

CHINA IN INTERNATIONAL INSTITUTIONS: CHALLENGES  
AND OPPORTUNITIES FOR SINGAPORE

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## ABSTRACT

CHINA IN INTERNATIONAL INSTITUTIONS: CHALLENGES AND OPPORTUNITIES FOR SINGAPORE, by Major Lin Yuanfeng Joseph, 112 pages.

Since China first opened its economy in 1978, it has slowly begun playing a larger role in international institutions. As a country that participates actively in multilateral organizations, Singapore is keenly affected by developments in such institutions. International organizations represent an important avenue that small countries like Singapore can use to pursue national objectives and mitigate inherent geopolitical limitations.

By comparing China's recent actions at multilateral institutions against Singapore's diplomatic and economic objectives, this thesis finds that China's increased participation and influence in these institutions present near-term opportunities for Singapore. China's willingness to participate in global activities such as peacekeeping and binding treaties are aligned with Singapore's objective of strengthening rules-based institutions among nations to promote stability. Furthermore, China's increased involvement has corresponded with greater trade and investment volumes for Singapore.

Nonetheless, there are underlying challenges for Singapore. China's participation in international institutions does not represent a policy that prioritizes institutional solutions when its national interests are challenged. China remains open to flexing its diplomatic and economic muscles to protect its interests. Furthermore, as China's economic prowess increases, its ability to shape international institutions will likely grow. Therefore, Singapore will need to adapt as China plays a larger role in international affairs.

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## ACRONYMS

APEC	Asia-Pacific Economic Cooperation
ASEAN	Association of Southeast Asian Nations
CCP	Chinese Communist Party
FDI	Foreign Direct Investments
FTA	Free Trade Agreement
IMF	International Monetary Fund
MFA	Ministry of Foreign Affairs
PLA	People's Liberation Army
SAF	Singapore Armed Forces
SCO	Shanghai Cooperation Organization
SCR	Security Council Resolution
UN	United Nations
WTO	World Trade Organization

## CHAPTER 1

### INTRODUCTION

#### Background

International institutions play a major role in global affairs today, covering a range of issues from state-centric security and economic concerns<sup>1</sup> to human-centric concerns,<sup>2</sup> such as disease prevention and criminal justice. Singapore has been an active participant of international institutions since it gained its independence on 9 August 1965. Singapore joined the United Nations (UN) on 21 September 1965 and was one of the founding members of the Association of Southeast Asian Nations (ASEAN) on 8 August 1967. More recently, Singapore was a member of the UN Security Council from 1 January 2001 to 31 December 2002 and hosted the International Monetary Fund (IMF)-World Bank Group Board of Governors Meetings in 2006.

Since China first opened its economy in 1978, it has slowly begun to play a larger role in international institutions. China gained membership into the World Trade Organization (WTO) in 2001 and signed the Treaty of Amity and Cooperation with ASEAN in 2003. China's influence has also increased in other international institutions. For example, its voting shares in the IMF have grown since 2006, from 2.93 percent to 6.07 percent.<sup>3</sup> As a member of various multilateral organizations, China has also

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<sup>1</sup>Examples of international organizations focused on state-centric issues are the United Nations and the International Monetary Fund.

<sup>2</sup>Examples of international institutions focused on human-centric concerns are the World Health Organization and the International Criminal Court.

<sup>3</sup>International Monetary Fund Finance Department, "Quota and Voting Shares Before and After Implementation of Reforms Agreed in 2008 and 2010—By Member,"

effectively straddled its global position as a rising power. On the one hand, China's economic prowess and status as a major economic power are demonstrated in its position in the G20.<sup>4</sup> On the other hand, China is championing the position of developing economies in the Doha Round of WTO negotiations.

China's influence in international institutions has been accompanied by significant changes in the manner that it exercises international diplomacy. First, China has now identified other nations that share common interests. Instead of attempting to advance its national interests unilaterally, China now identifies its position with other nations that have similar interests. A case in point is how China is coordinating the cause of developing nations at the WTO Doha Round negotiations. Second, as the Chinese economy continues to grow and China gains greater international credibility, Chinese businesses and government officials are beginning to build networks of overseas contacts. More importantly, China is working to demystify its culture and language to the rest of the world by setting up Confucius Institutes, which provide "Chinese language and cultural teaching resources and services worldwide."<sup>5</sup> Compared to its insular focus during the Cultural Revolution, China is now actively reaching out to non-Chinese populations to promote greater awareness, if not understanding, of Chinese culture and language.

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[http://www.imf.org/external/np/sec/pr/2011/pdfs/quota\\_tbl.pdf](http://www.imf.org/external/np/sec/pr/2011/pdfs/quota_tbl.pdf) (accessed 20 March 2011).

<sup>4</sup>G-20, "About G-20," [http://www.g20.org/about\\_what\\_is\\_g20.aspx](http://www.g20.org/about_what_is_g20.aspx) (accessed 20 March 2011).

<sup>5</sup>Hanban, "About Us," [http://english.hanban.org/node\\_7719.htm](http://english.hanban.org/node_7719.htm) (accessed 20 March 2011).

### Research Question

China's influence on international institutions is likely to continue growing. As a small country that participates actively in international institutions, Singapore is keenly affected by changes in international institutions. Therefore, the primary research question of this thesis is: Does China's increased participation and influence in international institutions present more challenges or opportunities for Singapore?

### Limitations and Delimitations

While China's increased participation and influence can be interpreted as a manifestation of the rise of China, this thesis is not a study on the rise of China. Indeed, the "rise of China" has occupied newspaper headlines and the thoughts of policymakers around the world for large portions of the past 20 years.<sup>6</sup> However, this thesis does not attempt to systematically consider the causes and effects of the rise of China. Instead, this thesis only examines aspects of the rise of China that pertain to China's increased participation and influence in international institutions.

Extrapolating current events and policy stances beyond the coming decade presupposes too many variables within China, Singapore, Asia, and the international

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<sup>6</sup>A speech by then-Deputy Secretary of State Robert Zoellick is typical of how policymakers worldwide are grappling with the issue of the rise of China. See National Committee on U.S.-China Relations, "Whither China: From Membership to Responsibility?" (Remarks, New York, 21 September 2005), [http://www.ncuscr.org/files/2005Gala\\_RobertZoellick\\_Whither\\_China1.pdf](http://www.ncuscr.org/files/2005Gala_RobertZoellick_Whither_China1.pdf) (accessed 16 April 2011). Another statesman who has penned his perspective of China's rise is Henry Kissinger, *On China* (New York: Penguin Press, 2011). Numerous academics have also explored the topic of the rise of China. They include: G. John Ikenberry, "A New Order in East Asia?" in *East Asian Multilateralism*, ed. Kent E. Calder and Francis Fukuyama (Baltimore, MD: Johns Hopkins University Press, 2008), 217-233; and Niall Ferguson "The West and the Rest: the Changing Global Balance of Power in Historical Perspective," [http://www.chathamhouse.org/sites/default/files/19251\\_090511ferguson.pdf](http://www.chathamhouse.org/sites/default/files/19251_090511ferguson.pdf) (accessed 23 October 2011).

arena. Therefore, this thesis adopts a ten-year horizon in analyzing whether China's impact on international institutions presents more challenges or opportunities for Singapore. Despite the Chinese Communist Party's apparent stranglehold on China's politics, predicting the continuity of Chinese policy is not a simple task given the relatively opaque nature of its leadership transition and the burgeoning impact of nationalism within the Chinese public. China also faces complex issues, such as a rapidly ageing society and potentially insolvent commercial banks that preclude simple or surefire solutions. Separately, Singapore's national priorities and policies could shift as its domestic politics matures. Singapore's Prime Minister, Mr. Lee Hsien Loong, termed the recent General Elections as a "watershed election," recognizing a change in the government's ability to determine national policy.<sup>7</sup>

In considering the challenges and opportunities facing Singapore, this thesis focuses only on Singapore's economic and diplomatic objectives. National objectives could encompass a wide variety of issues: from ensuring access to strategic resources such as oil or water; to maintaining social cohesion; to environmental sustainability in the face of rising sea levels. Indeed, Singapore's founding father Lee Kuan Yew touched on the issues of access to clean water and maintaining racial harmony in a 2011 interview with Singaporean newspaper *The Straits Times*.<sup>8</sup> For the United States, national

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<sup>7</sup>Shamim Adam and Weiyi Lim, "Singapore Election Watershed May Ease PAP's Political Hold," *Bloomberg Businessweek*, 20 June 2011, <http://www.businessweek.com/news/2011-05-08/singapore-election-watershed-may-ease-pap-s-political-hold.html> (accessed 20 June 2011).

<sup>8</sup>Prime Minister's Office, Singapore, "We are not vulnerable? They can besiege you. You'll be dead," 16 January 2011, [http://www.pmo.gov.sg/content/pmosite/mediacentre/inthenews/ministermentor/2011/January/We\\_are\\_not\\_vulnerable\\_They\\_can\\_besiege\\_you\\_You\\_ll\\_be\\_dead.html](http://www.pmo.gov.sg/content/pmosite/mediacentre/inthenews/ministermentor/2011/January/We_are_not_vulnerable_They_can_besiege_you_You_ll_be_dead.html) (accessed 19 July 2011).

objectives even include “Respect for universal values at home and around the world.”<sup>9</sup> Nonetheless, with the paucity of official documents defining Singapore’s national objectives, deciphering and accounting for all aspects of Singapore’s interests would be an enormous undertaking beyond the scope of the primary research question.

Examining future challenges and opportunities facing Singapore would entail a much wider study. By focusing on the impact of changes in international institutions, this thesis only examines one aspect of Singapore’s foreign relations. Other areas of challenge or opportunity could arise from Singapore’s bilateral relationship with other nations, domestic political factors or the actions of non-state actors. Nonetheless, given Singapore’s small size and active participation in international institutions, changes in the dynamics and functionalities of international institutions can present significant opportunities and challenges for Singapore.

In studying the research question, this thesis limits its analysis to the UN, the IMF, the WTO, and ASEAN for various reasons. First, these four institutions directly affect how Singapore pursues its economic and diplomatic objectives. In fact, the UN as an umbrella organization oversees several institutions that deal with the different instruments of national power (diplomatic, information, military, economic). The UN is also the only organization in the world that can authorize the international use of force. Similarly, ASEAN is another organization that deeply affects Singapore’s economic and diplomatic objectives. Second, these four institutions represent different organizational structures. They range from global to regional organizations, and have different

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<sup>9</sup>White House, *National Security Strategy* (Washington, DC: Government Printing Office, May 2010), 7.

membership criteria and decision-making mechanisms. Third, these four institutions generate sufficient policy attention and news events for qualitative analysis.

### Approach

Chapter 2 will explore existing literature in three areas: first, the evolution of Sino-Singapore relations; second, trends and factors within China that could influence its policies; and finally, trends and factors within Singapore that could influence its diplomatic and economic objectives. Chapter 3 explains the two-stage methodology of analysis. Chapter 4 examines the primary research question in two phases. First, chapter 4 analyzes Singapore's diplomatic and economic objectives to determine the opportunities and challenges posed by international institutions. Next, chapter 4 considers recent key events in international institutions and finds that China's increased participation and influence in these institutions present significant near-term opportunities for Singapore although there are underlying challenges that Singapore would have to manage. Chapter 5 then concludes with policy implications for Singapore and potential application for other nations.

### Significance

International institutions represent an important avenue that small countries like Singapore can use to shape global trends in pursuit of national objectives. By analyzing China's recent role in international institutions, this thesis sheds light on how Singapore can continue to protect and advance its national objectives. To be clear, besides international institutions, nations have other avenues to achieve their national objectives, such as through domestic policies or bilateral relations. Nonetheless, small nations have

limited influence in bilateral relations, especially vis-à-vis larger nations. In addition, the domestic policies of small nations are often a response to international developments rather than autonomous decisions. Thus, small nations such as Singapore often look to international institutions to mitigate their inherent vulnerabilities.

Besides small countries, other nations will also not be able to “escape the strategic implications of China’s rise.”<sup>10</sup> While this thesis examines the particular circumstances facing Singapore, insights on how China is influencing international organizations can inform policymakers of other countries. Strategic analysts would benefit from understanding how international institutions might evolve as China continues to rise.

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<sup>10</sup>Geoff Dyer, “Beijing’s Elevated Aspirations,” *Financial Times*, 11 November, 2010, <http://www.ft.com/cms/s/0/1cfa57c4-ed03-11df-9912-00144feab49a.html#axzz1PxsUf3Hx> (accessed 20 June 2011).

## CHAPTER 2

### LITERATURE REVIEW

#### Introduction

China is assuming a larger role in global politics based on its growing economy, diplomatic charm offensive and modernizing military. Nonetheless, as recent as 2008, BBC News still reported that, based on a global survey, the “world [was] still wary of modern China.”<sup>11</sup> This thesis examines the primary research question of whether China’s recent role in international institutions presents more challenges or opportunities for Singapore. To inform the analysis of the primary research question, this chapter explores different components of the Sino-Singapore relationship. The first section surveys the current relationship between China and Singapore to provide an understanding of the basis for future Sino-Singapore relations. The second section focuses on China, examining its foreign policy, policymaking process, and economic strategy. The last section of this chapter focuses on Singapore, surveying the recent trend of its diplomatic and economic policies.

#### Sino-Singapore Relations

The first section reviews the existing state of relations between Singapore and China. This section covers both the Singaporean and Chinese perspectives of how the two nations have interacted over the past two decades. There are three dimensions of the Sino-Singapore relationship. First, official memoirs and speeches of individuals involved

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<sup>11</sup>Caroline Hawley, “World still wary of modern China,” *BBC New*, 4 August 2008, <http://news.bbc.co.uk/2/hi/asia-pacific/7540871.stm> (accessed 29 March 2011).

in this process, such as Singapore's founding father Lee Kuan Yew and the late Chinese leader Deng Xiaoping, reveal the diplomatic relationship between the two countries. Second, economic data reveal the growing economic ties between the two nations. Finally, this section reviews the military and security relations between China and Singapore.

### Diplomatic Relations

China and Singapore only established diplomatic relations in 1990. China did not recognize Singapore as a sovereign nation when Singapore first became independent in 1965<sup>12</sup>, and the two nations had strained ties initially with Radio Beijing labeling Singapore's first Prime Minister Lee Kuan Yew "a 'running dog of U.S. and British imperialism'" in 1968.<sup>13</sup> Despite the troubled start to the relationship, both countries eventually found common ground to build a solid relationship. Similar to how China initiated contacts with other nations in the 1960s and 1970s, Singapore and China conducted their first contact in 1971 through "ping-pong diplomacy."<sup>14</sup> However, out of sensitivity to its Southeast Asian neighbors who were concerned that Singapore could be "influenced by kinship ties with China,"<sup>15</sup> Singapore only established official diplomatic relations with China in 1990 after Indonesia had done so.

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<sup>12</sup>Lee Kuan Yew, *From Third World to First—The Singapore Story: 1965-2000* (New York: HarperCollins Publishers, 2000), 574.

<sup>13</sup>*Ibid.*, 575

<sup>14</sup>*Ibid.*

<sup>15</sup>*Ibid.*, 577.

In 1980, then Chinese leader Deng Xiaoping stated two policies that reassured neighboring countries. First, in a speech to senior Chinese government officials, Deng reiterated that China would not seek to spread communism elsewhere. He asserted that China would “respect the way the Parties and peoples of different countries deal with their own affairs . . . [and] will never issue orders to other [Communist Parties].”<sup>16</sup> Deng’s statement reassured the Singapore government that China had no intention of interfering in Singapore’s domestic politics. Second, in an interview with Italian journalist Oriana Fallaci, Deng acknowledged the benefits of foreign capital, technology and management skills, which corroborated with China’s willingness to interact with Singapore.<sup>17</sup> Deng even expressed that China would adopt a strategy of economic development similar to the formula that propelled Singapore’s economic development.<sup>18</sup>

The personal experiences of Singapore’s founding father Lee Kuan Yew in China reflect the evolution of Sino-Singapore relations, from an antagonistic and suspicious relationship to a respectful and mutually beneficial relationship. When Lee first visited

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<sup>16</sup>Deng Xiaoping, “An Important Principle for Handling Relations Between Fraternal Parties (May 31, 1980),” in *Selected Works of Deng Xiaoping Vol. II (1975-1982)*, translated by The Bureau for the Compilation and Translation of Works of Marx, Engels, Lenin, and Stalin Under the Central Committee of the Communist Party of China (Beijing, China: Foreign Languages Press, 1984), 301.

<sup>17</sup>Deng Xiaoping, “Answers to the Italian Journalist Oriana Fallaci (August 21 and 23, 1980),” in *Selected Works of Deng Xiaoping Vol. II (1975-1982)*, translated by The Bureau for the Compilation and Translation of Works of Marx, Engels, Lenin, and Stalin Under the Central Committee of the Communist Party of China (Beijing, China: Foreign Languages Press, 1984), 326-334.

<sup>18</sup>Deng Xiaoping, “Excerpts from talks given in Wuchang, Shenzhen, Zhuhai and Shanghai,” in *Selected Works of Deng Xiaoping Vol. III (1982-1992)*, translated by The Bureau for the Compilation and Translation of Works of Marx, Engels, Lenin, and Stalin Under the Central Committee of the Communist Party of China (Beijing, China: Foreign Languages Press, 1994), 358-370.

China in 1976, he found it “disturbing to listen to parrot-like responses from highly intelligent young people”<sup>19</sup> and was “disappointed that the leader of such a huge country [Hua Guofeng] looked tough and strong but . . . merely trotted out the standard party line.”<sup>20</sup> However, with subsequent visits, Lee’s observations of China changed. Instead of “parrot-like responses,” Lee described the youth as a “thick layer of talent spread over the continent . . .with the emphasis on ability and character, no longer on ideological purity or revolutionary fervor.”<sup>21</sup> Lee also described the late Chinese leader Deng Xiaoping as “the most impressive leader . . . [who when] faced with an unpleasant truth, [was] prepared to change his mind.”<sup>22</sup>

Taiwan is a sensitive issue for China which Sino-Singapore relations have been able to surmount. While opening China to the rest of the world, Deng Xiaoping stated categorically in 1980 that the “return of Taiwan to the motherland” was one of the three tasks that China had to accomplish.<sup>23</sup> Nonetheless, while maintaining the one-China policy, Singapore was able to build ties with both China and Taiwan. In fact, Singapore hosted the “first-ever” China and Taiwan dialogue in 1993. Singapore also conducts military training in Taiwan as Singapore does not have sufficient land area to conduct

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<sup>19</sup>Lee Kuan Yew, 589.

<sup>20</sup>Ibid., 586.

<sup>21</sup>Ibid., 624.

<sup>22</sup>Ibid., 601.

