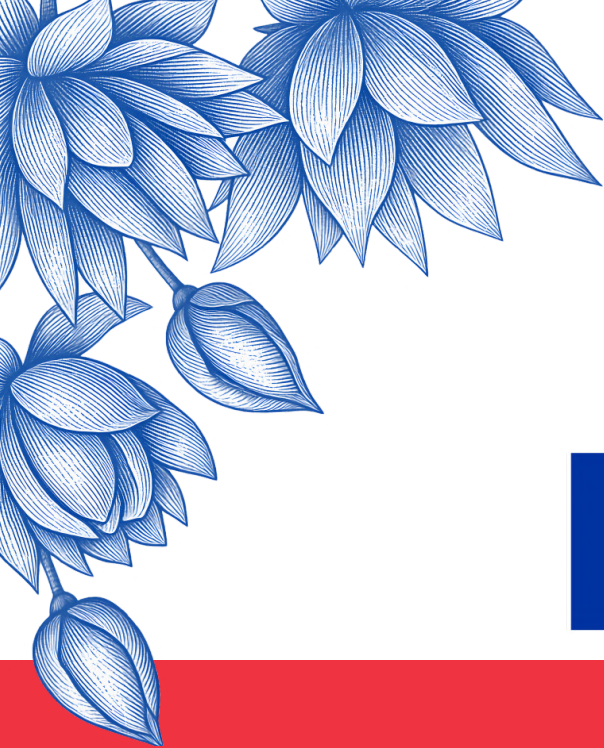
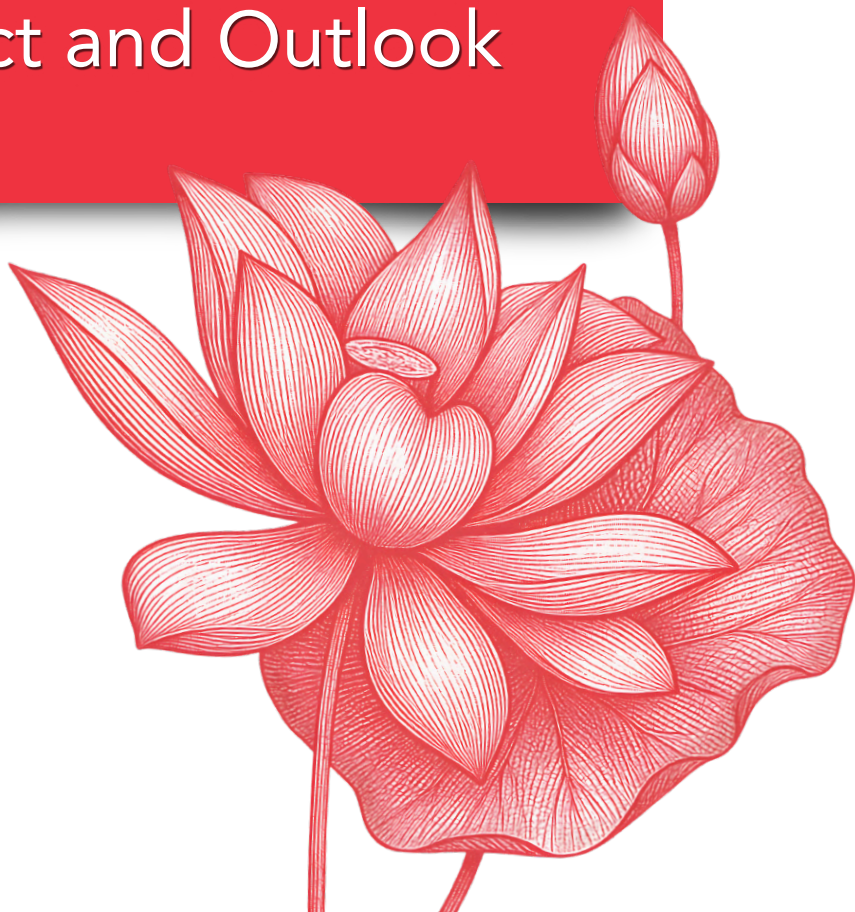




CENTRE FOR
STRATEGIC AND
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The Indispensability of ASEAN-China Relations: Retrospect and Outlook



The Indispensability of ASEAN- China Relations: Retrospect and Outlook

Centre for Strategic and International Studies
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List of Abbreviations

ACCECC	: ASEAN- China Clean Energy Cooperation Centre
ACD	: Asian Cooperation Dialogue
ACECW	: ASEAN-China Education Cooperation Week
ACMECS	: Ayeyawady-Chao Phraya-Mekong Economic Cooperation Strategy
ACRF	: ASEAN Comprehensive Recovery Framework
ACSP	: ASEAN Connectivity Strategic Plan
ACYLS	: ASEAN-China Young Leaders Scholarship
ADB	: Asian Development Bank
ADMM	: ASEAN Defence Ministers' Meeting
AEC	: ASEAN Economic Community
AI	: Artificial Intelligence
AIIB	: Asian Infrastructure Investment Bank
AIMS	: ASEAN International Mobility for Students
AMM	: ASEAN Ministerial Meeting
AOCAI	: Anatomy of Choice Alignment Index
AOIP	: ASEAN Outlook on the Indo-Pacific
APEC	: Asia-Pacific Economic Cooperation
APG	: ASEAN Power Grid
APGF	: ASEAN Power Grid Financing Initiative
APSC	: ASEAN Political-Security Community
APT	: ASEAN Plus Three
ARF	: ASEAN Regional Forum
ASCC	: ASEAN Socio-Cultural Community
ASEAN-ISIS	: ASEAN-Institutes of Strategic and International Studies
ASEAN	: Association of Southeast Asian Nations
ASEM	: Asia-Europe Meeting
ASW	: ASEAN Single Window
ATIGA	: ASEAN Trade in Goods Agreement
AUKUS	: Australia-United Kingdom-United States

BAKAMLA	: Indonesia Coast Guard
BECC	: BIMP-EAGA-China Cooperation
BIMP-EAGA	: Brunei-Indonesia-Malaysia-Philippines East ASEAN Growth Area
BRI	: Belt and Road Initiative
BRICS	: Brazil, Russia, India, China, South Africa Group
CAFTA	: China-ASEAN Free Trade Area
CBM	: Confidence Building Measures
CC	: Changes in Chapter
CCG	: China Coast Guard
CH	: Changes in Heading
CIPS	: China's Cross-Border Interbank Payment System
CLMV	: Cambodia, Laos, Myanmar, Vietnam
CMIM	: Chiang Mai Initiative Multilateralisation
CNKI	: China National Knowledge Infrastructure
COC	: Code of Conduct
COVID-19	: Coronavirus Disease
CPTF	: Custom Procedures and Trade Facilitation
CPTPP	: Comprehensive and Progressive Trans-Pacific Partnership
CSCAP	: Council for Security and Cooperation in the Asia- Pacific
CSIS	: Centre for Strategic and International Studies
CSP	: Comprehensive Strategic Partnership
CUES	: Code for Unplanned Encounters at Sea
DEFA	: Digital Economy Framework Agreement
DOC	: Declaration on the Conduct of Parties in the South China Sea
E-wallets	: Electronic Wallets
EAS	: East Asia Summit
ECRL	: East Coast Rail Link
EU	: European Union
FDI	: Foreign Direct Investment
FTA	: Free Trade Area

G20	: Group of 20
G7	: Group of 7
GBA	: Greater Bay Area
GCC	: Gulf Cooperation Council
GDI	: Global Development Initiative
GMS	: Greater Mekong Subregion
GSI	: Global Security Initiative
GVC	: Global Value Chains
GW	: Gigawatt
HADR	: Humanitarian Assistance and Disaster Response
HFTP	: Hainan Free Trade Port
HMN	: Huawei Marine Networks
HS	: Harmonised System
IAI	: Initiative for ASEAN Integration
ICT	: Information and Communication Technology
IEA	: International Energy Agency
IPEF	: Indo-Pacific Economic Framework
IR	: International Relations
ISEAS	: Yusof Ishak Institute of Southeast Asian Studies
ISIS	: Institute of Strategic and International Studies
JC	: Joint Committee
JMSU	: Joint Marine Seismic Undertaking
JWG	: Joint Working Group
KHQR	: Khmer Quick Response
LCS	: Local Currency Settlement
LDC	: Least Developed Countries
LMC	: Lancang-Mekong Cooperation
LNG	: Liquefied Natural Gas
LTMS-PIP	: Laos-Thailand-Malaysia-Singapore Power Integration Project
MPAC	: Master Plan on ASEAN Connectivity
MSME	: Micro, Small and Medium Enterprises
NACT	: Network of ASEAN-China Think Tanks
NEAT	: Network of East Asian Think Tanks

NSW	: National Single Windows
PLA	: People's Liberation Army
PLN	: Indonesia's National Electricity Company
POA	: Plans of Actions
PV	: Photovoltaic
QR	: Quick Response
QUAD	: Quadrilateral Security Dialogue
R&D	: Research and Design
RCEP	: Regional Comprehensive Economic Partnership
RMB	: Renminbi
RoO	: Rules of Origin
RSIS	: S. Rajaratnam School of International Studies
RVC	: Regional Value Content
SCO	: Shanghai Cooperation Organisation
SCS	: South China Sea
SEA-H2X	: South-East Asia-Hainan-Hong Kong Express Cable System
SEA-ME-WE	: Southeast Asia-Middle East-Western Europe
SEAMEO	: Southeast Asian Ministers of Education Organization
SEANWFZ	: Southeast Asia Nuclear-Weapon-Free Zone
SMEs	: Small and Medium Enterprises
SOM	: Senior Officials' Meetings
SPS	: Sanitary and Phytosanitary
STEM	: Science, Technology, Engineering, and Mathematics
STRACAP	: Standards, Technical Regulations and Conformity Assessment Procedures
TAC	: Treaty of Amity and Cooperation
TBT	: Technical Barriers to Trade
TNI	: Indonesian National Armed Forces
TTC	: Trade and Technology Council
TWh	: Terawatt-hours
UK	: United Kingdom
UN	: United Nations
UNCLOS	: United Nations Convention on the Law of the Sea

UNCTAD	: United Nations Conference on Trade and Development
UNESCO	: United Nations Educational, Scientific and Cultural Organization
US	: United States
ZOPFAN	: Declaration on the Zone of Peace, Freedom and Neutrality

Foreword

The year 2026 marks the fifth anniversary of the ASEAN-China Comprehensive Strategic Partnership. This milestone provides an important occasion to review the progress of ASEAN-China relations, reflect on the value of this partnership, and look ahead to the building of an even closer ASEAN-China community with a shared future.

ASEAN and China are close neighbours linked by mountains and seas, and natural partners with shared interests and responsibilities. Since the launch of the dialogue process in 1991, the two sides have followed the principles of good-neighbourliness, mutual respect, equality and mutual benefit, and have developed a path of cooperation suited to regional realities. In 2021, ASEAN and China established the Comprehensive Strategic Partnership oriented towards peace, security, prosperity and sustainable development, opening a new chapter in their relations. Over the past five years, this partnership has steadily advanced in both scope and depth, and has become an important force for regional peace, stability and development.

Despite a complex and changing international environment, ASEAN-China relations have shown strong resilience and vitality. Political mutual trust has been strengthened through high-level exchanges and institutional dialogue. Security cooperation has expanded in defence exchanges, law enforcement, counterterrorism, cyber governance, and disaster management. The two sides have continued to implement the Declaration on the Conduct of Parties in the South China Sea and advance consultations on the Code of Conduct in the South China Sea, contributing to the maintenance of regional stability. Economic cooperation remains a major driving force of the relationship. The full implementation of RCEP, the upgrading of the ASEAN-China Free Trade Area 3.0, and cooperation in trade, investment, connectivity, the digital economy, green

development, agriculture, finance, energy, and science and technology have given fresh impetus to regional economic integration. People-to-people exchanges in education, culture, tourism, youth, media, think tanks and sports have further strengthened the foundation of friendship between the two sides.

The world today is undergoing profound changes unseen in a century. Geopolitical tensions, economic fragmentation, climate change, public health risks, technological competition and non-traditional security challenges are becoming increasingly intertwined. Under these circumstances, ASEAN-China cooperation carries significance beyond the bilateral level. It contributes to stability in a turbulent world, and upholds openness over protectionism, cooperation over confrontation, and development over division. The Global Development Initiative, the Global Security Initiative, the Global Civilization Initiative and the Global Governance Initiative provide important perspectives for addressing deficits in development, security, trust and governance, and are consistent with the shared commitment of ASEAN and China to multilateralism, peaceful coexistence, common development and mutual learning among civilizations.

President Xi Jinping's proposal to jointly build a peaceful, safe and secure, prosperous, beautiful and amicable home provides strategic guidance for the future of ASEAN-China relations. These five homes form an integrated vision for regional cooperation. A peaceful home safeguards the overall environment for development. A safe and secure home responds to the common need for lasting stability. A prosperous home creates broader opportunities for shared growth. A beautiful home reflects the pursuit of green and sustainable development. An amicable home consolidates the people-to-people foundation of long-term friendship. Together, they point the way forward for advancing the ASEAN-China Comprehensive Strategic Partnership in the new era.

This volume, *The Indispensability of ASEAN-China Relations: Retrospect and Outlook*, brings together the insights of scholars and experts from ASEAN and China. It reviews the evolution of ASEAN-China relations, examines institutional cooperation and strategic assets, and discusses key areas including security, trade, connectivity, the digital economy, green economy, energy, education, youth cooperation and think tank exchanges. Combining historical review with forward-looking analysis, the book offers valuable perspectives on the logic, achievements and prospects of ASEAN-China relations.

I believe this volume will contribute to deeper academic exchange, policy dialogue and practical cooperation between ASEAN and China. Looking ahead, both sides should take the fifth anniversary of the Comprehensive Strategic Partnership as a new starting point, further translate the vision of the five homes into action, strengthen strategic coordination, deepen mutually beneficial cooperation, and jointly write a new chapter in building an even closer ASEAN-China community with a shared future.

Dr. GAO Fei

President of China Foreign Affairs University



CHAPTER 1

ASEAN-China Partnership: Evolution, Strategic Assets, and the Way Forward

Rizal SUKMA

The partnership between the Association of Southeast Asian Nations (ASEAN) and the People's Republic of China, which officially started in 1991, has now become one of the most important cooperative relationships for both ASEAN and China. For ASEAN, China is the largest trading partner, a key source of foreign direct investments, a neighbour that presents enormous technological, scientific and educational opportunities, and a strategic partner in ensuring stability and security in the region. For China, ASEAN is also the biggest trading partner and important market, a significant investment destination, a significant source of natural resources, and a region central to the success of China's neighbourhood diplomacy. This mutually beneficial relationship, since 2021, has been anchored in a commitment to transform the relationship into a comprehensive strategic partnership between the two sides.

This chapter discusses the evolution of ASEAN-China partnership from an ASEAN perspective, by looking at factors that motivated ASEAN to welcome China as a dialogue partner, and how that relationship has evolved over the years to become one of the most constructive, fruitful and resilient partnerships between states. This is an example of a partnership built and nurtured on the basis of steadfast commitment by all countries involved. It is a partnership by design, not by default. From the very beginning, both sides worked

hard to remove obstacles and impediments to cooperation and shape the enabling environments that, in turn, would transform the relationship from a troubled past into the current state of mutual benefits and a promising future. However, both sides understand that nothing can be taken for granted, and therefore, the partnership, like any other partnership, will not be problem-free. In fact, it requires constant nurturing from both sides.

The Troubled Past and the Strategic Necessity for Partnership

China's relations with most Southeast Asian states before the establishment of ASEAN in August 1967 were shaped by complex challenges and the difficult geopolitical environment of the Cold War era. Ideological frictions and ideologically driven foreign policies, which dominated the post-war world, often served as a major determinant that defined inter-state relations in Southeast Asia and between Southeast Asian countries with extra-regional powers. China's relations with Southeast Asian countries were no exception. In the immediate years after 1967, the relationship was not without challenges. But both sides continued to resolve differences.

Changes in international politics in the early 1970s, however, ushered in a new dynamic that would change China-ASEAN relations. The rapprochement between the United States (US) and China in the early 1970s "prompted ASEAN states to rethink their relations with China."ⁱ Malaysia established diplomatic ties with China in May 1974 and Thailand in July the following year.ⁱⁱ Changes in China's domestic politics also led to the adjustment of China's foreign policy for Southeast Asia. Deng Xiaoping, keen on pursuing a good neighbourhood policy towards Southeast Asia, embarked on a tour of Southeast Asian countries in November 1978, visiting Singapore, Thailand, and Malaysia. An image of a new China, ready to embark on fundamental economic reforms at home, was conveyed to ASEAN

capitals. Points of convergence between China and ASEAN grew even stronger when the strategic interests of the two sides were closely aligned in opposing Vietnam's invasion of Cambodia in December 1978, resulting in a positive diplomatic outcome in 1989 when Vietnam finally withdrew from Cambodia.

Despite such developments, however, the 1980s did not see an immediate deepening of China-ASEAN relations. Some members of ASEAN, particularly Indonesia, took a gradual approach in developing its relationship with China, reflecting the cautious nature of Cold War-era diplomacy. Indonesia's government still refused to restore diplomatic relations with China, which was frozen in 1967 due to what Indonesia perceived as China's interference in its domestic political affairs. Indonesia, however, like other Southeast Asian states, recognised the growing importance of China, especially in economic terms. In an apparent attempt to reconcile domestic security concerns and the imperative of economic cooperation, Indonesia's government decided to reestablish direct trade relations with China in 1985.ⁱⁱⁱ As for other ASEAN states, political cooperation and economic relations with China have increasingly gained importance. Indeed, the 1980s served as the period when the foundation for good relations was built, as China and ASEAN states began to intensify their interactions and cooperate more frequently.

As the 1980s ended, global political developments clearly indicated that the world was indeed undergoing profound changes. The collapse of the Berlin Wall in November 1989 and the drastic changes in Eastern Europe marked the end of the Cold War. The US, which emerged as the only superpower, began to reassess its post-Cold War priorities and contemplate how it would position itself in a unipolar world. The dissolution of the Soviet Union in 1991 also effectively removed a major factor in the regional politics of Southeast Asia. Indeed, once again, the changing international environment on the global stage and its attendant impacts on the Asia-Pacific region

helped create a favourable environment for closer ASEAN-China relations.

Nurturing the Partnership: Towards a Strategic Depth

The 1990s indeed became an important decade for ASEAN-China relations. The decade started with the restoration of diplomatic relations between Indonesia and China in August 1990,^{iv} followed by the opening of diplomatic ties between Singapore and China in October 1991 and between Brunei and China in September 1992. As the condition was becoming increasingly conducive, ASEAN saw that the engagement and cordial relationship with China was now a strategic necessity. China's first official engagement with ASEAN as an institution took place in July 1991 in Kuala Lumpur, when China's Foreign Minister Qian Qichen attended the opening ceremony of the 24th ASEAN Foreign Ministers' Meeting. On that occasion, China expressed its interest in building a cooperative relationship with ASEAN, to which ASEAN responded positively by granting China a Consultative Dialogue Partner status. In July 1996, ASEAN accorded China full Dialogue Partner status. At the end of the 1990s, ASEAN leaders and President Jiang Zemin held their first summit in Malaysia and declared their intention to build a partnership for the 21st century.

As the ASEAN-China partnership entered the 21st century, the relationship that had steadily improved during the 1990s began to accelerate at an impressive pace. The historic attendance of Foreign Minister Qian Qichen at the ASEAN meeting in 1991 marked the beginning of the ASEAN-China partnership in a more structured way, paving the way for more formal dialogues and cooperation between the two sides. Building trust and comfort became a well-designed and well-planned process. In 2003, the re-engagement between ASEAN and China paid off when both sides agreed to transform their cooperative relationship into a strategic partnership. In 2021, they

agreed to elevate the relationship into a comprehensive strategic partnership. In the next half-century, it is imperative for ASEAN and China to work more closely to achieve strategic depth in their relationship.

By looking at several key strategic capitals gained throughout the evolution of ASEAN-China relations over the last 35 years, it is not an exaggeration to say that the pursuit of strategic depth is not only possible but also necessary. These strategic capitals serve as the foundation that could facilitate the attainment of strategic depth in ASEAN-China in the years to come. The first is the emergence of China as a strong supporter of ASEAN's norms and principles in shaping the regional order in Southeast Asia. For example, China was the first dialogue partner that acceded to the Treaty of Amity and Cooperation (TAC). It is also a strong supporter of ASEAN's centrality in managing regional order and the first to declare its readiness to sign ASEAN's Protocol to the Treaty on the Southeast Asia Nuclear-Weapon-Free Zone (SEANWFZ).

The second strategic asset is China's continued support for ASEAN-centred multilateral platforms. As the Cold War ended, in order to stay relevant, ASEAN decided to extend its model of cooperation into the wider East Asia.^v For that purpose, ASEAN formed the ASEAN Regional Forum (ARF) in July 1993, the ASEAN Plus Three (APT) mechanism in December 1997, and the East Asia Summit (EAS) in December 2005. China's support for and participation in these ASEAN regional initiatives is essential for bolstering the centrality of ASEAN as a manager of regional order in Southeast Asia.

Thirdly, China has repeatedly expressed its commitment to address differences and disputes with ASEAN member states through peaceful means, such as dialogues and negotiations. This preference to undertake peaceful management of conflict has been well demonstrated regarding the South China Sea dispute, with the

issuance of the Declaration on the Conduct of Parties in the South China Sea in 2002, and the agreement between the two sides to work towards the conclusion of a Code of Conduct (CoC). Even though the implementation of this commitment is not without its challenges, the agreement constitutes an important strategic asset for ASEAN and China to build a strategic depth to their relationship.

Fourth, the economic bases of ASEAN-China relations have become so strong as to constitute a strategic asset for deepening the relationship further. Multiple economic agreements, especially the China-ASEAN Free Trade Area (CAFTA), the expansion of trade between the two sides and China's growing investment in ASEAN, all pointed to the fact that China's role in ASEAN's economy is of paramount importance for regional states. China is now ASEAN's largest trading partner, the main source of foreign investments, and the major driver of technological advancements in regional states. Mutual economic interests have become an important factor that binds China and ASEAN into an interdependence relationship.

Conclusion

ASEAN-China relations cannot be taken for granted. It has gone through a period of difficulties and promises, and periods of ups and downs. The relationship needs to be nurtured. The past 35 years demonstrate that both sides could work closely to build a harmonious relationship that benefits both sides. In that three decades and a half, ASEAN and China have steadily moved the relationship upward, into a higher plane. It started from strategic re-engagement to build trust and comfort, culminating in an agreement to form a strategic partnership in 2003. Both sides then went into the institutionalisation of cooperation that transformed the relationship into a comprehensive strategic partnership in 2021.

And now, ASEAN and China should fill in the comprehensive strategic partnership by building strategic depth for the present and future relationship. Strategic depth in the relationship will be characterised by the presence of a relationship where the use of force has no place in resolving differences and disputes, a relationship anchored deeply in the international law, a partnership guided by equality, mutual benefits, and a deep understanding of each other's interests. Cooperation over the last 35 years between ASEAN and China has yielded key strategic capitals and assets that elevate the relationship into a higher plane. For the decades ahead, ASEAN and China should work toward the attainment of this strategic objective of moving the partnership into a state of strategic depth.

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Chapter 1

China-ASEAN Relations: Review and Outlook

ZHANG Yunling

Since China and ASEAN established dialogue in 1991, their relations have been continuously expanded and deepened, leading to the establishment of an innovative comprehensive strategic partnership. The development of a close relationship featuring peace, development, and cooperation between China and ASEAN is not only beneficial to both sides but also to the region and the world. In the new era, facing new circumstances, the two sides need to further strengthen cooperation and achieve new progress.

Review of China-ASEAN Relations

The end of the Cold War created a new environment for the development of China-ASEAN relations. By the early 1990s, China had normalised its relations with all countries in Southeast Asia. This marked a new phase in the development of relations between China and ASEAN countries, and with all Southeast Asian countries joining ASEAN, the relationship between China and this regional organisation entered a new stage of development.

In May 1991, Qian Qichen, State Councillor and Minister of Foreign Affairs of China, sent a letter to Badawi, Chairman of the ASEAN Standing Committee and Minister of Foreign Affairs of Malaysia, expressing China's hope to establish dialogue relations with ASEAN. In July, on behalf of ASEAN, Badawi invited Qian Qichen to attend the 24th ASEAN Foreign Ministers' Meeting as a guest of the ASEAN

Chair's Foreign Minister, opening the door to China-ASEAN dialogue. Since then, the two sides have launched the process of dialogue and cooperation in various fields. In the following year, ASEAN designated China as a "Consultative Dialogue Partner," and in 1996, it was upgraded to a full "Dialogue Partner."

In 1997, ASEAN countries were hit by a severe financial crisis. In the face of the crisis, China insisted on not devaluing the RMB and provided financial support to countries affected by the financial crisis. This assistance timely and valuable for ASEAN countries to stabilise their currencies, financial markets, and restore their economies, which demonstrated to ASEAN countries that China is a trustworthy and sincere cooperative partner. At the end of 1997, the first ASEAN-China Leaders' Dialogue Meeting issued a declaration, establishing the new positioning of the "China-ASEAN Good-Neighbourly Mutual Trust Partnership for the 21st Century." The ASEAN-China framework becomes a major platform for the two sides to work together on both bilateral and regional issues.

Entering the 21st century, China-ASEAN relations have been further deepened and upgraded. Notably, the two sides have strengthened their cooperation based on the institutional and rule-building. In 2000, China proposed to build a free trade area (FTA) with ASEAN, which received a positive response from ASEAN countries. In 2002, China and ASEAN signed the Framework Agreement on Comprehensive Economic Cooperation and launched negotiations on the establishment of the FTA. In the same year, China and ASEAN countries signed the Declaration on the Conduct of Parties in the South China Sea (DOC), reaching a consensus on peacefully resolving disputes, jointly safeguarding regional stability, and conducting cooperation in the South China Sea. In 2003, China acceded to the Treaty of Amity and Cooperation in Southeast Asia (TAC) and the two sides established a strategic partnership oriented towards peace and prosperity. Under the framework of the strategic partnership, China

and ASEAN have established a comprehensive dialogue and cooperation framework, including the Leaders' Meeting, ministerial meeting mechanisms, and working-level dialogue and cooperation mechanisms. In 2008, China appointed an ambassador to ASEAN, demonstrating the importance China attaches to further development of China-ASEAN relations.

In January 2010, the negotiations on trade in goods, trade in services, and investment under the China-ASEAN FTA were all completed. The construction of the China-ASEAN FTA has greatly promoted the development of economic relations between China and ASEAN. In 2013, China proposed to work with ASEAN to build a community with a shared future, negotiate and sign the "China-ASEAN Treaty of Good-Neighbourliness, Friendship, and Cooperation," and construct the "21st Century Maritime Silk Road," aiming to expand and deepen bilateral cooperation.^{vi}

Geographically, the South China Sea links China and ASEAN members together. To jointly maintain peace and stability in the South China Sea, the DOC was signed in November 2002. In September 2013, consultations on the Code of Conduct in the South China Sea (COC) were launched. In July 2016, a joint statement on the full and effective implementation of the DOC was issued. In May 2017, the framework of the COC was agreed upon. In July 2019, the first reading of the COC text was completed ahead of schedule. Currently, the second reading of the COC text is underway, and efforts are being made to reach a consensus at an early date.

In 2021, on the basis of the successful completion of the Plan of Action to Implement the Joint Declaration on ASEAN-China Strategic Partnership for Peace and Prosperity (2016-2020), China and ASEAN established a comprehensive strategic partnership, and it is supported by various action plans.^{vii} Under the comprehensive strategic partnership, a complete dialogue and cooperation

mechanism involving leaders, ministers, and senior officials has been set up.^{viii}

Since 2020, China and ASEAN have become each other's largest trading partners. Up to now, the two-way investment between China and ASEAN has exceeded 400 billion US dollars, and China is the second-largest source of foreign investment for ASEAN. The two sides have also carried out cooperation in many fields, including agriculture, information industry, human resource development, investment, Lancang-Mekong River Basin development, transportation, energy, culture, tourism, public health, and environmental protection. In addition, they have established funds such as the China-ASEAN Cooperation Fund, the China-ASEAN Public Health Cooperation Fund, the China-ASEAN Maritime Cooperation Fund, and the China-ASEAN Investment Cooperation Fund.

ASEAN plays a central role to bridge and bring together all partners in the region. China supports ASEAN in playing a leading role in the process of East Asian cooperation. China has actively participated in and promoted the development of regional and trans-regional cooperation mechanisms such as ASEAN-China-Japan-ROK Cooperation (APT), the East Asia Summit (EAS), the ASEAN Regional Forum (ARF), the ASEAN Defence Ministers' Meeting-Plus (ADMM-Plus), the Asian Cooperation Dialogue (ACD), the Asia-Pacific Economic Cooperation (APEC), the Asia-Europe Meeting (ASEM), and the ASEAN-Latin America Cooperation Forum, etc.

At present, both China and ASEAN have entered a new stage of development and are facing a complex external environment. It is believed that the two sides will meet challenges by further strengthening cooperation and pushing China-ASEAN relations towards a deeper and better direction.

Experience in China-ASEAN Dialogue and Cooperation

The relationship between China and ASEAN operates within a two-tier framework: one comprises China's bilateral relations with individual member states, and the other reflects its overall engagement with ASEAN as a regional platform. Bilateral relations form the foundation of cooperation, as the diversity among ASEAN member states and the absence of a supranational authority necessitate tailored bilateral approaches. At the same time, China's partnership with ASEAN as a whole articulates shared interests and coordinates differences through regional dialogue and consensus-building. In this way, bilateral and regional dimensions are mutually reinforcing—bilateral cooperation supports ASEAN-led mechanisms, while regional frameworks provide coherence for bilateral ties.

Promoting sound development of China-ASEAN relations, therefore, requires not only a willingness to cooperate but also the capacity to innovate within and through ASEAN-led regional processes. From these developments, several key patterns emerge:

- **First, promote cooperation through dialogue and advance cooperation based on consensus.**

What matters is to reach a consensus on mutual benefit and win-win results. There are significant differences between China and ASEAN, and there are also divergences on some issues. However, based on mutual respect and mutual trust, the two sides strive to "seek common ground while putting aside differences", prevent divergences from hindering the process of cooperation, and ensure that cooperation remains the mainstream.

- **Second, enhance mutual understanding and comprehension through dialogue and promote institutional development based on mutual trust.**

The key is to bring the development of relations onto the track guided by rules supported by mechanisms. In this way, the stability of the development of bilateral relations can be maintained.

- **Third, respect and support ASEAN centrality and its leading role.**

As a regional organisation in Southeast Asia, ASEAN plays a special cohesive and leading role in integrating the overall interests of the region and building East Asian regional cooperation. ASEAN's role as convenor and agenda-setter is crucial, and China's active participation plays an important role in making regional mechanisms dynamic.

The innovative ways of China and ASEAN cooperation, such as the DOC, the ASEAN-China FTA, and the Comprehensive Strategic Partnership, have also helped consolidate regional frameworks and norms centred on ASEAN's convening role. The experience of China and ASEAN in developing their relations with a cooperation-oriented approach is worthy of being summarised and promoted.

How to Take China-ASEAN Relations to a New Height Under the New Situation

China-ASEAN relations have entered a new stage of development. The new era presents new characteristics and challenges, demanding new efforts. The trust between China and ASEAN has to be strengthened due to the changing context.^{ix} Most notably, the gap in overall strength between China and ASEAN has widened. This trend has heightened concerns among some ASEAN countries, and some have even imposed restrictions on China's investment in ASEAN.

Others have attached political implications to China's increased investment in ASEAN, viewing it as an attempt to seek control over ASEAN.

China and ASEAN are connected by land and sea, sharing a special geographical relationship and common aspirations for development. Take connectivity as an example: if the connectivity between China and ASEAN countries is well developed, and a road and railway network linking China and ASEAN countries is built, coupled with the legal foundation for market opening under the FTA, a large economic development zone can be formed, which will further consolidate the foundation of common interests between the two sides. Looking ahead, China's transformation of its economic development model, shifting towards domestic demand-driven and green and sustainable development, can also bring new opportunities to ASEAN. The Belt and Road Initiative and the construction of economic corridors initiated and promoted by China have provided new support for improving ASEAN's infrastructure and achieving connectivity. From the perspective of strengthening bilateral economic cooperation, the two sides can make the cooperation on the Belt and Road Initiative and economic corridors a driving force for building an open and cooperative economic zone between China and ASEAN.

In terms of political and security cooperation, the rapid rise of China's comprehensive strength has also aroused vigilance among some ASEAN countries. In particular, the South China Sea issue is a focal point affecting China-ASEAN political and security relations and mutual trust. The development of the China-ASEAN strategic partnership is based on the premise of mutual trust. The rise of China's comprehensive power is not and should not be a threat to ASEAN; instead, it should be a factor contributing to ASEAN's security. This is because China adheres to the path of peaceful development and will not follow the old path of expansion and hegemony taken by traditional major powers during their rise. China's efforts to promote

the building of a China-ASEAN community with a shared future are aimed at achieving common development and common security.

Regarding the South China Sea issue, since it involves territorial sovereignty, it is indeed highly sensitive. China's insistence on its sovereignty over the South China Sea islands and reefs and the relevant maritime areas is based on both historical and legal grounds. However, China also acknowledges that there are disputes with relevant ASEAN countries in the South China Sea, which is why it has worked with ASEAN to formulate political documents emphasising a peaceful solution to disputes through consultation and negotiations. The two sides should, on the basis of implementing the consensus and political documents reached, conduct open and sincere dialogues on maintaining the stable situation in the South China Sea and carrying out cooperation, put the issues on the table, and make joint efforts to ensure the South China Sea issue on the track of dialogue, consultation, and negotiation. The South China Sea issue is complex, and its resolution will take time. Faced with the emerging problems, it is particularly important for China and ASEAN to strengthen dialogue, make full use of the coordinating and integrating role of ASEAN as an organisation representing the overall regional interests, enhance coordination, and prevent local issues from dominating and thus undermining the overall China-ASEAN relations and interests.

China-ASEAN relations are supported by a series of laws, regulations, and systems. For example, China has signed the TAC made by Southeast Asia, the two sides have built a strategic partnership, and issued the DOC. All these have established the principles of resolving disputes through dialogue and consultation, and pursuing peace and cooperation, laying the foundation for looking forward and moving forward. From any perspective, the relationship with China is of particular importance to ASEAN, and the same is true for China regarding its relationship with ASEAN. ASEAN can play a more active

and constructive role, preventing Southeast Asia from becoming a front-line for the so-called “great power competition.”^x

For a shared future, China and ASEAN should work more closely to strengthen their relations by, for example, jointly investing in regional public goods such as disaster management, digital governance, low-carbon transition, implementing ASEAN’s regional connectivity and sustainability initiatives and enhancing coordination between ASEAN-led mechanisms and China’s engagement strategies.

Looking into the future of China-ASEAN relations, although there are many new challenges, there is no reason to be pessimistic.^{xi} From any perspective, the relationship between China and ASEAN countries is irreplaceable.

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Chapter 2

China's Development Initiatives and Its Impact on ASEAN

WEI Ling

Development remains a critical imperative for modern nations, and a top priority and anchoring practice in China-ASEAN cooperation. Since launching their dialogue process in 1991, China and ASEAN have established a multi-tiered, wide-ranging, and comprehensive development cooperation framework covering various fields, including economy and trade, connectivity, the digital economy, green development, and poverty alleviation and people's well-being, injecting strong momentum into regional economic integration and shared growth. The recent development initiatives and mechanisms that could be regarded as most significant for China-ASEAN cooperation include, among others, the Belt and Road Initiative (BRI) (2013), the Asian Infrastructure Investment Bank (2016), the Lancang-Mekong Cooperation mechanism (2016), the Global Development Initiative (2021) and the China-ASEAN Free Trade Agreement 3.0 (2025), etc. This chapter will trace and evaluate key progress and achievements of China's development initiatives concerning their impact on ASEAN, provide tentative policy recommendations for continuing cooperation based on a discussion of current trends and challenges, and conclude with some reflections on how China and ASEAN might strengthen their development cooperation as their strategic partnership goes forward.

Progress and achievements of China-ASEAN development cooperation

Led by multiple developmental initiatives, significant progress has been made in China's cooperation with ASEAN in aligning their development strategies and achieving pragmatic results in functional areas of trade, finance, connectivity, poverty reduction and people's well-being.

Regarding ASEAN as a priority in its neighbourhood diplomacy and a key region for high-quality BRI cooperation, China has signed BRI cooperation agreements with all eleven ASEAN member states and has promoted significant strategic alignment between the BRI and the development strategies of ASEAN and its member states, such as the Master Plan on ASEAN Connectivity 2025, ASEAN Outlook on the Indo-Pacific, Indonesia's Global Maritime Axis, Vietnam's "Two Economic Corridors and One Economic Circle" around the Beibu Gulf, Thailand 4.0 strategy, Cambodia's four Key Strategic Thrusts, Lao's "Turning the land-locked country into a land-linked country", etc. The alignment of strategies has facilitated China-ASEAN development cooperation at various levels and in various fields.

ASEAN countries are also important movers and beneficiaries of the Global Development Initiative. All ASEAN countries support GDI, and almost all ASEAN countries have joined the Group of Friends of the Global Development Initiative, playing an important role in providing ideas and suggestions for the initiative to better support ASEAN countries' efforts for the attainment of SDGs. ASEAN countries have also benefited from practical GDI cooperation on the ground.

Through the BRI and other development initiatives, China and ASEAN countries have continuously facilitated bilateral trade and investment, advanced deeper monetary and financial cooperation, strengthened cooperation on currency swaps, and maintained

financial market stability. The upgrade of the China-ASEAN Free Trade Agreement (CAFTA) from 1.0 to 3.0 has driven the rapid development and unprecedented expansion of economic and trade relations between the two sides. Not only has bilateral trade increased from US\$54.77 billion in 2002 to US\$1.05 trillion in 2025, but also the cooperation has deepened from traditional areas such as trade in goods, trade in services, and investment to encompass the interconnectivity of rules, standards, and institutions. ASEAN has remained China's largest trading partner for six consecutive years.^{xii} As of July 2025, cumulative two-way investment between China and ASEAN exceeded US\$450 billion, and Chinese enterprises had completed engineering contracts in ASEAN totalling \$480 billion.^{xiii} In 2024, the total value of cross-border RMB receipts and payments between China and ASEAN reached 8.9 trillion yuan, representing a year-on-year increase of 50.74%.^{xiv}

Infrastructure development has been placed at the forefront of China's development initiatives and has produced both institutional and practical achievements. The Asian Infrastructure Investment Bank (AIIB) has effectively addressed the imbalance between supply and demand for infrastructure financing in the region and improved the infrastructure standards of the ASEAN member states. As of September 2025, the AIIB had approved a total of 8 investment projects in Cambodia, totalling US\$573 million; 4 projects in Laos, totalling US\$260 million; 11 projects in the Philippines, totalling US\$3.89 billion; 6 projects in Singapore, totalling US\$714 million; 2 projects in Thailand, totalling US\$593 million; 4 projects in Vietnam, totalling US\$372.5 million; and 14 projects in Indonesia, totalling US\$5.1289 billion.^{xv} The "Strategic Irrigation Modernisation and Urgent Rehabilitation Project" in Indonesia is one of the flagship examples of the AIIB's support for improving agricultural infrastructure in ASEAN. The project's primary objectives are to improve irrigation services in Indonesia and to strengthen accountability, transparency, and sustainability in irrigation areas. By

January 2025, the emergency repair work had been fully completed, and the modernisation project was nearly 95% complete.^{xvi}

The China-Laos Railway is a typical example of infrastructure connectivity of the BRI. It runs from Kunming in China in the north to Vientiane in Laos in the south, with a total length of 1,035 kilometres. The entire line opened to traffic in December 2021. The opening of the China-Laos Railway has driven the growth of bilateral trade between China and Laos, transformed Laos from a landlocked country into a land-linked country, and significantly boosted local economic development. Since the railway began operations, as of 19 September 2025, the volume of goods imported and exported via the China-Laos Railway has exceeded 15 million metric tons, with a total value surpassing 65.3 billion RMB. The range of goods transported across the China-Laos Railway continues to expand, currently exceeding 3,600 types, with cross-border freight services reaching 19 countries and regions, including Laos, Thailand, and Vietnam.^{xvii}

Poverty reduction is a key objective of development, and development is the key means of achieving poverty reduction. In 2017, the Chinese government established the Lancang-Mekong Cooperation (LMC) Special Fund to support the development of LMC member countries. As of June 2023, the fund has supported the implementation of 779 projects in LMC member countries, including hundreds of projects aimed at improving people's livelihoods. Myanmar, Laos and Cambodia have received the most support from this fund.^{xviii} China-Myanmar Lancang-Mekong cooperation focuses on industrial capacity, agriculture, poverty alleviation, connectivity, water resources, and cross-border economic cooperation, with an emphasis on supporting new agricultural industries that add value and are suitable for Myanmar. For instance, the Fund established a dedicated support program to encourage the development of Myanmar's coffee industry. The program has trained more than 12,000 coffee farmers, distributed coffee seedlings and cultivation

and processing guidelines, and provided relevant production facilities. These efforts have helped upgrade the quality of Myanmar's coffee industry and effectively boosted income for hundreds of thousands of farmers and producers. By mid 2022, the area under coffee cultivation in Myanmar reached 20,000 hectares, with an annual output exceeding 12,000 metric tons.^{xix}

Development trends, challenges and policy recommendations

Currently, development cooperation between China and ASEAN faces challenges in the following three areas. First, against the backdrop of great-power competition and trade wars, how can China and ASEAN tap into the potential for cooperation, sustain trade growth, and promote sustainable economic development and continued poverty reduction? Second, in the face of emerging industries such as the digital and green economies, what shall be done to seize opportunities to provide new momentum for regional development? Third, how can development initiatives and projects truly benefit more people and bring about more significant improvements in their livelihoods? It is worth noting that the major global initiatives proposed by China provide solutions to tackling the deficits of peace, security, development and governance. Cooperation under these initiatives will provide impetus to regional development by fostering a global governance structure that upholds multilateralism and international law and provides predictability and certainty for development, by creating an enabling peaceful environment for regional development, by deepening practical development cooperation on the ground while putting development at the center of regional cooperation agenda and by promoting deeper mutual trust through greater understanding of each other's cultural and civilisational traditions that underpins and sustains cooperation in a complex geopolitical landscape. This section tries to provide some tentative recommendations for cooperation in specific areas.

