

# CHARLES UNIVERSITY

## FACULTY OF SOCIAL SCIENCES

Institute of Political Studies

Department of Political Science



## Master's Thesis

No Safe Harbour:

Is Economic Reliance on the People's Republic of China Sinking  
Regional Foreign Policy Independence in the East-Asia Pacific?

**Author:** Raymond Lee Gough

**Study programme:** Geopolitical Studies (GPS)

**Supervisor:** Michael Romancov, Ph.D.

**Year of defence:** 2021

## **DECLARATION**

1. I hereby declare that I have compiled this thesis using the listed literature and resources only.
2. I hereby declare that my thesis has not been used to gain any other academic title.
3. I fully agree to my work being used for study and scientific purposes.

In Tairua, New Zealand on  
26<sup>th</sup> July 2021

Raymond Lee Gough

A handwritten signature in black ink, appearing to read 'Raymond Lee Gough', written over a faint, illegible printed name.

## REFERENCE

GOUGH, Raymond. *No Safe Harbour: Is Economic Reliance on the People's Republic of China Sinking Regional Foreign Policy Independence in the East-Asia Pacific?* Praha, 2021. 88 pages. Master's thesis (Mgr.). Charles University, Faculty of Social Sciences, Institute of Political Science. Department of Political Science. Supervisor Prof. Michael Romancov, Ph.D.

**LENGTH OF THE THESIS:** Words = 27,423. Characters with spaces = 183,345.

## ABSTRACT

This paper has been commissioned to explore the relationship between political and economic dependency of East-Asia Pacific nations, with a GDP (nominal) of over US\$100 billion, on China. Ten case nations were selected for analysis; Australia, Indonesia, Japan, Malaysia, New Zealand, the Philippines, Singapore, South Korea, Thailand, and Vietnam. Two separate metrics were created; the “*Economic Entanglement Index (EEI)*” and “*Political Dependency Index (PDI)*”, containing a total of six and five individual indicators each, respectively. Analysing this data, I was able to quantify the levels of political and economic dependency each of these ten case nations shared with China. Singapore was ranked as the most dependent nation in both categories while Japan ranked the least dependent for the EEI and tied with Australia for least dependent in the PDI. Both indexes were also combined to create an overall “*Sino-dependency score*”.

My analysis indicated a moderate correlation between the levels of economic and political dependency on China. In addition, a moderate inverse relationship between GDP (nominal) and levels of dependency was observed. No relationship between geographic distance from China and level of dependency could be ascertained. The nature of these relationships, such as how economic and political dependency interplay is discussed briefly but was not the focus of this research.

## KEYWORDS

China, East-Asia Pacific, Politics, Economics, Dependency Index, Foreign Policy, International Relations, Independence, Influence.

## NÁZEV PRÁCE

Žádný bezpečný přístav: Potlačuje ekonomická závislost na Čínské lidové republice nezávislost zahraniční politiky zemí v regionu?

## TABLE OF CONTENTS

Table of Contents.....	1
Executive Summary .....	2
Thesis Outline .....	2
Introduction .....	3
Literature Analysis/Research Objectives .....	5
Methodology .....	7
Regional Case Studies .....	10
<i>Sino-Australasian Relations</i> .....	11
<i>Sino-South East Asian Relations</i> .....	17
<i>Sino-Malay Peninsula Relations</i> .....	23
<i>Sino-Insular South-East Asia Relations</i> .....	28
<i>Sino-North East Asian Relations</i> .....	33
The Sino-Dependency Indexes.....	41
<i>Economic Entanglement Index</i> .....	44
<i>Political Dependency Index</i> .....	53
Discussion Of Results .....	60
<i>Economic Entanglement Index</i> .....	60
<i>Political Dependency Index</i> .....	62
<i>Combined Sino-Dependency Score</i> .....	65
<i>Correlation, Causation, Comments and Critiques</i> .....	69
Conclusion .....	71
References.....	75
Appendix .....	84

# EXECUTIVE SUMMARY

This paper has been commissioned to explore the relationship between political and economic dependency of East-Asia Pacific nations, with a GDP (nominal) of over US\$100 billion, on China. Ten case nations were selected for analysis; Australia, Indonesia, Japan, Malaysia, New Zealand, an Philippines, Singapore, South Korea, Thailand, and Vietnam. Two separate metrics were created; the “*Economic Entanglement Index (EEI)*” and “*Political Dependency Index (PDI)*”, containing a total of six and five individual indicators each, respectively. Analysing this data, I was able to quantify the levels of political and economic dependency each of these ten case nations shared with China. Singapore was ranked as the most dependent nation in both categories while Japan ranked the least dependent for the EEI and tied with Australia for least dependent in the PDI. Both indexes were also combined to create an overall “*Sino-Dependency score*”.

My analysis indicated a moderate correlation between the levels of economic and political dependency on China. In addition, a moderate inverse relationship between GDP (nominal) and levels of dependency was observed. No relationship between geographic distance from China and level of dependency could be ascertained. The nature of these relationships, such as how economic and political dependency interplay is discussed briefly but was not the focus of this research.

# THESIS OUTLINE

The remainder of my thesis has been organised as follows:

- In the first section “*introduction*” and “*literature analysis/research objectives*”, I briefly discuss China’s historical and contemporary geopolitical importance, my rationale for undertaking this research, and what I hope to achieve.
- In the next section “*methodology*”, I provide a detailed description of the reasonings behind my chosen case nations, why some nations were omitted while others were included, and my considerations for focusing solely on the East-Asia Pacific region.
- The following section “*regional case studies*” provides a high-level general overview of each of the ten case nations within my research scope. Here, I explore each nations political relations to China, bilateral ties with the United States, and how said relations have evolved.
- With the premise set and a detailed overview of my case nations given, the next section “*the Sino-dependency index*” discusses the index system I created and breaks down each of the indicators, providing transparency to my rankings and scorings of each of these multifaceted metrics.

- The next section “*discussion of results*”, explores the consequences and outcomes of my results and discusses what conclusions can be drawn, along with limitations and possible issues with my research.
- The last section “*conclusion*”, reiterates the most significant takeaways from my research and provides some final comments on the nature of bilateral relations between China and our case nations.

## INTRODUCTION

The People’s Republic of China (中華人民共和國 or China) is a modern nation with an ancient history. Commonly referred to as the world’s oldest continuous Civilization state<sup>1</sup>, China possesses written records dating back over 4000 years. Renowned across Eurasia as a centre of wealth, power, technology, and culture, historically China has occupied the role of regional hegemon, exerting influence across the Asia-Pacific region for millennia. Following internal political turmoil and economic stagnation during the 18th century, European powers along with Japan embarked on a period of intervention, subjugation, and annexation of territories within Dynastic China, known as the ‘Century of Humiliation 1839-1949’ (百年恥辱). The ensuing 30 years were debatably even more devastating, with the ‘Great Leap Forward’ (大躍進) and ‘Cultural Revolution’ (無產階級文化大革命) resulting in massive material hardship, cultural reorganisation and destruction, and economic collapse. The death of President Mao Zedong (毛澤東) in 1976, and the policies of economic and social liberalisation implemented by President Deng Xiaoping (鄧小平) throughout the final decades of the 20th Century, catapulted China from one of the poorest countries on Earth to a prosperous middle-income economy in just 40 years.<sup>2</sup>

Today, China is the world’s most populous country with over 1.4 billion inhabitants in 2021. Located in East Asia, and covering approximately 9.6 million km<sup>2</sup>, it is the world's third largest nation by land area.<sup>3</sup> China has the world’s second largest economy, GDP (nominal) at \$14.9 trillion, or the largest GDP (purchasing power parity) at \$24.2 trillion.<sup>4</sup> The nation is consistently ranked as one of the fastest

---

<sup>1</sup> Pye, W. (1990)

<sup>2</sup> Brown, M. & Schirokauer, C. (2012)

<sup>3</sup> Encyclopedia Britannica. (2021)

<sup>4</sup> International Monetary Fund. (2020)

growing large economies and is predicted to overtake the United States of America (U.S.) as the world biggest economy in GDP (nominal) terms, before 2030.<sup>5</sup>

China's huge population, vast geographic size, rapid economic ascent, and increasing military expenditure has resulted in a growing sense of unease and, more recently, vocal trepidation from world leaders from Washington, D.C. to Wellington. Functioning as a one-party authoritarian state, China's structure of government poses an ideological challenge to the liberal rules-based international order and to the democratic institutions that have characterised the Post-World War II (WWII) geopolitical system. For decades, Western leaders operated under the assumption that the increasing economic prosperity within China would culminate in widespread political reform, democratisation, and greater regards for human rights, consistent with the theory of '*Social Mobilization and Political Development*', outlined by Karl W. Deutsch.<sup>6</sup> Hopes of democratic reform within China were dashed, however, as current President Xi Jinping (習近平) engineers increasingly oppressive policies domestically, undertakes assertive military manoeuvring abroad, and continues to consolidate political power.

An ascending regional hegemonic power and aspiring global superpower, China has increasingly attempted to utilise diplomatic and economic leverage to coerce political concessions from a plethora of nations. The Post-WWII principles of self-determination, the abandonment of the right to conquest, and the guarantee of "territorial integrity" have rendered military intervention politically and diplomatically unpalatable to officials in Beijing. To exert and implement its will, China has primarily wielded its rapidly expanding economic clout through the implementation of a 'carrot and stick' strategy, rewarding nations that conform to its will and punishing those who rebel against it.<sup>7</sup>

Geographic considerations compel over half of China's citizens to inhabit the densely populated and heavy industrialised coastal region. The lightly populated interior provinces of Inner Mongolia (內蒙古), Qinghai (青海), Tibet (西藏自治區), and Xinjiang (新疆維吾爾自治區) collectively account for over 40% of China's land area and less than 4% of the population.<sup>8</sup> China must retain jurisdiction over these vast Central Asian territories to maintain geostrategic domination, strategic depth, and control over the headwaters and tributaries of major rivers such as the Yellow (黃河) and Yangtze (長江). Despite this, the efficiency of maritime trade, location of competing regional powers, and strategic value of the First and Second Island Chains, have forced China to focus primarily on projecting power,

---

<sup>5</sup> International Monetary Fund. (2018)

<sup>6</sup> Deutsch K. (1961)

<sup>7</sup> J Reilly. (2013)

<sup>8</sup> Encyclopedia Britannica. (2021)

and asserting influence through its eastern, rather than western frontier.<sup>9</sup> This reality has influenced my decision to focus my research on Chinese attempts to coerce political concessions in the East Asia-Pacific, rather than Central Asian region.

## LITERATURE ANALYSIS/RESEARCH OBJECTIVES

Although significant literature exists analysing the political and economic relationships between China and other nations within the East-Asia Pacific region, I found none that expanded the scope to compare and contrast multiple nations. I believed that collating this data and comparing it across multiple cases could provide meaningful insight into how Beijing views international relations, its overarching policy goals, and its larger regional strategies. Unfortunately, I quickly realised that these nations would be impossible to compare since levels of economic and political dependency on China vary enormously. Therefore, I thought I would look for literature that quantifies and compares this dependency.

I hoped that researchers would have previously quantified the amount of economic and political dependency of different nations on China and that this information would be readily available. After spending significant time searching, however, I realised there was a shortage of literature and data on the topic of dependency once expanded past two or three case nations. Next, I broadened my research in search of frameworks that I could use if I were to find and collect data myself. Again, none of this existed. This is where the idea to create my Sino-dependency indexes was born.

The broad objective of my research is to generate knowledge contributing to China and its interactions with East Asian-Pacific nations. The specific empirical research objective is to combine quantitative and qualitative data to investigate whether there is a relationship between higher levels of economic reliance on China and reduced domestic and foreign policy independence in East Asia-Pacific countries. After creating my "*Sino-dependency indexes*", I will ascertain the strength of this correlation (assuming one is found) and explore how factors such as geographic proximity to mainland China and economic size influence relations between China and the nations within my research scope. My theoretical objective is to utilise indicators and metrics to create a systematic index where the actual level of Chinese economic influence on a nation can be measured and deduced. This index will also measure the level of policy independence nations maintain with China, allowing inferences to be made regarding the implications and interactions of these variables.

---

<sup>9</sup> Qi, Xu., Erickson, A., & Goldstein, L. (2006)



## **Research Question;**

**Core research question;** Is there a relationship between levels of economic and political dependency on the People's Republic of China in the East Asian-Pacific region?

**Research sub-question;** How does economic and political dependency on the People's Republic of China influence domestic and foreign policy independence in the East Asian-Pacific region?

**Research sub-question;** What external factors influence the relationship between economic reliance and domestic and foreign policy independence? How do these external factors influence and interact with my findings?

## **Working hypotheses:**

**Hypothesis #1:** East Asian-Pacific countries with high levels of economic reliance on the People's Republic of China are being forced to adopt 'China friendly' domestic and foreign policies to accommodate Beijing's demands.

**Hypothesis #2:** Chinese economic influence in the East Asian-Pacific does affect domestic and foreign policies, however, additional factors prevent meaningful correlations within the data to be discerned.

**Null Hypotheses;** East Asian-Pacific countries with high levels of economic reliance on the People's Republic of China show no reduction in their ability to pursue an independent domestic and foreign policy from the PRC.

## **Variables;**

**Independent Variable;** Level of economic reliance on the People's Republic of China

**Dependent Variable;** Level of political dependence on the People's Republic of China

# METHODOLOGY

As I initially outlined, the main objective of this research is to ascertain if higher levels of economic reliance on the People's Republic of China are correlated with reduced domestic and foreign policy independence in East Asian-Pacific countries. If a relationship does exist, I will also explore which external factors could influence the relationship between my variables and what this relationship demonstrates about Chinese strategies and ambition in the region. If a correlation between higher levels of economic reliance on China and reduced domestic and foreign policy independence cannot be established I will then explore what external factors may have prevented one from occurring or being identified. These may include, problems within my methodology and/or hypothesis, and whether Chinese attempts to coerce political concessions from East Asian-Pacific countries utilised additional dimensions that were outside the scope of my research and parameters of my measurements index.

For my research, the East Asian-Pacific region will be defined as American Samoa, Australia, Brunei, Cambodia, China (including Hong Kong and Macau), East Timor, Fiji, French Polynesia, Guam, Indonesia, Japan, Kiribati, Laos, Malaysia, Marshall Islands, Micronesia, Mongolia, Myanmar, Nauru, New Zealand, Northern Mariana Islands, North Korea, New Caledonia, Palau, Papua New Guinea, Philippines, Samoa, Singapore, Solomon Islands, South Korea, Taiwan, Thailand, Tonga, Tuvalu, Vanuatu, and Vietnam. This super-regional classification is utilised by both the U.S. Department of State<sup>10</sup> and, more importantly for my analysis, the World Bank's regional data classification system.<sup>11</sup> This definition also corresponds directly to the three United Nations Statics Divisions (UNSD) of Eastern Asia, South-eastern Asia, and Oceania.<sup>12</sup>

## Appendix A: Picture<sup>13</sup>

The decision to utilise a classification system corresponding to the above organisations and departments was influenced by John Gerring and Dino Christenson's "*Applied Social Science Methodology: An Introductory Guide*". This text outlines key criteria for broad concepts such as the regional classification of states, including;<sup>14</sup>

- **Resonates** (is familiar, normal usage e.g. how close is the concept to existing definitions and established uses)
- **Internal coherence** (depth, essence e.g. the best form of grouping and contrasting concepts. Consistency issues, you prescribe different answers throughout)

---

<sup>10</sup> U.S Department of State. (2021)

<sup>11</sup> The World Bank. (2021). Data: World Bank Country and Lending Groups

<sup>12</sup> United Nations Statistics Division. (2021)

<sup>13</sup> The World Bank. (2021). The World By Region

<sup>14</sup> Gerring, J. & Christenson, D. (2017)

- **External differentiation** (context, perspective e.g. how is this concept distinct from other related and similar concepts. If it is problematic then it's difficult to measure. Clear definitions between categories)
- **Theoretical utility** (What use does the concept have within a larger theory or research framework)
- **Consistency** (Is the concept meaning the same throughout the work)

I believe that my definition is consistent with these principles, as the East-Asia Pacific region is a familiar term that already exists within international governmental and non-governmental organisations. It prescribes set parameters that allow for consistency throughout my analysis and provide a large sample of countries with varying levels of economic development, cooperation with the United States, geographic proximity to China, and cultural norms and values. Utilising classifications already in use by the statistical divisions of the World Bank and United Nations will also streamline my data gathering process, allowing additional scope for analysis of the results. Nevertheless, **this regional grouping includes a total of 36 distinct nation-states, and autonomous and semi-autonomous territories rendering the scope too broad for my analysis.**

Excluding China, the East Asian-Pacific region includes nations as geographically large as Australia, at 7.7million km<sup>2</sup> and as populous as Indonesia, with over 270 million people. In contrast, Nauru features a land area of only 21 km<sup>2</sup> and less than 11,000 inhabitants.<sup>15</sup> With far less than 1/100,000<sup>th</sup> the size of Australia, and with only one citizen for every 24,000 Indonesians, it is clear that my research would benefit from a reduction in scope and an increase in boundedness. Therefore, I have chosen to omit dependent and semi-dependent territories, including; French Polynesia and New Caledonia (France), and American Samoa and the Northern Mariana Islands (U.S.), due to their foreign policies being dictated by the aforementioned nations. I have also decided to focus my research exclusively on East Asian-Pacific nations with a 2020 nominal GDP of over US\$100 billion. Although this threshold is admittedly arbitrary, it allows for the retention of small but developed nations such as New Zealand, and large developing ones such as Vietnam. It successfully omits small Pacific Island nations where relations with China are likely shaped by a single issue, single project considerations.<sup>16</sup> Larger but extremely underdeveloped nations are also excluded due to this economic based restriction. These nations include Myanmar and North Korea, where accurate data is difficult to obtain, scarcely reported on by English speaking media, and government decision making is extremely opaque. Concerns regarding the level of independence territories retain over their foreign

---

<sup>15</sup> Central Intelligence Agency. (2021)

<sup>16</sup> Zhang, D. (2017)

policies are further alleviated as the US\$100 billion GDP threshold leaves only fully autonomous, internationally recognised nations within my research scope.

Despite meeting the geographic and economic criteria for inclusion, Hong Kong and Taiwan have also been excluded from my analysis as both are considered integral parts of the People's Republic of China by Chinese officials. Hong Kong's situation is complicated by the 'One Country, Two Systems' (一國兩制) policy, which leaves the issue of true political autonomy unclear. Due to Beijing's 'One China' (一個中國) policy, Taiwan exists in diplomatic limbo, operating as a de-facto state with limited international recognition. 'Red lines' imposed by China limit the nation's ability to pursue an independent foreign policy or unilaterally declare independence. In addition, the American policy of strategic ambiguity makes it difficult to quantify the level of American military commitment to Taiwan. Finally, the constant threat of invasion by the People's Liberation Army (中國人民解放軍) influences domestic policy dynamics in ways not replicated elsewhere. Therefore, as these unique characteristics would render the island's results incompatible with the other cases of my research, I have concluded that Taiwan is also unsuitable for inclusion in my analysis.

Additionally, my research question consists of two separate metrics which I will need to measure to provide meaningful analysis and results. These are; levels of economic dependence on the People's Republic of China and levels of political dependency. The first of these will likely be comparatively easy to measure through data sets provided by the World Bank and IMF, in addition to well publicised and reported on bilateral or multilateral trade agreements, tariffs, and regulatory standards. In contrast, 'political dependency' is more ambiguous and subjective. A detailed explanation of how I plan to measure this variable will be discussed in detail below. Due to the complexity of this task, however, a more limited set of cases will need to be analysed, to ensure an acceptable level of depth and accuracy is maintained within my research.

Out of my original 36 East Asian-Pacific nations and territories I will be excluding 26; China, as the case of comparison, Hong Kong and Taiwan due to geopolitical considerations, and nations or territories with a 2020 nominal GDP below US\$100 billion; American Samoa, Brunei, Cambodia, East Timor, Fiji, French Polynesia, Guam, Kiribati, Laos, Marshall Islands, Macau, Micronesia, Mongolia, Myanmar, Nauru, Northern Mariana Islands, North Korea, New Caledonia, Palau, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu, and Vanuatu.<sup>17</sup> The remaining 10 East Asian-Pacific nations of **Australia, Indonesia, Japan, Malaysia, New Zealand, Philippines, Singapore, South Korea, Thailand, and Vietnam** will, therefore, form the focal point my analysis.

---

<sup>17</sup> International Monetary Fund. (2020)

## REGIONAL CASE STUDIES

Throughout this section, the premise of 'China's attempts to coerce political concessions in the Asia-Pacific region' will be explored in detail. The following nations were chosen due to the aforementioned criteria in addition to their geographic proximity to China, economic importance to international commerce and trade flows, and their geostrategic value regarding Chinese foreign policy. The ten countries in question are **Australia, Indonesia, Japan, Malaysia, New Zealand, Philippines, Singapore, South Korea, Thailand, and Vietnam.**

These ten nations will be grouped and contrasted in relation to their geographic location, being further categorised into five distinct subregions for ease of analysis and comparison;

**Australasia:** Australia and New Zealand

**South-East Asia:** Thailand and Vietnam

**Malay Peninsular:** Malaysia and Singapore

**Insular South-East Asia:** Philippines and Indonesia

**North-East Asia:** Japan and Korea

Creating these five distinct subregions will allow for comparisons to be made between each set of nations. By contrasting two nations of similar geographic location but with separate domestic and international considerations and constraints I should be able to further deduce the relationship between economic reliance on the People's Republic of China and foreign policy independence.

These case studies will allow me to investigate how different responses to Beijing's political demands are developed and implemented. By analysing how the experiences and geopolitical realities of these nations interact, we can begin to understand the implications of Chinese pressure, the mechanisms that underlie it, and the strategies best suited to counteracting and resisting it.

As will be discussed below, maritime disputes in the South China Sea appear to be the most common source of diplomatic tension. The use of Huawei 5G technologies, U.S relations, disagreements regarding perceived disrespect, and security concerns are also prevalent.

## Variables

**Independent Variable:** Geopolitical insecurity

**Dependent Variable:** Policy independence

**Nations without** disputed maritime territorial claims and/or are geographically located further from the mainland display reduced geopolitical insecurity. Therefore, retaining *increased policy independence*. **Nations with** land borders, maritime territorial disputes, or close geographic proximity display increased geopolitical insecurity, *reduced policy independence*.

**Independent Variable:** Economic dependence

**Dependent Variable:** Policy independence

**Nations without a** well-balanced import and export sectors, a large trade surplus, and/or high levels of integration with the Chinese economy experience *decreased economic independence*, due to asymmetric power relations. **Nations with** a well-balanced trade sector and low levels of integration with the Chinese economy experience *increased economic independence*, as Beijing's ability to disrupt domestic economies is reduced.