<sup>23</sup>Deng Xiaoping, “The Present Situation and the Tasks Before Us (January 16, 1980),” in *Selected Works of Deng Xiaoping (1975-1982)*, translated by The Bureau for the Compilation and Translation of Works of Marx, Engels, Lenin, and Stalin Under the Central Committee of the Communist Party of China (Beijing, China: Foreign Languages Press, 1984), 225.

military training locally. As then-Prime Minister Lee Kuan Yew explained during his first visit to China, before Singapore started “full-scale training in Taiwan in 1975, [Singapore’s] foreign minister, Rajaratnam, had informed [China’s] foreign minister, Qiao Guanhua, that this move did not in any way reflect a change in [Singapore’s] position of recognizing one China.”<sup>24</sup>

Nonetheless, Singapore’s ties with Taiwan have occasionally irked Beijing. In 1994, when then-Deputy Prime Minister Lee Hsien Loong made a “private and unofficial”<sup>25</sup> visit to Taiwan, China “expressed strong dissatisfaction with and protest against the visit” and threatened that Singapore “should take full responsibilities for results from the event.”<sup>26</sup> Eventually, diplomatic relations between China and Singapore regained an even keel and the two countries have since resumed high-level visits bilaterally<sup>27</sup> and at multilateral forums.<sup>28</sup>

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<sup>24</sup>Lee Kuan Yew, 585.

<sup>25</sup>Simon S. C. Tay, “Singapore: Review of Major Policy Statements,” in *2004 Singapore Year Book of International Law and Contributors*, <http://law.nus.edu.sg/sybil/downloads/articles/SYBIL-2004/SYBIL-2004-219.pdf> (accessed 17 July 2011), 225-227.

<sup>26</sup>Embassy of the People’s Republic of China in United States of America, “China opposes Lee Hsien Loong’s visit to Taiwan (12/07/04),” <http://www.china-embassy.org/eng/xw/t142816.htm> (accessed 22 May 2011).

<sup>27</sup>Ministry of Foreign Affairs of the People’s Republic of China, “Bilateral Relations,” 23 August 2010, <http://www.fmprc.gov.cn/eng/wjb/zzjg/yzs/gjlb/2777/> (accessed 26 May 2011).

<sup>28</sup>Such as through ASEAN and ASEAN Plus Three. ASEAN, “ASEAN-People’s Republic of China,” <http://www.aseansec.org/20185.htm> (accessed 26 May 2011); ASEAN, “ASEAN Plus Three,” <http://www.aseansec.org/20182.htm> (accessed 26 May 2011).

## Economic Ties

As Singapore's former Prime Minister Mr. Goh Chok Tong stated in 2010, "[e]conomic cooperation remains the cornerstone of [Singapore's] bilateral relationship with China."<sup>29</sup> For the past 20 years, Singapore's engagement with China has centered on its role as an intermediary between China, a developing nation that was familiarizing itself with the norms of the international system, and the rest of the world. A prime example is the Suzhou Industrial Park (SIP), a brainchild of late Chinese leader Deng to tap into Singapore's experience in industrializing its economy. The SIP is a project to develop 288 km<sup>2</sup> of land into an industrial park, of which 80km<sup>2</sup> would be jointly developed as the China-Singapore Cooperation Zone. The project started in 1994 with an investment of USD\$100 million.<sup>30</sup> As the SIP started during the early days of China's economic revival, Singapore's "worldwide connections and reputation" were instrumental in giving Western companies the confidence to invest in China.<sup>31</sup> Even today, the SIP is referred to as the "pilot zone of reform and opening-up," a testament to how Singapore helped pioneer China's economic revival.<sup>32</sup> To date, the deputy prime

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<sup>29</sup>Prime Minister's Office, Singapore, "Speech by Mr Goh Chok Tong, Senior Minister, at the Singapore-China Business Association 40th Anniversary Gala Dinner, 3 December 2010, at Resorts World Sentosa," [http://www.pmo.gov.sg/content/pmosite/mediacentre/speechesinterviews/seniorminister/2010/December/speech\\_by\\_mr\\_gohchoktongseniorministeratthesingapore-chinabusine.html](http://www.pmo.gov.sg/content/pmosite/mediacentre/speechesinterviews/seniorminister/2010/December/speech_by_mr_gohchoktongseniorministeratthesingapore-chinabusine.html) (accessed 27 March 2011).

<sup>30</sup>China-Singapore Suzhou Industrial Park Development Group Co., Ltd. "Corporate History," <http://www.cssd.com.cn/qywh.shtml> (accessed 20 March 2011).

<sup>31</sup>Lee Kuan Yew, 651.

<sup>32</sup>China-Singapore Suzhou Industrial Park Development Group Co., Ltd. "Sino-Singapore Cooperation," 2010, [http://www.sipac.gov.cn/english/InvestmentGuide/SinoSingaporeCooperation/200402/t20040218\\_82029.htm](http://www.sipac.gov.cn/english/InvestmentGuide/SinoSingaporeCooperation/200402/t20040218_82029.htm) (accessed 20 March 2011).

ministers of both countries jointly chair the Suzhou Industrial Park's China-Singapore Joint Steering Council. In 2007, Singapore Prime Minister Lee Hsien Loong and Chinese Premier Wen Jiabao signed a Framework Agreement to develop an eco-city in Tianjin, marking the second high-level economic cooperation between the two nations.<sup>33</sup>

Economic ties between the two nations have grown stronger over the years. Total trade between China and Singapore has grown by more than fivefold since 1999.<sup>34</sup> Moreover, from 2005 to 2009, foreign direct investment (FDI) from Singapore into China more than doubled from SGD \$27B to SGD \$54B while FDI from China to Singapore increased almost ten folds from SGD \$900M to SGD \$8.8B. Singapore is now the third largest investor in China, behind only Hong Kong and Taiwan.<sup>35</sup> China-Singapore economic relations also deepened in 2009 with the signing of the China-Singapore Free Trade Agreement (CSFTA). The CSFTA was China's first comprehensive bilateral FTA with an Asian country and was concluded relatively swiftly within two years.

### Defense Relations

China and Singapore formalized defense relations in January 2008 with the signing of the Agreement on Defence Exchanges and Security Cooperation. To be clear,

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<sup>33</sup>Sino-Singapore Tianjin Eco-City, "Milestones," <http://www.tianjinecocity.gov.sg/> (accessed 16 May 2011).

<sup>34</sup>Department of Statistics, Singapore, "External Trade," 17 June 2011, <http://www.singstat.gov.sg/stats/themes/economy/trade.html> (accessed 18 September 2011).

<sup>35</sup>Department of Commerce, People's Republic of China, "Statistics of China's Absorption of FDI from January to December 2010," 27 January 2011, <http://english.mofcom.gov.cn/aarticle/statistic/foreigninvestment/201101/20110107381641.html> (accessed 20 May 2011).

China and Singapore maintained informal military ties prior to 2008 through port calls and multilateral exercises. However, with the formalization of defense relations, the two nations have exchanged annual high-level visits and conducted joint exercises.

Singapore's Deputy Prime Minister Teo Chee Hean has visited China twice while high-level Chinese leaders who have visited Singapore include Chief of the People's Liberation Army (PLA) General Staff General Chen Bingde in October 2009<sup>36</sup> and Vice Chairman of the Central Military Commission General Guo Boxiong in May 2010.<sup>37</sup> Nevertheless, analysis of the press releases by Singapore's Ministry of Defence reveals that Sino-Singapore defense relations are less developed compared to Singapore's defense relations with other powers, such as the United States and India, as well as Singapore's defense relations with its neighbors, Indonesia and Malaysia.<sup>38</sup>

Similar to militaries around the globe, the navies of the two countries have been at the forefront of defense diplomacy. The Republic of Singapore Navy and the Navy of the People's Liberation Army exchange port visits annually and have conducted joint

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<sup>36</sup>General Chen Bingde is a member of the Central Military Commission of the People's Republic of China and Chief of General Staff of the People's Liberation Army (PLA). See Ministry of Defense, Singapore, "PLA Chief of General Staff Visits Singapore," 23 October 2009, [http://www.mindef.gov.sg/imindef/news\\_and\\_events/nr/2009/oct/23oct09\\_nr.html](http://www.mindef.gov.sg/imindef/news_and_events/nr/2009/oct/23oct09_nr.html) (accessed 15 May 2011).

<sup>37</sup>General Guo Boxiong is a member of the Politburo and Vice Chairman of the Central Military Commission of the People's Republic of China. See Ministry of Defense, Singapore, "Vice Chairman of China's Central Military Commission meets DPM," 20 May 2010, [http://www.mindef.gov.sg/imindef/news\\_and\\_events/nr/2010/may/20may10\\_nr.html](http://www.mindef.gov.sg/imindef/news_and_events/nr/2010/may/20may10_nr.html) (accessed 15 May 2011).

<sup>38</sup>Between January 2001 and January 2011, Singapore's Ministry of Defence issued 24 press releases regarding Sino-Singapore defense exchanges. This is less than half the number of press releases issued regarding U.S.-Singapore defense exchanges and approximately one-third the number of press releases issued regarding Indonesia-Singapore defense exchanges during the same time period.

maritime drills, the latest of which was in September 2010.<sup>39</sup> The two armies also began joint exercises, codenamed Ex Cooperation, in 2009. The PLA hosted the inaugural Ex Cooperation in Guilin, China based on a counter-terrorism scenario.<sup>40</sup> Assistant to the Chief of General Staff of the PLA, Major-General Qi Jianguo noted that Ex Cooperation 2009 was the PLA's first joint training "with a foreign military in security field."<sup>41</sup>

### Examining China

#### China's Foreign Policy

Political scientist Avery Goldstein uses the Realist framework to examine China's grand strategy. Goldstein concludes that "China's grand strategy, in short, aims to increase the country's international clout without triggering a counterbalancing reaction."<sup>42</sup> China achieves this end state in two ways. First, it "establish[es] various types of partnerships . . . to make China an indispensable, or at least very attractive, actor on whose interests the system's major powers are reluctant to trample."<sup>43</sup> Second, it "embraces an activist agenda designed to establish Beijing's reputation as a responsible

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<sup>39</sup>Ministry of National Defense of the People's Republic of China, "Chinese Naval Escort Taskforce Berths in Singapore," *PLA Daily*, 6 September 2010, [http://eng.mod.gov.cn/DefenseNews/2010-09/06/content\\_4191173.htm](http://eng.mod.gov.cn/DefenseNews/2010-09/06/content_4191173.htm) (accessed 15 May 2011).

<sup>40</sup>Ministry of Defense, Singapore, "SAF and PLA to Conduct Joint Counter-Terrorism Training Exercise," 18 June 2009, [http://www.mindef.gov.sg/imindef/news\\_and\\_events/nr/2009/jun/18jun09\\_nr.html](http://www.mindef.gov.sg/imindef/news_and_events/nr/2009/jun/18jun09_nr.html) (accessed 15 May 2011).

<sup>41</sup>Ministry of National Defense of the People's Republic of China, "'Cooperation 2009' joint security training concluded," *PLA Daily*, 26 June 2009, [http://eng.mod.gov.cn/MilitaryExercises/2009-06/26/content\\_4003678.htm](http://eng.mod.gov.cn/MilitaryExercises/2009-06/26/content_4003678.htm) (accessed 15 May 2011).

<sup>42</sup>Avery Goldstein, *Rising to the Challenge: China's Grand Strategy and International Security* (Stanford, CA: Stanford University Press, 2005), 12.

<sup>43</sup>*Ibid.*, 29.

international actor, reducing the anxiety about China's rise."<sup>44</sup> Goldstein expects that the current grand strategy will remain relevant for the coming decade because "the strategy's demonstrated usefulness has solidified its broad appeal among China's foreign policy elite, and the strategy is robust with respect to changes in China's international circumstances."<sup>45</sup>

University of Chicago professor John Mearsheimer utilizes the concept of offensive Realism<sup>46</sup> and expects China to actively seek ways to change the global order.<sup>47</sup> Mearsheimer is supported by Harvard academic Alastair Johnston's analysis of the Chinese *Seven Military Classics*. The *Seven Military Classics* reveal that China has traditionally operated on the *parabellum* paradigm where "the application of violence is highly efficacious for dealing with the enemy."<sup>48</sup> Chinese professor Shiping Tang of Shanghai's Fudan University examines China's security strategy and finds that China has shifted from offensive Realism under Mao to defensive Realism since Deng Xiaoping. Tang asserts that China's foreign policy now bears the characteristics of defensive

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<sup>44</sup>Ibid., 30.

<sup>45</sup>Ibid., 177.

<sup>46</sup>John Mearsheimer, *The Tragedy of Great Power Politics* (New York: W. W. Norton, 2001).

<sup>47</sup>John Mearsheimer, "The Gathering Storm: China's Challenge to U.S. Power in Asia," *The Chinese Journal of International Politics* 3 (2010): 381-396.

<sup>48</sup>Alastair Iain Johnston, *Cultural Realism: Strategic Culture and Grand Strategy in Chinese History* (Princeton, NJ: Princeton University Press, 1995), 249.

Realism and “[while] China may become more powerful, it is unlikely that it will use its newly gained power to intentionally threaten other states.”<sup>49</sup>

In contrast to Realist theorists, Princeton University professor G. John Ikenberry posits that the “rise of China does not have to trigger a wrenching hegemonic transition” because China is “increasingly working within, rather than outside of, the Western order.”<sup>50</sup> By citing examples of how China continues to participate in the IMF and UN, Ikenberry remains confident that the existing “international system the United States leads can remain the dominant order of the twenty-first century.”<sup>51</sup> Political scientist David Shambaugh also highlights that China is increasing its participation in international institutions and argues that “domestic development” is the main driver for China’s increased participation in international institutions.<sup>52</sup>

American International Relations (IR) academic and practitioner Kent E. Calder acknowledges the Liberal theory that domestic economic growth is a key consideration that is driving China’s participation in various international organizations. However, he highlights a Realist tinge in China’s largely-cooperative foreign economic policy. Calder writes that China, despite recognizing the benefits of a stronger Asia-Pacific Economic

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<sup>49</sup>Shiping Tang, “From Offensive to Defensive Realism: A Social Evolutionary Interpretation of China’s Security Strategy,” in *China’s Ascent: Power, Security, and the Future of International Politics*, ed. Robert S. Ross and Zhu Feng (New York: Cornell University Press, 2008), 162.

<sup>50</sup>G. John Ikenberry, “The Rise of China and the Future of the West: Can the Liberal System Survive?” *Foreign Affairs* 87, no. 1 (January/February 2008): 24.

<sup>51</sup>*Ibid.*, 37.

<sup>52</sup>David Shambaugh, “China Engages Asia: Reshaping the Regional Order,” *International Security* 29, no. 3 (Winter 2004/2005): 71.

Cooperation (APEC), deliberately limits its participation in APEC because APEC recognizes Taiwan as a member.<sup>53</sup>

Professor Jeffrey Legro at the University of Virginia uses the Constructivist framework to contend that both the Realist and Liberal theories of IR do not adequately explain China's interests and likely behavior as they "offer linear projections that ignore the way that China's future is likely to be contingent—especially on the interaction of foreign policy ideas and events."<sup>54</sup> Legro attributes China's current foreign policy stance of "reform and opening" to two reasons. First, China recognizes that "integration within the existing international order provides the best means for national economic development."<sup>55</sup> Second, "the existing international order . . . enhances [China's] sovereignty."<sup>56</sup> He identifies three possible alternatives to the current foreign policy stance. First, China could "attempt to pursue economic and political liberalization at an even more rapid pace at the expense of the Party and social stability." Second, China could face pressure to halt and reverse its integration in the current order. Third, China might pursue a "more confrontational strategy with the West . . . while pursuing a soft line and integration in Asia."<sup>57</sup> Legro argues that "engaging, containing or hedging

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<sup>53</sup>Kent E. Calder, "Critical Junctures and Northeast Asian Regionalism," in *East Asian Multilateralism*, ed. Kent E. Calder and Francis Fukuyama (Baltimore, MD: Johns Hopkins University Press, 2008), 26.

<sup>54</sup>Jeffrey Legro, "What China Will Want: The Future Intentions of a Rising Power," *Perspectives on Politics* (September 2007): 515.

<sup>55</sup>*Ibid.*, 525.

<sup>56</sup>*Ibid.*

<sup>57</sup>*Ibid.*, 526.

against the rise of China” could all be relevant policy options depending on “what particular policy China is pursuing and how that relates to the Chinese government’s rationale for its actions.”<sup>58</sup>

Another scholar who applies the Constructivist framework to China’s foreign policy is Johns Hopkins University professor David Lampton. Lampton explores how China uses not just military and economic tools, but also “ideational power,” to further its policy agenda.<sup>59</sup> He concludes that because of its relative military weakness, China currently emphasizes the use of economic and ideational power in international affairs.<sup>60</sup>

Other analysts have also used the Chinese philosophy of Confucianism to interpret China’s foreign policy. One such academic is Professor of Philosophy at Tsinghua University, Daniel A. Bell, who explains the expression of Confucianism in foreign policy in his article “War, Peace, and China’s Soft Power: A Confucian Approach.”<sup>61</sup> Bell quotes Confucian scholar Kang Youwei who describes “an ideal society” where states are abolished and there is “sharing the world in common by all (*tian xia wei gong*).”<sup>62</sup> In Bell’s words, Confucianism advocates that China should be

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<sup>58</sup>Ibid., 527.

<sup>59</sup>David M. Lampton, *The Three Faces of Chinese Power: Might, Money and Minds* (Berkeley, CA: University of California Press, 2008), 10.

<sup>60</sup>Ibid., 15.

<sup>61</sup>Daniel A. Bell, “War, Peace, and China’s Soft Power: A Confucian Approach,” *Diogenes* 56, no. 1 (2009): 26-40.

<sup>62</sup>Ibid., 29.

“responsible to the world, rather than merely to one’s own country,” suggesting that Confucianism would guide China toward a peaceful rise.<sup>63</sup>

David Kang, Professor of International Relations and Business at the University of Southern California, supports Bell’s interpretation of a peaceful Confucian-inspired foreign policy in his analysis of East Asian kingdoms from 1368 to 1841.<sup>64</sup> Kang points out that the Confucian “tribute system” practiced in East Asia contained “credible commitments” by the hegemon (China) not to exploit its vassal states and enabled “effective communication” to resolve differences between the various states.<sup>65</sup> Kang notes that the Confucian “tribute system” contradicts Westphalian ideals of equality among sovereign states as the relationships amongst East Asian kingdoms were “explicitly hierarchic” based on their “cultural achievement . . . military [and] economic power.”<sup>66</sup> Nonetheless, Kang highlights limitations in applying the Confucian “tribute system” to modern international relations. First, he emphasizes that this system of international relations would only work among nations that share and practice Confucian ideology domestically.<sup>67</sup> Furthermore, he posits that based on the “hysterical response to

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<sup>63</sup>Ibid., 30.

<sup>64</sup>David C. Kang, “Hierarchy and Legitimacy in International Systems: The Tribute System in Early Modern East Asia,” *Security Studies* 19, no. 4 (2010): 591-622.

