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ASEAN AND THE CHINA TRADE

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INTRODUCTION

On the occasion of a visit to China in 1985, Singapore Prime Minister Mr. Lee Kuan Yew poignantly observed:

> ... China's economy has grown rapidly with the new responsibility system and incentives. The opening of China to foreign trade, investments and technology, will transform her economy in due course.
>
> These forecasts have been received with mixed feelings by Southeast Asian countries. On the one hand, China's economic growth will create stability and stimulate trade and investments in the whole region. On the other hand, these developments mean that Southeast Asian countries have to compete against China for export markets and foreign investments. China can lessen these concerns by increasing her trade with Southeast Asia.

Mr. Lee's remarks set the tone for understanding the role of China as it emerges as an actor in the Asia-Pacific and more particularly for the non-communist Southeast Asian grouping known as ASEAN (Association of Southeast Asian Nations) comprising Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand. The "opening of China", in the light of its open door policy and economic liberalization measures in the post-Mao era, are not only a challenge for the free market economies of the ASEAN grouping but portends at the same time a dramatic shift in the geopolitical setting of Pacific Asia that is yet difficult to grasp and comprehend, much less predict.

In dealing with China as a 'new force' in the region, the ASEAN countries may well be faced with the reality of the saying (but probably apocryphal) attributed to the Chinese scholar Confucius: "Prediction is difficult, especially if it is about the future". More importantly, and certainly more complex than mere forecasting, China's emergence as an economic actor cannot be precluded from the political dimensions of this role, though this itself is as much a function of the internal political dynamics within China and within the ASEAN countries.

To date, there is no single official ASEAN stand on the Chinese role, although all probably share a circumspect view of their neighbour's potential to be either a threat or an opportunity, or perhaps both. Nonetheless, it is difficult to demonstrate what the true form of the relationship is and can be. Thus, one observation that can be stated at the outset (as shown in Table I) is that while Singapore has no diplomatic relations with Beijing, the island city-state enjoys an economic relationship that surpasses the rest of ASEAN in terms of the value of goods and services.

It is the modest aim of this paper to outline in perspective the context of Sino-ASEAN[1] relations in the economic and related political spheres. What is the Sino-ASEAN relationship? What is the state of ASEAN's participation in the modernization of China? Can the relationship be based principally on trade, especially inasmuch as it is one of exploiting the "China trade"? What are the obstacles? Is there promise or will the relationship be perilous?

Although ASEAN can be viewed as a single unit, it must be recognized that it is primarily an association of equals, with its decision-making based on consensus and gradualism. From within the grouping, there will always be the individual nation-state desire to accelerate their own versions of development; in doing so, it may be overlooked that the ASEAN states are relatively young and still pursuing essentially nationalist goals, especially the daunting task of the creating of their own version of the nation-state. Within these countries themselves, for the most part less than united because of ethnolinguistic, regional and religious divisions and having differential rates of socio-economic growth and attendant disparities, there is always the tension in the emphases between national and regional goals and aspirations. For the most part, the ASEAN economies can generally be said to be externally-oriented, even if there are contradictory domestic nuances in public policy, but an inevitable outcome and fact is that the ASEAN economies are in competition with one another.

For our purposes, "China" shall refer to the People's Republic of China (PRC) or sometimes "Communist China". Since the advent of normalisation between the United States and Beijing and the onset of the PRC's "Four Modernizations" programme and its 'open door' policy, the word "China" has come into common usage, connotting either China is no longer communist (but socialist with Chinese features?) or that in fact there is the reality of only one China. (The Republic of China or sometimes "Nationalist China" is now more referred as "Taiwan", a term that could be more realistic if there can only be one China, or that indeed Taiwan is after all part of China). Virtually all of the ASEAN countries now recognize Beijing as the government of China, albeit this has not led to the establishment of diplomatic relations for all the grouping's members. At the same time, however, it can be noted that while Taiwan no longer has diplomatic recognition, it is still a *de facto* entity especially for trade and commercial reasons (Zakaria: 1987).

Although most of the ASEAN countries viewed China as a "threat" in the 1950s and 1960s, in large part because of Beijing's links with the outlawed communist parties in their countries who had waged insurrection (and still do), in the 1970s, in the light of Washington's normalisation process with its heretofore Asian communist enemy, they began to give recognition by the establishment of diplomatic relations (Wong: 1984). In the thinking of the then Malaysian Prime Minister, the late Tun Abdul Razak, "how could we neglect a quarter of the world's people?" Malaysia recognized China in 1974; Thailand and the Philippines in 1975. Brunei, being a new country having gained independence only in 1984, is still to establish relations with Beijing, but this appears to be more a logistical problem because of her recent foray into the international arena. Indonesia is still to re-establish diplomatic relations with Beijing which were broken off after the 1965 coup in which China was seen to be a culprit in aid of local communists. Singapore has established that it will have relations only after Jakarta has done so.

