

Prospects for the Formation of a Pluralistic Security Community between  
China and ASEAN

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The candidate confirms that the work submitted is his own and that appropriate credit has been given where reference has been made to the work of others.

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## Abstract

Since the end of the Cold War, deep transformations in East Asia have begun to restructure the political, economic and security landscape of the region. Many of these transformations have been of a positive nature, in the sense that East Asian states are now interacting with each other with the purpose of enhancing their economic performance and regional politico-security stability. One such positive regional change has been the potential for a new phase of peaceful relations between China and the Southeast Asian nations (frequently referred to in this research as the “ASEAN states”), which until relatively recently remained hostile and marred by mutual suspicion. Thus, this research explores Sino–ASEAN relations from the perspective of the possibility of fostering a durable and reliable peace between these actors.

The research begins by discussing the relevance of China, ASEAN and the region of East Asia, or in other words: why do these actors matter at the regional and global level? In tandem with the latter, the research also discusses the concept of security communities, which is the central concept permeating the whole work. An introductory note on Karl Deutsch (father of the security community concept) and the nature of war and conflict is also present. The literature review examines what has been produced to date on the topics of security communities and East Asia, China and ASEAN; which mainly encapsulates the broad areas of East Asian regionalism, Chinese foreign policy, constructivist theory and more direct relations between China and Southeast Asia. The analytical framework and methodology are also discussed. Security communities are explained in detail (e.g. types, genesis and demise) so as the framework for the study of the formation of security communities, developed by the scholar Emanuel Adler and Michael Barnett; and which is also central to the argument of this thesis. Moreover, a comprehensive discussion ensues about the role of the main international relations theories (i.e. realism, liberalism and social constructivism) affecting the conceptualisation of security communities, as each affects the latter in profound and particular ways. The role of political elites and the units of analysis are explained as part of clarifying the methodology.

The research then divides into three main areas: China’s approach to Southeast Asia (mainly expressed in China’s foreign policy towards the region), ASEAN’s approach to China (mainly expressed by the Association’s declaratory policy towards China and the creation of regional frameworks), and another section focusing on how each individual ASEAN states have perceived and approached China throughout the decades after the end of the Second World War. The latter covers politico-economic interactions and their relevance (which aim to stress the level of “transactions” between both actors) and how Southeast Asia’s political elites have perceived China. Finally, conclusions are presented and the empirical data weighted against the theoretical framework.

The methodology of the research consists in confronting empirical data with the different tiers and sub-categories of Alder and Barnett's framework for the study of the formation of security communities. Adler and Barnett have created a "roadmap" to the formation of security communities. They have organised a succinct, clear and useful means to help political scientists to explore the possibilities of the evolution of security communities between states. Adler and Barnett's framework divides into an initial stage of creation (i.e. precipitating conditions), a process and a structural category in which elements such as power, social learning, international organisations and transactions interact in such a way that have the potential to create a final stage in which mutual trust and a common identity might have begun to operate between the actors.

Thus, the research compares the available data between China and the ASEAN states (e.g. transactions, perceptions, regional frameworks, roles of power, etc) against Adler and Barnett's framework. The findings are revealing. Following the framework, there are strong indications of an evolving security community (of a pluralistic type) between China and ASEAN, particularly in some sub-categories. Though it is not possible to affirm the existence of a fully-fledged security community between them, strong elements are still evolving and because of the latter, new questions arise which provide with more interesting projections not the future (e.g. is there the possibility of seen the evolution of a particular set of ideas between both actors?). The research sets clear too that, a new angle to the study of Sino-ASEAN relations can be followed, with the possibility of enriching and novel results.

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## List of abbreviations

APECC	UN Asia-Pacific Economic Community Conference
ABM	Asian Bond Market
ACU	Asian Currency Unit
ASEM	Asia–Europe Meeting
ACD	Asia Cooperation Dialogue
ARF	ASEAN Regional Forum
APT	ASEAN Plus Three
ASEAN	Association of East Asian Nations
APEC	Asia-Pacific Economic Cooperation
ABRI	The Indonesian Army
CAFTA	China–ASEAN Free Trade Agreement
CCP	Chinese Communist Party
CSCAP	Council for Security Cooperation in the Asia Pacific
CMI	Chang Mai Initiative
EAVG	The East Asian Vision Group
EAS	East Asia Summit
EEZ	Exclusive Economic Zone
EASG	East Asian Study Group
EAEC	East Asian Economic Caucus
EAFTA	East Asia Free Trade Area
FDI	Foreign Direct Investment
FTA	Free Trade Agreement
GNP	Good Neighbourliness policy
GMS	Greater Mekong Subregion
IR	International Relations
IFPOP	Independent Foreign Policy of Peace
IMF	International Monetary Fund
MATRADE	Malaysia External Trade Corporation
NAM	Non Aligned Movement
NSC	New Security Concept
NIE	Newly Industrialised Economy
NPC	National People’s Congress
OSCE	Organisation for Security and Cooperation in Europe
PLAN	modernisation programme of China’s navy
PLA	People’s Liberation Army
PRC	People’s Republic of China
PKI	Indonesian Communist Party
RMB	Renmibi
RTA	Royal Thai Navy
SEZ	Special Economic Zone
SEANWFZ	Treaty on the Southeast Asia Nuclear Weapon-Free Zone
TAC	Treaty of Amity and Cooperation
UN	United Nations
WEF	World Economic Forum
WTO	World Trade Organisation
ZOPFAN	Zone of Peace, Freedom and Neutrality Declaration

# CHAPTER 1. INTRODUCTION: PURPOSE AND STRUCTURE OF THE RESEARCH, AND LITERATURE REVIEW

How to maintain and perpetuate peace, and how to avoid wars between states—these have always been the central preoccupations both for state decision-makers, and for those who have engaged in studies of international relations. It might well be valid to argue that the ideal of peace at the international level has never enjoyed such strong and widespread acceptance amongst the nations of the world as it does today. The aftermath of the Second World War, and the global institutions it created, have given birth to a particular international environment in which peace and the desire to avoid major military conflicts have found their strongest resonance. Thus, peace is a universal aspiration amongst nations, and, consequentially, war is universally condemned. Today, war is condemned because of the enhanced destructive capacities of modern warfare (e.g. nuclear weaponry), but also because people are more aware of the suffering and destruction to which war is usually linked. Moreover, in a world of increasing political and economic interdependences, war is also seen as one of the worst disruptors of markets and sound trade relations—which, within the last few centuries, have dramatically contributed to the creation of levels of wealth never before seen. Growing levels of interdependence within a group of states can produce benefits that might outweigh the cost of maintaining such relations. For this reason, war between them is not desirable, since military conflict might inflict severe disruptions to those positive interdependent relations (Keohane and Nye 1989).

## 1.1 Purpose of this research

Two main factors must be considered before framing the purpose of this research: First, it is necessary to keep in mind the pervasiveness of the ideal of peace and the universal acknowledgement by states within the international community that, ideally, war is always to be avoided in resolving conflicts. Second, that valuing peace in such a manner, and the consequent universal condemnation of war, expresses itself in all regions of the world, including East Asia. This being stated, the present research aims can be set out as follows:

*To study the relations between the People's Republic of China (PRC) and the nation-states of Southeast Asia (specifically, those comprising the Association of Southeast Asian Nations, ASEAN) in terms of the actors' capacity to manage mutual conflicts with the potential to lead to the threat, or the actual use, of military force, without the actors involved actually resorting to war or the threat of war.*

*The objective set above is framed within the concept of “security communities”<sup>1</sup>, thus posing a question which provides guidance to the research: To what extent has a security community emerged between the People’s Republic of China and the ASEAN states?*

*Moreover, the research is based on the following hypothesis: between China and ASEAN there are to be found strong and favourable elements, both at the structural and process level [following Adler and Barnett’s framework], which have at least laid the foundations of a nascent and incipient loosely-coupled security community between them.<sup>2</sup>*

This set of relations has a political and economic nature, which in this particular realm usually translates into: how foreign policies are designed and executed; how the actors interact within regional international fora; the apportionment of power, in its various forms, between the actors; and how it is that the parties perceive each other and how much trust and distrust is expressed between them.

The study sheds light in respect to the identification of crucial elements indicative of the existence of a **nascent stage of a pluralistic security community**, or at least the presence of such elements that could be a prelude to the formation of such a community between China and the ASEAN states. The concept of security communities and all its variants will be explained in detail in chapter two. It is sufficient here to mention that pluralistic security communities are characterised by the avoidance of the use, or threat of use, of military force in resolving conflicts between members.

In spite of the paramount importance for nations and individuals of securing a peaceful international environment, this objective has remained elusive: war has been ever-present in human society. Indeed, one of the most noticeable characteristics of the 20th century was the pervasive presence of war, and, in the latter half, international tensions with the potential to cause nuclear conflict. International security throughout most of the twentieth century has been based on the idea of an adversary (the latter being conceived of as a country or group of countries) against which alliances have been formed to create a balance of power. These macro-political/security structures then engaged in competitive arming, either to fight in the two world wars, or to deter during the Cold War. In all three instances, preparation for war dominated all other political relationships. At the twentieth century’s end, however, the international system was in a situation where global rivalries involving universalist ideological adversaries or strategic resource claims are absent (Sheldon 1998: 195–96).

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<sup>1</sup> Deutsch has defined a *security community* as “a group of people which become ‘integrated’”. For a detailed definition of security communities and their different types go to Chapter 2, pp. 33-37

<sup>2</sup> Adler and Barnett’s framework is used throughout the research to analyse relations between China and the ASEAN members. For a detailed discussion of the framework’s tiers and categories go to pp. 46-62

Due to its recurrence in human interactions and its profound impact, war has also been a matter of interest for the most relevant theories of international relations. For instance, the school of realism would argue that war is always a possibility due to the anarchical nature of the international system, the lack of a supranational regulating power, and the fact that all nation-states seek to maximise their own power and act in a self-help/self-interested manner in an attempt to guarantee their survival. On the other hand, liberal-institutionalism would argue that, even though realism is correct regarding the anarchical nature of the international system and the self-interested behaviour of states, international regimes and organisations can play a critical role in diminishing the possibilities of war, since states will seek cooperation with other states in order to maximise their own gains.<sup>3</sup> International organisations and international regimes also place peace as one of their central objectives. The United Nations (UN), possibly the best-known international organisation at the global level, sets out in its Charter that its main objectives are:

To maintain international peace and security, and to that end: to take effective collective measures for the prevention and removal of threats to the peace, and for the suppression of acts of aggression or other breaches of the peace, and to bring about by peaceful means, and in conformity with the principles of justice and international law, adjustment or settlement of international disputes or situations which might lead to a breach of the peace.<sup>4</sup>

Regardless of their distinct interpretations of the role, nature and effectiveness of international organisations like the UN, realists and liberal-institutionalists cannot deny that such organisations afford paramount importance to peace.

But, in spite of national and global efforts to eradicate military action as a legitimate means of solving inter-state differences, war still occurs, waged by rich and poor countries alike. Keohane and Nye (1989: 7) have argued that the symbolism of the national security discourse suggests that conflicts of interest will remain fundamental, and potentially violent. In spite of the latter, efforts to secure a permanent state of international peace continue, and, more importantly, it is possible to foster the conditions under which states would be less willing to fight to solve their differences. Seeking the avoidance of war is not a matter of pure rhetoric. States are less willing to fight against each other if certain conditions obtain (e.g. interdependence). It is in this area that the concept of *security communities* has become relevant: security communities are communities in which the members have created the particular conditions which enable state actors to deem war an illegitimate and unnecessary means of solving conflicts.

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<sup>3</sup> For a more detailed discussion of IR theories and security communities, see chapter two.

<sup>4</sup> Charter of the United Nations, Article 1.1; see <http://www.un.org/aboutun/charter/index.html>.

## 1.2 Introductory note on Karl Deutsch and security communities

Initially introduced by Richard Van Wagenen, it was not until 1957, due to the research of Karl Deutsch and his collaborators on *Political Community and the North Atlantic Area*, that the concept of security communities became fully developed as a theoretical framework within the social sciences, and also that it became empirically tested. In Deutsch's own words, his research had a crucial purpose: it aimed to become "an inquiry as a contribution to the study of the possible ways in which men some day might abolish war" (Deutsch et al. 1957: 3). Part of Deutsch's work aimed to achieve a better understanding of the nature of the international system and the behaviour of states, in order to promote peace and avoid war, ideally on a permanent basis. It is no mere coincidence that Deutsch had such research interests during the 1950s. The destructive outcomes of the Second World War—both in terms of material, and human life—and the increasing sophistication of weapons of mass destruction, made it feel imperative for these scholars that they devote a considerable part of their studies to peace-maintenance and war-avoidance. The application of advanced technology to war had already made it clear to many that it had become too risky to continue using military force as a legitimate and viable means of exercising politics. In this respect, the German philosopher Immanuel Kant (1724–1804) had prophetically argued that:

With the development of technical science and its application to the perfecting of methods and instruments of destruction every new war has been found to be bloodier than the last, and the day seemed to be in sight, when this very development would make war (with instruments of extermination) impossible altogether. The romance and picturesque-ness with which it was invested in the days of hand-to-hand combat has gone. (Kant 1903: 77)

The inauguration of the Cold War period (1945–1989) brought no optimistic assurances of the dawning of a peaceful international era. The superpowers managed not to fight each other directly and nuclear war was avoided—but this was not due to an agreement to ban nuclear weapons, but rather to the maintenance of a "balance of terror". The American political scientist Quincy Wright, author of *A Study of War*, described this state of affairs as follows:

The invention of nuclear weapons, the development of jet planes, missiles, satellites and telecommunications, the break up of empires and the doubling of the number of sovereign states, the nuclear arms race between leaders of contending ideologies and the rise of underdeveloped and unaligned states in world affairs have made the problem of war more exigent and more difficult to solve. (Wright 1964: 4)

Thus, Deutsch and his colleagues belonged to a group of scholars who had been concerned about war and peace and the structure of the international system, and hoped to improve the chances of sound underpinnings for peace to permeate relations between states. Nevertheless, if Deutsch's preoccupation with war is essentially concordant with the mainstream concerns of international relations theories, his particular approach to developing the structural requirements for improving the chances of peace is not. In this respect, Deutsch and his colleagues developed a new concept: that of "security communities".

A security community can facilitate the structuring of sound and long-lasting peaceful relations between its members, thus contributing to the promotion of peace amongst states within the international system. Security communities are of various types, but the one we are specifically referring to is that which involves nation-states (see chapter two). Security communities rely, at their core, on the development of sound levels of trust amongst parties and the development of common identities. There is no "hard evidence" of the existence of security communities—thus they differ from other, more legally concrete, types of state agreements such as alliances or FTAs—but, nevertheless, security communities are an operational reality. Security communities avoid solving their conflicts by means of war.

### **1.3 Studying the formation of a pluralistic security community comprising China and ASEAN: Why does it matter?**

The question in this section paraphrases Gerald Segal's article "Does China Matter?" (Segal 1999), in which he introduced an ongoing discussion about the importance of China as a regional and global actor in international affairs. Segal's article highlighted the ever-more-present comments about China's ascendancy, at both the regional and global level, which had been underway, uninterrupted, since the mid-1970s. At the time, Segal's conclusions about the importance of China as both a global and regional player were not overly enthusiastic. Nevertheless, since the late 1990s when Segal's article was written, interest in China's ascendancy has not dwindled, and the country has continued to expand its global and regional importance. Thus—to further paraphrase the question "Does China Matter?"—why is it important that the Sino–ASEAN relationship be analysed from a pluralistic security community point of view?

The most important reason is simply that Sino–ASEAN relations have not been studied from the point of view of the formation of a security community. Although a wide variety of aspects of China's current development (e.g. overall foreign policy, relations with the US, socio-political developments, environmental challenges, and so on) have been studied in great detail, there has

nevertheless been no study in relation to the formation of a security community involving China and ASEAN.

As the literature review will show, the vast and ongoing research on China and ASEAN has delved into economic relations, trade and investment issues, and the implementation of regional trade agreements such as the China–ASEAN Free Trade Agreement (CAFTA). Research has also been done in the field of regional affairs, such as the management of security issues, both traditional and non-traditional; the role of the US in the region and its implication for Sino–ASEAN relations; the impact of Sino–Japanese relations in ASEAN; and issues of regional interdependence, regionalism and regionalisation. On the topic of security issues, research has explored the role of regional institutions such as the ASEAN Regional Forum (ARF), and hard security issues such as China’s military modernisation and the disputes on the South China Sea. Even non-traditional security issues have gained considerable attention, some of these aspects relating directly to trans-boundary cooperation schemes (e.g. the Mekong region). But, again, the formation of pluralistic security communities between China and ASEAN has not been yet explored. Thus, studying Sino–ASEAN relations from the point of view of the formation of a pluralistic security community would represent a novel contribution to the understanding of three main topical areas: relations between China and ASEAN; research on the wider East Asian region; and the field of international relations in general.

Secondly, any study focusing on current developments in China, ASEAN and the wider East Asian region will be helping to shed light on one of the most thriving, dynamic and fast-growing regions in the world—one which is profoundly affecting the rest of the world in the areas of both national and international affairs. Scholars such as Lawrence Freedman claim that China and East Asia form a region “which is critically important to the rest of the world” (Freedman 2004: 35). Others, like Fred Bergsten, argue that the world is becoming economically dominated by three main blocks, one of them being East Asia (Bergsten 2000)—of which China and ASEAN form part.

#### **1.4 China’s relevance to East Asia and the rest of world**

Is China indeed a relevant player in regional and global international affairs? Is it worth expanding the study of the PRC and its impact on neighbouring geographies, and even beyond? Back in the early 1990s, Gerald Segal’s article came to the conclusion that “odd as it might seem, the country that is home to a fifth of humankind is overrated as a market, a power and a source of ideas. At best, China is a second-rank middle power that has mastered the art of diplomatic theatre: it has us willingly suspending our disbelief in its strength.” Segal summarised his views by calling China a “Middle Kingdom, a middle power” (Segal 1999). But



today, less than ten years after his article was written, is it still possible to maintain his account of China? China's economic growth and the subsequent impact on trade, investment flows, and world markets—as well as its political and environmental impacts—are becoming deeper and more evident. Some scholars, such as Stuart Harris, have argued that “while not yet a major engine of global growth, China does matter—not just regionally but globally—in economic terms.” (Harris 2004: 68). Others, like Samuel S. Kim, have also argued that “China matters in world politics, albeit in varying degrees across time, and more in some issue areas than others.” (Kim 2004: 51). China currently is not an overall global superpower, particularly when compared with the US. Nevertheless, in only a few decades, the PRC has managed to become a critical factor in some regional affairs and a growing one in global developments. For the time being at least, China is not to be considered a serious contender to American military might, but China's impact in world labour markets, energy and strategic resource consumption and environmental impact are definitely of the first magnitude.

Therefore, a key aspect to understanding Chinese influence abroad is the scope which must be applied when analysing its impact. Broadly speaking, China exerts two levels of international influence: regional and global. Undoubtedly, China is having a strong impact at the international regional level—for example, affecting the direction of investment flows or soft power projection amongst its neighbours—but, as has been argued above, even at the global level China has already begun to expand its capacity to affect trends, whether this is a conscious undertaking or not. Nevertheless, it is within the regional scope (i.e. East Asia) that China's influence is most strongly perceived and exercised. Even Segal himself, who in his article frequently detracts from China's power and influence,<sup>5</sup> agrees that at the regional level at least, China does count (Segal 1999: 7 see also Buzan and Foot 2004: 29-32). This might be particularly true in economic and politico-strategic terms. For instance, China is a matter of regional concern due to the Taiwan issue and the Sino-Japanese rivalry. The ASEAN states have also expressed concern about the growth of Chinese power and influence in the region. China has always mattered as a regional military power, and appears destined to matter even more in the years ahead: it is on a trajectory to become the foremost military power among the countries in East Asia (Buzan and Foot 2004: 124). For some, China is already a regional power and will become the predominant military power among the nations of East Asia (Brown et al. 2003: 2). With the likelihood of its becoming the predominant military power among the East Asian countries, China certainly does matter militarily at the regional level. Within the economic realm, China also matters substantially. The ASEAN states already perceive China as an opportunity, so long as ASEAN members are able to benefit from China's sustained economic growth. On the other hand, a degree of concern has also been expressed that China is becoming ASEAN's economic competitor in terms of investment attraction and foreign markets.

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<sup>5</sup> Segal 1999; see also Buzan and Foot 2004: 29-32.

Either way, China is becoming more and more important for ASEAN for economic reasons too. Northeast Asian states such as Japan and South Korea also are acknowledging China's economic importance as, for example, Japan considers China an essential partner in order to provide its economy with new impetus (Sakuwa 2009). China's impact in world economics is much more significant than it is in military matters: the repercussions of China on economic matters go well beyond what Beijing can do in terms of military might.

So far, China has not achieved a prime global power status, and such a goal is not yet attainable for the Chinese political elites, not, at least, in the short- and mid-terms. Nevertheless, the US has developed a keen interest in all developments in China. The reason for this is American economic interests, and also political and geo-strategic ones. Within the US it is thought that China could eventually rival the US's global pre-eminence. China has been considered by Washington as both a strategic partner and competitor, and the American political elites have debated both containment and engagement strategies in order to deal with the Asian riser (Sutter 2006). Regardless of which foreign policy avenue becomes the preferred option for the Americans, what is beyond a doubt is that China already has become a very important actor for the US.

### **1.5 ASEAN's relevance**

ASEAN membership is so far made up of ten countries within the region, thus already comprising a large group of nations with rich and complex cultures and political systems, and closely-knit interactions with other regional actors. Though ASEAN has gained, throughout recent decades, a respectable level of regional and international prestige in its own right, Southeast Asia cannot match the intensity of limelight enjoyed by China. This has to do with the fact that neither ASEAN as a whole, nor any of its individual members, are emerging as global or regional powers in the way China is. In spite of this, seen from a regional perspective, the ASEAN region does have considerable influence and importance. Southeast Asia has a vast population in relation to the size of East Asia overall, and many of the countries within the region—such as Vietnam—have become dynamically emerging economies. Moreover, ASEAN has managed to establish itself as a respected political association, even beyond Southeast and East Asia. Other regional actors such as China and Japan have recognised the power of convection that ASEAN possesses. ASEAN has been able to create unique regional practices (i.e. the ASEAN Way)<sup>6</sup> which have contributed to the reassertion of its relevance, particularly at the wider regional level. Another axis on which ASEAN can underline its relevance regards how the Association has been instrumental in promoting and maintaining peaceful relations

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<sup>6</sup> The ASEAN Way has been defined as “the norms, principles and practices that have defined ASEAN's approach to inter-state relations.” (Caballero-Anthony 2005: 2).

between Southeast Asian and other states. ASEAN's efforts in maintaining peaceful relations among its members and with states beyond Southeast Asia have made it an important actor in the bigger international arena of the Asia-Pacific. ASEAN, and the ASEAN Way, have been criticised as ineffective at their core, and as being unable to go beyond mere protocol functions when serious conflict arises amongst the association's membership. Some have referred to ASEAN as "a talk shop without any teeth" (Garofano 2002: 1). In spite of these criticisms, ASEAN has managed to survive difficult periods in regional history and, indeed, has served as an effective organisation on repeated occasions.

Thus, ASEAN's influence outside Southeast Asia is clear. The Association has the authority to convoke and has done so effectively with major international players. In recent exchanges, Singapore's Prime Minister Lee Hsien Loong told ex-President George Bush to maintain ties with both China and Japan to avoid forcing Southeast Asian nations to choose sides. Prime Minister Lee also encouraged the US to strengthen ties with ASEAN. In response, Bush agreed to attend ASEAN's meeting in September 2007, and expressed America's desire to stay in close contact not only with Singapore, but also its other partners in what he called the ASEAN nations.<sup>7</sup> The fact that ASEAN members are neither as influential nor as powerful as China or Japan does not mean that these countries do not have considerable influence and importance within the context of East Asian relationships and interactions. Thus, ASEAN and China are both actors which merit considerable research, being key regional players in East Asia and even beyond.

## 1.6 Structure of the thesis and summary of chapters

The research is divided into six chapters. Chapter one includes an introduction and the literature review. Chapter two contains the analytical-theoretical foundation for the research. Chapters three to five present the empirical data necessary to substantiate the hypothesis. Finally, chapter six presents the conclusions and outlook. The remainder of this section provides a little more detail on each chapter.

Chapter one provides a brief background about the relevance of the pursuit of peace within the international system, and thus how there is a universal aspiration to eliminate war as a means of resolving disputes between states. It also gives a brief introductory note on Karl Deutsch (the conceptual father of security communities) and on why it is worth studying China and Southeast Asia as part of an effort to shed further light on developments in East Asia that link to the advancement of peace in the region. Finally, this chapter also sets out the literature review.

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<sup>7</sup> "Singapore PM warns US over China", *BBC News Online*, May 5, 2007.

Chapter two contains the conceptual-analytical elements of the research, explaining the nature and types of security communities and how they relate to the main theories of international relations. This chapter also discusses Adler and Barnett's framework for the study of the formation of security communities (each tier, category and phase), and sets out the hypothesis and the "units of research" (states, international organisations and political elites) which become the core analytical point from which to study Sino-ASEAN security community formation. Chapter two also contains the criteria used for selecting sources and the incorporation of field work (i.e. interviews).

Chapter three discusses China's approach towards Southeast Asia and ASEAN, based mainly on the foreign policy Beijing has pursued in the region during the Cold War and post-Cold War periods. Sino-ASEAN relations are analysed on historical multilateral and bilateral bases, covering three main periods: the Mao period (i.e. the birth of the Chinese Cold War); the Deng period (i.e. the reform period); and current developments in Chinese foreign policy towards Southeast Asia. The last section of this chapter begins to relate these empirical points to Adler and Barnett's framework.

Chapter four has the same objectives as the previous chapter, only now the emphasis is laid on ASEAN's approach towards China. For this purpose, the chapter presents an analysis of ASEAN's declaratory policy towards China and the effect of engagement and containment policies aimed at China. A discussion of the empirical findings in this chapter is also linked to Adler and Barnett's framework.

Chapter five continues the study of Southeast Asia's approaches to China, only the emphasis now is at the bilateral level. Empirical findings are related in particular to the areas of perceptions of China and the level and quality of transactions.

Finally, chapter six attempts to summarise all the previous material and to organise it according to each tier and category in Adler and Barnett's framework. Chapter six also returns to the hypothesis articulated earlier in the research and answers it.

## **1.7 Literature review**

According to David Kang, "scholarship on Asian international relations from all perspectives is increasingly theoretically rich and empirically sophisticated" (Kang 2003: 59). The regions of East Asia and Southeast Asia have been the subject of intense academic analysis touching on a wide variety of areas: economic, socio-political and security. Moreover, the regions have also

become subjects of interest to scholars working on the newer theoretical explanations within international relations. Thus, theories such as social-constructivism have made important inroads into studying a part of the world which previously had been covered by a “more traditional” (i.e. realist) analytical approach.

This section will attempt to summarise the most significant academic material that has been produced in relation to three main topics: security communities in general, security communities in East Asia (i.e. Southeast Asia and the wider region), and literature which has attempted to conceptualise China–ASEAN relations as relating to the prospect of the formation of a security community between China and Southeast Asia.

### *1.7.1 Constructivist theory and democratic peace*

Within the literature that addresses social constructivism in international relations, some texts have become of particular relevance, due to the manner in which they have been used to study the prospect of the formation of a Sino–ASEAN pluralistic security community. Alexander Wendt’s analysis of international politics and the formation of state collective identities provides a central pillar of the research on pluralistic security community formation. Wendt develops an explanatory account as to how the role of identities, and the nature of the international system, can be seen as proactive elements in fostering state interactions which are not irremediably bound to realist assumptions (Wendt 1992, 1995). Moreover, Wendt also introduces conceptual accounts of corporate and social identities to which the discussion of identity in this research is directly related (Wendt 1994). An important theoretical discussion about the need for new analytical frameworks for understanding East Asia, and previous conceptualisations of the region as “ripe for rivalry” (Friedberg 1993/94), also form important underpinnings on which to consider the prospects for the formation of security communities in the region (Kang 2003; Acharya 2003/04). The role of norms in international relations, and trust and the formation of security communities, is another topical area of importance for the research. In this respect, Jeffrey Legro and Alice Ba’s discussion of the importance of norms is significant (Legro 1997; Ba 2005). The work of Barbara Misztal on trust provides the main theoretical basis guiding the understanding of the concept as used in this research (Misztal 1996, 2001). The discussion of the concept of “democratic peace” is also very important, particularly in the way it links to the study of the formation of security communities. Thus, some available literature on this matter has been very useful in illuminating the links between peace, democracies and non-democratic nations (Doyle 1983; Maoz and Russett 1993; Kivimaki 2001).

### 1.7.2 *Security communities*

The concept of security communities is the brainchild of the prestigious political scientist Karl Deutsch and his colleagues. In spite of its relative obscurity in relation to other conceptualisations within the field of international relations studies, the concept of security communities has gradually become more widely used amongst scholars, academics and even political decision-makers. The evolving variety and sophistication of theoretical perspectives within the field of international relations theory has produced a fertile ground in which the concept of security communities can be further explored and refined. Deutsch and his colleagues have produced a detailed insight into the nature and types of security communities and how different countries at different periods in history have formed security communities, maintained such a condition, or dissolved it (Deutsch et al. 1957).

Moreover, a group of post-Deutschian academics has given the concept wider exposure, as these scholars have begun to study aspects of the international system and inter-state relations based on constructivist tenets. Currently, two scholars stand out in terms of having produced the most detailed literature discussing the nature and evolution of theoretical aspects of security communities. These two academics are Emanuel Adler and Michael N. Barnett, who, after Deutsch, have reintroduced the concept of SCs to international relations studies. Adler is best known for his contribution to the subjects of epistemic communities, security communities, and more generally constructivism in international relations (Adler 1997a, 1997b). Michael Barnett is also a major constructivist scholar within international relations. His research has been in the areas of international organizations, international relations theory, and Middle Eastern politics (Barnett and Duvall 2005; Barnett and Finnemore 2004). Both scholars edited *Security Communities* (Adler and Barnett 1998). In the book's chapters "security communities in theoretical perspective", and "a framework for the study of security communities", these authors present a detailed discussion of the concept of security communities and its relation to current theories of international relations such as constructivism. Furthermore, both scholars develop an analytical framework in order to "further refine the security communities' research agenda" and to create a "viable research program" on the development and evolution of pluralistic security communities (Adler and Barnett 1998: 48). The book also contains other valuable empirical cases in which a number of scholars analyse different state relations (e.g. US–Mexico and US–Canada), organisations (e.g. OSCE and the Gulf Cooperation Council), and regions (e.g. ASEAN, South America and Western Europe).

Adler and Barnett's ideas have not lacked critics. Morten Boas asks "who is Adler and Barnett's *Security Communities* for, and for what purpose?" In his view, the idea that actors can share values, norms and symbols and provide a social identity is not very provocative. Boas raises two

main concerns: the first, under the title “whose security?”, questions the voluntary “elite bias” (i.e. the crucial role of political elites in fostering SCs) adopted by the book. The second is concerned with the manner in which Adler and Barnett see security communities developing. Boas argues that a high level of interaction does not necessarily provide the ground for peaceful exchange. “One could, in fact, much more convincingly argue that the lower the frequency of interaction, the more peaceful the relations between two social entities would be” (Boas 2000: 311).

In *Security Communities and their Neighbours* Alex Bellamy has also contributed to the overall study of pluralistic security communities. This author has discussed a series of empirical cases, including the region of Southeast Asia (Bellamy 2004). Bellamy argues that ASEAN is already operating as a loosely-coupled pluralistic security community (see chapter two) regardless of evidence which suggests that Southeast Asian states might be continuing to prepare for war between themselves. The main fact telling in favour of the formation of a pluralistic security community is the degree to which Southeast Asian states have managed to avoid the use of war as a legitimate means to solve their conflicts. The book discusses critical arguments linked with the idea of advancing the possible formation of a Sino–ASEAN pluralistic security community. One of these arguments is that it is not necessary for a nation-state to espouse liberal-democratic values to advance the formation of a pluralistic security community. Bellamy notices a number of particularities, especially when comparing ASEAN to the European Union—the latter representing a classic example of a fully-operational security community. When understood as security communities, ASEAN and the EU operate very differently. ASEAN is a loosely-coupled type, not a tightly-coupled one such as the EU. ASEAN is based not in a common body of values and identities, but on a set of common norms that are designed to manage interrelations (Bellamy 2004: 89). Furthermore, ASEAN’s pluralistic security community is comprised mostly by low- and middle-income countries, as opposed to the EU’s predominantly advanced economies. In Bellamy’s view, ASEAN’s security community is an operational reality.

### 1.7.3 *Security communities in relation to East Asian and Southeast Asian regionalism*

#### 1.7.3.1 *Security communities and East Asia*

The regions of both East and Southeast Asia have been subject of analysis from the point of view of security communities. Nevertheless, the literature is far more abundant in relation to Southeast Asia than East Asia in general. In his article “A security community for Asia?” John Garofano discusses the concept of security communities in relation to the East Asian region. This is the only publication to date that explicitly engages the East Asian region as a whole and the prospect of the formation of a security community in the region. Garofano introduces the notion of security communities via the role and performance of the ASEAN Regional Forum.

According to him, “the ARF’s goals and procedures resemble those of an institution that aims to create a security community” (Garofano 2002: 503). Garofano concurs with the idea that proponents of the security community concept and supporters of the ARF share a belief that increased interactions in the social, economic and political realms will lead to heightened senses of trust and community, with positive payoffs in the security realm.

Individual Northeast Asian countries have also been subject to analysis departing from a constructivist insight. Alastair Johnston has undertaken the search for a “substantively consistent and temporally persistent Chinese strategic culture” in a book that, according to the author, is “about ideas and their relationship to behaviour” (Johnston 1998). Others, like Thomas Berger and Peter Katzenstein, have discussed the role of norms and identity in the design of Japan’s national security policies. Berger has argued that adequate explanations of modern Japanese antimilitarism “require us to look beyond international structures and examine the domestic *cultural-institutional* context in which defence policy is made....” Berger’s central thesis is that as a result of its historical experiences and the way in which such experiences were interpreted by domestic political actors, Japan “has developed *beliefs and values* that make them peculiarly reluctant to resort to the use of military force” (Berger 1996: 318). In a similar vein, Peter Katzenstein has studied Japan from a constructivist point of view. For Katzenstein, “empirical research informed by ‘soft’ cultural theories is not only possible but promising for ‘hard-nosed’ security issues that established theories do not explain adequately”. His book insists that “‘culture’ is not a helpful analytical tool for empirical research; instead, it is more useful to analyse particular aspects of culture such as social *and legal* norms” (Katzenstein 1996b: 1–2).

### 1.7.3.2 *Security communities and Southeast Asia*

According to Tim Huxley, although some earlier writers had made efforts to relate their studies of Southeast Asia’s external relations to relevant IR theory, it was only at the end of the 1980s that regional specialists began to focus as a matter of course on theoretical issues and the region (Huxley 1996: 236). In line with these new analytical developments, Yukiko Nishikawa has argued that the idea of security communities is now becoming fashionable in contemporary Southeast and East Asian studies (Nishikawa 2007: 42). See Seng Tan has also argued that of late, constructivist accounts have been making their mark in the field of Southeast Asian security studies. For Tan, constructivist contributions to the study of Southeast Asian security have been able to raise a much-needed awareness of identity issues and have also introduced conceptual and methodological innovations into the study of identity (Tan 2006: 239). Sorpong Peou has argued that in a preliminary assessment of contemporary East Asia, realism, liberalism and constructivism have become the most prominent perspectives, and, of these, both realism and constructivism have now been established as the key intellectual competitors in Southeast Asian security studies. After studying the seemingly contending views of two leading figures in



Southeast Asian affairs,<sup>8</sup> Peou has argued that “constructivism is more insightful than balance-of-power realism, but it is more likely to conform to a sophisticated balance-of-threat theory—a form of ‘minimalist’ or ‘soft’ realism—which can help explain the daunting tasks of security-community building” (Peou 2002: 120).

Amitav Acharya and Richard Stubbs have also argued that over the last dozen years or so, there has been a major shift in the way in which studies of Southeast Asia’s regional relations have been conducted. According to these scholars, since the end of the Second World War until the 1990s, studies on Southeast Asia and East Asia in general have tended to be “a-theoretical”, and while there was some theoretical treatment of these regions, it was generally framed within the realist/neo-realist approach. Notwithstanding the important contributions of realist scholars such as Leifer, Acharya and Stubbs have noticed that the analysis of regional relations in Southeast and East Asia in general were not generally theoretically diverse or even theoretically informed. But, during the 1990s, when the study of Southeast Asia’s regional relations had been directly affected by the proliferation of new IR theories during that decade (e.g. constructivists, post-modernists and critical theory), students of Southeast Asia’s relations began to employ theoretically-based insights in a more sustained fashion, this being described as “a development that made important advances on the existing literature on Southeast Asia’s regional relations” (Acharya and Stubbs 2006: 127). As new theoretical models have been applied to the study of Southeast Asia and beyond, the concept of security communities, with its strong constructivist background, has also been utilised in order to try to provide a new and refreshing angle on plausible explanations of regional developments.

From the late 1980s onwards, the nature of ASEAN as a security organisation has become the subject of an increasingly sophisticated discussion which already included the concept of security communities. During the mid-1980s, scholars like Noordin Sopiee argued that ASEAN had contributed to a sound regional security environment, bringing the Association “to the brink of what Karl Deutsch has called a pluralistic security community”. Noordin described ASEAN as a “quasi-security community”, a condition to be praised as the maintenance of peace seemed to be a constant struggle (Noordin 1986: 229). Also during the late 1980s, the British scholar Barry Buzan argued that “the ASEAN states seem to trust each other enough to have created a security community among themselves” (Buzan 1988: 13).

The idea that ASEAN already resembles a pluralistic security community continues into the 1990s: Kusuma Snitwongse describes the processes of community-building in Southeast Asia as resembling those involving the formation of pluralistic security communities, observing that within ASEAN, the members have reached a level of tacit agreement so as not to coerce one

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<sup>8</sup> Michael Leifer, a realist, and Amytav Acharya, a constructivist.

another. The scholar has also observed that “other components of community building have emerged in the sense of shared common interests and values, even if still limited, and of belonging together...” (Snitwongse 1990: 40). Also during the early 1990s, Simon Sheldon argued that “ASEAN may be a security community in the sense that no member would consider the use of force against another to settle disputes” (Simon 1992: 122). Geoffrey Wiseman also argued that in Southeast Asia “there is evidence of a security regime emerging with a tendency towards community among ASEAN states” and that ASEAN “has developed a new set of attitudes and informal conflict avoidance mechanisms which currently make war between member states unlikely” (Wiseman 1992: 46–48). Even within the camp of realist scholars, the idea that Southeast Asia had become a security community found fertile ground. Michael Leifer argued that ASEAN had become a security community, only instead called it a “diplomatic community”, claiming that “ASEAN has become an institutionalised vehicle for intramural conflict avoidance and management... ASEAN has been able to prevent disputes from escalating and getting out of hand through containing and managing contentious issues” (Leifer 1995: 132). Elsewhere, Leifer also argued that “ASEAN is undoubtedly a security community of a kind which has enjoyed greatest success in its intra-mural role” (Leifer 1992: 167).

Nikolas Busse has attempted to challenge “conventional wisdom” by arguing that realism is what has determined the international politics of Southeast Asia. Busse has attempted a constructivist approach which has aimed at demonstrating that at least the founding members of ASEAN have already moved away from purely balance-of-power politics in their external behaviour. Busse has argued that ASEAN states have managed to establish a regional code of conduct which is centred on norms such as the non-use of force, non-interference and informality in conflict management. For Busse, the most significant issue is that the adherence to these norms over time has led to the emergence of a collective identity amongst the members of ASEAN, and that the code of conduct now operates as a fundamental part of their “state interests”. Thus, ASEAN behaves in many ways as a security community, having discarded large-scale military conflict and any attempt to build formal military alliances with outsiders (Busse 1999).

More scholars have continued to study Southeast Asia while keeping in mind the valuable inputs that theories such as constructivism can provide to the understanding of the region. Sarah Eaton and Richard Stubbs have analytically engaged with the question “is ASEAN powerful?”, as seen from the perspective of two main (and often rival) theoretical camps: neo-realism and constructivism. These scholars have argued that both groups are drawing very different empirically-based conclusions about the efficacy of ASEAN in East Asian affairs. The neo-realists argue that a shift to a more rules-based institutional form is in order, whilst constructivists place their emphasis on identity-building. According to Eaton and Stubbs,

constructivists have countered that ASEAN has provided a platform on which region-wide security communities (i.e. East Asia) could take shape. Whereas neo-realists attribute stability in the region to exogenous factors (e.g. the US posture against a rising China), the constructivists give a causal weight to the endogenous construction of a regional identity (Eaton and Stubbs 2006).

Amitav Acharya is one of the most prolific scholars studying Southeast Asia from a constructivist angle. Sorpong Peou has said of him that “amongst the constructivists who have studied Southeast Asian security, Acharya is arguably the most authoritative” (Peou 2002: 124). Acharya is one of the first scholars to devote attention to Southeast Asia under the prism of security communities and has written extensively on the topic. Since its inception, the chief political goal of ASEAN has been to prevent, manage and resolve conflicts in the region. In this respect, Acharya has argued that ASEAN’s concept of regional order has centred on the creation of a Southeast Asian security community (Acharya 1991). Moreover, the scholar has also argued that the idea of a regional security community for ASEAN has both analytic and normative usefulness when addressing security matters in the region. Acharya thus acknowledges that “the concept is not only useful as a tool for empirical investigation and analysis; it also forms the basis for conscious policy choices and action in maintaining regional order (Acharya 1995: 176). Nevertheless, it is in his book *Constructing a Security Community in Southeast Asia* where he studies in full detail the institutional role of ASEAN in fomenting the creation of a security community amongst its members, and the broader processes of community building and identity formation that, according to the author, ASEAN has consciously engineered.

The book uses the concept of security communities as a conceptual framework to assess ASEAN’s evolution and role in regional security and its prospects for the future, looking with a particular emphasis to the role and effects of the norms of the social grouping, focusing heavily on the interplay of norms, processes of socialisation and of identity formation in the Association’s approach to regional order. For Acharya, ASEAN had become an “important and rich area of investigation” into the study of the formation of security communities, as ASEAN has been able to survive a very tumultuous historical period riddled with instability, superpower intervention, and mounting mutual tensions. *Constructing a Security Community in Southeast Asia* became one of the first serious attempts to study the formation of security communities in East Asia—as opposed, as previously, to those in the West. In his book, Acharya argues that ASEAN evolved as an “imagined community”, wherein the vision of community has preceded—rather than resulted from—political and strategic interdependence. The latter is important when studying the potential for the formation of a Sino–ASEAN pluralistic security community, as some of the institutional frameworks that have been initiated between China and

ASEAN have also portrayed an envisaged and engineered community. Finally, Acharya recognises that the ASEAN security community-building project “faces a number of daunting challenges” due to internal and external pressures. The scholar recognises that “such prospects do detract from ASEAN’s claim to be a security community in the Deutschian sense” (Acharya 2001: 207). Acharya considers that the use of more differentiated and graduated approaches to understanding security communities would allow us to classify ASEAN as a nascent security community, though the prospects for it evolving towards the ascendant and mature phases looked more promising during the early 1990s.

In separate publications, Acharya has also discussed the influence of norms and identity (core constructivist concepts and essential elements for security community formation) in Southeast Asia’s regional order. In his article “Do Norms and Identity Matter?”, he discusses the influence of power in shaping ASEAN and Southeast Asia’s particular forms of regionalism, and the influence of norms and corporate culture for the same purpose.<sup>9</sup> One of Acharya’s main conclusions is that the neo-realist vs. constructivist debate on Southeast Asia is not so much over whether regionalism matters, but rather under what conditions it matters (Acharya 2005). Acharya has argued that an alternative view of the Southeast Asian regional order, not so compromised by power politics, is possible to envisage. In this view, regionalism is seen as a mechanism not just for order-maintenance but also for transformation: the outcome of regionalism is not regression, then, but progress. For Acharya, “ASEAN’s success, then as now, depended on defending its norms, increasing socialisation and pursuing a regional identity” (Acharya 2005: 112). Acharya has also delved into the possibility of conflict between the concepts of a “defence community” versus a security community in ASEAN, since some high-ranking members of ASEAN’s political elites have suggested the formation of the former.<sup>10</sup> Acharya concludes that “ASEAN has indeed become a security community in the sense that its members do not foresee the prospect for resorting to armed confrontation among themselves to resolve existing bilateral disputes” (Acharya 1991: 172–73).

Acharya’s analysis of Southeast Asia as a security community has been subject to criticism. Nicholas Khoo has argued that the claim that a nascent security community is emerging in Southeast Asia is flawed. For Khoo, there are problems surrounding the variables (either norms or identity) that are used to explain the emergence of a putative security community amongst ASEAN states. Moreover, the literature on the topic fails to rule out alternative explanations and, from an empirical perspective, a nascent ASEAN security community has arguably never existed (Khoo 2004b). According to Khoo, Acharya fails to explain why the norms he privileges

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<sup>9</sup> The discussion of the influence of power is based on Michael Leifer’s views of ASEAN and Southeast Asia’s regionalism, which in the view of the latter were much influenced by power and balances of power.

<sup>10</sup> Specifically: the former foreign minister of Malaysia, Abu Hassan Omar, in May 1989.

have emerged as ASEAN's dominant set of norms. Alternative explanations for the appearance and evolution of ASEAN are not fully explored. Whilst Acharya has examined neo-liberal institutionalism and neo-realism, he has overlooked the possibility that a form of realist institutionalism may be capable of explaining the Association's history, and may even be able to predict its future (Khoo 2004a: 35). Even Acharya at some points revises his own initial position and argues that "whilst ASEAN has come a long way in reducing tension between its members, it has not yet reached the stage of a security community" (Acharya 1992: 12). Acharya has further argued that for the formation of a pluralistic security community between ASEAN members, this group of states would require "not only the absence of armed conflicts but also the absence of interactive weapons acquisition and contingency-planning in the anticipation of conflict" (Acharya 1993: 4). Nevertheless, and as later research has outlined, Acharya has not denied either the basis of nor the potential for ASEAN's evolution towards a pluralistic security community, concluding that by the early 1990s ASEAN had indeed developed some of the attributes of a nascent security community. Thus, Acharya seems to agree with another group of international relations specialists on the thesis of a Southeast Asian "quasi-security community", which is "emerging", "nascent" or "limited" (Noordin 1986: 229; Wiseman 1992: 46; Leifer 1992; Huxley 1993).

Other scholars have also utilised a constructivist framework in studying Southeast Asia. Jurgen Haacke has discussed what he defines as ASEAN's diplomatic and security culture. Taking into account a set of initiatives and intramural debates, Haacke argues that these would appear to demonstrate "that the process of global norm diffusion is an important aspect of the international politics of Southeast Asia" (Haacke 2003: 82). Donald Emmerson presents an incisive analysis of ASEAN as a security community, commenting on previous literature on the topic. Emmerson attempts to compare "thin" and "thick" versions of ASEAN as a security community, and tries to adjudicate between them. Addressing the question "is ASEAN a security community?", Emmerson finally concludes that "my answer is a limited and provisional yes: ASEAN is a thin security community"; nevertheless it "is not, and does not want to become an amalgamated security community" (Emmerson 2005: 13–16).

#### 1.7.4 *Regionalism in East Asia*

East Asia is one of the world's most dynamic and diverse regions, and is also becoming an increasingly coherent region through the interplay of various integrative economic, political and socio-cultural processes. The study of regionalism in East Asia is at the forefront of the analysis of such issues, covering comprehensive aspects of East Asian regionalism and also specific ones such as economic matters (see, for example, Bowles 2000; Breslin and Higgott 2000; Hettne and Soderbaum 2000; Keng 2001; Charrier 2001; Lincoln 2004; Harvie 2005; Baldwin, Cheong

and Ahn 2005; Thomas and Curley 2007; Dent 2008). The study of Japan's role in the region's processes of integration has also been prominent. Such interest has covered the pre-war and war period (Hotta 2007), and more recent developments (Maswood 2001; Yun 2005; Katzenstein and Shiraishi 2006) including the rising prospects for Japan's role in the region through its recent monetary initiatives (Hayashi 2006). East Asian regionalism has also been studied from the point of view of governance at the macro and micro level (Sasuga 2004; Thomas 2009), the role of multilateralism (Fukuyama and Calder 2008), and the "north-south divide" perspective—that is, the role of integration and cooperation between Northeast and Southeast Asia (Lim and Lee 2004). Some literature on the topic also covers comparative regional studies, such as between East Asia, Europe and the wider Asia-Pacific region (Drysdale and Vines 1998; Yi 2006). Studies on East Asian multilateralism also include the role and development of the most important regional frameworks, such as ASEAN Plus Three (APT). Some scholars have linked the analysis of the APT with processes of regional governance (Terada 2004; Suzuki 2004), regional identity (Hund 2003; Terada 2003), and in general the emergence of East Asian regionalism (Stubbs 2002).

Other scholars consider that the notion of regionalism in the case of East Asia is characterised by particular complexities, as the region has challenged traditional notions of regionalism, advancing strategies which differ from the European and Northern Hemispheric models. Within academic circles, this is also known as the "new regionalism" thesis (de Melo and Panagariya 1992; Hettne, Inotai and Sunkel 1999; Lloyd 2002; Sudo 2002; Schrim 2002; Breslin et al. 2002; Regnier and Liu 2003; Hamilton-Heart 2003; Jayasuriya 2004; Frost 2008; Kumar, Kesavapany and Chaocheng 2008). Regionalism and regionalisation processes in East Asia are important elements of analysis regarding the formation of pluralistic security communities, as they frequently involve the promotion of processes of socialisation, community building and mutual identification. Moreover, processes of regionalism also foster transactions of many sorts, which, according to the Deutschian view, are critical factors in generating interdependence of regional actors and building up more close-knit activity which again could improve the environment for common identification and trust. Literature related to the topic of East Asian regionalism is abundant: this section attempts to summarise the core arguments, and reviews some of the most significant contributions in this particular field.

The impact of regionalism as a factor augmenting the possibilities of the formation of pluralistic security communities in general (and concretely in East Asia and between China and Southeast Asia) must be seen as progressively expanding, since regionalism seems to have taken a central role in recent developments within the international system. Regionalism in East Asia is not just deeply affecting the region from within, but has also been affecting developments outside its borders. Processes of regionalism have been decisive in moulding regional corporate and social

identities (see chapter two). Thus, the literature has also explored the rise of an East Asian community and processes of regional community building (Gallant and Stubbs 1997; Thomas 2002; Nischalke 2002; Okfen 2003; Soesastro 2004; Ahn 2004; Zhang 2006; Lee 2006). Regionalism in East Asia has taken several distinct forms, both economic-financial and security-related. Fred Bergsten has argued that in terms of international finance and trade, East Asian regionalism has turned the region into one of the major players, along with the US and Europe. According to Bergsten, the world is, for the first time, becoming a three-bloc investment/trade configuration (Bergsten 2000). But East Asia also holds a considerable level of political importance, both in fact and in potential, since future Chinese decisions on its global role and policies will surely affect the overall international political landscape. Bergsten's conception of a three-bloc world in which East Asia is one of its central poles creates a stimulus to consider the potential for the evolution of an East Asian identity- and community-building process, which could have the potential to dramatically push East Asia's processes of regionalism towards the formation of a pluralistic security community.

In some of his writings, Peter Katzenstein studies regionalism and collective identities in Asia and the role of Asian regionalism in international politics, concluding that the twenty-first century "will be nobody's century: not America's, not Asia's, not Europe's"—thus, in a way, stressing the already impressive comprehensive development of East Asia which allows the region to "slice off" a share of power (in both soft and hard terms) from these other traditional loci of power (Katzenstein 2000). In contrast to views espoused by Bergsten, Katzenstein has argued that one of the crucial features of global regionalism is its porousness, thus considering the description of the formation of regional blocs as rather inaccurate (Katzenstein 2005: 13). Others, like Edward Lincoln, have raised the question of whether East Asian regionalism will become a bloc-like structure such as the European Union, or something far less closed.<sup>11</sup> Lincoln has argued that, until recently, East Asia has been moving towards a more exclusive regionalism that could have negative consequences for the US; though such developments have been occurring at a slow pace. Lincoln has further argued that "certainly much of the rhetoric concerning East Asian regionalism has sounded a strong anti-Western or anti-American theme" (Lincoln 2004: 2). In spite of the fact that Lincoln concludes that far less movement toward the formation of a regional bloc is occurring than the rhetoric would suggest, it is important to consider whether any form of East Asian regionalism (i.e. more porous and less closed, or vice versa) could generate deep-seated identities revolving around an "us" and an "other". Thus, regionalism can foster the development of identities, which in turn are a critical aspect of security community formation.

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<sup>11</sup> Lincoln defines the East Asia region as Northeast and Southeast Asia (i.e. China, Japan, South Korea and ASEAN) and also includes Taiwan, Hong Kong and Macau or the "Greater China" (Lincoln 2004: 7).

In line with the latter argument, rhetoric is an important element when considering East Asian regionalism, as, for some analysts, some expressions of the region's attempts to promote a distinctive community and identity have been precariously based on rhetoric rather than on tangible pragmatism. For that reason, several attempts to promote regional cohesion have been branded as rather hollow (see, for example, Malik 2005). Thus, regional frameworks such as ASEAN Plus Three, the East Asian Summit and even ASEAN have produced a considerable body of declarations and projects that in reality are a distant cry from what has been so ambitiously proposed. For scholars like David Jones and Michael Smith, constructivist interpretations of regional developments in matters of community-building have misinterpreted the growth in official rhetoric extolling East Asian regionalism since the late 1990s. Both scholars argue that the declarations of governments in relation to a developing East Asian identity actually do not herald any wider or inexorable movement towards an integrated regional community (Smith and Jones 2007).

If rhetoric can be understood as a weak element contributing to fostering a regional identity, some other recent developments have been more decisive in the manner in which identity has affected East Asian regionalism. One of those developments was the Asian financial crisis of 1997. Some scholars devoted themselves to the task of explaining the origins and development of the crisis (Sharma 2003; Mishkin 1999; Kaminsky and Schmukler 1999; Furman and Stiglitz 1998; Goldfajn and Baig 1998) whilst others have treated the crisis in relation to its repercussions for the East Asian regionalism process, such as mutual identity and community-building (Sharma 2003; Higgott 1998). Shalendra Sharma, for example, has argued that "the single greatest push for East Asian regionalism has been the Asian financial crisis" (Sharma 2003: 348). The commonly-held view in most of the East Asian capitals was that the West had not responded effectively to the crisis (particularly the US, Japan and the IMF). For the most-affected East Asian countries it seemed appropriate that Western governments and institutions should provide assistance since, in their view, it was precisely the Western financial institutions which had created and exacerbated the crisis by suddenly pulling their funds from the region. In this respect, Richard Higgott concludes that "the currency market turmoils and their impacts in East Asia since July 1997 are, as even economists now accept, every bit as much political crises as they are economic ones" (Higgott 1998: 333). Higgott has termed the latter "the politics of resentment", arguing that many within the political elites in East Asian countries have developed particular perceptions about Western institutions and the ways in which the West practises capitalism. Such perceptions tend to be antagonistic towards a widespread East Asian "developmental statist" capitalist model, in which the state is still able to play a central role in running the economy. Other institutional spaces have also expressed this dichotomy. For example, Higgott has argued that:



For many Asians the feeling that there was an exploitative element in the relationship was never eradicated from the Pacific economic dialogue in fora such as APEC over the course of the last decade. The nature of the IMF reform packages, and specially the authoritarian manner in which they have been imposed, has brought a North–South divide back into the open in the relationship between the Caucasian and East Asian members of APEC. Indeed, the downsizing of the economic status of the ‘miracle NIEs’ re-constituted a ‘Third World’, ‘us–them’, ‘have–have nots’ dependency discourse not too dissimilar to that which prevailed in the 1970s when a call for a New International Economic Order dominated North–South relations. (Higgott 1998: 351)

The “us and them” differentiations between East Asia and the West seem to be an ongoing matter. During the last World Economic Forum in Davos, Switzerland, Chinese Premier Wen Jiabao, talking about the current world financial crisis, argued that “among the causes of the crisis it is possible to find inappropriate macro-economic policies of some economies and their unsustainable model of development and the failure of financial supervision and regulation.”<sup>12</sup> Such a dichotomy could have crucial repercussions on mutual perceptions about different world or regional actors, and also on the evolution of corporate and social identities, some of which could initiate processes of pluralistic security community formation.

Not all views of the current “new regionalism” developments in East Asia consider the process free from hurdles. Mark Beeson, for example, has argued that although the emergence of initiatives like ASEAN Plus Three appear to indicate that East Asia is assuming a more independent and regionally-oriented place in the international system, “the future trajectory of ASEAN Plus Three and of the region more generally, will continue to be constrained by internal tensions and—especially—by the continuing influence of the United States.” Beeson believes that such scenario describes a “reactionary regionalism” in which regional initiatives are designed to mediate and moderate external influences (Beeson 2003: 251). East Asian regionalism seems broadly to divide the opinion of those studying it into two main camps. One sees in East Asian regionalism a great promise, exemplified in its main regional frameworks such as APT which has “the potential to become the dominant regional institution in East Asia” (Stubbs 2002: 441), and which shows “great signs of improvement amongst East Asia’s most important players” (i.e. China and Japan; see Terada 2004: 5). On the other hand, other scholars are much more sceptical, having argued that “most APT states do not advocate ideas of distinctive pan-East Asian regionalism, but rather take an Asia-Pacific perspective” (Hund 2003: 383).

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<sup>12</sup> “The blame game starts at Davos”, *BBC News Online*, January 29, 2009, <http://news.bbc.co.uk/1/hi/business/davos/7857790.stm>

### 1.7.5 *Chinese foreign policy*

China's foreign policy is also a very important factor when discussing the potential for the formation of a pluralistic security community within Southeast Asia. Beijing's foreign policy towards the region has changed substantially in recent decades, clearly exemplifying an improvement of relations that, as a consequence, has enhanced mutual levels of trust and produced more positive perceptions. Literature on China's foreign policy could be broadly divided into two main areas. The first one discusses China's policy from a historical perspective. Historical accounts of the evolution of China's foreign policy dwell on its general development, and on specific events within the Cold War period. Some specific events that have particular interest regarding how they have shaped China's foreign policy at the time are: the origins of Communist China's foreign policy (Rear 1980; Hunt 1996); the Cultural Revolution and its aftermath (Sutter 1978; Barnouin and Changgen 1998); and Beijing's support for wars of "national liberation" and its approach to "united front" tactics outside its own borders (van Ness 1970; Armstrong 1977). Chinese foreign policy during the Cold War period in general has been widely studied (Sheldon 1971; Robinson 1972; Gurtov 1975; Whiting and Demberger 1977; Yahuda 1978; Whiting 1979; Tretiak 1981; Shao 1996; Zhai 2000; Olsen 2006), as has the transition during the reform period in the mid- and late 1970s (i.e. the late Mao and Deng era) and its affects on foreign policy (Yahuda 1983, 1993; Camilleri 1980; Hicks 1990; Segal 1990; Evans 1995; Kau and Marsh 1995; Meisner 1996; Robinson and Shambaugh 1998; Macker 1998; Fewsmith 2001a; Lampton 2001).

China's reform period has also been studied in detail in relation to the "Open Door policy", which has had important foreign policy implications for the country (see, for example, Huenemann and Ho 1984; Huan 1999). Beyond this, most of the literature discusses China's foreign policy and strategic approaches to different regions and countries in the world in the current international post-Cold War structure (Long 1992; Christensen 1996; Kim 1998 and 1999; Yahuda 2000; Shih 2000; Oksenberg, Myers and Shambaugh 2001; Medeiros and Taylor 2003; Zhao 2003; Liu 2004; Kornberg and Faust 2005; Deng and Wang 2005; Lanteigne 2005; Johnston and Ross 2006; Zhao and Liu 2007; Sutter 1986, 2008; Wang and Zheng 2008). When discussing current Chinese interactions with specific geographical areas, China's interactions with Africa and Southeast Asia<sup>13</sup> have gained particular attention (see, for example, Taylor 2006; Meidan 2006; Alden 2007; Rotberg 2008). Security and strategic concerns have played a central role in Chinese foreign policy studies (Pollack 1981; Zhao 2001; Scobell 2002; Yahuda 2003; Scobell and Wortzel 2006; Bates 2007; Rolfe 2008) which have expanded not just to the realm of traditional security issues but also non-traditional ones (Craig 2007). Another area of interest has been China's execution of soft power in order to improve its international image (Deng

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<sup>13</sup> To be discussed in the following section on China and Southeast Asia.

2005; Wang 2005; Nye 2006, 2006a, 2005; Kurlantzick 2006, 2007; Lum, Morrison and Vaughn 2008) and the role of norms in Beijing's design of its foreign policy (Womack 2008). David Shambaugh has produced a current analysis of how China has engaged Asia, in a way that is beginning to reshape the regional order. For Shambaugh, "China's growing economic and military power, expanding political influence, distinctive diplomatic voice, and increasing involvement in regional multilateral institutions are key developments in Asian affairs" (Shambaugh 2004/05: 64).

The reasons for Beijing's new foreign policy strategies are varied. According to Fei-ling Wang, a key objective in the design of foreign policy is to maintain the existing political order, and in this China is no exception. Since the start of the twenty-first century, "Beijing's top concern in its making of foreign policy remains the preservation of the political system of the Chinese Communist Party (CCP)" (Wang 2005: 669). The sources contributing to China's new foreign policy have also led other scholars to wonder about the influence of nationalism in this respect (see Hughes 2005). Some scholars have concentrated on the country's rise to the status of regional and even global power (Johnston and Ross 1999; Cohen 2007), something which has seen increasing interest due to the outstanding economic growth of China in recent decades. Thus, China's economic growth (e.g. trade, relations with the WTO, foreign direct investment and aid) has also been a topic of interest for those studying the country's international affairs (Cooper 1976; Wen et al. 2002; Zeng 2007; Alexandroff, Ostry and Gomez 2003; Fung, Pei and Zhang 2006; Bao, Lin and Zhao 2006; Chu and Wong 2007; Breslin 2007). Whilst some have studied China's rise and foreign policy from elaborate theoretical perspectives such as power-transition theory and institutionalist theory (Goldstein 2007), and the "micro-macro linkage approach" (Zhao 1996), others have concentrated on China's rise in relation to the possibility of the decline of the power of the US (Zhao 2007). The study of China's foreign policy also links with the rise of China as a "status quo nation". Is Beijing's foreign policy an expression of its ambition to challenge unipolarity (i.e., the US) and to create a power niche which the country could fill? According to Alastair Johnson, it is hard to conclude that China is a revisionist state operating outside the boundaries of the international community of states. Rather, "the PRC has become more integrated into and more cooperative within international institutions than ever before" (Johnston 2003). For others, like Hughes, "an increasingly wealthy China already represents the reality that the balance of power in China has changed, and that it makes little sense to talk about challenging the status quo that has already ceased to exist, if it ever did exist" (Hughes 2005: 132).

Other scholars have delved in what they have understood as constraints on China's foreign policy behaviour, such as the perceived will of China to view itself as a major power while still limited by an inadequate material base and concerns about constraints on sovereignty (Wu

2001). The study of China's current foreign policy also analyses specific aspects of its evolution such as China's insertion into and participation in multilateral and international organisations and frameworks (Kim 1992; Foot 1998; Fewsmith 2001; Kuik 2005; Hughes 2005; Lansdowne and Wu 2008; Fukuyama and Calder 2008) and the role of elites, class and think-tanks in foreign policy design (Lee 1991; Lieberthal and Lampton 1992; Lu 1997; Zang 1998 and 2004; Johnston 2004; Liao and Emmers 2006; Bo 2007). Elites and intra-elites have been playing a more important role in the process of designing foreign policy, so that a "generational analysis" has been produced (Lyman and Liu 2001), which also addresses to what extent a "public opinion" might be contributing to the design of foreign policy (Fewsmith and Rosen 2001). Another area of interest linked to Chinese foreign policy has been that of human rights (Nathan 1994; Kent 1999; Foot 2000; Wan 2001). Moreover, great interest has been generated due to China's transformation of its military infrastructure and how the latter relates to the Asia-Pacific region (Bonds 1979; Shambaugh 1996; Byman and Cliff 1999; Allen 2001; Alagappa 2001; Scobell and Wortzel 2006) and the so-called "China threat", both having become important themes which permeate perceptions of China both regionally and globally, and affect the way in which other countries have decided to deal with the "Asian behemoth" (Roy 1996; Storey and Yee 2002; Al-Rodhan 2007). Simply stated, the "China threat" argument maintains that an increasingly powerful China is likely to destabilise regional security in the near future (Roy 1996: 758). Nevertheless, views on this latter point differ, particularly when views coming from Chinese academics and practitioners are taken into account (see Zheng 2005a, 2005b). Other scholars have centred their efforts on studying specific Chinese foreign policy strategies, such as the Independent Foreign Policy of Peace, and the New Security Concept (Shouyuan and Zhongqing 1990; Wu 2001; Howard 2001).

#### 1.7.6 *China and Southeast Asia*

Valuable primary source materials—such as declarations, memoranda of understanding, news reports and white papers—are commonly to be found in a number of internet sites (see, for example, the ASEAN secretariat site, <http://www.aseansec.org/>). Literature discussing China and Southeast Asia, and China and ASEAN, is also abundant. Most literature tends to discuss the Sino-ASEAN relationship in terms of economics, trade, finance and investment issues, foreign policy (multilateral and bilateral), the Sino-ASEAN Free Trade Area (CAFTA), maritime issues and territorial disputes, regionalism and cooperation, security, and socio-cultural issues. Relations between China and Southeast Asia have also been explored from a historical angle. Literature has explored the relationship in ancient times, studying the feudal relations between the Middle Kingdom and the vassal states of Southeast Asia, and also looked in detail at the period of decolonisation and independence (see, for example, Fitzgerald 1973; Clive 1996; Tarling 1999). More literature has also centred on analysing the relationship framed

within modern history, with a particular interest in the Cold War and post–Cold War period (Cooper 1976; Porter 1986), and even explored the role of culture and history in shaping future relations (Stuart-Fox 2004). Relations after the end of the Cold War (i.e., the early 1990s onwards) have also been of particular interest, as the region has experienced important structural changes that have given way to new perceptions and interactions between China and ASEAN (Grant 1993; Wang 1999; Storey 1999b, Lee 2001; Rabindra 2002; Vatikiotis 2003; Desker 2004; Saw, Sheng and Kin 2005; Li 2007). The core concerns have been the perceived diminished role of external powers in the region (e.g. the US), the potential new roles of Japan and China (Economy 2005; Nabers 2008), and new perceptions and interactions between China and the ASEAN states. Lee Tai To places one particular question right at the heart of academic interest in this particular area, namely: “how and when did the breakthrough in Sino–ASEAN relations occur?” (Lee 2001b: 62). Intense research activity in the field has been providing the answer.

