Cloma claim. Cloma was a Philippines citizen who claims to have discovered the Spratly Islands in 1947 and found the "Free Territory of Freedomland" or "Kalayaan" on those islands in 1956. Subsequently, Cloma ceded Kalayaan to the Philippines Government at the price of one peso. The Philippines government believed that Kalayaan was discovered by Cloma under the principle of *res nullius* as the Sans Francisco Treaty did not specify the ownership of the Spratly Islands after Japan surrendered it following World War II.

Malaysia and Brunei Darussalam's claims are restricted to portion of the Spratly Islands. Both Malaysia and Brunei Darussalam based their claims on the 200 nautical miles of Economic Exclusive Zone and Continental Shelf argument stipulated in the United Nations Convention on the Law of the Sea (UNCLOS). Malaysia controls three islands within the Spratly, namely, Ardasier Reef, Mariveles Reef and Swallow Reef while Brunei does not exercise any control over its claims.

Taiwan's claim to the South China Sea is similar to that of Mainland China as the original Eleven-dotted Line was drawn during the Republican Era. Due to their historical ties, Mainland China is not terribly concern with the territorial dispute with Taiwan; after all, any territory that belongs to Taiwan also nominally belongs to China. The Pratas Islands therefore, were not aggressively disputed. Taiwan also controls the only inhabitable island in the Spratly, the Itu Aba Island. ■

Lim Chee Kia is Research Assistant at EAI

Japan and the South China Sea Dispute

The stormier the waters are in the East and South China Seas, the more likely is the US-Japan alliance reinforced.

LAM PENG ER

Japan is not a claimant state but is indeed an interested party in the dispute over jurisdiction in the South China Sea. Conceivably, any armed conflict between claimant states in those troubled waters has the potential to disrupt the freedom of navigation or even endanger the safety of merchant ships and oil tankers. More than 70 percent of Japan's oil imports pass through the South China Sea. And the Japanese economy is heavily dependent on imported energy supplies.

Tokyo sees the South China Sea issue in the wider context of a more assertive and powerful China. When Beijing promulgated its Territorial Waters Law in February 1992 that incorporated the Spratlys in the South China Sea, Senkaku (Diaoyu Island) and other disputed islands, Tokyo protested against the inclusion of Senkaku. By passing the legislation, China implicitly reserves the right to use force if necessary to defend areas deemed to be Chinese territory, and Japan has been closely watching the approaches China is using to support its territorial claims in both the South and East China Seas. Simply put, Beijing's approach in the South China Sea will have a bearing on its claims in the East China Sea including the Senkaku.

Although Beijing has argued that the South China Sea dispute should be resolved bilaterally between claimant states (a "one giant, one pigmy" formula which is advantageous to China), Tokyo has quietly sought to play a diplomatic role in the South China Sea dispute. Following the tiff between China and the Philippines over the Mischief Reef in the South China Sea, the Philippines discussed the incident with Japan in late February 1995 and requested Japan to "persuade" China to act with restraint. In April the same year, then Prime Minister Murayama met Qiao Shi, chairman of China's National People's Congress, in Tokyo and expressed Japan's concern for a peaceful resolution of the conflict.

In August 1995, then Foreign Minister Kono Yohei reiterated Tokyo's desire for the safety of navigation and a peaceful resolution of the Spratlys dispute at the ARF (ASEAN Regional Forum) meeting in Brunei in August 1995. Even though China refuses to discuss the South China Sea dispute within the multilateral framework of the ARF, Japan hopes to use the ARF to deal with Chinese assertiveness

there. Not surprisingly, Japan was one of the 12 countries out of 27 participants at the July 2010 ARF meeting in Hanoi which discussed the South China Sea dispute much to the chagrin of China.

Tokyo also plays an indirect role in maintaining the balance of power in the South China Sea through its alliance with the United States. The US Seventh Fleet is based in Yokosuka, Japan. Due to constitutional constraints and a pacifistic strategic culture, it is unthinkable for the Japanese Self Defence Forces to be directly embroiled in a conflict in the South China Sea on the side of its US ally. But according to the 1997 US-Japan Defence Guidelines, Tokyo is obliged to provide logistic support to US forces to deal with situations in areas surrounding Japan which have implications for the security of Japan. The geographical scope of "areas surrounding Japan" is ambiguous but can be interpreted to cover not only instability in the Korean peninsula and the Taiwan Strait, but the South China Sea too.

After then Prime Minister Hatoyama Yukio's flirtation with an East Asian Community and the abortive attempt to relocate the US marine base at Futenma outside Okinawa, the Kan administration has a reality check over Chinese assertiveness in the Senkaku dispute. Beijing's demands for an apology and compensation from the Japanese over the detention of the captain of a Chinese fishing boat in that vicinity will only push Tokyo to strengthen its alliance with Washington.

The Obama administration has become more assertive towards China in both the East and South China Seas. Hitherto, the US did not take sides over the Senkaku dispute but has now affirmed the coverage of the alliance to that island more explicitly. Beijing today has two simultaneous disputes in

the East and South China Seas. The stormier the waters are in the East and South China Seas, the more likely will the US-Japan Alliance be reinforced. Despite China's rise and its 2010 milestone of overtaking Japan as Asia's number one economy, the reality in the South China Sea is that China must consider the interests of other claimant states and non-claimant states including the US and Japan. ■

Lam Peng Er is Senior Research Fellow at EAI

Despite China's rise and its 2010 milestone of overtaking Japan as Asia's number one economy, the reality in the South China Sea is that China must consider the interests of other claimant states and non-claimant states including the US and Japan.

China-ASEAN Free Trade Agreement and recent trade developments

Growing regional economic integration through China-ASEAN FTA helps sustain a strong economic recovery for Asia as well as for the world as a whole.

SARAH Y TONG

On 1 January 2010, China-ASEAN Free Trade Agreement (FTA) came into effect, with more than 90% or over 7,000 products traded between China and the six members of ASEAN, including Brunei, the Philippines, Indonesia, Malaysia, Thailand and Singapore, now tariff-free. Such a grouping is significant for the economies in Southeast Asia.

As the world's second largest economy and a rapidly growing one, China offers enormous market potential for ASEAN members, especially those small export-oriented countries. The importance is even more marked at present with the global economic recovery still fragile and economic difficulties particularly grave in the industrial world.