THE CONTEXT OF RELATIONS

Four phases are distinguishable in the modern or post-1945 history of the relations between China and ASEAN: phase one (in the 1940s and 50s) concerns the development of nationhood and independence and the impact of the 'Cold War' era; phase two revolves around the 1960s and 70s, ending with Nixon's visit to China; phase three is centred on the late 1970s, focusing on developments in Indochina and the 'Dengist' modernization of China; phase four refers to the present in which there is an emphasis of economic policies and relations.

We may briefly consider several parameters of this relationship as it had evolved. Briefly, both groups of countries had evolved very differently in their historical development. The history of the two groups of countries is already known and does not need repetition. What needs to be stressed are the historical differences and experiences which each had undergone and which affected their international relations. The different responses to external threats, colonial rule and subjugation, and the final triumph in attaining national independence have far-reaching impact on the conduct of foreign affairs and economic relations for both China and the ASEAN countries. The domestic economic policies of the two were, and still are, a contrast between centralism and capitalist market forces. A generalization may be made: China is essentially inward-looking whilst ASEAN have been externally-oriented. China, trapped by its ideology, is 'isolationist' and revolutionary right up to the mid-70s; ASEAN were open economies thriving on their dependency on the Western capitalist markets.

In phase one of the relationship, both China and the ASEAN countries were still in the throes of the post-War era and the battle for indigenous or national political control. In this period, only Indonesia among the ASEAN countries was a sovereign entity after a bloody independence struggle. In China, national political control passed over to the communists with the ouster of the nationalist government under the Kuomintang in 1949 after a long civil war. Although Indonesia and China developed a fraternal relationship, Beijing's relations with ASEAN (which in any event was not even in existence) was motivated to support revolutionary movements to overthrow then extant colonial authority. Sino-ASEAN relations generally were not developed and could be said to be 'hostile'.

In phase two, China-ASEAN relations for the most part continued to be influenced by conflict and antagonism, a period which covered the Korean and the Indochinese wars right up to the time before Nixon's visit to China. China was involved in both, and ASEAN aligned with the United States. China was considered a 'threat' with expansionist motives and was viewed as an enemy. In 1972 the US and China reconciled and the cold war period ended for these two major powers. This was followed by a spate of nations recognizing China as a legitimate international entity. Some ASEAN countries followed suit as has been stated. Sino-ASEAN relations, however, remained cordial but distant. The lurking fears of China had not completely subsided; partly because of the PKI episode in Indonesia, partly because of Chinese support for local communist insurgency groups, and partially because of the presence of a large overseas Chinese population in Southeast Asia. Time was needed to heal wounds, create confidence and promote understanding. Mechanisms and institutions needed to conduct dialogues and trade were still inchoate.

Phase three witnessed a growing confidence in the Sino-ASEAN relationship. Although ASEAN's suspicions of its distant communist neighbour had not waned, a convergence of views on the Indochinese problem, to wit the threat of a Vietnamese hegemony over Southeast Asia which was highlighted by Hanoi's invasion of Kampuchea in 1978, enhanced Beijing's standing in ASEAN capitals. In China, there was also the beginning period of the Four Modernizations and the 'end' of the Mao era. In ASEAN, high growth rates coupled with political stability created confidence in the tasks of nation-building and economic development.

Phase four may be seen as beginning in the 1980s and reaching an apogee in the period between 1984 and the present. It is still a developing phase. The significant aspect of this phase is the heightened delegations that has placed a clear emphasis on the prospects for trade and investment. In 1985, for example, Malaysian Prime Minister Dato Seri Dr. Mahathir Mohamad visited China with a big delegation of officials and businessmen; the conclusion of his visit saw the signing of a bilateral trade agreement and orders for Malaysian goods and services amounting to some US$25 million. Earlier in that year, Singapore premier Lee Kuan Yew had also visited China, and so too had a trade delegation from the Indonesian Chamber of Commerce and Industry (KADIN). It is said that for the past several years, there had been a visit to Singapore by Chinese officials and 'responsible persons' every single day (!)

But it is also significant that it has taken a decade of China-ASEAN relations since 'normalization' for this new phase with its emphasis on economics to emerge. Importantly as well, the importance given to the development of relations with Beijing coincides with an on-going period of recession for virtually all of the ASEAN economies, an economic crisis in which some of the ASEAN countries are only beginning to recover from. China, with its continued pace of modernization in the Dengist mode presents opportunities as a 'non-traditional' trading partner and as an example of Third World cooperation with the ASEAN countries.

