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China's Solution to Resist the "Core-Periphery" Economic Cost Transferring: China's Economic Diplomacy in the New Era Toward ASEAN Countries in the Financial Capitalist World System

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Abstract: In the contemporary world system of financial capitalism, the "core country", the United States, must transfer its economic cost to "peripheral countries" such as China and the ASEAN countries to maintain its own survival and development. The unequal economic relationship characterized by the economic cost transferring poses a threat to the stability and development of ASEAN countries, prompting them to seek cooperation with China to resist cost transfers from the core country. China's economic diplomacy towards ASEAN countries in the new era caters to the urgent needs of ASEAN countries. The role of China's economic diplomacy in helping ASEAN countries resist economic cost transferring is evident in two aspects: on one hand, infrastructure construction cooperation under the "Belt and Road" Initiative promotes the establishment of a regional, localized, and production relations of real economy, which is distinct from the production relations established by financial capitals from the core country, which is characterized by strong liquidity and oriented towards the interests of financial capitals; on the other hand, financial cooperation promoted between China and ASEAN countries, such as local currency trade, facilitates the construction of a new type of international production relation that is "non-dollarized," to avoid cyclical shocks from the dollar cycle. Thus, China's economic diplomacy towards ASEAN countries in the new era provides a Chinese solution for ASEAN countries to resist the "core-periphery" economic cost transferring and offers a solid economic foundation for the construction of a China-ASEAN community of a shared future.

Keywords: World System Theory; Economic Cost Transferring; Economic Diplomacy; China; ASEAN

1. Introduction

1.1 Study Background

Since the 1990s, as the former largest industrial capitalist country, the United States, completed its transition from real to virtual economic structure, the world system has also entered the era of financial capitalism from the era of industrial capitalism. In the world system of financial capitalism that is featured by the financial globalization, except for Singapore, the other ASEAN countries and China belong to the "peripheral countries" and are in the production relations dominated by the "core country", which is basically represented by the United States. In this production relations, ASEAN countries, along with China, jointly bear the economic cost transferring carried out by the core countries with its hegemony of the US dollar, which seriously affects economic development and social stability. Therefore, in the world system of financial capitalism, how to alleviate and resist the cost transferring in the process of financial globalization, and to build a China-ASEAN community with a shared future of "lasting peace, universal security, common prosperity, openness, inclusiveness, cleanliness and beauty" constitutes the practical question and core connotation that China must answer in its economic diplomacy toward ASEAN countries in the new era.

To make it clear, the terms of "core country" and "peripheral country" are defined according to the World System Theory. In the competition of globalization, different countries are divided into three categories based on their division of labor in the world economy, namely "core" and "periphery", and thus form the capitalist world system. The biggest difference between core and peripheral countries is that core refer to regions with high technological content, capital intensity, and high wage products; The periphery refers to countries with low technological content, labor-intensive, and low wage products. By such definition, ASEAN countries, the same as China, are located in the peripheral zone, while the United States and its allies are in the core zone. The relation between the core and the periphery is an unequal economic exchange relation in which the reason for the emergence and maintenance of the capitalist world system lies. In today`s financial capitalist world system, the unequal economic exchange relation lies in the cost transferring from the core to the periphery, which means ASEAN countries and China share the same need to resist together the "core-periphery" economic cost transferring, setting the stage for China`s economic diplomacy toward ASEAN countries to help resist the cost transferring.

Here, by China`s economic diplomacy toward ASEAN countries, it refers to two aspects: one is the infrastructure cooperation under the "Belt and Road" initiative, the other is the financial cooperation in terms of settlement in local currency, with which ASEAN countries can resist the economic cost transferring from the the most representative core country, the United States which plays a primary role among the core countries in the financial capitalist world system.

1.2 Literature Review

In general, the studies on China's economic diplomacy toward ASEAN countries in the new era mainly focuses on the "the Belt and Road" cooperation and free trade framework cooperation between

China and ASEAN countries. In the existing studies on the “the Belt and Road” cooperation between China and ASEAN countries, most scholars focus on the impact of China’s infrastructure investments and related business in the “the Belt and Road” cooperation on the ASEAN countries` economy, but pay less attention to the role of the promotion of such cooperation in helping resist the transfer of economic costs. Zhai Kun, the Vice President of the Institute of Regional and Country Studies of Peking University, mentioned the role of China-ASEAN cooperation in the “the Belt and Road” in the contemporary capitalist world system in resisting the cost transfer by the United States in the article “The Joint Forces of the ‘Global South’ and Economic Globalization: Taking the China ASEAN Joint Construction of ‘the Belt and Road ‘as an Example,” but did not specifically discuss this in depth. The study on cooperation between China and ASEAN countries under the framework of free trade also focuses on the specific mechanisms and benefits of bilateral economic cooperation under frameworks such as the “China-ASEAN Free Trade Agreement” and the “Regional Comprehensive Partnership Agreement”, but neglects the important significance of the development of new production relations between China and ASEAN countries based on the real economy in the financial capitalist world system. Overall, both kinds of studies focus on mechanism and impact from specific policy perspectives. This study starts from the perspective of macro and abstract production relations, and intends to discuss the specific role of China’s current economic diplomacy towards ASEAN countries in resisting the cost transfer of the US economy, as well as the important significance of this role in promoting the construction of the China-ASEAN community with a shared future.

