

# GLOBAL VIEWS

CHHEANG VANNARITH

## Sea change

The blue economy can be a pillar of ASEAN-China cooperation



YANG MEINI / FOR CHINA DAILY

The world economy is on the brink of recession, characterized by high inflation, unemployment, weak growth and the uneven post-COVID-19 pandemic recovery compounded by looming energy and food security crises.

The international community is searching for innovative solutions to global issues while exploring new sources of growth. International cooperation and partnership are the keys to addressing global issues. However, geopolitical rivalries and great power politics are hindering international cooperation.

In the Asia-Pacific region, US-China competition does not show any signs of abating. Southeast Asian countries are under increasing pressure to side with the United States, although no country in Southeast Asia is interested in taking sides. On the contrary, they wish to stay neutral and independent and have good relations with both China and the US.

Any attempt to form an alliance against China is doomed to fail, because the economies of the Association of Southeast Asian Nations and China are so interdependent. Last year, although the region was still struggling against the COVID-19 pandemic, the bilateral trade volume reached \$878.2 billion, and China's total investment in ASEAN countries was about \$14.35 billion.

The ASEAN-China relationship has entered a new era after a comprehensive strategic partnership was formed last year. The blue economy can be another linchpin connecting ASEAN and China and a critical source of new regional economic dynamism.

The development of the blue economy can be a new source of growth that can create jobs, mitigate the impacts of climate change, and help meet the food needs of a growing global population.

According to the World Bank, a blue economy refers to the sustainable use of ocean resources for economic growth, improved

livelihoods and jobs while preserving the health of the ocean ecosystem.

China has been steadfast in promoting regional cooperation on the blue economy. In 2013, during his visit to Southeast Asia, Chinese President Xi Jinping expressed his commitment to developing a maritime partnership with ASEAN in their joint efforts to build the 21st Century Maritime Silk Road. China is strengthening its maritime cooperation with ASEAN countries and making "good use of the Chi-

na-ASEAN Maritime Cooperation Fund set up by the Chinese government" to build the new "maritime silk road".

Five years later, China and ASEAN adopted the China-ASEAN Strategic Partnership Vision 2030 to strengthen their partnership on the blue economy further and promote marine ecosystem conservation and the sustainable use of the ocean, seas and marine resources, including cooperation in marine science and technology, ocean observation and hazard mitigation, as

well as ocean economy development.

According to the ASEAN Outlook on the Indo-Pacific, a document released at the 34th ASEAN Summit in June 2019, inclusiveness, mutual benefit, and respect for international law are the key principles of the maritime economic cooperation between the two sides.

At the special ASEAN-China Summit in 2021 to mark the 30th anniversary of the dialogue partnership, both sides highlighted boosting their partnership on the

blue economy and promoting marine ecosystem conservation and sustainable use of the ocean, seas and marine resources.

To do so, the two sides need to develop a common definition of the blue economy and develop a concrete, practical action plan to realize a shared vision of the blue economy.

Some of the potential areas for practical cooperation are marine aquaculture, marine fishery processing, marine transportation, marine new energy, marine biopharmaceuticals and marine

environmental protection.

Meanwhile, the existing bilateral mechanisms and agreements such as the China-ASEAN Maritime Consultation Mechanism, the Joint Statement on China-ASEAN Port Development and Cooperation, China-ASEAN Agreement on Maritime Transport, and the ASEAN-China Maritime Education and Training Development Strategy need to be effectively implemented.

China's recently established Hainan Free Trade Port can play an important role in advancing the ASEAN-China partnership on the blue economy, by promoting joint research and development on the blue economy, the development of an international carbon emissions trading venue, and coastal and maritime tourism.

A blue economy cannot be realized without maintaining regional peace and stability and an open, inclusive, balanced, resilient and rules-based multilateral system. Strategic trust is essential.

Both sides have built momentum on frank and open dialogues based on mutual respect and win-win cooperation to build, maintain and nurture strategic trust.

China's support of implementing the cooperation areas under the framework of the ASEAN Outlook on the Indo-Pacific also contributes to mutual trust and confidence building.

Moreover, building synergies between the Belt and Road Initiative with ASEAN initiatives such as the ASEAN Master Plan on Connectivity 2025 can further promote greater economic interdependence between China and ASEAN, which in turn will contribute to regional peace and stability.

