

CHINA'S IMPACT ON SECURITY ISSUES IN ASEAN COUNTRIES

Yu. I. Malevich

*Belarusian State University,
Nezalezhnasci Ave., 4, 220030, Minsk, Belarus, malevichY@bsu.by*

The growth of China's influence on the ASEAN countries, after the announcement of the "Expansion Abroad" initiative, is considered. The transformation of China's early foreign economic initiatives into the SREB – OBOR, their impact on the economic security of the ASEAN countries and the feasibility of creating the AIIB is substantiated. The relationship of economic influence with political pressure and the build-up of the military presence of the PRC in the region have been established.

Keywords: PRC; ASEAN; economic security; OBOR; AIIB.

The current century in the global development paradigm is characterized by the rapid growth of China's economy and influence. This was facilitated by the successful implementation of the state strategy formulated by Jiang Zemin at the 1st session of the 9th National People's Congress in February 1998 – "Expansion Abroad". The leader of the Chinese nation then proclaimed: "At the same time as the active expansion of exports, it is necessary to systematically, step by step, organize and support the expansion of state-owned enterprises with the necessary potential and advantages abroad, encourage them to invest and create enterprises abroad" [7, p. 11]. The full-scale implementation of the proclaimed policy became possible after China's accession to the WTO in 2001. This contributed to the encouragement of the export of capital and the implementation of the relevant tasks of the country's economic development. A legal framework has been developed; allowing a large number of participants and stimulates the activity of their activities abroad; as well as clearly defined parameters for the export of capital, including their scale and the main directions of investment flows, on the basis of which the BRI strategy was subsequently formulated.

The Expansion Abroad strategy included 5 priority areas. The first is to increase overseas investment by Chinese enterprises and individuals investing abroad. This solved three major tasks for the further development of the Chinese economy: the acquisition of modern technologies, unlimited access to minerals (most long-term transactions are concluded according to the scheme: minerals in exchange for swap credits), and the search for new markets for their exports.

The second direction was determined by the provision of freedom in the implementation of engineering and construction contracts and the provision of labor services abroad. The main partners were Asian countries: Malaysia, Indonesia, Singapore, Japan, South Korea, Pakistan, etc. Traditionally, Chinese equipment and Chinese workers were used in the implementation of projects, which was fixed in the contract and made it possible to reduce the level of corruption and production costs. The export of Chinese labor reduces the burden on the domestic labor market; raises the professional and qualification level of workers; improves the welfare of the families of workers who are contracted abroad.

The third direction is the conclusion of agreements on the encouragement and mutual protection of investments with other states, providing guarantees to depositors

[7, p. 16]. The fourth is related to the creation of free trade zones. The most indicative and capable was the China–ASEAN free trade zone, which was launched on January 1, 2012. Already in 2013, trade between China and ASEAN reached \$443.6 billion and direct Chinese investment in the countries of the association amounted to \$29.3 billion. The fifth direction was purposefully formulated as the development of separate cooperation with Hong Kong, Macau and Taiwan [7, p. 17].

By progressively implementing these five areas, the PRC has ensured the growth of its economy and strengthened its influence in Southeast Asia by developing trade, investing and providing assistance to the countries of the region. In addition, the concept of overcoming the Asian financial and economic crisis of 1997–1998 by Beijing, when the country refused to devalue the yuan, played a significant role in this strengthening. It can be argued that this was the starting point for the exponential growth of China's global influence that is currently observed.

It makes sense to agree with Muniru Majid, a Malaysian researcher, that the growth of the Chinese economy is a key factor in the growth of the economies of the ASEAN countries. As an example, it is fashionable to turn to the crisis 2009, which mainly affected North American and European states. Asian countries, on the contrary, thanks to the accumulated experience of overcoming the crisis of 1997–1998 were able to increase production volumes by 2.9%. This figure is less than the average annual growth of 6.8% observed in the period 2001–2008, but the crisis only slowed down economic growth without stopping it [6, p. 2; 8].

A special role in China's quest for comprehensive global leadership should be assigned to two initiatives of the Chinese leadership. In September and October 2013, Chinese President Xi Jinping, during his visits to the countries of Central and Southeast Asia, put forward an initiative to jointly create the Silk Road Economic Belt and the 21st Century Maritime Silk Road (hereinafter referred to as the SREB). Premier of the State Council of the People's Republic of China Li Keqiang, in turn, stressed at the China-ASEAN exhibition that it is necessary to form a maritime Silk Road with the participation of ASEAN countries and create strategic strongholds for the development of inland regions. The Chinese leaders were very active in imposing the idea that the speedy creation of the SREB would contribute to the economic prosperity of the countries along the Great Silk Road and economic cooperation in the region. The creation of the Asian Infrastructure Investment Bank (AIIB) was the second, but unique in its essence, initiative of the Chinese leadership. Taking into account the urgent need for the development and modernization of the infrastructure of the regions that were planned to be included in the program, the creation of this tool was necessary for the Chinese leadership to finance global projects. This institution has made it possible to strengthen the influence of China and its partners with great innovative potential on the system of global economic governance. The AIIB is now thought to be an alternative to the US-controlled IMF and the World Bank. These initiatives have really helped China become the largest trading partner for Asian actors and a serious competitor in the market, including industrial production and the possibility of obtaining foreign direct investment. Undoubtedly, the degree and nature of interaction with China differs for each of the Southeast Asian countries; undeniably, China ranks first in the trade statistics of all 10 ASEAN countries (second place is the EU). The Association

countries ranked third in China's trade statistics for 2013. At that time, China was the main export market for Malaysia and Singapore, and for Laos, Cambodia and Myanmar, the largest source of foreign investment [8].

