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China-ASEAN Relations in the South China Sea Dispute: Development Prospects and Paths for Cooperation

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Abstract: The South China Sea issue continues to pose a major challenge in the realm of international affairs, particularly affecting relations between China and ASEAN member states. This article delves into the intricate geopolitical environment of the region, assessing the interplay between China and ASEAN within the context of ongoing tensions. While their strategic interests often diverge, both parties have achieved meaningful progress in enhancing economic partnerships and security cooperation. The paper investigates possible models for collaboration, emphasizing the significance of structured dialogue platforms such as the Code of Conduct (COC) discussions and broader multilateral security initiatives. Additionally, it highlights emerging avenues for economic engagement through projects like the Belt and Road Initiative (BRI) and the China-ASEAN Free Trade Area. Ultimately, the study suggests a constructive route for developing a stable framework for regional collaboration, aiming to facilitate a peaceful settlement of disputes. Through strengthened cooperation and mutual understanding, China and ASEAN have the potential to shift the South China Sea from a zone of contention to an example of harmonious coexistence.

Keywords: China-ASEAN relations; South China Sea; regional cooperation; multilateral security

1. Introduction

The South China Sea issue centers on territorial disputes between China and certain ASEAN nations regarding sovereignty over specific islands and reefs within the Nansha (Spratly) Islands, as well as overlapping maritime claims. Although ASEAN has traditionally emphasized the principle of “consensus” and prefers resolving internal challenges through peaceful, non-confrontational means, the divergent interests of its member states in this maritime issue have led to intricate dynamics. Over time, a multifaceted situation has emerged, with six countries and seven parties asserting control or sovereignty claims over various areas. Moreover, with increased involvement from external actors, particularly the United States, the South China Sea conflict has gradually expanded beyond a regional dispute into a focal point of international geopolitical tension. Consequently, the situation has, at times, deteriorated into sustained friction and escalation.

Amid such complexity, China-ASEAN relations are undergoing transformation. While notable progress has been made in fields such as economic collaboration and security exchanges, the South China Sea dispute continues to pose a significant hurdle in deepening bilateral ties. To effectively counteract external interference and reduce the risk of escalation, it is crucial for China and ASEAN to enhance cooperation through structured dialogue mechanisms and implement practical measures that support lasting peace and regional stability.

While numerous studies have examined China-ASEAN relations within the context of the South China Sea disputes, much of the existing literature concentrates on state-level interactions and policy evaluations, with limited attention given to concrete pathways for joint development amid ongoing tensions. This paper seeks to address that gap by exploring the dynamics between China and ASEAN in the dispute and proposing innovative models of cooperation and future development. It further aims to investigate how both parties can enhance collaboration under the pressures of a complex global environment and establish a more resilient regional cooperation framework, thereby laying a solid foundation for the peaceful resolution of the South China Sea conflict.

2. The Deepening of the Institutionalized Dialogue Mechanism

2.1. Promotion of the Code of Conduct in the South China Sea

As a regional maritime governance initiative jointly advanced by China and ASEAN, the South China Sea Code of Conduct (COC) negotiations have sustained positive momentum since their inception in 2013. By 2018, the parties had agreed on a single draft text, marking the transition to a more substantive phase of discussions. Despite challenges posed by the COVID-19 pandemic, online consultations continued in early 2021, yielding progress in dispute management and conflict prevention. Between 2022 and 2023, multiple negotiation rounds addressed key issues such as maritime activity freedoms, navigational security, and resource development, resulting in several interim agreements. The latest COC draft now explicitly includes crucial provisions on crisis management, maritime trust-building, and environmental protection, underscoring the collective commitment of China and ASEAN to fostering peace and stability in the region [1].

In the long term, the successful conclusion of the South China Sea Code of Conduct (COC) will carry substantial strategic implications. Firstly, it will provide a legally binding framework of conduct in the region, contributing to the prevention and effective management of potential conflicts. Secondly, the COC will serve as an institutionalized mechanism through which China and ASEAN nations can jointly address maritime disputes, offering a coordinated response to external interference and regional pressures. Lastly, finalizing the COC will reflect the shared resolve of both sides to handle differences collaboratively and advance mutual cooperation, while reinforcing ASEAN's central role in regional affairs and enhancing the overall efficacy of regional governance.

However, significant challenges still remain in the negotiation process, particularly regarding contentious issues such as the extent of legal obligations, the architecture of dispute resolution mechanisms, and the framework for joint maritime resource development. In addition, the United States and its allies continue to exert influence on the process through "freedom of navigation" operations and the deepening of defense ties with certain ASEAN member states [2].