Unlock the growth potential of China-ASEAN trade

In the long term, economic growth is the most critical factor in poverty reduction, and trade liberalisation promotes economic development by boosting productivity, stimulating investment, and creating economies of scale, ultimately leading to poverty reduction.^{xx} The promotion of bilateral trade between China and ASEAN member states has significantly advanced poverty reduction efforts across ASEAN countries and increased their per capita national income. Specifically, a 10% increase in bilateral trade between China and ASEAN countries helps reduce poverty rates in ASEAN nations by 5% to 6%.^{xxi} Currently, China-ASEAN bilateral trade is characterised by both volume and quality. Moving forward, efforts should focus on the following three areas to further unlock the potential for bilateral trade growth and poverty reduction.

First, make full use of CAFTA 3.0 to fully leverage the institutional dividends of the agreement in terms of cooperative development, and promote development and poverty reduction through higher-quality bilateral trade. Second, build on existing bilateral trade agreements to promote the establishment of development-oriented trade mechanisms. Trade can be integrated with development issues such as poverty reduction, gender equality, and income growth through the provision of practical tools, skills training, and specialised seminars, thereby deepening the inclusiveness of bilateral trade. Third, promote the interconnection and integration of bilateral trade frameworks and development cooperation mechanisms.

Seize the development opportunity of emerging industries

Emerging industries serve as a new driving force for regional development. The digital economy promotes economic growth through new factors of production, improved resource allocation efficiency, and enhanced total factor productivity,^{xxii} thereby

improving regional development. Its impact on economic improvement and poverty alleviation in poorer rural areas is significant.^{xxiii} Specifically, online e-commerce platforms have effectively helped impoverished farmers escape poverty by “increasing income” and “reducing expenses”;^{xxiv} cross-border e-commerce platforms, meanwhile, have provided more opportunities for small and medium-sized enterprises to expand their markets and seize business opportunities.^{xxv} The development of digital inclusive finance has significantly narrowed the urban-rural income gap and played a positive role in raising the income levels of rural residents.^{xxvi}

In the future, China and ASEAN can promote development cooperation in the digital economy through the following two aspects. First, encourage more small and medium-sized enterprises (SMEs) to participate in the digital economy and integrate the informal economy into the digital economy. Second, leveraging digital technology to strengthen human capital for development and poverty reduction. The widespread adoption of digital technology has significantly lowered the barriers to acquiring relevant knowledge and skills, thereby improving access to education in underdeveloped regions, particularly for rural populations. China and ASEAN can build on existing educational cooperation mechanisms to explore new forms of collaboration centred on “digital+” education.

Green industries—represented by sectors such as new energy vehicle assembly and parts manufacturing, renewable energy, and biopharmaceuticals—are becoming key drivers of regional economic growth and job creation. Sustainable development is not only a core principle within the framework of the green economy but also the key to achieving healthy and balanced growth. Cooperation between China and ASEAN under the “Green + Development” model can be advanced through the following two approaches. First, promote the development of bilateral green trade and effectively implement the principle of “promoting development through green initiatives.” Both

sides should make full use of the institutional dividends of CAFTA 3.0 to expand the list of environmental goods, encourage the participation of small and medium-sized enterprises, and extend green trade supply chains. Second, strengthen cooperation in green industries such as renewable energy and green agriculture to tap into new drivers of regional development.

Expand the reach of “small and beautiful” initiatives

On 19 November 2021, at the Third Symposium on the Development of the Belt and Road Initiative, Chinese President Xi Jinping stated: "'Small and beautiful' projects directly impact the people. In the future, we should prioritise 'small and beautiful' projects in international cooperation, and strengthen overall planning to leverage foreign aid funds to foster more grounded and popular projects."^{xxvii} The nature of development projects aligns well with the implementation of “small and beautiful” initiatives. These initiatives have substantially improved the well-being of local residents in areas such as agricultural poverty alleviation, education and employment, public health, and information dissemination, yielding significant benefits for people’s livelihoods. Building on existing systematic “small and beautiful” initiatives such as the “Village-to-Village Connectivity” program, “Luban Workshops,” and “Brightness Campaign,” and adhering to the people-centred project principle, the two sides should expand the reach of these initiatives. At the same time, focusing on the characteristics and needs of the least developed countries (LDCs) in ASEAN, a dual-track cooperation model involving “China-ASEAN member states” and “China-ASEAN” should be adopted to establish a new “small and beautiful” project brand and enhance the standard of living for LDC members.

Conclusion and reflections

In ASEAN's dialogue process, China has achieved several firsts. The China-ASEAN dialogue partnership is one of the most comprehensive and productive. The most important reason for such achievement is the fact that economic development remains a top priority in China-ASEAN cooperation. Since 2013, under the Belt and Road Initiative and later through the Global Development Initiative, China has intensified its development cooperation with ASEAN, putting forward a series of initiatives that have yielded institutional outcomes such as the AIIB, CAFTA 3.0, and the LMC, as well as tangible benefits in areas including trade, infrastructure development, people's livelihoods, and poverty alleviation.

At present, in the face of challenges such as geopolitical tensions, frequent regional conflicts, intensifying competition among major powers, and the rampant spread of unilateralism, protectionism, and populism, development cooperation between China and ASEAN has become even more crucial to regional peace, prosperity, and progress. In this context, the GSI and the Global Governance Initiative (GGI) offer important frameworks for China and ASEAN to jointly safeguard regional stability and promote a more equitable and inclusive international order, thereby creating favourable conditions for sustained development cooperation. To enhance the resilience of China's development initiatives and China-ASEAN development cooperation, the two sides should unlock the growth potential of China-ASEAN trade, in particular, the institutional potential of the CAFTA 3.0, seize the opportunities of the emerging digital and green industries, and expand the reach of the "small and beautiful" initiatives.

Going forward, as China and ASEAN continue to enhance their development cooperation for a stronger strategic partnership, they should remain steadfast in pursuing the following three strategic

directions. First, adhere to developmental regionalism, which means China and ASEAN should always prioritise development in the regional process and promote regional security through development, thereby giving full expression to the spirit of the GDI and the GSI. Second, practice the comfort norm of ASEAN. In other words, the implementation and institutionalisation of development cooperation should be advanced on the basis of the principles of equality, consultation and consensus. Third, adhere to a people-centred approach and promote cultural and people-to-people exchanges in the spirit of the Global Civilization Initiative (GCI). Cooperation projects with ASEAN under China's development initiatives should continue to focus on real development needs, deliver practical benefits, and improve the overall livelihood and well-being of people in the long run.

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Chapter 2

China's Initiatives in the New Era and Their Impact on ASEAN

Tan Sri Ajit SINGH

Over the past three decades, ASEAN–China relations have evolved into one of the most consequential partnerships in the Asia–Pacific. This chapter examines how China's initiatives in the “New Era,” particularly under President Xi Jinping, have deepened economic integration, enhanced connectivity, and supported ASEAN's development priorities. While these initiatives have generated tangible benefits in trade, infrastructure, and digital transformation, challenges remain. The chapter argues that continued alignment with ASEAN centrality will be essential for sustaining regional stability and shared prosperity.

Introduction: A Relationship Transformed

Over the past three decades, ASEAN–China relations have undergone a profound transformation. What began in the early 1990s as a cautious political engagement, shaped by lingering Cold War sensitivities, has evolved into one of the most consequential partnerships in the Asia–Pacific.^{xxviii} Today, China is ASEAN's largest trading partner, with trade exceeding US\$970 billion, and ASEAN is China's largest trading partner.^{xxix} The relationship is underpinned by dense networks of trade, investment, infrastructure, and people-to-people exchanges. This transformation was the result of sustained efforts at trust-building, pragmatic cooperation, and mutual adaptation to a changing regional and global environment. From modest beginnings as a Sectoral Dialogue Partnership in 1991,

ASEAN–China relations have developed into a Comprehensive Strategic Partnership, reflecting both depth and breadth of engagement.

Political Foundations of Engagement

The early 1990s marked a critical period in the evolution of ASEAN–China relations. Initial contacts were cautious, reflecting differing political systems and residual strategic concerns. However, both sides recognised the importance of engagement in a rapidly changing post-Cold War environment. Through regular dialogue and confidence-building measures, ASEAN and China gradually established a foundation of mutual respect and understanding. China’s participation in ASEAN-led mechanisms, including the ASEAN Regional Forum (ARF), contributed to embedding it within the regional diplomatic architecture and signalled its willingness to engage constructively with Southeast Asia. These developments were reinforced by a shared recognition that regional stability and economic development were closely intertwined. ASEAN’s inclusive and consensus-based approach provided a platform through which China could engage the region in a manner that was both cooperative and non-confrontational. In turn, China’s growing engagement helped to strengthen ASEAN’s role as a central convenor in the evolving regional order.

From Dialogue to Cooperation: The Sectoral Framework (1991–1996)

Between 1991 and 1996, ASEAN–China relations progressed from initial contacts to structured cooperation. The establishment of dialogue mechanisms and sectoral cooperation frameworks enabled practical engagement across a range of areas, including trade, investment, science and technology, and human resource

development. The exchange of letters in 1994 formalised these arrangements and marked an important step towards institutionalising the relationship. These early frameworks provided the building blocks for more comprehensive engagement and helped to create habits of cooperation that would prove critical in later years. By 1996, China had attained full Dialogue Partner status, reflecting growing confidence on both sides and a shared commitment to deepening cooperation. This period laid the institutional and diplomatic foundations for the expansion of ASEAN–China relations into new and more substantive areas of engagement.

The Economic Transformation: From CAFTA to the AEC

By the early 2000s, economic pragmatism had come to define ASEAN–China relations. The ASEAN–China Free Trade Area (CAFTA), announced in 2002 and completed in 2010, removed tariffs on over 90 per cent of traded goods, creating one of the largest free trade areas among developing economies. Trade and investment flows expanded rapidly, while production networks became increasingly integrated. The establishment of the ASEAN Economic Community (AEC) in 2015 further reinforced this trajectory by promoting regional economic integration and facilitating the movement of goods, services, and investment within ASEAN. Together, CAFTA and the AEC created a strong foundation for deeper economic engagement between ASEAN and China. The scale of economic interdependence has expanded dramatically. By 2023, two-way trade exceeded US\$970 billion, making China ASEAN’s largest trading partner and ASEAN China’s largest trading partner. Investment flows have also deepened, particularly in manufacturing, infrastructure, and the digital economy. Regional production networks now reflect a high degree of integration, with ASEAN economies playing increasingly important roles in value-added supply chains linked to China’s industrial base. The Regional Comprehensive Economic Partnership (RCEP), concluded in 2020, further consolidates these gains. By

harmonising trade and investment rules across participating economies, RCEP strengthens the institutional framework underpinning ASEAN–China economic relations and situates them within a broader regional architecture. In this sense, RCEP represents both a culmination of earlier efforts and a platform for future growth.

China's Initiatives in the New Era

The 2010s ushered in a new phase of ASEAN–China cooperation, shaped by a series of initiatives introduced under the leadership of President Xi Jinping, including the Belt and Road Initiative and the Global Development Initiative.^{xxx} The Belt and Road Initiative (BRI) seeks to enhance regional connectivity through investments in infrastructure, trade facilitation, and economic integration. The BRI aligns closely with ASEAN's own priorities, particularly the Master Plan on ASEAN Connectivity (MPAC), 2025.^{xxxi} This alignment has facilitated cooperation across multiple domains, including transport infrastructure, energy, and logistics, while also supporting broader development objectives within ASEAN Member States. Subregional frameworks such as the Lancang–Mekong Cooperation (LMC) and the Greater Mekong Subregion (GMS) programme further complement these efforts by focusing on specific geographic and developmental contexts. These mechanisms have enabled more targeted cooperation, particularly in areas such as water resource management, agriculture, and rural development. Beyond physical infrastructure, the Digital Silk Road has opened new avenues for collaboration in telecommunications, e-commerce, and smart city development. These initiatives reflect an evolving conception of connectivity that encompasses not only physical linkages but also digital and institutional integration.

The adoption of the ASEAN Connectivity Strategic Plan (ACSP) 2045 marks an important evolution in ASEAN's approach to connectivity. As the successor to the Master Plan on ASEAN Connectivity (MPAC)

2025, the ACSP reflects a broader and more forward-looking vision, emphasising the development of a “Resilient, Innovative, Dynamic and People-Centred” ASEAN Community. This shift underscores a growing recognition that connectivity is no longer confined to physical infrastructure, but must also encompass digital integration, institutional linkages, and human development.

In this context, there is a strong convergence between ASEAN’s connectivity agenda and China’s initiatives in the New Era. While earlier phases of cooperation focused primarily on infrastructure, trade, and investment, both sides are increasingly placing emphasis on the human dimension of development. Initiatives under the Belt and Road framework, including the Digital Silk Road and expanding cooperation in education, public health, tourism and cultural exchanges, complement ASEAN’s broader goals under the ACSP 2045. This alignment reinforces the potential for ASEAN–China cooperation to evolve into a more holistic partnership, one that not only drives economic growth but also strengthens social resilience, inclusivity, and shared regional identity.

Tangible Outcomes and Mutual Benefits

The impact of these initiatives on ASEAN–China cooperation is evident in a range of tangible outcomes. Beyond tariff reduction and market access, connectivity projects have the potential to enhance regional integration, facilitate trade, and support economic development. Early results from flagship projects are particularly instructive. The Laos–China Railway has significantly reduced transport costs and travel time, facilitated trade flows and tourism, while enhancing Laos’ transformation from a landlocked to a land-linked economy. The Jakarta–Bandung High-Speed Railway represents a milestone in infrastructure development and technological cooperation, demonstrating the potential for high-quality project delivery in the region.^{xxxii} In Malaysia, the East Coast

Rail Link (ECRL), once completed, is expected to improve domestic connectivity while linking more effectively to regional supply chains. Its contribution to trade facilitation, industrial development, and regional integration underscores the broader significance of such projects. These initiatives are not merely infrastructure investments; they also serve as catalysts for industrial upgrading, logistics efficiency, and broader economic transformation. Their long-term success will depend on their ability to generate local value addition, support domestic industries, and integrate effectively with national development strategies. The deepening of ASEAN-China economic ties has also contributed to greater resilience in regional supply chains. The complementarities between ASEAN's diverse manufacturing bases and China's industrial ecosystem have enabled more efficient production networks, particularly in electronics, automotive components, and consumer goods. This has been especially evident in the post-pandemic recovery period, where regional supply chains demonstrated a capacity to adapt and reconfigure in response to global disruptions.

Key Challenges

While trade and investment have generated mutual gains, differences in economic scale and competitiveness have led to different development needs and adjustment processes among regional economies. Addressing these challenges will require continued efforts to promote more inclusive forms of cooperation, including capacity-building, technology transfer, and support for small and medium enterprises. Addressing perception gaps will also require continued engagement, clearer communication of objectives, and a stronger emphasis on transparency and mutual benefit. Institutional complexity also presents challenges. The proliferation of regional frameworks and initiatives risks duplication and inefficiency. Ensuring coherence and complementarity between ASEAN-led mechanisms and broader regional initiatives will be essential in

maintaining effectiveness and avoiding fragmentation. At the same time, sensitive political and security issues, including developments in the South China Sea, continue to test the resilience of the relationship. Progress towards a substantive and effective Code of Conduct remains important in strengthening trust and ensuring that differences do not undermine broader cooperation.

ASEAN's Central Role and China's Response

ASEAN's centrality remains a cornerstone of the regional architecture. Through its convening power and inclusive approach, ASEAN has played a key role in shaping a stable and cooperative regional environment. China has consistently expressed support for ASEAN centrality and has engaged actively in ASEAN-led mechanisms. This alignment has contributed to a degree of strategic convergence, enabling both sides to work together in addressing regional challenges while promoting shared interests. The increasing density of economic and infrastructure linkages has contributed to a form of functional interdependence that reinforces stability, even in the presence of political differences. Diversification, resilience, and transparency will therefore remain important considerations as ASEAN and China continue to deepen their cooperation. For ASEAN, the ability to maintain unity and coherence will be critical in ensuring that it continues to play an effective role in managing regional dynamics and engaging major powers.

The Way Forward: Building a Shared Future

ASEAN–China relations are well-positioned to continue strengthening in response to changing regional and global dynamics. The emphasis on connectivity, sustainability, and digital transformation provides a strong foundation for future cooperation. Greater focus on inclusive development, capacity-building, and innovation will be essential in ensuring that the benefits of cooperation are widely shared.

Initiatives that strengthen industrial upgrading and promote participation in higher segments of regional value chains will be particularly important in sustaining long-term support for the partnership. Strengthening institutional coordination and enhancing policy alignment will also be critical in maximising the effectiveness of joint initiatives and ensuring that they deliver meaningful outcomes. Beyond economic and infrastructure cooperation, the continued expansion of people-to-people exchanges through tourism, education, and public health will further strengthen mutual understanding and reinforce the long-term social foundations of ASEAN–China relations.

Conclusion

ASEAN–China relations have evolved into a comprehensive and multifaceted partnership, characterised by deep economic ties, expanding cooperation and increasing strategic relevance. The progress achieved over the past three decades reflects a shared commitment to dialogue, cooperation, and mutual benefit. The sustainability of this partnership will depend on the ability of both sides to translate strategic alignment into concrete and inclusive outcomes. Initiatives that promote local value addition, support industrial upgrading and enable participation in higher segments of regional value chains will remain important. In this context, China's initiatives in the New Era, under the leadership of President Xi Jinping, offer significant opportunities to deepen cooperation in ways that align with ASEAN's priorities. The strong convergence between these initiatives and the ASEAN Community Vision 2045 and ASEAN Connectivity Strategic Plan (ACSP) 2045 provides a useful framework to guide future planning and implementation.

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Chapter 3

ASEAN Community Vision 2025–2045:

Institutional Development, Implementation Challenges, and Strategic Partnerships

ONG Keng Yong and Nazia HUSSAIN

This chapter analyses the ASEAN Community Vision 2045 (or Vision 2045 in short) as a critical milestone in ASEAN’s institutional evolution and long-term regional strategy. It explores how Vision 2045 seeks to strengthen the three community pillars—Political-Security, Economic, and Socio-Cultural—through structured strategic planning, enhanced coordination, and stronger institutional mechanisms. The chapter also considers ASEAN–China cooperation within this framework. It concludes that ASEAN’s ability to realise Vision 2045 will hinge on institutional consolidation, inclusive development, and sustained political commitment.

Introduction

As the Association of Southeast Asian Nations (ASEAN) approaches its 60th anniversary, its institutional evolution is entering a critical phase. The transition from the ASEAN Community Vision 2025 to Vision 2045 signals not only a renewal of strategic aspirations but also a deepening of the region’s commitment to community-building amid a fragmented global landscape. ASEAN has had notable

achievements over the past decades—it has kept the peace in one of the world's most geopolitically dynamic regions, preserved a surprising degree of unity among its highly diverse member states, and fostered sustained economic growth. The recent fighting along the contested parts of the Cambodia-Thailand border and the armed contestation inside Myanmar reflect the fragility of political/security conditions in parts of the region. The coming decades will test ASEAN's capacity to institutionalise the gains and respond coherently to rapidly changing geopolitical, economic, and social realities.

The ASEAN Community Vision 2045 aims to strengthen resilience, innovation, inclusivity, and sustainability across the three pillars of the ASEAN Community—the Political-Security Community (APSC), the Economic Community (AEC), and the Socio-Cultural Community (ASCC). This long-term vision requires not only strategic planning but also the strengthening of implementation mechanisms, coordination structures, and bolstering the role of the ASEAN Secretariat. Furthermore, as ASEAN engages major external partners such as China under frameworks like the Comprehensive Strategic Partnership (CSP),^{xxxiii} the alignment of external cooperation with internal priorities becomes part of ASEAN's own institutional development. Vision 2045 is therefore not only about strengthening ASEAN internally, but also about improving its capacity to organise external partnerships in ways that reinforce coherence, centrality, and long-term community-building.

ASEAN Community Vision 2045: Evolution and Context

The ASEAN Community Vision 2045 reflects ASEAN's continued commitment to advancing its long-term community-building agenda, reaffirming its role as the central platform for regional dialogue.^{xxxiv} In 1997, ASEAN for the first time adopted the ASEAN Vision 2020, which imagined a concert of Southeast Asian nations bound by shared prosperity and peace. The second phase, ASEAN Community Vision

2025, operationalised these aspirations through a blueprint-based approach—establishing the APSC, AEC, and ASCC pillars with specific strategic plans, goals, and measures. Vision 2045 seeks to build on these achievements while addressing persistent implementation gaps and preparing ASEAN for a more uncertain international environment marked by technological disruption, climate change, and intensifying great power rivalry.

Vision 2045 is structured around an overarching regional framework which defines ASEAN's collective aspirations. Beneath this vision are strategic goals—broad outcome-oriented objectives that guide long-term policy direction. These goals are further translated into strategic measures, which form the operational basis for community initiatives. This multi-tiered design reflects ASEAN's pragmatic, consensus-driven ethos: strategic vision at the top, flexible in practice, and adaptive in implementation. However, the challenge lies in ensuring coherence across these layers and maintaining alignment among the eleven member states.

Importantly, the ASEAN Community Vision 2045 does not emerge in isolation. It builds on the lessons of Vision 2025, particularly the need for stronger institutional follow-through, better cross-pillar coordination, and systematic monitoring and evaluation. The mid-term reviews of the 2025 Blueprints revealed uneven progress, especially in the socio-cultural domain and in narrowing the development gap among member states. Vision 2045 thus seeks to institutionalise feedback loops, promote evidence-based policy, and reinforce the Secretariat's monitoring role.

Institutional Frameworks and the Logic of Regional Planning

ASEAN's institutional architecture is founded on a structured planning process that cascades from high-level strategic vision to

operational measures. Each pillar—APSC, AEC, and ASCC—develops its own strategic plan of action, aligned with community-wide objectives. This ensures thematic coherence while allowing sectoral ministries to tailor implementation within national contexts.

Under this framework, the strategic plan articulates long-term priorities; strategic goals define measurable outcomes; and strategic measures specify actionable initiatives. This hierarchical system provides ASEAN with an internal logic of governance that balances regional direction with national ownership—a key feature of its intergovernmental character.

However, despite this structured framework, ASEAN’s institutional challenge remains its fragmented implementation. Coordination among the three community pillars often encounters bureaucratic compartmentalisation. The ASCC, for instance, covers an extensive range of domains—from education and health to environment, women’s empowerment, and labour mobility—each managed by distinct national ministries. Aligning such diverse portfolios under one coherent framework has proven difficult. The need for a more integrated cross-sectoral mechanism, supported by data-driven monitoring and shared evaluation platforms, is therefore paramount.

The development of the Vision 2045 strategic plans offers an opportunity to rethink ASEAN’s coordination mechanisms. Greater horizontal collaboration between sectoral bodies and vertical linkages between regional, national, and sub-national levels can bridge implementation gaps. Institutional strengthening must thus accompany vision-setting; without adequate bureaucratic capacity and political ownership, even the most ambitious plans risk remaining aspirational.

The Role of the ASEAN Secretariat

The ASEAN Secretariat's role remains pivotal to the effective realisation of the ASEAN Community Vision 2045. The Secretariat functions as the administrative, technical, and analytical backbone of the organisation. Its role extends from supporting decision-making and facilitating policy coordination to monitoring the implementation of community blueprints.

Yet, the Secretariat's effectiveness has long been constrained by limited resources, human capacity, and a narrow mandate under the ASEAN Charter. While the Charter provides a formal legal framework, it preserves ASEAN's intergovernmental nature, limiting supranational authority. As ASEAN's agenda has expanded—from security and trade to emerging issues like digitalisation, climate adaptation, and health resilience—the Secretariat's workload has grown exponentially without a corresponding increase in institutional capacity.

The Vision 2045 process recognises this constraint and calls for strengthening the Secretariat. The Secretariat's role in evaluation—assessing whether ASEAN has achieved its strategic plans, goals, and measures—will be critical. Furthermore, the Secretariat's convening power can facilitate dialogue across sectors and ensure that lessons from one pillar inform developments in another.

Ultimately, ASEAN's credibility as a rule-based community depends on whether its Secretariat can evolve from a coordinating body into a regional institution capable of shaping policy coherence, producing knowledge, and ensuring accountability.

Challenges Across the Three Pillars: APSC, AEC, and ASCC

The ASEAN Political-Security Community (APSC) continues to face the complex task of managing regional stability in an increasingly fragmented global order. While ASEAN has maintained peace among its members, it has been less effective in responding to the crisis in Myanmar. The gap between political consensus and policy implementation reflects ASEAN's structural limitations—particularly its reliance on consultation and non-interference. Strengthening preventive diplomacy, crisis management mechanisms, and conflict mediation capacities will be central to realising the APSC's strategic goals.

The ASEAN Economic Community (AEC), meanwhile, remains the most developed pillar, underpinned by decades of trade liberalisation and integration. However, new challenges such as technological disruption, supply chain restructuring, and sustainability transitions demand a recalibration of regional economic frameworks. Vision 2045 seeks to build a resilient, innovative, and digital ASEAN economy. Key to this will be the upgrading of existing agreements, including the ASEAN Trade in Goods Agreement (ATIGA), and the signing of the Digital Economy Framework Agreement (DEFA) in 2026. Successful implementation will depend on the ability to harmonise regulatory standards and foster public-private collaboration.

The ASEAN Socio-Cultural Community (ASCC) presents perhaps the most complex challenge due to its breadth and cross-cutting nature. Encompassing areas from education and health to environment and gender equality, the ASCC's scope stretches across numerous ministries and agencies. The main difficulty lies in coordination and ownership: each member state interprets socio-cultural priorities differently. The Vision 2045 framework aims to strengthen regional cooperation in climate action, social protection, and human capital

development, but operationalising these goals will require a clearer division of labour and stronger data-sharing mechanisms among ministries.

The Initiative for ASEAN Integration: Bridging Development Gaps

The Initiative for ASEAN Integration (IAI) remains central to ASEAN's community-building efforts, particularly in narrowing the development divide among member states.^{xxxv} Launched in 2000 during Singapore's ASEAN Chairmanship, the IAI embodies ASEAN's recognition that regional integration cannot be achieved without inclusive development. ASEAN's community-building process continues to place strong emphasis on the IAI, reflecting Singapore's longstanding commitment to capacity building and skills transfer within the region.

For Singapore, the IAI represents not only a moral imperative but also a strategic investment in regional stability. The focus on human resource development, technical assistance, and institutional capacity-building helps ensure that all member states—especially the CLMV (Cambodia, Laos, Myanmar, Vietnam) countries and Timor-Leste—can fully participate in ASEAN's economic and policy frameworks. The inclusion of Timor-Leste as ASEAN's 11th member state further underscores the importance of the IAI. Preparing Timor-Leste for effective participation in ASEAN's complex institutional architecture will demand targeted support and the sharing of administrative and technical capabilities.

Under Vision 2045, the IAI must evolve beyond capacity-building to include innovation-oriented collaboration that addresses digital transformation and climate resilience. Embedding IAI priorities across all three community pillars can ensure that ASEAN's integration is genuinely equitable, rather than differentiated by levels

of development. In essence, the IAI reflects ASEAN's normative commitment to shared progress as a foundation for regional unity.

ASEAN–China Cooperation within Vision 2045

ASEAN's ability to realise Vision 2045 will depend not only on internal institutional strengthening, but also on how effectively it aligns major external partnerships with its own strategic priorities. This follows the need for narrowing development gaps discussed earlier: if ASEAN's internal project is to become more cohesive and equitable, then external cooperation must reinforce that goal. In this regard, China is especially consequential. It is ASEAN's largest trading partner since 2009, a major source of infrastructure finance and industrial linkages, and an increasingly important partner in the digital and green economy. The issue for ASEAN, therefore, is how to channel that relationship so that it supports Vision 2045 while preserving ASEAN centrality, policy coherence, and strategic autonomy.

Recent Chinese official messaging suggests that Beijing is prepared to frame China–ASEAN cooperation in terms that support ASEAN's long-term Vision 2045 agenda. At the 28th ASEAN–China Summit in October 2025, Chinese Premier Li Qiang referred directly to the adoption of the ASEAN Community Vision 2045 and said China was ready to “strengthen the alignment of development strategies” and deliver on the Plan of Action to Implement the ASEAN–China Comprehensive Strategic Partnership (2026–2030).^{xxxvi} Premier Li also identified concrete areas of cooperation, including the China–ASEAN Free Trade Area 3.0 Upgrade Protocol, stronger industrial integration and interconnection, a China–ASEAN digital academy, an AI cooperation platform, and deeper collaboration in transportation, digital economy, green economy, climate change, tourism, education, and think-tank exchange.^{xxxvii}

The strongest overlap is in the economic domain. Vision 2045 prioritises resilience, innovation, connectivity, and future-readiness—areas that align closely with Chinese proposals on trade upgrading, industrial integration, the digital economy, and technological cooperation. This creates scope for cooperation on customs modernisation, digital trade facilitation, cross-border payments, logistics, and standards in emerging sectors. But the issue is not simply one of shared interests. Such cooperation will support Vision 2045 when it strengthens ASEAN's own regulatory coherence, infrastructure, and capacity.

Infrastructure and connectivity present a second area of alignment. Vision 2045 emphasises narrowing development divides, improving physical and digital links, and strengthening regional resilience. China's established role in rail, logistics, and transport projects makes it an obvious partner. Projects such as the China–Laos Railway and the Jakarta–Bandung High-Speed Railway demonstrate the scale of what such cooperation can achieve. Under Vision 2045, such projects should be assessed not only for growth, but for how far they advance ASEAN's own connectivity and integration goals.

A third area lies in the green and technological transition. Vision 2045 places sustainability, innovation, and adaptability at the centre of ASEAN's future, creating scope for cooperation in renewable energy, sustainable finance, climate adaptation, digital infrastructure, and industrial upgrading. China's emphasis on the green economy and climate cooperation maps closely onto these priorities. Still, for such cooperation to reinforce Vision 2045, it must be organised around regional capacity-building as much as capital and project delivery.

Ultimately, the significance of ASEAN–China cooperation under Vision 2045 lies not in whether China has publicly welcomed the vision, but in how that welcome is translated into practice. For ASEAN, endorsement is only the starting point. The real test is whether

cooperation with China can be channelled into outcomes that strengthen ASEAN's resilience, narrow development gaps, improve connectivity on ASEAN's own terms, and reinforce ASEAN's collective agency in a more contested regional order.

Conclusion: From Vision to Implementation

The ASEAN Community Vision 2045 represents both continuity and transformation. It continues ASEAN's long-standing commitment to peace, stability, and shared prosperity, while also recognising the need for institutional deepening, innovation, and adaptability in a more uncertain world. Yet, ASEAN's success will not be determined by the vision document itself but by how effectively its institutional frameworks are operationalised.

At the heart of this challenge lies implementation. The structured framework of strategic plans, goals, and measures provides a clear roadmap, but it must be matched by adequate coordination, resources, and accountability. Strengthening the ASEAN Secretariat, improving cross-pillar collaboration, and embedding evidence-based evaluation mechanisms will be decisive steps. Internally, narrowing the development gap through initiatives like the IAI and the Master Plan on ASEAN Connectivity, and integrating Timor-Leste effectively, will determine ASEAN's long-term cohesion. Externally, aligning major partnerships with ASEAN's strategic priorities can enhance ASEAN's agency and reinforce its centrality in the region.

The journey from Vision 2025 to Vision 2045 is, therefore, not merely a bureaucratic exercise in regional planning. It is a test of ASEAN's collective will to evolve from a consultative association into a more coherent, capable, and inclusive community. The next two decades will test ASEAN's ability not merely to articulate visions, but to consolidate the institutional capacity necessary to realise them.

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Chapter 5

Bilateral and Regional Efforts to Manage the South China Sea Issue: Twin Currents Converging

Lucio Blanco PITLO III

The South China Sea (SCS) dispute is a long-running issue involving several littoral states of maritime Asia. However, the dynamics are not just about rising tensions and untoward incidents, which frequently make headlines. It is also about efforts to defuse crises, de-escalate standoffs, avoid conflict, and pursue practical cooperation. Through bilateral and regional mechanisms, ASEAN countries and China continue to manage the issue, albeit not without difficulty. There is a shared desire not to let the row dominate relations between neighbours.

The region is already beset with serious challenges. These include the border war between Thailand and Cambodia, Myanmar's internal conflict and political crisis and transnational scam operations. Dealing with these issues stretches ASEAN and China's diplomatic bandwidth and offers cautionary tales. They cannot afford another major debacle. Peace cannot be taken for granted. Hence, maintaining stability in SCS, despite occasional clashes, is imperative. It will avoid further cracks in the delicate regional order, which could realign priorities away from development and economics. The semi-enclosed sea serves as a critical passageway for a third of the world's maritime trade, worth \$3.37 trillion.^{xxxviii} Given the complex nature of

the dispute and the strategic value of the international waterway, the likelihood of third-party intervention is high should ASEAN and China falter in managing this persistent row. The claim of being a global hotspot cannot be denied.

Failure by the parties to resolve the dispute undermines ASEAN and China's diplomatic profiles and opens the door to third actors. ASEAN centrality and relevance are put on the line. So too Beijing's neighbourhood diplomacy and projection of being a responsible major power. This can challenge the dual-track approach of resolving the disputes through consultation by parties directly concerned, and for ASEAN and China to bear the primary task of keeping stability in the contested sea.^{xxxix}

As in most flashpoints, flare-ups in SCS grab more attention than efforts to handle differences, both open and behind-the-scenes. While often overlooked and underappreciated, there is no dearth of confidence-building, preventive diplomacy, and practical cooperation in the disputed sea. This happens at both the ASEAN-China level and between claimant states. For instance, there is the 2002 Declaration on the Conduct of Parties in SCS (DOC), 2016 Guidelines for Hotline Communications among Senior Officials of the Ministries of Foreign Affairs of China and ASEAN Member States, the first ASEAN-China maritime exercise (2018), and the ongoing negotiations for a Code of Conduct (COC).

Between key claimants, bilateral consultation, joint military exercises, and joint marine scientific research were put up. The Philippines and China established a vice-ministerial-level bilateral consultation mechanism on SCS in 2016 that meets at least once a year. A proposed joint patrol this March 2026 was also reported.^{xl} The Philippines and Vietnam conducted joint marine scientific research expeditions in the SCS. Malaysia and China engaged in regular

military exercises focused on humanitarian assistance and disaster relief (HADR) that had since involved other ASEAN countries.

Establishing direct lines of contact between militaries and coast guards can help avoid incidents. Diplomatic channels can help dial down tense situations and prevent crises. Defence and coastguard diplomacy can help discourage unsafe and unprofessional conduct at sea and open spaces for joint training in capacities like search and rescue, disaster response, and marine environment protection, among others. Practical cooperation, like joint development arrangements, can allow parties to extract offshore petroleum in overlapping maritime areas without getting into tedious delimitation or undermining of respective claims. However, despite the obvious benefits, receptiveness to these measures is uneven among coastal states. Malaysia is the most open to joint development and has abundant state practice, while China is increasingly investing in defence diplomacy.

Institutionalisation and continuity are among the challenges confronting CBMs and practical cooperation. CBMs among rival claimants' wax and wane depending on the orientation of the prevailing national leadership. For instance, active defence and coast guard exchanges between the Philippines and China under the previous Duterte government were not sustained under the current Marcos Jr. administration. The same can be observed in the area of practical cooperation. In 1996, Manila and Hanoi conducted their first joint marine research in the SCS, but this was followed by a long interval, with the subsequent three iterations taking place in 2000, 2005, and 2007.^{xlii} No further expeditions have taken place since then, although there have been periodic proposals to revive the initiative.^{xliii} A bilateral Joint Marine Seismic Undertaking (JMSU) between the national oil companies of the Philippines and China became trilateral in 2005 when Vietnam joined. However, the deal was discontinued in 2008.^{xliiii}

Giving full play to communication channels and allowing CBMs to mature are important to make them enduring. Trust and confidence-building take time, especially in cases where the deficit is high, as is the case for the Philippines' views towards China. In such a context, a bad experience can easily leave a lasting impression.^{xliv} It can lead to poor expectations from such mechanisms and even calls to scrap them altogether.

Overall, bilateral ties play a big factor in the health and survivability of CBMs and practical cooperation. When relations between parties are stable and strong, existing mechanisms are resorted to, most commitments are generally observed, and there is interest in exploring new ones. Resource cooperation in the flashpoint can be a sensitive national issue, so leadership needs to have the political will to convey the importance of such a deal to its domestic constituency and muster the courage to implement it. In the Philippine case, constitutional and legal constraints, not to mention domestic political opposition, may complicate efforts to pursue joint development even if leadership expressed interest, as was the case during the past Arroyo (2001-2010) and Duterte (2016-2022) governments.

At the regional level, ASEAN and China have worked together to preserve peace and stability in the SCS. In 2002, the two sides signed the Declaration on the Conduct of Parties in the South China Sea. Joint working group meetings and Senior Officials' Meetings (SOMs) have been held regularly for the implementation of the DOC. Since 2018, negotiations for a Code of Conduct have started, and leaders of ASEAN countries and China have reaffirmed their commitment to concluding a substantive and effective Code of Conduct that is in accordance with international law.

ASEAN-led platforms like the East Asia Summit (EAS), ASEAN Regional Forum, and ASEAN Defence Ministers Meeting (ADMM) have

encouraged dialogue and cooperation on maritime matters. The East Asia Summit (EAS) has maritime cooperation as one of its 16 streams of work. The ASEAN Regional Forum (ARF) promotes confidence-building and practical cooperation through activities such as joint maritime safety drills and marine scientific research. The ADMM-Plus established an information-sharing portal to support capacity building and counter transnational threats.