Economic relations have also played an important factor in relations between China and the region and thus have been thoroughly studied (Chia 1988, 1989; Cheng and Zhang 1987; Chan 1989; Nie 1994; Stubbs 2000; Yeung 2000; Palanca 2001; Menkhoff and Gerke 2002; Wong 2003, 2006; You 2004; Rasiyah 2005; Ku 2006; Saw 2006). Some of this analysis has been conducted through taking into account China and the ASEAN economies as part of the wider Asia-Pacific region (Albrecht 2005; Ravenhill 2006) and also studying the role and effects of the Asian financial crisis in the region (Ruland 2000; Pempel 2000; Harris 2000; Webber 2001; Palat 2003; Park and Young-chul 2006). The China–ASEAN Free Trade Agreement has also been the subject of study. Research on this particular field has covered CAFTA’s initial development, comparing its levels of competitiveness and the complementarities between China and ASEAN (Chan and Wong 2003), its origins, development and strategic motivations (Sheng 2003; Cheng 2004) and its role as the economic statecraft of China’s “peaceful rise” strategy (Wang 2005). The role of foreign direct investment and finance has also been the subject of study (China–ASEAN investment in both directions); nevertheless, this area has proven more difficult to research as there is relatively less reliable data both quantitatively and qualitatively (Ramasamy and Viana 1995; Yong 1995, Zhang and OW 1996; NG and Cheng 1998; Wong 1998; Yeung 1999, 2000a; Tsang 2000; Fung, Iizaka and Tong 2002; Tseng and Zebregs 2002; Wu and Puah 2003; Frost 2004; Pereira 2004; Srivastava and Rajan 2004; Tham, Lee and Koh 2004; Thun 2004; Zhang 2005a; Busakorn 2005a; Sree, Siddique and Hedrick-Wong 2005; Chen 2006; Whalley and Xin 2007; Pananond 2008). China’s investment in Southeast Asia has been experiencing sustained growth. Frost argues that “Chinese companies not only look to Southeast Asia to supply raw material to feed China’s industrialisation, they are increasingly investing there” (Frost 2004: 324).

Moreover, particular attention has been given to bilateral economic and political interactions between China and its Southeast Asian neighbours. Such has been the case between China and Indonesia (Drake 1991; Soesastro and Jin 1992; Sukma 1994; Atje and Gaduh 1999; He 2000; Storey 2000; Sutley 2001; Smith 2003; Pangestu 2004), Thailand (Shee 1981; Pang 1987; Sukhumbhand 1987, 1988; Gill 1991; Felt and Wisarin 1995; Busakorn 2005; Chambers 2005), Singapore (Chin 1988; Nie 1994; Roy 1994; Pek, Bauer and Lall 1996; Wong 1998; Lee 2001a; Goh 2004a; Zhang 2005; Shee 2005; Kesavapany 2008), the Philippines (Fontaine 1976; Maranan 1988; Mallare 1991; Lim 1993, 1999; Cariño 1995; Shen 1997; Neushul and Badash 1998; Buszynski 2002; Baker 2004; Cruz de Castro 2007), Myanmar (Holmes 1972, 1972a; Seekins 1997; Arnott 2001; Shee 2002; Tin 2003; Ganesan 2005; Haacke 2006; Kudo 2006), Malaysia (Zainuddin 1988; Liow 2009, 2005; Zainal 2003; Yow 2004; Lee Poh and Lee Kam 2004; Ku 2006; Kok Kheng and Kok Chung 2006), Vietnam (Gainsborough 1992; Thayer 1994, 1994a, 2002, 2008; Chang 1997; McCormick 1998; Ang 1998; Scobell 2003; Amer 1994, 2004; Zhang 2005; Zou 2005; Dosch and Vuving 2008), Cambodia (Klintworth 1990; Marks 2000; Chanda 2002), and also the implications of Sino–Japanese relations for the region (Avila 2002; Chia 2002; Dreyer 2006). Other bilateral issues have also been discussed such as processes of diplomatic normalisation between China and Indonesia (van der Krofel 1986; Storey 2000; Suryadinata 1996, 2001) and military links between China and some ASEAN countries (for China and Thailand, see Bates 1991).

The literature points towards an increased level of economic interaction between China and the ASEAN states. Economic relations are characterised by increasing levels of two-way trade and also, even if less pronounced, an increasing level of investment from Chinese companies into the region, with some investment activity from Southeast Asia, particularly Singapore, into China as well. Moreover, how Chinese foreign policy has been affected by its bilateral relations with Southeast Asia has been well researched (Haacke 2005). How China's foreign policy has developed with respect to certain bilateral relations has been studied in more detail, such as China–Vietnam (Chan 1979; Alexiou 1986), China–Thailand (Khien et al. 1980; Channarong 1980; Anuson 1992; Mathews 2003) and China–Singapore (Lee 1975; Zheng and Tok 2004). How the Taiwan issue has affected relations between China and ASEAN has also been explored (Chen 1993), as have China's foreign policy approaches to ASEAN and Southeast Asia (Gurtov 1975; Khaw 1977; Lim 1984; Tsai 1998; Sutter 1999; Cheng 1999, 2001; Swanstrom 2001).

Some questions in particular have been addressed, such as the implications of China's nationalism and its approach to multilateralism in its foreign policy and how such developments might affect Southeast Asia. In the latter respect, Christopher Hughes has argued that, even when taking into account multilateral frameworks such as the ARF, "as China's growing economic power enables Beijing to take more of a lead in setting the agenda in Southeast Asia,

the limits of its influence will continue to be defined more by the external balance of power than by the states of the region themselves...” (Hughes 2005: 133). Kuik Cheng-chwee further notices that China’s perceptions towards multilateral institutions have gone through significant changes, moving from caution and suspicion to a more optimistic and enthusiastic approach. In this respect, “such perceptual changes have slowly but significantly led to a greater emphasis on multilateral diplomacy in China’s ASEAN policy (Kuik 2005: 102). In the late 1990s, Joseph Cheng began to make clear how Southeast Asia and the ASEAN states had become a particularly important matter of foreign policy for China. Cheng noticed that, whereas the focus of Chinese foreign policy had traditionally been the US and the Soviet Union during the Cold War, in the post–Cold War era ASEAN had also begun to stand out as a factor of importance for Beijing (Cheng 1999).

Security issues, and potential or actual rivalries, have also been a matter of research in the field of Sino–Southeast Asian studies. The nature of the security concerns might not remain the same for long, as Sino–ASEAN relations are of a highly dynamic nature and, thus, closer cooperation and interactions have the potential to improve the security milieu. Back in the late 1990s, Allen Whiting noticed that “ASEAN eyes China with concern but not alarm”; and that, regardless of varied views within and amongst Southeast Asian countries, ASEAN capitals had rising concerns over the People’s Republic of China’s prospective foreign policies in East Asia, with particular emphasis on the possible use of force (Whiting 1997: 299–300). Ian Storey has described ASEAN’s proximity and inevitable close relations with China as akin to having to “cope with a colossus”. In spite of its “colossal nature”, Storey has argued that ASEAN states have not perceived China either as a full threat nor as a completely benign neighbour (Storey 1999b). Evelyn Goh does not describe the Sino–ASEAN relation as one of having to deal with a colossus, but rather argues that ASEAN states have developed perspectives on “the China challenge”. According to Goh, the rise of China has become more of a prominent feature for Southeast Asia than for other regions and countries in the world. In spite of China’s power, preponderance and fast-rising status, Southeast Asian states’ perceptions of threat regarding China have been significantly reduced. For Goh, the latter is the result of “astute Chinese diplomacy, successful Southeast Asian regional security strategy, and a relative restraint exercised by the major regional powers” (Goh 2007: 809).

Undoubtedly, China’s diplomacy has paid dividends in this respect; thus, according to Carlyle Thayer, the New Security Concept, launched in the late 1990s, represents a re-thinking of China’s security policy (Thayer 2007: 17). Ho Khai Leong is sympathetic to the view that China has been able to integrate itself successfully into the political life, economies and security interests of the region; but in spite of this he also agrees with Storey that ASEAN states have not perceived China as a totally benign actor, as Sino–ASEAN relations still “have some

remaining areas of contention and contestation” (Ho 2001: 683). Denny Roy has introduced a notion that has taken a strong hold within academic research on the field. Roy has discussed Southeast Asian states as a group which has employed two general strategies to protect themselves against domination by a stronger China: engagement and hedging. Hedging implies maintaining a modest level of defence cooperation with the US (i.e., low-intensity balancing). Engagement, on the other hand, is almost tantamount to “bandwagoning”; though, according to Roy, the region “bandwagons” with China only to the extent that it desires trade with it and seeks to avoid the costs of alienating the region’s rising great power (Roy 2005).

Constructivist scholars have also contributed to the study of Sino–ASEAN relations. Alice Ba has noted that discussions of the improvement of Sino–ASEAN relations have focused mostly on concerns about China’s military modernisation and activities in the South China Sea, but have somewhat neglected the significant ways in which the relationship has evolved and improved due to efforts by each side to engage the other economically as well as politically. For Ba:

Sino–ASEAN relations have expanded considerably since 1989 due to concerted efforts by each side to engage the other. Relations have consequently become more complex, involving interdependent economic and political–security interests, and a mix of bilateral and multilateral activities. Chinese foreign policy, especially, has shown dramatic changes that underscore Beijing’s priority of economic growth and its interest in taking a larger role in the regional and global communities.... Meanwhile, ongoing economic reforms and engagement with the wider world have made China both stronger and more vulnerable, and thus likely to continue pursuing closer ties with ASEAN.... On ASEAN’s side, it has expanded bilateral and multilateral linkages with China in a context of diminished U.S. benevolence and heightened Chinese influence. Economically, ASEAN sees in China an additional market for products that could offset members’ vulnerability to globalization and to changes in U.S. policy and/or its economy. Especially since the financial crisis, ASEAN states have increasingly valued China as an economic partner. Still, political–security concerns about China’s rising influence remain important, even if less prominent; there is little doubt that the economic crisis has underscored historical and material asymmetries. While China’s post-Tiananmen policy has gone a long way toward reassuring ASEAN states, it has not completely eliminated concerns about China’s long-term intentions. Thus, ASEAN will continue to encourage multilateralism in an effort to mitigate Chinese influence and to ensure that there will still be a “role for the small and medium size states of Southeast Asia.” For that reason, China has taken great care to emphasize cooperation and interdependence over competition and dependence. (Ba 2003: 646–47)

Ba has continued to study the Sino–ASEAN relationship from a constructivist point of view, further exploring the processes of socialisation within it. For Ba, research based on constructivist approaches still needs to pay closer attention to processes of social learning and social change, as, according to her, there has been a tendency within this theoretical field to leave them under-examined. For that reason, Ba has decided to further examine ASEAN’s regional engagement processes, in which China is clearly included. Ba’s approach treats



ASEAN states' "complex engagement" with China (which is characterised by non-coercive, open exchanges at multiple levels and over multiple issue areas) as an exercise in "argumentative persuasion" (i.e., a mechanism of social learning characterised by a process of "active persuasion and recruitment" (Adler 1997b).). By means of the latter, ASEAN aims to establish a common agreement with China via a deliberative, non-coercive process. Ba concludes that "there is evidence to believe that ASEAN's engagement of China has been relatively successful at convincing China that it is more friend than foe" (Ba 2006: 169).

Another area that has also been well researched is Sino-ASEAN relations in respect to the South China Sea territorial disputes (Valencia 1995; Lee 1999; Kivimaki 2002; Odgaard 2002; Baker and Wiencek 2002; Bateman and Emmers 2008). The disputes are of capital importance as a factor affecting the potential to develop a pluralistic security community between China and ASEAN, as they involve the possibility of the direct use of force, but also the potential to interiorise a system of regional norms and to improve mutual perceptions and levels of trust. Scholars on the subject have expressed a series of postures on the topic. On the one hand, China's initial dealing with the issue (in particular with the Philippines) led some to argue that China had been following a two-pronged strategy of "negotiation and occupation", which finally came to be branded as a "creeping assertiveness" (Storey 1999a). Others viewed the disputes as subordinated to more pressing interests such as the exploitation of hydrocarbon resources in the area, a condition that, in spite of the security uncertainties, leads the claimants to cooperate in joint exploration projects, even in the absence of a settlement of maritime claims. According to this view, "energy cooperation might stabilise the South China Sea by providing a secure operating environment for oil exploitation" (Buszynski and Sazlan 2007). Moreover, for scholars like Ralf Emmers, the disputes have begun to show signs of de-escalation due to a combination of wider domestic and regional developments such as the lessening of China's image as a regional threat, China's limited power projection in the area, Vietnam's inclusion in ASEAN, the downplaying of nationalistic rhetoric, and a restrained US involvement in the dispute (Emmers 2007). Other signs of de-escalation have also been present in the past, such as China's willingness to sign the Declaration on Conduct for the South China Sea in November 2002, which was the first time that China had accepted a multilateral agreement over the issue (Buszynski 2003; also see Hong Thao 2003). Other scholars have argued that the dispute has reflected and promoted a regional order, combining deterrence with consultation and limited co-operation at the same time (Odgaard 2001); whereas some literature has analysed the role of national interests and the strategic thinking of some claimants in the matter (Garver 1992; Shee 1998; Tonnesson 2000). Other literature has discussed positive and negative aspects affecting the claims between China and Taiwan (Kien-hong 2003), maritime security and the modernisation of China's military forces in relation to the South China Sea (Chang 1996; Snyder 2004) and how the disputes involve the US and Japan (Rowan 2005).

## CHAPTER 2: ANALYTICAL FRAMEWORK AND METHODOLOGY

The aim of this chapter is to present all the conceptual and analytical tools that the research makes use of. All of these analytical concepts are of relevance to the different aspects of the China–ASEAN relationship addressed in this research, and they will be applied to the empirical findings in order to answer a set of relevant questions. A methodology will also be introduced: this particular methodology has been followed in order to present a consistent and structured argument aiming at reaching the conclusions previously outlined in the hypothesis.

### 2.1 Conceptualisations of war and conflict

All theorists of international relations recognise the problem of war as a central one, and Karl Deutsch's own work and his concept of security communities are totally immersed in it. The study of war and conflict is so extensive that it cannot be fully covered within the scope of this research. Nevertheless, it is possible to briefly elaborate on the meanings and conceptualisations of the concepts of war and conflict in order to present a much clearer picture of the nature and operational aspects of the genesis and functioning of security communities. The concepts of war and conflict have been extensively studied from several different disciplines (e.g. politics and sociology), which in turn have produced a number of definitions, each nuanced by the particular branch of knowledge that is trying to define them. This section will introduce some of the most well-known definitions of these phenomena, which lay the foundations for an authoritative conceptualisation of war and conflict.

#### 2.1.1 *What is war?*

War is a means of attempting to solve conflicts of different sorts between human groups. It is characterised by its violent nature, but also by sophisticated levels of organisation, and a hierarchy within its military personnel. War is a form of human conflict; but, ironically, its ultimate aim is to generate a solution to conflictive relations between different groups which pre-dates the military conflict itself. The most common definition of *war* is that of military conflict on a large scale between states; however, war is not always between states (e.g. civil war), or conceptualised as confronting another state (e.g. war on terror). Clyde Eagleton defines it as “a means for achieving an end, a weapon which can be used for good or for bad purposes” (Eagleton 1937: 393). Carl von Clausewitz has given a now-classic definition of war as “an act of force to compel our enemy to do our will... the continuation of politics by other means” (Clausewitz 1993: 75). Sociologist Lewis A. Coser defines *conflict* as a “struggle over values

and claims to scarce status, power and/or resources in which the aims of the opponent are to neutralise, injure or eliminate their rivals.” (Coser 1956: 3). Conflict might be violent or non-violent, whereas war is always violent. Explanations for why wars happen can fall within the holistic or the reductionist camp. For the former, the origins of military conflict lie in the nature of human beings; for the latter, they lie in structures and institutions.

Kenneth Waltz has distinguished three levels of analysis with respect to explanations of the causes of war. Within the first level, war is traceable to human nature and human behaviour. The second level argues that the reasons for war are found within the internal structure of the state—for example, particular forms of government (e.g. liberal democracies) may be less prone than others (e.g. authoritarian regimes) to solve inter-state conflict violently. Lastly, the third level locates the causes of war in the condition of “international anarchy” which characterises the international system. Thus, international anarchy forces states to pursue the maximisation of power in order to guarantee survival. Frequently, being prepared for war is understood to be the best way to maximise or maintain power and survival-chances. This particular condition generates a recurrence of war, and also gives rise to the expectation of war as a normal feature of the state system (Waltz 2001).

Most IR theorists and political scientists argue that war is not random or casual, but rather has at least some traits of inevitability in it. According to British military historian Michael Howard, war neither happens by accident nor arises out of subconscious and emotional forces. Instead, war is the product of “an abundance of analytic rationality” (Howard 1983: 14). US scholar Donald Kagan does not see war as an aberration, but instead understands it as a recurring phenomenon. He sees war as the result of competition for power, arguing that sovereign states dwell in a permanent competitive environment, always seeking not just greater security and economic gain but also prestige and deference. Following realist assumptions regarding the international system, he proceeds to argue that fear accounts for the persistence of war as a part of the human condition and that this is not likely to change. The fundamental problem with these threats is that there is no possibility for reassurance of a permanent peace because there cannot be full-fledged trust between states (Kagan 1995: 11).

If it is not possible to fully eradicate the possibility of war in human society and amongst states, then it becomes of crucial importance for political leaders and people in general to consider how it would be possible to keep to a minimum the conditions that might tend to instigate war, or, said in another way, how to instigate the conditions that could maximise the continuation of peace. The formation of security communities directly attends to this particular question.

## 2.2 Defining the concept of security communities

In its most simple form, Deutsch has defined a *security community* as “a group of people which become ‘integrated’.” In elaborating the details, he argues that:

By **integration** we mean the attainment, within a territory, of a “sense of community” and of institutions and practices strong enough and widespread enough to assure, for a “long” time, dependable expectations of “peaceful change” among its population.

By **sense of community** we mean a belief on the part of individuals in a group that they have come to agreement on at least this one point: that any common social problems must and can be resolved by processes of “peaceful change.”

By **peaceful change** we mean the resolution of social problems normally by institutionalized procedures, without resort to large-scale physical force. (Deutsch 1957: 5)

Amitav Acharya has argued that “the key aim of a security community is to develop the common interests of actors in peace and stability, rather than to deter or balance a common threat” (Acharya 2001: 19). The central characteristic of a security community is that, whichever forms of social conflict arise within them, *these will be solved by any other means than resorting to war or other similar forms of organised and protracted physical violence, the use of force, or even the threat of use of force*. Furthermore, the key element to understanding the nature of a security community is that of integration and of a “sense of community”. Charles Taylor defines a community as having three main characteristics: First, members of a community have shared identities, values and meanings. Second, those in a community have many-sided and direct interrelations. Third, communities evince a reciprocity that expresses some degree of long-term interest and perhaps even altruism (Taylor 1982: 25–33).

For Deutsch, integration amongst the members of any given political community has to achieve certain minimum requirements in order to qualify as a security community: common social problems must be solved through institutionalised procedures without resorting to large-scale violence—in other words, by what he calls processes of peaceful change. On top of this essential minimum requirement, security communities have the potential to become more sophisticated by means of deepening their commitments and interactions. Developing a sense of community is tantamount to developing a sense of belonging to a particular group. This sense of community and attachment could be deeply-rooted and strong; or it could be weak and loose. The main driving force behind the avoidance of war within a security community is strongly related to a process of integration which has created a strong sense of unity and belonging, or, as Deutsch himself has called it, *a sense of “we-ness”* or the development of “*mutual responsiveness*”. This sense of “we-ness” becomes reinforced in time by the creation of

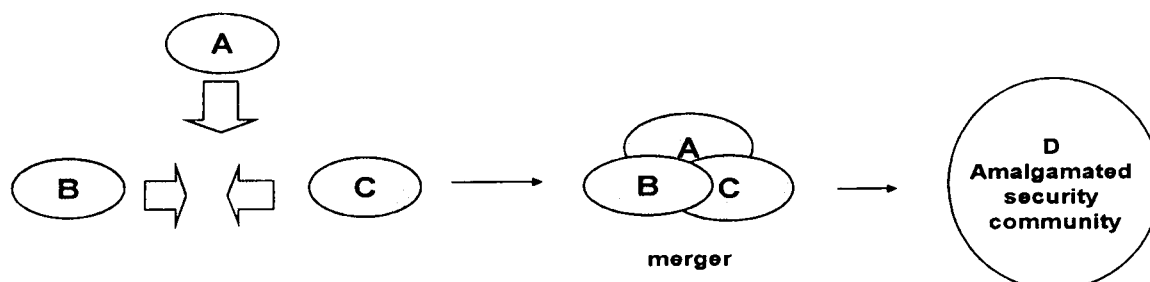
institutions with a widespread scope, and also by particular social practices. Deutsch understands mutual responsiveness to be a condition in which political units “might have acquired the political habits, practices and institutions necessary to perceive one another’s sensitive spots or ‘vital interests,’ and to make prompt and adequate responses to each other’s critical needs” (Deutsch 1970: 47). The final outcome derived from maturing such a sense of responsiveness combined with institutions and sound social practices is a credible expectation for peaceful coexistence.

### 2.3 Types of security communities

Deutsch classifies security communities into two basic types:

**Amalgamated security communities (ASCs):** this type of community is formed with the formal merger of two or more previously independent units into a single larger unit, with some type of common government. All existing states fall within this category regardless of their political ethos, ideology or particular ways of social and political organisation. Republics, monarchies, authoritarian and democratic states all function as amalgamated security communities.

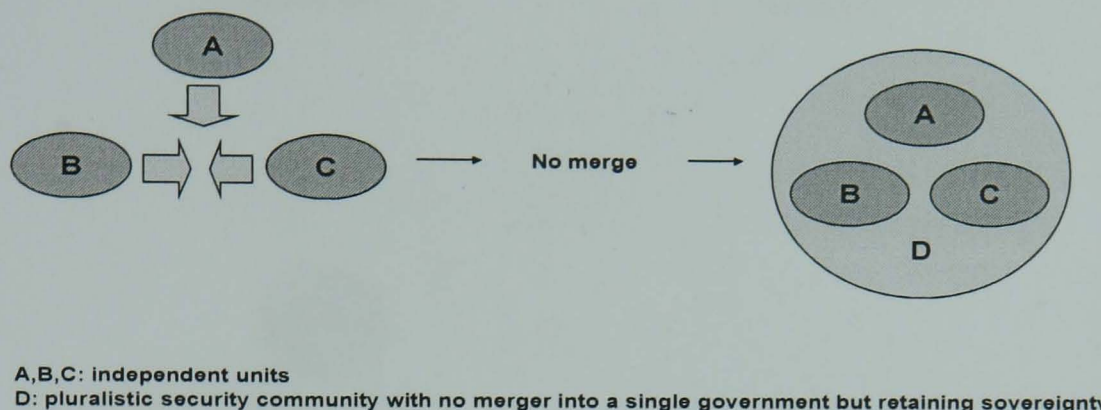
FIGURE 1: Formation of amalgamated security communities



**A,B,C: independent units with independent governments**  
**D: amalgamated security community with single government ( previously independent A-B-C)**

**Pluralistic security communities (PSCs):** this type of community is formed within a region comprised of sovereign states, where the legal independence of separate governments is retained. The term “pluralistic” indicates a multiplicity of actors involved (i.e. states) in the formation of this particular type of security community.

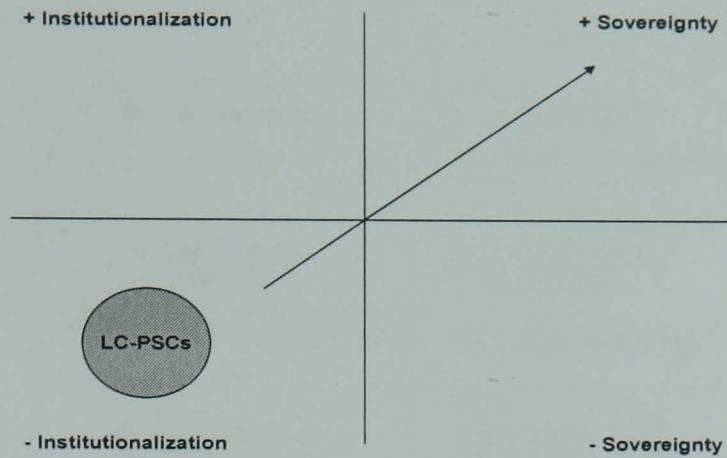
FIGURE 2: Formation of pluralistic security communities



The most common form of amalgamated security community is the state. In modern history there are plenty of examples of how this type of security community has come into being. Pluralistic security communities, however, have not experienced such mergers nor lived under the same unitary government, but rather have retained different degrees of sovereignty as independent states. Both types experience different levels of integration, only, in the former, the sense of community tends to be much deeper, whereas pluralistic security communities could have varying degrees of a sense of “we-ness”. Nevertheless, according to Deutsch, the common denominator for all is that they have come to agree on at least this one point: that any common social problems must and can be resolved by processes of peaceful change. To a certain extent, pluralistic security communities could be described as regions, even though pluralistic security communities do not necessarily require geographical proximity nor the involvement of a considerable number of units. Security communities can further be divided into *loosely-coupled* and *tightly-coupled*.

**Loosely-coupled security communities (LC-PSCs):** this is the basic type of pluralistic security community. They observe the minimal definitional properties and no more—that is, they do not possess nor have a minimal level of institutionalisation. This type of security community has achieved at least the minimal integration requirement of not using large-scale force to solve conflicts within it. According to a number of analysts at least, the Association of Southeast Asian Nations (ASEAN) is one example.

FIGURE 3: Loosely-coupled security communities



Non or low level of institutionalization allows a higher degree of sovereignty

**Tightly-coupled security communities (TC-PSCs):** these are more sophisticated and complex than LC-PSCs, possessing a far more complex integrative structure with a high degree of institutionalisation. States belonging to this type of security community share common supra-national institutions and practices; they lie somewhere between sovereign states and regional, centralised governments. The best example of this kind of security community is the European Union (EU).

FIGURE 4: Tightly-coupled security communities

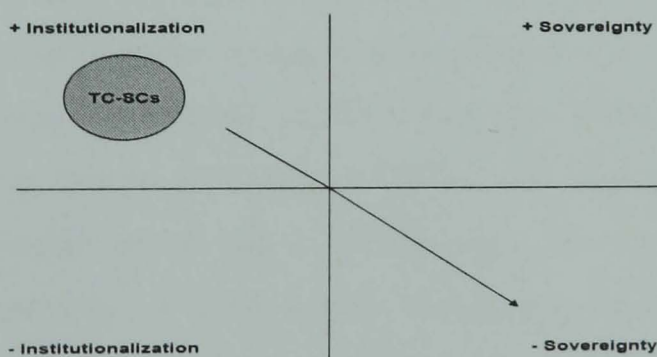


FIGURE 5: The relation between amalgamation and integration in the formation of security communities

	Non-amalgamation	Amalgamation
Integration	<p><b>Pluralistic Security Community</b></p> <p>Loosely-coupled ASEAN</p> <p>Tightly-coupled European Union</p>	<p><b>Amalgamated security Community</b></p> <p>United States, France, China</p>
Non-integration	<p><b>Not Amalgamated, Not Security Community</b></p> <p>Mexico-Uzbekistan</p>	<p><b>Amalgamated but not Security Community</b></p> <p>Yugoslavia shortly before the War of the Balkans (1990s)</p>

The matrix in figure 5 shows four possible scenarios relating the two main variables of *integration* and *amalgamation* involved in the formation of the two main types of security community explained earlier, amalgamated and pluralistic (as well as the subdivision of the latter into loosely-coupled and tightly-coupled). Integration without amalgamation (that is, without the merger of two or more formally independent units into a single one with a common form of government) can produce loosely-coupled or tightly-coupled security communities such as ASEAN and the European Union respectively. In the former case, the level of integration is minimal, whereas in the latter the level of integration is highly sophisticated. Integration and amalgamation will produce in most cases a nation-state, such as France, China, or the United States of America, independently of their type of political system or whether they are organised as federations or otherwise. Amalgamated but non-integrated security communities would tend to be very unstable and at risk of disappearing. This scenario tends to suggest a previously integrated community, which is already on the verge of disintegrating. This type of community can no longer guarantee even the minimal requirement of solving conflict by peaceful means. The former Republic of Yugoslavia, which eventually disintegrated because of war and gave birth to a number of distinct and separate political entities, is an example. Lastly, and perhaps even unnecessary to mention, there is the case of the non-amalgamated and non-integrated grouping. This scenario implies separate political units which clearly do not have a single government, and between which the level of interaction is so poor and scarce that they are almost non-existent for each other. This last case can be exemplified by the nature of the relations between any one country and another, where there are nonexistent or almost-nonexistent levels of interaction.



Amitav Acharya has argued that the task of developing a framework for the study of security communities requires us to differentiate them from other forms of multilateral security cooperation. Thus, the scholar distinguishes security communities from four other apparently similar types of regional security systems. These other forms of multilateral security cooperation are: *security regimes*, *no-war communities*, *alliances*, and *collective security arrangements* (Acharya 2001: 17–20).

Firstly, a distinction should be made between a security community and a security regime. Barry Buzan has argued that in a security regime “a group of states cooperate to manage their disputes and avoid war by seeking to mute the security dilemma both by their own actions and by their assumptions about the behaviour of others” (Buzan 1991: 218). This parallels Robert Jervis’s discussion of a security regime, which defines it as “those principles, rules and norms that permit nations to be restrained in their behaviour in the belief that others [states] will reciprocate” (Jervis 1982: 357). Acharya underlines that, though both security regimes and security communities might seem similar to each other, there are important differences. Whereas the former’s membership is made of adversarial actors in which the use of force yields to a mutual deterrence situation, the latter “must be based on a fundamental unambiguous and long-term convergence of interests among actors regarding the avoidance of war” (Acharya 2001: 17). Whilst international security regimes do not always necessarily work to constrain the use of force and produce cooperation, in the case of security communities the non-use of force is already assumed. Furthermore, security regimes do not necessarily imply that their members are interested in developing or maintaining pre-existing integrative factors (e.g. cooperation schemes, functional linkages, promotion of regionalism), whereas this is one of the elements that characterises security communities.

Security communities are also distinct from no-war communities, the latter being ones in which “the possibility of war is still expected and to some extent preparations are made for it” (Deutsch 1988: 276). In such communities the possibility of the use of force is suppressed by specific circumstances (e.g. common threats) that, if removed, might put the community once more at risk of war. Furthermore, war-avoidance is based not on “long term habit” (or, as Deutsch argued, “dependable expectations of peaceful change”), but rather on short-term and purely rational calculations. In such a situation, a community might become easily disrupted and dragged towards military conflict by internal or external developments. Moreover, and as Acharya also notices, no-war communities lack Deutsch’s “we-feeling”, or what Alexander Wendt calls a corporate/social identity, a sense of mutual identification that is also so characteristic of security communities (Acharya 2001: 18).

Security communities are also distinct from alliances. Whereas an alliance is frequently directed against a pre-conceived adversary, security communities do not identify such a threat. The manner in which a security community is to relate to external actors is not meant to be a factor affecting an already established relationship of peace and stability amongst its members. The peaceful management of conflicts finds its main source in the inner structural configuration of the community (i.e. shared interests and identities) and not from external factors, though the latter could affect the community directly and in-depth.

Security communities also differ in their nature from collective security arrangements. Although both types share a we-feeling, there exists a major difference in the means utilised by each to ensure the avoidance of war. Collective security systems deter war by means of threatening to punish any act of aggression, even if such an aggressor (or aggressors) is not identified. Security communities, by contrast, avoid war through the development of “reasonably strong and enduring institutions and practices” (Acharya 2001: 19). It is also important to mention that security communities completely de-legitimise the use of force amongst their members, whereas collective security arrangements legitimise the use of force, even if this is usually to be considered the very last recourse. Furthermore, collective security arrangements are legalistic devices, whereas security communities are not.

#### **2.4 The presence of conflict within security communities**

The fact that war and the threat of the use of violence are not exercised within security communities does not mean that conflict is not present. Rather, conflict can be expected to express itself continuously since transactions between parties are constant and would usually generate high levels of tension. Thus, on the one hand, the members of security communities have become very close due to their ongoing and high levels of interaction; nevertheless, such interactions are prone to generate conflictual relations which must be dealt with and solved without resorting to organised violence. The distinctive trademark of security communities is that the inevitability and even the intensity of conflict generated by the very nature of their close relations has found institutionalised expression which has de-legitimised the use of force as a viable forms of solving such conflicts.

#### **2.5 How and when do security communities come into existence and how and when do they dissolve?**

There is no precise point in time when a security community appears, unless it is understood as an amalgamated security community which has become a state. Many nation-states in the world

will celebrate the “birth of the nation” on a particular date which factually or symbolically represents its origins (e.g. the People’s Republic of China’s “birth” was on the 1<sup>st</sup> of October 1949). But because the conceptual use of security communities is rather restricted to scientific analysis, the indication of the appearance and dissolution of such entities does not need to indicate any particular moment in time identified with extreme precision. Security communities are not officially brought into existence by state representatives and do not possess an underpinning body of legally-binding enactments. Similarly, security communities are not terminated by edicts or abrogation. Security communities are “conceptually found”: their presence identified by means of the analytic study of a particular set of conditions and interactions amongst particular actors which produce particular stable and reliable outcomes.

Furthermore, the formation of security communities is not an exclusively new phenomenon, as socio-political arrangements based on relatively high levels of trust, common identities and the rejection of war as a legitimate means of conflict-resolution have been present since antiquity. What is new is the methodical and scientific investigation of particular inter-state relations, which might be generating understanding of the necessary preconditions for the formation of such communities. The present perceptions and conceptions of war as a social and political phenomenon at domestic and international levels, as well as the seemingly ever-growing processes of interdependence and regionalism, have deepened scholarly interest in the study and understanding of war. In this particular sense, the study of the formation of security communities has been endowed with new potential.

## **2.6 The main international relations theories and how they relate to the concept of security communities**

The concept of security communities is ineluctably linked to the mainstream of international relations theory (IR theory). In order to better understand and even fortify the conceptual framework of security communities, it is very useful to use IR theory as an analytical background. Though IR theory is wide in scope, this research considers that there are three main international relations theories that directly relate to the concept of security communities, and due to their pervasiveness and overall impact, should be the most useful in order to understand the concept. These theories are: *realism/neo-realism*, *liberalism/liberal-institutionalism* and *social constructivism*. As with other topics treated within this research, it is impossible to exhaust all that has been said in relation to the theories mentioned above; nevertheless it is necessary to present a brief summary of their major postulates in order to better understand how they relate to security communities and how these can come to validate and/or explain the latter.

### **2.6.1 *Realism and neo-realism***

Realism has been the dominant theory of international relations and is widely regarded as the most influential theoretical tradition within the discipline. The realist postulates have been developing since antiquity, although this IR theory became particularly influential after the end of the Second World War.<sup>14</sup> As the term “realism” implies, this theory has tried to explain the world of international politics “as it is” instead of “how it should be”. Central to realist theory are a number of assumptions:

- The international system is based on nation-states as the key actors;
- International politics is essentially conflictual, and comprises a struggle for power within an anarchic setting in which states can only rely on their own capabilities to ensure their survival;
- States are unitary actors and domestic policy can be separated from foreign policy;
- States are rational actors characterised by a decision-making process leading to choices based on maximising the national interest; and
- Power is the most important concept in explaining, as well as predicting, state behaviour.

The realist and neo-realist schools of thought express an overwhelming pessimism about the chances of making the international system less prone to war and conflict. It is precisely conflict which characterises the international system and there is a constant and pervasive state of suspicion and competition amongst nation-states. The anarchical nature of the international system (that is, the lack of a supra-national structure capable of enforcing order in the manner that most individual states do within their borders) generates a constant need for states to seek for their own survival and practise a self-help dynamic. Thus, the logic of the international system makes it impossible to think about or to attempt to materialise alternative, more peace-oriented world orders (Kegley 1995).

### 2.6.2 *Liberalism/liberal-institutionalism*

Liberalism has been understood as the historical alternative to realism, and, at least until recently, has been the second most influential international relations theory. The permeation of liberal thinking in international relations theory is also not a novel phenomenon. Its influence is noticeable from the sixteenth century onwards in the works of various renowned philosophers and political thinkers, such as Immanuel Kant and Jeremy Bentham. Kant’s influence in the field is considerable and of vital importance, having written in depth about the idea that,

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<sup>14</sup> The realist tradition has created the basis for the formation of neo-realism, which has refined and invigorated classical realism, giving it a contemporary outlook.

amongst liberal governments and peoples, war is less desired. Current liberal influences in international relations theory take the shape of what is known as liberal-institutionalism. Liberal-institutionalists have lost the past *naïveté* of the inter-war idealism, and share with neo-realists a belief in the importance of the role of the state, and the anarchical condition of the international system. Nevertheless, liberal-institutionalists are of the idea that the prospects for cooperation, even within the anarchical system, are of greater significance than the neo-realists are willing to concede. Liberal-institutionalism accepts the broad postulates of neo-realism but seeks to demonstrate that cooperation between states can be enhanced even without the presence of a hegemonic actor which can enforce compliance with agreements. Anarchy is not eradicated but, rather, is mitigated by regimes and cooperation at the institutional level, which has as an outcome a higher level of predictability to international relations. Regimes constrain state behaviour by formalising the expectations of each party to an agreement where there is a shared interest. Afterwards, institutions assume the role of encouraging cooperative habits, monitoring compliance and even sanctioning defectors.

There is an important point to be made in relation to liberalism in international relations theory and the concept of security communities. A variant of liberal-institutionalism is *integration theory*, from which Deutsch's own work departs (and which has been labelled *pluralism*). The core argument of integration theory is that transnational cooperation is required in order to resolve common problems. Integration theorists' core concept is what it is known as *functionalism* or *ramification*, meaning the likelihood that cooperation in any given sector would lead governments to extend the range of collaboration across other sectors; this is also known as a "spill over" effect. Deutsch's contributions to the field of international political science, and in particular his elaboration of the concept of security communities, have not remained static since their inception in the late 1950s. The academic study of security communities has continued, although the wider analytic-theoretical framework has not remained based on the interdependence-integration theory strand. One of the relatively new lines of thought that has entered the debates within IR theory, and which has deeply influenced the concept of security communities, is that of social constructivism. For this reason, the next section will elaborate in some detail on the core assumptions of this particular theory (Weber 2005).

### 2.6.3 *Social constructivism*

The principal characteristic of social constructivism is "an emphasis on the importance of normative as well as material structures, on the role of identity in shaping political action and on the mutually constructive relationship between agents and structures" (Reus-Smit 2001: 209). Proponents of this theory, such as Kratochwil, Onuf and Wendt, argue that normative and

cognitive structures are just as important as material ones—that is, that systems of shared ideas, beliefs and values also exert a powerful influence in political action, including within the international system. Nicholas Onuf explains that:

Constructivism is a way of studying social relations—any kind of social relations.... Fundamental to constructivism is the proposition that human beings are social beings, and we would not be human but for our social relations. In other words, social relations *make* or *construct* people—*ourselves*—into the kind of beings that we are. Conversely, we *make* the world what it is, from the raw materials that nature provides, by doing what we do with each other and saying what we say to each other. Indeed, saying is doing: talking is undoubtedly the most important way that we go about making the world what it is. (Onuf 1998: 59)

Though constructivists would not deny the importance of material forces, they would still argue that relations amongst countries are a world of our own making, a social construction which becomes a reality to the extent that we want it to become real. Therefore, any country in the world is a social construction—they are “self-contained worlds because people talk about them that way and try to keep them that way” (Onuf 1998: 60). Social constructivism does not deny the importance of material structures, but, rather, emphasises and upgrades the significance of non-material ones (i.e. normative/cognitive). Alexander Wendt, one of the most influential social constructivists at the present time, argues that constructivism does indeed share a basis of understanding with realism—such as the conception of the international system as anarchical, the offensive capabilities of states, the uncertainty of third state intentions, states’ wish to survive, and their rational behaviour. Nevertheless, Wendt also argues that “where neorealist and constructivist structuralisms really differ, however, is in the assumptions about what structure is made of. Neo-realists think it is made only of a distribution of material capabilities, whereas constructivists think it is also made of social relationships” (Wendt 1995:73).

A key concept for constructivists is that of a *shared knowledge*, which is to be understood as shared understandings and expectations. This means that a particular group (e.g. members of the state and their political elites) share common views on particular issues; they may believe, for example, in a common ethos or a common destiny. Social structures are partly defined by such shared understandings, which therefore significantly shape the actors in a particular situation, and are also constitutive of the nature of their relationships, which could acquire either a cooperative or a conflictual character. If perceptions so directly affect interactions and outcomes, then, for example, the concept of a *security dilemma* could be understood not simply as an exogenous and immutable description of the international system’s reality, but as a social structure made of intersubjective understandings in which states are distrustful of each other, make worst-case assumptions about each others’ intentions, and are therefore defining their interests in a realist (i.e. self-help) manner. In other words, the lack of trust between states (and

thus the reinforcement of the security dilemma) is attributed to the particular perceptions of the states themselves, and does not have to be seen as an inevitable result of the structure of the international system. For constructivists, understanding how these non-material structures can contribute to conditioning actors' identities is fundamental because identities influence interests and these finally influence political actions. Again, Alexander Wendt argues that "material resources only acquire meaning for human action through the structure of shared knowledge in which they are embedded" (ibid.: 73). This is the most significant point of contention between neo-realists and constructivists and which Wendt summarises, arguing that:

...self-help and power politics do not follow either logically or causally from anarchy and that if today we find ourselves in a self-help world, this is due to process, not structure. There is no "logic" of anarchy apart from the practices that create and instantiate one structure of identities and interests rather than another; structure has no existence or causal powers apart from process. Self-help and power politics are institutions, not essential features of anarchy. *Anarchy is what states make of it.* (Wendt 1992: 394–95)

Constructivists also stress the importance of normative and ideational structures because these are thought to shape the social identities of political actors. Another important difference between realists and constructivists lies in how they believe the actors' interests are determined. For the former, interests are determined exogenously: that is, actors encounter and interact with one another with a pre-existing set of preferences (i.e. the will to accumulate power pretty much regardless of anything else); whereas the latter believe in the opposite: interests are determined endogenously, they cannot rest outside and be immune to social reality, and in fact are heavily influenced by it. Understanding how actors develop their interests is crucial to explaining a wide range of international phenomenon, and in order to do that it is necessary to focus on the social identities of states. Alexander Wendt summarises this by arguing that "identities are the basis of interests" (ibid.: 398).

Constructivists also argue that agents and structures are mutually constituted. Also, norms and ideas condition identities and the interests of actors, but such entities would not exist if the actors were not to constantly exercise such identities and interests. Thus, norms and rules play a very important role in the constructivist lexicon. According to Onuf, "a rule is a statement that tells people what we should do", and when analysing social reality "the practical solution is to start with rules and show how rules make agents and institutions what they are in relation to each other (Onuf 1998: 63). Therefore, the institutionalisation of norms and ideas defines the identities of actors and the patterns of their activities, and "it is through reciprocal interactions that we create and instantiate the relatively enduring social structures in terms of which we define our identities and interests" (Wendt 1992: 406).

#### 2.6.4 *The influence of international relations theories on the concept of security communities*

As argued earlier, the concept of security communities cannot be separated from the core of IR theory; thus the theories discussed above do have a profound influence on the understanding and argumentation regarding the nature of that concept. As has been mentioned, Deutsch's pluralism is a branch of integration theory which also departs from liberal institutionalism. Though never explicit in his work, Deutsch to a certain extent came to tacitly challenge some postulates of realist thought, by placing so much emphasis on the importance of phenomena such as "we-ness" and "mutual responsiveness", which are conceptually aligned with constructivist theory. Deutsch's work could not be branded as social constructivist, as this line of thought, and the consequent debate between constructivism and realism, only came to fruition from the 1980s onwards, while Deutsch's work evolved during the late 1950s. Nevertheless, the whole concept of security communities is permeated with less rationalist and more sociological elements. Furthermore, the scholars who have continued the study of security communities have also drawn heavily from social constructivism, further incorporating the analytical concepts that form part of that discipline. The concept of security communities is not nurtured out of opposition to particular IR theories; it is more a matter of emphasis. The underpinnings of the concept of security communities do not gainsay the importance of the state as one of the main actors within the international system; in fact, when discussing pluralistic security communities, the state becomes one of the fundamental players. Furthermore, the conceptual foundations of security communities are not antithetical to the role and importance of power (another pivot in realist theory), or even the anarchical nature of the international system. Also in tune with liberal-institutionalism, the concept of security communities puts a greater emphasis on the relevance of institutions, cooperation and self-restraint as crucial constituent elements of international interaction.

#### **2.7 The research's analytical framework and methodology: Emmanuel Adler and Michael Barnett's framework for the study of the emergence of security communities**

In their book *Security Communities*, Emmanuel Adler and Michael Barnett have built on Deutsch's concept of security communities and designed a *framework for the study of the emergence of security communities*. In developing the framework, Adler and Barnett argue that "the obvious challenge is to isolate the conditions under which the development of a community produces dependable expectations of peaceful change" (Adler and Barnett 1998: 37). This research is based on Adler and Barnett's framework, that is, it has attempted to analyse the possibility of the formation of a pluralistic security community between China and ASEAN, isolating the conditions under which the development of a community might have produced or



might be producing sound dependable expectations of peaceful change. In order to study the emergence of security communities, Adler and Barnett's framework provides a distinctive and multi-tiered analytical path to be followed in order to find relevant results (i.e. the formation or existence of a security community). The framework is structured in three basic tiers:

- Precipitating conditions for the betterment of relations between states;
- Factors conducive to the development of mutual trust and collective identity; and
- Necessary conditions of dependable expectations of peaceful change.

Simultaneously, Adler and Barnett frame the existence of a security community in three possible stages:

- Nascent
- Ascendant
- Mature.

The next sections will explain in detail each of the tiers and each of the phases.

### 2.7.1 *Tier one: Precipitating conditions*

Precipitating conditions work as catalysts, fostering a rapprochement between any given number of state actors. Adler and Barnett argue that "because of exogenous and endogenous factors, states begin to orient themselves in each other's direction and desire to coordinate their relations" (ibid.: 37–38). The exogenous and endogenous factors are those precipitating conditions that develop "outside and inside" the state actors respectively; this means that exogenous factors are to be linked to the phenomena occurring at the international level (i.e. outside the state) and endogenous ones are to be linked to phenomena developing at the national level (i.e. inside the state). Unrelated to the formation of pluralistic security communities, both types of factors (exogenous and endogenous) could facilitate or, in some cases, erode the capacity of the actors to improve their overall relations. Nevertheless, external and internal conditions precipitating a rapprochement between state actors are to be considered of a positive nature: in other words, they are capable of improving the nature of the current level of relations between states, thus advancing the possibilities of security community formation.

Exogenous and endogenous factors are not limited to any particular type. Technological developments, external military threats, transformations in demographics or migration patterns, environmental threats, new interpretations of social reality, and so on: all have the potential to trigger the precipitation of conditions conducive to the betterment of state relations. This initial

tier of precipitating conditions within the framework addresses a point studied earlier by integration theorists: cooperation between states can be triggered in a functional way. Almost any event of political, economic, social or cultural significance could begin a process of promoting cooperation schemes to achieve pareto-superior outcomes. Precipitating conditions show a high degree of equifinality: that is, common endpoints can have very disparate beginnings. A vast array of conditions have the potential to make states begin to reconceptualise each other and move towards a path of mutual closeness and integration.

### 2.7.2 *Tier two: Factors conducive to the development of mutual trust and a collective identity*

After having analysed the exogenous and endogenous factors that have contributed towards a positive re-conceptualisation and rapprochement between states, the framework moves on to study those factors contributing to the development of mutual trust and a collective identity, also between the interacting states. It is important to notice at this point that, within this context, “trust” and “collective identity” are not expressing random and unconnected factors, but, rather, these conceptualisations are heavily embedded in existing (and relatively new) international relations theories, and comprise a set of notions that are of paramount importance for the overall understanding of the nature of security communities.

Favourable precipitating conditions would have produced the first layer on which, later on, the development of trust and the formation of a common identity could also find a sound environment in which to thrive. But within this second tier, Adler and Barnett have stressed again the need to isolate<sup>15</sup> “the structural context in which states are embedded and that shape their interactions” (ibid.: 39). Adler and Barnett have divided this second tier into what they have named the *structural* and *process* categories. The former divides into the sub-categories of *power* and *knowledge*, and the latter divides into the sub-categories of *transactions*, *international organisations and institutions*, and *social learning*. Adler and Barnett argue that “the dynamic, positive and reciprocal relationship between these variables [contained in both categories] provides the conditions under which a collective identity and mutual trust can form, without which there could not be dependable expectations of peaceful change” (ibid.: 39). The *structural* category contains those elements that are fixed, or, rather, that are being transformed much more slowly than the ones contained in the *process* category (i.e. structure is tantamount to a slow-motion process). Power and values are not fixed in perpetuity, as they also tend to change over time. Nevertheless, they usually tend to experience such changes at a much slower

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<sup>15</sup> See p. 8, section 2.9, first paragraph.

pace than the quality and quantity of transactions, the evolution of international organisations, and how fast actors tend to learn about each other once engaged in processes of social learning.

TABLE 1: Factors within Adler and Barnett's "structural" and "process" categories

Structural category	Process category
Power Knowledge	Transactions International organisations and institutions Social learning

#### 2.7.2.1 *Structural category: Power and knowledge*

According to Adler and Barnett, power and knowledge are to be understood as "the structural girders for the development of a security community" (Adler and Barnett 1998: 39). Power becomes a central element in understanding the development and durability of security communities, thus reaffirming the importance given by realists to power within the processes of the international system. In relation to power, Deutsch had already acknowledged that "...larger, stronger, more politically, administratively, economically and educationally advanced political units were found to form the cores of strength around which in most cases the integrative process developed" (Deutsch et al. 1957: 37). Conventionally understood, power can become an important factor in the development of a security community by virtue of a core state's ability to make other states maintain a collective position, even if in order to achieve this coercion is applied. And, furthermore, power could alternatively be understood as "the authority to determine shared meaning that constitutes the 'we-feeling' and practices of states and conditions which confer, defer or deny access to the community and the benefits it bestows to its members" (Adler and Barnett 1998: 39). In other words, both hard and soft power are capable of playing a direct and critical role in the development of a security community.

#### 2.7.2.2 *How should "power" be defined?*

Barry Barnes argues that "power is one of those things, like gravity and electricity, which makes its existence apparent to us through its effects, and hence it has always been found much easier to describe its consequences than to identify its nature and its basis." (Barnes 1988: xvi). In a similar vein, Joseph Nye has argued that "...power is like the weather. Everyone depends on it and talks about it, but few understand it... power is also like love, easier to experience than to define or measure, but no less real for that." (Nye 2004: 1). It is common to refer to many forms of power: political, military, economic, ideological, and so on. Power is both an abstraction and a capacity, or, as Barnes argues: "although power is routinely taken to refer to something

tangible and existent, it is nonetheless a deeply theoretical concept. It is always used to refer to a capacity, a maximum potential and such a capacity is never clearly and obviously manifest” (Barnes 1988: 2). Furthermore, power operates and acquires meaning within a specific context, and therefore has a dynamic nature. Power always relates to its surrounding circumstances; the sources of power will change along with changes in any given context. Because of the contextual, relational and dynamic nature of power, some power assets could be rendered useless, or see their significance severely diminished, should the surrounding context be transformed. Therefore, any particular resource that once could have contributed to the overall power of a nation could have faded away due precisely to the overall transformations of the wider historical context. Thus, massive conscripted armies or vast gold reserves, which functioned once as state power assets, have in current times lost much of their significance, due to changes in warfare and global economics.

### 2.7.2.3 *Classifying power*

Power can be classified in different ways. A first definition is effectively captured by what Barnes calls a “common sense concept of power”. Power here is used as “an attribute which all manner of things, processes or agents may have” (ibid: 1). Natural forces and phenomena may have it, as when we speak of powerful currents, powerful storms and volcanic eruptions, but various other agents, machines and animals could possess it as well, as when we talk about powerful engines or powerful beasts. A second definition comprises a behavioural conceptualisation of power. Robert Dahl, for example, defines power in behavioural terms in this way: “A has power over B to the extent that he can get B to do something that B would not otherwise do” (Dahl 1957: 202). Hans Morgenthau argues that “when we speak of power, we mean man’s control over the minds and actions of other men” (Morgenthau 1993: 30). The German sociologist Max Weber’s definition of power has become a seminal one: “power is the probability that one actor in a social relationship will be in a position to carry out his own will despite resistance, regardless of the basis on which this probability rests. The concept of power is sociologically amorphous. All conceivable qualities of a person and all conceivable combinations of circumstances may put him in a position to impose his will in a given situation” (Weber 1968: 53). Weber goes on to make a distinction between power as such and *domination*, which he defines as “the probability that a command with a given specific content will be obeyed by a given group of persons” (ibid.: 53).

A third definition of power is that which links it to international politics and nation-state behaviour. According to Joseph Nye, some states will be better than others at converting their resources into effective influence and effective power, and this is what he calls *power conversion*: “the capacity to convert potential power, as measured by resources, to realised

power, as measured by the changed behaviour of others” (Nye 2004: 27). The sources of power have been constantly changing, and recently they have been shifting from traditional military sources towards other sources much less based on military capabilities. Nye has also argued that, today, power is becoming less fungible, coercive and tangible. Fungibility refers to the capacity to transfer power from one issue to another. In the current international context, for example, it is not so easy anymore to transfer military might into realised or operational power. This is not because military resources have stopped being effective, but rather because, within the current international context, there are extremely high costs associated with the use of such resources. The costs referred to here are not financial costs<sup>16</sup> but those related to a state’s international standing and image, which, in a highly internationalised world—thanks to global media resources—can have a direct and significant impact on how a state decides to enact and execute foreign and other policies. Therefore, because power is less fungible it is also currently less capable of effective coercion. Nye also argues that intangible power resources are becoming more and more influential. He mentions that national cohesion, a universalistic culture, and international institutions are taking on additional significance.

There is one final way to categorise power, which derives from Nye’s observations of how power has been experiencing transformations in its nature—such as a more restricted fungibility, a diminished coercive capacity and a less tangible nature. When taking such factors into account, power can also be categorised as *hard* and *soft*. The next section will elaborate on this point.

TABLE 2: Categorisations and characteristics of power

<b>Categorisation of power</b>	<b>Characteristics</b>
Common sense power	Power seen both as an abstraction and a capacity
Behavioural power	Contextual, relational and dynamic
Power and international politics	Convertible from power assets to effective power (fungibility)
Hard and soft power	Different degrees of coercion and tangibility

#### 2.7.2.4 *Hard and soft power*

Joseph Nye was the first scholar to introduce the concept of “soft power” as it is currently used, though the idea of non-traditional sources of power (as opposed to hard power) is something that has been discussed before (such conceptualisations will be discussed later on). Nye also

<sup>16</sup> Nevertheless, war is usually a very expensive undertaking indeed. Take, for example, the Council on Foreign Relations estimate that, up to the end of 2006, the US had spent well over US\$ 300 million on the war in Iraq; some economists predict that the entire war, based on projections that US forces will remain in Iraq until after 2010, may cost over US\$ 1 trillion (<http://www.cfr.org/publication/11943/>).

describes hard and soft power as *command* and *co-optive* powers. Other political scientists and international relations scholars have defined hard power as being mainly based on military and economic resources, but they have also noticed that the sources of power do not exclusively emanate from such avenues: that is, they have seen that power can also be nurtured by less tangible and less material sources. Nevertheless, power has traditionally been understood as hard power—that is, the accumulation of a variety of resources that eventually allows the state to transform them into economic, and then into military, strength. This understanding of power has been the dominant one until relatively recently. Since antiquity, military strength has been the quintessential form of power because it has ultimately given those who possess it the ability to bend others to their will. Nye defines command or hard power as the ability to change what others do by means of coercion and/or inducements (Nye 2004). For many observers, political scientists and members of political elites, it is only hard power that truly matters because intangible resources such as ideas and values (frequently the sources of soft power) are, in their view, never able to achieve in the same manner what military might ultimately can.

#### 2.7.2.5 *A brief definition of hard power*

Some of the best examples typifying the nature, importance and assumed primacy of command power in international politics can be found in the writings of realist/neo-realist scholars such as Hans Morgenthau, Kenneth Waltz and E.H. Carr. Because, according to realist thought, power is a fundamental factor determining the survival and thriving of the state, Morgenthau ponders what might be the ultimate providers of state power. Thus, he asks: “if we want to determine the power of a nation, what factors are we to take into consideration?” Morgenthau argues that, in this respect, two main groups of elements have to be distinguished: those which are relatively stable and those subject to constant change. Among the stable elements we find geographical factors, natural resources (such as food supplies, raw materials, etc.), the state’s industrial capacity, its military preparedness, level of technological advancement and population. Among the less stable elements we find what he calls the “national character”, and the quality of government and diplomacy. It is most important to underline that, for Morgenthau, the possession of all of these elements must relate to the ability of any given state to transform them into military prowess, as when he argues that “what gives the factors of geography, natural resources and industrial capacity their actual importance for the power of a nation is military preparedness.” (Morgenthau 1993: 51) Even though Morgenthau agrees that less tangible assets do contribute to augmenting the overall power of any given state (that is, elements closer to soft power), he is convinced that military strength is both the ultimate power source and the main objective for any state.

Kenneth Waltz has a similar understanding of power; however, instead of calling the aforementioned resources “elements of national power”, he labels them “state capabilities”. Waltz agrees that hard power is the most effective means for states to achieve their external goals. He argues that “in order to be politically pertinent, power has to be defined in terms of the distribution of capabilities”, and that “power is estimated by comparing the capabilities of a number of units” (Waltz 1979: 98). E.H. Carr, another prominent realist, divides political power in the international sphere into three main components, the first two categorisations being for him the most important ones: military and economic power (the third categorisation will be discussed later on). Carr would also agree that hard power is the most important aspect of power to be considered by any nation, although the third element—which relates to soft power—is also an important element in his view. According to Carr, powerful states are so regarded according to the quality and the supposed efficiency of the military equipment, including manpower, at their disposal (Carr 1939). For Carr, the recognition by others as to having become a Great Power is normally the reward of having fought a successful large-scale war. “The supreme importance of the military instrument lies in the fact that the *ultima ratio* of power in international relations is war. Every act of the state, in its power aspect, is directed to war, not as a desirable weapon but as a weapon which it might require in the last resort to use” (Carr 1939: 109). Economics and politics are, in Carr’s view, inseparable. Furthermore, the “economic weapon” is capable of becoming an instrument of national policy with the purpose of acquiring power and influence abroad. Because in modern times a central objective of the state has been to accumulate wealth, economic activity would be seen as the engine to provide it, and warfare as the means to ensure it; thus, Carr shares the same views as Morgenthau.

Clearly, the literature that relates to the importance of hard power has not here been exhausted; nevertheless, the views of the realist and neorealist authors shown above provide a good example and summary of how many have come to see hard power as the most important element within the overall practice and understanding of power. However, as was mentioned earlier, even these advocates of the importance of hard power discuss and consider the capabilities of non-material aspects of power and their potential influences within state relations and the international system.

TABLE 3: Power sources: Morgenthau's elements of national power and Waltz's state capabilities

Morgenthau's elements of national power	Waltz's state capabilities
Geography	Territory
Natural resources	Population
Industrial capacity	Resource endowment
Military preparedness	Economic capability
Population	Military strength
National character	Political stability
National morale	Competence
The quality of diplomacy	
The quality of government	

#### 2.7.2.6 *Understanding the nature of soft power*

As an introductory note, Max Weber's distinction between *power* and *domination* could help to explain the nature of soft power. For Weber, whereas power permits an entity to assert its own will regardless of disapproval and/or resistance from others (which might require the use of hard sources of power in order to do so), domination refers to the chances that any given command has of being *willingly* obeyed by others. The idea of "obeying willingly" is the key to understanding the essence of soft power, as this variant of the exercise of power does not involve coercion in the traditional sense of the word. With the exercise of soft power, there is no need to coerce others to obey our commands, but, rather, others willingly do as we want them to needless of enforcement or inducements. Effective domination rests on the legitimacy of the commands; a source of authority is legitimate if those who obey believe that the authority operates on valid and justified grounds.

As mentioned earlier, the study of non-traditional sources of power has been engaged in before. E.H. Carr, for example, has also analysed the "soft side" of power and has referred to it as "the power of opinion"—this being, along with the military and economic, the third form of power. For Carr, this third form of power was more the equivalent of an "art of persuasion" or an ability to influence others' minds and actions, so as to make them act according to our own desires. Carr argued that "[the] power over opinion is therefore no less essential for political purposes than military and economic power, and has been always closely associated with them" (Carr 1939: 132). Carr noticed that this type of persuasion was not executed only by governments trying to influence their own populations, but also by governments trying to influence other governments outside their national borders. The author argued that "...the ideas of the French Revolution, free trade, communism in its original form of 1848 or in its reincarnation of 1917, Zionism and the idea of the League of Nations are all at first sight examples of international opinion divorced from power and fostered by international



propaganda” (ibid.: 139). The point to be stressed here is that ideas and values can also play a significant role in making others do what we want.

Joseph Nye (who, as we said, can be credited with pioneering the study of the current conceptualisation of soft power) has elaborated considerably on the nature of soft power. Also referring to it as “the second face of power”, he defines it as “the ability to shape what others want and which rests on the attractiveness of one’s culture and values” or simply: “getting others to want what you want” (Nye 2004: 7). Nye’s conceptualisation of soft power runs in a similar vein to Weber’s concept of domination: in both cases obedience occurs when third parties follow “commands” willingly, perceiving them to have a strong basis of legitimacy, instead of being forced to comply. Simply put, soft power is the ability to attract others towards the idea of becoming who we are. Therefore, co-optive power is tantamount to “attractive power”. Further elaborating on the nature of soft power, Joshua Kurlantzick has divided soft power into “high”—mostly directed to elites within a country—and “low”—aimed at the general public. Kurlantzick explains that soft power “can stem from governments and nongovernmental actors—business, people and Peace Corps, volunteers and pop music stars, as well as politicians and leaders” (Kurlantzick 2007: 6). For more traditional analysts of power the impact of soft power is still questionable, since hard power resources are seen as the ultimate guarantors of behaviour-change at state level. Undoubtedly, hard power plays a direct and fundamental role in affecting inter-state relations and the international system in general; but it is also true that soft power and soft power resources have been gaining more importance in current times.

One of the most important characteristics of soft power is that its effectiveness is not dependent on inducements and/or punishments of any kind. Soft power becomes operational when third parties behave according to our desires out of their own free will—because they believe such a way of behaving is most congenial to their own interests (i.e. national ideals and societal aspirations). Nye observes that “if I am persuaded to go along with your purpose without any explicit threat or exchange taking place—in short, if my behaviour is determined by an observable but intangible attraction—soft power is at work” (Nye 2004: 7). According to Nye, within the international politics milieu, three soft power enhancers stand out: cultural, political values, and foreign policy. But other analysts, such as Kurlantzick, have added to and elaborated on the list. For Kurlantzick, soft power can be conveyed through a country’s popular and elite culture, public diplomacy,<sup>17</sup> businesses’ actions abroad, the international perception of its government’s policies, and the gravitational pull of its national economic strength, amongst others (Kurlantzick 2007: 6). Furthermore, not even the relatively young conceptualisation of

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<sup>17</sup> For Kurlantzick, public diplomacy is not the same as foreign policy, as the former usually takes the form of government-funded programmes intended to influence public opinion abroad.

soft power has remained static: it seems to be adapting to fast-paced changes in the way in which states are forced to interact, and the international system as a whole. Nye excluded from the definition elements such as investment, trade, formal diplomacy and aid, writing that power is not merely tantamount to influence (Nye 2006: 5–6). But for some other analysts the notion of soft power has been changing and adapting as the basis of soft power becomes broader and more inclusive. According to these more recent analyses, for countries such as China soft power could mean anything outside the military and security realm—including aid, investment and participation in multilateral organisations (Kurlantzick 2007: 6).

Both forms of power, hard and soft, are important elements in the formation of pluralistic security communities: but it is important to notice that soft power has the potential to play a more direct and significant role in this context than it would in more orthodox relations within the international system. Soft power's influence is dramatically enhanced with respect to the formation of security communities, because this type of power can directly relate to ideas, values and identities, and the use of a variety of resources designed to improve a country's image. Also, as argued above, hard power will usually play a significant role in the formation of a security community—or, as Adler and Barnett argue, “power conventionally understood can be an important factor in the development of a security community by virtue of a core state's ability to nudge and occasionally coerce others to maintain a collective stance” (Adler and Barnett 1998: 39).

#### 2.7.2.7 *The role of knowledge*

What Adler and Barnett understand by *knowledge* is tantamount to “cognitive structures”: that is, meanings and understandings that are shared by any particular group, and which are shared in this case by the state at two broad levels: the population, and the political elites. The field of study about shared meanings is wide: Adler and Barnett, however, became interested in how such cognitive structures can facilitate practices that are tied to the development of *mutual trust* and a *mutual identity*, and how the former can be tied to conflict and conflict resolution (Adler and Barnett 1998: 40). The role of cognitive structures in the formation of security communities has little precedent in Deutsch's work, since he implicitly linked his security community/geographical area of study (namely, the North Atlantic community) to the socio-political values of free markets and democracy. Thus, Deutsch left open the possibility of exploring whether different political ideas and values have any potential to contribute to the process of developing a security community. The literature and available empirical evidence shows that analysts of international politics are more likely to identify liberalism and democratic principles and practices as being directly related to the formation of security communities. This state of affairs is linked to the fact that the most noticeable (and successful) security

communities in existence are cognitively based on liberal-democratic underpinnings. In spite of this, it is not possible—neither analytically nor empirically—to dismiss different sets of cognitive structures/values/ideas as being inadequate or a priori-flawed. Adler and Barnett support this argument, saying that “yet another set of intersubjective ideas may also account for the formation of security communities” (Adler and Barnett 1998: 41). A different set of values could generate a shared project amongst political elites and their respective countries, which in turn could have a high probability of generating an increasing amount of transactions, the development of common institutions and the creation of, and participation within, new regional international organisations.

#### 2.7.2.8 *Process category: Transactions, international organisations and institutions, and social learning*

A transaction can be defined as “a bounded communication between one actor and another” (Adler and Barnett 1998: 398). Transactions play a very significant part in fostering the formation of a pluralistic security community, because these various forms of communication have the potential to make actors become more aware of each other, thus having the potential to better the nature and scope of their relations. Awareness could become the basis for a common identity, just as closer relations could engender interdependence. Transactions, as defined by Adler and Barnett, are capable of admitting many varied types of exchange, including, to mention a few examples, symbolic, economic, material, political and technological ones. Furthermore, transactions will have as a natural outcome the enhancement of contacts—at many levels, and in many forms—by those engaged in them. The intensification of transactions could lead broadly to two possible scenarios: one of enhanced friendliness, or one rather of enhanced rivalry, the latter being due to the evolving complexity of their mutual interactions which in some cases could produce frictions. Nevertheless, the intensification of transactions—in particular: political, economic and cultural—always bears the potential for enhancing rather than damaging relations between the actors involved.

Transactions also have a quantitative and a qualitative nature. Transactions can augment or decrease both in sheer quantifiable amounts, and/or as value–quality exchanges (i.e. transactions can become more or less valuable/important). Quantifying transactions should usually be a fairly simple and straightforward process; whereas determining the quality of transactions could represent more of a challenge. One way of meeting this challenge could be to evaluate the quality of a transaction based on how much it contributes to improving the milieu, mutual perceptions and general interactions of any given set of transacting actors. The quality of a transaction is highly sensitive to the particular context (historical, geopolitical, commercial, and so on) that influences those engaged in the exchange, so it is important to notice such

background features in order to determine the value-added impact of a transaction between parties. Both the quantitative and qualitative growth of transactions has the power to reshape collective experiences and alter social perceptions. A continuous and augmenting flow of high-quality transactions between states will most surely have the effect of generating deeper, more sophisticated, and broader understandings of each participant, so as to include each party within everyone else's political, economic, social and cultural calculations. Transactions would work as bridges that could accelerate the process of further introducing third parties to one's social reality, but can also act as avenues which improve the image of the third parties, since they could be recognised as capable of improving one's own overall wealth, position in the international community, and so on.

#### 2.7.2.9 *International organisations and institutions and social learning*

International organisations (IOs) and institutions can also contribute both directly and indirectly to the development of security communities. *International organisations* can be defined as “material entities possessing physical locations, offices, personnel, equipment and budgets”, such as the United Nations (and affiliates), the World Trade Organisation (WTO), the World Bank and so many others. On the other hand, *institutions* can be defined as “social practices consisting of easily recognised roles coupled with clusters of rules or conventions governing the relations among the occupants of these roles” (Bellamy 2004: 16). International organisations and institutions often merge, as the maintenance of the latter is the purpose, *modus operandum*, and ethos of those who are on the physical premises of international organisations which base their work on such practices and principles.