By concluding a comprehensive FTA with China, ASEAN is able to forge a broader economic partnership with China and achieve a deeper economic integration within the region. This would enable ASEAN and its member states to maintain and strengthen their global competitiveness and to take advantage of China's expanding domestic market.

Today, as the world struggles to reinforce a still fragile recovery, closer economic relations with China have become even more imperative for ASEAN. Indeed, China has become a major constructive force leading the global upturn.

In 2008, China's real GDP grew by nine percent, compared to 0.4% of OECD countries and 1.7% of the world as a whole, according to the World Bank. In 2009, real GDP grew by 9.1% in China, while the advanced economies' GDP contracted by 3.2%, according to International Monetary Fund (IMF).

More significantly, China has become considerably more vital in global trade. In 2009, China overtook Germany to become the world's largest exporter in merchandise, accounting for 9.6% of the world total. China's share in world import has also risen significantly to eight percent in 2009, overtaking Germany to become the world's second largest, following the US whose share in world total imports was 12.7%, according to the World Trade Organisation. In the meantime, China has also become important in global trade of commercial services. In 2009, China was the fourth largest importer of commercial services, accounting for 5.1% of the world total, following the United States, Germany and United Kingdom.

Trade between ASEAN and China had grown substantially since the mid-1990s and especially in the 2000s. Between 2001 and 2008, bilateral trade grew by around 30% a year on average and China has become ASEAN's third largest trading partner.

The global economic downturn that started in 2008 had certainly affected trade between ASEAN and China, most seriously between late 2008 and mid-2009. As export of Chinese products suffered a sudden decline, China's import from ASEAN countries dropped even more drastically, especially those of parts and components.

During the first half of 2009, for example, while China's import contracted by 25% on a yearly basis, import from ASEAN members decreased by 28%. This highlights the growing inter-dependence of the two economies.

While the sudden deterioration of external demand had caused a harmful chain reaction in East and Southeast Asia, a gradual economic recovery, led by strong performance in China, has quite certainly benefitted ASEAN.

According to IMF, the world economy is expected to grow by 4.6% in 2010 and 4.3% in 2011, with developing and emerging economies achieving growth of 6.8% and 6.4%, respectively. China is expected to remain in the lead for growth, with 10.5% and 9.6% annual growth for 2010 and 2011 respectively. In the first half of 2010, China's economy grew by 11.1%, over the same period of 2009.

Economic recovery has been associated with strong performance in trade. In the first half of 2010, world trade grew by about 25%. During the same period, China's total trade grew by 43% over that a year ago, with 35% in export and 53% in import.

Due at least in part to the newly enacted China-ASEAN FTA, China's trade with ASEAN had recovered strongly, with 45% in export and 64% in import. This would certainly help ASEAN countries sustain a healthy recovery. Among ASEAN's member states, Malaysia seems to have benefitted the most from the recent surge in bilateral trade.

During the first seven months of 2010, China's trade with Malaysia grew by 67%, with 39% in export to Malaysia and 85% in import from Malaysia. China's trade with Indonesia has also increased strongly, by 60% in export and 71% in import.

Global economic recovery is well underway, led by strong performance of emerging economies and sustained by significant improvement in world trade. By forging closer economic ties through CAFTA, ASEAN countries as well as China would not only benefit from growing regional economic integration, but also become important in providing an important engine of future economic growth for the world economy. ■

Sarah Y Tong is Research Fellow at EAI

China's trade with ASEAN had recovered strongly, with 45% in export and 64% in import.

China-ASEAN Energy Concerns and South China Sea Cooperation

China and ASEAN countries face some common energy concerns like the surging oil demand, security of sea lane and climate change.

ZHAO HONG

Over the past few decades, China and ASEAN countries have experienced profound economic and social transformation. With all eyes now on Asia, it is most likely that this region will continue to enjoy rapid economic growth. Due to such high rates of economic growth and rapid urbanisation, there is fear that energy problems, including energy shortage and energy-related CO₂ (carbon dioxide) emissions, will become more serious.

Population and GDP growth are assumed to be the most significant drivers of energy demand in this region. By 2020, China's population is projected to reach 1.43 billion, and ASEAN's to reach 0.56 billion. Essentially all the increase in the population of these countries will occur in urban areas.

As the population and economies grow, energy demand in this region also rises fast. According to IEA (International Energy Agency) World Energy Outlook 2009, primary energy demand in Southeast Asia is projected to increase from 510 million tons of oil equivalent (Mtoe) in 2007 to 900 Mtoe in 2030, while that of China will rise from 1,700 Mtoe to 31 Mtoe.

China and ASEAN countries face some common energy concerns and challenges. The top concern is the widening gap between supply and demand. Since 1990, oil production in this region has remained fairly constant, while oil demand has risen consistently, making this region increasingly dependent on oil imports. China's oil import dependence increased to 50% in 2008, and is expected to further increase to 76% in 2030. Among ASEAN countries, Indonesia turned from an oil exporter to a net importer in 2004, while Vietnam and Malaysia are expected to become net oil importers in 2015 and 2030.

The second concern is the security of sea lanes. Currently the shares of China's crude oil imports from the Middle East and Africa in its total oil imports constitute 45% and 32% respectively. The oil imports of many ASEAN countries also come mainly from the Middle East. Given the fact that most crude oil imports have to pass through the Straits of Malacca, the importance of this chokepoint does form a factor for this region's energy security concern.

Another significant challenge confronting China and ASEAN countries is likely to be climate change. More than 70% of China's primary energy demand is met by coal. For Southeast Asia as a whole, fossil fuels also dominate the energy structures. This trend means that energy-related CO₂ emissions from this region will continue to increase.

China and ASEAN countries have adopted various measures to deal with these energy challenges. China has been pushing forward its energy and economic

transformation, calling for a shift from an oil-based, relatively heavy-pollution economy to a cleaner gas-based one. ASEAN countries have also taken 'green measures' to improve energy efficiency and promote renewable energy. Yet given the systemic reliance on fossil fuels, especially oil and coal, it is extremely difficult for the region to adapt and diversify to alternatives like renewable energy.