## THE KANGAROO, THE KIWI, AND THE DRAGON; SINO-AUSTRALASIAN RELATIONS

The economic, political, and cultural ties between China and Australasia (Australia and New Zealand) are extensive and intrinsically intertwined. Relations have been shaped by centuries of cooperation and competition dating back to the colonisation of these landmasses by European powers. Chinese immigration to both nations has a long history, with the earliest Chinese immigrants arriving in Australia before 1818<sup>18</sup> and in New Zealand by 1842<sup>19</sup>. Systematic discrimination against these immigrants was common throughout Australasia during this period, with Australia enacting overtly racist 'White Australia' immigration policies throughout the first half of the twentieth century.<sup>20</sup>

Immigration increased rapidly during the latter decades of the twentieth century and opening decades of the twenty-first. Over 5.6% of Australians and 4.9% New Zealanders self-reported as ethnic

---

<sup>18</sup> National Museum Australia. (2019)

<sup>19</sup> Manying, I. (2005)

<sup>20</sup> Yarwood, A. (1964)

Chinese 2016 and 2018 respectively.<sup>21</sup><sup>22</sup> In 2008 New Zealand became the first developed country to sign a comprehensive free trade agreement with China.<sup>23</sup> Since 2017, China has been New Zealand's top trading partner. In 2020, 23% of New Zealand's exports and 16% of imports were with China, resulting in a trade surplus of \$6.8 billion.<sup>24</sup> Canberra signed a comprehensive free trade agreement with Beijing in 2015, while China also ranks as Australia's largest trading by a significant margin. In 2020, 32% of exports, and 25% of imports were to and from China.<sup>25</sup> The nation is also recognised as a significant source of foreign investment and capital, helping to drive Australia's high living standard. The rapid economic growth and demand for Australian natural resources are also cited as one of the main reasons why Australia managed to avoid recession during the 2007-2008 financial crisis.<sup>26</sup>

Despite the close ties shared by these nations, China's rising economic clout, authoritarian political system, and expanding influence throughout the Asia-Pacific region has led to alarm in both Canberra and Wellington. China's economy is now rapidly approaching twenty times the combined Gross Domestic Product Purchasing Power Parity (GDP PPP) of Australia and New Zealand and is projected to increase further.<sup>27</sup> There are also roughly forty-seven individuals living in China for every one inhabitant of Australasia. These statistics underline the vast economic differences and rapidly evolving geopolitical positions of Australia and New Zealand concerning China's growing influence. Therefore the relationship between Australasia and China can be characterised as asymmetric<sup>28</sup>. Below I will explore some of the many areas that Beijing is seeking to exploit as it attempts to shape and influence Australasian geopolitics, and how these nations are attempting to counteract and mitigate this growing pressure.

In trends comparable to those seen amongst many other Western nations, relations between Canberra and Beijing have deteriorated significantly in recent years, with many political commentators remarking that they had reached an all-time low by 2021. China's expanding influence throughout the Asia-Pacific region has led to widespread alarm within Australia and throughout the Pacific, with many condemning its use of "debt-trap diplomacy". Described and developed by Brahma Chellaney in 2017, debt-trap diplomacy occurs when a creditor country intentionally extends excessive credit to a nation which it predicts will struggle to meet the payment thresholds. Next, the creditor may extract economic and political concessions, such as the leasing of land or exploitation of resources, in exchange for

---

<sup>21</sup> Australian Bureau of Statistics. (2017)

<sup>22</sup> Statistics New Zealand – Demographics. (2019)

<sup>23</sup> New Zealand Government: Ministry of Foreign Affairs and Trade. (2019)

<sup>24</sup> Statistics New Zealand – Economy. (2020)

<sup>25</sup> P Karam & D Muir. (2018)

<sup>26</sup> Day, C. (2011)

<sup>27</sup> The World Bank. (2020)

<sup>28</sup> Köllner, Patrick. (2019)

debt forgiveness or restructuring.<sup>29</sup> With many politicians believing that Beijing is now employing these tactics, in an area considered Australian and New Zealand own 'backyard', Canberra and Wellington have come under increasing pressure both domestically and internationally to counterbalance Chinese influence in the region.

Australia and New Zealand are considered two of America's closest allies in the region, along with Japan and South Korea. In recent years Washington has attempted to strengthen relations here in order to solidify its economic interests, military alliances, and halt the slow drift of these nations into Beijing's orbit. The Obama administration's "Pivot to Asia" was a political, economic, and military realignment which saw the United States shift focus from Europe and the Middle East to the Asia-Pacific. The Trump administration's decision to adopt the new term, "Indo-Pacific" which denotes a new spatially coherent zone combining the Pacific and Indian Oceans and can be seen as further evolution of regional geopolitical dynamics. This move can be interpreted as an attempt by members of "the Quad" (Australia, India, Japan, and the United States) to isolate China, hemming in the nation on multiple fronts and emphasising regional cooperation in the face of Beijing's growing economic and political clout.<sup>30</sup>

As part of President Obama's 'pivot', every year since 2012 a contingent that has grown to 2500 U.S. marines, has been stationed in the remote northern city of Darwin, Australia. Under the terms of this force posturing agreement, the United States will be allowed to strategically place troops on the nation's soil until 2040. While the official reason for the rotating deployment has remained ambiguous it has been argued that American presence will assist in maintaining stability in a region which has been underwritten by American military might since the end of WWII. It also provides significant opportunities for these nations to conduct joint training exercises<sup>31</sup>. Since 2019 multiple news outlets have reported that classified planning is underway to further develop American infrastructure in the Australian far north, through the construction of a commercial port that could eventually house Australia's landing helicopter dock ship or even U.S. amphibious assault ships<sup>32</sup>. A strong and growing American commitment to Australia has helped to propagate a sense of security in regards to potential Chinese aggression which is uncommon throughout much of the East Asia-Pacific. Australia is separated from China geographically by over 4000km, has no territorial disputes with Beijing, one of the most powerful and technology advanced militaries in the region, and retains a strong backing from the United States. These factors help contribute to allowing Australia greater flexibility when crafting policy and diplomatic responses towards China.<sup>33</sup> Although New Zealand share the significant

---

<sup>29</sup> Rajah, R., Dayant, A & Pryke, J. (2019)

<sup>30</sup> Cannon, B & Rossiter, A. (2018)

<sup>31</sup> Australian Government: Department of Defence. (2020)

<sup>32</sup> Snow, Shawn. (2019)

<sup>33</sup> Smyth, J. (2020)



geographic advantages Australia enjoys, New Zealand's smaller population, one fifth the size, and economy, one seventh the size render the nation less equipped militarily or politically to combat China's ascent.

China's assertive posturing in the South China Sea has left many nations in the region, including Australia and New Zealand, wary of further deterioration in relations. As Beijing has become more assertive with its foreign policy, Canberra and to a lesser extent Wellington have increasingly distanced themselves politically from Beijing. In 2018 Australia embarked in a major reset of relations, enacting legislation on foreign interference and espionage. In recent years, Wellington has followed Canberra's lead, however, adjustments to its foreign policy towards China have been less straightforward. This more ambivalent approach can be partially explained through "small-states" theories. The strategic outlook of New Zealand includes the paramount importance of international trade for domestic prosperity due to its small and isolated economy. Therefore, New Zealand's scope for distancing itself from Chinese economic influence and geopolitical ambitions is even more limited than Australia's<sup>34</sup>.

The Trans-Pacific Partnership Agreement and its successor the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) can both be viewed as examples of Australasian led proposals for comprehensive free-trade between many Pacific Rim nations, with the former agreement deliberately excluding China.<sup>35</sup> Despite the Trump administration withdrawing the United States from the proposal, the agreement still created the third-largest free-trade area in the world by GDP. Both New Zealand and Australia were vocal advocates for these proposals as the removal of tariffs and harmonisation of regulations between the signatories would allow for significant increases in trade volumes.<sup>36</sup> The importance of these trade agreements cannot be overstated. The CPTPP is expected to lead to a diversification of import and export markets, potentially reducing Chinese market dominance, or at least slowing their ascent.<sup>37</sup> The lower tariffs within the trading block will also assist in rendering Chinese exports less competitive, hampering Beijing's ability to shape the rules of trade within the region, adding both internal and external pressure on the regime to liberalise its economy.<sup>38</sup>

A vast, sparsely populated nation endowed with significant reserves of natural resources including iron ore, gold, coal, uranium, and nickel, Australia has played an integral role in quenching China's thirst for raw materials during its breakneck economic expansion and modernisation.<sup>39</sup> This rendered

---

<sup>34</sup> Köllner, Patrick. (2019)

<sup>35</sup> Backer, L. (2014)

<sup>36</sup> Australian Government: Department of Foreign Affairs and Trade. (2020)

<sup>37</sup> Caporal, J. (2019)

<sup>38</sup> Chow, Daniel. (2016)

<sup>39</sup> Geoscience Australia. (2013)

Australia indispensable to Chinese development, allowing Canberra additional leverage and manoeuvrability when crafting and implementing policies that China may oppose. At least in comparison to other nations such as New Zealand, which must act with considerable restraint when discussing Beijing's actions both domestically and abroad. For many years this delicate balancing act meant both Australia and China tolerated each other due to the mutual benefits their relationship produced. The current collapse in relations indicates that neither side is willing to back down and, unlike New Zealand, as a result of Australia's unique circumstances it appears Canberra's approach will continue to be characterised by antagonistic rhetoric and minimal compromising.<sup>40</sup>

### **Operation Infiltration**

In the wake of the 2019-2020 Hong Kong protests, and following continued reports that the Chinese Communist Party (CCP) had infiltrated pro-democracy protests on Australian university campuses, the Federal Government announced an investigation and the creation of a new task force. This group was mandated to examine foreign interference in the education sector, cybersecurity, and the theft of intellectual property.<sup>41</sup> This declaration came shortly after China was implicated in the hacking of university data, dating back 19 years. These provocations and the Australian government's strong response have caused additional strain on Sino-Australian relations while resulting in mixed reactions from universities. Many worry about increased Chinese influence and pressure, but also rely on its students which make up one in ten higher education enrolments and provide a substantial portion of the revenues generated. The result of this is self-censoring at many Australian Universities, including cancelling visits from the Dalai Lama and retracting statements that may offend CCP officials.<sup>42</sup>

In 2018 New Zealand introduced a 'foreign buyers ban' blocking non-New Zealand residents from buying property in the country. Although this ban was not specifically directed towards China, investors from the nation have been among the largest and most active offshore buyers of property in the market and have been disproportionately affected by the policy change. As the discourse and debate around the ban is often overtly directed towards "wealthy Chinese" investors, many saw the policy as openly xenophobic and racist.<sup>43</sup> Despite this, the ban saw widespread public support and reinforced the growing perception that Chinese expansion, economically and culturally, was having negative impact on New Zealand society.

In recent years the large Chinese telecommunication company Huawei has received criticism in the West for the perception that its instalment of 5G towers and networks pose a national security risk to

---

<sup>40</sup> Needham, K. (2020). *Australia faces down China in high-stakes strategy*

<sup>41</sup> Australian Government: Department of Education, Skills and Employment. (2019)

<sup>42</sup> Bochner, L. (2020)

<sup>43</sup> Chang, Y., Anderson, H & Shi, S. (2018)

the countries involved. Following an American ban on Huawei 5G instalments, Canada along with New Zealand and Australia (four of the five FVEYs intelligence sharing states, the other being the United Kingdom) followed suit. In New Zealand, the ban followed a report from the Government Communications Security Bureau that allowing Huawei 5G instalments to proceed would pose a “significant network security risk”.<sup>44</sup> June 2019 saw a spate of suspected Chinese cyber-attacks against Australian businesses and government agencies, while additionally issuing warnings against travel to the country. Beijing has claimed increased discrimination and violence towards its citizens for this response.<sup>45</sup>

These events not only highlight the distrust and security concerns between Australia, New Zealand, and China, but also underscore the difficult calculations and trade-offs these much smaller nations face when attempting to protect their sovereignty and intellectual property. This balancing act is made more difficult as America is traditionally their largest military ally, and as relationships between Beijing and Washington have deteriorated, Australia and New Zealand have attempted to retain symbiotic relations with both. The FVEY intelligence-sharing alliance is also an important aspect of Australian and New Zealand foreign policy. The informal security alliance provides significant benefits to member states, with these junior partner states willing to sacrifice some autonomy in return for pay-offs in other areas. This provides Washington with appreciable leverage in dictating member states policy in regards to cyber-security and information sharing.<sup>46</sup>

Backed by Washington and other members of the international community, Canberra has led calls for an inquiry into the origins of COVID-19, in response to Chinese repression of information. These repeated calls resulted in strong rhetoric from Beijing, denouncing what it sees as a politically motivated witch-hunt, engineered by Washington.<sup>47</sup> In response, and under the ploy of anti-dumping investigations, China suspended beef imports from four major Australian suppliers and imposed an 80% tariffs on barely products<sup>48</sup>. A 200% tariff on Australian wine was also imposed, crippling the industry and prompting calls from Wellington to Washington to support buying Australian made wine as a substitute for the Chinese market, which had captured over 30% of exports in preceding years.<sup>49</sup> Australia's exports of barley, red meat, wine, lobsters, coal, cotton and timber to China were all significantly disrupted, costing businesses billions of dollars. For their part, Australia has labelled these threats as economic cohesion and blackmail, rhetoric that only further sours ties<sup>50</sup>. “*We are an*

---

<sup>44</sup> Kaska, K., Beckvard, H & Minárik, T. (2019)

<sup>45</sup> BBC News. (2020) *Coronavirus: China warns students over 'risks' of studying in Australia*

<sup>46</sup> O'Neil, A. (2017)

<sup>47</sup> Karp, P. (2020)

<sup>48</sup> Shih, G. (2020)

<sup>49</sup> BBC News. (2020). *China slaps up to 200% tariffs on Australian wine*

<sup>50</sup> Doherty, B. (2020)

*open-trading nation, mate, but I'm never going to trade our values in response to coercion from wherever it comes"* quipped Prime Minister Scott Morrison in June 2020.<sup>51</sup>

Although recent years have seen Australia and New Zealand distance themselves from China's orbit, the nation's huge economic and political clout has inevitably led to significant trade-offs in terms of economic policy and political autonomy. China's authoritarian governance style is fundamentally at odds with the liberal democracies of Australasia leading to further tensions, and increasing the scope for miscalculation and misunderstandings. Australia's much larger economy, compared to New Zealand's, has meant Canberra has often taken the lead in pushing back against Chinese influences and pressures. New Zealand, while following Australia's lead, often employs softer rhetoric as its scope to manoeuvre is even more limited due to its small size and over-reliance on bilateral trade with China.<sup>52</sup>

## **WELCOME TO THE JUNGLE SINO-SOUTH EAST ASIAN RELATIONS**

Although Thailand and Vietnam may appear different in many aspects, they in fact share some striking similarities. First, geographically they are both situated within the same region, Southeast Asia. Thailand and Vietnam are less than 100km apart at the closest point, being separated by Laos in the north and Cambodia in the south. Barely 100km separates China and Thailand at the narrowest point.<sup>53</sup> Second, both nations are middle-income economies. Thailand features a GDP (PPP) of \$1.35trillion, while Vietnam's is roughly \$1.05trillion, a difference of 22%. Although the difference may seem substantial, both values are dwarfed by the tremendous size of the Chinese economy at \$26.65trillion, over 11 times larger, rendering the GDP (PPP) difference of \$300billion insignificant.<sup>54</sup> Finally, with approximately 67 million inhabitants, Thailand's population is roughly 30% smaller than Vietnam's at 97 million. Again, this difference of 20 million is largely insignificant when compared to the colossal 1.4 billion inhabitants of China.

Of course, despite these similarities there are a few key differences between these nations, including;

**Geopolitical Considerations:** As Vietnam retains a land border and several maritime disputes with China in the South China Sea. These disputes have tested the relations between both nations and

---

<sup>51</sup> Needham, K. (2020). *Australia won't be intimidated in row with China - PM Morrison*

<sup>52</sup> Köllner, Patrick. (2019)

<sup>53</sup> The World CIA Factbook. (2021)

<sup>54</sup> International Monetary Fund. (2020)

have yet to reach a satisfactory resolution. In contrast, Thailand and China possess no overlapping land or maritime territorial claims.

American Relations: Thailand has been a key U.S. security ally in Asia providing crucial forward-operating air bases during the Vietnam war. Currently, they co-host the Indo-Pacific's largest annual multinational military exercise, and Washington provides significant arms sales to Thailand. The U.S has recently lifted its arms embargo to Vietnam while also cooperating in non-proliferation, counterterrorism, and law enforcement. Ties between the two nations are growing rapidly and many political analysts have proclaimed that relations have never been better. Nevertheless, they remain less robust than those between the U.S. and Thailand.

Government Type: Both nation's governments are considered by Western academics and policymakers to be corrupt and undemocratic. Therefore, neither nation's government can be expected to be overly concerned with public sentiment. Despite this, as Thailand is significantly less authoritarian than Vietnam. Bangkok allows additional scope for public opinion and discourse to shape the dialogue in regards to their 'China policies'.<sup>55</sup>

With the main similarities and differences now highlighted, these case studies will allow us to investigate how different responses to Beijing's political demands are developed and implemented. Therefore, I will explore the three major aforementioned differences below, discussing and dissecting the way these impact Chinese relations. Amongst this backdrop of growing Chinese economic pressure in the region coupled with sporadic and inconsistent American posturing, Thailand and Vietnam provide a case study of nations that have forged diverging diplomatic and economic relationships with China. As Beijing attempts to influence and shape domestic and international policy discourse within these nations, their differing responses shed light on the mechanisms that allow for political coercion and the strategies necessary to resist being captured within Beijing's orbit.

## SINO-THAI RELATIONS

The relationship between Thailand and China has been long and complicated. Despite aligning with Japan during WWII and the United States throughout the Vietnam War, Thailand has intentionally avoided anything more than temporary arrangements with global powers. This diplomatic tradition of flexibility and pragmatism emphasises a cautious foreign policy and the retention of sovereignty. Bangkok often blends prudence and defiance to successfully restrict foreign influence, this strategy

---

<sup>55</sup> The World CIA Factbook. (2021)

has been tested recently as China's rapidly increasing economic and political clout puts significant pressure on the Thai model of independence.<sup>56</sup>

Bangkok and Beijing established diplomatic ties in 1975, in the wake of Washington's withdrawal from the region after the Vietnam War. In need of a new security guarantor to fill the power vacuum left by the United States, Thailand turned to China. Outlasting the Cold War, and deepening during the Asian Financial Crisis, their friendship was nurtured under Chinese aspirations for multipolarity in the international system. The Thai-American alliance was ramped up in the wake of the 9/11 attacks, and since then both Washington and Beijing have focused considerable attention on garnering favour in Thailand. China has focused its diplomatic clout on bringing Thailand's ruling elite into its embrace. While America's military support and cultural influences have allowed Washington to retain its preeminent position despite China's slow undermining of its foundations.<sup>57</sup> Bangkok and Washington also share a mutual defence treaty, via the 1954 Manila Pact. This treaty provides assurance to Thai leaders and a level of geopolitical security not shared by Vietnam.

Although Thai-Sino military exercises have lagged far behind those with the United States, moves by China to demonstrate their intention to foster a further deepening of ties have intensified. Despite these attempts, however, in 2020 the Thai government postponed a US\$400 million deal to purchase a submarine from China, due to intense public backlash.<sup>58</sup> Following the 2014 coup d'état, relations between Thailand and the U.S. strained. Nevertheless, partially due to China's growing influence and interest, America has pressed on with their joint exercise Cobra Gold. President Trump toned down Obama's interventionist stance, fearing that it may push Thailand too far into China's sphere of influence. So far it appears President Biden holds similar reservations. Great news for the current Thai government that has been widely panned for foregoing democratic principles and is now able to act domestically with de facto impunity when breaking with American expectations.

Bangkok is a crucial American military ally in an era of increasing regional security-related disturbances including terrorism, piracy, navigation and maritime security, and nuclear proliferation. For Beijing, Thailand represents a key player for its economic expansion and goals for political and eventually military supremacy in the Southeast Asian region. Unlike Vietnam, the absence of territorial disputes with China has allowed Thailand to more equitably balance relations between the United States and China both militarily and financially. This manoeuvring allows the nation additional scope for pursuing an independent foreign policy.<sup>59</sup>

---

<sup>56</sup> U.S Department of State. (2021). *Thailand*

<sup>57</sup> Hewison, K. (2018)

<sup>58</sup> Strangio, S. (2020)

<sup>59</sup> Chachavalpongpun, P. (2020)

### **The elephant in the room**

Despite many dismissing the incident as nothing more than an online spat, the creatively named “Milk-Tea War” of 2020 demonstrated deep-seated reservations among Thai people about their relationship with China. Despite its benign beginnings, the quarrel quickly escalated with the Chinese Thai embassy releasing a statement denouncing those who refuse to acknowledge the One China policy, and claiming that “China and Thailand are not others, but brothers,” a comment that Thai’s mocked extensively. The Sino-Thai railway agreement, seen by many as a debt trap, and high dependence on Chinese tourists has fuelled anti-Chinese feelings in the country. Younger Thais no longer perceive China as a benevolent big brother and appear deeply sceptical about China. Although the current government may be insulated from public pressure by its policies of political repression and the disregard for institutions, its new middle-class generation will soon replace those currently ruling the country. Therefore, their changing attitudes about China matters significantly. The U.S. in contrast, is held in high regard amongst most Thais. Seen as a responsible and mature power that is less likely to abuse its leverage for political or economic gains.<sup>60</sup>

## **SINO-VIETNAMESE RELATIONS**

The modern Sino-Vietnamese relationship has been shaped through millennia of intertwined relations and the tumultuous birth of the current Vietnam state, following the nation’s reunification in 1976. Despite China being the first country to recognise Vietnam, their relationship has been complex and often troubled, undercut by maritime territorial disputes, security concerns, and geopolitical competition. Therefore, Vietnam’s approach to China’s rise can be characterised as one of both cooperation and struggle. Hanoi has consistently sought to keep bilateral ties with Beijing cordial and productive while simultaneously resisting Chinese encroachment in the South China Sea and other areas of the relationship.<sup>61</sup>

The long history and current complexities of their bilateral relationship have led to more dynamic diplomatic interactions than can be seen in the Sion-Thai relationship. Historically, Vietnam’s geography has been a source of insecurity. As Beijing has grown increasingly assertive, Hanoi has been forced to perform a delicate balancing act with very little margin for error. Despite retaining diplomatic channels with Beijing, the Vietnamese government has also sought to assert and advocate for its sovereignty and rights by diversifying its diplomatic partnerships and strengthening its

---

<sup>60</sup> Bunyavejchewin, P. (2020)

<sup>61</sup> Womack, B. (2006)

capabilities. How they navigate these choices in the coming years will also influence how neighbouring nations respond to Beijing's growing clout.

Vietnam has tended to compartmentalise its responses to Chinese manoeuvring in the South China Sea by not allowing this behaviour to disrupt other aspects of the bilateral relationship. In 2020, a Chinese coast guard ship sunk a Vietnamese fishing vessel in disputed waters off the Paracel Islands and redeployed a controversial geological survey ship, previously used to harass international drilling within Vietnam's exclusive economic zone (EEZ). Nations with greater foreign policy independence could have responded to these events by leveraging the aforementioned aspects of their relationships and pushing back by restricting or abandoning bilateral cooperation. Despite this, Vietnam has continued to participate with China in annual joint coast guard patrols as well as participate in China's Belt & Road Initiative (BRI).<sup>62</sup>

Vietnam is also highly dependent on the food and water resources of the Mekong and Da rivers, whose headwaters begin in China. It has long been alleged by downstream countries that China manipulates the river's flow to their disadvantage, causing and intensifying droughts and floods. The Chinese dams, created to control the flow of these rivers, provide Beijing with additional geopolitical mass in its attempts to pull Vietnam into its orbit.<sup>63</sup>

Due to the asymmetry of the Sino-Vietnamese relationship, Hanoi has been forced to accommodate and engage Beijing. It has created new communication channels including party-to-party talks, defence-focused dialogues, and a direct phone line for handling emergencies in the South China Sea. Despite these steps, increasing Chinese assertiveness will force Vietnam to adopt more confrontational approaches and consider trade-offs in its relations with Beijing, as it explores options to protect its political freedom of action and solidify its sovereignty.<sup>64</sup>

### **Between the eagle and the dragon**

In the quarter-century since the normalisation of ties between the United States and Vietnam, relations have become more diverse, extensive, and have proven surprisingly resilient. With cooperation continuing to increase, albeit, from a low base, Hanoi has welcomed increased U.S. presence in the region. This is due to Vietnam feeling increasingly isolated in recent years, as nations from Malaysia to the Philippines have progressively limited public critiques of Beijing to appease China.