International organisations create an appropriate environment where a number of actors can dialogue and exchange their own understandings of particular issues that affect them in particular ways. This is a very effective way in which mutual trust can be fostered; as such spaces allow actors to engage each other on a constant basis (e.g. once-per-year or twice-per-year international meetings, yearly-bilateral reunions, etc.) on topics of substantial importance for the parties. The identification of issues of a cooperative or conflictive nature within these spaces could also be conducive to the development of collective identities; as such issues have the potential to generate interdependent transactions and interactions and identify topics on which common ground within the spheres of politics and values can evolve. Adler and Barnett argue that IOs, both security- and non-security-related, can contribute to the development of trust because they have the potential to facilitate and encourage mutually shared norms of behaviour, monitoring mechanisms and sanctions to enforce such norms. Moreover, international organisations can encourage actors to discover their preferences, to re-conceptualise who they are, and to re-imagine social bonds. Organisations in this respect are

spaces for socialising and learning, places where political actors learn and express to others what their own interpretations of a particular set of situations and normative understandings might be.

The processes of social learning also play a fundamental part in the emergence of security communities, and are usually facilitated by transactions developing within organisations of one sort or another. Members of the political elites are capable of communicating to members of other national elites their self-understandings, how they perceive national, regional and international realities, and also their normative expectations about third parties' behaviour. A plausible result of these exchanges is that there could be changes in individual and collective values and perceptions. According to Adler and Barnett, "social learning explains why transactions and institutional actions can encourage the development of mutual trust and collective identity. By promoting the development of shared definitions of security, proper domestic and international action and regional boundaries, social learning encourages political actors to see each other as trustworthy (Adler and Barnett 1998: 45).

### 2.7.3 *Tier three: Necessary conditions for dependable expectations of peaceful change: The development of mutual trust and a collective identity*

So far, two major steps have been explained in relation to the complex progression of the evolution of a pluralistic security community according to Adler and Barnett's framework. First, a set of favourable precipitating conditions is proposed to have given a number of states the opportunity to initiate, or to resume, sound-footed relations. Second, the variables contained in tier two of the framework have been intensely interacting so that conditions amongst that group of states have become ripe for the development and maturation of mutual trust and a collective identity, these latter being fundamental ingredients for the creation of credible and long-standing conditions of peaceful change. Power relations might have been able to contribute to the development of trust and a collective identity, as, indeed, it may be possible to identify cores of strength that could create a "satellite effect": that is, a group of less powerful states willing to follow the more powerful one(s) in order to benefit from economic, political or geopolitical conditions. Knowledge (or cognitive structures) could also have contributed to these same ends, since a group of states might already share common political values, or be willing to imitate socio-cultural and political practices. Transactions between such states could be expressing a high level of dynamism; some sort of regional institutions or frameworks might be operational and process of social learning be happening at an accelerated pace within them. If so, according to Adler and Barnett, it is very possible that the conditions are ripe to mature mutual trust and a collective identity. The dynamic and positive relationships among the variables discussed so far have the potential to become the generators of mutual trust and collective identities, which in

turn are the required conditions for the development of dependable expectations of peaceful change.

### 2.7.3.1 *Trust and the development of security communities*

Alder and Barnett argue that “trust and identity are reciprocal and reinforcing: the development of trust can strengthen mutual identification, and there is a general tendency to trust on the basis of mutual identification” (Adler and Barnett 1998: 45). Barbara Mistzal describes trust as:

...always involving an element of risk resulting from our inability to monitor others' behaviour, from our inability to have complete knowledge about other peoples' motivations and, generally, from the contingency of social reality. Consequently, one's behaviour is influenced by one's beliefs about the likelihood of others behaving or not behaving in a certain way rather than solely by a cognitive understanding or by a firm and certain calculation. (Misztal 1996:46)

It might be expected that one would witness the evolution of trust between parties prior to the formation of a common identity, though it is also to be expected that a collective identity would reinforce and increase the level of trust amongst parties. Trust is a social phenomenon and is also dependent on the assessment that a third party will behave in a manner which is consistent with normative expectations. Trust rests upon the beliefs we have about others' actual or potential behaviour and this situation is commonly based on a number of previous experiences and encounters. A mature level of trust amongst parties that would make functional a security community would suggest that member states do not simply rely on concrete international organisations and institutions, but rather that they do so based on beliefs about each other drawn from previous experiences. Adler and Barnett argue that “the identification of friend and foe, the social basis of trust, is a judgement based on years of experiences and encounters that shapes the cultural definition of the threat” (Adler and Barnett 1998: 46). Uncertainty or its absence is generated by the type of knowledge founded on mutual identification and trust.

### 2.7.3.2 *A collective identity*

The most basic definition of *identity* is that of “oneself in relationship to others” (Tajfel 1978: 63). Identities are defined by the actors' interactions and relations with others. Moreover, identities need not belong solely to the individual, but can also belong to larger groups such as the state. National and state identities are formed in relation to other nations and states. As has been argued by social constructivists, identities are seen as not exogenous but, rather, endogenous to the process of defining state interests. Thus, if a group of states identifies each

other not as a potential foe or competitor but more as a natural ally and a partner (i.e. in advancing common political or economic agendas) the risk of war is greatly diminished. Adler and Barnett remind us that “identities are not only personal or psychological, but they are also social, defined by the actor’s interactions with and relationship to others; therefore all political identities are contingent, dependent on the actor’s interaction with others and place within an institutional context” (Adler and Barnett 1998: 199). Thus, state identities are formed in relationship to other nations and states in such a way that the identities of the political actors (potentially both the political elites and general populations) are tied to their relationship to those outside the boundaries of the community and the territory. Collective identities mean that actors not only have a positive identification with other people’s fate, but also that they identify themselves, and those other people, as a group in relation to other groups.

### 2.7.3.3 *Corporate and social identities*

Alexander Wendt also distinguishes between *corporate* and *social identities*. The former refers to “the intrinsic, self-organising qualities that constitute actor individuality” whereas the latter “are sets of meanings that an actor attributes to itself while taking the perspective of others, that is, as a social object” (Wendt 1994: 385). In other words, a corporate identity does not strictly require “the other”; it can stand as such independently of the existence of and interactions with other groups. In the case of pluralistic security communities, corporate identities relate to a regional awareness, an acknowledgement of being a more or less homogeneous unit. In contrast, social identities require “the other”, thus they are always relational. Corporate identities are tantamount to saying “I am this”, whereas social identities are equivalent to saying “I am this and therefore different to that”. Corporate identities are reaffirmed via social ones. According to Wendt, the corporate identity of the state generates four basic interests or “appetites”:

- Physical security, including its differentiation from other actors;
- Ontological security or predictability in relationships to the world, which creates a desire for stable social identities;
- Recognition as an actor by others, above and beyond survival through brute force;
- Development, in the sense of meeting the human aspiration for a better life, for which states are repositories at the collective level.

In relation to social identities, Wendt argues that the ability they have to overcome collective action problems depends in part on whether actors’ social identities generate self interests or collective interests. Wendt defines such self and collective interests as “effects of the extent to which and manner in which social identities involve identification with the fate of the other...”

Identification is a continuum from negative to positive, from conceiving the other as anathema to the self to conceiving it as an extension of the self” (ibid.: 386). This continuum of social identities has two main poles. One makes third parties seem alien/exogenous; as opposite or contrary to the self. This scenario therefore has the potential to create the promotion of an independent self-interest in relation to the interests and destiny of third parties, a situation that exacerbates the differentiation between them. The other possibility is that social identity has “absorbed” the third party; that is, the line that differentiates oneself from the other is less tangible and more blurred as both entities (or any number of them) are now sharing a number of possible assets and characteristics that make them much more similar, with a more organic nature. The ultimate assimilation of a third party actor—or the total development of collective interests—would create a new, expanded corporate identity as the line which divides the self from the other is considerably weakened.

Wendt argues that if there is a lack of a positive identification then “interests will be defined without regard to the other, who will instead be viewed as an object to be manipulated for the gratification of the self.” (ibid.: 386). Developing an interest and acknowledging “the other” implies an identification with its welfare, so that the other is understood as a “cognitive extension” of oneself rather than an independent and totally removed entity. For Wendt, to the extent that this mutual identification exists, there will be an empathetic rather than instrumental or situational interdependence between self and other. This is the basis for feelings of solidarity, community and loyalty, and thus for collective definitions of interest. On this particular point Wendt and Deutsch share the same views, although the latter calls this feeling one of “mutual responsiveness” (Deutsch 1970: 37).

## **2.8 A distinctive regional psyche? Asianism**

A noticeable intensification of the sense of Asianess has been acknowledged due to a set of relatively recent developments, which have contributed to the fortification of both a corporate and a social East Asian identity (Ora 2004). Some political commentators and top-echelon members of East Asian political elites have begun to talk about a sense of “Asianess” permeating the region. In recent years, many countries in East Asia have begun to develop a recognition of a “regional self” which has allowed them to acknowledge economic, political, social and technological achievements. After the Second World War, China and the Southeast Asian states managed to consolidate themselves as fully-sovereign nation states after a protracted period of colonial rule and exploitation. Japan, South Korea and Singapore have transformed themselves from poor countries ravaged by war to fully-developed economies. Moreover, China now occupies centre-stage within the international community of states due to its outstanding and uninterrupted economic growth. Most Southeast Asian economies do not



have the same level of prosperity as Japan or Singapore; nevertheless, countries like Thailand and Malaysia have also transformed themselves from peasant societies into middle-income urban societies. Technological sophistication has been a noticeable feature in East Asia, particularly through Japan and more recently through China, which, for example, has already joined the sophisticated club of nations with a space programme—sending manned missions, such as the Shenzhou V, into space and thereby becoming the third nation in history to do so. Some scholars have been keen to observe that sending a manned mission into space is charged with political meaning, as it is aimed at projecting China above the other regional powers, into an orbit where only the largest continental nations revolve. In other words, a manned space programme is the passport for entering the superpower club.<sup>18</sup> In this respect, the sense of pride due to national achievements has not been limited to the political elites, as Chinese citizens have argued that “the Chinese have the ability and the spirit to take on and conquer outer space, which fully shows China’s comprehensive strength, and we feel incomparably proud”<sup>19</sup>. The Chinese political leadership today also wishes to signal to East Asia and the rest of the world resurgence in the path of recovering “the rightful place of China in the world”. The Beijing Olympic games of 2008 were another clear example of the latter. China’s Olympic Games gave the opportunity to centre the international community’s attention on the country, and because the games were branded a success, to show the world what China is capable of doing.

Clearly these improvements have not been evenly spread across all countries in the region (within Southeast Asia there are some of the poorest countries in the world), but an overall sense of regional maturity seems to be permeating the political elites, allowing them to articulate developments in the region and understand them as part of a regional process separate from other processes and regions (Mahbubani 1995). In less than fifty years, East Asia has taken huge leaps from a colonial, war-ravaged and underdeveloped region towards one of increased economic dynamism and global interest. East Asia has presented a strikingly different picture to the pre- and immediate post-war period. Japan has become the second most powerful economy in the world and a hub for innovative and state-of-the-art technological advancements. And South Korea has become a prosperous rich country with a stable, educated, middle class and world-recognisable brands and companies. East Asia also witnessed the appearance of the Newly Industrialised Countries (NICS) and the Asian Tigers, which impressed the whole world with their booming economic growth throughout the late 1970s and early 1980s. Southeast Asia has created a highly-respected association (ASEAN), recognised both regionally and globally. Currently, East Asia’s volume of trade and foreign reserves are already surpassing those of any other region in the world: East Asia holds two-thirds of all the reserves in the world at US\$ 3.5

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<sup>18</sup> “Going into space to gain face”, Pierre Cabestan commenting on the Chinese space programme, *BBC News* online, October 15, 2003, <http://news.bbc.co.uk/1/hi/world/asia-pacific/3131374.stm>.

<sup>19</sup> “Shenzhou V returns to Earth Safely”, *Renmin Bao* (English version) online, October 16, 2003, <http://english.people.com.cn/index.html>.

trillion.<sup>20</sup> In 1993 the World Bank elaborated a report on the region in which, amongst others<sup>21</sup>, the economies of Singapore, Indonesia, Malaysia, Thailand, South Korea and Japan were studied. The economic developments of these economies were highly praised, to the point that the World Bank referred to them as an “East Asian Economic Miracle”. The Report stressed that, since 1960 and up to the beginning of the 1990s, these High Performing Asian Economies (HPAEs) have grown three times as fast as Latin America and South Asia and twenty-five times faster than Sub-Saharan Africa. They also significantly outperformed the industrial economies and the oil-rich Middle East-North Africa region. Moreover, the report stressed that the HPAEs were the only economies that had high growth and declining inequality; it lauded the East Asian economic performance and attributed it to a number of reasons: private domestic investment and rapidly growing human capital were the principal engines of growth; high levels of domestic financial savings sustained their high investment levels; agriculture, while declining in relative importance, experienced rapid growth and productivity improvement; population growth rates declined more rapidly in these countries than in other parts of the developing world; and some of these economies also had a head-start because they had better-educated labour forces and a more effective system of public administration (Ferreira et al. 1997).

Such economic growth in the region produced significant benefits in many aspects of societal life. According to Ferreira et al., poverty reduction in East Asia had evolved in a remarkable manner: while six out of ten East Asian lived in absolute poverty in 1975, roughly two out of ten did in 1995. The total number of people in poverty fell by 27 per cent in 1975–85, the decline in 1985–95 being closer to 34 per cent. This pace of poverty reduction was faster than in any other region in the developing world. Also, during 1973–90 the region saw substantial increases in life expectancy at birth and declines in infant mortality. Similarly, access to education expanded, many countries in the region have achieved primary school net enrolment (Ferreira et al. 1997: 13).

TABLE 4: Growth in East Asia (selected countries) 1965–95

Country	Real GDP per capita (1995 US\$ PPP)	
	1965	1995
Singapore	2,678	23,350
South Korea	1,528	13,269
Malaysia	2,271	9,458
Thailand	1,570	6,723
Indonesia	817	3,346
Philippines	1,736	2,475
China	771	2,749

<sup>20</sup> Jonathan Head, “Is it time for an Asian Monetary Fund?”, *BBC News* online, December 4, 2008, <http://news.bbc.co.uk/1/hi/business/economy/7754167.stm>.

<sup>21</sup> Twenty-three countries in total.

PPP: purchasing power parity.

Source: Ferreira et al. 1997.

TABLE 5: Social indicators in East Asia (selected countries) 1970–95

Country	Life expectancy at birth		Infant mortality (per 1,000 births)	
	1970	1993	1970	1993
South Korea	61	71	46	11
Malaysia	62	71	45	13
Thailand	58	69	73	36
Indonesia	48	63	118	56
Philippines	57	67	71	42
Lao PDR	40	51	146	95
Vietnam	49	65	111	41
China	62	69	69	31

Source: Ferreira et al. 1997

East Asia is also becoming aware not just simply of its economic achievements but also its cultural heritage. Chinese civilization is one of the oldest in the world and, having spread into neighbouring countries such as Japan and South Korea, has resulted in cultural expressions which have created some of the world's most distinctive forms of art, philosophy and current popular culture—which have also had considerable appeal outside East Asia itself. East Asian countries represent a wide gamut of fine art and popular cultural expressions, which could further enhance the region's corporate and social identity, through such as distinctive cuisines, literature, music, cinema, pop culture, and so on. Cultural expressions, along with economic success, can also contribute to enhancing a country or region's sense of pride and achievement and to generating an acknowledgement that such countries or regions have been able to reach a considerable level of sophistication in different spheres of societal life. Southeast Asia has also been able to achieve a certain degree of regional prestige.

There is no doubt that East Asia's self-understanding has changed radically in recent decades. What is important to underline here is how this new set of perceptions has deeply affected the way in which countries within East Asia come to understand themselves and the region they acknowledge themselves as belonging to. Economic development, political interactions, the reappraisal of culture, the advancement of technology, and the formation of regional organisations have been critical in fostering an East Asian corporate identity which is spearheaded by the promotion of a sense of "Asianness" (Dittmer 2002). "Asianness" has become a particular brand of corporate identity that identifies an emerging region: geographically coherent, sovereign and independent, economically powerful, and now even

capable of affecting the whole international system by restructuring the dynamics of world trade and flows of foreign investment. The emergence of East Asia also has the potential to restructure the global strategic realm and balance of power. The sense of “Asianness” discourse has been embraced by prominent and key figures within the socio-political life of the region, and they have expressed their views on, and in many cases admiration for, such changes. A few examples are shown next:

Tommy Koh from Singapore’s Ministry of Foreign Affairs:

To Asians of my generation, the contrast between Asia today and Asia fifty years ago is like that between day and night. Fifty years ago I was a child of the British Empire. If someone had asked me then whether I could imagine a day in my lifetime when Singapore’s per capita income would exceed that of Great Britain, I would have said, “Impossible”.... Surprisingly, these changes which had seemed impossible to achieve have become realities. This miracle has happened not just in Singapore but in most of the countries of East Asia—Japan, Korea, China (including Taiwan and Hong Kong) and the ten countries of Southeast Asia. The countries of South Asia and West Asia have not yet experienced the transformation which East Asia has undergone in the last thirty years. The changes in East Asia have been so dramatic and have happened in such a short time that their significance has not been fully grasped by many friends in the West. Thus, many in the West have dismissed the concept of “new Asia” as an empty slogan.... East Asia has emerged from a long night of subjugation, poverty, backwardness and pessimism into the dawn of prosperity, progress, optimism and self-confidence. (Koh 1998:26)

Former Malaysia’s Prime Minister Mohamed Mahathir also talked about an Asian splendour:

Asians have good reasons to be proud. In the space of fifty years—a mere blink of the eye—Japan has risen from the ashes of war to become the world’s second-strongest economy after the United States. In addition, four NIEs—South Korea, Hong Kong, Singapore and Taiwan—have also achieved outstanding success. Malaysia and Thailand are recording some of the fastest growth rates in the world, and Indonesia is not far behind. As recently as a decade ago, these achievements were hardly dreamed of. (Mahathir et al. 1996: 15)

In a keynote address to an audience in Tokyo, Mahathir also noted:

Lest anyone forget, Asia today is not the Asia of ten years ago. The Asia of today is radically different from the Asia of twenty years ago. The Asia of today is unrecognisably different from the Asia of fifty years ago. You in Japan know that you can say this of Japan. Let me assure you that you can say this not only of Japan but of all Asia. (Makaruddin 2000 [vol. 1]: 33–34)

Anwar Ibrahim, Malaysia's former deputy prime minister has talked of an "Asian Renaissance":

The rise of Asia as the centre of global economic activity has been profound. Twenty-five years ago, Asian countries were still struggling to attain political stability, having been an arena for power superpower rivalry since the end of the Second World War. Today, when much of the rest of the world is labouring under a cloud of pessimism, Asia is fired by a new sense of confidence. Japan has tilted the balance of economic might; ASEAN and the Newly Industrialising Countries (NICs) continue to surge ahead in prosperity; China, once dubbed by Napoleon the sleeping giant, has finally awakened; South Asia is already on the growth bandwagon and the countries of Indochina are rebuilding their economies.... The economic rise of Asia, though critical and fundamental, is only a dimension of a much deeper, more profound and far-reaching reawakening of the continent which may be called the Asian Renaissance. By Asian Renaissance we mean the revival of the arts and sciences under the influence of classical models based on strong moral and religious foundations; a cultural resurgence dominated by a reflowering of art and literature, architecture and music and achievements in science and technology. (Ibrahim 1996: 17–18)

Kishore Mahubani, Singapore's ex-Secretary of the Ministry of Foreign Affairs, asserted that:

Now East Asia has arrived on the world stage. Its sheer economic weight will give it a voice and a role.... The growing realization of East Asians that they can do anything as well as, if not better than, other cultures has led to an explosion of confidence. (Mahubani 1995: 100)

Yoichi Funabashi, the Washington bureau chief of the Japanese paper *Asahi Shimbun* argued that:

Asia has at long last to define itself. Asian consciousness and identity are coming vigorously to life.... This new Asian identity has social, cultural, economic and political implications. After decades of reserve on the international stage, Japan is now poised to assume a permanent seat on the UN Security Council, which would raise its diplomatic profile and influence. Efforts by Indonesian President Suharto to sustain and rejuvenate a post-Cold War version of the Non-Aligned Movement bespeak a regional confidence and desire for autonomy. So does the conflict between Asia and the Western nations at the UN Convention on Human Rights this year [1993] in Vienna. It made some participants like Singapore Foreign Minister Wong Kan Sen, realize the extent of their Asianness for the first time. (Funabashi 1993: 75)

It is clear, then, that this sense of Asianess, which has been moulding a regional corporate identity, is widely spreading and being acknowledged amongst a variety of East Asian political and other equally influential figures. Moreover, East Asia has also been developing and enhancing a social identity. As explained earlier, social identities are created when the self is contrasted with a perceived "other", in this particular case, a different region. If regionalism and

regionalisation have been some of the most distinctive phenomena within the international system, particularly since the end of the Cold War, then it is no surprise to find a set of well-defined regions which have developed their own social identities in relation to each other. These other regional blocs have developed due to the unleashing of powerful economic trends, but in some cases also due to their political elites' ambition of fomenting at the structural level sound underpinnings to avoid war and conflict between their members. Fred Bergsten has identified three main world regional blocs: First, in the Western Hemisphere the *North American Free Trade Agreement* (NAFTA) signed by Canada, the US and Mexico and operational since the early 1990s. Second, the European Union, which has been recently expanding its membership towards Central and Eastern Europe; and finally East Asia. Bergsten has argued that:

Virtually unnoticed by the rest of the world, East Asian countries are getting together to make their own economic arrangements. As a result, for the first time in history, the world is becoming a three-block configuration. Not only global economic relationships, but political ones too, will turn on the direction these new agreements take, and on how the United States and others outside the region, decide to respond to them. (Bergsten 2000: 1)

East Asian political leaderships have begun to recognise the potential advantages of working together as a single regional unit in order to better interact with other powerful regional politico-economic blocs. An "East Asian bloc" could lever up the bargaining power of the region and each individual country vis-à-vis other regions and countries. The formation of such a bloc could also enable it to better promote their own interests or engage in a dialogue where regional concerns could be much better acknowledged and taken into consideration by other countries and regions. In effect, East Asia could fully coalesce into one of the largest regional blocs in the world. Nevertheless, such an idea has met with external objections, mainly coming from the US, as Washington has considered that its formation would diminish its influence and power in the region. In spite of the US opposition to the formation of a strong and coherent East Asian group with a tight East Asian membership, the region has still engaged in widespread and sophisticated processes of regional cooperation, including the formation of regional frameworks and other cooperation schemes ranging from economic, trade and finance-related to other fields such as security and non-traditional security issues.

The first concrete East Asian attempt to coalesce as a coherent group came about in 1996 with the formation of the *Asia-Europe Meeting* (ASEM). The idea which gave birth to ASEM originated at the 1994 Europe-East Asia Economic Summit organized by the World Economic Forum (WEF). ASEM came to life in 1996 at the first summit in Bangkok as a interregional forum whose membership is comprised of the ASEAN countries, China, Japan, Korea and the members of the European Union. The main components of the ASEM process are political,

economic, security, education and cultural issues. The initiative for the forum grew from a mutually-recognised need to strengthen the linkage between Asia and Europe, but also because Asian nations felt the need to show a common front in dialogue with other regions, in order to increase their presence and negotiating clout. According to Hanns Maull and Akihito Tanaka, ASEM's genesis was due, among other reasons, to "the growing complexity of power relations in a post-Cold War era world whereby military power has lost its old dominance, and economic power and other forms of 'soft power' have grown in importance", and also due to "the rise of new regional groupings and trans-border regions such as APEC, NAFTA; and their growing importance".<sup>22</sup> ASEM represents the first successful East Asian attempt to galvanise a single East Asian voice in order to deal with other regions of the world—in this particular case Europe. The creation of ASEM has also had further repercussions for East Asia, such as the reinforcement of the region's social identity—or, as Cronin argued, group identities develop out of common experiences, and political actors must act together as a group before they can recognise the existence of that group (Cronin 1999).

Another key event contributing to developing an East Asian social identity was the much-commented Asian financial crisis of 1997. According to Bergsten, the crisis has been the single greatest catalyst for the new East Asian regionalism (Bergsten 1999). The crisis had as one of its most immediate and profound consequences an intensified and renewed regional interest in fostering cooperation between East Asian governments and sectors, in order to create and to make operational the necessary mechanisms to avoid, or at least to be best prepared for, events such as that financial crisis. The crisis made the region's actors aware of the vulnerability of their economies and financial sectors, when and if exposed to the fast and deep-spreading effect of such phenomena. Furthermore, East Asian political elites also came to reinforce their social identity by means of coming to realise the existence of "outsiders" capable of alleviating or helping to deteriorate the particular conditions arising from events such as the financial crisis. The latter comment has to do with most of East Asia's reaction to the US involvement during the crisis, as the US gave the region the impression that there was a lack of interest in the Asian financial crisis. The US, and the US-sponsored apparatus designed to alleviate and rescue stressed economies (institutions such as the IMF and the World Bank) when financial crises of this nature strike, were described as as "they who should help us" and later on as "they who did not do enough to help us".

Singapore's ex-Prime Minister Lee Kuan Yew, for example, regarded the US's distancing itself from Thailand's rescue package as "a very great mistake, because it sent the wrong signal to the

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<sup>22</sup> Council for Asia-Europe Cooperation Task Force, Final Report 1997, pp. 31–32, <http://www.ifri.org/frontDispatcher/ifri/publications/>.

region that the United States did not consider this a crucial matter.”<sup>23</sup> New Zealand’s Prime Minister Helen Clark also expressed her views in this respect, saying that “there are terribly bitter feelings in Asia for the US response to the Asian economic crisis... the Americans did not rush in to help Asia as they did with Brazil, Russia and Mexico, and yet these countries in Asia had been, they [the Asians] considered, very loyal friends” (quoted in Webber 2001: 347).

In assessing why East Asian regionalism has progressed consistently, Richard Stubbs has argued that it is important to take notice of the long-term trends that have nurtured the process. These long-term trends have been: the existence of common threads to East Asia’s recent historical experiences that serve to tie the region’s countries together; their common cultural traits; a distinctive set of institutions and a particular approach to economic development; a non-Westernised form of capitalism characterised by strong state–business links; and a rise in investment by the richest economies in East Asia in their neighbours (Stubbs 2002: 445).

## **2.9 The three phases of security community formation: Nascent, Ascendant and Mature**

According to Adler and Barnett, in the initial *nascent* phase of security community formation it is usually the case that governments are not consciously looking to create a security community of any type. Instead, “these governments begin to consider how they might coordinate their relations in order to: increase their security, lower their transactions costs associated with their exchanges and/or encourage further exchanges and interactions” (Adler and Barnett 1998: 50). Trans-national interactions are accompanied and fostered by the development of social institutions and organisations for a wide variety of reasons. Adler and Barnett continue to argue that, in general, “interstate and trans-national interactions can produce and are facilitated by international organisations and institutions that: contain norms and provide mechanisms that make states accountable to each other; institutionalise immediate reciprocity, identify common interests (or even identities) among a selected population, and convene meetings and seminars, that reflect the attempt to create a binding set of interests and a collective future” (ibid.: 52). They go on to argue that the existence of powerful states that are able to project a sense of purpose, offer an idea of progress and that can provide leadership around core issues of interest for all can facilitate and stabilise this phase. In sum, they argue that they have the expectation of “a dynamic and positive relationship between the transactions that occur between and among states and their societies, the emergence of social institutions and organisations that are designed to lower transaction costs and the possibility of mutual trust” (ibid.: 53).

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<sup>23</sup> “The US could have done better”, *Straits Times*, March 3, 2000.



### 2.9.1 *The ascendant and mature phases*

The *ascendant* phase is defined by increasingly dense networks, possibly the creation of new organisations and institutions, new shared cognitive structures, and a further strengthening of trust among the parties. In this phase, transactions have also expanded and intensified and can be classified as positive or “friendly”. Basically, the ascendant phase is tantamount to a further expansion and sophistication of all the elements that so importantly help to underpin and consolidate a security community. The more these expectations are institutionalised in both domestic and super-national settings, the more war in the region becomes improbable.

In the *mature* phase, regional actors already share an identity and, therefore, entertain dependable expectations of peaceful change: and a security community now comes into existence. Adler and Barnett speak of a threshold that has been reached and how, from that point onwards, it becomes more and more difficult for the members of this particular security community to think exclusively in an instrumental manner, or seriously to consider preparing for war between each other. In the case of pluralistic security communities, Adler and Barnett argue that “states identify positively with one another and proclaim a similar ‘way of life’, there are multiple and diverse mechanisms and patterns of interaction that reinforce and reproduce the security community, there is an informal governance system based on shared meanings and a collective identity, and while there remains conflicts of interest, disagreements and asymmetric bargaining, there is the expectation that states will practice self-restraint” (ibid.: 55). According to them, evidence of the emergence of a security community can be found in various indicators that reflect a high degree of trust, a shared identity and future, low or no probability of conflicts that will lead to military encounters, and a differentiation between those within and those outside the security community, these indicators are:

- *Multilateralism*: Decision-making procedures, conflict resolution and processes of conflict adjudication are more likely to be addressed in consensual manner than in other types of inter-state relations.
- *Unfortified borders*: Although still present, border checks and patrols are undertaken to secure the state against threats other than an organised military invasion.
- *Changes in military planning*: Worst-case scenario assumptions do not include those within the community. Although there might be some concern about the degree of cooperation with and contribution to a joint military campaign, those within the community are not counted as potential enemies during any military engagement.
- *Common definition of a threat*: Self-identification amongst the members of a security community frequently has a corresponding “other” that represents such a threat to the community.

- *Discourse and the language of the community*: The state's normative discourse and actions reflect community standards. Thus, the discourse is likely to reflect the norms of the specific community, and refers to how its norms differ from those outside the community.

FIGURE 6: Adler and Barnett's framework for the formation of security communities

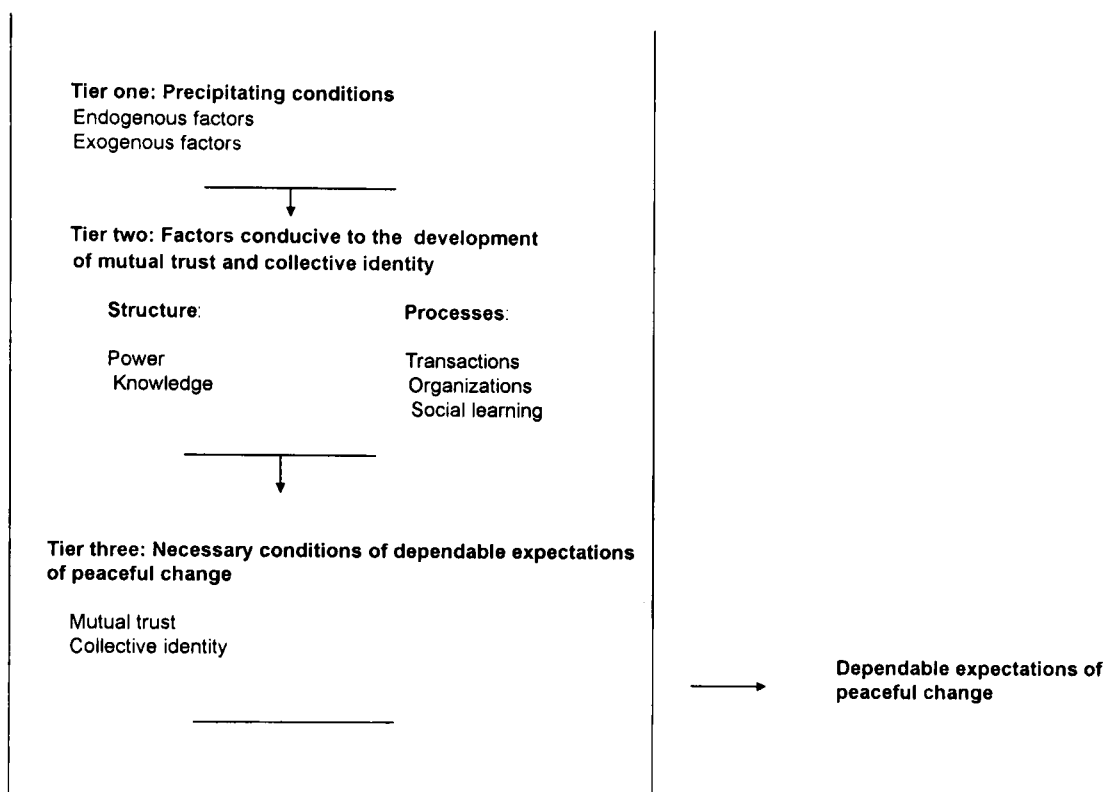


TABLE 6: Adler and Barnett's framework for the formation and stages of a security community

The formative process of a security community	The possible stages of an existent security community
Precipitating conditions	Nascent
Factors conducive to the development of mutual trust and collective identity	Ascendant
Necessary conditions of dependable expectations of peaceful change	Mature

## 2.10 Applying Adler and Barnett's framework for the study of the emergence of security communities to relations between China and ASEAN

As mentioned in Chapter 1 (page 2), based on Adler and Barnett's framework for the study of the emergence of security communities, this research addresses the following questions:

1. *To what extent has a security community emerged between the People's Republic of China and the ASEAN states?*

If, after analysing the empirical findings by applying each of the tiers of Adler and Barnett's framework, we arrive at the conclusion that there is no nascent security community between the PRC and the ASEAN states; then the research will try to answer the following:

2. *Are there any real and sound prospects for the formation of a security community between the People's Republic of China and the ASEAN states?*

Adler and Barnett's framework has the great advantage of presenting a clear and highly systematised method to analyse the emergence of security communities. Therefore, this framework is selected as the basis of the analytical methodology for this research. Following this methodology, I will present a detailed exploration of the framework's tiers as applied to relations between the PRC and ASEAN in order to "isolate the structural and process-based context in which their relations are embedded", so as to be able to provide a balanced and objective analysis in answer to the research questions above.

Also mentioned in Chapter 1 (page 3), the research presents as a hypothesis: *that between China and ASEAN there are to be found strong and favourable elements, both at the structural and process level* [following Adler and Barnett's framework], *which have at least laid the foundations of a nascent and incipient loosely-coupled security community between them.* The further strengthening of such foundations is considerably contingent on the willingness and capability of the political elites to foster positive transactions, to continue to participate, to advance the design and sophistication of the existing social learning spaces (i.e. the regional organisations/frameworks), to enhance trust by means of promoting an adequate body of norms for regional needs and to respect that normative structure, and to vigorously promote common projects and values as a region thus enhancing a sense of common regional identity. All of the latter should benefit from a desirable constellation of endogenous and exogenous factors, which on the other hand are frequently affected by forces independent of the actors concerned.

Why focus on the possibility of a loosely-coupled pluralistic security community between China and ASEAN? As was detailed earlier, security communities can be amalgamated or pluralistic, with the latter also dividing into loosely-coupled and tightly-coupled. The formation of an amalgamated security community between China and ASEAN has to be discarded right from the start, because such a formation involves in most cases the genesis of states. It is clear that an ongoing process related to the formation of a political entity which involves a merger of units with some sort of single government is surely not an evolving process between China and ASEAN. On the other hand, the prospect of the formation of a loosely-coupled pluralistic security community better fits the relationship between China and ASEAN for two main reasons.

First, because pluralistic security communities involve a region comprised of sovereign states, which retain the legal independence of separate governments (Deutsch 1957), and both actors meet this condition. Second, as will be shown, China and ASEAN already show a hefty level of transactions, conducive precipitating conditions, the creation of social learning spaces, and improvements in levels of trust. Furthermore, the presence of such characteristics between these actors has reached a level of sophistication to the point that it is possible to argue that a loosely-coupled stage could be developing or incipiently present.

## **2.11 Criteria for selecting sources, field work and interviews**

Most of the material used to produce this research comes from secondary sources such as books, specialised journals, and other periodicals on the subjects relating to the nature of the topic. Other sources include newspapers and material found in news agencies from China, Southeast Asian countries, and other countries (e.g. the US and Britain); and official documents sanctioned by governmental ministries and other official sources (e.g. government communiqués, white papers, etc). The research also draws from interviews performed as part of my field work: specifically, two trips, one made to the Republic of Vietnam in May 2004 and the other to the Republic of Singapore in October 2008, with the explicit purpose of gathering empirical material. The interviews that I performed were made following sanctioned and formal procedures for interviewing, and produced enriching and useful results. The questions that I asked related to the nature of bilateral relations between China and the ASEAN countries—in particular Vietnam and Singapore, since the interviewees were nationals with a particular expertise on issues about their own countries. Nevertheless, my questions also related to other countries and organisations within the region (e.g. ASEAN countries, ASEAN, ARF, and APT) and other regions and countries relevant to Sino–ASEAN relations, such as the US.

During my stay in Vietnam I conduct interviews with the following people:

- Dr Tran Khanh, Head of Department for Politics and International Affairs Studies, Director of ASEAN Department, Institute of Southeast Asian Studies, Vietnam Academy of Social Sciences;
- Professor Dr Nguyen Xuan Thang, General Director of the Institute of World Economy, Vietnam Academy of Social Sciences;
- Mr Pham Cao Phong, Assistant Director General of the Institute for International Relations, Director of the Department of International Cooperation, National Coordinator of the Vietnam Network for Conflict Studies;

- Mrs Luan Thuy Duong, Director of the Centre for Southeast Asian Studies, Institute for International Relations;
- Dr Do Tien Sam, Director of the Center for Chinese Studies, Editor-in-Chief of the Chinese Studies Review, Vietnam Academy of Social Sciences.

During my stay in Singapore I conduct interviews, with both members of government and academia. My interviewees were: Ms Tracy Chan, Assistant Director to the China desk within the Northeast Asia directorate, part of Singapore's Ministry of Foreign Affairs (SMOFA). Within SMOFA I also managed to conduct an interview with Ms Karen Ong Sze Mei, Assistant Director of the Southeast Asia Directorate. Moreover, I also performed a number of personal interviews with members of prestigious research and academic centres in Singapore: Dr Ian Storey from ISEAS; Dr Alan Chong from the National University of Singapore (NUS); Dr Mely Caballero-Anthony; Dr Tan See Seng from the S. Rajaratman School of International Studies; and Dr Ho Khai Leong from the School of Humanities and Social Sciences, Nanyang Technological University.

## **2.12 Units of analysis: States and regional international organisations**

In the same way as Kenneth Waltz has argued that war can be studied utilising different units of analysis (i.e. the international system, the state, and humanity (Waltz 2001)), the formation of security communities could also be engaged with using not just one single unit but different ones. The father of the concept of security communities, Karl Deutsch, argued that a “group of peoples” could participate in a process of integration which can lead to the formation of security communities (Deutsch et al. 1957: 5). The category of “a group of peoples” is sufficiently open to allow considerable freedom when choosing the central analytical variables from which to study the formation of security communities. “A group of peoples” could imply particular groups within civil society of any given state. Furthermore, depending on the type of security community to be studied, or which type of security community might be taking shape (i.e., amalgamated or pluralistic), “a group of peoples” could further be defined not just as members of society and/or government within a state but also as states themselves.

Because this research focuses on the prospect of the formation of a loosely-coupled security community between China and the ASEAN states, the central units of analysis become states and regional international organisations. Nation-states occupy the central analytical role, followed by regional international organisations—the latter due to the role they play in fostering the formation of PSCs. Thus, at the state level, the People's Republic of China and the ten individual nation-states comprising the membership of ASEAN (Thailand, Indonesia, Malaysia, Singapore, Vietnam, Laos, Myanmar, Cambodia, the Philippines, and Brunei) are the central

units of analysis. When considering regional organisations, ASEAN and its “offspring” (e.g. APT, ARF, EAS) become the most significant units of analysis. ASEAN, understood as a unit of analysis, is important because the Association operates as a social institution, and this entity has created its own social practices and norms which in a number of ways have transcended their member’s individuality (Young 1989). Nevertheless, ASEAN is still formed by individual states, and this is undoubtedly a group of states that will often execute independent foreign policies and seek to achieve their own interests separately from the rest of the Association’s membership. Thus, Southeast Asia is studied as both a regional organisation (i.e. ASEAN) and as a cluster of individual states (i.e. the ten ASEAN members). For purposes of convenience and brevity, I will use the term “ASEAN members” or “ASEAN states” when referring to the countries that comprise Southeast Asia. Though inter-state interactions between China and Southeast Asian nations are the most important variables to analyse, not all of such individual interactions are considered to have the same relevance. Thus, the research places more importance on particular relations than others. China is always a central actor and frequently finds itself at the centre of analysis. This is not to argue that Southeast Asian countries have secondary importance, but rather than the analytical structure of the research has China at the centre and Southeast Asia connected to it. Furthermore, countries like Indonesia, Malaysia, Vietnam, the Philippines, Thailand, Singapore and Myanmar tend to dominate the overall analysis as against the rest of the ASEAN members (i.e. Cambodia, Laos and Brunei).

### **2.13 The role of political elites**

States are to function as the central units of analysis; nevertheless, it is still necessary to further delineate the nature of such actors in order to clarify how China and the ASEAN states are interacting. Carol Hamrin has noticed that the nation as a whole does not interact with other nations, but, rather, such an actor is “a changing complex of institutions, personalities and processes that make up the national authority structure that acts on behalf of the nation-state” (Hamrin 1995: 74). If the state is a complex system of institutions, personalities and processes, then the next necessary step to take is to clarify which of these elements within the state are of crucial importance when embarking on the study of inter-state relations. Such elements are identified here as the political elites and political decision-making processes that enable the state as a whole to produce unitary and coherent policies in order to engage other states. Why political elites and decision-making processes? The Italian political scientist Gaetano Mosca captures the essence of political elites in terms of their faculties to perform political functions that usually are beyond the reach of the populations they govern. Thus, Mosca argues that “in all societies... two classes of people appear—a class that rules and a class that is ruled. The first class, always the less numerous, performs all political functions, monopolises power and enjoys

the advantages that power brings, whereas the second, the more numerous class, is directed and controlled by the first” (Mosca, cited in Putman 1976: 3).

The dynamics of power and decision making, particularly in modern liberal-democratic societies, cannot be reduced to a simple binomial of “rulers and ruled”, as the inputs that populations contribute within such socio-political processes is substantial and complex. Political elites rarely fully monopolise power, and thus decision-making is not completely dictated by them. Nevertheless, it is a fact that those in power have been able to retain a considerable capacity, independent from their populations, to structure and make operational a series of wider policies at both the national and international levels.<sup>24</sup> Deutsch argues that elites are relevant in any country and defines them as “a very small minority of people who have very much more of the basic values than have the rest of the population... the members of an economic elite have much more wealth, and the members of a political elites have much more power” (Deutsch 1988: 67). These political elites make use of that power partly by engaging political elites from other countries at the same time that they develop a sophisticated and systematic knowledge about complex issues developing within the international system, and which could represent an opportunity or a threat with the potential to have positive or adverse effects on their own state. This research does not lay emphasis on the capacity of political elites to direct and control the populations of states, but, rather, it wants to stress the elites’ capacity to perform political functions with an impact at the international level. The power with which these political elites have been entrusted (via democratic processes, or otherwise) makes them serve as legitimate agents of engagement and negotiation in the name of the state. Thus, only representatives of the state (i.e. their political elites) are capable of signing international agreements (e.g. the Kyoto Protocol), joining international organisations (e.g. the World Trade Organisation), declaring war, and so on. In this particular sense, this is the reason why political elites are, within the state, the most important analytical unit.

Furthermore, political elites usually have the most experience and highest levels of training in order to interact with their counterparts abroad, and they seek for the most beneficial cooperation schemes and maximisation of the national interest in general. As argued by Deutsch, elites are formed by small groups of people (Deutsch has branded them with the more ambiguous term “minorities”), therefore the concentration of power and decision-making falls directly into only a few hands, proportional to the bulk of the general population. The most visible faces of such political elites are usually presidents and prime ministers, ministers of various domestic ministries (e.g. foreign affairs, trade and investment, environment, defence) and other high-echelon members of the governmental apparatus (e.g. members of the legislative

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<sup>24</sup> For example, in the vast majority of countries, the decision to go to war is reserved to the highest levels of government and there is no legal or institutionalised avenue (e.g. plebiscites and referendums) to allow the citizens of a country to directly affect such decisions.

and judicial bodies, members from the armed forces, and members of the cultural, scientific or religious establishments). “Independent agents” (i.e. not officially part of political elites or working for government) can also negotiate in the name of the state or support arguments and objectives pursued by the state, but agents in such conditions (e.g. charismatic individuals or renowned scientists) are invested with the state’s interests.

It is recognised that the socio-political dynamics that nurture the state’s policies to engage third states are richly complex and not exclusively fed by just two factors, namely, political elites and decision-making processes. Nevertheless, the study of the formation of a pluralistic security community requires stressing the role of such variables, since they locate themselves on the axis of inter-state relations. Political elites are political decision-makers, and the nature of such political decisions comprise the design and execution of foreign policy and the identification of processes of regionalisation that in turn make such political elites structure regionalisation trends into processes of regionalism (see chapter four). Foreign policy is one of the main tools for a state to decide which other states to approach and how to engage them (e.g. whether to try to contain or engage them). The decision-making processes that lead political elites to formulate foreign policy are also important, as in this manner it is possible to understand which are the active agents and interests influencing the national interest abroad. In spite of the latter, decision-making processes are subordinated to foreign policy, as it is the final product (i.e. a coherent, unitary foreign policy), rather than the processes of formulating such a policy, which counts the most in analysing how this affects interactions and perceptions between states. Foreign policy is to be understood as a domestic outcome, a domestic negotiation process which is finally capable of expressing a national position to be presented as an organic and monolithic whole in front of other states.

Political elites have the potential to become active agents for the promotion of the formation of security communities, as their interactions with external political elites can promote the spread of values and create meaningful spaces for social learning (e.g. summits and workshops). As Alder and Barnett have argued, “while social learning can occur at the mass level, and such changes are critical when discussing collective identities, our bias is to look to policy makers and other political, economic and intellectual elites that are most critical for the development of new forms of social and political organisation that are tied to the development of a security community” (Adler and Barnett 1998: 44). Moreover, the exercise of hard power (another crucial factor when discussing the viability of the formation of security communities) has also been an area traditionally and exclusively controlled by political elites in charge of government. Thus, the capacity of states to avoid the use of military conflict to solve differences between them will rely almost exclusively on the actions of political elites. Soft power, on the other hand, could be much more detached from the control of political elites, especially because its



legitimacy often derives from non-governmental sources (i.e. popular culture). Nevertheless, the evolving nature of soft power has witnessed political elites becoming more self-conscious about the image of the state, both domestically and internationally, thus working towards enhancing domestic and international understandings of their own states. Thus, variants of soft power have often been specifically designed by political elites aiming at other political elites (Kurlantzick 2006: 6).

#### **2.14 Foreign policy decision-making, political elites and non-governmental actors in China and Southeast Asia**

Political elites in China and in Southeast Asian capitals follow the same definitional patterns as indicated above, being composed of groups that try to efficiently exercise power in order to bring about benefits to their populations. Possibly much more so than within other countries (particularly liberal-democratic systems of rule), political elites in China and several Southeast Asian countries could be categorised as rulers who are least affected by societal inputs, as the effective input in authoritarian regimes is much less persistent than within other systems of political rule (e.g. China, Vietnam, Laos, Singapore and Myanmar). In China, for example, the leadership system aims at the control of society in general, which implies that these groups have considerable effectiveness in centrally coordinating and directing complex policy programmes. The central leadership in China retains for itself the sole prerogative to define and pursue the national interest by “setting overall strategic goals and guidelines for the performance of the task of national adaptation” (Hamrin 1995: 81). Similarly, in the case of Vietnam, a bureaucratic elite has been able to shape policymaking (Porter 1993). Because decision making in Chinese foreign policy has always been a very sensitive area, elitism has remained one of the central features in the making of this branch of national policy. Thus, the ultimate power in foreign policy decision-making has traditionally been concentrated in the hands of the “paramount leader” and the leadership’s nuclear circle (Lu 1997: 8–9).

In spite of the latter, the dynamism of China’s domestic and regional/global international environment has produced changes in the aforementioned processes. One such notable transformation has been a gradual shift from a centralised elitism towards a pluralistic one where such changes have been informed by the growing involvement of government departments, international relations think-tanks, and other influential forces (Liao 2006: 15). Evan Medeiros has argued that “Chinese think tanks and research institutes serve as a central source for the collection and formulation of information, analysis and intelligence on foreign policy issues. Their influence has grown in the last 10–15 years as foreign affairs decision making has pluralised; demand for regional and functional expertise has grown, and access to information has increased. Thus, Chinese foreign policy think tanks are one important window

through which to understand more clearly the changes in Chinese perceptions and policies on current foreign policy challenges” (Medeiros 2004: 279).

The new pluralistic elitism in China and several of Southeast Asian’s political elites has pushed forward an evolution towards technocratisation. In China, for example, from the onset of the economic reform, Deng personally endorsed the view that, regardless of position, “every cadre has to have a certain amount of specialised knowledge and work ability in a functional field. Those without such knowledge must study, those with some amount must continue to study, those who cannot or are not willing to study must be changed” (Deng 1992: 24). Whilst rejecting any political criteria such as the “bad class status” active during the Mao period, the new official line attached paramount importance to the cadre’s abilities and “present performance” which referred exclusively to the expertise needed for economic development. Hong Yung Lee observes that China’s political elites have moved from revolutionary cadres towards bureaucratic technocrats: “only since 1982 have the revolutionary cadres been gradually replaced by bureaucratic technocrats. Selected from the among the best-educated segment of the population, the new Chinese leaders have their academic training mainly in engineering and production-related fields and their career backgrounds in specialist positions at functional organisations” (Lee 1991: 388). David Lampton has observed that the character of China’s elite has undergone a dramatic change in the post-Mao era. For example, when comparing the Twelfth Congress of the Chinese Communist Party (1982, Deng Xiaoping) with the Fifteenth Party Congress (1997, Jiang Zemin), none of the members of the 1982 Politburo had a university degree, whereas 70 percent of its members in 1997 did. Similarly, in the 1997 Politburo, almost all of its members could speak a foreign language, in stark opposition to the Twelfth Congress where none did (Lampton 2001: 5). *Professionalisation* refers to the trend towards a higher level of specialised knowledge, the proliferation of expert-based bureaucracies in the decision-making process, and the increased reliance of decision-makers on information provided by specialised bureaucracies. In this respect, there has been a proliferation of government-sponsored think-tanks and research institutions serving as inputs to high-ranking decision-makers in China. According to Liao Xuanli, Chinese political elites have been diversifying their input, most notably from international relations think-tanks. Liao has divided Chinese foreign policy think-tanks into three categories based on their organisational affiliation, their significance in the policy-making process, and their research focus. Thus, he finds three main types: government, academic, and university-affiliated (Liao 2006: 56).

Public opinion as commonly understood does not have much direct impact in the area of foreign policy in countries like those mentioned above. Nevertheless, even in countries like China, public opinion has begun to play a role in foreign policy design; albeit one that remains restricted and significant only under certain conditions. Joseph Fewsmith and Stanley Rosen

have noticed that the Chinese government expends a lot of effort trying to understand what the public thinks in matters of foreign affairs and policy—for example, China’s entry to the WTO, the financial crisis of the late 1990s, the Taiwan issues, and Japan (Fewsmith and Rosen 2001; Johnston 2004). As growing material prosperity begins to reach more people in the emerging economies of East Asia, scholarly research has begun to examine the role of the emerging middle classes in affecting foreign policy and their interest in foreign affairs.<sup>25</sup> Scholars like Alastair Johnston have argued that it is plausible to expect that middle class voices in China will increasingly be heard at the top in general matters of policy, including in foreign affairs (Johnston 2004).

Furthermore, as China’s relations with the international community of states have become more widespread, more domestic interests have been affected by such interactions; thus, more actors have been trying to influence the processes of policy-making. Fewsmith and Rosen have also argued that, in thinking about the ways in which the domestic context affects the content and conduct of Chinese foreign policy, it is useful to distinguish three levels of opinion: elite (high-ranking government officials), subelite (public intellectuals and enterprises, agents in between the elites and the popular level), and popular (Fewsmith and Rosen 2001: 152). Elites and subelites play a larger role in defining foreign policy, as elites are not just representing ministerial and other interests but are also the executive branch of policy. Subelites do not execute policy, but they can become very influential by dint of expertise (i.e. intellectuals) or how their activities are directly impacted upon by the promotion of particular policies (i.e. business).<sup>26</sup> The latter is more clearly evidenced when considering the valuable input role of several domestic institutes and think-tanks (and even individuals)<sup>27</sup> both in China and Southeast Asian nations, which have been contributing to the relevant ministries and other foreign policy/security decision-makers. Some of the most relevant institutes and think-tanks in China have been the Chinese Institute of Contemporary International Relations (CICIR), the China Centre for International Studies (CCIS), the China Institute of International Studies (CIIS), the Shanghai Institute for International Studies (SIIS), and many others. Within Southeast Asia the following institutions have been influential intellectual/academic/think-tank centres affecting the views of foreign policy decision-makers and foreign policy in general: ASEAN-ISIS, the S. Rajaratman School of International Studies in Singapore, the Centre for Strategic and International Studies in Jakarta (CSIS), Malaysia’s Institute of Strategic and International

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<sup>25</sup> At the beginning of the 2000s, a study published by the Chinese Academy of Social Sciences (CASS) argued that the “middle stratum” (the socialist-embedded euphemism for the term “middle class”) in China was still very small, amounting to about 15 per cent of the working population (still, this would amount to about 110 million people, or about half of the urban population in employment at the time); whilst by 2005 China would have around 200 million middle-income consumers (“To get rich is glorious”, *Economist*, January 17, 2002).

<sup>26</sup> Joern Dosch has noticed that in Thailand, for example, the democratic environment has resulted in a stronger influence by business-related interest groups on foreign relations (Dosch 2006: 62).

<sup>27</sup> Lee Kuan Yew in Singapore and China, and Zheng Bijian in China, for example, have been highly influential individuals within the highest levels of the political elites.

Studies (ISIS), and the Vietnamese Institute of World Economics and Politics (IWEP) based in Hanoi.

Moreover, civil society in some ASEAN countries has been able to increase its impact on policy design due to processes of political liberalisation. There is a growing number of NGOs scattered across Southeast Asia that have shown an interest in taking advantage of those opportunities to participate in delineating security and foreign policy debates. In Thailand, for example, “the activities of pro-democracy and human rights NGOs and movements, which have emerged in large numbers since the late 1980s, have contributed to the shaping of foreign policy” (Dosch 2008: 62). Trans-regional NGOs such as Solidarity for Asian People’s Advocacy (SAPA), which was conceived to “enhance the effectiveness and impact of civil society advocacy” in Southeast Asia, has been able to criticise some of ASEAN’s projects, such as the ASEAN Charter and the ASEAN Way—particularly when linking the latter to Myanmar. SAPA’s working group on ASEAN has “condemned the southeast Asian governments for washing its hands of Burma.”<sup>28</sup> It is important to notice that groups like SAPA are not working clandestinely or on the sidelines of ASEAN’s political agenda, but, on the contrary, ASEAN itself has welcomed the former’s participation. The Secretary General of ASEAN, Surin Pitsuwan, addressing SAPA’s membership, said that “pressure, influence and participation is to be welcomed”, thus legitimising inputs into policy and projects coming not from traditional sources like government but also from civil society.

Moreover, the role of the legislative branches in countries like the Philippines, Indonesia and Thailand in participating in the enhancement of foreign policy has allowed these countries to consider the views of the electorate on certain foreign policy matters (e.g. the war in Iraq and the “War on Terror”). Joern Dosch has argued that “increasing openness and transparency of foreign policy decision-making have contributed to a stronger societal input in Indonesia and Thailand. The rapid growth of civil society in both countries implies that foreign policy can no longer be made in isolation by a small number of insulated political elites” (Dosch 2006: 62).

Foreign policy decision-makers in China and Southeast Asia will often have to find a consensus middle ground which should involve the representation of diverse interests coming from different domestic entities such as the military, trade, finance and business, the environment and so on, even if not all of the interests represented are to carry the same weight. For China and other emerging countries in Southeast Asia, whereas in the past foreign policy decision-making tended to revolve around the great issues of strategic alliances and around war and peace, currently foreign policy also includes a wide array of new issues such as international trade and

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<sup>28</sup> “The failure of ASEAN way: Washing off the bloody hands of Burma”, [http://www.asiasapa.org/index.php?option=com\\_content&task=view&id=74&Itemid=4](http://www.asiasapa.org/index.php?option=com_content&task=view&id=74&Itemid=4).

finance, the environment, and a growing agenda of non-traditional security issues. Moreover, there has been a “thickening” of the elites that participate in the processes of designing foreign policy. During the Mao period, the foreign policy decision-makers represented a very thin stratum (Mao, Zhou Enlai and a few other officials), but currently there is a rather large and diverse foreign policy establishment (i.e. many more agents participating in the process); whereas, at the same time, the more traditional monopoly of the military in foreign affairs has diminished in favour of other sources of “civilian interests”. In this respect it is important to notice how business groups have managed to become more influential and directly linked to the top echelons of political leadership in countries like China. During the tenure of Jiang Zemin, the Communist Party of China changed its charter to allow business people to join its ranks.<sup>29</sup> Foreign policy decision-making has become much more complex and refined as these factions within the elites and other elements of domestic life (e.g. various ministries and other domestic agents) now need to be included in the processes that make up a well-articulated and encompassing foreign policy. This last point is not only true for today’s China but also for most of the Southeast Asian countries.

Within Southeast Asia there are also countries where a pro-democratic (and in some cases “proto”-democratic, as in Cambodia) civil society has created a series of organisations that have been able to influence the processes of decision-making and foreign policy design (i.e. the Philippines, Thailand, Cambodia and Malaysia). As some ASEAN states have also experienced the latest wave of democratisation, one of the most obvious impacts within the polities of such countries has been the broadening of institutional settings for political decision-making. Such a trend in democratisation has opened the processes of foreign policymaking to a larger number of actors than in previous periods marked by authoritarianism. Democratisation, then, has been to some extent tantamount to accountability, which in turn has allowed for the direct participation of a growing number of actors both outside and inside government. Foreign policy and foreign security arenas have been opened up in countries such as the Philippines since 1986, Thailand since 1992, and in Indonesia since 1999. Even Vietnam offers an example of the broadening of input sources into foreign/security policymaking, with empirical evidence showing that the spectrum of actors that are trying to affect security policy has widened (Dosch 2008).

## **2.15 Summary and concluding remarks to this chapter**

This chapter has laid out the analytical framework and methodology with which the empirical data presented in the next chapters will be analysed. The next three chapters will present the material necessary to study Adler and Barnett’s framework so that it is possible to elucidate the

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<sup>29</sup> “China welcomes business into party”, *BBC News Online*, November 14, 2002, <http://news.bbc.co.uk/1/hi/business/2471263.stm>.

formation of endogenous and exogenous factors and effects within the “structure” and “process” categories (as outlined in this chapter) affecting relations between China, ASEAN and the Southeast Asian states. Finally, after analysing these variables, it will be possible to discuss to what extent trust has been enhanced and what is the state of collective identity between the parties. The coming chapters divide Sino–ASEAN relations into three main sections: foreign policy interactions (chapter three), regional institutionalisation (chapter four) and bilateral relations (chapter five). Each of these chapters has the purpose of shedding light on how all three tiers of Adler and Barnett’s framework (i.e. precipitating conditions, structure and process, and mutual trust and collective identity) might have been developing so far. Chapter three—on foreign policy—stresses China’s evolution of its regional approach towards Southeast Asia and ASEAN; chapter four stresses the structuring of ASEAN’s response to China’s post–Cold War domestic and international developments; and chapter five goes into detail on Sino–ASEAN relations by making an analysis of bilateral relations. The reader should be reminded that all empirical data presented throughout these chapters is linked to the study of Sino–ASEAN relations in order to analyse such data through Adler and Barnett’s framework.

The role of political elites and decision-making processes in inter-state interactions and the sources of foreign policy design in China and Southeast Asia has also been discussed. It is clear that in China and a number of ASEAN countries there has been an evolution from “thinness” to “thickness” in terms of the growing number of actors involved and the overall complexities of developing a national foreign policy. In spite of such complex processes, what this research is interested in is the final result of such complex processes, that is, the executable foreign policies of China and Southeast Asian nations seen as an operational whole, and not the processes that lead to such an outcome, even though some elaboration has been made on the matter as an important background to consider.

## CHAPTER 3: CHINA'S FOREIGN POLICY TOWARDS SOUTHEAST ASIA: FROM THE COLD WAR YEARS TO THE CURRENT ERA

This chapter will draw the reader's attention towards the evolution of Chinese foreign policy, considered both in general terms and in terms of China's relations with the region of Southeast Asia. The purpose of this endeavour is to trace the history of modern diplomatic relations (from the late 1940s to the present) between China and Southeast Asia, and to show how both domestic and external developments in China have deeply affected the country's foreign policy designs, having as a direct consequence the re-shaping of relations within the global and regional (i.e. Southeast Asia) order. Beijing's foreign policy plays a central role in understanding the possibilities for the formation of a pluralistic security community between China and the ASEAN members, as its underlying consequence has been the fostering of sound relations which have created greater levels of trust and facilitated an expansion and diversification of exchanges/transactions. The analysis of China's foreign policy is not to be conducted independently from any other factors, but needs to be framed within Adler and Barnett's framework for the study of the formation of security communities. China's foreign policy then becomes a crucial element in understanding the possibilities of a Sino-ASEAN pluralistic security community, as it frequently touches many of the factors and conditions found in Adler and Barnett's framework.

This chapter will provide the necessary empirical findings in order to answer a number of questions relevant to the analysis of the possibility of the formation of a pluralistic security community between China and ASEAN, such as: How has China's foreign policy been influenced by endogenous and exogenous factors? Has China's foreign policy been able to alter power relations between Beijing, ASEAN members and ASEAN itself? Has China's foreign policy been able to facilitate, hamper, or maintain a status quo, in the promotion of cognitive structures, transactions, regional organisations and processes of social learning? Has China's foreign policy also contributed to enhancing or diminishing levels of trust and the underpinnings of a regional collective identity?

### 3.1 General overview

For the purposes of convenient analysis, China's foreign policy can be divided into three broad periods. The first period runs from the birth of the People's Republic until Mao Zedong's death (1949-1976); the second covers Deng Xiaoping's rule (mid-1970s-early-1990s); and the third

begins with the fall of communism in Eastern Europe and the collapse of the Soviet Union. From the outset, it is important to stress that each of these periods has had a profound impact on the manner in which China has interacted with both Southeast Asian states and ASEAN. This chapter will study the aforementioned periods in relation to Southeast Asia and then will analyse each period in order to find out how the characteristics of each have affected the prospect for the formation of a pluralistic security community between China and ASEAN.

### **3.2 The Mao period 1949–1976**

During Mao's rule, Chinese foreign policy was largely determined by three domestic and three international factors. The domestic factors were: the primacy of politics, the relevance of the past, and the importance of ideology. The international factors were: the foreign policies of the superpowers (i.e. the US and the USSR), the structure of the international system, and China's calculation of its relative power and interests within such system and against such superpowers (Robinson and Shambaugh 1998: 555). The figure of Mao himself played a fundamental role in the design and implementation of China's foreign policy, as Mao possessed an unrivalled degree of prestige with both the masses and the political apparatus of the country. Furthermore, it was revolutionary politics as designed and symbolised by Mao that strongly set the direction and content of China's approach to its international environment. Mao's broad foreign policy agenda included the promotion of the socialist revolution and the export of communist ideology, a deep-seated anti-Americanism, pro-Sovietism (until the Sino–Soviet rift), and the restoration of Chinese primacy in Asia (Yahuda 1983).

Ideology played a very important role in determining the direction of foreign policy during the Mao period. Marxist-Leninist-Mao Zedong Thought clearly informed the general direction of foreign policy. Thus, initially China decided on adulation towards Moscow and to express an overt anti-Americanism. However, China's foreign policy was to change: from the 1960s onwards China vehemently called the Soviet Union a "revisionist superpower" and came to consider it even a greater danger to its own security than the US. Ideology was a critical factor informing China's support for communist insurgence and parties in other developing countries, and during the isolationist period of the Cultural Revolution. Mao believed in the inevitability of war between the East and West camps and that socialist revolution should be actively promoted by military means following the Chinese model. Thus, initially, Mao decided to "lean towards one side" (i.e. Moscow), as he saw a clear superiority over capitalism in the Soviet model—highlighted by the Soviet Union's apparent technological superiority *via-à-vis* the US (Yahuda 1978).



Some of the most influential factors in China's decision-making process at the foreign policy level were the policies and actions of the United States and the Soviet Union. China engaged first in a strategic partnership with the USSR in the 1950s, and since the 1970s has pursued the entente with the US. While China's foreign policy focused primarily on the US and the Soviet Union, other aspects of Beijing's foreign relations tended to follow the same logic. Thus, China's relations with and branding of different governments, international organisations, alliances, and so on, usually depended on which superpower was seen as the pre-eminent security threat at that moment. The high of China's anti-Americanism came during the 1950s and early 1960s, and had its deepest expression during the Korean War and the Taiwan Straits crises of 1954 and 1958 (Camilleri 1980). Then the security milieu changed, and it was the Soviet Union which became the number-one security threat for China. Relations had been deteriorating up to the 1960s, when they reached their nadir. During March and August 1969, Soviet and Chinese troops had a series of military border clashes which raised the level of tension on both sides—tension which was already high due to the concentration of troops along their borders. Also during the 1960s, China embarked on its Cultural Revolution, which radicalised domestic politics and Chinese society, and so came to adopt an isolationist stance (Barnouin and Changgen 1998). The early 1970s witnessed Beijing agreeing to begin a process of normalisation of diplomatic relations with the US, again as part of a security calculation against Moscow, and still under the logic of the strategic triangle. Rapprochement with the US had important consequences for China at the international level, as Beijing finally managed to obtain recognition from UN, and many countries from different regions began to give China diplomatic recognition.

### *3.2.1 The initial phase of relations between China and ASEAN during the Mao period*

Amongst the factors mentioned earlier, international factors (i.e. the foreign policies of the superpowers, the structure of the international system, and China's calculation of its relative power and interests) and the weight of ideology played critical roles in the manner in which Beijing decided to approach ASEAN and the Southeast Asian states. The region of East Asia in general experienced to a full extent the power politics of the two superpowers. This region witnessed many expressions of the ideological confrontation between the rival world powers, which quite often materialised in the form of military conflict, fought directly by at least one of the superpowers' military forces, or by proxy (Whiting 1979). Amongst the most significant conflicts in the region were the Taiwan Straits crises of 1954 and 1958; the Korean War (1950–53), which divided Korea into two camps, each aligned to one of the superpowers; and the war in Indochina (1950s–mid-1970s), which also saw a temporary division of Vietnam into a communist North and a capitalist South. The Cold War's reach in the region resulted in most Southeast Asian countries having to side with one of the two superpowers; or else attempting to

adopt a non-aligned stance, which was much more difficult to achieve. The 1950s and 1960s in particular were two decades in which relations between China and Southeast Asia became stressful and in which a high degree of caution and distrust emerged between their political elites and peoples (Shao 1996).