The South China Sea contains both abundant oil and gas resources and is one of the world's busiest sea lanes. China's emergence as an increasingly large gas consumer and the emphasis it puts on getting as much of its future energy resources from as close to home as possible have pushed up China's projections of the energy potential there. Likewise, ASEAN countries are turning to gas to generate electricity.

Population and GDP growth are assumed to be the most significant drivers of energy demand in this region.

The increasing demand for gas will add to energy security concerns and might further push China and ASEAN countries into conflicts in the South China Sea. Although it would be wrong to exaggerate these concerns, China and ASEAN countries must objectively identify energy problems as a source of conflicts and address them through joint cooperation and multilateral regional institutions.

The prerequisite for China-ASEAN energy cooperation is mutual trust and understanding, particularly with respect to the South China Sea. In general, China's efforts to expand its offshore energy search have two-sided effects: Beijing may stiffen its sovereignty claims over the South China Sea, but may also increase its investment and technology in energy areas in Southeast Asia, hence creating opportunities for cooperation with its neighbours.

China and ASEAN countries can enhance energy cooperation in some specific or easy areas for a start. From an economic perspective, energy cooperation can help the countries concerned reach a better understanding of the real value of resources in the South China Sea. Individual countries could view the energy potential in South China Sea from a wider regional perspective instead of from an individual or nationalistic viewpoint.

From a security point of view, the advancement of mechanisms to develop resources jointly in disputed waters could create norms for subsequent territorial settlements. Cooperation between states and civil societies to reduce energy-related pollution and the emission of carbon dioxide would help facilitate exchanges leading to greater regional cooperation. ■

Zhao Hong is Visiting Senior Research Fellow at EAI

Recent Staff Publications

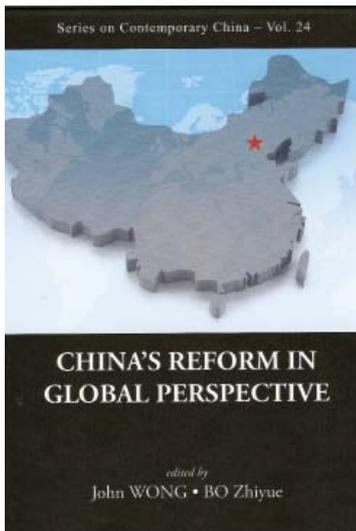
Books

China's Reform in Global Perspective

Editors: **John Wong and Bo Zhiyue**

Publisher: **World Scientific Publishing**

Year of Publication: **2010**



This book provides a fascinating perspective of the experiences of China's reform in the past three decades by focusing on China's interaction with and learning from the external world in her unprecedented efforts to reform and open up.

The book also deals with lessons from the Eastern Bloc, China's reform in East Asian context, and China and the developed world.

It concludes by looking at the future of

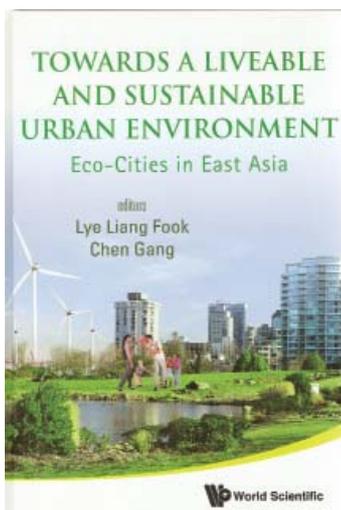
China's political and economic development.

Towards a Liveable and Sustainable Urban Environment: Eco-cities in East Asia

Editors: **Lye Liang Fook and Chen Gang**

Publisher: **World Scientific Publishing**

Year of Publication: **2010**



With cities rapidly encroaching on surrounding lands, the notion of "eco-city" proposes an innovative yet pragmatic approach to designing, building and operating cities in a way that the destructive impact of human urban activity upon nature will be significantly reduced. This book comprises papers from an EAI workshop on Eco-cities in East Asia. The papers focus on how individual governments in these countries undertake

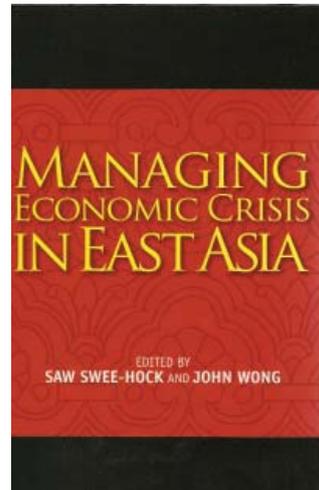
eco-city projects and highlights best practices that are useful to anyone who seek to learn from the experiences of other countries in order to reduce their ecological footprints.

Managing Economic Crisis in East Asia

Editors: **Saw Swee-Hock and John Wong**

Publisher: **Institute of Southeast Asian Studies**

Year of Publication: **2010**



The book incorporates a selection of eight revised papers presented at the Conference on "Managing Economic Crisis in East Asia". The chapters present a detailed analysis of the impact of the 2008-09 economic crisis on China, Hong Kong, Taiwan, Korea and Japan, and the stimulus packages that were swiftly put in place by the governments to mitigate the economic recession and to pave the way for a quick recovery. The success of

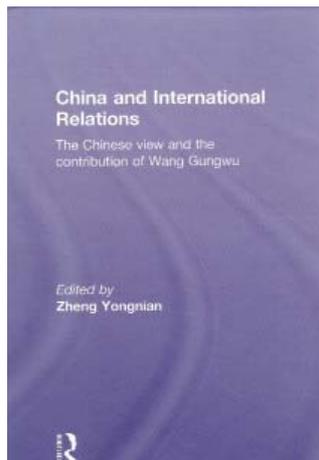
the monetary and fiscal policy measures in engendering a strong economic recovery in these countries is also discussed in considerable depth.

China and International Relations: The Chinese View and the Contribution of Wang Gungwu

Editor: **Zheng Yongnian**

Publisher: **Routledge**

Year of Publication: **2010**



Despite Beijing's repeated assurance that China's rise will be "peaceful", the United States, Japan and the European Union as well as many of China's Asian neighbours feel uneasy about the rise of China. Although China's rise could be seen as inevitable, it remains uncertain as to how a politically and economically powerful China will behave, and how it will conduct its relations with the outside world. One

major problem with understanding China's international relations is that western concepts of international relations only partially explain China's approach. China's own flourishing, indigenous community of international relations scholars have borrowed many concepts from the west, but their application has not been entirely successful, so the work of conceptualising and theorising China's approach to

international relations remains incomplete. Written by some of the foremost scholars in the field of China studies, this book focuses on the work of Wang Gungwu - one of the most influential scholars writing on international relations - including topics such as empire, nation-state, nationalism, state ideology, and the Chinese view of world order.

