

ASEAN Economic Community (AEC) and Balancing Political Power of China

**Non Naprathansuk
School of Administrative Studies
Maejo University**

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Introduction

- ▶ The fourth revolution industry made many countries reformed, united as a regionalism, and joined to international organization which is economic integration brought trade, people, culture, and investment moved around region just a finger tips.
- ▶ However, to do so, many agreements, and treaties have been signing such as FTAs and RTAs. As regionalism, ASEAN is one of the most recognize organization and most powerful regional institution in Southeast Asia.
- ▶ It has been integrated economic in this region also expands to external countries e.g., Japan, China, U.S., India, European Union, and etc. Also Most of them had FTAs with ASEAN e.g., ASEAN plus Three (China, Japan, and South Korea), ASEAN-U.S., and ASEAN-E.U.

Introduction

- ▶ However, to archive economic integration and enjoin economic welfare it is necessary to **concerns** political issues which are unavoidable. Thus, economic and political are important to each other and it could not understand only one perspective.
- ▶ On the other hand, rise of China has made tremendous economic progress In the same way, China is also a rising military power, allocating an increasing amount of its budget towards military modernization and placing increasing stress on the use of force.
- ▶ Also, according to geopolitics and one belt one road policy, it is clearly that China needs towards into Southeast Asia countries because of it is a southern China ports and piers which distribute their exports to New Zealand, Australia, and Pacific Islands.

Introduction

- ▶ The United States will likely utilize both hedging and engagement toward China, while maintaining a strong U.S.-ASEAN economic and political security especially, military power which is a hard power. This is made U.S. must hedging China with a strong relationship with ASEAN.
- ▶ Moreover, U.S. alliance networks, the United States has already been making active efforts to strengthen economic-political security and diplomatic cooperation with major Pacific allies such as Japan, Australia, Singapore, and India.
- ▶ Nevertheless, ASEAN itself needs to change strategies both economic and political which are trying to balance those powers from giant countries.

Introduction

- ▶ This paper tries to analysis AEC strategies which integrate economic and political into one community. However, the big power player in this region has been changed dramatically into a hot spots ever since. According to China international policy which is going towards to this regional by using economic lead to expands their empire also with Free Trade Agreements (FTAs) and huge market in Chinese mainland. It entails made ASEAN relied on China intra-market and more integrated economic especially, in trade and investment.
- ▶ Therefore, this paper raises the main question is: Can ASEAN Economic Community (AEC) balance China political power in this region?

Methodology

- ▶ Qualitative approach as document research uses in this paper and emphasizes in political theories which are Political economy and regionalism.
- ▶ Therefore, this paper will examines and measures in politics dimension and it will be separated into China-ASEAN economic and political relations, and external sources, and ASEAN relations.
- ▶ A proper literature review was carried out an taking into account publications also related articles for the collection of the required data and interpretation.

China-ASEAN Economic and Political Relations

- ▶ ASEAN and China have important and rapidly growing trade and investment relations. The importance of trade with China is particularly true for ASEAN countries with common borders with China - Laos, Myanmar and Viet Nam.
- ▶ On the other hand, China offering an ACFTA is both political and economic. Politically, China wishes to remain on friendly terms with its neighbors on its southern front.
- ▶ Therefore, in China case, not only a cheap labor and lowest produce trade activities it provides the best benefit for ASEAN in agriculture commodities where as another countries did not.

External Sources (ASEAN-Japan)

- ▶ There are many numbers of ASEAN and external sources however, in this paper will focus only two major power states which are Japan and U.S. both of them play main role in Southeast Asia.
- ▶ First, ASEAN-Japan economic and political relations. There are several reasons for formalizing the ASEAN-Japan economic partnership. First, extensive economic relations that encompass trade, investment, and technical and development assistance have grown in recent decades.
- ▶ Japan served as an economic growth engine for ASEAN, a market, a source of investment and technology, and a source of development and technical assistance.

