

CHAPTER 1

Introduction

A. BACKGROUND

The People's Republic of China (PRC) is located in the Asian region, with a large area covering most of Asia's land area and the largest population in the world. Recently, it has attracted the attention of the international world because of its fast-paced economic development catching up with other countries. China is now recognized internationally as a driver of economic, social and political life. The communist state that was once slumped has now achieved great success. This is inseparable from China's opening up to join the world economy and maximize natural or human resources, which is accompanied by government strategies and policies.

China's success in industry has had a positive effect on reducing poverty in China. For example, in 1985 the poverty rate in China reached 65% and in 2010 it had fallen to 7% (Meredith, 2010). China has succeeded in fighting poverty in poverty base areas in rural areas as it did in its first reforms. This is inseparable from the growing manufacturing industry in which about 50% of the profits are dedicated to the people. The performance of China's economic development in a period of 4 decades is increasingly impressive, and many economists predict that China will replace the United States in the next era as a super power. According to the World Bank, the success of China's economic development is faster than other developed countries, namely the UK which takes about 58 years and the United States 47 years, Japan takes around 38 years to increase its GDP level but China only needs about 8.6 years to double. per capita income and rise from economic downturn so that it can dominate the global economy.

The Association of Southeast Asian Nations (ASEAN) has become one of China's foreign policy instruments in pursuing its economic and security interests in the Southeast Asian region. This instrument has been used by China since the country decided to open itself to ASEAN. Until the 1980s, China was the only country in Asia that was oriented towards developed countries, not its neighbors in the region. China is also the only third world country to be a permanent member of the UN Security Council. This attitude of keeping a distance is supported, among other things, by the historical aspect of China which leads to the tight control by the government on relations with other countries. However, the transformation of this attitude then emerged when the Cold War was over (Yahuda, 1995).

Despite having good bilateral relations with several ASEAN member countries, China did not have close relations with ASEAN before the 1990s. Until finally China became a consultative member in ASEAN in 1991 and in 1996 ASEAN officially made China a dialogue partner at the 29th ASEAN Ministerial Meeting in Jakarta (Saw Swee-Hock, Sheng Lijun, 2006). In 1997, China was again involved in cooperative relations between ASEAN and three East Asian countries, namely, Japan, China and South Korea, called ASEAN+3 (APT). The first ASEAN+3 Summit was held in December 1997 in Kuala Lumpur, at which time the Asian region was experiencing an economic crisis. The motivation for the formation of ASEAN+3 was also to keep pace with the rapid pace of globalization and encourage economic growth in ASEAN, which at that time was experiencing a crisis. Given the diverse socio-economic conditions of Asia, it will create a lot of interaction between democratic and non-democratic countries, both between countries with large and small powers and between countries with large powers which creates a threat to APT (Friedberg, 1993). This happens because no one can mediate conflicts, considering that even countries that have great power can be involved with countries that have great power as well.

Since then, China-ASEAN has wanted to enhance cooperative relations through free trade. The progress of interaction between China and ASEAN was seen in November 2001 when the two formed a free trade area for a period of 10 years. In November 2002, the ASEAN-China Summit in Phnom Penh, Cambodia, ASEAN leader and Chinese PM Zhu Rongji signed the Framework Agreement on Comprehensive Economic Cooperation as the basis for ASEAN-China to hold an FTA (Wang, 2005). The new FTA will be implemented starting in 2010 with the former ASEAN member countries, namely Brunei Darussalam, Indonesia, Malaysia, the Philippines, Singapore and Thailand. Meanwhile, another FTA started in 2015 between China and the new ASEAN members, namely Cambodia, Laos, Myanmar and Vietnam.

This Free Trade Area (FTA) agreement is the largest, because the total population covered by the FTA reaches 1.9 billion people. The objectives of ACFTA are, first, to strengthen and enhance economic, trade and investment cooperation. Second, liberalize and increase trade in goods and services progressively and create a transparent system. Third, facilitate more effective economic integration of the new ASEAN members (Cambodia, Laos, Myanmar and Vietnam-CLMV) (Kurnianingrum Trias Palupi, 2010). The ACFTA agreement basically contains arrangements regarding two economic aspects, namely trade and investment aspects. However, the trade aspect is the most prominent for

ASEAN countries. Based on the ACFTA framework, there is a reduction in import duty tariffs on Chinese and ASEAN products to zero percent. Reduction or elimination of product import duties within the framework of ACFTA is divided into Early Harvest Program, Normal Track and Sensitive Track. Normal Track itself is divided into two models, namely Normal Track I and Normal Track II. Meanwhile, the Sensitive Track is also divided into two models, namely the Sensitive List and the Hight Sensitive Track.

This study will not only discuss what are China's economic interests, but will also discuss China's interests from the political aspect that underlies the ASEAN-China relationship through economic cooperation formed in the ASEAN-China Free Trade Agreement. Given that China is so active in establishing cooperative relations with ASEAN until the formation of ACFTA, with the title "China's Interests Behind ACFTA Cooperation"

B. RESEARCH QUESTION

Based on the explanation above, the author takes the formulation of the problem "Why does China initiate the ASEAN China Free Trade Area?".

