

EUROPEAN



POLICY BRIEF



THE RISE OF CHINA AND ITS IMPACT ON ETHNIC CHINESE COMMUNITIES IN ASEAN

The recent emergence of China as a new economic powerhouse and a country with sufficient economic and political ability to assert itself, has a strong implication on the ethnic Chinese in ASEAN states, though with concerns and degrees of impact in different fields and different states.

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INTRODUCTION

With a total of around 30 million people, the ethnic Chinese in ASEAN make up the largest concentration of Chinese living outside of China, Hong Kong and Taiwan. They made up a varying percentage of the total population ranging from 75% in Singapore to a mere 1% in Vietnam, the ethnic Chinese are also a sizeable minority in countries like Malaysia (22%) and Thailand (14%). Despite being residents and citizens of their host countries, their historical experiences differed with some places well-integrated or even assimilated, to others experiencing discrimination and hostility, and in some cases, barely tolerated. Their economic strength made them a target of uneasiness of the indigenous communities that were reasserting themselves upon regaining power in the post-colonial era. Due to their historical ties to China, the loyalty to their host countries was also at times, suspected. In this sense, ethnic Chinese in ASEAN often have to face challenges in ensuring the safeguarding of their interests. The recent emergence of China as a new economic powerhouse and a country with sufficient economic and political ability to assert itself, have a strong implication on the ethnic Chinese in ASEAN states, though with concerns and degrees of impact in different fields and different states. In some sense, it provided impetus for the Chinese to expand their economic ties with China, often playing the role of intermediary to Chinese companies operating in ASEAN, while at the same time investing in China. The rise of China also enhanced the Chinese-ness of the ethnic Chinese in the region, with stronger cultural and tertiary education ties. More recently, China's Belt and Road Initiatives (BRI) and the many mega projects that came under the initiatives have raised questions on China's position in the region – and this had inevitably linked to the ethnic Chinese for their roles as middlemen and as conduit for establishing links between China and their countries.

Ethnic Chinese have been part of the socio-cultural facades of ASEAN countries since the emigration of the Chinese to Southeast Asia since the Ming Dynasty. For several centuries, number of ethnic Chinese in the region remained small and they were concentrated mainly in port cities and major urban areas.

Even with a small number, their presence had mixed receptions. While on the large, they lived in harmony with the indigenous communities, there were times when their presence was not favourably looked upon. There were several incidents of anti-Chinese activities including pogroms and massacres including two massive ones in Manila (1603 and 1639) and one in Batavia (Jakarta 1740). But generally, they were either tolerated or accepted. In some cases, they integrated into the local societies through assimilation of culture, either through inter-marriages or mutual adoption of cultural elements – hence the emergence of hybrid or creole communities like the Peranakan, Mestizos, Baba-Nyonya, etc. In countries like Thailand, Myanmar and the Philippines, the Chinese community assimilated into the mainstream local identity. In the case of Thailand, there were policies that compelled the Chinese to be assimilated.

The late 19th centuries saw a new influx of ethnic Chinese into the region. Partly encouraged by the colonial regimes who looked upon the Chinese as suitable labourers and capital investors, and partly due to the harsh conditions in China, many chose to emigrate to the region of Southeast Asia, also known as Nanyang to the Chinese. Once established, these Chinese communities also established their own cultural and economic spheres including the establishment of schools, organisations, places of worship, and later, press and media.

As their numbers continued to grow, their presence began to receive attention from the indigenous community – some had adopted adverse views about them while others were able to accept them as part of the local socio-economic configurations.

During this time of western colonialism, China considered the ethnic Chinese in Southeast Asia as Chinese nationals. But a weak China could accomplish little in governing these Chinese who were living abroad. The new Republican government in Nanjing attempted two elections where Overseas Chinese in Southeast Asia were allowed to elect their representatives to the national assembly. But the Japanese aggression in China since 1937 and then the Second World War saw these plans failing to bring about the desired results.

