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The Evolution of China's Diplomacy with Regional Integration Organisations: Bilateral or Multilateral?

Abstract

With the rise of China in recent years, the country's pattern of diplomacy with regional integration organisations has experienced a corresponding transformation. To clarify and improve this view, this paper examines China's diplomacy towards the European Union (EU) and the Association of Southeast Asian Nations (ASEAN). Further, it traces the characteristics, motivations and effects of three stages (contacting, integrating and shaping) in China's multilateral diplomacy towards the EU and ASEAN. This paper argues that since the Global Financial Crisis in 2008, China has gradually entered a stage of multilateral diplomacy that is characterised by: multilateral diplomacy and bilateral diplomacy complementing each other; the combination of old and new multilateral mechanisms; and diversification of the means of multilateral diplomacy.

Key Words

China's diplomacy pattern, the EU, ASEAN, multilateral diplomacy

1. Introduction

After the global financial crisis (GFC), the international system underwent unprecedented change. The rapid rise of China in absolute and relative strength is a striking phenomenon. China's diplomatic transformation has become a topic of intense discussion in academic and policy circles. There is often a focus on China's

relations with its neighbouring countries and great powers, but a lack of discussion of the relationship between China and regional integration organisations. This article will observe the changes in China's diplomacy patterns with regional integration organisations.

As the most traditional pattern of diplomacy, bilateral diplomacy has occupied the most important position in China's diplomatic principles and practice. After the founding of the People's Republic of China (PRC) until 1971, when China restored its seat at the United Nations (UN), China mainly conducted bilateral diplomacy, and its multilateral diplomacy was relatively limited. However, with China becoming a considerable and influential power in the world today, the role of multilateral diplomacy has grown. For example, as Song Xinning points out, Chinese new neighbourhood policy strategy is to transition from the traditional 'bilateral plus regional' approach to a new 'regional-multilateral plus bilateral' approach.¹

With the deepening of China's participation in the international system, the application of multilateral diplomacy in China's foreign relations increases. Scholars have different understandings of China's multilateral diplomacy, but there are three major views.² First, in the process of participating in multilateral diplomacy, China has been socialised by learning and imitating the norms and systems widely accepted in the international society. Second, China has adopted a pragmatic attitude, to take advantage of multilateral diplomacy as a political tool to realise its own national interests. Through the development of multilateral relations with regional organisations, for example, China promotes the multi-polarisation of the world, in order to check and balance the power of the United States. The third school of thought is more pessimistic, believing that China will find it hard to integrate truly into the existing multilateral international order, and will instead try to change the existing

¹ Xinning Song, "China and Regional Integration: From Bilateralism to Regional-Multilateralism", *IUP Journal of International Relations*, Vol.4, No. 1 & 2, 2010, p51.

² Mingjiang Li, "Rising from Within: China's Search for a Multilateral World and Its Implications for Sino-US Relations" *Global Governance*, Vol. 17, No. 3, 2011, pp. 331-333.

system and values, possibly even adopting a divide-and-rule strategy towards regional organisations. All three views demonstrate that there are disputes about the nature of China's multilateral diplomacy, which need further clarification and improvement.

This article is about the evolution of the patterns of China's diplomacy with regional integration organisations represented by the European Union (EU) and the Association of Southeast Asian Nations (ASEAN), rather than a focus on the quality of the relationship between China and regional organisations.

According to the characteristics of different periods, the development of China's diplomacy with regional integration organisations, especially multilateral diplomacy, can be roughly divided into three stages. The first stage is from the founding of the PRC to the end of the Cold War. During this period, China's multilateral diplomatic activities with regional integration organisations were at an early stage, called the contacting phase of multilateral diplomacy. At this time, China only had multilateral contact in the global level (that is, the UN), and remained sceptical about regional multilateralism. China relied on bilateral diplomacy with European and Southeast Asian countries.

The second phase was from the end of the Cold War to the 2008 GFC, the integrating stage of multilateral diplomacy. China began to join various international and regional multilateral mechanisms and studied multilateral diplomacy. At the global level, the accession to the World Trade Organization (WTO) was a major learning experience in the second stage of China's multilateral diplomacy. At the regional level, China was active in the East Asian cooperation framework, in which ASEAN played a central role. On the selection of the patterns of diplomacy to EU countries, bilateral and multilateral diplomacy were paid equal attention, but they did not complement each other. Limited by the willingness and capability of China, selective acceptance remained the characteristic of China's diplomacy with the EU and ASEAN.

Since the 2008 GFC, especially after a new generation of government came to power, China's diplomacy with regional integration organisations entered the third stage, characterised by shaping. China has begun to utilise willingly, capably and actively the multilateral diplomacy pattern, forging a foreign environment benefiting China's national interests and better serve China's foreign strategies.

The authors believe that 'contacting', 'integrating' and 'shaping' are the general characteristics of the three mentioned stages, respectively. Multiple features may appear in the same stage, but each stage exhibits one characteristic more prominent than the others do. The shaping stage is the focus of this paper.