The involvement of third parties, contrary to the aspired dual track approach, is neither unanimously welcomed nor effective, as evidenced by the US attempted mediation for a simultaneous withdrawal of Philippine and Chinese government ships to end a standoff in the SCS in 2012 from the contested feature during their 2012 standoff.^{xlv}

Efforts to foster peace, stability and cooperation in the South China Sea have never stopped. Some recent developments give reason to be hopeful. The entry into force of the UN High Seas Treaty may provide a basis for establishing marine parks in maritime commons like the SCS. The first Common Fisheries Resource Analysis for skipjack tuna that brought together regional scientists and policymakers from five SCS coastal states was successfully concluded in 2022.^{xlvi} This can serve as a template for future joint fish stock assessments of other commercial species in the sea. Coordinated fishing bans may help depleted fishing stocks recover to sustain catch, especially for artisanal fishermen. New hotlines between frontline maritime actors, more crisis management tools, and burgeoning defence diplomacy are also encouraging. The rescue operation by the China Coast Guard of 17 distressed Filipino crew whose ship sank in the SCS is an exhibit of a public good that claimants can extend to ships and aircraft traversing the semi-enclosed sea and the airspace above it. Finally, emerging strategic dialogues, such as the 2025 Indonesia-China 2+2 Dialogue and the 2024 Vietnam-China 3+3 Dialogue, can enhance trust and deepen

cooperation. Sound ties between claimants create better conditions to handle differences. Such bilateral engagements are vital building blocks that can reinforce regional CBMs.

In sum, the SCS is not just an issue to be resolved by the parties directly involved, but also an arena where ASEAN-led regionalism is continually tested and renewed through engagement with China.

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Chapter 5

The South China Sea Issue in China-ASEAN Relations: Historical Practice and Regional Experience

ZHANG Jie

The interactive process between China and ASEAN countries in managing the South China Sea issue and promoting regional cooperation demonstrates that both sides prioritise development and are committed to regional cooperation; adhere to the diplomatic principles of peaceful coexistence and the security concept of Common, Comprehensive, Cooperative, and Sustainable Security; and uphold the East Asian approach as the key to properly handling development and security issues. In the future, China and ASEAN should strengthen strategic alignment, continue to focus on regional economic cooperation, and achieve sustainable security in the region through sustainable development, thereby ensuring stability in the South China Sea and seeking its ultimate resolution.

Introduction

While the South China Sea issue represents a prominent challenge in China-ASEAN relations, both sides have consistently prioritised regional stability since the inception of their dialogue relations. Despite the complexity of these maritime differences, the two sides have effectively managed potential risks, ensuring that no large-scale conflict has occurred and maintaining the broader momentum of

strategic cooperation. This has transformed a once hostile and confrontational region into one characterised by amity, stability, peace, and development.^{xlvii} Against the backdrop of increasing instability and uncertainty in the global security landscape, analysing this case study will contribute to achieving lasting peace in the South China Sea and fostering a closer China-ASEAN community with a shared future.

Research indicates that the successful practices of China and ASEAN countries in peacefully managing the South China Sea issue, advocating common, comprehensive, cooperative, and sustainable security, and prioritising development while focusing on regional cooperation, are highly consistent with the core tenets of the Global Development Initiative (GDI), the Global Security Initiative (GSI) and Global Governance Initiative (GGI). The management of the South China Sea issue and the advancement of regional cooperation between China and ASEAN have been mutually influential and reinforcing.

Regional Practice: China and ASEAN's Proper Handling of the South China Sea Issue Concurrent with Advancing Regional Economic Cooperation

The process by which China and ASEAN countries have managed the South China Sea issue while advancing regional cooperation can be divided into three phases: the initial phase of consultations on the Declaration on the Conduct of Parties in the South China Sea (DOC) and the preliminary launch of regional cooperation (1992-2002); the phase following the signing of the DOC, characterised by accelerated regional cooperation (2003-2011); and the phase involving simultaneous implementation of the DOC and negotiations on a Code of Conduct (COC), alongside deepening China-ASEAN cooperation (2012-present).

The first phase began in the early post-Cold War period. Owing to historical legacies and a long period of estrangement, there existed a deficit of strategic mutual trust between ASEAN and China. Consequently, ASEAN invited China to attend the ASEAN Foreign Ministers' Meeting, hoping to "socialise" China through engagement. In 1991, China engaged in a dialogue relations ASEAN.

At that time, the primary focus of dialogue and consultation between China and ASEAN was political and security issues, with ASEAN particularly concerned about the South China Sea, viewing it as a key security issue affecting relations with China. After repeated consultations, in December 1997, China and ASEAN countries held a summit and issued a joint statement, explicitly committing to resolving disagreements or disputes between them through peaceful means, without resorting to the threat or use of force; and, pending a final resolution, to exploring ways for cooperation in relevant areas.^{xlvi} Throughout this process, China and ASEAN enhanced understanding and trust through sincere communication, and ASEAN gained a greater appreciation of China's commitment to peaceful development. In July 1996, China's partner status was upgraded to a full "Dialogue Partner," establishing a comprehensive dialogue partnership. Following the 1997 Asian financial crisis, leaders of China and ASEAN held their first dialogue and established the "Partnership of Good-neighbourliness and Mutual Trust Oriented Towards the 21st Century." The deepening economic ties enhanced mutual strategic trust and created conditions for comprehensive East Asian cooperation, the formation of regional identity, and the development of regional rules and mechanisms, which in turn highlighted the shared need for maintaining regional security and stability.

In 2002, China and ASEAN countries signed the DOC, reflecting their commitment to promoting peace, stability, and mutual trust in accordance with international law, including the United Nations Convention on the Law of the Sea (UNCLOS).^{xli} The DOC played a

positive role at the time in easing tensions in the South China Sea and provided action guidelines for initiating maritime cooperation, albeit such cooperation remained quite limited.¹ The de-escalation of the South China Sea issue, in turn, created conditions for China and ASEAN to focus more intently on regional cooperation.

The second phase covers the decade following the signing of the DOC. During this period, the parties concerned in the South China Sea exercised relative self-restraint, refrained from occupying new features, and no major maritime frictions occurred among them. Moreover, China and ASEAN countries actively implemented the spirit of the DOC, promoting cooperation in areas such as marine environmental protection, marine scientific research, safety of navigation and maritime communication, search and rescue, and combating transnational crime. They convened joint working group meetings and Senior Officials' Meetings (SOMs). Concurrently, China, the Philippines, and Vietnam explored trilateral cooperation in marine energy resources exploration.

Simultaneously, China-ASEAN cooperation developed rapidly, achieving remarkable progress in strategic alignment, institution-building, and economic cooperation. In 2002, China and ASEAN signed the Framework Agreement on Comprehensive Economic Cooperation. In 2003, China acceded to the Treaty of Amity and Cooperation in Southeast Asia (TAC), becoming the first major country outside Southeast Asia to do so and the first to establish a Strategic Partnership with ASEAN. China and ASEAN countries also achieved strategic alignment, successively formulating two Plans of Action to Implement the Joint Declaration on the China-ASEAN Strategic Partnership for Peace and Prosperity (covering 2005-2010 and 2011-2015), which coordinated the cooperation agenda across the three pillars of political-security, economic, and socio-cultural affairs. In January 2010, the China-ASEAN Free Trade Area (CAFTA) entered its fully-fledged stage. Following China's lead, ASEAN

subsequently initiated similar negotiations with South Korea, Japan, Australia, New Zealand, and India, gradually building a network of FTAs centred around the “10+1” framework. It can be argued that China's pioneering role in establishing various cooperation mechanisms with ASEAN spurred healthy competition among major regional countries to enhance their own cooperation with ASEAN, accelerating the entire East Asian region's rapid progress towards integration. This played a significant role in constructing regional strategic stability and shaping the peace architecture in East Asia.

The third phase roughly began around 2012. In response to changes in the regional environment and the resurgence of tensions over the South China Sea, China and ASEAN countries, while continuing to implement the DOC, restarted negotiations on COC in the South China Sea, committed to stabilising the overall situation through dialogue and peaceful means. During this phase, the United States gradually emerged as a critical external factor influencing China-ASEAN relations. Around 2010, facing China's rise, the US adjusted its long-standing “offshore balancing” strategy, pivoting to “rebalancing” towards the Asia-Pacific and eventually unveiling its “Indo-Pacific Strategy.” Its policy towards China also shifted from engagement and cooperation to competition and cooperation, eventually leading to comprehensive containment. In this process, the US leveraged the South China Sea issue as a key tool, under the banners of upholding freedom of navigation and overflight and establishing a “rules-based” regional order, attempting to persuade allies and partner countries to join in forming an encirclement of China.

Consequently, the South China Sea situation entered a turbulent and volatile period around 2010. Successive incidents occurred. Furthermore, US involvement in the South China Sea issue gradually shifted from “behind-the-scenes” to “frontstage,” pushing the issue towards militarisation, legalisation (judicialisation), sensationalism in

public opinion, and internationalisation, resulting in persistent instability.

In contrast, during this period, having jointly weathered the 2008 global financial crisis, China and ASEAN saw their cooperation transitioning from a “Golden Decade” to a “Diamond Decade.”^{li} Notably, China's proposal of the Belt and Road Initiative (BRI) and the initiative to build a closer China-ASEAN Community with a shared future in 2013 injected new momentum into bilateral cooperation. Subsequently, since 2021, the two sides have worked together to deepen cooperation under the Global Development Initiative. In 2022, both sides worked together to bring the Regional Comprehensive Economic Partnership (RCEP) into force, established a Comprehensive Strategic Partnership, and China actively promoted alignment with the ASEAN Outlook on the Indo-Pacific (AOIP). Both parties consistently committed to building open and inclusive regional economic cooperation.

The steady progress of regional cooperation served as a “ballast” for China-ASEAN relations, fostering consensus on stabilising the broader South China Sea situation. First, in 2011, China and ASEAN countries reached an agreement on the implementation guidelines for the DOC, and in 2013, they formally launched the COC negotiation process. Second, both sides gradually improved maritime crisis management mechanisms. For instance, in September 2016, they reviewed and adopted the Joint Statement on the Application of the Code for Unplanned Encounters at Sea (CUES) in the South China Sea and the Guidelines for the Establishment of a Hotline Platform among China and ASEAN Member States for Responding to Maritime Emergencies at the Senior Officials’ Level. In 2023, they conducted a hotline exercise to prevent accidental collisions from escalating tensions. Third, China and ASEAN countries persistently advanced maritime cooperation to demonstrate strategic consensus on maintaining stability, exemplified by the first joint maritime military

exercise between China and all ASEAN member states in 2018, aimed at strengthening strategic trust. Finally, China established bilateral maritime dialogue mechanisms with all relevant ASEAN claimant states. Despite frequent maritime frictions in recent years, the bilateral maritime dialogue mechanism between China and the Philippines, for instance, has not been interrupted, playing a positive role in reducing miscalculations and contributing to the peaceful resolution of disputes.

Looking back at the practice over more than three decades, the consensus on development and the achievements in regional cooperation have stabilised the overall China-ASEAN relationship and the South China Sea situation. This highlights a “crisis-driven” cooperation model formed through long-term practice in East Asia: namely, the more crises and difficulties arise, the more the parties involved can turn crises into opportunities through dialogue and communication, thereby generating new cooperation mechanisms and dynamics.

Underlying Reasons and Regional Experience in China-ASEAN's Proper Handling of the South China Sea Issue

The success of China and ASEAN countries in balancing the management of the South China Sea issue with the promotion of regional cooperation stems from adhering to the Five Principles of Peaceful Coexistence and practicing a new security concept in handling the South China Sea issue; prioritizing development in strategic implementation and maintaining a development orientation based on openness, inclusiveness, and cooperation; and finally, the “East Asian model” ensures the flexibility and sustainability of China-ASEAN institution-building.

First, both China and ASEAN countries endorse a foreign policy of peaceful coexistence and support the security concept of resolving

disputes through peaceful means. In various political declarations, including the DOC, China and ASEAN have repeatedly reaffirmed their commitment to “the purposes and principles of the Charter of the United Nations, the 1982 UNCLOS, the TAC, the Five Principles of Peaceful Coexistence, and other universally recognised principles of international law as basic norms governing relations among states.”ⁱⁱⁱ Notably, the TAC explicitly stipulates the settlement of disputes through friendly consultations, refraining from the threat or use of force, which is highly consistent with the Five Principles of Peaceful Coexistence and the Bandung Spirit. The TAC is a foundational political document for ASEAN, and acceptance of the TAC is a prerequisite for establishing dialogue relations with ASEAN. China was among the first proponents of the Five Principles of Peaceful Coexistence, and in October 2003, it formally acceded to the TAC, becoming the first country outside Southeast Asia and the first major power to establish a strategic partnership with ASEAN. Therefore, resolving the South China Sea issue through dialogue, consultation, and peaceful means aligns with the diplomatic and security philosophies of both China and ASEAN countries.

Second, both China and ASEAN countries adhere to prioritising development. Since its reform and opening-up, China has centred on economic development and pursued a foreign policy of amity, sincerity, mutual benefit, and inclusiveness, and the principle of fostering friendship and partnership with its neighbours to build a harmonious, secure, and prosperous neighbourhood. ASEAN, after achieving regional peace in the 1990s, shifted its focus to community building and constructing a broader regional free trade network centred on ASEAN. It is fair to say that from the outset of their commitment to economic development, China and ASEAN emphasised the importance of cooperative development and actively practised it. Building on this foundation, China and ASEAN countries jointly overcame the 1997 Asian financial crisis and the 2008 global financial crisis, playing a vital role in making the Asia-Pacific a global

engine of economic growth. The main thread running through the development of China-ASEAN relations has always been regional cooperation. Although the South China Sea issue is the most important security concern, it has not been a defining, overarching issue affecting the overall trajectory of China-ASEAN relations. The consensus on development determines that China and ASEAN tend to adopt a common and cooperative security concept.

Finally, the “East Asian Way” constitutes an important regional experience in the development of China-ASEAN relations. The essence of the “East Asian Way” is decision-making through consultation and consensus based on sovereign equality. Its core spirit is respecting diversity, accommodating differences, and proceeding gradually. As seen during the DOC consultations, the initial goal was to achieve a “Code of Conduct.” However, to respect all parties’ views, the parties ultimately adopted a flexible approach, resulting in the less legally stringent DOC. Simultaneously, they did not abandon the goal of formulating a COC but agreed to proceed gradually, accommodating each other's comfort levels while interacting on an equal footing.

Future Strategic Choices for China and ASEAN in Maintaining Stability in the South China Sea

Facing the profound impact of major-power rivalry on the Asia-Pacific situation, ASEAN has proactively undertaken strategic adjustments, adhering to “great power balance,” focusing on regional economic development, and seeking to re-establish its centrality in the regional architecture. China has proposed the overarching goal of building a Community with a Shared Future with its neighbours. Using this as guidance for the development of bilateral relations, China and ASEAN should:

First, prioritise regional economic cooperation to promote sustainable development in the South China Sea. Currently, China and ASEAN countries should continue to promote bilateral and multilateral economic cooperation as a “ballast stone” for stabilising the South China Sea situation. China should strengthen alignment with the AOIP, persist in innovation-driven development, expand green cooperation, tap into new drivers of economic growth for all parties, and maximise the cooperative dividends unleashed by RCEP. Emphasis should be placed on promoting scientific, technological, and innovation cooperation, providing new pathways for South China Sea governance cooperation, enhancing both the protection and development of the marine environment, and seeking win-win outcomes in maritime cooperation.

Second, adhere to the New Security Concept featuring common, comprehensive, cooperative, and sustainable security to maintain peace and stability in the South China Sea. This new security concept emphasises respecting the sovereignty and territorial integrity of all states, resolving international disputes peacefully through dialogue and consultation, accommodating the legitimate security concerns of all countries, and promoting security through development. These principles not only encapsulate the existing practices of China and ASEAN countries in maintaining stability in the South China Sea but also provide guidance for future expansion and deepening of security cooperation in the area. Going forward, China should continue to advance COC consultations with ASEAN countries, seeking mutually acceptable rules and institutions. On this basis, efforts could be made to establish a dialogue mechanism among South China Sea claimant states, serving as a useful supplement to the ASEAN-centred regional security architecture. Furthermore, China can leverage its advantages in high-tech fields to promote maritime cooperation with ASEAN countries in non-traditional security areas.

Finally, achieve the dialectical unity of development and security regarding the South China Sea issue. China and Southeast Asian countries share extensive and profound economic ties. All parties should continue to consolidate the consensus on development and seek new pathways to overcome regional security dilemmas through sustainable development. Specifically, in the South China Sea region, the countries concerned differ in their political systems, governance models, and stages of economic development. These differences make some mutually beneficial cooperation measures difficult to implement in the short term. However, as countries' economic levels rise and their governance capacities improve, regional governance cooperation might become possible in the future. Therefore, maintaining sustainable regional development will ultimately contribute to achieving regional security and stability.

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Chapter 6

Towards Active ASEAN-China Security Cooperation

HIM Raksmeay

ASEAN-China relations have spanned for more than three decades. Grounded with mutual interests, ASEAN-China ties have developed and expanded rapidly, with security cooperation emerging as a substantive area of partnership underpinned this close relationship. In 2021, owing to the significant growth of relations, China became among the first dialogue partners to be accorded as a comprehensive strategic partner to ASEAN – the highest diplomatic status for the regional bloc to date. As ASEAN and China are about to celebrate the fifth anniversary of their Comprehensive Strategic Partnership (CSP), this paper will deliberate the state of security cooperation between the two sides by exploring its evolving patterns and characteristics, drawing upon extensive details from official documents, particularly the ASEAN-China Plans of Actions from 2005-2030 along with relevant key joint statements which lay out what both sides agree to engage with one another in the security aspect. The article will also discuss future prospects and ways forward to further enhance active ASEAN-China security cooperation.

ASEAN and China have had substantive security cooperation, with an emphasis on dialogues and norm socialisations. Building upon the close overall ASEAN-China relations, the prospects of enhancing more active security cooperation between both sides require growing comfort levels with one another. Fostering more political trust between both sides is very important for the sustained ASEAN-China relations, especially in the area of expanded security cooperation. As

for ways forward, it is vital for ASEAN and China to consistently harness their comprehensive strategic partnership to foster the important political trust necessary to enhance a greater level of active security cooperation between the two sides through norm implementations. This would help reinforce ASEAN-led regional security mechanisms and contribute to developing a regional cooperative security order within the comfortability of ASEAN and its key partners such as China. A more active security cooperation between ASEAN and China would not only be positive the overall trajectory of relations between both sides, but would also contribute importantly to regional peace, stability, and prosperity.

Introduction

Association of Southeast Asian Nations (ASEAN)–China relations have spanned for more than three decades. Although Beijing had prior relations, in various shapes and forms, with ASEAN member states, the commencement of the official relationship between ASEAN as an institution and China began modestly only in July 1991, amidst the winding down of the Cold War. At that time, China’s Foreign Minister Qian Qichen attended the opening session of the 24th ASEAN Ministerial Meeting (AMM) in Kuala Lumpur as a guest of Malaysia, and expressed China’s keen interest in cooperating with ASEAN for mutual benefit.^{liii} The “informal” meeting between the Foreign Ministers of ASEAN and China took place,^{liv} beginning a process of consultations that eventually led to a formal establishment of the dialogue partnership between the two sides at the 29th AMM in Jakarta.^{lv}

Having China as a formal dialogue partner for ASEAN was significant for both sides as this relationship happened in the context of the post-Cold War environment – the environment filled with reduced interstate armed conflicts and a growing tendency towards regional cooperation. ASEAN was at a time of its institutional reinvention to

become a more formal and ambitious regional organisation.^{lvi} Eager to enhance its national development processes, China pursued a policy of engagement with ASEAN as part of its good-neighbourly diplomacy.^{lvii}

Since then, grounded with mutual interests, ASEAN–China ties have developed and expanded rapidly with multifaceted cooperation areas ranging from political security, economic and socio-cultural aspects (See Table 1). After jointly defining the relationship as a “partnership of good neighbourliness” in 1997, ASEAN and China became strategic partners for peace and prosperity merely six years later. In 2003, China became the first dialogue partner to accede to the Treaty of Amity and Cooperation in Southeast Asia (TAC), a key regional instrument comprising key principles such as sovereign equality and peaceful dispute settlements.^{lviii} TAC is one of the most important ASEAN’s legally binding instruments aimed at being a code of conduct governing inter- and extra-regional relations in the region. China’s accession to TAC proved to be a positive factor, encouraging other extra-regional partners to do so as well. As of July 2025, 57 High Contracting Parties (HCPs) have signed TAC, including all five permanent members of the United Nations Security Council.^{lix} Less than twenty years later, in 2021, owing to the significant growth of relations, China became among the first dialogue partners to be accorded as a comprehensive strategic partner to ASEAN – the highest diplomatic status for the regional bloc to date. As ASEAN and China is about to celebrate the fifth anniversary of their Comprehensive Strategic Partnership (CSP), the growth trajectory of the ties between the two sides is pointing upwardly given the depth and breadth of their relationship. Among key components of partnership, security cooperation is an important area of cooperation underlined in the close relationship between ASEAN and China.

In this regard, this paper will deliberate the state of security cooperation between ASEAN and China by exploring its evolving patterns and characteristics, drawing upon extensive details from primary documents, particularly the ASEAN-China Plans of Actions from 2005-2030 along with relevant key joint statements which lay out what both sides agree to engage with one another in the security domain. The article will also discuss future prospects and ways forward to further enhance ASEAN-China security cooperation.

State of ASEAN-China Security Cooperation

Security cooperation between ASEAN and China has evolved over time. Analysing based on the contents of the ASEAN-China Plans of Actions (POA) from 2005 to 2030, which are in effect cooperation agreements adopted by heads of state/government of both sides, reflects dynamics in the patterns and characteristics of security cooperation, although many of the essences remain relatively the same.

In general, ASEAN-China security cooperation has incrementally advanced on areas acceptable for both sides within a framework of confidence-building measures – with norm socialisations and dialogues as the notable features. Emphasis has placed on cooperation on security areas deemed non-sensitive and functional. Sensitive issues, particularly ones related to traditional security challenges, have been mildly mentioned with a focus of affirmations of general principles that are within comfort levels of both sides.

Notably, ASEAN-China security cooperation has, over the years, witnessed important evolving trends including increasing specificity of commitments, greater emphasis on norm implementations after the elevation to CSP, normalisation of multilateral defence cooperation, and widening scope of non-traditional security.

In terms of key purposes, as shown in Table 2, there has been a progression from generalities to specificities from one POA to another. It reflects growing comfort levels by both sides to work together to achieve a consensus on cooperation in areas of mutual interest. For example, the first three POAs (2005-2010, 2011-2015 and 2016-2020) were general regarding the objective of what they want to achieve in deepening and broadening ASEAN-China relations. POA (2021-2025) was similar to the previous three but added affirming “China’s support for ASEAN Centrality and all ASEAN-led mechanisms.”

However, the latest POA (2026-2030), which is the first one prepared after the CSP elevation, has more specific key purposes. Besides the usual languages, it also has a stronger statement of action, calling “for strengthening existing ASEAN-China mechanisms by improving coordination, monitoring, and review processes, as appropriate, to ensure the effective and timely implementation of its action lines.”

As for key areas of security cooperation between ASEAN and China, the lines of items, except with a few variations, have been relatively consistent both before and after CSP. They cover aspects such as regular high-level exchanges, Treaty of Amity and Cooperation in Southeast Asia (TAC), Protocol to the Treaty on the Southeast Asia Nuclear-Weapon-Free Zone, South China Sea, Human Rights, Non-traditional Security, and Military Exchanges and Cooperation (See Table 2). In the last two POAs, cooperation to combat transnational crimes has been more visible due to heightened attention on these issues from both sides. In the recent POA (2025-2030), the cooperation section of Non-traditional Security was renamed to Transnational Crimes, although many components of the former remain in the lines of action under the new name.

Regarding the characteristics of cooperation on the security front, both ASEAN and China focus on norm socialisations (See Tables 3 and

5) and dialogues in areas such as humanitarian assistance and disaster relief, maritime security, counterterrorism, peacekeeping operations, military medicine, humanitarian mine action, and cyber security (See Table 4). This is substantive, compared with what ASEAN has been able to do with other key dialogue partners.^{lx} These cooperation areas are also quite significant, considering that both ASEAN and China generally are more reserved on security cooperation, particularly defence partnership, at a multilateral level.^{lxi} However, more time, trust and engagement efforts are needed to further elevate characteristics of the ASEAN–China security cooperation to a higher level beyond norm socialisations and dialogues in order to enhance norm implementations that contribute to more regional cooperative security behaviours.

In addition, compared to the elaborated extent of security and economic cooperation areas, it has become clear that ASEAN and China have focused priority efforts on collaborating more on the economic front (See Table 6). This is understandable, given that economic cooperation is mutually beneficial and less sensitive compared to cooperating in the security dimension.

ASEAN–China security cooperation reflects the sense of modesty in what both sides want to realistically achieve in engaging with one another. As immediate neighbours, ASEAN and China share an interest in developing a regional cooperative security order that promotes regional cooperation in the security domain but within their own comfortability. For ASEAN, this approach in cooperating with China in the security domain has been deliberate. It is a way for a regional organisation with diverse member states to manage relations with an immediate neighbour with growing powers that can be perceived as both opportunities and challenges. It is also about ASEAN exercising its agency to socialise its norms and mechanisms in engaging key partners such as China in a regional cooperative security order, espoused by general but important norms and

principles of which ASEAN has comfortably been championing. For China, engaging with ASEAN is within its comfort levels of strategic calculus. It broadens spaces for China to project its peaceful regional image, and advance relations with ASEAN and its members while cooperating in security areas within its comfortability.

The cooperation in the security domain between ASEAN and China, particularly in dialogue and norm socialisation, is part of the overall reinforcing and refining ASEAN-led regional cooperative frameworks that are within the acceptability of both sides – underpinned by the key instruments such as TAC, and undertaken actively in regional mechanisms including ASEAN Political-Security Community building efforts, ASEAN Regional Forum (ARF), and ASEAN Defence Ministers' Meeting Plus (ADMM Plus).

Prospects and Ways Forward for ASEAN-China Security Cooperation

Political Trust

While the existing state of overall ASEAN-China relations has been remarkable, the prospects of enhancing more active security cooperation between both sides require growing comfort levels with one another. Fostering more political trust between both sides is very important for the sustained ASEAN-China relations, especially in the area of expanded forms of security cooperation.

Although China is considerably influential in the region in almost all key dimensions from economic, political and strategic spheres (See Tables 8, 9, 10, 11, 12 and 13) with the exception of defence networks (See Table 11), there have remained perceptions in ASEAN of averagely having limited confidence on China (See Table 7). While perceptions are subjective and dynamic as well as perceptions between ASEAN as a collective entity and individual ASEAN member states might vary, it is vital for both ASEAN and China to intensify

efforts to engage with one another based on mutual interests. Particularly, both sides need to further nurture ways to pursue peaceful settlements or management of existing disputes, such as those in the South China Sea, based on principles of international law, and the spirit of good neighbourliness and fairness, while taking into account one another's legitimate interests.

Norm Implementations

As for ways forward, ASEAN and China should consistently harness their close overall relationship to foster the important political trust necessary to enhance a greater level of security cooperation between the two sides through norm implementations.

Security dialogues between the two sides should be underpinned with directions and supported by robust strategies and resources to nurture concrete actions on the ground towards developing a regional cooperative security order that both ASEAN and China have more comfort levels with one another, and are more willing to cooperate substantively in the area of security beyond dialogues.

Concretely, ASEAN and China should consider forming a dedicated task force, backed by sufficient resources, between the two sides with a mission of implementing norms of security cooperation as stipulated in the POA. At the initial stage, this task force should focus on areas that are functional and comfortable for both sides. In this regard, it should consider pilot small-scale norm implementation projects on norms such as interoperability of humanitarian assistance and disaster relief (HADR), and demining collaborations. This is to foster regional cooperation patterns on security between the two sides that would enhance comfortability with one another. Greater comfort levels are important if ASEAN and China want to pursue deeper and larger-scale security cooperation in areas that are perceived to be more sensitive.

Peaceful Dispute Settlements

Moreover, it is imperative for both ASEAN and China to continue to not only engage in norm socialisation, but also actively develop in place practical mechanisms to promote norm implementations in the security domain, particularly peaceful dispute settlements. Nurturing peaceful settlements of disputes, in both norm socialisations and implementations, is crucial for regional peace and prosperity, enabling a more cooperative regional order that in turn enhances ASEAN and China to forge closer ties on security. As shown in Tables 1, 2, 3, 4 and 5, norm socialisations have been prevalent in the security relationship between ASEAN and China. Building upon this existing elaborated partnership, both sides should work together more actively to develop concrete mechanisms to implement such norms. As ASEAN and China have consistently socialised and cooperated under the principled framework of the Treaty of Amity and Cooperation (TAC) and the ASEAN Charter (See Table 14), these two primary instruments can be comfortable starting points for both sides to develop step-by-step mechanisms to implement more effectively peaceful dispute settlements ranging from early warning system of disputes, dispute preventions, dispute managements, dispute resolutions and dispute resolution enforcements.

Such norm implementations are crucial in forging and sustaining regional peace and stability. For example, the July 2025 and December 2025 armed conflicts between Cambodia and Thailand, along with associated tensions prior to and after the clashes, have shown continued limitations of ASEAN peaceful settlement mechanisms. Malaysia, as ASEAN Chair, and external partners such as the US, China, and Japan have been active in brokering the Cambodia-Thailand ceasefire agreement and promoting peaceful resolutions.

However, there should be a more institutionalised regional process that puts in place actionable mechanisms that are timely and

responsive to lay out steps from the early warning to the dispute resolution and enforcement phases. This is an area of concrete normative developments in security cooperation that ASEAN and China could jointly champion and translate into actionable mechanisms.

In the early stage, both sides should consider initiating informal discussions within ASEAN-China security cooperation frameworks on ways to enhance regional dispute settlement mechanisms, particularly equipping and institutionalising regional processes to undertake key aspects such as self-restraints and early warning systems of disputes. These useful conversations could contribute to more regional momentum and add more strategic weight to foster a more concrete and robust process in peaceful mechanisms to settle disputes in the region. The involvement of China in working with ASEAN in this matter would have positive contributions for regional peace and stability, similar to the effects of China's TAC accession more than twenty years ago.

Conclusion

ASEAN and China have had substantive security cooperation, with an emphasis on dialogues and norm socialisation. Building upon the close overall ASEAN–China relations, the prospects of enhancing more active security cooperation between both sides requires growing comfort levels with one another. Fostering more political trust between both sides is very important for the sustained ASEAN–China relations, especially in the area of expanded forms of security cooperation. As for ways forward, it is vital for ASEAN and China to consistently harness their comprehensive strategic partnership to foster the important political trust necessary to enhance a greater level of security cooperation between the two sides through norm implementations. This would help reinforce ASEAN-led regional security mechanisms and contribute to developing a regional cooperative security order within the comfortability of ASEAN and its key partners such as China. A more active security cooperation between ASEAN and China would not only positively impact the overall trajectory of relations between both sides, but would also contribute importantly to regional peace, stability and prosperity.

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ANNEXES

Table 1 Key ASEAN-China Joint Statements from 1997 to 2021

Year	Official Title of Joint Statement	Key Messages
1997	ASEAN-China Cooperation Towards the 21 st Century	"...ASEAN member states and China regarded the development of a partnership of good-neighbourliness and mutual trust between them as an important policy objective for relations between ASEAN and China in the 21 st century."
2003	Strategic Partnership for Peace and Prosperity	"...ASEAN and China establish a strategic partnership for peace and prosperity...to foster friendly relations, mutually beneficial cooperation and good neighbourliness between ASEAN and China by deepening and expanding ASEAN-China cooperative relations in a comprehensive manner in the 21 st century, thereby contributing further to the region's long-term peace, development and cooperation. This strategic partnership is non-aligned, non-military, and non-exclusive, and does not prevent the participants from developing their all-directional ties of friendship and cooperation with others."
2013	Commemoration of the 10 th Anniversary of the ASEAN-China Strategic Partnership	"...China affirms that ASEAN that is united, prosperous and dynamic, is in China's strategic interests. China views ASEAN as a priority in its relations with neighbouring countries and is committed to consolidating and developing a strategic partnership with ASEAN and resolving differences with

		relevant ASEAN countries through peaceful means and friendly consultations...ASEAN reaffirms that China's development is an important opportunity for this region. ASEAN supports China's peaceful development..."
2018	ASEAN-China Strategic Partnership Vision 2030	"... Recognising the current peace and stability in the region should not be taken for granted, it is important to strengthen mutual trust and confidence, and improve cooperation between ASEAN and China... Advance the ASEAN-China Strategic Partnership to new heights by forging closer cooperation for a mutually beneficial future of ASEAN and China..."
2021	The 30 th Anniversary of ASEAN-China Dialogue Relations: Comprehensive Strategic Partnership for Peace, Security, Prosperity and Sustainable Development	"...Recognising that, as close neighbours, ASEAN-China relations over the past 30 years have significantly grown and matured in tandem with both sides' development... Advance ASEAN-China cooperation in all fields which contributes to the building of an open, inclusive and sustainable region that enjoys peace, security, prosperity and sustainable development, jointly announce the establishment of an ASEAN-China Comprehensive Strategic Partnership that is meaningful, substantive and mutually beneficial..."

Compiled by the Author

Table 2 Security Cooperation Areas

In the ASEAN-China Plans of Actions (POA) from 2005 to 2030

Period of Years	Key Purposes	Key Areas for Security Cooperation
2005-2010	• Serve as the “master plan” to deepen and broaden ASEAN-China relations • Support the implementation of the Declaration of ASEAN Concord II, leading to an ASEAN Community.	Political and Security Cooperation 1. Regular High-level Contacts, Visits and Interactions 2. Mechanisms for Dialogue and Cooperation 3. Treaty of Amity and Cooperation in Southeast Asia 4. Protocol to the Treaty on the Southeast Asia Nuclear-Weapon-Free Zone 5. Declaration on the Conduct of Parties in the South China Sea 6. Cooperation in the Field of Non-traditional Security 7. Military Exchanges and Cooperation
2011-2015	• Continue to deepen the ASEAN-China Strategic Partnership for Peace and Prosperity and support the establishment of the ASEAN Community, in	Political and Security Cooperation 1. Regular High-Level Contacts, Visits and Interactions 2. Political Dialogue and Cooperation 3. Treaty of Amity and Cooperation in Southeast Asia 4. Protocol to the Treaty on

	conformity with their obligations under international law and in accordance with domestic law and policies of ASEAN countries and China.	the Southeast Asia Nuclear-Weapon-Free Zone 5. Declaration on the Conduct of Parties in the South China Sea (DOC) 6. Human Rights 7. Cooperation in the Field of Non-Traditional Security 8. Military Exchanges and Cooperation
2016-2020	• Enhance and elevate the strategic partnership, friendly relations, mutually beneficial cooperation, and good neighbourliness between ASEAN and China. • Address emerging regional and global challenges.	Political and Security Cooperation 1. Regular High-Level Contacts, Visits, and Interactions 2. Political Dialogue and Cooperation 3. Treaty of Amity and Cooperation in Southeast Asia 4. Protocol to the Treaty on the Southeast Asia Nuclear-Weapon-Free Zone 5. Declaration on the Conduct of Parties in the South China Sea (DOC) and towards a Code of Conduct in the South China Sea (COC) 6. Human Rights 7. Non-Traditional Security 8. Military Exchanges and Cooperation
2021-2025	• Enhance and elevate the strategic partnership,	Political and Security Cooperation 1. Deepen political and security dialogue and

	friendly relations, mutually beneficial cooperation, and good neighbourliness between ASEAN and China. • Serve as a guiding document to further strengthen ASEAN-China cooperation in areas of mutual interest, bringing tangible benefits to our peoples, as well as contributing to the promotion of peace, stability, prosperity and sustainability in the region. • Affirm China's support for ASEAN Centrality and all ASEAN-led mechanisms.	cooperation 2. Treaty of Amity and Cooperation in Southeast Asia 3. Continue consultation on the Protocol to the Treaty on the Southeast Asia Nuclear-Weapon-Free Zone 4. Fully and effectively implement the Declaration on the Conduct of Parties in the South China Sea (DOC) in its entirety and conclude a Code of Conduct in the South China Sea (COC) 5. Enhance cooperation on human rights 6. Combat transnational crimes and address other non-traditional security Issues 7. Enhance cooperation in anti-corruption 8. Enhance Defence cooperation
2021-2025 (Annex to POA 2021-2025: Advancing ASEAN-China Comprehensive Strategic	• Outline further commitments for ASEAN and China to deepen practical cooperation under the	Partnership for Peace 1. Enhance high-level exchanges 2. Commit to multilateralism, maintain an open and inclusive regional cooperation framework,

Partnership) ^{lxii}	Comprehensive Strategic Partnership (CSP).	support ASEAN Centrality in the evolving regional architecture, and realize an international system, founded on the principles of the Charter of the United Nations and based on international law 3. Support ASEAN community building 4. Support ASEAN's efforts to preserve the Southeast Asia Nuclear-Weapon-Free Zone, including through discussing the signing of the Protocol to the Treaty on the Southeast Asia Nuclear-Weapon-Free Zone by China Partnership for Security 1. Enhance strategic dialogue and practical cooperation 2. Strengthen exchanges and cooperation between the ASEAN Regional Mine Action Center (ARMAC) and the Ministry of Foreign Affairs and the Ministry of Defence of China 3. Continue to enhance exchanges and cooperation on human rights
2026-2030	• Serve as a guiding document to further	Political and Security Cooperation 1. Political and security

	strengthen ASEAN-China cooperation. • Contribute to the promotion of the ASEAN Community building and integration, including efforts to realize the ASEAN 2045: Our Shared Future and its Strategic Plans, and the strengthening of the ASEAN-China Comprehensive Strategic Partnership. • Affirm China's support for ASEAN Centrality and all ASEAN-led mechanisms acknowledging China's active efforts to promote closer ASEAN-China cooperation, including China's vision to build a closer ASEAN-China community with a shared future and taking	dialogue and cooperation 2. Treaty of Amity and Cooperation in Southeast Asia 3. Protocol to the Treaty on the Southeast Asia Nuclear-Weapon-Free Zone 4. Full and Effective Implementation of the Declaration on the Conduct of Parties in the South China Sea in Its Entirety and Early Conclusion of a Code of Conduct in the South China Sea 5. Human rights 6. Defence and Humanitarian Mine Action 7. Transnational Crime
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	note of China's initiative to build a peaceful, safe and secure, prosperous, beautiful and amicable home in the region. • Call for strengthening existing ASEAN-China mechanisms by improving coordination, monitoring, and review processes, as appropriate, to ensure the effective and timely implementation of its action lines.	
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Compiled by the Author

Table 3 Security Cooperation Area

On the Treaty of Amity and Cooperation in Southeast Asia (TAC)

In the ASEAN-China Plans of Actions (POA) from 2005 to 2030

Period of Years	Security Cooperation Area
2005-2010	• Continue to promote the role of the Treaty of Amity and Cooperation in Southeast Asia as a code of conduct for inter-state relations in Southeast Asia • Cooperate to urge other ASEAN Dialogue Partners to accede to the Treaty so as to enhance regional peace and security, prosperity, and mutual confidence and trust
2011-2015	• Uphold the spirit of the Treaty of Amity and Cooperation in Southeast Asia (TAC) to enhance regional peace, security, prosperity and mutual confidence and trust, including, among others, supporting ASEAN in conducting and hosting workshops and symposiums to assess the TAC implementation progress
2016-2020	• Uphold the purpose and principles of the Treaty of Amity and Cooperation in Southeast Asia (TAC) to enhance regional peace, security and prosperity as well as to promote mutual confidence and trust, including, among others, supporting ASEAN in convening workshops and seminars to assess the progress of the implementation of the TAC.
2021-2025	• Uphold the purpose and principles of the Treaty of Amity and Cooperation in Southeast Asia (TAC) and to enhance regional peace, security and prosperity as well as to promote mutual confidence and trust.
2026-2030	• Promote the purpose and principles of the TAC as well as the importance of all High Contracting Parties (HCPs) to fulfil, in good faith, their obligations assumed under the Treaty while continuing to enhance the relevance and visibility

	of the TAC in the region and beyond as well as exploring cooperation between the HCPs, including through activities such as the Conference of the HCPs to the TAC.
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Compiled by the Author