2.2. Deepening of Multilateral Mechanisms Such as the China-ASEAN Defense Ministers' Conference

Amid an increasingly complex regional security landscape, China and ASEAN have continued to expand their institutional cooperation in the security domain. The previously informal China-ASEAN Defense Ministers' Meeting has evolved into a key venue for discussing regional security matters. Beyond this platform, the two sides have developed a multi-layered security dialogue architecture. Initiatives such as the China-ASEAN Senior Officials' Security Consultation, the expanded ASEAN Navy Forum, and the establishment of a "Joint Maritime Law Enforcement Hotline" together form a comprehensive framework that spans from high-level strategic coordination to operational cooperation. The steady functioning of these mechanisms has played a significant role in mitigating security risks in the South China Sea and has laid a solid institutional foundation for fostering military trust between China and ASEAN [3].

It is evident that China-ASEAN security cooperation is evolving beyond traditional “hard security” concerns toward a more holistic approach. The current framework integrates maritime security with broader areas such as marine environmental protection, joint marine scientific research, and disaster prevention and mitigation. This shift toward a more inclusive security paradigm reflects the shared recognition by both China and ASEAN of the need to address multifaceted regional challenges. It also offers fresh perspectives for enhancing coordination in managing issues related to the South China Sea.

3. New Opportunities for Economic Cooperation

3.1. The Belt and Road Initiative Promotes the Total Economic Growth of the Two Countries

Since its launch in 2013, the Belt and Road Initiative (BRI) has developed into a major platform for global cooperation, playing a pivotal role in strengthening economic ties between China and ASEAN. The 21st Century Maritime Silk Road, in particular, emphasizes marine-based economic collaboration, creating broad opportunities for bilateral engagement across various sectors. By 2023, China had signed BRI cooperation agreements with all ASEAN member states, advancing a number of influential infrastructure and industrial projects.

In port development, notable progress has been made in strategic projects such as the Sihanoukville Special Economic Zone in Cambodia and Malaysia's Kuantan Port. These initiatives have not only enhanced local infrastructure but also bolstered regional connectivity. The Jakarta-Bandung high-speed railway, inaugurated in 2023, stands out as a flagship BRI project in Southeast Asia, significantly boosting the economic growth of Indonesia's Java Island. In the realm of marine industry collaboration, cross-border industrial cooperation zones – such as those between Qinzhou and Malaysia – have yielded impressive outcomes, attracting numerous Chinese enterprises, generating employment, and stimulating industrial development. Similar industrial parks have been established in Indonesia, Thailand, and other ASEAN countries, serving as vital hubs for capacity cooperation.

Additionally, the BRI has deepened China-ASEAN collaboration in marine science, technology, and education. Since its official establishment in 2020, the China-ASEAN Maritime Joint Research and Development Center has trained hundreds of researchers and conducted ecological and resource-focused studies in the South China Sea, offering scientific foundations for sustainable development.

Currently, China and ASEAN are working toward building a "Blue Economy Partnership," encompassing areas such as marine resource utilization, ecological sustainability, renewable energy, and technological innovation. This new cooperative focus not only aligns with the broader trend of regional integration under the RCEP framework but also promotes peace-oriented economic collaboration and long-term regional stability in the South China Sea [4].

In the future, the two sides need to further integrate port, industrial and park resources (such as the linkage between Guangxi Beibu Gulf Port and ASEAN port), promote the coordinated development of Marine economy and green transformation, and inject new momentum into the building of a China-ASEAN community of shared future.

3.2. The China-ASEAN Free Trade Area Will Continue to Deepen Bilateral Trade Relations

Since the establishment of the China-ASEAN Free Trade Area in 2010, bilateral economic and trade relations have continued to deepen. In 2019, the China-ASEAN Free Trade Area agreements on trade in goods and investment were fully implemented, bringing about a qualitative leap in economic and trade relations. Negotiations on version 3.0 will be launched in November 2022, and will be substantially concluded in October 2024. Protocol is scheduled to be signed in 2025, covering nine areas, including digital economy and green economy [5]. At present, ASEAN has remained China's largest trading partner for four consecutive years, and China is also ASEAN's largest trading partner and one of

the most important sources of investment. This close economic and trade relationship has contributed to regional economic cooperation and stability.