---

<sup>62</sup> Grossman, D. (2018)

<sup>63</sup> Lohman, W. (2020)

<sup>64</sup> Womack, B. (2006)



Without current limits on Beijing's actions in the South China Sea, Vietnam has suffered both strategically and economically. Vietnam still lacks the political clout and manoeuvrability in its relationship with Beijing to pursue inflammatory measures such as launching long-considered litigation against China over territorial disputes or fast-tracking a strategic partnership that would build on existing relations with the United States. Despite American presence in the region.<sup>65</sup>

Despite its hostilities, Beijing understands that aggression could push Vietnam ever closer to Washington. Many Vietnamese consider resistances against Chinese influence to be the continuation of a thousand-year struggle. Vietnamese often protest on the street against Chinese influence and aggression, while Vietnamese textbooks are filled with tales of heroic Vietnamese martyred by China. Therefore, China must be careful not to overplay its card and force domestic backlash against Beijing. Washington could capitalise on China's mistakes by strengthening relations, laying the groundwork for even greater cooperation on issues including freedom of navigation in the South China Sea.<sup>66</sup>

Due to the geopolitical tensions with China, Vietnam has employed a national security policy commonly interpreted as the "Three No's". No formal military alliances, no alignment with one country against another, and no foreign military bases on Vietnamese soil. These policies, while appeasing China, limit the scope of cooperation with the United States. Nevertheless, although the Vietnamese government has kept diplomatic channels with Beijing open, it has also sought to assert and advocate for its sovereignty and rights by diversifying its diplomatic partnerships and strengthening its capabilities.<sup>67</sup> How Vietnam's relationships develop depend on its diplomatic skills. The nation must continue to embrace America's increasing geostrategic interest in the region while also avoiding the pitfalls created by being wedged between belligerent giants.

Thailand and Vietnam are both Southeast Asian nations, considered regional middle-powers, possess similar-sized middle-income economies, and enjoy strong military and diplomatic support from the U.S. Despite their many similarities, due to geographic considerations and the geopolitical realities of their relationship, these nations have taken subtle, but notably different approaches when considering how to manage increasing Chinese influence. This has led to diverging levels of political autonomy for both nations in regards to China, especially relating to foreign policy.<sup>68</sup>

As China continues its remarkable ascent, it's likely pressure on Thailand and Vietnam to choose between Beijing or Washington will intensify. Luckily, unlike nations such as Australia, it appears that

---

<sup>65</sup> Huong Le Thu. (2020)

<sup>66</sup> U.S Department of State. (2021). *Vietnam*

<sup>67</sup> Colberg, C. (2014)

<sup>68</sup> Cha, V. (2020)

so far Bangkok and Hanoi have managed to successfully navigate the increasingly complex relationship. In Thailand, this has been mainly driven by mutual economic interests, delicate balancing of diplomatic relations, and delineated and mutually recognised borders with China. In Vietnam, this has mainly been achieved through reduced criticism of China in all domains. Especially through concessions in their ability to assert sovereignty in the South China Sea. Here the Vietnamese elites have calculated that these sacrifices in foreign policy autonomy are a necessary sacrifice for preserving diplomatic relations. Despite their differences, it appears that convergence may be occurring between Vietnam and Thailand in the geopolitical sphere, as Hanoi and Washington collaborate more in support of Vietnamese defiance against Chinese encroachment. However, as American interest in Southeast Asia grows and China looks to further expand its political influence, it's likely tensions will increase.

## **POLITICS ON THE PENINSULA SINO-MALAY PENINSULA RELATIONS**

Located roughly 2000km south of China, Malaysia and Singapore have a rich and complex historical relationship with Beijing. Influences from China date back over one thousand years, but it was the adoption of Islam in the 14<sup>th</sup> century that led to the nation that we would today recognise a Malaysia taking shape. In 1511, the Portuguese became first European colonial powers to establish themselves on the Malay Peninsula, followed by the Dutch, in 1641. However, it was the English who ultimately secured hegemony across the territory that is now Malaysia. An influx of Chinese and Indian workers flowed in towards the end of the 19<sup>th</sup> century, to meet the needs of the growing colonial economy. Japanese occupation during WWII ended British rule, which was restored after the conflict. But the tide of history was turning, and through military battles and communist insurgencies an independent Malaysia was declared in 1957. In 1963, a federation including Singapore, Sarawak, and North Borneo was established. But only two years later, due to political, racial, and economic tensions Singapore was ejected from the union. This gives Singapore the dubious distinction of the only independent state to have been formed against its will. Today, despite their many differences, both countries are members of ASEAN and share close diplomatic and economic ties.<sup>69</sup>

---

<sup>69</sup> The World CIA Factbook. (2021). *Malaysia*

## SINO-MALAY RELATIONS

The many people of the Malay Archipelago have maintained relations with early Chinese dynasties for centuries. Immigration between the two regions has occurred at least since the Mongol invasions, under Kublai Khan. Close relations were retained throughout the regions conversion to Islam and an influx of Chinese immigrants occurred in the 19<sup>th</sup> Century, following British industry in the region. A larger wave of migration from mainland China occurred following the Communist revolution, transforming Malaysia into a multiethnic melting pot, with 23% of its population currently identifying as ethnically Chinese.

Today Sino-Malay relations are friendly and robust, although not without their complications. This is because Malaysia has long kept its differences with China discreet. Their main point of contention has consistently been their overlapping maritime claims in the South China Sea. However, despite continued Chinese provocations, from large-scale fishing off the Malaysian-claimed Luconia Shoals, to harassing Malaysian energy exploration ships, Putrajaya's diplomatic response to Beijing has been muted. In the late 2010s, Malaysian Prime Minister Najib Razak came to the defence of China's Belt and Road Initiative (BRI) infrastructure, urging even closer ties with Beijing, despite public criticism for the project's high costs and poor execution. Doubling down on his position, the then Prime Minister purchased warships for the Malaysian navy from China. Despite attempting to smooth over problems, after an investigation of Malaysia's sovereign-wealth fund revealed that he had siphoned off money from BRI projects funded by Chinese loans, Najib and his political party, which had won every national election in the last six decades, were swept out of office in a landmark 2018 election. This scandal raised questions regarding the motivation of Malaysia's policy of accommodation towards China. Especially since big financial decisions are generally made behind closed doors by a small coterie of senior officials, with little public debate.<sup>70</sup>

In general, Malaysian leaders have been willing to give China the benefit of the doubt in regards to its dealings with Southeast Asia. This willingness partly arose both from Malaysia's attempt to maintain distance from the West, such as promoting eastern less than democratic values and due to a pragmatic justification resulting from the benefits China's economic rise has had in enhancing the leader's political stature domestically. These factors have led Malaysia to pursue policy with China that *"prioritize immediate economic and diplomatic benefits over potential security concerns, while simultaneously attempting to keep its strategic options open for as long as [possible]"*.<sup>71</sup>

---

<sup>70</sup> Chang, F. (2020)

<sup>71</sup> Kuik, C. (2013)

Malaysian leaders have long hoped to make headway with China, banking that accommodation over confrontation would achieve their goals. This strategy seemed to be affirmed by Vietnamese and Philippine resistance to China since 2000, which objectively brought them few gains. Unfortunately, a policy of accommodation also appears to be yielding little benefit for Malaysia in its South China Sea claims, as China applies the same tactics it used to push its way into waters claimed by Hanoi and Manila.

In March 2013, China conducted a major naval exercise in the South China Sea, close to Beting Serupai (James Shoal). Lying only 80 kilometres from Malaysia but 1,800 kilometres from the Chinese mainland, rarely had Beijing made their presence felt at the extremities of these maritime claims. And never have they brought such firepower with them. While attesting to China's rising assertiveness, the exercise was also notable for the distinct lack of a visible public or political reaction from Malaysia. This is because elites in Putrajaya have long considered themselves as having the deepest and most intimate relationship with Beijing. Both nations had implicitly agreed to heed each other's' legitimate interests and avoid playing out potential disputes through the media. There's also a perception by Malaysia that their relationship is highly prized and historically significant. China is Malaysia's largest trading partner and the large trade surplus could leave the nation exposed to significant disruption should China impose tariffs or otherwise restrict bilateral trade.

### **Appeasing the dragon?**

Despite Sino-Malaysian relations remaining mostly positive, recent interactions have caused strain on what is otherwise one of China's most robust relationships. In 2021, Malaysia summoned China's ambassador to explain a "breach of the Malaysian airspace and sovereignty" after 16 Chinese military aircraft flew over disputed waters off its eastern state of Sarawak. Multiple fighter jets were scrambled to intercept the transport planes, with Malaysia's foreign ministry announcing that "Malaysia's stance is clear - having friendly diplomatic relations with any country does not mean that we will compromise on our national security." For its part, China played down the incident saying that the aircraft had abided by international law.<sup>72</sup> These alterations illuminate the changing strategy of the Malaysian government in its dealings with Chinese encroachment. What less than a decade ago, would have potentially gone uncommented on, as can be seen with China's 2013 naval exercise today warrants significant political attention and outcry. These actions can be viewed as part of the growing consensus in the region that China's activities and accretions cannot go unchecked. Significant will, determination, and coordination will be needed, however, for Malaysia and other regional players to assert sovereignty in what is quickly becoming a Chinese dominated sea.

---

<sup>72</sup> BBC News. (2021). *South China Sea dispute: Malaysia accuses China of breaching airspace*

Although Malaysia retains extensive cooperation with Washington, the nation's reputation remains tarnished among significant sections of Malaysia's Muslim-majority population. The invasion of Iraq in 2003 and Washington's continuing failure to act as an impartial broker in the Palestinian–Israeli peace process have served to entrench a negative view of the United States among some Malaysians. The recent Trump administration's trade war has further hardened opinion against an antagonistic, uncompromising America. Few details of the 1984 Bilateral Training and Consultative Group (BITACG) Agreement, which underpins the defence relationship between Malaysia and the U.S., have ever been made public, due to these public reservations.<sup>73</sup>

## SINO-SINGAPORE RELATIONS

Soaring from third world to first in a matter of decades, leaders in Beijing have long looked towards the Singaporean City-State for inspiration. Official diplomatic relations began in 1990, and in the three decades since the two nations have forged a strong bond, despite occasional disputes. Almost three-quarters of the population identify as ethnic Chinese and over 50% speak one of the various dialects of the Chinese language. This gives Singapore the distinction of being the nation with the highest percentage of these traits outside of territories either administered by or claimed by China. Therefore, these nations quickly developed robust bonds and deep trade and diplomatic relationships despite China dwarfing Singapore with a population almost 25,000 times greater, covering a land area well over 1 million times larger. Economically, Singapore punches well above its weight due to a geostrategic position, diversified economy, and strong, if stifling, government. Nevertheless, the Chinese economy will soon surpass Singapore's by a factor of 50.<sup>74 75</sup>

Due to its tiny size, Singapore must remain ever vigilant, conscripting its young men into national service for two years and spending, in percentage terms, even more than the United States on defence at 4% of GDP. As a result of this sense of vulnerability, Singapore frequently purchases high tech U.S. military equipment, has permitted the United States to station ships and aircraft on its shores, and has built one of the few piers in Southeast Asia deep enough to accommodate American Aircraft carriers, which dock periodically. The City-State also enjoys strong diplomatic and economic ties with the United States, and public support is similar to in Australia, and higher than in New Zealand, at roughly 50%.<sup>76</sup>

---

<sup>73</sup> Lockman, S. (2013)

<sup>74</sup> The World CIA Factbook. (2021). *China*

<sup>75</sup> The World CIA Factbook. (2021). *Singapore*

<sup>76</sup> Wike, R., et al. (2021)

Integral to Singapore's "third world to first" ascent was an ability to leverage its location adjacent to the Malacca Strait, in the process becoming East Asia's leading maritime trading centre and a major base for high-tech manufacturing. Therefore, Singaporeans initially welcomed China's economic rise. Benefiting from skyrocketing regional trade and an expanding market for its high-tech electronic components. This situation has begun to change, however, as China attempts to redirect global and regional trade flows through its Belt and Road Initiative (BRI). These infrastructure projects could see greater overland trade throughout the continent and the development of several coastal Chinese cities as alternatives to Singapore's status as a maritime trading, and refuelling centre.<sup>77</sup> Recent Thai proposals, backed and funded by China, to build a canal through the Kra Isthmus could also severely impact Singapore's geostrategic position, undermining their prosperity and relevance in the region. This has led many Singaporeans to wonder if future Chinese growth may come at their expense.

Although Singapore does not lay claim to any territorial disputes in the South China Sea, it retains an interest in the outcomes of these disputes since they have implications for international law, freedom of navigation, and ASEAN unity. In 2016, Chinese media accused Singapore of supporting the Philippines with Chinese military officials proclaiming that "Beijing should make Singapore pay the price for seriously damaging China's interests" with retaliation and sanctions. As a result, Singapore attempted to minimise fallout and softened its tone as an act of appeasement. In 2021, Singapore and China continued to hold a joint naval exercise in the South China Sea, due to a "consensus to enhance mutual trust".<sup>78</sup>

### **David and Goliath**

Under the leadership of President Xi, China has come to regard Singapore more like any other Southeast Asian country, rather than a nation deserving of a special relationship. This was most evident in 2016 when China abruptly seized nine Singaporean armoured vehicles in Hong Kong. These vehicles were being shipped back to Singapore after a military exercise in Taiwan. Singapore is the only Southeast Asian country with an economic partnership agreement with Taiwan and has some of the closest ties with the renegade province in the region. This incident was of particular surprise as China could have expressed displeasure towards Singapore at any time, without seizing Singaporean equipment. This was China's biggest seizure of such equipment in over two decades. China's reaction, although out of character for its relationship with Singapore, could have been expected had any other Southeast Asian country been involved.

---

<sup>77</sup> You, J. (2007)

<sup>78</sup> Khaliq, R. (2021)

While Singaporean leaders may have hoped for discretion due to their “special relationship”, they received none, with Beijing withholding the equipment for two months. Many observers view this incident as characteristic of the changing Chinese attitude towards Singapore. Regardless of how their relationship is evolving, Singapore now knows not to assume Chinese support on international issues based on shared ethnicity and mutual understanding. Not because China wants to dominate or crush Singapore but because Singapore no longer provides the utility to China’s economic and geopolitical ambitions that it once did.<sup>79</sup>

## **BUILDING ISLANDS, NOT BRIDGES SINO-INSULAR SOUTH-EAST ASIA RELATIONS**

Located on steamy, sprawling archipelagos, the nations of Indonesia and the Philippines are juggernauts of the South East Asian region, with populations of over 270 million and 106 million respectively. Excluding China, Indonesia is currently home to by far the largest population in the East-Asia Pacific region and the Philippines will likely overtake Japan within the next decade to become the second most populous. Relations between the two nations stretch back millennia with ethnic populations and national languages that have common Austronesian ancestry. The Srivijaya and Majapahit Empires of ancient Indonesia ruled over territory in the southern and central Philippines and both countries were later colonised by Spain during the Age of Imperialism (specifically the Moluccas for Indonesia). The old cordial relationship between Indonesians and the Philippines was officially re-established in 1949. Since then, relations have been positive, with friendship treaties signed and cooperation through ASEAN ensuring a further strengthening of their relationship.<sup>80</sup>

As Chinese power grows, the projection of Beijing’s influence will be felt most acutely in Southeast Asia. Policies of accommodation, containment, and resistance to this growing regional hegemon continue to develop, with Indonesia and the Philippines providing two of the largest markets, and therefore opportunities for China. Their huge growing populations and rapid development could also create headaches for Beijing, however, disrupting balances of power and creating new networks of alliances and adversaries. Even if this future does not come to fruition, Jakarta and Manila are impossible to ignore at a regional level and, therefore, China will need to avoid confrontation with these powers to ensure regional stability.<sup>81</sup>

---

<sup>79</sup> Chang, F. (2019)

<sup>80</sup> Bhakti, I. (2010)

<sup>81</sup> Stuart-Fox, M. (2004)

## SINO-PHILIPPINE RELATIONS

Verifiable bilateral relations between China and the Philippines extend back to the tenth century when Chinese traders filled regional harbours, and a small number of Chinese merchants established a permanent presence in the Philippines. During the Spanish Empire's colonial era, the port city of Manila became an important hub for ships as well as a large number of Chinese agents and brokers. Today just over 1% of the Filipino population is ethnic Chinese, but with significant intermarriage over the centuries, a substantial proportion, perhaps over 25%, having at least some Chinese ancestry. Except for a brief encounter in the early fifteenth century China attempted to impose control over the island of Luzon, the two countries have maintained friendly relations. During Spanish and American domination of the archipelago, Sino-Philippine relations were sidelined in favour of the Western powers. However, since formal diplomatic relations were established in 1949, bilateral relationships have prospered, while leaving ownership of the "strip of water" (South China Sea) somewhat ambiguous.<sup>82</sup> Recently, relationships have been significantly strained as territorial disputes in the South China Sea have come to the forefront. The Philippines is currently in a state of flux, regarding their relationship with China. Decisions made in Manila over the next few years will likely determine the trajectory of Sino-Philippine relations for decades to come.

Located roughly 700km southeast of Mainland China, the Philippines is a middle-income country with a highly diversified economy. With a total land area of only 300,000km the nation is slightly smaller than Malaysia but has a population density higher than Japan. In comparison to Indonesia, as well as most other East-Asian Pacific nations within this research scope, Beijing is only Manila's fourth largest trading partner. This diversification of its export and imports provides the nation with room to manoeuvre in its relationship with China. The importance of this cannot be overstated, especially in recent years as relations have deteriorated. The two nations share a free trade agreement, as part of ASEAN, while the Philippines currently maintains a large (70%) trade deficit with China. Although this renders Manila extremely reliant on cheap Chinese imports, it removes the ability for China to wield its economic clout similarly to what has been seen in Australia. As the Philippine export market is much less reliant on Chinese consumers, and therefore, the CCP's whim.

### **Spat over the Spratlys**

Due to its close proximity to the Spratly Islands, the Philippines have long claimed the scattering of islands and atolls as a part of their territory. These islands also happen to be some of the most strategic in the South China Sea. Therefore, they are fiercely contested by Beijing, citing a historical

---

<sup>82</sup> Baker, C. (2004)



claim that the islands were an integral part of the Ming dynasty (1368–1644). Since the 1990s, China has been building on reefs and rocks in the South China Sea claimed by the Philippines and other ASEAN nations. A case was brought to the Permanent Court of Arbitration by the Philippines in 2013, after China grabbed control of a reef, Scarborough Shoal, 350km northwest of Manila. In 2016, the tribunal ruled in the Philippines' favour, saying that China's claim to the shoal was baseless. This rift caused significant strain on bilateral relations. To the Philippines' frustration, many ASEAN nations proclaimed neutrality in the dispute, fearing China's wrath, despite also having maritime territorial disputes in the region. As a result of this diplomatic turmoil, the election of Philippine President, Rodrigo Duterte, saw a huge swing in policy away from the United States and back towards China. For years, President Duterte kept quiet about the tribunal's ruling, which Chinese leaders had rejected. In return, China pledged massive investments into roads, ports, and railways as part of its Belt and Road Initiative. Although continuing to turn away some Philippine vessels, Beijing also refrained from building any military installations on Scarborough Shoal. Creating somewhat of a compromise, or stalemate.<sup>83</sup>

Before the election of President Duterte, U.S.-Philippine relations could be described as close. Grounded in a Mutual Defence Treaty signed in 1951, security cooperation has been a solid foundation for the evolving dynamics in their bilateral relationship. The alliance became more important to both sides during the 21<sup>st</sup> century as China's growing ambitions in the South China Sea and the Obama Administration's 'Pivot to Asia', increased the relevance of bilateral cooperation. Close cultural ties and a legacy of U.S colonisation results in a population that is, in general, staunchly pro-U.S. These strong ties, allowed the U.S to deploy special forces into the nations southern islands in response to growing Islamism terrorist attacks. Part of the Philippines-United States Visiting Forces Agreement (VFA), this treaty eases the deployment of American troops to the Philippines and acts to support their mutual defence treaty. Nevertheless, President Duterte's move towards China was a blow for bilateral relations with Washington. In 2020, Manila announced an end to the VFA, however, this statement was later postponed, renegotiated, and revoked, a testament to the rapidly changing policies towards both the U.S and China.<sup>84</sup>

The Philippine's 'Pivot to China' was halted in 2021, when 200-odd Chinese vessels appeared around Julian Felipe Reef, well within Manila's EEZ. These swarming militia vessels masquerading as fishing trawlers, demonstrated that even the policy of appeasement, followed by President Duterte since the start of his first term, would not placate China and that their island-building within the disputed territory in the South China Sea would continue unabated. After the Filipino foreign secretary denounced

---

<sup>83</sup> The Economist. (2021). *China tries to nick another speck in the sea from the Philippines*

<sup>84</sup> Avila, A. &, Goldman, J. (2015)

China on Twitter, “how politely can I put it? Let me see... O...GET THE FUCK OUT”,<sup>85</sup> President Duterte stepped in with kind words for China. Declaring that “within [his] cabinet, only [he] had a licence to curse”. Nevertheless, this watershed moment demonstrated that the president’s tilt towards China has been a failure. It appears now that he will attempt to better balance relations between Beijing and Washington rather than purely appease China, through recognising the importance of U.S. military and diplomatic support. Regardless of his erratic posturing, President Duterte understands better than most that the ability of nations to resist Chinese encroachment in the South China Sea is extremely limited.<sup>86</sup>

## SINO-INDONESIAN RELATIONS

Relations between Imperial China and ancient Indonesia date back to at least the 7th century, when Indonesia formed part of the maritime Silk Road, connecting China with India and the Arab world. Early relations were characterised by significant volumes of trade, cooperation, competition, and conflict. By the time Indonesia had been integrated into the Dutch Empire as the Dutch East Indies, significant numbers of Chinese migrants were settling in the area in search of better job and income prospects. Today, Chinese Indonesians make up over three percent of the population, the result of centuries of cross-cultural exchanges that have ranged from welcoming to hostile. After the Proclamation of Indonesian Independence in 1945, Jakarta established official diplomatic relations with China, just five years later in 1950. Despite initially close relations, this friendship didn’t last. In 1967 Indonesia severed diplomatic relations, following a 1965 attempted communist coup that the government believed Beijing was responsible for. Nominalisation of relations finally occurred in 1990, and although diplomatic ties remain robust, several hurdles remain in the Sino-Indonesian relationship.<sup>87</sup>

Indonesia is a massive country, one that its scattered islands struggle to convey, especially on a map portraying the Mercator projection. Stretching a distance equivalent to Taiwan to Turkmenistan, Indonesia is by far the most populous nation in the East-Asia Pacific region with over 270 million inhabitants. This ranks Indonesia as the world’s 4<sup>th</sup> most populous nation, 14<sup>th</sup> largest in land area, 7<sup>th</sup> largest in GDP (PPP), and a formidable regional powerhouse. China is currently Indonesia’s largest import and export market at over 15%, Japan and the U.S. follow closely in second and third place at slightly above 10% each. Indonesia also maintains a 27% trade deficit with China. This leaves Jakarta less reliant on trade with China than nations such as South Korea and New Zealand but still

---

<sup>85</sup> The Economist. (2021). *The Philippines is repairing its relationship with America*

<sup>86</sup> The Economist. (2021). *China tries to nick another speck in the sea from the Philippines*

<sup>87</sup> Sukma, R. (2009)

higher than Vietnam or the Philippines. China and Indonesia share a multilateral free trade agreement, through Jakarta's participation in ASEAN. Indonesia is also a member of China's Belt and Road initiative, with China constructing high-speed rail lines across Java in addition to multiple other projects.<sup>88</sup> Located roughly 2000km south of mainland China and with no territorial claims in the South China Sea, Jakarta has often attempted to position itself as a neutral arbiter between bickering states, although in recent years their stance has begun to evolve.

In May 1998, following the Asian Financial Crisis which led to food shortages and mass unemployment, riots erupted throughout Indonesia mainly targeted towards ethnic Chinese. These riots led to incidents of violence, demonstrations, and civil unrest which resulted in roughly three thousand deaths, over 150 rapes, and millions of dollars' worth of property damage. This unprecedented hostility towards the ethnic Chinese population led many to leave the nation, while those who stayed were often forced into hiding, or to arm themselves, forming community defence groups due to a woefully inept government response. Beijing's response to the violence, however, was unusually muted. This can be explained due to relations having only recently been restored, and China not wishing to jeopardise them. Taiwan, in contrast, was much more vocal, denouncing the racist violence, demanding the trial of those involved, and threatening to withdraw investment from the country. This event may not have irreparably damaged relations between Jakarta and Beijing, but the extreme racial tension demonstrated internal hostility to ethnic Chinese and the possibility of future ethnic conflict cannot be ruled out.