2. The Economic Cost Transferring from the Core to the Periphery in the Financial Capitalist World System

Currently, the world system has turned into the stage of financial monopoly capitalism in which the core countries represented by the United States have to transfer their economic cost that comes from their domestic economic structures and modes of development, with the hegemony the United States holds in terms of the international institution and currency, posing increasingly sever pressure to ASEAN countries. And this has been the context of China`s economic diplomacy toward ASEAN countries.

2.1 The Motivation for Core Countries to Transfer Economic Costs to Peripheral Countries

The motivation for economic cost transferring is rooted in the United States’ own domestic economic structure dominated by the virtual economy and its development mode centered on debt economy. From the perspective of economic structure, the value-added of the tertiary industry with finance as the core in the United States has increased from 61.2% of its GDP in 1970 to 81.6% in 2023, while the value-added of the manufacturing industry in the United States has decreased from 35.2% of its GDP in 1970 to 10.2%, indicating a significant virtualization of economic structure. From the perspective of the mode of economic development, the proportion of U.S. public debt in GDP has soared from 33% in 1980 to 121% in 2023, which means the development model of the United States relying on government debt to maintain economic stability has become too heavy to return. In order to maintain such a huge debt economy, the U.S. government must continue to adopt the method of "quantitative easing" to purchase additional debt with additional currency. On the whole, this development mode has caused two problems: first, the virtual economy is difficult to meet the needs of basic means of production and living of domestic society without commodity production; The second is the problem that the quantitative easing policy caused the excessive issuance of US dollar and then triggered domestic inflation. These two problems originated in the United States, but could not be solved at home.

Therefore, the United States, the most representative core country, must promote the transfer of economic costs to the peripheral countries.

2.2 The Way by Which the Core Country Transfers Economic Cost to the Peripheral Countries

There are two main ways for the core country, the United States, to promote the transfer of economic costs: first, relying on globalization with financialization as the core, the United States takes the advantage of the position of the main settlement and reserve currency in the global market of dollar currency to evacuate the domestic surplus dollar generated by quantitative easing policy to the international commodity market, pushing up the global prices of energy, raw materials and grain, causing imported inflation in marginal countries that buy these commodities in need; The second is that the United States utilizes the expansion and contraction cycle of US dollar supply to obtain huge benefits from "wool shearing".

In general, the first mode is integrated into the second mode, and the two modes complement each other. In the dollar cycle, when the Federal Reserve issues a large number of additional dollars, while maintaining a low capital interest rate, financial capitals will leave the United States for peripheral countries to invest and acquire, occupy the economic lifeline industries of these countries, and obtain huge benefits from localized production; When the Federal Reserve ended printing additional US dollars and raised the capital interest rate, global financial capitals, along with the proceeds from portable investment, returned to the United States. In this process, on the one hand, the proceeds of foreign investment in peripheral countries do not stay in the local countries, which makes it difficult for peripheral countries to make real capital accumulation, and the only thing left is labor-capital contradiction; On the other hand, the massive flow of foreign capital from peripheral countries to the United States will cause turbulence in the markets of these countries, including currency devaluation, economic slowdown and even recession. Thus, the United States is able to meet domestic demand by purchasing cheap goods made in other countries in the world market, while maintaining low domestic inflation.

It should be pointed out that this economic cost transfer is aimed at seizing the interests of financial capitals as the core purpose, takes financial means as the main way, and relies on the international monetary and financial system monopolized by the core country, targeted at the peripheral countries exporting raw materials and manufacturing products. Therefore, ASEAN countries, which mainly export raw materials and low-end manufacturing goods, naturally become the main bearers of the economic cost transfer from the United States.

3. The Affects of the Economic Cost Transferring from the United States on the ASEAN Countries

The transfer of economic cost from the core countries, basically from the United States, to ASEAN countries have mainly caused the following impacts: first, the use of US dollars as the settlement currency for import and export trade has led to ASEAN countries` facing long-term inflationary pressure; Second, the cyclical contraction of the US dollar has impacted on the exchange rate of ASEAN countries' sovereign currencies and economic stability; Third, the inflated value of the US dollar has aggravated the exploitation of ASEAN countries through goods trade; Fourth, financial capitals occupy the land and resources of ASEAN countries, endangering their ecology and food security.

