

UNIVERSITI TEKNOLOGI MARA

**A STUDY OF CHINA-CLMV
ECONOMIC RELATIONS:
IMPLICATION TOWARDS CLMV
COUNTRIES' FOREIGN POLICY**

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ABSTRACT

Post 2007-2008 Global Financial Crisis had witnessed significant decline of CLMV's GDP and trades from previous years where commodities export for CLMV were severely impacted due to the economic slowdown of the major CLMV's trading partner. Over the years, China became the important economic partner for CLMV through high value of import and export trades, FDI, loan, technical assistance and development projects financed by China. However, there is a growing scepticism on China's interest to CLMV countries where it is observed that the economic relations influenced CLMV's foreign policy eventhough their economic relations are so called "no-string attached". This research aims to study the China-CLMV economic relation for the past 10 years and to what extent the economic relation have influence on CLMV countries' foreign policy. It specifically studies on the economic and politic of CLMV as important actors according to China's foreign policy driven by the geographical factor of CLMV as China's neighbour and the economic status as underdeveloped economies. This research is based on statistic obtained from multiple economic documents and interviews conducted with academician and practitioners. This research examined significant economic relations between China and CLMV due to several pull and push factors and created different level of dependency that does influence CLMV's foreign policy in certain extends especially in the South China Sea territorial dispute, One China Policy and ASEAN collectivism. This research observed that the higher the level of economic dependency that one country has with another country, the higher the capability to influence the foreign policy. Therefore, the result of the study also suggested that CLMV should lower its dependency with China's economic through several means.

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CHAPTER ONE

INTRODUCTION

1.1 Preamble

This chapter provides the background of this research whereby it is focused on the issues in general perspective, analyze the statement of the problem which is focusing on the problems leading to the reason of study. Furthermore, this chapter also emphasizes on research questions and research objectives. This chapter then discusses the scope of the study, and the significance of study. Finally, this chapter concluded by giving a summary and organization of this dissertation.

1.2 Background of Study

Since as early as 1078, China was a global economic superior surpassing any western countries (Pugh, 2017). At that time, China was leading the production of steels by producing 125,000 tons of steel per year, leading the textile manufacturing, and was a top trading country which does long-distance trading with countries in Southern Asia, Africa, Europe and Middle East. In the 18th century, China owned most advanced navigational system that allows them to facilitate the transportation of its innovation goods such as paper, book print and firearms to all over the world. To transport those goods, China owned the largest commercial ships which can accommodate 3,000 tons of goods at one time. The greatness of China's economic, innovations, and technologies was followed, replicated and borrowed by England and Europeans. Even in 1776, Adam Smith mentioned that China was one of the richest, most prosperous, most fertile, best cultivated, most industrious and most urbanized country in the world.

China continued to be the greatest global economic power until the beginning of 19th century where British imperialism assimilates and improved from China and other Asian countries' technology to be the most advanced technological, navigational, and market innovator surpassing China (Petras, 2012)

The British imperialism was there until the United States' economic dominated the world significantly after the end of World War II. The success of United States' economic was determined by two fundamentals of free market economic model and