### **Seas apart**

Indonesia's role in the South China Sea disputes had, until recently, been limited to the ASEAN team of cooperation and dialogue, since the country is not an active claimant. Jakarta has tried to sidestep its maritime row by emphasising the lack of a "territorial dispute" between the two countries. Nevertheless, developments in recent years have dragged Indonesia into the disputes. Under President Jokowi, Indonesia's approach moved from active attempts at finding a peaceful solution to border disputes, to one primarily focused on protecting its interests around the Natuna Islands, while not antagonising China in the process. The shift in Jakarta's position has been driven primarily by an increase in Chinese incursions. In late 2019, Chinese fishing vessels expanded illegal activity within Indonesia's EEZ, escorted by a Chinese Coast Guard vessel. Indonesia responded with diplomatic protests and deployed a significant military presence to the region. Jakarta's strong response demonstrates their relative position compared to smaller regional players. However, this more unilateral approach leaves the other countries of Southeast Asia more isolated and exposed to Chinese diplomatic pressure than previously. This reduces the possibilities for collective action among

---

<sup>88</sup> Prashanth, P. (2019)

Southeast Asian governments eager to fend off further Chinese pressure and leads to more intense great power rivalry in the region. Although relations have so far endured, they may continue to deteriorate if China fails to deliver on its infrastructure and investment pledges, becomes increasingly assertive around the Natuna Islands, or takes an interventionist stance on the protection of ethnic Chinese communities in Indonesia.<sup>89</sup>

Due to Indonesia's strategic location, in recent years the U.S. has increased its political and economic engagement with the nation. Considered a vital partner in the Indo-Pacific Region, in 2015 the two countries upgraded their relationship to the U.S.-Indonesia Strategic Partnership, cooperating in many areas from security to trade. Although these nations share no mutual defence treaty, and the United States does not maintain a presence on Indonesian soil, bilateral military cooperation does occur. This includes several billion dollars' worth of military sales and cooperation in the annual Cope West military exercise.<sup>90</sup> Despite these efforts, public opinion of the U.S. remains lower than that of China at 42% and 53% positive views respectively.<sup>91</sup> The Biden administration will need to work diligently to repair the diplomatic damage done under President Trump if the U.S. hopes to strengthen and deepen relations with the regional powerhouse of Indonesia.

## **THE ENEMY OF MY ENEMY IS... STILL MY ENEMY? SINO-NORTH EAST ASIAN RELATIONS**

For over two thousand years the peoples of Korea, and Japan lived mostly at peace with China's regional dominance, encouraging the trio to develop similar institutions, values, and customs. Illiteracy was deposed by the spread of Chinese writing, Buddhism became the dominant religion throughout the area, and Confucianism deeply influenced social and political institutions, eventually becoming the official state-sanctioned cult in all three nations. There have, of course, been periods of belligerence. These include the Mongol conquest of China and Korea in the 12th century, and two subsequent Chinese attempts to dominate Japan. There was also an unsuccessful attempt by 16th century Japan, to conquer China and Korea. But periods of conflict were an exception, rather than the norm as was seen on Eurasia's distant western peninsular.<sup>92</sup>

The 19<sup>th</sup> century witnessed a period of Chinese stagnation, Japanese rapid industrialisation, and the export of European style imperialism. This led to a seismic shift in the region, unprecedented in long

---

<sup>89</sup> Connelly, A. (2016)

<sup>90</sup> U.S Department of State. (2021). *U.S. Security Cooperation With Indonesia*

<sup>91</sup> Tamir, C. & Budiman, A. (2019)

<sup>92</sup> Seybolt, P. (2020)

and colourful history. Within a remarkably short time the Japanese acquired the power to compete with the West. In 1895, Japan defeated China and occupied Taiwan. Just a decade later it decisively defeated Russia, gaining exploitation rights in Korea and Manchuria. By 1910 Japan had incorporated Korea into the growing Japanese empire, and in 1931 it annexed Manchuria. Six years later it attempted to occupy the remainder of Eastern-China ending only with its unconditional surrender in 1945. Throughout these conflicts, Japanese unrelenting brutality was exceptional, as could be seen during the Nanjing Massacre (南京大屠殺), Kantō Massacre, and the widespread acceptance of the use of sex slaves by Japanese soldiers. In Europe, reconciliation united much of the non-Soviet aligned continent. This, however, never occurred in East Asia, despite three quarters of a century passing since these atrocities were committed. This has resulted in a deep sense of mistrust and resentment persisting well into the 21<sup>st</sup> century.

## SINO-SOUTH KOREAN RELATIONS

The beginning of Sino-Korean relations predates writing on the peninsular, and is situated in the realm of legend and myth. Written records became more numerous in the anno Domini (AD) era and paint vivid pictures of culture, commerce, and conquest. Interstate conflict occurred throughout much of both nations' early history; major battles were fought, complex alliances were formed, and significant cultural exchange occurred between the many Chinese and Korean dynasties.<sup>93</sup> The Korean peninsular has long acted a strategic buffer between Japan and China, while also acting as a bridge between the Japanese archipelago and mainland Eurasia. Following Russian expansion in the Far-East, Korea became caught in a three-sided struggle for power. Due to these reasons, China's policy has remained remarkably stable throughout the centuries; either dominate Korea or deny it from another power.<sup>94</sup>

For both South Korea and China, early contemporary relations have been shaped first by the Korean War, and followed by the ensuing Cold War. As a fellow communist regime, China fought alongside North Korean forces against the South, souring relations. Both sides' refusal to recognise each other until the end of the 20<sup>th</sup> century provided additional strain on their relationship. The end of the Cold War brought with it a significant improvement in relations between the two nations. By 2004 China had become South Korea's largest trading partner and, by 2020, 24% of the South's exports were bound for China, while Beijing accounted for just over 50% of imports. South Korea and China signed a free trade agreement in 2015, signifying their close relations and the deep economic integration between their two economies. South Korea's relationship with China can be considered asymmetric,

---

<sup>93</sup> T Washburn. (2013)

<sup>94</sup> R Bedeski. (1995)

due to the vast differences in size, economic output, military capabilities, and demographic realities. China is characterised by having almost 100 times the land area of South Korea, over 25 times the population, and an economy (GDP nominal) roughly 10 times larger.<sup>95</sup> These factors, combined with their extremely close geographic proximity (less than 350km apart), create a relationship in which Seoul has limited scope to negotiate the parameters of their bilateral relationship. Therefore, providing China with political and economic leverage as they attempt to compel concessions from South Korea.

Consensus throughout the 2000s from both Beijing and Seoul stated that cooperation was preferable to confrontation, although there were still several notable incidents that inflicted strain on their relationship. In 2003, China applied to UNESCO to declare the Koguryo tombs in its north-eastern region their world heritage site. Chinese historians also claimed that the ancient Kingdom of Koguryo (37 BC-AD 668) was a Chinese vassal state. The crux of the issue regards the etymology of the term Koguryo, the root of the word "Korea" and Chinese doubts about whether the kingdom was Korean at all. There were also concerns that attempts to recognise the site as Chinese could precede territorial claims in the future, with the site used to legitimise historical connections to the land. In 2004 UNESCO granted China world heritage status to this site, igniting a firestorm of protest within South Korea. Outraged, South Koreans protested outside the Chinese embassy dressed in Koguryo-era costumes, demanded economic sanctions against Beijing, and compelled then South Korean Prime Minister Lee Hai-chan to create a state committee on Koguryo history, propagating and validating Korean claims to the kingdom. China responded by blocking access to websites that promoted this content. The dramatic deterioration in relations was captured in an August 2004 poll, revealing only 6% of South Korea's National Assembly lawmakers viewed China as their most important diplomatic partner; dramatic drop from the 63% that recognised China in this capacity just four months earlier.<sup>96</sup>

### **Tiger on a Tightrope**

Relations between South Korea and China began to deteriorate again in 2016 after the United States and South Korea jointly announced the deployment of the Terminal High Altitude Area Defense (THAAD), in response to repeated nuclear missile threats by North Korea. Repeated American assurances that THAAD is "purely a defensive measure... only aimed at North Korea, with no intention of threatening China's security interests", fell on deaf ears. Beijing worries that the systems deployment was an attempt to contain China. Equipped with a powerful radar capable of penetrating deep within Chinese territory, many security experts believe that THAAD could upset the delicate regional security balance.<sup>97</sup> Although China refrained from introducing formal sanctions against South Korea, Chinese citizens were allowed to gather in protest and Chinese officials

---

<sup>95</sup> Global Edge. (2021)

<sup>96</sup> P. Gries. (2005)

<sup>97</sup> J. Sankaran & B. Fearey. (2017)

encouraged boycotts against South Korea products. After agreeing to sell land to the South Korean government for THAAD, the conglomerate Lotte Group saw a significant reduction in sales within the Chinese market. Chinese municipal authorities 'coincidentally' discovered that multiple Lotte stores and factories were in contravention of fire safety regulations and other local ordinances, forcing the closure of 75 out of 99 supermarkets within China.<sup>98</sup> South Korea automobile manufacturer Hyundai and its sister brand Kia Motors were also implicated in the fallout, with boycotts resulting in March 2017 sales dropping over 50% compared to just one year prior. Chinese tourism to South Korea also temporarily dropped by a staggering 40%. These escalations resulted in China becoming more unpopular amongst South Koreans than even Japan, with whom they share a complex and controversial history.<sup>99</sup>

The United States and South Korea retain a robust alliance, with U.S. President Barack Obama referring to Seoul as "*one of America's closest allies and greatest friends*".<sup>100</sup> South Korea has aided the U.S in every war it has fought since Vietnam, and the two nations' have shared a mutual defence treaty since the end of the Korean War in 1953.<sup>101</sup> Since then, the U.S. has maintained a deep security alliance and multiple bases in the country, stationing close to 30,000 troops on South Korean soil.<sup>102</sup> Officially these troops are stationed in the South in order to deter against a potential North Korean invasion and to provide tangible commitments to their mutual defence pact. The American presence in South Korea has never been solely about the Korean Peninsula, instead it's one link within a wider strategic network of bases and outposts, created to extend U.S. influence throughout the region. Washington's immediate mission may be to assist deterring and defending against Pyongyang, however, U.S. policymakers have long conceptualised the bilateral alliance within a larger regional framework. Acutely aware of these realities, U.S. troops in South Korea have long acted as a thorn in the side of China. Beijing has vocally opposed additional U.S. troops and weapon defence systems such as THAAD on the peninsular. The close alliance between Washington and Seoul has also complicated dialogue with Beijing around the North Korea question. In the event of Korean reunification China has categorically rejected the prospect of 'U.S. troops against its border'.<sup>103</sup> Although of only theoretical importance at present, with the future of the North Korean regime under constant structural pressure, the lack of a satisfactory resolution to this issue could turn the already complex process of reunification into a regionally destabilising crisis.

---

<sup>98</sup> J Hernández, O Guo & R Mcmorrow. (2017)

<sup>99</sup> Kim Jiyeon. (2017)

<sup>100</sup> H Pickerell. (2011)

<sup>101</sup> S Len. (2004)

<sup>102</sup> United States Forces Korea. (2021)

<sup>103</sup> Institute for Security & Development Policy. (2017)

South Korea's foreign policy has been influenced by close economic ties to China. Despite this, it is unlikely Seoul would willingly commit to a strategic realignment with Beijing and forego the significant benefits the security alliances with Washington brings. The U.S. must still be cognisant that China's growing economic and political sway will continue to test their alliance, pitting South Korea between two ideologically distinct superpowers. How South Korea manages to navigate this relationship will have ramifications for the region for decades to come.<sup>104</sup>

The South Korean economy is highly diversified and dominated by family-owned conglomerates called chaebols with easy access to China's gigantic economy, located right on Seoul's doorstep. This is a blessing, giving the nation access to a rapidly growing market while insulating and stabilising the South's economy from global shocks, such as those seen during the 2008-2009 financial crisis and the COVID-19 pandemic. However, it also leaves Seoul excessively dependent on the Chinese economy, providing Beijing with potential political and economic leverage. Many political and economic institutes have called for Seoul to "reduce Chinese dependence" in trade, amid escalating containment efforts from the U.S.<sup>105</sup> Nevertheless, decoupling their economies is unfeasible due to already existent supply chains and the proximity of the Chinese market. As relations between the U.S. and China deteriorates and the trade war intensifies, South Korea is progressively having to walk a tightrope between Beijing and Washington's interests.

The U.S. and many of its allies have united in banning the Chinese tech company Huawei, with Washington warning allies that adopting Huawei technology in 5G networks could force the U.S. to curtail intelligence sharing. Unfortunately for Seoul, banning Huawei is impractical, with the company accounting for 17% of the country's electronics parts exports. South Korea's SK Hynix, is also the world's number two memory chip maker and counts Huawei as its top customer. This poignant example illustrates the tough choices facing South Korea in the face of diverging U.S.-Chinese interest.<sup>106</sup>

North Korea exists as South Korea's primary adversary and security concern. Meanwhile, North Korea finds its largest, and arguably only, ally in China, who often acts as a mediator between the North and South. This creates interesting diplomatic and political considerations as Seoul attempts to navigate and construct a productive relationship with Beijing and Pyongyang. The end of the Cold War saw economic considerations replace ideology as a defining factor in East Asian relations. Chinese leaders eventually realised that mutual economic interests with the South outweighed long-standing ideological alignment with the North. Due to China's distrust of U.S. troops on its border, maintaining

---

<sup>104</sup> J Chung. (2012)

<sup>105</sup> Council on Foreign Relations. (2010)

<sup>106</sup> J Park & H Yang. (2019)



the status quo and propping up the North Korean regime is desirable, despite North Korea's simultaneous dependence on and defiance of China is viewed increasingly in Beijing as more of a burden than a benefit.<sup>107</sup>

Unlike most of China's neighbours, Seoul and Beijing have few border disputes, with Socotra Rock, submerged even at high tide and straddling both nations Exclusive Economic Zones (EEZ), the only major contention. Although Beijing objected to the building of South Korea's leodo Ocean Research Station on Socotra, the dispute has caused little animosity between the two parties. This is due to international maritime law that stipulates submerged rocks outside of a nation's territorial sea (12 nautical miles) can't be claimed. Although of little practical importance at present, China's territorial disputes with North Korea could be a potentially contentious issue in the event of reunification. China and North Korea share a 1400-kilometre-long border that, broadly speaking, corresponds to the Yalu and Tumen rivers. Border disputes between Beijing and Pyongyang are minor and mainly reflect the poor state of documentation and geographic mapping in the area. As noted previously, however, China has caused alarm with its historical connection to the Kingdom of Koguryo. Officials in South Korea remain worried that these claims could act as an attempt to legitimise future territorial aquations.<sup>108</sup>

## SINO-JAPANESE RELATIONS

Similar to Korea, Sino-Japanese relations begin with the migration of people, culture, and commerce to the archipelago. Japan's geographic isolation meant ideas arrived later than many other regions, often via Korea. Contemporary relations have been shaped mainly by the fallout of the Second World War, Japan's rapid economic rise followed later by China's, and the extremely close relations maintained between the United States and Japan.

With stagnation in Japan and rapid growth in China, 2011 saw 'the Middle Kingdom' overtake 'the Land of the Rising Sun', as the world's second-largest economy. This unrelenting growth was accompanied by mounting Sino-American tension, growing Chinese assertiveness, and rising nationalism in both China and Japan. These geostrategic realities have resulted in a marked deterioration in bilateral and economic relations, including; declining Japanese investment in China, weakening bilateral trade, and decreasing Japanese visitors to China. Despite both regional powers

---

<sup>107</sup> Council on Foreign Relations. (2021)

<sup>108</sup> D Gomà. (2006)

making concerted efforts to maintain relations, it is uncertain how long these attempts will last, considering several unsettled territorial and historical issues.<sup>109</sup>

Japan became the first non-European nation to fully industrialise, during the early 20<sup>th</sup> Century, and ever since its victory in the Russo-Japanese War has been considered a regional power with significant international influence far outside of its small scattered archipelago. The nation's economy and infrastructure were devastated in the Second World War, but with U.S. guidance, the ensuing Japanese economic miracle saw the nation become one of the world's dominant economic and cultural power by the end of the Cold War. Today, the economy of Japan is characterised as advanced and free-market. It is the world's third-largest economy, behind only the U.S. and China. Despite several decades of low economic growth, known as 'the Lost Decade' and expanded by some to become 'the Lost 30 years', the nation's economy remains innovative and export-driven with a high standard of living and the world's highest life expectancy. With a population of 125 million, Japan has less than 1/10<sup>th</sup> the number of inhabitants of China and covers only 4% of the land area. China is Japan's second-largest import partner at 19%, only slightly below the U.S. While China is by far the nation's largest export partner at 23.5% or more than double that of the United States.<sup>110</sup> Insulated from China by sea and protected from China by the U.S., Japan retains a pragmatic approach when conducting international relations. Neither folding to Chinese pressure or reacting in a manner that would be considered overly antagonistic.

Forged in the wake of WWII, the U.S.-Japanese security alliance led to the permanent stationing of U.S. troops on Japanese soil. Adopting a pacifist constitution, both Tokyo and Washington agreed that U.S. protection was in their mutual interests. Since then, American presence has expanded to over eighty military facilities. More service members are permanently stationed in Japan than in any other foreign country. In 2015, Japan reinterpreted its constitution in a move that allowed its military to defend allies for the first time, but only under limited circumstances. These nations expanded the scope of their military operations and forged even closer cooperation on new technologies, such as ballistic missiles. Although attempts to fully reverse state-sponsored pacifism have so far been unsuccessful, the changing geopolitical climate, specifically China's rise, has encouraged Japan to take greater responsibility for its defence. As Beijing continues to assert its dominance in the region and act antagonistically in the South China Sea, Japan will likely feel compelled to take a more proactive approach in its military ventures, and shed its defence-only doctrine permanently.<sup>111</sup>

---

<sup>109</sup> Chiang, MH. (2019)

<sup>110</sup> WITS. (2018). *Japan Trade*

<sup>111</sup> Maizland, L & Xu, B. (2019)

Tensions over territorial disputes regarding the East China Sea islands, known as the Senkaku Islands in Japan and the Diaoyu Islands in China, have increased in recent years. Close to important shipping lanes, rich fishing resources, and located near to potential oil and gas reserves, these eight uninhabited islands and rocks are currently administered by Japan. China claims these islands citing historical ownership, which Japan disputes.<sup>112</sup> In 2012, Tokyo Governor Shintaro Ishihara announced the use of public money to buy the islands from their private Japanese owner. To block this provocative sale from occurring, the Japanese government bought three of the islands. This caused an uproar in China, triggering public and diplomatic protests. Since then, Chinese government vessels have regularly sailed within the area, considered by Japan as its territorial waters. China also announced the creation of a new air-defence identification zone, which covered the islands and would require any aircraft within the zone to comply with rules laid down by Beijing. Japan labelled the move a "unilateral escalation", ignoring it, along with the U.S. who called it "incompatible with international law". The dispute ignited nationalist passions on both sides, putting pressure on politicians to appear tough. This ultimately made a resolution impossible to find, and the disagreement continues to this day.<sup>113</sup>

### **Titan or Tributary?**

Although Beijing and Tokyo continue to cooperate in areas of mutual interests, recent years have seen both further strains on their relationship and periods of reconciliation. This includes during 2014 when China scrambled jets over contested Japanese airspace in the East China Sea. In contrast, China and Japan were able to find significant common ground during the Trump-led U.S-China trade war. This improvement has been attributed to strong personal rapport between the nations' leaders, joint frustration at the Trump administration, and Japan's trade disputes with Washington. The Covid-19 pandemic created an additional avenue for cooperation, with both nations sending medical supplies and personal protective equipment (PPE) during domestic flare-ups.

2021 saw renewed tensions after Japan intensified criticism of China in a government report, labelling the nation as an international security threat. For its part, China responded by taunting Japan over its handling of the Fukushima nuclear disaster.<sup>114</sup> Therefore, it appears that the past decade has been characterised by oscillating between periods of tension followed by a notable improvement in relations. This is a testament to the value both sides place on the relationship and the recognition that a failure to cooperate and move past issues could have grave regional consequences.

---

<sup>112</sup> Koichi, S. (2019)

<sup>113</sup> BBC News. (2014). *How uninhabited islands soured China-Japan ties*

<sup>114</sup> Reynolds, I. (2021)

Many factors influence the stability of Sino-Japanese relations, the most important being how each of the nations' leaders interprets the balance of power in military and economic realms. These nations compete for regional influence and control of territory, especially concerning the Senkaku/Diaoyu islands. In the economic and cultural sphere, China and Japan are tightly interconnected and act on the principle of collaboration over conflict. The age of globalisation, regionalisation, and economic interdependence between Beijing and Tokyo leaves no immediate losers while generating no winners either. China and Japan's relationship remains strained, with both sides continuing to distrust and blame one another for evolving issues. Yet, they remain interdependent for peace and regional stability, and mutual deterrence is effective at preventing military confrontations and embargoes by either side.

## THE SINO-DEPENDENCY INDEXES

The "*Sino-dependency indexes*" I have created will analyse if higher levels of economic reliance on the People's Republic of China are correlated with reduced domestic and foreign policy independence in East Asian-Pacific countries. To achieve this, the index consists of two components. An "*economic entanglement index*" to quantify how economically dependent each nation is on China, and a "*political dependency index*" to quantify how politically independent each nation is from China. By combining these indexes we can then study the relationships between the two and deduce findings of the nature of the relationship. This methodology could theoretically be applied to any nation, regardless of location. Nevertheless, due to research constraints, I will only be analysing the ten East Asian-Pacific countries discussed previously. All data is from 2018, or the most recent year prior in which this data is available.

Each indicator is rated on a scale of 1-10 with 'one' corresponding to negligible levels of Chinese influence/cooperation and 'ten' equating to very significant levels of influence/cooperation. In some instances (free trade agreements for example), the coding is more akin to 'yes/no' instead of a percentage or range of values. When this occurs, our cases will simply be ranked as scoring either 1 or 10. However, due to the nature of the input data, each time a yes/no question is posed there are also additional considerations that impact the final score. For example; a nation not participating in

an agreement (such as Singapore, which doesn't have a mutual defence treaty with the U.S) will score 'one' in this aspect, but due to strong military cooperation with the U.S (in comparison to other nations without a mutual defence pact) Singapore will then have additional points allocated. Likewise, a nation that does participate in an agreement (such as New Zealand in the Belt and Road Initiative) will score a full 10 points for participation, but then have points deducted based on its low level of investment, in comparison to other nations that have also taken part in the initiative.

The rankings are based in comparison to each of the other nations within the metric, rather than every nation globally. This is both due to ease of comparison and because many of these nations share a similar location, geographically close to China and a globalised economy. If countries from other regions were also included for comparison it could lead to multiple case nations being skewed towards either extreme of the scale making it difficult to differentiate between them.

Although consideration was taken as to whether indicators should be weighted based on their impact on bilateral relationships, I have decided that each category will be weighted equally. There are two reasons for this; first, this would complicate the process of calculation and increase rather than decrease the level of subjectivity in my analysis. Second, I have decided to compress less impactful but still important considerations into a final indicator "additional factors". This will allow these considerations to also be measured without having the same impact on results as other more impactful indicators.

My "*economic entanglement index*" is the first of two metrics that I will create to measure if higher levels of economic reliance on the People's Republic of China is correlated with reduced domestic and foreign policy independence in East Asian-Pacific countries. This metric will contain multiple indicators that will be measured between each of the 10 case countries and China;

- **Trade Balances:**
  - Percentage of trade conducted with the PRC (imports/exports)
- **Trade Harmonisation;**
  - The existence of free trade agreements, tariffs, and sales restrictions on Chinese products
- **Foreign Debt**
  - Total Chinese debt and equity claims in percent of GDP
- **Foreign Direct Investment**
  - Chinese foreign direct investment as a percentage of GDP
- **Foreign Aid**
  - Chinese official aid and grants as a percentage of GDP

- **Additional Factors**

- International students, military equipment sales, international tourism, and critical resources/vital industries

My “*political dependency index*” is the second of two metrics that I will create to measure if higher levels of economic reliance on the People’s Republic of China is correlated with reduced domestic and foreign policy independence in East Asian-Pacific countries. This metric will also contain multiple indicators that will be measured between each of the 10 case countries and China;

- **U.S. military support;**

- Stationing of U.S. military troops or bases on national soil, an active collective defence treaty

- **Belt and Road Initiative (BRI);**

- Is the nation participating in the BRI, how significant is the investment as a percentage of GDP

- **Restrictions on contracts to Chinese technology firms;**

- Have businesses such a Huawei been blocked from operating due to security concerns

- **International Support for China**

- How often does a nation vote for, against, or abstain from Chinese resolutions at the UN, condemnation of China regarding Hong Kong, South China Sea and Xinjiang Uyghur controversies.

