



# China's rise: the view from Singapore

by Eva Pejsova

China's rise leaves no country unconcerned. This is especially the case in South-East Asia, a region which will determine the future political order and power distribution in the broader Asia-Pacific. Beijing's recent announcement of a 'consensus' reached with Brunei, Cambodia and Laos on the South China Sea (SCS) is the latest proof of China's divide-and-rule policy in the region, a tactic pursued in order to secure support ahead of the much-awaited ruling by the Permanent Court of Arbitration (PCA) on the Philippines vs. China territorial disputes.

Amid mounting tensions, one small city-state could play a major role for regional stability: Singapore. The 'little red dot' situated at the heart of South-East Asia is a Western-oriented country with long-standing security ties with the US. At the same time, the island is historically and culturally closely linked to China, and is its inspiration in terms of economic governance and social development. As a central hub for transportation, logistics and finance in the region, the city-state is also an invaluable partner for China when it comes to the implementation of its Maritime Silk Road (MSR) initiative.

As one of ASEAN's economic heavyweights, Singapore has a genuine interest in the region's deeper integration and stability. While not a party to the SCS disputes, it is vitally dependent on maritime trade and one of the most active promoters of an early conclusion of a binding Code of Conduct (CoC). As China and ASEAN celebrate the 25th anniversary of official relations, Singapore – the country coordinator of the

ASEAN-China dialogue for the next two years – is ideally placed for improving their ties.

## A special friendship

Because of its unique past, geography and demography, Singapore has always been instrumental for China-ASEAN relations. The city-state has always maintained a special relationship with the Chinese mainland, mainly because 75% of its population of 5.3 million are ethnically Chinese, but also due to the nation's founding father Lee Kwan Yew's close personal relations with China's leaders.

Ever since Chinese statesman Deng Xiaoping visited Singapore in 1978, the island's governance model became an inspiration for China's own economic reforms. On the other hand, the city-state has always emphasised its South-East Asian identity, and only formalised bilateral relations with Beijing in 1990, purposefully wanting to be the last of all five (at that time) ASEAN countries to do so.

Although China is Singapore's top trading partner and since 2013, Singapore has been China's largest foreign investor, effective security cooperation is limited. While the last formal agreement on security from 2014 includes high-level meetings and strategic consultation, joint training and exercises, and military-to-military visits, the relationship remains superficial. Singapore's key security partner is the US, with which it signed an enhanced Defence Cooperation Agreement in December 2015, agreeing, *inter alia*, to host US

surveillance airplanes in its facilities to be used in the SCS – much to Beijing's discontent.

Yet due to its unique historical connection, the island state increasingly stands out as an honest broker when dealing with China. Its role as a dialogue facilitator became apparent when it hosted the historical meeting between the Chinese President Xi Jinping and the Taiwanese President Ma Ying-jeou in November 2015. With Singapore currently a country coordinator for ASEAN-China relations (which it will be until 2018), there is a golden opportunity to expand this role further. This will not be easy, however, as tensions over the SCS show no signs of abating.

### Soothing the South China Sea?

The SCS has become the strategic focal point of US-China competition in the region, and the most divisive issue for ASEAN. In the recently announced 'four-point consensus', negotiated with Brunei, Cambodia and Laos, parties agreed that the Spratly Islands are *not* an issue for ASEAN-China relations; that states are free to choose their own dispute-settlement mechanisms; and that disputes should be resolved solely among the parties directly concerned. Moreover, Beijing continues to treat the SCS as a historical issue, not a legal one. Playing this card allows China to emphasise its cultural dominance, adding to the frustration of many South-East Asian diplomats who feel increasingly pressured by its passive-aggressive style in bilateral negotiations.

By exploiting existing divisions within ASEAN to prevent the emergence of a common ASEAN position, Beijing is increasingly accused of interventionism – a concept it opposes in its own foreign policy discourse. Although the three ASEAN signatories of the recent 'consensus' are perhaps not the most powerful members of the regional grouping, a fragmented ASEAN means a weaker ASEAN – and a greater obstacle to the Laotian chairmanship in its efforts to achieve consensus at the forthcoming foreign ministers' meeting in July.

While not a party to the disputes, Singapore is actively trying to promote a peaceful settlement. In its capacity as an ASEAN-China dialogue coordinator, Singapore recently proposed an expanded Code for Unplanned Encounters at Sea (CUES), which would include coast guards, and is determined to push harder for the implementation of the CoC, formally forbidding the claimants from resorting to the use of force. Singapore also serves as a major communication centre for maritime security: it is home to the Regional Cooperative Agreement on Combating Piracy (ReCAAP) and to

the world-class maritime Information Fusion Centre (IFC) – which could serve as information-sharing and Control & Command (C2) facility for the entire region.

### Business is business

While the SCS issue divides ASEAN, it is economics which drives its integration. Dependent and profiting from China's economic growth, most South-East Asian countries embrace a moderate, pragmatic approach towards Beijing's rise as a security actor – a concept described by Singapore's Defence Minister Ng Eng Hen as 'sublime acceptance'. At the same time, South-East Asian countries continue to strengthen security ties with the US, carefully maintaining a deliberate strategic ambiguity. Standing up to China and simultaneously dealing with it amicably has now become part of South-East Asia's DNA, and Singapore was one of the first to encourage fellow ASEAN countries to work with Beijing to put aside disputes and harness the giant's economic dynamism for their own prosperity.

The launch of new infrastructure projects and investments in connectivity – in the framework of the MSR – is China's latest 'charm offensive'. Like many countries in the region, Singapore views the initiative as an economic opportunity rather than a strategic or security challenge. Connectivity is one of the central tenets of regional cooperation and as the region's most advanced economy, Singapore has long been under pressure from its ASEAN partners to take a lead in advancing it. The Asian Infrastructure Investment Bank (AIIB), the Silk Road Fund and other financing mechanisms of the MSR will provide the city-state with the necessary funds to do so.

Singapore's own history and identity is inseparably linked to the ancient MSR. As a long-standing hub for logistics, finance and maritime transportation, with a thorough knowledge of both Chinese and South-East Asian problems and business environments, it is best positioned to play a leading role in its implementation in the region – and to profit from it. Last month, the Chinese Construction Bank (CCB) and the International Enterprise (IE) Singapore signed the first memorandum of understanding, offering €20 billion to Chinese and Singaporean companies investing in the MSR initiative.

No country in the region could testify better to the importance of political stability for business to prosper. As Singapore slowly prepares for its ASEAN chairmanship in 2018, there is no doubt it will do its best to sustain a stable security environment in the region – also for its own economic benefit.

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