3.1 The Use of US Dollar as Settlement Currency Leads to Long-term Inflationary Pressure in Some ASEAN Countries

As mentioned above, the United States has injected a large amount of excess US dollars generated by "quantitative easing" into the international trade market in the form of investment, pushing up the prices of grain, energy, raw materials and other commodities in US dollars, which makes the countries that have to buy such commodities in US dollars face higher production and living costs. The essence of this process is that the United States allocates the inflation caused by the excess US dollars in its own country to other countries. In terms of energy, for example, due to the above mechanism, there is a strong positive correlation between international oil prices and US dollar inflation. All ASEAN countries need to import a huge amount of fossil fuels such as oil. In 2021, the import of fossil fuels, mineral oils and their distillation products alone cost ASEAN countries a total of 212676.6 million dollars, ranking second in the category of ASEAN countries' imports from the world, which means that ASEAN countries have largely undertaken the inflation caused by US dollar by using US dollars to import fuels such as oil. The same is true in other respects.

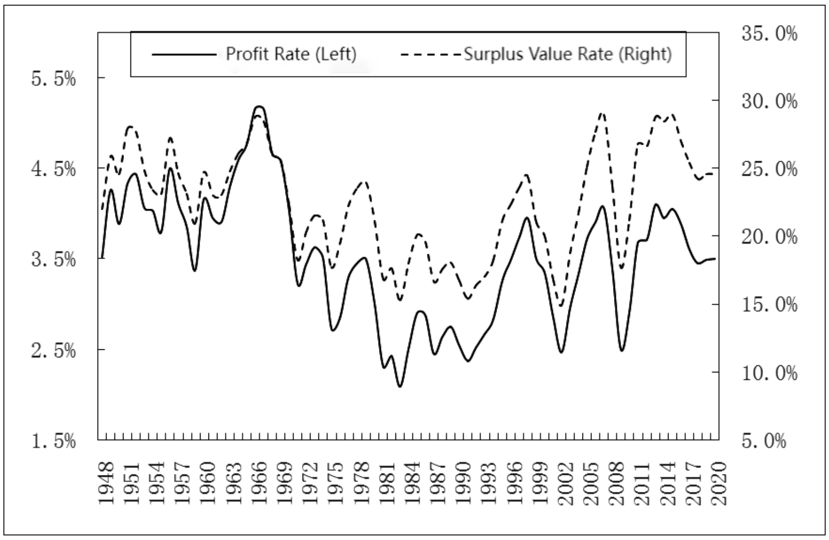
3.2 The Cyclical Contraction of US Dollar Poses Impact on the Exchange Rate and Economy of ASEAN Countries

When the Federal Reserve raises interest rates on the US dollar, the dollar cycle enters a contraction stage. The most significant impact on ASEAN countries occurred during the 1994-2000 US dollar contraction stage. Starting from February 1994 when the Federal Reserve announced an interest rate hike, and ending in January 2001 when the Federal Reserve announced a rate cut, the US interest rate first increased from 3% to 6%, and then remained at a high level of around 5%. This led to a massive repatriation of foreign capital from ASEAN countries to the United States, triggering the Asian financial crisis. During this period, the Indonesian Rupiah's exchange rate plummeted from 2,248.6 in 1995 to 10,013.6 in 1998, dropped by 345.3%, as its GDP annual growth rate also plummeted from 8.2% in 1995 to -13.1% in 1998; the Malaysian Ringgit's exchange rate fell from 2.5 in 1995 to 3.9 in 1998, decreased by 56%, and its GDP annual growth rate fell from 9.8% to -7.4%; the Vietnamese Dong's exchange rate dropped from 11,038.2 in 1995 to 13,268.0 in 1998, declined by 20.2%, and its GDP annual growth rate slowed from 9.5% to 4.7%. The situations in other ASEAN countries are similar. Although most ASEAN countries changed their exchange rate systems after the Asian financial crisis, the impact caused by the dollar cycle remains difficult to completely avoid: In the latest dollar contraction cycle that began in March 2022, taking Indonesia as an example, the Rupiah exchange rate fell from 14,308.1 at the end of 2021 to 15,236.9 at the end of 2023, a drop of 6.1%, breaking the previously stable state around 14,300 for years, and its GDP growth rate also declined simultaneously.

3.3 The Appreciation of the US Dollar Intensifies the Exploitation of Surplus Value in ASEAN Countries

Due to the impact of the dollar contraction, the sovereign currencies of ASEAN countries have been continuously depreciating against the US dollar. As a result of the long-term depreciation of ASEAN countries' sovereign currencies, the United States has been able to take advantage of the significant appreciation of the dollar to purchase inexpensive agricultural and forestry products as well as manufactured goods from ASEAN countries in large quantities over the long term. This means that the United States has been heavily exploiting and appropriating the surplus value of labor of ASEAN countries' peoples in the commodities. The degree of this "money-commodity" exploitation has spiraled upwards with the cyclical increase in the value of the dollar: After the US economy largely completed its transition from tangible to intangible assets in the 1990s, during the three periods of dollar interest rate hikes in 1994-2000, 2004-2006, and 2015-2018, the surplus value rate of the US private sector reached peak levels, even approaching 30% at one point, as shown in Chart 1. Consequently, the exploitation in commodity trade will increasingly intensify along with the development of economic relations between the United States and the ASEAN countries, exacerbating the domestic social labor-capital contradictions in the ASEAN peripheral countries and posing challenges to their domestic social stability.