This negative milieu adversely affected relations between China and ASEAN (which came to life in 1967), as relations between China and the original members of ASEAN (i.e. Singapore, Indonesia, Thailand, Malaysia and the Philippines) were constantly marred because of most members' alignment with pro-capitalist states. Singapore and Malaysia signed security pacts with their former colonial master (the UK); Thailand and the Philippines had a substantial regional involvement with the US, providing military bases and, in the case of Thailand, having direct military involvement in the Vietnam War. Even if ASEAN had no communist members amongst its membership, by the time ASEAN came into existence the deterioration of Sino-Soviet relations was so considerable that the Association was described as serving the interest of both imperialism and revisionism. Initially, only Jakarta had cordial relations with Beijing, since Indonesian President Sukarno promoted an independent foreign policy and wanted to distance the country from collaboration with ex-colonial forces. Through one of China's most internationally widespread publications, the Chinese government at the time described ASEAN as a "puny counter-revolutionary alliance" promoting the interests of "American imperialism" and "Soviet revisionism".<sup>30</sup> Thus, China's initial reaction to the formation of ASEAN expressed a profound ideological and practical distrust against its members, and the Association came to be seen with suspicion and as a front for further attempts to contain China. This was, indeed, almost inevitable, since ASEAN's membership had indeed a real (if veiled) fear of China and close interactions with the US. Thus, due to an ideological confrontation and deep misconceptions based on poor understandings of ASEAN and Southeast Asian countries, relations between China and ASEAN had a poor start. The founder members of ASEAN did not pursue the creation of an organisation to actively contain China, but rather to protect their non-communist political systems from outside interference. But all throughout the 1950s, and continuing after the creation of ASEAN, China was very suspicious of any development in the region as the PRC had become a stark enemy of both superpowers. In 1969, Chinese commentators had argued that "the counter-revolutionary treaties and alliances sponsored by US imperialism in Asia have fallen to pieces". This, though, did not seem to match the perceptions of the Chinese leadership, as the Soviet attempt to initiate a "system of collective security in Asia" was immediately perceived by Beijing as "nothing more than an anti-China military alliance."<sup>31</sup> Thus, a lingering suspicion of ASEAN was visibly still very much present within the Chinese leadership, the purposes of ASEAN and its founding members being seen as anti-China.

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<sup>30</sup> *Peking Review*, March 22, 1968.

<sup>31</sup> *Peking Review*, no. 27, July 4, 1969.

Beijing perceived the “machinations of US imperialism” behind the governments of ASEAN members. In Indonesia, China declared that “...instigated by US imperialism, the Indonesian fascist military clique staged an armed counter-revolutionary coup and usurped the state power of Indonesia. Since then, US imperialism has stretched its evil tentacles into this rich country’s islands.” China also vehemently criticised the political regimes of Thailand, the Philippines and Singapore.<sup>32</sup>

The architects of ASEAN became very aware that ASEAN should not be perceived by external regional actors as a military alliance or any other sort of organisation aiming to contain China (Gurtov 1975). ASEAN’s Bangkok Declaration<sup>33</sup> establishes that the Association aims at promoting cooperation in the economic, social, cultural, and scientific fields, and makes almost no reference to security concerns.<sup>34</sup> Nevertheless, this was precisely China’s view after the announcement was made of ASEAN’s birth: for a number of reasons, the Chinese leadership saw ASEAN as an instrument designed by the superpowers to further expand a policy of containment and aggression aimed at the PRC. First, all but Indonesia had ongoing linkages with their ex-colonial masters (the UK in the case of Singapore and Malaysia, and the US in the case of the Philippines) and other pro-American states such as Australia and New Zealand. Second, the formation of ASEAN had been preceded by a number of previous attempts at regional groupings, involving at least part of the newly-formed ASEAN partnership, and some with clear anti-communist objectives. Some of these previous regional grouping attempts were: the *South East Asia Treaty Organisation* (SEATO), *Association of Southeast Asia* (ASA), *MAPHILINDO* (short for Malaysia, the Philippines and Indonesia), the *Asian and Pacific Council* (ASPAC), and the *Five Power Defence Agreement* (FPDA). SEATO and the FPDA for example, were explicit in their objective to serve as defence pacts and military alliances sponsored by major Western powers, with SEATO sponsored by the US and the FPDA by Britain and Australia (Wah 1983, 1991). Third, ASEAN did aspire to become as independent as possible from power politics, thus promoting a sort of non-aligned aspiration. Soon after its formation, ASEAN enacted the *Zone of Peace, Freedom and Neutrality Declaration* (1971), in which their members expressed their determination to “exert initially necessary efforts to secure recognition of, and respect for, Southeast Asia as a zone of Peace, Freedom and Neutrality, free from any form or manner of interference by outside Powers”.<sup>35</sup> These avowals of neutrality, however, meant that ASEAN would not respond to China’s previous attempts to lure the non-aligned movement into its sphere of leadership.

<sup>32</sup> *Peking Review*, no. 35, August 29, 1969.

<sup>33</sup> The Bangkok Declaration is the founding document of Association of Southeast Asian Nations. It was signed in Bangkok on August 8, 1967, by the five ASEAN founding members—Indonesia, Singapore, Philippines, Malaysia and Thailand—as a display of solidarity against Communist expansion in Vietnam and communist insurgency within their own borders.

<sup>34</sup> The Bangkok Declaration 1967, at <http://www.aseansec.org/1212.htm>.

<sup>35</sup> *Zone of Peace, Freedom and Neutrality Declaration*, Malaysia, November 27, 1971.

If the formation of SEATO, which had Thailand and the Philippines as members (the FPDA included Malaysia and Singapore), had a clear influence on China's perception of ASEAN, then it should not be surprising that Beijing reacted in such a hostile manner to the birth of the Association. From China's point of view, SEATO allowed Washington to interfere in Indochina and in that way continue with what they perceived as an active policy of encircling and containment of China. In 1956, Mao Zedong, addressing a Thai "good will mission" in China expressed his views on this:

America has gone around making pacts to prepare aggression such as SEATO and the Baghdad Pact. I would like to compare SEATO with a brick to make a wall. Such bricks make a big noise but one day they will tumble down, because they are divided against themselves. SEATO is a wall which does not allow men to look at each other. It is not the mistake of you who make those pacts but the mistake of the imperialists. Beloved friends, is it mistaken if I say that these military pacts are tools which prevent understanding between men and nations? These pacts are also anti-Asian. (Taylor 1976: 269).

In the minds of the Chinese leadership, there was little reason to construe ASEAN as anything fundamentally different from SEATO or any other regional organisation with a similar membership and support from the US. By extension, ASEAN was immediately understood to be yet another attempt from the US to foster its own interest in the region at the expense of China's. Some Chinese commentators at the time noted that "China is to bravely resist the ominous threat coming from imperialistic and revisionist cliques in the form of regional pacts".<sup>36</sup>

TABLE 7: Main regional multilateral organisations during the height of the Cold War involving Southeast Asian states

Organisation	SEA states involved
SEATO (American-sponsored)	Thailand and the Philippines
ASA (indigenous)	Philippines, Thailand and Federation of Malaya
MAPHILINDO (indigenous)	Malaysia, Philippines and Indonesia
ASPAC (South Korea-sponsored)	Malaysia, Philippines, South Vietnam, Thailand, Laos (observer)
FPDA (British/Australian-sponsored)	Malaysia and Singapore

Even though the political elites that designed ASEAN were careful not to make any explicit references to security concerns in the form of the promotion of formal security pacts and alliances, the ongoing external developments created a sense of uneasiness in their minds, and these elites finally thought of ASEAN as a veiled form of non-military gregarious protection against external threats to their survival. The war in Indochina, the perceived Vietnamese

<sup>36</sup> *Peking Review*, February 10, 1969, pp. 24–25.

aggressive and regional expansionary aspirations, and the radicalism of China's Cultural Revolution helped lead these elites to think of ASEAN not just as a mere cooperation framework but also as a guarantor of security against regional threats. Michael Leifer has argued that, at the time, ASEAN could be best conceived of as "a security organisation even though it does not possess the form or the structure of an alliance and its corporate activity has been devoted in the main to regional economic cooperation" (Leifer 2003: 380). Therefore, the Chinese leadership of the time could sense ASEAN's members' desire to enhance their own security against actors such as China; only there was clearly no attempt to militarise such an objective.

### 3.2.2 *Relations between China and individual Southeast Asian countries during the Mao period*

China did not only react adversely to the formation of ASEAN but also developed hostile relations with its individual members. China's relations with individual ASEAN states were also affected by the influence of ideology and the international regional and global factors characteristic of the Cold War. Furthermore, Beijing would become very sensitive to any of ASEAN's members' intentions to collaborate with the US, thus provoking further condemnation: thus, China managed to alienate all of ASEAN's membership. As mentioned earlier, China was initially able to establish diplomatic relations with Sukarno's Indonesia and with the Communist Party of Indonesia, but the new government of Suharto severed links and became China's foe.

According to Khaw Hoon, to be considered by China as a friendly Southeast Asian neighbour it was necessary to meet at least some of the following criteria:

- A willingness to recognise the government of the PRC as the sole government of China and to establish relations with it based on the Five Principles of Peaceful Coexistence;
- Disavowal of the concept of two Chinas and respect for China's position that Taiwan is an integral part of Chinese territory;
- Disallowance of foreign, especially US, military bases in their territories;
- Repudiation of American policies in Southeast Asia in general and Vietnam in particular and;
- The adoption of a non-aligned orientation of their foreign policies. (Khaw 1977: 13)

These criteria left no significant room for improving Sino-ASEAN relations during this period, as none of ASEAN's members recognised the PRC diplomatically, but, rather, recognised Taiwan as the sole government of China. Thailand, Singapore and the Philippines supported

American policies in the region and even contributed troops and bases during the Vietnam War to support the US war effort. ASEAN's individual foreign policies were heavily weighted towards American interests in the region and did not sustain an independent, non-aligned stance. Due to all this, China and ASEAN would have to wait some years in order to be able to improve their relations.

### 3.2.3 *Sino-Indonesian relations*

Conditions for propitious relations between Indonesia and China seemed to be in place after both countries managed to establish themselves as nation states. The birth of the Republic of Indonesia shared with China's a tempestuous armed struggle and the leadership's postulation of unorthodox visions of their own societies. Such socio-ideological "radicalism" created common ground on which the political elites of each country could begin to interact with each other. Sino-Indonesian relations had a good start: China had declared itself a member of the socialist camp of nations following Marxist-Leninist principles, and even though Sukarno's Indonesia had no intention to follow the same steps, the countries found common ground and Jakarta established diplomatic relations with communist China in July 1950, soon after Indonesia had obtained full independence from the Dutch in December 1949. Both China and Indonesia were highly motivated to search for mutual diplomatic recognition. Indonesia, like China, was a newly-independent nation and one which had experienced armed struggle with a well-established European nation, the Netherlands (Leifer 1983). China had also established itself as a sovereign, independent nation after fighting a protracted and unfinished civil war against the Nationalists now stationed in Taiwan. Thus, both newly-formed countries were eager to develop diplomatic recognition as a means to improve their international standing and further secure their possibilities for survival. Beijing had also welcomed such an offer, since it came during a time in which China suffered from acute international isolation; both nations considered themselves as part of the Third World and both opposed the power politics practised by the superpowers (Suryadinata 1996).

Moreover, at this early stage of Sino-Indonesian relations, Beijing and Jakarta's foreign policies developed a close identification of interests. Sukarno perceived imperialism, colonialism and capitalism as the main enemies confronting Indonesia and the developing world; therefore he identified the destruction of such enemies as an important objective of the Indonesian revolution (Weinstein 1976). In a similar vein, imperialism, colonialism and capitalism were also the paramount topics of Mao's thought and seen as enemies of China and the developing world. Where Mao spoke about imperialism and revisionism as the eminent dangers for China and the world and the role of the CCP in fighting against them, Sukarno spoke of the *Old Established Forces* as representing the reactionary camp, and of his *New Emerging Forces*, or the

progressive forces of the world, which were meant to lead revolutionary-like changes within countries and the international system (Mozingo 1976). But the honeymoon period of relations eventually began to deteriorate. The Indonesian government started becoming wary of China's connections with the PKI and as what came to be seen as interference in national affairs through China's interactions with the ethnic Chinese minority living in the country.

The Sino–Indonesian relationship came to an abrupt end after Sukarno's government was deposed by General Suharto and his *New Order*, who manifested his antipathy towards China. Diplomatic relations were severed in October 1967. China's reaction was soon to be heard:

...the reactionary Indonesian government brazenly announced the closing of its embassy in China and the withdrawal of all the Embassy personnel; at the same time, it unwarrantedly demanded that the Chinese government close the Chinese embassy in Indonesia, the Chinese Consulate-General in Jakarta... and withdraw all the personnel of the Embassy and Consulates before October 30. The Chinese government and people express utmost indignation at and lodge a strong protest against the reactionary Indonesian government's suspension of diplomatic relations between the two countries by such despicable means.<sup>37</sup>

The New Order regime remained vigilant and wary of any communist activity within the country, and was hostile to China until the 1970s.

#### 3.2.4 *China, Burma and Indochina during the Mao period*

Burma's historic concern to remove tensions in relations with China—particularly due to the country's vulnerable land border, 1,350 miles long—made the question of diplomatic recognition of the PRC a priority after the birth of the People's Republic in the late 1940s. Furthermore, the Burmese government also feared the possibility of China attempting to annihilate the remnants of the Nationalist army stationed in the country, thus facilitating an excuse for military intervention in Burma's territory (Johnstone 1963).

From Burma's independence in 1948 until the late 1980s, Sino–Burmese relations were relatively distant, characterised by official declarations of friendship which served to cover and contain significant underlying tensions. After the founding of the People's Republic of China in 1949, Sino–Myanmar relations were generally stable, except for the anti-Chinese riots which occurred in the late 1960s. Formal relations were established on June 8, 1950. Four years later, China, Myanmar and India jointly proclaimed the *Five Principles of Peaceful Co-existence* that were subsequently adopted by the Non-Aligned Movement as the basis for international

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<sup>37</sup> “Chinese Government Statement: Strong protest against reactionary Indonesian government's suspension of diplomatic relations between the two countries. Resolute and unswerving support for the Indonesian people's revolutionary struggle”, *Peking Review*, no. 45, November 3, 1967, p. 5.

relations and which were contained in the *Sino-Burmese Joint Declaration* of the June 29, 1954 (Pettman 1973). Sino-Burmese relations experienced ambivalent peaceful coexistence (1949–1961), and a period of temporary setbacks (mid-1960s–1970), until a later period of improved relations (see chapter five). During the government of U Nu, Burma attempted to execute a policy of “strategic neutrality”, a form of neutralism that, when interpreted in the light of the country’s own interests, would seek mostly not to antagonise China by means of prudently refraining from commenting on matters of importance to Beijing, at least at the official level (Gurtov 1975: 89). This policy of “positive neutralism” was continued by General Ne Win who took power via a coup in March 1962. Prior to 1965, Rangoon’s foreign policy was sufficiently oriented towards China’s interests that Beijing had agreed to a border settlement, a friendship treaty and a number of aid and economic projects. But China’s disapproval of Burma’s “soft approach” (i.e. a non-critical attitude) regarding the US intervention in Vietnam contributed to significantly deteriorate Sino-Burmese relations. A critical year for Sino-Burmese relations was 1967, when Beijing finally broke with Rangoon. With the influence of the Cultural Revolution in the background, this year witnessed anti-Chinese riots and the subsequent expulsion of Chinese communities from Burma, which generated hostility in both countries. Furthermore, and as with other countries in the region, China eventually began to provide support to the Communist Party of Burma (CPB), a factor which also contributed to straining relations between both governments and which led both sides to take steps that effectively ensured the crisis would not quickly be repaired (Appadorai 1982).

During this period, China’s relations with Indochina centred on its support for the Vietnamese independence and reunification efforts. The PRC manifested two main strands of policy towards Vietnam during the first two Indochina wars: cooperation and containment. Beijing provided considerable support to Vietnam’s leading independence figure, Ho Chi Minh, in the war against France (1950s) and then the US (1960s–1970s). China’s support was crucial in Vietnam’s defeat of the French in 1954 and the Vietnamese ability to resist American intervention during the Second Indochina War. China’s support for Vietnam’s war effort served geopolitical and ideological interests. On the one hand, Mao could eliminate “hostile imperialism” from its southern border and, on the other; Beijing could spread revolution in Indochina and contain Vietnam’s attempts to dominate in Laos and Cambodia. From the 1950s until the late 1960s, China’s cooperation with Vietnamese revolutionaries was predominant. Nevertheless, by the early 1970s Beijing’s containment policy became more conspicuous. This was due to the intensification of the Sino-Soviet rift at the same time as Hanoi and Moscow were deepening their ties. Thereafter, the leadership in China became increasingly concerned with the prospects of a post-war Indochina dominated by Vietnam in alliance with the USSR (Zhai 2000: 217).



Relations between the countries further deteriorated when Hanoi invaded Cambodia, removing the Khmer Rouge regime—an ally of Beijing—from power. China did not hesitate to condemn the invasion, which Beijing perceived as having the backing of the Soviet Union. Thus, China's main concerns became reality: Vietnam's expansionism in Indochina and "revisionist encirclement" executed by Moscow (Lawson 1984). The nadir of Sino-Vietnamese relations came shortly after, when China decided to invade Vietnam in order to "teach the Vietnamese a lesson". The Third Indochina War was brief (17 February–5 March 1979) and had mixed results for China, as Beijing did not achieve the victory needed in order to force Vietnam to retreat from Cambodia. After this brief military interlude, relations between both countries remained hostile and in 1988 China's naval forces clashed with Vietnamese vessels in the South China Sea as part of a protracted dispute over maritime territories in the Paracel Islands. No further significant clashes occurred after that time, but tensions remained high due to unresolved territorial disputes (both land border and maritime). China would often refer to Vietnam as a stooge of revisionist powers (referring to Moscow); in the meantime Hanoi considered China as its most serious threat until the improvement of relations during the early 1990s (Ang 1998).

### 3.2.5 *Conspicuously anti-communist and pro-Western: Thailand, the Philippines, Malaysia and Singapore*

The rest of the original members of ASEAN, apart from Indonesia, did not express a radical anti-colonial, anti-imperialist foreign policy which could have eased relations with the PRC. On the contrary, governing political elites within these countries all developed strong ties with Western countries, particularly with the US, rejecting communism as a viable option for their own societies and supporting the American war effort in Indochina (Tarling 1999). Linda Yim explains that the original ASEAN nations "have been fundamentally pro-Western and anti-Communist in its orientation." (Yim 1990: 137). Thailand and the Philippines, for example, contributed troops to the war in Korea and in Vietnam. The Philippines authorised the US to maintain twenty-three bases, of which Clark Air Field and Subic Naval Base became the most important. Thailand also allowed American troops to operate from within its territory near the border with Vietnam in order to facilitate military incursions. Singapore did not contribute with troops or military bases, but provided American troops with rest and recreational facilities during the war. China argued vociferously that "Thailand is being used by US imperialism as a forward base in its attempt to conquer Indo-China. The Thai authorities, on their part, are devotedly serving as one of Washington's pawns on the Southeast Asian chessboard."<sup>38</sup>

<sup>38</sup> "Thailand—Bridgehead of US Aggression Against Indo-China", *Peking Review*, vol. 8, no. 42, October 15, 1965.

China found further reasons to react negatively towards the ASEAN countries, and not just because of ASEAN's support to the US on several fronts and its lingering links with other Western and previous colonial masters. China reacted adversely to the formation of Malaysia and Singapore (formerly Malaya) as Beijing thought of them as "stooge states" serving colonialist and imperialist designs from their previous masters (i.e. the United Kingdom). China bitterly argued that "Malaysia is a dagger thrust in the heart of Southeast Asia by the US and British imperialists. It is an implement of old and new colonialism."<sup>39</sup> ASEAN's members, on the other hand, became very aware of the potential dangers that the PRC could pose to their own national security and survival. ASEAN's support for American intervention in Indochina was partly due to their need to secure their own security in the face of what they understood as an expansionist and aggressive communist Vietnam. Furthermore, China also was seen as a threat, not the least because, initially, it gave support to Vietnam (van Canh and Cooper 1983: 222–257). Communism in general was seen as a serious threat to the region's survival, or as Malaya's Prime Minister Tunku Abdul Rahman declared:

We must not deceive ourselves that communism is merely local. Communism we know is an intrinsic part of an international conspiracy for world domination... we have to face up to the threat of communism and not wait for the time to come when we may wake up and find ourselves in mortal danger. That is why we in Malaya who value our freedom cannot be neutral about communism. (Storey and Yee 2002: 229).

China's disaffections with ASEAN were reciprocated. If Beijing feared an active policy of containment orchestrated by the US and the USSR with the help of Southeast Asian states, ASEAN members also feared China's meddling in their national affairs, mostly in the way of giving support to communist parties and maintaining close links with ethnic Chinese minorities in these countries.

Interactions between the Chinese Communist Party and other communist parties operating in Southeast Asian countries were not simply ceremonial and inconsequential. For China the underpinnings of such relations were based on Mao's thesis of contradictions and the need to create united fronts. A fundamental contradiction was to be found between the oppressed and imperialist nations of the world. Therefore, the main goal of all oppressed nations would be to "break the yoke" of imperialist rulers and then move towards new forms of socio-political organisation such as communism (Yee 1983). Beijing's support for communist parties in the region had the ultimate task of helping them achieve this objective. The strategy would be to form temporary united fronts between "progressive" (i.e. communist parties) and "bourgeois forces" to defeat the imperialist forces (a phase labelled "national democratic revolution") so that later on the progressive forces could fully take over the country's socio-political life. For

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<sup>39</sup> "Malaysia", *Peking Review*, vol. 8, no. 2, January 8, 1965, pp. 14–15.

this reason, ASEAN's members' ruling political elites viewed with trepidation Beijing's efforts to establish and fortify its relations with communist parties within their territories. ASEAN governments feared these interactions for three main reasons: First, the rationale of the wars of national liberation promoted by Beijing was overtly aggressive and had the clear objective of eventually deposing the already established non-communist governments. Second, within ASEAN the communist parties' core membership was in many cases composed of ethnic Chinese, which in the view of ASEAN governments could be easily influenced to favour China's interests. Third, these communist parties were also in many cases instrumental in organising armed, anti-governmental organisations, as happened in Malaya, Thailand, Vietnam, the Philippines and Borneo; and it was also suspected China was behind the Indonesian PKI-sponsored coup in the mid-1960s in Indonesia (Steinberg 1987).

According to Van Ness, China had endorsed revolutions in Asia both implicitly and explicitly. Implicit endorsement took the shape of reprinting the policy statements of foreign revolutionary movements, publishing articles in the Chinese press and/or designating certain countries in maps published in official periodicals as sites of ongoing revolutionary armed struggles against imperialism. Explicit endorsements of revolution were made unambiguously, receiving, for example, full approval from prominent figures of the Chinese communist apparatus such as Mao himself (Van Ness 1970: 82–90). Moreover, Beijing supported revolutionary movements with financial and military<sup>40</sup> (e.g. arms, ammunition and training) assistance, and by means of propaganda such as radio broadcasts, cinema, and a variety of printed material. During 1965, for example, several tons of Chinese-made weapons were intercepted by US and South Vietnamese troops, and by early 1967 Beijing was reported to have supplied an estimated US\$ 600 million worth of aid to Hanoi (*ibid.*: 104). Nevertheless, Vietnam's armed struggle was a particular scenario and there was never a serious attempt to topple any of the original ASEAN's governments by full-scale military means.

In Southeast Asia China was very proactive in establishing links with communist parties and revolutionary movements, providing support in all its forms: material, military, financial and propagandistic. Beijing had established relations with the Indonesian Communist Party (PKI), the Thai Communist Party (TCP), the Malayan Communist Party (MCP) and Singapore's South Seas Communist Party, with the Burmese Communist Party (BCP), and to a minor extent with the Communist Party of the Philippines (PKP). China was also instrumental in assisting the Thailand Independence Movement, the Thailand Patriotic Front, the National Front for Liberation of South Vietnam, the Malayan National Liberation League, the North Kalimantan

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<sup>40</sup> Military assistance did not involve overt participation by the PLA in any foreign country. The nearest it came to overt participation was during the Vietnam War, where Chinese troops did support the Vietnamese war effort in Vietnamese territory, but by helping build infrastructure (i.e. bridges and roads), not fighting the American troops. Beijing was worried about provoking the Americans to the point of having to confront them directly, and perhaps even facing war in Chinese territory.

Unitary State Government, Neo Lao Hasakat in Laos and also supported the Khmer Rouge in Cambodia.

TABLE 8: China's relations with major Asian revolutionary organisations, 1965

Endorsed revolution	Revolutionary organisation	Permanent mission in China	Delegation visited China (1965)	Mentioned in Chinese press
Laos	Neo Lao Hasakat		x	x
Malaysia/Singapore	Malayan Communist Party/Malayan National Liberation front			x
Northern Borneo	North Kalimantan Unitary State Revolutionary Government		x	x
Thailand	Thailand patriotic front and Thailand Independent Movement	x	x	x
Vietnam	National front for Liberation	x	x	x

Source: Van Ness 1970: 134

TABLE 9: Chinese endorsements of revolutions, 1965

Country	Explicit endorsement	Implicit endorsement
Laos	x	x
Malaya and Singapore	x	x
North Borneo	x	x
Philippines		x
Thailand	x	x
South Vietnam	x	x

Source: Van Ness 1970: 90

### 3.3 Deng Xiaoping's period (mid-1970s–early 1990s)

Most of the factors previously outlined remained in place after the death of Mao and during Deng's tenure at China's helm. In the sphere of domestic politics, the most important transformation was replacing Mao's ideological radicalism with Deng's pragmatism and a corresponding shift from the primacy of politics to the primacy of economics. China's foreign policy began to incorporate calculations about what could serve the country's economic development (or in Marxist-Leninist jargon, the development of the productive forces) and downplayed the importance of the previous ideological contents. Thus, access to foreign markets and goods, and technology transfers, became a crucial objective of China's foreign policy. These new objectives meant that China was willing to "open the door" to foreign economic investment, technology transfers and training, and international trade. As a corollary,

Beijing's foreign policy was summed up by the fundamental objectives of promoting peace and security, both at the national and international level. A peaceful international setting should become most conducive to uninterrupted growth and the promotion of the four modernisations, whereas war would run against China's opportunity to catch up with the developed world. Furthermore, China's accession to markets, and technology transfers, would be heavily dependant on those who could actually provide them, which meant that Beijing would have to reorient its current policies towards the US, Western Europe and Japan, as these actors were the world leaders in these particular areas (Evans 1995). Furthermore, during Deng's tenure propagandistic opposition to Western nations and values lost its emphasis as the campaigns against spiritual corruption and bourgeois influence were left aside. The CCP decided to revise its ongoing views on Marxist-Leninism. With Deng, the pragmatic and scientific aspects of this ideology were highlighted. The figure of Mao himself became a matter of scrutiny: he became criticised and was no longer studied in detail. Mao was officially re-evaluated and the leadership of the CCP found that he was "70 per cent right but 30 per cent wrong" during his tenure, the Cultural Revolution being harshly condemned (Meisner 1996). All these measures facilitated the justification of deeper relations with capitalist states and a vast number of changes within the economic, administrative and legal spheres in the country. Clearly, these domestic changes were crucial to ushering China towards a new international path.

Domestic changes such as those mentioned above greatly contributed to radical changes in Chinese foreign policy, but international events also played a fundamental role during this period. The first stage of foreign policy design in the Deng period was still dominated by the Cold War logic. For a start, the strategic triangle still had a critical place within China's leadership calculations. Nevertheless, the strategic triangle had not remained unchanged. The Chinese leadership downgraded the Soviet threat as from 1978, concluding that the prospects for conflict with the USSR were lower. China understood that it was imperative to keep good relations with the US in order to continue with the effort of modernising the country, though this did not deter Beijing from using anti-American rhetoric and voting against Washington in the UN. Deng also put a great emphasis on the so-called Third World, although China's previous policies had alienated too many Third World states by, in some cases, cooperating with their opponents or fostering domestic opposition groups. One of the obvious reasons to stress the importance of the Third World was that many of those countries were potential markets for Chinese goods, or were places where Chinese soft power could purchase influence (Sutter 1986).

### 3.3.1 *The Open Door policy and Tiananmen*

The "Open Door policy" (also referred to as "a more open economic policy" and "a policy of opening to the outside world") was one of the most significant policy changes to occur in China

since the birth of the Republic in 1949, and was characterised by the eagerness of the Chinese leadership to use both foreign capital and technology on a large scale, instead of depending on domestic sources. The Chinese leadership considered the need to readjust the economy to correct a series of serious imbalances which were the legacy of economic policies during the Mao period. In Premier's Zhao Ziyang's report presented during the Fourth Session of the 5<sup>th</sup> National People's Congress (NPC) in 1981, he argued that the model of extensive growth of previous years was no longer adequate to China's development and needed to be replaced by intensive growth. That was tantamount to arguing that a model of quantitative production (i.e. producing more machines and building more factories) needed to be transformed into a qualitative one as an essential readjustment needed to achieve sustained economic growth at a more sophisticated state of development.<sup>41</sup>

The Open Door policy consisted of two major types of policy change: the opening up of geographic regions to foreign investment, and the opening of specific institutions nationwide. The geographic opening began in July 1979, when China granted the frontier provinces of Guangdong (bordering Hong Kong) and Fujian (across the strait from Taiwan) preferential policy flexibility. In May 1980, the Shenzhen, Zhuhai, Shantou and Xiamen Special Economic Zones were created. In February 1982, the Yangtze River Delta, Zhu River Delta and three other regions in Fujian, Liaonin, and Shandong were opened. In May 1984, fourteen additional coastal cities were opened. In 1988, Hainan Island Province—hitherto a fishing community—became the largest Special Economic Zone. During the new round of reform in 1990s, first Pudong of Shanghai was opened; then, in 1991, four border cities on China–Russia frontier were opened. In August, 1992, fifteen more hinterland cities were opened, and since that time major cities all over China have followed suit. Compared to the speed of geographic opening, institutional openings for foreign trade and foreign capital were slower, and have always been driven by the geographic opening (Huan 1999).

From a closed economy at the end of 1970s, by the mid-1990s China had become the eleventh largest trading country. Its openness (measured by total foreign trade as percentage of GDP) increased from 17% in 1978 to about 40% in the mid-1990s. Foreign capital investment also surged: China has become the second hottest investment destination country, second only to the US. During the surge period of 1990 to 1996, China attracted US\$ 230 billion of foreign capital, accounting for 20% of total capital flows to developing countries in the period. With respect to capital flows, in 1979 the Joint Venture law was issued, and foreign investment in the special economic zones (SEZ) and other coastal cities was encouraged. Later on, China improved its legal and regulatory system and began to guide foreign capital to regions or industrial sectors preferred by China. Until 1997, China's policy was to encourage foreign capital in

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<sup>41</sup> *Beijing Review*, July 1981.

manufacturing and other industrial sectors; services were not a priority. Since 1997, however, various services have begun to enter China. Several foreign banks have been allowed to offer RMB service. Overall, China's policy was to encourage FDI, but to maintain central control of foreign borrowing and to discourage portfolio inflows. By early 1997, there was a plan to open the capital account, but the Asian crisis interrupted it (Galbraith and Lu 1999). The "historic turn point" for the Open Door policy came in late 1978, at the Third Plenary of the 11<sup>th</sup> Central Committee of the CCP. The Plenum announced that China would be actively expanding economic cooperation on terms of equality and mutual benefits with other countries, and striving to adopt the world's advanced technologies and equipment. China was willing to take not only technology from abroad, but would tolerate foreign investment as well. In mid-1979, the *Law of the PRC on Joint Ventures using Chinese and Foreign Investment* was promulgated. This general policy was followed by a number of concrete steps. The establishment of SEZs in the provinces of Guangdong and Fujian were proposed, and, during the early 1980s, detailed rules and administrative procedures were formalised. The idea of creating SEZs was to create an advantageous environment for foreign investment. Initially, the SEZs did not manage to attract high-tech production lines and ample foreign investments were not secured; nevertheless, considered from an overall point of view, the SEZs became a huge success (Huenemann and Ho 1984).

A number of events marked the transition from Deng's period towards a new period in China's foreign policy. First, a domestic factor, the Tiananmen incident in the summer of 1989; and, second, an international factor, the collapse of the Soviet Union and communism as a global ideology. The different periods of China's foreign policy have also had different manifestations on both ASEAN and Southeast Asian countries. All the factors mentioned have influenced in a lesser or greater degree how Beijing perceived and decided to interact with these particular actors within the international system. The next section will explore how China perceived and interacted with ASEAN and Southeast Asian states during the different periods of China's foreign policy.

The Tiananmen incident affected China's relations with the outside world by temporarily halting the reforms initiated by Deng, and bringing the ideological conservatives back to power. Thus, the Open Door policy was closed for the rest of 1989 and the first half of 1990, because of fear of Western political and cultural influence. Furthermore, Tiananmen deeply affected China's relations with many other countries, mostly from the Western bloc. With the US at the forefront, sanctions, mostly of an economic nature, were implemented and gradually lifted upon judgement of China's further actions. The Tiananmen massacre became headline news all around the world and received widespread reprobation, reactions from Western Europe and the US being particularly harsh (Fewsmith 2001a). In Europe, for example, Mitterrand's France

froze relations with Beijing; Germany cancelled an agreement on official development assistance (ODA); and the UK announced a total ban on arms sales. Nevertheless, not all members of the international community of states expressed condemnation of the Chinese government and applied sanctions—and this was particularly true in the case of East Asian nations. In general, East Asian governments were evasive and unwilling to intervene in what they saw as the internal affairs of a third country. Both Japan and South Korea gave rather mild comments on the issue; only Japan felt pressured to take a more condemnatory stance because of its close relations with the US. But the Southeast Asian nations decided not to intervene at all, thus either making no mention of the incident or considering it to be a Chinese internal affair—in other words, as David Shambaugh argued, “while the rest of the world was doing its best to isolate China, ASEAN reached out to Beijing” (Shambaugh 2005: 26). According to Zhao Quansheng, although China’s relations with Southeast Asia began to improve from the early 1980s, the Tiananmen incident in June 1989 was a significant turning-point. The sanctions imposed by Western countries, as well as the collapse of the Soviet and East European communist regimes, forced China into international isolation. Chinese leaders had to adjust their foreign policy, and one of their new initiatives was a more Asia-oriented foreign policy, with Southeast Asia as a major focus (Zhao 1995: 8–15). China had also envisaged the need to counteract the international isolation suffered, thus the directives of foreign policy were partly aiming at substituting as much as possible for the loss of economic assistance and political support from Euro-American sources by seeking other sources and also by trying to create some sort of coalition to protect itself from the American-led cluster of nations (Long 1992).

### **3.4 China during the immediate post–Cold War period (early 1990s): The impact of the demise of the USSR and the end of international communism on China’s design of its foreign policy**

The demolishing of the Berlin Wall heralded the end of communism (i.e. Marxist-Leninist ideology) as a viable form of organising society, and would shortly bring total bankruptcy to this particular paradigm. The implications of this event for China were considerable, as Marxist-Leninist and Mao Zedong Thought had been paramount organisers of the socio-political, economic and cultural life of the country since its birth. As has been mentioned, during the Deng period the influence of Mao’s thought had diminished considerably, allowing for the new economic reforms to find a more fitting justification. But, now, not just Mao Zedong Thought but the larger socio-political and economic conceptual underpinnings of China had begun to lose legitimacy, initially not from within China but from outside its borders (Segal 1994). The CCP realised that justifying itself at the helm of power under Marxist-Leninism could not be maintained for much longer, and that economic growth meant moving towards a market economy in which new actors and dynamics would be inevitably established. Thus, the role of



personality (i.e. the cult of personality) as an influence in foreign policy design would have to decline, with the role of ideology and the previous stress on revolution now being substituted by a growing sense of nationalism. Thomas Robinson argued that “if market democracy was coming to be the universal norm, and if the power of such entities was already overwhelming, it followed that Beijing would have to learn how to get along with such countries permanently and give up hope of seeking safety in a Beijing-constructed balance of power” (Shambaugh and Robinson 1998: 593).

On the one hand, China would need to learn to further interact with the victors of the Cold War and play along with their norms within a re-structured international order, as the defeated few survivors of this ideological conflagration were only a small cluster of weak states with no significant power to dictate the way forward at the regional and global level.<sup>42</sup> The process of learning how to cope with this new international order (i.e. the collapse of global communism) and with the victorious capitalist states did not pass off without a period of analysis, often indicative of the fears of the Chinese leadership at the prospects of having diminished legitimacy to maintain their tight grip on the country’s political rule. The appearance of a new world order began to take shape with the socio-political developments in Eastern Europe and the Soviet Union’s reform policies of *perestroika* and *glasnost* instigated by Mikhail Gorbachev. Facing this, the CCP began to discuss what it had previously branded as “peaceful evolution”—the possibility of seeing communist states evolve, without the need for violent conflict, towards economic (free markets) and political (liberal democracies) forms of capitalism (Sutter 2008). The CCP had witnessed with trepidation the radical transformations of previous communist states such as Poland, Hungary, East Germany, Czechoslovakia, Bulgaria and Romania, which were abandoning the previous ideology in favour of democratic values.<sup>43</sup> During late 1989, Jiang Zemin, then the general secretary of the CCP, defined peaceful evolution as the adoption of “political, economic and cultural means to infiltrate and influence socialist countries, exploiting their temporary difficulties and reforms. They [the so-called ‘international reactionary forces’] support and buy over so-called ‘dissidents’, through whom they foster blind worship of the Western world and propagate political and economic patterns, sense of values, decadent ideas and lifestyle of the Western capitalist world” (Chang 1990: 43–44).

China’s leadership was dismayed by the recent events in Eastern Europe and blamed these largely on Gorbachev and his “New Thinking” policy.<sup>44</sup> Initially the CCP branded Gorbachev as a revisionist and a traitor to the cause of socialism, and called his reforms as “not some sort of

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<sup>42</sup> Those few states are still in place and they are Cuba, Vietnam and North Korea. Vietnam, like China, has entered a process of reform that has changed the dynamics of the previous system.

<sup>43</sup> Romania had no “peaceful evolution” as such: the leader Nicolae Ceausescu needed to be deposed violently.

<sup>44</sup> The “New Thinking” policy (*novoe myshlenie*) was part of the Soviet Union’s new foreign policy designed to create an international environment favourable to *perestroika*.

perfection of the socialist system, but a basic move towards capitalism” (Garver 1993: 5). But even after the events in Eastern Europe and Gorbachev’s reforms, the worst was still to come: as the existence of the Soviet Union became imperilled, and finally succumbed to intense inner-political developments. Regardless of the strained relations of the past between China and the USSR, Beijing could only watch with dismay the demise of the first ever Marxist-Leninist state. Particularly sensitive after the Tiananmen incident, China’s leadership interpreted the disappearance of the Soviet Union and its European satellite states as having the possibility of further eroding its own legitimacy in the eyes of its own nationals and certainly the outside world. Furthermore, China also feared an increased US world dominance and the development of a unipolar world system which could easily translate into added American pressure on China’s regime. In this respect, Deng declared that “everyone should be very clear that under the present international situation [the collapse of the USSR] all enemy attention will be concentrated on China. They will use every pretext to cause trouble, to create difficulties and pressure us.”<sup>45</sup> China feared that the US and other Western countries would try to overthrow socialism in China (i.e. depose the CCP and promote democracy) by means of peaceful evolution.

The demise of the Soviet Union in particular gave China the opportunity to begin a positive reengagement with its periphery, as the previous Cold War-based structure of the regional balance of power was coming to an end. Moscow’s grand strategy in Asia before the end of the Cold War had centred on efforts to neutralise the PRC as a threat to the Soviet Union’s eastern flank. Such efforts eventually crystallised in a massive military build-up on the Soviet–Chinese border, which began in 1965, and led to a series of alliances with potential enemies of China in the rest of Asia. As has been discussed above, the Sino–Soviet relationship was one of particular importance for China, affecting its overall external relations, both global and regional. One such alliance was that established between Moscow and Hanoi, and formalised through the Soviet–Vietnamese *Treaty of Friendship and Cooperation*, signed on November 1978. The signing of the Treaty came to epitomise how Beijing had lost the battle against Moscow by trying to cajole Hanoi, as the war in Vietnam had opened the doors for an extension of Sino–Soviet rivalry. During the war, both Moscow and Beijing provided economic and military assistance to North Vietnam. The Soviet Union had been very anxious to keep its position as paramount leader of the communist community of states, thus trying to eliminate, or at least diminish as much as possible, China’s competing influence. China, on the other hand, had been very successful in influencing communist movements in Southeast Asia due to geographical closeness and cultural and historical factors. But American intervention in Vietnam forced Hanoi to approach Moscow, as only the Soviet Union could provide the military technology needed to counteract the American forces (Yee 1983: 53).

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<sup>45</sup> “Deng Xiaoping sees the future of the CCP”, *Zhengming*, no. 151, May 1, 1990, pp. 6–7.

One of the main motivations for the Soviet Union to further approach a unified Vietnam was its desire to encircle its rival, China, in order to debilitate its strategic and military strengths. The new Soviet government, following the fall of Khrushchev, was no less concerned—and was perhaps rather more concerned than its predecessor—to maintain and increase its influence on events in Vietnam to the detriment of the Chinese (Buszynski 1980). Furthermore, the Sino–Soviet conflict in Southeast Asia did not stay contained to Vietnam, but further spiralled when, with Soviet approval and support, Vietnam invaded Cambodia to oust the Chinese-supported Khmer Rouge. Soon after, due to the invasion of Cambodia, war broke out between China and Vietnam, which, according to Deng Xiaoping, was meant to “teach Vietnam a lesson”.<sup>46</sup> Thus, the Sino–Soviet rivalry brought about considerable disruption and hostility in Southeast Asia, at least with respect to Vietnam. Nevertheless, at the beginning of the 1990s, this rivalry began to show signs of easing, particularly due to signals given by the Soviet Union. Gorbachev’s 1986 “Vladivostok speech” made it clear that the Soviet Union was eager to improve relations with China. In his speech, the Soviet leader stressed that relations between Moscow and Beijing were of great importance both in terms of mutual interest and in terms of regional security. Gorbachev stated that the Soviet Union was ready to hold negotiations with China at any time and at any level, and to discuss any problem in order to induce a neighbourly environment between the two of them, and in the region in general. Amongst the issues that Moscow was willing to discuss there was the issue of reduction of troops stationed along the border with China (Pi 1989: 109–110).

This, though, was not the first time that the USSR had made overtures towards China in order to try to improve relations. As recently as March 1982, Leonid Brezhnev had also delivered a speech expressing a will to negotiate bilaterally with China in order to improve relations.<sup>47</sup> China’s response to Gorbachev was the same as with Brezhnev. Beijing expressed that it would notice Moscow’s “deeds and not words”, and in order to attract China to the negotiating table it would be necessary first to witness the Soviets acknowledging what the Chinese branded “the three main obstacles”: troop amassments in the Sino–Soviet and Mongolian borders; Moscow’s support for Vietnam’s invasion of Cambodia; and, finally, the Soviet invasion of Afghanistan, which shares borders with China. Eventually, these three obstacles were removed. First, by the end of September 1989, under the Soviet Union’s insistence, Hanoi finally completed the withdrawal all its remaining troops from Cambodia. Second, a Soviet troop withdrawal from Afghanistan began in early 1988 and was completed in February 1989. Finally, in the

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<sup>46</sup> The war was not a protracted one, but, on the contrary, quite brief. China’s incursion in Vietnam lasted from mid-February to early March 1979.

<sup>47</sup> Previously, too, China and the Soviet Union had had a first round of vice-ministerial talks on normalisation of relations during October 1979; the second round, programmed for 1980, was temporarily suspended after the Soviet invasion of Afghanistan in late December 1979.

Vladivostok speech, Gorbachev announced that the Soviet Union would withdraw its troops from Outer Mongolia (Mankoff 2009: 196).

#### 3.4.1 *China's approach to ASEAN and Southeast Asia during the Deng period*

The Deng period was characterised by seminal changes in both the inner structure of China and the structure of the international system. These two factors had a profound effect on the manner in which China began to interact with ASEAN and the Southeast Asian states. Firstly, due to the introduction of the Open Door policy and China's desire to promote the four modernisations, Deng had expressed the need for a peaceful international environment in which China could develop, and Southeast Asia was also to be considered as part of this peaceful environment. In March 1978, Li Xiannian visited the Philippines, and Deng himself toured Thailand, Malaysia and Singapore in November 1978. Such trips marked a dramatic change in Singapore's relations with China, and also in China's relations with Southeast Asia. Deng concluded that China had to stop supporting insurgencies in Southeast Asia if he wanted ASEAN to support the resistance to Vietnam's invasion of Cambodia. In 1985, Dr Goh Keng Swee retired as Singapore's Deputy Prime Minister. He was invited to be Economic Advisor to the State Council on the development of China's coastal areas and tourism. China was willing to learn from Singapore and became a model of development. Deng Xiaoping kept abreast of developments in Singapore and Southeast Asia. During a tour of southern China in February 1992, he said: "there is good social order in Singapore. They govern the place with discipline. We should draw from their experience, and do even better than them".<sup>48</sup> In Thailand Deng also created the basis for a new positive relationship initially based on the common interest of hampering Vietnam's expansionism.

Furthermore, the improvement of relations with the US, which had progressed since the early 1970s up to the final full normalisation of Sino-American diplomatic relations in 1978, had to a certain extent helped to improve Southeast Asia's perceptions of China. But undoubtedly the most important factor affecting the nature of Sino-ASEAN relations during this period was Vietnam's invasion of Cambodia. During Deng's period, China's relations with Southeast Asia had varied in two main respects. On the one hand, Sino-Vietnamese relations had reached a very low point, but, on the other hand, it was precisely because of this that relations between China and the ASEAN members improved. Alice Ba has referred to this as the "second phase" of Sino-ASEAN relations. A critical factor affecting Sino-ASEAN relations during this period was the diminished US involvement on the issue (the US had only stopped its war effort in

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<sup>48</sup> Deng Xiaoping, quoted in "Speech by Mr Lee Kuan Yew: The fundamentals of Singapore's foreign policy: Then and now", Rajaratman Lecture, April 9, 2009, Shangri-La Hotel, Singapore: <http://www.pmo.gov.sg/News/Speeches/Minister+Mentor/MM+Lee+on+the+fundamentals+of+foreign+policy+in+Singapore.htm>.

Vietnam during the first quarter of 1975), and which came to confirm the need for ASEAN states to address the matter themselves. ASEAN's voices were not homogeneous, though, as some members (e.g. Malaysia and Indonesia) considered China more of a threat, whereas others (e.g. Thailand and Singapore) considered Vietnam to be the real threat. Regardless of differences of threat perceptions amongst ASEAN members, the Association finally implemented a *de facto* alignment with Beijing, particularly as the US was not willing to get directly involved, and China had a great interest in containing Soviet–Vietnamese influence in the region, just as much as ASEAN did (Ba 2003: 625). Moreover, due to Thailand's fears about Vietnamese expansionism, Bangkok decided to turn to China not just for diplomatic but also for military assistance. Thus, China went from primary antagonist to become Thailand's security guarantor. China's need for a globally peaceful international environment, the normalisation of relations between the US and China, coupled with a sympathetic and common ground between ASEAN states and China directed against Vietnam's invasion of Cambodia, began to generate a new set of positive developments between the Association's members and Beijing (Chanda 1990: 66).

The end of the Cold War and the settlement of the Cambodian conflict open a new episode in the development of relations between China and ASEAN. What characterises such relations in the post–Cold War era has been the disappearance of ideological barriers, which paved the way for the restoration or reestablishment of diplomatic ties between China and all ASEAN states by 1991. Moreover, China and ASEAN have created economic links with both convergent and divergent interests for both sides; there is the salience of the Spratly territorial disputes, and the gradual emergence of multilateralism as a mode of diplomatic interaction between China and the ASEAN countries. Throughout the Cold War period, China's interactions with ASEAN states were conducted solely on a bilateral basis. No institutionalized linkage was formally forged between China and the regional organization. Viewed in this light, the attendance by the then-Chinese Foreign Minister Qian Qichen at the opening session of the 24<sup>th</sup> ASEAN Ministerial Meeting on July 1991 as a guest of Malaysia was an important event for Sino–ASEAN relations. This was followed by China's presence at the ASEAN meeting in its capacity as the group's consultative partner in 1992, as well as its attendance at the inaugural meeting of the ASEAN Regional Forum in 1994. Together, these events marked the beginning of the multilateral process between China and the ASEAN states (Kuik 2005).

Beijing's move to involve itself in ASEAN activities since the early 1990s was also part of China's good neighbour policy, which has as a main objective to strengthen its ties with its neighbouring countries in the wake of the Tiananmen incident in the late 1980s. Senior Chinese leaders have also started promoting their country's policies through frequent trips abroad. Throughout the 1990s, Jiang Zemin, Li Peng and Zhu Rongji travelled with increasing frequency to most of the continents and especially to other parts of Asia. Qian Qichen, then the

Vice Premier of the State Council and Minister of Foreign Affairs, attended the ASEAN Ministerial Meetings for three successive years after 1991, and held fruitful dialogues and consultations with the Foreign Ministers of the ASEAN countries. At these meetings Qian Qichen put forward proposals for a *China–ASEAN Joint Committee on Economic and Trade Cooperation*, a *China–ASEAN Science and Technology Training Centre*, and a *Technology Development and Service Centre*. At the invitation of Tang Jiaxuan, then Vice Minister of Foreign Affairs of China, ASEAN Secretary-General Dato’ Ajit Singh led an ASEAN delegation on a visit to the People’s Republic of China in September 1993. The two sides held exploratory talks in Beijing to strengthen China–ASEAN cooperation in the fields of trade, economic relations, science and technology, and reached broad understanding of these areas of cooperation.<sup>49</sup>

A transformation in diplomacy began in the early 1990s, with Beijing’s drive to expand its bilateral links. In the 1990s, it began to build on these new relationships, establishing various levels of “partnership” to facilitate economic and security coordination, and to offset the United States’ system of regional alliances. During this period, Beijing also began to abandon its previous aversion to multilateral institutions, which Deng had always feared could be used to punish or constrain China. Chinese leaders began to recognize that such organizations could allow their country to promote its trade and security interests and limit American input. Thus, starting in the second half of the 1990s, China began to engage with ASEAN. In 1995, Beijing began holding annual meetings with senior ASEAN officials. Two years later, China helped initiate the “ASEAN Plus Three” mechanism, a series of yearly meetings among the ten ASEAN countries plus China, Japan, and South Korea. Next came the “ASEAN Plus One” mechanism, annual meetings between ASEAN and China, usually headed by China’s premier (Medeiros and Taylor 2003). Since China was accorded full Dialogue Partner status at the 29<sup>th</sup> ASEAN Ministerial Meeting in July 1996, cooperation between ASEAN and China has broadened and deepened.

Despite territorial disputes and other differences, Chinese leaders have valued good relations with the ASEAN states. To the ASEAN states, China was no longer a power dissatisfied with the status quo and intent on exporting revolution, Chinese style. When Malaysian Prime Minister Mahathir Mohamad visited Beijing in November 1985, he indicated that Malaysia had accepted the assurances given by the Chinese leadership that it had no intention to do anything harmful to China’s Southeast Asian neighbours, and instead expressed concerns about China’s stability.<sup>50</sup> On the other hand, Indonesia still had lingering doubts about China’s support for

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<sup>49</sup> See, for example: “ASEAN secretariat enters into cooperation agreement with Guangdong Province, China”, September 2008, <http://www.aseansec.org/21923.htm>; “ASEAN Plus Three cooperation: Revised until January 2009”, ASEAN+3 cooperation database, <http://www.aseansec.org/4918.htm>.

<sup>50</sup> *South China Morning Post*, November 24, 1985.

communist groups in Southeast Asia; nevertheless, the Chinese Foreign Minister visited Indonesia in 1985, and the two countries resumed direct trade in July of the same year.<sup>51</sup> Admittedly, this improvement in relations was mainly to do with China's Open Door policy, the enhanced attraction of the Chinese market, and economic difficulties in Southeast Asia as a result of falling commodity prices. The ASEAN states were then more interested in managing a balance of power in Southeast Asia; they became self-confident and were, therefore, more inclined to grant China the benefit of the doubt. The conclusion of the Sino-Japanese peace and friendship treaty in August 1978, the establishment of formal diplomatic relations with the United States in the following December, and China's opposition to Vietnam's invasion of Cambodia, all enhanced the common interests between China and the ASEAN states. The confidence in China was strengthened by the perception that China had formed a pseudo-alliance with the United States and Japan to check Soviet global expansionism (Cheng 1999).

In his report to the Fourth Session of the Sixth National People's Congress on March 25, 1986, Premier Zhao provided a detailed account of the ten principles guiding China's foreign policy, which had emerged in 1982-83. On China's position of never establishing an alliance or a strategic relationship with any big power, the Chinese Premier stated further that China's relations with various countries would not be determined by their social systems and ideologies, and that China's stance on various international issues would be guided by the criteria of defending world peace, developing friendship and co-operation among various countries, and promoting international prosperity.<sup>52</sup> During his visit to Thailand in November 1988, Premier Li Peng further summarized four principles of the China-ASEAN relationship. They were:

- To follow the Five Principles of Peaceful Co-existence in state-to-state relations;
- To uphold the principle of opposing hegemonism under all circumstances;
- To uphold, in economic relations, the principles of equality and mutual benefit as well as joint development; and
- In international affairs, to follow the principles of independence and self-reliance, mutual respect, close co-operation and mutual support.<sup>53</sup>

Such principles were vague and lacked substance, but they represented an effort to establish consensus. China's diplomatic initiatives in Southeast Asia secured satisfactory results in the two or three years after the Tiananmen incident. In August 1990, China normalized relations with Indonesia, and, as expected, just two months later it established diplomatic relations with Singapore. The normalization of Sino-Vietnamese relations was achieved in 1991, followed by

<sup>51</sup> Ming Pao, March 25, 1986, at <http://www.mingpaonews.com/english/archive>.

<sup>52</sup> *Beijing Review*, April 14, 1986, pp. 3-4.

<sup>53</sup> *Beijing Review*, December 1988, pp. 12-13.

a visit to Vietnam by Premier Li Peng in December 1992 and the commencement of border negotiations between the two countries.

After Deng's death, Jiang Zemin reaffirmed the Dengist foreign policy line of "avoiding the limelight and keeping a low profile", while concentrating on China's own affairs. His statements on Chinese foreign policy immediately after Deng's demise repeatedly emphasized continuity and peace. Such messages obviously had the ASEAN states in mind as important targets. Chinese leaders perceived the early 1990s as a transitional period between bipolarity and multipolarity, and they considered that such a transition would last for a considerable length of time. At the beginning of 1998, the Chinese leadership appeared to be more encouraged by the trend towards multipolarity. At a tea party on the eve of the Chinese New Year, Premier Li Peng, in analysing the world situation, stated: "At present, the multipolar global power transfiguration has become increasingly obvious".<sup>54</sup>

The Spratly dispute also became one of the central aspects of Sino-ASEAN relations during the last period of Deng's rule. The nature of the dispute experienced an escalation during the early 1990s, but then also experienced de-escalation in the middle of the decade. During the conflict in Cambodia the problem of overlapping claims in the South China Sea was set aside between China and other claimant Southeast Asian countries, as the objective of both was to isolate Vietnam at the international level. But the Peace Accords of 1991 (settling the Cambodian conflict) put an end to the complementary security interests between Beijing and Southeast Asia's capitals. In the regional strategic context of the post-Cold War period, the territorial dispute over the Spratly Islands became a regional security flashpoint. China's efforts to build a navy with "blue water" capabilities, and the February 1992 *Law on Territorial Waters and Contiguous Areas*, added to Southeast Asia's unease. The 1992 law reiterated China's claims to the area and also stipulated the right to use force to protect its islands and surrounding waters. The law questioned the peaceful management of the territorial dispute and was regarded by ASEAN as a political provocation. As an expression of ASEAN's concern, ASEAN foreign ministers signed the Declaration on the South China Sea in Manila in 1992 (see chapter four). In spite of this, China was not initially receptive to the declaration and did not formally adhere to its principles. Beijing reiterated its preference for bilateral rather than multilateral discussions on the South China Sea (Lee 1999). The lowest ebb of the evolving Spratly Islands crisis came in February 1995, when the Philippines discovered the Chinese occupation of Mischief Reef—this saw China, for the first time, taking territory claimed by an ASEAN member. China and the Philippines eventually signed a bilateral statement that rejected the use of force and called for the peaceful solution of their bilateral disputes. The de-escalation of the dispute started in the mid-1990s and was illustrated by a process of multilateral dialogue which began shortly after the 1995 Mischief Reef incident (Emmers 2007: 7).

<sup>54</sup> Renmin Ribao, January 28, 1998, <http://english.peopledaily.com.cn/>,



### **3.5 Chinese foreign policy after Deng: New perceptions of China after the Cold War and new approaches in China's foreign policy**

Since the end of the Deng period, further developments in China and in Chinese foreign policy have had a continuous impact both in Southeast Asia and in the international community of states at large. New approaches in China's foreign policy have helped to reconceptualise identities between China and the ASEAN states and to create new structural conditions within which such new identities are interacting.

Since the end of the Cold War and the restructuring of the international order, one of the most debated aspects of the new international order has been whether the rise of China as a major regional and global power is to become a significant factor for stability or instability, both in East Asia and in the world in general. Some analysts have observed that "the future of China is perhaps the most pressing question in what is becoming the world's most important region" (Roy 1996: 758). Two major trends in forecasts of China's ascendance have been established. On the one hand, some consider China to be a worrisome factor of instability, and to be a serious challenge brewing for the established world powers, most importantly the US. This particular view of China as a factor of instability has been branded as "the China Threat" and is mainly voiced within the US, though also amongst China's neighbours. On the other hand, other observers and analysts see the rise of China as one that mainly has great opportunities to offer for economic and overall development, if only China is ushered properly and in a friendly manner towards playing as a "civilised" (i.e. responsible member of the international community) partner within the international scene. Needless to say, China itself has argued against the "China Threat Theory", saying that its own outstanding development should not be understood as a threat, but rather as an opportunity. The official argument to the latter effect has also been branded China's "peaceful rise or development" (Zheng 2005a, 2005b).

The "China threat" argument maintains that an increasingly powerful China is likely to destabilise regional security in the near future (Al-Rodhan 2007). According to Ian Storey, there are five main factors that have contributed to the relatively new view of a China Threat. These factors are: China's impressive and sustained economic growth, which could translate into increased military power; the authoritarian nature of the Chinese political system; its increasing military capability; fear of political and economic collapse in China; and the rise of Chinese nationalism (Storey and Lee 2002: 2–6). China's economic growth indeed has resulted in efforts by the Chinese leadership to modernise the armed forces of the country, thus military expenditures have been on the rise, and acquisitions of sophisticated weapons from abroad have been frequent. Nevertheless, some analysts argue that this phenomenon should not be seen as a particular sign of confirmation of the China Threat theory, since most countries with enhanced

riches will invest in the modernisation of their armed forces. Political and economic collapse do not seem to be feasible, not, at least, within the near future; thus the China Threat theory gathers its momentum from a combination of fears about a means-rich nation which can eventually rival the US (even militarily), and which, with an authoritarian political system and an ever-growing confidence about itself, is seemingly not willing to abide by the values and political practices of the West. Broomfield has divided the arguments favouring or disfavouring the China Threat theory into a “soft argument category”—primary concerning Beijing’s intentions—and a “hard argument category”—which deals with the capabilities of the country (Broomfield 2003).

In this respect, China has the option of adopting either aggressive or conciliatory policies towards third parties, and is able to choose between coercion or cooperation. At this point it is important to underline that the China Threat is not interpreted in the same way by Western nations as it is by those from other regions (i.e. non-liberal democratic states) in the world. Most ASEAN states do not fear an undemocratic China, but, rather, fear one that might bully them within their region in political, security-related and economic ways. Furthermore, and as Roy has argued, even though Chinese power is on the rise, China’s particular approach to ASEAN and Southeast Asian countries has not shown a drift towards coercion but rather towards sustained and intense cooperation. Other scholars, such as David Shambaugh, have argued that “concerns about a looming China threat are still occasionally heard among regional security specialists in Hanoi, New Delhi, Singapore, Tokyo and Taipei. Yet, overall these voices increasingly reflect a minority view. Even though some countries remain unsure of China’s long term ambitions, and are thus adopting hedging policies against the possibility of a more aggressive China, the majority of Asian states currently view China as more benign than malign and are accommodating themselves to its rise” (Shambaugh 2004/05: 67).

Particularly since the mid-1990s, the Chinese ruling political elite has openly contested the notion of China being a threat to the rest of the world. China’s leadership rejects this threat theory, stressing the peaceful nature of the country’s foreign policy, and the current level of peaceful and cooperative relations between China and its neighbours. The Chinese arguments stress that China is a peace-loving country which requires to live within, and thus promotes, a peaceful international environment. Furthermore, these arguments affirm that China has no intention of seeking hegemonic status, and that the country’s military prowess is not intended to be equal to other countries that are, militarily, far more powerful than China. Former top leader Jiang Zemin argued that “some circles in the West have deliberately exaggerated China’s economic capability and spread the so-called ‘China threat’ alarm. This allegation is completely groundless... Even when China becomes strong and powerful it will not threaten other countries.”<sup>55</sup> Moreover, China’s rebuttals have not only been fast bursts from a defensive

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<sup>55</sup> Jiang Zemin quoted in *Economics Daily*, Jingji Ribao, May 14, 1996.

posture: more calculated and sophisticated arguments have been put to the fore, in some cases by renowned intellectuals belonging to the leadership apparatus. Deng Xiaoping had already posed the question of China's ascendancy, arguing that:

The question is whether or not China will practise hegemony when it becomes more developed in the future. My friends, you are younger than I, so you will be able to see for yourselves what happens at that time. If it remains a socialist country, China will not practise hegemony and it will still belong to the Third World. Should China become arrogant, however, act like an overlord and give orders to the world, it would no longer be considered a Third World country. (Deng 1992)

Thus, the ascendancy of China during the post-Cold War period had already been politically calculated by the Chinese leadership so that such development should be read as part of an overall new Chinese strategy of growth and not a new phase of regional and international threat.

Possibly the best example of a sophisticated rebuttal is that offered by Zheng Bijian, the mastermind behind the “peaceful rise/development” argument.<sup>56</sup> The Peaceful Rise concept was originally conceived as an attempt to answer Western proponents of the China Threat theory. It aims at dispelling the myths embodied in the China Threat theories which abounded in international relations literature in the 1990s, by emphasising the peaceful way in which China could emerge as a world power (Zheng and Tok 2008: 175). Zheng argued that, due to China's rapid development, the country has gained attention from almost all corners of the world and that the implications of various aspects of China's rise, from its expanding influence and military muscle to its growing demand for energy supplies, are being heatedly debated in the international community as well as within China. Correctly understanding China's achievements and its path toward greater development is thus crucial. Through Zheng's concept of Peaceful Rise, China has found a way to purportedly explain to the rest of the world how China is centred on securing a more comfortable and decent life for its people, and is not working on larger hegemonic designs. Furthermore, China has developed a number of strategies in order to move towards the status of a “medium-level developing country”. These transcendences aim to advance a new model of industrialisation based on economic efficiency, technology and optimal allocation of human resources, instead of a path of industrialisation based on rivalry for resources, war and high pollution. Part of these strategies would also strive to avoid the “traditional” means of great power ascendancy which has usually implied violently plundering resources abroad and pursuing hegemony. In sum, China—which defines itself as a developing country—is moving along the line of a peaceful rising, and this is a trend that should be not feared, but welcomed. Zheng asserts that “China does not seek hegemony or

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<sup>56</sup> Some observers have noted that the term “rise” was later abandoned in favour of “development”—the former could be seen as having connotations of “a rising power”, which in turn could have undesirable connotations of hegemonic ambitions.

predominance in world affairs; it advocates a new international political and economic order, one that can be achieved through incremental reforms and the democratisation of international relations. China's development depends on world peace—a peace that its [China's] developments will in turn reinforce" (Zheng 2005a).

### 3.5.1 *China's new approach to ASEAN and Southeast Asia*

As explained earlier, after the death of Mao Zedong and the consolidation of Deng Xiaoping within China's leadership, fundamental transformations within China at the economic, social and political level began to take place. Furthermore, changes at the international level—such as China's rapprochement with the US, and, later, the demise of the Soviet Union and communism in Eastern Europe—also contributed to a drastic change in the way China had been perceiving, and wanting to establish relations with, its Southeast Asian neighbours. So far, it has been explained that the Sino–ASEAN relationship has improved, moving from a mainly antagonistic and hostile period (i.e. Mao's period), towards a changed environment under Deng, which allowed both entities to find common grounds for friendlier relations. But Vietnam's troop removal from Cambodia, and the end of the Soviet–Vietnamese alliance, ushered in a new regional environment in which China and ASEAN had to face new determinants of their mode of relations. The end of the Cold War logic in the region, along with the end of Vietnam's expansionist policies, had not damaged Sino–ASEAN relations overall, but nevertheless had created a certain degree of uncertainty as to how these actors would engage now that the "Vietnamese factor" stopped playing a role around which China and ASEAN could find common ground. A series of events during the 1990s laid the basis for the policy changes that prompted China into a new engagement with Asia—these were Asia's post-Tiananmen engagement of China, the Asian financial crisis of 1997, China's reassessment of regional multilateral institutions, and the Chinese call to eliminate alliances and reaffirmation of Deng Xiaoping's peace and development thesis (Johnston and Ross 2006).

Another factor of significant importance in fostering a rapprochement between China and Southeast Asia was the diminished interest of the US in supporting security arrangements during the late 1980s and early 1990s. Even though the US was still to maintain its role as the most important relationship for ASEAN, its members began to expand their horizons in order to find more suitable regional arrangements and relations through which to foster their own concerns and interests. Clearly, China then became seriously reconceptualised as a regional actor, since previous interactions with the behemoth had become more attuned to ASEAN's own interests and it was obvious to everyone that China's economic reforms were generating a great deal of dynamism and growth which could potentially also benefit ASEAN states (Kim 2006).

One of the first signs of a positive change in relations between China and the Southeast Asian states was the establishment or re-establishment of diplomatic relations between Beijing and the Southeast Asian capitals. Previous to this, China had managed to establish diplomatic relations with some states within the region such as Myanmar (Burma) during 1950, Cambodia in 1958, Indonesia in 1950, and Vietnam and Laos in January 1950 and April 1961 respectively. Nevertheless, as it has been shown, relations with Indonesia broke down after the fall of Sukarno in 1965, and with Vietnam after the brief war of 1979. Diplomatic relations with Laos were not severed, but relations during the 1970s and the 1980s have been branded a “dark decade.” Thus, a revitalisation of relations in 1989 was seen almost as a fresh start (Ku 2006: 116). The rest of Southeast Asia had been staunchly anti-communist, pro-American and fearful of China, thus had not established diplomatic relations with Beijing during the height of the Cold War. A first wave of normalisation of diplomatic relations between China and Southeast Asia was mainly induced by the Sino–American strategic rapprochement of the early 1970s. Such a revitalisation of Sino–American relations sent a tacit signal at least to some Southeast Asian countries that approaching China could now be tried, even if such rapprochement was still to be characterised by a high level of suspicion. Thus, Malaysia, Thailand and the Philippines established diplomatic relations with the PRC soon after the US reengaged China. Some of the most important factors motivating these ASEAN states to engage China were their interests in promoting a foreign policy of neutrality, and also trying to generate assurances from Beijing that it would not support local communist revolutionary movements and would adhere to the precept of non-intervention in the internal affairs of other countries. All these three countries had never before established diplomatic relations with the PRC, thus the 1970s saw the inauguration of this type of relations (Tan 1992).

A second wave of normalisation of diplomatic relations occurred during the late 1980s and early 1990s, the countries involved being Laos, Indonesia, Vietnam, Singapore and Brunei. As with the previous states, these countries did not begin normalising their relations with China from a basis that was entirely free of suspicion. Indonesia’s rapprochement with China is to be located in the domestic policies of the country: Jakarta’s renewed interests in approaching China were based on a change in the basis of legitimacy, changes in economic interests, changes in power relations in Indonesia’s domestic politics, and the desire to play a more active and assertive role in the international arena, particularly within the developing world (Sukma 2002: 186). After the economic development of the late 1980s, the Indonesian leadership felt that the stability of their country was now more related to the continuation of economic development than to threats coming from the outside (e.g. China’s support of internal communist movements such as the PKI). Furthermore, Indonesia needed to diversify its external economic relations, and China’s economic growth had begun to show signs of potential opportunity. In Vietnam’s case, the

country's own economic reforms, initiated from 1986 onwards, and later the demise of the Soviet Union (Vietnam's closest ally) along with Vietnam and China's continued adherence to socialism, also made Hanoi more receptive to the idea of approaching China. Since the early 1990s, Singapore had been the most vocal ASEAN state promoting engagement with China. The isle-state, though, decided against giving the PRC early diplomatic recognition as it had traditionally been seen by its immediate neighbours (particularly Malaysia and Indonesia) as some sort of Chinese enclave. Thus, then-Prime Minister Lee Kuan Yew decided to be the last ASEAN country to give China diplomatic recognition and did so only after Indonesia normalised relations with Beijing.