As Book Chapters

"Post-imperial Knowledge and Pre-Social Science in Southeast Asia" In Goh Beng-Lan (ed.), *Decentring and Diversifying Southeast Asian Studies: Perspectives from the Region*. Singapore: Institute of Southeast Asian Studies, 2010, pp. 93-124

By Wang Gungwu

"The Peranakan Phenomenon: Pre-national, Marginal, and Transnational" In Leo Suryadinata (ed.), *Peranakan Chinese in a Globalizing Southeast Asia*. Singapore: Chinese Heritage Centre and National University of Singapore Museum Baba House, 2010, pp. 14-26

By Wang Gungwu

"The Global Financial Crisis: Impact and Response in East Asia" In Saw Swee Hock and John Wong (eds.), *Managing Economic Crisis in East Asia*. ISEAS Publishing, 2010, pp. 1-13

By John Wong (with Saw Swee Hock)

In Journals

"Party and Nation in Southeast Asia", *Millennial Asia: an International Journal of Asian Studies*, vol. 1, no. 1, Jan-June 2010, pp. 41-57.

By Wang Gungwu

"Reforming China's Funding of Compulsory Education: changes and outcomes", *Social Sciences in China*, vol 31, February 2010, pp. 55-73

By Zhao Litao

"The Rationale, Prospects, and Challenges of China's Western Economic Triangle in Light of Global Economic Crisis", *Asian Politics & Policy*, vol 2 no 3, 2010, pp. 437-61

By Yu Hong

"New Pattern of China-US Relations", *Hong Kong Economic Journal Monthly*, vol 399, June 2010, pp. 22-26

By Weng Cuifen (with Zheng Yongnian)

"The Chinese Renminbi (yuan): A New Global Currency in the Making?", *World Economics*, vol 11 (1), 2010, pp. 147-179

By Pan Rongfang (with Friedrich Wu and Wang Di)

Book Reviews

"Footprints of the Missing: Thoughts of the Youth During the Cultural Revolution", by Yin Hongbiao, *China Information*, vol 24, July 2010, pp. 223-225

By Zhao Litao

FORTHCOMING

"China's Recycled Water/Water Treatment Industry in the Age of Water Crisis". In Yang Mu and Yu Hong (eds), *China's Industrial Development - Meeting the Challenges of the Post-economic Crisis Era*, Singapore: World Scientific
By Weng Cuifen (with Yang Mu)

"Critical Review of Conceptual Definitions of Chinese Corruption: A Formal-Legal Perspective", *Journal of Contemporary China*
By Weng Cuifen (with Kilkon Ko)

"Explaining Land Use Change in a Guangdong County - The Supply Side of the Story", *The China Quarterly*
By Yew Chiew Ping

"Pseudo-Urbanization? Competitive Government Behavior and Urban Sprawl in China", *Journal of Contemporary China*
By Yew Chiew Ping

"China's Wind Power Industry: From Infant Stage to Growth Stage". In Yang Mu and Yu Hong (eds), *China's Industrial Development - Meeting the Challenges of the Post-economic Crisis Era*, Singapore: World Scientific
By Pan Rongfang (with Yang Mu)

"Harvesting Sunlight: Solar Thermal Industry in China". In Yang Mu and Yu Hong (eds), *China's Industrial Development - Meeting the Challenges of the Post-economic Crisis Era*, Singapore: World Scientific
By Pan Rongfang (with Yang Mu)

"Harvesting Sunlight: Solar Photovoltaic Industry in China". In Yang Mu and Yu Hong (eds), *China's Industrial Development - Meeting the Challenges of the Post-economic Crisis Era*, Singapore: World Scientific
By Pan Rongfang (with Yang Mu)

CIJ in Partnership with Project MUSE

As of Vol 2 No 1, *China: An International Journal* is available by subscription only. In addition to normal print subscriptions, online subscriptions are also available through Project MUSE, a database of journals put together by a consortium of university presses led by Johns Hopkins University Press. The online subscriptions are priced at US\$32.00 per year for a single title subscription.

For further details, please go to Project MUSE website at <http://muse.jhu.edu>

For hardcopy joint online/hardcopy subscriptions, please email supbooks@nus.edu.sg. For editorial matters, the email is cij@nus.edu.sg.

Some topics in the current issue:

- Urban Social Welfare System
- Environmental Issues and Policy Priorities
- Tourism Diplomacy and United Front
- Beijing's Taxi Monopoly
- FDI Facts and Impacts
- Chinese Way of Democratisation
- Property Systems
- Rural Parents' Views on Education
- Law on Religions



China's Third Wave of Mass Immigration

To put a stop to this continuous loss of professional elites and wealth, the Chinese government has acted to cool property prices, improve its social welfare system and put a check on corruption.

YANG JING

China has always been one of the major sources of immigrants for developed countries in modern history. Since the founding of the People's Republic of China, the first immigration wave had occurred in the 1970s, which mainly saw an influx of Chinese illegal immigrants to Western countries as inexpensive labour.

The second wave occurred from late 1980s to 1990s when China fully embraced economic reform and open-door policy. The Chinese government eliminated most of the remaining restrictions on the exit of its citizens. As a result, a steady flow of mainland Chinese, mainly urban educated youth left the country on student visas to North America and Europe since the late 1980s before settling thereafter in their host countries as professionals and skilled workers. From 1978 to 2008, of the 1.6 million Chinese going abroad on student visas, about 0.5 million returned to work at the Chinese Academy of Science (81%), Chinese Academy of Engineering (54%) and as leading scientists (72%) in 863 programmes.

At the beginning of 21st century, the third wave of mass immigration took place along with China's extraordinary economic growth, leading to an outflow of high-profile investors and professionals. According to an online survey, United States, Canada, Australia and Singapore are the most desired destinations for the Chinese people. Better working and investment opportunities with quality living and education conditions, and sufficient welfare system particularly in Australia and Canada, are most appealing to the potential Chinese immigrant group whose major concerns are to guard their wealth as well as provide a prosperous life for their next generation.