Chart 1: Profit Rate and Surplus Value Rate in the U.S. Private Sector (1947-2021)



Source: Xie, F., Wang, H., Yao, X. (2024), Capital Turnover and Profit Margin Dynamics—Analysis Based on the U.S. Economy from 1947 to 2021. Contemporary Economic Research, (10), 25.

3.4 Financial Capitals` Encroachment on ASEAN Countries' Land and Natural Resources Endangers Their National Security

When the dollar cycle enters an inflationary phase, financial capitals from core countries, led by the United States, acquires and appropriates natural resources such as minerals and forest lands of peripheral countries through investment, supplying raw materials at extremely low costs for domestic industries. Among periphery countries, the situation where ASEAN countries' natural resources are encircled by financial capitals is particularly pronounced. Taking the palm oil industry as an example, the world's major palm oil exporting countries are Malaysia, Indonesia, and Nigeria. Since 2005, Indonesia has surpassed Malaysia to become the world's largest palm oil producer. However, Indonesia's large-scale production and export of palm oil cannot be achieved without the promotion of financial capitals: a significant amount of land in Indonesia has been directly appropriated by transnational capital. By 2010, 3,636,437 hectares, or 1.6% of the national area, of Indonesian land had been acquired and occupied by Western countries' transnational capital for the cultivation of palm trees. Moreover, under the impetus of foreign investment demand, 17.56% of Indonesia's forest area has been deforested, mainly for the cultivation of palm trees. Similar situations also occur in Malaysia and the Philippines. Among these, the situation in the Philippines is the most severe. By 2012, the area of land acquired by foreign capital had reached 5.171 million hectares, accounting for 17.24% of the country's land area and 49.48% of its arable land. As a result, the transnational appropriation of ASEAN countries' natural resources by financial capitals has directly caused damage to their ecological environment and poses a serious threat to their food security.

Thus, in the world system of financial capitalism, the economic cost transferring from the core countries, represented by the United States, has imposed increasingly severe pressure on ASEAN countries, and the demand from ASEAN countries to resist the economic cost transferring has become increasingly urgent.

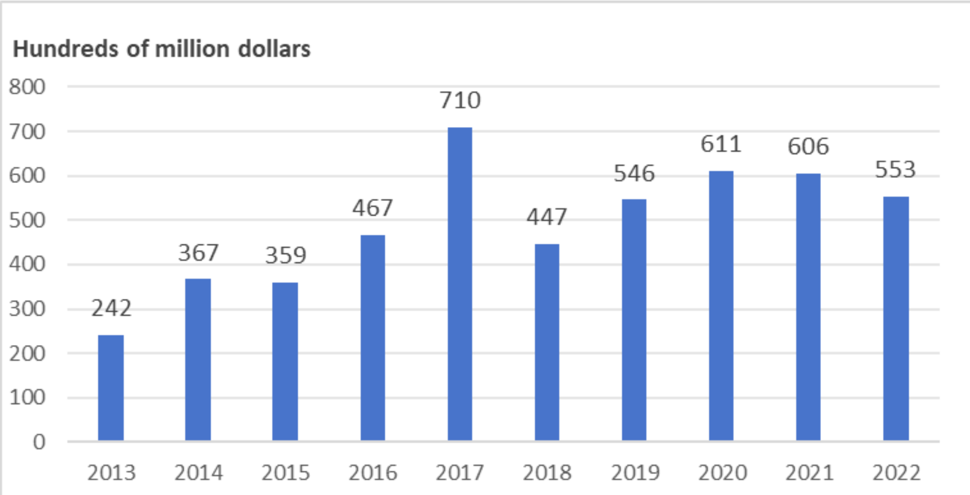
4. The Effects of China's Economic Diplomacy in Helping ASEAN Countries Resist the Cost Transfer of the "Core-Periphery" Economic Cost Transferring

Since 2012, under the guidance of Xi Jinping Thought on Diplomacy, China's diplomacy has entered a new era, with the promotion of building a community with a shared future for mankind becoming the most distinctive banner of China's diplomacy in this new era. Among these, the China-ASEAN community of shared future is an important part of building a community with a shared future for mankind, and China's economic diplomacy towards ASEAN countries in the new era is a core measure to promote the building of the China-ASEAN community of shared future. Therefore, the mission of China's economic diplomacy towards ASEAN countries in the new era is to be "in prosperity and decline together, in safety and danger together, in the same boat", which will inevitably provide assistance to ASEAN countries in resisting the “core-periphery” economic cost transferring within the financial capitalist world system.