- **Additional Factors**

- Historical connections, public opinion, Chinese diaspora

<b>Assessment Key</b>	
Low	1-3
Moderate	3-7
High	7-10

# ECONOMIC ENTANGLEMENT INDEX

## THE INDICATORS: TRADE BALANCES

Exports are a valuable tool for growth in modern economies because they offer people and firms significantly larger markets for selling their goods. Fostering economic trade and encouraging exports for the benefit of all trading parties is one of the most important foreign policy objectives of many advanced nations. Imports, in contrast, allow a nation to supply non-existent, scarce, high cost or low-quality products and services to its market from other countries. Utilising economies of scale and comparative advantage, this increased efficiency can lead to lower-cost items which in turn allows consumers to purchase more products and stimulate economic growth. Since its ascension to the World Trade Organisation (WTO) in 2001, China has rapidly increased its share of exports and imports amongst nations around the world. As of 2018, China is the largest trading partner (based on bilateral trade flows - both imports and exports) of most nations within the scope of this analysis.<sup>115</sup>

Trade Balances	
Australia	10
Indonesia	2.5
Japan	5.5
Malaysia	4
New Zealand	8
Philippines	1
Singapore	2.5
South Korea	8
Thailand	3.5
Vietnam	2

Trade balances represent the difference between how much a country imports and how much it exports. When implemented correctly, these agreements can let trading partners specialise in their strengths creating wealth for consumers. If executed wrong, they can harm labour markets and create problems for savings and investment. Although trade deficits are inherently neutral there is a strong public perception that trade deficits are detrimental to a national economy and trade surpluses should be an objective. Nations that export significantly more than they import from another country can lead to complications as they can be left over-reliant on said nation to purchase its products and support its domestic economic sectors. In general, it is also easier, and less disruptive to the domestic economy, to find new suppliers rather than new buyers. Therefore, in the context of this analysis over-reliance on exports to China will be seen as a negative factor, indicating higher economic reliance on China. The total

trade balance will be calculated as a percentage of total trade to China rather than a raw figure to avoid larger economies appearing disproportionately exposed to Chinese pressure.

---

<sup>115</sup> International Monetary Fund. (2020). *Direction of Trade Statistics (DOTS)*

The expansion of globalised trade has been conducive to massive economic growth both within China and the other ten economies analysed. Nevertheless, as China's economic clout continues to increase many nations worry that they are becoming overly dependent on Chinese trade flows. With concerns that China will use this trade as a mechanism to coerce nations into not criticising Beijing on the world stage and create an asymmetric relationship where, as a new regional hegemonic power, China is able to operate with de facto impunity outside the parameters of international law.

The following table depicts each nation's five largest export and import partners;

- Australia:** 34.8% China, 16.4% Japan, 7.0% Korea, 4.9% India, 3.8% U.S. - (32.1%)<sup>116</sup>  
**Indonesia:** 15.1% China, 10.8% Japan, 10.3% U.S., 7.6% India, 7.2% Singapore - (35.9%)<sup>117</sup>  
**Japan:** 19.5% China, 19.0% U.S., 7.1% Korea, 5.7% Vietnam, Hong Kong 4.7% - (36.5%)<sup>118</sup>  
**Malaysia:** 13.9% China, 13.9% Singapore, 9.1% U.S., 7.5% Hong Kong, 6.9% Japan – (37.4%).<sup>119</sup>  
**New Zealand:** 24.2% China, Australia 15.9%, 9.6% U.S., 6.1% Japan, 3.0% Korea – (34.6%)<sup>120</sup>  
**Philippines:** 15.7% U.S., 14.2% Hong Kong, 14.0% Japan, 12.9% China, 6.3% Singapore – (50.2%)<sup>121</sup>  
**Singapore:** 12.2% China, 11.8% Hong Kong, Malaysia 10.9%, Indonesia 8.0%, 7.7% U.S. – (38.4%)<sup>122</sup>  
**South Korea:** 26.8% China, 12.1% U.S., 8.0% Vietnam, 7.6% Hong Kong, 5.1% Japan – (32.8%)<sup>123</sup>  
**Thailand:** 12% China, 11.1% U.S., 9.9% Japan, 5.1% Vietnam, 5.0% Hong Kong – (31.1%)<sup>124</sup>  
**Vietnam:** 19.3% U.S., 16.5% China, 7.8% Japan, 6.9% Korea, 3.5% Hong Kong - (37.5%)<sup>125</sup>

\*per cent in brackets denotes sum of top five largest import/export partners excluding China.

The following table depicts the total trade balance (exports minus imports);<sup>126</sup>

- |  |  |
|--|--|
| <b>Australia:</b> -54.7% (trade surplus)   | <b>Indonesia:</b> 26.6% (trade deficit)    |
| <b>Japan:</b> -18.4% (trade surplus)       | <b>Malaysia:</b> -27.6% (trade surplus)    |
| <b>New Zealand:</b> -47.7% (trade surplus) | <b>Philippines:</b> 70.5% (trade deficit)  |
| <b>Singapore:</b> 48.1% (trade deficit)    | <b>South Korea:</b> -46.7% (trade surplus) |
| <b>Thailand:</b> -4.3% (trade surplus)     | <b>Vietnam:</b> 31.1% (trade deficit)      |

<sup>116</sup> WITS. (2018). *Australia Trade*

<sup>117</sup> WITS. (2018). *Indonesia Trade*

<sup>118</sup> WITS. (2018). *Japan Trade*

<sup>119</sup> WITS. (2018). *Malaysia Trade*

<sup>120</sup> WITS. (2018). *New Zealand Trade*

<sup>121</sup> WITS. (2018). *Philippines Trade*

<sup>122</sup> WITS. (2018). *Singapore Trade*

<sup>123</sup> WITS. (2018). *Republic of Korea Trade*

<sup>124</sup> WITS. (2018). *Thailand Trade*

<sup>125</sup> WITS. (2018). *Vietnam Trade*

<sup>126</sup> WITS. (2018). *China trade balance, exports and imports by country 2018*



## THE INDICATORS: TRADE HARMONISATION

The trade harmonisation indicator refers to the existence of free trade agreements (FTA) and/or the existence of tariffs and sales restrictions on Chinese domestic goods and products. In the globalised economy of the 21<sup>st</sup> century, higher levels of trade harmonisation result in reduced barriers to exports and imports from foreign markets. This helps to ease the flow of commerce and trade between nations and also works as a proxy to gauge the level of political relations between nations. Positive and robust relations over extended periods are often necessary prerequisites for free trade agreements. Due to the complexity and time needed to reach and break away from these agreements, however, their existence may reflect positive past, rather than present, political relations.

Free trade agreements reduce barriers to imports and exports between countries by eliminating all or most tariffs, quotas, subsidies, and prohibitions. In contrast, tariffs are a tax imposed by governments on imports or exports of goods. Besides being a source of revenue they also act as a form of regulation encouraging and safeguarding domestic industries.

Trade Harmonisation	
Australia	2
Indonesia	6.5
Japan	1
Malaysia	6.5
New Zealand	10
Philippines	6.5
Singapore	9
South Korea	3
Thailand	6.5
Vietnam	6.5

Although multinational FTAs require significant diplomatic and negotiation skills, block FTAs likely reflect different national priorities and strategies than bilateral ones. Multilateral reductions in trade barriers may reduce political opposition to free trade because groups that otherwise would oppose or be indifferent to trade reform might join the push for free trade if they see opportunities for exporting to all other countries in the trade agreement. It is also reasonable to assume that strong political will is necessary to implement and maintain free trade agreements.<sup>127</sup> Therefore, for this indicator, trade agreements that were signed earlier and between individual countries, rather than trading blocks, are weighted higher.

The following table depicts Free Trade Agreements with China and dates signed<sup>128</sup>

<sup>127</sup> Irwin, D. (2016)

<sup>128</sup> Ministry of Commerce. (2021)

**Australia:** YES – 2015  
**Japan:** NO – TBC  
**New Zealand:** YES – 2008  
**Singapore:** YES – 2008  
**Thailand:** YES (AESEN) – 2010

**Indonesia:** YES (AESEN) - 2010  
**Malaysia:** YES (AESEN) - 2010  
**Philippines:** YES (AESEN) -2010  
**South Korea:** YES - 2015  
**Vietnam:** YES (AESEN) – 2010

Due to the varying levels of comprehensiveness and the phased nature of FTAs, I also compare the “Dutiable Tariff” share of each of the countries. This is the percentage of goods exchanged between China and each of the ten nations that have tariffs applied. This data is from 2018, it does not reflect the evolution in trade relations since then.

Dutiable Tariffs<sup>129</sup>

**Australia:** 72.5%  
**Japan:** 91.9%  
**New Zealand:** 2.1%  
**Singapore:** 3.6%  
**Thailand:** 5.2%

**Indonesia:** 5.3%  
**Malaysia:** 5%  
**Philippines:** 3.5%  
**South Korea:** 82.6%  
**Vietnam:** 4.7%

---

<sup>129</sup> WITS. (2018). *China trade balance, exports and imports by country 2018*

## THE INDICATORS: FOREIGN DEBT

Unlike the previous two indicators, foreign debt is a much murkier topic. A 2020 report found that in developing countries 50% of China’s lending was not reported to the IMF or World Bank. These hidden debts “distort policy surveillance, risk pricing, and debt sustainability analyses.” Since China’s overseas lending is almost entirely state-controlled, the ability to manipulate and distort data means that a full picture is difficult to formulate.

Foreign or external debt is the total debt borrowed by a government which the country owes to foreign creditors. Foreign debt can be weaponised and used as a diplomatic tool. For example, if China were to begin dumping a nation’s debt, this could trigger a sell-off in the bond market, sending interest rates higher and potentially hurting economic growth. These strategies could backfire for China when dealing with larger nations, like the United States. For example, a sudden sell-off could cause the

Foreign Debt	
Australia	7
Indonesia	2
Japan	5
Malaysia	9
New Zealand	1
Philippines	1.5
Singapore	10
South Korea	1.5
Thailand	1.5
Vietnam	8

U.S. dollar to fall against the yuan, making Chinese exports more expensive. The weaker dollar would result in China earning less money on its bond sales. China’s massive size, in comparison to most of

the nations within the scope of my research, means that the domestic economic costs would be minimal. This potentially decreases the fallout for Beijing, while leaving the other nations within my research exposed to Chinese pressure.

The following dataset combines total Chinese debt and equity claims in per cent of the recipient country GDP in 2017. The figure combines the equity flow data presented above with the data on direct lending, the data on portfolio debt holdings (bond purchases), as well as lending via trade credits.

### **Total Chinese Claims (total debt plus equity) – In percent of national GDP<sup>130</sup>**

**Australia:** 10.7%

**Japan:** 8.7%

**New Zealand:** 2.0%

**Singapore:** 15.5%

**Thailand:** 2.4%

**Indonesia:** 2.7%

**Malaysia:** 14.0%

**Philippines:** 2.4%

**South Korea:** 2.3%

**Vietnam:** 11.8%

<sup>130</sup> Horn, S., Reinhart, C. & Trebesch, C. (2019)

## THE INDICATORS: FOREIGN DIRECT INVESTMENT (FDI)

Foreign direct investment (FDI) is a category of cross-border investment where investors from one nation (either individuals or corporations) establish a degree of financial influence over an enterprise in another economy. FDI is a key element in international economic integration because it creates stable and long-lasting links between economies. FDI is also an important channel for the transfer of technology between countries. It promotes international trade through access to foreign markets and can be an important driver of economic development.

FDI	
Australia	3.5
Indonesia	1
Japan	7.5
Malaysia	7
New Zealand	3.5
Philippines	3
Singapore	10
South Korea	4.5
Thailand	2
Vietnam	5.5

For most nations within the scope of this analysis, the positive implications of foreign development have significantly outweigh the negatives. Despite this, the rapid increase of Chinese FDI has led to increasing discontent within many nations, as they worry about the political and social implications of this huge influx of capital. It has long been noted that Chinese FDI is often delivered with implicit strings attached, potentially acting as a Trojan Horse and impacting domestic norms, especially in regards to human rights and labour laws. The surge of Chinese investment could also potentially affect institutional processes, exerting both centrifugal and centripetal pressures on regional integration and relations. As a result, each nation must attempt to find a balance between ensuring the benefits from Chinese FDI, from job creation to productivity gains, while also protecting from its harmful effects.<sup>131</sup>

Chinese FDI in 2018, varied by more than a factor of 10 between nations within my research scope.

### Chinese foreign direct investment (vs annual GDP %)<sup>132</sup>

**Australia:** \$289 million (1.9%)

**Japan:** \$3.8 billion (7.1%)

**New Zealand:** \$33 million (1.7%)

**Singapore:** \$5.2 billion (13.9%)

**Thailand:** \$46 million (0.9%)

**Indonesia:** \$32 million (0.3%)

**Malaysia:** \$212 million (6.3%)

**Philippines:** \$50 million (1.2%)

**South Korea:** \$4.7 billion (3.0%)

**Vietnam:** \$139 million (4.1%)

<sup>131</sup> Meunier, S. (2012)

<sup>132</sup> China Statistical Yearbook. (2019)

## THE INDICATORS: FOREIGN AID

Broadly speaking, foreign aid is defined as a voluntary transfer of resources from one country to another in the form of gifts, grants, or loans. This aid can include, but isn't limited to military projects, humanitarian, and grants or loans at preferable lending rates. Foreign aid is important because no international assistance is apolitical. It is often used as a diplomatic tool enabling a nation to garner diplomatic recognition, support for its positions in international organisations, or to increase its

Foreign Aid	
Australia	1
Indonesia	8
Japan	1
Malaysia	4.5
New Zealand	2
Philippines	4.5
Singapore	1
South Korea	1
Thailand	2
Vietnam	10

diplomats' access to foreign officials. Other purposes of foreign aid include promoting a country's exports (e.g., through programs that require the recipient country to use the aid to purchase the donor country's agricultural products or manufactured goods) and spreading its language, culture, or religion.<sup>133</sup>

This final element of the '*economic entanglement index*' measures official Chinese aid commitments. These include Official Development Assistance (ODA) - standard 'aid' as well as concessional >25% grant elements primarily intended for development and welfare. And Other Official Flows (OOF), which includes non-concessional <25% grant elements primarily intended for commercial or representational purposes.

### Chinese aid and official flows (vs Annual GDP)<sup>134</sup>

**Australia:** None

**Japan:** None

**New Zealand:** \$7.2 million (0.0%)

**Singapore:** None

**Thailand:** \$15.2 million (0.0%)

**Indonesia:** \$9.3 billion (0.8%)

**Malaysia:** \$1.3 billion (0.4%)

**Philippines:** \$1.5 billion (0.4%)

**South Korea:** None

**Vietnam:** \$4.3 billion (1.3%)

<sup>133</sup> Williams, V. (2020)

<sup>134</sup> AIDDATA. (2021)

## THE INDICATORS: ADDITIONAL FACTORS

This final indicator takes into account additional factors that could also impact the economic relationship between China and the nations of my analysis. Many of these factors have been discussed in greater detail in the regional case study section. Although important to consider when analysing levels of economic entanglement, these components are less impactful than the indicators discussed earlier. Therefore, these factors have been merged into a single indicator score to make sure that the weighting is consistent with their impact on the economic relationships with China. Some of the components that may influence the ‘*additional factors indicator*’ include, but are not limited to:

**International students:** International students provide important revenue for universities. This is especially important in English speaking countries like Australia and New Zealand as well as high-income nations such as Japan and South Korea, which are popular with Chinese students.<sup>135</sup> On the flip side, the high numbers of students can leave universities overexposed to Chinese influence through Confucius institutes. In addition, universities may feel compelled to self-censor rhetoric critical of the CCP due to fear that their revenue stream may be severed by Beijing.

**Military equipment sales (from China):** Arms sales are important to many of the world’s leading powers as they often allow for easier interoperability between militaries from other nations. This

Additional Factors	
Australia	3.5
Indonesia	5.5
Japan	3
Malaysia	4
New Zealand	6
Philippines	5.5
Singapore	4.5
South Korea	5
Thailand	8
Vietnam	4.5

makes conducting bilateral and multilateral exercises easier and more effective. In addition, the sale of military equipment helps a nation recuperate some of the costs of research and development, encouraging further advancements and innovation. They also provide the supplying nation with leverage as the threat of restricting sales can create expensive headaches as they are forced to source other suppliers, retrain, and replace infrastructure specific to their current equipment. China is the world’s fifth-largest arms exporter despite making up only 5.2% of the global total. Chinese arms exports to Indonesia, and a lesser extent Thailand, make up an important component of their war-waging capabilities.<sup>136</sup>

**International tourism:** China is the world’s largest source of international tourists, ranking as either first or second in terms of market share for all 10

<sup>135</sup> UNESCO. (2019)

<sup>136</sup> Wezeman, P., Kuimova, A. & Wezeman, S. (2021)

of the nations within this analysis. Many nations such as the Philippines, Thailand, and New Zealand are heavily reliant on the industry for job creation and as a source of growth.<sup>137</sup> China's huge population and growing middle class could impact the case nation abilities to shape policy out of fear that China may reduce the flow of tourists and damage their domestic economies.

**Critical resources/vital industries:** Possessing critical natural resources or industries that specialise in technologically advanced products can help limit economic dependence on China. This is because China may be unwilling to sever economic or diplomatic ties, despite provocations, for fear of losing access to these resources. This provides additional scope for the exporting nation to forge its own path, independent of Beijing's influence. Overdependence on exporting these products may have counterproductive impacts, however, as China may be able to use this as economic leverage. This is especially true if China's dependence on the resource or product decreases or if new suppliers can be acquired.

Final Results (EEI)	
Australia	4.5
Indonesia	4.3
Japan	3.8
Malaysia	5.8
New Zealand	5.1
Philippines	3.7
Singapore	6.2
South Korea	3.8
Thailand	3.9
Vietnam	6.1

## FINAL RESULTS;

The final results of my economic entanglement index are shown below. As this graph indicates, Singapore and Vietnam are the most economically dependent on China while the Philippines is considered the least dependent. Now that the level of economic entanglement between each of the ten cases and China has been established, we can begin to look at the second index, political dependency, in an attempt to discover which nations have the greatest political dependency on China.

<sup>137</sup> World Bank. (2020). *International tourism, number of departures - China*

## POLITICAL DEPENDENCY INDEX

Unlike the *'economic entanglement index'*, the *'political dependences index'* is open to more subjectivity and interpretation, due to the nature of the input data. Nevertheless, I will attempt to back up my scores with sound logic and reasoning based on quantitative and qualitative data. By creating a methodologically robust index, I will not only shed light on the level of dependency each of the case nations has on China, but will also allow me to compare, contrast, and combine my two indexes to study the relationship between economic and political dependency. A higher score indicates higher levels of political dependence on China, while a lower score infers greater political autonomy.

### THE INDICATORS: U.S. MILITARY SUPPORT

Since the end of the Second World War, military alliances with the United States have been considered the gold standard for guaranteed security. This is due to the nation's status as the world's pre-eminent military power and sole superpower. Through organisations such as NATO, the U.S. provides mutual defence to much of Europe. In the East Asia Pacific, individual and small multilateral treaties provided nations such as Australia, New Zealand, Thailand, Philippines, Japan, and South Korea with similar protections.<sup>138</sup>

U.S Military Support	
Australia	1
Indonesia	5
Japan	1
Malaysia	4
New Zealand	1.5
Philippines	3.5
Singapore	3.5
South Korea	1
Thailand	3
Vietnam	8

This protection provides nations with a sense of security, in the face of growing Chinese military and diplomatic pressure in the East-Asia Pacific region. This may allow them more flexibility in pursuing independent domestic and foreign policy that could potentially go against Chinese interests and otherwise cause contention. Even if relations were to deteriorate, the American defence guarantee can provide assurance that a diplomatic or trade spat won't escalate further into a military confrontation. Additionally, the presence of permanent U.S. troops on a nation's soil, as in South Korea and Japan and to a lesser extent Singapore, the Philippines and Thailand could be interpreted as the ultimate safeguard. Although this can also act to strain relations and limit the areas of mutual cooperation between said nation and China.

<sup>138</sup> U.S. Department of State. (2017)



The purchasing of military equipment from the United States is another important factor to consider when assessing the level of military support provided by Washington. With the most advanced military on Earth, American arms sales provide a technological advantage to nations that are able to negotiate acquisitions of their equipment.<sup>139</sup>

The U.S. led FVEY intelligence sharing agreement includes both Australia and New Zealand, allowing for high-level cooperation on security threats and a further strengthening of relations. Finally, the size and frequency of joint military exercises, operations, and deployments are an important hallmark of military support. These articulate both the resolve of bilateral relations and the intent of future cooperation.

## THE INDICATORS: BELT AND ROAD INITIATIVE (BRI)

For this indicator, I debated whether to include it within the “Economic Entanglement Index” due to the Belt and Road Initiative (一帶一路) having significant economic implications to the countries involved. Nevertheless, I chose to include it within the “Political Dependence Index” for the following reasons.

1. Economic cooperation is largely unavoidable given the size and globalised nature of China’s economy. In contrast, participation within the BRI is voluntary. As a result, involvement in the infrastructure project likely reflects political ambitions, calculated domestic political manoeuvring, and geopolitical strategies more so than it pertains plainly to economic considerations.
2. At some level, all indicators within this index include economic components. Military arms sales and bans on technological firms are just two examples of the economic implications of indicators from within the “Political Dependence Index”. Therefore, for consistency’s sake, it seems logical to place the BRI indicator within the “Political Dependence Index”.

---

<sup>139</sup> Wezeman, P., Kuimova, A. & Wezeman, S. (2021)

BRI	
Australia	1
Indonesia	5
Japan	1
Malaysia	7.5
New Zealand	4
Philippines	3
Singapore	10
South Korea	3
Thailand	3
Vietnam	5

BRI is a global infrastructure development strategy initiated by the Chinese government in 2013. It seeks to connect Asia with Africa and Europe via land and maritime networks to improve regional integration, increasing trade and stimulating economic growth. As of 2020 nearly 140 countries have joined the Belt and Road Initiative by signing a Memorandum of Understanding (MoU) with China.<sup>140</sup>

The initiative has prompted widespread academic analysis and polarised politicians, with many viewing the investment in infrastructure as a vital component to enhancing development and interconnectivity of poorer regional blocks and economies. In contrast, nations such as the United States, and more recently Australia, have become vocal opponents of Beijing's initiative. They cite the creation of a Sino-centric international trade network with the prospect of debt-trap diplomacy and increasing

Chinese political influence as major downsides of the proposal.