Table 4 Security Cooperation Area

On Military/Defence Cooperation

In the ASEAN-China Plans of Actions (POA) from 2005 to 2030

Period of Years	Security Cooperation Area
2005-2010	Military Exchanges and Cooperation • Promote mutual confidence and trust in the Defence and military fields with a view to maintaining peace and stability in the region; • Conduct dialogues, consultations and seminars on security and Defence issues; • Strengthen cooperation on military personnel training; • Consider observing each other's military exercises and exploring the possibility of conducting bilateral or multilateral joint military exercises; and • Explore and enhance cooperation in the field of peacekeeping.
2011-2015	Military Exchanges and Cooperation • Hold regular defence and security consultations between relevant countries, gradually expand cooperative forms and areas to enhance mutual confidence and trust in the defence and military fields with a view to maintaining peace and stability in the region; • Continue to strengthen exchanges involving high-level military personnel, professional groups, and conduct joint training and personnel exchanges; and

	• Support and participate in the ASEAN Defence Ministers' Meeting-Plus.
2016-2020	Military Exchanges and Cooperation • Promote dialogue and strengthen practical cooperation in areas including humanitarian assistance and disaster relief, maritime security, counterterrorism, peacekeeping, military medicine and humanitarian demining through the ASEAN Defence Ministers' Meeting Plus (ADMM-Plus) framework, including through the ASEAN-China Defence Ministers' Informal Meeting, so as to enhance mutual trust and confidence building and maintain regional peace and stability. • Continue to strengthen exchanges involving high-level military personnel, professional groups and academies, and vigorously conduct joint training and personnel exchanges at appropriate levels.
2021-2025	Defence Cooperation • Strengthen dialogue and practical cooperation in humanitarian assistance and disaster relief, maritime security, counter-terrorism, peacekeeping operations, military medicine, humanitarian mine action, and cyber security through the framework of the ASEAN Defence Ministers' Meeting Plus (ADMM Plus), to enhance mutual trust, confidence, capacity building and interoperability amongst ADMM-Plus countries in order to address security challenges and maintain regional peace, security and stability collectively; and • Subject to the ADMM's approval and based on mutual consensus, continue to promote dialogue through ASEAN-China Defence Ministers' Informal Meetings, to further strengthen practical cooperation and promote dialogue through activities such as joint exercises and training, organising academic discussions, exchanges

	among officers, and cooperation between Defence-related think tanks.
2026-2030	Defence and Humanitarian Mine Action • Strengthen strategic dialogue and practical cooperation through the ADMM-Plus, and support other ADMM initiatives to strengthen Defence and security cooperation in the region; • Subject to the ADMM's approval and based on mutual consensus, continue to promote dialogue through the ASEAN-China Defence Ministers' Informal Meetings, strengthen practical cooperation through joint exercises and training as well as regular exchanges among young and middle-aged officers and defence-related think-tanks, and explore the possibility of new initiatives; and • Fully implement the ASEAN-China Foreign Ministers' Joint Statement on Strengthening Humanitarian Mine Action Cooperation

Compiled by the Author

Table 5 Titles of the Security Cooperation Area on the South China Sea

In the ASEAN-China Plans of Action (POA) from 2005 to 2030

Period of Years	Security Cooperation Area
2005-2010	Declaration on the Conduct of Parties in the South China Sea
2011-2015	Declaration on the Conduct of Parties in the South China Sea
2016-2020	Declaration on the Conduct of Parties in the South China Sea (DOC) and towards a Code of Conduct in the South China Sea (COC)
2021-2025	Fully and effectively implement the Declaration on the Conduct of Parties in the South China Sea (DOC) in its entirety and conclude a Code of Conduct in the South China Sea (COC)
2026-2030	Full and Effective Implementation of the Declaration on the Conduct of Parties in the South China Sea in Its Entirety and Early Conclusion of a Code of Conduct in the South China Sea

Compiled by the Author

Table 6 Security and Economic Cooperation Areas

In the ASEAN-China Plans of Action (POA) from 2005 to 2030

Period of Years	Key Areas for Security Cooperation	Key Areas for Economic Cooperation
2005-2010	Political and Security Cooperation 1. Regular High-level Contacts, Visits and Interactions 2. Mechanisms for Dialogue and Cooperation 3. Treaty of Amity and Cooperation in Southeast Asia 4. Protocol to the Treaty on the Southeast Asia Nuclear Weapon-Free Zone 5. Declaration on the Conduct of Parties in the South China Sea 6. Cooperation in the Field of Non-traditional Security 7. Military Exchanges and Cooperation	Economic Cooperation 1. ASEAN-China Free Trade Area 2. Investment Cooperation 3. Financial Cooperation 4. Agricultural Cooperation 5. Information and Communication Technology (ICT) Cooperation 6. Transport Cooperation 7. Tourism Cooperation 8. Energy Cooperation 9. Mekong River Basin Development Cooperation 10. Initiative for ASEAN Integration 11. Brunei-Indonesia-Malaysia-Philippines East ASEAN Growth Area (BIMP-EAGA) 12. Small and Medium-sized Enterprises (SMEs) Cooperation 13. Industrial Cooperation
2011-2015	Political and Security Cooperation 1. Regular High-Level Contacts, Visits and	Economic Cooperation 1. ASEAN-China Free Trade Area (ACFTA) 2. Financial Cooperation

	Interactions 2. Political Dialogue and Cooperation 3. Treaty of Amity and Cooperation in Southeast Asia 4. Protocol to the Treaty on the Southeast Asia Nuclear-Weapon-Free Zone 5. Declaration on the Conduct of Parties in the South China Sea (DOC) 6. Human Rights 7. Cooperation in the Field of Non-Traditional Security 8. Military Exchanges and Cooperation	3. Agricultural Cooperation 4. Information and Communication Technology (ICT) Cooperation 5. Transport Cooperation 6. Tourism Cooperation 7. Energy and Mineral Cooperation 8. Cooperation in Quality Inspection 9. Customs Cooperation 10. Cooperation in Intellectual Property Rights 11. Narrowing Development Gap 12. Mekong River Basin Development Cooperation 13. Small and Medium-sized Enterprises (SMEs) Cooperation 14. Industrial Cooperation
2016-2020	Political and Security Cooperation 1. Regular High-Level Contacts, Visits, and Interactions 2. Political Dialogue and Cooperation 3. Treaty of Amity and Cooperation in Southeast Asia 4. Protocol to the Treaty on the Southeast Asia Nuclear-	Economic Cooperation 1. ASEAN-China Free Trade Area (ACFTA) 2. Finance 3. Food, Agriculture and Forestry 4. Maritime Cooperation 5. Information and Communication Technology (ICT) 6. Science, Technology and Innovation

	Weapon-Free Zone 5. Declaration on the Conduct of Parties in the South China Sea (DOC) and towards a Code of Conduct in the South China Sea (COC) 6. Human Rights 7. Non-Traditional Security 8. Military Exchanges and Cooperation	7. Space Cooperation 8. Transport 9. Tourism 10. Energy and Mineral Cooperation 11. Quality Inspection 12. Customs 13. Intellectual Property 14. Small and Medium-sized Enterprises (SMEs) 15. Industrial Cooperation
2021-2025	Political and Security Cooperation 1. Deepen political and security dialogue and cooperation 2. Treaty of Amity and Cooperation in Southeast Asia 3. Continue consultation on the Protocol to the Treaty on the Southeast Asia Nuclear-Weapon-Free Zone 4. Fully and effectively implement the Declaration on the Conduct of Parties in the South China Sea (DOC) in its entirety and conclude a Code of Conduct in the South China Sea (COC) 5. Enhance cooperation on human rights 6. Combat transnational crimes and address other non-traditional security	Economic Cooperation 1. Promote trade and investment 2. Deepen financial cooperation 3. Enhance cooperation in food and agriculture 4. Strengthen cooperation in Sanitary and Phyto-Sanitary (SPS) and Technical Barrier to Trade (TBT) 5. Enhance maritime cooperation 6. Enhance Information and Communication Technology (ICT) cooperation 7. Build closer cooperation in science, technology and innovation (STI) 8. Strengthen cooperation in

	Issues 7. Enhance cooperation in anti-corruption 8. Enhance Defence cooperation	transport 9. Strengthen cooperation in tourism 10. Intensify cooperation in the areas of energy and minerals 11. Continue exchanges of views in customs area 12. Strengthen cooperation in the field 13. Advance cooperation in micro, small, and medium enterprises (MSMEs) as well as startups 14. Enhance production capacity cooperation
2026-2030	Political and Security Cooperation 1. Political and security dialogue and cooperation 2. Treaty of Amity and Cooperation in Southeast Asia 3. Protocol to the Treaty on the Southeast Asia Nuclear-Weapon-Free Zone 4. Full and Effective Implementation of the Declaration on the Conduct of Parties in the South China Sea in Its Entirety and Early Conclusion of a Code of Conduct in the South China Sea	Economic Cooperation 1. Trade and Investment 2. Finance 3. Food, Agriculture and Forestry 4. Quality Inspection 5. Maritime Cooperation 6. Digital and Artificial Intelligence Cooperation 7. Science, Technology and Innovation 8. Transport 9. Tourism 10. Energy 11. Minerals 12. Customs 13. Intellectual Property

	5. Human rights 6. Defence and Humanitarian Mine Action 7. Transnational Crime Cross-pillars Cooperation Mutually Beneficial Cooperation on the ASEAN Outlook on the Indo-Pacific	14. Competition and Consumer Protection 15. Micro, Small, and Medium Enterprises and Startups 16. Industrial Manufacturing 17. Housing and Urban-Rural Development
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Compiled by the Author

Table 7 Perception of Trust of ASEAN on China

In the ISEAS-Yusof Ishak Institute's State of Southeast Asia Survey from 2019 to 2025

How confident are you that China will "do the right thing" to contribute to global peace, security, prosperity, and governance?

Year	No Confidence	Little Confidence	Confident	Very Confident
2025	13.8%	27.4%	28.5%	8.1%
2024	15.3%	34.8%	21%	3.8%
2023	19%	30.8%	25.3%	4.2%
2022	24.8%	33.3%	20.1%	6.7%
2021	26%	37%	15%	1.5%
2020	18.7%	41.7%	14.3%	1.8%
2019	16%	35.5%	17.9%	1.7%

Compiled by the Author

Table 8 Perception of ASEAN on the Regional Influence and Leadership of China

In the ISEAS-Yusof Ishak Institute's State of Southeast Asia Survey from 2019 to 2025

Which country/regional organisation is the most influential economic power in Southeast Asia?

Year	Perception of ASEAN on China	Rank
2025	56.4%	1 st
2024	59.5%	1 st
2023	59.9%	1 st
2022	76.7%	1 st
2021	76.3%	1 st
2020	79.2%	1 st
2019	73.3%	1 st

Compiled by the Author

Table 9 Perception of ASEAN on the Regional Influence and Leadership of China

In the ISEAS-Yusof Ishak Institute's State of Southeast Asia Survey from 2019 to 2025

Which country/regional organisation is the most influential political and strategic influence in Southeast Asia?

Year	Perception of ASEAN on China	Rank
2025	37.9%	1 st
2024	43.9%	1 st
2023	41.5%	1 st
2022	54.4%	1 st
2021	49.1%	1 st
2020	52.2%	1 st
2019	45.2%	1 st

Compiled by the Author

Table 10 Countries with the Most Economic Influences in Southeast Asia

In the Lowy Institute’s 2025 Southeast Asia Influence Index
Which partner has the deepest economic relationships in Southeast Asia? (In terms of Trade Relations and Investment Ties)

Country	Aggregated Score	Rank
China	93.4	1 st
US	54.7	2 nd
Japan	48.6	3 rd

Southeast Asia Influence Index 2025, Lowy Institute

Table 11 Countries with Deepest Defence Networks in Southeast Asia

In the Lowy Institute’s 2025 Southeast Asia Influence Index
Which partner has the deepest Defence networks in Southeast Asia? (In terms of Defence Cooperation and Defence Diplomacy)^{lxiii}

Country	Aggregated Score	Rank
US	91.9	1 st
Australia	58.6	2 nd
Thailand	41.2	3 rd
China	30.3	13 th

Southeast Asia Influence Index 2025, Lowy Institute

Table 12 Countries with the Most Diplomatic Influences in Southeast Asia

In the Lowy Institute’s 2025 Southeast Asia Influence Index
Which partner has the most diplomatic influence in Southeast Asia? (In terms of Diplomatic Architecture and Diplomatic Engagement)

Country	Aggregated Score	Rank
China	77.9	1 st
Japan	68.4	2 nd
Indonesia	65.2	3 rd

Southeast Asia Influence Index 2025, Lowy Institute

Table 13 Countries with the Most Regional Engagements in Southeast Asia

In the Lowy Institute’s 2025 Southeast Asia Influence Index
Which partner has the most regional engagement in Southeast Asia? (In terms of Regional Economic Engagement and ASEAN Engagement)

Country	Aggregated Score	Rank
China	87	1 st
Japan	86.9	2 nd
South Korea	81.4	3 rd

Southeast Asia Influence Index 2025, Lowy Institute

Table 14 Peaceful Dispute Settlement Mechanisms

In the Treaty of Amity and Cooperation (TAC) and the ASEAN Charter

TAC	ASEAN Charter
• Dispute Prevention through efforts such as refraining from the threat or use of force, and friendly negotiations among disputed parties (Article 13) • Settlement through regional processes like forming a High Council^{xiv} (Articles 14-15)	• Dispute Prevention through dialogue, consultation and negotiation (Article 22) • ASEAN Member States (AMS), which are disputing parties, may request the ASEAN Chair or Secretary-General to provide good offices, conciliation or

TAC	ASEAN Charter
• High Contracting Parties (HCPs) can pursue the pacific settlement of disputes as enshrined in Article 33(1) of the UN Charter, including such as “negotiation, enquiry, mediation, conciliation, arbitration, judicial settlements, resort to regional agencies or arrangements, or other peaceful means of their own choice” (Article 17)	mediation (Article 23) • Disputes which do not concern the interpretation or application of any ASEAN instrument shall be resolved peacefully in accordance with the TAC and its rules of procedure (Article 24) • When a dispute remains unresolved, it shall be referred to the ASEAN Summit for decision (Article 26) • AMS can pursue the pacific settlement of disputes as enshrined in Article 33(1) of the UN Charter, including such as “negotiation, enquiry, mediation, conciliation, arbitration, judicial settlements, resort to regional agencies or arrangements, or other peaceful means of their own choice” (Article 28)

Compiled by the Author

Chapter 6

China-ASEAN Security Cooperation: A Case Study of China-Indonesia Defence Cooperation

LIU Lin

China and Indonesia have had military contact since the establishment of diplomatic relations. Influenced by political relations, it has gone through a torturous course of development. The substantive development of defence relations between the two countries began in the late 1990s. In particular, since the establishment of a strategic partnership between China and Indonesia in 2005, bilateral defence relations have made considerable progress and consist of high-level visits, defence consultations, port visits, personnel exchanges, defence industry cooperation and cooperation under the framework of ASEAN-led multilateral security mechanisms, such as ADMM+ and ARF. In recent years, the Jokowi administration and the current Prabowo administration of Indonesia have paid great attention to enhancing defence relations with China. Despite some challenges, the two countries, based on common interests, will continue to push forward pragmatic defence cooperation in the years ahead.

The Development of China-Indonesia Defence Relations in the Past Three Decades

The substantive development of China-Indonesia military relations began in the late 1990s, mainly due to the increasingly close political and economic relations between the two countries. In addition, in light of the issue of East Timor, the United States suspended military exchanges with Indonesia, so the Indonesian military began to develop relations with other countries in order to expand strategic room for manoeuvre. It is in this context that significant strides have been made in military exchanges and cooperation between China and Indonesia.

The development can be divided into three phases. In the first phase (1990s to 2004), China-Indonesia military relations were in the initial stage. The scope of exchanges was limited, and the main form was high-level mutual visits, such as the visit of the Chief of Staff of the Indonesian Air Force to China in January 2000 and the visit of the Deputy Chief of the Chinese People's Liberation Army (PLA) General Staff to Indonesia in March 2000.

In the second phase (2005-2012), China and Indonesia signed a joint declaration on establishing a strategic partnership in April 2005. The declaration stated that both sides would promote mutual trust in the defence and military fields, promote the development of their respective defence industries, and actively explore the establishment of a defence and security consultation mechanism. Under the guidance of the declaration, military relations between China and Indonesia developed rapidly in all directions and became more pragmatic and institutionalised.

China and Indonesia not only established the annual defence consultation mechanism in May 2006 but also had more frequent high-level interactions. Exchanges between the two navies have also

been on the rise. In October 2006, the Indonesian Navy training ship KRI Dewaruci visited Zhanjiang, China. In March 2007, a PLA Navy ship formation called at Jakarta for the first time in 12 years. Then, in August 2009, PLA Navy guided-missile destroyer Guangzhou participated in the fleet review for Indonesia's National Day and visited the port of Bitung.

As for personnel exchanges, in October 2008, four pilots from the Indonesian Air Force went to a training centre of the Chinese Air Force for a one-week training program, which included simulated operation of Su-30 fighter jets.^{lxv}

Joint military training also achieved breakthroughs. China and Indonesia held two joint Special Forces training exercises codenamed "Sharp Knife" and two airborne anti-terrorism training exercises, which is a manifestation that China-Indonesia military cooperation has become more pragmatic.

Another milestone is the cooperation in the defence industry. During President Susilo's visit to China in July 2005, China and Indonesia signed the Memorandum of Understanding on Carrying out Research and Development Cooperation in the Field of Military Technology.^{lxvi} The two countries also signed an arms procurement agreement, under which Indonesia purchased YJ-2/C-802 anti-ship missiles from China. In addition, in March 2011, China and Indonesia jointly signed an MOU on defence science and technology cooperation.^{lxvii} This memorandum emphasised cooperation in the supply of military equipment, technology transfer, and modification and training programs. In the third phase (2013-2023), although China's Belt and Road Initiative and Indonesia's "Global Maritime Fulcrum" strategy are strategically aligned, due to multiple factors, including the strengthening of military relations between other external partners and Indonesia, China-Indonesia defence cooperation faced challenges.

There were still high-level interactions, but the frequency had decreased. The number of exchanges of navy ship visits was also in decline. In particular, bilateral joint military training was suspended in 2015. From 2003 to 2022, Indonesia held only four joint military exercises with China. By contrast, Indonesia held more than 100 with the US in the same period.^{lxviii}

Defence cooperation between China and Indonesia developed at a different pace compared to their rapidly expanding economic ties. Both sides saw this gap and tried to take concrete steps to elevate defence cooperation to a level commensurate with their Comprehensive Strategic Partnership.^{lxix}

The Acceleration and Upgrading of China-Indonesia Defence Cooperation since Prabowo Government's Inauguration

Since Prabowo Subianto was elected as the Indonesian President, he has shown great interest in taking China-Indonesia defence cooperation to a new level. So, there is rapid progress in the fields of high-level visits, institutionalised dialogue mechanisms, and joint exercises. Both sides also expressed an intention to expand the cooperation in the defence industry, personnel exchanges, etc.

- **Senior-Level Military Engagements**

Not long after the general election, Indonesian President-elect and then Defence Minister Prabowo visited Beijing in April 2024, with observers saying that the visit was crucial not only for the development of bilateral relations for at least the next five years but also for injecting positivity and stability into the whole ASEAN region. According to the Xinhua News Agency, during the meeting with Prabowo, China's Minister of National Defence, Dong Jun, said that the Chinese military is willing to work with the Indonesian military to consolidate their

strategic mutual trust, promote joint exercises and training, and enhance personnel exchanges to take practical cooperation to a new height. In January 2025, senior military officials from China and Indonesia held two meetings in Jakarta and Beijing, formulating the roadmap for future cooperation.^{lxx} The meetings resulted in agreements to expand joint military exercises, increase personnel exchanges and explore opportunities for military technology transfer.

- **2+2 Dialogue Mechanism**

In July 2023, during President Joko Widodo's visit to China, Indonesia and China reached a consensus to launch the foreign and defence ministerial "2+2" dialogue mechanism to enhance high-level strategic mutual trust. In October of the same year, the two countries formally established the "2+2" mechanism. This mechanism is the first of its kind that China has established with a foreign country. China and Indonesia held their first Senior Officials' Meeting of the Joint Foreign and Defence Ministerial Dialogue in August 2024. Then, in April 2025, the two countries held their first joint meeting of foreign and defence ministers under the "2+2" framework in Beijing. Speaking of defence cooperation, Chinese Defence Minister Dong called on the two sides to have more substantive cooperation in areas including strategic communication, exchanges between services, equipment and technology, and maritime security.^{lxxi}

- **Restart of Joint Military Exercise**

On December 1, 2024, the militaries of China and Indonesia held "Heping Garuda-2024" joint HADR exercise, at several camps of the TNI in the Special Regional Province of Jakarta and Banten Province, Indonesia.^{lxxii} During the joint exercise, the two sides had in-depth exchanges on operational

methods and concepts, training models, military culture and others.

- **Navy and Coast Guard Cooperation**

China and Indonesia have also enhanced navy and coast guard cooperation since President Prabowo came to power. In December 2024, a formation of the Chinese Navy, consisting of the amphibious assault ship Hainan and other vessels, made a technical stop at Tanjung Priok Port. This marks the first time a Type 075 large amphibious assault ship has gone abroad, and it also represents the opening up of China's new and important naval weaponry and equipment to the international community.^{lxxiii} At the invitation of the China Coast Guard (CCG), an Indonesian Coast Guard (*BAKAMLA*) delegation visited China from January 7 to 11, 2025. During the visit, both sides held the First China Coast Guard and *BAKAMLA* RI High-Level Meeting.^{lxxiv} The two sides agreed on deepening maritime pragmatic cooperation, commonly safeguarding maritime security and order, properly handling maritime disputes, so as to play an active role in bringing the China-Indonesia Comprehensive Strategic Partnership to a higher level.

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Challenges for the China-Indonesia Defence Relationship

Although significant progress has been made, defence ties remain a weak link in the China-Indonesia bilateral relationship and still face challenges.

Mutual Trust Still Needs to be Enhanced

As China's military capabilities grow in tandem with its economic development, regional countries, including Indonesia, are observing these developments. China has consistently affirmed that its military modernisation is defensive in nature and is committed to the path of peaceful development, posing no threat to any country.

The Issue of the South China Sea

The South China Sea issue also introduces a layer of mistrust that could hinder effective bilateral cooperation on security matters. Both China and Indonesia share a common interest in maintaining maritime security and stability. Enhanced defence cooperation, including intelligence sharing on transnational crimes such as piracy and terrorism, serves the security interests of both countries and the broader region.^{lxxv}

Indonesia's Multi-Alignment Strategy and the Impact of External Factors

To maintain strategic autonomy, Indonesia's defence partnerships extend beyond China, with growing security ties to the US, Japan, Australia and other regional and global powers. This diversified approach ensures Indonesia is not overly reliant on any single power. For example, just as mentioned above, Indonesian defence relations with the US have been enhanced significantly. In recent years, the scale of the "Super Garuda Shield" exercises between the US and Indonesia has been continuously expanding. Japan has also carried out more defence cooperation with Indonesia, such as providing maritime patrol vessels to Indonesia. In early January 2025, Japan's Defence Minister Gen Nakatani visited Indonesia to discuss military technology transfers and security cooperation.^{lxxvi} South Korea, meanwhile, had more defence industry cooperation with Indonesia, such as the submarine deal, along with joint development of fighter jets.

Indonesia maintains defence partnerships with multiple countries as part of its independent and active foreign policy. China respects Indonesia's sovereign choices and is committed to offering competitive cooperation proposals that serve Indonesia's national defence modernisation goals.

Some Practical Obstacles

Some of the challenges in China-Indonesia defence exchanges relate to language barriers. Indonesian students were barred from studying the Chinese language for much of the New Order era. Military officers did not have a Chinese language training lab at the Ministry of Defence until a decade ago.

Prospects for China-Indonesia Defence Cooperation

At present, military cooperation between China and Indonesia is in an ascending stage with great potential and broad prospects for development. The bilateral relations between China and Indonesia are at their best in history, and both sides are committed to enhancing their military modernisation drives. It is believed that as long as China and Indonesia face up to the existing challenges in their military relations, strive to enhance military mutual trust, and continuously expand and deepen practical cooperation in various fields, further development of the military relations between the two countries can be expected.

To enhance China-Indonesia defence cooperation, the following measures can be considered:

- **Strengthening High-Level Exchanges and Dialogue Mechanisms**

The Chinese military and the Indonesian military should maintain close high-level communication. Regularly arrange meetings between the defence ministers and senior military

leaders to convey strategic intentions, enhance mutual trust, and provide political guidance for defence cooperation. Besides, the “2+2” mechanism should be continuously improved and utilised to promote bilateral defence cooperation, as well as coordinate positions on regional and international security issues.

- **Deepening Pragmatic Cooperation in Various Fields**

China and Indonesia should conduct more joint exercises and training and gradually increase their complexity. Besides, the two countries can further enhance defence industrial cooperation, including joint research and development, technology transfer, and equipment procurement. The two sides can also explore strengthening exchanges between military academies and training institutions. For example, carrying out student and faculty exchanges, sharing best practices, and conducting joint research projects. In addition, China and Indonesia should promote exchanges between the military and civilians of the two countries, organise military-civilian joint activities, and enhance the mutual understanding and support of the two peoples for defence cooperation.

- **Strengthening Maritime Security Cooperation**

China and Indonesia can conduct more naval ship visits to each other's ports to enhance the mutual understanding among navy officers and soldiers. Some joint training exercises, sports activities, or subject matter expert exchanges could also be carried out during port visits. Both sides should also strengthen cooperation in maritime search and rescue, disaster relief, and emergency response, share information and experience, and jointly deal with maritime emergencies to enhance maritime safety and security capabilities.

- **Enhancing Cooperation in Emerging Domains Such as Cyber, Space and Critical Undersea Infrastructure**

China and Indonesia can, as the first step, establish some regular communication mechanisms for cyber security, space security and protection of critical undersea infrastructure, or both sides can refer to the existing “2+2” mechanism to incorporate these emerging domains into the discussion topics. Both sides can also encourage defence think-tanks to have more academic exchanges in these fields, including carrying out joint research projects, exchanging visiting scholars, and holding academic conferences.

Implications of China-Indonesia Defence Relations for China-ASEAN Defence Cooperation

As the largest member of ASEAN, Indonesia’s defence cooperation with China not only provides practical experience and resource support for its own participation in ASEAN Defence cooperation but also injects impetus into defence cooperation within the ASEAN framework.

First, China-Indonesia defence cooperation underscores the foundational role of strategic mutual trust and strategic autonomy. It demonstrates that sustainable defence cooperation can only be achieved when both sides adhere to mutual respect, equality, and mutual benefit, and make independent policy choices based on national interests rather than external pressure. For instance, China and Indonesia have deepened pragmatic defence collaboration while resisting zero-sum geopolitical competition and the dictates of external powers, showing that strategic trust can be built through consistent dialogue and tangible cooperation. This sends a clear message to the broader China-ASEAN security relationship: by anchoring cooperation in shared regional interests rather than bloc

confrontation, regional countries can develop a defence partnership model that is resilient to external interference and genuinely serves long-term stability and prosperity.

Second, China-Indonesia defence cooperation provides replicable references for cooperation under the ASEAN framework. It illustrates how bilateral mechanisms can align with ASEAN's principles of centrality, consultation, and common development to strengthen multilateral defence architectures. For example, the China-Indonesia "2+2" mechanism serves as a template for other ASEAN member states to engage in defence cooperation with China. Moreover, topics explored bilaterally - such as maritime security, counterterrorism, and disaster relief - can be integrated into ASEAN-led frameworks, creating a "bilateral piloting leading to regional diffusion" effect. This helps reduce the trial-and-error costs for ASEAN members and enhances the region's collective capacity to respond to non-traditional security threats.

Third, China-Indonesia defence cooperation leverages the ASEAN framework as a multilateral extension platform, amplifying bilateral achievements into regional public goods. It shows that bilateral defence collaboration can transcend its original scope when embedded in multilateral mechanisms. For instance, through the ADMM-Plus expert working groups, China and Indonesia can coordinate efforts with other ASEAN member states and dialogue partners on issues such as maritime security and HADR. This not only institutionalises their cooperation but also contributes to building a broader and more integrated regional security network.

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Chapter 7

ASEAN-China Free Trade Area: The Way Forward

Juthathip JONGWANICH

This chapter systematically reviews the ASEAN-China Free Trade Area (ACFTA) agreement, from its initial conclusion in 2005 to the first upgrading protocol and, most recently, to ACFTA version 3.0, substantially concluded in 2024. ACFTA is compared with other multilateral FTAs to analyse its role in promoting economic integration between ASEAN and China. The study shows that liberalisation under ACFTA has been more prominent than in many other multilateral FTAs. The ACFTA version 3.0 introduces new provisions and upgrades existing ones to address ongoing developments and challenges in the global market, including the rise of protectionist sentiment. Although the recent upgrading protocol offers various amendments to strengthen cooperation between the parties, several areas remain for further improvement to ensure the agreement remains relevant and responsive to global changes. This study identifies those areas and presents them as policy inferences.

Introduction

ASEAN and China cooperation has deepened since the early 2000s. The two parties agreed to launch negotiations for the ASEAN-China Free Trade Area (ACFTA) in November 2001, which came into effect in July 2005. The main objectives of the agreement are to strengthen and progressively enhance economic, trade and

investment cooperation between the parties, and to explore new areas and develop appropriate measures for closer economic cooperation. The ACFTA upgrading protocol was concluded in 2015, introducing and enhancing various areas of cooperation.

Economic integration between these two parties has noticeably expanded, with increasing imports from China to ASEAN (Figure 1). Various concerns have been raised, including protectionist sentiments, unfair trade and competition, and the fast-growing sectors such as the Digital Economy. This pattern partly reflects the vertical integration of supply chains and the different stages of development between ASEAN and China. The recent ACFTA upgrade negotiations (ACFTA version 3.0) were launched in 2022 and concluded in October 2024. New provisions have been introduced aiming to address emerging developments and concerns.

Figure 1 Trade Between ASEAN and China (Million US\$)



Source: UNCOMTRADE

Given this background, the main objective of this paper is to systematically review the ACFTA agreement and analyse its key features in order to provide inferences for potential amendments to the framework agreement in future upgrading protocols. The

ACFTA is compared with the Regional Comprehensive Economic Partnership (RCEP) and other ASEAN+ FTAs, such as ASEAN-Korea FTA and ASEAN-India FTA, to carefully examine the importance of ACFTA in promoting economic integration between ASEAN countries and China.

ASEAN-China Free Trade Area: First Look

The Initial Agreement and the first Upgrading Protocol

Under the initial ACFTA, four areas were covered, including Trade in Goods, Trade in Services, Investment and Economic Cooperation. The Agreement on Trade in Goods was signed in 2004 and implemented in July 2005. Under this Agreement, the six original ASEAN members and China have eliminated tariffs on 90 per cent of their products since 2010, while for Cambodia, Lao PDR, Myanmar and Vietnam, the schedule had been extended until 2015.

The Trade in Services Agreement entered into force in July 2007. The approach was different from the Trade in Goods Agreement as commonly revealed in other FTAs, i.e., a gradual liberalisation process known as ‘Progressive Liberalisation’. Service providers in ASEAN and China have enjoyed improved market access and national treatment in commitment sectors, e.g., Business services; Construction and related engineering services; Environmental services; Recreational, cultural. There are two amendments of agreement packages, i.e., in 2011/12 and 2015/17, opening up their market further. However, various conditions have still been imposed on opening the sensitive service sector in the agreement.

Another two important areas in the ASEAN-China FTA are investment and economic cooperation. For the former, the agreement has not yet covered liberalisation of the investment regime, but covers areas such as the promotion and facilitation of

investment, the protection of investors, fair and equitable treatment, and compensation in case of unrest. For the latter, ASEAN and China have agreed to explore and undertake economic cooperation activities in various areas, including agriculture, ICT, human resource development, intellectual property rights, SMEs and environment. The parties have also recognised the economic growth and opportunity of e-commerce in promoting economic development in the ACFTA upgrading protocol.

In 2013, the parties established the ASEAN-China Free Trade Area Joint Committee (ACFTA-JC) as the permanent body to ensure the effective implementation of the agreement, particularly to negotiate amendments or any matter arising from the operation of this agreement. Non-tariff measures, including Technical Barriers to Trade (TBT) and Sanitary and Phytosanitary (SPS), were incorporated into the Trade in Goods agreement. In particular, each party provides positive consideration to accepting the equivalence of technical measures.

The ACFTA upgrading protocol in 2015 included various areas, including further liberalisation of sensitive products, trade in services, and economic operation. Improvements of the customs procedures and trade facilitation (CPTF) as well as Rules of Origin (RoOs), i.e., the origin requirements of imported products to be eligible for preferential concessions, were also covered in this protocol. Opening up the services market and expanding cooperation to the new-growth engine sector, i.e., e-commerce, were included in this upgrading protocol.

ACFTA version 3.0

The ACFTA upgrade negotiations were launched in 2022, substantially concluded in October 2024, and signed in October 2025, aiming to remain relevant, future-ready and responsive to

global changes.^{lxxvii} The ACFTA 3.0 introduces five new chapters and enhances the existing four chapters. The 5 new chapters cover (1) Digital Economy; (2) Green Economy; (3) Supply-Chain Connectivity; (4) Micro, Small and Medium Enterprises (MSMEs) and (5) Competition and Consumer Protection.

Regarding the digital economy, the provisions include e-invoicing, e-payments, digital trade and digital infrastructure, as well as data governance and cooperation regarding cybersecurity, AI and fintech cooperation. For the Green Economy, the provision is mainly to strengthen communication and experience sharing in key areas such as green technology and green finance.

Provisions concerning supply-chain connectivity, competition and consumer protection have become increasingly important amid the global uncertainty. The former focuses on trade facilitation, infrastructure connectivity and enhancements of technology and innovation to ensure market openness. The latter prioritises consumer protection, engaging in electronic commerce as well as information exchange in law enforcement, to ensure fair competition. Issues related to product quality, consumer protection and cross-border e-commerce could potentially be addressed through this provision.

For the existing four chapters, the upgrade chapters are to strengthen the cooperation in the areas of (1) customs procedure and trade facilitation, particularly applying Single Window and ensuring the efficient and expedited release of goods and express consignments; (2) standards, technical regulations and conformity assessment procedures (STRACAP), with an emphasis on enhancing mutual recognition agreements; (3) sanitary and phytosanitary measures, mainly to facilitate information exchange and technical cooperation and to establish a sub-Committee to monitor and improve details in the Chapter; and (4) economic and technical

cooperation, aiming to establish a Working Group for ensuring effective cooperation concerning emerging issues, particularly those in the five new Chapters of the upgraded agreement.

It is noteworthy that ACFTA Version 3.0 is aligned with ASEAN's AEC Blueprint 2025 and AEC Vision 2045. In particular, the upgraded ACFTA emphasises MSMEs, digital technology, the green economy, and connectivity, all of which are key components of the AEC Blueprint 2025 and AEC Vision 2045. ACFTA Version 3.0 promotes connectivity between ASEAN and China through the application of a Single Window, which is aligned with the ASEAN Single Window (ASW) initiative, connecting the National Single Windows (NSWs) of individual member countries to create a seamless, paperless trade environment, significantly expediting cargo clearance and reducing costs and time for businesses.

Enhancing economic connectivity across various sectors, particularly by leveraging digital technology to enable an innovative, inclusive, and integrated ASEAN, is consistent with and supportive of the vision and objectives of the Master Plan on ASEAN Connectivity (MPAC) and the Digital Integration Frameworks. In addition, given the deterioration of the global rules-based system, liberalisation through ASEAN+ agreements can strengthen ASEAN's role as a regional rule-setting actor and reinforce its institutional coherence through other forms of plurilateral liberalisation, such as RCEP.

ACFTA Utilisation and the Way Forward

ACFTA has been noticeably utilised among member countries, and its utilisation rate tends to be higher than that of other plurilateral liberalisation agreements in many ASEAN countries. On average in

2016, the value of ASEAN preferential exports accounted for 42 per cent of their total exports, raising sharply to 76 per cent in 2021 (See Table 15).

Table 15 FTA Utilisation (ASEAN exports to China) (per cent)

	2015	2021		2015	2021
Brunei	24	85	Myanmar	20	68
Cambodia	94	97	Philippines	27	64
Indonesia	58	75	Singapore	62	82
Loas	34	53	Thailand	57	76*
Malaysia	23	81	Vietnam	25	87

Note: refers to the utilisation rate in 2023.

Source: Jongwanich (2022),^{lxxviii} Qu and Zhang (2023),^{lxxix} and Thailand's Ministry of Commerce

The high utilisation rate of ACFTA can be explained by the conditions outlined in the Trade in Goods agreement, particularly preferential tariffs and RoOs requirements. While tariff margins and RoO flexibility are primary drivers, firm-level surveys also suggest that administrative ease and customs efficiency play important roles. Regarding the first condition, the tariff concession rates under ACFTA are relatively high compared to other ASEAN FTAs and RCEP.^{lxxx} On average, the concession rate of ACFTA is 94 per cent across all ASEAN countries. For ASEAN-Japan and ASEAN-Korea, the concession rates are approximately 93 percent while the RCEP offers the lowest concession rate of 91 per cent.

On the Chinese side, the tariff concession rate offered to ASEAN under ACFTA is 95 per cent, compared to 89 per cent under RCEP. The pace of tariff concession offering by ASEAN and China in RCEP is slower than that of ACFTA. For China, the initial tariff concession

rate offered through RCEP in 2022 was 73 percent and it will take more than 10 years to reach a rate exceeding 90 per cent. In contrast, ACFTA reached the concession rates above 90 per cent within just 5 years. For ASEAN countries such as Indonesia and Thailand, the tariff concession offering under RCEP started at 68 per cent in 2022, and it will take 10 years for Indonesia to reach an 80 per cent concession rate and 15 years for Thailand to reach 90 per cent. In Thailand, the RCEP exclusion list includes around 860 products (at 6-digit HS code level) such as frozen fish and crustaceans, and automobile and auto parts. By comparison, the sensitive list under ACFTA includes only around 100 products, with the highest tariff rate capped at 50 per cent.

Regarding RoOs, the level of restrictiveness under ACFTA is comparable to some ASEAN-FTAs, such as ASEAN-Japan, and more relaxed than RCEP and CPTPP, although it remains more restrictive than ASEAN-Korea and ASEAN-India. ACFTA provides enterprises with alternative methods (alternative forms) to comply with RoOs requirements, providing greater flexibility in accessing preferential tariffs. The percentage of alternative forms (i.e., multiple methods to meet ROO requirements) under ACFTA is roughly 62 percent while that of RCEP is 58 percent and only 0.6 per cent under CPTPP. For ASEAN-Japan, ASEAN-Korea and ASEAN-India, the proportions of products with alternative compliance options are 65, 80 and 100 per cent, respectively.

Under ACFTA, the main alternative form of RoOs is between Changes in Tariff Heading (CH: the imported raw materials change their Harmonised System code at the 4-digit level) and Regional Value Content of 40 (RVC40). Two key single forms offered under ACFTA are RVC40 and Change in Chapter (CC: imported raw materials change their Harmonised System code at 2 digits). The CC requirement is mostly applied to agriculture products, particularly

fish and crustaceans (HS03), while RVC40 is commonly applied for manufacturing products. As mentioned earlier, the 2015 upgrading protocol addressed the complexity of RoOs for several products, including processed fish and crustaceans (HS16), by introducing an alternative form in terms of CC/RVC40, instead of relying solely on a single formula (CC). Currently, the proportion of single-form RoOs is about 36 per cent of all tariff lines.

The ACFTA version 3.0 introduces new and significant provisions, especially those in the areas of Competition and Consumer Protection, Supply-Chain Connectivity and MSMEs. These provisions are particularly relevant in the need to strengthen product quality, consumer protection and regulatory cooperation in cross-border e-commerce. Since the ACFTA Joint Committee has already been in place and a Working group under the Economic and Technical Cooperation provision is soon to be established, issues relating to the emerging issues in cross-border e-commerce, including consumer protection, platform governance and MSME participation, should be proactively addressed through such a committee.