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## Cradles of sustainability

Eco-compensation schemes need to be developed further to support China's river basin strategies

The Yangtze River and the economic belt it defines play an important role in the historical, cultural and political identity of China, and are also a key driver of the country's economy. It is also one of the world's most bio-diverse regions, with ecosystems and natural resources that underpin national water, food and energy security. Yet over the past four decades, the Yangtze River Basin has undergone large-scale and high-intensity development that has had a severe impact on its ecological and hydrological conditions.

Water pollution, changes in flow, reductions in the wetland area and eutrophication of lakes have significantly affected the basin's ecosystems and biodiversity. The region is emblematic of the challenges China faces as it looks to transition toward sustainable and green development.

The central government has taken a more balanced approach to the development of this region as a priority national strategy, releasing the "Yangtze River Economic Belt Development Plan" in 2016, which was then supported by the country's first law on river basin protection in 2020. In 2018, the Ministry of Finance issued the Guiding Opinions on Establishing Eco-Compensation and Long-Term Protection Mechanism in the Yangtze River Economic Belt, outlining several tasks including emphasizing ecological protection in general fiscal transfers from the central to local governments and particularly increasing the central government transfers from the National Key Ecological Zone Program to the region's provinces.

Accordingly, the central government transfers from the National Key Ecological Zone Program to the 11 Yangtze River provinces had increased from 23.99 billion yuan (\$3.59 billion) in 2017 to 32.51 billion yuan in 2020, focusing on

provinces in the upper reaches of the river, such as Yunnan, Guizhou and Sichuan.

Defined by monetary incentives for ecologically beneficial actions, eco-compensation in China not only includes direct government payments to individuals and communities for the protection and provision of ecosystem services, but also frameworks for cooperation and fiscal transfers between different local governments.

This stems from the government's efforts to incentivize the reforestation of steep slopes and manage soil and water erosion in the upstream of the Yangtze and Yellow river basins in response to severe hydrological disasters in the late 1990s that cost lives and billions of dollars of economic value.

Eco-compensation mechanisms — fiscal transfers used to incentivize and compensate for the costs of ecological protection — are increasingly used to support China's basin strategies of the Yangtze and Yellow rivers, with both their number and scale growing rapidly in varied forms. However, despite the achievements having been made so far, there are still opportunities to further develop and use eco-compensation schemes to support China's river basin strategies.

It is vital to develop national guidelines, standards, and protocols. The National Regulation for Eco-Compensation, formulated by the National Development and Reform Commission in 2020 and currently under consultation, should provide an improved legal basis for the national implementation of eco-compensation schemes.

Specific protocols, regulations, and methods are useful in guiding local implementations and reducing transaction costs, especially in establishing cross-provincial programs. To address the implementation issues related with separating policy areas and providing clear

demarcation of implementation and service delivery roles from consultative, executive, regulatory, monitoring, and evaluation roles within and between government agencies, more efforts should be made to coordinate different sector planning processes and sector plans in areas such as the river basin master plan, spatial planning,

the environmental and ecological protection plan. River basin authorities could act as conveners to promote inter-jurisdictional coordination.

Developed through basin-wide hydrological and water quality modeling and subsequent basin management plans, basin-level objectives could help provide valua-

ble guidance for sub-national programs, and help target ecosystem synergies and avoid trade offs. Hot spot analysis can be conducted at the basin level to identify locations for the most cost-effective interventions.

At present, the information available to the public remains limited. Greater information publicity and



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data transparency measures could help increase understanding, accountability and confidence in the results. Some non-governmental organizations have tried to provide more data to the public by machine learning technologies that consolidate various data from online sources, and online platforms and smartphone apps that allow the public to upload and download information.

Funding resources need to be diversified to enhance the sustainability of eco-compensation programs. China's current eco-compensation programs largely rely on government funding. Diversifying funding resources and attracting private sector participation are crucial to the sustainability of those programs and their achieved outcomes. Diversified benefit-sharing mechanisms can also be developed. In addition to financial subsidies, industrial support, technical assistance, talent support, employment training, and other compensation methods should also be encouraged to make their contributions to the eco-compensation drive.

The establishment of an impact evaluation system could promote performance-based financing. Collection of a wider range of ecological indicators would support increasingly sophisticated programs and facilitate impact and performance assessments. This requires enhancing the system of monitoring, tracking and performance evaluation of ecological and environmental spending, which is crucial to maximize the ecological protection outcomes with limited public resources.

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