Fundamentally, the effects of China’s economic diplomacy in helping ASEAN countries resist the economic cost transferring lies in promoting the establishment of a new type of production relations characterized by “mutual benefit, and win-win cooperation

4.1 New Localized Production Relations Built Through Infrastructure Construction Cooperation

Chart 2: Contract Value of New Overseas Construction Projects Signed by Chinese Enterprises in ASEAN Countries



Source: Ministry of Commerce of the People`s Republic of China, http://yzs.mofcom.gov.cn/ yzjmhz/sbhzjk/index.html.

Through cooperation under the “Belt and Road” initiative, China has engaged in a significant amount of infrastructure construction cooperation with ASEAN countries. As shown in Chart 2, from 2013 to 2021, the value of new contracts signed by Chinese enterprises for foreign construction projects in ASEAN countries increased from $24.2 billion to $60.6 billion, a growth of 150%. In terms of contract completion value, Indonesia is ranked 2nd and Malaysia is ranked 5th, among China’s top ten markets for construction contracts. The types of these infrastructure collaborations span various aspects, including high-speed railways, highways, bridges, as well as communications and energy. This signifies that China has established a localized production relations in these ASEAN countries through infrastructure construction.

From the perspective of the role attributes of producers within the production relations, the main entities engaging in infrastructure construction and investment in ASEAN countries are Chinese state-owned enterprises. The foundation for Chinese enterprises to participate in investment and undertake local infrastructure projects is the “Belt and Road” initiative promoted by the Chinese government. This means that the projects undertaken by Chinese enterprises are essentially government projects guaranteed by China`s state credit. Therefore, the infrastructure construction carried out by these Chinese state-owned enterprises in the region inherently carries a political mission, rather than being solely aimed at pursuing capital profits. When undertaking projects in ASEAN countries, Chinese enterprises offer more reasonable bids, and exercise stricter control over subsequent construction schedules and additional costs, in order to fulfill the political responsibilities of the “Belt and Road” projects.

Fundamentally, the primary attribute of Chinese state-owned enterprises taking the lead in contracting projects in ASEAN countries, guided by “political responsibility”, means that Chinese companies must comprehensively consider the economic conditions of ASEAN countries, the natural and human environment of local construction, and provide the most suitable localized construction plans to minimize political frictions with the contracting countries or opportunities for Western medias to seize on contradictions for international public opinion hype. The “Belt and Road” projects must reach the height of China’s “political business card” for economic diplomacy towards ASEAN countries. This greatly differentiates China’s economic diplomacy towards ASEAN countries from that of the core Western countries.

From the perspective of the means of production and the distribution of products in the production relations, the means of production used by Chinese enterprises and the final products in infrastructure construction projects are localized. During the infrastructure construction process of the “Belt and Road” projects, the construction capital used by Chinese enterprises as contractors is provided by the government of the contracting country. What’s more, the equipment, materials, and other constant capital, as well as the labor value of construction workers, which are the variable capital part used in the construction, are all provided by local countries as well. Taking the China-Laos Kunming-Vientiane Railway as an example, during the construction of the railway, Chinese enterprises spent over 3.6 billion yuan on materials such as sand, ballast, and cement within Laos, directly driving local employment for more than 32,000 person-times. Moreover, by implementing the project, they helped villagers along the route to renovate and build new roads and water channels, upgrade housing, and lay water pipes, effectively improving the local infrastructure conditions. Therefore, the means of production used by Chinese enterprises are localized. On the other hand, from the perspective of product distribution, the final products “produced” by Chinese enterprises are public infrastructure, which are of no liquidity but fixed in location, concrete in form, and difficult to directly generate capital returns. This characteristic means that the “products” such as bridges, highways, or high-speed railways “produced” by Chinese enterprises can only remain in the local countries, and it also means that the indirect capital returns generated by promoting the flow of various local economic means of production will also remain in the local areas. Thus, the final product distribution is also localized.