As a concrete feature of the transformation of China's diplomatic strategies, new characteristics were reflected in China's relations with regional integration organisations such as the EU and ASEAN:

- 1) bilateral diplomacy and multilateral diplomacy complement each other;
- 2) the existing multilateral mechanism combines the new multilateral mechanism;
- 3) the forms of China's multilateral diplomacy means diversify and not sticking to traditional forms.

New forms of diplomacy develop, such as multilateral economic diplomacy, multilateral financial diplomacy, multilateral cultural diplomacy and so on. The selection and utilisation of China's bilateral and multilateral diplomacy reflects China's shift from integrating the international society and accepting international rules, to innovating international mechanisms and shaping a favourable external environment.

Combining multilateral diplomacy with regional integration organisations has become increasingly important for China, which seeks to be more internationally influential, safeguard its own rights and realise its strategic expectations. ASEAN is the most important regional integration organisation in China's part of the world. China's interaction with ASEAN shifts from bilateral diplomacy to the flexible application of

both bilateral and multilateral diplomacy. Further, the EU is a successful multilateral cooperation platform, so China's multilateral diplomacy with the EU could be a typical and representative case for its relations with regional integration organisations.

By discussing the transformation of China's diplomacy with two major regional integration organisations (the EU and ASEAN), this paper demonstrates the transformation of China's diplomatic pattern with regional integration organisations. China has moved from suspicious contact to a more integrative approach, through the application of learning to shape relationships actively and fundamentally transforming these relationships gradually.

2. The Transformation of China's Policies towards the EU

2.1 The EU's multilateral diplomacy after the Cold War

During the Cold War era, Europe was the frontier in the confrontation between two camps. The EU's foreign strategy kept in line with the transatlantic partnership between the EU and the US. With the end of the Cold War, the EU transitioned from a regional power to a global one. Considering the balance of powers in the world and its own interests, the EU chose the 'Effective Multilateralism' as its common foreign and security strategy, which was mainly reflected in two aspects: the global security strategy and European neighbourhood policy.

On the level of global security strategy, 'effective multilateralism' is an important component.³ The EU has always stressed the importance of international rules and regulations, adherence to international law treaties and multilateral cooperation agreements to resolve conflict and coordinate the national interests. The UN, North Atlantic Treaty Organization (NATO) and the Asia-Europe Meeting are important platforms for the EU to display its multilateral foreign policy.

³ Javier Solana, "A Secure Europe in a Better World: European Security Strategy", Brussels, December 12, 2003, p.9.

In the area of European neighbourhood policy, the EU believes that it should export its successful experiences of multilateralism and regionalism. The EU has not only actively established a dialogue mechanism with other regional integration organisations but also carried out economic diplomacy based on its economic power in the sense that any country's access to the European common market was determined by the Common External Tariff (CET).⁴

2.2 The division of China's diplomatic history with the EU

2.2.1 The contacting stage of China's multilateral diplomacy towards the EU: From the establishment of formal relations to the end of the Cold War

From as early as 1975, when China and the EEC established diplomatic relations, China did not understand the supranationalism of the EEC and did not actively respond to it. At that time, China focused more on the power of Western European countries, to contain the two superpowers. With the dramatic changes in Eastern Europe in late 1980s and early 1990s, China faced a human rights diplomacy campaign from the US and EU. The relations between China and the EU dropped to freezing point.

At this time, due to the complex international environment and China's overall lack of awareness of regional integration organisations, China's attitude towards multilateral diplomacy was conservative. China's external policy towards the EU mainly focused on its bilateral diplomacy with member states.

2.2.2 The integrating stage of China's multilateral diplomacy towards the EU: From the end of the Cold War to the GFC

⁴ See Stephen Woolcock, "EU Economic Diplomacy: The Factors Shaping Common Action", *Hague Journal of Diplomacy*, Vol. 6 Issue 1/2, 2011, p89.

After five years of cold relations between China and the EU, the EU began to adjust its attitude and cooperate with China. From 1995 to 2008, the EU issued six foreign policy documents on China, vigorously developed economic and trade relations with China, coordinated with China on multilateral platforms such as the UN.

Political and economic relations between China and the EU rapidly warmed. The China-EU relationship entered into the 'honey-moon' period. The EU actively promoted China's access to the WTO and realised that China was a real chance for its development in the future. To develop trade relations with the EU, China began to learn the 'EU Rules', with multilateralism as the main characteristic.

During this period, the Chinese government, academia and enterprises dealt with the EU in accordance with EU rules. At the governmental level, in 2003 China's first EU policy was issued. This was a positive response, which recognised the importance of the EU rules. In 2004, following EU's eastward enlargement, the Ministry of Foreign Affairs of China renamed its Department of Western Europe as the 'Department of the European Region'. In 2008, the 'Lisbon Treaty' endowed the EU a legal personality. China sent its first ambassador and mission to the new EU. In the academic field, there was a fervent growth in 'European Studies' from the theoretical perspective, promoting better understanding and cognition to the EU. In the field of economics and trade, the 'European criteria' means high quality in China's foreign trade.