In the past decade, mainland China has always been the biggest source of immigration to Canada, the second major source of immigration to United States after Mexico, and the third major source of permanent migrants to Australia after the United Kingdom and New Zealand (Immigration data shows that in the past four months, for the first time, Chinese outnumbered British and New Zealander to become the top one source of landed permanent residents living in Australia)

The significant benefits of citizenship in popular immigration countries and particularly the availability of liberal birthright citizenship policies have become a magnet for Chinese couples seeking to add a foreign passport

holder to their family. An industry of "birth tourism" has been established and pregnant women travelling (legally) to North America and Hong Kong specifically for the purpose of giving birth in destination countries or regions has become a common phenomenon. Packages for different income people and "postpartum centres" in destination countries are provided by travel agents. As an example, the minimum cost for a "birth trip" to United States is around RMB 150,000 while one to Hong Kong is considered the most economical and safe choice for ordinary middle class couples.

Situations on the home front have provided extra impetuses for the waves of immigrants. By 2051, China is expected to become an ageing society with the elderly population peaking at 437 million. The soaring housing price, children's education cost and healthcare costs have put the pressure on the urban middle class family, especially the post-80s' generations of single child. For example, new construction properties within the third ring road in Beijing cost an average of 30,000 yuan/m² with 70 years' lease, while raising a child up to the age of 18 could cost over a million *yuan* in tier-1 city. Due to the unstable social climate in China, settling in the countries with a similar amount of money, well secured property ownership and reasonably good living conditions has inevitably become attractive to the middle and upper class.

For China's super rich, the move overseas proved to be a booster to the real estate market of major cities in those destination countries especially during the economic downturn in 2008 and 2009. Notably, in 2008, more than 70,000 Chinese including a steady stream of business migrants and a growing number of students arrived in Australia to live permanently. According to a local report, Chinese buyers are "snapping up" the best luxury properties in Sydney including big homes on the harbourfront, and new condominium developments. They are attracted by new foreign ownership rules, a favourable exchange rate and a relatively stable Australian property market made possible by the relaxation of rules by Australia's Foreign Investment Review Board which allows all apartments in new projects to be sold to foreigners in March 2009.

China's third wave of mass immigration has caught the attention of the Chinese government and the public even though it is claimed to be a temporary phenomenon as previously experienced by Taiwan, Korea and Singapore

China's third wave of mass immigration has caught the attention of the Chinese government and the public even though it is claimed to be a temporary phenomenon as previously experienced by Taiwan, Korea, Singapore...

continued on page 12

Bringing the Political Reform Back In

Social reform is certainly imperative for China's sustainable development, but it is hard to believe that profound social reform would succeed without certain level of political reform. The case of Chinese trade unions' incapability to protect Chinese working class' rights and interests with progressive laws and social policies has proven this point.

QI DONGTAO

Talks about China's political reform resurfaced in China recently, but as in the past two decades, they are doomed to lose steam soon. This round of excitement about promoting political reform was inspired by Premier Wen Jiabao's talk during his recent visit to Shenzhen to celebrate the 30th anniversary of Shenzhen Special Economic Zone.

In the talk, he mentioned that political reform is imperative to China's future development. However, the more authoritative talk given by President Hu Jintao during his visit to Shenzhen for the same purpose did not show clear and strong support for Wen's promotion of political reform.

People certainly have a good reason to suspect and debate about the possible split among Chinese top leadership on the issue of political reform, but it should not be a surprise to anyone if the Chinese government still chooses to delay political reform or implement political reform according to its own definition and schedule.

Political reform supported by Deng Xiaoping in the pre-1989 period had popular appeal. However, with the downfall of the liberal reformist faction in the Chinese Communist Party (CCP) in 1989 and collapse of the socialist regimes in the former Soviet Union and East Europe in the early 1990s, political reform has been regarded as a real threat to China's economic development and social stability.

In the subsequent two decades, the CCP focussed mostly on economic development and has proved to the world that decades-long rapid economic development is possible without substantive reform in the political system. Therefore, the delay in political reform seems justifiable. However, though no one knows whether a profoundly reformed political system could generate better economic performance in China for such a long time, it is widely believed that the current development model is unsustainable due to its tremendously negative impacts on society and the environment, and it is therefore imperative that China implement reforms of some kind to ensure its development is on the right track.

Chinese scholars and officials are familiar with the idea that a country's sustainable development depends on the dialectic and well-balanced relations among its economic, political and social systems. If China's general development

model is problematic, then which system(s) among these three should be reformed to address the problems? In recent years, social reform has been identified by both scholars and government officials as the next field for reform.

The basic reasoning underlying the emphasis on social reform is first, China's economic system has been able to generate huge national wealth, but (re)distribution of the wealth among ordinary Chinese is much limited and unequal, which has not only led to social unrest but also reduced consumption power necessary for sustainable economic development; therefore, improving Chinese people's livelihood is the key for China's sustainable development.

Second, social reform with progressive social policies in wages, education, housing, health care and other social welfare fields is the most effective way to address Chinese people's livelihood issues. Finally, state-society relations will become harmonious after successful social reform, which in turn will provide a favourable social environment for further political reform.

Social reform is certainly imperative for China, and practically speaking, it is much easier to initiate than political reform. However, it is hard to believe that social reform would succeed without significant reforms in the political system. For example, in the case of the Chinese working class and trade unions, China has already established a series of high standard and progressive laws, such as Labour Contract Law of 2008, and numerous trade unions to help implement these laws; however, the reality is that neither these laws nor trade unions function well to protect workers' interests.