The upgraded China-ASEAN Free Trade Area has several key strengths. First, the trade facilitation level has been significantly improved. China and ASEAN countries have achieved zero tariff on more than 90% of their products, and improved customs clearance efficiency by optimizing customs procedures. Second, trade in services has deepened and China's service market has been opened up to ASEAN, especially in the areas of finance, telecommunications and professional services. Third, investment liberalization has accelerated, and mutual investment between China and ASEAN countries has maintained a high growth rate. It is worth noting that the FTA also puts special emphasis on the support for small and medium-sized enterprises, which further promotes the non-governmental economic exchanges between the two sides. By setting up a special SME cooperation committee and an information-sharing platform for SMEs, China and ASEAN have significantly lowered the threshold for SMEs to participate in international trade, ensuring that the benefits of the free trade zone are more widely shared among communities. This inclusive development model has strengthened public support for China-ASEAN cooperation and laid a social foundation for the long-term and stable development of bilateral relations [6].

With the entry into force of the Regional Comprehensive Economic Partnership (RCEP), China-ASEAN economic and trade cooperation has entered a new stage. As the largest free trade agreement in the world, RCEP not only further reduces the trade barriers between China and ASEAN, but also optimizes the layout of regional supply chain through unified rules of origin and trade norms. The deep integration of China and ASEAN under the RCEP framework will further enhance the economic complementarity and interdependence of the two sides, and provide a more solid economic foundation for managing disputes in the South China Sea and maintaining regional peace and stability [7,8].

The Green Silk Road Initiative has further promoted the cooperation between China and ASEAN in environmental technology and green finance. Chinese environmental protection enterprises have participated in pollution control and ecological restoration projects in many ASEAN countries, contributing to Chinese technology and experience. China has also provided preferential financing for ASEAN green projects through platforms such as the Asian Infrastructure Investment Bank and the Silk Road Fund, accelerating the process of green development in the region [9,10].

In particular, the cooperation between China and ASEAN in Marine environmental protection and sustainable Marine development has been deepening. The establishment of the China-ASEAN Blue Economy Cooperation Platform has promoted policy coordination and technical exchanges in the areas of Marine pollution prevention and control, sustainable utilization of fishery resources and Marine ecosystem protection. Such sustainable development-oriented maritime cooperation not only helps to improve the ecological environment in the South China Sea but also strengthens regional collaboration in marine conservation and resource management [11].

4. Building a China-ASEAN Maritime Community with a Shared Future

4.1. The Importance of Building a China-ASEAN Maritime Community with a Shared Future

In the face of the complex geopolitical environment in the South China Sea, China and ASEAN need deeper strategic thinking and practical actions to jointly safeguard regional peace and stability [12].

First, we should adhere to the concept of peaceful development and promote peace through cooperation. China should continue to adhere to the path of peaceful development and create a mutually beneficial and win-win cooperation pattern by strengthening economic cooperation, people-to-people exchanges and security dialogue with ASEAN countries. In particular, through platforms such as the Belt and Road initiative and the

Regional Comprehensive Economic Partnership (RCEP), we will deepen the integration of interests with ASEAN and make peace and stability the common goal of all parties. Second, maintain ASEAN centrality and support its dominant position in regional affairs. China should fully respect the core role of ASEAN in the regional structure, and actively participate in the ASEAN-led regional cooperation mechanisms, such as the East Asia Summit, the ASEAN Regional Forum and the expanded Defense Ministers' Conference [13]. By supporting ASEAN centrality, China can enhance strategic mutual trust with ASEAN and jointly respond to external influences and strategic uncertainties. Third, cool down the militarization of the South China Sea and build trust measures. China could consider discussing agreements with ASEAN countries on confidence-building measures in the South China Sea, such as increasing transparency in military activities and promoting dialogue on security cooperation. These self-restraint measures will help alleviate the trend of militarization in the South China Sea and create favorable conditions for the peaceful settlement of disputes. Fourth, we should adhere to the dual-track approach to handling the South China Sea issue. On the one hand, adhere to resolve disputes over territorial and maritime rights and interests through bilateral negotiations; on the other hand, maintain peace and stability in the South China Sea through multilateral mechanisms. This flexible and pragmatic approach not only respects the complexity of disputes, but also provides space for all parties to participate in the governance of the South China Sea, and helps to achieve effective control of the South China Sea before the disputes are resolved. Finally, we should jointly address non-traditional security challenges and explore new areas of cooperation. China can strengthen cooperation with ASEAN countries in non-traditional security areas such as piracy, maritime terrorism prevention, transnational crime governance and maritime disaster relief, and enhance mutual trust and cooperation by responding to common challenges. Such functional cooperation can become an important basis for China and ASEAN to build a maritime community with a shared future [14].