Notably, China's integration into multilateral diplomacy with the EU was still passive. This was determined by the asymmetrical interdependence between China and the EU. For example, in 2004, China asked the EU to lift their arms embargo on China, but was unsuccessful. Although pressure from the US was the main reason, China also lacked a full understanding of the EU's political and security decision-making mechanisms. In the trade wars between China and Europe, Chinese business always suffered because of China's lack of understanding and compliance with EU rules and standards.

2.2.3 The shaping stage of China's multilateral diplomacy towards the EU: From the GFC to the present

China's diplomacy pattern towards the EU, with its passive integration into the EU's external policy strategy, has always been criticised by the West. Some European critics have accused China of taking advantage of the design of EU institutions, to try to differentiate and disintegrate the EU.⁵

However, the EU's relative decline affected its power position in regards to China. At the end of 2008, the US sub-prime mortgage crisis triggered the GFC, and the EU was involved in the European Sovereign Debt Crisis. The economic frustration meant that EU politicians lost confidence in European integration from 2009, and there is little short-term hope that the EU's economy will substantially progress. In contrast, China successfully coped with the GFC and continued to fulfil its economic growth targets as the world's second largest economy. A vivid example is that the EU has not been China's largest trading partner since 2013, due to the Euro Zone Debt Crisis, while China's direct investment in the EU increased rapidly. With the change in the two powers, China has learnt from its former diplomatic experience, and began to seek to shape foreign relations with the EU actively, aiming to establish a new China-EU diplomatic order in China's favour.

China's 'Double Reinforcement' Policy towards the EU

⁵ See "China's foreign and domestic policy has evolved in a way that has paid little heed to European values, and today Beijing regularly contravenes or even undermines them. The EU's heroic ambition to act as a catalyst for change in China completely ignores the country's economic and political strength and disregards its determination to resist foreign influence. Furthermore, the EU frequently changes its objectives and seldom follows through on them. The already modest leverage that EU Member States have over China, collectively and individually, is weakened further by the disunity in their individual approaches." J. Fox & F. Godement, *A Power Audit of EU-China Relations*, London, the European Council on Foreign Relations, 2009, pp.1-2, http://www.ecfr.eu/page/-/ECFR12_-_A_POWER_AUDIT_OF_EU-CHINA_RELATIONS.pdf.

Europe's Debt Crisis created the so-called 're-nationalisation' of the EU's monetary policy. The wider economic competitiveness gap and differences in foreign policies among EU member states reinforced conflicts of interest between the EU institutions and the member states, although 2008's Lisbon Treaty enhanced the degree of integration in EU external policy.⁶

China developed a 'double reinforcement' policy towards the EU. The Chinese government realises the significance of the Lisbon Treaty in promoting the integration of EU foreign policy. China strengthens the relationship with EU institutions and actively strives for mutual trust and acceptance between the EU and China. For instance in 2010, Chinese State Counsellor Dai Bingguo engaged in China-EU strategic dialogue with the EU's Foreign Policy Chief, Catherine Ashton, which upgraded the former ministerial dialogue mechanism to a higher level. In 2011, the Chinese government officially received Herman Van Rompuy, the first President of the European Council under the Lisbon Treaty. In 2014, Xi Jinping, President of the PRC, visited the EU headquarters, the first Chinese president to do so. On 2 April 2014, the Chinese government published their second foreign policy document towards the EU: 'China's Policy Paper on the EU: Deepen the China-EU Comprehensive Strategic Partnership for Mutual Benefit and Win-win Cooperation', to further strengthen the relation with the EU.

At the member states (MS) level, the Chinese government continues to take advantage of its traditional bilateral diplomacy approach. Firstly, China strengthens cooperation with key MS of the EU, such as Germany, France and the UK. During the economic crisis, Sino-German relations developed fast: Sino-German trade volume surged, and Chinese and German political leaders visited each other frequently. In 2014, the 50th anniversary of the establishment of diplomatic relations between China and France, Xi Jinping visited France as President for the first time, and received the

⁶ See Ling Jin, "The impact of Debt Crisis on the EU's External Policy and Acting Behavior-- A Foreign Policy Analysis Perspective", *Chinese Journal of European Studies*, Vol. 31, No. 6, 2013, p.52.

French president's grand reception. In the same year, Premier Li Keqiang visited the UK and signed dozens of cooperation agreements.

Secondly, China contributed to the bailout of Southern European countries during the Euro Zone Debt Crisis, which significantly enhanced China's diplomatic bilateral relations with Iceland, Greece, Spain, Portugal and Italy.