It is quite plausible that ASEAN represents a 'showcase' for China's own modernization efforts, abetted no less by the successful role of ethnic Chinese entrepreneurship in the region and the spectacular growth rates of the 70s. Certain mutual economic benefits may also be recognized; these may have political and strategic underpinnings as well. During the first oil shock of 1973, China for example supplied Philippines and Thailand with oil (for the latter, especially, at "friendship prices"). In 1985-86, China was also said to have bought Thai rice when it obviously did not need it. The ASEAN economies, hungry for markets, naturally desire a market opening, if not niche, in China for their primary products. However, in general, the approach from ASEAN (save for Singapore with its typical aggressive tendency as an international trader) is cautious.

This developing phase of Sino-ASEAN ties, therefore, presents both "challenge" and "opportunity". Both these words, incidentally, are written in the Chinese ideograph for "danger". The challenge is for the ASEAN states to partake in the modernization of the PRC and share in the opportunity for mutual benefits accruing from bilateral trade. Such a development must ultimately lead to the maturing of China-ASEAN relations conducive to the peace and prosperity of the Asia-Pacific. The danger is both manifest and latent in that lack of success in bilateral trade and/or competition in export-led modernization will also aggravate a sense of unease that had in fact prevailed between Beijing and the Southeast Asian countries traditionally referred as Nanyang by the Chinese.

The Sino-ASEAN relationship, in any event, is best viewed by looking at Beijing's relationship with the individual member-states of the latter. With the exception of Brunei, the ASEAN states have had differential performance rates in their relations with Beijing; however, it is also clear that such variation in turn is caused by China's own differentiated policies towards ASEAN and its constituent states.

ASEAN-CHINA TRADE: AN OVERVIEW[2]

Before the normalization of diplomatic relations in the 1970s, trade between ASEAN and China was executed via third party countries, specifically Hong Kong and Singapore. However, Malaysia had maintained a trickle of direct trade with China, mainly in traditional Chinese foodstuffs for its large Chinese population. In any case, there was no urgency to diversify the export base of ASEAN during that period.

The situation changed at the beginning of the 1970s when the Philippines and Thailand initiated direct trade with China. Malaysia also started to increase direct trade. As a general regulatory mechanism, each country restricted China trade under the control of its government. Also, due to their different economic systems, some of these countries use state or quasi-state trading corporations to handle trade with China. Thus, in Malaysia, the National Corporation (PERNAS) handles the China trade; more recently, a Sino-Malay Joint Chamber is supposed to handle it. In Indonesia, direct trade is dealt by KADIN.

Trade expansion thus followed political normalization. ASEAN's exports to China multiplied 39 percent annually between 1976 and 1980. Its imports from China expanded by 27 percent. China's share in ASEAN's total trade thus increased from 1.7 percent (exports 0.8% and imports

2.6%) in 1976 to about 3 percent (exports 2.8% and imports 3.0%) in the 1980s. However, China's share in ASEAN trade is still quite insignificant, as shown in Table II.

Similarly, though China's total trade increased rapidly during the same period, ASEAN's share in China's total imports only marginally improved from 2.8 percent in 1976 to 3.8 percent in 1983. In China's total exports, ASEAN's share declined slightly from 9.6 percent in 1976 to 9.2 percent in 1983. ~~In China's total exports, ASEAN's share declined slightly from 9.6 percent in 1976 to 9.2 percent in 1983~~. The general increase in China's imports from ASEAN since normalization was its desire for a balanced trade. It increased imports from Malaysia, the Philippines and Thailand, improving in general the export-import ratio of ASEAN with China. But the absolute value of ASEAN's trade deficit with China has been increasing to more than US$1.5 billion.

The trade imbalance is caused by the strong demand for a wide variety of Chinese goods while China has a low income elastic demand for the limited range of commodities from ASEAN. The predominant imports of China from ASEAN are primary commodities, viz. natural rubber, palm oil, copper concentrates, timber and rice. In the past, China had in fact a much narrower range of imports, mainly natural rubber from ASEAN. After normalization, to promote political goodwill it expanded its range of imports from ASEAN.

The trade imbalance has become a contentious issue in the bilateral relationship. Some public exchange on this between Chinese officials and ASEAN governments have already occurred, and is expected to resurface in all future dialogues. However, because of inadequate time series data, and a more principal factor of interpretative and conceptual differences, the question of bilateral trade imbalance becomes an 'empty' debate. More significantly, this argument is misguided and futile since it is not bilateral trade balance which really matters. It is the multilateral trade balance and terms of trade which are more relevant as the critical determinants of gains in international trade. Although it reflects an absence of understanding of basic economics, the controversy has become an inevitable item in the agenda when Chinese and ASEAN officials meet.

