



MAKING SENSE OF CHINA'S 'MARITIME SILK ROAD'

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China's President, Xi Jinping, was on a state visit to Southeast Asian biggest economies, Indonesia and Malaysia on October 2-3 and October 4-5, 2013 respectively. Interestingly, Xi became the first foreign leader to address the Indonesian parliament on October 3, 2013. He attended the Asia-Pacific Economic Cooperation (APEC) summit in Bali on October 6-7, 2013. Xi also met Thai Prime Minister Yingluck Shinawatra on the sidelines of the APEC leaders' summit. Undeniably, Xi's landmark visits to Indonesia and Malaysia have made it apparent that these countries figure large in China's foreign policy calculations.

It is interesting to note that the absence of the US President Barack Obama from the APEC meet, owing to the ongoing standoff with the Republican congressmen on 'Obamacare', made Xi's visit to key Southeast Asian countries look all the more important. Obama's inability to attend the APEC summit and East Asia Summit (EAS), which held on October 10, 2013 in Brunei, was received with the utmost disappointment by countries like the Philippines and Vietnam who perceive the US as a potential counterbalance to China's expansionist policies with regard to the South China Sea dispute. Even the Prime Minister of Singapore Lee Hsien Loong expressed dissatisfaction over Obama's 'no show'. Lee said, "Obviously we prefer the US Government that is working than one that is not, and we prefer a US President who is able to travel and fulfill his international duties to one that is preoccupied with domestic preoccupations."ⁱ

China and key Southeast Asian countries, viz., Brunei, Malaysia, Philippines and Vietnam, are at loggerheads vis-à-vis the protracted South China Sea Dispute. The issue is not

only complicated by multiple legal and historical claims, but has also become a matter of national pride for many Southeast Asian countries party to the dispute. Seemingly, the visit had a purpose of alienating differences and boost economic ties with ASEAN member States. Contrary to the predictions prior to the visit, the issue of the South China Sea was not touched upon at length, and was skillfully avoided. President Xi mentioned it only as a passing remark; he stated that China's maritime dispute with Southeast Asian countries should be resolved in a “peaceful manner”. A careful reading of the recent Chinese statements on the South China Sea indicate that the matter may start to lose prominence in the future regional talks since China has been mellowed down on the issue. Moreover, China has assured other claimants in the Sea that more constructive decisions on Code of Conduct will be taken in the near future.ⁱⁱ

While the territorial disputes have not hindered trade links, President Xi used the trip to reinforce China's role as a major regional trading and investment partner.ⁱⁱⁱ China-ASEAN Free Trade Agreement (FTA) is already at its peak, which is apparently the biggest FTA in terms of population. At present, China is ASEAN's largest trading partner. China-ASEAN trade has increased six-fold since 2000 and their trade volume was US\$ 400 billion in 2012 with an annual growth rate of 22 percent.^{iv} It is deemed that China-ASEAN member states are embarking on a more robust economic policy with an aim to reach US\$ 1 trillion trade volume by 2020.

One of the most important developments that took place during the visit was the Chinese President's proposal to build a Maritime Silk Road (MSR)^v through the disputed South China Sea. Emphasising on the significance of MSR, he stated that MSR would help turn the “Golden Decade” between China and the ASEAN region into “Diamond Decade”.^{vi} He further stated that to build the new MSR 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”.^{vii} If MSR becomes operational, it will certainly take China-ASEAN trade relations to a different level altogether and make the trade target of US\$ 1 trillion easily attainable. Furthermore, connectivity between China and ASEAN will be strengthened.

While the proposed MSR will boost the trade ties, there is less likelihood that China and ASEAN will move towards the desirable solution of the dispute. Additionally, the purpose behind building MSR does not seem to be strictly confined to giving a fillip to the China-ASEAN economic ties. Given that China is using ‘economic diplomacy’ to convince

Southeast Asian countries of its benign image, China might have concealed motives of asserting its greater control over the disputed islands in the South China Sea. In 2010, China overtook the US as the largest consumer of energy in the world. With MSR being open, China will have an easy and unhindered access to oil and gas reserves available beneath the sea bed. Thus, China's new MSR idea is largely being driven by its energy needs and assertive behaviour. However, predicting the rationality and outcome of MSR would not be reasonable at the moment but if China and ASEAN member states can discover a way to bridge the lingering trust deficit by establishing a close working relationship based on MSR, then there is a possibility that the tensions over the South China Sea dispute will stop affecting China-ASEAN relations.

Endnotes:

ⁱ "US must stay engaged in the region: PM Lee", *Channel News Asia*, October 6, 2013, at <http://www.straitstimes.com/the-big-story/apec-2013/story/us-govt-shutdown-unhelpful-given-its-long-term-issues-says-pm-lee-2013> (accessed on October 7, 2013).

ⁱⁱ "Xi in Malaysia as China Courts Southeast Asia", *Channel News Asia*, October 3, 2013, at <http://www.channelnewsasia.com/news/asiapacific/xi-in-malaysia-as-china/835604.html> (accessed on October 7, 2013).

ⁱⁱⁱ Kristine Kwok, "Xi Jinping Outlines US\$ 1 Tr Trade Target with ASEAN States", *The South China Morning Post*, October 6, 2013, at <http://www.scmp.com/news/china/article/1323939/xi-jinping-outlines-us1tr-trade-target-asean-states> (accessed on October 7, 2013).

^{iv} "China-ASEAN Trade to Hit 500 bln USD", *Xinhua*, July 23, 2013, at http://news.xinhuanet.com/english/china/2013-07/23/c_132566755.htm (accessed on October 7, 2013).

^v Eric Enno Tamm in his book *A Tale of Espionage, the Silk Road and the Rise of Modern China* defines "Silk Road" as a network of roads connecting China's region of X'ian, Gansu Province and Xinjiang to the Western and Central Asia across the scorching deserts and dusty steppes of the Asian Continent particularly Central Asia. These routes were built to enhance trade and cultural ties between China, Central Asia, Western Asia and the Mediterranean. By building Maritime Silk Road between China and ASEAN region, Xi Jinping aims to take China-ASEAN trade and cultural ties to the next level which will pass through the disputed South China Sea.

^{vi} "Move to Enhance Trade with ASEAN Countries: China Plans Maritime Silk Road", *The Asian Age*, October 7, 2013.

^{vii} "Xi in Call for Building New 'Maritime Silk Road'", *China Daily USA*, October 4, 2013, at http://usa.chinadaily.com.cn/china/2013-10/04/content_17008940.htm (accessed on October 7, 2013).