However, when analyzing the economic prospects for expanding cooperation with China, Southeast Asian countries should not forget to assess the risks directly associated with them. By expanding trade and economic ties and investing in the countries of the region, China gradually ousted other partners, which further increased the dependence of Asian countries on China. This aspect is a real challenge for the economic security system of the ASEAN countries. The source of danger is China's repeated use of economic leverage in relation to these countries in order to support its initiatives. For example, in the Philippines and Vietnam in 2012, China used economic ploys to weaken those countries' claims to islands in the South China Sea (SCS). China did not let hundreds of containers with fruits and vegetables produced by these countries into its market. Moreover, Chinese tourists have been asked to refrain from traveling to these countries due to security concerns. In the case of Cambodia, during its ASEAN Presidency, the Phnom Penh delegation withdrew from discussions of the Joint Communiqué due to strong pressure from Beijing to prevent any mention of territorial disputes in the SCS [8].

China is the most important trading partner of all ASEAN countries, including Vietnam, whose textile factories are dependent on Chinese supplies (more than 50% of textile material comes from China). In fact, the textile industry is one of the key sectors of the Vietnamese economy, so China is using economic pressure to promote its political initiatives, including pressure in the SCS territorial dispute. This situation is typical not only for Vietnam, but also for other countries in the region, where the economic impact is gradual, but persistently, it is transformed into a political one, and this already goes beyond the criteria of economic security.

ASEAN countries, concerned about the growing influence of China, seek to solve the problem of economic dependence on Beijing by transforming security systems both at the country and sub-regional levels, strengthening integration processes. The basis for the economic security of the countries of the region lies in integration on the one hand. And on the other hand, in strengthening economic ties with China and India, as well as in strengthening economic relations with the US, EU and Japan in order to maintain a balance in their economic interests. Southeast Asian countries are striving to strengthen the role of ASEAN in regional politics, following the concept of "ASEAN centrality". The strategic efforts of the ASEAN countries are concentrated on the formation of an effective Economic Community. The goal is to build by 2025 an economic entity with free movement of goods, services, investment, skilled workers, and other capital capable of maintaining competitiveness in the market with economically strong players such as China and India. This project is currently experiencing major challenges due to the COVID-19 pandemic and its aftermath, as well as climate issues affecting agriculture, financial regulation and non-tariff barriers. A specific aspect of the difficulties is represented by significant differences in the laws of the countries of the Association. In Singapore, Thailand and Malaysia there is one trading algorithm, in Laos and Cambodia it differs significantly and does not correlate with others. There are differences in the schemes for the provision of logistics services.

Singapore has a world-class transport and logistics system, while Laos, Cambodia and Myanmar have one of the world's lowest percentages of paved roads and railways. Of particular note is the desire of the ASEAN countries to diversify economic partners and export markets, in particular by attracting the United States to the region. So, the mechanism of the Trans-Pacific Partnership (TPP) before the withdrawal of the United States was a real alternative to the dominance of China. At present, the ASEAN countries and the United States are forced to support partnership agreements only on the basis of bilateral agreements.

In the current geopolitical situation in 2022, Beijing is increasing its military presence in the region, where special attention is paid to the navy, the increase in the scale of the military presence in the nearby seas, the need to defend its territorial claims in the South China Sea and the expansion of the possibility of conducting operations on the high seas. In fact, China has Asia's largest fleet of submarines, surface ships and amphibious assault ships. Moreover, formally remaining committed to the foreign policy principle of refusing to deploy military bases on the territory of other states, the PRC, through economic and technical assistance to some countries in the construction and modernization of airports, ports, military air, naval and radar bases, gets an unlimited opportunity to use them [1; 3; 4, p. 3].

Back in 2012, at the 18th Congress of the CPC, a course was announced for the establishment of China as a strong maritime power, which seriously worried the countries of the region, given the increased tension in the South China Sea. As part of this course, a large Chinese Yulin naval base was built on the Hainan Islands, the first Chinese aircraft carrier was launched, a military port in Qingdao was put into operation, and a program was launched to create an aircraft carrier fleet by national industry [3, p. 5; 5, p. 76–85]. China is also building up defense cooperation with neighboring countries. China's main partners in joint military maneuvers in the region are Russia, Thailand, Indonesia, Australia, New Zealand, Singapore and Mongolia. Sino-Russian and Sino-Indian naval exercises were held annually from 2012 to 2019, and there were also joint maneuvers with Australia and Thailand, which cannot but worry the United States and its strategic partners in the region. In particular, the attention of the Pentagon was attracted by Chinese naval exercises that demonstrated the ability to freely enter the Pacific Ocean, as well as exercises when Chinese ships sailed through the La Perouse Strait for the first time. With these maneuvers, China violated the principle of a total ban on the navigation of foreign warships in the exclusive economic zone of a coastal state by conducting military maneuvers within the US exclusive economic zone, namely in the areas of the islands of Guam and Hawaii. In response, the US further increased its military presence in the region [2; 3; 4, p. 9].

It becomes obvious that China is performing the function of the locomotive of economic growth and the US counterbalance in the Asia-Pacific region. At the same time, despite the obvious interest in economic and investment cooperation with China, the ASEAN countries are afraid of the global strategic intentions of the Chinese superpower. On the one hand, by ensuring the growth of its economy, China stimulates the growth of the economies of the countries of the region. But on the other hand, China maintains the status of a key trading partner of the countries of the region, ousting

others. This increases the dependence of Asian countries on China. The ASEAN countries see the prospects for strengthening economic security in strengthening regional cooperation, economic integration, building an effective Economic Community, implementing the principle of ASEAN “centrality” and developing economic ties with the growing world economies of the USA, EU, India and Japan.

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