

# RCEP THINK TANK NETWORK



## NEWSLETTER

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### Fostering a New Pattern of China - ASEAN Blue Economy

#### Integration with Marine Economy Connectivity

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As two large economies with the most dynamic economic vitality and growth potential across the globe, speeding up the marine economy connectivity between China and ASEAN will have profound implications, both for the sustainable development of both economies and for fostering the new regional maritime cooperation paradigm of "leading governance through collaboration."

This March, the China Institute for Reform and Development (CIRD), in collaboration with relevant ASEAN think tanks, launched the "Initiative to Promote China - ASEAN Blue Economy Integration." From a practical perspective, accelerating the process of China - ASEAN maritime economy connectivity and promoting the efficient allocation of regional marine resources will unlock enormous potential for regional blue economy growth, ultimately forming a new pattern of blue economy integration between China and ASEAN.

#### **I. Maritime Economy Connectivity Needs to Address the Notable Disparity Between “High Demand and Slow Progress”**

**1. The mutual demand for China - ASEAN marine economy connectivity has been growing.** The deepening trade cooperation between China and ASEAN has generated significant demand for regional marine economy connectivity. In 2023, maritime transport accounted for over 94% of China's foreign trade and more than 60% of ASEAN's foreign trade, while 65% of bilateral trade between China and ASEAN was conducted through maritime channels. The marine economy has become particularly crucial for sustainable development in both regions. In 2023, the marine economy contributed 7.9% to China's GDP, while it represented around 20% of ASEAN's GDP,

with most ASEAN members (excluding Indonesia, Thailand, Malaysia, and Vietnam) having a marine economy contribution of less than 10% to their GDP. This context necessitates leveraging connectivity to achieve complementary advantages in marine economies between China and ASEAN, jointly creating a "blue engine" for economic growth.

**2. China - ASEAN marine economy cooperation faces the constraints of low connectivity.**

ASEAN nations generally face challenges of lagging infrastructure development, particularly in port facilities. For instance, in 2023, ASEAN had only two ports among the world's top 20. Limited port accessibility, absence of cooperation mechanisms, and inefficiencies in customs and border management, logistics service quality, and cargo delivery timing have particularly become incompatible with the growing demands of trade cooperation. Furthermore, cooperation mechanisms between China and ASEAN in the marine economy face certain "fragmentation" challenges, including persistent policy disparities in marine resource development, fishery management, and environmental protection that require urgent alignment.

**3. China and ASEAN have the conditions to achieve important breakthroughs in regional marine economy connectivity.**

First, the complementarity between China and ASEAN's maritime economies continues to strengthen. China possesses technological advantages in marine fisheries, infrastructure construction, and renewable energy development, while most ASEAN countries maintain resource and cost advantages. Second, both regions share similar marine environments and face common challenges including complex climate change impacts and marine pollution. For example, while approximately 625 million people in ASEAN depend on the ocean for their livelihood, fish stocks in the South China Sea have declined by 70-95% compared to the 1950s. Additionally, RCEP has unified numerous trade rules and standards within the region, including those pertaining to the blue economy. Promoting regional marine connectivity, establishing channels for China-ASEAN marine industry cooperation, and jointly committing to unleashing the potentials of marine economic will contribute to the sustainable utilization of marine resources.

## **II. Practical Measures to Advance Marine Economy Connectivity**

**1. Advancing China - ASEAN maritime infrastructure connectivity by focusing on ports to achieve "Hard Connectivity".**

**(1) Promoting cooperation in port infrastructure construction.** Jointly advancing the opening-up of port infrastructure construction and cooperatively undertaking port infrastructure construction, renovation, and upgrades.

**(2) Emphasizing port standards integration more.** Initiating the establishment of a China - ASEAN Port Network to achieve regional port information sharing, standards unification, and regulatory mutual recognition.

**(3) Establishing a port infrastructure connectivity fund.** Increasing financial and technical assistance for infrastructure development in less developed ASEAN countries to enhance port infrastructure quality and standards.

**(4) Jointly advancing digital transformation of blue economy infrastructure.** Developing a "Customs Cross-border Cooperation Platform" to enable information sharing for inspection, quarantine, and certification processes; implementing digital and intelligent upgrades for major ports to create "smart ports" at key hub locations.

## **2. Advancing China - ASEAN marine industry integration with cruise tourism as the focus to achieve "Industry Connectivity".**

**(1) Jointly develop marine tourism products.** Creating "multi-stop" international cruise routes to establish regular China - ASEAN cruise operations; developing specialized tourism projects and expanding regional route networks through various forms of tourism zones including cross-border cooperation zones and border tourism experimental zones.

**(2) Jointly building China - ASEAN fishery industrial chain and supply chain by focusing on jointly building marine ranches.** Utilizing RCEP rules on investment access to promote bilateral investment in fisheries, developing deep-sea and offshore fishing operations and modern aquaculture; supporting the establishment of cross-border fishery processing parks to achieve over 40% value added for regional seafood processing, enabling "zero-tariff" policy benefits.

**(3) Promoting China - ASEAN cooperation in emerging marine industries.** Establishing deep-sea technology joint laboratories and research centers for collaborative R&D in marine bio-medicine and new materials, while advancing marine technology trade liberalization.