TABLE 10: The establishment of diplomatic relations between China and Southeast Asian countries

Country establishing diplomatic relations with China	Date
Indonesia	April 1950–October 1967, re-established in August 1990
Thailand	July 1975
Philippines	June 1975
Singapore	October 1990
Vietnam	January 1950–1979, re-established in October 1991
Cambodia	July 1958
Laos	April 1961, normalised in 1989
Myanmar (Burma)	June 1950
Brunei	September 1991
Malaysia	May 1974

### 3.5.2 *China's active engagement with ASEAN: The Independent Foreign Policy of Peace, the New Security Concept, and the Policy of Good Neighbourliness (the "charm offensive")*

One of the first diplomatic manoeuvres to be orchestrated by the Chinese leadership, aimed not exclusively at Southeast Asia but at the world at large, was the *Independent Foreign Policy of Peace* (IFPOP), which was launched during the early 1980s. According to China, the fundamental goals of this policy are to "preserve China's independence, sovereignty and territorial integrity and to create a favourable environment for China's reform and opening up and modernisation." Thus, policy-makers in Beijing considered an important component of China's foreign policy as being "to actively develop good-neighbourly relations of friendship with surrounding countries."<sup>57</sup> Since the end of the Cold War China has introduced a "New

<sup>57</sup> China's Independent Foreign Policy of Peace, [www.mofa.gov.cn](http://www.mofa.gov.cn).

Security Concept” (NSC).<sup>58</sup> The new international context began to affect Chinese security thinking and, since the early 1990s, Chinese policy planners began a process of amendment of the country’s security strategy, which eventually took the form of the NSC. According to Chinese officials, “the new security concept seeks to rise above one-sided security and seek common security through mutually beneficial cooperation”.<sup>59</sup> The core purpose of the NSC is “to conduct dialogue, consultation and negotiation on an equal footing to solve disputes and safeguard peace”.<sup>60</sup>

Chinese analysts have considered that after the end of the Cold War, the international situation has become characterised by a “relaxation” in international relations and a growing world economy. Thus, the traditional view of security (i.e. narrowly conceived as military-oriented security) needs to be revised in favour of a more comprehensive one, which should include military, political, economic, science and technology, and environmental factors, as well as some others. Furthermore, a key element that characterises such a new security concept is the abandonment of the formation of alliances and military blocs which are reminiscent of an anachronistic Cold War period. According to the Chinese reasoning, alliances that were forged against the Soviet Union during the Cold War had no reason to exist anymore. This understanding of alliances applied at both the bilateral and multilateral levels (e.g. the US–Philippines pact, and NATO). Some observers have pointed out that the Chinese logic in this respect has been sustained by a zero-sum view (i.e. alliances were needed for protection against another state) rather than a positive-sum view (i.e. alliances have the utility for the maintenance of security and stability) (Shambaugh 2004/05: 70). In this respect, the NSC has not proven successful, as most ASEAN states have not agreed with this line of thought but, rather, have maintained their security arrangements, or even established them anew (e.g. the Lombok Treaty between Australia and Indonesia in 1995).

The key words for this new security proposal are “dialogue and consultation” instead of military alliances and pacts. The new Chinese understanding of security issues links security with broader topics such as economic matters and the environment, and proposes non-coercive solutions to different concerns linked to security. For example, the Chinese point out that they have sought negotiated settlements on territorial disputes with neighbours in a peaceful way. The new security concept has expressed itself in Southeast Asia policy, and has been highlighted by the formation of the ARF. Former Chinese Defence Minister Chi Haotian said

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<sup>58</sup> The Chinese New Security Concept was introduced by former Minister Qian Qichen at the annual meeting of the ARF in 1996, and fully elaborated by former President Jiang Zemin at the UN Conference on Disarmament in March 1999.

<sup>59</sup> China’s Position Paper on the New Security Concept, Ministry of Foreign Affairs of the People’s Republic of China, <http://www.fmprc.gov.cn/eng/wjb/zzjg/gjs/gjzzyhy/2612/2614/t15319.htm>.

<sup>60</sup> China’s Information Office of the State Council, China’s National Defense 2000, <http://www.china.org.cn/e-china/politicalsystem/stateCouncil.htm>.

that “the ARF is a courageous effort in probing the ASEAN initiative to carry out open dialogue and consultation on regional and political and security issues”.<sup>61</sup>

China’s New Security Concept is also part of a broader foreign policy which has found its expression in the Good Neighbourliness Policy (GNP), and the so-called charm offensive. It is important to mention that neither of these policies is exclusively directed towards Southeast Asia: in 2001 China signed with Russia the *Treaty of Good Neighbourliness and Friendly Co-operation*, and the charm offensive policy has also been executed in other regions apart from Southeast Asia, most notably Africa, Central Asia and Latin America. In spite of their broad projection, both foreign policy designs have had significant effects on ASEAN’s interactions with and perceptions of China. The Good Neighbourliness policy began during the early 1990s, notably as, during the late 1980s, China had suffered a severe diplomatic setback due to the Tiananmen student massacre. Thus, Beijing was actively looking to expand its diplomatic base after the US and Western Europe decided to isolate and sanction the Chinese regime. Tiananmen was a decisive reason for the Chinese to expand their diplomatic contacts, but, also, the new global and regional international order, combined with the new direction in domestic politics, made China eager to transform its previous relations with its immediate neighbours in order to improve the milieu on which China’s own development is so dependent. The GNP proved to be very effective, and Southeast Asian countries responded favourably to Beijing’s friendly overtures. Diplomatic relations were re-established, and in some cases established for the first time, and soon afterwards deeper economic and political interactions began to develop. Through ASEAN, China managed to become closer to the region, and participated in a number of regional frameworks (see chapter four). During 1997, former Chinese President Jiang Zemin declared that “at the important historical juncture on the eve of the new century, we [China and ASEAN members] should approach and handle our bilateral relations from a long-range strategic perspective and forge a China–ASEAN good-neighbourly partnership of mutual trust oriented to the 21<sup>st</sup> century”.<sup>62</sup> China has also engaged Southeast Asian countries at the bilateral level, a process that has also managed to considerably improve China’s image in these countries.

Joshua Kurlantzick and other analysts have referred to a Chinese “charm offensive”, implying that the energetic and effective use of soft power is the latest tool of which Beijing has been making use in order to improve its regional and global international standing (Kurlantzick 2007). China’s diplomatic charm offensive is the continuation of previous efforts to constructively engage other regions and countries in order to improve Beijing’s bilateral and multilateral relations, and also improve China’s access to coveted resources abroad. The charm offensive

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<sup>61</sup> “Chinese Defense Minister Lauds New Security Concept”, September 6, 2000, [http://english.peopledaily.com.cn/english/200009/06/eng20000906\\_49894.html](http://english.peopledaily.com.cn/english/200009/06/eng20000906_49894.html).

<sup>62</sup> “Towards a good-neighbourly partnership of mutual trust oriented to the 21<sup>st</sup> century”, <http://asean-chinasummit.fmprc.gov.cn/eng/zywj/t270546.htm>.



has gone beyond establishing diplomatic relations and initiating frequent high-level visits to and from the capitals in the region: China has augmented its aid and investment in many Southeast Asian countries and its own image has improved considerably.

### **3.6 The evolution of China's foreign policy and its effects on the promotion of a Sino-ASEAN pluralistic security community**

The evolution of China's foreign policy is linked to all three tiers of Adler and Barnett's framework for the study of the emergence of security communities, with a particular direct emphasis on tier one (precipitating conditions), and on other elements in the structural and process categories of tier two—such as power (hard and soft), knowledge (i.e. cognitive ideas and values), transactions and international regional organisations. Furthermore, China's foreign policy is also linked to the nurturing of mutual trust, found in tier three. Adler and Barnett's tier of precipitating conditions is one of the most transparent and unambiguous factors contributing to the structural underpinnings of a pluralistic security community between China and ASEAN. The Sino-ASEAN relationship possesses both endogenous and exogenous factors which have led this group of states to “orient themselves in each other's direction and desire to coordinate their relations” (Adler and Barnett 1998: 37–38). Chinese foreign policy has been deeply influenced by both endogenous (i.e. domestic) and exogenous factors (i.e. international).

#### *3.6.1 The endogenous factor*

As argued in chapter two, endogenous factors describe processes developing within states or at the domestic level. A particularly critical endogenous factor has become one of the most significant precipitating conditions between China and ASEAN. This domestic factor began when Deng Xiaoping consolidated his power at the helm of the country's political system and began radical economic reform. The reform began with agriculture, introducing the “household responsibility system” (which became a big success) and eventually moved towards the industrial component of the economy. The core characteristic of the reform has been a gradual introduction of a free market economic system in substitution for the previous planned economy. The ideological justification for such a shift in economic dynamics was turning the focus from class struggle to the development of the so-called productive forces. In this respect, Michael Yahuda has argued that “by switching the focus of Chinese politics from concern with class struggle to the development of the productive forces, Deng initiated a significant transformation in China's engagement with the outside world” (Yahuda 1993: 554). The radical effects of China's economic reform eventually expanded beyond the domestic realm and reached the international scene, as one of the core principles on which China would abide from then

onwards was the need for a peaceful and stable international environment in order to facilitate the country's path to modernisation. Deng argued:

Within the ensuing 30 to 50 years, we shall approach the level of developed countries. We do not mean to catch up with, still less do we say to surpass, but only to approach the level of developed countries. Therefore, we cherish the hope for a peaceful international environment. During the period up to the end of the century and extending decades into the future, we hope that there will be peace. Our proposals for safeguarding world peace are by no means empty talk, but instead are based on our own needs. (Deng 1992)

Thus, Deng's economic reform had also taken the first steps towards an ever-growing process of interdependence with the outside world. Mao's "self-reliance" strategy had become less desirable as China would now base its own prosperity and development on new and intensified relations with states from almost every geopolitical region in the world. If the need to interact with the outside world would become a cornerstone of China's drive for its Four Modernisations, then peace would also become a central argument for the Chinese leadership.

China's economic reform would require a new form of engagement with external actors (particularly with wealthy and technologically-advanced ones) in order to secure flows of investment and technology and access to export markets, which were so necessary to advance the country onto a path of development and modernisation. In this respect, at the beginning of economic reform, Deng Xiaoping expressed that "...we [the Chinese] have clearly defined principles whereby we shall make use of all the advanced technologies and achievements from around the world. We should make advanced technologies and achievements the starting point for our development. To sum up, the tremendous enthusiasm of our people, a substantial material foundation and our enormous resources, in addition to the introduction of state-of-the-art technology from around the world will make it possible for us to achieve the Four Modernizations" (Deng 1992). By the time Deng initiated the economic reform in the mid-1970s, a thaw in Sino-American relations had been achieved. This particular development would have considerable positive repercussions for China's new ambitions, as bettering relations with the US would eventually facilitate the flows of capital and technology for which China had so eagerly wished.

China's new understanding of the international environment did put a lot of emphasis on obtaining capital and technology from rich Western countries; nevertheless, Beijing did not limit its desire for better relations with other countries even if these countries could not offer the same level of material and economic advantages as developed economies. The promotion of

peace from every geographical corner was seen as benefiting China, as peace was now understood as one of the crucial requirements for the country's economic development. Improving China's image with the rest of the world would be central to the leadership's efforts, particularly as, since the Mao period, China's foreign policy had been ideologically charged, supportive of revolutionary insurgencies, and convinced of the inevitability of war. As had been done in the past, Deng tried to exploit the concept of the Third World in order to communicate its perceived identity with developing countries, and also to reject potential superpower status. Deng declared: "once we have accomplished the Four Modernizations and the national economy has expanded, our contributions to mankind, and especially to the Third World, will be greater. As a socialist country, China shall always belong to the Third World and shall never seek hegemony. This idea is understandable because China is still quite poor, and is therefore a Third World country in the real sense of the term" (Deng 1992). Nevertheless, how far China could go in order to reassure its neighbours about its peaceful intentions was limited from the outset, due to the international context.

### 3.6.2 *The exogenous factors*

There was also a set of critical exogenous factors at play affecting the prospects of the formation of a pluralistic security community between China and the ASEAN states. Exogenous factors describe processes developing outside the state, or at the international level. Two exogenous factors have affected the Sino-ASEAN relationship in the sense that they have also become critical precipitating conditions for a structural change in the nature of Sino-ASEAN relations: these are the end of the Cold War, and the demise of the Soviet Union. The fact that the Cold War came to an end and the Soviet Union eventually disappeared had a profound effect on China's own reform process (i.e. an endogenous factor), which had only begun a decade and a half earlier. The end of the Cold War came to release China's reform dynamics from previous regional structural conditions that forced Beijing to interact with Southeast Asian neighbours in particular ways. This release allowed China to develop a new strategy, giving the leadership space to seek and promote the necessary international relations that could best serve China's newly-developing interests. Firstly, China could now devote more energies into domestic economic reform instead of excessively worrying about an unstable and unsafe regional environment. Secondly, the new leadership found that the previous battle of ideologies would no longer play a role in delineating inter-state relations, not simply because China unilaterally wanted to promote sound relations regardless of national politico-ideological orientations, but also because the overall influence of Marxist-Leninism came to an abrupt end. As China's leaders discovered in the 1950s, the search for a peaceful environment was no guarantee that superior adversaries would respond accordingly. In other words, China's foreign policy was to a large extent dependent upon a strategic international environment that it could not hope to

control (Sutter 2008). China clearly had negligible capacity to limit US and Soviet actions globally and regionally, but the gradual disengagement of the US in Southeast Asia, and the collapse of the Soviet Union (the latter allowing a final settlement of the Cambodian question), gave China the opportunity to understand and engage with the region in a different way. Foreign policy developments between China and ASEAN states became less dependant on third parties and, thus, more directly controllable by China and ASEAN themselves.

Previously, the logic of the Cold War had pitted China against one particular group of Southeast Asian states, because of the latter's opposition to communism and their closeness to the US. Relations between these Southeast Asian countries and Washington meant more than the promotion of pragmatic interests (e.g. the promotion of trade and investment): the other component of the relationship was a strategic one. Because strategic concerns were embedded in ideological clashes and the fear of interference in domestic affairs and war (i.e. the logic of the Cold War in the region), Sino-ASEAN relations could not escape mutual suspicion and a deep-rooted sense of distrust. Countries like Thailand, the Philippines and Singapore aligned themselves to the US partly seeking protection, thus reinforcing China's distrust and suspicion. The Sino-American *détente* of the early 1970s began to pave the way for better relations between these countries and China, but the end of the Cold War gave these relations a considerable boost. The severe loss of legitimacy that Marxist-Leninism suffered in the early 1990s made non-communist Southeast Asia begin to acknowledge that China, as an exporter of revolution, was not to be taken as a serious threat anymore. Moreover, Sino-US relations were to enter a renewed phase of cooperation, since the Cold War ideological clashes and suspicions had no structural holding anymore. As a side effect, the latter would further facilitate the improvement of relations between China and traditional staunch American allies in the region.

Moreover, China also clashed with pro-communist countries like Vietnam: the fact that both Beijing and Hanoi were communist did not deter them from clashing. The reason for this was the profound enmity between Beijing and Moscow, and the close links between Moscow and Hanoi. This, then, is the reason why the demise of the Soviet Union facilitated the betterment of relations between China and Vietnam. Eventually the Soviet Union would completely collapse, and China would have no reason to distrust Vietnam based on a perceived strategy of aiming to contain China "from the revisionist camp". This is not to argue that Sino-Vietnamese relations instantly became free of friction, but certainly the end of the Cold War and the collapse of the Soviet Union greatly helped their relations.

### 3.6.3 *Chinese foreign policy elements from tier two and three of Adler and Barnett's framework conducive to the emergence of a pluralistic security community*

Chinese foreign policy has also affected the nature of the power dynamics between Beijing and ASEAN capitals. Chinese foreign policy has become an instrument which highlights Beijing's understanding and preferences regarding the threat and use of force (i.e. resources of hard power), and of alternative avenues that imply a more sophisticated use of diplomacy in order to achieve goals (i.e. soft power). Particularly since the early 1990s, China has begun to refine the use of its foreign policy in order to improve its own image and overall relations with Southeast Asia. One of the main tenets that characterises this refinement is that hard power strategies have been sacrificed in order to give way to soft power initiatives. This is not to agree that China has de-legitimised the use of force as a means to solve disputes, but Beijing has understood that the soft power avenue is one which has a great potential to advance China's interests without damaging the image that China has so painstakingly built throughout recent decades amongst ASEAN members. Soft power strategies have not just avoided the damaging effects of applying hard power strategies; soft power has also been able to dramatically improve China's image within the region (i.e. had a positive effect rather than just a neutral one).

Moreover, a certain degree of shared meanings (i.e. cognitive values) between both entities has also developed, or at least is being reinforced, due to the dynamics of China's foreign policy. Both China and ASEAN have placed a significant emphasis on the non-interference in other countries' domestic affairs and the avoidance of hard-binding regional regimes in favour of those based on informality. The latter shows how both China and ASEAN states have common interests and understandings that have been actively expressed through the constant exercise of their foreign policies. Both China and ASEAN believe in the sanctity of respect for state sovereignty and fully agree that regional dialogues on a diverse set of matters (e.g. political, security and economic) are not to be "forced" by rigid mechanisms with strict timetables, but, rather, that a pace set by informality and non-binding mechanisms is to be installed as the norm.

The sophistication of China's foreign policy has implied a more complex use and understanding of the country's regional image. Beijing has become more reliant on the use of soft power to strengthen relations with the governments of Southeast Asia, frequently making use of aid, promoting investment and participating in regional frameworks. By the same token, Beijing has begun to rely much less on the use of hard power in promoting its regional interests. After the Mischief Reef incident in 1995 and the latest Taiwan crisis in 1996, China has been able to reinterpret and to redefine its foreign policy in the region. The aforementioned incidents taught the leadership of China that hard power-based measures aiming at generating "loud" and apparently immediate solutions to particular issues could backfire. The Mischief Reef incident

might have brought an apparent immediate success to China by means of a forceful annexation of a disputed physical space, but the regional political repercussions were far more damaging, both in intensity and duration. ASEAN's united reaction expressed deep concerns about China's behaviour at the time and into the future, thus damaging the levels of trust previously built by China in relation to its neighbours. Thus, the final effect of such measures did not bring a solution to the dispute but rather unified ASEAN's stance, fortifying their arguments, and creating distrust of China. The latter was anathema to one of China's cardinal objectives: to create a peaceful and sound international environment in order to carry on with the country's modernisations. For such reasons, China's leadership has come to understand that the exercise of hard power is not always the best solution in an increasingly complex and interdependent international environment. The same can be argued with respect to the Taiwan crisis of 1996, which also raised concerns in the region about China's image as a trustworthy neighbour which is willing to solve disputes peacefully. Since then, Beijing has been improving the use of its soft power and diplomacy in general. China has restrained itself from any major conflict in the Spratly Islands and did react calmly (i.e. no military displays or extreme threatening language) when Chen Sui-bian's Democratic Progressive Party (with a pro-independence stance) won the 2000 election in Taiwan. China's foreign policy has also been conducive to fortifying the basis of peace as a central structural element moulding Sino-ASEAN relations. This has been made possible as the rhetoric of peace, contained in foreign policy strategies and pronouncements, has begun to form a basic understanding of what should define relations between neighbouring states in the region—bearing in mind that a Chinese foreign policy rhetoric of war was commonplace during the 1950 and 1960s. As constructivists have argued (see chapter four), the apparently limited influence of rhetoric becomes a much more persuasive element as its content (e.g. peaceful solution of disputes) slowly becomes ingrained in the logic of inter-state relations, rather than fully de-legitimising or legitimising particular practices. This means that what today might be interpreted as a rhetorical component of foreign policy could become, in time, a pervasive and fully-ingrained principle of inter-state behaviour, as happens today within the EU and to a large extent within ASEAN itself.

The way in which China has made use of its soft power has also had a deep effect on the way in which ASEAN states perceive China, and in ASEAN's levels of trust. China's new reformulations of its foreign policy have paved the way for a significant improvement of perceptions and trust within the ASEAN political elites. For instance, China's "new security concept" has shown Southeast Asian countries that Beijing is interested in promoting new modes of cooperation in the security realm, abandoning the "anachronistic" and alliance-modelled treaties so widespread during the Cold War. In this way, China has shown a legitimate interest in minimising reliance on military avenues in dealing with security issues, and, instead,

substituting these with regional dialogues, even though the effectiveness of such dialogues has been questioned (see chapter four).

Even the branding of China's new foreign policy strategies (e.g. the "good neighbourliness" policy and the "go global" strategy) show a disposition to encourage the promotion of good relations based on peaceful underpinnings and the promotion of economic linkages. Undoubtedly such policies express a level of rhetoric, but, in spite of this, in no instance has Beijing been willing to sign alliances and military pacts with Southeast Asia in order to convince these countries to limit US global and regional influence and to promote multipolarity. Moreover, China's new foreign policy approach is also backed by the promotion of economic cooperation, intense political exchanges, and aid. The result has been that, even if the territorial disputes in the South China Sea have not been resolved, and even if ASEAN still feels doubtful about the long-term consequences for Southeast Asia of China's ascendancy, the ASEAN capitals have come to see China in a very different and much more positive light than in previous decades. The considerable improvement of relations, so often spearheaded by China's international political strategies, has translated into the enhancement of trust. ASEAN political elites have been able to improve their trust towards China as the most damaging elements of Sino-ASEAN interactions have been effectively removed. Such past elements are completely linked to previous endogenous and exogenous factors, such as a highly ideological Marxist-Leninist input which prompted Mao to support revolutionary regimes in Southeast Asia, and a total distrust of newly-born non-communist and communist Southeast Asian nations which had been seen as 'pawns of imperialism or revisionism' (i.e., countries supporting China's greatest enemies at the time, the US and the Soviet Union). But as such endogenous and exogenous factors died out and became substituted by new ones, Southeast Asia's new political leaderships have found structural reasons to improve their positive perceptions of China. It is clear for ASEAN political elites that China legitimately seeks for peaceful relations with the world and Southeast Asian countries, and that, due to the abandonment of ideology, and a new pragmatism, Beijing is totally committed to the promotion of advantages arising from political and economic exchanges with these countries. Finally, China's foreign policy in Southeast Asia has also become one of the main underlying forces facilitating the promotion of a wide variety of transactions (e.g. economic, scientific and cultural), and has also immensely helped to foster the development of regional organisations/frameworks that serve as re-enforcers of an incipient system of values and norms.

### **3.7 Concluding remarks to this chapter**

The brand of China's foreign policy, which began to develop during the Deng period and which has been evolving since in relation to Southeast Asia, has been one of the most important factors

affecting Sino–ASEAN relations, leading in particular to the creation of a set of precipitating conditions that have become decisive factors in promoting the establishment of a pluralistic security community between them. There are to be found clear factors, both endogenous and exogenous, which have produced a seminal change in the manner in which China and the ASEAN states understand and interact with each other. Thus, and in relation to the questions asked at the beginning of this chapter: First, China’s foreign policy has been completely imbued by the endogenous and exogenous factors that have affected China since the death of Mao and the beginning of the Deng period. Second, China’s foreign policy has also been able to alter the nature of power relations with Southeast Asia, in the sense that China has become much more cautious in the manner in which it is willing to execute hard power with its neighbours, and at the same time has been developing sophisticated and coherent soft power strategies which have paid considerable dividends. Third, China’s foreign policy has, in many instances, facilitated—or at least maintained—the promotion of cognitive structures, transactions, the formation and operation of regional frameworks, and the development of social learning processes. Clearly, transactions (see chapter five), and the formation of regional frameworks and the development of social learning processes (see chapter four), have largely benefited from the basis that China’s foreign policy has provided. Finally, the levels of trust, particularly those emanating from ASEAN states towards China, have also been improved as China’s foreign policy has also become an expression of Beijing’s willingness to engage Southeast Asia far more constructively than in the recent past (i.e. the Cold War period), and in doing so it has provided the basis of many trust-enhancing actions, including myriad transactions in many different spheres and the reaffirmation of mutual respect of sovereignty and the intrinsic value of peace as an underpinning for regional behaviour.



## CHAPTER 4: ASEAN'S REGIONAL APPROACH AND DECLARATORY POLICY TOWARDS CHINA

This chapter studies ASEAN's regional approach and declaratory policy towards China, framed within Adler and Barnett's framework for the study of the formation of security communities. The objective is to provide an in-depth analysis of relevant variables in order to advance the understanding of the possibilities of identifying conducive elements for the formation of a pluralistic security community between China and ASEAN. This chapter shifts the focus of analysis away from Chinese foreign policy and towards ASEAN's regional approach and declaratory policy aimed at the PRC. The purpose in this and the previous chapter is to produce accounts of how each actor interprets the actions of, and has decided to interact with, the other (the previous chapter looked at China's approach, mainly through its foreign policy; the present chapter looks at ASEAN through its regional strategy and declaratory policy towards China). Examining ASEAN's regional approach and declaratory policy should also shed light on changes in the endogenous and exogenous factors, on how these elements have been able to alter the power structure of relations with Beijing, and on how ASEAN's approach has been able to facilitate, hamper, or maintain unchanged, other factors conducive to the development of a pluralistic security community between them. This chapter also seeks to explore how ASEAN's approach to China, and its declaratory policy, have had a decisive impact on the promotion of cognitive structures, transactions, the formation of regional organisations and processes of social learning. Also, critically, it is necessary to determine whether the latter developments have contributed to or diminished the levels of trust between the parties and the underpinnings of a regional collective identity.

ASEAN's declaratory policy plays a dual role: First, it contributes to understanding the levels of trust in relation to China. The nature of this policy expresses fundamental aspects of how China is perceived, and also about the expectations that the ASEAN members have of China. Second, ASEAN's declaratory policy could also play a very important role as a system of norms capable of creating and spreading a common system of regional values, and thus the underpinnings of a common identity based on those values. A shared system of norms would help to determine how each actor expects the other to behave at the regional level, when and if particular circumstances arise (e.g. conflicts with the potential for the use of force). Moreover, trust would be enhanced if ASEAN was to witness that China had upheld the behavioural expectations previously established in the regional systems of norms (e.g. restraint in the use of force to solve disputes, non-interference in other country's internal affairs, etc.). In general, the East Asian regional systems of norms involving inter-state relations has been characterised by a "declaratory nature", instead of a legally-binding one. The possibility that such declaratory

policies could become legally-binding would only slightly cushion the detrimental effects of loss of trust if any of the parties (and particularly China) was to fail to live up to its commitments. Thus, the effects of a declaratory framework extend beyond accomplishing certain practical objectives, but also permeate into wider aspects of inter-state relations, such as the realms of perceptions and trust. Power relations between China and ASEAN are also affected due to the manner in which ASEAN approaches China. ASEAN's approach and policy towards China also influences Beijing with respect to how it structures its own regional and individual responses (i.e., both to ASEAN, and to each individual member of ASEAN). China's soft power strategies are continuously affected by such factors. Moreover, ASEAN's regional approach and declaratory policy towards China also affects the underpinnings of ongoing and future transactions—both in quantitative and qualitative respects—and the direction of regional strategies set by regional organisations in order to deal with each other (e.g. ASEAN, ASEAN Plus Three, the EAS).

As discussed in chapter three, Sino–ASEAN relations during the Cold War period were characterised by high levels of mistrust and politico-ideological hostility. Nevertheless, the post–Cold War period brought about a new set of conditions within the regional international system, which began to allow both China and the ASEAN states to rethink and reorganise their interactions. The rise of China has not been characterised by the emergence of a “communist China” (i.e., a China with a planned economy and communist ideology high on its domestic and international agenda), and thus Southeast Asia's fears, framed during the Cold War period, have lost their rationale. However, the emergence of China within the region has spawned new regional concerns, such as the uncertainty of China's behaviour in the future, which, in the minds of ASEAN leaders, could produce undesirable outcomes. Thus, ASEAN has had to choose between two main strategies: to engage China, or to try to contain it. The next section will discuss this aspect of Sino–ASEAN relations, and will look at the implications of both strategies for the formation of a pluralistic security community using Adler and Barnett's framework.

#### **4.1 ASEAN's approach towards China: Containment or engagement?**

Alastair Johnson and Robert Ross have argued that the current international uncertainty over the rise of Chinese power is the latest manifestation of China's rise. The prospect of China emerging as a global power could suggest the likelihood of a significant degree of international instability. Thus, according to Johnson and Ross, decision makers' responses to how to deal with the possibility of this rising power have usually moved between engagement and containment. Furthermore, successful engagement with a rising power is usually the preferred policy, as it allows existing powers to preserve their vital interests without incurring excessive

costs—containment would tend to generate rising tensions and the risk of war (Johnston and Ross 1999: xii). The arguments for an unstable Chinese rise are plentiful and are mostly covered by what has been termed as the “China Threat theory” (see chapter three). The arguments can be summarised as follows: As China regains its great power status, it can be expected to behave as all great emerging powers have done throughout history: it will attempt to resume its place as East Asia’s hegemonic power and to extend its influence wherever it can in the rest of the world. Warren Cohen has argued that “the most obvious point that can be made about the rise of Chinese power in the twenty-first century is that it is a resurrection rather than a new or unique phenomenon... the corollary is that there is no reason, cultural or genetic, to expect China as a great power to act any less ruthlessly than have other great powers over millennia” (Cohen 2007: 684).

The possibility of the international system becoming instable due to China’s rise is real, but not inevitable. First, such instability could arise as an unintended result of China’s development (e.g. fiercer competition for markets with other countries); second, the thesis that rising powers move inevitably in the direction of war is a deterministic one that needs to consider in this particular case the myriad variables affecting China’s decision-making processes. Khalid Al-Rodhan has argued that “the view of an all-menacing China is often exaggerated by academics, pundits and politicians; this hype is as misleading as it is counterproductive to understand the nature of the threat and craft sound policies to deal with it” (Al-Rodhan 2007: 44). It is, then, not possible to affirm that China’s rise is inexorably heading towards a violent clash with established powers (i.e. the US). A constructivist interpretation of China’s growth would argue that how China behaves during its ongoing rise will be deeply influenced by how other regions and countries decide to perceive and interact with it. If the US and the rest of the world decide to treat China as a threat, and implement concomitantly hostile policies, then an unstable international environment could become a self-fulfilling prophecy (Nye 2006: 74). None of ASEAN’s members, not if even considered as a whole, could be taken as contenders for China’s level of power and international status. Nevertheless, after the significant changes in the international politico-security structure which affected the region since the end of the Cold War (which included the collapse of the Soviet Union, and US disengagement), the political leaderships of the ASEAN states began to acknowledge the changes in the region and to think how to deal with China. In this respect, it is worth noticing that ASEAN’s strategies in approaching its neighbour to the north are considerably restricted, as the type of containment strategies that countries like the US could attempt against China are usually not a viable option for countries like those in Southeast Asia, which have such limited power capabilities in comparison.

Countries on China’s periphery have had to readjust their relations with Beijing, as well as with one another. As China’s influence continues to grow, countries within the region, such as the

ASEAN membership, are looking to Beijing for regional leadership on particular issues, or at minimum these countries are increasingly taking into account China's interests and concerns in their decision making. Southeast Asian states believe that China's rise is inevitable, and that the best strategy for ASEAN is to "entangle the dragon" in as many ways as possible and to hedge against potentially disruptive or domineering behaviour (Shambaugh 2004/05: 65–76). Constructivist analyses similarly have argued that at a time of growing Chinese influence and uncertain US policies in the region, ASEAN states have increasingly looked to bilateral and multilateral engagement with China, not only to create a constraining web of interdependence, but also to persuade China to think differently and less confrontationally about regional security and its relations with the ASEAN states (Ba 2006: 161).

ASEAN has followed a strategy of engaging China because the political elites of these countries genuinely believe that engagement is the best way to favourably affect China's attitudes towards and understanding of Southeast Asia. ASEAN's model of engagement has not been tantamount to "bandwagoning" (i.e., acquiescing to China's interests and following behind Beijing), though ASEAN has become closer to China as these countries want to trade with the PRC and value maintaining good relations with the potentially most powerful state in East Asia (Roy 2005). ASEAN has developed throughout the years a highly effective strategy of discussing regional strategies and issues in general, and this practice has been expanded to reach non-ASEAN members within the wider region of East Asia (personal interview: Singapore). Nevertheless, ASEAN states have a restricted range of options to choose from when dealing with China: overall engagement encapsulates all the best hopes of ASEAN in relation to China, as an effective containment strategy would be inapplicable even if ASEAN wanted to follow this particular strategy. The idea that containment has not been totally ruled out can still be detected, though, particularly when studying the reason for the creation of particular regional frameworks. Explanations for the existence of the ASEAN Regional Forum, for example, can be divided into two camps: one argues that the ARF was established in order to contain the PRC; whilst a divergent view states that its purpose was to engage all nations of the Pacific Rim, including the PRC. The former view depicts China as one of the most pressing concerns for Southeast Asia, whereas the latter casts China as an important player in the region, but not as the most pressing issue for ASEAN (Evans 2003: 737).

ASEAN states have not opted for a policy of containment against China but, rather, alongside engagement, have chosen a "hedging strategy" which is tantamount to a modest level of defence cooperation with outside powers, particularly the US. Hedging would be tantamount to an inconspicuous low level of containment, or a "low-intensity balancing", where the participation of the US is of central importance (Roy 2005: 319). The latter means that Southeast Asia has approached the US not in order to seek a fully-structured strategy of containment against China,

but rather to bring Washington closer to the region and in this way to generate a counterweight to China's otherwise overwhelming power and influence. ASEAN countries wish to interact with China and benefit from its imminent economic rise; nevertheless, it is important for ASEAN's members to remain able to exercise their own decision-making powers without substantial interference from Beijing.

Overall, engagement has been the strategy followed by Southeast Asia in order to deal with China (a more detailed analysis of engagement interactions between China and individual ASEAN members will be presented in chapter five). Possibly the most outspoken advocate of engagement with China within ASEAN has been Singapore. Singapore's post-Cold War approach towards China has not sided with any policy of containment, but rather acquiesced in what is understood as the inevitable emergence of Chinese power. Instead of aiming at containing China's rise, Singapore has wanted to ensure that China's growing power will be channelled in peaceful and mutually-beneficial directions. Thus, Singapore's preferred means of achieving this goal, as manifested in its economic and political approaches to China, have been non-coercive (Khong 1999: 111). The now octogenarian ex-Prime Minister of Singapore, Lee Kuan Yew, expressed that "The China-Singapore case is a classic example of a win-win cooperation relationship on the basis of equality and mutual benefit, we [the Singaporeans] shall continue to engage China in order to create the best of conditions, not just for China and Singapore but also for China and the rest of the region".<sup>63</sup> Current Singapore Prime Minister Lee Hsien Loong also has declared that "We [the Singaporeans] think it's good for the region if China prospers and becomes strong. If China were weak and disorderly, it would mean many troubles for the region. Continuing to engage China is the best possible strategy to follow... ASEAN cannot counterbalance China. We can complement China."<sup>64</sup>

Malaysia also wants to avoid confrontation with China, preferring to actively engage as a proactive strategy to improve the chances of a more beneficial relationship, rather than attempting an unrealistic policy of containment. This particular view of China began to take more articulated shape during the late 1990s. For example, the ex-Prime Minister Abdullah Badawi commented, during the late 1990s, that "the most important thing [about China] is engagement, not containment".<sup>65</sup> Badawi has rejected containment approaches towards the PRC, arguing that "China has no hegemonic ambitions and that China is not a threat to the world".<sup>66</sup> At the time, Amitav Acharya described Malaysia's policy of engagement towards China as one

<sup>63</sup> "Singapore's Lee Kuan Yew praises China for reform achievements", Xinhua General News Service, December 16, 2008.

<sup>64</sup> "Nobody can control China", *Spiegel* interview with Singapore's Prime Minister Lee Hsien Loong, *Spiegel* online, June 20, 2007, [www.spiegel.de/international/world](http://www.spiegel.de/international/world).

<sup>65</sup> "Engaging China: The view from Kuala Lumpur", *Asiaweek*, August 1, 1998.

<sup>66</sup> "Badawi raps US-Japan view of China as threat", *China Daily* online, February 2, 2005, [http://www.chinadaily.com.cn/english/doc/2005-06/02/content\\_447858.htm](http://www.chinadaily.com.cn/english/doc/2005-06/02/content_447858.htm).

of not trying to influence its domestic affairs, but rather “keeping the focus on China’s external behaviour.... Its aim is not to prevent or block the latter’s influence or status, but to ensure that any change in the regional and global order caused by its ascendancy is peaceful” (Acharya 1999: 130). Indonesia’s approach to China since the 1990s has also mainly involved a policy of engagement: according to Michael Leifer, the restoration of diplomatic relations back in the early 1990s could be understood as a form of engagement without explicit employment of the concept. (Leifer 1999: 97). Engagement has continued to be the main approach practised by both Thailand and Indonesia. Thailand’s engagement policy has been facilitated by a relatively long history of mutually beneficial relations (e.g. concerns about Vietnamese expansionism during the Cold War period) and the lack of territorial disputes between the countries. Indonesia’s President Susilo Bambang Yudhoyono has recently declared that relations at present between his country and China are “on their best level”, further arguing that “engaging China has proven a fruitful avenue for bettering the overall bilateral environment but also the regional one”.<sup>67</sup> In spite of the latter, “hedging” has also become part of Jakarta’s diplomatic strategy: Indonesia and Australia have signed and ratified a security pact, a decision that has been at least partly motivated by Jakarta’s concerns about China’s ambiguous claim on the Natuna Islands, which Indonesia claims for its own. Thus, Indonesia has sought for a strengthening of its military posture in the region by creating links with Australia in order to “to provide a framework for deepening and expanding bilateral cooperation and exchanges as well as to intensify cooperation and consultation between the Parties in areas of mutual interest and concern on matters affecting their common security as well as their respective national security”.<sup>68</sup>

Vietnam and the Philippines have been the two ASEAN countries most directly confronted with China. The reasons for this are the territorial claims in the South China Sea (the Paracels and Spratlys) which have led China and these two countries into direct clashes (e.g. naval skirmishes), and other forms of publicised confrontation (e.g. in the media). Hanoi and Manila have both decided to engage China (see chapter five), but at the same time it is more obvious in the case of these two countries how, in tandem with a strategy of engagement, a strategy of “low balancing” is also in place. Both Vietnam and the Philippines have been actively engaging the US in order to counterbalance China’s otherwise disproportionate power in the region. Vietnam and the Philippines have attempted to play down the frictions with China due to the territorial disputes as it is also in their interest to promote fruitful relations with Beijing: President Arroyo of the Philippines has declared that “relations with China have found particular conflictive issues, but it is in our mutual benefit to concentrate our energies in exploiting the enormous

<sup>67</sup> “RI–China political relations on best level: Envoy”, *Antara* newswire (Indonesia), January 18, 2009.

<sup>68</sup> “Agreement between the Republic of Indonesia and Australia on the Framework for Security Cooperation”, February 2007, Article 1, Paragraph 1, <http://www.dfat.gov.au/GEO/indonesia/ind-aus-sec06.html>.

potential offered by present day conditions”.<sup>69</sup> Myanmar and Cambodia have also approached China, particularly as both regimes have developed very strong ties with the PRC. N. Ganesan has argued that Myanmar’s foreign policy has naturally tended to be reactive rather than proactive (Ganesan 2005: 31). Myanmar’s engagement with China has rather been a strategy pursued due to a significant lack of options. The military junta in Myanmar has found in Beijing a trustworthy regional partner with which Yangon can interact politically and economically, and in that way minimise some of the negative effects of the regime’s international isolation, particularly with the West. In spite of this, Myanmar’s leadership has historically been suspicious of China, as domestic elites have always been conscious of the country being sandwiched between major Asian powers (i.e. China and India). Thus, Yangon has also decided to engage India, in that way playing Beijing and Delhi against each other in order to maximise its potential gains (Haacke 2006). Thus, Myanmar has been willing to approach Beijing in order to receive much-needed international support, trading opportunities, investment and military procurement. Cambodia has also vigorously engaged China in a relationship that has resulted in the consolidation of political influence and power of Cambodia’s Prime Minister Hun Sen. Cambodia’s engagement of China has also benefited Beijing both economically and politically. Economically, the PRC has been interested in exploiting the country’s natural resources, especially off-shore oil and gas. China has established itself as the Number One economic player in the country, which also has translated into political influence. For example, Hun Sen ordered the closure of Taiwan’s de facto embassy in the country (the Taipei Economic and Cultural Representative Office). Since then, Cambodia has become one of ASEAN’s strictest adherents of the “One China” policy; moreover, the Cambodian leader has banned government ministers from visiting Taiwan, attending Taiwanese-sponsored functions, or meeting Taiwanese officials (Storey 2006). The Cambodian government was also a vocal supporter of China’s 2005 anti-secession law that Hun Sen described as “highly necessary to the cause of China’s national reunification”.<sup>70</sup>

#### *4.1.1 The impact of engagement/containment strategies in the prospects of the formation of a pluralistic security community between China and ASEAN*

What are the consequences of Southeast Asian countries deciding to deal with China through a policy either of containment or engagement, in terms of the promotion of a pluralistic security community? A policy of containment would hardly improve the chances of fostering a sound environment for the promotion of positive exchanges (i.e. trade, investment and culture), and at

<sup>69</sup> “RP–China ties on a higher level, says President Arroyo”, *Manila Bulletin*, August 9, 2008, <http://www.mb.com.ph/>.

<sup>70</sup> “Prime Minister Hun Sen gives full support to China’s anti-secession law”, March 16, 2005, *Xinhua* online, [www.xinhua.cn](http://www.xinhua.cn).

the same time would severely limit the possibility of creating the appropriate spaces for fruitful processes of social learning.

The Cold War period witnessed, not an assertive ASEAN containment strategy against China (such as the US could practise due to its power capabilities), but, rather, a “shielding strategy” (both on the part of individual states and as part of ASEAN) which aimed at guaranteeing as best as possible the survival of non-communist ASEAN states against severe risks to national security, with China representing one of the major threats to these countries. Thus, the Cold War period already provides evidence of the ASEAN protectionist/survivalist strategy, which severely restricted the development of the conditions necessary to promote Sino–ASEAN understandings about the region, the international environment, and other issues of relevance for both actors. During this period, ASEAN did not spearhead a policy of containment; nevertheless, by siding with the US, ASEAN nations contributed to creating a regional isolationist environment that would limit the possibility of meaningful contact with Beijing. For this reason, neither the exchange of ideas nor meaningful transactions could flow, nor could the discussion of divergences and convergences on matters of interest at the domestic, regional and international levels be explored. This is not to imply that, during the height of the Cold War, China was willing to engage Southeast Asia with the intention of producing outcomes different to those currently under consideration, nor that it is solely due to ASEAN that more fruitful relations between the actors did not come about. For both actors, the overall international structure severely restricted the potential for closer and more positive interactions. Mao’s China was indeed heavily influenced by ideology, and the promotion of united fronts and wars of liberation played an important part in how Beijing tried to engage other countries, non-communist ASEAN included (see chapter three).

ASEAN as a regional organisation, and the ASEAN capitals, were adversely categorised by Beijing. In spite of this, the PRC showed a deep interest in reaching out to the rest of the world during the first years of its existence, particularly the so-called Third World. Relations with the developing nations (i.e. non-superpowers) were identified as one of China’s best opportunities to break its diplomatic isolation and to promote an international order more beneficial to Beijing. The 1950s Bandung Conference showed that China wanted to share with other developing countries its own views of the role of non-aligned nations within the international system and on how to deal with power politics emanating from the two superpowers. At the very least, at Bandung China attempted to share its own understandings of the international system and at least partly convince others about how to deal with it. ASEAN, on the other hand, became tied to the American containment strategy against China and could not seek similar attempts to communicate with China. Non-communist Southeast Asia did attempt to share common



understandings between its members, but did not attempt to include China (as it later did during the post–Cold War period with APT for example) in these endeavours.

During this period, identities also became clearly delineated and well-entrenched—but not favouring the development of an East Asian or Sino–ASEAN common identity. On the contrary, ASEAN and the ASEAN states came to be seen by China as part of an adversarial, capitalist, pro-US bloc, whereas China identified itself with the communist bloc (initially as part of the Soviet communist sphere, later independent) to which the ASEAN states were so staunchly opposed. ASEAN could not be so vocal about its own fears in relation to China and the “dangers of communism” in the region (e.g. ASEAN was never explicitly framed as a security organisation, though security was a central tenet in its members’ considerations) but nevertheless in many ways opposed what China represented. The fact that ASEAN members and China belonged to a coherent geographical space had little impact in promoting a positive mutual identification.

Politics and ideology became the main moulder of oppositional identity and the closeness in geographical terms often served the purpose not of enhancing cooperation but of exacerbating national anxieties due to political-ideological rivalries. Thus, during the first stage of the Cold War, identities became clearly defined but also openly adversarial. Having such a background in mind, a corporate identity began to emerge amongst the ASEAN members: Thailand, Indonesia, Malaysia, the Philippines and Singapore could now begin to understand themselves as a regional body with a unique distinctiveness. Moreover, ASEAN also began to develop a social identity, being capable of identifying an “us” (i.e. ASEAN) in opposition to a “them” (i.e. the rest of the world in terms of regions and individual actors, China included).<sup>71</sup> An important characteristic of such identities is that, when viewed in contrast to China during the period, the social identity of ASEAN was not only stressing an “us” and a “them” (as in a number of ways it still does in the post–Cold War period), but also what created such differences were clashing, oppositional and often seemingly irreconcilable identities: capitalist vs. socialist regimes, free market vs. planned economy systems, pro-American vs. anti-American governments (and later on pro-Soviet vs. anti-Soviet ones), pro-international peace understandings vs. the inevitability of war.

Another casualty of the Cold War milieu between China and ASEAN was trust. During this period the levels of trust were linked to the capacity of these states to feel reassured or threatened at the basic level of regime/state survival by the actions of the others. Trust in a state is diminished if that state’s actions represent a direct or indirect threat to national security (i.e. survival). The Cold War period excelled in damaging the levels of trust between non-

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<sup>71</sup> See the discussion of corporate and social identities in chapter two.

communist ASEAN members and China: and indeed in this respect the damage went beyond China and non-communist Southeast Asia, to affect the levels of trust between China and proper Marxist-Leninist states such as Vietnam (late 1970s–end of the Cold War). Non-communist and communist alike, Southeast Asia's levels of trust in relation to China at various points reached, and later on maintained, very deep nadirs.<sup>72</sup> Southeast Asian nations had to fear no less than regime extinction and their own capacity of survival against China. Beijing, on the other hand, did not experience similar direct threats from the Southeast Asian states (there was no serious chance of military invasion from these countries); nevertheless, the PRC feared the collusion of these regimes with its most serious enemies: the US and the Soviet Union. The risks China perceived came from the assumption that the Southeast Asian nations would continually assist the superpowers in debilitating the rule of the CCP by means of supporting the superpower's wars in the region (e.g. Korea, Vietnam and Cambodia), promoting a policy of encirclement, or eventually serving as springboards for an invasion (in this respect Beijing also feared the role of Taiwan).

On the other hand, ASEAN's policy of engagement has significantly improved the chances for the promotion of a pluralistic security community between Southeast Asia and China. Engagement implies contacts and interactions, which are the most important factors for the promotion of not just a security community, but any type of community. Moreover, ASEAN's engagement policy has expanded the basis for further transactions (e.g. political, economic and social) with China and has managed to successfully initiate regional frameworks at which processes of communication and social learning can be developed and further refined. Through such processes of communication, ASEAN has been able to persuade China to reassess regional realities and to attempt to act less confrontationally when dealing with matters of security that directly involve some ASEAN states (i.e. South China Sea disputes), and indirectly involve also ASEAN as a whole. As a result of ASEAN's attempts to apply a strategy of engagement rather than of containment, ASEAN's trust towards China has improved.

ASEAN's strategies of engagement and hedging have also had repercussions at the power level. ASEAN has been looking to China for regional leadership. This element highlights Karl Deutsch and Adler and Barnett's argument about "cores of strength" (see chapter two). China's leverage as a core of strength is due to its leading economic growth, which has served as a magnet for Southeast Asia. This attraction is both about emerging economic opportunities and potential economic disadvantages; nevertheless, both factors are making China a central issue in Southeast Asia's economic calculations. The policy of engagement itself, being an attempt to persuade China to think differently and less confrontationally about regional security, is already

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<sup>72</sup> Communist Southeast Asia is represented here by Vietnam, the most influential country of the socialist troika in the region at the time and a staunch enemy of China from the late 1970s until the end of the Cold War.

an expression of Sino–ASEAN structural power relations in which China is the centre and ASEAN the periphery in terms of hard power. Thus, ASEAN is functioning in the role of “persuader” and China is the one to be “persuaded”. The same can be argued in relation to ASEAN’s hedging strategy, as it is ASEAN members who feel the need to hedge against a more powerful neighbour like China. As discussed in chapter three, Beijing is not hedging against ASEAN: rather, it is courting (i.e., the “charm offensive”). Furthermore, Southeast Asia has looked up to China as a leading power agent and guarantor in the past: for example, Mahathir’s search for Chinese leadership during his flawed EAEC, ASEAN’s inclusion of China within the ASEAN framework to generate a stronger regional voice when dealing with Europe, and Thailand seeking security from Beijing against perceived Vietnamese expansionist intentions. ASEAN members are aware of the potential for generating a coalesced regional front to include China and Japan, particularly when negotiating with other regional blocs outside East Asia (personal interview: Vietnam).

## 4.2 China–ASEAN regional frameworks

ASEAN’s policy of engagement towards China, and Beijing’s swift response and its own foreign policy strategy of rapprochement with Southeast Asia, have both interacted to produce a number of significant regional frameworks and other regional endeavours. The role of the former is of fundamental importance in order to trace further developments in Sino–ASEAN transactions, processes of social learning, transmission of concerns and interests, and the rest of the variables to be found in Adler and Barnett’s framework. The next section will discuss the origins and main functions of the most relevant Sino–ASEAN regional frameworks and other agreements, and put them into context in relation to factors conducive to the formation of a pluralistic security community between China and ASEAN.

### 4.2.1 *The “ASEAN PLUS” frameworks (ASEAN Plus One and ASEAN Plus Three)*

ASEAN Plus One became the institutionalised setting for meetings and interactions between the political elites of the ASEAN member states and each of its Northeast Asian neighbours (i.e., China, Japan and South Korea), taken one at a time. The ASEAN Plus One framework served as background to the formation of ASEAN Plus Three (APT). In December 1995, at the fifth ASEAN Summit, held in Thailand, Singapore Prime Minister Goh Chok Tong proposed that the Association should invite their three Northeast Asian neighbours, China, Japan and South Korea, to participate in its first informal summit planned for a year later. In 1997 it was decided that ASEAN would hold informal leaders’ meetings involving all three countries, and then separate meetings with each of the three Northeast Asian countries in December 1997 at Kuala Lumpur.

This is what initially formed the basic structure of the ATP framework. The organisational structure of the APT involves summitries once a year as well as annual meetings of the Ministries of Foreign Affairs, Finance, Economics, and more sporadic meetings of Ministries such as Tourism, Health, Energy and Agriculture. The APT has been defined as a “loose framework that has regularised meetings as its main activity but has no organisational settings such as a secretariat” (Suzuki 2004b: 1). Christopher Dent has argued that the use of the term “frameworks” denotes that “these are not organisations or even institutions but rather a system of mostly inter-governmental meetings for fostering regional co-operation and integration” (Dent 2008: 150).

Currently, the membership of APT comprises the ten members of ASEAN plus the aforementioned three Northeast Asian states. Its formation was the first time all South and Northeast Asian countries had met together as an exclusive regional grouping—as Malaysia’s ex-Prime Minister Mahathir had previously envisioned with the proposal of his EAEC (which, though a failure, had had the effect of raising the idea of forming some kind of East Asian regional grouping). The APT framework had been heavily influenced by the 1997 Asian financial crisis, and to that extent the development of common mechanisms of regional finance governance shaped the initial agenda of the framework. Nevertheless, the scope of the agenda has gradually expanded to more diverse issues in the political, security and environmental realms, and others. During the Third Informal Summit held in the Philippines in November 1999, all new APT members issued their first official statement, the *Joint Statement on East Asia Cooperation*. It was agreed by all members that the scope of the proposed cooperation would cover economic, social political and other fields. Since the inauguration of APT, summits between China, Japan and South Korea and the ASEAN members have been constant, and the level of cooperation initiatives between them has continuously expanded.

TABLE 11: “Joint Statement on East Asia Cooperation”: Proposed cooperation fields

Economic and social fields	Political and other fields
Economic cooperation	Political-security area
Monetary and financial cooperation	Transnational issues
Social and human resources development	
Scientific and technical development	
Cultural and information area	
Development cooperation	

Financial governance has been one of the most relevant aspects of cooperation amongst the members of the APT and one that has produced three main projects: the Chang Mai Initiative (CMI), the Asian Bond Market (ABM), and the Asian Currency Unit (ACU). The CMI was conceived as a system of bilateral currency swap agreements amongst APT member states.

which by May 2007 had raised its total funds to US\$ 82.5 billion on sixteen different bilateral agreements. Also in May 2007, the APT Finance Ministers endorsed a plan to multilateralise the scheme, from which members could now make use of a common pool of foreign exchange reserves during times of crisis (Dent 2008: 157). The ABM also allows APT members to make use of these financial resources for promoting its own regional financial stability and economic development, instead of investing or diverting such resources to other regions or countries outside East Asia. Finally, the ACU aims at developing East Asia's own common currency following the steps of the European model (i.e. the Euro currency). Notwithstanding that the genesis of the APT had been deeply influenced by financial concerns, this framework has expanded to cover other regional concerns. In 2006, APT comprised forty-nine consultative bodies working at seventeen different levels (Dent 2008: 165).

It is very significant that the APT framework originated as one of ASEAN's initiatives. Initially, this characteristic gave the Association a larger degree of influence in the setting of agendas and the overall steering process of the framework. ASEAN has been a core player in the APT framework (Suzuki 2004a: 33); but despite this, it is not possible to assure ASEAN's permanent control at the helm of the APT as the Northeast Asian members are expressing a growing influence in the region. Of late, China, Japan and South Korea have announced tripartite cooperation in several areas (e.g. customs, energy, finance, environment, etc.) after the top leaders of these countries met in Dazaifu, Japan, for a Northeast Asian Summit in mid-December 2008. Considered by some as an "historic occasion", this was the first time that the three Northeast Asian countries met by themselves outside the APT framework.<sup>73</sup> Regional developments like this could already be heralding a more proactive role for Northeast Asia in cooperative schemes in East Asia without the hitherto leading role of ASEAN.

Since the APT's inception, ASEAN governments and China have expected the framework to contribute to regional stability. Former Deputy Secretary-General of the ASEAN Secretariat Mashor Pengiran Ahmad once declared that "each [APT] member country will be treated as a partner and together they would work towards sustainable growth and development that would guarantee an environment of peace and stability".<sup>74</sup> The goal of regional stability was reaffirmed during the late 2000s in the Second Joint Statement on East Asia Cooperation which agreed on the need to ensure regional stability by means of regional organisations becoming "united and resilient".<sup>75</sup> Sounder underpinnings for regional stability have been promoted as the framework has been opening further avenues to intensify cooperation and interdependence in the fields of

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<sup>73</sup> Severino, Rodolfo C. "The North-East Asian Summit: An initiative not at odds with ASEAN", *Straits Times*, January 13, 2009.

<sup>74</sup> Keynote Speech of Former Deputy Secretary-General of the ASEAN Secretariat Mashor Pengiran Ahmad, "ASEAN Plus Three: Perspectives of Regional Integration in East Asia and the Lessons from Europe", November 30–December 1, 2003, Seoul, Korea, <http://www.aseansec.org/15655.htm>.

<sup>75</sup> Second Joint Statement on East Asia Cooperation 2007, <http://www.aseansec.org>.

economics, politics, security, and other areas. Interdependence and growing cooperation is seen as having the potential to foster stability as conflicts should be managed by peaceful means in order not to adversely affect the positive outcomes of interdependent relations and cooperation in general (Fukuyama and Calder 2008). For example, the Second Joint Statement on Cooperation, and the Cooperation Work Plan 2007–2017, have expanded the fields of cooperation into new areas such as rural development and poverty eradication, disaster management, minerals, and women issues; thus further expanding the potential for interdependent relations between the members.

Furthermore, the APT framework also is in line with ASEAN's members' integration approach towards China. ASEAN and China's preference for informal relations seems to indicate that these members will not seek to formalise or to institutionalise the APT process any further. Rather than moving the APT towards a fully-institutionalised organisation with clear objectives, China and ASEAN would be comfortable if the framework evolves into various forms of cooperation around which an even tighter net of informal diplomatic contacts and exchanges can be cemented. For China, APT represents a potentially effective way to pursue a number of objectives simultaneously, such as the promotion of multipolarity, and also as a means to dispense with regional fears of the so-called "China threat". APT could also serve as a convenient setting for informal but substantial exchanges with regional leaders (Hund 2003: 402–3). APT has been signalled as having the potential to become the dominant regional institution in East Asia. Some recent developments have been key for enhancing the APT framework, such as the coalescence of other regional organisations such as the EU and NAFTA, the impact of the 1997 Asian financial crisis on the region, and the dissatisfaction with APEC due to a clear divergence in the organisation's prioritisation of its agenda (Stubbs 2002: 440–441). Nevertheless, there are divergent views about the strengths and long-term effectiveness of the APT. Sceptics of the APT process have argued that "[t]here is reason to believe that APT is already running out of steam due to an apparent lack of common resolve and direction", and, in respect to the formation of a clear and defined East Asian identity, the argument has been that "[m]ost APT members prefer East Asian cooperation with a pro-Western Asia-Pacific orientation rather than exclusive forms of East Asian regionalism" (Hund 2003: 411). Further issues about the functioning of the APT have been raised, such as the intense competition for regional leadership between China and Japan, a rivalry that could well hamper the development of the framework. Closer bilateral relations between China and Japan are vital in the development of APT (and also for the subsequent development of an East Asian community), so that a shared leadership between the two countries is needed. Whilst China and Japan have shown their interest in promoting East Asian regionalism, "they still remain reluctant, or even unable, to take positive action or shared leadership in the institutionalisation of ASEAN+3" (Terada 2004: 6).

Furthermore, APT has a loose structure which has been able to regularise meetings but has neither organisational settings (e.g. a secretariat) nor strict, hard-binding decision-making procedures as other regional entities have (e.g. the EU). The establishment of an APT secretariat is one of the most controversial issues in East Asian regionalism, as it has divided ASEAN members, making both China and Japan unenthusiastic about promoting a separate secretariat from the already existing ASEAN one based in Jakarta (ibid.: 17). The formation of an APT secretariat could send a strong signal about the strengthening of a more solid and formal community-building structure. Though there is no secretariat yet, APT's "chairmanship" should be considered as an institution with an organisational element in it. Sanae Suzuki has argued that the chairmanship is also expressed in shared rules of behaviour among member states, in that the chair's roles are not explicitly written in documents. Thus, it can be argued that the APT framework is an institution with an organisational element which affects development of its characteristics (Suzuki 2004: 1). Southeast Asian political elites realise the value of APT in a two-fold manner. First, APT has been able to create an effective background for the promotion of regional cooperation. Second, Southeast Asian decision-makers also realise the value of the APT as an effective space to communicate interests and concerns to other regional actors, even if the levels of institutionalisation of such frameworks are loose in nature, rather than tight (personal interview, Singapore).

#### 4.2.1.1 *The East Asia Summit (EAS)*

The idea of establishing the EAS first appeared during the APT Summit in Singapore in 2000. This particular framework could be understood as a by-product of the APT framework, the idea being to transform the APT into a more coherent and developed regional framework in which any APT member could host a summit, not just an ASEAN member. Furthermore, for some, the EAS also came to encapsulate a more holistic regional concept, being seen as more than just an appendage of ASEAN. EAS could also give China, Japan and South Korea a greater sense of ownership over the East Asian regional community-building process (Dent 2008: 169). The creation of an East Asian Summit could become a positive endeavour, possibly suggesting a more ambitious political connection of ASEAN and Northeast Asia, enabling East Asian leaders to identify common positions more easily and to articulate them more effectively in multilateral fora such as the World Trade Organisation and the United Nations (Terada 2004: 16).

Initially, the EAS came to be understood as a natural successor to the APT framework; however, it finally did not substitute APT but became an independent structure. The main reason for this seems to be a political one, as, due to the insistence of some countries (e.g. Japan), the new framework transformed its previous exclusive East Asian membership in order to introduce new

players such as Australia, New Zealand and India.<sup>76</sup> The expanded membership, it was calculated, would prevent China from dominating proceedings at the expense of the rest of the members (Yahuda 2008: 79). The first EAS summit was held on December 14, 2005, in Malaysia. One of the most relevant proposals which has arisen within the EAS has been Japan's proposal to consider the consolidation of an East Asian Free Trade Agreement. If the EAS framework is to evolve as planned (i.e. with a more even influence coming from any of its members) then it could be possible to witness a diminished influence of ASEAN members in regional affairs, in the sense that, most probably, the larger and more powerful countries could take over ASEAN's current predominance in cooperation-based frameworks. Nevertheless, so far ASEAN has asserted itself as the core of the EAS framework, so that a control shift towards a less ASEAN-centred dominance has not occurred.

As conceptualised, the East Asian Summit is meant to become the first step towards building a comprehensive East Asian Community, but instead the EAS has brought historical rivalries and conflicting geopolitical interests into sharp relief. Optimistic understandings of EAS see it as the first step toward establishing an East Asian Community along the lines of the European Community. However, competing geopolitical interests and historic suspicion make the goal unrealistic for the foreseeable future. Instead of creating a common bond, the first summit may have intensified old strategic rivalries and forced smaller Asian nations to choose sides (Malik 2005). Likewise, the process of development of the EAS could be bringing relative gains to the region, but at the same time adding little impetus to the processes of East Asian regionalism. Disagreement and confusion might have been the result of the overlapping and even conflicting roles of the EAS and APT, and other Asian institutions (Romberg 2005).

Pessimistic views of the role of the EAS are counterbalanced by more optimistic ones. The EAS could even be understood as an event of historic proportions, whose future impact is likely to be as significant for the wider region as the first ASEAN Summit held in Bali in February 1976. The inauguration of EAS could be signalling "the cusp of a new era for the region" (Desker 2005). It might simply be the case, though, that the EAS is a framework that is too young and has been at work for too few years (less than five so far), and for that reason it is too early to be able to acknowledge what its full implications and effects will be for its current members and the East Asia region in general. Thus, it will be necessary to "wait and see" as, regardless of serious attempts to foresee its implications, it is simply too soon to find out (Cossa 2005).

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<sup>76</sup> These "external" members were invited due mostly to Japan and Indonesia's insistence.



#### 4.2.1.2 *The ASEAN Regional Forum (ARF)*

The ARF's origins can be traced to a realisation in the early 1990s that ASEAN by itself would be unable to dominate political-security discussions across the entire Asia-Pacific rim (Simon 1998: 204). The ARF was designed to address perceived insecurities nurtured from regional imbalances of power, particularly as the US system of bilateral alliances began to lose its validity. Michael Leifer has argued, for example, that "the emergence of the ASEAN Regional Forum in July 1994 was both a symptom of, and a response to, changes in the security context in East Asia following the end of the Cold War" and that the cause of the creation of the new security organisation "was the perceived need to establish a distribution of power among the three major states of the Asia-Pacific: namely, China, Japan and the United States" (Leifer 1996: 3). Undoubtedly, China is one of the most important factors contributing to the creation of new regional structures in the post-Cold War period in East Asia. Changes within this particular new regional (and world) order would have been almost inevitable, but it is still a matter of debate how much relevance particular actors such as China have had in the unfolding of events as it has developed. Thus, the origins of the ARF could be understood as a means of managing security problems through cooperative security methods, against a background of a more powerful Chinese presence in the region (Foot 1998: 439). The matter of degree does not preclude a wider consensus that the ARF's existence is heavily indebted to the need to find new ways of dealing with both China and the US in the region. One of the key rationales for establishing the ARF, from a Southeast Asian point of view, was to engage the latter two countries, both of them key Asia-Pacific powers, in regional security dialogue and confidence building (Goh 2004: 47). Thus, partly for this reason, both China and ASEAN began to reconsider their mutual perceptions and relations in order to explore alternative arrangements, including that of security. As the name of this framework suggests, the ARF was one of ASEAN's regional initiatives. Leifer explains that "the prime model for the ARF is ASEAN's own distinctive political approach to regional security problems" (Leifer 1996: 3). Though the ARF follows ASEAN's own distinctive approach, its membership is not exclusively Southeast Asian or East Asian, but also includes other countries from the Western Hemisphere, Europe, South Asia and Oceania.<sup>77</sup> The ARF stands to comply with two main objectives:

- To foster constructive dialogue and consultation on political and security issues of common interest and concern; and

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<sup>77</sup> The ARF's membership includes: Australia, Bangladesh, Brunei Darussalam, Cambodia, Canada, China, European Union, India, Indonesia, Japan, Democratic Peoples' Republic of Korea, Republic of Korea, Laos, Malaysia, Myanmar, Mongolia, New Zealand, Pakistan, Papua New Guinea, Philippines, Russian Federation, Singapore, Thailand, Timor Leste, the United States, and Vietnam.

- To make significant contributions to efforts towards confidence-building and preventive diplomacy in the Asia-Pacific region.<sup>78</sup>

The participants have acknowledged that “the ARF’s process should progress at a pace comfortable to all members on the basis of consensus. A step-by-step approach is needed to ensure consensual progress in order to secure the maintenance and continuing enhancement of commitment of all participants in the ARF process”.<sup>79</sup> The ARF has been cast in theoretical language as an example of “multipolarity and interdependence in the post–Cold War world” (Wortzel 1996). It does not operate as a “traditional” security framework as it is not conceived as a military alliance or any other standard form of security pact. The ARF is a result of the post–Cold War era changes in the region which have seen East Asian nations wanting to address security concerns, but without having to compromise their independence of action with third parties. This is particularly true in the case of security-related topics, which tend to be some of the most sensitive aspects of state concerns and calculations. Thus, the ARF has opted for a “second track” approach, such as confidence-building measures and preventive diplomacy, but even such approaches have moved rather slowly. As with ASEAN and other ASEAN-sponsored frameworks, the ARF has been criticised of being mainly a “talking shop”, an institutional space which has had the capacity to generate dialogue between members, but without the capacity to generate concrete actions to effectively tackle concrete problems. The ARF mechanisms are based on the creation of confidence-building measures first, in order to move towards preventive diplomacy later on.

Confidence-building measures are not void of significance, but these have not been enough to move swiftly forward into preventive diplomacy. Moreover, the latter goal remains elusive, as members are not forced by any mechanism (e.g. legal mechanisms) to advance preventive diplomacy. Thus, the concept has remained loose both conceptually and operationally, as members are entitled to act unilaterally and at a pace at which “they feel comfortable”. For these reasons, the ARF’s culture has been described as one emphasising “consensus and incrementalism” at the expense of concrete and significant action (Foot 1998: 439).

In spite of such criticism, the ARF has also been subject to constructive observations. It has been argued that the interests and policies of ASEAN that had led the Association to initiate the ARF were defined by what can be regarded as a norm of security cooperation within the region. Only by understanding thoroughly the process of establishment of this Forum can a fair assessment be made of its significance. The ARF should be seen as an arena appropriate for encouraging the practice and reinforcement of norms, or in other words, the ARF is the

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<sup>78</sup> Chairman’s Statement, First ASEAN Regional Forum, Bangkok, July 25, 1994.