Localized production relations help ASEAN countries resist the transfer of economic costs from core countries, and the key lies in the non-capital-oriented localization characteristics. Chinese state-owned enterprises, whose primary mission is “political responsibility”, differ from the private sector enterprises of core countries driven by "capital profit". The private capitals of core countries, represented by the United States, invest in industries that are of high liquidity such as finance and insurance, and subcontracting manufacturing factories in ASEAN countries. In contrast, China's economic diplomacy towards ASEAN countries focuses on infrastructure construction under the "Belt and Road" initiative. Taking 2021 as an example, the United States' foreign direct investment (FDI) into ASEAN countries amounted to 28.34 billion dollars in finance and insurance, accounting for 70.8% of the total FDI from the U.S. in ASEAN countries. The production relations established by the private capitals of core countries are centered on profit-making, with land acquisition, investment, and factory construction as the main means. It is obvious that the private capitals of core countries do not care about the economic and social development needs of ASEAN countries, nor do they care about the survival and development needs of the people in these countries, and are even less willing to invest in or undertake infrastructure projects with low returns and difficult to freely circulate for cost recovery. Whenever the Federal Reserve enters a rate-hiking cycle, financial capitals in the ASEAN countries' markets flows back to the United States with both principal and interest, leaving no localized benefits or means of production for ongoing production. All that remains are the labor-capital conflicts and human-land conflicts caused by the cheap occupation of local labor and environmental resources, ultimately leading to economic shocks in ASEAN countries. In contrast, China's economic diplomacy in ASEAN countries focuses on infrastructure construction, leaving both the means of production and product distribution in the local area. Taking the Jakarta-Bandung High-Speed Railway (referred to as the Jakarta-Bandung Railway) built by China as an example, from its opening of construction in September 2023 to the end of September 2024, the cumulative passenger volume of the Jakarta-Bandung Railway exceeded 5.4 million, enhancing the level of interconnectivity between people and the economy in different regions of Indonesia. The role of the Malaysia East Coast Railway project currently under construction is similar. These infrastructures generate long-term benefits in communicating local economic and social factors, and these benefits are ultimately owned by the people of ASEAN countries, not repatriated to China. Therefore, such localized production relations address the urgent needs of economic and social development in ASEAN countries, thereby alleviating the contradictions caused by the economic cost transferring from core countries.

4.2 New Regional Production Relations Built through the Connectivity of Infrastructure Cooperation

From the perspective of the level and geographical scope of production relations, the infrastructure projects undertaken by Chinese enterprises involve strategic-level transportation line construction, which has promoted the establishment of a new type of regionalized production relations. The essence of China's "Belt and Road" initiative places "policy coordination" at the forefront, with "infrastructure connectivity" as the priority. At the strategic level of economic policy, through the "Belt and Road" initiative, China's economic diplomacy actively aligns with Vietnam's "Two Corridors and One Circle" concept, Cambodia's "Rectangular Strategy", Indonesia's "Global Maritime Fulcrum" concept, and other economic strategies. The specific measures to build regionalized production relations that connect the economies of various countries first involve constructing a railway and highway network that connects China with the ASEAN countries. These railway and highway projects not only connect the different regions within ASEAN countries with the flow of people, means of production, and goods, but also facilitate flows between different countries, expanding the production relations of each country from a smaller geographical scope to a broader one. Taking the China-Laos International Railway as an example, in the first three quarters of 2024, the railway sent over 177.0 thousand passengers across borders and transported goods with a volume of 13.8 billion yuan, with year-on-year increases of 175.6% and 50.5%, respectively. The sources of passengers reached 101 countries and regions, and cross-border freight has already radiated to 19 countries including Laos and Thailand. In other words, the China-Laos Railway not only connects the flow of people, means of production, and goods between China and Laos, but also links other ASEAN countries such as Thailand, with fruits from Thailand being transported into China's Yunnan province via the China-Laos Railway. Thus, through the connectivity of infrastructure, a kind of regional, more macroscopic production relations has been established within Southeast Asia and even in a broader Asian region. The regionalized production relations are based on infrastructures of transnational transportation, with the goods trade of real economy led by industrial capital as its connotation, and the flow of production factors within a vast geographical scope of East and Southeast Asia as its core.

The key to how the regionalized production relations help ASEAN countries resist the economic cost transferring from core countries lies in the effect to promote the development of regionalized real economy. For most Southeast Asian peripheral countries, the main economic entities are real economy, and the goods exported are mainly agricultural, forestry, and water products, as well as manufactured products. Real economy differs from virtual economy, as it is greatly affected by the costs of the flow of production means and product transportation. Therefore, before the "Belt and Road" initiative was proposed by China, the foreign trade of ASEAN countries largely depended on exporting goods to core countries such as the United States through ocean carriage. However, the markets of core countries are limited, and their domestic demand shrinks with the outbreak of cyclical crises, thus the driving force for the development of the real economy in ASEAN countries is insufficient and unstable. Small countries that rely on the export of resources and agricultural products that play vital roles as their main source of foreign exchange are more susceptible to market fluctuations. With the advancement of the "Belt and Road" initiative and the establishment of new regionalized production relations, ASEAN countries have been able to engage in the import and export trade of production means and products from the Pan-Asian region through connected infrastructure, leading to a significant development in trade between China and ASEAN countries: in 2014, the trade volume of goods between China and ASEAN countries was only 366.71 billion dollars, but by 2022, this figure reached 722.10 billion dollars; and the trade volume of goods among ASEAN countries also grew from around 600.0 billion dollars in 2014 to 856.47 billion dollars in 2022. Especially since 2020, when some large-scale infrastructure projects under the "Belt and Road" initiative have been completed one after another, the trade of goods within the ASEAN region has broken the long-standing situation of no development and even decline, with the annual growth rate of trade in goods among ASEAN countries reaching 25.5% in 2021. And this figure remained at a high level of 16.9% in 2022. It must be noted that the growth occurred during the pandemic when the economies of core countries faced severe crises and reduced imports. On the one hand, the tremendous development of commodity trade has driven the development of the real economy within ASEAN countries, and on the other hand, it has enhanced the balance and stability of the economies of ASEAN countries, reducing their dependence on exports to core countries. As a result, when the US dollar cycle enters a contraction phase, ASEAN countries are able to maintain the stability of their domestic economies through regionalized real economy production relations.