Therefore, the problem is not that China does not have good social policies, but that the Chinese government is not able to implement these policies fully. China certainly needs more progressive social policies; however, without effective implementation, all the good policies will only be good for the Chinese government's image building. To better implement social policies, China needs wide reforms in its political system. In the case of Chinese trade unions, their relations with the government, the party and the workplace management need to be reformed substantially so that they would become institutionally more independent, and as a result, more motivated and empowered to better fulfill the role of society stabiliser through protecting workers'

China certainly needs more progressive social policies; however, without effective implementation, all the good policies will only be good for the Chinese government's image building.

continued on page 12

continued from page 1

ASEAN and the South China Sea Disputes

The outcome also showed growing unhappiness, if not frustration, among ASEAN countries with the lack of progress on the SCS disputes. Instead, over the past year, there appears to be growing assertiveness by Beijing in enforcing its claims to the SCS. For instance, when Vietnam and Malaysia made a joint submission on 7 May 2009 to the UN Commission on the Limits of the Continental Shelf on their claims in the SCS, China responded the very next day, with a counterclaim that apparently extended as far as the waters off East Malaysia and the Natuna Islands of Indonesia. Further complicating matters, Indonesia, a non-claimant state, has asserted that the protrusions in the SCS are rocks not islands and therefore not entitled to maritime zone claims.

More recently, in March 2010, China reportedly told two visiting senior US officials that Beijing regards the SCS as part of its “core interests”. Beijing has also noticeably stepped up its naval exercises in the area. Given this state of affairs, and China’s growing economic strength and military prowess, it is not unreasonable to assert that a number of ASEAN countries (even those who do not have disputed claims in the SCS) were openly, if not quietly supportive, of the US for weighing in on this issue. To them, this was a useful reminder that China ought to be more sensitive to the disputed claims in the SCS.

RE-VISITING THE DECLARATION OF CONDUCT

Indeed, well aware of the risks involved if disputes in the SCS were to go awry, China and ASEAN signed the DOC in 2002. Critics have doubted the usefulness of this declaration in view of its non-binding nature. However, it is even more urgent now for China and ASEAN to show renewed vigour to implement the terms of the DOC. They need to demonstrate that they can find their own way forward.

In particular, the DOC outlines possible ways to build trust and confidence among the parties concerned such as (i) holding dialogues and exchanging of views as appropriate between their defence and military officials; (ii) ensuring just and humane treatment of all persons who are either in danger or in distress; (iii) notifying, on a voluntary basis, other parties concerned of any impending joint/combined military exercise; and, (iv) exchanging, on a voluntary basis, relevant information. The declaration further calls on the parties concerned to explore or undertake cooperative activities including marine environmental protection; marine scientific research; safety of navigation and communication at sea; search and rescue operation; and combating transnational crime.

Already, ASEAN and China have held a Senior Officials Meeting to discuss policy issues concerning the implementation of the DOC. A DOC Joint Working Group has also been established and has so far met four times, with the latest meeting held in Hanoi in April 2010. China is scheduled to host another meeting before the end of 2010. A key issue is how to implement the six SCS joint projects

that have been agreed upon since the second meeting of the Joint Working Group in Sanya (Hainan) in February 2006. The countries concerned need to display more political will to get these projects going.

NEED FOR STRONGER COMMITMENT

What happened at the recent ARF in Hanoi has altered the dynamics of the SCS disputes. However, the outcome need not be viewed negatively. Instead, the underlying message is for ASEAN and China to show a stronger commitment to implementing the letter and spirit of the DOC. By doing so, they can strengthen peace and stability in the region, and minimise the role played by third parties. ■

Lye Liang Fook is Research Fellow at EAI

continued from page 10

China’s Third Wave of Mass Immigration

during their economic take-offs in the 1970s and 80s. To put a stop to this continuous loss of professional elites and wealth, the Chinese government has acted to cool property prices, improve its social welfare system and put a check on corruption.

The government has taken actions to not only retain human capital but attract global talents. According to the newly unveiled National Medium and Long-term Talent Development Plan (2010-2020), the government is formulating favourable policies in terms of taxation, insurance, housing, children and spouse settlement, career development, research projects and government awards to attract high-calibre overseas talents. However, more measures aiming to control the flow of middle and upper class need to be introduced. ■

Yang Jing is Visiting Research Fellow at EAI

continued from page 11

Bringing the Political Reform Back In

interests and rights. Moreover, there is almost no social issue without political implications, especially in authoritarian states like China. Essentially, social policies are the way to balance conflicts of interests among different social groups, which inevitably involve struggles among different political forces and interests groups. The political system provides a set of “rules of the game” to regulate who can participate in the struggles and how to perform these struggles. To a large extent, the policy outcomes of these struggles are determined by these rules. Therefore, to change the conventional policy outcome, it is often necessary to change the “rules of the game.” In other words, political reform is usually needed to successfully initiate and carry out profound social reform. ■

Qi Dongtao is Visiting Research Fellow at EAI

共同维护南中国海的和平与发展

中国完全有可能在解决南海困境中处理得当，再次成功地向世界显示中国的真实的和平形象

杨沐

自7月份以来，中国和东南亚的一些媒体上，关于南海文章的越来越多，也越来越充满了一些不符合事实的想象，如对中国的岛链封锁，甚至南海周边国正在形成北约等等。在这些文章看来，一个和平与发展（尽管有着争议）的海域，似乎成了冲突一触即发的火药桶。

东亚所有的国家和经济体都非常清楚，全球经济危机以来，东亚经济增长所以能在世界上获得领先地位的重要原因，是近几十年来，东亚是世界上最和平、最稳定的地方。和平和发展是东亚国家的共同目标，是东盟的成功，也是中国成功的基础。无论是在十加三的框架里，还是在一些新的合作构想中，和平与合作是东亚各国的共同利益，是持续发展的前提。东盟和中国有信心，在合作和发展中找到解决历史遗留下来的领海主权争议的良策。

2010年初启动的中国和东盟的自贸区，也就是解决的途径之一。通过中国和东盟的双边贸易的进一步发展，经济的进一步整合，中国和东盟的共同利益，共生共荣的关系会进一步凸现出来。今年前7个月的中国海关数据显示，东盟今年有可能超过日本，成为中国的第三大贸易伙伴。中国从东盟进口上升56.1%，出口上升43.2%。同时，1至6月，中国对东盟地区的直接投资（FDI）共达12亿美元，比去年同期增长125.7%。在这一大势下，中国和东盟理应更多的关注怎样解决自贸区发展中所面临的一些具体问题，如东盟国家的劳动密集型产业怎样能进一步提升和发展，而不是被中国的产品挤垮；东盟国家怎样来通过中国资本的进入，实现更多的就业；东盟中老六国和新四国之间的差距，怎样通过子经济区的合作来加快缩小。