<sup>79</sup> ASEAN Regional Forum Concept and Principles of Preventive Diplomacy, adopted at the 8<sup>th</sup> ARF, July 25, 2001, at [www.aseansec.org](http://www.aseansec.org).

equivalent of a “norm brewery”. Hiro Katsumata affirms the latter, also asserting that placing a different emphasis on aspects of the forum will generate different interpretations. Thus, Katsumata has argued that: “In the norm-oriented framework of the ARF, the participants seek regional peace and cooperation because cooperative behaviour meets the standard of appropriateness in the light of relevant norms. Therefore, for constructivists, the cooperative security forum is significant in terms of norms, although it may appear to be a mere ‘talking shop’ with no strategic significance” (Katsumata 2006: 195).

For non-realists, the ARF plays a very useful and positive role in creating a sound basis for intra-state interactions that could diminish the potential for armed conflict or other forms of disruptive transaction. For realists, on the other hand, the ARF is irrelevant as states should deal with critical security issues unilaterally and based on power calculations, leading to some observers calling the framework a “talk shop without any teeth” (Teck Seng 1997). As one of the core objectives of the ARF has been to include China in its fold, certainly more has been achieved in this respect than early sceptics thought possible (Foot 1998: 439). China is an active member of the ARF and moreover, since the early 2000s, Beijing has praised the work of the Forum in general and the role of ASEAN within the framework in particular. Chinese ex-Foreign Minister Tang Jiaxuan declared that “the Chinese Government has always attached importance to the positive role played by ARF in maintaining regional peace and stability, and supported ARF in keeping the momentum of development and continuously making new progress. I wish to reiterate that the Chinese side supports ARF in further exploring and developing dialogue and cooperation in non-traditional security fields, including counter-terrorism, in gradually expanding the participation of defence officers in ARF, and in continuously adhering to the existing and effective modalities and principles, with confidence building at the core. China also supports ASEAN in continuing to play a leading role within ARF”.<sup>80</sup> Former Brunei Air Force Colonel Kamal Bashah has also argued that the ARF has accomplished a very important achievement in having been able to bring China into the Forum, but also that “[i]t has successfully implemented its first stage process of confidence-building measures with some positive responses, and is now moving towards a much more challenging process—preventive diplomacy, the second stage of the AFR evolutionary process”. Nevertheless, Colonel Bashah has also been critical of the Forum, arguing that “the ARF has also had some signs of weakness... the ARF has been criticised for not having the capability of developing mechanisms to resolve conflicts” (Bashah 2003).

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<sup>80</sup> Speech by Chinese Foreign Minister Tang Jiaxuan at 9<sup>th</sup> ARF Foreign Ministers’ Meeting, Bandar Seri Begawan, July 2002, <http://www.fmprc.gov.cn/eng/wjdt/zyjh/t25081.htm>.

#### 4.2.1.3 *The China–ASEAN Free Trade Agreement (CAFTA)*

China's proposal for the formation of a free trade area (FTA) came at the APT summit in November 2000, and, in November 2001, China and ASEAN began negotiations to set up the China–ASEAN Free Trade Agreement (CAFTA). While the CAFTA is very much bound up with the regionalisation of East Asia, it is primarily a product of the regionalism project of the participating states. For the Chinese, CAFTA has been as much a political accord as an economic arrangement, as since its inception there was and is an explicitly political dimension to China's approach to the FTA negotiations. The China–ASEAN negotiations took place within a specific policy context in which China was guided by an unambiguous regional policy of fostering good-neighbourly relations with its Asian regional neighbours (Stubbs and Chin 2008). CAFTA is poised to become the largest FTA in the world in terms of population, and one made up of developing countries at very different levels of development. Though the proposal was initiated by China, ASEAN's response to it was very positive. One year later, on November 4, 2002, at the sixth China–ASEAN summit, then-Chinese Premier Zhu Rongji and the leaders of the ten ASEAN nations signed the landmark *Framework Agreement on ASEAN–China Comprehensive Economic Cooperation*, marking the beginning of the process of setting up a China–ASEAN free trade zone. The Agreement acknowledged both China's and Southeast Asian states' willingness to minimise barriers and deepen economic linkages between the parties; lower costs; increase intra-regional trade and investment; increase economic efficiency; create a larger market with greater opportunities and larger economies of scale for the businesses of the parties; and enhance the attractiveness of the parties to capital and talent. From an economic point of view, CAFTA also makes sense to China, as eventually a boost of Chinese exports into Southeast Asian economies could be expected. Singapore Minister mentor Lee Kuan Yew has declared that “the China–ASEAN Free Trade Agreement offers ASEAN countries an opportunity to ride on China's fast economic growth”.<sup>81</sup> Nevertheless, China has attempted to minimise the perceptions of trade liberalisation, as when Beijing offered unilaterally to open its market to ASEAN countries for an initial period of five years, during which no reciprocal market liberalisation was expected from ASEAN countries. In fact, such a unilateral concession from China has a minimal cost for the country, as, after its entry to the WTO, China had to open its markets by 2005–06 for commodities and services anyway.<sup>82</sup> China sees CAFTA as a tool to respond to challenges posed by competitive regionalisms in the world economy, cement growing economic ties with Southeast Asia, secure raw materials, ensure a peaceful environment to support China's growing regional and global influence, and to counterbalance American and Japanese influence in the region. On the other hand, ASEAN

<sup>81</sup> “Singapore's Minister Mentor Lee Kuan Yew hails China–ASEAN ties”, Xinhua General News Service, May 31, 2007.

<sup>82</sup> “China gains big in FTA deal with ASEAN”, *Straits Times*, November 30, 2004.

nations are attracted to CAFTA by the opportunities entailed in China's expanding economy and volume of trade; they also seek to leverage the Agreement to create additional FTAs with important partners within or outside the region (Suthiphand 2002).

CAFTA has been scheduled to come into force in 2010 for the most advanced economies of ASEAN, and in 2015 for the other four.<sup>83</sup> Implementation of the framework agreement would occur in stages, according to which an "Early Harvest Programme" covering trade in goods came into force in July 2005. Negotiations on a dispute settlement mechanism were finalised in 2004 for implementation in 2005, and negotiations on trade in services were completed and an agreement signed in January 2007, for implementation in July 2007. The China–ASEAN free trade area is expected to be one of the biggest free trade areas in the world with a total population of 1.8 billion and a combined gross national product of US\$ 2 trillion, when completed in 2010.<sup>84</sup> China has been motivated to propose CAFTA for a number of reasons. Kevin Cai has identified three main rationales: the FTA helps to craft a response to intensified regionalism elsewhere (e.g. Europe and North America); it also helps to cement the growing economic ties between China and ASEAN; and it can also help to coordinate government policies (Cai 2003). One immediate reason was the projected intensification of economic competition with the Association's members due to China's accession to the WTO, and thus to promote East Asian economic integration to protect the region against possible shocks due to globalisation processes. Moreover, and seen strategically, CAFTA is an application of China's new foreign policy strategies in the region, which aims at bettering its image in Southeast Asia alongside advocating for a multipolar world and multilateralism, to dilute US unilateralism in world affairs (Sheng 2003: 7). China's FTA with ASEAN is also driven by strategic considerations; however, this FTA is mainly an economic tool, as CAFTA exemplifies the economic statecraft of China's diplomatic approach to Southeast Asia. Economic statecraft involves the utilisation of a state's economic tools in its foreign policy, and is part of an overall state's statecraft. By employing either positive or negative means (i.e., rewards and sanctions), economic statecraft seeks to advance a state's interests through ways that are less coercive than military means. CAFTA is a good example of the use of such positive economic statecraft, as China has intended to create beneficial inroads into Southeast Asia following such a strategy (Wang 2005).

CAFTA has triggered a fierce competition between China and Japan, as of late China has been aggressively pushing for a China–ASEAN axis. Thus, the CAFTA proposal goes beyond an economic rationale and is also heavily influenced by a political one (Hund 2003: 383). China has continually exhibited a visceral and historically-rooted distrust towards Japan and has been

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<sup>83</sup> The most advanced economies in ASEAN are: Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand; the least developed are: Vietnam, Laos, Cambodia and Myanmar.

<sup>84</sup> China–ASEAN Free Trade Area, *People's Daily* online, January 14, 2007, <http://english.people.com.cn>.

resistant to the idea that any of its own actions could pose a threat against Tokyo. Furthermore, in the recent past such insensitivity to Japanese fears about a rising China had fuelled mutual suspicions that could easily have activated security dilemma dynamics in the region (Christensen 1999). In December 2004, China was formally declared a security concern in Japan's National Defence Programme Outline.<sup>85</sup> In such circumstances, CAFTA has highlighted the possibility that pre-existing tensions in the region could be exacerbated. Moreover, Japan is not the only political factor intertwined with CAFTA. Beijing also has linked CAFTA to its wider diplomatic efforts to transform its image amongst Southeast Asian countries. CAFTA is also to serve as a means to show Southeast Asians that China promotes an integrative and cooperative policy and one which is also sensitive to ASEAN's members' concerns and particularities, at least in the economic realm. In this last respect, Vincent Wang has argued that China's FTA with ASEAN exemplifies the economic statecraft of China's "peaceful ascendancy" (i.e. the "peaceful rise" policy). For Wei-cheng Wang, "China's FTA with ASEAN is driven primarily by strategic considerations and, although the main instruments that it uses are economic, China's foremost goals are to ensure survival and to expand power in a changing (that is, more challenging) security environment" (Wang 2005: 34).

CAFTA is expected to improve political and social relations between ASEAN and China, building on existing geographical proximity, as well as historical and cultural ties. CAFTA should also be capable of creating a favourable balance of power in East Asia and to provide for a louder and more effective voice in international fora (Chia 2004). In spite of their relevance, political factors should not completely overshadow the core economic importance of CAFTA. At the present stage of development, the Chinese and ASEAN economies are more competitive than complementary, due to similarities in their trade and industrial structures. ASEAN and China are also competitors for FDI, rather than significant investors in each other's economies. Despite these challenges, some observe that "the prospects for bilateral trade to flourish are bright if both China and ASEAN can interlock their economies through deeper integration in the long term" (Wong and Chan 2003: 507).

For ASEAN states, a free trade agreement with China offers a convenient route to overcome the disadvantage of their relatively small economic size by pooling resources and combining their own markets. It has been anticipated that, with the establishment of CAFTA, total annual China-ASEAN trade is estimated to reach US\$ 1.2 trillion.<sup>86</sup> Wang has also argued that ASEAN wishes CAFTA because it sees it as a logical step towards partaking in China's

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<sup>85</sup> "So hard to be friends", *Economist*, March 23, 2005, pp. 23-25.

<sup>86</sup> "Forging closer ASEAN-China economic relations in the 21<sup>st</sup> century", report submitted by the ASEAN-China export group on Economic Cooperation, October 2001, [http://aseansec.org/newdata/asean\\_chi.pdf/](http://aseansec.org/newdata/asean_chi.pdf/).

growing domestic market and the benefits arising from the phasing-in of China's pledged liberalisation; and, further, ASEAN nations might interpret CAFTA as a catalyst for accelerating their own integration (i.e. ASEAN Free Trade Agreement (AFTA)) and a ploy with which to engage larger trading partners (Wang 2005: 35). ASEAN linking up with China through the CAFTA is also expected to boost the region's attractiveness for investment.

### **4.3 ASEAN-based regional frameworks and the promotion of a Sino–ASEAN pluralistic security community**

The establishment of the regional frameworks discussed earlier are to play a fundamental role in fostering the prospect for the formation of a pluralistic security community between China and ASEAN. Adler and Barnett's framework stresses the role of international organisations in their contribution to processes of pluralistic security community formation, and they have argued that "international organisations might be able, for instance, to foster the creation of a 'culture' around commonly held attributes, such as, for example, democracy, developmentalism<sup>87</sup> and human rights. And they might be able to promote regional projects that instil belief in a common fate, such as, for example, a common currency; and/or generate and enhance norms and practices of self-restraint" (Adler and Barnett 1998: 43). Moreover, Alexander Wendt has argued that "international organisations may be conducive to the formation of mutual trust and collective identities, because of their often underestimated capacity to 'engineer' the very conditions—for example, cultural homogeneity, a belief in a common fate, and norms of unilateral self-restraint" (Wendt 1999). The concept of "international organisations" is to be analytically used as an encompassing tool; that is, international organisations are not just those with a formal legal basis (e.g. the UN, NAFTA, the EU, and so on) but also the regional frameworks that have been discussed above. Regional frameworks are considered part of the conceptual basis of international organisations because they share a number of fundamentals with "hard-based" ones. Regardless of the "loose and informal" nature of frameworks, these entities provide states with highly effective spaces for communication and social learning processes and the exchanges of ideas and values. Moreover, Sino–ASEAN regional frameworks have also been highly conducive to the promotion of transactions, the enhancement of trust and to a certain extent the promotion of an incipient regional identity.

Of all the regional frameworks mentioned earlier, it is APT which seems to be the most significant in terms of nurturing crucial elements with the potential to push forward the formation of a pluralistic security community. The first point to be stressed is that of identity.

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<sup>87</sup> By *developmentalism* Adler and Barnett refer to a belief, commonly held by political elites of developing nations, in a series of transformations of crucial aspects of social life both at the domestic and international level, such as economic growth, social equality, health issues, and achieving a sound position within the international system.

To this day, APT is formed by an exclusive East Asian membership (Northeast plus Southeast Asia). APT is not promoting an exclusive Sino–ASEAN common identity, but also includes Japan and South Korea (the EAS, on the other hand, has also included Australia, New Zealand and India). It has become clear in the discourse over the establishment of APT that Northeast and Southeast Asia are integral members of a broader regional concept (i.e. East Asia), whilst it is still debated whether other countries are part of the region (Nabers 2003: 121). Some countries, like Malaysia, have usually opposed expansion of the membership to include “non-East Asian” countries. In spite of the expansion in membership, APT is still capable of nurturing elements for the formation of a pluralistic security community between China and ASEAN, as the expanded effects of the dynamics within APT still apply in full to the latter.

It is worth mentioning here that APT is the direct inheritor of Mahathir’s EAEC idea, which intended to create a proper East Asian organisation in order to maximise the untapped potentials of the region vis-à-vis other regions in the world (e.g. NAFTA and the EU). Thus, it is possible to observe a perceived need for a proper East Asian governance system/regional organisation that had already been lingering for some time in the minds of some members of the East Asian political elites. In spite of the failure of the EAEC, the political elites of most East Asian countries remained receptive to the core idea under which Mahathir’s proposal was based and which indirectly materialised in the form of ASEM (Asia–Europe Meeting). The indirectness of ASEM soon took a more explicit and direct form with APT. The conception of the APT framework did not have at its centre to negotiate with Europe, but to articulate common responses to regional risks such as the financial crisis of 1997.

In terms of international organisations, APT’s membership offers the best prospects to infuse a corporate and social identity to East Asia. A corporate identity refers to the intrinsic, self-organising qualities that constitute an actor’s individuality (see chapter two). The post–Cold War period has been witnessing the strengthening of such a corporate identity within the psyche of regional political elites and their populations. The regional conditions that began to inspire projects such as the EAEC and ASEM had already begun to signal a sense of regional prowess and capacity, and a departure from the immediate post-independence years of East Asian nations characterised by economic backwardness, constant fear for state survival and a heavily compromised capacity to keep at bay the direct influence and power games of the superpowers. East Asia is not a loose conglomerate of alienated and weak nations, but a region with growing coherence: a group of nations that have been creating interdependence patterns amongst themselves, and which have also come to react effectively and with coordination to what have been identified as common threats (e.g. the 1997 financial crisis, and non-traditional security issues). Moreover, Southeast Asia has established ASEAN, an internationally recognised and respected organisation; Japan has emerged as the second richest country in the world; and



China's current emergence is also contributing to this sense of regional coherence and prowess. In sum, East Asia's corporate identity (i.e., the qualities that constitute the region's individuality) are becoming more well-established and clearly identifiable.

The diverse nature of East Asia's socio-political and cultural systems (i.e. democratic/authoritarian, capitalist/socialist, Christian/Muslim/Buddhist) and varied ethnicity might be understood to create a serious hurdle to the development of such a corporate identity. While not minimising the potential impact of such issues in the development of a regional identity, two points need to be stressed: First, the strength of East Asian corporate identity is analysed at the level of political elites; Second, and as argued by Wendt, while states could exhibit great variation in respect to their types of domestic regime, there is also a subjective dimension in that states categorise themselves as being alike with regard to the features that they see as defining the group (Wendt 1999: 353–354). The features that define the group at the political elites' level, independently from socio-political and cultural factors, are, as mentioned earlier, a sense of regional coherence, unity and prowess also characterised by a "regional thinking". APT has contributed to materialising and institutionalising an East Asian sense of corporate identity. The cooperation projects and permanent meetings of heads of state and other important members of government give its members a sense of belonging to a particular group. Through the enhancing properties of APT, East Asia has been able to begin to recognise an "us". Moreover, the definitional limits imposed by APT have also been able to promote the sense of a social identity (sets of meanings that an actor attributes to itself while taking the perspective of others, see also chapter two). APT's role in this respect is that membership is limited to a certain number of states (currently thirteen states, Northeast plus Southeast Asia), therefore leaving out the rest of the community of states. Thus, APT members can begin to understand themselves within the framework as an "us different from them". A clear sense of regional "us and them" was exemplified during the 1997 crisis, when many East Asian countries resented what they perceived as the lack of proper assistance from Western institutions, and further resented some outsider interpretations critical of East Asian capitalist practices as the causes for the crisis (Higgot 1998: 333–356). Moreover, differences in values in socio-political systems between East Asia and other regions (e.g. the "Asian values" vs. human rights discourse), and East Asia's preferred mode of conducting capitalism (liberal vs. developmental state), have also contributed to a strengthening of an East Asian social identity.

Regional frameworks have also become conducive to the promotion of a common regional identity by means of community-building processes, as this particular issue has become an outspoken and clear objective of APT. Thus, an East Asian community-building process has not been left to uncoordinated and spontaneous regional developments, but there is an aim to engineer it. APT has reiterated a common resolve "to realise an East Asian community as a

long-term goal” and further, the members have expressed their conviction that “the ASEAN Plus Three process will continue to be the main vehicle in achieving that goal”.<sup>88</sup> In 1998, APT established *The East Asian Vision Group* (EAVG) of eminent persons, which reported in 2001. In turn, in 2001 the *East Asian Study Group* (EASG) was established, with the objective of studying the viability of implementing the recommendations of the Vision Group in the short, middle and long term. In 2002, APT received the Final Report of the EASG which had decided to engage in discussion of the prospects of the formation of an East Asian community. The Report of the Vision Group stressed that “East Asia is quickly becoming a distinctive and crucial region in the world” and that the EAVG “wishes to create a vision that would inspire East Asian peoples and governments to work towards an ‘East Asian community’ that will address the region’s future challenges and advance mutual understanding and trust”.<sup>89</sup> A “shared identity” is one of the core guiding principles of the proposed East Asian community, one which, whilst still respecting the principle of national sovereignty, should also be characterised by “regional thinking”.<sup>90</sup>

The promotion of such an East Asian community already contains many of the elements characteristic of a security community or at least the factors that are conducive to its formation, such as awareness of the need to prevent military conflict and the desirability of peace, fostering transactions of varied sorts (e.g. economic and socio-politic) and a process of nurturing a corporate/social regional identity. The report recognizes a shift in precipitating conditions as “in the past, political rivalries, historical animosities, cultural differences and ideological confrontation posed barriers to cooperation amongst East Asian nations”.<sup>91</sup> Furthermore, the report also acknowledges a set of present factors that are to facilitate the promotion of a common identity such as “geographical proximity, many common historical experiences and similar cultural norms and values”.<sup>92</sup> In compelling Deutschian logic, the Report also recognizes that, due to the incremental levels of cooperation and transactions amongst members, there is a potential for future rivalry, competition and conflict. Thus, the need for processes of institutionalization is also recognized, both to manage and steer cooperation and to prevent conflicts which might arise from intensified transactions and which could tend to recourse to the use of force.<sup>93</sup>

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<sup>88</sup> “Kuala Lumpur Declaration on the ASEAN+3 Summit”, <http://www.aseansec.org/18036.htm>.

<sup>89</sup> “East Asian Vision Group Report 2001: Towards an East Asian Community: Region of Peace, Prosperity and Progress”, [aseansec.org](http://www.aseansec.org).

<sup>90</sup> East Asian Vision Group Report 2001, p. 8.

<sup>91</sup> Ibid.: p. 6.

<sup>92</sup> Ibid.: p. 7.

<sup>93</sup> Security communities are not characterised by the lack of conflict but rather by the effective, non-violent management of it. Conflicts with the potential to lead to violent attempts to solve differences are to be managed by peaceful means and never by the use of force. The wording of the report recognises that incremental interactions are likely to produce more conflicts, thus the need to create the necessary institutional mechanisms to handle them peacefully. For more detail on this conceptual issue, see chapter two.

## EAVG proposed goals for the promotion of an East Asian community

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Preventing conflict and promoting peace amongst the nations of East Asia;  
 Achieving closer economic cooperation in such areas as trade, investment finance and development;  
 Advancing human security, in particular facilitating regional efforts for environmental protection and good governance;  
 Bolstering common prosperity by enhancing cooperation in education and human resources development; and  
 Fostering the identity of an East Asian community.

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Source: East Asian Vision Group Report 2001: Towards an East Asian Community: Region of Peace, Prosperity and Progress.

## EAVG's proposed areas for cooperation

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Economic  
 Financial  
 Political and security  
 Environmental  
 Social and Cultural  
 Institutional

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Furthermore, both APT and the EAS have begun to discuss the eventual creation of an East Asia Free Trade Area (EAFTA) as a long-term project which could also lay an important foundation for regional-community building. The emergence of a new and more coherent regional economic space would strengthen economic-related associative ties within the region through the expansion of various activities spurred by the EAFTA's development: for example with regard to trans-national business linkages, NGO networking, international labour migration and intergovernmental dialogue mechanisms. Christopher Dent has argued that "we might though expect certain region-wide socialisation processes to deepen in response to this integrational development" (Dent 2008: 201). The constructivist view is also optimistic that the ARF might be contributing to progress towards a security community in East Asia. Through the ARF, strong feelings of trust and community could be generated over time, thereby allowing states to avoid conflicts of interest, or to settle them without resorting to violence. The ARF was not established to resemble an EU-like institutional model; nevertheless, its goals and procedures resemble those of an institution that aims to create a pluralistic security community (Garofano 2002: 503). Supporters of the ARF believe that increased interactions in a number of international realms (e.g. social, economic and political) should lead to heightened levels of trust and a sense of community with dividends in the security realm. Ex-Chinese Foreign Minister Li Zhaoxing, for example, declared that "China attaches great importance to the ARF and actively takes part in its activities. It is a very noticeable issue that our continued interactions within the Forum with the rest of the members are accomplishing an improvement

within Asia's security environment growing alongside enhanced levels of trust and a sense of regional unity".<sup>94</sup>

Seen from the "norm approach", the ARF could also be providing elements conducive to the promotion of a pluralistic security community particularly between the Sino-ASEAN membership. As part of a process of acclimatising, directly related to an intense level of the exchange of understandings, China and ASEAN have learnt to feel comfortable with each other within the ARF, and an expression of the latter is how reassuring China currently finds the methods by which the ARF operates. Both China and ASEAN have agreed on and considered as legitimate the ARF norms created from the Forum's main documents (i.e. the Concept Paper, the aims of the ARF, and the code of conduct governing relations between ARF participants). However, China's sympathies for the ARF were not present right from the beginning. Initially, Beijing viewed the Forum with uneasiness because of fears of the possibility of containment strategies orchestrated by the US, of Japan gaining political and military recognition, and the possibility of internationalising bilateral disputes. Regardless of its previously poor record of participation in multilateral security dialogues, China decided to join the ARF, mainly with the objectives of defusing perceived attempts at containment by the US and its regional allies, promoting multipolarity, and improving relations with ASEAN (Haacke 2003: 116).

Moreover, due to the low level of institutionalisation (particularly if compared to Western models of regional cooperation/integration) and the emphasis on communication, the creation of sound "zones of comfort" and credible trust have become an essential component of frameworks such as ARF. Consultation and communication play a critical role for the members as rigid rules and rapid institutionalisation have been rejected (personal interview: Singapore). The ARF has contributed to creating a regional norm of security cooperation that encourages members to be concerned about security within the whole region, rather than solely on the basis of individual countries. This norm has two ideational elements: common security thinking and prevailing "ASEAN norms and practices" (i.e. the "ASEAN Way"). What is most important to stress about the latter is that both ideational elements underline the Southeast Asian countries' commitment to the habit of dialogue and consultation aimed at enhancing a sense of mutual trust (Katsumata 2006: 188).

Power dynamics are also reflected within East Asian regional frameworks. The fact that the region's most powerful players (including China) show deference to ASEAN by participating in ASEAN's fora demonstrates that ASEAN still matters (Acharya 2007). ASEAN's mediating role between the great powers is an effective form of soft power; the Association's prestige and

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<sup>94</sup> "Chinese FM backs strong regional security forum, meets Rice on ties", BBC Monitoring Asia Pacific, July 2006.

long-standing history in attending to major issues within the region have inclined East Asian powers to participate in ASEAN-based frameworks. ASEAN is gifted with a particular form of power: that is, a continuous role as a purveyor of regional norms (Eaton and Stubbs 2006). Nevertheless, the Association aspires to be more than just an instrument that facilitates great power contact (Narine 2008). ASEAN wishes to play a convincing role alongside these other countries as an effective actor delineating the path of regional development, and to have a direct voice in dealing with regional concerns.

The conception of the ARF partly reflected ASEAN's security concerns about the uncertainties of new post-Cold War regional environment and a rising China. Thereby, the ARF is an expression of Southeast Asia's acknowledgement of a more powerful China that needs to be socialised and soundly integrated if ASEAN's interests are not to be disturbed. Using a cooperative security approach, the goal of the ARF is to socialise China to the point where there exists a stable expectation that the country will act as a responsible regional power (Foot 1998: 426). In a similar vein, ASEAN has, through the APT, recognised the power status of Northeast Asia and acknowledged its own need to integrate these countries into regional cooperation schemes coordinated by ASEAN itself. The asymmetrical power relations between ASEAN and China (along with Japan) is also manifest in the role of ASEAN as the most influential actor steering cooperation and dialogue through APT and ARF; the question is whether such a condition can be sustained indefinitely, or it whether it will have to change due to the growing power and influence of China and Japan. Moreover, ASEAN's soft power has been enhanced as it has been the instigator of such effective frameworks capable of attracting the participation of larger and more powerful countries. CAFTA has also been able to reflect the power asymmetry between China and ASEAN states, as ASEAN members have expressed concerns about economic-related competition. Within this context, ASEAN has become the "concerned actor", whereas China has become the "reassuring one" (e.g. offering an "early harvest scheme" for the least advanced economies in ASEAN), a fact that expresses the economic power asymmetries between both entities.

Regional frameworks have also played a role in fostering transactions and processes of communication and social learning. APT, the EAS and the ARF have vigorously expanded the level of political transactions and dialogue (conducive to social learning) between China and ASEAN. The APT has agreed to "promote dialogue and to deepen and consolidate collective efforts with a view to advancing mutual understanding, trust, good neighbourliness and friendly relations, peace, stability and prosperity in East Asia and the world".<sup>95</sup> The EAS, on the other hand, stated that its membership was looking to "foster strategic dialogue and promoting of

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<sup>95</sup> "Joint Statement on East Asia Cooperation", Paragraph 3, November 1999, [www.aseansec.org](http://www.aseansec.org).

cooperation in political and security issues”.<sup>96</sup> Finally, the ARF’s objectives are “to foster constructive dialogue and consultation on political and security issues of common interest and concern; and to make significant contributions to efforts towards confidence-building and preventive diplomacy in the Asia-Pacific region”.<sup>97</sup>

It cannot be overlooked that the promotion of dialogue in all these different contexts plays a central role in the *raison d'être* of the aforementioned frameworks and that without a doubt, moreover, the dialogue has been continuous and in many cases fruitful. As discussed earlier, critics have pointed out that the informal and legally non-binding nature of such frameworks, combined with the search for consensual agreement (which tends to generate a too-low common denominator) on topics render such frameworks not substantially effective. The EAS is seen as unnecessarily duplicating functions of APT and the ARF, and as unable to move forward with ease in what is already seen as not the most substantial and effective form of security interactions (i.e. preventive diplomacy). Furthermore, the wording in their founding documents and other declarations stays at a rhetorical level, which some could argue cannot give substance to the actual operational behaviour of member states.

Taking such criticisms into account, it is still valid to judge the success of the frameworks based on the promotion of dialogue, which, from a constructivist point of view, has had substantial effectiveness in fostering social learning processes, facilitating transactions of different types and improving levels of trust. Furthermore, the rhetoric of state members cannot be fully dismissed as having no real capacity to indicate real understandings and intentions. Frank Schimmelfenning has argued that “whether political actors really mean what they say is of minor importance because they will always put forward their arguments strategically; both opportunistic and honest arguments have real consequences for their advocates and for the outcome of the debate” (Schimmelfenning 2001: 66). Thus, following Schimmelfenning’s argument, the rhetoric found in APT, the EAS and the ARF, even if “opportunistic” still will have a real impact for their members and for the outcomes of further interactions carried out within the frameworks. Moreover, the rhetoric must be expressing genuine state interests calculated as beneficial (or at least non-harmful) to the parties. Political elites are always careful about what they decide to support at the international level. Considerable effort goes into studying the benefits and shortcomings of joining particular organisations or signing particular agreements. China is a good example of the latter, particularly when considering Beijing’s initial distrust of multilateralism (in the early 1990s), its careful balancing of the benefit-to-hazard ratio when deciding to join the WTO, and even its initial opposition to the ARF. Thus, if

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<sup>96</sup> “Declaration on the East Asia Summit”, Kuala Lumpur, 2005, [www.aseansec.org](http://www.aseansec.org).

<sup>97</sup> ASEAN Regional Forum, <http://www.aseanregionalforum.org>.

states decide to embrace particular forms of rhetoric it must represent at least a minimal form of genuine support.

Continuous and valuable exchanges between the political elites of these countries have been effective in advancing mutual understandings, as permanent communication, occurring at the copious meetings of head of states, ministers and technical groups, allows the actors to understand their mutual interests and concerns. APT members have recognised that “this growing interaction has helped increase opportunities for cooperation and collaboration with each other”.<sup>98</sup> Through APT, cooperation schemes have become one of the main modalities of transactions between members. The areas of cooperation are diverse (e.g. economic and social, politico-security and others)<sup>99</sup> and the number of ongoing and completed projects is large, covering areas ranging from the enactment of regional FTAs, to workshops on scientific topics, policing and the environment. CAFTA is another example of the level that transactions have reached between China and Southeast Asia. Focusing on economic transactions (i.e. trade), CAFTA will serve as a transactions catalyst, expanding the nature of economic transactions between both actors both quantitatively and qualitatively. Moreover, it is to be expected that CAFTA will produce a spill-over effect into the scope of Sino–ASEAN transactions and further deepen interdependence. Firstly, CAFTA is not exclusively an economic framework but also a political one. This factor already creates a more complex and interdependent relationship between China and ASEAN because, through CAFTA, political and economic variables become interlinked. Secondly, it could be expected that enhanced economic exchanges through trade will immerse both actors into new areas of cooperation, such as on trans-border issues (e.g. development of communities, resource management, and so on).

The levels of trust between China and ASEAN have also improved within the regional frameworks, due to increased participation and communication. Southeast Asian capitals would have been aware that regional multilateralism could have a negative side effect for China, that is, the potential to diminish the scope of action and sovereign decision-making power on a number of matters. Regardless of this, China decided to participate in ASEAN-sponsored frameworks, which shows Beijing’s interest in generating avenues for communication and cooperation between China and the region. Further, communication between Beijing and ASEAN has had the effect of diminishing distrust, as it is easier to identify concerns and interests. China’s willingness to be included in APT and the ARF has sent a reassuring message to ASEAN which has shown their political elites that Beijing has a genuine intention to cooperate and improve its

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<sup>98</sup> “Joint Statement on East Asian Cooperation” (November 1999), Paragraph 2, [www.aseansec.org](http://www.aseansec.org).

<sup>99</sup> “Joint Statement on East Asian Cooperation” (November 1999). *Economic and social fields*: economic cooperation, monetary and financial cooperation, social and human resources development, scientific and technical development, cultural and information area, development cooperation. *Political fields*: politico-security area, trans-national issues. The “2<sup>nd</sup> Joint Statement on East Asian Cooperation” (2007) adds the fields of rural development and poverty eradication, disaster management, minerals, and womens issues.

relations with Southeast Asia. For example, Singapore's Prime Minister Lee Hsien Loong has declared that "they [the Singaporeans] applaud China's commitment to the ARF, and working together, they can jointly enhance the ARF's role in promoting peace and security in the Asia Pacific".<sup>100</sup> China's political elites, on the other hand, have reaffirmed this view declaring that "the Forum has enhanced mutual understanding, raised the level of comfort [i.e. trust] and promoted practical cooperation. It has played an important and constructive role in enhancing peace and stability in the Asia-Pacific region. In short, ARF takes mutual trust, mutual benefit, equality and cooperation as its core values. It is comprehensive in nature and aims to promote common security, development and cooperation".<sup>101</sup>

#### 4.4 ASEAN's declaratory policy

The constructivist discourse argues that rules and norms serve to reduce the complexity of situations and to impose a certain rationality on actors. Norms are shared understandings of standards of behaviour (Finnemore and Sikkink 1998; Katzenstein 1996b; Klotz 1995: 17–27). Rules and norms may rule out certain forms of behaviour, may create schemes or schedules for coordinating the enjoyment of scarce resources, and they could provide the basis for a discourse in which the parties discuss grievances, negotiate solutions, and ask for third-party mediation (Zehfuss 2002: 98–99). Moreover, norms play an important part in mediating the fears and the identity claims of social actors insofar as shared understandings about expected behaviour and the perceived legitimacy of these provide for a stable context for social interaction (Haacke 2002: 1). Haacke has identified a set of norms and practices (i.e. ASEAN's diplomatic and security culture) which has guided the interaction of state/government leaders and senior officials representing the member states of ASEAN, and which has affected interactions with China. Haacke sums up these norms as follows:

- Sovereign equality;
- The non-recourse to the use of force and the peaceful settlement of conflict;
- Non-interference and non intervention;
- The non-involvement of ASEAN to address unresolved bilateral conflict between members;
- Quiet diplomacy;
- Mutual respect and tolerance.

<sup>100</sup> "Singapore PM says good China–ASEAN ties helpful in tackling global crisis", April 2009, [http://news.xinhuanet.com/english/2009-04/08/content\\_11149684.htm](http://news.xinhuanet.com/english/2009-04/08/content_11149684.htm).

<sup>101</sup> "Address by Chinese Foreign Minister Yang Jiechi at the 14<sup>th</sup> ARF Foreign Ministers' Meeting", Manila, August 2007, <http://www.fmprc.gov.cn/eng/wjdt/zyjh/t347108.htm>.



Moreover, Acharya has identified a set of “legal-rational” and “socio-cultural” norms emanating from ASEAN. Acharya has defined the former as “formal-rationalistic principles of law”, whereas the latter are the basis of informal social controls and social habits (Acharya 2001: 24).

Legal-rational norms are:

- A prohibition against the use of force and a commitment to the pacific settlement of disputes;
- Regional autonomy;
- The doctrine of non-interference;
- The absence of military pacts and a preference for bilateral and defence cooperation.

The socio-cultural norms are those comprised within the “ASEAN Way” and which stress the processes of consultation and consensus building which are used to reach common positions through ASEAN itself (Narine 2008: 414).

In tandem with this, since the end of the Cold War, China and ASEAN have been advancing a declaratory policy which mainly externalises ASEAN’s norms and which has aimed at, amongst other objectives, ruling out particular types of behaviour (e.g. the use of force to solve regional disputes), advancing the idea of creating schemes to exploit scarce resources (e.g. the Spratlys), and in general has expressed the collective understandings according to which these countries expect their region to be characterised (e.g. nuclear-free and neutral). China has utilised as a norm system the Five Principles of Peaceful Coexistence which basically pursue the same principles as ASEAN’s norms. The Sino–ASEAN declaratory policy serves as a basic system of norms as it creates shared understandings of expected behaviour and has been properly legitimised by these countries, thus also creating a more stable context of regional social interaction. Moreover, such a declaratory policy has indeed played an important part in mediating regional fears and thus improving mutual trust. The next section will discuss ASEAN’s norms and declaratory policy in order to shed light on how these factors could play a role in fostering the formation of a pluralistic security community between China and ASEAN.

#### 4.4.1 *Zone of Peace, Freedom and Neutrality Declaration (ZOPFAN)*

On November 27, 1971, the foreign ministers of the then five ASEAN members met in Kuala Lumpur and signed the *Zone of Peace, Freedom and Neutrality Declaration (ZOPFAN)*. ZOPFAN, like other important declarations and agreements signed by ASEAN members, emerged as the outcome of a process of diplomatic interactions stressing consultation and the search for consensus (Haacke 2003: 53). The Declaration commits all ASEAN members to

“exert efforts to secure the recognition of and respect for Southeast Asia as a Zone of Peace, Freedom and Neutrality, free from any manner of interference by outside powers,” and to “make concerted efforts to broaden the areas of cooperation, which would contribute to their strength, solidarity and closer relationship.” ZOPFAN recognises “the right of every state, large or small, to lead its national existence free from outside interference in its internal affairs as this interference will adversely affect its freedom, independence and integrity.” The ASEAN states devised this declaration out of concern for maintaining as much regional autonomy as possible from the great power conflicts that generally affected Asia. As small and medium states with minimal capabilities to defend their territories from more powerful outsiders, Southeast Asian states needed to devise a doctrine that would convince the external powers that their interests were best served by not attempting to dominate the region. Another purpose of ZOPFAN was to reassure ASEAN members themselves that no state would ally with an outsider to threaten another ASEAN member. ZOPFAN became a device to ensure that Southeast Asian security would primarily be the responsibility of the region’s occupants (Sheldon 2007: 12).

From its genesis, ZOPFAN was a reaction to two contested visions for Southeast Asian security. Malaysia proposed that the great powers (i.e. the US, Soviet Union and China) together guarantee the neutralization of Southeast Asia. Indonesia, however, opposed that plan and countered that the Southeast Asian states themselves bear sole responsibility for the region’s security. Jakarta was concerned primarily about China, and Malaysia ultimately acquiesced. The Indonesian neutrality plan was also acceptable to Thailand, Singapore, and the Philippines because it was sufficiently vague that a continued American balancing presence was tacitly accepted (Liao and Emmers 2006: 33–34). The ASEAN states have modified ZOPFAN’s meaning over the years to accept the fact that outside powers would be involved in Southeast Asia via trade, investment, and even a military presence. Underlying all of this, however, is the premise that the Southeast Asian states themselves are the managers of their own security, even if that means that external powers are invited to contribute to a regional power balance. Nevertheless, critics of ZOPFAN argue that it is toothless and that Southeast Asian states have shown no capability or intention to enforce it by excluding any great power presence, and that the concept requires no change in existing security arrangements with external powers (i.e. Western states) (Emmers 2003: 69). Shaun Narine has argued that “ZOPFAN exemplifies the dynamics of ASEAN’s early years. The disparate interests and perspectives of its member states meant that most could not agree on fundamental policies. Even so, they were able to present an apparently unified front to the world” (Narine 2008: 415).

Regardless of the intra-mural discrepancies within ASEAN, China has agreed to the body of this declaration, though it took years to do so.<sup>102</sup> This particular Chinese diplomatic manoeuvre is of considerable importance as it has served the purpose of substantially improving the image of China within the region. Southeast Asia remains to this day very sensitive to the potential of domestic interference from outside powers. Thus, it is noticeable that the key ASEAN documents, including the Bangkok declaration, ZOPFAN and the Treaty of Amity and Cooperation, are replete with denunciations of interference in the region by external powers (Roy 2005: 308). China's validation of ZOPFAN recognises in principle that Beijing understands ASEAN's concerns about power interference (of which China itself is one of such powers) and that it is willing to refrain from meddling in Southeast Asia by honouring the letter of the declaration. ZOPFAN's ideational underpinnings were to be found within the context of the Cold War so that the seeking for neutrality was heavily embedded with the idea of Cold War superpower interference in the region. After the end of the Cold War the Declaration's justification for remaining in existence is much less pronounced. Nevertheless, the new post-Cold War regional environment makes ASEAN redefine the causes for seeking peace and neutrality without de-legitimising the need to guarantee peace, and attempting to keep external influences away from domestic issues. Peace is a constant pursuit and the new external interference of overwhelming significance could be perceived as the emerging regional power (i.e. China).

Moreover, ZOPFAN is not a legal instrument, thus does not oblige China to respect the contents of the declaration in a strict sense. In spite of the latter, and as has been argued earlier, the legal/non-legal status of China's acquiescence to ZOPFAN is, at root, not a fundamental issue; what is really at stake here is the potential to improve or damage the levels of trust between China and ASEAN, due to the expectations of Beijing's positive behaviour in relation to this norm. Regardless of the legal nature of ZOPFAN, if China keeps to the norms then its levels of trust will improve; and on the contrary, if China breaks the norms Beijing's level of trust would become substantially damaged in the eyes of Southeast Asian capitals. China's agreement on ZOPFAN has made a very good impression amongst the political elites in the ASEAN capitals.

#### 4.4.2 *Southeast Asia's Treaty of Amity and Cooperation (TAC) and the Treaty on the Southeast Asia Nuclear Weapon-Free Zone (SEANWFZ)*

ZOPFAN's legal instruments are the Southeast Asia's *Treaty of Amity and Cooperation (TAC)* and the *Treaty on the Southeast Asia Nuclear Weapon-Free Zone (SEANWFZ)*. The TAC was established as a code of conduct for Southeast Asia. It obligated its signatories to settle disputes

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<sup>102</sup> China has openly expressed support for the Declaration since the late 1970s and finally came to endorse ZOPFAN in 1992 during the ASEAN Ministerial Meeting (AMM) of the same year.

peacefully and prohibited the use of force between states. It has also been open to accession by non-ASEAN states. Today, the TAC has grown to become one of the strongest symbols of ASEAN's influence in the Asia-Pacific region and its signatories now include all the Southeast Asian countries as well as China, India, Japan, and others (Narine 2008: 415). The TAC has been able to sanction an otherwise tacit Southeast Asian cooperation in political and security matters which has been active since the inception of the Association since the late 1960s. Moreover, the Treaty has been able to outline in a legal form a clear set of norms that had already been regulating the relations between ASEAN states. As such, the TAC has been tantamount to "a formal affirmation of the sanctity of existing boundaries in Southeast Asia as well as of the norms and practices associated with the 'ASEAN Way'" (Haacke 2003: 64).

The TAC enforces the principles of non-interference and settlement of disputes by peaceful means, therefore helping to promote a regional culture of non-violent behaviour between its members. The TAC asserts:

- Mutual respect for the independence, sovereignty, equality, territorial integrity and national identity of all nations;
- The right of every state to lead its national existence free from external interference, subversion or coercion;
- Non-interference in the internal affairs of another state;
- Settlement of differences or disputes by peaceful means;
- Renunciation of the threat or use of force; and
- Effective cooperation among themselves.

In June 2003, China's National People's Congress approved the country's accession to the TAC, thereby becoming the first non-Southeast Asian country to join the instrument. In October, China formally acceded to the TAC, which has the purpose of promoting "perpetual peace, everlasting amity and cooperation among their peoples."<sup>103</sup>

At the ASEAN Summit in Bangkok on December 15, 1995, the leaders of all the ten Southeast ASEAN countries signed the *Treaty on the Southeast Asia Nuclear Weapon-Free Zone* (SEANWFZ). The treaty had a difficult road to travel before its final creation, as it did not receive a positive response either from the majority of the ASEAN states (most notably Thailand, Singapore and the Philippines), or the US, which feared an undermining of its nuclear deterrence stance against the Soviet Union. In spite of this, SEANWFZ illustrated yet again the capacity of Southeast Asian states to reach broad compromises (Haacke 2003: 68). The SEANWFZ treaty expresses ASEAN's determination to contribute towards general and

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<sup>103</sup> *Treaty of Amity and Cooperation*, Article 1, February 24, 1976, [www.aseansec.org](http://www.aseansec.org).

complete nuclear disarmament and the promotion of international peace and security. Article three of the Treaty states that:

**Each State Party undertakes not to, anywhere inside or outside the Zone:**

- (a) develop, manufacture or otherwise acquire, possess or have control over nuclear weapons;
- (b) station or transport nuclear weapons by any means; or
- (c) test or use nuclear weapons.

**Each State Party also undertakes not to allow, in its territory, any other State to:**

- (a) develop, manufacture or otherwise acquire, possess or have control over nuclear weapons;
- (b) station nuclear weapons; or
- (c) test or use nuclear weapons.<sup>104</sup>

The SEANWFZ treaty came into force on March 27, 1997, and Chinese officials declared that “China has reached agreement with ASEAN on the protocol of the Treaty on the Southeast Asia Nuclear-Weapon-Free Zone. It hopes ASEAN and the other four nuclear-weapon states could find a solution to enable the protocol open for signature at an early date. China is the first nuclear-weapon state that has expressed its willingness to sign the Treaty on the Southeast Asia Nuclear-Weapon-Free Zone. It has been written in the Joint Statement of China–ASEAN Commemorative Summit in December 2006 that ‘China supports and welcomes ASEAN’s efforts to establish a Southeast Asia Nuclear-Weapon-Free Zone’”.<sup>105</sup>

#### **4.5 ASEAN’s declaratory policy and the South China Sea**

China and a number of ASEAN members are confronting their most direct and pressing security issue in the waters of the South China Sea, as China, Vietnam, Malaysia, Brunei, and the Philippines have juxtaposing territorial claims in these waters.<sup>106</sup> Indonesia has no claims in the area but previously has asked Beijing for clarification on its position on the sovereignty of the Natunas which Jakarta assumes as part of its sovereign territory. The contested territories are known as the Spratly Islands, a group of over 200 small islands and reefs. China, Taiwan and

<sup>104</sup> *Treaty on the Southeast Asia Nuclear Weapon-Free Zone*, Bangkok, Thailand, December 15, 1995, Article 3, [www.aseansec.org](http://www.aseansec.org).

<sup>105</sup> Statement on the Nuclear Weapon-Free Zone by the Chinese Delegation at the First Session of the Preparation Committee of the 2010 NPT Review Conference May 2007, Vienna, at <http://www.fmprc.gov.cn/eng/wjb/zzjg/jks/kjfywj/t317968.htm>.

<sup>106</sup> Apart from the aforementioned ASEAN members, Taiwan is also a claimant to the South China Sea.

Vietnam claim the whole of the area, whereas the Philippines, Malaysia and Brunei have only partial claims. The Spratly Islands in the South China Sea are located at the intersection of the security spheres of China and Southeast Asia. As such, the dispute between China and the claimant ASEAN countries over this area is not merely a difference of opinion on rights to territory and maritime space. It brings to the fore incompatibilities between the practices which China and the countries of Southeast Asia have normally employed to ensure peace and stability in their regional environment (Odgaard 2001). In February 1992, China approved a law on territorial waters and contiguous areas. This law reaffirmed China's extensive claims to all the islands in the South China Sea, and these extended claims have extended China's potential sovereign jurisdiction some one thousand nautical miles to the south of its mainland. For many centuries China's policies towards the South China Sea were to a large extent one of neglect, until it began to reassert itself through the occupation of a number of reefs in the wake of the Sino-Vietnamese clashes over Johnson Reef in March 1988. Understanding China's conception of the sea is important as it has a bearing on its strategic thinking and policies towards the South China Sea and its Southeast Asian neighbours. Historically, China perceived the South China Sea as part of its "southern" China Sea, and it was therefore no historical accident that the South China Sea was named Nan Hai (South Sea). Thus, from Beijing's perspective, the South China Sea has always been part of its sovereign territory (Kim 1998).

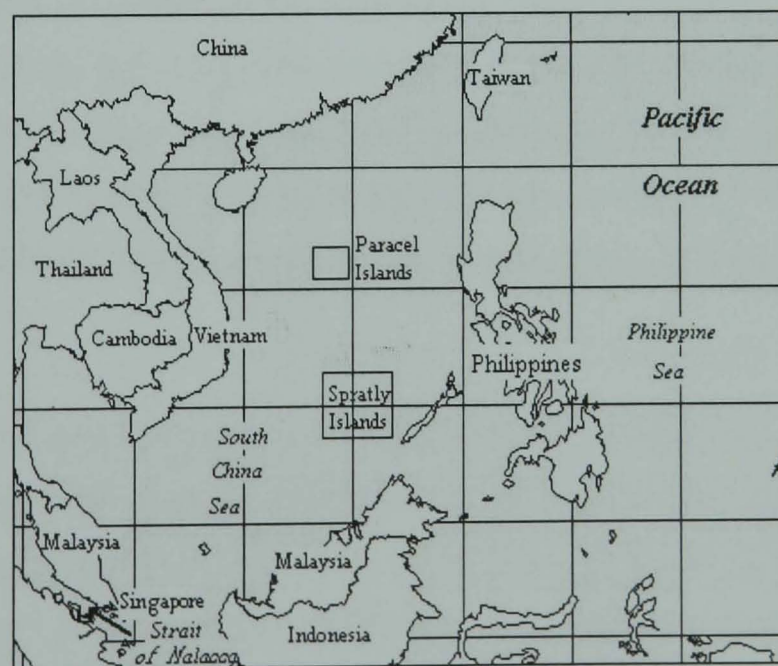


FIGURE 7: The South China Sea

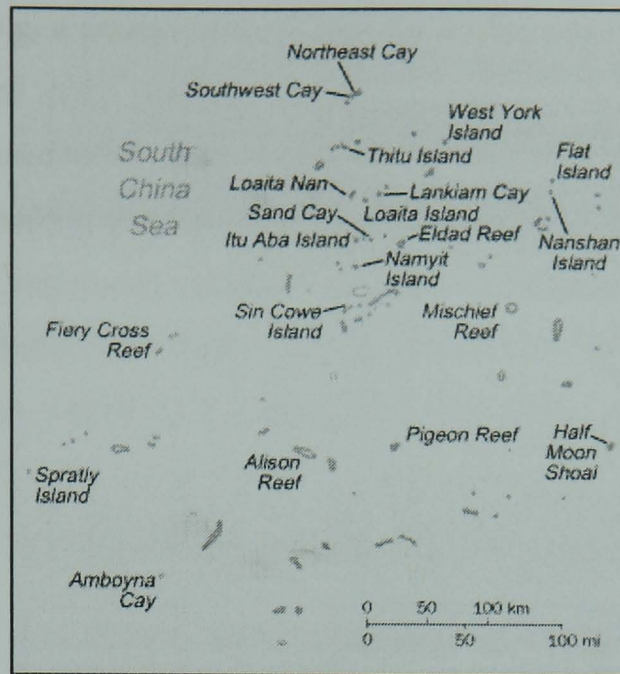


FIGURE 8: The Spratly Islands

The claimant states have a strategic interest in the South China Sea due to the valuable fishing grounds and suspected oil and gas deposits. They also occupy an important strategic position straddling vital sea lanes of communication between the Indian and the Pacific oceans through which much of the world's trade passes. The South China Sea region is the world's second busiest international sea lane: more than half of the world's super tanker traffic navigates through it. Countries like Japan and Singapore, which do not possess natural resources of their own, depend entirely on receiving such resources from abroad and such provisions come via these sea lanes (Odgaard 2002). The PRC has declared an "indisputable sovereignty" on the South China Sea territories as Beijing has regarded the South China Sea as "lost territories" that were to be restored to the mainland. China has never explicitly rejected a military solution to settle the claims, and there have been occasional naval clashes over the Spratly Islands. In 1988, for example, China and Vietnam clashed at sea over possession of Johnson Reef and Chinese gunboats sank Vietnamese armed transport ships supporting a landing party of Vietnamese soldiers.<sup>107</sup>

Such developments in the region sent a clear signal to the Southeast Asian states that Beijing would be willing to be more overtly assertive and use force to protect its claims in these waters. Regardless of Beijing's diplomatic efforts to deal with this particular question, there has been a view that, in the past, China has taken advantage of the weakness in military resources of the ASEAN claimants and exercised a dual strategy of "negotiation and occupation" or "creeping assertiveness" (Storey 1999). China's actions provoked a stirring reaction amongst ASEAN members, including those states that have no actual claims in the South China Sea. The reaction was partly due to the region's unclear expectations of China's behaviour, as the new dynamics

<sup>107</sup> "Bird watchers, divers, tourists ignite Spratlys row", *Asia Times* online, April 2004, <http://www.atimes.com/atimes/China/FD07Ad01.html>.

of international politics (e.g. a power vacuum from the demised Soviet Union, and the regional retreat of the US) were only starting to manifest themselves in Southeast Asia. An understandable level of uncertainty was present for all of Southeast Asia. ASEAN's reaction became strong as it had decided to promote engagement with China, thus it was most important to usher Beijing towards regionally-accepted patterns of behaviour. Thus, in 1992, ASEAN came up with an unprecedented statement on regional security in the form of the Declaration of the South China Sea. The Declaration emphasised the need to solve the South China Sea disputes by peaceful means and urged all parties involved in the dispute to exercise restraint, "with the view to creating a positive climate for eventual resolution of all disputes".<sup>108</sup>

The ASEAN Declaration on the South China Sea of July 22, 1992, was negotiated with China and included an appeal for restraint to create a positive climate for the resolution of the issue. The declaration also included the idea of an "international code of conduct", which would govern behaviour in the area. The first mention of a possible code of conduct arose in the ASEAN Declaration on the South China Sea of 1992, where it provides that all parties are to apply the principles contained in the TAC as the basis for establishing a code of international conduct for the South China Sea. Paragraph 11 of the *Joint Communiqué of the 29<sup>th</sup> ASEAN Ministerial Meeting*, held in Jakarta in 1996, endorsed the idea of concluding a regional code of conduct in the South China Sea which "will lay the foundation for long term stability in the area and foster understanding among claimant countries."

The conflictive nature of the South China Sea disputes did not finish at that point, but rather suffered an escalation when, in 1995, the Philippines revealed that China had taken possession of Mischief Reef, considered by Manila as under its own sovereignty. The occupation of Mischief Reef was not merely a dispute over sovereignty with the Philippines, but rather a manifestation of China's larger concern for its political and strategic interests in the Asia-Pacific region in the face of the strategic challenges of the twenty-first century. In other words, China has a longer-term strategic perspective in mind when dealing with its adversaries in the Spratly dispute. From the historical perspective, China's growing assertiveness in the South China Sea is merely its return to a familiar area which has been perceived as its natural sphere of interest and influence (Kim 1998). ASEAN's reaction was again vociferous, and it decided to form a common front, siding with the Philippines in condemnation of Chinese activities in the Reef. Later on, during 2002, China and ASEAN enacted the Declaration on the Conduct of Parties in the South China Sea, which again required from the concerned parties self-restraint and resolution of their territorial and jurisdictional disputes by peaceful means.<sup>109</sup> The Declaration on the Conduct of Parties in the South China Sea was signed on November 4, 2002, during the

<sup>108</sup> ASEAN Declaration of the South China Sea, July 22, 1992, Manila, Philippines.

<sup>109</sup> Declaration on the conduct of the parties in the South China Sea, November 4, 2002, Phnom Penh.



Eighth ASEAN Summit in Phnom Penh by leaders of ASEAN and China. The parties unanimously considered that this event had made an important contribution to the maintenance of peace and security in the region and to the promotion of development and cooperation. Chinese ex-Vice Foreign Minister Wang Yi said the Agreement would not solve territorial conflicts, but would allow peace to reign and help claimant countries focus on economic development.<sup>110</sup> The Declaration has been seen as a first step towards the establishment of a code of conduct in the South China Sea which has been under discussion for over a decade. The Declaration is not a legal instrument and thus is technically not legally binding, and is even less persuasive than the code of conduct that many countries in the region had desired. The Declaration is meant to diminish the threat of war or a military clash in the South China Sea. It has important significance in creating an environment for cooperation, peace, and stability in the region and in promoting trust, confidence building, and mutual understanding between ASEAN and China. However, the implementation of the principles contained in the Declaration depends upon the good will and efforts of its parties. The Declaration on the Conduct of the Parties has provisions to govern the conduct of parties, not in a prohibitive manner, but in a more positive manner in that the conduct of states should aim to reduce tensions over the territorial and jurisdictional disputes in the South China Sea (Thao 2003).

The signing of this declaration was understood by ASEAN as a milestone, as it was the first time China had accepted a multilateral agreement over this particular issue (Buszynski 2003). The diplomatic handling of the South China Sea disputes has been done through two main courses: multilateral and bilateral negotiations. Furthermore, multilateral engagements have been carried out at two levels, the so-called “track one” and “track two” processes. Track one negotiations have been carried out through the ASEAN Regional Forum. Track two negotiations have been conducted through the CSCAP and the Indonesian-sponsored *Workshops on Managing Potential Conflicts in the South China Sea*, which were inaugurated during the early 1990s. China has not yielded in claiming full and indisputable sovereignty in the area, but rather has given an emphasis to the idea of “joint development”, tantamount to shelving the contentious issue of sovereignty and focusing on joint efforts for the development of the area such as hydrocarbons, scientific research and fisheries (Lee 1999).

#### **4.6 ASEAN’s declaratory policy and its effects on the promotion of a Sino–ASEAN pluralistic security community**

ASEAN’s declaratory policy has contributed to creating an ongoing process for the creation of incipient values and also an incipient common identity between ASEAN members and China. A Sino–ASEAN identity is at least partially underpinned by their shared understanding of

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<sup>110</sup> Ibid.

common norms that convey the importance given by every member to particular aspects of regional/international behaviour, such as non-interference and peaceful solution of conflicts and disputes. ASEAN's declaratory policy (enshrined in a number of regional frameworks of which China is also a member) is providing a normative structure to which both entities can begin to identify each other as belonging. Such a normative structure is made mostly of non-binding instruments such as declarations; nevertheless, constructivists have argued that by means of repetition, "speech acts" can become institutionalised into rules and thereby provide the context and basis of meaning for particular actors (Zehfuss 2002: 151).

Furthermore, ASEAN's declaratory policy has had a deep effect on the Chinese leadership as a means of promoting levels of trust. Improving levels of trust has been one of the paramount objectives of Beijing since China began its economic reform. Accession to ASEAN's various treaties and agreeing on signing its declarations has been able to reassure the ASEAN states about China's willingness to engage the region in constructive terms. Chinese ex-Premier Zhu Rongji made this point clear:

While expanding China–ASEAN economic cooperation, it is necessary to step up political dialogue and cooperation and enhance mutual understanding and trust. This is an important element of the all-round development of China–ASEAN relations. We notice that the Treaty of Amity and Cooperation in Southeast Asia (TAC) has been open for signature. China approves of the purposes and principles of TAC and gives favourable consideration to joining it. We will continue to support ASEAN's efforts to establish a Southeast Asia Nuclear Weapon Free Zone and are ready to sign as soon as possible the Protocol of the Treaty on Southeast Asia Nuclear Weapon Free Zone. In order to achieve a more stable situation in the South China Sea, China is ready to complete the consultations with ASEAN on the code of conduct for the South China Sea region at an early date. We will enhance cooperation with ASEAN in international and regional affairs in a common effort to safeguard the legitimate rights and interests of the developing countries.<sup>111</sup>

Sino–ASEAN levels of trust have been improved through ASEAN's declaratory policy, as this medium has given China the opportunity to reinforce ASEAN's diplomatic and security culture. Nevertheless, Sino–ASEAN levels of trust have not been able to fully eradicate distrust between their political elites, as China has also come to challenge the regional culture. China's post–Cold War challenge to principles associated with the "ASEAN Way" as a code of conduct for relations with ASEAN has been linked to efforts by the Association to make China participate in and abide by the ARF's norm-elaboration processes (i.e. confidence-building and preventive diplomacy), and, in relation to the South China Sea, a challenge to the norms of restraint and non-use of force (Haacke 2003: 115). In relation to the South China Sea, China would appear to

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<sup>111</sup> "Working Together to Create a New Phase of China–ASEAN Cooperation", address by Premier Zhu Rongji at 5<sup>th</sup> China–ASEAN Summit, November 6, 2001, Bandar Seri Begawan at <http://www.fmprc.gov.cn/eng/wjdt/zyjh/t25046.htm>.

challenge ASEAN's efforts to win an explicit endorsement of the norms of the non-use of force and the norm of restraint. Thus, the possibility is there for China to enforce territorial claims in the area by means of the use, or threat of use, of force. The latter seems particularly true when acknowledging the changes in China's strategic concerns, which have shifted from superpower politics towards regional and territorial conflicts emanating from East and Southeast Asia. In China's view, East Asia and the South China Sea will grow in importance within its strategic priorities, and this is also visible in the modernisation programme of China's navy (PLAN). The latter does not mean that China is opting for the use of force to solve the disputes in the area, but does suggest that Beijing is definitely not discarding military means of action. The norm of self-restraint has been a central element for ASEAN in trying to approach China. Self-restraint was included as part of the 1992 ASEAN Declaration on the South China Sea, where it urges "all parties concerned to exercise restraint with the view to creating a positive climate for the eventual resolution of all disputes." The ASEAN–China Kuala Lumpur Joint Statement of December 1997 emphasised that: "In the interest of promoting peace and stability as well as enhancing mutual confidence in the region, the parties concerned agree to continue to exercise self-restraint and handle relevant differences [i.e. South China Sea disputes] in a cool and constructive manner." Moreover, the principle has been advocated by Vietnam since 1988 in the form of a proposal to carry out negotiations respecting the status quo of the dispute and the non-occupation of unoccupied geographical features. The purpose of exercising self-restraint has two meanings: maintaining the present status quo of occupied positions, and avoiding actions that complicate the situation (Thao 2003). In spite of this, China has also been seen as continuing to challenge this particular norm with Beijing's post-1992 occupation of a series of features in the Spratlys (and other areas such as Scarborough Shoal and the Vietnamese coastline), and the passage of the Law on Territorial Sea and Contiguous Zone of 1992. Haacke has argued that "from ASEAN's perspective, it has been regretful that China would appear to have committed herself to respect the norm of restraint, without in practice having lived up to her words" (Haacke 2003: 123). The lack of full commitment to the norm of restraint has not been tantamount to a total disregard of ASEAN's concerns on the issue, as Beijing has not resisted ASEAN's attempts to discuss the dispute multilaterally.

#### **4.7 Concluding remarks to this chapter**

ASEAN's engagement of China has not been so much an option as the only truly viable way to interact with China. ASEAN lacks the necessary power to become an effective agent of containment against Beijing. But apart from this, ASEAN has genuinely wanted to engage China as a means to promote mutually beneficial economic relations and to try to socialise China into becoming a more trustworthy and responsible regional layer. Overall, ASEAN has chosen a path of engagement towards China. As Johnson and Ross have argued, ASEAN has

chosen engagement over containment on the basis of the calculation that it is best to try to approach this emerging power in friendly rather than adversarial terms. Thus, in terms of power, ASEAN's chosen policy of engagement recognises the power superiority of China and asserts the asymmetrical nature of their power relationship. ASEAN's engagement of China expresses a clear concern, and this concern is based on the acknowledgement that China is by far a more resourceful and powerful nation. This dictates the power structure of the Sino–ASEAN relationship, and, at least to the present day, it deeply affects the levels of trust generated from the weakest members (i.e. the ASEAN states) towards the strongest (i.e. China).

ASEAN's policy of engagement has also stimulated a significant development in Sino–ASEAN socialisation processes and the creation/function of regional organisations. In order to engage China, ASEAN has been intensely proactive in inviting China to participate in regional frameworks such as APT, the ARF and the EAS. Such regional entities have become the organisations that have provided the necessary spaces to further promote socialisation between both entities. As a result, the levels of trust, particularly those from ASEAN towards China, have increased considerably. China, if initially cautious and even reluctant, has decided to embrace regional structures promoted by ASEAN (e.g. the ARF). In other cases, China has not shown any significant hesitation in joining the schemes as in the case of APT and the EAS. Such developments have sent a series of positive signals to the ASEAN members, mainly that China is willing to deepen regional interactions and to acquiesce to ASEAN concerns in a number of matters. It is also clear that the latter could not automatically be interpreted as Chinese political elites yielding to ASEAN, but, rather, that Beijing has become sensitised to the presence and interests of its neighbours, a condition which should offer better possibilities to deal with potential conflicts and disagreements when those appear.

The same is true for ASEAN's declaratory policy. China's willingness to sign the TAC, SEANWFZ, ZOPFAN, and the Declaration of the South China Sea have also sent the right signals to Southeast Asia's political elites. China's participation in these agreements and declarations does not guarantee a zone free of external interference, nor total restraint in the use of force, but it at least provides an institutional framing which is able to legitimise common expected behaviours, and which, if maintained, would create a robust level of trust.

## CHAPTER 5: PERSPECTIVES OF INDIVIDUAL ASEAN STATES WITH RESPECT TO CHINA

The two previous chapters have provided a concise perspective on mutual interactions and conceptions between China and the ASEAN members. As it has been shown, the Sino–ASEAN relationship has moved from one of overall animosity and high levels of distrust, towards one on a much sounder footing, with improved relations and perceptions. China’s foreign policy towards Southeast Asia has become an effective tool to improve overall perceptions and relations with its southern neighbours; whereas ASEAN’s approach to China and its declaratory policy have also contributed to a considerable improvement in relations. The task of this chapter is to explore the main bilateral interactions between China and Southeast Asia in order to provide evidence indicative of a growing number of transactions, and improvement of individual perceptions, between ASEAN member states and China (that is, the focus here is on ASEAN’s members, rather than the region as a whole which was discussed in chapter four). This chapter shares with the previous two that its findings provide empirical material to be used to investigate how such interactions can be conducive—or not—to the formation of a pluralistic security community between both actors, and how particular bilateral exchanges and perceptions between individual ASEAN states and China can enhance or hamper processes of social learning and the promotion of common values, levels of trust and the formation of a collective identity.

### 5.1 Indonesia

Sino–Indonesian relations have progressively moved from a state of strain towards one with much friendlier underpinnings. Currently, members of the Indonesian political leadership feel optimistic about the political relations between the two countries. Indonesia’s elite believes that such relations should remain good and even improve.<sup>112</sup> Initially, economic relations between both countries began to display a more free-flowing and dynamic nature before political interactions followed the same pattern. During the mid-1980s, Indonesia’s Foreign Minister Mochtar announced that Sino–Indonesian direct trade would resume—but diplomatic recognition had longer to wait. Political developments proved to be more difficult to deal with, as the New Order regime in Indonesia had had a very poor start with Beijing. Indonesia’s political elites, and particularly the military, still saw China as a potential threat to its security: China still represented a “communist threat” with the potential to stir instability within the country (Van der Krofel 1986: 909). China was aware of this, and so expressed a keen interest

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<sup>112</sup> “China through Indonesian eyes”. *Straits Times*, January 25, 2008.

in bettering relations not just in economic, but also in political terms. China had a strong interest in improving its relations with Indonesia, the largest country in Southeast Asia and one of the most influential, with a strong tradition of independent foreign policy and shared sympathies for the Non-Aligned Movement (NAM), of which China has also wanted to be seen as part. After the promotion of economic transactions between the two countries in the mid-1980s, Sino–Indonesian relations have managed to continue to improve, and modest but significant political manoeuvrings began to take place. In March 1987, for example, Indonesian diplomats attended the United Nations Disarmament Conference organised in Beijing, and in 1988 former Chinese Deputy Foreign Minister Liu Shuqing was invited to attend the *UN Asia-Pacific Economic Community Conference* (APECC) organised in Jakarta (Ho 1995).