Finally, China actively forges cooperation with Central and Eastern European countries (CEEC), such as by signing a strategic partnership between China and Poland. Due to increasing Chinese private enterprise investment in CEEC since 2010, the Chinese government declared 2014 the year designated for the promotion of investment and trade between China and CEEC, and initiated several new cooperation projects.⁷

China's 'double reinforcement' policy towards the EU after the European Sovereign Debt Crisis shows that on the one hand, China actively promotes multilateral diplomacy, and on the other, it has not given up its traditional advantage of bilateral diplomacy. In China-EU relations, the continuous reinforcement of the bilateral diplomatic relations between China and MS is not only an important supplement and promotion for China-EU relations, but a vivid example that China is carrying out a more pragmatic and flexible form of multilateral diplomacy at the EU level, too.

Cooperation Between China and CEEC (16+1)

During the European debt crisis, the China-CEEC relation was strengthened. In 2012, China and the CEEC cooperated via the '16+1' dialogue mechanism, the second example proving that China has begun to shape its diplomatic relations with the EU.

⁷ "Li Keqiang, 2014 year for promotion of investment and trade", *CCTV.COM*, 27th November, 2013, <http://english.cntv.cn/program/asiatoday/20131127/100109.shtml>

The cooperation involved 16 CEEC (Poland, the Czech Republic, Slovakia, Hungary, Slovenia, Croatia, Bosnia and Herzegovina, Serbia, Montenegro, Romania, Bulgaria, Albania, Macedonia, Estonia, Lithuania and Latvia), covering an area of almost 1.3 million square kilometres and with a population of 123 million. Of those 16 CEEC, 11 are EU MS and five are non-MS. Albania and Macedonia are EU candidate countries, while Bosnia and Herzegovina, Serbia and Montenegro are non-EU MS.

After the European Debt Crisis, the CEEC reduced their reliance on the core EU MS and attached more importance to resources from external powers. The CEEC adopted an 'open to the East' policy. Concurrently, China's huge foreign exchange reserves meant that its will to invest abroad was strong.

In June 2011, the Hungarian National Development Department organised the first 'China-CEEC Economic and Trade Forum'. Chinese Premier Wen Jiabao and the 16 CEEC leaders attended the conference.⁸ On 25 April 2012, the second session of the 'China-CEEC Economic and Trade Forum' was held in Warsaw. This marked the beginning of China and the 16 CEEC leaders' annual dialogue mechanism. During the meeting, Wen Jiabao put forward four principles to promote relations between China and the CEEC, including: strengthening the pragmatic cooperation in economy and trade; establishing and improving the working mechanism and communication platform as soon as possible; taking advantage of a series of important initiatives (the Twelve Measures) to achieve substantive results in a short time; and enhancing China-CEEC relations from aspects of institutional building, trade and financial cooperation, infrastructure construction, culture, education, tourism, scientific research and people-to-people exchanges, etc.⁹

⁸ "Wen Jiabao attended the China - Central and Eastern European countries economic and trade forum and delivered a speech", the Central Government of P.R.C. website, June 25th, 2011, http://www.gov.cn/lhdh/2011-06/25/content_1892855.htm

⁹ "China - Central and Eastern European Countries ushered in the spring", *Zhejiang Daily*, April 28th, 2012, p.7.

The Chinese Foreign Ministry took the lead in establishing the Secretariat for Cooperation between China and CEEC in September 2012 in Beijing.¹⁰ However, there is still no permanent institutions for this mechanism in Europe. According to the Twelve Measures initiated by China, the \$10 billion special loan project and the \$500 million China-CEEC Investment Cooperation Fund have already been launched. These reflect the asymmetry in China-CEEC cooperation mechanisms, with China playing a dominant role in multilateral cooperation.

Although we cannot find any explicit official statements or documents concluding that China is the initiator of the China-CEEC cooperation mechanism, we identified distinct clues demonstrating our point of view that China actively shapes the China-CEEC relationship in multilateral diplomacy.

Firstly, China has a strong motivation in developing relations with CEEC. China-EU trade volume declined because of the European Sovereign Debt Crisis, while trade and investment between China and CEEC resulted in a record high for two consecutive years. However, the trade volume between China and CEEC is only one tenth of the China-EU trade volume. In China's overall investments, CEEC even account for a smaller proportion. In the Chinese government's view, there is still huge development potential in CEEC.¹¹

Secondly, China plays an active role in the multilateral platform. The Chinese government initiated the four principles and the Twelve Measures for China-CEEC cooperation, and ensured effective implementation of its plans. China's suggestions

¹⁰ The Secretariat was co-established by 18 Chinese government departments, later adjusted to 20. Now the Secretariat includes governmental departments including the Ministry of Foreign Affairs, International Liaison Department of the Central Committee of the CPC, National Development and Reform Commission, Ministry of Education, Ministry of Science and Technology, Ministry of Finance, Ministry of Transport, Ministry of Agriculture, Ministry of Commerce, Ministry of Culture, People's Bank of China, State Press and Publication Administration, Tourism Bureau, Railway Bureau, Civil Aviation Bureau, Central Committee of the Communist Youth League of China, National Development Bank, Export-Import Bank of China and China Railway Corporation.