The commodity composition of ASEAN's exports to China reflects the trend towards more manufactured and higher value added goods (Chia: 1986). Crude materials still predominate, constituting about 52 percent of ASEAN's total exports to China. The rest comprise food (14%), machinery (12%), animal and vegetable oils and fats (8%). Manufactured exports are becoming more important. The change in export composition is due to China's desire to have a more balanced trade with ASEAN, and also due to the industrial capacity of ASEAN to export a more varied range of manufactured goods. One must also point out the growing importance of the service sector in the China-ASEAN trade relationship. (See Table. III).

ASEAN's imports from China comprise mainly oil (26%), manufactured goods (25%), food and live animals (17%), chemicals (10%), and crude materials (7%). Manufactured goods constitute about 50 percent of ASEAN's imports from China. This trend, barring political intervention, is expected to continue. An interesting aspect of this is the increase of China's manufactured exports to other ASEAN countries besides Singapore, the traditional dominant partner (Wong: 1986).

During the 1970s, because of the oil crisis, ASEAN's oil imports from China increased from 13 percent in 1976 to 26 percent in 1979, making it the largest import item. On the other hand, food imports decreased from 27 percent in 1976 to 15 percent in 1983. ASEAN's imports from China are more in fuel and producers' goods which are needed for industrial development.

An interesting observation is that the increase in imports of Chinese goods has not become a contentious issue for the domestic manufacturers in each of the ASEAN countries. Part of the explanation is due to tight government control for imports of Chinese goods, which are mainly fuel, food, industrial materials and machinery. But in Thailand, some industries, viz. chinaware, pig iron, glass products, and textile products seem to have experienced competition from Chinese imported goods. In Indonesia, 'dumping' by China was mentioned, but has not been controversial.

The question of competition between ASEAN and Chinese goods in third-country trading, especially in the markets of Japan, the US, and the EEC is now emerging as can be seen in Tables IV and V (Ebashi: 1982).

Broad competition between ASEAN countries and China occurs in Japan, US and EEC in that order. The competitive goods are agricultural, mineral, textile and petroleum products. But the magnitude of the competition is still marginal.

At the individual country level, Philippines competes with China in manufactured goods, particularly in textile materials, in the American and Japanese markets. Thailand competes with China in the Japanese for packing sacks and bags, secondary fiber goods, and synthetic fibers and fabrics. Indonesia and Malaysia do not compete for manufactured products in these developed countries. Singapore competes with China in the Japanese market for pretroleum products.

Presently, the competition for third-country markets has not reached a stage that sours the otherwise friendly relations between Beijing and ASEAN. It will be some time before this becomes part of the agenda for round table discussions, a development that is inevitable, given the nature of their economic policies.

But, it is also to be expected that their different levels of development and national priorities (between China and ASEAN, and within ASEAN itself) will colour the latest phase of Sino-ASEAN relations. Such a situation is not only a question of trade but is related to political and other factors. Among the ASEAN states, some are more 'advanced' than others and also with China, but the nature of their individual economies means that some are better placed to conduct economic relations with Beijing. Similarly, Beijing's market orientation towards ASEAN may be less efficiently realized given her own emphases in national modernization.

There are also contextual issues in the relationship that does affect the latest phase of the emphasis on economics. But one current emphasis in ASEAN is for more direct trade, rather than 'third countries', and for ASEAN investment in China's own modernization. China itself is 'new' in the game of international trade and capitalist ways of business, just as ASEAN businessmen have discovered the potential
billion
market of one million consumers is difficult to penetrate, if not to discover the intricate and frustrating manners of Chinese bureaucracy. Time is also an element, with business deals taking years to bear fruit.

ASEAN-CHINA TRADE: ISSUES

In a world of nation-states interacting with one another, the ASEAN/China relationship is perhaps *sui generis*. The major issue in the bilateral relations is that ASEAN contains a significant portion of Chinese whose descendents were from the latter. Referred variously in the literature, the term "Overseas Chinese" has been used to describe a community whose political allegiance is still a political issue (Suryadinata: 1985). Related to this is the previous PRC support for communist revolutionary movements in the Southeast Asian region, an issue made difficult by Beijing's continuing but only "moral" support for the communist parties in ASEAN who continue to wage insurrection even as there are government-to-government ties in the normal diplomatic sense.

As has been stated, the outstanding aspect of Sino-Southeast Asian relations relates to the issue of the so-called "Overseas Chinese" in the population and consideration of the Southeast Asian nations. Because of a population migration that took place in the late nineteenth and the early and mid-twentieth centuries, Chinese from China took residence in all parts of Southeast Asia for a variety of purposes. Over time, however, many settled down in these countries and in the process produced offsprings who could be called "ethnic Chinese". The term "Overseas Chinese" itself is misleading since it refers to all Chinese resident in these countries and the connotation that they are "sojourners who will eventually 'return' to China" (Suryadinata: 1985). Although many Chinese are now citizens of the respective Southeast Asian countries they are resident in, their status is still an issue in the effort at the creation of nation-states with its own distinctive identity in these very young countries as well as in the relations between them and Beijing.