C. THEORY

1. National Interest

The national interest is a very general concept but is an element that is a very vital necessity for the state. The fundamental factor in making foreign policy decisions is the national interest. National interest is a goal to be achieved by every country related to the state/nation. According to Hans J. Morgenthau, the concept of national interest is the minimum ability of a state to protect and defend its physical, political and cultural identity from interference from other countries. From this review, the country's leaders derive specific policies towards other countries that are cooperative or conflicting. Morgenthau states that the national interest of each country is power, that is, anything that can establish and maintain control of one state over another.

National interest is divided into 2, namely, vital interests and secondary interests. Vital interests are interests that are the main priority and are very important for a country's existence. For example, a country will protect its sovereignty, defend the territory and pride of the country. While secondary interests are interests that come from the community that prioritizes the interests of the community.

In the concept of national interest, there is a perspective called the realist perspective. The realist perspective assumes that the state is the main actor in international politics. The state is a rational actor where foreign policy is taken based on national interests and goals. The conclusion is that the realist perspective sees foreign policy as a reflection of national interests and goals. State security and territorial sovereignty are the focus of the analysis.

According to Donald E Nuechterlein, national interests can be classified into 4 basic interests (Nuechterlein, 1976), namely:

- a. Defense Interest is the interest of a country regarding the security and protection of citizens and their political system from threats from other countries or other factors, either in the form of intervention or propaganda.
- b. Economic interest is the interest of the government or the leader of a country in an effort to improve the country's economy by conducting economic relations with other countries.
- c. World-Order International, namely the interests of a country in an effort to realize a political and economic system that benefits its country in the international sphere.
- d. Ideological interest is the interest of a country to defend its ideology from the threat of entry of other countries' ideologies that may replace the ideology of that country.

2. Foreign Policy Theory

Foreign policy is basically an "action theory", or the policy of a country aimed at other countries to achieve a certain interest. In general, foreign policy is a set of goals sought to map out how the country will interact officially with other countries or non-state actors in the world. Foreign Policy can be assumed as a pattern of behavior of a country that is fighting for its national interests (Ma'oad, 1990). According to Christopher Hill, foreign policy is a collection of official external relations carried out by independent actors, namely the state in the context of international relations. Official external relations allow the entry of all policies from government mechanisms as inputs. The term "independent actor" allows for a shift in actors. Whereas the existence of official external relations is a policy. Otherwise, it will be seen as a separate foreign policy (Hill, 2003).

According to Samuel S.Kim, there are 3 (three) main approaches that explain the factors that influence China's foreign policy. First, the internal approach. Second, the external approach. Third, the relationship between internal and external factors. In realizing its determination to strengthen its economy, China is more interested in forging closer relations with ASEAN. For this reason, China has adopted various policies and

methods in anticipating various external and internal factors. External factors, China maintains friendly relations with other countries (Shambaugh, 2005). With ASEAN, China is soft and friendly. Internal factors, China's leaders are transforming capital, an opportunity to encourage the elite and its people to be productive and do things according to international standards. Now China has become the most productive country in the whole world, and the results can be seen in the world market. Then in China's trade policy in Southeast Asia, China tries to dominate market opportunities in Southeast Asia.

D. HYPOTHESIS

Based on the theory of national interests and foreign policy, it shows that China has interests in Southeast Asia, through a free trade strategy. This trade strategy will lead to trade creation, trade diversion, and ASEAN's dependence on China. So that China will be able to dominate the economy in Southeast Asia and China's economic growth will increase.

E. RESEARCH METHODOLOGY

In this study, the author uses a qualitative method that focuses on library research techniques or library techniques (Bossaller et al., 2016). The data used is valid data that comes from secondary data, and comes from library sources such as books, journals, newspapers, and other printed sources. In addition, the author also uses internet data sources such as hashtags, official websites or websites, as well as other internet sources which are credible data that can support the research process carried out by the author.

F. RESEARCH PURPOSE

The purpose of this research is to discover and describe the background and framework of the implementation of ACFTA, also discover and describe the economic and political interest China behind the initiation of ACFTA.

G. RESEARCH LIMIT

The scope or limitation of this research is China, where the author will discuss China's national interests and foreign policy behind the ASEAN China Free Trade Area in 2010-2021.

H. SYSTEMATICS OF WRITING

a. CHAPTER I:

This is a chapter that contains the introduction, in which there is a Background Problem, Problem Formulation, Thinking Framework, Hypotheses, Research Methodology, Research Limits, and Writing Systematics

b. CHAPTER II:

This is a chapter that discusses the background and framework for the implementation of ACFTA. In addition, this chapter will also discuss China's economic and political interests behind the initiation of ACFTA.

c. CHAPTER III:

This is the last chapter that will contain conclusions.