¹¹ Li Keqiang, "Make the Mutually Beneficial and Double Win Road More and More Road -- the speech on the third session of the China - CEEC Economic and Trade Forum", the Central government of P.R.C. website, November 28th, 2013, http://www.gov.cn/ldhd/2013-11/28/content_2536743.htm.

and promotions have become the main framework for the development of the China-CEEC cooperation mechanism. With China's huge gross domestic product (GDP) and internal market, the 16 CEEC are too small and weak to compete with China on an equal footing. Moreover, significant differences of the political, economic and security interests exist among the CEEC. The 16 CEEC find it difficult to present one voice to China, meaning that it is hard for the CEEC to play a leading role in the cooperation framework. China's dominant position will be strengthened as a result.

Thirdly, facing constant pressure from the EU, China has to maintain a low-key, pragmatic attitude on the cooperation between China and CEEC. The European Commission and core MS suspect that China is trying to split the EU and form another CEEC group. China is not surprised by such criticism, being well prepared for it. China chose to strengthen economic and trade cooperation with CEEC, and avoided involvement in the political and security fields. Even with commercial cooperation, China strictly examines the political factors of economic cooperation. For example, when China chose its main partner in CEEC, it preferred Poland to Hungary, although the former had not been as close to China as the latter. Hungary's current government's bad relations with the EU is the most negative element preventing China from developing close economic and trade cooperation with it. Concurrently, China also declared on many occasions that from the perspective of the Chinese government, the cooperation between China and CEEC should be viewed as an extension and supplement of the relations between China and the EU. Therefore, the China-CEEC cooperation mechanism is not only an important part of the China-EU strategic partnership, but will also become a positive factor in resolving the European crisis.

Finally, the Chinese government integrates internal resources in a skilled manner, establishes a China-CEEC cooperation mechanism from central to local government and accelerates the cooperation between China and CEEC through the 'One Belt and

One Road' strategy, which is China's European-Asian cooperation diplomacy. That demonstrates that China is capable and skilled enough to shape its relations with CEEC.

3. The Transformation of China's Policies towards ASEAN

3.1 The multilateralism in ASEAN's external relations

The China–ASEAN relationship represents a typical case of China's multilateral diplomacy. Special characteristics are evident because China–ASEAN relations are closely related to the basic characteristics of ASEAN.

As an organisation for the regional integration of developing countries, ASEAN has shown unique characteristics, which are embodied in the so-called 'ASEAN way'. The ASEAN way includes the following characteristics: a cautious attitude towards formal institutionalisation, principle of inclusiveness, particular use of consensus and the norm of non-interference in the internal affairs of member states.¹² These characteristics have been associated with controversy; however, the development of ASEAN has proven that the ASEAN way is the multilateralism mechanism that is most suitable for the regional environment in Southeast Asia.¹³

Relations between ASEAN and its regional partners show the effects of socialisation. East Asian multilateral mechanisms led by ASEAN, such as the ASEAN Regional Forum, the East Asia Summit and ASEAN Plus Three, successfully include great powers in the regional cooperation process. For example, China has been used to multilateral diplomacy when dealing with East Asian issues by participating in the above multilateral mechanisms.

¹² David Capie and Paul Evans, "the 'ASEAN Way'", in Sharon Siddique and Sree Kumar compiled, *the 2nd ASEAN Reader*, Singapore: Institute of Southeast Asian Studies, 2003, pp. 45-51.

¹³ Ralf Emmers, *Cooperative Security and the Balance of Power in ASEAN and the ARF*, New York: RoutledgeCurzon, 2003, pp. 27-29.

In the development of China–ASEAN relations, the characteristics of ASEAN’s multilateral mechanisms have always been respected and followed. The change in the pattern of China–ASEAN relations embodied the corresponding transformation of China’s multilateral diplomacy.

3.2 The division of China’s diplomatic history with ASEAN

3.2.1 The contacting stage of China’s multilateral diplomacy towards ASEAN: The Cold War era

After the Second World War, ASEAN member countries gradually became independent nations. The primary goal of the founding of ASEAN was to stabilise domestic situations and achieve economic growth.¹⁴ The experiences of striving for national independence of these countries led to a strong dislike of external interference.¹⁵ In particular, during the early stages of ASEAN’s establishment, there was concern about the so-called communist threat. During this period, as internal coordination had not yet matured, ASEAN had not started to develop diplomatic relations as a single entity. At the same time, the relationship between China and some ASEAN members went through twists and turns, and there were often tensions.