Conclusions

This chapter systematically reviews the ACFTA agreement, from its initial framework agreement in 2002 and full implementation in 2010, to the first upgrading protocol in 2015 and most recently to ACFTA version 3.0, which was signed in October 2025. The ACFTA version 3.0 introduces five new chapters and upgrading four existing ones, aiming to address ongoing development and concerns in the global market, including the rise of protectionist sentiment. Compared to other FTAs, ACFTA has a higher utilisation

rate, potentially due to more favourable conditions offered in the agreement.

ACFTA Version 3.0 is aligned with ASEAN's AEC Blueprint 2025, AEC Vision 2045, and the vision and objectives of the Master Plan on ASEAN Connectivity (MPAC). ACFTA can strengthen ASEAN's role as a regional rule-setting actor and reinforce its institutional coherence through other forms of plurilateral liberalisation, including RCEP, given the deterioration of the global rules-based system.

Although the ACFTA version 3.0 offers new chapters to strengthen cooperation between ASEAN and China and to be responsive to global changes, several areas could be further improved and explored in future upgrading protocols. These include further liberalisation in services trade, simplification of the rule of origins, further strengthened cooperation in the areas of human capital development, and intellectual property rights. While these areas were included in the initial and first upgrading protocol, no further amendments concerning these areas were introduced in the ACFTA version 3.0. In addition, the new-growth engine sectors, including the development of the green economy, should cooperate beyond communication and experience sharing. The established ACFTA Joint Committee should proactively address relevant concerns in ensuring the effective implementation of the agreement.

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Chapter 7

Evolution of China-ASEAN Free Trade Area amid Great Uncertainty

FENG Xingyan

Geopolitical tensions and rapid technological change have greatly shaped the world economy through intensifying policy shifts and heightened uncertainty. With the global trade policy reset, geoeconomic fragmentation risks are highlighted. In recent years, the ASEAN-China free trade agreement has served as a more flexible and responsive platform for modernising trade and investment rules and advancing integration. This chapter focuses on the analysis of ASEAN-China FTA key developments, challenges, and policy recommendations for deepening regional economic cooperation.

Introduction

Over the past two decades, China and ASEAN have significantly tightened regional economic cooperation, and the ASEAN-China Free Trade Agreement (ACFTA) has evolved from Version 1.0 to Version 3.0. ACFTA has been playing a crucial role in strengthening and deepening regional integration. The two sides are committed to raising the level of openness, expanding mutually beneficial cooperation in emerging areas, and promoting the resilience of economic cooperation. While recent trade policy shifts heighten

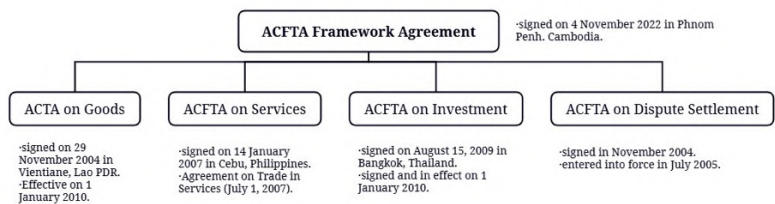
risks and pose significant challenges, we are seeing the erosion of the international rules-based economic order, and supply chain security becoming a central focus in trade policies. Global trade and investment are being reshaped not just by tariffs or geopolitical tensions but also by technological changes. The ASEAN-China economic integration is in great need to adapt to a more fragmented global environment. Policies to promote openness in trade and foreign direct investment, supported by reforms to enhance digital and green transformation, are key points to maintaining economic resilience.

Evolution of China-ASEAN FTA

Background of China-ASEAN FTA

The leaders of both China and ASEAN signed the Framework Agreement on ASEAN-China Comprehensive Economic Cooperation in November 2002. The agreement marks the beginning of ACFTA and the basic framework for economic integration between China and ASEAN member countries (AMS). Since then, China and ASEAN have successively signed three major agreements on trade in Goods, trade in services, and investment, thereby establishing the ACFTA Version 1.0 (Figure 2). ACFTA is the first agreement signed by ASEAN with a non-ASEAN country.

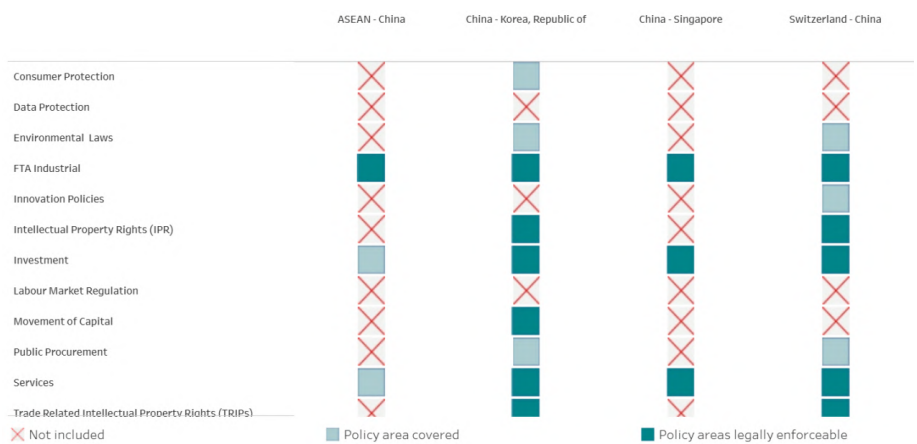
Figure 2 China-ASEAN FTA Framework



Source: Authors.

Compared to China’s recent FTAs, ACFTA 1.0 primarily focuses on traditional trade liberalisation. It tends to be lower, especially in areas beyond the World Trade Organization’s (WTO) mandate, such as rules on data protection, consumer protection, environmental laws, and innovation policies, etc. These areas are included in China’s agreements with South Korea and Switzerland, reflecting a shallower depth of integration in ACFTA. (Figure 3).

Figure 3 Policy area coverage: comparison across agreements



Notes: The legal enforceability of the PTA provisions is coded according to the language used in the text of the agreements. Following the methodology of the World Bank’s Deep Trade Agreements Database, we code provisions based on the legal enforceability of their language, acknowledging that this approach captures textual commitment rather than de facto implementation.

Source: Deep Trade Agreements Database 1.0, World Bank.

Upgrade of the China–ASEAN Free Trade Agreement

Through an upgrade protocol signed in 2015 and fully implemented in 2019, ACFTA Version 2.0 introduced further tariff reductions and the elimination of non-tariff barriers, improved market access in the services sector, and more liberal and facilitated investment rules. In November 2022, China and ASEAN jointly announced the official

launch of the ACFTA 3.0 negotiations. The negotiation process was comprehensively concluded in May 2025 and culminated in the official signing of the upgraded protocol in October. ACFTA 3.0 introduces a comprehensive framework with nine new chapters, marking a significant shift to modern rule-based integration (Table 16).

Table 16 Upgrade of China-ASEAN FTA

Aspect	CAFTA 1.0 (2010)	CAFTA 2.0 (2015)	CAFTA 3.0 (2025)
Policy Area	goods trade liberalisation/facilitation	trade in services, investment, and economic cooperation	digital economy, green economy, supply chain resilience, standards alignment
Core Mechanism	Tariff reduction/elimination	market access expansion	institutional opening-up, rule-based integration
New Elements	--	e-commerce, customs procedures	digital trade rules, data mobility, standard mutual recognition, green standards, SME cooperation

Source: Authors

The upgraded free trade agreement expands digital economy provisions from the e-commerce chapter to cutting-edge areas such as data flows and digital trade. It establishes, for the first time, a dedicated chapter on green economy cooperation, incorporating institutional arrangements for low-carbon technology transfer and the harmonisation of renewable energy standards. The dedicated chapter for SMEs also includes practical measures helping smaller businesses benefit from the FTA.

Key Development of China-ASEAN Economic Cooperations

China-ASEAN Trade: deepening and maturing trade relationship

The trade between China and ASEAN has maintained a deepening tendency. In 2010, the trade between China and ASEAN was \$292.8 billion, accounting for only 9.9% of China's total foreign trade value. The total trade value reached \$982.3 billion, accounting for 15.9% of China's total foreign trade in 2024. Since overtaking the EU in 2020, ASEAN has remained China's largest trading partner for six consecutive years (Table 17). China-ASEAN trade climbed to a record high of \$1.05 trillion, with a share of 16.6% in 2025. Among ASEAN members, China's top three trading partners are Vietnam, Malaysia, and Indonesia.

Table 17 China's Major Trading Partners: 2014-2024

Unit: US\$ billion

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Brunei	1.9	1.5	0.7	1.0	1.8	1.1	1.9	2.8	3.1	2.8	2.8
Myanmar	25.0	15.3	12.3	13.5	15.2	18.7	18.9	18.6	25.1	20.9	16.3
Cambodia	3.8	4.4	4.8	5.8	7.4	9.4	9.6	13.7	16.0	14.8	17.8
Indonesia	63.6	54.2	53.5	63.3	77.4	79.7	78.4	124.4	149.1	139.4	147.8
Laos	3.6	2.8	2.3	3.0	3.5	3.9	3.6	4.3	5.7	7.1	8.2
Malaysia	102.0	97.3	86.9	96.0	108.6	124.0	131.2	176.8	203.6	190.2	212.0
Philippines	44.5	45.6	47.2	51.3	55.7	61.0	61.1	82.1	87.7	71.9	71.6
Singapore	79.7	79.6	70.4	79.2	82.9	89.9	89.1	94.1	115.1	108.4	111.1
Thailand	72.7	75.5	75.9	80.3	87.5	91.8	98.6	131.2	135.0	126.3	134.0
Vietnam	83.6	96.0	98.2	121.3	147.9	162.0	192.3	230.2	234.9	229.8	260.7
ASEAN	480.4	472.2	452.2	514.8	587.9	641.5	684.6	878.2	975.3	911.7	982.3
US	555.1	558.3	519.5	583.7	633.5	541.4	586.7	755.6	759.4	664.5	688.3
EU	615.1	564.8	547.0	616.9	682.2	705.3	649.5	828.1	847.3	783.0	785.8

Source: General Administration of Customs of the People's Republic of China.

According to ASEAN stats, China's share of ASEAN's total trade value has shown a remarkable increase, from 12.9% in 2012 to 19.8% in 2023. Since overtaking other major partners around 2015, China has consistently maintained its position as ASEAN's largest trading partner, substantially higher than that of the US, EU, and Japan (Table 18). In 2024, China remained the largest trading partner in eight member countries: Cambodia, Indonesia, Malaysia, Myanmar, the Philippines, Singapore, Thailand, and Vietnam.^{lxxxi}

Table 18 ASEAN's Major Trading Partners

unit: %

Year	China	US	EU	Japan
2012	12.9	8.1	9.8	10.7
2013	13.9	8.1	9.7	9.5
2014	14.5	8.3	9.8	9.0
2015	16.0	9.3	10.1	8.9
2016	16.5	9.5	10.4	9.0
2017	17.1	9.1	10.1	8.5
2018	17.0	9.3	10.2	8.2
2019	18.0	10.5	10.0	8.0
2020	19.4	11.6	8.5	7.7
2021	20.1	10.9	8.1	7.2
2022	18.8	10.9	7.7	7.0
2023	19.8	11.2	7.9	6.8

Note: % share of ASEAN's total trade value; ASEAN=The Association of Southeast Asian Nations, EU=European Union, UK=The United Kingdom; UK left the EU on 31 January 2020.

Source: ASEANstats.

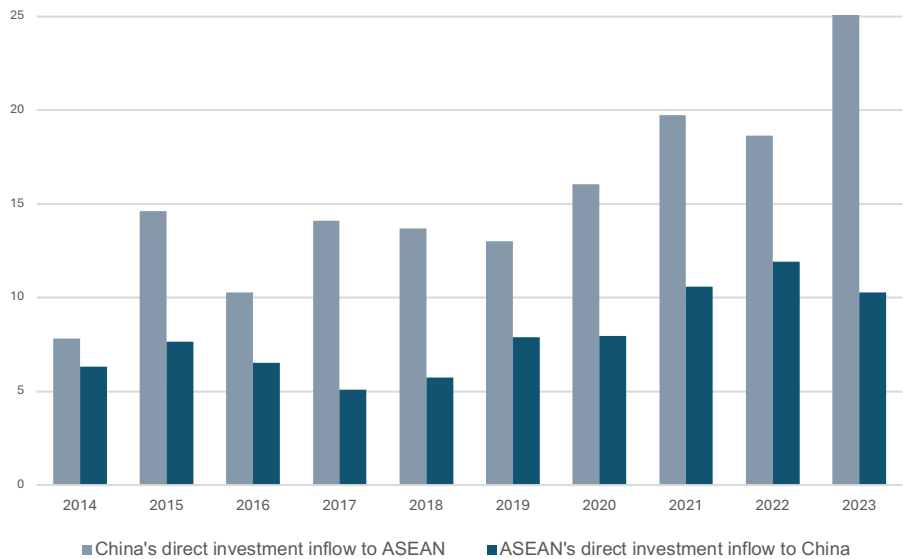
China-ASEAN Investment

ASEAN has become one of the most significant destinations for Chinese enterprises' overseas investment, with increasing flows into emerging sectors such as high-end manufacturing and modern services. Based on the data from China's Ministry of Commerce, China's direct investment in ASEAN showed a consistent upward trend. In 2024, China's direct investment flow into ASEAN increased to \$34.36 billion, a year-on-year increase of 36.7%, accounting for the highest 17.9% share since 2008. Singapore topped the list with \$13.097 billion, emerging as the core hub for attracting China's investment in 2023, with Indonesia, Vietnam, and Thailand following closely.^{lxxxii}

Meanwhile, ASEAN's investment in China remains modest but stable, especially since 2017 (Figure 4). Its share in China's total inward FDI rose from around 4.9% in 2014 to 6.3% in recent years.

Figure 4 Investment Between China and ASEAN, 2014-2023

(Unit: Billion US Dollars)



ASEAN = Association of Southeast Asian Nations.

Source: Foreign Investment Statistics of the Ministry of Commerce of China.

ACFTA Strategically Supports ASEAN-Led Regional Mechanisms

ASEAN has played a vital role as the hub of regional trade arrangements, including several ASEAN+1, RCEP and so on, in which ACFTA is one central pillar of regionalism. ASEAN-China regional integration adheres to the 'ASEAN Way' and development orientation. The effective implementation of ACFTA hinges on moving toward a "rules-based" framework and an "action-oriented

and benefit-delivering" partnership. By promoting parallel and higher rules in digital trade, green economy, and supply chain resilience, ACFTA 3.0 provides an external platform to create a larger, integrated market. As the AEC Blueprint 2025 emphasises digitalisation, sustainability, and seamless connectivity, ACFTA helps ASEAN member states implement AEC standards. This also provides substantive economic and institutional momentum to further consolidate ASEAN's core hub status.

Challenges Facing the China-ASEAN Economic Cooperation

Geopolitical Risks and Supply Chain Shifts

In recent years, the rise of geopolitical tensions and exceptional policy shifts has contributed to growing uncertainty and systemic risks in the global economic environment. The latest Global Trade Update by UN Trade and Development (UNCTAD) shows the world trade policy uncertainty Index reached record levels in the second quarter of 2025.^{lxxxiii} Trade and investment barriers continue to proliferate, with a sharp increase in unilateral restrictive measures. According to Global Trade Alert, the number of new policy interventions introduced worldwide to hinder trade and investment remained high at 3,505 in 2024, three times more than in 2019 (pre-pandemic). Meanwhile, economic security concerns have become a new core principle of foreign economic policies. The reconfiguration of supply chains and reorientation of trade networks may be advanced by strategic arrangements with trusted partners and with regional partners. Developed countries are continuously strengthening their foreign investment security screening mechanisms and the protection of key technologies. The United States takes action to create the leverage needed to rebalance

trading relations and to re-shore production, including, but not limited to, through the use of tariffs.^{lxxxiv}

Governments are expected to continue using tariffs as protectionist and strategic tools tied to industrial, geoeconomic, and geopolitical objectives.^{lxxxv} The US implemented a series of "America First" trade policies, and the US's effective tariff rate surged from 2% to 17%, higher than the levels reached during the Great Depression.^{lxxxvi} The tariffs imposed by the US on April 2nd were notably high for most ASEAN countries, particularly CLMV nations (Cambodia, Laos, Myanmar, Vietnam), which faced rates between 44% and 49%. China's tariff rate of 34% was high, a large degree lower than the tariff in February.^{lxxxvii} Afterwards, Trump signed trade agreements and frameworks with some of ASEAN's members—Thailand, Cambodia, Malaysia, and Vietnam, but tariffs for the countries increased markedly in August. Furthermore, the US moves toward a patchwork of negotiating bilateral deals with different terms. Partners commit to consult and cooperate with the US in implementing export controls, investment screening and measures to combat non-market practices that distort global trade.^{lxxxviii}

While ASEAN economies stand out for their openness, with trade far exceeding GDP as a share of the global economy. The exposure to external shocks is especially remarkable in vulnerable and least developed CLMV countries. Analysis highlights that cheaper labour, openness to FDI, and established trade relationships are pivotal for attracting relocated production and increasing value-added exports in response to global tariff shocks.^{lxxxix}

Technology Transformation Reshapes Production Network

The technology transformation centred on digitalisation and decarbonisation has been profoundly reshaping production methods. On the one hand, this transformation reverses

comparative advantages and drives the reorganisation of global value chains. At the same time, it strengthens economic divergence and exacerbates structural polarisation. Against the backdrop of the multi-polarisation of manufacturing and the global rebalancing of the manufacturing sector, various economies have shown a growing tendency to promote the internal cycle of manufacturing. On the other hand,

Major powers are advancing their own technical regulations and standards abroad, potentially creating rival and fragmented regulatory blocks.^{xc} Meanwhile, systemic barriers to digital participation and uneven digital readiness continue to limit the region's ability to capture value from transformation.

Conclusion and Policy Recommendations

ACTFTA have greatly promoted bilateral trade and investment, and its effectiveness is increased by modifying trade rules, deepening commitments, and aligning rules of origin criteria with regional production patterns. In addition, fostering diversification by negotiating agreements with prospective markets could expand the economic impact of ACFTA. Providing technical support to developing economies for FTA implementation would also help ensure that all members benefit more equitably, building a cohesive and competitive regional environment.

Deepening ACFTA 3.0 Implementation

China-ASEAN regional economic cooperation is one part of the China-ASEAN Comprehensive Strategic Partnership Action Plan (2026-2030), aligning with the ASEAN Community Vision 2045 and ASEAN Economic Community Strategic Plan (2026-2030). ACFTA could continue to serve as a crucial institutional pillar for advancing

the plan and reinforcing the region's role in global value chains. Key priorities include enhancing the resilience of supply chains, accelerating sustainable and digital transformation, and improving regulatory coordination and transparency. Economic and technical cooperation and Inclusive support mechanisms are needed to ensure the high-quality implementation of ACFTA, including capacity-building programs, experience sharing, and technical assistance.

Harnessing Technological Progress for ASEAN-China's Future

In recent years, digital and green transformation gained further momentum as a regional policy consensus. Lower transaction costs encourage the formation of large-scale sectoral hubs, where deep industrial and supply chain specialisation strengthens the manufacturing ecosystem. China and ASEAN should work together to establish a more cohesive, resilient and sustainable regional economic cooperation framework by optimising regional production networks and advancing digital transformation. This will be achieved through infrastructure connectivity, regulatory alignment and industrial chain coordination, aligning with ASEAN's vision for a 'highly integrated, innovative and inclusive' post-AEC 2025 era. In addition, ASEAN and China should work together to promote the integration of AI into production and value chains, scale up digital transformation, and enhance business performance. Regulations will be needed to dynamically navigate the trade-offs between addressing risks and enabling growth through AI adoption, for trusted and responsible AI use.

Expanding "ASEAN+" Cooperation

This "ASEAN-China+" model helps expand regional opening up, diversify partnerships and develop a bigger market. Initiatives like the first ASEAN-China-GCC Summit represent innovative cross-regional cooperation with the alignment of development strategies

to deepen collaboration on industrial specialisation. It facilitates to develop a big market with more efficient mobility of capital, technologies and enhanced trade and investment liberalisation and facilitation. Meanwhile, the development of mega-regional agreements such as the Regional Comprehensive Economic Partnership (RCEP) or the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), also provides a common set of trade rules across multiple partners. For policymakers, the opportunity lies in how to maximise the benefits and practicality of the network of FTAs.

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Chapter 8

Sub-Regional Trade and Economic Cooperation Between ASEAN and China: The Case of BIMP-EAGA and GMS

Hazwan HAINI

This chapter examines how sub-regional cooperation has shaped ASEAN–China economic relations through two platforms: the Brunei–Indonesia–Malaysia–Philippines East ASEAN Growth Area (BIMP-EAGA) and the Greater Mekong Subregion (GMS). It traces milestones from GMS (1992) and BIMP-EAGA (1994) to ACFTA (2010), the Lancang–Mekong Cooperation (2016), and RCEP (2022). Policy recommendations focus on aligning pipelines with MPAC 2025/ACFTA 3.0/RCEP, catalysing higher-value Chinese FDI, strengthening institutions, and mitigating geopolitical and environmental risks to anchor a more balanced, resilient ASEAN–China partnership.

Introduction

Over three decades, ASEAN–China economic ties have deepened markedly, underpinned by the ASEAN–China Free Trade Area (ACFTA) and, more recently, the Regional Comprehensive Economic Partnership (RCEP).^{xci} More specifically, China became ASEAN’s

largest trading partner in 2020, and by 2021, two-way trade hit a record high of USD 669 billion.^{xcii}

Alongside these region-wide agreements, sub-regional frameworks have connected China to specific ASEAN peripheries: BIMP-EAGA across maritime Borneo and Mindanao, and the GMS across the Mekong mainland. Established in the 1990s to accelerate development in lagging border regions, these initiatives now serve as “bridges” between national development plans, ASEAN connectivity agendas, and China’s outward economic engagement.

This chapter offers a retrospective-cum-outlook assessment centred on trade and investment. It compares BIMP-EAGA and the GMS as distinct yet complementary conduits of ASEAN–China integration, and concludes with practical recommendations oriented to ACFTA upgrades, RCEP implementation, and project-level quality and risk governance. The analysis keeps ASEAN centrality in view while drawing out a Brunei angle via BIMP-EAGA.

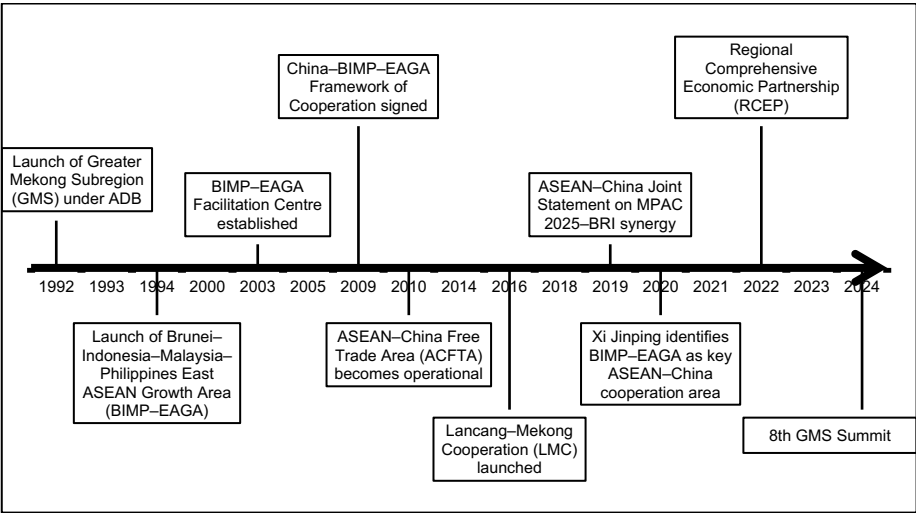
Evolution of Sub-Regional Cooperation and China’s Entry Points

Milestones and Architecture

BIMP-EAGA (1994) and the GMS Program (1992) were conceived to narrow development gaps via cross-border connectivity, trade facilitation, and investment. China’s role evolved from early participation (as a GMS member via Yunnan/Guangxi) to deeper engagement after ACFTA became operational in 2010, followed by the Belt and Road Initiative’s (BRI) emphasis on hard and soft connectivity and the launch of the Lancang–Mekong Cooperation (LMC) in 2016.^{xciii} The entry into force of RCEP (2022) adds a rules-of-origin and services and trade facilitation layer that can be mobilised

within both sub-regions.^{xciv,xcv} Figure 5 outlines the key milestones in ASEAN–China sub-regional cooperation.

Figure 5 Milestones in ASEAN–China Sub-Regional Cooperation



Source: Author's Compilation

Strategic Alignment

Strategically, both sub-regional frameworks have been increasingly “nested” within ASEAN’s broader regional initiatives, from connectivity under the Master Plan on ASEAN Connectivity 2025 (MPAC 2025) to the economic integration goals of the ASEAN Economic Community (AEC), alongside commitments under ACFTA and RCEP.^{xcvi}

For China, they operationalise multi-layered ties with ASEAN through provincial and corridor-level cooperation for ASEAN, they offer vehicles to translate community-building and narrowing-gaps aspirations into concrete logistics, energy, and production-network projects.^{xcvii , xcviii} Importantly, these sub-regional activities complement—rather than substitute—ASEAN-led mechanisms,

reinforcing ASEAN's central convening role and norms of inclusiveness and open regionalism as outlined in the ASEAN Outlook on the Indo-Pacific.

China and BIMP-EAGA: Trade Structure, Investment and Upgrading Opportunities

Economic Profile and China’s Role

Table 19 BECC (2020–2025) priorities mapped to China’s strengths

BECC priority	Illustrative of China's strength	Example EAGA angle
Connectivity/corridors	EPC/BRI financing, logistics tech	Short-sea shipping; ports in Sabah/Sarawak; Mindanao bridges
Agriculture/fisheries	Cold chain, standards, agritech	Halal certification pathways; tuna/coconut value-adding
Tourism/socio-cultural	Platforms, payments, marketing	Eco/heritage circuits Borneo–Fujian diaspora links
Trade & investment promotion	E-commerce, park-to-park models	Supplier-link programs for MSMEs
Digital economy	Cross-border e-commerce, fintech	Rural connectivity; digital market access
Poverty/inclusion	Targeted funds & training	Community logistics/co-ops
Human capital	Technical/vocational education	Industrial maintenance skills

Environment	Green finance, monitoring tech	Reforestation/blue economy pilots
Power & energy	Grid, renewables, storage	Hydro/solar hybrids; microgrids

Source: Author's Compilation

BIMP-EAGA groups Brunei Darussalam; Indonesia's Kalimantan, Sulawesi, Maluku, and Papua; Malaysia's Sabah, Sarawak, and Labuan; and the Philippines' Mindanao and Palawan. These are resource-rich but historically under-connected territories. China's engagement scaled up from a 2009 framework to ministerial-level cooperation (2018 onwards), culminating in the BIMP-EAGA-China Cooperation (BECC) Plan of Action (2020–2025). This plan focuses on nine collaboration pillars (connectivity, agriculture/fisheries, tourism, trade promotion, digital economy, poverty/inclusion, human capital, environment, and power/energy), as shown in Table 19 above.^{xcix}

Trade Patterns with China

Table 20 Key Connectivity Projects BIMP-EAGA

Country	Key Connectivity Projects
Brunei	Hengyi Refinery and Petrochemical Complex
Indonesia	Morowali Nickel Industrial Park (Sulawesi)
Malaysia	Port upgrades, hydropower projects (Sarawak)
Philippines	Davao–Samal Bridge (Mindanao)

Source: Author's compilation

BIMP-EAGA's trade with China is dominated by inter-industry exchange:^c energy and commodities (oil/LNG from Brunei; coal, palm oil, nickel from Indonesia; petroleum and timber from East Malaysia; agriculture from Mindanao) in exchange for imports of machinery and electronics.^{ci} This composition reflects BIMP-EAGA's lower export sophistication and limited intra-industry trade. Downstream shifts are visible—for example, Brunei's Hengyi refinery/petrochemicals and Indonesia's nickel processing in Sulawesi are emblematic “ladder-up” moves tied to Chinese capital and technology.

Table 21 China's Trade with BIMP-EAGA Member Countries			
Country	China-Country Trade Volume (US\$ billion)	Main Exports to China	Main Imports from China
Brunei	2.0	Crude oil, LNG	Machinery, manufactures
Indonesia	148.0	Coal, palm oil, nickel, rubber	Machinery, electronics, steel products
Malaysia	212.0	Electronics, palm oil, LNG	Electronics, machinery, chemicals
Philippines	71.6	Electronics, copper, and fruits	Electronics, machinery, plastics

Source: “ASEAN Indicators, 2025 (Key Indicators),” [ASEANStats Data Portal](#).

China's trade with BIMP-EAGA countries has grown rapidly but remains uneven across members. Malaysia and Indonesia are among China's top ASEAN trading partners – by 2024, Malaysia–

China trade reached around US\$212 billion and Indonesia–China trade was about \$148 billion. The Philippines also maintains substantial trade (approximately \$72 billion). In contrast, Brunei’s trade with China (roughly \$2 billion) is much smaller in absolute terms.

Chinese Outward FDI Stock in BIMP–EAGA

Stock data indicate Chinese FDI in BIMP–EAGA is material but concentrated in Indonesia and Malaysia, with strategic projects in Brunei (e.g., the Hengyi refinery) and selective ventures in Mindanao (southern Philippines), as shown in Table 22.^{cii , ciii} Resource-processing, power generation, and industrial park projects dominate these investments. The policy challenge ahead is to tilt new FDI toward higher value-added activities—such as agro-processing, sustainable petrochemicals, and green energy—coupled with logistics and standards support so that EAGA producers can plug into Chinese (and wider global) value chains.^{civ}

Table 22 Chinese Outward FDI Stock in BIMP–EAGA Countries

Country	Sub-regional Group	Chinese FDI Stock (US\$ billion)	% of China’s ASEAN FDI Stock ¹	Notable Sectors of Chinese Investment
Indonesia	BIMP–EAGA	24.72	16.0%	Mining (nickel, coal); manufacturing (steel); energy (power plants)
Malaysia	BIMP–EAGA	12.05	7.8%	Manufacturing (electronics, chemicals); infrastructure (rail, port); real estate

Philippines	BIMP–EAGA	3.42	2.2%	Utilities (energy); mining; real estate
Brunei	BIMP–EAGA	2.83	1.8%	Energy (oil refinery); petrochemicals
ASEAN Total	(for reference)	154.66	100%	(Singapore alone = \$73.45B, 47.5% of total)

Source: MOFCOM, Statistical Bulletin of China's OFDI 2022.

Risks and Sensitivities

Three considerations recur for BIMP–EAGA cooperation with China: (i) project quality and environmental/social safeguards; (ii) governance capacity and local-central coordination (especially in frontier areas); and (iii) geopolitical spillovers from great-power competition. The mitigation path is rigorous project appraisal and transparency, strong central-local coordination, and triangulation with trusted partners without diluting ASEAN centrality.^{cv} Ensuring alignment with ASEAN's own sustainability guidelines (for instance, the ASEAN Sustainable Urbanisation Strategy or responsible investment principles) can further strengthen long-term project governance and resilience.

China and the GMS: Supply-Chain Co-Production and Connectivity Deepening

BIMP–EAGA and the GMS play distinctive but complementary roles in ASEAN–China cooperation. BIMP–EAGA, covering maritime Southeast Asia's peripheries, leverages natural resource trade and niche opportunities to uplift less-developed areas. In contrast, the GMS (on the Mekong mainland) has fostered deeper manufacturing supply-chain integration, particularly for Vietnam and Thailand.

These differences partly reflect varying institutional support: the GMS is strongly backed by the Asian Development Bank (with formal coordination and financing mechanisms), whereas BIMP-EAGA operates through a looser, member-driven framework with a smaller secretariat. Nonetheless, both sub-regional platforms reinforce ASEAN-wide frameworks by piloting connectivity projects and economic initiatives that feed into broader regional agreements – potentially even serving as test beds for new cooperation elements under an upgraded ACFTA 3.0 or effective RCEP implementation.

Economic Profile and Cooperation Mix

The GMS brings Cambodia, Lao PDR, Myanmar, Thailand, and Vietnam together with China’s Yunnan and Guangxi, prioritising economic corridors, power connectivity, and trade facilitation. China is embedded as a founding participant; since 2016, the LMC has added instruments for soft infrastructure (customs, e-commerce, standards) and development financing.^{cvi,cvii}

Trade Patterns with China

Table 23 Key Connectivity Projects GMS

Country	Key Connectivity Projects
Lao PDR	China–Laos Railway (Kunming–Vientiane)
Cambodia	Sihanoukville Special Economic Zone
Myanmar	Kyaukpyu Deep-Sea Port and pipelines
Thailand	Eastern Economic Corridor, high-speed rail link with China
Vietnam	Chinese FDI in electronics and textiles clusters

Source: Author’s Compilation

Within the GMS, two distinct trade patterns are evident. Vietnam and Thailand sustain high two-way trade with China, characterised by significant intra-industry exchange in electronics, machinery, and other manufactures, indicating deep supply-chain integration. (Key connectivity projects supporting these linkages are outlined in Table 23.)

More specifically, Vietnam has seen explosive trade expansion, becoming China’s largest ASEAN trading partner with over US\$260 billion in bilateral trade by 2024. In contrast, Cambodia, Lao PDR, and Myanmar rely more on energy/resources and garments/agriculture, importing manufactures from China.^{cviii}

Table 24 China’s Trade with GMS Member Countries			
Country	China-Country Trade Volume (US\$ billion)	Main Exports to China	Main Imports from China
Cambodia	14.5	Garments, agricultural products	Machinery, electronics, vehicles
Laos	5.7	Copper, electricity, wood	Machinery, electronics, vehicles
Myanmar	10.0	Natural gas, gemstones, beans	Machinery, electronics, fabrics
Thailand	134.0	Electronics, automobiles, rubber	Machinery, electronics, chemicals
Vietnam	260.7	Electronics, phones, textiles	Machinery, electronics, plastics

Source: “ASEAN Indicators, 2025 (Key Indicators),” ASEANStats Data Portal.

Chinese FDI and Connectivity

Chinese FDI in the GMS combines manufacturing co-production (Thailand/Vietnam) with infrastructure/energy investments (CLM).^{cix} Flagships include the China–Laos Railway and power projects that reduce trade costs and expand market access. The strategic direction now is “quality growth”: EV ecosystems, smart-grid links, and higher standards for project finance and procurement, all leveraged through RCEP/ACFTA rules to scale firm-level participation.^{cx}

Table 25 Chinese Outward FDI Stock in GMS Countries

Country	Chinese FDI Stock (US\$ billion)	% of China’s ASEAN FDI Stock ¹	Notable Sectors of Chinese Investment
Thailand	10.57	6.8%	Manufacturing (automotive, electronics); finance; real estate
Vietnam	11.66	7.5%	Manufacturing (textiles, electronics); power generation; construction
Cambodia	0.38	0.2%	Textiles/garments; real estate; agriculture
Laos	0.06	0.04%	Mining (potash); hydropower; agriculture

Country	Chinese FDI Stock (US\$ billion)	% of China's ASEAN FDI Stock ¹	Notable Sectors of Chinese Investment
Myanmar	0.13	0.1%	Oil & gas; mining; infrastructure (ports)
ASEAN Total	154.66	100%	(Singapore alone = \$73.45B, 47.5% of total)

Source: MOFCOM, Statistical Bulletin of China's OFDI 2022.

Risks and Other Factors

Environmental impacts (notably hydropower) and governance transparency are the main potential risks; geopolitically, overlapping partner initiatives (e.g., Mekong-US, Japan's Mekong programs) create a competitive ecosystem. The policy task is to uphold standards and protect ASEAN centrality.^{cxii}

Outlook and Policy Recommendations

- **Align sub-regional pipelines with ASEAN connectivity and ACFTA/RCEP.**

Prioritise corridors that close MPAC 2025 gaps, support multimodal logistics, and embed rules-of-origin benefits. Where possible, fold projects into ACFTA 3.0 (e.g., digital trade, customs modernisation).^{cxii}

- **Channel Chinese FDI into higher-value sectors with local benefits.**

In BIMP-EAGA: focus on agro-processing, green petrochemicals, renewables, and digital inclusion. In GMS:

EVs, electronics, and smart grids. Link incentives to skills, tech transfer, and SME integration.^{cxiii}

- **Strengthen coordination mechanisms under national and ASEAN-led frameworks.**

Strengthen BIMP-EAGA and GMS coordination units with project tools and monitoring support. Expand sub-national links (e.g., Guangxi–Sabah, Yunnan–Laos) under national oversight.^{cxiv}

- **Advance MSME trade and digital inclusion.**

Scale up mutual recognition of standards, paperless trade, and cross-border payments. Promote standards recognition, e-payments, and paperless trade under ACFTA/RCEP. Support rural producers with e-commerce access, logistics hubs, and cold chain.^{cxv}

- **Contain geopolitical risks through cooperation**

Use ASEAN–China platforms to strengthen dialogue and cooperation on maritime and Mekong-related issues. Encourage joint development and data-sharing to preserve economic cooperation space.^{cxvi}

Conclusion

Sub-regional cooperation has anchored a pragmatic “multi-layered” ASEAN–China economic relationship: With ACFTA/RCEP providing rules and BRI/LMC providing finance and connective tissue, the next leg is about quality, inclusion, and resilience—ensuring that remote provinces and MSMEs participate in value chains, which infrastructure is fiscally and environmentally sound, and that project-level governance underwrites political trust. If these conditions are met, BIMP–EAGA and the GMS can jointly narrow development gaps and hard-wire a more balanced ASEAN–China Comprehensive Strategic Partnership.

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Chapter 8

The Unique Significance of Lancang—Mekong Cooperation for ASEAN—China Relations

LU Guangsheng

Established in 2015, the Lancang—Mekong Cooperation (LMC) enhances ASEAN—China relations through economic integration, infrastructure connectivity, and non-traditional security collaboration. It operates under principles of shared development, equality, and pragmatism, supporting projects like the China-Laos Railway and a special cooperation fund. Complementary to the Belt and Road Initiative, the LMC strengthens regional stability and people-to-people ties, aiming to build a peaceful, prosperous community with a shared future among its six member countries.

Introduction

Since 1991, China and ASEAN have initiated a dialogue process. Gradually, a cooperative partnership has been established, which is centred around the construction of a free-trade area, the development of political mutual trust, and the promotion of cultural exchanges. The Lancang—Mekong Cooperation (LMC) mechanism was officially established on November 12, 2015. Over the past decade, it has evolved into one of China's key strategies for promoting regional cooperation and neighbourhood diplomacy,

bearing unique significance. Guided by the principles of “development priority, equal negotiation, pragmatism and high efficiency, openness and inclusiveness,” the LMC innovates traditional cooperation models. It endeavours to transform the Lancang—Mekong basin countries into a model region where neighbouring nations enjoy mutual trust, engage in economic collaboration, maintain peace and stability, conduct cultural exchanges, and protect water resources. Moreover, it actively contributes to the construction of a bilateral and global community with a shared future for China and ASEAN countries.

Both the LMC and ASEAN—China cooperation share the same goal: “promoting regional economic prosperity, political stability, and social progress.” The six countries along the Lancang—Mekong River—China, Myanmar, Laos, Thailand, Cambodia, and Vietnam—are all committed to the long-term objective proposed by ASEAN of “promoting regional integration and achieving common development.” The LMC does not aim to “start from scratch” but rather to deepen and develop existing cooperation frameworks and mechanisms. On July 4, 2022, at the 7th Lancang—Mekong Cooperation (LMC) Foreign Ministers' Meeting, the ministers advocated for the acceleration of South-South cooperation and the implementation of the 2030 Agenda for Sustainable Development.