During the post-war decolonisation process, ethnic Chinese became a part of the independence processes of the new nation-states that were emerging. Many ethnic Chinese took part in the political processes that eventually led them to be citizens of their adopted homeland. Post-war China's own political process, especially the civil war led to the establishment of a new People's Republic led by a communist party. The Cold War that set in with the Korean War, the Indochina War and insurgency wars launched by Communist parties in the various Southeast Asian countries, inevitably kept China out of reach for many of the new Southeast Asian countries which were anti-Communist in nature.

During the Cold War era, ethnic Chinese in Southeast Asia were faced with challenges of acceptance by the non-Chinese populations of their respective countries. The Chinese in Indonesia became scapegoats for incidents like the September 1965 Coup against the Indonesian Communist Party, whereas in Malaysia in May 1969, a racial riot took place following a general election. In 1998, the economic crises brought about an anti-Chinese riot, too. In all these violent events, lives were lost.

The end of the Cold War and the normalisation of diplomatic relations once again saw China undergo reform and modernisation. The country began to emerge from its immediate turbulent past which included the disastrous Great Leap Forward Campaign and the Cultural Revolution to slowly integrate into the global economy. The 2000s saw China rising fast as an emerging economy. This was the time when Chinese companies, especially state-owned enterprises came out in large numbers, each trying to make inroads into the vibrant ASEAN economies. The ethnic Chinese residing in each of these were sought to become intermediaries for the Chinese companies.

As China continues to emerge even stronger in the second decade of the 21st century, it was confident enough to introduce massive programmes aimed at playing a greater role in the international arena. By the end of the first decade, China was already the number one trading partner for many ASEAN countries

The introduction of the Belt and Road initiative in 2013 saw Chinese companies making massive inroads into Asian countries and the rest of the world. The massive investments and trade activities have reached an unprecedented level. Countries in Southeast Asia were inundated with mega infrastructure projects that focused on tele-communication, transport communications, energy, and seaports.

At the same time, China has also developed its military capacity to project its military might by the introduction of aircraft carriers and a fast-expanding modernised navy. The fact that China was using this newly acquired ability to assert its claims to the entire South China Sea has sparked speculations of a rising Chinese hegemony.

Chinese presence in ASEAN countries was not confined to the business community. Since 2000, there has been an increasing number of Chinese nationals arriving in the region. Many came as students and as professionals while others chose to settle in Southeast Asia. Certain countries also allowed these Chinese nationals to take up permanent residency or even citizenship. Beyond these long-term residents, there was also a sharp increase in Chinese tourists arrivals, with Thailand receiving more than 10 million arrivals a year, while the figures in other countries were on a steady rise.

How do these major initiatives affect the ethnic Chinese in Southeast Asia? This paper proposes three likely effects:

- 1) With the introduction of the Belt and Road Initiatives, Chinese firms have started to work directly with Governments and Government-Linked Companies in most ASEAN Countries. In the process, the ethnic Chinese' role as intermediaries also began to diminish. The same happened with the increasing number of Chinese businesses from China, slowly edging out local ethnic Chinese firms as they were able to compete with more attractive prices and terms.
- 2) The large number of Chinese investments that came too fast and too big have caused major concerns among governments and different strata of ASEAN communities – some even perceived Chinese presence to be a new form of Chinese hegemony. At certain times, the inability of government officials and businessmen of China to distinguish the local ethnic Chinese (who are citizens of different ASEAN countries) from the Chinese nationals, has inevitably touched some sensitive nerves. The anxiety of perceived 'racial imbalance' among the non-Chinese citizens of these countries has on several occasions been putting some of the fault lines to test.
- 3) The large number of Chinese nationals in ASEAN countries, either short-term, as tourists or long-term, as workers, businessmen and students, has given the impression that the local ethnic Chinese are colluding with them in dominating the businesses and services in these countries.

