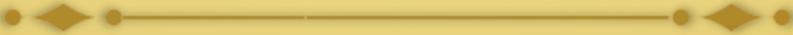


Economic Cooperation Initiative: Implication for the South China Sea Dispute A Case Study on MSR

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✦ The South China Sea from the issue of the ruling of the arbitration by the Philippines has been under a stable condition. Several reasons to explain this change: the presidential election in the United States; the power shift in the Philippines; China's attitude towards the dispute in the South China Sea....The balance of power in the South China Sea has been or is being changed. Under such a circumstance, the economic cooperation among the countries has been put on the agenda.



Part I Is the condition mature to cooperate in economy

The standoff over Huang Yan Islands in 2012 between China and the Philippines is a milestone in the dispute among the relevant claimants. China has shown its great interests in maintaining its presence in the South China Sea both diplomatically and militarily. Is the condition mature to cooperate in economy?



Decades ago, China proposed the principle of “shelving differences and making joint development” on resolving the maritime issue in early 1972 by the leader Deng Xiaoping. Yet, no country had given a positive response to the joint exploration since then. After rounds of standoff among the claimants in recent years, the leaders in these countries might rethink the approaches to the economic cooperation.



The attitude change of China should have important impact on the decision-makers to think about the economic cooperation in the South China Sea. “We should enhance our capacity for exploiting marine resources, develop the marine economy, protect the marine ecological environment, resolutely safeguard China's maritime rights and interests, and build China into a maritime power.” (Hu Jingtao at the 18th Party National Congress, November 18th, 2012).

There are three parts of the maritime policy: (1) Exploiting maritime resources; (2) Protecting maritime ecological environment; (3) Safeguard China's maritime rights and interests.





Part II. Is MSR by China a pragmatic initiative

The 21st century Maritime Silk Road Initiative, which was proposed by Chinese President Xi Jinping during his visit to Indonesia in 2013, is of great significance not only for China but also for the region.



“The Chinese government prefers to vigorously develop maritime partnership in a joint effort to build the Maritime Silk Road of the 21st century. China is ready to expand its practical cooperation with ASEAN countries, with a view to jointly seizing opportunities and meeting challenges for the benefit of common development and prosperity.”

(President Xi Jinping, Oct 3rd, 2013).



Silk Road was a trading route that connected the East and the West, and such a route went both through the Eurasia continent and across the Pacific and Indian Ocean. The Road also enhanced the exchanges of many goods, people to people and culture. It has been an ancient route of peace, development, exchange and cooperation. The Silk Road was not intentionally built up; it is a natural development of our social productivity.



The MSR carried trade and business as well as people to people exchanges. Sea and ocean have become more important in the effort to have much better connectivity. MSR is to widely use the sea road to share Chinese achievements of open-up and reform with its neighboring countries. From regional perspective, Asia-Pacific region has been the busiest area for international trade. For example, 60% of international trade passes the South China Sea each year.



Symbolizing communication and cooperation between the East and the West, the Silk Road Spirit is a historic and cultural heritage shared by all countries around the world. Such a spirit of cooperation and communication has been continued with its new features in 21st century. The Belt and Road Initiative was proposed and conducted with the principle of “joint consultation, joint development and joint benefits”. All countries along the Silk Road are welcome to plan, develop and benefit together from the initiative. The initiative aims to inject strong impact in enhancing political mutual trust, deepening economic cooperation, and promoting cultural exchanges among relevant countries.



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The Initiative is a systematic project, which should be jointly built through consultation to meet the interests of all, and efforts should be made to integrate the development strategies of the countries along the Belt and Road.



The Chinese government has drafted and published the Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road to promote the implementation of the Initiative, instill vigor and vitality into the ancient Silk Road, connect Asian, European and African countries more closely and promote mutually beneficial cooperation to a new high and in new forms.



To achieve the above goals, the Asian Infrastructure Investment Bank (AIIB) will be established in 2015, with a membership of more than 50 countries.

To Achieve above goals, the Silk Road Fund was also set up last December, with China's contribution of 40 billion USD, aiming to provide investment and financial support to carry out infrastructure, resources, industrial and financial cooperation and other projects related to connectivity for countries along the “Belt and Road”;



To achieve the above goals, free trade areas negotiations are being carried out between China and countries along the "Belt and Road", aiming to facilitate and enhance the trade and economic cooperation among all the relevant countries.

“Southeast Asia has since ancient times been an important hub along the ancient Maritime Silk Road. China will strengthen maritime cooperation with ASEAN countries to make good use of the China-ASEAN Maritime Cooperation Fund set up by the Chinese government and vigorously develop maritime partnership.” (President Xi Jinping, Oct 3rd , 2013).

The relationship between China and ASEAN nations witnessed a fundamental change in 1997. China's active currency policy contributed greatly to the recovery of the financial crisis in this region. And from 2003, the relationship between China and ASEAN nations also has witnessed a golden period of development in politics, economy, and security.

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Part III The possibility to have further economic cooperation

1. The assessment of current economic cooperation between China and ASEAN. The momentum of economic cooperation between China and ASEAN will be maintained in the coming years.



2. The ASEAN community and its requirement for a stable environment. The requirement includes: political cooperation, economic cooperation, and security cooperation. The dispute in the South China Sea can only be solved by negotiation and dialogue.



3. The U.S. new government and its rebalancing strategy. The offshore balancing strategy by the United States will be continued by the new administration, but such a strategy is only for the sake of the United States. Regional countries will be very cautious to have cooperation the United State in this regard.



In conclusion, the regional countries have already had a very fruitful cooperation in trade in recent 30 years. While countries concerned are willing to share their achievements, they also can have a shared security. The economic cooperation could put new driving forces to the peace and stability in the South China Sea.



Many thanks to all !