But the number of "Overseas Chinese" in Southeast Asia is by itself small when compared to the population at large. According to Lee Lai-To (1985), there are some fourteen million ethnic Chinese resident in Southeast Asia, a figure that seems miniscule when seen against a total regional population of about 403 million Southeast Asians. Leo Suryadinata (1985), however, provides a figure of about 18 million Chinese in 1981, comprising about 5.2 percent of the total Southeast Asian population.

Small as their number may be for the region, it can be seen that in several countries their numbers are substantial. More importantly, however, their small number belies the extent of their influence, especially in economics in terms of their control of various sectors of commerce and business and their impact on politics. In Singapore, Chinese form more than three-quarters of the population and 'exercise' political control; the government there has assidiously attempted, however, to demonstrate it is a Singaporean and not a 'Chinese' state. To some extent, assimilation of Chinese into the indigenous mainstream has been quite successful (as in Thailand and the Philippines), but in a few countries this is still a problem. The issue is always whether their loyalty is to their country of residence or to China. It is a question that relates to ethnicity, political and economic influence and the magnitude of these issues against the larger backdrop of Sino-ASEAN and Sino-Southeast Asian international relations. The essential issue, then, revolves around the question of where ethnic Chinese loyalties lie - to China or to their respective ASEAN states. That ethnic Chinese involvement in communist insurgencies has been substantial - and where Beijing's support has always been present - has only aggravated this issue. If China/ASEAN economic ties are to develop, it should not be solely to the benefit of ethnic Chinese businessmen in ASEAN or to the detriment of its indigenous entrepreneurs.

A continuing irritation in Sino-ASEAN relations is the stand of Beijing to continue to provide "moral support" to communist parties in their countries even though there has been the advent of diplomatic relations. This irritation, though, depends on the nature of the communist challenge itself as perceived within ASEAN and the former's orientation to Beijing or Moscow. Beijing rationalises its position by saying that there is a distinction between 'government-to-government' and 'party-to-party' relations and that their moral support to Southeast Asian communist parties is related to their solidarity in communism. The paradox for Southeast Asia is that these very communist parties Beijing continues to have ties with aims to overthrow them. One Southeast Asian leader has labelled this 'sweet-and-sour' diplomacy, albeit it can also be observed that there is no known provision of other than moral support from Beijing to ASEAN communist parties at present.

Among the ASEAN countries, it is Malaysia that questions strongly the paradoxical Chinese policy. In large part, this can be attributed to the threat the CPM offers and the low level of assimilation of the ethnic Chinese population. In Thailand, largely because of the emasculated status of the Communist Party of Thailand (CPT), the high level of assimilation of the ethnic Chinese in Thai society, and Bangkok's own strategic analysis of the region, there has resulted in an alignment of outlook between Thailand and the PRC (Sukhumbhand: 1987). In Singapore, although subversive communism is still regarded as a threat, the high premium accorded to trade and of course the non-existence of diplomatic ties have not caused a problem in bilateral relations. In the Philippines, as in Thailand, the high level of assimilation of ethnic Chinese and the split orientation of the Communist Party of the Philippines (CPP), have not caused any irritation in Beijing/Manila ties. Indeed, there is probably concern in Beijing that a communist take-over may be inimical to its interests, especially if there emerges a pro-Moscow regime. For Indonesia, which is yet to establish diplomatic relations with Beijing, the issue is salient because of the pro-Beijing orientations of its communist elements and Jakarta's belief that there had been a heavy Beijing hand in the 1965 attempted communist coup.

As long as local communist parties with a strong Chinese connexion either in terms of their membership or their orientation to Beijing continue to pose a security threat to Southeast Asian countries, it can be expected that this will be a salient parameter in Sino-ASEAN relations.

Nevertheless, the proceding categorization of ethnicity and regime challenge has not denied the existence of a different permutation, namely that of ethnicity and regime collaboration. In this regard as well, one may see the relevance of ideology as an important element of this nexus. Thus, one can posit the Chinese connexion or collaboration with the regime in ASEAN as related to an "anti-communist" stand, whilst the Chinese insurrectionary challenge as basically being pro-communist. Anti-communism and the Chinese connexion can also be seen as being part of a capitalist orientation. Against this background, it can be seen that the good relations that ASEAN countries had with Taiwan during the era of the 'cold war' had to do with shared notions of the threat of communism and their reliance on a capitalist mode of production in their economies. When the 1-China policy (that is, Beijing as the rightful Chinese government) was adopted, however, this did not mean a reversal of their heretofore positions on communism and capitalism but rather a realization of realities as well as a desire for co-existence with communist countries, in some part influenced by detente between the Soviet Union and the United States, and American initiatives to "normalise" its relations with Beijing.