External Sources (ASEAN-Japan)

- ▶ In the political-security sphere, Japan and ASEAN can meaningfully cooperate in tackling non-traditional security issues and human security issues.
- ▶ ASEAN-Japan agreement action plan in 2015, ASEAN and Japan will cooperation for addressing terrorism, piracy and other transnational issues which are enhancing cooperation in the areas, including human and institutional capacity building for law enforcement agencies.
- ▶ Also in Human resource development is a prerequisite for making progress in Southeast Asia countries. In consultation and coordination with ASEAN member Countries, Japan will enhance support for human resource development through technical cooperation by the Japan International Cooperation Agency (JICA), the Association for Overseas Technical Scholarship (AOTS), the Japan Overseas.

External Sources (ASEAN-U.S. relation)

- ▶ U.S. is the most powerful which impacts on ASEAN political and security. U.S. is a unique and only one state that ASEAN initiatives relations with political and security.
- ▶ US military presence so as to better control the global commons and the maritime Rim land. Still, bilateral relations with the Philippines, Singapore, and Indonesia remain critical to America's engagement of Southeast Asia. A dramatic change of course was also taking place in bilateral relations between the United States and other ASEAN countries such as Malaysia, Vietnam, Cambodia, and Laos, not to mention Myanmar.

External Sources (ASEAN-U.S. relation)

- ▶ Moreover, trade and investments from ASEAN-US FTAs is the best demonstrate their economic relationships.
- ▶ The US is one of the major trading partners of ASEAN. In 2011, the total trade between ASEAN and the U.S. was US\$ 198 billion, a growth of 6.5 % from US\$ 186 billion in 2010.
- ▶ In bilateral, the ASEAN countries would enjoy substantial economic gains from individual FTAs with the United States. These would derive not only from the elimination of tariff and other barriers to bilateral trade with the United States but also from reforms to bilateral trade in services and FDI, and even the possibility of reforms to domestic economic policies that affect economic efficiency (and structural adjustment), economic welfare, and growth.

Conclusion

- ▶ The integration of the ten economies of ASEAN into one market offers limitless potential that should not be missed. For businesses, an integrated ASEAN means greater market access into the combined market of 584 million people, the largest market after China and India.
- ▶ Thus, it may be hard to balance China's economic power even though AEC will be a single market but still smaller scale than China and India's market. In contrast, with a diversified culture ASEAN has greater opportunities than China. Therefore, it cannot balance China's economic power according to market scale between AEC and China.

Conclusion

- ▶ On the other hand, political issue ASEAN does not have a formal mechanism or treaty within its founding documents to enable integration at the political level.
- ▶ In external sources are able to help AEC to balance China political power in this region. There are two major power states which are Japan and U.S. both of them play main role in Southeast Asia.
- ▶ Firstly Japan country, Japan served as an economic growth engine for ASEAN, a market, a source of investment and technology, and a source of development and technical assistance especially, ASEAN-Japan FTA is likely to confer more benefits on ASEAN than an ASEAN-China FTA, given the extensive existing economic relations and the high degree of economic complementarity.

Conclusion

- ▶ Japan and ASEAN countries can strengthen their cooperation in such areas as intelligence sharing and maritime piracy abatement.
- ▶ For ASEAN-US relations, US is one of the major trading partners of ASEAN. The ASEAN-US dialogue relations have a strong focus on exchange of views on political and security issues. The principal focus of the ASEAN-US security dialogue has been the role of the US in maintaining peace and stability in the region.
- ▶ Also the U.S. military is seen within the region as the guarantor of peace and stability for example, multilateral military exercise, such as a Cobra Gold; Thailand, USA, Singapore, Japan, and Indonesia.

