

WTO, China, and the Asian Economies
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**“Cooperation and Conflict between
China and Southeast Asian Countries”**

by

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1. The objectives

- (1.) To explore conflicts and co-operation between
China and South East Asian countries
- (2.) To explain causes of conflict and try to
understand and manage the conflict
- (3.) Try to understand the reasons for co-operation
and maximize the benefit



1. The objectives (Continue)

- (4.) Explore research agenda and seek co-operation among researchers
- (5.) Try to disseminate this information to public and generate policy direction
- (6.) Bridge the gap between researchers and policy makers



2. Quotations

(1.) “The World is changing fast and uncertain”

Michael Hamer

(2.) “If we don’t innovate, we die”

Anonymous



3. China and South East Asia, some basic information:

- Already link through GMS sub-regional because China has a border with Mekong countries - through Yunnan
- Asean and China have attempted to start free trade zone



Greater Mekong Sub-region (GMS) Map



Mekong
River

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- China has linked with South East Asia through APEC
- Many commercial class in S.E. Asia are Chinese origin or we call them overseas Chinese so historically and culturally linked



General causes of conflict

- (1.) China has 1.3 billion population
- (2.) In the past 25 years, the Chinese economy expanded at the rate of 7-8 % without interruption even during the Asian economic crisis
- (3.) China attracted FDI for Asean and also similar export similar products
- (4.) Some political misunderstanding such as Spratley Island
- (5.) China is big export both labor intensive industries which many S.E. Asian countries will do the same



Some reasons for co-operation

- (1.) Geographical linkages, the Mekong river, also road network with being developed with support from ADB
- (2.) China wants to develop the Western part of Kunming is a region within links with GMS countries. This helps China to close income gap between East and West



(3) China is part of Asia, regionalism will be an important concept in the future. China will become major power, she needs friends in Asia.

(4.) China anticipates opposition in the future, she wants to expand production bases to Asia, to avoid protectionism in the future



5 areas which conflicts and co-operations (preliminary investigation)

I believe that possible conflicts and co-operation in economic areas cover 5 areas. I intend to investigate them further. My foundation recently organized big International Conference which deals with China. We need to support all of these five issues with empirical studies.



Some of these empirical studies must deal with individual countries. For example, I have more information of Thailand's relation with China for these five areas. I need some co-operation among researchers for other S.E. Asian Countries to formulate a total picture.



(1) *Trade*-general belief is that China will expand international trade at expenses of South East Asia exports. So far, cooperation is in agricultural products between China and South East Asia will be beneficial to both regions. Trade in labor-intensive industries, we have to look for product by product . Trade in services between South East Asia and China seem to generate more mutual benefits. Healthcare, whole sales and retail trades, consultancy seem to be promising areas .

(2) *FDI* is well-known fact that during the last 10 years, China attracted so much *FDI* from all over the world. This is conflict. But co-operation is possible that South East Asia can also benefit by investing in China. Thailand's case of CP Group is a good case study, agricultural processing, motorcycles, big shopping mall in China. Another possibility of co-operation is China's investment to South East Asia as I said trends in the future is for China to avoid protectionism by sending exports from South East Asia (origin of product). This is a promising area for co-operation



(3) *Finance*. This area is not conflict.

China and South East Asia helped me another during the peak of crisis. China promised not to devalue currency. Under the agreement called “Chiang Mai Initiative”, China, Japan, Korea + Some advanced countries in South East Asia will co-operate a monetary co-operation on which 15 years from now will lead to possible more serious monetary unions which besides Euro, Asia will look for their own currency system. This areas of co-operation is very promising.





(4) *Tourism*. Latest statistics show that Chinese tourists will expand, so far only 15% of Chinese tourists came to South East Asia. Thailand benefits the most about 800,000 Chinese tourists arrived in Thailand followed by Vietnam. Other South East Asia such as Singapore and Malaysia can also develop same policies to attract more Chinese tourists . China also wanted more South East Asian tourists to come to China. Research in this areas is very needed. The Foundation has conducted several research in tourism with China.



(5) *Human Resources Co-operation*,

the last aspect, I think there are many possibilities for co-operation. Because of long period of Communism, China will want to co-operate with South East Asia in many areas such as marketing, privatization of state enterprises. Universities in South East Asia already attracted many Chinese students such as AIT in Thailand and National University of Singapore including high school students



Conclusion

With China's entry to WTO, the pace of change is fast. For South East Asia, they want to avoid conflict and create more opportunities and co-operation. This conference will generate much needed information which government and private sectors will utilize them so that co-operation will be driving force in China-South East Asia economic relationship