Thus, in this period, China–ASEAN relations were given priority over bilateral relations, and multilateral relations between China and ASEAN countries were still in the initial stage of contact. The first multilateral interaction between China and ASEAN occurred when Vietnam invaded Cambodia at the end of 1978. To jointly resist aggression from Vietnam, Chinese and ASEAN foreign ministers coordinated diplomatic actions. This was an early example of China’s multilateral diplomacy with ASEAN.¹⁶

¹⁴ Laurence Henry, “The ASEAN Way and Community Integration: Two Different Models of Regionalism”, *European Law Journal*, Vol. 13, No. 6, 2007, pp. 858-859.

¹⁵ R. Nagi, *ASEAN, 20 Years: a comprehensive documentation*, New Delhi: Lancers Books, 1989, pp.41-47.

¹⁶ Rodolfo C. Severino, *Southeast Asia in search of an ASEAN community: Insights from the former ASEAN Secretary-general*, Singapore: Institute of Southeast Asian Studies, 2006.

3.2.2 The integrating stage of China's multilateral diplomacy towards ASEAN: The Cold War to the GFC

After the end of the Cold War, China–ASEAN relations entered a new stage. With the transformation of the post-Cold War political and economic situation around the world, China–ASEAN relations faced new challenges. Seeking multilateral cooperation was a necessary choice for China's diplomacy.

Since 1991, China had begun to participate in ASEAN's multilateral mechanisms, such as attending ASEAN Ministers' Meetings, becoming a dialogue partner of ASEAN and becoming a member of the ASEAN Regional Forum. China–ASEAN economic and trade cooperation was carried out under the framework of multilateral mechanisms.

Stimulated by the 1997 Asian Financial Crisis, China–ASEAN relations within the framework of East Asia's multilateral mechanisms saw an unprecedented increase. China soon became an important part of East Asia's regional multilateral mechanisms, such as 'ASEAN + 3'. Within a few years, China and ASEAN introduced important multilateral cooperation, such as the East Asian financial supervision and remedy mechanisms, the China–ASEAN Free Trade Agreement (FTA) and the Declaration on the Conduct of Parties in the South China Sea.

China gradually accepted and was integrated into the multilateral mechanisms associated with ASEAN. As Evelyn Goh said: 'China's approach to Southeast Asia during the last decade has been characterized by a conscious dampening of outstanding regional disputes, a willingness to engage in multilateral dialogue and institutions, and a rhetoric of good neighborliness and mutual benefit'.¹⁷

¹⁷ Evelyn Goh, "China and Southeast Asia", December 12, 2006. http://fpif.org/china_and_southeast_asia/.

3.2.3 The shaping stage of China's multilateral diplomacy towards ASEAN: After the GFC

In recent years, on the basis of China–ASEAN's accomplishments in various fields, China–ASEAN relations have been 'upgraded'. Since 2013, China's leaders have frequently appeared in Southeast Asia. During the China–ASEAN Business and Investment Summit, Premier Li Keqiang called for the future 'Diamond Decade' of China–ASEAN relations.¹⁸ During a visit to Indonesian Congress, President Xi Jinping gave a speech proposing the construction of the 'China–ASEAN Community of Common Destiny' and the 'Maritime Silk Road in the 21st century'.¹⁹ This demonstrates that China is setting goals and actively planning for the development of China–ASEAN relations. The progress of China–ASEAN's multilateral mechanisms is evident through the following cases.

The China–ASEAN FTA upgrade

The China–ASEAN FTA began in 2002 and came into force in 2010, which was the world's largest FTA among developing countries. This multilateral trade mechanism for China and ASEAN has brought significant benefits—not only reshaping the regional production network, but also stimulating the regional investment boom.²⁰ With the development of the China–ASEAN FTA, China–ASEAN relations have improved and become an important support for China's 'peaceful rise' strategy.²¹ Thus, China has great enthusiasm for further promoting the FTA.

¹⁸ "Li Keqiang gave a speech at the China ASEAN Expo and the business and Investment Summit", Ministry of foreign affairs of the People's Republic of China, September 3, 2013. http://www.fmprc.gov.cn/mfa_chn/zyxw_602251/t1072519.shtml.

¹⁹ "President Xi Jinping delivered a speech at the Congress of Indonesia", China News Agency, October 3, 2013. <http://www.chinanews.com/gn/2013/10-03/5344133.shtml>.

²⁰ Sarah Y. Tong and Catherine Chong Siew Keng, "China-ASEAN Free Trade Area in 2010: A Regional Perspective", *EAI Background Brief No. 519*, April 12, 2010.

²¹ Shamsul Khan and Lei Yu, "Evolving China-ASEAN Relations and CAFTA: Chinese Perspectives on China's Initiatives in Relation to ASEAN Plus 1", *European Journal of East Asian Studies*, 12(2013), pp. 81-107.