The following data illustrates China's BRI spending since the projects announcement in 2013 through to 2020, compared to annual GDP.<sup>141</sup>

**Australia:** NO - \$0

**Japan:** NO - \$0

**New Zealand:** YES - \$2.3 billion (1.2%)

**Singapore:** YES - \$27.4 billion (7.3%)

**Thailand:** YES - \$3.9 billion (0.7%)

**Indonesia:** YES - \$18.9 billion (1.6%)

**Malaysia:** YES - \$13.4 billion (4.0%)

**Philippines:** YES - \$2.2 billion (0.5%)

**South Korea:** YES - \$8.9 billion (0.6%)

**Vietnam:** YES - \$5.8 billion (1.7%)

<sup>140</sup> European Bank for Reconstruction and Development. (2015)

<sup>141</sup> American Enterprise Institute. (2021)

## THE INDICATORS: RESTRICTIONS ON HUAWEI

This indicator explores the stances different nations have taken in regards to the Chinese technology firm Huawei. Throughout the past decade, the Chinese firm has risen from obscurity to one of the world's biggest makers of equipment for fifth-generation (5G) mobile networks. Its capacity has caused unease, however, as many nations worry that Huawei's equipment might come with deliberate security holes that could act as conduits for Chinese spies or cyber-saboteurs.<sup>142</sup>

Within the East-Asia Pacific region, treatment towards the tech company varies significantly. From

Huawei Restrictions	
Australia	1
Indonesia	7.5
Japan	1
Malaysia	7.5
New Zealand	2.5
Philippines	10
Singapore	7.5
South Korea	10
Thailand	7.5
Vietnam	2.5

slight wariness in the Philippines and South Korea to outright hostility is Japan and Australia, which have completely banned the company. Other nations such as New Zealand and Singapore have attempted to walk a more moderate approach by intentionally selecting alternative firms to coordinate and supply their 5G network rollout, without specifically prohibiting the tech giant.

Banning a multibillion-dollar Chinese tech company under the guise of espionage, either implicitly or explicitly, is a consequential political statement. It takes significant confidence in one's economic and geopolitical position to be able to implement a ban without straining Sino relations. Washington's strong rhetoric against Huawei also sheds light on the relationships these nations maintain with the United States, and the level of political dependency, or lack thereof, that they retain.<sup>143</sup>

<sup>142</sup> The Economist. (2019). *Huawei is at the centre of political controversy*

<sup>143</sup> Bloomberg. (2021)

## THE INDICATORS: INTERNATIONAL SUPPORT

How countries vote in international organisations such as the United Nations (UN), and the issues they choose to champion, speak volumes to the ideals and values they hold dear. Nevertheless, China retains a veto power at the UN Security Council due to its position as a permanent member. Therefore, since July 2016, a total of zero resolutions have been proposed pertaining to situations regarding China’s domestic or international conduct.

Due to the large number of resolutions passed in the United Nations general assembly, however, I decided to analyse the voting patterns of the 10 case nations and compare them to China’s voting record. The results below display how often each country voted in agreement with China in the general assembly between 2012-2019.<sup>144</sup>

**Australia:** 41.2%

**Japan:** 53.7%

**New Zealand:** 52.0%

**Singapore:** 78.0%

**Thailand:** 76.3%

**Indonesia:** 77.2%

**Malaysia:** 78.4%

**Philippines:** 77.1%

**South Korea:** 50.6%

**Vietnam:** 79.5%

Internat. Support	
Australia	1
Indonesia	9
Japan	3
Malaysia	9
New Zealand	3
Philippines	9
Singapore	9
South Korea	5
Thailand	9
Vietnam	10

Despite being unable to use the UNs formal dispute resolution apparatuses to challenge and critique Chinese policy, in 2020 a cross-regional group of 39 United Nations member states issued a stark rebuke of the Chinese government actions. Citing grave concern about the human rights situation in Xinjiang and the recent developments in Hong Kong they called on China to allow immediate, meaningful, and unfettered access to Xinjiang for independent observers. Of the ten case nations, only Australia, New Zealand, and Japan criticised China in this statement, only 30%.<sup>145</sup> This is despite some nations, such as South Korea, having vibrant democracies. And others, such as Singapore, hold the rule of law and due process in the highest regard. This serves to highlight the clout Beijing holds over the region as well as which nations feel they retain the political independence to speak out against China, regardless of the possibility of backlash.

<sup>144</sup> Yiqin, F. (2018)

<sup>145</sup> Permanent Mission of Germany to the UN. (2020)

## THE INDICATORS: ADDITIONAL FACTORS

This final indicator takes into account additional factors that could also impact the political relationship between China and the nations of my analysis. These factors may be discussed in greater detail later in the regional case study section. Although still important to consider when analysing levels of political dependency, these components are less impactful than the indicators discussed earlier.

Therefore, these factors have been merged into a single indicator score to make sure that the weighting is consistent with their impact on their political relationships with China. Some of the components that may influence the ‘additional factors indicator’ include, but are not limited to:

**Historical Connections:** Some of the case nations, such as Vietnam and South Korea, have complex historical relations with China, spanning thousands of years of cross-cultural influences. In contrast, New Zealand and Australia have barely been independent of British rule for a century, and until fairly recently Chinese influence within their societies and culture has been negligible. The closeness of cultural connections with China is important for two reasons. First, nations that are already familiar with Chinese customs, religion, and language may be more willing to adopt and embrace Chinese cultural exports. Second, China’s present mindset is often grounded in its extensive history as the world’s oldest civilisation state. Therefore the leadership in Beijing may hold different expectations about how nations with a close historical association should react, compared to nations that are more culturally and geographically distinct.

Additional Factors	
Australia	4
Indonesia	6
Japan	2
Malaysia	8
New Zealand	5.5
Philippines	4.5
Singapore	8.5
South Korea	4
Thailand	4.5
Vietnam	6.5

**Public Opinion:** Public sentiment regarding Chinese investment, encroachment, or influence can range from benevolent assistance, to hesitant ambivalence, to outright hostility. This range of views can be found in even the most pro and anti-Chinese nations. In general, public opinion polls and political demonstrations can give accurate views on how the average citizen regards Beijing. The state of democratic institutions and level of political freedoms can impact how a government responds to public opinion and this has also been taken into account. In the “Economist Intelligence Unit’s 2020 Democracy Index”, New Zealand is ranked 4<sup>th</sup> while Vietnam is ranked 137<sup>th</sup>, out of 167 countries. As a result, even if the public opinion of these two countries was similar, the way this manifests in regards to policy and political rhetoric would likely be vastly different.<sup>146</sup>

<sup>146</sup> Pew Research. (2021). Global Indicators Database

**Chinese Diaspora:** The total number of ethnic Chinese living within a nation can be difficult to measure. This is due to questions regarding how to consider second or third-generation Chinese immigrants, and how ethnic Chinese communities who have lived for decades or centuries in specific countries should be counted. As a result, I will focus mainly on those who A) speak Chinese and B) identify on official documents such as censuses as Chinese. Ethnic Chinese, especially those who speak the language, likely consume Chinese media, exposing them to the rhetoric of the CCP and potentially making them more sympathetic to their causes. If the number of ethnic Chinese in a country is large enough this can impact public opinion. Likewise, a large Chinese community could create public backlash with locals expressing xenophobic views against them and potentially hardening views against mainland China themselves. In some nations such as Malaysia and Indonesia, and to a lesser extent Australia and New Zealand ethnic Chinese are often seen as wealthy and money savvy. If economic conditions deteriorate this group could also be used as a scapegoat and implicated as the cause of suffering by the native population.<sup>147</sup>

<b>Final Results (PDI)</b>	
Australia	1.6
Indonesia	6.5
Japan	1.6
Malaysia	7.2
New Zealand	3.3
Philippines	5.9
Singapore	7.7
South Korea	4.4
Thailand	5.4
Vietnam	6.4

## FINAL RESULTS;

The final results of my political dependency index are shown below. As this graph indicates, Singapore is the most economically dependent on China while Australia is considered the least dependent. Now that the level of political dependency between each of the ten cases and China has been established, we can begin to analyse the data for trends and correlations to discover if there is a relationship between these two indexes and, if so, what is causing these interactions.

<sup>147</sup> Poston, D & Wong, J. (2016)

# DISCUSSION OF RESULTS

To explore the data and working formula underlying the below results please check **Appendix B: Research Data and Spreadsheet**.

## ECONOMIC ENTANGLEMENT INDEX

Analysis of the results from my “*economic entanglement index*” demonstrate a moderate and varying degree of spread in the economic dependence score between each of the ten case nations and China. Singapore ranks first for the highest levels of economic dependence with Vietnam a close second and Malaysia not far behind in third place. At the opposite end of the spectrum, the Philippines is considered the nation least economically dependent on China, with Japan and South Korea jointly sharing second place.

Despite the varying degrees of dependency, these results indicate that, in general, there is a lower variation of economic dependency compared to political dependency. This is likely due to many of the indicators for economic dependency sharing no overlap. That is, indicators such as foreign aid have little to do with other indicators such as trade balances, in fact, my research shows that these two indicators actually share an inverse relationship. Because of this, case nations would often score extremely low in some categories and very high in others. The implication of this is an averaging across all indicators resulting in a spread of only 15 points, which is significantly less than the spread for the “*political dependency index*” at 31.5 points, more than double.

### **Trade Balances**

These results indicated that Australia, New Zealand and South Korea had the highest trade balance dependency on China. This was the only category in either index where Australia ranked as the most dependent on China. China’s decision to ban Australian imports and increase tariffs on their products mirrors the results of this indicator. Trade balances are one area in bilateral relations where Beijing retains considerable leverage and is most fruitful for coercing concessions from Australia. It would be beneficial for Australia to reduce its trade balance dependency on China, given the current diplomatic and trade issues between Beijing and Canberra

In contrast, the Philippines, Vietnam, and Singapore have the lowest trade balance dependency. Of these three nations, only Singapore has China as its largest trading partner (albeit by less than half a

percentage point) and all three feature a large trade deficit with China. It was interesting that both Singapore and Vietnam ranked as the least dependent for this indicator seeing as they were two of most economically dependent nations within the EEI.

### **Trade Harmonisation**

Counterintuitive to what I expected, there was no relationship between trade balances and trade harmonisation. These results gave me the confidence to include trade harmonisation as a separate metric rather than merging it with the trade balance indicator since both measure distinctly different activities. For this metric, Japan, South Korea, and Australia ranked as having the lowest levels of trade harmonisation with China, despite Australia and South Korea ranking as the nations with the highest levels of trade balance dependency. In contrast, New Zealand, Singapore, and several ASEAN countries exhibited the highest levels of trade harmonisation with China. These results were particularly interesting as New Zealand had one of the highest levels of trade balance dependency, while Singapore had one of the lowest. The lack of a relationship between these two trade based indicators demonstrates just how complex the relationship between seemingly similar metrics can be.

### **Foreign Debt**

New Zealand, South Korea, and Thailand demonstrated the lowest levels of foreign debt, respectively. In contrast, Singapore, Malaysia, and Vietnam maintain the highest levels of Chinese owned foreign debt. Singapore's Chinese owned debt levels are over eight times higher than New Zealand's. This could be detrimental to Singapore's economic prosperity since, due to China's significantly larger economy, they could hypothetically dump Singaporean debt in the bond market, causing interest, inflation, and currency shocks. By reducing levels of Chinese owned debt, Singapore could reduce this risk.

### **Foreign Direct Investment (FDI)**

This metric indicated that Indonesia, Thailand, and the Philippines are the least dependent on Chinese FDI. These three nations are also some of the poorest nations (GDP per capita) within my research scope. Meanwhile, Singapore, Japan, and Malaysia are the nations with the highest levels of Chinese FDI, respectively. Except for Malaysia, which ranks close to average, these results indicate that there may be some relationship between higher levels of GDP per capita and higher levels of Chinese FDI. This could be a share coincidence yet may also be due to Chinese preferences to invest in already developed markets or the ability to generate higher revenues in mature economies. The spread between national values is significant, with Chinese FDI below 1% of annual GDP in Thailand and almost 14% of annual GDP in Singapore. Again, Singapore would benefit from decreasing its reliance on Beijing for FDI or expect to be forced to comply with Beijing's wishes. If they failed to do so, the City-State could expect to face economic consequences as Australia has recently experienced.



### **Foreign Aid**

In 2018, Australia, Japan, Singapore, and South Korea received no Chinese aid and official flows. Thailand and New Zealand also received such negligible amounts that they barely register as a percentage of GDP. On the other hand, Vietnam received the largest foreign aid sums at 1.3% of GDP, with Indonesia not far behind at 0.8%. Although these numbers might seem small, in Vietnam this equates to US\$4.3 billion and in Indonesia US\$9.3 billion. These sums come with little immediate strings attached and represent an important revenue source for the nation's governments. The nature of foreign aid, however, makes it incredibly susceptible to domestic politics. China's ability to increase or sever these cash flows provides it with significant leverage, should it choose to wield it. As mentioned earlier, the data showed a strong negative correlation between trade and foreign aid. This could be indicative of many factors ranging from economic development to political whim.

### **Additional Factors**

A wide variety of factors, including international students, military equipment sales (from China), international tourist numbers, and the availability of critical resources/vital industries influenced this final indicator. Thailand ranked first, as the most economically dependent on China, followed by New Zealand. These results reflect Bangkok's overreliance on tourism from China as one of its core economic strategies. Chinese military sales to Thailand and a lack of natural resources and other strategic industries also pose obstacles. For New Zealand, these results reflect an overreliance on international students, Chinese tourists, and a lack of critical domestic resources and industries. In many ways, these first two points are similar to Australia's situation. However, New Zealand's economy is much more dependent on international tourism and lacks the resource diversity of its trans-Tasman ally. Japan is rated first with the lowest levels of dependency. Despite welcoming high numbers of Chinese international students and tourists, the large size of the Japanese economy means that restrictions to these sectors would have only moderate impacts on Tokyo while providing a headache for Beijing. Japan is also a producer of many advanced electronics and vehicle brands. This renders potential economic disentanglement prohibitively costly for China.

## **POLITICAL DEPENDENCY INDEX**

Analysis of the results from my "*political dependency index*" reveals a significant degree of spread in the score between each of the ten case nations and China. Singapore ranks first for the highest levels of political dependence, with Malaysia following in second and Indonesia in third place. In contrast,

Australia and Japan ranked first equal, as the least politically dependent nations on China. New Zealand followed in a distant third place.

As aforementioned, unlike the '*economic entanglement index*' where there was no discernible relationship between most metrics, scores within one indicator for the '*political dependency index*' often predicted scores for other indicators. In other words, a low score in one of the metrics was indicative of low scores across the board and vice-versa. This indicates that there is a relationship between several of these metrics. For example, nations with high levels of U.S. military support are more likely to ban Huawei and forgo participation in China's Belt and Road Initiative. An example of this is Japan, which doesn't score higher than 3/10 in any of the five categories. Malaysia, in contrast, doesn't score lower than 4/10 in any of the categories. These findings demonstrate a much greater connection between the indicators of political dependence than the indicators for economic dependency.

### **U.S. Military Support**

As could be expected, this metric indicated that Australia, Japan, and South Korea have the highest levels of U.S. military support. This is demonstrated by all three nations maintaining mutual defence pacts with Washington. In addition to these defence treaties, both South Korea and Japan retain a significant U.S. military presence on their soil. Australia has a much more modest U.S. troop presence, however, extensive bilateral cooperation and participation in the Five Eyes (FVEY) intelligence-sharing alliance generates roughly equivalent benefits. At the other end of the spectrum are Vietnam, Indonesia, and Malaysia. These nations all enjoy robust relations with the U.S. and exhibit varying, and often increasing, levels of military cooperation with Washington. Due to Washington's increasing interest in the region, and as many East-Asia Pacific nations attempt to counterbalance China's growing regional clout, military relations between all case nations and the U.S. can be considered well developed.

### **Belt and Road Initiative (BRI)**

Within the group of case nations, the level of participation within China's BRI varies significantly. Both Australia and Japan have opted out of the colossal infrastructure project and are ranked joint first for the lowest level of political dependence for this indicator. In contrast, between 2013-2018, China invested over \$27 billion (7.3% of GDP) into BRI projects in Singapore. These numbers were significantly higher than Malaysia, which had the second-highest levels of BRI dependency at \$13.4 billion (4.0% of GDP). Due to the partial economic nature of the BRI, economic considerations may factor into this indicator more significantly than other metrics within the '*political dependency index*'. Nevertheless, as explained further in the '*indicator*' section, I believe the decision to participate in the BRI is mainly political. This assessment is backed by data from this metric that broadly conform to the

same trend that other indicators within this index follow. That is, a low score in this indicator is predictive of a low score for other indicators within this index also, and vice-versa. As these results match those demonstrated within the other indicators within the PDI, political reasoning is probably behind this metric.

### **Restrictions of Huawei**

Huawei has become a contentious issue throughout the Asia-Pacific region. At one extreme, Australia and Japan have implemented bans on Huawei 5G networks, which ranks them a joint first place as the freest from Chinese political influence for this metric. At the other extreme, South Korea and the Philippines currently have no restriction on Huawei's involvement in 5G mobile network rollouts, ranking these nations joint last-place with the highest level of political dependence on China for this indicator. The other six nations sit between these aforementioned cases, with government policy ranging from formal restrictions, to other providers intentionally being chosen, to no final decision announced. Due to the nature of this indicator, all nations tend to cluster somewhere towards either extreme, as leaders ultimately must decide either to allow the tech company to operate domestically or not. This removes the possibility of taking a middle-ground/compromise approach.

### **International Support**

This data demonstrated that amongst our case nations there is a significant variation in international support for China. China's permanent seat on the U.N. Security Council and veto status make voting directly against Beijing difficult. However, the General Assembly and multilateral statement can provide a good proxy. In addition, a cross-regional statement from 39 nations against human rights abuses in Xinjiang and political repression in Hong Kong showed support from only Australia, New Zealand, and Japan within the Asia-Pacific Region. Interestingly, these nations were most likely to vote against China at the general assembly. Therefore, Australia, New Zealand, and Japan ranked as the most independent in their international support for China. In contrast, Vietnam was ranked as the most dependent, followed closely by Indonesia, Malaysia, the Philippines, Singapore, and Thailand. This created an interesting data spread, with all ASEAN nations voting with China between 76-80% of the time. There is then a significant drop, with New Zealand, Japan, and South Korea clustering between 50-54%. Australia represents an outlier in this data, with some of the most anti-Chinese voting patterns of any nation, voting with China only 41% of the time.

### **Additional Factors**

A wide variety of less significant but still influential 'additional factors' were also considered when creating the *"political dependency index"*. These included; historical connections and interactions with China, domestic Chinese diaspora, and public/political sentiment towards China with secondary consideration on the level of democracy within the nation. This final indicator ranked Japan as the

least dependent, followed closely by South Korea and Australia. These results reflect Japanese pragmatic weariness towards Chinese expansion, moderate historical connections, and a small Chinese diaspora. South Korea lost marks for its strong historical ties with Beijing but scored well compared to other nations with a negligible Chinese diaspora and a population with over 75% of the public holding negative views towards China. In contrast, Singapore, Malaysia, and Vietnam ranked as the most dependent on China concerning these additional factors. Both Singapore and Malaysia lost points for their large ethnic Chinese populations and relatively high support for China in the public and political sphere. Their modest historical connections to China were greater than nations such as New Zealand and Australia but less than Vietnam and South Korea, neither helping nor hindering their score.

## COMBINED SINO-DEPENDENCY SCORE

Following analysis of the economic entanglement and political dependency indexes, these two scores can be combined into a single “*Sino-dependency score*”. This score reveals the level of dependency each nation experiences with China across the board, rather than a specific area. It also measures the overall levels of pressure exerted on each of these case nations as the scores vary significantly between countries. These aggregate values demonstrate that Japan experiences the lowest levels of dependency, followed by Australia and South Korea in a distant third place. At the opposite end sits Singapore, Malaysia, and Vietnam. These nations must diversify their economies, vocally protest Chinese encroachment, and strengthen ties with the U.S if they hope to resist being captured in China’s geopolitical orbit, whose gravity continues to grow.

<b>Assessment Key</b>	
Low	1-3
Moderate	3-7
High	8-10

Interestingly, these scores demonstrate very little to no relationship between geographic distance from China and increasing dependence. Singapore, ranked the most dependent, is geographically more distant than half the case nations. Likewise, Japan (ranked as the least dependent) is located only a few hundred kilometres from China. Over 4000kms southwest of China, Australia is ranked as the second least dependent nation, although South Korea, ranked third, is less than 400kms away. Finally, Vietnam ranked as the third most dependent nation within the research scope and is the only country that shares land borders with China. There is, however, a moderate inverse relationship between GDP (nominal not per capita) and dependency on China. Japan, South Korea, and Australia feature the region’s largest economies and are ranked as the least dependent on China. Likewise, Singapore, Malaysia, and Vietnam are rated as the least dependent and feature some of the smallest regional economies. New Zealand is a notable exception to this trend as the 4th least dependent

nation and the smallest domestic economy within the case study. I will now analyse the differing values for each of the 10 case nations;

### **Australia**

Ranked **low** for political dependency (joint least dependent with Japan) and **moderate** for economic dependency, overall Australia is the **second most independent** in the Sino-dependency score. I believe these scores accurately represent the real-world situation with Australia's high levels of political independence and failure to capitulate to Chinese political pressure having flow-on impacts regarding their economic relationship. It is probable that Chinese attempts to boycott and price out Australian products through tariffs will result in a minor to moderate decoupling of their economic entanglement in the short to medium term. However, China's need for Australian resources and Australia's need for China's huge consumer market will likely work to moderate the severity of the economic disruption.

### **Indonesia**

Ranked **high** for political dependency and **moderate** for economic dependency, overall Indonesia is the **fourth most dependent** in the Sino-dependency score. These scores reflect the path Jakarta has taken in recent years. Its large size, population, and economy allow the nation greater geopolitical manoeuvrability than most other ASEAN nations. Nevertheless, disputes in the South China Sea have brought strain to relations between Beijing and Jakarta. Indonesia is walking a fine line, attempting to juggle economic and political relations with China, without becoming overly dependent on and overexposed to Chinese economic and political pressure. Increasing military and economic ties with the U.S provides Indonesia with a strategy for countering Beijing influence but potentially at the expense of bilateral ties.

### **Japan**

Ranked **low** for political dependency (joint least dependent with Australia) and **low** for economic dependency, overall Japan is the **least dependent** nation in the Sino-dependency score. I believe this score accurately reflects the realities of bilateral relations between China and Japan. Japan's large population and huge economy provide the nation with insulation from Chinese political and economic pressure. While trade diversification and low trade harmonisation provide additional wiggle-room for the nation. Politically, Japan's ability to ban Huawei, opt-out of China's BRI, and vote/speak out against Chinese interests is a testament to the strong level of security the nation feels. This is at least in part to a heavy U.S. presence on Japan's soil. Japan has so far received little pushback from Beijing, showing that their unique circumstances are conducive to their current policy decisions, and highlight China's recognition of Tokyo's strong geopolitical position.

## Malaysia

Ranked **high** for political dependency and **high** for economic dependency, overall Malaysia is the **second most dependent** nation in the Sino-dependency index. This score reflects the close economic and political ties shared between Putrajaya and Beijing. Until recently, Malaysia has been extremely reluctant to criticize China openly, even when incursions into their EEZ have occurred, possibly due to the aforementioned high levels of dependency. However, Malaysia is beginning to take a more confrontational approach towards China regarding its territorial integrity. Putrajaya should be wary of this approach as their high levels of dependency leave them more vulnerable than most to Chinese pressure. Reducing dependency in all areas should be high on the agenda, but achieving this without pushback from Beijing will take careful diplomatic skill and consideration.

## New Zealand

Ranked **low** for political dependency and **moderate** for economic dependency, overall New Zealand is the **fourth least dependent** nation in the Sino-dependency score. Wellington's moderate economic entanglement score was influenced by high levels of trade dependency and harmonisation but low values in other metrics. Score values were low to moderate in all political dependency values. These results mirror New Zealand's domestic strategy, which promotes globalisation and free trade as an economic lifeline for the geographically isolated and sparsely populated archipelago. Therefore, the nation must carefully balance its political dependence on Beijing, not becoming overdependent while still capitalising on the Chinese market. As Wellington's close allies in Canberra and Washington drift further from China, New Zealand will find it increasingly difficult to reconcile its position. Although Wellington could also potentially be catapulted into a strategically valuable role as a bridge between competing geopolitical blocks.

## The Philippines

Ranked **moderate** for political dependency and **low** for economic dependency (least economically dependent), overall the Philippines are the **sixth most dependent nation** in the Sino-dependency score. I was initially surprised that the Philippines were the least economically dependent nation within my analysis. However, with no indicator in the index scoring over 6.5/10 the values speak for themselves. Politically, the Philippines lost points due to their embracing of Huawei and voting record regarding China in the U.N general assembly. The Philippines willingness to take China to the Permanent Court of Arbitration does make the nation an interesting case within this analysis. The rapidly changing political position of Manilla towards Beijing demonstrates how influential leaders can be and how positions can evolve significantly over time. A reminder that this index is merely a snapshot, and mapping the changes countries experience could produce fascinating results and insights into political manoeuvring regarding China.