The role of ethnic Chinese in business and the economics of ASEAN Southeast Asia has either been portrayed positively or negatively. Singapore's high performance in economic growth in the 1960s and 1970s and its emergence as one of the "Four Dragons" of the Asia-Pacific region, for example, has been explained by its Confucianist element and the business acumen of its predominantly Chinese population. On the other hand, other ASEAN governments have viewed Chinese expertise in business and their control of the indigenous economy as a threat and therefore a negative force. That in turn, has resulted in the pariah function of the Chinese business community in the societies of Southeast Asia. For their own survival, and reflective of their ability to recognize opportunity in threat, Chinese business interests have allied with prevailing non-Chinese political groups throughout non-communist Southeast Asia.

Because of the 'Chinese connexion' in the economics of Southeast Asia, Sino-ASEAN relations has to do with economics and not just the politics of diplomatic recognition. It might even be argued that the betterment of economic relations could be a significant step towards the establishment of diplomatic relations. On the other hand, such an absence of the latter need not mean there cannot be good economic ties. Thus, Singapore has trading ties with both Beijing wherein Singapore businessmen are very active in the China market. In Indonesia, the view is that any advancement in non-official trading links between Indonesia and China should not be seen as a prelude to diplomatic ties.[3] But a stumbling block in Sino-ASEAN trading ties is that of a Chinese preference to deal with "traditional" partners, meaning local Chinese. This has complicated not only the attempt to have better trade on a direct, bilateral basis but also providesmore room for suspicion in Southeast Asian governments of their own Chinese populations.

In spite of the "normalization" process in train since 1974 between ASEAN and China, Beijing is still regarded with some fear. This fear of a "long-term threat" as expressed by Malaysia and Indonesia has not been mitigated by the post-Mao developments in China and the advent of the "Four Modernizations" and a "Opening-up" policy under Deng Xiao Peng, and the fear that there is a convergence in position between Beijing and ASEAN on the Cambodian (Kampuchean) issue. These considerations are related to a recognition that China is a regional power in Southeast Asia and the Asia-Pacific, and that the role of major powers such as the United States, the Soviet Union and Japan cannot be excluded from an appreciation of the changing geo-political and strategic environment. In addition, most of Southeast Asia, save for Indochina and Burma have chosen their future paths as related to interdependence in Pacific Asia and the world.

As China proceeds with its modernization and becomes more of a "capitalist" state, one wonders whether the Chinese threat is more economic than military in nature. China could become a serious competitor, particularly in manufactured goods already produced by the ASEAN countries. In addition, Beijing may draw away investments that otherwise would find their way to the ASEAN countries. A frequently asserted fear is that the United States may be using the "China card" in its global rivalry with the Soviet Union, thus sacrificing the interests of the ASEAN states in the oricess. There is also the fear that a continuing Chinese interest in Southeast Asia means Soviet involvement because of Sino-Soviet rivalry. Thus, the Chinese presence makes it more difficult to remove great power competition from the region (Pacific Forum: 1984). In addition, there is also concern that a US-PRC-Japan consortium of interests is developing in order to thwart Soviet expansionism in Southeast Asia and the western Pacific.

Both China and ASEAN do not recognize the Hanoi-supported Heng Samrin regime in Phnom Penh and instead support the Coalition Government of Democratic Kampuchea (CGDK). However, such a convergence has not been seen as a positive element in ASEAN/China ties, in large part due to outstanding bilateral political issues as perceived on the ASEAN side. On the other hand, such a convergence may well be advantageous in the long run in terms of regional order wherein hegemony by any one state over others is rejected in the pursuit of interstate relations. This latter scenario is especially salient since some ASEAN quarters, as already stated, have openly predicted the PRC as the "long-term security threat" to the region. Clearly, however, a better trading relationship between China and ASEAN can only ensue as long as their political relations are "stable" and less in confrontation. As long as peace prevails in the Asia-Pacific, and China's international overtures are not seen as hostile, such obstacles in the relationship can be offset by goodwill and shared objectives of a peaceful and conducive trading environment.

On a general level, it ,can therefore only be expected that there are stumbling blocks in the relationship. For ASEAN whose nations are in the main still in the process of creating a national identity, political loyalties of any migrant group as in the case of the "Overseas Chinese" are a potentially contentious issue, if not already so. This situation not unexpectedly colours the ASEAN/China relationship but can be expected to diminish as the former becomes more comfortable in its dealings with Beijing. Indeed, on the converse, the same situation creates a dilemma for some decision-makers in ASEAN; when previously Beijing was communist under Mao, it was all right to be anti-Beijing; however, to treat Beijing in racial terms ("Chinese" versus "indigenous

Southeast Asians") can only mean to be "anti-Chinese" and therefore have a heightened sense of chauvinism in diplomacy. On the other hand, however, the less anti-Chinese feelings are felt, the better the chances for harmonious or productive bilateral relations.