**3. Achieving China - ASEAN energy development connectivity by focusing on renewable energy to achieve "Energy Connectivity".** As of the end of 2022, the installed capacity of offshore wind in ASEAN accounted for only 0.3%. Currently, China's offshore wind power grid-connected installed capacity exceeds half of the global total.

**(1) Promoting regional offshore wind power industrial chain development.** Exploring shortened RCEP "zero-tariff" transition periods for offshore wind power materials and equipment, fostering an integrated industry chain encompassing R&D, manufacturing, engineering, certification, installation, and maintenance.

**(2) Accelerating free trade in energy.** Leveraging RCEP rules to establish bilateral and multilateral energy free trade agreements and developing free trade energy processing zones and industrial parks.

## **4. Advancing China - ASEAN blue economy integration by focusing on rules and standards alignment to achieve "Soft Connectivity"**

**(1) Promoting alignment of industrial standards, product standards, marine economy standards.** For example, jointly developing marine industry energy consumption standards with special considerations for less developed countries; establishing unified fishery quota standards and environmentally friendly fishing technology standards.

**(2) Advancing the alignment of rules, regulations, management and standards of marine service industries.** Harmonizing regulations for marine logistics, tourism, information services, engineering consultation, marine finance, and maritime business services.

**(3) Building an industrial ecosystem where industrial chains, innovation chains, capital chains, and talent chains develop cooperatively.** Developing a coordinated ecosystem linking industry chains with innovation, funding, and talent development to create a powerful engine for China - ASEAN marine economic growth.

### **III. Fostering a new paradigm of "Leading Governance Through Cooperation" via marine economy connectivity**

**1. Pioneering a New Path of "Leading Governance Through Cooperation" in promoting marine economy connectivity** Adapting to ASEAN countries' practical needs of blue economy development, following the principles of "low-hanging fruits" and gradualism, enact various cooperation forms including "early harvest" plans, framework agreement, and bilateral investment treaties to actively promote bilateral and sub-regional cooperation between China and ASEAN countries, gradually expanding regional maritime economic cooperation and shared maritime interests. This will strengthen collaborative consensus while mitigating external interference, ultimately establishing a new regional maritime governance framework based on joint consultation, construction, and sharing.

**2. Leveraging the role of RCEP centered on ASEAN to create a cooperation-based regional maritime governance framework.** Utilising RCEP well and letting marine products and services to enjoy the benefits of RCEP will effectively reduce the costs of blue economy cooperation between China and ASEAN. It is suggested that RCEP rules of origin be upgraded from partial to full accumulation for maritime products. Implementing mutual recognition of Authorized Economic Operator (AEO) status for marine enterprises first, enabling preferential inspection and timely entrance for time-sensitive cargo such as fresh seafood and high-value marine intelligent equipment. Make good use of RCEP provisions to facilitate blue economy investment and trade liberalization, promoting regional blue economy investment distribution and intensifying blue industry investment to create a mutually beneficial regional development pattern.

### **3. China voluntarily promoting unilateral opening-up in Marine Sectors to ASEAN, supporting the formation of a new pattern of regional maritime economic cooperation**

**(1) Taking the lead in unilateral opening-up of the marine tourism market to ASEAN.** China, being a major tourism market, is opening its marine tourism market and supporting both domestic and ASEAN enterprises in developing South China Sea cruise routes and products primarily targeting Chinese consumers.

**(2) Voluntarily promoting unilateral opening-up of marine fisheries and related sectors to ASEAN.** This encompasses cooperation in fishery operations, aquaculture technology exchange, and marine biological resource development. The focus is on strengthening aquaculture

collaboration, leveraging Chinese capital and technology to explore cooperative development of ecological, high-value deep-water cage systems and large-scale intelligent farming operations.

**(3) Advancing country-specific and industry-specific unilateral opening-up to ASEAN.** For example, prioritizing seafood import market access for Myanmar and Cambodia; opening marine tourism markets to Indonesia, Malaysia, and Thailand, promoting joint facility development and technology sharing.

**4. Developing Hainan Free Trade Port into a crucial Hub for China - ASEAN marine economy connectivity.** Hainan's strategic position at the "8-shaped" intersection between China's massive domestic market and Southeast Asian markets. Its geographical advantages, industrial base, cooperation foundation, and policy and institutional advantages, makes it suited to serve as a vital hub for China - ASEAN regional marine economy connectivity. For example, leveraging Hainan Free Trade Port's zero-tariff policies for inland sales of processed and value added goods to encourage ASEAN enterprise to invest in seafood processing facilities; building on Yangpu Port's special policies, strengthen cooperation with ASEAN port connections and and build it into a transportation hub between the two markets through port networks, joint inspection exemption lists, and implementation of the "Authorized Economic Operator Program." Currently, key practical measures include establishing ASEAN-oriented "offshore warehouses" in Yangpu to address relatively high China - ASEAN maritime logistics costs through coordinated warehouse and distribution models; establishing the China - ASEAN Marine Expo to build Hainan Free Trade Port as a crucial platform for trade and cultural exchange between China and ASEAN.