In short, building a China-ASEAN maritime community with a shared future is a long-term and complex systematic project that requires the joint efforts of both sides in the economic, political, security and cultural fields. By promoting institutionalized dialogue, deepening economic cooperation and establishing an effective crisis control mechanism, it is entirely possible for China and ASEAN to navigate external complexities and achieve long-term peace and prosperity in the South China Sea. This is not only in the common interests of China and ASEAN, but also conducive to the stability and development of the entire Asia-Pacific region [15].

4.2. The Specific Path for Strengthening Bilateral Maritime Cooperation in the Future

Building a China-ASEAN maritime community with a shared future is a long-term way to respond to disputes in the South China Sea and promote regional peace and stability. Based on the existing basis of cooperation between China and ASEAN, maritime cooperation can be strengthened in the following aspects:

First, we will promote the establishment of a joint management mechanism for fishery resources in the South China Sea. Fishery resources are one of the significant factors in the South China Sea dispute and a critical area for the sustainable management of the region's natural resources. China and ASEAN countries can explore the establishment of a fishery resource assessment and quota allocation mechanism in the South China Sea, jointly formulate sustainable fishing standards and crack down on illegal fishing activities. Through scientific management of fishery resources, not only the ecological environment of the South China Sea can be protected, but also the conflicts caused by resource competition can be alleviated. Second, deepen cooperation in Marine science and technology to jointly respond to Marine environmental challenges. China and ASEAN countries can jointly build an ocean observation network in the South China Sea and carry out scientific research cooperation on Marine environment monitoring, sea level rise assessment and

early warning of Marine disasters. At the same time, the two sides can jointly carry out projects on Marine plastic pollution control, coral reef protection, and Marine biodiversity conservation to address shared environmental challenges through scientific and technological solutions. Third, explore the mode of joint development of oil and gas resources in the South China Sea. Oil and gas resources are one of the core issues in the South China Sea dispute, and they are also the most sensitive interest and concern of all parties. China can explore a specific operational model with ASEAN countries based on cooperation and joint development, while respecting each other's interests and concerns. For example, joint development zones can be established in specific sea areas, and resource and revenue distribution mechanisms can be formulated to achieve mutual benefit and win-win results. China and Vietnam have achieved successful cooperation in the Beibu Gulf, and this experience can be extended to other disputed waters. Fourth, strengthen maritime rescue and humanitarian cooperation. China can take the lead in establishing a maritime search and rescue center in the South China Sea to coordinate rescue and search forces from all parties and improve the ability to respond to maritime emergencies. At the same time, China can work together with ASEAN countries in disaster prevention and mitigation to address the challenges of natural disasters such as typhoons and tsunamis. Such cooperation in non-sensitive areas can help to enhance mutual trust and create favorable conditions for solving more complex issues. Finally, we need to promote Marine cultural exchanges and enhance people-to-people exchanges. China and ASEAN countries can jointly hold Marine culture forums, Marine culture exhibitions and Marine science education activities to enhance the common understanding of the people on the ocean. By tapping into the common memory of the historical maritime Silk Road, we will strengthen the cultural bond between China and ASEAN countries, and lay a public opinion foundation for the construction of a maritime community with a shared future [16-18].

5. Conclusion

In conclusion, The South China Sea dispute remains a significant challenge to the stability and prosperity of the region, yet it also provides a unique opportunity to strengthen cooperation in areas such as economic growth, environmental sustainability, and regional security between China and ASEAN. By embracing institutionalized dialogue, enhancing economic partnerships, and engaging in joint environmental and resource management, both sides can work together to peacefully resolve conflicts and foster a climate of trust and mutual benefit. The ongoing negotiations for the Code of Conduct in the South China Sea, along with the expansion of multilateral security dialogues, show promising progress in addressing contentious issues and reducing external interventions. Furthermore, through platforms like the Belt and Road Initiative and the Regional Comprehensive Economic Partnership (RCEP), economic integration will continue to play a pivotal role in aligning the interests of both parties, strengthening the foundation for sustainable peace.

As China and ASEAN pursue the construction of a maritime community with a shared future, they will not only address territorial and resource disputes but also enhance regional security through cooperative frameworks in areas such as maritime safety, environmental protection, and disaster relief. The realization of these shared goals depends on the commitment of all parties to peaceful development, mutual respect, and collaborative governance. By focusing on these comprehensive strategies, China and ASEAN can create a cooperative environment in the South China Sea, contributing to broader peace and stability across the Asia-Pacific region.

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