无疑，中国在成为经济大国的过程中，由于经济结构的变化，正在导致其他各方面的相应改变。中国现在是世界上最大的进出口国之一。每天进口4百万桶油，数百万吨的各种矿石，每天出口的集装箱要装数百上千条巨轮。为了保证航道的安全，按欧美国家的传统的海军理论，中国海运的发展，必然导致中国海军的深蓝化、航母化。中国政府要小心处理好由于这种转变所带来的挑战：如何让南海周边国家，世界各国不为中国的这些变化而感到担心，如何使其他国家相信，中国海军的变强不是为了海上霸权，中国是和平的保卫者，而不是破坏者？

中国现在直接和海洋相关的产业的产值，已占到GDP

的10%。在产业升级的压力下，中国的沿海大省，如广东，山东，辽宁等，都在把海洋产业作为未来的重点。前几年，中国的科学家已经提出，开展南海深部研究，建立海底观察系统。最近报道，中国第一台自行设计、自主集成研制的“蛟龙号”载人潜水器3000米级海试取得成功。最大下潜深度达到3759米，中国成为世界上第五个掌握3500米以上大深度载人深潜技术的国家。中国必须考虑，在发展自己的同时，如何让这些经济和技术发展，给南海周边的国家，给世界各国，带来共同的发展和繁荣？

当中国在说南海是中国的核心利益的同时，反复强调和平与发展是世界的共同利益。作为有责任的东亚的一些大国，特别是中国，是否可以带头从现代的全球观念，地球村观念，来重新诠释和处理因历史留下来的领海主权纠纷。

中国古代儒家思想的经典之一是“己所不欲，勿施于人”。老祖宗留下来的主权，在谁的手里都不可以轻易放弃的。中国的老百姓是这样做的，越南的老百姓，菲律宾的老百姓，各国的老百姓都有权这样做。主权是不可让步的，不可谈判的。但利益分配从来都是可以谈的，是可以多分一些或少分一些的，是可以作让步的。能否在互相尊重各国的主权诉求的前提下，建立在利益谈判基础上的南海的共同合作开发。中国是一个大国，在主权诉求的同时，有着经济，技术，资金，人才等各方面的优势，抱着和东盟各国共同发展的良好意愿，中国应该可以也完全有可能做出更多的让步。

在中国和东盟过去的十多年的共同发展中，我们既看到了中国在中国东盟自贸区准备过程中“早期收获”阶段的主动让步；也看到了中国在坚持“十加一”的同时，很快的适应和配合了“十加三”和“十加六”等其他合作框架。我们可以相信，在南海的合作和解决和周边国家领海主权分歧的努力中，中国将再次发挥积极的主动的领先作用。和有些人期待中国在南海的僵局中失去世界的信任不同，中国完全有可能在解决南海困境中处理得当，再次成功地向世界显示中国的真实的和平形象，负责任的大国形象，为共同维护南中国海的和平与发展中作出关键性的贡献。

*杨沐博士为新加坡国立大学东亚研究所中国项目协调人。

EAI Conferences and Forums

FIFTH CHINA-SINGAPORE FORUM

An Assessment of China-Singapore Relations and China and the World



From left: Prof John Wong, Prof Wang Gungwu, Ambassador Yang Wenchang and Prof Tommy Koh

Singapore and China marked 20 years of diplomatic relations on 3 October 2010. Ties between the two countries have deepened considerably over the past two decades with cooperations in economics, business, the arts, culture, information technology, education and the environment.

Professor Wang Gungwu, chairman of the forum, opened the public forum with his remarks that Singapore's relations with China began way before 1990. He pointed out that Minister Mentor Lee Kuan Yew, then prime minister of Singapore, was probably the last foreign visitor whom Chairman Mao Zedong officially received before his demise in 1976. Recognising the continual active bilateral "people-to-people" exchanges and dialogues, Singapore's diplomatic link with China was formalised in 1990.

Ambassador Yang Wenchang, who served as China's ambassador to Singapore from 1993 to 1995, summarised his admiration for Singapore's effective and efficient governance in an eight-prose poem. In 1994, Ambassador Yang witnessed the launch of the Singapore-China Suzhou Industrial Park project, a successful and well-managed model that many other provinces in China want to emulate. Bilateral cooperations have since expanded to two more projects—Tianjin Eco-city and Guangzhou Knowledge City. As trade between the two deepens, Ambassador Yang added that Singapore, with its global outlook and experience, can play a "pathfinder" role for Chinese enterprises to expand to the West in its "going out" strategy. Singapore can also play a bridging role between China and ASEAN. Ambassador Yang stated that future China-Singapore relations will take a new paradigm. With China's investments mainly centred in Asia, and ASEAN being China's fourth largest trading partner, Singapore can become a financial nerve centre for China. Also, Singapore and China can forge potential partnerships in areas of climate change, energy resources, etc.

The development of bilateral relations between Singapore and China was further elaborated by Professor John Wong. He stated that Singapore, with a trade mission office set up in Beijing in 1981, was in fact the last country in Southeast

Asia to formalise diplomatic ties with China. Professor Wong remarked that Singapore and China have, for a long time, shared special and unique relations, and perhaps one that borders on empathy because of the island state's cultural affinity for China. During the peak of the Cold War era, Singapore never cut off trade relations with China. In 1992, Singapore was singled out by the late Chinese paramount leader Deng Xiaoping as a country that had achieved good social order and stability alongside its successful economic development. Following Deng's open-door policy in 1978, Singapore was one of the first countries to invest in China. Deng's remarks about learning from Singapore experience and surpassing it triggered the "Singapore fever" in the 1990s when China officials organised numerous study trips to Singapore. For Singapore, a little red dot, the report card on the bilateral partnership is impressive: Singapore is now the eighth largest trade partner of China and also China's fifth largest investment destination. On the other hand, China is the third largest trade partner of Singapore and also Singapore's largest investment destination. The new Singapore University of Technology and Design—Singapore's fourth public university—has tied up with China's Zhejiang University and the Massachusetts Institute of Technology to develop academic curriculum and research programmes, bringing the best of East and West on the education front.