LMC also plays a central convening role, as it strived to advance peace and sustainable development in the Lancang—Mekong region, took new strides toward building a closer Lancang—Mekong community with a shared future featuring peace and prosperity, and proposed that the LMC should complement and mutually strengthen China's Belt and Road Initiative, the Global Development Initiative, and the Global Security Initiative. The meeting highlighted the strategic alignment of the LMC with the ASEAN Community Vision 2025, the Master Plan on ASEAN Connectivity 2025 (MPAC

2025) and its subsequent documents, the Initiative for ASEAN Integration (IAI) Work Plan, the ASEAN Comprehensive Recovery Framework (ACRF), and the Mekong Sub-regional cooperation mechanisms under the “3+5+X” model, thereby forming a multi-layered and multi-faceted cooperation network. Evidently, the LMC is not unilaterally led by China; rather, it is a cooperation model of “joint consultation, joint construction, and shared benefits” among all participating countries. It does not conflict with existing regional cooperation mechanisms but is an organic part of ASEAN—China cooperation.

The Lancang—Mekong Cooperation (LMC) is not an isolated mechanism but an integral part of the ASEAN-led regional cooperation architecture. It interacts with, reinforces, and complements core ASEAN-led frameworks such as the ASEAN Community Vision 2025, the MPAC 2025, the Initiative for IAI, and Mekong subregional mechanisms, including the Greater Mekong Subregion (GMS) and the Ayeyawady-Chao Phraya-Mekong Economic Cooperation Strategy (ACMECS). This synergy is manifested in three key dimensions: narrowing development gaps, harmonizing connectivity standards, and fostering a culture of inclusive dialogue, all of which propel ASEAN’s regionalism agenda forward. While the LMC and mechanisms such as the GMS are complementary, the LMC tends to adopt “small yet effective” targeted measures to ensure efficiency and precision in cooperation. This emphasises that the LMC has evolved and developed on the basis of jointly constructing a peaceful, prosperous, open, and inclusive regional cooperation framework. As a crucial component of the ASEAN—China cooperation framework, it holds three irreplaceable and distinctive significances.

Innovating and Deepening the Regional Security Landscape

The Lancang—Mekong Cooperation (LMC) emerges as a transformative force in redefining and fortifying the regional security landscape against the backdrop of globalisation and evolving geopolitical dynamics. Far beyond a mere diplomatic mechanism, it innovates cooperation frameworks and proactively shapes a more stable and resilient security environment for the six riparian countries.

The LMC has forged a robust network of institutionalised collaboration between China and other Lancang—Mekong nations. Regular high-level summits, ministerial meetings, and working group consultations serve as pivotal platforms for policy alignment and strategic coordination. What sets the LMC apart is its pioneering model of “promoting security through economic development”, an approach that breaks the traditional model of security cooperation centred on military or political negotiations alone. By deepening hard connectivity—including cross-border railways, highways, and energy pipelines—and soft connectivity such as mutual recognition of trade standards and visa facilitation agreements, the LMC fosters economic interdependence that acts as a buffer against conflicts.

In non-traditional security cooperation, the LMC leverages the ASEAN Regional Forum (ARF) as a core platform to strengthen transnational law enforcement and joint governance. Transnational crimes—including drug trafficking along the Golden Triangle, human smuggling, and cross-border telecom fraud—have long plagued the region, and the LMC has responded by establishing a unified joint law enforcement and patrol mechanism.^{cxvii} Under this framework, law enforcement agencies from member states conduct

regular joint patrols along the Mekong River, share intelligence on criminal networks, and coordinate crackdown operations. In 2024 alone, such collaborative efforts led to the dismantling of over 50 transnational telecom fraud rings and the seizure of more than 2 tons of illegal drugs, according to data from the Lancang—Mekong Law Enforcement Cooperation Centre.^{cxviii} A milestone in this cooperation was the Lancang—Mekong Law Enforcement and Security Cooperation Senior Officials' Meeting held in Kunming in February 2025. At this meeting, the implementation of The Five-Year Plan of Action on Lancang—Mekong Cooperation (2023-2027) for security governance was accelerated, introducing standardised protocols for cross-border law enforcement, emergency response, and disaster management.^{cxix} This plan has set a regional benchmark for security cooperation, effectively safeguarding the lives and property of people in the Lancang—Mekong region and enhancing the collective capacity to tackle non-traditional security threats.

Establishing a New Paradigm of “Connectivity, Communication, and Mutual Trust”

The LMC has successfully broken through the development bottlenecks that have long hindered regional integration, building a distinctive paradigm of “connectivity, communication, and mutual trust” rooted in the security mutual trust cultivated through the above-mentioned cooperation. This paradigm not only drives economic growth but also reshapes the economic geography of the ASEAN—China region, creating a more integrated and resilient regional economy.

At the heart of this paradigm is infrastructure connectivity, which has seen unprecedented progress under the LMC framework. China, as a key partner, has ramped up investment in the Lancang—Mekong countries within the ASEAN cooperation framework, with bilateral investment between China and the five Mekong nations. The “Anatomy of Choice Alignment Index” (AOCAI) recently released by the Lee Kuan Yew School of Public Policy at the National University of Singapore provides a systematic evaluation of the strategic orientations of 10 Southeast Asian countries between China and the United States over the past 30 years.^{cxv} Flagship infrastructure projects have become symbols of this cooperation: the China-Laos Railway, which spans 1,035 kilometres, has connected Kunming in China to Vientiane in Laos, cutting travel time between the two capitals from over 30 hours to just 10; the China-Thailand Railway, currently under construction with its first phase completed, will link Bangkok to Nong Khai (on the Thailand-Laos border), creating a seamless rail network connecting China to the heart of Southeast Asia; the Siem Reap International Airport in Cambodia, upgraded with LMC support, has doubled its passenger capacity, boosting tourism and trade in the region. These projects are not isolated infrastructure ventures but are integrated into the MPAC 2025, aligning with ASEAN’s broader goal of building a seamless regional connectivity network.

Trade facilitation has been another cornerstone of the LMC’s economic paradigm. The LMC has simplified customs procedures, reduced tariffs, and established cross-border trade zones between member states, leading to a steady surge in trade volume. In 2023, bilateral trade between Yunnan, China and the Mekong countries reached ¥105.79billion, with agricultural products, machinery, and electronic components forming the backbone of this trade.^{cxvi} This growing trade has spurred the formation of a complementary “China + Mekong” industrial chain: China provides high-tech

manufacturing equipment, raw materials, and technical expertise, while the Mekong countries contribute labour, agricultural products, and natural resources. For example, Chinese electronics manufacturers have set up assembly plants in Vietnam and Thailand, leveraging local labour costs, while Laos and Cambodia supply agricultural products such as rice and rubber to the Chinese market.

To further strengthen this industrial chain, the LMC has prioritised supply chain resilience and digital cooperation, advancing the construction of the Digital Silk Road in the region. Member states have collaborated on building cross-border digital payment systems, with the China-Laos-Thailand digital currency pilot project enabling seamless cross-border transactions for small and medium-sized enterprises (SMEs).^{cxxii} Additionally, the transfer of manufacturing capacity from China to the Mekong countries—supported by LMC technical training programs—has promoted regional industrial chain integration, reducing the region's reliance on Western markets and stimulating diversified economic development. For instance, textile manufacturing facilities in Cambodia and Myanmar, supported by Chinese investment and technology, have expanded their exports to ASEAN markets, creating tens of thousands of local jobs and boosting economic diversification.

Facilitating Diversified Development via Cultural Exchanges and Mutual Learning

Cultural and people-to-people exchanges are the “soft power” backbone of the LMC, playing a vital role in fostering mutual understanding and solidarity among the six member countries. The LMC has embedded practical cooperation concepts into cultural exchanges, not only strengthening cultural bonds but also preserving the rich cultural diversity of the Lancang—Mekong basin, driving diversified development that goes beyond economic growth.

The LMC has launched a series of flagship cultural exchange initiatives, with “LMC Week” being the most prominent. Held annually in rotating member states, LMC Week features cultural exhibitions, art performances, academic seminars, and sports events that showcase the unique cultures of each riparian country.^{cxixiii} For example, the 2024 LMC Week included a Chinese calligraphy exhibition, a Lao traditional dance performance, and a Cambodian Angkor Wat cultural heritage seminar. These events have not only promoted cultural appreciation but also spurred cooperation in education, tourism, and sports.

The LMC special fund recently approved 18 proposals from Thailand, covering collaborative projects in the fields of education, science, research and innovation, public health, trade and investment, public affairs, and natural resources management. The fund has supported a range of projects that blend cultural preservation with sustainable development, with over 700 projects launched: the “Harvesting Lancang—Mekong” agricultural cooperation project has trained farmers in the Mekong region in modern agricultural techniques, combining traditional farming knowledge with Chinese agricultural innovation to boost crop

yields; the Lancang—Mekong Sweet Spring Project has built clean water facilities in rural areas of Laos, Cambodia, and Myanmar, improving access to safe drinking water for enhancing people's well-being in the region; the Green Lancang—Mekong Initiative has funded reforestation and wetland protection projects along the river basin, preserving the ecological environment while safeguarding the cultural heritage of indigenous communities that rely on these natural resources. Additionally, the LMC has supported the preservation of cultural heritage sites in the basin, such as the Luang Prabang in Laos and the Angkor Wat in Cambodia, with Chinese experts providing technical assistance for restoration work. These projects have not only protected the region's cultural diversity but also improved livelihoods, making cultural exchanges a driver of inclusive and sustainable development.

People-to-people exchanges under the LMC have also deepened social connectivity between China and the Mekong countries. The Lancang Mekong Tourism City Cooperation Alliance is a transnational tourism cooperation organisation under the framework of the Lancang Mekong Cooperation Mechanism. Approximately 200 guests, including representatives from member cities, leading enterprises, industry associations, relevant international organisations, media outlets, and experts and scholars, gathered to jointly explore new opportunities and futures for Lancang—Mekong tourism cooperation.^{CXXIV} These exchanges have built a “people-to-people bond” that complements the economic cooperation under the LMC, ensuring that the benefits of regional cooperation reach ordinary citizens and solidifying the foundation of the Lancang—Mekong community with a shared future.

Through institutionalised cooperation within the framework of the LMC, the six participating countries have cultivated a culture and awareness of collaboration, which epitomises the spirit of “sharing the same river and being as close-knit as a family.” As per the 2023 statistics, more than 700 cooperative projects have been executed in the eight years since the establishment of the LMC.^{cxxv} The first five-year action plan of the LMC has been successfully completed, and the second five-year action plan (2023-2027) is currently in progress. Adhering strictly to the principle of “mutual benefit and win-win cooperation,” the LMC has established a platform for mutually beneficial cooperation within the region. Through tangible actions, it has bridged the “sub-regional gaps” in ASEAN—China cooperation. With its innovative and distinctive approach, the LMC not only bolsters the construction of the “ASEAN Centrality” but also effectively alleviates the complexities arising from major-power competition. It steers the course of multilateralism and mitigates the risks posed by anti-globalisation trends. Moreover, in the process of building a community with a shared future, the LMC has evolved from a “water community” to a “development community”, thus setting a new standard for South-South cooperation.

Looking forward, the Lancang—Mekong Cooperation (LMC) is set to be further deepened. Throughout this process, China is required to strike a balance between its dual roles as a “development leader” and an “equal partner”. As of August 15, 2025, the 10th Lancang—Mekong Cooperation (LMC) Foreign Ministers’ Meeting was held in Anning, Yunnan. Foreign Minister Wang Yi proposed that, standing at this new “starting point,” all participating countries should endeavour to build a “Lancang—Mekong Cooperation Version 2.0” characterised by unity, cooperation, openness, win-win outcomes, green innovation, and peace and stability, guided by a clearer blueprint, greater resolve, and more concrete measures.^{cxxvi} These dimensions will serve as key guiding principles for future

collaboration, which aligns with Community Vision 2045 by reaffirming ASEAN Centrality, narrowing CLMV-developed ASEAN gaps and promoting multilateralism. With the continuous advancement of the Belt and Road Initiative, the prospects for cooperation will expand further. In domains such as environmental protection, technological innovation, and public health, the countries in the basin will enhance their collaboration. This will drive the LMC from a “Golden Decade” towards an even more glorious “Diamond Decade” to jointly tackle the current global challenges. The significance and distinctiveness of the LMC for China and ASEAN countries are indisputable. By sharing the fruits of development, China and ASEAN countries are jointly constructing a community with a shared future, thus making greater contributions to regional peace and development.

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Chapter 9

ASEAN–China Digital Economy Cooperation: Review, Challenges, and Prospects

CAO Xiaoyang

This essay examines the evolution of ASEAN-China cooperation in the digital economy and its implications for regional integration. It argues that cooperation has moved from infrastructure connectivity and policy dialogue to broader institutional coordination in areas such as digital trade, e-commerce, and cybersecurity. The essay also identifies major challenges, including uneven digital development, fragmented rules, cybersecurity risks, and geopolitical competition. It concludes that stronger coordination in infrastructure, regulation, talent cultivation, and digital governance will be essential for building a more inclusive and resilient regional digital economy.

Introduction

The rapid expansion of the digital economy is reshaping patterns of production, trade, governance, and regional connectivity across the world. In Southeast Asia, digital transformation has become a major driver of economic restructuring, while China's large and technologically advanced digital economy has created significant opportunities for deeper cooperation with ASEAN. As a result, digital cooperation has emerged as one of the most dynamic areas in ASEAN-China relations.^{cxxvii}

This essay argues that ASEAN-China digital economy cooperation is evolving from project-based collaboration into a more institutionalised process increasingly connected to regional governance. Earlier cooperation focused on connectivity and policy dialogue. Since 2020, however, digital cooperation has expanded into e-commerce, digital transformation, smart cities, and regulatory coordination. Looking ahead, the interaction between the upgraded ASEAN-China Free Trade Area (ACFTA 3.0) and ASEAN's Digital Economy Framework Agreement (DEFA) could make digital cooperation a more important pillar of regional integration.

At the same time, progress remains constrained by uneven digital development, fragmented rules, cybersecurity risks, and geopolitical competition. The future of ASEAN-China digital cooperation, therefore, depends not only on economic complementarity but also on whether both sides can support a fair, just and non-discriminatory regional environment for digital development. A regional perspective is therefore essential. Digital cooperation influences not only bilateral trade relations, but also ASEAN's attempts to strengthen connectivity, reduce development gaps, and preserve centrality in the face of major-power competition.

From Digital Connectivity to Institutional Coordination

ASEAN-China digital cooperation has developed in three broad phases. The first stage, from the early 2000s to 2019, centred on policy consultation and digital connectivity. China and ASEAN launched information and communication technology cooperation in 2003, and subsequent ministerial meetings created a basic framework for dialogue. Initiatives such as the ASEAN-China Information Harbour and cooperation under the Digital Silk Road

reflected a growing emphasis on network interconnection, smart cities, and technological exchange.^{cxxviii} At this stage, cooperation was still relatively fragmented and largely focused on projects, infrastructure, and political signalling.

The second phase, especially from 2020 to 2024, saw a marked acceleration. The COVID-19 pandemic intensified digitalisation across Southeast Asia, expanded internet use, and increased the importance of e-commerce, digital payment, and online services. In this context, ASEAN and China moved beyond basic connectivity toward more structured cooperation. The designation of 2020 as the ASEAN-China Year of Digital Economy Cooperation, the digital partnership initiative between the two sides, and the incorporation of the digital economy into the ASEAN- China Comprehensive Strategic Partnership all reflected this shift.^{cxxix} During this period, digital cooperation became more clearly linked to industrial upgrading, digital transformation, and regional economic recovery.

The third stage, beginning in 2025, is characterised by institutional integration. Two developments are especially important. First, the conclusion of ACFTA 3.0 gives the digital economy a clearer place within the bilateral trade framework. Second, ASEAN's DEFA aims to provide a region-wide platform for digital rule coordination.^{cxxx} Together, these processes suggest that ASEAN-China digital cooperation is moving beyond individual projects toward closer interaction with the ASEAN-led regional governance mechanism. In this sense, digital cooperation is no longer only a bilateral growth agenda; it is becoming part of a broader effort to shape regional digital economic integration.

This evolution has two wider implications. On the one hand, ASEAN-China cooperation has helped expand digital infrastructure, market access, and technological exchange across Southeast Asia. On the

other hand, its long-term significance depends on whether bilateral initiatives can be aligned with ASEAN-centred frameworks and contribute to a more coherent regional digital ecosystem. The shift from connectivity projects to governance-oriented cooperation is especially important. Earlier initiatives created channels for technical collaboration, but newer frameworks should begin to address the rules and institutions that determine how digital markets operate.

Major Challenges to Deeper Cooperation

Despite notable progress, four structural challenges continue to limit deeper ASEAN-China digital cooperation.

- **First, the digital divide within ASEAN remains substantial.**

Singapore and Malaysia possess relatively advanced digital infrastructure and higher levels of digital competitiveness, while Cambodia, Laos, and Myanmar still face major constraints in connectivity, skills, and digital readiness.^{cxviii} Such uneven development weakens the foundations of regional digital integration and makes it difficult to implement common standards or shared platforms. The shortage of digital talent further compounds this problem. While some ASEAN members have built strong innovation ecosystems, the broader region still lacks sufficient human capital in advanced digital technologies, regulation, and cybersecurity.

- **Second, digital rules remain fragmented.**

ASEAN and China still operate under different rules in areas such as cross-border data flows, digital trade, cybersecurity, fintech, and digital identity systems. Within ASEAN itself,

regulatory capacities and standards also vary considerably.^{cxxxii} These regulatory differences raise compliance costs for firms, complicate cross-border transactions, and make it harder to build a more integrated regional digital market. This matters because the digital economy depends not just on infrastructure, but also on trust, legal clarity, and a certain degree of institutional compatibility.^{cxxxiii}

- **Third, cybersecurity risks have become more prominent as digitalisation deepens.**

With the rapid spread of digital technologies, Southeast Asia has become more exposed to cybercrime, fraud, ransomware, data theft, and attacks on critical infrastructure.^{cxxxiv} These risks go well beyond technical network protection. They affect how data can be shared, how consumers are protected, and how much trust businesses and governments place in regional digital integration. Regional cooperation, however, remains difficult. Member states differ sharply in resources and institutional capacity, while technological change continues to outpace regulatory and policy responses.

- **Fourth, geopolitical competition is increasing the strategic pressure surrounding digital cooperation.**

Southeast Asia has become an increasingly important space for strategic competition in the digital sphere. In areas such as 5G, data governance, platform regulation, and technology standards, ASEAN member states often find themselves pressured and hard to choose digital ecosystems on their own merits. This makes cooperation more complicated, not least because technological issues are now increasingly

securitised. As a result, economic and governance questions are becoming harder to disentangle from geopolitics.

These challenges make clear that the future of ASEAN-China digital cooperation cannot be measured simply by growth in trade, investment, or technology flows. What matters more is whether both sides can contribute to a regional digital order that is more inclusive, better coordinated, and resilient enough to sustain trust under geopolitical pressure.

Policy Priorities for Deepening ASEAN-China Digital Economy Cooperation

Because these challenges are structural, they cannot be addressed through short-term measures alone. The next phase of ASEAN-China digital economy cooperation should therefore focus on four areas that directly strengthen bilateral cooperation while also supporting broader regional integration.

First, narrowing the digital divide should remain the foundation of cooperation. Both sides should continue investing in digital infrastructure such as broadband networks, data centres, cloud services, and cross-border connectivity, while giving greater attention to less-developed ASEAN members. Infrastructure cooperation, however, should be paired with stronger talent development. Universities, enterprises, and vocational institutions should expand joint training, scholarship programs, and technical exchange so that digital transformation is supported by local capabilities rather than hardware alone.^{CXXXV}

Second, ASEAN and China should promote closer regulatory coordination. The value of ACFTA 3.0 and DEFA lies not only in

market opening but also in their potential to reduce institutional fragmentation. ASEAN and China should use these frameworks to improve dialogue on cross-border data governance, e-commerce rules, digital payment interoperability, consumer protection, and intellectual property. The purpose is not to eliminate all national differences, but to reduce unnecessary friction and create more predictable conditions for cross-border activity. Such progress would lower transaction costs and make regional digital integration more resilient.^{cxv}

Third, cybersecurity cooperation needs to be upgraded from dialogue to capacity-building. Information sharing, emergency response coordination, and joint training are important, but they should be supplemented by stronger support for national capability development in weaker member states. A more trusted regional digital economy requires not only technical Defences but also shared norms regarding data protection, critical infrastructure security, and responsible digital conduct. In this sense, cybersecurity cooperation is a necessary condition for broader market integration.

Fourth, ASEAN-China digital cooperation should be embedded more clearly in inclusive regional governance. ASEAN-led mechanisms remain essential because they provide smaller and middle-sized states with institutional space, help manage asymmetries, and reduce the risks of bloc formation. Coordinated engagement through ASEAN mechanisms, as well as broader platforms such as RCEP, APEC, and the G20, can help both sides strengthen their role in shaping fairer global digital rules. For emerging economies in particular, such cooperation is important for ensuring that digital governance remains open, developmental, and not exclusively defined by major-power rivalry.^{cxvii}

Conclusion

ASEAN-China digital economy cooperation has moved from exploratory engagement to a more institutionalised and regionally significant stage. Its importance lies not only in promoting digital trade, investment, and technological exchange, but also in supporting wider regional integration and governance. The interaction between ACFTA 3.0 and DEFA offers an opportunity to connect bilateral cooperation with ASEAN-led regional frameworks and to build a more coherent digital economic order in Southeast Asia.

However, this outcome will not emerge automatically. Uneven levels of development, fragmented regulatory frameworks, cybersecurity risks, and intensifying geopolitical competition still limit the scope for deeper cooperation. To move forward, ASEAN and China need to invest more in digital infrastructure and talent cultivation, improve regulatory coordination, strengthen cybersecurity capabilities, and support more inclusive forms of regional governance. If these efforts can be advanced in a steady and institutionalised way, digital cooperation may develop into a lasting pillar of the ASEAN-China Comprehensive Strategic Partnership and make substantive contributions to regional integration in the digital age.

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Chapter 10

Elevating ASEAN-China Cooperation through ASEAN Power Grid

Yose Rizal DAMURI

The transition to clean energy is a necessity, and it is especially true for countries in Southeast Asia. It is not only to mitigate the effects of climate change, but also to respond to the increasing global demand for sustainable products, both from businesses and consumers. Future economic development, including plans for new industrial zones, massive digitalisation, electric vehicle adoption, and urbanisation, will require a massive power supply. The need is even more obvious considering the development model of ASEAN member countries depends on supplying goods and services to the global market.

The challenges, however, are abundant. Despite the region's vast renewable potential, in 2023, about 85% of ASEAN's energy demand was still met by fossil fuels, mainly coal and oil.^{xxxxviii} Coal alone generates about one-third of ASEAN's electricity and accounts for the majority of power-sector carbon emissions. In aggregate, utilisation of renewable energy among ASEAN members remains in its early stages, though momentum is building. ASEAN collectively set a goal of achieving 23% renewable energy share in primary energy by 2025, leveraging its large base of hydropower, although the progress has been behind schedule.

Among ASEAN countries themselves, there is a wide variation in renewable energy utilisation and policy. Vietnam has emerged as a regional leader in renewable deployment, with total installed power capacity reaching 45 GW in 2023, equivalent to almost 60% of installed capacity, with solar power having soared rapidly in the last few years. Thailand and the Philippines have also expanded renewables, each reaching on the order of 4 GW of solar and wind capacity, alongside significant geothermal in the Philippines. While still behind the target of reaching 31% of installed capacity in 2025, Malaysia is making significant progress in renewable power by having 26% of the capacity in 2024.

Indonesia, the region's largest economy, has lagged on its renewable targets due to various challenges. The country pledged to have 23% of its energy mix from renewables by 2025, but by December 2024 had only reached 13.9%, even falling short of a downgraded target of 17–19%. The power sector remains dominated by coal, taking advantage as largest producer of fossil fuels. A combination of policy reversals, monopoly structure and political economy of fossil fuel interests has hindered the acceleration of energy transition in the country.^{cxxxix}

The situation in China stands in stark contrast. While China is the largest energy consumer and by far also the largest carbon emitter albeit with a lower per capita emission level than other major economies, it has also turned itself into the world leader in renewable energy development and energy transition. In 2024, installed power capacity from renewables reached almost 2000 GW, of which more than 70% came from solar and wind, accounting for 34% of power generation in that year.^{cxl} One-year addition of renewables in China was over 10 times the total solar and wind capacity of all ASEAN countries combined. The International Energy Agency (IEA) projects that China could reach over 3,700 GW of

renewables by 2030 if it maintains momentum, reflecting China's strategic transition to renewables and to fulfil the increasing demand for clean energy. This boom has been fuelled by supportive policies, falling technology costs, often driven by China's own manufacturing development, and the need to curb air pollution and import dependence.

This achievement gap between ASEAN and China indicates that ASEAN member states could learn from the experience and policy formulation in China or even promote cooperation further.

Lessons Learned for ASEAN

China's success in scaling up renewable energy can be attributed to a combination of strong political commitment, policy consistency, power market reforms, massive investments, industrial capacity, and grid industrial capacity. While China's ability to devote vast financial resources might be difficult to replicate in other countries, including ASEAN, there are many other lessons that ASEAN countries can learn in order to promote renewable development and successful energy transition.

Strong political commitments and policy consistency are the key factors to support a successful transition in China. Renewable energy expansion is backed by China's Five-Year Plans, binding targets, and supporting legislation. This top-level commitment provides policy certainty to investors and signals to all levels of government to align efforts. By contrast, while many ASEAN countries have announced renewable targets, often these exist alongside conflicting short-term priorities.

For example, Indonesia's policy environment has sent mixed signals. While the recently published PLN's Electricity Supply Business Plan set the target of 42.6 GW of renewable capacity by 2035, it will keep constructing fossil-fuels-based generation, including coal, to match the increasing demand. This contradiction is reflected at the regulatory level through mechanisms such as "take-or-pay" contracts for coal generators, which provide them with stronger incentives and crowd out renewables. The lesson for ASEAN countries is to establish clear, consistent policy frameworks that prioritise renewables and phase down fossil incentives. This should be included in the top long-term and short-term planning, reflected in pricing and incentives policy, followed by supportive permitting procedures and commercial contracts between authorities and power producers.

Related to the policy consistency problem, renewable development in Southeast Asia is also challenged by the single-buyer market structure operated in many ASEAN countries. Indonesia's power sector operates under a single-buyer model dominated by PLN, the state-owned utility. While this structure ensures centralised planning, it also makes renewable development dependent on PLN's financial health and willingness to sign new power purchase agreements. In other countries, such as Malaysia or Vietnam, while the expansion of renewables takes place via auctions and programs, project volume and timing are still shaped by central planning and grid readiness, not necessarily by market situation. Even in the Philippines, with a more unbundled market structure, renewables and consumers get trapped by contracts and pricing design. A World Bank case study notes that bilateral contracts are settled outside the market between generators and buyers and highlights the system's complex geography and demand concentration.^{cxli}

While China's electricity sector is still state-owned, it is gradually introducing market mechanisms that help renewable development. The reform signifies a deliberate shift from administrative allocation toward a more balanced system where the market increasingly shapes prices and investment while the state carries out strong oversight to provide incentives and to maintain affordability and security.^{cxlii} This reform helps promote renewable development mainly by improving price signals for electricity generation, while enabling a more flexible market and creating new demand for renewable power.^{cxliii} The reform also creates incentives for cross-provincial power trading to supply the demand in other provinces where the sources are located.

Related to the last point, the benefit of investment in an integrated grid is often overlooked in supporting renewable development. To connect remote wind and solar farms, often in the western part of China, with demand centres in the eastern part, China built an extensive network of high-voltage transmission lines and grid modernisation, representing a US\$80 billion investment in 2024 alone.^{cxliv} The lesson for ASEAN countries is quite clear: without strong grids, renewable targets will be hard to achieve.

In ASEAN, grid infrastructure has traditionally been focused within national borders, and many systems are not yet equipped to handle large shares of intermittent solar or wind sources. Several ASEAN countries have fragmented grids, such as Indonesia and the Philippine archipelago, making integration even harder. Moreover, cross-border transmission capacity in ASEAN is very limited.

ASEAN countries need to develop their transmission and encourage cross-border electricity trade in order to connect source areas of renewable and demand centres. IEA projects that by 2035, annual investment in Southeast Asia's electricity networks needs to more

than double to support reliability and regional interconnections. That is why a project such as ASEAN Power Grid would be critical in supporting the successful energy transition in the region.

ASEAN Power Grid to Accelerate Energy Transition

The ASEAN Power Grid (APG) is an initiative introduced in the 1990s to allow the free flow of power across borders, so that countries can trade electricity with one another seamlessly. While the progress has been modest, it has gained renewed momentum with the urgency of climate targets and increasing demand for energy security, due to its ability to link countries' surplus generation of renewables to those with high demand, creating a more resilient and sustainable regional energy situation.

Currently, there are at least eight operational cross-border transmissions with roughly 7.7 GW capacity, part of ASEAN's larger plan to significantly expand to 18 priority projects and over 17 GW by 2040. Most of them are bilateral links between neighbouring countries, such as Thailand and Laos, which are connected by multiple transmission lines to take advantage of Laos' abundant hydropower generation. Malaysia and Thailand have interconnections as well, similar to Malaysia and Singapore, or Malaysia and Indonesia (in Kalimantan), although they are mostly at a modest capacity. These bilateral projects have set important experiences for more regional projects, such as the Laos-Thailand-Malaysia-Singapore Power Integration Project (LTMS-PIP), launched in 2022. Although it is relatively small, with only around 100 MW capacity, Phase 1 of the LTMS-PIP was completed in 2024 with a total traded energy of 266 GWh.^{cxlv}

The ASEAN Power Grid addresses two fundamental issues in renewable electricity: resource mismatch and variability. Some ASEAN countries have abundant renewable resources relative to their demand. For instance, Laos has huge hydropower potential relative to a small population. Southern Thailand or some Indonesia's islands also have strong solar and wind potential, but not always matching local demand peaks. On the contrary, countries like Singapore or production hubs in Malaysia or Thailand have high demand but limited renewable resources locally.

Interconnecting grids means that surplus renewable electricity in one area can be exported to where it's needed elsewhere. That would also improve the overall efficiency and reduce the risks of intermittency from renewable sources. In addition, a regional grid improves regional energy security. If one country faces deficits, for instance, due to a drought reducing hydro output, neighbours with spare capacity from other sources can export electricity to fill the gap. This reduces the risks and the need for each country to maintain expensive standby capacities, especially due to the intermittency of renewables. This eventually will improve confidence among ASEAN members to accelerate renewable development and to be more serious in the energy transition.

How can China and ASEAN Collaborate to Promote APG?

China's role in supporting the APG can be pivotal for ASEAN's energy transition. The opportunity is large because the infrastructure gap is large. The World Bank estimates that achieving the APG vision by 2045 requires around US\$800 billion in generation and transmission investment.^{cxlvi} While China's involvement in Southeast Asia's energy sector has been substantial, it has been mostly done as bilateral schemes with individual countries of ASEAN. APG offers

a framework for regional cooperation under ASEAN-led rules to protect the interests of ASEAN.

Technology and infrastructure are China's clearest potential elements of cooperation. Chinese firms can contribute engineering, procurement, and construction capacity, while Chinese manufacturers can supply key components rapidly and competitively. Various past bilateral cooperations can be scaled up to ASEAN-level cooperation through APG. Financing is another significant challenge, especially for cross-border interconnections that often face diverse jurisdictions, and the bankability of the projects depends on predictable rules. In October 2025, the ASEAN Secretariat, ADB, and the World Bank launched the ASEAN Power Grid Financing Initiative (APGF) to mobilise financing and technical support for interconnections.^{cxlvii} China can complement this architecture by aligning policy-bank lending, or AIIB co-financing, and supplier credit with APGF pipelines.

However, China's contribution should be beyond those two factors. Renewable power demands system flexibility such as reserves and storage or demand responses, including sophisticated forecasting and automation of grids and power generation. China's experience in managing large-scale variability can be shared through joint pilots and workforce training for related APG operators.

The ASEAN Power Grid (APG) help defuse tensions and difficulties from ad-hoc bilateral infrastructure deals to more rules-based ASEAN-led regional infrastructure integration. The APG's core logic is to interconnect national systems so that countries can share resources, improve reliability, and integrate variable renewables more effectively than isolated grids, while acknowledging that sovereignty concerns and political coordination are central challenges.^{cxlviii}

The LTMS-PIP is a good example of this. ASEAN ministers describe it as a cornerstone and pathfinder for multilateral and multidirectional cross-border power trade, supported by dedicated working groups monitoring various challenges and issues.^{cxlix} This kind of multilateral governance makes cooperation look less like a geopolitical alignment choice and more like a shared regional public good. This will add multilateral due diligence and coordinated finance, easing fears of strategic dependency on any single partner. Embedding China's technology and capital inside these ASEAN frameworks, such as APGF, can turn bilateral capability into regional trust-building.

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Chapter 10

China-ASEAN Energy and Green Economy Cooperation

YAN Shigang

Against the backdrop of global climate change and the pursuit of carbon neutrality, this chapter examines the progress and challenges of energy and green economy cooperation between China and ASEAN. It highlights the strengthening of collaborative mechanisms, the implementation of renewable energy projects, and the advancement of shared green standards. Despite these achievements, the cooperation faces challenges from policy instability, regulatory heterogeneity among ASEAN member states, and disparities in renewable energy development levels. The analysis underscores the importance of tailored strategies to foster a sustainable and low-carbon regional future.

Introduction

In the 21st century, climate change has become a serious challenge faced by all countries in the world. In 2015, more than 190 participating countries signed the Paris Agreement, aiming to limit the global temperature increase in this century to 2 degrees Celsius while pursuing efforts to limit the increase even further to 1.5 degrees Celsius. To achieve such long-term climate goals, more than 130 countries and regions have proposed carbon neutrality targets in varying degrees by now.

Within this global momentum, green transformation has become a new driver of economic growth for China and ASEAN, with renewable energy playing a crucial role. China's 14th Five-Year Energy Plan (2022) emphasises low-carbon energy transition.

In September 2020, at the 75th session of the United Nations General Assembly, China announced its “dual carbon” target: to peak carbon emissions before 2030 and achieve carbon neutrality before 2060. ASEAN countries have set ambitious clean energy strategies, including net zero emissions targets (e.g., Vietnam and Singapore by 2050, Indonesia by 2060, Thailand by 2065) and renewable capacity goals.

ASEAN countries urgently need to scale up clean energy technologies to meet surging energy demand, which is projected to account for 25% of global growth to 2035. At the same time, they must mobilise far greater investment (over \$190 billion annually by 2035) and lower the region's high cost of capital. China holds significant advantages in new energy technology, industry, and funding. Moreover, China is advancing green energy cooperation under the Belt and Road Initiative (BRI), the Global Development Initiative, the Global Governance Initiative and the Regional Comprehensive Economic Partnership (RCEP). Given the high complementarity between China and ASEAN in industrial structures, technology, and capital, promoting renewable energy cooperation is vital for post-COVID economic recovery and regional sustainable development.

Main Progress of China-ASEAN Energy and Green Economy Cooperation

China and ASEAN have made significant progress in institutional building, renewable energy project implementation, and the advancement of green standards, reflecting their shared commitment to a sustainable and low-carbon future.

Strengthening cooperation mechanisms

Under the framework of the BRI, the energy and green economy cooperation mechanism between China and ASEAN has experienced rapid development. China and ASEAN have carried out multi-level and multi-faceted cooperation in the fields of energy and green economy cooperation, establishing collaborative frameworks such as the China-ASEAN (10+1) mechanism and the ASEAN Plus Three (10+3) mechanism. Focusing on key areas including integrated governance, policy planning, market cultivation, and joint research, China and ASEAN have continuously enhanced their cooperation in energy and the green economy.

Cooperation between China and ASEAN in energy and the green economy has emphasised different priorities at various stages of development. In the initial phase of energy cooperation, the focus was on building an energy security framework, which clearly identified four major areas of collaboration: petroleum reserves, natural gas development, clean energy, and energy efficiency. During the institutionalisation phase, specialised forums were established on natural gas and petroleum markets, energy security, renewable energy, and energy efficiency. Cooperation was also deepened in clean coal technologies, LNG flexibility, and nuclear safety. In the low-carbon transition phase, the policy target system was further upgraded. The establishment of the China-ASEAN Clean

Energy Cooperation Centre (ACCECC) and the release of the ASEAN Offshore Wind Roadmap mark a new height in collaborative efforts. In August 2023, China's National Energy Administration and the ASEAN Center for Energy signed a memorandum to officially launch the preparation for establishing the ACCECC, which would serve as a crucial platform to enhance policy coordination, technology exchange and capacity building in clean energy development.

Implementing renewable energy projects

The ASEAN region boasts abundant renewable energy resources such as solar, wind, and hydropower, with immense development potential. In 2025, the 43rd ASEAN Ministers of Energy Meeting endorsed the “ASEAN Plan of Action for Energy Cooperation 2026-2030”, further injecting strong momentum into the region's clean energy development. China holds significant advantages in new energy technology and industrial development. China has established a complete and mature energy supply chain, spanning from upstream raw material production to downstream energy equipment manufacturing and application.

China and ASEAN countries have engaged in extensive and diversified clean energy cooperation since 2020, with a total of 175 projects across solar, wind, hydropower, energy storage, and other sectors. From 2020 to 2024, Chinese enterprises had implemented 75 solar PV projects, 48 wind power projects, and 29 hydropower projects. Countries such as Vietnam, the Philippines, Indonesia, and Malaysia have been key partners, with Vietnam notably hosting 34 wind projects and the Philippines leading in solar with 26 projects. This cooperation reflects a comprehensive collaboration model covering technology transfer, infrastructure development, and project investment, significantly contributing to the region's energy transition and sustainable development goals. These projects have not only accelerated the deployment of clean energy across ASEAN

countries but also deepened regional cooperation by fostering cross-border power grid connectivity and shared technical standards.

Advancing green standards

China and ASEAN countries have continued to deepen cooperation in standards alignment, such as hydropower, wind and solar PV, as well as new energy technologies, where both sides have achieved extensive technology promotion and project collaboration. This cooperation has not only facilitated the exchange and sharing of technologies but also contributed to the optimisation of the regional energy structure and the promotion of sustainable development.

In the field of hydropower, China-ASEAN cooperation has evolved to include planning guidance, process consulting, and integrated river basin construction and management. In wind power, Chinese enterprises have actively participated in the development of wind energy projects in countries like Vietnam and the Philippines, promoting Chinese wind power technology standards. In the solar PV sector, Chinese companies have established production bases, enhancing ASEAN countries' R&D and manufacturing capabilities for PV components. China has cooperated with Laos and Cambodia to build a low-carbon demonstration zone. The two demonstration areas use new energy vehicles to achieve clean transportation, PV power generation and solar streetlights to provide green lighting, and extensively carry out green policies, technical exchanges and publicity to enhance the public's green and low-carbon awareness. These collaborative projects are no longer limited to initial planning and design stages, but have expanded to multiple phases, such as equipment manufacturing, engineering construction, as well as project operation and maintenance. Through the continuous advancement of cooperative projects, the development and mutual

recognition of China-ASEAN green standards have been significantly enhanced, along with the smooth alignment of technical regulations.

Main Challenges of China-ASEAN Energy and Green Economy Cooperation

Despite rapid growth and renewable energy targets, countries in the region face challenges including policy and regulation constraints, heterogeneity of renewable energy development, and overseas investment risks.

Policy and Regulation Constraints

The legal frameworks and policies of ASEAN countries for green energy projects vary significantly among member states, presenting multiple challenges and risks that affect investment stability and project implementation.

Firstly, policy instability undermines investor confidence and disrupts cooperative project planning. In some ASEAN countries, there have been frequent adjustments in electricity pricing and subsidy mechanisms for solar power. Such volatility makes it difficult for Chinese partners to forecast project profitability and commit long-term capital, thereby discouraging cross-border cooperation. Similar fluctuations in renewable energy policy mechanisms have also led to higher transaction costs and delays in project implementation. Persistent challenges such as complex licensing, grid interconnection barriers and limited financing access are further worsened by exposure to climate-related risks.