CONCLUDING REMARKS

The notion of ASEAN-China relations is somewhat misleading. There are no bilateral ASEAN-PRC political and economic relations which can be expressed as definite and representative of the collective interests of the ASEAN group. While it is correct to suggest that there are general principles which ASEAN countries share with respect to the Vietnamese position in Kampuchea, there is no absolute consensus about the role of China in the politics and economics of Asia-Pacific.

In this respect, there are different shades of interests representing national political strategies and national security objectives. It is more appropriate to say that there are a matrix of bilateral relations within the general context of the ASEAN framework. While the overall approach towards the security position in Indochina is coordinated in terms of ASEAN's collective interests, the formulation of economic strategies towards China is essentially an individual ASEAN country's effort. There is little coordination among the ASEAN countries about each other's economic and nforeign trade policies. Indeed, they are competitive with each other, maximizing national gains rather than sharing regional benefits.

Although the emphasis in the present phase of Sino-ASEAN relations is on economics, it is clear that considerations of politics and security and the role of ethnic Chinese in the latter societies are ever-present. However, it is in the economic sphere that Sino-ASEAN relations can develop to a level that can be "mutually satisfying" to both parties. At the present, nevertheless, China's trade with ASEAN is only about 5-6 percent, while ASEAN's total trade is roughly double that of China's (Klein: 1987). In other words, China has a lot of "catching up" to trade internationally as at the level of ASEAN. In large part, such an acceleration is highly contingent on its own modernization process.

It is clear that there are several obstacles in Sino-ASEAN relations. To some extent, this is a result of misperception and the lack of information on both sides. The road to China, for ASEAN ~~ahead,~~ as such, is arduous but not without promise. The road to ASEAN, for China, is not arduous, but is laced c̄ peril.

TABLE I

Trade Projection on ASEAN's Trade with China, 1980-90*
(In millions of US$ at constant 1980 prices)

		1980**	1990***	Annual growth rate (%)
Indonesia:	Exports	-	150	-
	Imports	197.3	320	5
	Total	197.3	470	9
	Balance	-197.3	-170	
Malaysia:	Exports	212.3	420	7
	Imports	248.2	590	9
	Total	460.5	1,010	8
	Balance	-35.9	-170	
Philippines:	Exports	45.0	200	16
	Imports	205.7	400	7
	Total	250.7	600	9
	Balance	-160.7	-200	
Singapore:	Exports	307.3	1,200	15
	Imports	622.2	1,600	10
	Total	929.5	2,800	12
	Balance	-314.9	-400	
Thailand:	Exports	123.6	200	5
	Imports	417.3	680	5
	Total	540.9	880	5
	Balance	-293.7	-480	
ASEAN Total:	Exports	688.2	2,170	12
	Imports	1,690.7	3,590	8
	Total	2,378.9	5,760	9
	Balance	-1,002.5	-1,420	

Source: Ehashi, 1982.

Note: * Figures for Brunei unobtainable.
** 1980 figures based on trade statistics of each ASEAN countries.
*** 1990, projects.

TABLE II

China-ASEAN Trade

EXPORTS

Country	1974 ($M)	Share to Total Exports (%)	1984 ($M)	Share to Total Exports (%)	Growth Rate (%)
Malaysia	1.83	1.18	550	2.5	20.99
Indonesia	181.68	2.61	423.53	1.93	133.91
Singapore	52.99	0.76	267.77	1.22	571.34
Thailand	176.78	2.54	139.67	0.64	405.87
Philippines	46.25	0.66	134.26	0.61	190.31
ASEAN	539.57	7.75	1,515.23	6.9	180.82

IMPORTS

Country	1974 ($M)	Share to Total Exports (%)	1984 ($M)	Share to Total Exports (%)	Growth Rate (%)
Malaysia	135.18	2.4	870.57	2.86	233.44
Indonesia	127.46	2.26	346.39	1.16	255.44
Singapore	68.93	1.22	245.01	0.80	297.93
Thailand	58.32	1.03	232.03	0.76	544.03
Philippines	46.25	0.82	194.68	0.63	312.28
ASEAN	436.13	7.73	1,884.47	6.19	332.14

Sources: Estanislao 1986; United Nations, Foreign Trader Statistics of Asia & the Pacific, (New York) various issues.