<sup>65</sup>Ibid., 611-614.

<sup>66</sup>Ibid., 594.

<sup>67</sup>Ibid., 604-611.

protests about Tibet in the spring and summer of 2008,” China currently lacks the self-confidence to function as the benevolent hegemon expected in the Confucian system.<sup>68</sup>

Confucian-inspired foreign policy may be taking roots in China’s elite circles but it has yet to be embraced by the masses. Lecturer in Liverpool John Moores University Qing Cao writes that since 2002, the Chinese leadership has “substantially infused pragmatic nationalism with a specific application of Confucian concepts . . . centering on the Confucian concept of *he* (peace, harmony, union).”<sup>69</sup> To prove the point, Cao cites three international speeches by China’s leaders: former President Jiang Zemin’s 2002 speech at the opening ceremony of the George Bush Presidential Library and Museum; Premier Wen Jiabao’s 2003 speech at Harvard University; and President Hu Jintao’s 2005 speech in London.<sup>70</sup> Nonetheless, Cao points out that while Confucian rhetoric is present in the speeches of China’s leaders and the Party press, the “market oriented press almost entirely ignores the *he*-based Confucian foreign policy.”<sup>71</sup> Thus, he argues that the expression of Confucianism in foreign policy, although backed by academics and government officials, is not widely accepted by the Chinese public.<sup>72</sup>

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<sup>68</sup>Ibid., 621.

<sup>69</sup>Qing Cao, “Confucian Vision of a New World Order: Culturalist Discourse, Foreign Policy and the Press in Contemporary China,” *International Communication Gazette* 69 no. 5 (2007): 435.

<sup>70</sup>Ibid., 437-441.

<sup>71</sup>Ibid., 442.

<sup>72</sup>Ibid., 444.

## China's Policymaking

Shambaugh analyzes the different schools of thought in China's foreign policy-making circles and identifies seven schools of thought that are evident in China's foreign policy.<sup>73</sup> The seven schools of thought are not mutually exclusive and often share overlapping aims and premises. Of the seven intellectual trends, "Nativism" and "Realism with Chinese Characteristics," with their emphasis on state sovereignty and interstate competition, most closely resemble traditional Realist theory. On the other hand, the concept of "Globalism," with the notion of contributing to global issues, most closely resembles traditional Liberal theory. Shambaugh postulates that Chinese President Hu Jintao is a proponent of the "Major Powers" intellectual camp, which recognizes that China should "concentrate its diplomacy on managing its relations with the world's major powers and blocs."<sup>74</sup> Nonetheless, Shambaugh predicts that Chinese behavior will continue to contain a "predominant realist, and troubling, character."<sup>75</sup>

China's government has transformed from the personality-centric leadership of Mao Zedong towards an institutionalized system of leadership renewal. The Chinese Communist Party (CCP) has also reformed its leadership transitions so that government policies maintain continuity across multiple generations of leadership. U.S. Air Force officers John Geis and Blaine Holt argue that China has reformed its constitution to

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<sup>73</sup>David Shambaugh, "Coping with a Conflicted China," *The Washington Quarterly* 34, no. 1 (Winter 2011): 7-27.

<sup>74</sup>*Ibid.*, 14.

<sup>75</sup>*Ibid.*, 25.

“allow for peaceful exits from government and logical successions with the party elite,”<sup>76</sup> and believe that the generation of leaders succeeding Hu Jintao (i.e. the 5th generation) would likely continue Hu’s concept of building a “harmonious society.”<sup>77</sup>

Nonetheless, institutionalizing leadership renewal creates a different problem for the Chinese civil service. Professor at Tsinghua University and Chair of the Brookings Institution Board John Thornton points out that the Chinese civil service is facing increasing competition from the private sector in attracting top graduates.<sup>78</sup> By examining China’s demographics and education system, Thornton highlights that China’s civil service faces challenges from the private sector in recruiting and retaining the talent needed to administer the country.

In addition to the difficulty in attracting top talent into the civil service, China is also facing an “increasing bifurcation of civilian and military elites” as the civilian and military institutions implement separate personnel grooming systems. Experts from the National Defense University Michael Kiselycznyk and Phillip C. Saunders highlight that unlike the first generation of political leaders who personally led and shared in the development of the PLA, subsequent generations of political leaders have less familiarity and personal influence over the military.<sup>79</sup> Nonetheless, the PLA remains a key

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<sup>76</sup>John P. Geis II and Blaine Holt, “‘Harmonious Society’: Rise of the New China,” *Strategic Studies Quarterly* (Winter 2009): 78.

<sup>77</sup>*Ibid.*, 86.

<sup>78</sup>John L. Thornton, “China’s Leadership Gap,” *Foreign Affairs* 85, no. 6 (November/December 2006): 133-140.

<sup>79</sup>Michael Kiselycznyk and Phillip C. Saunders, *Civil-Military Relations in China: Assessing the PLA’s Role in Elite Politics* (Washington, DC: National Defense University Press, 2010), 5-7.

component of the Chinese government as the government grapples with the “ever-present issue of subordinating the military to civilian (party) control.”<sup>80</sup>

Various theorists have posited different models to analyze the relationship between the PLA and the Chinese government. Shambaugh postulates that the PLA and Chinese government (represented by the CCP) maintain a symbiotic relationship.<sup>81</sup> The symbiotic relationship occurs at the highest levels of government where the CCP has successfully coopted senior PLA leadership into the decision-making process.<sup>82</sup> In contrast, China specialist Ellis Joffe argues that the PLA is becoming a professional force and distancing itself from a political role.<sup>83</sup> While largely agreeing with Joffe’s insights, Georgia Institute of Technology professor John Garver adds that the PLA maintains an interest in political matters due to its interests in certain foreign policy (such as the Taiwan issue) and existing commercial ventures.<sup>84</sup> Shambaugh and Chinese academic Nan Li claim that the CCP recognizes that the PLA is moving away from the party line

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<sup>80</sup>Robert A. Scalapino, “China’s Role in Southeast Asia: Looking Toward the Twenty-first Century,” in *China and Southeast Asia into the Twenty-First Century*, ed. Richard L. Grant (Washington, DC: Center for Strategic and International Studies, 1993), 65.

<sup>81</sup>David Shambaugh, “The Soldier and the State in China: The Political Work System in the People’s Liberation Army,” *The China Quarterly*, no. 127 (September 1991): 527-568.

<sup>82</sup>Eberhard Sandschneider, “Military and Politics in the PRC,” in *Chinese Defense and Foreign Policy*, ed. June Teufel Dreyer (New York: Praeger House, 1989), 331-349.

<sup>83</sup>Ellis Joffe, “The Chinese Army in Domestic Politics: Factors and Phases,” in *Chinese Civil Military Relations: The Transformation of the People’s Liberation Army*, ed. Nan Li (London: Routledge, 2006), 8-24.

<sup>84</sup>John W. Garver, *Face Off: China, the United States, and Taiwan’s Democratization* (Seattle, WA: University of Washington Press, 1997).

and has sought to entrench its control of the PLA by implementing the Political Work System.<sup>85</sup>

While the PLA remains involved in the Chinese government, the Chinese leadership has rigorously pursued comprehensive national strength, measuring the overall strength of the nation, instead of being fixated with security interests. For example, Garver explains that the PLA-Navy had been successful in advocating operations in the South China Sea because such operations brought economic returns and political payoffs.<sup>86</sup> To maximize its comprehensive national power, Harvard International Review writer Lake Wang argues that China is likely to maintain a pragmatic and diplomatic stance in the international arena as global trade is vital for economic growth.<sup>87</sup> Wang's argument is supported by political scientist Rex Li's analysis that China's foreign policies are shaped by its expected value of trade.<sup>88</sup>

The primacy of economic considerations in comprehensive national strength is articulated in China's official policy.<sup>89</sup> Strengthening the Chinese economy is recognized

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<sup>85</sup>David Shambaugh, "The Soldier and the State in China." Nan Li, "Changing Functions of the Party and Political Work System in the PLA and Civil-Military Relations in China," *Armed Forces & Society* 19, no. 3 (Spring 1993): 393-409.

<sup>86</sup>John W. Garver, "China's Push through the South China Sea: The Interaction of Bureaucratic and National Interests," *The China Quarterly* no. 132 (December 1992): 999-1028.

<sup>87</sup>Lake Wang, "The Good Neighbor: Why China Cooperates," *Harvard International Review* (Fall 2007): 38-41.

<sup>88</sup>Rex Li, "The China Challenge: Theoretical Perspectives and Policy Implications," *Journal of Contemporary China* 8, no. 22 (November 1999): 443-476.

<sup>89</sup>China, "White Paper on Peaceful Development Road Published," 22 December 2005, <http://www.china.org.cn/english/2005/Dec/152669.htm> (accessed 6 May 2011); English.xinhuanet.com, "President Hu calls for substantial progress in transforming

as the primary objective of the government. This view is echoed by Chinese academics Fuquan Tong and Yichang Liu who argue that “a country’s actual economic strength represents its Comprehensive National Power.”<sup>90</sup> Furthermore, analysts Michael Swaine and Ashley Tellis cite Chinese research arguing that the different components of comprehensive national strength are complementary with economic growth providing the basis for strengthening military capabilities and gaining diplomatic influence.<sup>91</sup>

Another factor that could affect China’s policies is the perception of its public on China’s rightful place in the world today. External analysts have interpreted the evolution of the Chinese population’s self-perception in various ways. Then-editor of *TIME* magazine Joshua Ramo writes that China is recovering from the past “century of humiliation” where it experienced “a sense of helplessness in deciding [its] own fate.”<sup>92</sup> Ramo opines that the Chinese population is recovering an appropriate sense of confidence in its global position. In contrast to Ramo, Harvard professor Joseph Nye contends that China has become “overconfident” about its relative power in the world, “believ[ing] that the recession of 2008 represented a shift in the balance of world

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economic growth model,” 8 March 2011, [http://news.xinhuanet.com/english2010/china/2011-03/08/c\\_13767415.htm](http://news.xinhuanet.com/english2010/china/2011-03/08/c_13767415.htm) (accessed 6 May 2011).

<sup>90</sup>Fuquan Tong and Yichang Liu, *The World’s All-Directional Economic War* (Beijing: Junshi Kexue Chubanshe, 1991), 232.

<sup>91</sup>Michael Swaine and Ashley Tellis, *Interpreting China’s Grand Strategy* (Santa Monica, CA: RAND Corporation, 2000), 99.

<sup>92</sup>Joshua Cooper Ramo, “How to Think About China,” *Time Magazine*, 19 April 2010, 29.

power.”<sup>93</sup> Nye envisages a more assertive aspect to the Chinese public’s self-perception. Nonetheless, while differing on their analysis of the sentiments held by China’s masses, Nye and Ramo both agree that Chinese “leaders still want to follow Deng’s strategy of not rocking the boat.”<sup>94</sup>

### China’s Economic Policy

China has updated its economic strategy twice in the last decade. After decades of frantic and uneven growth, President Hu Jintao introduced the concept of “harmonious society” to address the widening income gap in China in 2006.<sup>95</sup> At the 17th National Congress of the Communist Party of China in 2007, President Hu officially announced the “harmonious society” as the top priority of the Chinese government.<sup>96</sup> The strategy recognized that as China cemented its position as a low-cost exporter, the Chinese leadership had to address its citizens’ aspirations for education, housing and healthcare throughout China.

More recently, China updated its economic strategy to move up the value chain of production. American analysts Ernest Wilson III and Adam Segal examine China’s attempts to reform and modernize its information and communication technology (ICT)

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<sup>93</sup>Joseph S. Nye Jr., “Shift In Perceptions of Power,” *Los Angeles Times*, 6 April 2011, 17.

<sup>94</sup>*Ibid.*

<sup>95</sup>Maureen Fan, “China’s Party Leadership Declares New Priority: ‘Harmonious Society’,” *The Washington Post*, 12 October 2006, <http://www.washingtonpost.com/wp-dyn/content/article/2006/10/11/AR2006101101610.html> (accessed 15 May 2011).

<sup>96</sup>People’s Daily Online, “Harmonious Society,” *People’s Daily Online*, 29 September 2007, <http://english.peopledaily.com.cn/90002/92169/92211/6274603.html> (accessed 15 May 2011).

sector.<sup>97</sup> They posit that the reforms would not just affect the level of technology in China's ICT sector, but would also affect "political reform, institutional reform, China's regional relationships, and Sino-American relations."<sup>98</sup> Separately, the Chinese government is also reported to have revalued the Renminbi and removed tax incentives for low-cost producers in order to incentivize Chinese firms towards producing higher-value goods.<sup>99</sup> China's revised industrial policy is accompanied by updated financial policies, with *Bloomberg* reporting the increased sophistication in Chinese capital markets and predicting that the Chinese Renminbi could be convertible by 2016.<sup>100</sup>

China has been sensitive to portray that its economic growth benefits other nations. Chinese leaders have announced ambitious targets for trade, foreign investment, and foreign aid in order to reassure other nations that China's rise will create "win-win" situation for all nations.<sup>101</sup> China also initiated, to the "surprise of many Southeast Asian diplomats," a free trade agreement with Southeast Asia as part of its campaign to project

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<sup>97</sup>Ernest J. Wilson III and Adam Segal, "Trends in China's Transition Toward A Knowledge Economy," *Asian Survey* 45, no. 6 (2005): 886-906.

<sup>98</sup>*Ibid.*, 898.

<sup>99</sup>Behzad Yaghmaian, "Follow the Renminbi," *The New York Times*, 27 June 2010, <http://www.nytimes.com/2010/06/28/opinion/28iht-ed-yaghmaian.html> (accessed 15 May 2011); China Daily, "China saying farewell to its past economic strategy," *China Daily*, 1 July 2010, [http://www.chinadaily.com.cn/opinion/2010-07/01/content\\_10046244.htm](http://www.chinadaily.com.cn/opinion/2010-07/01/content_10046244.htm) (accessed 21 May 2011).

<sup>100</sup>Michael Forsythe and Andrea Wong, "China's Yuan Convertible by 2016 in Global Poll Marking Big Investor Shift," *Bloomberg News*, 11 May 2011, <http://www.bloomberg.com/news/2011-05-12/china-s-yuan-convertible-by-2016-in-poll.html> (accessed 15 May 2011).

<sup>101</sup>Joshua Kurlantzick, *Charm Offensive: How China's Soft Power Is Transforming the World* (Birmingham, NY: Vail-Ballou Press, 2007), 87.

soft power.<sup>102</sup> Chinese leaders, most recently Vice-President Xi Jinping, have also gone on record to claim that China's economic development had lifted millions out of poverty and this accomplishment was a triumph of human rights.<sup>103</sup> China's economic development has been hailed by Western publications who recognize that a "poor or floundering China is unlikely to be a cooperative China."<sup>104</sup>

The opening of China's economy has benefitted Southeast Asia. Based on econometric studies, International Political Economy scholar John Ravenhill writes, "inflows of FDI into China have actually had a positive effect on ASEAN's FDI receipts."<sup>105</sup> Furthermore, while Chinese goods have replaced ASEAN exports to the United States (U.S.) and Japan, ASEAN exports to China have grown more than the drop in exports to the U.S. and Japan.<sup>106</sup> China also helped stabilize the contagion effect during the 1997 Asian Financial Crisis. Beijing's decision to maintain the value of its currency, despite "a 30 percent rise in [China's] real exchange rate,"<sup>107</sup> allowed Southeast

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<sup>102</sup>Ibid., 95.

<sup>103</sup>Malcolm Moore, "China's 'next leader' in hardline rant," *The Telegraph*, 16 February 2009, <http://www.telegraph.co.uk/news/worldnews/asia/china/4637039/Chinas-next-leader-in-hardline-rant.html> (accessed 23 May 2011).

<sup>104</sup>David M. Lampton, "What if China Fails? We'd Better Hope It Doesn't!" *Wilson Quarterly* (Autumn 2010): 62. See also David Shambaugh, "China Engages Asia: Reshaping the Regional Order," *International Security* 29, no. 3 (Winter 2004-2005): 98.

<sup>105</sup>John Ravenhill, "Is China an Economic Threat to Southeast Asia?" *Asian Survey* 46, no. 5 (September/October 2006): 663.

<sup>106</sup>Ibid., 664-673.

<sup>107</sup>David Hale, "The Outlook for Economic Integration in East Asia," in *East Asian Multilateralism*, ed. Kent E. Calder and Francis Fukuyama (Baltimore, MD: Johns Hopkins University Press, 2008), 64.

Asia to recover economic competitiveness and viability. Professor at University of Virginia Brantly Womack notes that China's currency policy in 1997 "raised [ASEAN's] confidence levels regarding the economic relationship."<sup>108</sup>

Besides the benefits of China's economic growth, some observers also acknowledge that China's fixed exchange rate policy has been a stabilizing factor in the global economy, such as during the aftermath of the Asian Financial Crisis.<sup>109</sup> In fact, Phillip Swagel from the American Enterprise Institute writes that the U.S. government's vocal demands for a flexible Renminbi could be "a devious attempt to prolong the enormous benefits the U.S. derives at China's expense from the fixed dollar-yuan exchange rate" rather than a serious diplomatic effort to correct economic imbalances between the two countries. In the face of vocal U.S. criticism of its currency policy, Renminbi revaluation is politically unpalatable for Beijing since it would appear that Beijing was acquiescing to U.S. demands instead of pursuing its own economic growth targets. Furthermore, Swagel notes that a stronger Renminbi would lead to "higher prices on Chinese goods and higher interest rates in the short term" and "steeper cost of financing [U.S.] government debt."<sup>110</sup>

China set up the China Investment Corporation (CIC) in 2007 to invest its vast foreign reserves. The CIC injected much-needed capital into Wall Street firms at the

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<sup>108</sup>Brantly Womack, "China and Southeast Asia: Asymmetry, Leadership and Normalcy," *Pacific Affairs* 76, no. 4 (Winter 2003/2004): 537.

<sup>109</sup>Hale, 58-77.

<sup>110</sup>Phillip L. Swagel, "Yuan Answers?" *American Enterprise Institute for Public Policy Research: Articles and Commentary*, 10 June 2005, <http://www.aei.org/article/22647> (accessed 20 May 2011).

height of the 2008 Financial Recession, helping to avert the potential collapse of the global financial system. Nonetheless, CIC's participation in the U.S. financial markets has sparked concern in certain quarters. American Enterprise Institute for Public Policy Fellow Kevin Hassett is representative of economists who worry that sovereign wealth funds such as the CIC invest in foreign companies for strategic reasons, seeking to manipulate commercial corporations for political ends.<sup>111</sup> Others such as Columbia University law professors Ronald J. Gilson and Curtis J. Milhaupt even argue that sovereign wealth funds should have non-voting rights when they purchase U.S. firms in order to curtail any strategic objectives that these funds may harbor.<sup>112</sup> Nonetheless, *The Economist* points out the economic futility of making business decisions based on strategic concerns instead of economic viability, citing the example of Japanese purchases of U.S. companies in the 1980s. In fact, *The Economist* argues that clear regulations that apply to all financial investments, not special regimes specifically targeting sovereign wealth funds, lead to efficient market outcomes.<sup>113</sup>

Nonetheless, Beijing faces major challenges ahead as it develops its economy. Lampton points out three major challenges that are likely to plague Chinese decision-makers for the foreseeable future. First, as a result of the one-child policy, China faces a

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<sup>111</sup>The Economist, "Asset-backed Insecurity," 17 January 2008, <http://www.economist.com/node/10533428> (accessed 11 May 2011).