In 2013, during the Tenth China–ASEAN Expo and the China–ASEAN Business and Investment Summit, Premier Li Keqiang proposed upgrading the China–ASEAN FTA: ‘To further tariffs reduction, reduce non-tariff measures, actively carry out a new batch of service trade commitments to promote substantive negotiations, open investment field’.²² Therefore, the FTA upgrade initiative is focused on strengthening the trade mechanism and optimising the trade structure in the multilateral trade mechanism.²³

The China–ASEAN FTA upgrade is now underway. In recent years, China and ASEAN have continued to improve the mechanisms under the FTA framework, signing many supplementary agreements about the service trade, goods trade and other relative provisions. During the 2012 East Asian Summit Series, China and ASEAN signed two protocols under the China–ASEAN FTA framework to clarify the legal status and responsibilities of the Joint Committee of the China–ASEAN FTA, and the multi-level multilateral mechanisms of China-ASEAN cooperation were formed, including the China–ASEAN Economic and Trade Minister Meeting, and the China–ASEAN Senior Economic Officials and Joint FTA Committee, was formed.

The Asian Infrastructure Investment Bank

In October 2013, during his visit to Indonesia and Malaysia, President Xi Jinping put forward an initiative to build the Asian Infrastructure Investment Bank to provide funds for the infrastructure construction of developing countries in the region. Many Asian countries—especially ASEAN countries—have expressed support for the initiative, and some have expressed a desire to become founding members of the bank.²⁴ According to the official Chinese explanation, the mechanism is a

²² "Li Keqiang put forward five proposals on strengthening cooperation between China and ASEAN ", Xinhua News Agency, September 3, 2013. http://news.xinhuanet.com/politics/2013-09/03/c_117214202.htm

²³ Jiang Jialin and Cai Li, “Analysis of Trade Development between China and Association of Southeast Asian Nations”, *Journal of Behavioural Economics, Finance, Entrepreneurship, Accounting and Transport*, Vol. 1, No. 1, 2013, pp. 15-20.

²⁴ The initiative soon received a positive response from ASEAN members. In many China–ASEAN statements, or declarations, ASEAN members expressed positive support for this initiation. For example, ‘Joint Statement of the

‘inter-governmental nature of the Asian regional multilateral development institutions ... basic purpose of which is to support infrastructure in Asian countries and investment of other productive areas, promote economic development in the Asian region and regional economic cooperation’.²⁵

The initiative to establish the Asian Infrastructure Investment Bank is an important innovation of Chinese multilateral diplomacy. According to the Asian Development Bank’s estimates, in the period 2010–2020, Asian countries need to annually spend \$750 billion for the construction of infrastructure in order to support the current level of economic development.²⁶ For ASEAN and other Asian developing countries, such a bank is a good choice to fill the gap in future infrastructure construction funds, and it would help strengthen relationships among Asian countries—especially between China and its neighbours.

To be sure, this initiative is also considered a measure put forward by China to break the monopoly of the multilateral financial institutions dominated by the West.²⁷ The Asian Infrastructure Investment Bank initiative is a means for deepening regional financial cooperation in the form of multilateral cooperation, and it could be considered a Chinese hope to strive for greater power in international financial institutions.

‘Code of Conduct of Parties in the South China Sea’ negotiation

16th ASEAN–China Summit on Commemoration of the 10th Anniversary of the ASEAN–China Strategic Partnership’, ‘Joint Statement between the People’s Republic of China and Brunei Darussalam’, ‘the Vision on the Development of China–Thailand Relations’, ‘Joint Statement on Deepening Vietnam–China Comprehensive Strategic Cooperation in the New Era’.

²⁵ “Lou Jiwei answered reporters on the Asian infrastructure investment bank”, the Ministry of finance, People’s Republic of China, March 7, 2014.

http://www.mof.gov.cn/zhengwuxinxi/caizhengxinwen/201403/t20140307_1053025.html

²⁶ ADB/ADBI, “Infrastructure for a Seamless Asia”, Tokyo: Asian Development Bank Institute, 2009.

²⁷ Zachary Keck, “China’s Growing Hegemonic Bent”, *the Diplomat*, June 26, 2014.

Because the provisions of the 2002 ‘Declaration of Conduct of Parties in the South China Sea’ (referred to as the ‘Declaration’) lack effectiveness,²⁸ its expectations on ‘self-restraint’ often failed, and the measures to build trust and cooperation have always been difficult to implement.²⁹ Creating a ‘Code of Conduct of Parties in the South China Sea’ (referred to as the ‘Code’) that contains restrictive clauses has become an important issue for Chinese–ASEAN relations.

Negotiations on the ‘Code’ have been delayed for many reasons. For instance, the Chinese government insists that the South China Sea disputes are problems between China and individual ASEAN members; therefore, they should be solved through bilateral negotiations, which run counter to the requirements of related ASEAN countries.³⁰

In recent years, China’s attitude has gradually changed. In 2010, China finally agreed to negotiate under the China–ASEAN multilateral framework. After repeated coordination and consultation, on 14–15 September 2013, a China–ASEAN Senior Officials Meeting on the ‘Code’ was held in Suzhou. While more time is needed to achieve satisfactory results, there has been considerable progress.³¹

China is trying to take the multilateral approach in the ‘Code’ negotiations to promote problem solving and put forward active diplomacy.³² In recent years, China has faced more pressure on this issue from ASEAN, the United States, Japan and other countries.³³ China needs a breakthrough, not only to protect resources and strategic security in the South China Sea, but also in response to the rising tide of domestic

²⁸ Nguyen Hong Thao, “the 2002 Declaration on the Conduct of Parties in the South China Sea: A Note”, *Ocean Development & International Law*, 34:279–285, 2003, p. 281.