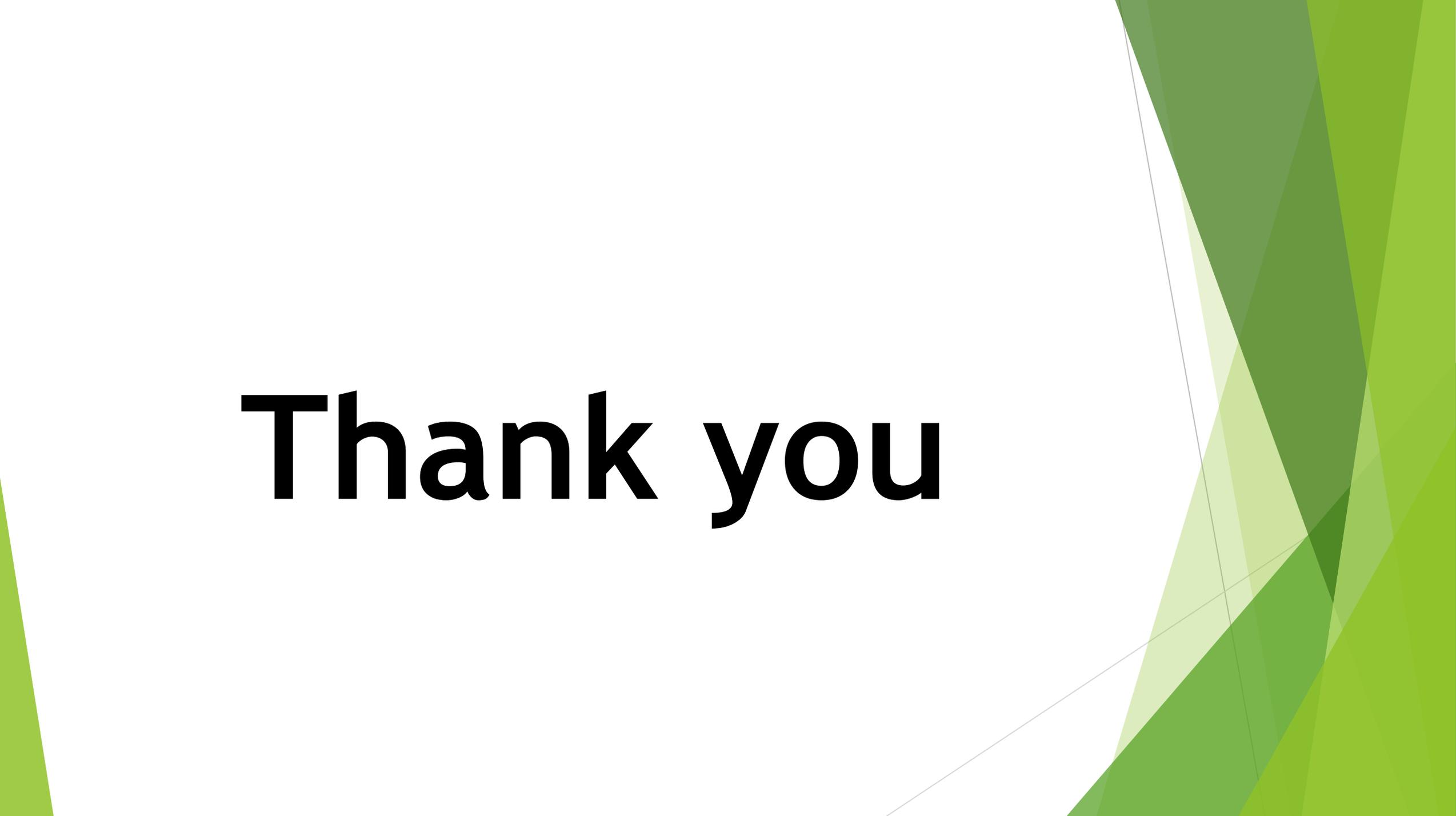
Conclusion

- ▶ From economic perspective, US and Japan still remain a strong market, trade, and investment for ASEAN rather than China BUT China is coming such as railway and Alibaba.
- ▶ From politics perspectives, U.S. military and politics are seen as the region guarantor of peace and stability as a active Hegemon BUT China as a new international policy: one belt one road, it creates an intensive a new Hegemon in this regional area.
- ▶ Therefore, ASEAN needs more intensively united and overcome a traditional ASEAN custom.

Conclusion

- ▶ Finally, this paper found that solely ASEAN Economic Community (AEC) cannot balance China political power in this region, but together with external sources such as Japan and US significantly balance China political power.
- ▶ However, ASEAN need to change strategy and play wisely in both economics and politics on China.

Thank you

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