4.3 The International Production Relations with Settlement in Local Currency

In addition to infrastructure projects under the Belt and Road Initiative, financial cooperation such as trade settlement in local currencies with ASEAN countries has also been a focal point of China's economic diplomacy towards the ASEAN periphery countries since the new era.

From the perspective of the settlement method of production relations, China and ASEAN countries have jointly promoted bilateral trade in local currencies, driving the establishment of a new type of international production relations that are non-dollarized. With the continuous impact of the dollar cycle leading to the depreciation of the sovereign currencies of ASEAN countries, the impact of bearing the economic cost transferring from using the US dollar in international trade of commodity has become increasingly severe. Therefore, as ASEAN countries have been accelerating economic development and expanding foreign trade, they increasingly need to establish a new type of international trade production relations that do not rely on US dollar settlements. Both China and ASEAN countries share a common need as they both bear the cost transferring of dollar settlements in international trade. It is under this need that both sides began to explore financial cooperation in bilateral trade, such as local currency settlements: in September 2020, China and Indonesia signed a memorandum of understanding on the cooperation of settlement in local currency, and officially launched the bilateral local currency settlement cooperation framework in September 2021; in September 2016, the signing of the "China-Vietnam Border Trade Agreement" greatly promoted the cooperation of local currency settlements in border trade between China and Vietnam, and in August 2024, both sides further signed the "Memorandum of Understanding on Cooperation between the People's Bank of China and the State Bank of Vietnam" to "further promote cooperation in fields of interconnectivity, such as local currency settlements, local currency swaps, and cross-border payment "; in May 2024, China and Thailand signed the "Memorandum of Understanding on Promoting Bilateral Local Currency Transaction Cooperation Framework between the People's Bank of China and the Bank of Thailand"; in addition, China has reached agreements on local currency settlement cooperation in border trade with Myanmar, Cambodia, Laos, while Malaysia is actively promoting local currency trade settlement cooperation with China.

The key to helping ASEAN countries resist the economic cost transferring from core countries by promoting the settlement of trade in local currency lies in its avoidance of financial hegemony within the financial monopoly capitalist production relations. As mentioned above, in the financial capitalist world system, the kernel of the "core-periphery" unequal production relations is precisely financial hegemony. Therefore, non-dollarized settlement methods, such as local currency settlement, not only signify the respective avoidance by China and ASEAN countries of inflation caused by the overissuance of the US dollar, but also represent a joint resistance and consensus against the unequal production relations of the financial capitalist world system. When China and ASEAN countries engage in bilateral trade or investment, on the one hand, settlement in local currency can help reduce the inflationary pressure caused by the need to hedge against US dollar and issue more of their own currencies due to the receipt of US dollars. On the other hand, settlement in local currency can promote the reserves of the RMB and ASEAN countries' currencies in each other's banks, thereby improving both parties' structure of foreign exchange reserves and reducing the impact of dollar outflows as the Federal Reserve raises the interest rate, especially with the RMB playing a more prominent role as a "safe-haven currency." Moreover, trading with local currency will significantly increase the reserves of each other's sovereign currencies by both countries. Unlike holding reserves in US dollars, ASEAN countries and China can use the reserves of each other's currencies for trade of commodity, thereby avoiding the price impacts caused by fluctuations in the US dollar in the international market. As the world's largest manufacturing country and the most active trading region of commodity, China and ASEAN countries can largely meet each other's domestic needs for production and living materials through the way, thus avoiding social unrest caused by cyclical fluctuations in the US dollar. Additionally, China has signed local currency swap agreements with some ASEAN countries, such as Malaysia, to strengthen the stability of exchange rates of both countries' sovereign currencies and better resist the impact of the US dollar cycle.