## Singapore

Ranked **high** for political dependence (most politically dependent) and **high** for economic dependency (most economically dependent), overall Singapore was by far the **most dependent nation** in the Sino-dependency score. Apart from robust relations with the U.S. and diverse trade balances, Singapore scored poorly in most categories. As a result, the City-State has little choice but to maintain strong ties with China, as decoupling economic and political entanglement would likely be prohibitively costly. Thankfully, Singapore has few areas of contention with Beijing, with no maritime claims in the South China Sea, a Chinese ethnic majority, and a developed and diversified economy there are few risks to bilateral relations. Perhaps these factors have allowed for such high levels of dependency to develop? Nevertheless, Singapore would be wise to avoid letting potentially damaging issues like Taiwan derail relations. Singapore has a lot to lose.

## South Korea

Ranked **moderate** for political dependency and **low** for economic dependency, overall South Korea is the **third least dependent nation** in the Sino-dependency score. With low levels of trade harmonisation and even lower Chinese foreign debt, South Korea has surprisingly low levels of economic entanglement with Beijing, considering its close geographic location. The nation's political dependency score is impacted mainly by its reliance on Huawei 5G and its decision not to criticize Chinese human rights abuses. Nevertheless, strong backing by U.S. forces and their presence on South Korean soil contribute to a sense of security that would otherwise be unexpected from its geographic position. Despite few territory skirmishes with Beijing, U.S. troops so close to China put South Korea in an awkward position. These forces are needed for Seoul to maintain security but they simultaneously jeopardise its security in the process. As China's geostrategic ambitions increase, this issue will likely become even more prominent. South Korea will need to be diplomatically nimble to retain its current level of economic and political ties.

## Thailand

Ranked **moderate** for political dependency and **moderate** for economic dependency, overall Thailand is the **fifth most dependent** nation in the Sino-dependency score. Thailand scored poorly within the additional factors indicator of economic entanglement index due to its purchasing of Chinese military equipment, lack of critical industries or resources, and increasingly heavy reliance on Chinese tourists for economic prosperity. Nevertheless, Thailand scores close to the average in many other indicators, which is reflected in its final score. The Thai government remains staunchly pro-China despite public sentiment often to the contrary. Bangkok would benefit from increasing relations with the U.S., following their deterioration during the 2010s, to retain their diplomatic tradition of flexibility and pragmatism that could be undermined by growing Chinese dependency.

## Vietnam

Ranked **moderate** for political dependency and **high** for economic dependency, overall Vietnam ranked as the **third most dependent** nation in the Sino-dependency score. As the only nation within this research scope to share a land border with mainland China, Vietnam has long felt extreme pressure emanating from Beijing. China gifts Vietnam with significant levels of foreign aid and is rewarded with high levels of U.N. support from Hanoi and little open criticism. Chinese encroachment into Vietnam's EEZ has, so far, warranted little response. Despite managing to maintain higher levels of economic and political dependence than nations such as Singapore or Malaysia, geographic insecurity and comparatively little cooperation with the U.S has resulted in significant self-censoring. Vietnam is fully aware of its constraints and must attempt to continue to appease China where possible while developing stronger relations with the U.S. to counterbalance the asymmetry in Sino-Vietnamese relations.

## CORRELATION, CAUSATION, COMMENTS AND CRITIQUES

My findings revealed that there was a moderate correlation between my economic entanglement and political dependency index. Although I had expected to discover a stronger correlation, this result indicated that there is indeed interaction between the values of these two indexes. Of course, correlation doesn't always equal causation. Nevertheless, from the data I have synthesised and detailed explanations given regarding the political and economic situation of each of our ten case nations, I believe it is fair to conclude that - **amongst East Asia-Pacific nations with GDPs over US\$100 billion there is a causal relationship between levels of economic entanglement and political dependency.**

Unfortunately, due to research constraints, I was unable to ascertain the flow of the relationship. Therefore, whether greater economic entanglement causes greater political dependency or vice versa, remains to be seen. More information regarding the nature of this correlation would provide further validity to my aforementioned claim and generate additional data as to the exact nature of how these factors interact, now that we have established that the causal relationship exists.

The idea that a relationship between economic and political dependency exists is intuitive, and although my research also indicates this, interestingly, the correlation of the relationship is only moderate. Factors that could contribute to the relationship strength not being stronger will be discussed below:



### **Sample size**

I believe the biggest factor that contributed to the correlation being only moderate is the small sample size. Due to research and time constraints, it wasn't practical or possible to analyse a larger sample. Therefore, increasing the scope could reduce noise and mitigate the importance of potential outliers from the results. Utilising only East Asia-Pacific nations, the sample could potentially be expanded to three or four times the size. This could increase the results' external validity, shedding light on whether the addition of nations with smaller economies would strengthen the correlation, weaken it, or have no impact on it.

I decided to omit nations with smaller economies at the beginning of my research. This was due, in part, to my belief that their narrower natural interests meant relations with China would be influenced more by single issues, making them hard to compare with larger nations. This was, of course, an assumption, and I am unsure whether it is correct. In addition, the results indicated that there is a causal relationship between GDP size and levels of dependence on China. With this taken into account, it is possible that expanding the research scope to nations with smaller economies would increase the correlation. Counterintuitively, this research indicated there is no relationship between geographic distance from China and level of political and economic dependence. Therefore, enlarging the research scope from the Asia-Pacific region to a global or super-regional classification could expand on the current finding without needing to adjust future indexes for geographic distance.

### **Weighted averages**

I decided against weighted the indicators against one another, as I believed this would add further subjectivity to my results. By weighting all indicators the same and creating a composite of other less influential indicators "additional factors", I believed I would minimise my assumptions and prejudices, creating results that were as accurate, objective, and impartial as possible. Nevertheless, weighting all indicators the same may have resulted in scores that are less indicative of reality than those that were weighted. The pros of greater objectivity may not have outweighed the cons of weighing indicators, such as trade balances and foreign debt, equally. Likewise, assuming U.S. military support and restrictions on Huawei have equal bearing on Sino-relations is dubious. Regardless, I am happy with the decision for equal weighting, as weighting these indexes would likely have caused an equal number of issues.

### **Snapshot vs moving averages**

Due to constraints with data, some results may not be a completely accurate reflection of their case nation. Although I attempted to use data from 2018 (the most recent year it was often available for), in some cases older data needed to be used. This may have impacted final scores. Also, in some instances, I chose to use cumulative totals, such as with levels of funding for China's BRI, as I believe

they provided a more accurate picture. With greater resources and access to data, I could have employed the same strategy for other indicators such as FDI or foreign aid, producing a cumulative total rather than totals for a single year. This may have given a more accurate snapshot of conditions and impacted the correlation. Alternatively, updating these indexes annually could generate an interesting picture of how Sino-relations evolve. Finally, although I attempted to use 2018 as the most recent data set, creating this index in 2021 means that the evolution of relations since then may have subconsciously impacted my indicator rankings. I believe I mostly managed to avoid this, thanks to the quantitative economic entanglement index input data. Nevertheless, due to the subjectivity of many political dependency indicators and the “additional factors” categories, some scores may have been influenced by more recent geopolitical events.

### **Indicators chosen vs indicators omitted**

Time and research constraints meant it wasn't practical to account for every aspect of what are incredibly complex relationships. Although I believe I managed to create an index that accounted for the most important aspects of bilateral relations, others may disagree with my inclusions and omissions. The indicators I condensed into additional factors and those I analysed individually are, admittedly, arbitrary. Therefore it's possible inclusion or exclusion of certain indicators would have resulted in differing final scores. The total number of indicators was also based solely on what I considered most important. As such, the economic entanglement index has an additional indicator. This diminishes cross-comparison as the average weighting for the political dependency indicators is increased. Although I am confident this was better than adding or removing indicators arbitrarily, it likely also impacted the final correlation.

## **CONCLUSION**

As China's capabilities and influence proliferates, it appears there is no safe harbour within the East-Asia Pacific region from Beijing's expanding geopolitical clout. Therefore, it is important to understand the areas of relations that each nation is most and least dependent on.

In Australasia, these sparsely-populated island nations will likely continue to be caught between the two behemoths, China and the U.S. Constantly weighing their deep financial and economic ties to Beijing with their close political, cultural, and military ties to Washington. How successfully they navigate this increasingly complex relationship will likely define their economic prosperity and

international alliances for decades to come. It will take immense diplomatic skill, but with stakes so high and the cost of failing to retain a robust relationship with China prohibitive, Australia and New Zealand must endeavour to make this geopolitical juggling act a success.

Within ASEAN, these nations pose fascinating lessons for others within the wider Asia and Pacific regions, as China attempts to create a suitable geopolitical environment for its future expansion. Historically, it is rare for smaller nations to maintain extensive military and diplomatic relations with one power while juggling integrated economic ties with another.<sup>148</sup> Achieving this arduous undertaking would prove incredibly fruitful for all parties, providing security and growth while forging diplomatic and economic bridges that could foster greater cooperation amongst global hegemonic powers. Failure to achieve this would likely lead to greater ideological polarisation, depressed economic outputs, and potentially lay the foundation for future confrontations.

For South Korea and Japan, the evolving geopolitical environment will likely lead to growing impacts on the stability of North-East Asian relations. Issues like the East China Sea and cyber insecurity are likely to intensify. Chinese aggression over Taiwan, increasing American influence in the region, and North Korea's nuclear and ballistic missiles programme are likely to drag China, South Korea, and Japan towards more intense scrutiny of each other's intent. So far, growing Chinese dominance has done little to mend frail relations between Seoul and Tokyo, while all three nations are likely to continue economic engagement and military balancing. In the long term, however, China is likely to extend its power advantage over Japan and especially South Korea. To navigate this increasingly asymmetric relationship, both nations will need to assure the United States' continued engagement in the region and expedite economic reforms to secure economic growth.<sup>149</sup>

With these realities in mind, it is more important than ever to analyse bilateral relations between China and other regional players to discover how these nations interact, how levels of dependency between them fluctuate, and which nations are most at risk from China's growing influence. My research indicates that amongst East Asia-Pacific nations with GDPs over US\$100 billion, there is a causal relationship (moderate correlation) between levels of economic entanglement and political dependency. Analysis of my results also demonstrated a correlation between a larger national GDP and decreased dependence on China. Interestingly, there seemed to be little to no relationship between geographic distance from China political and economic dependence on Beijing. The moderate correlation I discovered through analysing multiple indicators was weaker than I anticipated. This is likely due to a combination of factors that could have been produced by issues in my research

---

<sup>148</sup> Long, A & Leeds, B. (2006)

<sup>149</sup> Katagiri, N. (2019)

methodology, limitations in my ability to collate and analyse data, my limited sample size, or simply because of a strong correlation between political and economic dependency on China does not exist. My research indicates that out of the ten case nations analysed within my research scope Singapore, Malaysia, and Vietnam were the most dependent on China. Likewise, Japan, Australia, and South Korea were the least dependent, overall.

Expanding my sample size, averaging data across multiple years, and refining my indicators could lead to more accurate results. This includes areas such as, how dependency interacts based on population and economic size, political circumstance, and geography. Nevertheless, I believe the indexes I created and the results I ascertained bear a strong resemblance to the real world bilateral relations we see between China and each of the individual case nations. Therefore, I am confident these results provide interesting and relevant insight into how to quantify levels of dependency (both economic and political) on China, and also sheds light on the implications of these dependencies.



## LIST OF REFERENCES

1. A, Long & Leeds, B. 2006. "Trading for Security: Military Alliances and Economic Agreements". *Journal of Peace Research*. 43:4, 433-451
2. AIDDATA. 2021. "China's Global Development Footprint". Retrieved from: <https://www.aiddata.org/china-official-finance>
3. American Enterprise Institute. 2021. "China Global Investment Tracker". Retrieved from: <https://www.aei.org/china-global-investment-tracker/>
4. Australian Bureau of Statistics. 2017. "2071.0 - Census of Population and Housing: Reflecting Australia - Stories from the Census, 2016". Retrieved from: <https://www.abs.gov.au/ausstats/abs@.nsf/Lookup/by%20Subject/2071.0~2016~Main%20Features~Cultural%20Diversity%20Article~60>
5. Australian Government: Department of Defence. 2020. "Marine Rotational Force – Darwin". Retrieved from: <https://www.defence.gov.au/Initiatives/USFPI/Home/MRF-D.asp>
6. Australian Government: Department of Education, Skills and Employment. 2019. "Establishment of a University Foreign Interference Taskforce". Retrieved from: <https://www.dese.gov.au/guidelines-counter-foreign-interference-australian-university-sector/announcements/establishment-university-foreign-interference-taskforce>
7. Australian Government: Department of Foreign Affairs and Trade. 2020. "Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP)." Retrieved from: <https://www.dfat.gov.au/trade/agreements/in-force/cptpp/comprehensive-and-progressive-agreement-for-trans-pacific-partnership>
8. Avila, A. & Goldman, J. 2015. "Philippine-US relations: the relevance of an evolving alliance". *Bandung Journal of the Global South*. 2(6)
9. Backer, L. 2014. "The Trans-Pacific Partnership: Japan, China, the U.S., and the Emerging Shape of a New World"
10. Baker, C. 2004. "China-Philippines Relations: Cautious Cooperation". *Asia-Pacific Center for Security Studies*. Retrieved from: <https://apps.dtic.mil/sti/pdfs/ADA627494.pdf>
11. BBC News. 2014. "How uninhabited islands soured China-Japan ties". Retrieved from: <https://www.bbc.com/news/world-asia-pacific-11341139>
12. BBC News. 2020. "China slaps up to 200% tariffs on Australian wine." Retrieved from: <https://www.bbc.com/news/business-55097100>
13. BBC News. 2020. "Coronavirus: China warns students over 'risks' of studying in Australia." Retrieved from: <https://www.bbc.com/news/world-asia-china-52980637>
14. BBC News. 2021. "South China Sea dispute: Malaysia accuses China of breaching airspace". Retrieved from: <https://www.bbc.com/news/world-asia-57328868>
15. Bedeski, R. 1995. "Sino-Korean Relations: Triangle of Tension, or Balancing a Divided Peninsula?" *International Journal: Canada's Journal of Global Policy Analysis*. Retrieved from: <https://journals.sagepub.com/doi/pdf/10.1177/002070209505000303>
16. Bhakti, I. 2010. "11. Bilateral Relations between Indonesia and the Philippines: Stable and Fully Cooperative. In N. Ganesan & R. Amer (Ed.). *International Relations in Southeast Asia*. 287-312

17. Bloomberg. 2021. "How Huawei Landed at the Center of Global Tech Tussle". Retrieved from: <https://www.bloomberg.com/news/articles/2021-03-12/how-huawei-landed-at-the-center-of-global-tech-tussle-quicktake>
18. Bochner, L. 2020. "China's influence on our campuses". *Australian Strategic Policy Institute*. Retrieved from: <https://www.aspi.org.au/opinion/chinas-influence-our-campuses>
19. Brown, M. & Schirokauer, C. 2012. "A Brief History of Chinese Civilization". *Wadsworth Cengage Learning*. University of Michigan.
20. Bunyavejchewin, P. 2020. "Will the 'Milk Tea War' Have a Lasting Impact on China-Thailand Relations?". *The Diplomat*. Retrieved from: <https://thediplomat.com/2020/05/will-the-milk-tea-war-have-a-lasting-impact-on-china-thailand-relations/>
21. Cannon, B & Rossiter, A. 2018. "The "Indo-Pacific": Regional Dynamics in the 21st Century's New Geopolitical Center of Gravity". *Rising Powers Quarterly*. 3(2): 7-17
22. Caporal, J. 2019. "The CPTPP: (Almost) One Year Later." *Center for Strategic and International Studies*. Retrieved from: <https://www.csis.org/analysis/cptpp-almost-one-year-later>
23. Central Intelligence Agency. 2021. "The World Factbook: Explore All Countries". Retrieved from: <https://www.cia.gov/the-world-factbook/countries/>
24. Cha, V. 2020. "Leading by example: Two different responses to China's rise". *The Lowy Institute*. Retrieved from: <https://www.loyyinstitute.org/the-interpretor/leading-example-two-different-responses-chinas-rise>
25. Chachavalpongpan, P. 2020. "Thailand in the midst of a US-China rivalry". *Strategic Review*. Retrieved from: <https://sr.sgpp.ac.id/post/thailand-in-the-midst-of-a-us-china-rivalry>
26. Chang, F. 2019. "The Odd Couple: Singapore's Relations with China". *Foreign Policy Research Institute*. Retrieved from: <https://www.fpri.org/article/2019/12/the-odd-couple-singapores-relations-with-china/>
27. Chang, F. 2020. "A Faint Breeze of Change: Malaysia's Relations with China". *Foreign Policy Research Institute*. Retrieved from: <https://www.fpri.org/article/2020/01/a-faint-breeze-of-change-malysias-relations-with-china/>
28. Chang, Y., Anderson, H & Shi, S. 2018. "China and international housing price growth," *China Economic Review, Elsevier*. 50(C): 294-312
29. Chiang, MH. 2019. "Contemporary China-Japan Relations: the Politically Driven Economic Linkage." *East Asia*. 36, 271–290
30. China Statistical Yearbook. 2019. "Foreign Direct Investment By Country". Retrieved from: <http://www.stats.gov.cn/tjsj/ndsj/2019/indexeh.htm>
31. Chow, D. 2016. "How the United States Uses the Trans-Pacific Partnership to Contain China in International Trade". *Chicago Journal of International Law*. 17(2)
32. Chow, D. 2016. "How the United States Uses the Trans-Pacific Partnership to Contain China in International Trade". *Chicago Journal of International Law*. 17(2): 372-378
33. Chung, J. 2012. "Korean Views of Korea-China Relations: Evolving Perceptions and Upcoming Challenges". *Asian Perspective*. 36(2): 219-236
34. Colberg, C 2014. "Catching Fish With Two Hands: Vietnam's Hedging Strategy Towards China". *Stanford Digital Repository*. 79-89

35. Connelly, A. 2016. "Indonesia in the South China Sea:: Going it alone." *Lowy Institute for International Policy*. Retrieved from:  
<https://www.jstor.org/stable/pdf/resrep10155.pdf?refreqid=excelsior%3A4994f52a5763ef8cc5c5954453555f6>
36. Council on Foreign Relations. 2010. "Weighty U.S.-China Dialogue". Retrieved from:  
<https://www.cfr.org/expert-roundup/weighty-us-china-dialogue>
37. Council on Foreign Relations. 2021. "Excerpt: China's Rise and the Two Koreas". Retrieved from:  
<https://www.cfr.org/excerpt-chinas-rise-and-two-koreas>
38. Day, C. 2011. "China's Fiscal Stimulus and the Recession Australia Never Had: Is a Growth Slowdown Now Inevitable?" *Agenda: A Journal of Policy Analysis and Reform*. 18(1): 23-34
39. Deutsch, K. 1961. "Social Mobilization and Political Development". *The American Political Science Review*, 55(3): 493-514
40. Doherty, B. 2020. "China and Australia: how a war of words over coronavirus turned to threats of a trade war." *The Guardian*. Retrieved from: <https://www.theguardian.com/australia-news/2020/may/03/china-and-australia-how-a-war-of-words-over-coronavirus-turned-to-threats-of-a-trade-war>
41. European Bank for Reconstruction and Development. 2015. "Belt and Road Initiative (BRI)". Retrieved from: <https://www.ebrd.com/what-we-do/belt-and-road/overview.html>
42. Franke, H., et al. 2021. "China." *Encyclopedia Britannica*. <https://www.britannica.com/place/China>
43. Geoscience Australia. 2013. "Australia's Mineral Resource Assessment." Retrieved from:  
<https://www.ga.gov.au/data-pubs/data-and-publications-search/publications/australian-minerals-resource-assessment/resources>
44. Gerring, J. & Christenson, D. 2017. "Applied Social Science Methodology: An Introductory Guide". *Forthcoming, Cambridge University Press*. 58-78.
45. Global Edge. 2021. "South Korea: Trade Statistics." Retrieved from:  
<https://globaledge.msu.edu/countries/south-korea/tradestats>
46. Gomà, D. 2006. "The Chinese-Korean Border Issue: An Analysis of a Contested Frontier". *Asian Survey*. 46(6): 867-880
47. Gries, P. 2005. "The Koguryo controversy, national identity, and Sino-Korean relations today". *East Asia*. 22: 3-17
48. Grossman, D. 2018. "Can Vietnam's Military Stand Up to China in the South China Sea?". *Asia Policy*. 13:1, 113-134
49. Hernández, J. Guo, O. & Mcmorrow, R. 2017. *South Korean Stores Feel China's Wrath as U.S. Missile System Is Deployed*. *The New York Times*. Retrieved from:  
[https://www.nytimes.com/2017/03/09/world/asia/china-lotte-thaad-south-korea.html?\\_r=0](https://www.nytimes.com/2017/03/09/world/asia/china-lotte-thaad-south-korea.html?_r=0)
50. Hewison, K. 2018. "Thailand: an old relationship renewed". *The Pacific Review*. 31:1, 116-130
51. Horn, S., Reinhart, C. & Trebesch, C. 2019. "China's Overseas Lending". *National Bureau Of Economic Research*. Figure 22. Retrieved from:  
[https://www.nber.org/system/files/working\\_papers/w26050/w26050.pdf](https://www.nber.org/system/files/working_papers/w26050/w26050.pdf)
52. Huong Le Thu. 2020. "Vietnam's Response to the United States' Changing Approach to the South China Sea". *Council of Foreign Relations*. Retrieved from: <https://www.cfr.org/blog/vietnams-response-united-states-changing-approach-south-china-sea>



53. Institute for Security & Development Policy. 2017. "THAAD on the Korean Peninsula." Retrieved from: <https://isdip.eu/publication/korea-thaad/>
54. International Monetary Fund. 2018. "People's Republic Of China". *IMF Country Report No. 18/240*. 5. Retrieved from: <https://www.imf.org/en/Publications/CR/Issues/2018/07/25/Peoples-Republic-of-China-2018-Article-IV-Consultation-Press-Release-Staff-Report-Staff-46121>
55. International Monetary Fund. 2020. "Direction of Trade Statistics (DOTS)". *IMF DATA*. Retrieved from: <https://data.imf.org/?sk=9D6028D4-F14A-464C-A2F2-59B2CD424B85>
56. International Monetary Fund. 2020. "World Economic Outlook Database". <https://www.imf.org/en/Publications/WEO/weo-database/2020/October>
57. International Monetary Fund. 2020. "World Economic Outlook Database". Retrieved from: <https://www.imf.org/en/Publications/WEO/weo-database/2020/October/select-country-group>
58. Irwin, D. 2016. "International Trade Agreements". *The Library of Economics and Liberty*. Retrieved from: <https://www.econlib.org/library/Enc/InternationalTradeAgreements.html>
59. Jiyeon, K. 2017. "Changing Tides: THAAD and Shifting Korean Public Opinion toward the United States and China". *The Asian Institute for Policy Studies*. Retrieved from: <http://en.asaninst.org/contents/changing-tides-thaad-and-shifting-korean-public-opinion-toward-the-united-states-and-china/>
60. Karam, P & Muir, D. 2018. "Australia's Linkages with China: Prospects and Ramifications of China's Economic Transition". International Monetary Fund. *IMF Working Paper. Asia and Pacific Department*
61. Karp, P. 2020. "China bristles at Australia's call for investigation into coronavirus origin". *The Guardian*. Retrieved from: <https://www.theguardian.com/world/2020/apr/29/australia-defends-plan-to-investigate-china-over-covid-19-outbreak-as-row-deepens>
62. Kaska, K., Beckvard, H & Minárik, T. 2019. "Huawei, 5G and China as a Security Threat". *NATO Cooperative Cyber Defence Centre of Excellence (CCDCOE)*. 5-10
63. Katagiri, N. 2019. "Evolution of Sino-Japanese Relations: Implications for Northeast Asia and Beyond". *New Perspectives on China's Relations with the World*. Retrieved from: <https://www.e-ir.info/2019/04/10/evolution-of-sino-japanese-relations-implications-for-northeast-asia-and-beyond/>
64. Khaliq, R. 2021. "China, Singapore hold drill in disputed South China Sea". *Anadolu Agency*. Retrieved from: <https://www.aa.com.tr/en>
65. Koichi, S. 2019. "The Senkaku Islands Dispute: Four Reasons of the Chinese Offensive - A Japanese View." *Journal of Contemporary East Asia Studies*. 8:1, 50-82,
66. Köllner, P. 2019. "Australia and New Zealand recalibrate their China policies: convergence and divergence". *The Pacific Review*.
67. Kuik, C. 2013. "Making Sense of Malaysia's China Policy: Asymmetry, Proximity, and Elite's Domestic Authority". *The Chinese Journal of International Politics*. 6(4): 429-467
68. Len, S. 2004. "South Korea approves 3,000 troops for Iraq". *The New York Times*. Retrieved from: <https://www.nytimes.com/2004/02/14/news/south-korea-approves-3000-troops-for-iraq.html>
69. Lockman, S. 2013. "Why Malaysia isn't afraid of China (for now)". *Australian Strategic Policy Institute*. Retrieved from: <https://www.aspistrategist.org.au/why-malaysia-isnt-afraid-of-china-for-now/>
70. Lohman, W. 2020. "Vietnam's place in the U.S.-China great power competition". *Geopolitical Intelligence Services*. Retrieved from: <https://www.gisreportsonline.com/vietnams-place-in-the-us-china-great-power-competition,defense,3317.html>