Secondly, restrictive foreign investment and market access policies in several ASEAN nations further hinder renewable energy development. For instance, although solar and wind projects show

strong market potential, foreign investors face major obstacles in some countries in securing land rights and must rely on complex joint-venture structures to circumvent ownership restrictions. For cooperation projects involving technology transfer or shared financing, such barriers increase negotiation complexity and limit the ability of foreign partners to contribute equity or expertise. Similarly, enforcement of foreign equity caps in the power sector and prohibition against external investment in certain energy segments not only slow down technology transfer and capital inflow but also constrain the growth of local renewable energy capacity.

Finally, weak legal enforcement and regulatory mechanisms in some ASEAN member states increase operational risks. Inefficiencies in contract enforcement and dispute resolution lead to project delays, elevated legal exposure, and significant financial losses. In some countries, massive upgrades and investment needs in transmission and distribution systems are compounded by climate vulnerabilities. Meanwhile, the absence of a comprehensive renewable energy strategy, cumbersome bureaucratic processes, limited capital availability, low public awareness and support, and inadequate legal safeguards are all challenges to be tackled by Chinese investors.

Heterogeneity of Renewable Energy Development

ASEAN countries exhibit varying levels of renewable energy development. The data presented in Table 26 reveal substantial disparities in renewable energy development among ASEAN member states. These differences are apparent in total power generation, growth patterns, and the maturity of existing infrastructure. For example, Table 26 highlights Vietnam as a regional leader, generating 128.36 Terawatt-hours (TWh) in 2024, and demonstrating consistent and robust growth over the past decade. Indonesia follows as another significant contributor, with

72.35 TWh in 2024. In comparison, countries such as Malaysia (39.4 TWh) and Thailand (29.6 TWh) are at a more moderate developmental stage. The Philippines (28.27 TWh) has experienced relatively slow growth, while Singapore, constrained by its geographical limitations, remains in the early stages of renewable energy adoption, producing only 2.12 TWh in 2024.

This considerable variation in development stages leads to significant gaps in technology access, infrastructure investment, and the availability of specialised talent. Leading nations are in a more favourable position to attract investments and cultivate advanced technical expertise. In contrast, those at earlier stages encounter greater challenges in securing necessary technologies and building a skilled workforce to accelerate their energy transition. This heterogeneity underscores the importance of tailored regional cooperation strategies that are responsive to the specific needs and capacities of each member state.

Table 26 Renewable power generation of China and the main ASEAN countries

Unit: Terawatt-hours

Year	China	Indonesia	Malaysia	Philippines	Singapore	Thailand	Vietnam
2015	1393.7	24.3	14.9	21.0	0.9	13.8	56.3
2016	1522.8	29.9	21.1	22.0	0.9	16.1	64.3
2017	1667.1	32.0	27.9	23.2	0.9	19.6	86.5
2018	1835.4	48.4	28.3	23.3	0.9	25.5	84.1
2019	2014.6	48.0	28.8	22.1	1.0	27.7	72.0
2020	2185.0	52.9	30.6	21.7	1.0	25.1	85.0
2021	2448.8	556.2	34.5	23.5	1.1	26.5	108.5
2022	2670.7	65.4	37.0	24.8	1.6	28.5	131.1
2023	2894.2	65.2	37.2	26.4	1.8	29.8	118.8
2024	3398.8	72.3	39.4	28.3	2.1	29.6	128.4

Source: Energy Institute (2025)

Conclusions

China and ASEAN have made substantial strides in energy and green economy cooperation, driven by shared climate goals and complementary strengths. The establishment of dedicated cooperation centres, the successful rollout of diverse renewable energy projects, and progress in aligning green standards demonstrate a strong and evolving partnership. However, challenges related to policy consistency, regulatory diversity, and uneven development across ASEAN nations require continued attention and adaptive cooperation frameworks. To further strengthen cooperation, the following recommendations are structured under four themes:

Firstly, China and ASEAN should strengthen policy communication to jointly formulate and promote green development plans. The two sides should establish a stable renewable energy supply system and enhance mutual recognition of green standards. Secondly, both sides should increase investment in renewable energy infrastructure to enhance low-carbon connectivity. Developing interconnected power grids between the two sides will enable efficient cross-regional resource allocation and a more reliable electricity market. Thirdly, both sides should jointly develop financing norms, standards, and incentive policies for renewable energy projects, thereby reducing investment risks and attracting private capital. Finally, both sides should continue to support capacity-building centres and technology transfer platforms, particularly for less developed ASEAN countries, in order to bridge development gaps.

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Chapter 11

Education and Youth Exchanges: Drivers of Connectivity in ASEAN-China Relations

Institute of Foreign Affairs of the Lao PDR

This chapter explores education and youth exchanges as a central dimension of ASEAN-China relations. Such initiatives foster trust, strengthen people-to-people connectivity, and support regional integration. For the region, and for less developed countries in particular, they narrow development gaps, enhance human capital, and promote deeper engagement. Persistent limitations remain, however, including unequal access, linguistic and cultural barriers, dependency on external support, and the digital divide. Addressing these requires equitable opportunities, stronger institutions, and digital collaboration. Drawing on Laos' experience, the chapter underscores education's strategic role in advancing an inclusive ASEAN-China community with a shared future.

Introduction

The year 2026 marks both the fifth anniversary of the Comprehensive Strategic Partnership (CSP) between ASEAN and China and the thirty-fifth anniversary of their dialogue relations, two milestones that underscore the depth and maturity of this partnership. Over the past three decades, cooperation has extended beyond political, economic, and security spheres to encompass social and cultural dimensions

that are equally vital to regional stability. Within this broader framework, education and youth exchanges have emerged as essential foundations for long-term connectivity and mutual understanding. As the people-centred pillar of ASEAN-China relations, they reinforce trust, promote dialogue, and foster a sense of shared responsibility between societies.^{cl,cli}

Education is increasingly recognised not only as a catalyst but also as a product of regional integration. Initiatives such as the ASEAN-China Education Cooperation Week (ACECW), the ASEAN-China Young Leaders Scholarship (ACYLS), and a range of academic exchange programs have generated opportunities for knowledge transfer, intercultural learning, and collaborative research.^{clii} Meanwhile, youth forums, volunteer initiatives, and cross-border dialogues have nurtured a generation that is globally aware while remaining regionally rooted. These developments support ASEAN's vision of a people-oriented community and complement China's concept of building a community with a shared future for humanity.^{cliii} For Laos, a landlocked yet increasingly land-linked country, such initiatives hold a particular strategic significance by helping to narrow development gaps, build human capital, and strengthen its integration into regional frameworks.^{cliv}

ASEAN-China Educational Cooperation Framework

Since the establishment of dialogue relations in 1991, ASEAN and China have consistently emphasised people-to-people connectivity as a foundation of trust and long-term cooperation. This commitment was institutionalised in 2008 with the launch of the ACECW, which has since evolved into a flagship platform for higher education dialogue, vocational training, and youth mobility.^{clv} Over the years, it has broadened in scope, offering policymakers, academics, and students' opportunities to deepen collaboration and develop innovative responses to shared challenges. The 2025 edition, themed "Smart

Education Empowering People-to-People Exchanges, Educational Cooperation Enhancing Common Development,” reaffirmed the central role of education and youth in advancing the CSP.^{clvi} Its objectives are closely aligned with the ASEAN Socio-Cultural Community Blueprint, the ASEAN Work Plan on Youth 2021-2025, and the long-term agenda outlined in “ASEAN 2045: Our Shared Future,” underscoring education and youth cooperation as a strategic pillar of ASEAN-China relations.^{clvii}

This institutional framework is reinforced by a wide range of practical mechanisms that give tangible meaning to cooperation. The ACYLS has emerged as a flagship program, while thousands of Chinese Government scholarships each year support ASEAN students across diverse disciplines. Additional opportunities are provided through the ASEAN-China Cooperation Fund and numerous university-level schemes. Beyond scholarships, platforms such as the ASEAN-China Youth Camp and the ASEAN International Mobility for Students (AIMS) program promote cultural exchange, leadership development, and peer-to-peer dialogue. Collectively, these efforts strengthen human capital, foster intercultural understanding, and build regional solidarity.

Youth cooperation has also expanded through structured dialogues and grassroots engagement. A range of programs, including the ASEAN-China Youth Forum, leadership dialogues, and volunteer programs, allow young people to address pressing challenges ranging from digital transformation and climate change to sustainable development.^{clviii} By connecting youth with policymakers, business leaders, and civil society, these initiatives foster innovation, entrepreneurship, and inclusiveness. A growing emphasis on reaching disadvantaged groups also helps reduce inequality and promote social mobility, ensuring that the benefits of ASEAN-China cooperation are distributed more equitably.

At the strategic level, education and youth exchanges complement China's Belt and Road Initiative (BRI) by extending connectivity beyond infrastructure to human linkages.^{clix} Through pooled resources, institutional partnerships, and cross-border networks, ASEAN and China are laying the foundations for multidimensional cooperation. Beyond immediate benefits such as scholarships and training, these initiatives cultivate durable trust, generate innovative solutions, and build the problem-solving capacity of future leaders, assets essential to sustaining the resilience and adaptability of the ASEAN-China partnership in the decades ahead.

Achievements and Limitations of ASEAN-China and Laos-China Educational Collaboration

The achievements of ASEAN-China educational cooperation are evident in multiple dimensions. Among the most prominent is the sharp increase in student mobility. By 2023, the combined number of ASEAN students in China and Chinese students in ASEAN countries exceeded 175,000.^{clx} Before the COVID-19 pandemic, ASEAN enrolment in China stood at around 99,317, accounting for roughly one-fifth of China's international student population.^{clxi} The strong post-pandemic recovery of exchanges underscores the resilience of these linkages and their importance for regional human capital development.^{clxii}

Country-level dynamics provide further depth to these trends. Thailand remains the largest source of ASEAN students in China. While China has not released updated international enrolment data in recent years, figures from 2019 show that it hosted 28,600 Thai students, 15,000 Indonesians, 11,300 Vietnamese, and 9,500 Malaysians, making it the leading destination for a substantial share of Southeast Asian students.^{clxiii} More recent estimates suggest that this overall pattern has continued, underscoring both the scale of ASEAN participation in Chinese higher education and the diversity of

academic exchanges. Simultaneously, ASEAN institutions have increasingly welcomed Chinese students, fostering a reciprocal flow that enriches classrooms, broadens perspectives, and strengthens the foundation of a shared ASEAN-China knowledge base.^{clxiv}

Beyond student mobility, ASEAN-China cooperation has broadened into research collaboration and academic innovation, reflecting the growing importance of knowledge exchange for regional development. Mechanisms such as the ASEAN-China Think Tank Network, joint research centres, dual-degree programs, and international conferences connect scholars and policymakers to address common challenges, including sustainable development, digital transformation, climate resilience, and cybersecurity.^{clxv} Increasingly, such partnerships extend into BRI-related fields, notably infrastructure, energy, and environmental studies.^{clxvi} These linkages ensure that academic cooperation complements broader regional strategies for growth and connectivity. A notable example is the China-ASEAN Public Health Science and Technology Cooperation Centre, which has developed into a hub for training, applied research, and health collaboration.^{clxvii} Collectively, these initiatives demonstrate how education and youth cooperation foster human capital development, strengthen regional integration, and reinforce ASEAN centrality.

These regional achievements are also visible in the Lao context, where ASEAN-China cooperation is complemented by strong bilateral engagement with China. Each year, thousands of Lao students pursue higher education in China under government scholarships, studying in fields as diverse as engineering, medicine, language, and international relations.^{clxviii} Domestically, institutions such as the Confucius Institute at the National University of Laos and vocational training centres supported by Chinese funding have expanded workforce capacity and enhanced language skills. Lao youth also participate actively in ASEAN-China forums, leadership dialogues,

and volunteer programs, while the Laos-China Railway has created new avenues for people-to-people connectivity.^{clxix} Taken in context, these opportunities illustrate how regional frameworks and bilateral initiatives intersect to provide Laos with critical pathways to reduce development gaps, strengthen national capacity, and integrate more effectively into ASEAN-China cooperation.

Despite notable achievements, several limitations remain. At the regional level, inclusiveness remains uneven. While mobility and exchanges have expanded, opportunities are not equally distributed among member states, and disadvantaged groups still face barriers to participation. Linguistic and cultural obstacles also persist. Although Chinese language education has expanded, many students continue to struggle with academic adaptation in China, while limited English proficiency restricts meaningful engagement in ASEAN-level forums.^{clxx} Furthermore, the rapid shift toward digital platforms risks widening disparities, since not all Southeast Asian countries are equally equipped to embrace online modes of cooperation.

Laos' experience further illustrates these structural constraints. Most scholarships and exchange opportunities remain concentrated in Vientiane, leaving rural students disadvantaged by weaker preparation, financial barriers, and limited access to information.^{clxxi , clxxii} This urban-rural divide risks perpetuating inequality.^{clxxiii} Reintegration of graduates into domestic institutions has likewise been inconsistent, reducing the long-term developmental impact of international education. Beyond these domestic challenges, broader geopolitical dynamics further shape the environment, as intensifying major-power competition elevates the strategic significance of educational cooperation, underscoring how such ostensibly developmental initiatives are deeply intertwined with the wider currents of regional politics and rivalry.^{clxxiv}

Discussion and Policy Directions

The trajectory of ASEAN-China cooperation in education and youth affairs highlights a dual reality. On one hand, exchanges have deepened mutual understanding and generated significant developmental benefits. On the other hand, questions of inclusiveness and sustainability still require careful policy attention. These dynamics can be better understood by drawing on several theoretical perspectives. From a constructivist perspective, education and youth cooperation extend beyond functional exchange and serve as a mechanism for identity-building and norm diffusion.^{clxxvclxxvi} By nurturing shared values, trust, and habits of dialogue, ASEAN and China strengthen a sense of regional community that supports long-term stability. Student exchanges, leadership forums, and joint research function as key means for the socialisation into ASEAN norms while resonating with China's advocacy of a Community with a Shared Future. Through the lens of dependency theory, this cooperation underscores the structural realities faced by smaller ASEAN states, particularly Laos, which benefit greatly from Chinese scholarships, funding, and institutional partnerships. Such support provides a critical lifeline for human-capital development and capacity-building that would otherwise remain out of reach.^{clxxvii}

Liberal institutionalism underscores the value of multilateral frameworks in sustaining cooperation. Institutions such as the ASEAN Secretariat, the ASEAN-China Cooperation Fund, and regional mobility programs provide predictability, reduce transaction costs, and embed exchanges within a rules-based order. These institutional arrangements also explain the durability of ASEAN-China educational cooperation, as they create structured, mutually agreed-upon platforms that support long-term collaboration.^{clxxviii} For Laos and other smaller ASEAN members, Chinese engagement that operates through ASEAN-centred initiatives enhances their collective

bargaining power and ensures a more inclusive, development-focused partnership.

In terms of policy directions, first, equitable access must be expanded by extending scholarships and training programs beyond capital cities to rural and disadvantaged communities. This approach reduces structural inequalities, consistent with dependency theory and aligns with liberal institutionalists' call for fair distribution through collective frameworks.^{clxxix , clxxx} Second, strengthening language and cultural preparation is essential. Constructivist insights highlight that multilingual capacity, particularly English and Chinese, enhances identity formation, cross-cultural competence, and the internalisation of ASEAN norms.^{clxxxi} Third, domestic education systems must be reinforced. Dependency theory warns against substituting national capacity with external inputs; therefore, investment in curriculum reform, faculty development, and research institutions is crucial to maximising the long-term benefits of cooperation.^{clxxxii} Fourth, bridging the digital divide remains a priority. Equitable access to online platforms fosters shared knowledge and regional identity, as constructivism stresses, while liberal institutionalism suggests that coordinated regional efforts can pool resources to expand digital inclusion.^{clxxxiii,clxxxiv} Finally, safeguarding strategic balance and resilience is essential. Realist thinking warns that geopolitical rivalry may infiltrate education cooperation, while liberal institutionalism emphasises that ASEAN centrality and multilateral mechanisms are the most effective safeguards against overdependence and politicisation.^{clxxxv , clxxxvi} Overall, these perspectives illustrate that education and youth exchanges are simultaneously instruments of development, vehicles for identity formation, sites of structural asymmetry, and tools of strategic influence. Recognising these multiple dimensions and embedding cooperation within ASEAN-led, rules-based frameworks allows policymakers to design education cooperation that is inclusive, sustainable, and resilient amid evolving regional dynamics.

Conclusion

As ASEAN and China commemorate milestones in their partnership, education and youth exchanges stand out as resilient and future-oriented pillars of cooperation. These initiatives foster trust, strengthen human capital, and advance regional integration, with Laos serving as a clear example of their value. Yet challenges such as unequal access, language barriers, and digital divides highlight the need for greater inclusiveness and sustainability. By investing in stronger institutions, expanding equitable opportunities, and equipping young people with essential skills, ASEAN and China can ensure that education becomes a lasting foundation for peace, prosperity, and regional connectivity.

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Chapter 11

China-ASEAN Education and Youth Cooperation since 1990: Retrospect, Challenges and Prospects

QI Xinjian

This study conducts a comprehensive and in-depth review and outlook on China-ASEAN education and youth exchanges and puts forward policy recommendations targeting relevant issues and challenges. In terms of educational cooperation, the two sides have established multi-level and diversified cooperation mechanisms and platforms. However, they are confronted with multiple challenges, such as fragmented cooperation mechanisms, insufficient funds and capabilities, misalignment between talent cultivation and market demands, and delayed deployment of cooperation in some fields. While youth exchange activities are diverse in types, there exist problems, including insufficient depth of exchange activities, uneven youth participation, and a lack of long-term cooperation mechanisms. Looking ahead, China and ASEAN need to improve cooperation mechanisms, establish regular communication mechanisms, increase resource input, and innovate the forms of youth exchange activities, hence, to create a new cooperation framework for the China-ASEAN comprehensive strategic partnership and build an even-closer ASEAN-China community with a shared future.^{clxxxvii}

Background and Significance

Background and Rationale

China and ASEAN have built an all-round, multi-tiered, and broad-branched partnership, with educational and youth exchanges occupying a strategic niche. A systematic review of past achievements and shortcomings is essential for designing evidence-based policies to elevate the relationship to higher levels and wider fields.^{clxxxviii}

Research Methods and Data Sources

This study adopts the literature research method and case analysis method. The data sources include official websites of China's Ministry of Foreign Affairs and Ministry of Education, reports from the United Nations Educational, Scientific and Cultural Organization (UNESCO), as well as academic databases such as CNKI (China National Knowledge Infrastructure) and Web of Science.

Historical Review

Early Stage (1991–2000)

The Dialogue began in 1991, with the focus on higher-education mobility and joint research dominating the decade. Although small in scale, early youth gatherings succeeded in breaking cultural and geographical barriers and laid the emotional groundwork for later expansion.^{clxxxix}

Stage of Institutionalisation and Fast Growth (2000–present)

Since 2000, the two sides have launched a series of flagship projects (Table 27). These initiatives have supplied talent and intellectual capital for broader China–ASEAN cooperation and have become integral to building a China–ASEAN community with a shared future.^{cxc}

Table 27 Key China–ASEAN Education and Youth Milestones Since 2000

Time	Field	Key Project / Event	Core Content and Achievements (Literature Basis)
2005	Education	First China-ASEAN Education Exchange Week	The Guiyang International Conference and Exhibition Centre, a permanent venue, was set up in Guiyang, Guizhou, attracting more than 1,000 institutional representatives annually. According to the 2023 Annual Work Report of the Secretariat of the China-ASEAN Education Exchange Week, by 2023, 19 sessions had been held, facilitating more than 800 cooperation projects.^{CXCI}

Time	Field	Key Project / Event	Core Content and Achievements (Literature Basis)
2007	Education	Large-Scale Layout of Confucius Institutes in ASEAN	The Confucius Institute in Bangkok was established. As shown in the 2023 Annual Report of the Confucius Institute Headquarters, by 2023, there were 43 Confucius Institutes and 63 Confucius Classrooms in ASEAN, with a total of over 3 million learners trained. The operational data of all institutions have been audited and publicly disclosed. ^{cxcii}
2010	Youth	Launch of China-ASEAN Youth Camp	According to the 2023 Statistical Communiqué on Foreign Youth Exchanges of the Foreign Exchange

Time	Field	Key Project / Event	Core Content and Achievements (Literature Basis)
2016	Vocational Education	Landing of Luban Workshops in ASEAN	Department of the Central Committee of the Communist Youth League of China, by 2023, 14 sessions had been held, attracting more than 2,000 ASEAN young people to China, and participant information can be queried through the official system.^{cxciii} The first workshop was established at Ayutthaya Technical College in Thailand. According to the 2023 Evaluation Report on the Implementation of Luban Workshops in ASEAN by the China Society for Vocational and

Time	Field	Key Project / Event	Core Content and Achievements (Literature Basis)
2021	Education	Action Plan for China-ASEAN Education Community (2021-2025)	Technical Education, by 2023, 20 workshops had been built in ASEAN, training over 12,000 local technical talents with a skill assessment pass rate of 92%.^{cxciv} Jointly released by the Ministry of Education of China and the ASEAN Secretariat, the Action Plan for Promoting the Construction of China-ASEAN Education Community (2021-2025) specifies 10 tasks, including academic recognition and joint construction of digital education platforms,

Time	Field	Key Project / Event	Core Content and Achievements (Literature Basis)
			promoting the upgrading of cooperation from "project-based cooperation" to "system co-construction". ^{CXCV}
2022	Education	Establishment of China-ASEAN Vocational Education Federation	A total of 19 vocational education alliances have been established successively. Through vocational education forums, skill competitions, and promoting school-enterprise cooperation, it strengthens ties and cooperation between vocational colleges, promotes the sharing and optimal allocation of vocational education

Time	Field	Key Project / Event	Core Content and Achievements (Literature Basis)
2023	Youth	China-ASEAN "Gen Z" Youth Forum	resources, and drives the coordinated development of vocational education.^{cxcvi} Focusing on short video creation and cross-border e-commerce entrepreneurship. According to the 2023 Forum Achievement Communique of the ASEAN-China Centre, the forum facilitated 15 cross-border cooperation projects, and the project cooperation agreements have been publicly displayed on the centre's official website.^{cxcvii}

Time	Field	Key Project / Event	Core Content and Achievements (Literature Basis)
2023	Education	China-ASEAN Digital Education Alliance	Carries out cooperation in cooperative research in the field of digital education, promotes the joint construction and sharing of high-quality digital education resources, and advances the formulation of regional digital education standards. Currently, 264 domestic and foreign universities have participated, and 300 high-quality courses are provided in the first phase, covering traditional culture, practical skills training, digital

Time	Field	Key Project / Event	Core Content and Achievements (Literature Basis)
2025	Education	4th China-ASEAN Education Ministers' Roundtable Meeting	literacy, and other categories.^{cxcviii} Since the successful holding of the first meeting in 2010, it has become a key driver for promoting educational cooperation between the two sides. The 4th meeting was held during the 2025 World Digital Education Conference, providing new ideas and directions for cooperation between the two sides in the digital education era.^{cxcix}

Problems and Challenges

Fragmented Cooperation Mechanisms

Most arrangements are ad-hoc or sectoral, lacking a unified coordination body. Execution efficiency is not high enough, and resource distribution is uneven. For instance, four of the six China-funded Luban Workshops are in Indonesia and Malaysia, while Laos and Myanmar lack substantive projects.^{cc}

Funding Shortages and Capacity Deficits

Many ASEAN members rely heavily on external aid, with weak local co-financing and management capacity. Luban Workshops face staff turnover and equipment-maintenance issues. Linguistic diversity, cultural gaps, and geopolitical uncertainties further erode sustainability.^{cci}

Mismatch between Talent Supply and Market Demand

Course-renewal cycles in vocational education often exceed three years, too slow for digital and green transitions. National budgets still favour formal schooling; lifelong-learning systems and inter-agency coordination are underdeveloped.^{ccii}

Late Entry into Selected Fields

STEM education cooperation remains at the basic platform-building stage, lagging behind UNESCO and traditional donor programs. Lifelong-learning cooperation is seriously absent in the China–ASEAN framework, despite mature third-party models in the region.^{cciii}

Youth-Specific Challenges

Youth activities often remain at the level of courtesy visits, lacking in-depth professional dialogue or sustainable follow-up. Participation is uneven, with over-representation from urban and affluent regions. The absence of long-term mechanisms hampers the consolidation of friendship and teamwork.^{cciv}

Future Outlook and Policy Recommendations

To further strengthen China-ASEAN education and youth cooperation and promote the development of bilateral relations to a higher level, the following recommendations are put forward from the aspects of improving cooperation mechanisms, increasing resource input, and innovating cooperation models.

In terms of improving cooperation mechanisms, it is crucial to establish a regular communication mechanism for implementing the achievements of the "China-ASEAN Education Ministers' Roundtable Meeting" and promoting the in-depth implementation of existing cooperation mechanisms. Make good use of existing regional multilateral cooperation mechanisms. On the basis of bilateral cooperation, give full play to the coordination mechanisms and cooperation networks of mature multilateral platforms such as the Association of Southeast Asian Nations (ASEAN) and the Southeast Asian Ministers of Education Organization (SEAMEO), and carry out relevant cooperation projects under the framework of regional cooperation to save resources, avoid duplication, and expand influence.

Increasing resource input is an important guarantee for promoting cooperation. The governments of both sides should increase financial investment in education and youth exchange projects and establish special funds. Encourage enterprises and social forces to participate and provide more resource support for cooperation projects. Strengthen assistance for the construction of educational infrastructure in ASEAN countries to improve educational conditions and quality.

Innovating cooperation models can improve the efficiency and effectiveness of cooperation. In the field of education, explore the "Internet + Education" cooperation model. Promote the integration

of industry, academia, and research, strengthen cooperation between educational institutions and enterprises, promote the in-depth integration of education and industry, and cultivate high-quality talents who meet market demands.

In the field of youth, innovate the forms of youth exchange activities to expand the coverage and influence of exchange activities. Carry out youth innovation and entrepreneurship cooperation, establish innovation and entrepreneurship incubation bases, and provide young people with entrepreneurship guidance, financial support, and market connection services.

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Chapter 12

ASEAN-China Think Tank Cooperation

Ngeow Chow BING

From the 1990s until today, the ASEAN-China relationship has certainly grown to become hugely significant to each side, with ramifications in shaping the geopolitical and geoeconomic landscape of the increasingly complex and interconnected Asia-Pacific region. As both ASEAN and China confront regional and global challenges and uncertainties, their think tanks are well-positioned to foster mutual understanding, address shared concerns, and promote sustainable development. With robust exchange of ideas and expertise, think tanks serve to bridge diverse perspectives, engage in innovative policy initiatives, and ultimately contribute to enhanced collaboration between partners.

China's Think Tanks and Foreign Policy

Over the past decade or so, think tanks in China have become much more engaged in China's foreign policy research. China's think tank analysts and researchers help promote important foreign policy priorities and goals such as the reform of global governance systems, constructing a new type of great power relations, and strengthening ties with neighbouring countries. They provide intellectual and policy input to Chinese decision-makers through the submission of internal reports and engaging in policy consultation sessions. They have also become central to China's public diplomacy and soft power, contributing to China's efforts to demonstrate itself as a responsible rising power committed to delivering public goods to the global

community, tackling difficult issues, and defending peace and stability. More and more Chinese think tanks are also becoming more active abroad, engaging in research collaboration, organising lectures and events internationally, publishing in non-Chinese platforms, and helping transmit China's foreign policy narratives globally.^{ccv}

Southeast Asian Think Tank Networks

Southeast Asian countries are also familiar with the foreign policy and diplomatic roles of think tanks. Renowned foreign policy think tanks in the region, such as the Yusof Ishak Institute of Southeast Asian Studies (ISEAS) and the S. Rajaratnam School of International Studies (RSIS), both based in Singapore, the Centre for Strategic and International Studies (CSIS) in Indonesia, the Institute of Strategic and International Studies (ISIS) in Malaysia, among others, are regular participants in regional Track II events and activities, contributors of policy briefs and reports that inform decision makers and policy elite and shape public opinion, and producers of high-quality research that often influence the diplomatic agenda in the region. The ASEAN-Institutes of Strategic and International Studies (ASEAN-ISIS) network, founded as early as 1988 and consisting of the premier foreign policy think tanks of each of the member-states of ASEAN, for decades has been the most important regional think tank association that has played an important role in encouraging cooperation and exchanges of ideas on issues affecting Southeast Asia's peace and security. The working of the ASEAN-ISIS network also exemplifies the ASEAN norms of friendly, pragmatic and practical consultation among its members, respectful of each other's core interests, and the stressing of regional solidarity and identity.

In addition to the ASEAN-ISIS network, other notable regional think tank networks also exist, anchored in ASEAN-based regional architecture. The Network of East Asian Think Tanks (NEAT) was formed in the wake of the 1997 Asian Financial Crisis, consisting of the designated think tanks of ASEAN member-states and of China,

Japan and South Korea, which correspond to and serve the agenda of the ASEAN Plus Three (APT) structure. The Council for Security and Cooperation in the Asia-Pacific (CSCAP), formed in early 1990s and consisting of 21 think tank members (representing all member states of ASEAN, its dialogue partners, and others), operates as a Track II platform to support the work and agenda of the ASEAN Regional Forum (ARF). It also publishes an annual regional security outlook to promote informed discussions pertaining to regional security matters.

ASEAN-China Think Tank Engagements

The most well-established think tank network today is the Network of ASEAN-China Think Tanks (NACT), established in 2014. Consisting of 11 premier foreign policy think tanks from China and each of the ASEAN member-states (see Table 28), NACT was first proposed by then Chinese premier Wen Jiabao in November 2012, and was formally launched in the context of the 10th Anniversary of ASEAN-China Strategic Partnership.^{ccvi} Since its establishment, NACT has emerged as a robust intellectual support for the ASEAN-China partnership, and its ideas are often channelled to the Track 1 level. Its reports are vital in the shaping of the drafts of the ASEAN-China Summit Chairman's Statement and in the formulation and implementation of the Plan of Action for ASEAN-China Comprehensive Strategic Partnership. The issue areas covered by NACT are wide-ranging, from hard security and economic issues to people-to-people exchanges and sustainable development, and these often correspond to the agendas of ASEAN Political-Security Community (APSC), ASEAN Economic Community (AEC), and ASEAN Social-Cultural Community (ASCC), hence enhancing and reinforcing ASEAN-led regionalism.^{ccvii}

Table 28 Network of ASEAN-China Think Tanks (NACT)

Country	Country Coordinator (Designated Think Tank)
China	Institute of Asian Studies, China Foreign Affairs University
Brunei	Brunei Darussalam Institute of Policy and Strategic Studies
Cambodia	Cambodian Institute for Cooperation and Peace
Indonesia	ASEAN Studies Centre, Universitas Gadjah Mada
Laos	Institute of Foreign Affairs, Ministry of Foreign Affairs
Malaysia	Institute of Strategic and International Studies Malaysia
Myanmar	Myanmar Institute of Strategic and International Studies
The Philippines	Foreign Service Institute, Department of Foreign Affairs
Singapore	East Asian Institute, National University of Singapore
Thailand	International Affairs Division, Ministry of Higher Education, Science, Research and Innovation
Vietnam	Diplomatic Academy of Vietnam

While NACT remains the flagship think tank cooperation mechanism between ASEAN and China, a wide variety of other think tank networks have also been established to cater to either a specific policy domain or agenda, or with a particular sub-region in focus. For example, in the 1990s, the “Workshop on Managing Potential Conflicts in the South China Sea,” a Track 1.5 process hosted by Indonesia, became a major platform where Chinese and Southeast Asian think tank analysts (together with officials) discussed a sensitive security topic, were exposed to each other’s perspectives, and explored practical and cooperative measures. In recent years, with the inauguration of RCEP, the Greater Bay Area (GBA), and the Hainan Free Trade Port (HFTP), relevant Chinese think tanks have reached out to various Southeast Asian think tanks to form think tank networks dedicated to researching and promoting these topics. Sub-regionally, a think tank network in support of the Lancang-Mekong

Cooperation agenda was also established to provide policy and research input.

Thus, today, there is a multitude of ASEAN-China think tank networks, providing various opportunities for engagement and exchange. Not all are equally effective, though, and beneath the appearance of active think tank engagements are some persistent limitations that need to be addressed in order for these engagements to be more effective.

Limitations

Foreign policy think-tanks in both China and Southeast Asia generally have strong organic connections with their governments. These stronger relationships with the government can be advantageous, especially in terms of access to information and policy influence. But at the same time, they also risk relegating the role of think tanks.

Another limitation is the mismatch of priorities, capabilities, expectations, and outputs. The role of think tanks is conceptualised differently in various ASEAN member-states and in China. Not all ASEAN member-states have the same level of resources and capabilities to fund or support their think tank sectors. Think tank development varies across ASEAN member states, reflecting different national contexts and priorities. Even within ASEAN, much effort has been spent to carefully nurture the right modality or pace that could accommodate the diverse realities and practices of different member-states, while making incremental progress.

Third, think tanks from both sides are sometimes not very well exposed to and familiar with each other, with certain unrealistic expectations, and the engagement could at times be less effective because of the lack of mutual understanding.

Recommendations

There has certainly been great progress in ASEAN-China think tank cooperation in the past 20 years. NACT is a testament to this progress, along with other think tank networks and collaborations from both sides. But as discussed above, there are still various areas that can be improved. Here are a few policy suggestions.

First, a joint effort can be made to map out the think tank landscapes of China and Southeast Asia, in the form of a regularly updated handbook, so that both sides, when searching for suitable partners, can have a resource reference or expert directory to refer to and avoid mismatches. With a more familiar understanding of the think tank landscapes from both sides, complementary cooperation can be more easily achieved rather than superficial engagements.

Second, think tank analysts from both sides need to be more exposed to each other. Here, NACT or other networks can facilitate a fellowship program where the younger generation of think tank analysts can undergo short-term working experiences and training in different countries so that they are more exposed to different horizons, able to build and cultivate new ties and partners, and bring back fresh experiences that could enrich their own think tanks. This will also help train new policy experts in the pipeline.

Third, governments and think tanks should continue to enhance mechanisms for open and constructive policy research. More efforts can be made to integrate and synergise the resources offered by the media, civil society, higher education and business sectors to the work of ASEAN-China think tank collaboration. Multi-sector collaboration should be explored and encouraged to provide more stable funding for think tanks while respecting the outputs of think tank research.

Finally, the agenda of ASEAN-China think tank cooperation could be more aligned with the concerns and priorities shared by both sides. ASEAN is determined to deepen regional integration via APSC, AEC and ASCC, and various regional initiatives and visions such as the Master Plan of ASEAN connectivity and the strategic plan of ASEAN 2045, while China has also proposed various initiatives such as the Belt and Road Initiative, the Global Development Initiative, the Global Security Initiative, the Global Civilization Initiative, and the Global Governance Initiative. Both sides should learn more about each other's priorities and explore concrete cooperation projects anchored on their respective initiatives and blueprints.

Conclusion

Think tank cooperation between ASEAN and China has emerged as a vital mechanism for fostering mutual understanding and learning, promoting effective policymaking, and strengthening regional collaboration. As both sides navigate an uncertain geopolitical environment, think tanks play a critical role in generating policy-relevant research, facilitating dialogue, and building confidence among stakeholders. Their ability to operate across governmental and academic boundaries makes them valuable platforms for soft diplomacy and strategic communication, particularly in addressing sensitive issues such as maritime security, trade tensions, and digital governance.

Deepening ASEAN-China think tank collaboration requires more institutionalised partnerships, but also recognition of some of the limitations of the current engagements. With better structured engagements and cooperation, both parties can enhance their collective capacity to address regional and global challenges. By investing in these mechanisms of cooperation, ASEAN and China not only strengthen their relations but also contribute to the long-term peace, stability, and prosperity of the Asia-Pacific region.

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Chapter 12

Forging a Shared Future: Enhancing the ASEAN-China Comprehensive Strategic Partnership through the Intellectual Leadership of NEAT and NACT

YANG Yue

In the intricate tapestry of international relations, formal diplomacy between governments (the first track) constitutes the visible, high-level pattern. However, the strength, resilience, and direction of the fabric are often determined by the countless subtle threads woven beneath the surface—the domain of track-two diplomacy. As the global landscape undergoes profound transformations, the ASEAN-China Comprehensive Strategic Partnership (CSP), a cornerstone of regional stability and prosperity, stands at a critical juncture. Navigating geopolitical shifts, economic uncertainties, and complex non-traditional security threats requires more than political pronouncements. It demands a continuous process of intellectual innovation, consensus-building and creative pathway design. This is the essential craft of track-two diplomacy, where think tanks serve as the region's intellectual workshop. These track-two mechanisms serve as essential bridges between academic research and policy implementation, enabling ASEAN and China to coordinate their development strategies and align their regional visions.

The Network of East Asian Think-tanks (NEAT) and the Network of ASEAN-China Think-tanks (NACT) represent the institutionalisation of this craft within the ASEAN Plus Three (10+3) and ASEAN-China (10+1) frameworks, respectively. From the vantage point of a practitioner deeply involved in these processes, this article argues that the strategic elevation and empowerment of NEAT and NACT are not merely beneficial but fundamental to translating the ambitious vision of the CSP into tangible reality. Their structured, yet flexible, mechanisms provide the essential space for testing ideas, building trust, and crafting the detailed recommendations that inform official actions. By examining their operational logic, demonstrable impact, and future potential, we can delineate a clear strategy for harnessing their full capabilities to build a more resilient and prosperous regional community.

The Anatomy of Effective Track-Two: Institutional Design and Strategic Access

The efficacy of a track-two mechanism is not accidental. It is a function of deliberate institutional design. NEAT and NACT have evolved into sophisticated ecosystems for policy incubation, distinguished by a multi-layered architecture that ensures both grassroots innovation and high-level impact.

The working mechanism is initiated at the Country Coordinators' Meeting, where country coordinators from each member state review and approve the research proposals submitted by the working groups. Once endorsed, the Working Groups—comprising subject-matter experts from all members—begin their joint research and hold meetings to delve into the predefined themes. Having participated in Working Group meetings, one can attest to their unique value. Unlike formal negotiations, these gatherings encourage exploratory dialogue, allowing participants to debate sensitive issues, challenge assumptions, and brainstorm solutions

without being bound by immediate national positions. The objective is to achieve a consensus of experts, which is then codified in a detailed report containing actionable policy recommendations.

The reports produced by the Working Groups are subsequently submitted back to the Country Coordinators' Meeting for review and approval. At this stage, the coordinators strategise on the network's overall direction, refine the outputs from the working groups, and ensure political and strategic alignment—balancing national interests with the collective good. The overarching annual policy memorandum, i.e., NEAT Memorandum, is finalised at the NEAT Country Coordinators' Meeting.

A defining feature of the two networks is their direct reporting line to the leaders' summits. While NEAT submits a consolidated Memorandum to the 10+3 leadership, NACT forwards the approved working group reports directly to the ASEAN-China Summit. This channel serves as a critical mechanism for translating track-two ideas into track-one policy agendas. The formal inclusion of both NEAT and NACT in the ASEAN-China Comprehensive Strategic Partnership Action Plan (2026–2030) underscores their institutionalised role as key components of the regional governance architecture.^{ccviii} Think-tank networks hold particular significance in Asia's regional institutional landscape due to the region's diversity in political systems, economic development levels, and cultural contexts. Unlike more homogeneous regions where formal institutions can operate with greater uniformity, Asia requires flexible mechanisms that can accommodate different perspectives while building shared understanding. Track-two networks provide this essential function by creating safe spaces for candid dialogue, enabling gradual consensus-building, and generating policy options that respect national sensitivities while advancing collective interests. Their informal nature allows for experimentation with new ideas that might

be politically difficult to introduce in official channels, making them indispensable instruments for regional governance innovation.

The culmination of this annual cycle is the Annual Conference, which is held back-to-back with the coordinators' meetings. Unlike the closed-door nature of the country coordinators' meeting and working group meetings, the Annual Conference serves as an open forum engaging participants from various sectors—including government, industry, academia, and media—with the aim of broadening the societal and policy impact of both NEAT and NACT.

From Theory to Practice: Tangible Outcomes of NEAT and NACT

The true measure of these networks lies in their ability to shape policy and society. The historical record provides compelling evidence of their policy and social impact, often achieved through persistent, multi-year engagement.