5. Insights on Further Promoting Economic Diplomacy Between China and ASEAN Countries

The economic diplomacy of China towards ASEAN countries in the new era has been remarkably effective, laying a solid economic foundation and direction for building a China-ASEAN community with a shared future, and providing valuable experience and insights for further deepening China's economic diplomacy with ASEAN countries. Specifically, these insights mainly lie in the following aspects:

Firstly, China's economic diplomacy towards ASEAN countries should not only consider the domestic construction needs of each ASEAN country but also the position of ASEAN countries within the global production relations. It must be pointed out that it is precisely because China and ASEAN countries are both on the periphery of the financial capitalist world system and bear the harm of unequal economic relations together, that China can accurately perceive and grasp the common needs of ASEAN countries, thereby promoting and guiding the rapid development of relations between China and

ASEAN countries. The development of this political relations is fundamentally based on the development of "non-core-periphery" economic relations. Therefore, advancing China's economic diplomacy towards ASEAN countries must necessarily focus on developing "mutually beneficial and win-win" production relations, necessarily requiring a departure from the unequal production relations constructed by core countries represented by the United States.

Secondly, China's economic diplomacy towards ASEAN countries in the new era is centered on establishing a "mutually beneficial" mode of production and plays a role of "sharing weal and woe," rather than being aimed against the United States. The most fundamental starting point of China's economic diplomacy towards ASEAN countries is and can only be the economic needs of both China and the ASEAN countries, not any geopolitical "zero-sum game." In other words, China's diplomacy towards ASEAN countries should be constructive and inclusive, not exclusive. Helping ASEAN countries to safeguard their own interests does not mean standing against the United States itself, but against unequal production relations in the world system. The core support for the tremendous development in relations between China and ASEAN countries lies in the maintenance and development of a production relations centered on "mutual benefit and win-win." Therefore, China's economic diplomacy towards ASEAN countries should aim to maintain and promote the development of the new production relations.

Thirdly, in terms of helping ASEAN countries resist the transfer of economic costs, there is still room for China's economic diplomacy to expand its approach. In the financial capitalist world system, the key to "core-periphery" cost transferring lies in currency. Therefore, for peripheral countries, the fundamental way to avoid economic cost transferring is to minimize the use of the core country's sovereign currency as much as possible. Specifically, for ASEAN countries, in addition to local currency swap agreements and local currency settlements, barter trade is also an economic cooperation method that reduces inflationary pressure from the US dollar and maintains stable prices for goods on both sides. This method can mainly be carried out on a certain scale by both governments in key commodities related to people's livelihoods, to help ASEAN countries maintain domestic social stability when faced with imported inflation crises. It should be noted that this approach is difficult to carry out on a large scale under market conditions, and it is difficult to reflect changes in market supply and demand, let alone create capital profits through it. Therefore, the mainstays that lead the development of barter trade cooperation can only be the governments of both sides. However, precisely because of this, the significance of this approach in helping ASEAN countries resist economic cost transferring is even greater, and its political nature stronger. Therefore, economic diplomacy carried out through various approaches such as barter trade can more deeply promote the development of political relations between China and ASEAN countries.

Thus, within the world system of financial capitalism, China's economic diplomacy towards ASEAN countries truly meets the needs of ASEAN countries to develop their own economies and better helps ASEAN countries to resist the transfer of economic costs. Only in this way can the "China-

ASEAN Community of a Shared Future" be truly worthy of its name and provide a model for the construction of a broader Community of a Shared Future for Mankind.

6. Conclusion

In the world system of financial capitalism, core countries represented by the United States must rely on the hegemony of the US dollar and use the dollar cycle as a means to transfer their economic cost to peripheral countries in order to address issues arising from their domestic economic structures that have shifted away from the real economy towards a debt-driven economy. ASEAN countries, which primarily export raw materials and mid-to-low-end manufactured goods, have naturally become the main recipients of the economic cost transferring from the core country, increasingly affected by the unequal production relations. Consequently, ASEAN countries and China have a shared need to resist the economic cost transferring imposed by core countries.

China's economic diplomacy toward ASEAN countries in the new era helps these countries resist the economic cost transferring by establishing fundamentally different new types of production relations from the ones constructed by the core countries. On one hand, cooperation in infrastructure construction under the "Belt and Road" Initiative promotes the establishment of a regional, localized production relations of real economy, which is distinct from financial capital interest-oriented production relations established by speculative capital from core countries. On the other hand, financial cooperation such as trade settled in local currency between China and ASEAN countries fosters a new type of international production relations that is "non-dollarized," to avoid cyclical shocks from the dollar cycle.

Through economic diplomacy toward ASEAN countries, China not only shares the opportunities of its own development, but also alleviates the pressure of cost transferring in the financial capitalist world system. It is precisely on the economic foundation of seeking mutual benefit through cooperation, sharing hardships through cooperation that the superstructure of building a China-ASEAN Community of Shared Future can be solidly advanced.

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Author Contributions

The author confirms sole responsibility for the following: study conception and design, data collection, analysis and interpretation of results, and manuscript preparation.

Availability of Data and Materials

The data and materials on which the study is based were accessed from a repository and are available for downloading through the following link.

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Conflicts of Interest

The authors declare that they have no conflicts of interest to report regarding the present study.

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