<sup>112</sup>Ronald J. Gilson and Curtis J. Milhaupt, "Sovereign Wealth Funds and Corporate Governance: A Minimalist Response to the New Merchantilism," *60 Stanford Law Review* 1345 / *Stanford Law and Economics Olin Working Paper*, no. 355 (March 2008).

<sup>113</sup>The Economist, "The Invasion of the Sovereign-wealth Funds," 17 January 2008, [http://www.economist.com/node/10533866?story\\_id=10533866](http://www.economist.com/node/10533866?story_id=10533866) (accessed 11 May 2011).

rapidly aging population. Furthermore, the Chinese culture's preference for a male child, in order to perpetuate the family name, has caused a skewed gender balance.<sup>114</sup> Beijing would have to confront social issues involved with a low worker-to-dependent ratio and meeting the marital aspiration of its population. Next, despite a high savings rate, China's financial sector is fraught with "bank nonperforming loans (NPLs) and unfunded pension liabilities."<sup>115</sup> In fact, Lampton postulates that it was because of the high savings rate that banks could make "imprudent 'loans' to state-owned enterprises (SOEs)."<sup>116</sup> Finally, the "degree of China's fiscal dependence on trade-related revenues and foreign enterprises is startling."<sup>117</sup> Lampton points out that the Chinese economy is reliant on the international economy, stating that "when the United States catches an economic cold, Shanghai catches pneumonia."<sup>118</sup> Hence, Beijing would have to increase domestic demand to diversify its engines for economic growth.

### Examining Singapore

#### Trend of Singapore's Diplomatic Policy

Singapore's foreign policy is conscious of its geographical constraints and welcomes the presence of external powers in the region. Singapore welcomes U.S. presence in Southeast Asia for economic and security reasons while deepening economic

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<sup>114</sup>David M. Lampton, *The Three Faces of Chinese Power*, 217-219.

<sup>115</sup>*Ibid.*, 238-240.

<sup>116</sup>*Ibid.*, 239.

<sup>117</sup>*Ibid.*, 243.

<sup>118</sup>*Ibid.*, 244.

and cultural ties with China to tap on its growth potential.<sup>119</sup> Singaporean political scientist Lee Boon Hiok claims that Singapore's foreign policy stems from "a political ideology of survival" and Singapore was non-aligned "to suit its own situation and circumstances."<sup>120</sup> In contrast, a historical analysis of Southeast Asian nations by John D. Ciorciari at the University of Michigan finds that developing countries (as Singapore was) were not genuinely nonaligned. Instead, developing nations maintain limited alignment with great powers.<sup>121</sup> Ciorciari posits that these nations pursue limited alignment with great powers in order to maximize the potential gains while minimizing its risks in the uncertain global environment. Womack's analysis largely agrees with Ciorciari's thesis that Southeast Asian nations are neither balancing nor bandwagoning with China. However, Womack argues that Southeast Asian nations are not just pursuing limited alignment but are in fact engaging China.<sup>122</sup>

Singapore's foreign policy can be evaluated using the Realist framework where Singapore's inherent vulnerability as a small and young nation is apparent. According to late British scholar Michael Leifer, Singapore's sense of vulnerability stems from the difficult circumstances of its independence, geographical position as a tiny island with no natural resources, insufficient water for its population, and post-independence tensions

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<sup>119</sup>David Kang, "Getting Asia Wrong," *International Security* 27, no. 4 (Spring 2003): 81-82.

<sup>120</sup>Lee Boon Hiok, "Constraints on Singapore's Foreign Policy," *Asian Survey* 22, no. 6 (June 1982): 526-528.

<sup>121</sup>John D. Ciorciari, *The Limits of Alignment: Southeast Asia and the Great Powers since 1975* (Washington, DC: Georgetown University Press, 2010).

<sup>122</sup>Womack, 529-548.

with its larger neighbors.<sup>123</sup> Leifer wrote that Singapore jealously guards its sovereignty and engages extra-regional actors in the region to protect against the risk of any “local adventurism” by its larger neighbors.<sup>124</sup> He argued that Singapore promoted the ASEAN Regional Forum and granted U.S. military access to its naval base in order to increase Singapore’s position in the balance of power.<sup>125</sup>

Nonetheless, scholars have argued that Singapore’s foreign policy is evolving from a Realist premise towards a Liberal premise. ASEAN specialist Amitav Acharya, who is also the UNESCO Chair in Transnational Challenges and Governance, argues that Singapore, despite a Realist outlook, reconciled its national interests with regional cooperation and has been a keen supporter of ASEAN from its inception. Acharya writes that Singapore shaped ASEAN into a “vehicle for intra-mural conflict avoidance,”<sup>126</sup> exactly the role that Liberals envisage for international institutions. Similarly, Singaporean scholar N. Ganesan argues that Singapore’s foreign policy, which started from a Realist perspective, has evolved to recognize the benefits of cooperation especially in the economic arena.<sup>127</sup> Indeed, Ganesan’s argument is supported by the findings of Benjamin Goldsmith from the University of Sydney. Goldsmith analyzes

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<sup>123</sup>Michael Leifer, *Singapore’s Foreign Policy: Coping with Vulnerability* (New York: Routledge, 2000), 27-32.

<sup>124</sup>*Ibid.*, 132.

<sup>125</sup>*Ibid.*, 156.

<sup>126</sup>Amitav Acharya, *Singapore’s Foreign Policy: The Search for Regional Order* (Singapore: World Scientific Publishing Co. Pte. Ltd., 2008), 7.

<sup>127</sup>N. Ganesan, *Realism and Interdependence in Singapore’s Foreign Policy* (New York: Routledge, 2005).

Asia's militarized interstate disputes and trade, observing that, from 1950 to 2000, increased trade interdependence correlated with peace in Asia.<sup>128</sup>

Singapore practices a form of democracy which is dissimilar to Western models. Political scientist at University of Kansas O. Fiona Yap argues that, despite being "less democratic," the Singapore government is held accountable for its policies by its impact on economic growth.<sup>129</sup> Asia specialist at the East West Center in Hawaii Denny Roy describes Singapore's domestic political system as *soft authoritarianism*.<sup>130</sup> Roy points out that the Singapore government perceives democracy only as one of several ways to attain good governance. Singaporean leaders argue that good governance is possible when leaders "exercise their broad powers with moral rectitude."<sup>131</sup> Roy also labels China as an "aspiring soft authoritarian" as the CCP begins economic reforms and social liberalization. Australian analyst Case highlights that the Singapore government eased controls over civil liberties and political rights in 2003 although the scope of liberalization remains "firmly calibrated" to maintain the existing *soft authoritarianism*.<sup>132</sup> Case's observations are consistent with Roy's argument that

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<sup>128</sup> Benjamin E. Goldsmith, "A Liberal Peace in Asia?" *Journal of Peace Research* 44, no. 1 (January 2007): 5-27.

<sup>129</sup> O. Fiona Yap, "Non-Electoral Responsiveness Mechanisms: Evidence from the Asian Less Democratic Newly Industrializing Countries," *British Journal of Political Science* 33, no. 3 (July 2003): 491-514.

<sup>130</sup> Denny Roy, "Singapore China, and the "Soft Authoritarian" Challenge," *Asian Survey* 34, no. 3 (March 1994): 231-242.

<sup>131</sup> *Ibid.*, 234.

<sup>132</sup> William Case, "Singapore in 2003: Another Tough Year," *Asian Survey* 44, no. 1 (January/February 2004): 117-118.

government officials recognize that “political liberalization can be expected to follow economic development.”<sup>133</sup>

### Trend of Singapore’s Economic Policy

Singapore’s rapid economic growth since its independence in 1965 has been well-documented. However, analysts have begun to question the future viability of the growth strategy. Southeast Asia economic specialist W. G. Huff points out the low growth in Singapore’s total factor productivity (TFP) and predicts that “barring a change in [Singapore’s] nature, Singapore’s economic growth appears likely eventually to stall.”<sup>134</sup> Huff argues that Singapore’s political climate and education system are not conducive for fostering the critical creativity and entrepreneurship required for continued economic growth. Case seconds Huff’s concern about the limitations of Singapore’s developmental strategy but adds that the Singapore government had attempted to transform the Singapore economy with divestment of government-linked corporations and investment in biomedical technology.<sup>135</sup> Nonetheless, Case points out that “attempts to stimulate entrepreneurship have been weakened by the government’s ambivalence over any serious retreat from involvement in the economy.”<sup>136</sup>

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<sup>133</sup>Roy, 242.

<sup>134</sup>W. G. Huff, “Turning the Corner in Singapore’s Developmental State?” *Asian Survey* 39, no. 2 (March/April 1999): 238.

<sup>135</sup>William Case, “Singapore in 2002: Economic Lassitude and Threats to Security,” *Asian Survey* 43, no. 1 (January/February 2003): 170.

<sup>136</sup>*Ibid.*, 171.

British academic Christopher M. Dent examines Singapore's foreign economic policy and finds that the policy is also "borne largely from [a] high sense of security-consciousness."<sup>137</sup> Dent echoes Leifer's conclusion that Singapore's security interests boil down to the fact that Singapore is a "small trading state with virtually no natural resources and no indigenous economic hinterland that must sustain the material demands of a highly industrialized and developed territory." Thus, Singapore's foreign economic policy since independence has been designed to maintain economic security, a "sub-set of its deep security complex." In particular, Dent emphasizes "two key features of Singapore's foreign economic policy." First, Singapore attempts to shape the conditions for long-term economic growth. Second, Singapore's foreign economic policy is increasingly interdependent with its neighbors Malaysia and Indonesia. Dent stresses that the three countries share common interests in maintaining security of the Malacca Straits, access to natural resources and the movement of human capital in the region.

Applying the theory of defensive Realism to Singapore, Southeast Asian scholar Alan Chong describes Singapore's economic policy as "mercantilist globalization" where Singapore seeks to maximize its national interest through economic means.<sup>138</sup> Chong argues that domestically, Singapore's government is highly directive in formulating the unique "tripartite system" and proactive in implementing financial policies. Singapore's government proactively mediates between labor unions and corporate firms to craft labor

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<sup>137</sup>Christopher M. Dent, "Singapore's Foreign Economic Policy: The Pursuit of Economic Security," *Contemporary Southeast Asia: A Journal of International and Strategic Affairs* 23, no. 1 (April 2001): 1-23.

<sup>138</sup>Alan Chong, "Political Economy, 1997-2007: Strategizing Economic Assurance for Globalization," *Asian Survey* 47, no. 6 (November/December 2007): 953.

policies that grow the “overall economic pie.”<sup>139</sup> After years of fine-tuning and proven economic success, all three components (government, labor union and corporate firms) seek to “accommodate each other’s concerns with the view to obtaining collective benefits rather than relative gains.”<sup>140</sup> Chong also notes that the Singapore government has also opened up the financial sector, ironically after the 1997 Asian Financial Crisis, to greater competition and foreign capital flows. The Singapore government is seeking to develop financial services into a bigger component of the economy.

Since 2003, Singapore has embarked on a new economic strategy largely based on recommendations of the government-directed Economic Review Committee. The strategy has three goals: (1) to transform Singapore into a key node in the globalised economy; (2) to develop a creative and entrepreneurial culture for an innovation-driven economy in Singapore; and (3) to diversify the economy, powered by the twin engines of manufacturing and services, where vibrant local companies complement multinational corporations, and new startups co-exist with traditional businesses.<sup>141</sup> The Economic Review Committee recommends six critical requirements for the Singapore economy to thrive: (1) expand external ties; (2) maintain competitiveness and flexibility; (3) encourage entrepreneurship and Singapore companies; (4) maintain the twin economic

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<sup>139</sup>Ibid., 972.

<sup>140</sup>Ibid.

<sup>141</sup>Ministry of Trade and Industry, Singapore, *Report of the Economic Review Committee: New Challenges, Fresh Goals –Towards a Dynamic Global City* (Singapore: SNP Print, 2003).

engines of manufacturing and services; (5) develop people to the fullest; and (6) proactively manage economic restructuring.<sup>142</sup>

### Conclusion

This chapter examined the relationship between China and Singapore, as well as factors affecting their formulation of national objectives. The chapter began by examining the context of existing Sino-Singapore relationship, highlighting that while Sino-Singapore relations are now multi-faceted, economic ties remain the bedrock of the bilateral relationship. The next section of this chapter examined China's foreign policy using different International Relations theories of Realism, Liberalism and Constructivism. This section also examined China's government, civil service, military, and public in order to understand various stakeholders in China's policymaking process. Finally, this section examined China's economic growth and policy, highlighting the evolution of China's economic policy and challenges that it would likely face in the future. The final section of this chapter turned its focus toward Singapore, examining Singapore's diplomatic and economic policies. Existing literature suggests that Singapore's foreign policy has evolved from a primarily Realist outlook to embrace elements of Liberalism. However, Singapore retains a hardnosed perspective of its economic development and the government strives to maintain a coherent strategy to guide Singapore's continued economic development.

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<sup>142</sup>Ibid., 9-15.

## CHAPTER 3

### RESEARCH METHODOLOGY

#### Introduction

This thesis used the qualitative research method to examine whether China's increased participation and influence in international institutions present more challenges or opportunities for Singapore. This chapter describes the two phases of analysis and the assumptions made in this thesis. First, this chapter explains how the thesis will define Singapore's diplomatic and economic objectives. Next, this chapter explains how this thesis will examine China's recent actions and policies in four international institutions and analyze the impact of these actions and policies on Singapore. Finally, this chapter explains the assumptions that the thesis adopts in order to analyze the research question.

#### Defining Singapore's Objectives

In the absence of definitive official publications on Singapore's diplomatic and economic interests, numerous academics and analysts have attempted to define Singapore's national objectives. This study complemented the existing body of literature by examining government sources to ascertain Singapore's national objectives. First, this study reviewed policy statements and speeches of various government ministries. Next, official publications describing policy stances and strategies were examined.

Of particular importance to the primary research question, this thesis examined Singapore's economic and diplomatic objectives in four international institutions—ASEAN, IMF, UN, and WTO. Singapore's interests at the UN and ASEAN are multi-faceted, addressing its economic and diplomatic objectives. On the other hand,

Singapore's objectives in the IMF and WTO tend to focus primarily on economic goals, although these organizations also indirectly affect diplomatic goals. This thesis examined primary source materials to ascertain Singapore's objectives for these four international organizations.

### Challenges and Opportunities in International Institutions

This thesis limited its scope to studying recent changes at the UN, IMF, WTO and ASEAN, and the impact of these changes on Singapore. As described in chapter 1, these four international organizations epitomize key institutions that directly affect Singapore's ability to achieve its economic and diplomatic objectives. Separately, these four international institutions represent a range of size, membership composition and roles to provide an overview of China's increased influence and participation in different international forums.

First, this thesis analyzed recent key events at the UN, IMF, WTO and ASEAN to discern changes caused China's increased participation and influence over the past ten years. These international institutions have responded to the rise of China and recognized its larger role in global affairs. Already, China has achieved greater influence in the IMF.<sup>143</sup> In addition, China is also participating more actively in UN peacekeeping operations around the world.

Next, this thesis examined the implications of these key events on Singapore's diplomatic and economic objectives. In addition to analyzing recent key events, this

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<sup>143</sup>International Monetary Fund Finance Department, "Quota and Voting Shares Before and After Implementation of Reforms Agreed in 2008 and 2010—By Member," [http://www.imf.org/external/np/sec/pr/2011/pdfs/quota\\_tbl.pdf](http://www.imf.org/external/np/sec/pr/2011/pdfs/quota_tbl.pdf) (accessed 20 March 2011).

this thesis also considered the near-term trends of China's actions in international organizations and their impact on Singapore. This thesis used Realist and Liberal theories of international relations to interpret China's recent actions, omitting the use of Constructivist theory because this theory does not readily generate predictions on tangible changes to international institutions.

### Assumptions

This thesis made several assumptions in analyzing the research question. Key among the assumptions was that the current international system would remain on its existing trajectory for the next 10 years. There were three components to this assumption. First, China's economy would continue to grow strongly and that the CCP would be able to maintain political and social stability throughout the country. Second, the global economy would continue to function. This thesis assumed that there would be no fundamental shock to the global trading system in the form of a massive meltdown of financial markets or a skyrocketing of the price of commodities such as oil. Third, U.S.-China relations remain relatively constant. It was assumed that Taiwan would not become a flashpoint in U.S.-China relations with a sudden Taiwanese push for independence. Separately, it was assumed that actions by North Korea would not change the nature of U.S.-China relations. In addition, it was assumed that Japan would not embark on a massive rearmament program that tilted the regional military balance or altered the disposition of the U.S. military presence in Northeast Asia.

Separately, this thesis assumed that nations pursue rational policies to pursue long-term material objectives, such as economic benefits and stable relations. Secular nations such as China and Singapore would not pursue intangible objectives such as the

spread of values or ideology. Hence, while the CCP remained in firm control of China's foreign policy, it had no interest in spreading communism as a way of life or of government abroad.<sup>144</sup> In addition, the focus on material interests mitigated the factor of kinship in foreign policy, a theory posited by Harvard professor Samuel Huntington in, "The Clash of Civilizations?"<sup>145</sup> Despite a majority Chinese population in Singapore, racial affinity did not factor in Sino-Singapore relations.

In addition, this thesis also assumed that policies were coherent within each nation. Indeed, policies and actions taken by various entities within a government may not always be consistent with the long-term objectives or stated positions of the government. Such an incident occurred in 2010 when China's PLA Major-General Luo Yuan published an article in a Chinese newspaper calling for China to "recover territory 'looted by neighbors'," just two days before Chinese Premier Wen Jiabao's visit to India.<sup>146</sup> This article was reported in India as the PLA's view, contradicting the Chinese government's "official 'peaceful rise' policy mantra."<sup>147</sup> Hence, to limit the scope of this study, it was assumed that policies and actions by any part of the government represent the nation's position on the issue and were in the overall interest of the entire nation. This

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<sup>144</sup>Kang, "Getting Asia Wrong," 68.

<sup>145</sup>Samuel Huntington, "The Clash of Civilizations?" *Foreign Affairs* 72, no. 3 (Summer 1993): 22-49.

