



# China and Southeast Asia

Global  
Changes and  
Regional  
Challenges

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## INTRODUCTION

# China-ASEAN Relations: Confronting New Realities

Ho Khai Leong

The relations between the Association of Southeast Asian Nations (ASEAN) and China occupy a unique and important position in the foreign relations of the Asia-Pacific region. China and Southeast Asia's political, strategic and economic importance in the realm of international relations has been transformed by the region's unprecedented economic growth, unexpected financial crisis and turbulent political changes. In the economic front, there has been a five-fold increase in per capita income in the ASEAN region over the last four decades. The 1997 financial crisis, however, exposed the weaknesses of the corporate sector in ASEAN, which include questionable political inventions, poor investment structure, weak legal and accounting system. Simultaneously, the political development of the Southeast Asian states underwent a dramatic democratization process and leadership changes, making them barely recognizable.

China, on the other hand, also experienced economic changes that have allowed more people to become wealthy in a shorter period of time than in any other historical period. Its emergence as an economic, military and political power poses continuous challenge not only to the Southeast Asian states, but also to the great powers. Despite the fact that common economic interests and strategic concerns exist for both China and ASEAN, tensions