Jakarta also began to show more willingness to engage China politically, as it became clear that economic relations had substantial potential for development, and that Beijing seemed to be honest about its intention to improve bilateral and regional relations. After the re-emergence of Deng Xiaoping, factions within the Indonesian political system began to argue that China was no longer exporting revolution. One of the main obstacles to the improvement of Sino–Indonesian relations had been the expatriate Chinese living in Indonesia. Indonesia had concerns about this ethnic minority, which it associated with communism and saw as maintaining a nationalistic alliance with China which had the potential for insurgency. This issue was one of the major obstacles for the normalisation of relations between both countries; but, nevertheless, frictions arising due to this issue were eventually considerably minimised. Other factors contributing to closer relations with China were Indonesia’s desire to play a major role in regional and global politics and to play a leadership role in solving the Cambodian conflict, in which China was also so deeply interested (Suryadinata 1990: 690). In the mid-1990s, both countries further advanced their political relations with the signing of a strategic partnership agreement between Chinese President Hu Jintao and Indonesian President Susilo Bambang Yudhoyono (April 25, 1995). Some have considered the signing of the agreement as “a major turn-around in Sino–Indonesian relations” (Lanti 2006: 103), and as having a “historical dimension for Asia” (Teo Chu 2005). Against such a new bilateral background, both countries moved on to produce a Joint Statement on Bilateral Cooperation which identified areas of mutual interest that should be developed by both countries, affirming their willingness “to further strengthen the bilateral ties, and promote lasting peace, stability and development of bilateral friendly relations”.<sup>113</sup>

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<sup>113</sup> ‘Sino–Indonesia Joint Statement on Bilateral Cooperation’, May 8, 2000, <http://www.fmprc.gov.cn/ce/ceindo/eng/zgyyn/zywx/t87364.htm>.

### 5.1.1 *Political and economic transactions*

Indonesia and China's leaders have visited each other, initially to promote economic transactions and then to inaugurate diplomatic relations between both countries. Indonesia's President Susilo Bambang Yudhoyono travelled to China in July 2005, creating a milestone in Sino-Indonesian relations by establishing a strategic agreement. The countries have signed important documents and agreements, such as the Trade Memorandum of July 1985, the Sino-Indonesia Joint Statement on Bilateral Cooperation (May 2000), and the Strategic Partnership Agreement (April 2005). Since then, China has provided financial assistance to build a dam in West Java and a bridge in East Java, the total value of these projects being US\$ 507 million. Investment in China has also been on the rise, especially in the oil and gas sector where Chinese investments have surpassed the US\$ 1.2 billion mark. Trade volume between China and Indonesia in the first half of 2008 reached US\$ 15,953 million, an increase of 34.6% over the same period in 2007, while exports from China to Indonesia amounted to US\$ 8,101 million, up 38.8%, and China imported US\$ 7,852 million worth of goods, an increase of 30.6%.<sup>114</sup> In 2005, Indonesian Minister of Economy Aburizal Bakrie declared that Chinese businessmen had committed to investments up to US\$ 10 billion in toll roads, electricity, oil, palm plantations and in the energy sector (Teo 2005). Chinese Defence Minister Cao Gangchuan and his counterpart Juwono Sudarsono signed an agreement on defence cooperation which has seen the countries cooperating in the manufacturing of defence equipment.<sup>115</sup> Moreover, both countries have been exploring the possibility of conducting joint maritime operations as part their efforts to "promote regional peace and security", including maritime security, ship construction, naval cooperation, and the maintenance of the Malacca Straits.<sup>116</sup>

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<sup>114</sup> Economic and Commercial Counsellor's Office, Embassy of PRC In Indonesia, <http://id2.mofcom.gov.cn/aarticle/bilateralvisits/200808/20080805707357.html>.

<sup>115</sup> "China and Indonesia sign agreement on defence cooperation", November 7, 2007, [www.english.peopledaily.com.cn](http://www.english.peopledaily.com.cn); and "China through Indonesian eyes", *Straits Times*, January 25, 2008.

<sup>116</sup> "Indonesia and China exploring the possibility of joint maritime operations", Antara News Agency, July 19, 2007; Embassy of Indonesia in Ottawa, [www.indonesia-ottawa.org/information](http://www.indonesia-ottawa.org/information).

TABLE 12: Most relevant meetings between Indonesia and China's high-level political leaders and other high-ranking figures, 2004–2008

Year	Events
2008	Assistant Foreign Minister He Yafei meets Indonesian scholar Jusuf Wanandi (May 12)
2007	Indonesian President meets with Yang Jiechi (July 6) Yang Jiechi holds talks with Indonesian Foreign Minister (July 5) Wen Jiabao meets with Indonesian Vice President Yusuf Kalla at the Great Hall of the People (June 8)
2006	Assistant Foreign Minister He Yafei meets with Indonesian Delegation to Consular Consultations (December 22) Jia Qinglin (Senior member of Chinese Politburo) meets with Indonesian President Susilo (March 28) Jia Qinglin delivers speech in Indonesia: "China Will Firmly Follow the Road to Peaceful Development" (March 27) Jia Qinglin holds talks with Chairman of the People's Consultative Assembly of Indonesia (March 27)
2005	Wen Jiabao meets with Indonesian President Yudhoyono (December 14) Vice President Zeng Qinghong meets with his Indonesian counterpart Jusuf (August 31) Prime Minister Wen Jiabao meets with Indonesian President Yudhoyono (July 28) President Hu Jintao holds talks with Indonesian President Yudhoyono (July 28) Hu Jintao meets with Vice President of Indonesia Jusuf and leaders of Indonesian Parliament (April 26) Hu Jintao holds talks with Indonesian President Yudhoyono (April 25)
2004	President Hu Jintao meets with his Indonesian counterpart Susilo Bambang Yudhoyono (November 21) Indonesian President meets with State Councilor Tang Jiaxuan (November 5)

Source: China's Ministry of Foreign Affairs, (MOFA), bilateral relations with Indonesia, <http://www.fmprc.gov.cn/>

### 5.1.2 *Relevance of Sino–Indonesian transactions*

Transactions between Indonesia and China are a good indicator of how these two countries have cautiously but progressively improved their relations. First, during the 1980s, economic (e.g. trade) transactions were initially facilitated, as the area of political interactions was still too sensitive to expand along with the economic exchanges. However, the area of political transactions soon also began to show inroads. Like the "ping pong diplomacy" between China and the US in the early 1970s, Beijing and Jakarta began their political exchanges with very low key signals, such as the UN Disarmament Conference and the Asia-Pacific Economic Community conference. The events in themselves had no deep political significance, but the



fact that formal diplomatic delegations had agreed to travel to each other's countries already signalled the beginning of a deep re-conceptualisation of each other's regimes. It was Indonesian President Yudhoyono's visit to China in 2005 that opened in full a new approach to relations between the countries. Yudhoyono's trip was clear evidence that the political elites of both countries were willing and ready to re-engage each other in a new, more positive and meaningful way.

Developments in the Chinese international and domestic spheres would have clearly begun to be recognised by political elites in Indonesia, including the armed forces. China's rapprochement with the US and Deng's domestic reform could be seen as legitimate aspects of a change of action and policy in China. The new Sino-Indonesian strategic partnership has placed the countries' relations on a totally new footing, not just abandoning the Cold War perceptions of enmity and distrust, but further particularising relations and refining its details. To this end, Hu Jintao argued that "the relationship between China and Indonesia has embraced a new phase of fast, sound and steady progress".<sup>117</sup> Beyond the traditional rhetorical formalities, the strategic partnership does indeed place the countries in a new phase, as it partly operated as a framework to increase other transactions in several different fields of cooperation. It would be clear that China's concerted efforts to improve its overall relations with Southeast Asia would have Indonesia as a main target. Indonesia is one of the most strategically important countries in the region with a majority Muslim population and a history of active international participation and diplomatic endeavours. Thus, China's new engagement with Southeast Asia could not ignore the central role of Indonesia in Southeast Asian affairs.

Moreover, transactions of a political nature, such as the Joint Statement on Bilateral Cooperation, have solidified the idea of the need and desirability of peace and stability in the region. The latter could well sound like yet another rhetorical formality, but, nevertheless, the Joint Statement truly expresses an inherent new characteristic in Sino-Indonesian relations, which seeks to reaffirm the need to find proper solutions to past and present regional fears and reduce the possibility of conflict to solve disputes. Particularly when seen against the previous Cold War background of belligerent action and rhetoric, China's current and continuous reaffirmation of its willingness to "promote lasting peace, stability and prosperity in the region" highlights how this type of political transaction expresses new positive actor-to-actor and regional understandings in relation to peace and conflict. Moreover, the Joint Statement also serves as a base from which to continue to promote further transactions such as frequent high-level visits and contacts, which should include the friendly exchange of visits between government agencies, parliaments, political parties, the military and non-governmental

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<sup>117</sup> "Chinese president on Sino-Indonesian strategic partnership", <http://au.china-embassy.org/eng/xw/t193415.htm>.

organisations.<sup>118</sup> In fact, the Joint Statement opens the possibility of a plethora of other transactions, ranging from creating a better environment for economic cooperation and trade to promoting tourism and city planning.

What becomes relevant in this respect is not so much how many of these projects have been already fulfilled, but the “functional” potential that these projects have in order to promote closer cooperation, integration and interdependence. Political transactions of this sort have facilitated the flow of other types of transactions (e.g. aid and commerce), creating the framework within which the latter will thrive. This is already visible as China is investing in Indonesia and trade between both countries is growing. The tables on Sino–Indonesian FDI (see below) show, for example, that Chinese accumulated outward FDI in Indonesia grew from US\$ 67.1 million by late 2003, to US\$ 140.9 million by the end of 2005. The number of planned and realised investment projects might not be particularly staggering, but nevertheless there seems to be a continuous flow of such investments which adds to the “functional” effects on overall relations between these countries and to the strengthening of interdependence links. Sino–Indonesian relations have even moved forward in the more difficult areas of military perceptions and cooperation. Although such cooperation does not represent a centrepiece of Sino–Indonesian cooperation, it does clearly exemplify the willingness of both sides to improve their mutual positive image and levels of trust. The proposed joint maritime operations are meant to involve the navies of both countries in conducting joint maritime navigation and security operations, shipbuilding, and securing the Malacca Straits, but the real gain lies in the improvement of mutual perceptions due to cooperation in military matters.<sup>119</sup>

TABLE 13: China’s outward FDI into Indonesia

Accumulated outward FDI (end 2003)		Outward FDI 2004		Outward FDI 2005		Accumulated outward FDI (end 2005)	
Amount (US\$ m)	Share (%)	Amount (US\$ m)	Share (%)	Amount (US\$ m)	Share (%)	Amount (US\$ m)	Share (%)
67.1	0.2	62.0	1.1	11.8	0.1	140.9	0.2

Share (%) of China’s world total. Source: Whalley and Xin 2007: 69.

TABLE 14: Chinese projects approved and their value in Indonesia 2001–2006 (US\$ million)

	2001		2002		2003		2004		2005		2006		Total	
	N	V	N	V	N	V	N	V	N	V	N	V	N	V
China	40	6,054.5	44	46.6	66	264.0	35	26.5	84	205.0	76	130.7	345	672.1
Hong Kong	16	41.5	13	1,712.0	19	257.7	13	20.2	17	125.4	19	402.0	97	2558.8
<b>Total</b>	<b>56</b>	<b>6096</b>	<b>57</b>	<b>1758.6</b>	<b>85</b>	<b>521.7</b>	<b>48</b>	<b>46.7</b>	<b>101</b>	<b>330.4</b>	<b>95</b>	<b>532.7</b>	<b>442</b>	<b>3230.9</b>

Notes: N=number of projects, V=value of investments .

<sup>118</sup> “Joint Statement on East Asia Cooperation”, Paragraph 2, [www.aseansec.org](http://www.aseansec.org).

<sup>119</sup> Royal Melbourne Institute of Technology (REMIT), Austral Peace and Security Network (APSNet), “China and Indonesia look into Joint Maritime Operations”, July 2007.

Source: Indonesia's Investment Coordinating Board, [www.bkpm.go.id](http://www.bkpm.go.id)

TABLE 15: Statistics of FDI realisation by China and Hong Kong in Indonesia 2002–2006 (US\$ million)

	2002		2003		2004		2005		2006		Total	
	P	I	P	I	P	I	P	I	P	I	P	I
China	5	6.0	12	83.2	6	8.1	11	45.1	11	31.5	45	173.9
Hong Kong	13	32.3	12	38.8	16	230.4	14	396.0	15	187.9	70	885.4
<b>Total</b>	<b>18</b>	<b>38.3</b>	<b>24</b>	<b>122</b>	<b>22</b>	<b>238.5</b>	<b>25</b>	<b>441.1</b>	<b>26</b>	<b>219.4</b>	<b>115</b>	<b>1059.3</b>

P: total of issued permanent licenses

I: value of direct FDI US\$ million

Source: Investment Statistics, Indonesia Investment Coordination Board (BKPM), [www.bkpm.go.id](http://www.bkpm.go.id).

TABLE 16: Ranking of FDI planning approvals and realisation for China and Hong Kong, January–December 2007 (US\$ million)

Approved	Projects	Value
China	121	899.5
Hong Kong	30	269.9
<b>Total</b>	<b>151</b>	<b>1169.4</b>

Realised	Projects	Value
China	22	28.9
Hong Kong	14	156.7
<b>Total</b>	<b>36</b>	<b>185.6</b>

Source: Investment Statistics, Indonesia Investment Coordination Board (BKPM), [www.bkpm.go.id](http://www.bkpm.go.id).

### 5.1.3 *Indonesia's perceptions of China*

The rise of China has generated a mixed set of reactions within Indonesia. Since the fall of Suharto and the diminishing role of the armed forces in the country's political scene, China has come to be perceived in terms of a potential threat, but at the same time there are no certainties that Beijing will attempt to harm Indonesian interests. In spite of the overall improvement of relations with China, sections—such as Indonesia's military establishment—have remained suspicious of China's intentions and have acknowledged the rise of China with alarm. Indonesian armed forces have had a long-standing suspicion of China which has been reinforced in recent years by Beijing's growing assertiveness and incipient great power status, which creates the perception that China will increasingly challenge Indonesia's strategic interests (Kristiadi 2001). There is still a lingering distrust within the Indonesian armed forces toward the PLA and China's long-term intentions in Southeast Asia. Although Indonesia no longer identifies the PRC as a security threat, the military continues to monitor Chinese moves in the South China Sea, where the two countries could eventually face overlapping maritime boundary

claims near Indonesia's Natuna Islands. Moreover, Indonesia's armed forces have called on China to be more transparent about its defence modernisation program, a sign that there are concerns about China's intentions.<sup>120</sup> In spite of the latter, Indonesian security concerns about China are not pervasive, as they have tended to stay localised within the South China Sea and a more general, though less tangible, concern about China's ongoing rise. Within the plurality of Indonesian governmental and societal forces, other actors represent more of a threat than China. For example, for some in the Muslim community it is the US and Australia that are causes for concern, not China (Lanti in Goh 2005: 32). China does not feature anymore as a traditional security threat within Indonesia's mainstream political elites. Rather, when the "China threat" is discussed, the Indonesian elites tend to view such a threat in economic rather than in security terms. Indonesia's response to the rise of China is still evolving. Whilst recent developments suggest a marked improvement in bilateral relations, Indonesia's policy towards China needs to be understood within a complex relationship of recent history, the primacy of domestic politics and regional issues. Indonesian elites genuinely see the benefits of having good relations with China and have shown an increasing comfort in managing relations with Beijing. Most Indonesians no longer see China as an ideologically-threatening state and are rather impressed by the pace of economic development in the country. In fact, Indonesia sees China more as an opportunity, particularly in economic terms. Nevertheless, Jakarta continues to reflect a degree of ambiguity. The concern with China relates first and foremost to the question of how China is going to use its new stature and influence in achieving national interests and objectives in East Asia (Sukma 2009).

After a protracted period of lingering suspicions about China, the Indonesian government has relaxed its views about Beijing being a serious security concern for the country. Nevertheless, Indonesia's perceptions of China have evolved cautiously, particularly as the Indonesian military has traditionally been an element within the country that is wary of China's intentions. Although Indonesia does not claim any of the Spratly Islands, and thus the countries have no openly-recognised territorial disputes in the area, the South China Sea disputes have played a role in igniting minor frictions between both countries. In spite of this, Indonesia has largely remained a neutral actor in the disputes, and has attempted to function as a mediator between the claimant states. At the beginning of the 1990s, Indonesia hosted a series of annual workshops entitled "Managing Potential Conflicts in the South China Sea" which aimed at resolving the territorial disputes between China and the ASEAN claimants in a peaceful manner (Dupont 1996). Nevertheless, in 1993, China published a controversial map of the area, laying claims to part of the territorial waters of the Natunas, a chain of 300 islands and atolls, located halfway between Kalimantan and the Malay Peninsula, just south of the Spratly Islands, and which Indonesia recognizes as part of its territory and exclusive economic zone (EEZ).

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<sup>120</sup> *Jakarta Post*, April 6, 2009, <http://www.thejakartapost.com/news>.

Indonesia's government made it clear that if China was to make official its claims on the Natunas, such a maneuver would be considered provocative.<sup>121</sup>

Jakarta asked for clarification on this particular issue from Beijing, and China's response seemed to be satisfactory enough. During mid-1995, former Indonesian Foreign Minister Ali Alatas travelled to China and later declared that "China has made it clear that the gar-rich Natuna islands in the South China Sea belong to Indonesia and that the two countries have no dispute over the Spratlys and the surrounding waters", and thus "there is no question to be discussed" in relation to mutual sea-border delimitation.<sup>122</sup> Despite this, China's 1996 baseline claims have made Jakarta uneasy again, to the point that Indonesian officials have considered these claims as unacceptable.<sup>123</sup> The current state in the area has contributed to generating a cautious view about China's future behaviour in the South China Sea as it affects Indonesia. In September 1996, Jakarta organised a series of military exercises in the vicinity of the Natunas, and has also begun to increase the population in the islands through a transmigration programme. According to Ian Storey, Indonesia has sought to consolidate its hold over the Natuna Islands by pursuing four simultaneous strategies: diplomacy, transmigration, the involvement of foreign companies in the extraction of liquefied gas, and strengthening its military forces in and around the islands (Storey 2000: 9). The military option has allowed the ABRI (Indonesia's military) to adopt a hard-line strategy towards China's behaviour, contributing to perpetuating distrust against the country. But, in spite of the Natunas frictions, other aspects of Sino-Indonesian relations have substantially improved Jakarta's positive perceptions of China. Furthermore, both countries identify themselves as carriers of a long-standing tradition of independent thinking on foreign affairs and have wanted to contribute to and become central figures within the non-aligned movement. Moreover, since the establishment of the strategic partnership in the mid-2000s, China and Indonesia have concentrated on other aspects of their relations, thus relegating the concerns over the Natunas. Relations have improved so much, and economic transactions received such an emphasis, that the relationship has even been described as "almost in a honeymoon state" by important figures of the regional political scene.<sup>124</sup> More recently, China and Indonesia have been able to cooperate in regional political matters. For example, both countries rejected France's proposal

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<sup>121</sup> "House passes bill on Natuna Sea", *Jakarta Post*, February 14, 2007,

<http://www.thejakartapost.com/news/2007/02/14/house-passes-bill-natuna-sea.html>.

<sup>122</sup> "Natunas belong to Indonesia", *Straits Times*, July 22, 1995; "No Problem with China over Natuna Isles, Says Alatas", *Straits Times*, June 27, 1995.

<sup>123</sup> "Beijing sea baselines to be questioned" *Jakarta Post*, 21 July 1996,

<http://www.thejakartapost.com/archive/>.

<sup>124</sup> "Indonesia, China relations almost in honeymoon state: Ambassador Sudrajat", *Jakarta Post*, April 14, 2008, <http://www.thejakartapost.com/news/2008/04/14/indonesia-china-relations-almost-honeymoon-state-sudrajat.html>.

that the UN Security Council intervene to pressure Myanmar to grant full access to foreign aid workers in the wake of the devastating effects of cyclone Nargis.<sup>125</sup>

## 5.2 Thailand

China has always loomed large as a major factor in Thai elite security calculations. China and Thailand have forged a very close relationship, initially due to the Cambodian conflict and later due to a common interest in developing economic opportunities. The Sino–Thai entente established during Vietnam’s invasion of Cambodia paved the way to fortifying relations between Bangkok going well beyond the security realm into the diplomatic, political and cultural spheres. Since this particular period in bilateral relations, political leaders of both countries have continuously characterised their relationship as a “traditional friendship” or “special friendly relations.” Such rhetoric between members of the political elites of both countries is frequent. Throughout the post–Cold War period, expressions such as “China–Thailand relations enjoy a long-standing traditional friendship”, and “China and Thailand, as good neighbours, brothers and partners, share a profound traditional friendship” have been widely used.<sup>126</sup> The Sino–Thai relationship is also underpinned by common interest in the suppression of illicit drug production and the development of trade in the region. The current level of friendly relations between both countries is due to an appreciation and valuing of the cooperation during the 1970s and 1980s (against Vietnamese expansionism), but it is also driven by the international political dynamic in the region—in particular the rise of China. Thailand seeks to benefit from the increasing prominence of its former ally, while the PRC needs a friend in the region to alleviate fears of its rising power and facilitate the cooperative relations it is attempting to build in Southeast Asia (Chambers 2005: 620).

### 5.2.1 *Political and economic transactions*

There has been a high frequency of high-level official visits, and also the further development of economic relations, between China and Thailand. Amongst the Chinese leaders visiting China within the last few years were President Yang Shangkun (1991), Premier Li Peng in 1991 (also functioning as Chair of the National People’s Congress in 1999 and 2002), the Chair of the National People’s Congress Qiao Shi in 1993, President Jiang Zemin in 1999, Premier Zhu Rongji in 2001, Premier Wen Jiabao in 2003 and President Hu Jintao in 2003. Moreover, most

<sup>125</sup> “China, Indonesia reject France’s Myanmar push”, May 8, 2008, Reuters online, <http://www.reuters.com/article/asiaCrisis/idUSN08518240>.

<sup>126</sup> “China values military ties with neighbours”, *Xinhua News*, March 22, 2004, [http://chinadaily.com.cn/english/doc/2004-03/22/content\\_316825.htm](http://chinadaily.com.cn/english/doc/2004-03/22/content_316825.htm); and “President Hu Jintao meets with Thai Primer Minister Samak”, 2008-07-01, PRC’s Ministry of Foreign Affairs, [www.fmprc.gov.cn/eng/zxxx/t453411.htm](http://www.fmprc.gov.cn/eng/zxxx/t453411.htm).

Thai Prime Ministers have visited China, including Chuan Leekpai in 1993 and 1999, Banharn Silparcha in 1996, Chavalit Yongchaiyudh in 1997, Thaksin Shinawatra, who travelled to China twice in 2001 and once during the period 2003–5, and Samak Sundarajev in July 2008. Current Prime Minister Abhisit Vejjajiva is scheduled to pay an official visit to China in March 2009 to discuss plans to increase trade, investment and tourism as earlier agreed between the two countries. It is also worth mentioning that members of the Thai royal family have also travelled to China. Thailand's royal family has frequently visited China since the 1990s and Chinese leaders have been involved in celebrating the birthdays of the royal family members.

In the initial period of the post-Cold War, trade between the countries grew from around US\$ 1.4 billion in 1990 to nearly US\$ 17.3 billion in 2004,<sup>127</sup> reaching over US\$ 36 billion in 2008 (Thailand Ministry of Commerce).

TABLE 17: Thailand–China trade figures 2005–2008 (US\$ million)

	2005	2006	2007	2008
Total trade	20,325.57	25,331.95	31,071.64	36,246.70
Exports	9,167.55	11,727.95	14,846.75	16,190.84
Imports	11,158.02	13,604.00	16,224.90	20,055.86
Trade balance	-1,990.47	-1,876.05	-1,378.15	-3,865.01

Source: Thailand's Ministry of Commerce, [www.moc.go.th](http://www.moc.go.th).

Investments have also expanded. Until the early 2000s, China has invested US\$ 233 million in more than 230 joint ventures in Thailand, whilst Thai companies have done similarly, investing over US\$ 2 billion in around three thousand projects in China.<sup>128</sup> According to Thai financial sources, in the period 2004–2008 Thailand approved slightly over a hundred joint ventures with China, with a total investment for the same period of 28.5 million baht. Chinese companies in the country have expanded their presence and their activities are quite diverse.

TABLE 18: China's outward FDI into Thailand

Accumulated outward FDI (end 2003)		Outward FDI 2004		Outward FDI 2005		Accumulated outward FDI (end 2005)	
Amount (US\$ m)	Share (%)	Amount (US\$ m)	Share (%)	Amount (US\$ m)	Share (%)	Amount (US\$ m)	Share (%)
191.0	0.5	23.4	0.4	4.8	0.0	219.2	0.4

Share (%) of China's world total. Source: Whalley and Xin 2007, "China and Foreign Direct Investment", Brookings Trade Forum, p. 69.

<sup>127</sup> Asian Development Bank, "Key indicators 2003: Education for Global Participation", [http://www.adb.org/Documents/Books/Key\\_Indicators/2003/default.asp](http://www.adb.org/Documents/Books/Key_Indicators/2003/default.asp)

<sup>128</sup> "Get on China's economic train: ASEAN–China cooperation on fast track", *People's Daily* online, May 26, 2003.

TABLE 19: China's investment projects submitted to Thailand's Board of Investment (BOI) 2004–6 and 2008 (million baht)

	2004	2005	2006	2007	2008
<b>Net Applications</b>					
Number of projects	20	12	26	31	21
Total investment	3,482.6	121,959.3	12,306.5	17,175	1,505
Total registered capital	1,283.2	40,732.3	3,864.1	1481.0	269
China	530.6	20,406.7	715.0	4,034	249
Thailand	708.6	20,292.9	3,048.9	1,447	24
<b>Applications approved</b>					
Number of projects	20	15	16	26	27
Total investment	4,432.5	2,285.6	2,455.7	15,856.0	3,474.0
Total registered capital	1,464.0	730.4	497.6	2847.0	614.0
China	782.9	286.5	276.1	1,294	494
Thailand	630.0	414.8	130.2	1,562	124

Source: Thailand's Board of Investment (BOI), International Affairs Division, <http://www.boi.go.th/english/>.

TABLE 20: Main Chinese companies investing in Thailand

Company	Main activity
Dalian West Pacific Petrochemical	Petrochemicals
China National Electronics	Electronic goods such as DVDs and sound systems
Haier	Electronics
SVA Group	Information product manufacturer
China Minmetals Corporation	Metals
Dongguan Nokia	Phones
Zhuhai Canon	Electronics and cameras
Intel China	Computer technology

Source: Frost 2004: 331

Furthermore, China and Thailand have complemented their “fraternal relationship” by means of cooperating in a number of aid rescue packages with both financial and humanitarian purposes. During the Asian financial crisis of 1997, China contributed US\$ 1 billion to help bail out Thailand's troubled economy.<sup>129</sup> Beijing also extended a US\$ 2 billion credit line to Thailand as part of a regional currency swap facility to help other countries in the region facing similar financial trouble as during the late-1997 crisis. China also responded promptly to the late-2004 tsunami disaster in Thailand. Overall, China gave US\$ 85 million in government aid and US\$ 46 million in private donations, sent two medical teams and assisted in forensic work.<sup>130</sup> Though more of a symbolic nature, Thailand also contributed US\$ 10,000 during the China flood of 1998.

<sup>129</sup> It is also worth mentioning that Thailand was one of the worst affected countries during this financial crisis, which made Bangkok even more receptive to China's gesture.

<sup>130</sup> “China donates 1 billion yuan to tsunami-hit countries”, PRC Embassy in the US, <http://www.china-embassy.org/eng/xw/t181224.htm>.



China and Thailand have also worked together in order to promote regional initiatives. Both countries signed the *Plan of Action for the 21<sup>st</sup> Century* in February 1999. The document stated that the two would expand “all-directional” cooperation on the basis of “friendship, equality, mutual benefits and reciprocity” in the political, economic, trade, military, education, scientific, technological fields, and others. Economic cooperation would include trade, investment, agriculture, industry, merchant shipping, science and technology, and human resource development, while cooperation in other areas would include public health, sports, environmental protection, justice and crime prevention.<sup>131</sup> Beijing and Bangkok have also signed an *Agreement on Cultural Cooperation* and a *Memorandum of Understanding on Establishing a Bilateral Business Council*, and established a *China–Thailand Joint Trade and Economic Committee* and a *China–Thailand Joint Committee on Science and Technology*. China has also given its support to some of Thailand’s regional initiatives such as the *Asia Cooperation Dialogue* (ACD), the brainchild of ex-Prime Minister Thaksin Shinawatra. The Asia Cooperation Dialogue was inaugurated in June 2002 in Cha-Am, Thailand, and defines itself as “a continent-wide forum, the first of its kind in Asia, and one that aims to constitute the missing link in Asia by incorporating every Asian country and building an Asian Community without duplicating other organizations or creating a bloc against others. A key principle is to consolidate Asian strengths and fortify Asia’s competitiveness by maximizing the diversity and rich resources evident in Asia.”

China and Thailand have also managed to evolve a good relationship in terms of military cooperation. Military cooperation between Thailand and China goes back further in this case than with any other founding ASEAN member, having been catalyzed by Vietnam’s December 1978 invasion of Cambodia. Bangkok and Beijing quickly cast off two decades of hostility and entered a strategic alignment designed to curb Vietnamese expansionism. Thailand became a conduit for Chinese-supplied military equipment to the anti-Vietnamese Khmer Rouge guerillas across the border in occupied Cambodia, and while China stopped short of providing Thailand with a defense guarantee, the People’s Liberation Army was used to exert pressure on Hanoi from the Chinese side of the border, repeatedly shelling positions inside Vietnam when Vietnamese troops clashed with the Thai military.

In 1987 the Kingdom became the first ASEAN country to buy weapons from the PRC. Two years later the defense relationship was raised a notch higher when the Thai government placed an order for vessels for the country’s navy which were delivered in the early 1990s and still form the backbone of the Royal Thai Navy (RTA) (Storey 2008). Beginning in 1996, China

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<sup>131</sup> “Joint Statement on the Plan of Action for the 21<sup>st</sup> Century Between the People’s Republic of China and the Kingdom of Thailand”, Ministry of Foreign Affairs, People’s Republic of China, <http://www.fmprc.gov.cn/eng/wjdt/2649/t15773.htm>.

offered Thailand US\$ 3 million, and in 2001 US\$ 200 million in credits, to the Royal Thai Army and Navy in order to buy Chinese arms.<sup>132</sup> During the 1990s, Thailand had been one of the countries which had had the most active and broad-based military exchanges with China (Allen 2001: 661). In June 2001, Thailand's Defence Minister Chavalit visited his Chinese counterpart General Chi Haotian and proposed annual defence meetings.<sup>133</sup> Since then, annual formal consultations between Chinese and Thai defence ministers have been practised. Prior to 2001, bilateral defense ties had been ad hoc, lacking a framework to discuss military-security issues and map out future cooperation. In June 2001 Chinese General Chi Haotian accepted his counterpart Chavalit's proposal to hold annual defence talks to remedy that deficiency.<sup>134</sup> The first defense meeting was held in December 2001, and they have been held every year since then. According to press reports, at the first meeting the two sides discussed regional and international security issues and cooperation between the two countries' armed forces. The annual defense talks have served as an essential mechanism to advance bilateral military cooperation in four main areas since 2001: first, observance of each other's military exercises (e.g. Thailand's Cobra Gold and China's Iron Fist and Northern Sword); second, a resumption of Chinese arms sales to Thailand; third, educational exchanges; and fourth, combined training and exercises. During late February 2009, current Chinese Defence Minister Liang Guanglie met visiting Thai Army Commander-in-Chief Anupong Paochinda, and vowed to further promote bilateral military ties. Between 2000 and 2007, Chinese arms transfers to Thailand amounted to US\$ 51 million.<sup>135</sup> In spite of this, military relations between both countries has not supplanted the close links between the Thai and American militaries. Thailand and the US have a long-standing pattern of military cooperation, and Bangkok highly values its closeness to the US—one which surely Bangkok would not sacrifice for the current state of Sino–Thai military exchanges and relations. Moreover, Chinese arms sales to Thailand have been known to be of poor quality, a factor which limits Thailand's capacity to become more interested in furthering this type of exchange with Beijing (Segal 1997: 207–208).

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<sup>132</sup> "China ties might need a rethink", *Bangkok Post*, July 21, 2001.

<sup>133</sup> "China assures Chavalit of its friendship", *Bangkok Post*, July 3, 2001, [www.bangkokpost.com](http://www.bangkokpost.com).

<sup>134</sup> "Haotian and Chavalit to improve military ties", *Bangkok Post*, June 22, 2001.

<sup>135</sup> At constant 1990 prices. Stockholm International Peace Research Institute (SIPRI), [http://armstrade.sipri.org/arms\\_trade/values.php](http://armstrade.sipri.org/arms_trade/values.php).

TABLE 21: China's delivery of weapons to Thailand 1989–2007

No. ordered	Weapon description	Year of order/licence	Year(s) of deliveries	No. delivered/produced	Comments
5	ARV	1987	1989–90	5	
50	Anti-ship missile	1988	1991	50	\$40 m deal; for Jianghu (Chao Phraya) frigates
4	Frigate	1988	1992	2	Part of \$272 m deal; Thai designation Chao Phraya
25	Fire control radar	1991	1991–92	25	
122	AA gun	1991	1991–92	122	
1	Support ship	1993	1996	1	
28	Anti-ship missile	1999	2000	28	
2	Frigate	2002	2005–2006	2	EUR 75–80 m (\$66–95 m) deal
50	Anti-ship missile	2007	-	-	Contract not yet signed

Source: Source: Stockholm International Peace Research Institute (SIPRI), Arms Transfer Database, [http://armstrade.sipri.org/arms\\_trade/values.php](http://armstrade.sipri.org/arms_trade/values.php).

### 5.2.2 *Relevance of Sino–Thai transactions*

The frequent visits from high-ranking governmental figures from both countries have been a clear signal of the structural changes in the relations between Thailand and China. These meetings have also brought new schemes for cooperation that in most cases also reflect their mutual interest in maximizing benefits arising from economic exchanges: both trade and investments have expanded in recent years. The economic exchanges have grown in tandem with political overtures, which are expressing a sounder mutual acknowledgement. The Thai government initiated a closer relationship with Beijing when the latter began to provide security during the Cambodian conflict, thus, in this particular sense, Thailand has a more protracted experience of rapprochement with China. The Plan of Action has been able to provide a framework for Sino–Thai cooperation, just as the strategic partnership between China and Indonesia has also facilitated further cooperation and exchanges between these two countries. In this respect, the Plan of Action aims at expanding cooperation in “all directions”, further augmenting the outlets for functional cooperation based on a wide variety of possible options. China's support of Thailand's proposal for an Asia Cooperation Dialogue could also be seen as a political exchange which aimed at fortifying links of trust between both governments. Cooperation in other spheres than economic activity has also been present, and is usually a concerted effort to improve the overall environment permeating relations between countries. As

has been shown earlier, even military cooperation has been included in this building of relations, even if the endeavours here have been characterised by modesty. All of these efforts are concomitant and are clear signals that Sino–Thai exchanges express a new dynamic in their relations. This new dynamic is a much more positive one than in previous decades, when relations were marred by enmity and distrust. Sino–Thai relations in the past had been based on narrow common interests of security or economics; looking to the future, relations have been broadened toward shared strategic interests, encompassing political, economic, cultural and other interests (Chinwanno 2009).

### 5.2.3 *Thailand's perceptions of China*

Relations between the PRC and Thailand makes the royal kingdom one of the closest friends of China in Southeast Asia today. Among one of the most significant players in the region, Thailand has no particular issue with China—for example, there are no Thai claims clashing with China's in the South China Sea, and no potential border issues, as the countries do not share a physical dividing line. Though Sino–Thai relations initially became hostile due to Bangkok's adherence to ASEAN, and also due to Thailand's support for the US war effort in Vietnam, since the 1970s both countries profited from similar understandings and concerns in the region (i.e. Vietnamese expansionism) and have maintained overall positive relations. The majority of Thai leaders perceive the rise of China as an opportunity for economic cooperation rather than a source of security concerns. Thai policy makers tend to have a positive view of China in its role within the region, and they see China as “behaving as a status quo power that is playing a constructive power in Asia as well as in the rest of the world” (Chinwanno 2005: 65). The fact that Thailand and China have no outstanding territorial issues has facilitated the development of sounder perceptions by the Thais towards Beijing.

## 5.3 **Malaysia**

As discussed earlier (see chapter three), Malaysia was one of the founding members of ASEAN that maintained distant relations with China until the end of the Cold War. Nevertheless, from the early 1990s onwards, Malaysia has entered a new phase in its regional foreign policy, one in which China has started to be seen as an opportunity rather than a significant threat. Malaysia's new foreign policy is built on two main pillars, one championing the cause of the developing world, whilst at the same time attempting to break away from the more Western-oriented foreign policies of previous Malaysian administrations (Lee 2006: 48). The main architect of this new approach in the country's foreign policy was former Prime Minister Dr Mahathir Mohamad, who believed that Malaysia's international agenda should be premised on economics

rather than geopolitics, and based on a philosophy of prosper-thy-neighbour rather than threat perception and security alliances (Mauzy and Milne 1999: 132).

Mahathir had an eager interest in developing closer economic relations with China. Soon after establishing formal diplomatic relations with Beijing, he had already recognised the potential of the ongoing economic reforms in that country. Addressing the Chinese leadership in his first official trip to Beijing in 1985, he referred to a large business delegation accompanying him by saying that “it is my hope that in the days ahead they [the Malay business delegation] will have the opportunity to seriously explore every avenue for economic cooperation and establish ties and contacts for ongoing mutually beneficial economic activities that would serve to enhance the relationship between our two countries”.<sup>136</sup> Dr Mahathir added, “to my mind, economic cooperation and trade offer exciting possibilities. It is my hope that just as politics dominated the first decade of our relations; economics will come to dominate the next decade”.<sup>137</sup> Malaysia’s subsequent China policy was to be based on the understanding that mutual benefits could be harvested from increased economic trade and cooperation between them.

Moreover, there have been more than just economic drivers contributing to enhancing the positive nature of their relationship. One of these contributing elements was Mahathir’s proposal for an East Asian Economic Caucus (EAEC) during the early 1990s.<sup>138</sup> The EAEC became Malaysia’s attempt to gather East Asian nations within an exclusive grouping in order to instigate a regional community promoting cooperation at many different levels. Mahathir’s EAEC proposal was announced during Premier Li Peng’s visit to Kuala Lumpur in 1990, as Malaysia’s leadership had China in mind as the regional leader for the initiative. China eventually extended its full support to the EAEC.<sup>139</sup> A clear motivation for both countries to support such an initiative was the fact that both parties would like to see an East Asian region become more independent from American influence. China and Malaysia were interested in counteracting Western criticism of their political systems and human rights issues, and promoting a multipolar rather than unipolar international system.

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<sup>136</sup> “Prime Minister visits China”, speech by the Prime Minister at the banquet hosted by Zhao Ziyang, Premier of the State Council of the People’s Republic of China, Ministry of Foreign Affairs Malaysia, Beijing, November 20, 1985, *Foreign Affairs Malaysia* 18:4 (December 1985), pp. 392–93.

<sup>137</sup> Ibid.

<sup>138</sup> The EAEC was initially known as the East Asian Economic Grouping (EAEG), but never materialised as it was thought of as too overtly anti-American. Those who rejected the idea were ASEAN members and Japan. The original proposal had to be downgraded to the EAEC, with a content much less stressing “regional exclusivity”—which had meant leaving third party actors, such as the US, out.

<sup>139</sup> “Southeast Asian countries need not worry about China: Mahathir”, September 19, 2003, [www.english.peopledaily.com.cn](http://www.english.peopledaily.com.cn).

### 5.3.1 *Political and economic transactions*

As is the case with other Southeast Asian countries, one clear indicator of the increasingly close political interactions between Kuala Lumpur and Beijing has been the number of visits between their high-level political leaders. Former Prime Minister Mahathir Mohamad travelled to China on several occasions: June 1993, May 1994, August 1996 and August 1999. Former Deputy Prime Minister Anwar Ibrahim also visited in August 1994. Chinese leaders have reciprocated with visits to Kuala Lumpur by former Premier Li Peng in December 1990 and August 1997, former Presidents Yang Shangkun (January 1992) and Jiang Zemin (November 1994), and former Vice-Premier Zhu Rongji (May 1996 and, as Premier, October 1999). During May 2004, Malaysian Prime Minister Abdullah Ahmad Badawi met his counterpart, Chinese President Hu Jintao, in China. In May 2005, Chairman of the Standing Committee of the National People's Congress (NPC) Wu Bangguo paid an official good-will visit to Malaysia and met with the Malaysian Prime Minister. During March 2006, Jia Qinglin, chairman of the National Committee of the Chinese People's Political Consultative Conference (CPPCC), met with former Malaysian Prime Minister Datuk Seri Mahathir Bin Mohamad. During July 2007, the Minister of Foreign Affairs of Malaysia visited the People's Republic of China, and in December of the same year China's Yang Jiechi, China's Minister of Foreign Affairs reciprocated and visited Malaysia. In June 1993, Mahathir led a business delegation to Beijing numbering nearly 300 people and secured the signing of 36 memoranda of understanding (MOUs) worth RM 8 billion (Shee 2004). Anwar's visit in 1994 further secured 13 more joint venture projects, and during Mahathir's third trip to China he managed to negotiate 10 more.<sup>140</sup> Of late, Malaysian Prime Minister Najib Tun Razak visited China and met with President Hu Jintao, which saw both leaders signing a Joint Action Plan on Strategic Cooperation.<sup>141</sup>

Furthermore, Malaysian exports to China moved from RM 1.6 billion in 1990, to RM 5.2 billion in 1997 (Chin 2000: 675). During 2006, Malaysia's trade authorities recognised that exports expanded partly due to the strong external demand from Malaysia's major markets, particularly ASEAN, the US and China. For example, the US, Singapore, China–Hong Kong, and Japan collectively accounted for 69.9 percent of Malaysia's total electrical and electronic (E&E) exports. In the same year, China also accounted—by itself—for almost half of the total increase in exports of Malaysia's rubber products, and also significantly contributed to the expansion of exports in furniture. The Malaysia External Trade Corporation (MATRADE) recognised that, during 2006, Northeast Asia (defined as Japan, China, South Korea, Taiwan and Hong Kong) was the largest regional market, accounting for 27.4 per cent of Malaysia's total exports.

<sup>140</sup> "Malaysia assumes larger, more vital role in regional affairs", *Straits Times*, September 15, 1994.

<sup>141</sup> "China, Malaysia to upgrade cooperation", June 2009, *Xinhua News* online at [http://www.chinadaily.com.cn/china/2009-06/04/content\\_8250225.htm](http://www.chinadaily.com.cn/china/2009-06/04/content_8250225.htm).

Furthermore, the gap between exports to Japan—which has been Malaysia’s largest market within the region—and exports to China has continued to narrow, due to the double-digit growth of exports to China in recent years.<sup>142</sup> Through 2006–7, China and Hong Kong occupied the fourth and eight places respectively within the top trading partners of Malaysia. Both entities, throughout the same period, also remained fourth and sixth places respectively as Malaysia’s top export markets. In 2007, China became Malaysia’s second main source of imports, only behind Japan. During the same year, Asia, led by China and ASEAN, was expected to continue to be a major contributor to the country’s export growth.<sup>143</sup>

During the first seven months of 2008 (January–July), China was among the top ten export destinations which registered significant growth (only behind Singapore, the US and Japan), with a increase in export value of RM 38 billion. During the same period, China became the second import source country to Malaysia, with an import value of RM 38.5 billion.<sup>144</sup> According to the Malaysia Industrial Development Authority (MIDA), within the period 2004–7, Malaysia had received from China a total of 56 investment projects worth US\$ 111.6 million.<sup>145</sup>

TABLE 22: Foreign investment projects approved by Malaysia coming from China and Hong Kong 2004–2007, US\$ million

	2004		2005		2006		2007	
	No.	US\$	No.	US\$	No.	US\$	No.	US\$
China	19	49.2	7	7.6	19	36.5	11	18.3
Hong Kong	9	13.1	13	27.1	9	23.1	11	8.7

Source: Malaysia’s Industrial Development Authority (MIDA), [www.mida.gov.my](http://www.mida.gov.my).

TABLE 23: Malaysia’s top trading partners 2006–2007 (RM billion and share)

Country	RM billion		Share (%)	
	2006	2007	2006	2007
US	170.8	149.2	16.0	13.4
Singapore	146.9	146.4	13.7	13.2
Japan	115.7	120.7	10.8	10.9
China	100.8	117.9	9.4	10.6
Thailand	57.4	56.9	5.4	5.1
South Korea	47.2	47.9	4.4	4.3
Taiwan	42.2	45.1	4.0	4.1
Hong Kong	41.7	42.6	3.9	3.8
Indonesia/Germany	(Germany) 33.8	(Indonesia) 39.1	3.2	3.5

<sup>142</sup> “Malaysia’s trade performance 2006”, at [www.matrade.gov.my](http://www.matrade.gov.my).

<sup>143</sup> Ibid.

<sup>144</sup> “Malaysia’s monthly trade performance 2008”, at [www.matrade.gov.my](http://www.matrade.gov.my).

<sup>145</sup> Malaysian Industrial Development Authority (MIDA), at [www.mida.gov.my/statistic](http://www.mida.gov.my/statistic).

Source: Malaysia External Trade Development Corporation (MATRADE), [www.matrade.gov.my](http://www.matrade.gov.my).

TABLE 24: Malaysia's top export markets 2006–2007 (RM billion and share)

Country	RM billion		Share (%)	
	2006	2007	2006	2007
US	110.5	94.5		15.6
Singapore	90.7	88.5		14.6
Japan	52.2	55.2		9.1
<b>China</b>	<b>42.6</b>	<b>53.0</b>		<b>8.8</b>
Thailand	31.1	29.9		5.0
<b>Hong Kong</b>	<b>29.1</b>	<b>27.9</b>		<b>4.6</b>
Netherlands	21.4	23.6		3.9
South Korea	21.2	23.0		3.8
Australia/India	(India) 18.7	(Australia) 20.4	3.2	3.4

Source: Malaysia External Trade Development Corporation (MATRADE), [www.matrade.gov.my](http://www.matrade.gov.my).

TABLE 25: Malaysia's top import origins 2007 (RM billion and share)

Country	RM billion	Share (%)
Japan	65.5	13.0
<b>China</b>	<b>64.9</b>	<b>12.9</b>
Singapore	57.9	11.5
US	54.6	10.8
Taiwan	28.7	5.7
Thailand	27.0	5.3
South Korea	24.9	4.9
Germany	23.4	4.6
Indonesia	21.3	4.2
<b>Hong Kong</b>	<b>14.6</b>	<b>2.9</b>

Source: Malaysia External Trade Development Corporation (MATRADE), [www.matrade.gov.my](http://www.matrade.gov.my).

### 5.3.2 *Relevance of Sino–Malaysian transactions*

The Sino–Malaysian political exchanges of the early 1990s mark the beginning of a period in which relations between the countries began to change in a structural way. As with the rest of ASEAN members, Malaysian political elites began to interact more closely and at a higher level with those of China. Following such exchanges, important frameworks and agreements were established, so that both entities could begin to facilitate economic transactions. This particular point was of particular relevance for Mahathir's government, as he envisaged the emergence of a new post–Cold War China as more of an opportunity than a risk. The transition was not all that smooth (initially, Mahathir himself thought of China as an economic risk) but eventually the Malaysian political elites decided to bet in favour of a perception of China that concentrated



on opportunity rather than conflict. The latter is significant, as, unlike Thailand, Malaysia has direct territorial claims on the South China Sea overlapping with China's. Malaysia's calculation on the beneficial impacts due to a new pattern of interactions with China seems to be accurate, at least in economic terms. China is now within the top five trading partners of Malaysia, and this condition does not seem to be a transient one. The Malaysian political elites cannot completely ignore the power-security concerns about the rise of China, as this is a natural concern in any asymmetrical power relationship. Nevertheless, the Malaysian leadership has concentrated on promoting interactions that are beneficial to the creation of economic opportunities (e.g. trade and investment) instead of emphasising the potential risks on the security side. The high-ranking political exchanges between these countries have often been assisted by strong business delegations looking to expand their investment opportunities.

### 5.3.3 *Malaysia's perceptions of China*

Since the early 1990s, the Malaysian leadership has reassessed China, viewing it no longer as a prime security threat, but rather as a country which has come to offer substantial economic opportunities. The track record of Malaysia's post-Cold War China policy indicates that, rather than responding to a rising China with heightened caution and hence seeking hedged engagement, Malaysia has gradually reacted more to the opportunities that a rising China offers, and this has resulted in a more active engagement strategy (Liow 2009). Beginning with the tenure of former Prime Minister Mahathir, perceptions about China began to shift from hostility and distrust towards a new understanding of the benefits that China's growth could offer. Mahathir has left a political legacy, in the sense that Malaysian leaders coming after him have continued the line of approaching China in order to further advance mutual benefits from such interactions. Current Prime Minister Abdullah Badawi has talked about "abundant complementarities"<sup>146</sup> between both countries, and his deputy Prime Minister, Najib Razak, prefers to subscribe to an optimistic school of thought about China's rise. In this respect, Mr. Razak has argued that:

I subscribe to such an assessment. China's growth is positive and we must encourage this trend... indeed a strong China will lead to a strong region. With such cordial relations between our two countries at present, it is important to remind ourselves that it was neither just plain sailing nor was it due to some miracle. It was sheer hard work and guided by the principle of seeing and regarding each other in a positive light rather than succumb to perceiving the others as adversaries... we successfully have managed the

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<sup>146</sup> "Speech by the honourable Abdullah Ahmad Badawi, Prime Minister of Malaysia", Malaysia-China Business Dialogue, May 28, 2004, at [www.pmo.gov.my](http://www.pmo.gov.my).

relationship until today where I see it as being at its best and the potential for us to get closer is omnipresent.<sup>147</sup>

In spite of such an invigoration of economic, political, and other transactions, Malaysia is one of the ASEAN members that has overlapping territorial claims in the South China Sea with China. Until the early 1990s, some analysts had argued that, due to the Chinese efforts to upgrade its navy and develop blue-water capacity, such overlapping claims were a reason for security concerns in Kuala Lumpur. According to J.N. Mak, “it can be argued that Malaysia has, and will in the foreseeable future, regard China as its greatest threat in one form or the other” (Mak 1991: 150). Nevertheless, partly due to China’s immediate post–Cold War behaviour in the region, this factor became highly conducive to a radical change of posture when analysing the bilateral security environment. As political and economic contacts increased, even the issue of the overlapping South China Sea claims seemed to be losing its rough edges, in terms of being perceived as a serious security threat. Already in 1996, after the Mischief Reef incident between China and the Philippines and ASEAN’s common response condemning China’s actions, former Defence Minister Syed H. Albar declared in relation to the Spratly Islands that “China has so far been a sober and responsible regional player. Its advocacy of joint exploration of South China Sea resources with other regional states and its recent indication of readiness to abide by the international law in resolving the Spratlys issue made us feel that it [China] wants to coexist in peace with its neighbours.”<sup>148</sup>

Whilst the proposition that China remained a security threat could arguably have held true in 1991, the substantial advances in bilateral relations at the economic and political levels since the early 1990s make it an increasingly tenuous proposition to put forth. Since the mid 1990s, China has no longer been regarded as a direct immediate threat to Malaysia. China has not been seen to interfere or intervene in Malaysia’s domestic affairs, and its emergence has not translated into a fear that Beijing will exercise hegemony in the region in the long run. (Mak and Hamzah 1996: 128). A primary consideration here is that China is currently seen by Malaysia more as an opportunity rather a threat; and that contrary to other countries in the region (e.g. Vietnam and the Philippines), Kuala Lumpur has not experienced frictions that could have damaged the perception of China in Malaysia’s eyes. Nevertheless, there is still a lingering suspicion that China might wish to enact a “Middle Kingdom” suzerainty and demand subservience from Southeast Asian states (Haji Ahmad 2005: 56). A central concern has been that Malaysia remains tacitly suspicious of Chinese offensive capabilities and hegemonic intentions, and as a result Kuala Lumpur’s post–Cold War China policy has in effect been a dichotomous formula

<sup>147</sup> “Speech by the Deputy Prime Minister Najib Razak: Malaysia–China relations and strategic partnership”, May 27, 2004, Official website of the Prime Minister of Malaysia at [www.pmo.gov.my](http://www.pmo.gov.my).

<sup>148</sup> “Exclusive Interview with Dato Syed Hamid Albar, Malaysia’s Defence Minister”, in *Asian Defence Journal*, September 1997, pp. 20–21.

of apprehensive engagement (Liow 2009). As argued earlier, the asymmetrical power relationship between China and Malaysia makes it difficult for Kuala Lumpur to see Beijing as an actor on a level playing field.

#### 5.4 Vietnam

As with the rest of the current ASEAN members, relations between Vietnam and China have significantly improved, particularly since 1991 when both countries finally began to normalise their relations after a protracted period of serious enmity. This has been a significant development in their mutual relations, as China's relations with Vietnam have seen some of the most pitted animosities between Beijing and any other Southeast Asian country. Up until the late 1980s, Vietnam's official policy had considered China as the direct enemy of the Vietnamese people (Thyer 1994: 520). In 1979 China briefly invaded Vietnamese territory, and in 1988 the navies from both countries clashed in the waters surrounding the Johnson Reef in the South China Sea. Nevertheless, and as mentioned above, relations between both countries began to improve significantly during the early 1990s due to Beijing's new diplomatic approach in Southeast Asia and also because of Vietnam's own reform strategy initiated during the mid-1980s (*Doi Moi*).

For Vietnam, China's importance resides in the strategic imperative of having to come to terms with its northern neighbour. Vietnam and China are both socialist one-party states, both adhering to Marxist-Leninist principles. In both countries, the survival of the ruling elites (i.e. the survival of their communist parties) is one of their country's vital interests. Both countries have implemented a shift from a planned economy to a market-oriented one. Thus, both communist parties share considerable ideological ground, at least on domestic issues. In both countries a main objective of the ruling elites is to become effective in legitimising their parties at the helm of political direction, to keep alive the discourse of being "on the path of socialist construction", and protect themselves from foreign interference in domestic affairs, in particular when it is perceived as an external demand to democratise the political process and give more freedom of expression to their citizens (i.e. human rights issues and the "peaceful evolution threat"). For these reasons, some within the governing political elite of Vietnam are advocates of closer relations with China and have longed for a more meaningful relationship based on ideological underpinnings. This particular group has been branded the "pro-China lobby" (Thyer 1994: 522). However, another group within the Vietnamese political elite can be identified, named the "anti-imperialists" (Dosch and Vuving 2008) or "integrationists", comprising those within the elite who wish to join the Western-dominated international system, while also sharing similarities to Deng Xiaoping's programme for modernisation (Vuving 2004). The overall strategy that defines their approach to the international system is one of "opening

and integration”, a path that has been advanced, for example, with Vietnam’s recent accession to the World Trade Organisation (WTO) in January 2007. China indeed once attempted to forge an “Asian socialist community” which aspired to share a commonality of interests based on ideology that made their relations with each other qualitatively different from relations with non-socialist countries. Nevertheless, Beijing has not warmed to the idea of engaging Vietnam in an ideology-based alliance that might resemble the socialist bloc of the Cold War.

Perceptions about China are nuanced depending on which group one focuses (i.e. the anti-imperialists or the integrationists) in search of the implications of closer links with Beijing, as nowhere is the struggle between these two groups more evident than in the country’s relations with China and the US.<sup>149</sup> For the anti-imperialists, China is considered as the most important ally, particularly to counteract US dominance in the region and the perceived associated risks to the regime through the American push for democratic reform and the improvement of human rights. For this group, China also offers a better way of securing the regime’s survival. But for the integrationists, the US is the most effective international actor capable of balancing China’s influence in the region and within Vietnam. Dosch and Vuving explain that “while the anti-imperialists are preoccupied with regime security, the integrationists are primarily concerned with economic development and national modernisation; while the internationalists prefer balancing, the anti-imperialists favour solidarity” (Dosch and Vuving 2008: 21).

#### 5.4.1 *Political and economic transactions*

From mid-2008, China and Vietnam have signed 52 agreements at state level. Both sides have reopened airlines, railways, sea routes and roads, facilitating the transportation of goods and passengers between the two countries. The Ministry of Foreign Affairs of Vietnam (MOFA-Vietnam) has estimated that more than 100 delegations at ministerial, departmental, local and grass-root levels of both sides are exchanged annually.<sup>150</sup> High-level reciprocal visits have been common between the leaders of both countries. In December 2000, Vietnamese President Tran Duc Luong visited China, where both sides signed a Joint Declaration on Comprehensive Cooperation for the New Century. Tran visited China again in July 2005 and China’s Hu Jintao reciprocated, visiting Hanoi in November the same year. Hu returned one year later in November 2006 to attend the APEC Summit, at which he signed eleven cooperation agreements and promised to assist Vietnam in improving road and railway infrastructure in two economic corridors and the Gulf of Tongking. Also in 2006, General Secretary Nong Duc Manh visited China and Vietnamese Prime Minister Nguyen Tan Dung held two meetings with his Chinese

<sup>149</sup> According to Dosch and Vuving (2008: 27), since the end of the Cold War the VCP has been a coalition of groups including anti-imperialists and integrationists.

<sup>150</sup> Vietnam’s Ministry of Foreign Affairs, [www.mofa.gov.vn](http://www.mofa.gov.vn).

counterpart Wen Jia Bao, during the 6<sup>th</sup> ASEM in Finland in September and during the China–ASEAN Day in Nanning, China in October. In 2007, Vietnamese President Nguyen Minh Triet visited China (May 2007), as National Assembly Chairman Nguyen Phu Trong did one month earlier. Deputy Prime Minister and Foreign Minister Pham Gia Khiem also visited in March 2007 and during late September 2008 the Special Envoy of the Vietnamese high-ranking leaders, Deputy Foreign Minister Vu Dung, visited China, and Party General Secretary Nong Duc Manh on March 2009 received Chinese State Councillor Dai Binggou and other officials who had been in Hanoi for the 3<sup>rd</sup> session of the Vietnam–China Steering Committee for Bilateral Cooperation.

TABLE 26: most relevant meetings between Vietnam and China's high-level political leaders and other political figures 1999–2008

Year	Event
2008	<i>Visiting China:</i> Party General Secretary Nong Duc Manh (May 30–Jun 2)
2007	<i>Visiting Vietnam:</i> Chinese President Hu Jintao (Nov, as part of APEC Summit in Hanoi) <i>Visiting China:</i> President Nguyen Minh Triet (May) National Assembly Chairman Nguyen Phu Trong (Apr) Deputy Prime Minister and Foreign Minister Pham Gia Khiem (Mar)
2006	<i>Visiting Vietnam:</i> President Hu Jintao (Nov) <i>Visiting China:</i> General Secretary Nong Duc Manh (Aug) Primer Minister Nguyen Tan Dung meets Chinese counterpart Wen Jiabao in Finland (6 <sup>th</sup> ASEM, Sept) and Nanjing (China–ASEAN Day, Oct)
2005	<i>Visiting China:</i> President Tran Duc Luong (Jul)
2004	<i>Visiting Vietnam:</i> Wen Jiabao (Oct 7)
2003	<i>Visiting China:</i> General Secretary Nong Duc Manh (Apr 7–11)
2002	<i>Visiting Vietnam:</i> General Secretary of central Committee-CCP cum President Jiang Zemin (Feb 27–Mar 1) <i>Visiting China:</i> Chairman of the National Congress Nguyen Van An (Apr 12–21)
2001	<i>Visiting Vietnam:</i> Member of the SC of PB of CCCCPC cum Vice-President Hu Jintao (attending the 9th Congress of the Vietnamese Communist Party, Apr 19–22) Member of the SC of PB of CCCCPC cum Chairman of the SC of the NPC Li Peng (Sept 7–10) <i>Visiting China:</i> General Secretary of the CC of the VCP Nong Duc Manh (Nov 30–Dec 4)
2000	<i>Visiting China:</i> Chairman of the National Congress Nong Duc Manh (April 4–10) Premier of the Vietnamese Government Phan Van Khai (Sept 25–28) President of Vietnam Tran Duc Luong (Dec 25–29)
1999	<i>Visiting Vietnam:</i> Member of the SC of PB of CCCCPC cum Premier Zhu Rongji (Dec 1–4) <i>Visiting China:</i> General Secretary of the CC of the VCP Le Kha Phieu (Feb 25–Mar 2) Member of the Standing Committee of the Political Bureau of the VCP Pham The Duyet (Oct 8–10)

CC=Central Committee, CCP=Chinese Communist Party, VCP=Vietnamese Communist Party, SC=standing committee, PB=Politburo.

Source: Ministry of Foreign Affairs People's Republic of China, Bilateral relations with Vietnam at <http://www.fmprc.gov.cn/>.

China has become a leading trade partner of Vietnam, and since 2005 China has been Vietnam's top trading partner. In 2006, the bilateral trade volume between the countries was US\$ 10.42 billion, of which Vietnam's export share was US\$ 3.03 billion, with imports amounting to US\$ 7.39 billion. In the first three months of 2007, the bilateral trade reached US\$ 2.99 billion, 42.2% higher than the figure for the same period the previous year. Out of that sum, Vietnam's exports reached US\$ 722.7 million, and the country's imports were US\$ 2.27 billion, 66.3% higher than the same period the previous year. The bilateral trade volume accounts for 0.6% of China's total foreign trade volume and 12% of Vietnam's total foreign trade volume. Since 2001, Vietnam has seen a constant increasing deficit in trade with China. The two sides have agreed to aim at a target of US\$ 15 billion in bilateral trade volume in 2010, and at the same time to attempt to gradually reduce Vietnam's trade deficit with China.<sup>151</sup> Moreover, according to Vietnamese investment authorities, by the end of April 2007, China had introduced 437 investment projects in Vietnam, with a total capital of US\$ 1.18 billion, ranking 14th among other 77 countries and territories investing in Vietnam.<sup>152</sup>

TABLE 27: Distribution of FDI flowing from China and Hong Kong into Vietnam 1988–2007 (Million renmibi)

	No. Projects	Investment capital	Registered capital	Executed capital
China	550	1,792,264,711	883,530,586	253,214,212
Hong Kong	457	5,933,188,334	2,166,936,512	2,161,176,270

Source: Vietnam's Ministry of Planning and Investment, <http://www.fia.mpl.gov.vn>.

TABLE 28: China's outward FDI into Vietnam

Accumulated outward FDI (end 2003)		Outward FDI 2004		Outward FDI 2005		Accumulated outward FDI (end 2005)	
Amount (US\$ m)	Share (%)	Amount (US\$ m)	Share (%)	Amount (US\$ m)	Share (%)	Amount (US\$ m)	Share (%)
191.6	0.5	16.9	0.3	20.8	0.2	229.2	0.4

Share (%) of China's world total. Source: Whalley and Xin 2007, "China and Foreign Direct Investment", Brookings Trade Forum, p. 69.

Bilateral cooperation in other fields such as diplomacy, national defence and public security has been further promoted with the signing of cooperation agreements between the two Foreign Ministries in December 2002, the Public Security Ministries in September 2003, and the Defence Ministries in October 2003. Vietnam set up its Consulate General in Guangzhou (1993), Hong Kong (1994), Kunming (Yunnan) and Nanjing in May 2004. China opened its Consulate General in Ho Chi Minh City in 1993.<sup>153</sup> On the visit of President Nguyen Minh Triet to China

<sup>151</sup> Ibid.

<sup>152</sup> Vietnam's Ministry of Foreign Affairs, [www.mofa.gov.vn](http://www.mofa.gov.vn).

<sup>153</sup> Ibid.

(May 2007), the two sides signed six cooperation documents and nine economic agreements with the value of US\$ 2.6 billion. The two sides set up a working group on economic cooperation to build a master plan for a five-year economic and trade cooperation development project between Vietnam and China, and put forth projects within the cooperation framework of “two corridors and one economic ring” between the two countries.

Regarding issues in the South China Sea, the two sides agreed to settle the issues through peaceful negotiations. Up to now, the two sides have carried out eleven rounds of talks at expert level on issues at sea, to improve understanding of each others’ stances. ASEAN and China also signed a Declaration of Conduct in the Eastern Sea (DOC), heading towards a Code of Conduct (COC). On March 14, 2005, three oil and gas companies of Vietnam (PetroVietnam), China (CNOOC) and Philippines (PNOC) signed the Agreement on Joint Seismic Surveys. In recent years, the exchange and cooperation between Vietnam and China in the areas of education and training, culture and sports have been strongly promoted. Every year, China receives a considerable number of Vietnamese students, interns and sports delegations for study and training. China has set up a centre for Vietnamese studies in the the province of Yunnan: the centre is to serve “as a playground for academic exchanges between scholars and students of the two countries”.<sup>154</sup>

#### 5.4.2 *Relevance of Sino–Vietnamese transactions*

Transactions between Vietnam and China have been, as with the rest of Southeast Asian states, dynamic and prolific. Both countries have made continuous efforts to facilitate economic transactions and to improve the overall political climate that has been so damaging in past decades. Nevertheless, Sino–Vietnamese relations differ from other Southeast Asian countries, since the background to their interactions has traditionally being characterised by tensions. Transactions of the sort that other ASEAN members have established with China have contributed to improve relations between Beijing and Hanoi, but not to the extent that these have been able to completely dismiss the tone of rivalry that has characterised their relations in the past. Some of the most significant transactions have been the efforts to bring a final settlement to their border disputes. In the late 1990s China and Vietnam signed the *Sino–Vietnamese Border Treaty* which had the objective of solving “all outstanding issues relating to the land border between China and Vietnam”.<sup>155</sup> Moreover, both countries have also signed the *Sino–Vietnamese Agreement on Demarcation of Territorial Waters, Exclusive Economic Zone and Continental Shelf in the Beibu Gulf* and the *Agreement on Fisheries Cooperation in the Beibu Gulf*.

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<sup>154</sup> Ibid.

<sup>155</sup> Ibid.



These political transactions have significantly improved perceptions and relations, and to some extent they also advance the idea that a plausible solution to the outstanding territorial disputes between these and other countries in the South China Sea could be eventually reached. China claims undisputable sovereignty over the South China Sea, but with conclusion of the Sino–Vietnamese border settlements, Beijing also acknowledges that there are legitimate territorial claims that can be discussed and negotiated with third parties. Economic transactions have also created a potential uncomfortable situation for Vietnam, as the country is now China’s top trading partner and it holds a deficit with it. In Vietnam’s case, along with other countries in the region, this is a potential drawback for economic transactions, as ASEAN capitals have expressed fear about China’s competition for export markets and the attraction of FDI. Regardless of the latter, China is still for many within the leadership of the Vietnamese Communist Party a viable blueprint for development. Moreover, Vietnam’s leadership mimics the rest of Southeast Asia in seeking beneficial and pragmatic relations with China. Thus, regardless of the underlying tensions, it is most probable that Vietnam and China will carry on looking into ways to foster positive interactions and exchanges.

#### 5.4.3 *Vietnam’s perceptions of China*

A very important factor to consider in relation to Vietnam’s perceptions of China is what Jurgen Haacke has called the “political-psychological dimension” of the relationship. Haacke has argued that “within much of Vietnam’s political elite (and the public), there is a continued sense of resentment vis-à-vis China, that feeds on the rejection of Chinese superiority and the feeling of historically having been given a raw deal by the northern neighbour” (Haacke 2005: 125). It could be argued this is a common trait of asymmetrical state relations, where the weaker state tends to become oversensitive (justifiably or not) to the presence of and interactions with the more powerful neighbour.<sup>156</sup> The legacy of past historical experiences tends to deeply affect the understandings of current political leaderships and the public alike. In this respect, relations between China and Vietnam have been longstanding and throughout history sometimes very intense. For nearly ten centuries, the Vietnamese were under the direct rule of China, and only in 1979 Vietnam experienced the latest military incursion by China. Ang Cheng Guan has argued that, despite assimilating a great deal from the Chinese, the Vietnamese have remained intensely nationalistic. Thus, for the Vietnamese, “the years of Chinese rule and domination are a reminder of Vietnam’s weakness and vulnerability vis-à-vis its huge neighbour” (Ang 1998: 1122). The formation of Vietnam’s identity is closely related to the nation’s resistance to its giant northern neighbour, China. Vietnamese perceptions about China have always been

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<sup>156</sup> Some examples of the latter are well represented in the US–Mexican relationship, and, of late, between Russia and the ex-Soviet republics.

tainted with a certain degree of suspicion and rivalry, an aspect of their relations that is deeply ingrained in the socio-political psyche of leaders and people alike.