<sup>146</sup>Ananth Krishnan, "China must recover territory 'looted' by neighbors, said PLA General," *The Hindu*, 21 December 2010, <http://www.thehindu.com/news/national/article965958.ece> (accessed 29 March 2011).

<sup>147</sup>*Ibid.*

thesis did not analyze dilemmas that might arise when pursuing multiple national objectives or the competing priorities of different government ministries.

### Summary

The overarching methodology was to synthesize the findings of the two sections to determine whether China's recent role in international institutions presented more opportunities or challenges for Singapore. This thesis first established the economic and diplomatic objectives of Singapore, especially as they pertained to the four international institutions. Next, this thesis examined China's recent activities in these organizations and analyzed how they affect Singapore's diplomatic and economic objectives. By examining the impact of China's actions in multilateral institutions on Singapore's national objectives, this thesis determined the challenges and opportunities that China's increased participation and influence in international institutions presented to Singapore.

## CHAPTER 4

### ANALYSIS

#### Introduction

As China's economy and military continue to grow, its influence in international institutions is likely to increase. As a small country that participates actively in international institutions, Singapore could be keenly affected by the rise of China's influence and participation in international institutions. Therefore, the primary research question asks whether China's increased participation and influence in international institutions present more challenges or opportunities for Singapore. There are two aspects to the primary research question.

First, in order to understand what are challenges and opportunities to Singapore, this thesis will ascertain Singapore's economic and diplomatic objectives. This chapter begins by examining speeches by government officials that lay out Singapore's diplomatic objectives. Next, this chapter analyzes primary source materials that elucidate Singapore's economic objectives. Official publications and statements by government officials will be analyzed to ascertain the thrust of Singapore's economic goals.

The second aspect of the analysis examines China's increased participation and influence in international institutions and the implications for Singapore. This thesis explores each of the four international organizations—UN, IMF, WTO and ASEAN—in turn. This portion of analysis first reviews China's recent actions in these organizations before considering how these actions affect Singapore's diplomatic and economic objectives.

## Challenges and Opportunities for Singapore

### Diplomatic Objectives

Numerous academics such as Michael Leifer<sup>148</sup> and Lee Boon Hiok<sup>149</sup> have characterized Singapore's foreign policy as a policy premised upon its geopolitical vulnerabilities. This characterization is evident in a series of lectures organized by Singapore's Ministry of Foreign Affairs (MFA). In 2008, Singapore's then President S. R. Nathan, who had served in the MFA and as an ambassador, described the fundamentals of Singapore's foreign policy.<sup>150</sup> Nathan explained that Singapore's foreign policy was designed to cope with the vulnerability exposed in the "circumstances under which [Singapore] gained independence." In the same speech, Nathan outlined Singapore's modest "core national interests [of maintaining] . . . independence, survival and growth." More recently, Singapore's former Senior Minister S. Jayakumar again reminded the same forum that Singapore's "geopolitical reality . . . [as] a very small city-state . . . frames [its] foreign policy."<sup>151</sup> The reiteration of this message to the staff at Singapore's MFA reinforces the paradigm of geopolitical vulnerability in the minds of Singapore's diplomatic corps.

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<sup>148</sup>Leifer, *Singapore's Foreign Policy: Coping with Vulnerability*.

<sup>149</sup>Lee Boon Hiok, "Constraints on Singapore's Foreign Policy."

<sup>150</sup>Ministry of Foreign Affairs, Singapore, "Speech by President S R Nathan at the MFA Diplomatic Academy's Inaugural S Rajaratnam Lecture, 10 March 2008, Island Ballroom, Shangri-La Hotel," [http://app.mfa.gov.sg/2006/press/view\\_press.asp?post\\_id=3800](http://app.mfa.gov.sg/2006/press/view_press.asp?post_id=3800) (accessed 28 July 2011).

<sup>151</sup>Ministry of Foreign Affairs, Singapore, "Speech by Senior Minister Professor S Jayakumar at the S Rajaratnam Lecture at Shangri-La Hotel on 19 May 2010," [http://app.mfa.gov.sg/2006/press/view\\_press.asp?post\\_id=6056](http://app.mfa.gov.sg/2006/press/view_press.asp?post_id=6056) (accessed 28 July 2011).

While recognizing Singapore's small geographical area, and perhaps because of its small size, Singapore constantly strives to maintain its relevance to the global community. Jayakumar cited ancient independent city-states that no longer exist and remarked that Singapore had to "continually search for, and create, [its] political, economic and diplomatic relevance which will ensure [its] continued well-being and survival."<sup>152</sup> The founding father of modern Singapore, Lee Kuan Yew put it more starkly, "Singapore cannot take its relevance for granted. Small countries perform no vital or irreplaceable function in the international system. Singapore has to continually reconstruct itself and keep its relevance to the world and to create political and economic space."<sup>153</sup>

Besides maintaining its global relevance, Singapore strives to exercise autonomy in its foreign policy. Singapore has stated its desire to maintain freedom of action in multiple settings. In 2008, in his opening remarks before an international press, Singapore's then Minister for Foreign Affairs George Yeo outlined Singapore's determination to maintain its "autonomy and position in the world."<sup>154</sup> Although characterized as a pro-Western nation by most commentators, Singapore takes pains to reiterate its diplomatic autonomy to its Western partners. In a speech at the Shangri-La

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<sup>152</sup>Ibid.

<sup>153</sup>Ministry of Foreign Affairs, Singapore, "S Rajaratnam Lecture 2009 by Minister Mentor Lee Kuan Yew," 9 April 2009, [http://app.mfa.gov.sg/2006/press/view\\_press.asp?post\\_id=5000](http://app.mfa.gov.sg/2006/press/view_press.asp?post_id=5000) (accessed 28 July 2011).

<sup>154</sup>Ministry of Foreign Affairs, Singapore, "Transcript of Press Conference by the Chairman of the 41st AMM, PMC and 15th ARF and Minister for Foreign Affairs of Singapore George Yeo," 24 July 2008, [http://app.mfa.gov.sg/2006/press/view\\_press.asp?post\\_id=4260](http://app.mfa.gov.sg/2006/press/view_press.asp?post_id=4260) (accessed 28 July 2011).

Dialogue<sup>155</sup> attended by numerous Western powers, including the U.S. Secretary of Defense Robert Gates, Singapore's then Minister for Defence Teo Chee Hean highlighted that Singapore was a "Major Security Cooperation Partner of the U.S.—a term that captures the relationship as being more than just friends but not treaty allies."<sup>156</sup> Given the positive relations between Singapore and the U.S. at that time, Teo's message was likely a reiteration of Singapore's diplomatic autonomy and should not be misinterpreted as a snub at the U.S.

Singapore's objective of maintaining diplomatic autonomy corroborates with its insistence on exercising sovereignty in domestic affairs. In his 2010 lecture to Singapore's MFA, Jayakumar highlighted two examples where Singapore upheld the decision of its judiciary despite strong protests from foreign counterparts: the caning of American teenager Michael Fay for vandalism and the death sentence on Filipino Flor Contemplacion for murder. In each instance, Singapore was aware of the diplomatic costs of its decision but decided to uphold the "integrity of [its] legal system and the standing of [its] Judiciary."<sup>157</sup> To be clear, then President Ong Teng Cheong, acting on advice of

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<sup>155</sup>The Shangri-La Dialogue (SLD) is an annual forum organized by the International Institute for Strategic Studies. The SLD is attended by defense ministers and military chiefs from around the world. For more information on the 2007 SLD, see <http://www.iiss.org/conferences/the-shangri-la-dialogue/shangri-la-dialogue-2007/> (accessed 28 July 2011).

<sup>156</sup>Ministry of Defence, Singapore, "Speech by Minister for Defence Mr Teo Chee Hean on "Security Cooperation in Asia: Managing Alliances and Partnerships," 3 June 2007, [http://www.mindef.gov.sg/imindef/news\\_and\\_events/nr/2007/jun/03jun07\\_nr.html](http://www.mindef.gov.sg/imindef/news_and_events/nr/2007/jun/03jun07_nr.html) (accessed 28 July 2011).

<sup>157</sup>Ministry of Foreign Affairs, Singapore, "Speech by Senior Minister Professor S Jayakumar at the S Rajaratnam Lecture at Shangri-La Hotel on 19 May 2010."

the Cabinet, reduced Michael Fay's corporal punishment from six to four strokes.<sup>158</sup>

Nonetheless, the U.S. remained dissatisfied with the situation and then Ambassador to the U.S., Nathan recalled investing much "time and effort to repair the damage to [the U.S.-Singapore] bilateral relations."<sup>159</sup>

Singapore's insistence on upholding its domestic judiciary is complemented by its adherence to and advocacy of international law. Aware of its geopolitical limitations, Singapore insists on observing international law in order to exercise its sovereignty and protect its interests. Jayakumar explained that small states such as Singapore "cannot survive and thrive in a world in which interaction among states is governed by relative power and not by law."<sup>160</sup> Thus, he exhorted Singapore's diplomats to promote discussions and formulation of international law, and to insist on strictly observing treaties and agreements.

Even when international law disadvantaged Singapore's negotiating position, Singapore continued to adhere to negotiations in accordance with international law. In 1918, the British authorities administering Singapore leased a swath of land to Malaysia for 999 years to build and operate a railway track connecting Singapore with Malaysia. Although not party to this agreement, modern-day independent Singapore continued to

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<sup>158</sup>Alan Chong describes the sequence of international events following the conviction of American Michael Fay in some detail, see Alan Chong, "Singaporean foreign policy and the Asian Values Debate, 1992-2000: Reflections on an Experiment in Soft Power," *The Pacific Review* 17, no. 1 (March 2004): 95-133.

<sup>159</sup>Ministry of Foreign Affairs, Singapore, "Speech by President S R Nathan at the MFA Diplomatic Academy's Inaugural S Rajaratnam Lecture, 10 March 2008, Island Ballroom, Shangri-La Hotel."

<sup>160</sup>Ministry of Foreign Affairs, Singapore, "Speech by Senior Minister Professor S Jayakumar at the S Rajaratnam Lecture at Shangri-La Hotel on 19 May 2010."

observe the agreement despite the economic cost incurred by the land occupied by the railway track. In 1990, 25 years after Singapore's independence, Singapore and Malaysia made initial progress in resolving the railway land issue with the signing of the Points of Agreement (POA) between the two governments. Nonetheless, despite the POA signed in 1990, this issue was only resolved in 2010 when the Prime Ministers of both countries agreed on an implementation plan.

In concert with its support of international law, Singapore is an ardent proponent of international institutions. However, Singapore's support for international institutions is not based upon a Liberal assumption that powerful nations would willingly allow their actions to be circumscribed by such institutions. Instead, Singapore's support is predicated on its geopolitical vulnerabilities as highlighted previously. Singapore's former Foreign Minister George Yeo revealed the Realist framework of Singapore's foreign policy in his speech to the UN General Assembly in 2008. Yeo stated that "[a]s a small country, Singapore accepts that while every country, big or small, has one vote each, we do not all carry the same weight. Small countries need the UN and other international institutions to protect our interests and [small countries] therefore have every interest in making sure that these institutions are effective."<sup>161</sup>

Although international institutions may not effectively represent small states, Singapore believes that small states can carve a niche and play a vital role in international organizations in two ways. First, small states can band together to present a collective

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<sup>161</sup>Ministry of Foreign Affairs, Singapore, "Speech by Minister for Foreign Affairs George Yeo at the 63rd Session of the United Nations General Assembly," 30 September 2008, [http://app.mfa.gov.sg/2006/press/view\\_press.asp?post\\_id=4411](http://app.mfa.gov.sg/2006/press/view_press.asp?post_id=4411) (accessed 28 July 2011).

position at such organizations. This advice was presented to a global audience by Yeo at the UN General Assembly in 2008<sup>162</sup> and was repeated to an internal audience by Jayakumar<sup>163</sup> at Singapore's MFA Diplomatic Academy in 2010. In addition, small nations can act as an intermediary or "impartial chairman" in multilateral settings.<sup>164</sup> Thus, Singapore was a "mediator behind the scenes in the final drafting sessions" of the UN World Conference on Human Rights Convention in 1993, as the world was grappling with the end of the Cold War.<sup>165</sup>

On the security aspect, Singapore advocates a robust and open security architecture, with multiple layers of rules-based institutions. Perhaps as a manifestation of its self-perceived geopolitical vulnerabilities, Singapore insists on an open security architecture where interested parties are welcomed regardless of their geographical proximity. Singapore's desire for an inclusive and rules-based security architecture is stated to its regional neighbors<sup>166</sup> as well as extra-regional partners.<sup>167</sup> To this end,

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<sup>162</sup>Ibid.

<sup>163</sup>Ministry of Foreign Affairs, Singapore, "Speech by Senior Minister Professor S Jayakumar at the S Rajaratnam Lecture at Shangri-La Hotel on 19 May 2010."

<sup>164</sup>Ibid.

<sup>165</sup>Alan Chong, "Singaporean foreign policy and the Asian Values Debate, 1992-2000," 108.

<sup>166</sup>Ministry of Defence, Singapore, "Remarks by Deputy Prime Minister and Minister for Defence Mr Teo Chee Hean at the Indonesia Defence University," 9 December 2010, [http://www.mindef.gov.sg/imindef/resources/speeches/2010/09dec10\\_speech.html](http://www.mindef.gov.sg/imindef/resources/speeches/2010/09dec10_speech.html) (accessed 28 July 2011).

<sup>167</sup>Ministry of Defence, Singapore, "Speech by Mr Teo Chee Hean, Minister for Defence, at Statesmen's Forum Organised by Centre for Strategic and International Studies," 18 January 2008, [http://www.mindef.gov.sg/imindef/resources/speeches/2008/18jan08\\_speech.html](http://www.mindef.gov.sg/imindef/resources/speeches/2008/18jan08_speech.html) (accessed 28 July 2011).

Singapore allows U.S. naval warships to berth at the Changi Naval Base for resupply.<sup>168</sup> In addition, Singapore has welcomed external contributions to the Malacca Strait Patrols (MSP), which are joint anti-piracy patrols conducted by the littoral states of the Malacca Straits.<sup>169</sup> To further strengthen the robustness of regional maritime coordination, Singapore helped pioneer the Regional Cooperation Agreement on Anti-Piracy (ReCAAP), a multilateral framework to combat specific crimes at sea through information sharing, capacity building and cooperative agreements.<sup>170</sup>

Singapore seeks to position ASEAN as the fulcrum of the open security architecture. In his speech at the 2011 Shangri-La Dialogue, Singapore's Defence Minister Dr Ng Eng Hen acknowledged the support of major powers such as the U.S., China and Russia for the concept of ASEAN as the fulcrum of a regional defense framework.<sup>171</sup> Indeed, ASEAN can be perceived as the hub of regional security as the defense ministers of key extra-regional powers, such as the U.S. and China, have joined ASEAN ministers at the ASEAN Defence Minister Meeting-Plus (ADMM-Plus) since 2010. As the fulcrum of regional security, ASEAN has also contributed to security issues

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<sup>168</sup>USIS Washington File, "Transcript: Cohen/Tan Press Briefing on U.S.-Singapore Relations," 10 November 1998, <http://web.archive.org/web/20050426084021/http://canberra.usembassy.gov/hyper/WF981110/epf203.htm> (accessed 28 July 2011).

<sup>169</sup>Catherine Zara Raymond, "Piracy and Armed Robbery in the Malacca Straits," *Naval War College Review* 62, no. 3 (Summer 2009): 31-42.

<sup>170</sup>Regional Cooperation Agreement on Anti-Piracy, <http://www.recaap.org/> (accessed 28 July 2011).

<sup>171</sup>Ministry of Defence, Singapore, "Transcript: Shangri-La Dialogue 2011 Speech: Building Strategic Confidence and Avoiding Worst-Case Outcomes," 5 June 2011, [http://www.mindef.gov.sg/imindef/resources/speeches/2011/05jun11\\_speech.html](http://www.mindef.gov.sg/imindef/resources/speeches/2011/05jun11_speech.html) (accessed 5 August 2011).

beyond the region, with the first ever Six Party Foreign Ministers' Meeting held in Singapore in 2008.<sup>172</sup>

Nonetheless, Singapore recognizes the UN as providing the foundation for the global security architecture. In 2001, then Defence Minister Dr Tony Tan stressed Singapore's strong support for the UN as the institution "plays a critical role in promoting peace and stability around the world."<sup>173</sup> A year later, Tan reaffirmed the need for UN involvement to "address transnational threats in a more thorough and holistic manner."<sup>174</sup> More recently, in 2008, then Minister for Foreign Affairs Yeo highlighted the key role that the UN performs in managing "big power rivalry" for international peace and security.<sup>175</sup> Singapore's official position is that, "the UN has made the world a safer and better place for smaller states."<sup>176</sup>

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<sup>172</sup>Ministry of Foreign Affairs, Singapore, "Transcript of Press Conference, 24 July 2008."

<sup>173</sup>Ministry of Defence, Singapore, "Statement by Dr Tony Tan Keng Yam, Deputy Prime Minister and Minister for Defence, at the Committee of Supply Debate," 9 March 2001, [http://www.mindef.gov.sg/imindef/resources/speeches/2001/09mar01\\_speech.html](http://www.mindef.gov.sg/imindef/resources/speeches/2001/09mar01_speech.html) (accessed 28 July 2011).

<sup>174</sup>Ministry of Defence, Singapore, "Keynote Address by Deputy Prime Minister and Minister for Defence, Dr Tony Tan Keng Yam, at the Asia Pacific Security Conference," 24 February 2002, [http://www.mindef.gov.sg/imindef/resources/speeches/2002/24feb02\\_speech.html](http://www.mindef.gov.sg/imindef/resources/speeches/2002/24feb02_speech.html) (accessed 28 July 2011).

<sup>175</sup>Ministry of Foreign Affairs, Singapore, "Speech by Minister for Foreign Affairs George Yeo at the 63rd Session of the United Nations General Assembly."

<sup>176</sup>Ministry of Foreign Affairs, Singapore, "International Initiatives/Organisations," [http://app.mfa.gov.sg/2006/idx\\_fp.asp?web\\_id=9#un](http://app.mfa.gov.sg/2006/idx_fp.asp?web_id=9#un) (accessed 6 August 2011).

## Economic Objectives

As highlighted by academics Alan Chong<sup>177</sup> and Christopher Dent,<sup>178</sup> Singapore links its economic objectives tightly with its diplomatic objectives, considering strategic security and economic growth as two sides of the same coin. In a statement to the 53<sup>rd</sup> UN General Assembly, then Minister for Foreign Affairs Jayakumar expressed that, “economic rivalries can have political and military consequences.”<sup>179</sup> The symbiotic relationship between economic development and security is echoed by then Deputy Prime Minister and Minister for Defence Dr Tony Tan in 2002. In his speech at the Asia Pacific Security Conference, Tan stated that, “Without security there can be no economic development. Conversely, stability and security are in serious jeopardy without economic development.”<sup>180</sup>

Therefore, it should come as no surprise that Singapore’s economic objectives, like its diplomatic objectives, are predicated upon its vulnerabilities as a small nation. In view of Singapore’s inherent economic vulnerabilities, then Prime Minister Goh Chok Tong commissioned a committee to review Singapore’s economic strategy in 2001. Chaired by current Prime Minister Lee Hsien Loong, the Economic Review Committee

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<sup>177</sup> Alan Chong, “Political Economy, 1997-2007.”