71. Maizland, L & Xu, B. 2019. "The U.S.-Japan Security Alliance." *Council on Foreign Relations*. Retrieved from: <https://www.cfr.org/background/under/us-japan-security-alliance>
72. Manying, I. 2005. "Chinese - The first immigrants". *Te Ara - the Encyclopedia of New Zealand*. Retrieved from: <http://www.TeAra.govt.nz/en/chinese/page-2>
73. Meunier, S. 2012. "Political Impact Of Chinese Foreign Direct Investment In The European Union On Transatlantic Relations". *Princeton University*. Retrieved from: [https://scholar.princeton.edu/sites/default/files/meunier\\_final\\_0.pdf](https://scholar.princeton.edu/sites/default/files/meunier_final_0.pdf)
74. Ministry of Commerce. 2021. China FTA Network. Retrieved from: <http://fta.mofcom.gov.cn/topic/enpacific.shtml>
75. Ministry of Foreign Affairs and Trade. 2019. "New Zealand-China FTA overview." Retrieved from: <https://www.mfat.govt.nz/en/trade/free-trade-agreements/free-trade-agreements-in-force/nz-china-free-trade-agreement/new-zealand-china-fta-overview/>
76. National Museum Australia. 2019. "Early Chinese Migrants". Retrieved from: <https://www.nma.gov.au/explore/features/harvest-of-endurance/scroll/early-chinese-migrants>
77. Needham, K. 2020. "Australia faces down China in high-stakes strategy." *Returns*. Retrieved from: <https://www.reuters.com/investigates/special-report/australia-china-relations/>
78. Needham, K. 2020. "Australia won't be intimidated in row with China - PM Morrison." *Returns*. Retrieved from: <https://www.reuters.com/article/australia-china/australia-wont-be-intimidated-in-row-with-china-pm-morrison-idINKBN23I0G4?edition-redirect=in>
79. O'Neil, A. 2017. "Australia and the 'Five Eyes' intelligence network: the perils of an asymmetric alliance". *Australian Journal of International Affairs*. 71(5): 529-543
80. Park, J. & Yang, H. 2019. "Huawei ban puts South Korea in a familiar place: caught between the U.S. and China." *Returns*. Retrieved from: <https://www.reuters.com/article/us-huawei-tech-usa-samsung-analysis-idUSKCN1SZ0AG>
81. Permanent Mission of Germany to the UN. 2020. "Statement by Ambassador Christoph Heusgen on behalf of 39 Countries in the Third Committee General Debate, October 6, 2020" Retrieved from: <https://new-york-un.diplo.de/un-en/news-corner/201006-heusgen-china/2402648>
82. Pew Research. 2021. "Global Indicators Database". Retrieved from: <https://www.pewresearch.org/global/database/>
83. Pickerell, H. 2011. "Is the US Losing its Hold on East Asia?" *Harvard Political Review*. Retrieved from: <https://harvardpolitics.com/is-the-us-losing-its-hold-on-east-asia/>
84. Poston, D & Wong, J. 2016. "The Chinese diaspora: The current distribution of the overseas Chinese population". *Chinese Journal of Sociology*. 2: 348-373.
85. Prashanth, P. 2019. "Where Is Indonesia on China's Belt and Road Initiative?". *The Diplomat*. Retrieved from: <https://thediplomat.com/2019/07/where-is-indonesia-on-chinas-belt-and-road-initiative/>
86. Pye, W. 1990. "Erratic State, Frustrated Society." *Foreign Affairs*. 69(4): 56-74
87. Qi, Xu., Erickson, A., & Goldstein, L. 2006. "Maritime Geostrategy and the Development of the Chinese Navy in the Early Twenty-first Century". *Naval War College Review*. 59:4
88. Rajah, R., Dayant, A & Pryke, J. 2019. "Ocean of debt? Belt and Road and debt diplomacy in the Pacific". *Think Asia*. Retrieved from: <https://think-asia.org/handle/11540/11721>

89. Reilly, J. 2013. "China's Economic Statecraft: Turning Wealth Into Power". *Lowy Institute*. University of Sydney.
90. Reynolds, I. 2021. "Japan, China Tensions Heat Up Over Report and Twitter Swipe". *Bloomberg*. Retrieved from: <https://www.bloomberg.com/news/articles/2021-04-27/japan-china-tensions-heat-up-over-diplomatic-report-from-tokyo>
91. Sankaran, J. & Fearey, B. 2017. "Missile defense and strategic stability: Terminal High Altitude Area Defense (THAAD) in South Korea". *Contemporary Security Policy*. 38(3): 321-344
92. Seybolt, P. 2020. "China, Korea and Japan: Forgiveness and Mourning." *Center for Asian Studies*. University of Vermont
93. Shih, G. 2020. "Bristling at calls for coronavirus inquiry, China cuts Australian beef imports". *The Washington Post*. Retrieved from: [https://www.washingtonpost.com/world/asia\\_pacific/bristling-at-calls-for-coronavirus-inquiry-china-fires-trade-salvo-at-australia/2020/05/12/29c53058-93fe-11ea-87a3-22d324235636\\_story.html](https://www.washingtonpost.com/world/asia_pacific/bristling-at-calls-for-coronavirus-inquiry-china-fires-trade-salvo-at-australia/2020/05/12/29c53058-93fe-11ea-87a3-22d324235636_story.html)
94. Smyth, J. 2020. "Australia's 'amateurish' China diplomacy sets business on edge." *Financial Times*. Retrieved from: <https://www.ft.com/content/843c9286-b135-4d39-acbd-dafd87f57e0c>
95. Snow, S. 2019. "The US military has big plans for Australia – and that might be a big problem for China". *Business Insider*. Retrieved from: <https://www.businessinsider.com/us-investment-marine-corps-in-australia-china-backlash-likely-2019-7>
96. Statistics New Zealand. 2019. "2018 Census totals by topic – national highlights." Retrieved from: <https://web.archive.org/web/20190923102431/https://www.stats.govt.nz/information-releases/2018-census-totals-by-topic-national-highlights>
97. Statistics New Zealand. 2020. "China top trade partner for 2019". Retrieved from: <https://www.stats.govt.nz/news/china-top-trade-partner-for-2019>
98. Sterling, D. 2017. "China's Role And Status In International Society: Should Its Rise Be Perceived As A 'Threat'?". *Eurasian Journal of Social Sciences*. 5, 23-33
99. Strangio, S. 2020. "Thailand Delays Controversial Chinese Sub Purchase". *The Diplomat*. Retrieved from: <https://thediplomat.com/2020/09/thailand-delays-controversial-chinese-sub-purchase/>
100. Stuart-Fox, M. 2004. "Southeast Asia and China: The Role of History and Culture in Shaping Future Relations." *Contemporary Southeast Asia*. 26(1): 116-139
101. Sukma, R. 2009. "Indonesia-China Relations: The Politics of Re-engagement". *Asian Survey*. 49(4): 591-608
102. Tamir, C. & Budiman, A. 2019. "Indonesians optimistic about their country's democracy and economy as elections near". *Pew Research*. Retrieved from: <https://www.pewresearch.org/fact-tank/2019/04/04/indonesians-optimistic-about-their-countrys-democracy-and-economy-as-elections-near/>
103. The Economist. 2019. "Huawei is at the centre of political controversy". Retrieved from: <https://www.economist.com/briefing/2019/04/27/huawei-is-at-the-centre-of-political-controversy>
104. The Economist. 2021. "China tries to nick another speck in the sea from the Philippines". Retrieved from: <https://www.economist.com/asia/2021/04/08/china-tries-to-nick-another-speck-in-the-sea-from-the-philippines>
105. The Economist. 2021. "In no region is China's influence felt more strongly than in South-East Asia". Retrieved from: [https://www.economist.com/briefing/2021/02/27/in-no-region-is-chinas-influence-felt-more-strongly-than-in-south-east-asia?itm\\_source=parseapi](https://www.economist.com/briefing/2021/02/27/in-no-region-is-chinas-influence-felt-more-strongly-than-in-south-east-asia?itm_source=parseapi)

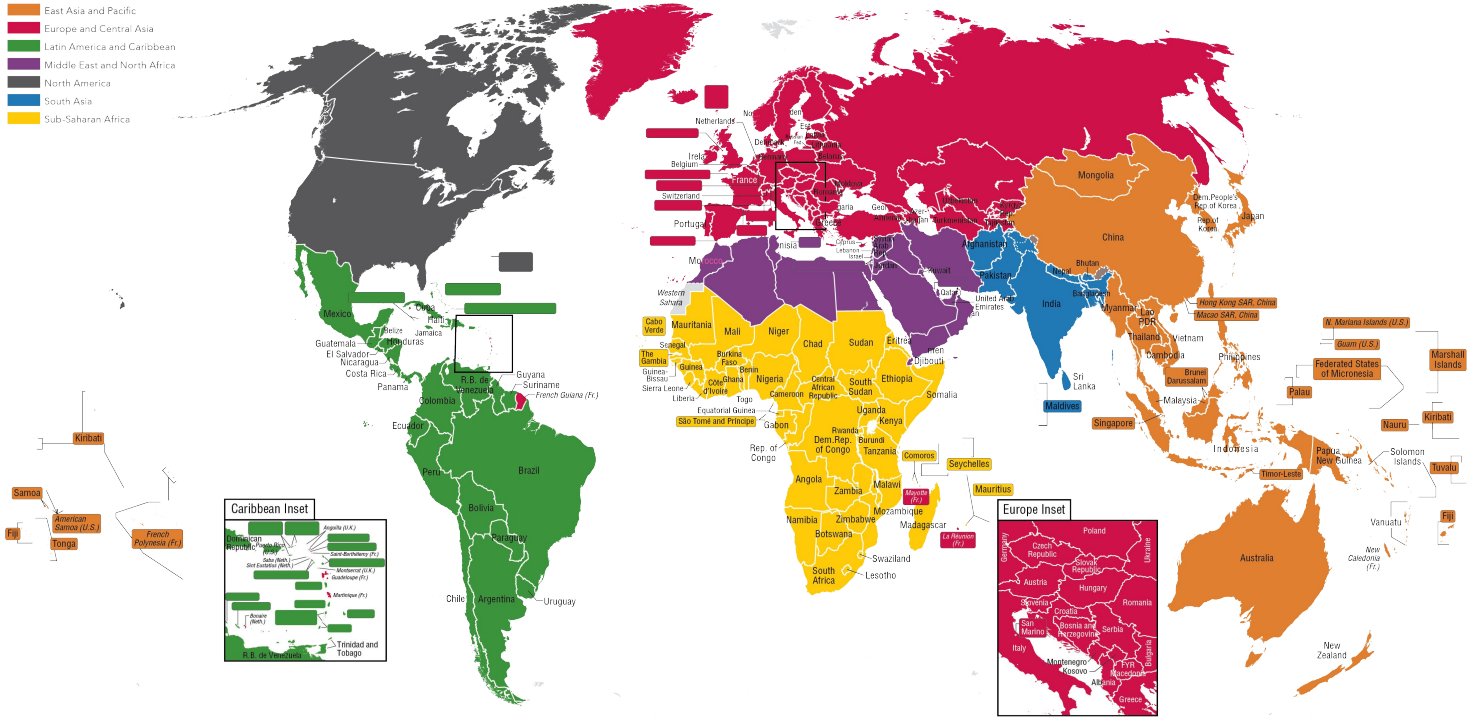
106. The Economist. 2021. "The Philippines is repairing its relationship with America". Retrieved from: <https://www.economist.com/asia/2021/05/27/the-philippines-is-repairing-its-relationship-with-america>
107. The World Bank. 2020. GDP Per Capita PPP (current international \$). Retrieved from: [https://data.worldbank.org/indicator/NY.GDP.PCAP.PP.CD?most\\_recent\\_value\\_desc=true](https://data.worldbank.org/indicator/NY.GDP.PCAP.PP.CD?most_recent_value_desc=true)
108. The World Bank. 2021. "Data: World Bank Country and Lending Groups". Retrieved from: <https://datahelpdesk.worldbank.org/knowledgebase/articles/906519-world-bank-country-and-lending-groups>
109. The World Bank. 2021. "The World By Region". Retrieved from: <https://datatopics.worldbank.org/sdgdAtlas/archive/2017/the-world-by-region.html>
110. The World CIA Factbook. 2021. "China". Retrieved from: <https://www.cia.gov/the-world-factbook/countries/china/>
111. The World CIA Factbook. 2021. "Malaysia". Retrieved from: <https://www.cia.gov/the-world-factbook/countries/malaysia/>
112. The World CIA Factbook. 2021. "Singapore". Retrieved from: <https://www.cia.gov/the-world-factbook/countries/singapore/>
113. The World CIA Factbook. 2021. "Thailand". Retrieved from: <https://www.cia.gov/the-world-factbook/countries/thailand/>
114. The World CIA Factbook. 2021. "Vietnam". Retrieved from: <https://www.cia.gov/the-world-factbook/countries/vietnam/>
115. Trade Regulatory Order". *Washington University Global Studies Law Review, The Pennsylvania State University*. 13(1): 49-53
116. U.S Department of State. 2021. U.S. "Relations With Vietnam". Retrieved from: <https://www.state.gov/u-s-relations-with-vietnam/>
117. U.S Department of State. 2021." Bureau of East Asian and Pacific Affairs". Retrieved from: <https://www.state.gov/bureaus-offices/under-secretary-for-political-affairs/bureau-of-east-asian-and-pacific-affairs/>
118. U.S Department of State. 2021." U.S. Relations With Thailand". Retrieved from: <https://www.state.gov/u-s-relations-with-thailand/>
119. U.S Department of State. 2021."U.S. Security Cooperation With Indonesia". Retrieved from: <https://www.state.gov/u-s-security-cooperation-with-indonesia/>
120. U.S. Department of State. 2017. "U.S. Collective Defense Arrangements". Retrieved from: <https://2009-2017.state.gov/s//treaty/collectivedefense/index.htm>
121. UNESCO. 2019. "Global Flow of Tertiary-Level Students". Retrieved from: <http://uis.unesco.org/en/uis-student-flow>
122. United Nations Statistics Division. 2021. Geographic Regions. Retrieved from: <https://unstats.un.org/unsd/methodology/m49>
123. United States Forces Korea. 2021. "Organization". Retrieved from: <https://www.usfk.mil/Organization/>
124. Washburn, T. 2013. "How an Ancient Kingdom Explains Today's China-Korea Relations". *The Atlantic*. Retrieved from: <https://www.theatlantic.com/china/archive/2013/04/how-an-ancient-kingdom-explains-todays-china-korea-relations/274986/>

125. Wezeman, P., Kuimova, A. & and Wezeman, S. 2021. "Trends In International Arms Transfers, 2020". *Stockholm International Peace Research Institute*. Retrieved from: [https://sipri.org/sites/default/files/2021-03/fs\\_2103\\_at\\_2020.pdf](https://sipri.org/sites/default/files/2021-03/fs_2103_at_2020.pdf)
126. Wike, R., et al. 2021. "America's Image Abroad Rebounds With Transition From Trump to Biden". *Pew Research*. Retrieved from: <https://www.pewresearch.org/global/2021/06/10/americas-image-abroad-rebounds-with-transition-from-trump-to-biden/>
127. Williams, V. 2020. "Foreign aid". *Encyclopedia Britannica*. Retrieved from: <https://www.britannica.com/topic/foreign-aid>
128. Womack, B. 2006. "China and Vietnam: The Politics of Asymmetry". *Cambridge University Press*. 8-33
129. World Bank. 2020. "International tourism, number of departures – China". Retrieved from: <https://data.worldbank.org/indicator/ST.INT.DPRT?locations=CN>
130. World Integrated Trade Solutions (WITS). 2018. "Australia Trade". *Trade Summary For Australia 2018*. Retrieved from: <https://wits.worldbank.org/countrysnapshot/en/AUS>
131. World Integrated Trade Solutions (WITS). 2018. "China trade balance, exports and imports by country 2018". Retrieved from: <https://wits.worldbank.org/CountryProfile/en/Country/CHN/Year/2018/TradeFlow/EXPIMP/Partner/by-country>
132. World Integrated Trade Solutions (WITS). 2018. "Indonesia Trade". *Trade Summary For Indonesia 2018*. Retrieved from: <https://wits.worldbank.org/countrysnapshot/en/idn>
133. World Integrated Trade Solutions (WITS). 2018. "Japan Trade". *Trade Summary For Japan 2018*. Retrieved from: <https://wits.worldbank.org/CountryProfile/en/Country/JPN/Year/LTST/Summary>
134. World Integrated Trade Solutions (WITS). 2018. "Malaysia Trade". *Trade Summary For Malaysia 2018*. Retrieved from: <https://wits.worldbank.org/CountryProfile/en/Country/MYS/Year/LTST/Summary>
135. World Integrated Trade Solutions (WITS). 2018. "New Zealand Trade". *Trade Summary For New Zealand 2018*. Retrieved from: <https://wits.worldbank.org/CountryProfile/en/Country/NZL/Year/LTST/Summary>
136. World Integrated Trade Solutions (WITS). 2018. "Republic of Korea Trade". *Trade Summary For Republic of Korea 2018*. Retrieved from: <https://wits.worldbank.org/CountryProfile/en/Country/KOR/Year/LTST/Summary>
137. World Integrated Trade Solutions (WITS). 2018. "Singapore Trade". *Trade Summary For Singapore 2018*. Retrieved from: <https://wits.worldbank.org/CountryProfile/en/Country/SGP/Year/LTST/Summary>
138. World Integrated Trade Solutions (WITS). 2018. "Thailand Trade". *Trade Summary For Thailand 2018*. Retrieved from: <https://wits.worldbank.org/CountryProfile/en/Country/THA/Year/LTST/Summary>
139. World Integrated Trade Solutions (WITS). 2018. "Vietnam Trade". *Trade Summary For Vietnam 2018*. Retrieved from: <https://wits.worldbank.org/countrysnapshot/en/VNM>
140. World Integrated Trade Solutions (WITS). 2018. "Philippines Trade". *Trade Summary For Philippines 2018*. Retrieved from: <https://wits.worldbank.org/CountrySnapshot/en/PHL>
141. Yarwood, A. 1964. "Asian Migration to Australia: The Background to Exclusion 1896–1923". *Melbourne University Press, Melbourne*

142. Yiqin, F. 2018. "Who Votes with China, and Who Votes with the U.S. and Europe at the UN?". Retrieved from: <https://yiqinfu.github.io/posts/united-nations-general-assembly/>
143. You, J. 2007. "Dealing with the Malacca Strait dilemma: China's efforts to enhance energy transportation security". *East Asian Institute*. 329
144. Zhang, D. 2017. "China's Diplomacy in the Pacific: Interests, Means and Implications". *Security Challenges*. 13(2): 32-53.

# LIST OF APPENDICES

## Appendix A: Country classifications according to World Bank analytical grouping.

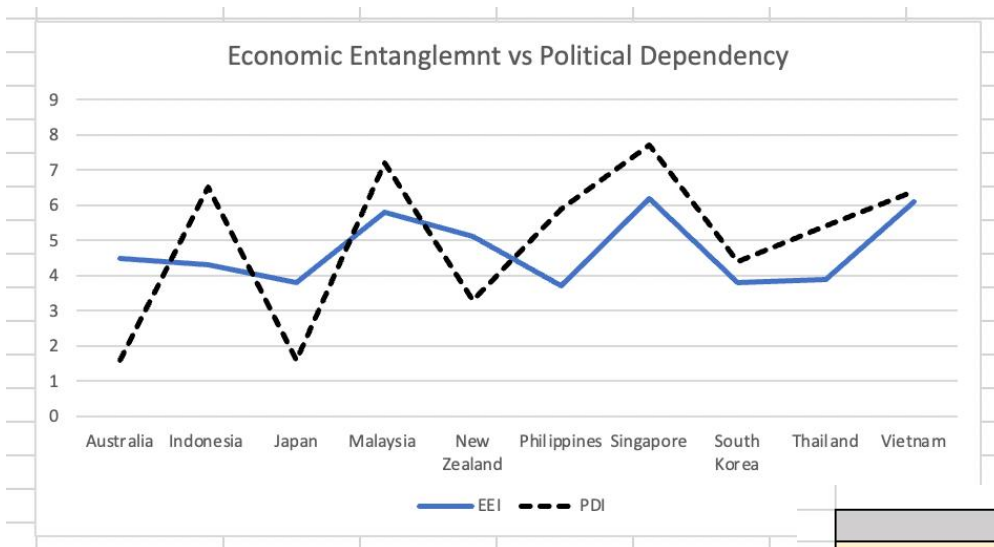


Appendix B: research data, see attached spreadsheet.

Economic Entanglement Index (EEI)							
Countries	Trade Balances	Trade Harmonisation	Foreign Debt	FDI	Foreign Aid	Additional Factors	Sum
Australia	10	2	7	3.5	1	3.5	27
Indonesia	2.5	6.5	2	1	8	5.5	25.5
Japan	5.5	1	5	7.5	1	3	23
Malaysia	4	6.5	9	7	4.5	4	35
New Zealand	8	10	1	3.5	2	6	30.5
Philippines	1	6.5	1.5	3	4.5	5.5	22
Singapore	2.5	9	10	10	1	4.5	37
South Korea	8	3	1.5	4.5	1	5	23
Thailand	3.5	6.5	1.5	2	2	8	23.5
Vietnam	2	6.5	8	5.5	10	4.5	36.5

Higher score = greater Chinese dependency

Political Dependency Index (PDI)						
Countries	US military support	BRI	Huawei Restrictions	International Support	Additional Factors	Sum
Australia	1	1	1	1	4	8
Indonesia	5	5	7.5	9	6	32.5
Japan	1	1	1	3	2	8
Malaysia	4	7.5	7.5	9	8	36
New Zealand	1.5	4	2.5	3	5.5	16.5
Philippines	3.5	3	10	9	4.5	30
Singapore	3.5	10	7.5	9	8.5	38.5
South Korea	1	3	10	5	4	23
Thailand	3	3	7.5	9	4.5	27
Vietnam	8	5	2.5	10	6.5	32



Index Comparison			
Country	EEI	PDI	Final Score
Australia	4.5	1.6	3.1
Indonesia	4.3	6.5	5.4
Japan	3.8	1.6	2.7
Malaysia	5.8	7.2	6.5
New Zealand	5.1	3.3	4.2
Philippines	3.7	5.9	4.8
Singapore	6.2	7.7	7
South Korea	3.8	4.4	4.1
Thailand	3.9	5.4	4.7
Vietnam	6.1	6.4	6.3

Correlation = 0.51392094