POLICY IMPLICATIONS AND RECOMMENDATIONS

- During the initial stages of the rise of China, ethnic Chinese in ASEAN were looked upon as intermediaries for Chinese business concerns to engage in business and investments in the region.
- This position was sustained until the introduction of the Belt and Road Initiatives in 2013 when China began to adopt a much more aggressive policy of massive investments and adopted a direct approach to deal with the local businesses and industries including national

governments and government-linked companies and therefore by-passing the ethnic Chinese as intermediaries.

- A confident and strong China has also from time-to-time, adopted a posture where there is an increasing scenario where ethnic Chinese were sometimes indistinguishable from Chinese nationals as Overseas Chinese instead of being Chinese Overseas. This has put Chinese in some ASEAN countries in a delicate position vis-à-vis their non-ethnic Chinese citizens.
- Inability of Chinese officials in distinguishing Chinese nationals from ethnic Chinese also created negative perceptions of the loyalty of the ethnic Chinese by fellow non-ethnic Chinese nationals.
- The ethnic Chinese remain an important segment of the socio-economic façade of ASEAN countries. They have remained strong and dynamic. The recent rise of China and its impact on the various sectors of the economy means that the community will need to be able to adapt to the changes and rise above the challenges to remain relevant.

RESEARCH PARAMETERS

Competing Regional Integrations in Southeast Asia (CRISEA) is an interdisciplinary research project that studies multiple forces affecting regional integration in Southeast Asia and the challenges they present to the peoples of Southeast Asia and its regional institutional framework, ASEAN.

CRISEA innovates by encouraging ‘macro-micro’ dialogue between disciplines: global level analyses in international relations and political economy alongside socio-cultural insights from the grassroots methodologies of social sciences and the humanities.

Coordinated by the Ecole française d’Extrême-Orient (EFEO) with its unique network of ten field centres in Southeast Asia, the project brings together researchers from seven European and six Southeast Asian institutions, with three objectives:

1. Research on regional integration

Multiple internal and external forces drive regional integration in Southeast Asia and compete for resources and legitimacy. CRISEA has identified five ‘arenas of competition’ for the interplay of these forces, investigated in the project’s five research Work Packages. It further aims to assess the extent to which they call into question the centrality of ASEAN’s regional model.

2. Policy relevance

CRISEA reaches beyond academia to engage in public debate and impact on practitioners in government and non-government spheres. By establishing mechanisms for dialogue with targeted audiences of policymakers, stakeholders and the public, the project furthers European science diplomacy in Southeast Asia and promotes evidence-based policymaking.

3. Networking and capacity-building

CRISEA reinforces the European Research Area (ERA) in the field of Asian Studies through coordinated EU-ASEAN academic exchange and network development. It connects major research hubs with emerging expertise across Europe and Southeast Asia. CRISEA also promotes participation of younger generation academics in all its activities, notably policy dialogues.

PROJECT IDENTITY

PROJECT NAME	Competing Integrations in Southeast Asia (CRISEA)
COORDINATOR	Andrew Hardy, EFEO, Paris, France, hardyvn25@yahoo.com
CONSORTIUM	Ecole française d'Extrême-Orient – EFEO – Paris, France University of Hamburg – UHAM – Hamburg, Germany University of Naples l'Orientale – UNO – Naples, Italy Institute of Social and Political Sciences – ISCSP - Lisbon, Portugal University of Lodz - UL – Lodz, Poland University of Oslo – UiO – Oslo, Norway University of Cambridge – Cam – Cambridge, UK Chiang Mai University – CMU – Chiang Mai, Thailand The Centre for Strategic and International Studies - CSIS – Jakarta, Indonesia Ateneo de Manila University – ADMU – Quezon City, Philippines University of Malaya – UM – Kuala Lumpur, Malaysia Vietnamese Academy of Social Sciences – VASS – Hanoi, Vietnam The University of Mandalay – MU – Mandalay, Myanmar
FUNDING SCHEME	H2020 Framework Programme for Research and Innovation of the European Union – Research Innovation Action (RIA) – Europe in a changing world, Engaging together globally
DURATION	November 2017 – February 2021 (40 months).
BUDGET	EU contribution: €2,500,000.00
WEBSITE	www.crisea.eu
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