<sup>178</sup> Christopher M. Dent, “Singapore’s Foreign Economic Policy: The Pursuit of Economic Security,” 1-23.

<sup>179</sup> Ministry of Foreign Affairs, Singapore, “Full Text of Foreign Minister Jayakumar’s statement to the 53rd United Nations General Assembly,” 28 September 1998, [http://app.mfa.gov.sg/2006/press/view\\_press.asp?post\\_id=150](http://app.mfa.gov.sg/2006/press/view_press.asp?post_id=150) (accessed 28 July 2011).

<sup>180</sup> Ministry of Defence, Singapore, “Keynote Address at the Asia Pacific Security Conference.”

(ERC) involved more than 1,000 participants to propose a wide-ranging set of proposals for Singapore's further economic development.

The ERC recognized that the Singapore economy had to integrate with a global economy that now included China and India as emerging powers. As a land-scarce island state, Singapore's economic strategy had to comprise domestic measures and external policies. The ERC recognized that Singapore was now at an advanced stage of economic development and could not compete solely on the cost of production. As a vision for Singapore's economic future, the ERC recommended short-term and long-term changes to develop a globalized, entrepreneurial and diversified economy.<sup>181</sup>

Amongst the numerous recommendations in the ERC report, the very first thrust identified the need to expand Singapore's external ties. The ERC report proposed that Singapore continues to support the WTO for multilateral trade liberalization while pursuing bilateral free trade agreements as an interim while the WTO matures.<sup>182</sup>

Southeast Asian academics Teofilo Daquila and Le Huu Huy highlight that "Singapore has placed its highest priority on, and support for, a strong, rule-based multilateral trading system embodied in the WTO."<sup>183</sup> In the words of Singapore's government officials, Singapore recognizes that the WTO remains "the multilateral forum that drives global

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<sup>181</sup>Ministry of Trade and Industry, Singapore, *Report of the Economic Review Committee: New Challenges, Fresh Goals –Towards a Dynamic Global City* (SNP Print Pte. Ltd., Singapore; February 2003), Preface.

<sup>182</sup>*Ibid.*, 51-52.

<sup>183</sup>Teofilo C. Daquila and Le Huu Huy, "Singapore and ASEAN in the Global Economy: The Case of Free Trade Agreements," *Asian Survey* 43, no. 6 (November/December 2003): 909.

trade liberalization,”<sup>184</sup> and that “[h]owever cumbersome its processes, the WTO still represents [the] best hope for a world in which all countries can participate democratically to formulate rules which bind us all equally.”<sup>185</sup>

Indeed, Singapore’s economic development was founded upon free trade and Singapore has constantly defended globalization as a key ingredient for economic growth. Even after the 1997-98 Asian financial crisis when globalization, as manifested in the worldwide movement of investment funds, contributed to the currency crisis of several Asian economies, Singapore asserted that, “[o]n the whole, globalization has done a lot of good. The process of globalization has enhanced the free flow of goods and services, capital and information; spurred innovation and competition; and lifted hundreds of millions of people out of poverty.”<sup>186</sup> Again in 2008, when countries worried that globalization would spread the contagion of the U.S. banking crisis, Singapore’s then Minister for Foreign Affairs George Yeo warned that a “rise in protectionism can reduce

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<sup>184</sup>Ministry of Trade and Industry, Singapore, “Minister for Trade and Industry Mr Lim Hng Kiang at the Opening Ceremony of the 1st APEC Business Advisory Council (ABAC) Meeting of 2006,” 23 January 2006, <http://app.mti.gov.sg/default.asp?id=148&articleID=1581> (accessed 28 July 2011).

<sup>185</sup>World Trade Organization Documents Online, “10 September 2003, WTO Ministerial Conference, Fifth Session, Cancún, 10-14 September 2003, Statement by H.E. Mr George Yeo, Minister for Trade and Industry,” [http://docsonline.wto.org/GEN\\_highLightParent.asp?qu=&doc=D%3A%2FDDFD%2FDOCUMENTS%2F2FT%2FWT%2FMIN03%2FFSR2%2FEDOC%2EHTM&curdoc=6&popTitle=WT%2FMIN%2803%29%2FFSR%2F2](http://docsonline.wto.org/GEN_highLightParent.asp?qu=&doc=D%3A%2FDDFD%2FDOCUMENTS%2F2FT%2FWT%2FMIN03%2FFSR2%2FEDOC%2EHTM&curdoc=6&popTitle=WT%2FMIN%2803%29%2FFSR%2F2) (accessed 6 August 2011).

<sup>186</sup>Ministry of Foreign Affairs, Singapore, “Full Text of Foreign Minister Jayakumar’s statement to the 53rd United Nations General Assembly.”

global welfare by many billions of dollars,” reflecting Singapore’s strong support for free trade.<sup>187</sup>

Singapore’s strong support for free trade is apparent in its emphasis on resolving the WTO’s Doha Round. In his 2008 speech at the UN General Assembly, Yeo described the collapse of the Doha Round as “deeply troubling.”<sup>188</sup> In a 2009 speech at the WTO Ministerial Conference, Singapore’s Minister for Trade and Industry Lim Hng Kiang said that he was personally “more anxious than ever” for WTO members to conclude the Doha Development Agenda.<sup>189</sup> The uncharacteristic use of emotional expression in official speeches reveals Singapore’s strong desire to strengthen free trade globally.

In addition to the conclusion of the Doha Development Agenda, Singapore has also identified two areas that would strengthen the WTO.<sup>190</sup> First, the WTO should increase its flexibility and agility to deal with emerging crises. In an era where “international issues will have trade- and trade-related implications,” the WTO will increasingly face “new challenges” that require an adaptable “organizational culture” and “non-static agenda” in WTO’s General Council, committees and bodies. Next, the WTO must ensure that the Dispute Settlement Mechanism is “equipped with the right tools and capacity to deal with these new complexities.” Although Singapore’s proposal to

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<sup>187</sup>Ministry of Foreign Affairs, Singapore, “Speech by Minister for Foreign Affairs George Yeo at the 63rd Session of the United Nations General Assembly.”

<sup>188</sup>Ibid.

<sup>189</sup>Ministry of Trade and Industry, Singapore, “Mr Lim Hng Kiang at the 7th WTO Ministerial Conference, 30 November 2009,” <http://app.mti.gov.sg/default.asp?id=148&articleID=20741> (accessed 28 July 2011).

<sup>190</sup>Ibid.

strengthen the Mechanism lacks specific details on implementation, the proposal demonstrates Singapore's policy of bolstering rules-based organizations and international law; and its equivocal content could reflect Singapore's pragmatic view that reforms to the Mechanism would have to be led by larger economies.

Singapore also recognizes that other international organizations need to adapt to new economic realities. In 2008, then Foreign Minister George Yeo stressed that reform of "Bretton Woods institutions" was an "urgent matter."<sup>191</sup> Singapore has identified three areas of reform for the IMF.

First, the IMF should strengthen financial systems to prevent sudden capital surges. More than 10 years ago, in 1998, Singapore already noted that private individuals and firms had begun to control financial markets and individual governments had limited abilities to control their actions. Perhaps reflecting on the lessons learnt from the Asian Financial Crisis in 1997, Singapore's then Minister for Foreign Affairs Jayakumar said in 1998 that "Central Bank intervention in foreign exchange [has become] an exercise in futility."<sup>192</sup> In the aftermath of the 2008 financial recession, inflow of capital into Asia has led to upward pressure on the Singapore currency and contributed to potential asset price bubbles.<sup>193</sup> Nonetheless, Singapore cautions against over-regulation or

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<sup>191</sup>Ministry of Foreign Affairs, Singapore, "Speech by Minister for Foreign Affairs George Yeo at the 63rd Session of the United Nations General Assembly."

<sup>192</sup>Ministry of Foreign Affairs, Singapore, "Full Text of Foreign Minister Jayakumar's statement to the 53rd United Nations General Assembly."

<sup>193</sup>Ministry of Finance, Singapore, "Opening Address By Mrs Lim Hwee Hua, Minister Of State For Finance And Transport, At The Conference On The Asian Financial Crisis 10 Years Later: What Have We Learned?" 25 June 2007, [http://app.mof.gov.sg/newsroom\\_details.aspx?type=speech&cmpar\\_year=2007&news\\_id=20090930327954285165](http://app.mof.gov.sg/newsroom_details.aspx?type=speech&cmpar_year=2007&news_id=20090930327954285165) (accessed 28 July 2011).

protectionism in financial markets. Singapore recommends that the IMF guides advanced markets “towards re-regulation,” while encouraging emerging markets to “continue towards diversifying financial systems away from heavily bank-centric systems by deepening capital markets, and towards the gradual opening up of financial systems to foreign competition.”<sup>194</sup>

Next, Singapore supports IMF efforts to better represent the new distribution of economic power. In his opening address at the IMF-World Bank Annual Meetings in 2006, Singapore’s Prime Minister Lee Hsien Loong explained the impetus to update the IMF voting quotas to reflect each economy’s stake in the global financial system.<sup>195</sup> In June 2011, Singapore’s Deputy Prime Minister and Finance Minister Tharman Shanmugaratnam, speaking as Chairman of the International Monetary and Financial Committee (IMFC), highlighted that full implementation of quota reforms was an objective for the IMF in 2011.<sup>196</sup> To be clear, Singapore’s push for completing the reforms does not necessarily stem from a Liberal assumption that greater voting rights would tie emerging powers such as China more intimately to the international financial

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<sup>194</sup>Ministry of Finance, Singapore, “Transcript of Spoken Remarks by Mr Tharman Shanmugaratnam, Minister for Finance, Singapore, at the Panel Discussion on “Reforming Global Finance”, Russia Singapore Business Forum,” 29 September 09, [http://app.mof.gov.sg/newsroom\\_details.aspx?type=speech&cmpar\\_year=2009&news\\_sid=20091106568972628019](http://app.mof.gov.sg/newsroom_details.aspx?type=speech&cmpar_year=2009&news_sid=20091106568972628019) (accessed 28 July 2011).

<sup>195</sup>International Monetary Fund–World Bank Group Board of Governors, “Speech by Mr Lee Hsien Loong, Prime Minister, at Opening Ceremony of the IMF-World Bank Annual Meetings, 19 September 2006, 10:30 AM,” <http://www.imf.org/external/am/2006/speeches/pr04e.pdf> (accessed 20 August 2011).

<sup>196</sup>International Monetary Fund, “Statement from Mr. Tharman Shanmugaratnam, Singapore Deputy Prime Minister and Finance Minister, Chairman of the International Monetary and Financial Committee (IMFC), 28 June 2011,” <http://www.imf.org/external/np/sec/pr/2011/pr11262.htm> (accessed 28 July 2011).

system. Instead, Singapore's push for reforming the distribution of voting rights reflects its diplomatic interest in rules-based institutions that pragmatically adjust to existing conditions instead of fossilized institutions that are unable to adapt and influence current events.

Finally, Singapore has reservations about the IMF mandating fundamental market reforms when disbursing loans. In 2009, Singapore's Prime Minister Lee Hsien Loong cited the example of IMF intervention in Indonesia in 1997-1998 as an unwise policy.<sup>197</sup> In 1998, IMF imposed fundamental reforms to the Indonesian economy in return for financial assistance. The IMF-mandated reforms led to a decade of anemic growth and political instability in Indonesia during the early years of the 21st century. Singapore would have preferred that the IMF focused on restoring confidence and liquidity in the Indonesian currency while providing advice on economic restructuring, instead of enforcing fundamental changes in the Indonesian economy without regard for Indonesia's political stability. To be clear, Prime Minister Lee Hsien Loong acknowledged that market reforms may be necessary to restore confidence in crisis-hit economies.<sup>198</sup> However, the priority of IMF intervention should be to avert the immediate financial instability while enacting reforms at a pace that does not destabilize the recipient

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<sup>197</sup>Prime Minister's Office, Singapore, "Prime Minister's Interview with Frankfurter Allgemeine Zeitung," 14 July 2009, [http://www.pmo.gov.sg/content/pmosite/mediacentre/speechesinterviews/primeminister/2009/July/prime\\_minister\\_sinterviewwithfrankfurterallgemeinezeitung14jul20.html](http://www.pmo.gov.sg/content/pmosite/mediacentre/speechesinterviews/primeminister/2009/July/prime_minister_sinterviewwithfrankfurterallgemeinezeitung14jul20.html) (accessed 28 July 2011).

<sup>198</sup>Ministry of Information, Communications and the Arts, Singapore, "Speech by Mr Lee Hsien Loong, Prime Minister, at APEC CEO Summit 2009, at Suntec Singapore International Convention and Exhibition Centre," 13 November 2009, <http://stars.nhb.gov.sg/stars/public/viewDocx.jsp?stid=41532&lochref=viewHTML.jsp?pdfno=20091120001&keyword=> (accessed 20 August 2011).

economy. More recently, Singapore again highlighted this preference in the aftermath of the 2008 Financial Recession. Singapore's Deputy Prime Minister and Finance Minister Tharman Shanmugaratnam stressed the importance of getting the IMF "to work with its partners to address immediate threats to financial stability and contain their potential repercussions to the global economy," omitting mention of deeper reforms in the recipient economy.<sup>199</sup>

Besides global institutions such as the WTO and IMF, the regional organization ASEAN also features in Singapore's economic objectives. In particular, ASEAN can affect Singapore's economic objectives in two areas. First, to strengthen integration of Southeast Asian economies, Singapore supports the formation of the ASEAN Economic Community by 2015. Singapore's leaders have consistently supported the "free movement of goods, services, investment, skilled labor and freer flow of capital" within the region.<sup>200</sup> Singapore's push for deeper economic integration is complemented by its commitment to "open regionalism," where ASEAN economic integration assists in "maintaining the global momentum for trade liberalization."<sup>201</sup> Beyond regional integration, Singapore also foresees that ASEAN can lead in Asia's economic integration. In 2008, Singapore's then Minister of State for Finance Lim Hwee Hua explained that

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<sup>199</sup>International Monetary Fund, "Statement from Mr. Tharman Shanmugaratnam, Singapore Deputy Prime Minister and Finance Minister, Chairman of the International Monetary and Financial Committee (IMFC), 28 June 2011."

<sup>200</sup>Association of Southeast Asian Nations, "ASEAN Economic Community," <http://www.aseansec.org/18757.htm> (accessed 6 August 2011).

<sup>201</sup>Ministry of Trade and Industry, Singapore, "Speech by PM Lee Hsien Loong at the opening ceremony of the 40th ASEAN Economic Ministers and Related Meetings on 26 August 2008," <http://app.mti.gov.sg/default.asp?id=148&articleID=15041> (accessed 28 July 2011).

ASEAN was well-positioned to be the hub of Asia's economic integration for several reasons. Besides its inherent economic viability, ASEAN had also "been instrumental in anchoring" extra-regional forums and had pioneered Free Trade Agreements (FTAs) with numerous extra-regional partners.<sup>202</sup>

### China in International Institutions: Challenges and Opportunities

The previous section identified Singapore's national objectives in the diplomatic and economic domains. This section analyzes whether China's increased participation and influence in international organizations present more challenges or opportunities for Singapore to achieve its national objectives. This section examines recent key events at the UN, IMF, WTO and ASEAN in turn, and evaluates how these events affect Singapore's diplomatic and economic objectives.

#### UN

Despite China's long-held reservations about interfering in the sovereignty of another nation, China did not veto UN Security Council Resolution (SCR) 1973<sup>203</sup> that provided the legal authority for NATO forces to intervene in Libya. Indeed, China's abstention on UN SCR 1973 represents a sea change in its position on UN intervention as compared to its 1990 opposition of UN forces intervening in Kuwait. Although it

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<sup>202</sup>Ministry of Finance, Singapore, "Speech by Mrs Lim Hwee Hua at the Symposium on Asian Economic Integration on 4 September 2008, 9.10am at Orchard Hotel," [http://app.mof.gov.sg/newsroom\\_details.aspx?type=speech&cmpr\\_year=2008&news\\_sid=20090930729079696332](http://app.mof.gov.sg/newsroom_details.aspx?type=speech&cmpr_year=2008&news_sid=20090930729079696332) (accessed 28 July 2011).

<sup>203</sup>United Nations, "United Nations Security Council Resolution 1973 (2011)," 17 March 2011, <http://daccess-dds-ny.un.org/doc/UNDOC/GEN/N11/268/39/PDF/N1126839.pdf?OpenElement> (accessed 20 August 2011).

expressed “serious difficulty” with UN SCR 1973, China abstained from vetoing the resolution out of respect for the wishes of the Arab League and the African Union.<sup>204</sup> China’s willingness to set aside its reservations to support a coordinated international position indicates its recognition of the UN as a legitimate institution for maintaining international stability.

Nonetheless, deeper analysis of China’s policy regarding Libya reveals potential challenges for the viability of ASEAN. By attributing its abstention in the vote of UN SCR 1973 to respect for the views of the Arab League and the African Union, China could be attempting to expand its influence with these regional organizations. If the Arab League and African Union recognize the value of China as a partner in their forums, China could be tempted to shift its attention to these new avenues for international clout and consequently reduce its emphasis and involvement in ASEAN. Chinese involvement in ASEAN-centric forums has attracted the attention of other major powers to these forums; and reduced Chinese participation in ASEAN could reduce the impetus of other major powers to participate in ASEAN.

China has also increased participation in UN missions around the world. Since 1990, China has sent more than 11,000 military peacekeepers on UN missions.<sup>205</sup> As *The Washington Post* reported in 2006, China has not only increased its participation in

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<sup>204</sup>United Nations Department of Public Information, “Security Council Approves ‘No-Fly Zone’ Over Libya, Authorizing ‘All Necessary Measures’ to Protect Civilians, by Vote of 10 in Favour with 5 Abstentions,” 17 March 2011, <http://www.un.org/News/Press/docs/2011/sc10200.doc.htm> (accessed 20 August 2011).

<sup>205</sup>Ministry of National Defense of the People’s Republic of China, “Peacekeeping Brief Info,” <http://eng.mod.gov.cn/Peacekeeping/introduction.htm#> (accessed 20 August 2011).

peacekeeping missions. China also played an active role in persuading Sudan to accept UN peacekeepers and proposed foreign intervention in Somalia.<sup>206</sup> Given its considerable resources, China also conducts unilateral missions, such as its ongoing naval deployments to the Gulf of Aden<sup>207</sup> and its evacuation of Chinese nationals from Libya<sup>208</sup> in 2011. Nonetheless, China's unilateral missions should not spark undue concern as numerous nations also conduct unilateral missions in the Gulf of Aden<sup>209</sup> and noncombatant evacuations of citizens have historically been unilateral missions.