A seminal example from NEAT is the early conceptual work on regional infrastructure financing.^{ccix} In 2013, a working group meeting hosted by NEAT China, the idea of a new multilateral development bank was proposed by NEAT China and extensively debated. The technical analyses, feasibility studies, and consensus-building conducted within NEAT provided a critical evidence base and helped socialise the concept among regional elites. This intellectual groundwork was instrumental in paving the way for the official launch of the Asian Infrastructure Investment Bank (AIIB), demonstrating a clear track-two to track-one pipeline.

NACT's impact on the digital economy agenda is equally telling.^{ccx} Through the dedicated working group on e-commerce co-hosted by NACT China and NACT Singapore, experts from China and ASEAN member states identified key bottlenecks—such as cross-border data

rules, payment systems, and consumer protection—and proposed concrete measures for cooperation. These recommendations did not remain on paper. They directly contributed to the establishment of the ASEAN-China E-Commerce Promotion Association, creating a permanent institution to advance digital trade. This process exemplifies the “incubation” function of track-two: identifying a nascent area of mutual interest, developing a shared understanding of the challenges, and proposing a viable institutional solution for ASEAN-China digital trade cooperation.

A further illustration of sustained policy impact can be found in the area of public health cooperation. In 2021, a NACT working group co-organised by NACT China and NACT Indonesia convened a thematic meeting on “Public-Private Partnership in 30-Year ASEAN-China Public Health Cooperation.” Building on the working group’s research and recommendations,^{ccxi} NACT China formulated a policy proposal titled “ASEAN-China Health Shield,” which was subsequently submitted to relevant Chinese authorities. This initiative was officially announced by the Chinese side at the ASEAN-China Summit commemorating the 30th anniversary of ASEAN-China dialogue relations held in late 2021. Following the launch of the cooperation framework, NACT China has remained actively involved in implementing concrete projects under this initiative, particularly those focused on maternal and child health cooperation between China and ASEAN countries, yielding tangible and practical outcomes.

A significant practice that NACT has institutionalised since 2018 is the systematic publication of its working group reports. The decision to compile and publish these findings in “Series on Asian Regional Cooperation Studies”^{ccxii} is a strategic move that significantly amplifies the network’s societal impact and fosters broader knowledge sharing. It transforms internal consensus documents into public goods, making the deep expertise generated within the network accessible and apprehensible to a wider audience of scholars,

students, journalists, and policymakers beyond the immediate circle of participants. For instance, the publication of the 2018 Special Working Group report as 2030 Vision for ASEAN-China Strategic Partnership: Perspectives from Think-Tanks by a reputable international publisher not only legitimises the work but also ensures its longevity and influence in shaping academic and public discourse. This practice effectively extends the shelf-life of track-two recommendations and solidifies NACT's role as a knowledge hub.

Beyond these high-profile cases, the continuous output of joint research—NEAT and NACT has conducted over 60 thematic studies—creates a deep reservoir of shared knowledge on issues from connectivity to maritime cooperation. This body of work ensures that when a political opportunity arises, it can be met with a well-researched and regionally owned proposal, rather than a hastily drafted concept.

Navigating the Storm: Agility and Resilience in the Post-2020 Era

The COVID-19 pandemic was a stress test for international cooperation. For track-two networks, which thrive on face-to-face interaction, the travel shutdowns posed an existential challenge. The response of NEAT and NACT highlighted their inherent resilience and adaptability.

Almost overnight, the networks transitioned to virtual platforms. While initially a necessity, this shift had unintended benefits. Virtual working group meetings, often held more frequently, allowed for sustained focus on the escalating crisis. The agenda pivoted dynamically to address urgent needs: facilitating rapid sharing of public health strategies, analysing the economic impact of lockdowns, and devising confidence-building measures for restoring supply chains. The pre-existing trust and working relationships built

through years of in-person interaction were crucial in enabling this seamless transition to a digital mode.

Furthermore, the crisis underscored the importance of the long-term issues these networks had already championed. Discussions on health security gained new urgency, while work on supply chain resilience and digital connectivity moved from theoretical importance to practical imperative.^{ccxiii} Rather than being sidelined, NEAT and NACT found their expertise in high demand, proving their value as agile and responsive partners in crisis management, capable of providing real-time analysis and forward-looking solutions amidst great uncertainty.

A Blueprint for Enhanced Impact

Based on this operational experience, maximising the future impact of NEAT and NACT requires a deliberate, tripartite strategy focusing on integration, innovation, and influence.

First, Deepening Institutional Synergy with the First Track. The policy adoption pipeline can be further streamlined. A key recommendation is to move beyond annual reporting towards more embedded, institutionalised interactions. This could involve:

Establishing Regular Briefings: Instituting a formal process for NEAT and NACT representatives to present their key findings directly to the SOMs of the 10+3 and ASEAN-China mechanisms before the leaders' summits. This ensures their input is integrated into the official preparatory process.

Creating Liaison Channels: Appointing designated focal points within the ASEAN Secretariat and relevant Chinese ministries to maintain continuous dialogue with the secretariats of NEAT and NACT, ensuring policy relevance and timely feedback.

Second, Championing Normative Entrepreneurship on Next-Generation Challenges. These networks must evolve from being responsive to being proactive agenda-setters. They should leverage their convening power to lead regional discourse on frontier issues where rules are still being formed. Priority areas include:

- **Artificial Intelligence Governance**

Developing a regional framework for AI ethics, data security, and inclusive growth.

- **Just Green Transition**

Crafting detailed proposals for green finance mechanisms, technology transfer, and sustainable infrastructure standards.

- **Cybersecurity Cooperation**

Building consensus on norms of state behaviour and confidence-building measures in cyberspace.

By generating credible “Asian Solutions,” they can help shape the emerging international order in a manner that reflects regional priorities.

Third, Expanding the Circle of Engagement through Strategic Communication. The long-term sustainability of the CSP depends on a broad base of societal support. NEAT and NACT must enhance their public outreach by: Translating Expertise: Converting technical reports into accessible policy briefs, interactive digital content, and multi-lingual podcasts for a wider audience. NACT’s practice of publishing its reports should be expanded and complemented by active dissemination strategies. Building Multi-Stakeholder Coalitions: Systematically engaging with business leaders, youth organisations, and civil society groups to incorporate diverse perspectives and build a powerful constituency for regional cooperation beyond governmental circles.

Conclusion

The journey of the ASEAN-China Comprehensive Strategic Partnership is one of historic importance. Its success will be determined not only by the political will of leaders but also by the intellectual craftsmanship that prepares the ground, designs the solutions, and builds the bridges of understanding. NEAT and NACT, as the premier workshops for this craftsmanship, have repeatedly demonstrated their value through impactful policy incubation, strategic adaptation, and savvy knowledge dissemination.

Their robust institutional design, proven track record of policy impact, and demonstrated agility in crisis provide a formidable foundation. By intentionally deepening their institutional linkages, empowering them to lead on normative issues, and broadening their societal engagement, ASEAN and China can fully leverage these unique assets. In doing so, they will empower the master craftsmen of regional community, ensuring that the ASEAN-China Comprehensive Strategic Partnership remains a durable and dynamic force for peace and prosperity in Asia and the world.

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Chapter 13

Deepening ASEAN-China Connectivity: Progress, Challenges, and Future Prospects

LI Mingjiang and XING Jiaying

Connectivity has become an important pillar of China–ASEAN relations. This paper provides an analytical assessment of how connectivity has improved since the late twentieth century and accelerated under the Belt and Road Initiative (BRI). It traces the historical evolution of ties; examines transport, digital, and energy infrastructure; analyses trade and investment integration; evaluates financial linkages in regional safety nets, local-currency use, and cross-border payments; and assesses the people-to-people foundations of mobility in tourism, education, and cultural exchanges. The analysis highlights gains in efficiency, market access, and institutionalisation, alongside potential challenges including uneven distributional effects, environmental externalities, and geopolitical competition. It argues that connectivity has moved from ad hoc bilateral arrangements to a multidimensional framework increasingly coordinated through regional institutions and policy documents such as the ASEAN–China Comprehensive Strategic Partnership Plan of Action (2026–2030). The conclusion sets out policy implications to sustain inclusive, transparent, and resilient connectivity over the coming decade.

Introduction

Connectivity—defined as the networks, rules, and practices that enable the movement of goods, services, capital, people, and ideas—is an organising concept for understanding the contemporary evolution of China–ASEAN relations. While some literature often casts China’s engagement with Southeast Asia through the lenses of great-power competition or security dilemmas, a growing body of evidence shows that the day-to-day substance of the relationship is increasingly structured by infrastructure corridors, cross-border production networks, financial plumbing, and people-to-people mobility. These linkages, in turn, have become the principal channels through which positive-sum cooperation is produced and distributed, even as unresolved maritime disputes and ASEAN’s geopolitical hedging continue in parallel.

This chapter asks a straightforward question with wide implications: how has China–ASEAN connectivity improved in recent years, and along which dimensions has progress been most consequential? The analysis proceeds in six parts. The first reconstructs the historical evolution of connectivity from the 1970s through the post–Cold War institutionalisation to set the baseline for contemporary change. The second examines the BRI’s impact on transport, digital, and energy infrastructure and situates these developments within ASEAN’s own connectivity agenda and supply-chain reconfiguration. The third assesses trade and investment integration, highlighting the role of the ASEAN–China Free Trade Agreement (ACFTA) and the Regional Comprehensive Economic Partnership (RCEP) in knitting together regional value chains. The fourth explores financial linkages: the evolution of the Chiang Mai Initiative Multilateralization (CMIM), local-currency settlement, and cross-border payments and clearing. The fifth turns to people-to-people connectivity in tourism, education, and cultural diplomacy. The conclusion synthesises the empirical findings and offers policy implications to sustain balanced

connectivity under the ASEAN–China Comprehensive Strategic Partnership.

Historical Evolution of China–ASEAN Connectivity

The foundations of China–ASEAN connectivity were laid under difficult political conditions. In the 1970s, ideological polarisation limited official relations, yet modest commercial exchanges persisted.^{ccxiv} With China’s Reform and Opening-up, Southeast Asian governments recalibrated their approach, driven by a pragmatic appreciation of China’s market potential and a desire to stabilise regional relations. During the 1980s, shared concerns about Vietnam’s regional role and the Soviet presence created incentives for tacit alignment between China and several ASEAN members, even as formal ties remained cautious.^{ccxv} The 1990s witnessed the formal institutionalisation of regional dialogue and cooperation through APEC, the ASEAN Regional Forum (ARF), and eventually ACFTA.^{ccxvi} These platforms provided political space to discuss security concerns while simultaneously expanding economic interdependence.

China’s posture during the 1997–98 Asian Financial Crisis further anchored perceptions of Beijing as a constructive regional actor. By refraining from competitive devaluation and offering economic assistance, China differentiated itself from extra-regional powers and cultivated goodwill in Southeast Asia.^{ccxvii} Yet, the period also revealed the constraints to integration. Maritime disputes in the South China Sea periodically intrude into otherwise positive relations. The 2002 Declaration on the Conduct of Parties (DOC) reduced tensions but did not resolve underlying sovereignty issues, and security externalities—such as naval patrols and episodic incidents—remained a background risk.^{ccxviii} Even so, the late-1990s to early-2000s saw the maturation of economic governance arrangements that would later serve as conduits for accelerated connectivity.

In sum, prior to the BRI, China–ASEAN connectivity evolved from limited and ideologically constrained engagement to broader, institutionalised cooperation. The groundwork for twenty-first century connectivity—trade agreements, ministerial mechanisms, track-two diplomacy, and growing private-sector links—was laid during this period.^{ccxix}

Infrastructure and Economic Linkages under the BRI

The launch of the Belt and Road Initiative (BRI) in 2013 marked a step-change in the material basis of China–ASEAN connectivity. While ASEAN’s Master Plan on ASEAN Connectivity (MPAC) had already identified regional priorities, the BRI provided new financing channels, project execution capacity, and political momentum to realise cross-border transport, digital, and energy networks. The 2025 ASEAN–China Comprehensive Strategic Partnership Plan of Action codifies this convergence by identifying joint priorities in rail, port, airport, and digital infrastructure and by committing both sides to deepen cooperation on planning, resilience, security, and governance.^{ccxx}

Transport Corridors and Physical Infrastructure

Transport corridors are the most visible expression of BRI-era connectivity. On land, the China–Laos Railway has reconfigured the economic geography of mainland Southeast Asia by turning Laos from a landlocked to a land-linked economy. Reduced travel times between Kunming and Vientiane, lower logistics costs, and enhanced tourism flows collectively integrate Laos into regional production networks.^{ccxxi} The China–Myanmar Oil and Gas Pipeline offers an energy and commodities route that bypasses chokepoints and supports Myanmar’s connectivity to western China. In Malaysia, the East Coast Rail Link (ECRL) seeks to bridge the peninsula’s east–west divide, lowering transport costs for goods moving between ports on both coasts.

Maritime connectivity has also advanced. Upgrades and capacity expansion in Singapore's terminals and Vietnam's ports—such as the Jurong Terminal and the Thi Vai LNG Terminal—support rising container throughput and energy imports.^{ccxxii} The establishment of China–ASEAN maritime consultation mechanisms and port-city cooperation networks has helped standardise procedures and enhance safety and training.^{ccxxiii} In the Mekong subregion, waterway improvements and agreements—such as the Lancang–Mekong commercial navigation framework—have enabled larger volumes of cross-border river transport, backed by investments in dredging and port facilities in Yunnan and northern Thailand.^{ccxxiv}

Uneven Gains and Distributional Effects

A key empirical pattern is that gains from transport infrastructure are uneven across ASEAN. Mainland members benefit more readily from overland rail and road integration, while archipelagic states rely on maritime and air infrastructure. Quantitative work linking infrastructure to trade outcomes shows that improvements in road density, air connectivity, ports, and logistics are associated with higher trade volumes.^{ccxxv} Complementary evidence suggests that overland infrastructure disproportionately benefits Thailand, Laos, and Vietnam, whereas Indonesia and the Philippines require sustained maritime and port investment to realise equivalent trade-cost reductions.^{ccxxvi}

Digital and Energy Connectivity

Digital connectivity has moved to the centre of the China–ASEAN agenda. The 2026–2030 Plan of Action emphasises the interconnection of digital infrastructure, cooperation on resilience and cybersecurity, and development of digital industries and governance norms.^{ccxxvii} Subsea cables, cross-border fibre, and data centre investments complement the physical backbone created by rail and ports. Parallel efforts in energy connectivity—including hydropower projects and LNG terminals—add capacity but also raise

governance and environmental questions along the Mekong, where hydrological changes may affect fisheries and agriculture downstream.^{ccxxviii} These trade-offs underscore the need to balance energy security and climate goals with social and ecological sustainability.

Trade and Investment Integration

Infrastructure has interacted with policy liberalisation to deepen trade and investment ties. China has been ASEAN's largest trading partner since 2009, with two-way trade rising from US\$235.5 billion in 2010 to roughly US\$507.9 billion in 2019 and around RMB 6.41 trillion (≈US\$0.89 trillion) in 2023.^{ccxxix} In January–August 2025 alone, bilateral trade reached RMB 4.93 trillion, up 9.7 per cent year-on-year, with Vietnam, Malaysia, and Indonesia as China's top ASEAN counterparts.^{ccxxx} The entry into force of RCEP in 2022 provides tariff reductions and rules-of-origin cumulation that support supply-chain reconfiguration toward intra-Asian networks.^{ccxxxi} At the firm level, logistics efficiencies from new rail and port capacity lower inventory and transport costs, making it easier for ASEAN-based manufacturers to plug into China-centred regional value chains.

Investment patterns mirror these trends. Chinese outward investment in Southeast Asia has targeted manufacturing, logistics, infrastructure services, and the digital economy, often in conjunction with state policy banks and funds such as the China Development Bank, the Export–Import Bank of China, the AIIB, and the Silk Road Fund.^{ccxxxii} These financial channels have effectively reduced the funding constraints for large projects but also prompted debate on potential risks.^{ccxxxiii} Mechanisms have been established to ensure fiscal sustainability and transparency of cooperation projects, with all investments conducted on a commercial basis, respecting each country's fiscal capacity.

Financial and Digital Connectivity

Financial linkages are essential to the functioning of connectivity because they determine how cross-border transactions are financed, settled, and backstopped. Since the global financial crisis, ASEAN+3 economies have expanded regional safety nets, experimented with local-currency instruments, and built payment and clearing systems that reduce friction in trade and tourism.

Regional Safety Nets (CMIM)

The Chiang Mai Initiative, initially a network of bilateral swap lines, was multilateralised in 2010 into a US\$240 billion reserve pool to provide emergency liquidity support. In May 2025, finance ministers from ASEAN, China, Japan, and Korea agreed to enhance the CMIM with a rapid financing line for disasters and pandemics—an institutional response to the lessons of COVID-19 and climate shocks.^{ccxxxiv} Contributions remain anchored by China and Japan (US\$76.8 billion each), followed by Korea and ASEAN collectively.^{ccxxxv} While the CMIM has not been heavily used, its existence enhances market confidence and offers a backstop that complements national reserves and the IMF.

Local-Currency Settlement and De-dollarisation

Parallel to the regional safety net, China has expanded bilateral currency swap lines and local-currency settlement (LCS) with ASEAN partners. By April 2024, the People's Bank of China reported roughly RMB 4 trillion in swap agreements with over twenty-nine central banks, rising to thirty-two by May 2025.^{ccxxxvi} Indonesia's LCS arrangement with China has reduced transaction costs and foreign-exchange exposure for firms conducting bilateral trade.^{ccxxxvii} Although the U.S. dollar remains dominant, incremental growth in local-currency use diversifies risk and can mitigate spillovers from global monetary tightening.

Payments Interoperability and RMB Infrastructure

Connectivity has also advanced at the retail and wholesale levels of payments. In tourism and small-business trade, QR-based payment interoperability is expanding. Alipay+ has integrated with Cambodia's Bakong (KHQR) scheme, enabling users from multiple regional e-wallets to pay Cambodian merchants; in 2025, UnionPay and partners piloted a cross-border QR linkage between China and Indonesia.^{ccxxxviii} These developments dovetail with ASEAN's broader payments connectivity agenda linking Indonesia, Malaysia, Singapore, Thailand, and the Philippines. At the wholesale level, around one hundred banks in ASEAN have joined China's Cross-Border Interbank Payment System (CIPS), and RMB settlement reportedly accounted for about 28 per cent of bilateral trade value in 2024, with RMB payment volumes growing 35 per cent year-on-year.^{ccxxxix} The combination of interoperable retail payments and institutional clearing infrastructure reduces friction for firms and travellers and creates path dependence for future RMB usage.

Risks, Governance, and Transparency

Despite these advances, several risks warrant attention. First, concentration risk arises when large shares of infrastructure finance are intermediated by Chinese policy banks or state-linked entities. Second, currency and maturity mismatches may emerge in economies that borrow long-term in foreign currency for projects with uncertain revenue streams. Third, governance and transparency gaps—in procurement, environmental and social safeguards, or contingent liabilities—can generate political backlash and raise the cost of capital.^{ccxi} These risks do not negate the benefits of connectivity but call for standardised disclosure, rigorous project appraisal, and debt management frameworks aligned with ASEAN and multilateral best practices.

People-to-People Connectivity

Beneath the infrastructure and financial plumbing, people-to-people linkages constitute the societal foundations of China–ASEAN connectivity. Mobility patterns in tourism and education, along with cultural exchange programs, both reflect and reinforce the broader trajectory of relations.

Tourism and Mobility

Chinese outbound tourism to ASEAN surged from 5.4 million in 2010 to 32.28 million in 2019, concentrated in Thailand, Vietnam, Singapore, Malaysia, and Cambodia.^{ccxli} ASEAN inbound tourism to China grew from 5.7 million to 25.9 million over the same period. Following the pandemic, mobility has rebounded, supported by visa facilitation and new air routes; localised data from Yunnan’s Xishuangbanna showed outbound travel rising more than 260 percent year-on-year in 2024.^{ccxlii} ASEANStats data confirm China’s role as a top or near-top source market across most member states since the mid-2010s.^{ccxliii} These flows have direct balance-of-payments effects, spur SMEs in hospitality and retail, and buttress political support for connectivity initiatives.

Education and Human Capital

Education exchanges have deepened the human capital base of connectivity. China hosted 492,185 international students in 2018, nearly 60 percent from Asia, with large cohorts from Thailand, Indonesia, Laos, and Vietnam.^{ccxliv} Although inbound numbers fell during COVID-19, subsequent data indicate gradual recovery.^{ccxlv} ASEAN students also enrol in Japan, the United States, and within ASEAN itself, creating diversified transnational networks.^{ccxlvii} Such networks facilitate business links, technology diffusion, and policy learning.

Cultural Exchange and Public Perception

Cultural and official exchange mechanisms have provided frameworks to coordinate and amplify people-to-people links. The 2024 ASEAN–China Year of People-to-People Exchanges launched in Fuzhou encompassed programs in education, culture, youth, tourism, media, and local cooperation.^{ccxlvii} Research on the structure of the China–ASEAN tourism network describes rapid growth, adjustment, and then sustained expansion—with China exhibiting a high degree of centrality; determinants include geographic distance and institutional facilitators such as visas and connectivity.^{ccxlviii} These findings imply that policy design can materially shape mobility outcomes and thus the societal underpinnings of economic connectivity.

Conclusion

Across infrastructure, trade, finance, and society, China–ASEAN connectivity has moved from a set of fragmented bilateral ties to a denser and more institutionalised web. Transport corridors lower logistics costs and expand market access; digital and energy networks complement the physical backbone; policy liberalisation through ACFTA and RCEP accelerates the re-routing of regional value chains; financial linkages provide backstops and reduce transaction frictions; and people-to-people flows create the trust and demand that sustain economic activity. At the same time, there are challenges to be addressed. Gains are distributed unevenly across and within countries; environmental and social externalities are salient risks in hydropower and linear infrastructure; and geopolitical competition overlays connectivity with strategic risk. These tensions coexist with cooperation and require governance solutions rather than zero-sum framing.

To sustain balanced, transparent, and resilient connectivity, ASEAN and China can prioritise five actions. First, align project selection with

ASEAN's MPAC and national development strategies, emphasising multi-country corridors that yield regional spillovers. Second, standardise disclosure and debt-management practices—including explicit identification of contingent liabilities and revenue-risk sharing—to address sustainability concerns and reduce risk premia. Third, mainstream environmental and social safeguards, especially in Mekong hydropower and linear infrastructure, by adopting cumulative-impact assessment and community-benefit frameworks. Fourth, scale interoperability in payments (QR, fast payments, and CIPS participation) while ensuring cybersecurity and data-governance standards. Fifth, deepen people-to-people programs that build human capital—scholarships, mutual visa facilitation, and industry-academia partnerships—so connectivity is anchored not only in assets and rules but also in societal trust and skills.

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Chapter 13

China-ASEAN Connectivity Cooperation: Progress, Problems and Path Optimisation

HE Min

This chapter reviews the development of China–ASEAN connectivity cooperation, which has evolved from a focus on hard infrastructure to an integrated framework encompassing physical, institutional, and people-to-people linkages. Despite the fruitful achievements of China–ASEAN connectivity cooperation, this paper suggests that China–ASEAN connectivity cooperation should further clarify its connotations, goals and priorities, enhance institutional mechanisms for implementation, as well as further strengthen its alignment while expanding regional cooperation with more economies via multilateral mechanisms such as China–ASEAN–GCC, RCEP and the East Asia Summit.

Introduction

China–ASEAN connectivity cooperation, as a form of functional approach, has emerged as a cornerstone of regional integration, generating spillover effects into deeper political and institutional integration, and fostering economic growth and shared prosperity. Connectivity, in the context of China–ASEAN cooperation, encompasses three interlocking dimensions. Physical connectivity refers to tangible infrastructure networks, including transportation

(roads, railways, ports, airports), energy pipelines, and information and communications technology (ICT) infrastructure. Institutional connectivity involves regulatory harmonisation, policy coordination, standards alignment, and trade facilitation mechanisms that enable seamless cross-border flows of goods, services, capital, and data. People-to-people connectivity encompasses educational exchanges, tourism cooperation, cultural dialogue, and professional mobility that build social capital and mutual understanding. The first dimension is commonly termed 'hard connectivity,' while the latter two constitute 'soft connectivity.' As the maturation of relations and the need for deeper integration to address emerging challenges, China-ASEAN connectivity cooperation has evolved from "hard" infrastructure to "soft" regulatory cooperation for further regional economic integration and sustainable development.

The year 2026 marks the 5th anniversary of the establishment of the ASEAN-China Comprehensive Strategic Partnership, a milestone that underscores the deepening bonds between the two sides. This chapter aims to review and prospect China-ASEAN connectivity cooperation, which not only helps summarise experiences but also provides strategic recommendations for future cooperation.

Strategic Framework on China-ASEAN Connectivity Cooperation

The China-ASEAN connectivity agenda is rooted in the alignment of strategic visions. When ASEAN pledged in 2009 to accelerate its internal connectivity, China responded proactively, making the facilitation of ASEAN's own linkages and the deepening of China-ASEAN inter-connectivity a central pillar for advancing economic integration and further comprehensive cooperation. This mutual commitment was significantly elevated by the introduction of China's Belt and Road Initiative (BRI) in 2013, a vision that demonstrates remarkable congruence with the framework articulated in ASEAN's

Master Plan on ASEAN Connectivity 2025 (MPAC2025) (see Tables 29 & 30).

The 2017 Joint Statement on Further Deepening Infrastructure Connectivity Cooperation and the 2019 Joint Statement on Synergising the BRI with the Master Plan on ASEAN Connectivity (MPAC) 2025 further institutionalised this agenda, providing a robust complementary framework, ensuring that connectivity efforts are not ad hoc but part of a long-term, coordinated strategy, and translating shared vision into coordinated, long-term action, which established a "Connectivity Partnership".

As shown in Table 29 and Table 30, the scope and depth of China-ASEAN connectivity cooperation have continuously expanded since its inception. First, the cooperation has progressively evolved from initially focusing on transportation infrastructure into a comprehensive framework encompassing physical connectivity, institutional connectivity, and people-to-people exchange. Second, emerging areas such as digital connectivity, green connectivity, and supply chain connectivity have become a new highlight and growing pillar of connectivity efforts. Third, not only the regional-level and country-level joint statement of synergies but also multiple ministerial and senior-official level dialogue mechanisms (including commerce, transportation, technology, education, tourism, customs etc.) have been established, gradually laying a solid institutional foundation for the connectivity cooperation network.

Table 29 Progress on MAPC: From 2025 to 2045

No. Items	MAPC2010	MAPC2025	MAPC2045
1	Physical connectivity • Transport • Information and Communications Technology (ICT) • Energy	Seamless Logistics • Lower supply chain costs in each ASEAN Member State • Improve speed and reliability of supply chains in each ASEAN Member State	Seamless Logistics and Supply Chain • Improved efficiency and competitiveness of ASEAN's logistics and supply chain connectivity • Enhanced logistics and supply chain resilience against economic shocks and disruptions at the global and regional level • Elevated position of ASEAN in the global value chain
2		Sustainable infrastructure • Increase public and private infrastructure investment in each ASEAN Member State, as needed	Sustainable Infrastructure • Strengthened development and coordination of infrastructure within and between ASEAN

		• Significantly enhance the evaluation and sharing of best practices on infrastructure productivity in ASEAN • Increase the deployment of smart urbanisation models across ASEAN	Member States • Increased public and private infrastructure investment in ASEAN Member States
3	Institutional connectivity • Trade liberalisation and facilitation • Investment and services liberalisation and facilitation • Mutual recognition agreements/arrangement • Regional transport agreements • Cross-border procedures • Capacity building programmes	Regulatory Excellence • Harmonise or mutually recognise standards, conformance, and technical regulations for products in key sectors • Reduce number of trades – distorting non-tariff measures across ASEAN Member States	Regulatory Excellence and Cooperation • Strengthened implementation of good regulatory practices in regional trade and investment • Improved knowledge and capacity on the policies and regulations to facilitate cross-border trade, logistics, and investment

4	People-to-people connectivity • Education and Culture • Tourism	People Mobility • Support the ease of travel throughout ASEAN • Reduce the gaps between vocational skills demand and supply across ASEAN • Increase the number of intra-ASEAN international students	People-to-People Connectivity • Enhanced regional sense of belonging • Enhanced cooperation in education, academic research, and exchanges • Greater mobility of people across ASEAN
5		Digital Innovation • Support the adoption of technology by micro, small and medium enterprises (MSMEs) • Support financial access through digital technologies • Improve open data use in ASEAN Member States • Support enhanced data management in ASEAN Member States	Digital Innovation • Expanded and enhanced ASEAN's digital connectivity • Increased participation of people and businesses in the digital economy

6			Smart and Sustainable Urban Development - Advanced smart and sustainable urban and rural development - Strengthened rural development and empowerment of rural communities
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Source: ASEAN Secretariat Website.

Table 30 Progress on BRI: Joint Pursuit of High-quality Development

Items	BRI : 2013–2018	2019–2023	2023–Present
Phrase	Foundation building	High-quality development	Joint pursuit of high-quality Belt and Road cooperation
Main Progress	- Policy Coordination - Infrastructure Connectivity - Unimpeded Trade - Financial Integration - People-to-	- New areas such as green economy, digital economy and high technology - High-standard,	8 major steps: - Building a multidimensional Belt and Road connectivity network - Supporting an open world

	People Ties	sustainable and people- centred approach	economy • Carrying out practical cooperation • Promoting green development • Advancing scientific and technological innovation • Supporting people-to-people exchange • Promoting integrity-based Belt and Road cooperation • Strengthening institutional building for international Belt and Road cooperation
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Source: The Belt and Road Initiative Website.

Progress on China–ASEAN Connectivity Cooperation

Connectivity operates as the circulatory system of China–ASEAN cooperation, especially a catalyst of bilateral trade and investment growth, as it reducing frictions in goods, services, capital, and labour markets while fostering the institutional and social preconditions for sustained economic cooperation.

Infrastructure Connectivity: Bridging Physical Gaps

Physical infrastructure connectivity—encompassing cross-border railways, highways, ports, and digital networks—directly compresses time and monetary costs associated with merchandise trade. For instance, the China-Laos Railway, inaugurated in 2021, reduced freight transport time from Kunming to Vientiane from approximately 48 hours by road to under 24 hours, cutting logistics costs by an estimated 20–30 per cent. Port modernisation and land-sea corridor development under the BRI-MPAC framework have streamlined customs clearance procedures and diminished non-tariff barriers, thereby expanding the intensive and extensive margins of bilateral trade.

Digital and green connectivity has emerged as a fast-growing area. Huawei’s “5G City” projects in Malaysia and Thailand, Alibaba’s support for digital payment ecosystems, and the ASEAN-China Digital Partnership Program illustrate deepening technological synergy. Joint projects in renewable energy, such as solar power plants in Vietnam and hydropower in Laos, align with both sides’ climate commitments. Both sides have also agreed to promote e-commerce cooperation, with platforms like Alibaba’s Lazada and JD.com expanding their presence in ASEAN markets, enabling SMEs to reach a wider customer base.

Institutional Connectivity: Fostering Economic Integration

Institutional connectivity mitigates policy uncertainty and information asymmetries. The alignment of standards in product certification, technical regulations, and competition policy reduces the regulatory compliance burden for multinational enterprises operating across jurisdictions. This regulatory convergence generates positive spillover effects on foreign direct investment, as firms can deploy standardised production processes and exploit economies of scale across integrated markets.

People-to-People Connectivity: Strengthening Social Bonds

Educational and cultural exchanges have expanded under programs like the ASEAN-China Year of People-to-People Exchange. Scholarships under the Lancang-Mekong Cooperation Scheme and Confucius Institutes across ASEAN have strengthened linguistic and academic ties. Tourism, though impacted by the pandemic, is rebounding, with China consistently ranking as the top tourist source for ASEAN nations. These people-to-people connectivity activities not only help generate foreign exchange earnings that support import capacity and infrastructure investment but also build the human capital and social networks necessary to sustain economic cooperation.

Problems and Challenges on China-ASEAN Connectivity Cooperation

Despite the substantial accomplishments attained in China-ASEAN connectivity cooperation, structural challenges exist.

First, there remains a lack of clear and precise official or academic delineation of the connotation of China-ASEAN connectivity, as well as a systematic design and holistic planning. A rigorous review of policy documents pertaining to China-ASEAN connectivity cooperation reveals a predominant emphasis on project alignment,

with linkages to industrial synergy. However, the specific implications of China-ASEAN connectivity and the core priorities in its advancement have not been explicitly articulated or systematically defined. This conceptual ambiguity hampers effective coordination and resource allocation. In the realm of hard connectivity, particularly infrastructure development, there is a dearth of clear-cut planning regarding specific objectives—including the identification of transportation routes targeted for full connectivity, the formulation of phased goals (on an annual or 3-to-5-year cycle), and the delineation of corresponding implementation measures under the overarching framework.

Second, implementation challenges are compounded by coordination difficulties. Infrastructure financing remains heavily reliant on loans, raising concerns about debt burdens in less developed ASEAN economies. Divergent national priorities, varying levels of economic development, and distinct regulatory regimes create friction in aligning projects. For instance, infrastructure financing standards, environmental assessment procedures, and land acquisition regulations differ significantly across ASEAN member states, complicating cross-border project execution. Besides, a variety of legal traditions including common law, civil law, etc., create friction in areas such as product standards, professional qualifications, and data governance.

Third, geopolitical uncertainties introduce additional vulnerabilities. The global economy has entered into an “age of turbulence”—marked by trade wars, the COVID-19 pandemic, and supply chain disruptions—which has made regulators more risk-averse. The shift from efficiency to resilience in global value chains (GVCs) has led to more restrictive export controls, local content requirements, and data localisation mandates, all of which complicate regulatory alignment. Strategic competition among major powers generates pressures that can distort connectivity priorities and distract

cooperation with China, and complicate multilateral coordination mechanisms essential for regional integration.

Policy Suggestions for Further Enhancing ASEAN-China Connectivity Cooperation

While connectivity will play an important role in consolidating and developing China-ASEAN relations, its realisation is a long-term process and should be advanced step by step as a long-term strategy.

Clarify Connotations, Goals and Priorities

Addressing the conceptual ambiguity identified above, both sides should first clarify the connotations, goals and priorities for advancing connectivity cooperation, formulate an overall or phased plan for China-ASEAN connectivity, and consolidate the China-ASEAN Connectivity Partnership.

Enhance Institutional Mechanisms for Implementation

To address implementation challenges arising from divergent national capacities and regulatory frameworks, both sides should establish a permanent China-ASEAN Connectivity Implementation Committee with dedicated working groups on infrastructure standards, regulatory harmonisation, and dispute resolution. This body should develop standardised project assessment protocols, create a shared digital platform for tracking cross-border infrastructure projects, and formulate capacity-building programs tailored to needed members.

Strengthen Alignment and Expand Regional Cooperation

At present, full alignment has not yet been achieved in China-ASEAN connectivity, neither in the hard connectivity of land and maritime infrastructure nor in the soft connectivity of rules and standards, and there is still a long way to go. Therefore, both sides should further

strengthen such alignment and may consider prioritising the formulation and advancement of the Key Projects for China-ASEAN Connectivity. On this basis, we could leverage mechanisms such as China-ASEAN-GCC cooperation, the Regional Comprehensive Economic Partnership (RCEP), and the East Asia Summit to enhance connectivity collaboration with other countries and regions, thereby reinforcing ASEAN-centred regional architecture.

Conclusion

Over the past years, China–ASEAN connectivity cooperation has achieved remarkable progress under the strategic synergy of the BRI and MPAC, evolving from a focus on hard infrastructure to the integrated development of physical, institutional and people-to-people connectivity. This cooperation has become a cornerstone of regional integration, injecting strong vitality into bilateral high-quality development and reflecting the shared vision of China and ASEAN for innovative prosperity and sustainable development.

Nevertheless, the cooperation still faces prominent challenges, such as the lack of a clear and precise definition of China–ASEAN connectivity, the absence of systematic design and phased planning for its development, coordination difficulties, and geopolitical uncertainties, which would affect the further advancement of the cooperation.

As a long-term strategic pillar of China–ASEAN relations, connectivity cooperation requires both sides to adhere to an approach of step-by-step advancement. By clarifying its core connotations, goals and development priorities, formulating scientific and feasible overall or phased plans, strengthening the alignment of hard and soft connectivity, enhancing institutional mechanisms for implementation, and leveraging multilateral mechanisms to expand cooperation with other regions, China and ASEAN can further consolidate the connectivity partnership, address emerging challenges, and push the connectivity cooperation to a new stage of high-quality development. This will not only deepen the China–ASEAN comprehensive strategic partnership but also further boost regional economic integration and sustainable development, laying a solid foundation for building a closer China–ASEAN community with a shared future.

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End Notes

ⁱ Alice Ba, "China and ASEAN: Renavigating Relations for a 21st Century Asia," *Asian Survey* 43, No. 4 (2003), 624.

ⁱⁱ It is important to note, however, that Singapore and Brunei did not establish diplomatic relations with China until after Indonesia restored its diplomatic ties with China in August 1990.

ⁱⁱⁱ For further discussion on this episode, see Rizal Sukma, *Indonesia and China: The Politics of a Troubled Relationship* (London: Routledge, 1999), 116-119.

^{iv} Indonesia was the first Southeast Asian country to open diplomatic relations with China, having done so in April 1950, before it later suspended that tie in 1967.

^v On this, see Michael Leifer, *The ASEAN Regional Forum: Extending ASEAN's Model of Regional Security*, Adelphi Paper 302 (Oxford: IISS, 1996).

^{vi} Zhang Yunling, *On East Asian Regional Cooperation: Ideality and Reality*, 2nd Vol. (London: Routledge, 2019), 16-21.

^{vii} "Plan of Action to Implement the ASEAN-China Comprehensive Strategic Partnership (2026-2030)," (Beijing: Ministry of Foreign Affairs of China, 2025), <https://www.mfa.gov.cn/>.

^{viii} This mechanism includes 12 ministerial meeting mechanisms covering foreign affairs, economy and trade, transportation, customs, quality inspection, procuratorate, health, telecommunications, culture, press, transnational crime crackdown, and disaster management, as well as mechanisms such as foreign affairs senior officials' consultations, joint cooperation committee meetings, economic and trade joint committee meetings, science and technology joint committee meetings, and connectivity cooperation committee meetings.

^{ix} Huang Haitao, "The Role of Trust in China-ASEAN Relations – Towards a Multi-level Trust Building for China and ASEAN," *International Journal of China Studies* 8, No. 1 (2017):45

^x Zhang Jie, "Rebuilding ASEAN centralism and China-ASEAN relations," *Journal of International Studies Chinese*, No. 3(2021): 125-126

^{xi} See "Plan of Action to Implement the ASEAN-China Comprehensive Strategic Partnership (2026-2030)," (Beijing: Ministry of Foreign Affairs of China, 2025), <https://www.mfa.gov.cn/>.

^{xii} Representative Office of Economy and Trade of China to ASEAN, "贸易快报 | 2025 年中国—东盟贸易简," *Ministry of Commerce of the People's Republic of China*, 16 January 2026, https://asean.mofcom.gov.cn/zgdmjm/tj/art/2026/art_8851f243d4a94807a688b2ae43202744.html.

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^{lxiv} The High Council shall take cognisance of disputes or situations likely to disturb regional peace and harmony; can recommend to disputing parties the use of appropriate means such as good offices, mediation, inquiry or conciliation; and can recommend "appropriate measures" to prevent a deterioration of the dispute or situation. However, the High Council cannot take shape or meet unless all disputing parties agree, while HCPs not party to the dispute can offer all possible assistance to settle the said dispute (Article 16 of TAC).

The High Council shall comprise one representative at the ministerial level from each AMS, and one from each of the HCPs which are states outside Southeast Asia and directly involved in the dispute (Rule 3 of TAC's Rules of Procedures). Next, observers may represent HCPs who are not directly involved in the dispute at a High Council meeting, subject to the High Council's decision (Rule 14). All decisions shall be taken by consensus (Rule 19).

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