



China Needs To Go Beyond Promoting Free Trade

Klaus Heinrich Raditio



The authors' views are their own and do not represent the official position of the Institute of Defence and Strategic Studies of the S. Rajaratnam School of International Studies, NTU. These commentaries may be reproduced with prior permission from RSIS and due recognition to the authors and RSIS. Please email to Editor IDSS Paper at RSISPublications@ntu.edu.sg.

China Needs To Go Beyond Promoting Free Trade

Klaus Heinrich Raditio

SYNOPSIS

*Chinese Premier Li Qiang has just completed a bilateral visit to Indonesia and a visit to Malaysia for the inaugural ASEAN-GCC-China Summit. Earlier, President Xi Jinping toured Vietnam, Malaysia and Cambodia. Coming in the wake of President Trump's "Liberation Day tariffs", these visits were aimed at promoting free trade with ASEAN and projecting China as a responsible partner in contrast to the United States. **Klaus Heinrich Raditio** argues that Beijing must go further and address the trade imbalance that currently disadvantages the ASEAN countries.*

COMMENTARY

In the wake of US President Donald Trump's announcement of the "Liberation Day Tariffs" in early April 2025, Chinese leaders have been strengthening their ties with Southeast Asia. From 14 to 18 April, President Xi Jinping visited Vietnam, Malaysia and Cambodia, which have been subjected to tariffs of 46%, 24% and 49%, respectively. Xi's three-nation tour, which was received [enthusiastically](#), was aimed at positioning China as a [responsible and reliable partner](#) in contrast to the increasingly unpredictable behaviour of the United States.

Following Xi's April tour, Chinese Premier Li Qiang visited Jakarta, Indonesia, from 24 to 26 May and then travelled to Kuala Lumpur to attend the first ever summit involving ASEAN, China and the Gulf Cooperation Council (GCC), held on 27 May.

China's increased engagement of Southeast Asia amid the US tariff tensions is rooted in directives from the [Central Conference on Work Related to Neighbouring Countries](#), held on 8-9 April 2025. The conference was attended by all members of the Chinese Communist Party's Politburo Standing Committee. During the session, Xi [emphasised](#) the importance of neighbouring countries for China's prosperity,

security and its vision of creating a community with a shared future for mankind. Among China's neighbours, it is obvious that Southeast Asia takes the spotlight as a top priority.



During his three-day official visit to Indonesia, Chinese Premier Li Qiang met with Indonesian President Prabowo to discuss bilateral issues including trade and investment.

Image source: Wikimedia Commons.

Promoting Free Trade, Enhancing Cooperation

ASEAN has become [China's largest market](#) since 2023. By 2024, both regions had been [each other's largest trading partners](#) for five consecutive years. Trade between China and [ASEAN accounted for 15.9% of China's total foreign trade](#), valued at approximately US\$968 billion in 2024. ASEAN is also the [top destination for Chinese manufacturing FDI](#). This fact underscores Southeast Asia's significance to China. At the abovementioned central conference, [Xi noted](#) that the urgency for intensified cooperation and diplomacy with neighbouring countries is driven by US pressure on China's economy and its attempts to isolate China through coercive measures. He also recognised the multilateral trading system as a crucial element in fostering collaboration with China's neighbours.

Xi's message aligns closely with [Li's speech at the Indonesia-China Business Reception](#), which was organised by the Indonesian Chamber of Commerce and Industry on 24 May. In his address, Li emphasised the importance of strengthening free trade for economic development. He identified three key areas for China's economic growth. First, he highlighted the significant scope of Chinese demand. As a vast market, China boasts a high consumption rate that drives economic growth. Second, China's leadership in technology creates opportunities for new commodities and services, generating further investment prospects. Third, as a major manufacturing powerhouse, China supports the global supply chain, particularly in emerging sectors such as smart and green technology transformation. Li articulated China's eagerness to share its economic growth potential with Indonesia and other regional countries.

Li Qiang's visit is clearly aimed at ensuring that ASEAN countries maintain their commitment to free trade. Unfortunately, though China experienced a 12% increase in exports to ASEAN in 2024, [ASEAN's exports to China grew by only 2%](#). In May 2024, Indonesia, ASEAN's largest economy, experienced a trade deficit of [US\\$1.3 billion](#) with China. Mari Pangestu, the country's leading economist, [expressed concern](#) that Indonesia was about to face a surge of Chinese commodities.

To gain the trust of ASEAN, China must avoid justifying its trade surplus with arguments about [comparative advantage, international division of labour, and efficiency](#). Li needed to reassure ASEAN that China will not prioritise its economic interests in the Sino-US trade war at the expense of its Southeast neighbours. However, in his speech before the Indonesian Business community, Li only mentioned [Indonesia's primary commodities](#) such as coffee, swallow's nest and tropical fruits as trading goods popular in the Chinese market.

If there is no structural improvement in trade relations, Indonesia will remain vulnerable to the global trade storm unleashed by Trump's worldwide tariffs. A promising approach would be for China to increase its imports of middle- and high-value-added commodities from ASEAN countries burdened by Trump's tariffs. If China can alleviate the economic harm suffered by ASEAN due to the Liberation Day tariffs, it will demonstrate its reliability as a partner in the region, similar to its response during the 1997 financial crisis when it [refrained from devaluing the Renminbi](#).

The Establishment of a Community of Shared Future in the Region

[As emphasised by Xi](#) in the Central Conference on Work Related to Neighbouring Countries, neighbouring countries are vital for establishing a community with a shared future for humanity. [A Global Community of Shared Future](#) contends that the hegemonic and oppressive actions of major powers create global crises, which call for the establishment of a global community with a shared future. The tariffs imposed by Trump present China with an opportunity to enhance its clout in the region. In Southeast Asia, China's community of shared future concept suggests that China's leadership can reduce the influence of the United States and its allies.

The adoption of a community of shared future by [many](#) ASEAN countries, including those that have territorial disputes with China in the South China Sea, highlights China's effective employment of economic statecraft to [advance its foreign policy objectives](#). If China can successfully mitigate the impact of Trump's tariff, it will further solidify its strategic influence in the region.

Concluding Thoughts

Amid Trump's tariffs and the resulting uncertainty, China views ASEAN as a top priority, both economically and diplomatically. Following directives from Xi at the Central Conference on Work Related to Neighbouring Countries in April, Li's visit to Southeast Asia was focused on strengthening free trade with its Southeast Asian neighbours and advancing Xi's vision of a community of shared future.

However, China needs to make greater efforts to win over the ASEAN countries by implementing measures that mitigate the impact of Trump's tariffs, such as increasing imports of middle- and high-value-added commodities from ASEAN countries that are

burdened by Trump's tariff. The tariffs present China with an opportunity to further consolidate its clout in Southeast Asia region.

Klaus Heinrich Raditio is a Lecturer in Chinese Politics, at Driyarkara School of Philosophy, Jakarta, Indonesia. He wrote this article in collaboration with the Indonesia Programme at the Institute of Defence and Strategic Studies (IDSS), S. Rajaratnam School of International Studies (RSIS).

S. Rajaratnam School of International Studies, NTU Singapore
Block S4, Level B3, 50 Nanyang Avenue, Singapore 639798

Please share this publication with your friends. They can subscribe to RSIS publications by scanning the QR Code below.