China's increased participation in UN activities can be interpreted in various ways. Liberals would claim that China is increasingly operating within the existing international system, thus validating Ikenberry's thesis that the rise of China is beneficial for other nations.<sup>210</sup> Realists such as Goldstein would argue that China's contribution to UN mission is merely a part of its grand strategy to "increase the country's international

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<sup>206</sup>Colum Lynch, "China Filling Void Left by West in U.N. Peacekeeping," *The Washington Post*, 24 November 2006, [http://www.washingtonpost.com/wp-dyn/content/article/2006/11/23/AR2006112301007\\_pf.html](http://www.washingtonpost.com/wp-dyn/content/article/2006/11/23/AR2006112301007_pf.html) (accessed 20 August 2011).

<sup>207</sup>Ministry of National Defense of the People's Republic of China, "Chinese navy sends escort fleet to Gulf of Aden," 3 July 2011, [http://eng.mod.gov.cn/DefenseNews/2011-07/03/content\\_4249185.htm](http://eng.mod.gov.cn/DefenseNews/2011-07/03/content_4249185.htm) (accessed 20 August 2011).

<sup>208</sup>Ministry of National Defense of the People's Republic of China, "Chinese President, Premier order 'all-out efforts' to secure life, property of nationals in Libya," 23 February 2011, [http://eng.mod.gov.cn/TopNews/2011-02/23/content\\_4226308.htm](http://eng.mod.gov.cn/TopNews/2011-02/23/content_4226308.htm) (accessed 20 August 2011).

<sup>209</sup>Other countries with unilateral naval deployments in the Gulf of Aden include Japan, India, South Korea and Malaysia.

<sup>210</sup>G. John Ikenberry, "The Rise of China and the Future of the West."

clout without triggering a counterbalancing reaction.”<sup>211</sup> Nonetheless, with regard to Singapore’s diplomatic objectives, China’s increased participation in the UN is positive so long as China does not replace other powers as the sole contributor or proponent of international missions. China’s practical support of UN resolutions indicates its willingness to operate within established international practices. Separately, the rules-based process that authorized these UN missions is a reflection of the international system that Singapore seeks to promote.

### IMF

China’s influence in the IMF appears to be increasing. China’s voting shares in the IMF looks set to increase further, based on the revised formula for calculating the voting quota of member economies. Min Zhu, the former Deputy Governor of the People’s Bank of China, was also appointed as one of three IMF Deputy Managing Directors on 26 July 2011.

China’s increased influence in the IMF is positive for Singapore’s economic and diplomatic objectives in three aspects. First, with a larger stake in the IMF, China would have greater impetus to work through the IMF to promote global financial stability rather than to do so unilaterally. Addressing issues of international concerns via international institutions is Singapore’s preferred method as it removes the vagaries and exclusivity of bilateral arrangements. In line with Singapore’s goal of strengthening the IMF as a viable international lender of last resort, China’s increased participation will capitalize the IMF’s coffers. Unfortunately, the prospect of China using its vast foreign reserves to

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<sup>211</sup>Avery Goldstein, *Rising to the Challenge: China’s Grand Strategy and International Security*, 12.

assist crisis-hit economies bilaterally is not far-fetched. China is already a major aid contributor in Africa and has developed strong bilateral ties with numerous African nations.<sup>212</sup> Moreover, as the U.S. and Europe are key members of the IMF and struggling with their respective government budget deficits, crisis-hit economies could turn to China for bilateral assistance rather than await multilateral response through the IMF.

Second, with greater Chinese influence in the IMF, reforms in the IMF toward disbursing economic aid without insisting on fundamental political or economic reforms is more likely. As enumerated in its White Paper on Foreign Aid Policy, China's foreign aid policy imposes "no political conditions" and "tailors its aid to the actual needs of the recipient countries."<sup>213</sup> Indeed, Angola rejected IMF aid and accepted bilateral loans from China as China's loans "came with no conditions . . . and no demands."<sup>214</sup> Thus, China's foreign aid policy is closer to Singapore's proposal for IMF programs to focus on immediate relief of crisis-hit economies while leaving free market economic reforms as a secondary objective.

Finally, as the voting shares of existing economic powers decrease, these nations are more likely to engage smaller nations, such as Singapore, to gather support for their position and proposals at the IMF. To be clear, smaller economies still hold minuscule voting shares in the IMF. However, as the distribution of voting shares becomes more

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<sup>212</sup>Barry Sautman and Yan Hairong, "Friends and Interests: China's Distinctive Links with Africa," *African Studies Review* 50, no. 3 (December 2007): 75-114.

<sup>213</sup>Information Office of the State Council of the People's Republic of China, "China's Foreign Aid," 21 April 2011, [http://www.china.org.cn/government/whitepaper/node\\_7116362.htm](http://www.china.org.cn/government/whitepaper/node_7116362.htm) (accessed 20 August 2011).

<sup>214</sup>Kurlantzick, 173-175.

diffused based on the revised formula for calculating voting shares, small voting shares gather significance as swing votes, thereby increasing the diplomatic significance of small countries.

Although China's influence in the IMF appears to be increasing, its influence on the IMF actually remains limited. First, the United States continues to hold veto power over IMF proposals based on the size of its voting share. Furthermore, the unwritten convention of the IMF and World Bank being headed by a European and an American respectively remains in effect. During the selection process for the next IMF Managing Director in 2011, major developing economies released a public statement rejecting the convention of a European Managing Director in the IMF, calling instead for a merit-based approach to select the next Managing Director.<sup>215</sup> Nonetheless, perhaps due to the short timeframe between the public statement and the selection of the next IMF chief or due to the lack of credible non-European candidates, Christine Lagarde was selected to succeed Dominique Strauss-Kahn as IMF's Managing Director.

Thus, instead of worrying about China's rising influence in the IMF, the IMF faces the challenge of adequately addressing the aspirations of major developing economies. IMF could also lose its relevance in maintaining global financial stability, as the major powers within the IMF are now themselves facing financial challenges due to their government deficits.<sup>216</sup> Already, the G20—which Singapore is not part of—appears to be a plausible alternative to the IMF as it more closely reflects the current economic

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<sup>215</sup>Financial Times, "Statement from BRIC IMF Directors," *Financial Times*, 24 May 2011, <http://www.ft.com/intl/cms/s/0/e7e6c20c-8645-11e0-9e2c-00144feabdc0.html#axzz1NBZPhfKX> (accessed 20 August 2011).

<sup>216</sup>Rana Foroohar, "The End of Europe," *Time Magazine*, 22 August 2011, 22-27.

order. Thus, the challenge for Singapore is not China's rising influence and participation in the IMF. Instead, the challenge is the risk of IMF losing its relevance as an international lender of last resort if China decides that the existing organization does not allow it to meet its policy objectives.

## WTO

Singapore has benefitted economically from China's accession into the WTO. Since China was accepted into the WTO in 2001, Singapore's total trade (imports and exports) with China has more than tripled from SGD\$27.8 billion in 2001 to SGD\$95.3 billion in 2010.<sup>217</sup> In addition, in a paper presented at Stanford University, researchers from Hong Kong and Singapore found that foreign direct investment (FDI) inflows into China were complementary with FDI into Singapore.<sup>218</sup> Their finding is supported by a working paper published by the National Bureau of Economic Research which showed positive correlation between FDI into China and Singapore.<sup>219</sup> China's accession into the WTO has been positive for Singapore's external trade and FDI.

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<sup>217</sup>Department of Statistics, Singapore, "Trade With Major Trading Partner," 14 March 2011, <http://www.singstat.gov.sg/stats/visualiser/trade/trade.html> (accessed 26 August 2011).

<sup>218</sup>Busakorn Chantasawat, K. C. Fung, Hitomi Iizaka and Alan Siu, "Foreign Direct Investment in China and East Asia" (Paper presented at the Third Annual Conference on China Economic Policy Reform, Stanford Center for Transformational Development (SCID), Stanford University, 12 November 2004), [http://www.hiebs.hku.hk/working\\_paper\\_updates/pdf/wp1135.pdf](http://www.hiebs.hku.hk/working_paper_updates/pdf/wp1135.pdf) (accessed 22 August 2011).

<sup>219</sup>Barry Eichengreen and Hui Tong, "Is China's FDI Coming at the Expense of Other Countries?" *National Bureau of Economic Research* (Cambridge, MA), Working Paper, no. 11335 (May 2005).

Singapore perceives the conclusion of the Doha Round as a signal of global consensus on free trade, and is concerned that stalled Doha Round negotiations could reverse the trend of trade liberalization.<sup>220</sup> As an industrialized nation with no notable agriculture sector, Singapore does not have much to gain from the stalemate that is stalling the conclusion of the Doha Round. However, by leading the camp of developing nations in the negotiations, China is a leading voice against the swift conclusion of the Doha Round. Thus, China's increased influence in the WTO has affected Singapore's economic objectives. Nonetheless, Singapore has to be sensitive on how it pushes the negotiations forward because several regional neighbors have a large stake in how the negotiations on agricultural trade unfold. Furthermore, Singapore could receive little support in its quest to further free trade globally as traditional champions of free trade in the West have "began to lose their confidence in the virtues of economic competition."<sup>221</sup>

Separately, China may not support Singapore's quest for a strengthened dispute settlement mechanism in the WTO. Without belittling China's efforts to meet its obligations under the WTO, China's tariff and non-tariff policies require further adjustment to fully meet the high standards demanded in the WTO regime. Other WTO members are also not faultless and disputes between member economies take place occasionally. However, while small countries such as Singapore require institutional mechanisms to protect their interest during disputes, larger economies have other tools

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<sup>220</sup>International Monetary Fund–World Bank Group Board of Governors, "Speech by Mr Lee Hsien Loong, Prime Minister, at Opening Ceremony of the IMF-World Bank Annual Meetings 19 September 2006, 10:30 AM."

<sup>221</sup>Kishore Mahbubani, *The New Asian Hemisphere: The Irresistible Shift of Global Power to the East* (New York: Public Affairs, 2008), 186.

and sufficient economic weight to push their position without relying on institutional processes. Thus, other large economies besides China could also withhold their support from Singapore's push to strengthen rules and mechanisms in the WTO.

While China's accession into the WTO has brought many opportunities for Singapore thus far, future economic growth in both economies may lead to challenges for Singapore. With China's emphasis on education, vast human capital, and ageing population, China would inevitably seek to move up the production value chain into areas of higher technology, and therefore into competition with Singapore's growth strategy. Singapore faces the unenviable challenge of finding new avenues to grow its economy outside of direct competition with China.

#### ASEAN

Several scholars who specialize in Asia have examined China's relations with ASEAN. Shambaugh posits that China deepened its participation in ASEAN for three reasons.<sup>222</sup> First, ASEAN states engaged, rather than isolated, China in the aftermath of the Tiananmen incident. Second, ASEAN nations gained confidence in China's intentions in the aftermath of the 1997 Asian financial crisis, when China maintained the value of its Renminbi despite a loss of trade competitiveness. Finally, China assessed that increased participation in regional institutions was in its interest. Thus in 2003, China formally committed to ASEAN's "principles of nonaggression and noninterference, as well as a variety of other conflict resolution mechanisms."<sup>223</sup> Separately, David Arase of Pomona

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<sup>222</sup>David Shambaugh, "China Engages Asia: Reshaping the Regional Order."

<sup>223</sup>Ibid., 75.

College highlights that “China-ASEAN Non-Traditional Security (NTS) cooperation has become an institutionalized process.”<sup>224</sup> Arase explains that NTS is distinct from human security in that NTS is based on state sovereignty, a principle shared by China and the ASEAN member nations. Furthermore, Arase postulates that China-ASEAN cooperation in NTS has facilitated military-to-military cooperation between China and ASEAN nations, and has positioned China in an advantageous position to “address ASEAN’s security and collective action problems as a leader.”<sup>225</sup>

ASEAN is not China’s only avenue into multilateralism. Shambaugh quotes Fu Ying, former director general of the Department of Asian Affairs in China’s Ministry of Foreign Affairs, who states that “ASEAN+3<sup>226</sup> cooperation and Shanghai Cooperation Organization [are the] two focal points” of China’s multilateral engagement.<sup>227</sup> Indeed, China’s focus on these two forums is unsurprising due to its geographic proximity to other members of these forums and the high degree of influence that China holds in these two multilateral forums. In contrast, economist and global consultant David Hale contends that the “focal point for China’s security relations with East Asia is the ASEAN Regional Forum” where extra-regional powers such as the U.S. and Japan are members,

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<sup>224</sup>David Arase, “Non-Traditional Security in China-ASEAN Cooperation: The Institutionalization of Regional Security Cooperation and the Evolution of East Asian Regionalism,” *Asian Survey* 50, no. 4 (July/August 2010): 809.

<sup>225</sup>*Ibid.*, 809.

<sup>226</sup>ASEAN+3 comprises the 10 member nations of ASEAN, China, Japan, and South Korea.

<sup>227</sup>David Shambaugh, “China Engages Asia: Reshaping the Regional Order,” 74.

suggesting that China is willing to participate in forums where its influence is not as overwhelming.<sup>228</sup>

Despite significant progress and cooperation between China and ASEAN, competing claims on portions of the South China Sea continue to affect China's relationship with various nations in ASEAN. China and several Southeast Asian nations have competing claims on portions of the South China Sea. A dispute that the British Broadcasting Corporation (BBC) reports as dating back "centuries."<sup>229</sup>

Although China and ASEAN signed the Declaration on the Conduct (DOC) of Parties in the South China Sea in 2002, tensions have erupted recently over control of the Spratly Islands, and the associated economic zones. Following an incident involving three Chinese patrol boats and a Vietnamese vessel in late May 2011,<sup>230</sup> Vietnam announced that it was conducting live-fire naval exercises in the South China Sea in June 2011.<sup>231</sup> In the Philippines, President Benigno Aquino used his State of the Nation Address to underline that his country was "prepared to use military force to protect its

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<sup>228</sup>David Hale, "The Outlook for Economic Integration in East Asia," 66.

<sup>229</sup>British Broadcasting Corporation (BBC), "Q&A: South China Sea dispute," 19 July 2011, <http://www.bbc.co.uk/news/world-asia-pacific-13748349> (accessed 24 August 2011).

<sup>230</sup>The Straits Times, "China reprimands Vietnam over offshore oil exploration," 29 May 2011, [http://www.straitstimes.com/BreakingNews/SEAsia/Story/STISStory\\_673853.html](http://www.straitstimes.com/BreakingNews/SEAsia/Story/STISStory_673853.html) (accessed 24 August 2011).

<sup>231</sup>Michael Wines, "Dispute between Vietnam and China Escalates Over Competing Claims in South China Sea," *The New York Times*, 10 June 2011, <http://www.nytimes.com/2011/06/11/world/asia/11vietnam.html> (accessed 24 August 2011).

territory in the South China Sea.”<sup>232</sup> In the aftermath of the recent tensions, government officials from China and ASEAN met in Indonesia and agreed on the “Guidelines for the Implementation of the DOC.”<sup>233</sup>

The South China Sea dispute presents challenges for Singapore since it threatens the freedom of navigation that Singapore relies on for a large percentage of its national income. Nevertheless, the South China Sea dispute also offers opportunities for Singapore to advance its diplomatic interests. First, the South China Sea dispute, with its global implications for both freedom of navigation and untapped oil and gas reserves, has attracted the attention of extra-regional nations. The U.S. is one of several nations with interest in the peaceful resolution of the South China Sea dispute. In 2010, U.S. Secretary of State Hilary Clinton stated that the “U.S. [was] prepared to facilitate initiatives and confidence building measures consistent with the declaration.”<sup>234</sup> However, China rejected the offer, explaining that while U.S. “interest in maintaining safe and free shipping lanes in the disputed region is ‘understandable,’ . . . [U.S. involvement] can only make things more complicated.”<sup>235</sup> Nonetheless, the U.S. continues to demonstrate its

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<sup>232</sup>The Straits Times, “Philippines vows to protect South China Sea assets,” 25 July 2011, [http://www.straitstimes.com/BreakingNews/SEAsia/Story/STIStory\\_694558.html](http://www.straitstimes.com/BreakingNews/SEAsia/Story/STIStory_694558.html) (accessed 24 August 2011).

<sup>233</sup>Chen Zhi, “China, ASEAN nations agree on guidelines for implementation of DOC in South China Sea,” *Xinhua News Agency*, 20 July 2011, [http://news.xinhuanet.com/english2010/china/2011-07/20/c\\_13997623.htm](http://news.xinhuanet.com/english2010/china/2011-07/20/c_13997623.htm) (accessed 24 August 2011).

<sup>234</sup>Department of State, U.S., “Remarks at Press Availability,” U.S. Department of State, 23 July 2010, <http://www.state.gov/secretary/rm/2010/07/145095.htm> (accessed 24 August 2011).

<sup>235</sup>Jason Dean, “China Warns U.S. to Stay Out of Regional Disputes,” *The Wall Street Journal*, 23 June 2011, <http://online.wsj.com/article/SB10001424052702303970604576401260613634844.html> (accessed 24 August 2011).

interest in the stability of the South China Sea. In 2011, U.S. Secretary of Defense Gates announced the deployment of littoral combat ships to Singapore as part of a “wider plan to reassure allies worried by China’s increasing assertiveness and military reach.”<sup>236</sup>

Furthermore, the dispute has reinforced the need for ASEAN unity. In 1998, Canadian academic Shaun Narine had predicted that “ASEAN’s ability to manage regional security may be even less in the post-cold war era than during the cold war.”<sup>237</sup> However, in the South China Sea dispute thus far, Southeast Asian nations have stuck to a common ASEAN position in dealing with China, thereby increasing the strength of their individual positions. The fact that China agreed on “Guidelines for the Implementation of the DOC” with ASEAN instead of bilaterally with other claimants to the dispute demonstrates the viability of ASEAN as a common voice for Southeast Asian nations. To be sure, the “Guidelines for the Implementation of the DOC” lack specific details to resolve the dispute. Nonetheless, the process of multilateral negotiations underline ASEAN’s relevance as a credible regional organization.

Separately, ASEAN has also strengthened its security architecture with the introduction of new security-focused meetings. ASEAN countries held the inaugural ASEAN Defence Ministers’ Meeting (ADMM) in 2006. ASEAN members quickly agreed to organize the ADMM-Plus and invited global powers to join the ADMM-Plus. The inaugural ADMM-Plus summit was held in 2010, just four years after the first ADMM. The ADMM-Plus meetings, with its focus on defense-related issues,

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<sup>236</sup>Vago Muradian, “U.S. Navy’s Littoral Combat Ships To Head To Singapore,” *Defense News*, 13 June 2011, 3.