²⁹ Ian Storey, “the Institutionalization of ASEAN-China Relations: Managing the South China Sea Dispute”, in Ralf Emmers ed., *ASEAN and the Institutionalization of East Asia*, Milton Park, Abingdon, Oxon: Routledge, 2012, pp. 145-146.

³⁰ Rodolfo Severino, “A Code of Conduct for the South China Sea?”, *Pacific Forum CSIS*, Aug. 17, 2012.

³¹ Rodolfo C. Severino, “How much can ASEAN do for a South China Sea code of conduct?”, *East Asia Forum*, October 30, 2013.

³² Carlyle A. Thayer, “ASEAN, China and the Code of Conduct in the South China Sea”, *SAIS Review of International Affairs*, Volume 33, Number 2, Summer-Fall 2013, pp. 82-83.

³³ Michael Yahuda, “China’s New Assertiveness in the South China Sea”, *Journal of Contemporary China*, 2013, Vol. 22, No. 81, p. 458.

nationalism.³⁴ China began to accept multilateral mechanisms in negotiations; however, bilateral mechanisms also played an important role. China continues to strengthen bilateral relations with ASEAN members (especially non-dispute-related parties)—for example, through the comprehensive strategic partnership between China and Indonesia, China and Malaysia, and closer relations between China and Thailand. As non-dispute-related parties in ASEAN are more willing to take a neutral attitude, good bilateral relations could help prevent some countries from ‘kidnapping’ ASEAN. In the field of politics and security, the China–ASEAN multilateral mechanism has gradually highlighted, and become complementary with bilateral mechanisms.

4. Conclusion

It can be seen from the evolution of the pattern of China’s diplomacy towards the EU and ASEAN that China has changed its attitude and practice towards multilateral diplomacy, from the contacting phase to the integrating phase and finally the shaping phase. The pattern of China’s diplomacy with regional integration organisations has tended towards multilateral diplomacy.

China’s multilateral diplomacy with regional integration organisations can be divided into three stages. The first stage is contacting, whereby China only conducted exploratory contacting rather than fully participating in the then-existing multilateral mechanisms. The second stage is integrating, whereby China actively accepted and participated in the multilateral mechanism. The third stage is shaping, whereby multilateral diplomacy became an important way for China to shape international and regional environments, and strive for major interests in international economics, politics and security.

³⁴ Zhao Hong, “the South China Sea Dispute and China-ASEAN Relations”, *Asian Affairs*, 2013, Vol. 44, No. 1, p. 32.

Two aspects are driving the transformation of the pattern of China's diplomacy towards regional integration organisations: the international environment and the willingness and capability of China. The international environment faced by China's diplomacy is complex and changeable. Traditional powers such as the United States and Europe have been in a relative decline, and the rise of Brazil, Russia, India, China, South Africa (BRICS) and other emerging markets has encouraged the international order to turn to the multipolarisation and democratisation of international society. In the global context, new multilateral mechanisms have emerged, and old multilateral mechanisms are facing reform pressure.

Therefore, a broader stage has been provided for the rise of China. At the regional level, China also faces enormous pressure to employ multilateral diplomacy. China faces growing challenges as the regional situation becomes more complex. Conversely, countries in the region are hoping that China will play a more reasonable role and provide more regional public goods in the multilateral framework. However, it should be noted that changes have only been made to the external environment to provide opportunities for China to re-adjust its position in the international system. The role of China's capability and willingness cannot be ignored. Currently, China has the ability and resources to implement a proactive foreign policy.

Under such circumstances, China actively promotes the pattern of multilateral diplomacy with regional integration organisations. However, this does not mean that China ignores the traditions and advantages of bilateral diplomacy. In fact, bilateral and multilateral diplomacy can promote and complement each other. China could take a corresponding diplomatic strategy according to the nature, significance and historical experience of other actors in international relations. China's diplomacy has become more flexible, pragmatic and diversified.

One limitation of this study is that the case study in this paper is representative rather than absolute. The transformation of China's diplomacy is actually a 'process' that

has not been settled. Therefore, this research has simply pointed out a general trend, and future development is still subject to many uncertain factors, such as the result of China's reform and development.

Even so, there are clear advantages for China if it tends towards multilateral diplomacy. It could help China to relieve international pressure, make changes to international politics more forcefully and enhance the country's capability in the international competition. Therefore, China's transformation into the shaping phase of multilateral diplomacy is a good opportunity for its international partners, and it may help to build mutual trust, expand international cooperation and solve mutual problems in a more favourable way.