Professor Tommy Koh, also Singapore's ambassador-at-large, rationalised that a rising China power is not to be feared. Historically, China, in its long history of dynastic rules under the Han people, was never known to be an aggressor towards its neighbours. Also, for the past two decades, China had succeeded in its good policy of neighbourliness. China has recently overtaken Japan as world's second largest economy. However, China's economy at US\$5 trillion is still much smaller than the economy of the United States at US\$14 trillion. China's per capita income is also very low, at about US\$3,500, compared to more than \$45,000 for the US. It will certainly take many more years for China to catch up on per capita income.



The forum had a strong attendance

Since 1998, China has allocated significant portion of its resources and budget in the modernisation of defence forces. Again, China's military spending is relatively small compared to the US' whose military spending easily exceeds the sum total of that of other big nations. China is therefore not yet a military power. With the understanding of China's power now put in perspective, what do the Chinese people expect from the world? The Chinese people want their country to be a strong state capable of defending its sovereignty. Next, China wants to be respected by the world. China wants a peaceful internal environment so that it can continue to concentrate on its internal development. Hence, it would oppose any attempts to contain its rise or deny its access to resources and opportunities. With the question thrown at the opposite court, what does the world want from China? The

world expects China to continue to practise the policy of good neighbourliness. Professor Koh remarked that Singapore can play a bridging and useful role between ASEAN and China in ensuring a peaceful resolution process for the territorial disputes of South China Sea. As China has benefitted from the international system, the world also expects China to be a responsible stakeholder, taking an active role and participate in international affairs. Next, the world expects China to deal with the ongoing environmental challenges and global warming and embrace environmental sustainability.

In his closing remarks, Professor Wang said relations between ASEAN and China, having evolved in this globalised era, need to be recalibrated. It no longer suffices to simply analyse and study the new situations based on past historical examples. ■

EAI INTERNATIONAL CONFERENCE

China's Social Policy Reform: Challenges and Direction

Jointly organised by Development Research Center of the State Council of China and the East Asian Institute

The East Asian Institute (EAI) jointly held a two-day international conference titled, "China's Social Policy Reform" with the Development Research Center of the State Council of China. The programme featured more than 20 scholars from Singapore, China, US and UK discussing issues ranging from social security and food safety to religious revival.

Professor Wang in his opening address acknowledged China's economic achievements but was interested in knowing about the social consequences of such a rapid economic development. He noted that China's economic development was powered by a strong political will and that it differs from the traditional holistic approach of China towards governance. While the strengths and weaknesses of the Chinese traditional holistic approach are now a question for the historian, Professor Wang is personally very curious if the traditional holistic approach still prevails.

The first session started off with Professor Li Peilin from the Chinese Academy of Social Sciences who highlighted China's social challenges including, inequality of income distribution, decreasing consumption rate and aging population. As a solution, Professor Li proposed the establishment of an institutional triangle of "Socialist Harmonious Society", "Market Economy" and "Democratic Politics". Professor Zheng Yongnian and Mr Huang Yanjie's presentation on "Political Dynamics of Social Policy Reform in China" listed China's obstacles to reform such as exit option for elites, poor reform performances and institutional resistance. They concluded that social policy is of strategic importance and that the function of social policy is the key to social stability and economic growth.

Associate Professor Phua's presentation was refreshing as it offered a unique angle to studying China's medical system. Associate Professor Phua noted that China was the only case he had come across where pharmaceutical sales accounted for almost half of a hospital's income.

The last session of the day saw Professor John Wong and Dr Zhao Litao of EAI presenting their co-authored



From left: Prof Wang Gungwu, Prof Ge Yanfeng, Prof Zheng Yongnian and Mr Huang Yanjie

paper, "Singapore's Social Development Experience: Relevant Lesson for China?" which suggests that Beijing study Singapore's model of balancing economic growth with social security.

The second day of the conference saw a switch in the language of communication to Mandarin and many of the speakers and participants, being native speakers of Mandarin, participated in the discussion with much enthusiasm. Professor Yang Shanhua's presentation on "Family Changes in Contemporary China" and Professor Bao Zonghao on "Community Development and Management in Urban China" reveal that while changes in family structure and dynamics due to social transformation may potentially caused the institution to fall apart, he remains optimistic about its resilience. Professor Li Chunling touched on the issue of employment and wage of Chinese university graduates and commented that China is overproducing university graduates with no technical skills who are increasingly finding it difficult to seek employment in modern China.

Professor Yu Jianrong wowed the audience with his though provoking paper on "Rising Social Protests in China". Professor Li Fan's presentation was another eye-opener, claiming that there are 800,000 family churches in China with a Christian population of about 100 million and that the figure will double by 2020. If the prediction is accurate, China may become a Christian centre of the world in this century! ■

*INTERNATIONAL
CONFERENCE*

CHINA AND EAST ASIA IN THE POST FINANCIAL CRISIS WORLD

Jointly Organised by
East Asian Institute, Singapore and
East Asian Studies Centre, China
Foreign Affairs University, China

Venue: Beijing

2 AND 3 DECEMBER 2010

JAPAN'S STRATEGIC CHALLENGES: CHINA'S RISE, THE US HEGEMONIC DECLINE AND ASIAN SECURITY

Jointly Organised by
Australian Research Council Asia Pacific
Futures Research Network and East
Asian Institute, Singapore

20 JANUARY 2011
YORK HOTEL, SINGAPORE

FOR CONFERENCE DETAILS, CONTACT

JAMES TAN

TEL: (65) 6779 1037

EMAIL: EAITANJ@NUS.EDU.SG

Some Highlights at EAI



Top Left: Dr Robert Sutter, Visiting Professor, School of Foreign Service, Georgetown University, USA, gave an EAI Public Lecture on "China's Rise in Asia and US Strategic Policy Towards it". Top Right: Prof Akio Takahara of the University of Tokyo, Japan (left) gave an EAI Distinguished Public Lecture on "Ongoing Discourse on the 'Chinese Model'". On the right is EAI Senior Research Fellow, Dr Lam Peng Er, who chaired the lecture.



At the international conference titled "Parliaments in Asia: Institutional Building and Political Development" jointly organised by East Asian Institute and Konrad-Adenauer-Stiftung (KAS) in September 2010.



EAI scholars (top right and bottom right) in meetings with Chinese delegates.