<sup>237</sup>Shaun Narine, “ASEAN and the Management of Regional Security,” *Pacific Affairs* 71, no. 2 (Summer 1998): 209.

complement the existing ASEAN Regional Forum (ARF)<sup>238</sup> and East Asia Summit (EAS)<sup>239</sup> that discuss broader strategic concerns.

While recognizing China's interest in shaping the security architecture in Southeast Asia, ASEAN has scrupulously maintained the need to invite other interested parties to dialogue and contribute to Southeast Asian security. Other ASEAN nations share Singapore's interest in maintaining an open security architecture and the various ASEAN-related forums have been structured deliberately to involve external stakeholders. To be sure, ASEAN faces a balancing act in reaching out to major powers. ASEAN seeks to drive the agenda at these forums but has to ensure that the agenda remains relevant and attractive to the external participants.

In the economic domain, ASEAN has given China a 'first-mover' advantage with regard to economic integration. China first proposed an FTA with ASEAN in 2001, and by 2002 had signed a framework agreement. Subsequently, China and ASEAN concluded the Agreement on Trade in Goods and the Agreement on Trade in Services in 2004 and 2007 respectively. The ASEAN-China Free Trade Agreement (ACFTA) came into effect on 1 January 2010.

The negotiations and swift conclusion of the ACFTA spurred other major economies to kickstart trade negotiations with ASEAN. Following hot on the heels of

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<sup>238</sup>The ARF consists of representatives from the 10 ASEAN countries, Australia, Bangladesh, Canada, China, European Union, India, Japan, the Democratic People's Republic of Korea, Republic of Korea, Mongolia, New Zealand, Pakistan, Papua New Guinea, the Russian Federation, Sri Lanka, Timor Leste, and the U.S.

<sup>239</sup>The EAS consists of representatives from the 10 ASEAN countries, Australia, China, India, Japan, Republic of Korea, New Zealand, the Russian Federation, and the United States.

China, India also concluded an initial framework agreement with ASEAN in 2003.<sup>240</sup> In 2009, India and ASEAN signed the ASEAN-India Trade in Goods Agreement (TIG), which was to take effect on 1 January 2010. Nonetheless, at the time of writing, negotiations on Trade in Services remain ongoing between India and ASEAN. In 2003, Japan also signed the Framework Agreement for Comprehensive Economic Partnership (CEP) with ASEAN and quickly concluded the ASEAN-Japan Comprehensive Economic Partnership (AJCEP) in 2008. More recently, the ASEAN-Australia-New Zealand FTA (AANZFTA) was signed in 2009 and came into effect on 1 January 2010.

ASEAN's increased trade negotiations with external parties have assuaged the concerns of Singapore's neighbors who expressed displeasure and suspicions about Singapore's bilateral trade agreements with extra-regional countries. Although strongly committed to realizing ASEAN FTA (AFTA), Singapore was reportedly "impatient" with the pace at which ASEAN was "building free-trade linkages with the United States, Japan, and the European Union (EU)."<sup>241</sup> Consequently, from 1993 to 2005, Singapore concluded nine FTAs outside the purview of ASEAN. However, Singapore's decision to forge ahead with trade liberalization aroused concern in its neighbors who feared that Singapore's bilateral FTAs would "[undermine] friendship in ASEAN or "provide a third

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<sup>240</sup>Association of Southeast Asian Nations, "Framework Agreement on Comprehensive Economic Cooperation Between the Republic of India and the Association of Southeast Asian Nations," 2003, <http://www.asean.org/15278.htm> (accessed 24 August 2011).

<sup>241</sup>Felix Soh, "ASEAN 'Slow' on Free-Trade Links," *The Straits Times*, 3 May 2002, 1.

route or back door . . . to penetrate AFTA markets.”<sup>242</sup> Fortunately, China’s proposal for the ACFTA in 2000 and subsequent FTAs with other nations have reduced concerns of Singapore’s neighbors that Singapore’s bilateral FTAs would undermine the AFTA.

### Conclusion

This chapter began by examining Singapore’s diplomatic and economic objectives. In the diplomatic arena, Singapore’s foreign policy is conscious of, but not fatalistic about, its geopolitical vulnerability as a small nation. Singapore advocates international law and international institutions to protect its autonomy and sovereignty. In addition, Singapore seeks to promote a multi-layered and inclusive security architecture with the UN as the global foundation and ASEAN as the regional fulcrum. In the economic arena, Singapore aims to promote and expand free trade and financial stability through multilateral forums. Specifically for the WTO, Singapore supports the swift conclusion of the Doha Development Agenda and the strengthening of dispute settlement mechanisms. Similarly, Singapore would benefit from a revitalized IMF that reflects the distribution of economic power and is structured to effectively assist member economies through periods of financial instability.

Next, this chapter analyzed how China’s recent policies in the four international institutions affect Singapore’s diplomatic and economic objectives. In terms of Singapore’s diplomatic objectives, China’s increased role in the UN and ASEAN have strengthened the ability of these rules-based organizations to promote stability. By

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<sup>242</sup>The Hindu, “Malaysia Cautions on Trade Pacts,” 23 November 2000 and Business Times, “Singapore Won’t Be Back Door to AFTA,” 3 May 2001; quoted in Teofilo C. Daquila and Le Huu Huy, “Singapore and ASEAN in the Global Economy.”

participating in multilateral forums such as the UN Security Council and ADMM-Plus, China has indicated its willingness to participate in multilateral security architectures. Nonetheless, China remains unwilling to allow extra-regional inputs into the South China Sea dispute and does not welcome mediation by the International Court of Justice.

In terms of Singapore's economic objectives, China's increased influence and participation in the IMF and WTO present initial opportunities for Singapore. However, economic challenges for Singapore loom over the horizon. China may conclude that the current global financial crisis represents the end of the IMF's viability and seek to promote alternative global financial institutions. Next, the unresolved WTO Doha Round may slow the proliferation of trade liberalization globally. Finally, China could develop into an economic competitor as its demographic profile shifts.

## CHAPTER 5

### CONCLUSION

This thesis examined whether China's increased participation and influence in international institutions present more opportunities or challenges for Singapore. By comparing China's recent actions at international institutions against Singapore's diplomatic and economic objectives, this thesis found that China's increased participation and influence in international institutions present near term opportunities for Singapore. In the diplomatic domain, China's willingness to participate in global activities, such as peacekeeping and binding treaties, indicates its acceptance of rules-based interaction between nations. In economic institutions such as the IMF and WTO, China's increased participation has corresponded with increased trade and FDI volumes for Singapore.

However, there could also be underlying challenges for Singapore. China's role in the UN and ASEAN does not represent a policy that prioritizes institutional solutions when its national interests are challenged. China's future willingness and ability to participate, or lead, in solving global challenges remain untested. China remains open to flexing its diplomatic muscles and economic leverage to protect its interests. In the economic arena, China will likely shift up the production value chain in response to its demographic changes. Furthermore, as China's economic prowess becomes more pronounced, its ability to shape international institutions will likely grow. Singapore will need to adjust its policies to capitalize on changes that China will bring to multilateral institutions.

### Implications for Singapore

While China's recent policies present numerous opportunities, Singapore must remain agile to maximize the opportunities and prepare itself to face the challenges of an emergent China. As a small country that has adeptly navigated the Cold War and post-Cold War world, Singapore has demonstrated its ability to innovate and excel. Singapore should try to conclude agreements of mutual benefit with China. Besides economic joint ventures to develop parts of China, Singapore could explore how to tap into the Chinese consumer market and partner with Chinese firms that are seeking to produce goods of higher value. To bolster linkages with China, Singapore could seek to increase exchange programs and other educational opportunities for students at all levels.

Separately, Singapore should prepare itself to face the challenges that arise. Singapore's diplomatic and economic strength are a result of its cohesive society, strong economic growth and credible defense force. Therefore, while Singapore continues to pursue high economic growth, the social compact must be updated to acknowledge and cater to the changing preference of the electorate. Education policies must produce a knowledgeable and innovative workforce. Besides intellectual development, education policies will also have to address the social-moral development of students to inculcate the values of hardwork, resourcefulness and integrity needed to succeed in the future. Singapore would also need to nurture multi-racialism as its multi-racial composition is a unique strength that will allow Singapore to tap onto the twin engines of Asia's growth—India and China. Singapore should invest wisely in its defense both as bedrock for its economic development and as a complement to its diplomatic power.

Singapore should also proactively build cooperative relations with other nations. This should not be a strategy to balance or hedge against the rise of China. Instead, this approach should be pursued in concert with deepening relations with China. Creating new and stronger external partnerships is a means to create opportunities in all corners of the world. Already, Singapore has significant existing ties with developed economies in regions such as North America, East Asia, and Europe. To complement these relationships, Singapore is strengthening its ties with India, a nation with the potential to develop into a major economic and diplomatic power. Further afield, Singapore has begun building ties with nations in less-traditional regions such as Latin America and the Middle East.

#### Application for Other Countries

With similar geopolitical and economic limitations, other small countries will likely also face both opportunities and challenges as China expands its influence and participation in international institutions. Small countries have at least two methods to maximize opportunities and mitigate challenges. First, small countries can succeed if they band together, as demonstrated by the success and significance of the Federation of Small States (FOSS) in the UN.<sup>243</sup> While major powers will invariably set the international agenda, small nations can ensure that their views are considered if they coordinate properly. Next, small countries should leverage their inherent agility to pursue their national interests. Small nations should avoid aligning too closely with a major power, or being dogmatically non-aligned, as they pursue their national objectives. As a case in

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<sup>243</sup>Ministry of Foreign Affairs, Singapore, “Speech by Senior Minister Professor S Jayakumar at the S Rajaratnam Lecture at Shangri-La Hotel on 19 May 2010.”

point, developing economies should critically examine their economic aims at the WTO Doha Round and seek to move the negotiations forward and avoid being ensnared in a tussle between China and the developed economies.

Given that China's presence in international institutions present both challenges and opportunities for other nations, the United States (U.S.) should maintain, if not strengthen, its global interactions to present a viable alternative for nations that may face challenges from China. U.S. global leadership after World War Two produced an environment conducive for nations to develop economically. While U.S. involvement moving forward may not have the same characteristics of overwhelming supremacy, the U.S. should not take its withdrawal from Iraq and Afghanistan, and its mounting domestic challenges, as a bookmark to withdraw from its global interactions. Indeed, despite its current gloomy economic prospects, the U.S. economy is still a vital trading partner and source of FDI for many nations. The ideals of democracy and freedom, if properly expressed, represent a beacon of hope for many people around the world.

Concerns about the long-term viability of U.S. influence in the region should not be overestimated. In 2010, Teo reminded the audience that death knells were sounded for America's global position back in the mid-80s when the Japanese economy threatened to overtake the U.S. economy in productivity and innovation.<sup>244</sup> However, those pronouncements of doom turned out to be false alarms as circumstances in the early twenty-first century reveal Japan's position behind the United States.

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<sup>244</sup>Ministry of Defence, Singapore, "Luncheon Speech by Deputy Prime Minister and Minister for Defence at the Centre of Strategic and International Studies, Washington, DC," 17 March 2010, [http://www.mindef.gov.sg/imindef/resources/speeches/2010/17mar10\\_speech.html](http://www.mindef.gov.sg/imindef/resources/speeches/2010/17mar10_speech.html) (accessed 26 August 2011).

Nonetheless, U.S. and Western nations need to acknowledge the legitimate entreaties to reform international institutions that represent an outdated distribution of power.<sup>245</sup> As the distribution of economic wealth and military prowess shifts, international institutions must reflect the current realities to engender greater contributions from emerging nations and to reduce the burden placed on nations that can no longer afford to shoulder some of these global responsibilities. For example, two possible changes in international institutions are reforms in the voting quota in the IMF and redefining the rules for appointing the leadership positions in various international institutions. To be clear, China is not the only emerging nation, despite the media attention that it receives. The BRIC (Brazil, Russia, India and China) countries, South Africa and Turkey are just some of the nations with the potential and disposition to play a larger global role.<sup>246</sup>

#### Areas for Further Research

The primary research question of this thesis examined whether China's increased participation and influence in international institutions present more opportunities or challenges for Singapore. This thesis examined a singular aspect of the rise of China and its impact on other nations. Thus, there are at least three broad areas for further research – further research into other international institutions, analysis of alternative courses of action that China may adopt, and international relations outside the sphere of international institutions.

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<sup>245</sup>Kishore Mahbubani, *The New Asian Hemisphere: The Irresistible Shift of Global Power to the East*.

<sup>246</sup>Fareed Zakaria, *The Post-American World* (New York: W. W. Norton, 2009).

## Other International Institutions

This thesis limited its analysis to four international institutions although China and Singapore are members of numerous other international organizations. Examining China's role in more international institutions would enhance understanding of China's motivations and grand strategy. Separately, examining Singapore's national objectives with regard to other international institutions would also provide a more holistic analysis of challenges and opportunities facing Singapore. Specifically, several organizations deserve greater analysis.

First, the G-20 is a relatively new organization that represents the economic interests of major economies. The leadership mechanism of the G-20 also presents more opportunity for non-Western nations to set the economic agenda at the global level. The G-20 has also gained prominence in the aftermath of the U.S. government budget debacle and Eurozone crisis as a potential alternative to the Bretton Woods institution. Thus, analyzing China's role in the G-20 could present additional information on China's strategy at international economic organizations.

Next, further research could be undertaken on APEC. APEC's large membership across several continents places the organization between a regional and global organization, complementing this thesis's research on the UN and ASEAN. As an open economy, Singapore participates actively in APEC. To be clear, APEC recognizes its members as economies and not political entities, which explains the participation of both China and Taiwan in the organization. APEC also has a wide-ranging agenda which means that China could, if it wishes to, try to shape the agenda on a wide range of

economic issues. Research into China's role in APEC could also uncover China's policy orientation towards South American economies.

Third, despite the geographical focus of the Shanghai Cooperation Organization (SCO) on Central Asia, the SCO is worth examining for two reasons. First, the SCO can be a case study of China's strategic direction as China holds deep security concerns on events close to its restive western borders. Next, China is a leading voice in the SCO and its role in the SCO could portend its behavior as and when it assumes a more influential role in other international institutions.

Finally, further analysis could be done on China's participation and influence on other international institutions that it is not formally a member of. As intimated in chapter 4, China has recognized the African Union and Arab League as legitimate voices for their respective regions. Thus, analysis into how China could seek to deepen its relations with these organizations might point out China's future relations with nations in those regions.

### What if China Fails

This thesis assumed that China's economy and political system would continue on its current trajectory for the coming decade. Nonetheless, further research could be undertaken to consider various scenarios that may unfold should China's growth be curtailed or derailed. Any stalling of economic growth would likely affect China's diplomatic objectives and economic strategy. Numerous issues could disrupt China's growth and the trend of increased global participation.

First, China's economic growth may flounder, causing it to reconsider its current economic strategy. Further research could analyze possible disruptions to China's economic growth and their impact on China's foreign policy. For example, numerous

Chinese banks are holding onto nonperforming loans issued to provincial governments as a result of the country's grow-at-all-cost policy in the past decade or so. Research could be undertaken to examine the depth and breadth of bad loans in China's financial markets and its impact on China's foreign economic policy. Separately, as China attempts to shift away from an export-led development model, its uneven growth across provinces could expose the shallowness of economic development across the country.<sup>247</sup> Further research could examine the viability and implication of an economic growth strategy that relies less on external demand. Finally, with its one-child policy, China would need to increase its economic productivity in order to sustain a rapidly ageing population.<sup>248</sup> Further research could be undertaken to examine how China's stance in the WTO could change as it shifts from being a low-cost producer.

Next, if economic growth slows, discontent about uneven wealth distribution and government corruption could unravel the current social compact between China's citizens and government.<sup>249</sup> Changes in China's domestic situation would affect the policies and actions that China pursues in international institutions. Already, rising nationalism amongst China's online citizenry stands in contrast with its official policy of maintaining a low profile and peaceful rise. Similarly, rapid urbanization has frayed familial relations

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<sup>247</sup>Gerhard K. Heilig, "Many Chinas? The Economic Diversity of China's Provinces," *Population and Development Review* 32, no. 1 (March 2006): 147-161.

<sup>248</sup>Jianfa Shen, "China's Future Population and Development Challenges," *The Geographical Journal* 164, no. 1 (March 1998): 32-40.

<sup>249</sup>Murray Scot Tanner, "Challenges to China's Internal Security Strategy" (Santa Monica, CA: RAND Corporation, 2006).

in China's traditional society<sup>250</sup> and vocal youths have been emboldened by the Arab Spring of early 2011. An unstable China could be less confident in dealing with the international community, potentially reducing its participation in international institutions.

Finally, political events could derail China's peaceful rise. A sudden and vigorous push for independence by elements within Taiwan would threaten the legitimacy of a unified China, a country with significant non-Han minority groups in its border areas. Similarly, a campaign for Tibet's independence, especially if supported by external powers, would likely trigger a siege mentality in China's ruling elite. Research could be conducted to understand how threats to China's core interests would disrupt the cooperative outlook of China's current policies and reshape the premise of its increased participation in international institutions.

#### Role of Other Nations

Today, many nations in the world, quite understandably, focus a lot of energy and attention on understanding and interacting with China. Nonetheless, the current global system, built over the last 60 years, will not necessarily transform in the next ten years. In fact, China may not necessarily supplant the U.S. as the dominant global power. Even at the depth of the global financial crisis when America's future as the world's sole superpower was being doubted, Singapore's first prime minister Lee Kuan Yew declared

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<sup>250</sup>David M. Lampton, "What if China Fails? We'd Better Hope It Doesn't!" *Wilson Quarterly* (Autumn 2010): 61-66.

that, “American resilience and creativity should never be underestimated.”<sup>251</sup> The evolution of the international system, especially how events at international institutions affect Singapore, must consider the role of other major powers such as the United States.

To complement the analysis of other major powers, further research could be undertaken to examine Singapore’s bilateral relationships with its regional partners. While this thesis considered Singapore’s regional ties through ASEAN, bilateral relationship between Singapore and its neighbors also present various challenges and opportunities. Such challenges and opportunities could arise as these nations pursue their respective interests or as they each adjust to the actions of major powers in the international arena.

#### Concluding Remarks

This thesis analyzed China’s influence and participation in international institutions, and its impact on Singapore. To be clear, China is just representative of a larger global shift toward a more diffused distribution of power. As the world faces more complex and trans-border challenges (such as transnational terrorism, financial contagions that spread quickly across markets, and environmental challenges), multilateral action has become more important than ever. Thus, the evolution of international institutions will be crucial as these institutions will need to reflect the shifts in international relations while providing the platform to meet urgent global challenges.

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<sup>251</sup>Ministry of Foreign Affairs, Singapore, “S Rajaratnam Lecture 2009 by Minister Mentor Lee Kuan Yew.”

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