TABLE III

Primary-Product Concentration in Sino-ASEAN Trade
(In Percentage)

(1) Indonesia's Imports from China

	1982	1978	1977	1974
Rice	0.1	19.2	41.2	55.0
Sugar & Honey	3.0	7.1	0.3	40.0

(2) Malaysia's Imports from China

	1982	1978	1975	1971
Food	38.3	49.7	47.2	39.4
(Rice)	(3.2)	(27.0)	(27.6)	(9.8)

Malaysia's Exports to China

	1982	1978	1975	1971
Rubber	91.3	90.6	94.1	98.0

(3) Philippines' Imports from China

	1982	1977	1976
Petroleum	69.9	90.7	80.4

Philippines' Exports to China

	1982	1977	1976
Sugar	59.3	65.9	50.6

(4) Singapore's Exports to China

	1984	1980	1976
Rubber	29.7	41.6	39.0

5) Thailand's Imports from China

	1982	1979	1976	1975
Petroleum	36.7	64.2	38.3	35.9

Thailand's Exports to China

	1982	1979	1976	1975
Rice & Sugar	36.7	29.0	47.7	42.2
Sugar	43.6	15.7	35.4	-

Source: Wong 1986

TABLE IV

Competition between China and the ASEAN products in the E.C. Market, 1980

		Market shares (%)
Commodity	Country	Market shares (%)
Vatables	Thailand	(13.3)
	Spain	(6.8)
	Canary	(4.1)
	China	(2.9)
Spices	Indonesia	(13.7)
	Madagascar	(12.4)
	Spain	(9.1)
	China	(1.6)
Castor Oil	Brazil	(52.2)
	India	(18.8)
	China	(10.5)
	Thailand	(7.2)
Bed feathers down	China	(19.7)
	Hungary	(16.4)
	Poland	(6.9)
	Thailand	(1.5)
Goat skin	China	(28.8)
	Nigeria	(13.9)
	Ethiopia	(10.6)
	Indonesia	(1.9)
Tungsten Ore	China	(24.8)
	Australia	(14.9)
	Portugal	(13.4)
	Thailand	(6.6)
Table linen	China	(13.5)
	Macao	(12.9)
	Portugal	(7.1)
	Philippines	(1.0)

Source: Ebashi, 1982.

TABLE V

Competition between China and the ASEAN products in the Japanese market, 1980

Commodity	Country (Market Shares %)
Fowls	USA (53.1), Thailand (27.6), China (16.7)
Shrimps	Indonesia (19.9), India (17.5), China (12.3)
Prepared fish and shellfish	China (16.2), Thailand (12.6), Australia (12.5)
Fruits	USA (43.6), Philippines (28.3), China (7.5)
Prepared fruits	USA (33.5), China (10.3), Philippines (7.5)
Beans	Thailand (25.7), USA (18.9), China (17.5)
Hemp	China (36.3), Philippines (19.0), Brazil (14.5)
Ramie	Brazil (40.8), China (31.2), Philippines (27.2)
Castor oil seeds	Philippines (58.3), China (33.2), Pakistan (7.1)
Castor oil	Thailand (71.7), India (23.5), China (2.6)
Lumber of broad leaved tree	Philippines (27.6), Indonesia (16.3), China (4.3)
Raw material for perfumery, pharmacy	China (52.8), Korea, Rep of (17.6), Thailand (5.9)
Petroleum crude	Saudi Arabia (32.5), Indonesia (14.3), U.A.E. (14.0), China (3.2)
Petroleum products	Singapore (20.4), Indonesia (16.8), Kuwait (14.6), China (6.0)
Petroleum sprits	Saudi Arabia (23.4), Kuwait (23.2), Singapore (23.1), China (7.6)
Kerosene	Singapore (62.3), USA (14.3), China (12.0)
Synthetic fiber, fabrics	Korea, Rep of (49.9), Thailand (7.4), China (7.0)
Packing sacks & bags	Thailand (40.9), China (29.3), India (9.3)
Article of bedding	China (49.2), Germany, F. Rep of (22.1), Singapore (12.2)
Rice	Thailand (85.4), USA (10.4), China (4.1)
Spices	Sarawak (16.5), China (15.3), Thailand (2.4)
Flourspar	China (39.3), South Africa (33.1), Thailand (24.0)
Secondary fiber goods, not clothes	China (27.4), USA (19.8), Thailand (4.0)
Clothing	Korea, Rep of (29.1), China (15.7), Philippines (1.2)
Triming for garment	Korea, Rep of (53.4), Italy (16.7), China (15.0), Philippines (4.4)
Furniture	China (8.1), Germany, F. Rep of (8.0), Thailand (4.0)
Tea	China (21.3), United Kingdom (17.4), Singapore (9.6)
"Jikatabi"	Korea, Rep of (49.0), China (22.0), Philippines (8.6)
Wheat bran	Indonesia (58.7), Canada (35.8), China (3.5)

Source: Ebashi 1982

NOTES

1. For practical purposes, Brunei is excluded from this study.

2. This section draws a fair bit on my forthcoming study with Paul Chan, Riding the Chinese Dragon: The Politics and Economics of ASEAN's Relations with the People's Republic of China.

3. Author's interviews with senior government officials in Jakarta in 1986.

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