Moreover, the political-psychological dimension of distrust has been reinforced because of long-standing unresolved territorial disputes involving the Spratly and the Paracels Islands in the South China Sea. China managed to take de facto control of the Paracels in the mid 1970s after a series of clashes with the South Vietnamese navy. The latest serious incident, this time in relation to the Spratlys, happened at Johnson Reef in March 1988. According to the Vietnamese account, the armed clashes between both sides left three Vietnamese dead and seventy-four missing (Garver 1992: 1013). Both sides have discussed the status of the claims, nevertheless, the Chinese have enervated Vietnam by violating previous understandings about avoiding any further actions in the area that could generate tensions.<sup>157</sup> As with some other ASEAN members, the South China Sea dispute has become the most serious disruptive matter between the two countries.

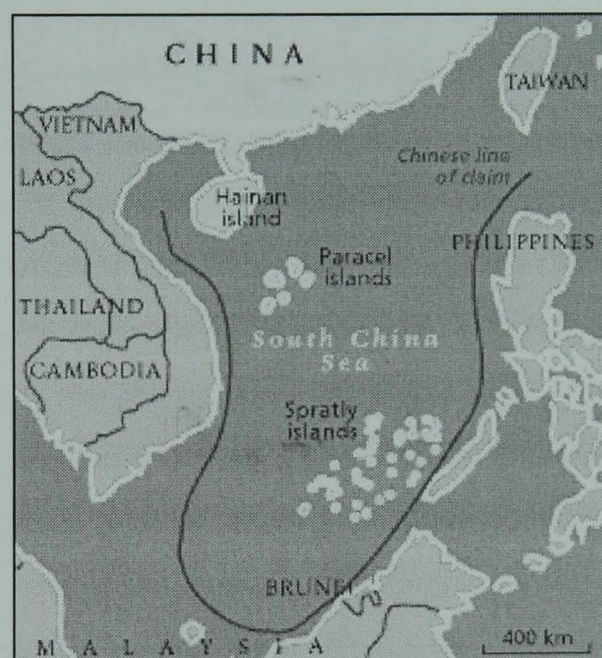


FIGURE 9: The Paracel and Spratly Islands in the South China Sea

In spite of the nationalistic stance of the Vietnamese against China and the unsolved territorial disputes in the South China Sea, Hanoi is very clear about the considerable improvement in Sino-Vietnam relations, and wishes to continue this as much as possible. Vietnam's position acknowledges what Carlyle Thayer has called "the tyranny of geography" (Thayer 1992), such that Hanoi understands that China is to be an ever-present factor to be calculated in almost every aspect of Vietnam's life (e.g. economic, regional-political, security, environmental). During the

<sup>157</sup> In March 1992 China signed an offshore exploration agreement with American oil company Crestone Corporation in an area claimed by Vietnam in the South China Sea. During February the same year, Chinese military personnel occupied the also-contested Da Ba Dau Island, and in May 1993 Chinese drilling ships again intruded into claimed Vietnamese waters.

early 1990s, a Vietnamese foreign policy official expressed that, in order to deal with China, Vietnam could choose from three broad possible scenarios: to confront China, to become its satellite, or to find a middle position in between these previous two options (Thayer 1994: 528). In fact, Vietnam seeks a middle position between becoming a satellite and being fully independent of China's control. In order to achieve this, one of Hanoi's main objectives is to develop closer ties with the US and with ASEAN.

In one of the latest visits by American envoys to Vietnam, US Deputy Secretary of State John Negroponte lauded the country's economic growth. Two years prior to Negroponte's visit, US President George Bush and Secretary of State Condoleezza Rice visited Vietnam. Vietnamese Prime Minister Nguyen Tan Dung also visited Washington in June 2006. In relation to Negroponte's visit, Thayer has commented that it will surely result in closer ties between the US and Vietnam: "Mr Negroponte's trips could help give the US an enhanced leadership role in the region, as well as closer bilateral ties. And it allows Vietnam to show the region that it is not isolated with regard to China".<sup>158</sup> With ASEAN, Vietnam has acted jointly, stressing the Association's concerns and expectations about China's behaviour in the South China Sea. In this way, Vietnam has developed a strategy which aims at counteracting the otherwise overwhelming Chinese power on the issue. By means of such a strategy, the Chinese leadership has come to realise that Beijing's actions in the South China Sea are not to be understood as isolated manoeuvres exclusively affecting bilateral relations (e.g. Chinese actions in Mischief Reef and the consequent reactions of the Philippines), but, rather, China can expect a concerted reaction involving not just one single claimant state but all ASEAN states acting in unison. Thus, ASEAN's joint expression of concern on the South China Sea territorial disputes works as an effective deterrent against the possibility of China taking assertive unilateral action.

TABLE 29: Main factors contributing to negative perceptions and damage in the level of trust between Vietnam and China

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Historical frictions and animosity
Asymmetrical power relations
Disputed territorial claims in the South China Sea (Paracels and Spratlys)

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## 5.5 Singapore

As Michael Leifer points out, "China has always loomed large in the calculations of Singapore's government..." (Leifer 2000: 108). According to Yuen Foong Khong, as part of Singapore's policy of engagement, the island-state has adopted a three-pronged approach towards China. The first two prongs have been economic and political strategies, and the third a military-

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<sup>158</sup> "Negroponte welcomes Vietnam ties", September 12, 2008, *BBC News* online, <http://news.bbc.co.uk/1/hi/world/asia-pacific/7611978.stm>.

oriented fall-back position in case the first two approaches fail. Economic engagement has consisted of providing China with a set of economic incentives which allow it to prosper and to develop a stake in the existing “rules of the game”. If China is to do well by absorbing such incentives, then Beijing will have strong disincentives to upsetting or revising these rules through military conflict. This approach seeks to integrate China fully into both the regional and global economy. Political engagement, on the other hand, has aimed at understanding China not as an adversary, but rather as an important and legitimate player in the East Asian region, whose participation and cooperation in regional initiatives is to be welcomed. If any or both of these strategies were to have a less-than-desired outcome, then Singapore has been active in modernising its armed forces and increasing its military strength (Yuen in Johnston and Ross 1999: 110–111). In this respect, the modernising effort of the Singaporean armed forces is not to be considered as exclusively directed towards China, as Singapore has also wanted to send a strong signal to its immediate Southeast Asian neighbours about the island’s unwillingness to be treated as a weak and malleable actor within the region.

Moreover, Singapore’s political leadership has been able to build a significant rapport with China’s leadership. Since the early 1980s, Singapore’s leaders have had excellent informal relations with their Chinese counterparts. Former Primer Minister Lee Kuan Yew, for example, has been granted a level of access to China’s leadership available to few other political leaders. Lee visited China for the first time in 1976, only a few years after Nixon and Kissinger had gone to China and broken China’s long-standing diplomatic isolation. He is considered to have a status of “special friend” of China and has functioned as a mediator between China and Taiwan. Moreover, in May 1985, former Deputy Prime Minister Goh Keng Swee was designated China’s adviser on the development of Special Economic Zones (EEZ) and tourism. The close relationship between each country’s political leadership has contributed to fostering a positive environment from which Sino–Singaporean overall relations have evolved. Another factor contributing to the latter has been China’s interest in how Singapore’s political elites have been able to generate impressive economic growth pegged to a stable political system. This particular model of development is something that China has observed closely, being a model that it wants for its own development (i.e. economic growth and political stability). Thus, as Shee Poon Kim has argued, “the ‘small flying dragon’ [Singapore] can be a limited model for the ‘big flying dragon’ [China] to gain inspiration and experience” (Kim 2005: 156).

### 5.5.1 *Political and economic transactions*

Relations between China and Singapore have strengthened yearly since, and even before, the establishment of diplomatic relations. Trade and investments have rapidly increased: in 2006, Singapore’s two-way trade with China totalled US\$ 40 billion. Currently, Singapore is China’s

seventh leading trading partner, whilst China is Singapore's number three trading partner. Singapore's cumulative FDI in China reached US\$ 28 billion. Tourism has also expanded rapidly, with one million tourists coming from China to Singapore. About twenty thousand Chinese are currently studying in Singapore and more than a third of schools in the island now have twinning arrangements with Chinese schools. Singapore has trained more than nine thousand Chinese officials through postgraduate studies at the most prestigious universities. As with other Southeast Asian countries, high-level contacts have been frequent. Deng Xiaoping visited Singapore in November 1978; former Prime Minister and current Mentor Minister Lee Kuan Yew has travelled to China on several occasions since 1976; former Chinese Premier Li Peng visited Singapore in 1990 and 1997, and in 2001 Li met with Singapore's then-President S.R. Nathan in China. Prime Minister Goh Chok Tong paid an official visit to China at the invitation of Premier Zhu Rongji in April 2000. In Beijing, Goh held talks with Premier Zhu, President Jiang Zemin, Vice President Hu Jintao, and Li Ruihuan, Chairman of the Chinese People's Political Consultative Conference (CPPCC). In May 2004, at the invitation of Chinese Vice Premier Wu Yi, Singaporean Deputy Prime Minister Lee Hsien Loong paid a visit to China. On September 2005, Vice Premier Wu Yi of the PRC arrived in Singapore for a three-day visit. The Vice Premier led a delegation of ministers and senior officials at the 2<sup>nd</sup> Joint Council for Bilateral Cooperation between the PRC and Singapore.

Singapore's investments in China began in the late 1970s. In the 1980s and 1990s, as Singapore's domestic economy grew fast and China's reform policies were further implemented, Singapore's investments in China increased steadily. From 1994–1998, Singapore's investments in China experienced a "high-wave" period. During these five years, its value of investments in China reached over US\$ 12 billion, accounting for more than 80% of its total investments in that country during the whole 1990s. During this period, Singapore's investments were mainly located in the Southeast coast areas, focusing on real state assets and industrial sectors. Due to the financial crisis of the late 1990s, Singapore's investments in China went into a low-wave period, but in the 2000s, Singapore's investments in China entered a new phase of investment quality and quantity. In 2003, the total number of projects Singapore invested in in China reached 1,144, an increase of 12.3% over the previous year, and its utilized investment value was above US\$ 2 billion.<sup>159</sup> In early 2003, Singapore had become the fifth-largest overseas investment source for China, ranking behind Hong Kong, Taiwan, the USA and Japan.<sup>160</sup> Singapore's investment has geographically diversified, and can be located not just within the Southeast of China, but also in the West and Northeast; for example, it has made multi-million dollar investments in Shenyang in developing the "Singapore City" property project.<sup>161</sup>

<sup>159</sup> PRC's Ministry of Commerce, [www.mofcom.gov.cn](http://www.mofcom.gov.cn).

<sup>160</sup> "Expanding investment in China", *Lianhe Zaobao* Singapore, <http://english.zaobao.com/>.

<sup>161</sup> 'Brothers Holdings to develop 5m sq ft of land in China', *Straits Times*, December 13, 2006, <http://www.businesstimes.com.sg/>.

Singapore's investment arm, Temasek Holdings, announced on March 2006 that its total investments in China amounted to Sng\$ 7.5 billion.<sup>162</sup> At the end of 2006, China, along with Malaysia and Indonesia, ranked as the top destinations for Singapore's overseas investment. The city-state's investment in the PRC rose by 12.5 per cent to US\$ 30.7 billion by late 2006. Manufacturing (64.1%), real state and rental and leasing services (12.7%) were the sectors favoured by Singaporean investors in the country.<sup>163</sup>

TABLE 30: Singapore's FDI in China by contracted and utilised value 1990s–early 2000s (US\$ million)

Year	Projects	Contracted investment value	Utilised investment value
Before 1990	390	5.2	1.8
1990	72	1.03	0.5
1991	169	1.5	0.5
1992	742	9.9	1.2
1993	1,751	29.5	4.9
1994	1,433	37.7	11.7
1995	1,281	86.7	18.6
1996	851	63.1	22.4
1997	734	44.7	26.1
1998	566	30.03	34.0
1999	501	21.6	26.2
2000	622	20.3	21.7
2001	675	19.8	21.4
2002	930	27.8	23.3
2003	1,144	34.2	20.5
<b>Accumulation</b>	<b>11,871</b>	<b>435.6</b>	<b>235.3</b>

Source: China's Ministry of Commerce, [www.mofcom.gov.cn](http://www.mofcom.gov.cn).

TABLE 31: Singapore's total direct investment in China 2004–2006 (US\$ million dollars, all sectors, stock as at year-end)

2004	2005	2006
22,182.6	27,277.4	30,697.6

Source: "Singapore's investment abroad 2006", Singapore Ministry of Trade and Industry, <http://app.mti.gov.sg/>.

Before 1998, Singaporean companies invested in China mainly through the means of joint ventures and project cooperation, reflecting the fact that direct investment was the first stage of foreign investment in China. Now that Chinese economies are more internationalized and

<sup>162</sup> "Singapore's investment arm Temasek", *People's Daily* online, [english.peopledaily.com.cn/200603/03/eng20060303\\_247667.html](http://english.peopledaily.com.cn/200603/03/eng20060303_247667.html).

<sup>163</sup> "Singapore's investment abroad 2006", Singapore's Ministry of Trade and Industry, <http://app.mti.gov.sg/>

managements more matured, more of Singapore's and other foreign companies have been investing in China by merging and purchasing local enterprises, indicating that foreign investments have entered a new stage. Venture investment and enterprise purchase have become important models of investment and cooperation in China. As a consequence, China has become an important production base for Singapore's investment companies and, in many cases, such investments have become the main interest resources and new growth engine of many Singaporean companies (Zhao 2007). In 2005 and 2006, Singapore had established 2,431 and 2,502 affiliates respectively in China in all the sectors in which Singaporean enterprises invest. Singaporean investment in China covers a wide spectrum of activities such as manufacturing, construction, hotels and restaurants, transport and storage, information and telecommunications, financial and insurance services, real state, rentals and leasing, and also activities falling within the professional, technical and administrative realms.<sup>164</sup>

TABLE 32: Major destinations of Singapore's investment in Asia (stock as "year end")

	2005 (US\$ m)	2006 (US\$ m)
Asia	104,516	111,679
China	27,277	30,698
Malaysia	17,885	17,513
Indonesia	14,631	16,407
Hong Kong	15,331	14,110
Thailand	8,556	11,292
Taiwan	4,710	4,980

Source: "Singapore's investment abroad 2006", Singapore Ministry of Trade and Industry, <http://app.mti.gov.sg/>.

Singapore and China have also initiated a number of projects, such as the Suzhou Industrial Park (completed) and Tianjin's Binhai district Eco-city, the latter with an estimated value of US\$ 6 billion. Another two major projects are the *Singapore–China Foundation* set up in 2004, which provides for two different scholarship schemes; and the *Singapore–China Joint Investment Corporation* set up in September 2007. There are more than 2,500 Chinese companies operating in Singapore and Chinese banks are allowed to invest in Singapore's stock market. Many Chinese cities have set up bilateral trade and investment councils and committees with Singapore, including Jiangsu, Liaoning, Shandong, Sichuan, Tianjin, Tangshan and Dalian (Kesavapany 2008).

TABLE 33: China's outward FDI into Singapore

Accumulated outward FDI (end 2003)	Outward FDI 2004	Outward FDI 2005	Accumulated outward FDI (end 2005)
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<sup>164</sup> "Singapore Investment Abroad", Singapore Department of Statistics, July 2006, <http://www.singstat.gov.sg/pubn/business.html>.

Amount (US\$ m)	Share (%)	Amount (US\$ m)	Share (%)	Amount (US\$ m)	Share (%)	Amount (US\$ m)	Share (%)
257.2	0.7	48.0	0.9	20.3	0.2	325.5	0.6

Share (%) of China's world total. Source: Whalley and Xin 2007: 69.

Another area of exchange between Singapore and China has been that of tourism. As more Chinese become affluent, they have expressed an interest in visiting the island state, considered by many as a role-model of prosperity and political order with an overwhelming Chinese-in-origin population. Affluent Chinese have, of late, been one of the largest number of foreigners to visit the island.

TABLE 34: Tourist visits by Chinese citizens to Singapore, 2005–2008

2008	1,078,637
2007	1,113,956
2006	1,037,201
2005	857,820

Source: Singapore Tourism Board (STB), <http://app.stb.gov.sg>.

Singapore and China have also begun military cooperation, although this is small compared with the ties China has established with countries like Thailand and Myanmar. Exchanges of views between defence officials of both countries have commenced through the inaugural *Singapore–China Defence Policy Dialogue* (DPD), inaugurated in January 2008 by Singapore's Permanent Secretary of Defence Chiang Chie Foo and his Chinese counterpart, Deputy Chief of General Staff Lieutenant General Ma Xiaotian. As part of the DPD, they exchanged views on regional security and discussed defence exchanges and security cooperation. Singapore and Beijing also signed the Agreement on Defence Exchanges and Security Cooperation, which is meant to formalise ongoing activities between Singapore's Ministry of Defence (MINDEF) and the People's Liberation Army (PLA), such as exchanges of visits, attendance of courses and seminars, and port calls. The Agreement also covers humanitarian assistance and disaster relief. According to MINDEF, "the signing of the agreement marks a significant milestone in Singapore's bilateral defence relationship and is testament to the growing defence ties between Singapore and China".<sup>165</sup> The DPD scheme has given Singapore the opportunity to engage bilaterally a number of other countries in order to discuss military and security-related issues.<sup>166</sup>

<sup>165</sup> "Permanent Secretary of Defence Signs Agreement on Defence Exchanges and Security Cooperation with China at Inaugural Defence Policy Dialogue", Singapore's Ministry of Defence, January 7, 2008 [www.mindef.gov.sg](http://www.mindef.gov.sg).

<sup>166</sup> Other countries having security dialogues with Singapore are the UK, India and France.



### 5.5.2 *Relevance of Sino–Singaporean transactions*

Sino–Singaporean exchanges have greatly served to improve mutual perceptions and overall relations between both countries. Singapore and China have been able to improve their relationship with relative ease, as there are no territorial disputes with Beijing (in the South China Sea or elsewhere), and also due to the fact that Sino–Singaporean trade has been complementary rather than competitive: Singapore has no primary sector to clash with China's, and the trade exchanges tend to complement each other's economies. Moreover, both political leaderships have been able to develop a particular rapport. The PRC sees Singapore as a political and economic role-model, and high-ranking Singaporean figures (including Lee Kuan Yew) have become highly regarded in China's political circles. Exchanges have also served to build a stronger case for a policy of engagement with China, not just in Singapore but with the whole of Southeast Asia. Along with other Southeast Asian states, the Singaporean case shows that relations with China can be improved when intensified exchanges in different areas are promoted. Nevertheless, the intensity of exchanges between both countries has not completely removed Singapore's "sense of vulnerability", which, in China's case, expresses apprehension about an unbalanced growth in China's regional and global capabilities. For that reason, Singapore has been keen to retain the presence of other powers in the region (e.g. the US).

### 5.5.3 *Singapore's perceptions of China*

As one of the most influential actors in Southeast Asia favouring engagement with China, and due to the considerable success of this policy, Singapore has an overall positive perception of China. This positive perception is further underpinned by the fact that the island has no territorial or border disputes with China and, to this day, their political leaderships have achieved a special rapport. Moreover, Singapore's foreign policy is not fixed on any particular ideology: the island has been willing to establish diplomatic relations and to engage in transactions with any state, regardless of difference in ideologies and political systems. In this respect, Singapore has no restrictions or objections about deepening its relations with China. The PRC's adherence to socialism and the authoritarian nature of its political system has not been an issue for Singapore as it has been for other countries.<sup>167</sup> Economic transactions have played a fundamental role in determining the nature of this relationship and mutual perceptions, in the way that both actors have considered how to improve their relations in order to mutually gain from their interactions. Shee Poon Kim has argued that the policies of Singapore towards China have been based on "enlightened economic pragmatism", and that the hallmark of Singapore–China relations since 1965 can be best described as "economy in command" (Shee

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<sup>167</sup> Particularly countries from the Western bloc such as the US and the EU.

2005: 151–154). The lack of any direct confrontational issues and the expressed desire to benefit economically from their relationship has contributed substantially to positive perceptions about each other.

Nevertheless, Sino–Singaporean relations are not totally free of friction. On the economic forefront, Singapore has been losing against China in attracting foreign investment from multinational companies (FMNCs), and further experiencing a trade deficit with China. From 1987 to 1993, for example, China attracted FDI of US\$ 53,910 million, whereas Singapore received US\$ 33,400 million during the same period. In 2000, China acquired US\$ 40.7 billion whereas Singapore acquired only US\$ 21.7 billion. In the years 2006 and 2007, China attracted US\$ 72,715 million and US\$ 83,521 million respectively; in the same period Singapore attracted US\$ 24,743 million and US\$ 24,137 million.<sup>168</sup> Despite this, economic competition has not become an issue capable of damaging overall Sino–Singaporean relations. Until now, the tensions arising from economic competition have lived alongside other tensions of a political nature. Jurgen Haacke has noted that “China-Singapore relations have at times exposed political sensitivities and disagreements, particularly in politico-security questions” (Haacke 2005: 133). But neither economic nor politico-security issues have been able to derail the sound development of Sino-ASEAN relations. Singapore has wanted to balance Chinese power in the region by pushing for a continued US military presence in the region. Michael Leifer has argued that the exercise of Singapore’s foreign policy “may be described in general terms as a paradoxical combination of non-alignment and balance of power”, which mostly springs from a profound “sense of vulnerability” due to its small size and population and the particular geopolitical circumstances of the island state (Leifer 2000). This particular realist approach to the regional international environment is not what China would wish, as Beijing’s NSC has signalled. Moreover, Singapore has manifested in the past an intense level of relations with Taiwan, in which Beijing had to show a level of restraint and tolerance, as this type of action tends to infuriate China.

## 5.6 The Philippines

Amongst the ASEAN members, the Philippines is one of the countries that has encountered prominent difficulties with China. The main reason for this is the South China Sea claims, as the Philippines is one of two Southeast Asian countries that have had the most direct and heated disputes in relation to these territories. Nevertheless, Sino–Philippines relations have been able to move beyond the strained disputes in the South China Sea, resulting in a more cordial and productive exchanges in bilateral relations. During a visit from Chinese leader Hu Jintao to the

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<sup>168</sup> United Nations Conference on Trade and Development (UNCTAD), World Investment Report 2008.

Philippines in order to celebrate the 30<sup>th</sup> anniversary of the establishment of diplomatic relations, President Gloria M. Arroyo praised relations between the two countries as “the beginning of a ‘Golden Age’” in bilateral ties.<sup>169</sup> There is a mutual desire from both countries not to allow the Spratly Islands dispute to mar the potential economic benefits that the relations have to offer, particularly for the Philippines. The Arroyo administration has looked to China as one of the key economic engines that could help their lethargic economy to improve.

Nevertheless, Manila is aware of the power disparity between the countries and how this asymmetry is reflected in military calculations. Despite the growing economic exchanges, the Philippines has begun to exercise a more active foreign policy which looks for American support against possible future frictions with China in the South China Sea. Arguing that the Chinese have been taking advantage of a power vacuum in the region, the Philippines’ Department of Defence responded by lobbying Congress for the modernisation of the armed forces. It also began to revitalise the military alliance with the US by negotiating a Visiting Forces Agreement (VFA) which was ratified by the Philippine Senate in 1999 and which “facilitates the admission of United States military and civilian personnel and their departure from the Philippines in connection with activities covered by such an agreement”.<sup>170</sup> Since the signing of this agreement, there have been a series of joint US–Philippines military exercises which the Philippines has partly understood as a safeguard against further Chinese assertiveness in the region. The US has been adamant that it would not become embroiled in the South China Sea disputes directly siding with Manila on this particular issue; nevertheless, Washington has responded favourably through a series of actions, such as identifying the Philippines as a major non-NATO ally and augmenting its military assistance, from US\$ 1.9 million in 2001 to US\$ 400 million in 2004 (Baker 2004).

### 5.6.1 *Political and economic transactions*

Since the establishment of diplomatic relations, there have been frequent high-level exchanges between China and the Philippines. President Marcos (June 1975), President Aquino (April 1988), President Ramos (April 1993), President Estrada (May 2000) and President Arroyo (November 2001, September 2004, October 2006 and summer 2008) have visited China; and Premier Li Peng (December 1990), Chairman of the Standing Committee of the 8<sup>th</sup> National People’s Congress Mr. Qiao Shi (August 1993), President Jiang Zemin (November 1996), Premier Zhu Rongji (November 1999), Chairman of the Standing Committee of the 9<sup>th</sup> National

<sup>169</sup> “Philippines and China celebrate 30 years of diplomatic relations; President Arroyo and Secretary Romulo hail golden age of partnership between RP and PROC”, Philippines Department of Foreign Affairs, Press Release, June 9, 2005, <http://www.dfa.gov.ph>.

<sup>170</sup> Visiting Forces Agreement, Article 3, Paragraph 1.

People's Congress Mr. Li Peng (September 2002), Chairman of the Standing Committee of the 10<sup>th</sup> National People's Congress Mr. Wu Bangguo (August 2003), President Hu Jintao (April 2005), and Premier Wen Jiabao (January 2007) have visited the Philippines.

During President Jiang Zemin's state visit to the Philippines in 1996, the leaders of the two countries agreed to establish a cooperative relationship based on good-neighborliness and mutual trust directed towards the 21<sup>st</sup> century, reaching an important consensus on and understanding of "Shelving disputes and going in for joint development" on the issue of South China Sea. In 2000, China and the Philippines signed the "Joint Statement Between China and the Philippines on the Framework of Bilateral Cooperation in the Twenty-First Century", which confirmed that the two sides will establish a long-term and stable relationship on the basis of good neighborliness, cooperation, mutual trust and benefit. During President Hu Jintao's state visit to the Philippines in 2005, both countries were determined to establish strategic and cooperative relations that aim at peace and development. During Premier Wen Jiabao's official visit to the Philippines in January 2007, they issued a joint statement, reaffirming the commitment of taking further steps to deepen the strategic and cooperative relationship for peace and development between them.

In April 2007, President Arroyo attended the annual meeting of the Boao Forum for Asia. In June 2007, President Arroyo visited Chengdu and Chongqing, and, in October, attended the Shanghai Special Olympics and paid a side trip to Yantai, Shandong Province. In January 2008, Speaker of the Philippine House of Representatives Hon. De Venecia visited China. In August, President Arroyo attended the opening ceremony of the Beijing Olympic Games and paid a side trip to Chengdu, and in October, she attended the Asia-Europe Summit Meeting in China and had a side trip to Wuhan and Hangzhou. Speaker of the Philippine House of Representatives Hon. Nograles went to Nanning for the 5<sup>th</sup> China-ASEAN Expo and paid a visit to Kunming and Xiamen. Vice President Hon. De Castro attended the 9<sup>th</sup> China Western International Exposition in Chengdu. In November, Vice President De Castro attended the 4<sup>th</sup> World Cities Forum in Nanjing and visited Anhui and Shanghai. In December, President Arroyo went to Hong Kong to attend the Clinton Global Initiative Forum-Asia Meeting.

Relations between the Philippines and China have been able to transcend the tensions arising from the South China Sea disputes, resulting in a much more cordial and productive phase in bilateral relations. The rising level of economic transactions has been one of the most important factors contributing to the betterment of bilateral relations between them. In 2000, the value of two-way trade stood at US\$ 3.3 billion; by 2005 it had risen to US\$ 17.6 billion. Also in 2005, China was the Philippines' fourth largest trading partner, up from 12<sup>th</sup> place in 2001. The Philippines has enjoyed a trade surplus with China, in 2005 of US\$ 8.1 billion. China has also increased investment in the Philippines in recent years. In 2005 China agreed to invest US\$ 1.1

billion in the country, including US\$ 950 million in a nickel mining plant in the region of Mindanao. It also agreed to provide a loan for the upgrade of North Luzon railway project running from Manila to the Clark Special Economic Zone, and an additional US\$ 2.5 million in grants.<sup>171</sup> Several large delegations of Chinese businessmen have shown a keen interest in investing in the Philippines in projects related to infrastructure, agriculture and fisheries, mining and off-shore fields. Moreover, in September 2004 the Philippine National Oil Company (PNOC) and the China National Offshore Oil Company (CNOOC) signed an agreement known as the joint Marine Seismic Understanding (JMSU). President Arroyo hailed the JMSU as a “historic diplomatic breakthrough for peace and security in the region”.

Beijing and Manila have also agreed to expand their security ties. Both sides have agreed to initiate regular high-level talks on defence cooperation, increase military exchange visits and to swap intelligence on trans-national threats. In May 2005, the first annual China–Philippines defence talks were held in Manila. During the talks, Beijing agreed to donate US\$ 1.2 million worth of heavy engineering equipment to the Philippines Armed Forces. China also offered a number of training slots for Philippino officers and has proposed joint naval exercises.<sup>172</sup> Former Defence Secretary Avelino Cruz, who travelled to Beijing in 2004, declared that “the main purpose of this visit is to further expand our [Philippines’] defence relations, to promote deeper relationships [with China]”.<sup>173</sup>

TABLE 35: Philippines trade with China: 2005–2008, US\$ billion (otherwise indicated)

	2008 (Jan–Jun)	2007	2006	2005
Total trade	5.11	9.75	7.1	7.05
Percent of total trade for the year	13.3	9.2	8.3	8.0
Exports	2.9	5.75	4.6	4.08
Imports	2.1	4.0	3.6	2.97
Trade surplus/ superavit	832.2 million surplus	1.75 surplus	980.3 million surplus	1.10 surplus
Top trading partners	US Japan China Singapore	US Japan China Singapore	US Japan China Singapore	US Japan China Singapore

Source: Foreign Trade Statistics years 2008–2005, Republic of the Philippines National Statistics Office <http://www.census.gov.ph>.

<sup>171</sup> *The Philippines Star*, April 28, 2005, <http://www.philstar.com/archives.php?aid=192686&type=1>.

<sup>172</sup> *The Star*, May 24 2005, <http://www.philstar.com/archives.php?aid=196012&type=1>.

<sup>173</sup> *The Star*, April 27, 2005, [www.philstar.com](http://www.philstar.com).

TABLE 36: Philippines approved FDI from China and Hong Kong 2000–2006 (million Philippine pesos)

	2000	2001	2002	2003	2004	2005	2006	2007	Total
China	310.7	146.4	892.8	310.7	126.6	194.6	16,746.2	1,822.0	20,550
Hong Kong	225.8	278.7	133.6	255.8	1,345.9	92.6	456.7	1,464.1	5,455.6
Total	536.5	425.1	1026.4	566.5	1,472.5	287.2	17,202.9	3,286.1	26,005.6

Notes: 2006 includes first three quarters of the year.

Source: Philippines Board of Investment: [www.boi.gov.ph](http://www.boi.gov.ph).

### 5.6.2 *Relevance of Sino–Philippine transactions*

In spite of the raised tensions between the Philippines and China back in 1995 during the Mischief Reef incident, Manila has expressed (genuine) interest in improving relations with Beijing, both for security-strategic and economic reasons. Similarly, China sees the Philippines as part of its overall ASEAN diplomatic strategy to improve relations and to increase transactions of a varied nature in the realms of politics and economics. Thus, the Philippine government, regardless of negative perceptions from some politicians and factions, has encouraged cooperation with China through the Framework of Bilateral Cooperation in the Twenty-First Century. China is one of Philippines' top trading partners and since 2005 it has sustained an uninterrupted surplus. Thus, so far trade exchanges have proved considerably beneficial to Manila, a trend that the government would like to see, if anything, sustained or improved. Though investment is not as significant as trade, the Philippines can only qualify as positive with respect to China's investments in the country and also Beijing's aid (e.g. railway net expansion). Even military exchanges have been occurring, which, while perhaps not pragmatically significant, have the potential to play a more significant role in improving the bilateral political milieu which remains affected by suspicion from the Philippine side.

### 5.6.3 *Perceptions by the Philippines of China*

The 1995 Chinese occupation of Mischief Reef, of which Manila claims sovereignty, has left a permanent scar in the Philippines' perceptions of China. After 1995, China decided to opt for a much more reassuring strategy in order not to further alienate the Philippines and the rest of ASEAN; thus, Beijing agreed to sign the declaration on the Conduct of the Parties in the South China Sea in 2002. Due to this new approach, tensions between Manila and Beijing have de-escalated. Nevertheless, the Philippines' leadership does not feel completely at ease about China

and remains suspicious about future prospects regarding China's actions in the South China Sea. Furthermore, and as argued earlier, for the Philippines' leadership, China's assertive behaviour has gone beyond the South China Sea disputes and expanded to what could be perceived as China's long term ambitions in Asia.

Manila's concerns have been expressed by means of trying to re-engage the US in the country, so as to better withstand any possible assertive move within the South China Sea by China. Carl Baker has argued that, subsequent to the Philippines' efforts to cooperate with the US in the so-called war on terrorism, Manila has an expectation that Washington will reciprocate with assistance in the external defence of the archipelago should the need arise (Baker 2004). Thus, the VPA has been signed and the Philippines–US Defence Treaty is considered by the former as a convenient security guarantor against China. Furthermore, the Philippines has also followed a strategy of “externalising” the dispute with China and in this way has managed to obtain support from ASEAN in condemning Beijing's past actions and demanding from the PRC a guarantee of peaceful solutions to the disputes.



FIGURE 10: Mischief Reef in the South China Sea

As argued earlier, neither side wished to disrupt the potential for economic and other benefits arising from the current developments due to China's growth, thus, at the highest political tiers, the South China Sea disputes are not dealt with as the cornerstone of bilateral relations. The rhetoric used by both sides expresses a deep friendliness and cordiality, with both sides continually stressing that their relations have reached a golden age of partnership and that the

continuous expansion and comprehensive development of friendly relations between the two countries not only serves the fundamental interests of the two sides “but also contributes to peace, stability and prosperity in the region”.<sup>174</sup> But regardless of such cordiality during state visits and enactment of communiqués, at the lower levels of political discourse some leaders have vented their worry and dissatisfaction about these matters. The former Minister of Foreign Affairs of the Philippines, Blas Ople, declared that “great powers, very often, probe soft spots. They determine whether they can make some gains at very little or negligible cost. Throughout history, that is how great powers have conducted themselves. China is no different” (Carlson 2003: 281); and former Defence Secretary Mercado characterised China’s actions as a creeping invasion of Philippines’ territory. It is possible to conclude that there are a series of different perceptions about China; some of these voices tend to perceive China more as a benign force; others tend to underline what they perceive as threats. The Philippines’ government has decided to envisage China more as an opportunity, and, in any case, China’s rise as a regional—and potentially even a global—power is basically viewed by foreign policy elites in the Philippines as inevitable in the long run. That such a development contribute to regional peace and stability is very much desired by many Philipinos (Morada 2009).

### 5.7 Myanmar/Burma

Current relations between China and Myanmar/Burma are significantly close and cooperative. Since the late 1980s, Myanmar’s SLORC has looked to Beijing to satisfy its immediate need for political support, military assistance and trade. In more recent years, the focus has been on diplomatic support and assistance for Myanmar’s industrial and infrastructural development (Haacke 2005: 25). China was the first country to recognise the new military regime in 1988, and reciprocal high-level exchanges soon paved the way for agreements on military, economic and other types of cooperation. Since the late 1980s, Sino–Myanmar relations have moved from “strategic neutrality” towards “strategic alignment” (Kim 2002). Myanmar is of interest to China because of its geo-strategic position: it shares common borders with Southeast Asia, South Asia (i.e. India), and China itself. Furthermore, Beijing and Yangon have also found a common reason to feel mutually identified, due to China’s 1989 Tiananmen incident and Myanmar’s violent domestic developments of the late 1980s and 2008 respectively—thus, in this manner Myanmar has looked for regime support from China. At the time of Myanmar’s first revolts and China’s Tiananmen incident, Myanmar’s intelligence chief Brigadier General Khin Nyunt stated publicly that “We [in Myanmar] sympathise with the People’s Republic of China as disturbances similar to those in Myanmar last year broke out in the People’s

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<sup>174</sup> “Joint statement of the Republic of the Philippines and the People’s Republic of China following the state visit of Chinese president Hu Jintao, 28 April, 2005”, <http://www.dfa.gov.ph/archive/speech/romulo/jointjintao.htm>.



Republic".<sup>175</sup> Thus, Myanmar and China can mutually provide political support in their efforts to de-legitimise criticism on human rights records as interference in states' internal political affairs. In addition to this, China has also been seeking to influence Yangon in order to limit drug smuggling from Myanmar into China.

Furthermore, China might want to use Myanmar as a springboard for projecting its military power into the Indian Ocean, and thereby, perhaps, sees the country as a client state. Moreover, due to the economic sanctions imposed by the West on Myanmar since the late 1980s, Yangon has decided to move closer to China in search of economic and military assistance. Since the post-military coup period in the late 1980s, China and Myanmar have increased their military cooperation. After 1988, the Myanmar government suddenly began building up its armed forces; Yangon began receiving major shipments of Chinese weapons beginning in 1989.<sup>176</sup> Two main arms deals have been reached, one during 1991 and the second one during 1994, worth around US\$ 1.2 billion and US\$ 400 million respectively (Zhao 2007). Myanmar chose China as its arms supplier for both political reasons and out of necessity: after the Myanmar government's crackdown on pro-democracy demonstrators, most Western countries were unwilling to supply the ruling regime with weapons.<sup>177</sup> Myanmar has become an important customer for Chinese conventional weapons. Systems supplied to Myanmar include a series of battle tanks and fighter jets, air-to-air missiles, naval patrol crafts, rocket launchers, radar systems and so on (see table 35). China's arms sales to Myanmar have complicated the security planning of China's strategic rival, India. Beijing might have received access to Myanmar's Indian Ocean naval bases, including a radar installation on the Coco islands that is close to India's naval base in the adjoining Andaman Islands, in return for arms shipments and technical assistance to Myanmar's navy.<sup>178</sup> India and the Indian Ocean are one of Beijing's most important strategic concerns after Taiwan and the South China Sea, so China would appear to have a strong interest in maintaining its access to Myanmar's naval facilities. Between 2000 and 2007, Chinese arms transfers to Myanmar amounted to US\$ 166 million.<sup>179</sup>

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<sup>175</sup> "General Khin Nyunt offers support to China", Asia-Pacific Media Services, <http://www.asiapacificms.com>.

<sup>176</sup> "Allies in Isolation: Burma and China Move Closer", *Jane's Defence Weekly*, September 15, 1990, p. 475.

<sup>177</sup> The European Burma/Myanmar embargo was first adopted in 1991 and it contains, *inter alia*, a ban on technical assistance related to military activities and the provision, maintenance and use of weapons and ammunition, paramilitary equipment and spare parts.

<sup>178</sup> Bertil Lintner "Arms for Eyes", *Far Eastern Economic Review*, December 16, 1993, p. 26; and *idem*, "Burma Road", *Far Eastern Economic Review*, November 6, 1997, pp. 16–17.

<sup>179</sup> At constant 1990 prices, Stockholm International Peace Research Institute (SIPRI) [http://armstrade.sipri.org/arms\\_trade/values.php](http://armstrade.sipri.org/arms_trade/values.php).

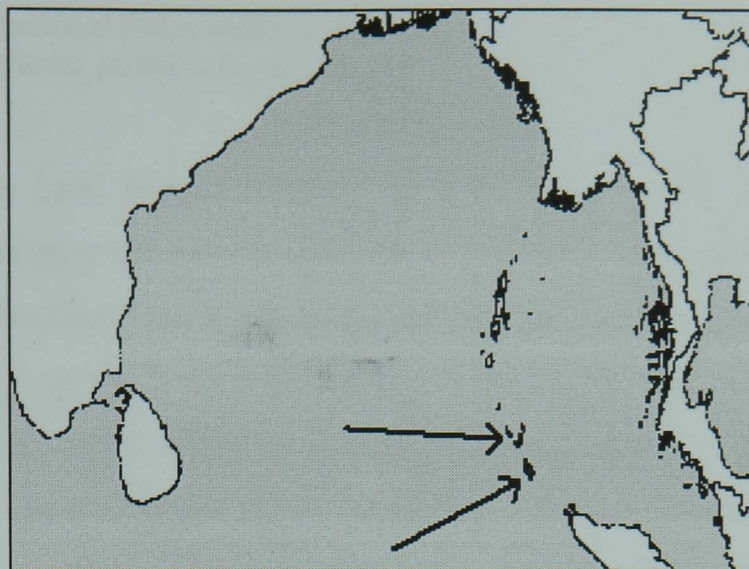


FIGURE 11: The Coco and Andaman Islands in Indian Ocean (Andaman islands are above the dots with an arrow pointing at them).

TABLE 37: Chinese transfers of major conventional weapons to Myanmar (deliveries or orders made, 1990–2007)

No. ordered	Weapon description	Year ordered	Year(s) of delivery	No. delivered
3	Height-finding radar	1988	1989–1991	3
3	Air surveillance radar	1988	1989–1991	3
55	Light tank	1989	1989–1990	55
30	Tank	1989	1990	30
100	APC	1989	1990	100
12	Fighter aircraft	1990	1991–1992	12
12	Fighter aircraft	1990	1990–1991	12
10	Patrol craft	1990	1991–1993	10
200	Portable SAM	1990	1990–1992	200
75	SRAAM	1990	1990–1991	75
5	Fire control radar	1991	2002–2003	5
5	Naval gun turret	1991	1998–2002	5
4	Transport aircraft	1991	1994	4
24	FGA aircraft	1992	1997–1998	24
12	Fighter aircraft	1992	1993	12
1	Fire control radar	1992	1993	1
225	SRAAM	1992	1993–1998	225
12	Fighter aircraft	1993	1998–1999	12
40	SRAAM	1993	1998–1999	40
40	SRAAM	1993	1998–1999	40
4	Fire control radar	1993	1993	4
50	Light tank	1993	1993	50
30	MRL	1993	1993	30
24	AA gun	1993	1993	24
50	Tank	1993	1995	50
150	APC	1993	1993	150
50	Anti-ship missile	1994	1995–1997	50
6	FAC(M)	1994	1995–1997	6
3	Fire control radar	1996	2004–2005	3
12	Trainer/combat ac	1997	1999	12
25	Anti-ship missile	2001	2004–2005	24
3	Corvette	1997	2001–2003	3

(Myanmar licensed to produce)

Source: Stockholm International Peace Institute, (SIPRI),  
[http://armstrade.sipri.org/arms\\_trade/trade\\_register.php](http://armstrade.sipri.org/arms_trade/trade_register.php)

Beijing and Rangoon have indeed become close partners, as the former has contributed considerably in maintaining the latter's survival as a regime. Donald Seekins has argued that "by the mid-1990s, Rangoon's most important foreign relations were with Beijing. In terms of economic and military as well as moral support, Beijing provided the SLORC [Myanmar's ruling military junta] with the means for regime survival" (Seekins 1997: 526). However, the ICG Asia Report 2001 points out that there is nothing to suggest that China is overly concerned about Myanmar's ruling elite's survival, and that it is questionable whether China might be willing to risk more important relations by directly linking themselves to a regime seen as a pariah by many other countries. Thus, Beijing might well cooperate with any other government that comes to power in Myanmar, regardless of the fate of the current military junta.<sup>180</sup> Regardless of the closeness between Rangoon and Beijing, some caution should be exercised in classifying Myanmar as a "strategic pawn" of China. The ties between these two countries are reciprocal and mutually beneficial, but the entente has remained a "marriage of convenience" (Kim 2002: 34). Furthermore, China has expressed number of foreign policy objectives in Myanmar, namely, to contribute to ensuring a peaceful environment with its neighbouring states and to practice peaceful coexistence with its neighbours. Myanmar is also important as a "land bridge" for China and for the possible formation (along with Thailand and Laos) of a sub-regional grouping for economic cooperation.

Beyond the official rhetoric, Myanmar remains cautious about its relationship with China. In reality, Sino-Myanmar relations have undergone a series of ups and downs, and China has, even in modern history, posed a threat to Myanmar's security. This was evidenced at the end of 1949 by the incursion of defeated Chinese Nationalist (Kuomintang (KMT)) troops into the northern Shan State of Myanmar from China's Yunnan province, and in 1967 which saw confrontations between Burmese and resident overseas Chinese, including militant Maoist students. This caused the anti-Chinese riot movement in Yangon, resulting in the two countries' relations slumping to an historic low. The Myanmar leadership has been extremely sensitive about the country's sovereignty, independence and territorial integrity, and its strict neutrality during the Cold War meant it refrained from accepting military and economic aid from China. However, this changed when the current regime, the State Law and Order Restoration Council (SLORC; later renamed the State Peace and Development Council (SPDC)), came to power by staging a military coup in 1988 following democratic elections. Under mounting international pressure on the military regime, Yangon had no choice but to accept close relations with China for their survival.

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<sup>180</sup> "Myanmar: the military regime's view of the world", International Crisis Group (ICG) Asia Report no. 28, December 7, 2001, p. 21.

### 5.7.1 *Political and economic transactions*

China in particular has invested heavily in Myanmar's natural resources, while providing financial support in the form of condition-free loans and political support. The operations of Chinese MNCs in the country "have been largely shrouded in secrecy, with information about ground conditions, parties involved, and environmental and social assessment almost uniformly lacking".<sup>181</sup> Myanmar has been a top destination for foreign investment, such that India, Thailand, Singapore, and China are among the Asian countries with the largest investment in Burma's hydropower, oil and gas, and mining sectors. Since 2001, Sino-Myanmar economic transactions have experienced an added impetus: by late 2002, Chinese companies had officially contracted more than 800 projects with a total value of US\$ 2.1 billion (Haacke 2005:29). In January 2003, General and Myanmar Head of State Than Shwe visited China, securing a US\$ 200 million preferential loan to finance a large hydropower project at Yewya. Myanmar has also reached agreements with China on mineral railway projects (Lashio-Muse), and in July 2004, China and Myanmar agreed on plans to build the Thanlyin-Kyauktan industrial zone, which ex-Prime Minister General Khin Nyunt defined as "a project laid down and being implemented in order to establish an industrial zone based on foreign investment".<sup>182</sup> China will start building oil and gas pipelines through Myanmar in late 2009, which would enable it to import crude oil more quickly from the Middle East and Africa. The oil and gas pipelines would help China cut the long detour through the congested Malacca Strait by 1,200 kilometres, as well as strengthen its access to rich energy reserves in Myanmar itself.<sup>183</sup>

Research shows that as from late 2007, twenty-six Chinese multinational corporations were involved in more than sixty-two hydropower, oil and gas, and mining projects in Myanmar.<sup>184</sup> These projects vary from small dams completed in the past decade to planned dual oil and gas pipelines across Burma to Yunnan province. Of these twenty-six Chinese companies, around seventeen are involved in approximately forty hydropower projects, the largest being the Tasang Dam on the Salween River. In 2006, China's multinational Sinohydro signed a Memorandum of Understanding with Myanmar for the US\$ 1 billion Hat Gyi dam along the Thai border.<sup>185</sup> In April 2007, Farsighted Group and China Gold Water Resources Co. signed MOUs with the

<sup>181</sup> "Aftermath of a Revolt: Myanmar's Lost Year", *New York Times* online, October 4, 2008, <http://www.nytimes.com/2008/10/05/weekinreview/>.

<sup>182</sup> "Master plan to be drawn for Special Industrial Park (Thanlyin-Kyauktan)", *New Light of Myanmar*, July 26, 2004, [http://www.myanmar.gov.mm/NLM-2004/Jul04/enlm/July26\\_h2.html](http://www.myanmar.gov.mm/NLM-2004/Jul04/enlm/July26_h2.html).

<sup>183</sup> "China to build Myanmar oil, gas lines from Sept", Reuters online, June 16, 2009, <http://www.reuters.com/article/rbssOilGasExplorationProduction/idUSPEK4296220090616>.

<sup>184</sup> The Open Society Institute, "China in Burma", *The Burma Project*, September 2007, <http://www.soros.org/initiatives/bpsai/>.

<sup>185</sup> Nance, L Shawn, "Unplugging Thailand, Myanmar energy deals", November 14, 2006, *Asia Times* online, [www.atimes.com](http://www.atimes.com).

country for a 2,400 MW hydropower project on the upper Salween River. Additional major hydropower projects in Myanmar with strong Chinese backing are the Shweli I, II, and III Cascade, the Yeywa Hydropower Plant, and a collection of seven dams along the Ayeyarwady, N'Mai Hka and Mali Hka Rivers. In Kachin State, seven dams along the Ayeyarwady, N'Mai Hka and Mali Hka Rivers, with a combined installed capacity of 13,360 MW, are planned. Chinese MNCs have been active in several smaller hydropower projects across Myanmar. In addition to the Hat Gyi, Shweli, and Yeywa projects, Sinohydro reports involvement in the Paunglaung, Thaphanseik, Kun, and Mone hydropower projects.<sup>186</sup> Furthermore, the Yunnan Machinery Equipment Export Import Company (YMEC) has been active in Myanmar since the early 1990s, with at least twenty projects in several locations.<sup>187</sup>

China currently has at least seventeen onshore and offshore oil and gas projects in Myanmar, with investment from at least seven companies, including the three major Chinese oil and gas companies, Sinopec, China National Petroleum Corporation (CNPC), and China National Offshore Oil Corporation (CNOOC). Thus far, CNPC, and its subsidiary PetroChina, have signed MOUs, in 2006 and 2007, with the Burmese government-owned Myanmar Oil & Gas Enterprise (MOGE) for five offshore blocks off the coast of Arakan State. In August 2007, the Burmese military confirmed the sale of the natural gas from the “Shwe” gas fields off the Arakan coast to PetroChina.<sup>188</sup> Both Sinopec and PetroChina have reportedly conducted exploration off the Arakan coast in the past year. The three major Chinese oil and gas corporations have been active throughout the country. In addition, in 2007 Sinopec signed an over-US\$ 1 billion contract for the construction of an Arakan-Yunnan oil pipeline.<sup>189</sup> CNOOC also signed an agreement in late 2004 for exploration in the Gulf of Martaban. In addition to fossil fuel exploration, Chinese MNCs have announced the construction of an oil—and a parallel natural gas—pipeline, which would stretch for 2,380 km from Burma’s Arakan coast to China’s southwestern cities of Kunming and/or Chongqing. CNPC has also signed an MOU with MOGE for a detailed assessment of the potential construction of a crude oil terminal off the coast of Arakan State. The pipelines, and the crude, would facilitate China’s import of oil and natural gas from the Middle East, South America and Africa, as well as increase the efficiency of China’s oil and gas imports by providing an alternate route to the problematic Straits of Malacca, which are affected by piracy.

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<sup>186</sup> Myanmar Information Committee Yangon, Information Sheet, September 2005, <http://www.myanmar-information.net/infosheet/2005/050904.htm>.

<sup>187</sup> These include the Paunglaung, Upper Paunglaung, Hopin, Kyaing Tong, Kunhing, Mepan, Chinghkan, Laiva, Nam Myao, Zichuang, Kyaukme, Nam Hkam Hka, Zawgyi, Nam Wop, Chinshwehaw, Kunlong, Zaungtu, Zawgyi, Zawgyi 2, and N'Mai Hka River hydropower projects.

<sup>188</sup> McCartan, Brian, “Myanmar deal right neighbourly of India”, January 11, 2008, *Asia Times* online, [www.atimes.com](http://www.atimes.com).

<sup>189</sup> McCartan, Brian, “China's footprint in Myanmar expands”, November 1, 2008, *Asia Times* online, [http://www.atimes.com/atimes/China\\_Business/JK01Cb02.html](http://www.atimes.com/atimes/China_Business/JK01Cb02.html).

China's involvement in Myanmar's mining sector is difficult to assess, as many mining projects are smaller in scale than those in the oil, natural gas, and hydropower sectors and therefore are less visible, attracting less publicity. According to some sources, Chinese companies Northern Star, Sea Sun Star, and the Standing Company Limited are involved in numerous smaller-scale mining projects in Kachin and Shan States.<sup>190</sup> In addition to these projects, research has found evidence of involvement of five Chinese MNCs in five major mining projects since the mid-2000s. The largest of these, the Tagaung Taung nickel deposit, is located in Thabeikkyin Township, Mandalay Division and represents an investment of US\$ 600 million to develop 40 million tons of lateritic nickel ore. Other major projects in the queue for development include the Mwetaung nickel deposit in Sagaing Division; the undeveloped Letpadaung copper deposit, which is the third deposit of the Monywa Copper Project in Monywa, Sagaing Division; the Mount Popa Coal Coke Mine & Plant in Mandalay Division; and the Tigyt Coal Fired Power Plants and Mine in Tigyt, Pin Laung Township, Shan State.<sup>191</sup>

TABLE 38: Preliminary list of Chinese multinationals in Myanmar (hydropower, oil & gas and mining sectors)

Sectors / companies	Hydropower	Oil & Gas	Mining
	Sinohydro	China National Petroleum Co. (CNPC)	China National Heavy Machinery Co.
	China Gezhouba Group Co. (CGGC)	PetroChina	China Nonferrous Metal mining Co.
	Yunnan Power Grid Co.	China Huanqiu Contracting & Engineering Co.	Kingbao (Jinbao) Mining Co.
	Farsighted Investment Group	China National Offshore Oil Co.	Zijin Mining Co.
	Gold Water Resources Co.	China National Oil and Gas Exploration and Development Co. (CNODC)	Jiangsu Pengfei Group Co.
	Yunnan Joint Power Development Co.	China Oilfield Services Ltd.	Northern Star Co.
	YunnanHuaneng Lancang River Hydropower Co.		Sea Sun Star Co.
	Yunnan Machinery & Equipment Import & Export Co. (YMEC)		Standing Company Limited
	China Power Investment Co.		
	China International Trust		

<sup>190</sup> Kachin Development Networking Group Report 2007, "Valley of darkness: Gold mining and militarization in Burma's Hugawng Valley"  
<http://www.burmacampaign.org.uk/reports/ValleyofDarkness.pdf>.

<sup>191</sup> The Open Society Institute, "China in Burma", The Burma Project, September 2007,  
<http://www.soros.org/initiatives/bpsai/>.

& Investment Co. (CPI)  
 China National Electric  
 Equipment Co. (CNEEC)  
 China National Heavy  
 Machinery Co. (CHMC)  
 Hunan Savoo Oversea  
 Water & Electric  
 Engineering Co.  
 Guandong New  
 Technology import  
 Export Zhuhai Co.  
 China Export-Import  
 Bank

Source: Earth Rights International, Burma Project, September 2007, <http://www.earthrights.org/burma/>.

China and Myanmar bilateral trade has risen steadily since the late 1990s. Myanmar imports from China mainly consumer goods, but also machinery and electrical equipment, construction material and medicines. Timber products and precious stones remain the primary exports to China. In 1989, trade between these two countries was worth US\$ 313.7 million, but by 2004 it had reached US\$ 1.2 billion.<sup>192</sup> In 2005, the official trade volume was US\$ 1.209 billion and in 2007 and 2008, the trade balance between both countries was US\$ 3.29 and 3.49 hundred million respectively.<sup>193</sup> During 2008, China also invested US\$ 855 million in Myanmar's mining sector, thus contributing to doubling the investment in Myanmar for that period.<sup>194</sup>

TABLE 39: Myanmar exports to China and Hong Kong 2004–2009 (Kyat-million)

		2004–2005	2005–2006	2006–2007	2007–2008	2008–2009 (Apr–May)
1	China	1658.8	2125.19	3530.37	3832.52	621.01
3	Hong Kong	656.05	1488.10	2316.59	3573.00	1139.58

Source: Myanmar Ministry of Commerce, <http://www.commerce.gov.mm/eng/dot/statistics.html>

TABLE 40: Myanmar imports from China and Hong Kong 2004–2009 (Kyat-million)

		2004–2005	2005–2006	2006–2007	2007–2008	2008–2009 (Apr–May)
1	China	2818.96	2716.01	4185.75	5472.54	1174.75
4	Hong Kong	129.52	118.98	134.98	115.59	38.13

Source: Myanmar Ministry of Commerce, <http://www.commerce.gov.mm/eng/dot/statistics.html>

<sup>192</sup> “China paves way to Myanmar riches”, *Asia Times* online, November 1, 2006, [www.atimes.com](http://www.atimes.com).

<sup>193</sup> PRC Ministry of Commerce, Department of Asian Affairs, [www.mofcom.gov.cn](http://www.mofcom.gov.cn).

<sup>194</sup> “Myanmar foreign investment rises sharply in 2008”, March 2009, [www.chinaview.cn](http://www.chinaview.cn).

TABLE 41: Myanmar Border Trade Flows, Fiscal Years 2005–2006 to 2007–2008 (US\$ m)

	2005/06	2006/07	2007/08
<b>China</b>			
Exports	285.882	453.116	555.484
Imports	195.477	296.643	421.945
<b>Total</b>	<b>481.359</b>	<b>749.758</b>	<b>977.429</b>

5.7.2 *Source: Myanmar Ministry of Commerce [http://www.commerce.gov.mm/Relevance\\_of\\_Sino-Myanmar\\_transactions](http://www.commerce.gov.mm/Relevance_of_Sino-Myanmar_transactions)*

Myanmar's transactions with China have not been just an economic opportunity to take advantage of, but also a much-needed means to provide resources and legitimacy to the regime. Thus, Sino-Myanmar transactions reflect the isolation of Yangon against most of the rest of the international community. Transactions between these two countries also indicate high dependency by Myanmar on a limited number of regional/international actors, out of which China (and more recently India) represent powerful regional and even global players. Transactions with China indicate Myanmar's critical needs—for example, the procurement of military equipment which is partly needed to suppress possible social unrest—and also China's increasing need for natural resources and the expansion of its strategic role in the region (e.g. the Andaman Islands). As with some other Southeast Asian countries, China's transactions with Myanmar are also characterised by aid and investment which tends to facilitate the extractions and the logistics involved in natural resources procurement. Political transactions could experience a setback if Beijing calculates that it is more costly on the diplomatic front to associate itself with a regime that has been branded a pariah state by the West. Already during the “saffron revolution” in late 2007, China's leadership felt troubled not only because it came under intense international pressure to use its influence to end the bloodshed, but also because it tarnished China's international image in the run-up to the 2008 Beijing Olympics. Moreover, at a deeper level, the events in Myanmar heightened Beijing's latent anxiety over the junta's complete lack of legitimacy, the potential for greater instability, and the implications for China's image in the world (Storey 2007). In spite of the latter, economic and political transactions between both countries can be expected to continue as there are considerable beneficial results for both sides from doing so.

5.7.3 *Myanmar's perceptions of China*

Undoubtedly, China and Myanmar have established a close relationship, particularly since the end of the 1980s. In principle, there is a basis for a close political alliance between China's



leadership and Myanmar's ruling military junta. Both countries have been on the defensive against widespread international criticism of their authoritarian political systems and their human rights records, particularly since the late 1980s. They have also responded in similar ways, arguing for the distinctiveness of Asian values and the need for the developing nations to give priority to economic growth over political liberalisation.<sup>195</sup> Donald Seekins has observed that the "Rangoon and Beijing regimes are pragmatic rather than ideological in nature, and thus it might be more accurate to say that they share a common worldview rather than similar ideologies" (Seekins 1997: 531).

Myanmar's political leadership has been eager to develop strong links with Beijing in order to strengthen the regime's chances of survival. China has become a closer ally as Myanmar's military junta has been a target of domestic discontent on a number of occasions, the latest evidenced during the August and September 2007 demonstrations. Furthermore, the country has also been the target of international opprobrium (mainly from the US and Western Europe) due to the oppressive nature of the political system, repression of the population and opposition figures, and lack of human rights. Thus, the Burmese government finds itself very isolated internationally and with a seemingly weak power base within its own borders. The support of China then becomes a critical factor. Transactions between these two countries have been widespread and continuous, as China has numerous investments and development projects in the country, and has also sold weapons to the regime. Nevertheless, Myanmar's political leadership has remained distrustful to a certain degree about China, and the various political leaderships of the country have constantly watched their giant neighbour with some trepidation. On the one hand, the official rhetoric between both Beijing and Rangoon is full of mutual praise. Jurgen Haacke recalls that "China relations with Burma/Myanmar are officially described as 'traditional, good neighbourly and friendly' and classified as *pawkpaw* (siblings) relationship" (Haacke 2005: 121). In a visit to China in January 2003, General Than Shwe continued to argue that "Myanmar values its *pawkpaw* friendship with China and regards it as the most reliable friend".<sup>196</sup> But, in reality, Sino-Burmese relations have evolved in a cordial but also cautious manner, as Rangoon faces the dilemma of needing China's support, but at the same time the leadership expresses uneasiness about too much reliance on an historic enemy, which finally runs against nationalist ideals about a fully-independent sovereignty.

<sup>195</sup> "Myanmar: The military regime's view of the world", International Crisis Group (ICG) Asia Report no. 28, December 7, 2001, p. 21, [www.crisisgroup.org/home/index.cfm?id=1531&l=1](http://www.crisisgroup.org/home/index.cfm?id=1531&l=1).

<sup>196</sup> Vice president Hu Jintao met with Than Shwe, Chairman of Myanmar's state peace and development council, January 8, 2003, [www.mofa.gov.cn/ce/ceee/eng/dtxw/t111290.htm](http://www.mofa.gov.cn/ce/ceee/eng/dtxw/t111290.htm).

TABLE 42: Most relevant meetings between Myanmar and China's high-level political leaders and other figures 2004–2008

Year	Events
2008	Wen Jiabao meets with foreign leaders at Opening Ceremony of Beijing Olympic Games (8 August) Yang Jiechi meets with Myanmar Prime Minister and UN Secretary-General respectively (25 May) Hu Jintao expresses sympathies with cyclone-hit Myanmar (6 May) Wen Jiabao expresses sympathies with cyclone-hit Myanmar (6 May)
2007	Vice Foreign Minister Wu Dawei extends condolence to Myanmar Prime Minister Soe Win at the Myanmar Embassy in Beijing (17 October) State Councilor Tang Jiaxua meets with Special Envoy of SPDC Chairman of Myanmar (13 September) Tang Jiaxuan meets with Myanmar guest (5 June) Chairman of the Myanmar State Peace and Development Council (SPDC) meets with Tang Jiaxuan (27 February)
2006	Wu Bangguo meets with Prime Minister of Myanmar Soe Win, talking about the development of bilateral friendly relations (15 February) Hu Jintao meets with Prime Minister of Myanmar (15 February) Premier Wen Jiabao holds talks with Prime Minister of Myanmar Soe Win (14 February)
2005	Wen Jiabao meets with Burmese Prime Minister Soe Win (14 December) Minister Jin Renqing hosts the GMS Ministerial Working Luncheon (4 July) Message from Vice Senior General Maung Aye to Vice President Zeng Qirghong (7 June) Message from Prime Minister Lt. General Soe Win to Premier Wen Jiabao (7 June) Message from Foreign Minister U Nyan Win to Foreign Minister Li Zhaoxing (7 June) Hu Jintao meets with Chairman of Myanmar State Peace and Development Council Than Shwe (23 April)
2004	Premier Wen Jiabao meets with leaders attending the 10+3 Summit and related meetings (30 November) Li Zhaoxing meets with Minister in the Office of the Prime Minister of Myanmar (29 September)

Source: China's Ministry of Foreign Affairs, (MOFA), Bilateral relations with Myanmar, <http://www.fmprc.gov.cn/>.

Myanmar has no intention, nor is it willing, to be a strategic pawn of China. In fact, Myanmar's military leaders are too aware of the potential dangers of being close to China to feel comfortable. This is what partly explains Myanmar's willingness to diversify its foreign relations and even diversify the sources of its arms procurements, coming not just from China but also Russia, Israel, Pakistan and other countries. Most notably, Rangoon has approached India, another giant neighbouring country and also a potential rival of China. The 1988 coup led New Delhi to strongly criticise Myanmar's new military rulers, but during the early 1990s India began to reassess its foreign policy towards Myanmar, partly fuelled by fears of the possibility of encirclement orchestrated by China and its allies in the region. Since the early 1990s, Yangon has actively sought political and military exchanges and economic cooperation with India (Haacke 2005: 34). The Burmese government has traditionally adhered to a policy of neutralism, with its foreign relations based on the Five Principles of Peaceful Coexistence which stress non-interference on other countries' internal affairs. Throughout Myanmar's recent history, all regimes have placed considerable value on having an independent foreign policy and rejected attempts at foreign interference in domestic politics. Thus, of late the military junta has been keen on accepting foreign assistance, provided there are no strings attached. Some observers have noted that Myanmar's leadership has always expressed deep-seated feelings of sinophobia

and xenophobia, and that the Myanmar politicians have learned to socialise in a cultural political environment permeated by distrust (Kim 2002: 39).

## 5.8 Cambodia

Since 1997 in particular, relations between Cambodia and China have tightened considerably. China and the government of Hun Sen have established a very close and cordial relationship after the former took power by force in a military coup in the late 1990s. The coup isolated Cambodia internationally, particularly amongst Western governments like the US, which imposed a blockade on the country. This situation came to benefit China, as Hun Sen turned to Beijing for diplomatic support and financial aid, matters in which China was more than eager to contribute in order to solidify its presence in Cambodia and the wider region. Beijing recognised the new government and opposed the imposition of sanctions from abroad. Relations between Cambodia and China have been mutually supportive as China has attempted to shield Cambodia from outside criticisms on issues of domestic politics (e.g. corruption and human rights) whereas Cambodia has fully supported China's "one-China policy"—and not just by the traditional politico-diplomatic means (i.e. adherence to the principle of the one-China policy): after the coup, Hun Sen ordered the immediate closure of Taiwan's de facto embassy and other offices in the country, and banned government officials from visiting Taiwan or attending any event organised by the "rebel province".<sup>197</sup>

### 5.8.1 *Political and economic transactions*

In November 2000, former President Jiang Zemin paid a state visit to Cambodia, followed by former NPC Chairman Li Peng in 2001. During Jiang's visit, both sides signed a Joint Statement on bilateral cooperation, confirming "further development of closer and stable traditional, neighbourly and friendly relations between the two countries in the new century". Also in November 2002, former Premier Zhu Rongji visited Phnom Penh where the leaders of the two countries agreed to cooperate in a series of areas such as agriculture, development of human resources, and the construction of general infrastructure. At the time of the visit, the Chinese Government declared that all the overdue Cambodian debts would be exempted.<sup>198</sup> During April 2006, Premier Wen Jiabao visited Cambodia where he signed with his counterpart, Cambodia's Prime Minister Hun Sen, eleven bilateral agreements on many different topics such

<sup>197</sup> "Cambodia rejects Taiwan's bid to open business representative office", January 9, 2008, *People's Daily* online, <http://english.peopledaily.com.cn/90001/90777/6335075.html>.

<sup>198</sup> Chinese Ministry of Foreign Affairs, Bilateral Relations, <http://www.fmprc.gov.cn/eng/wjzb/zzjg/yzs/gjlb/2696>.

as transnational crime, health and the protection of historical sites.<sup>199</sup> Prime Minister Hun Sen has visited China no less than six times during his tenure.

China has become a significant economic presence in Cambodia as political transactions, trade and aid have been on the increase. In 2005, China and Hong Kong had become the most important import sources with a combined 30 per cent of the total share of imports from the ten major import partners during that year. In 1990, China and Hong Kong represented US\$ 5.1 million of imports entering Cambodia, whereas in 2005 the amount had increased to US\$ 376.5 million.<sup>200</sup> According to the Chinese Ministry of Commerce, trade between China and Cambodia totalled US\$ 732 million in 2006, and US\$ 1.42 billion and US\$ 2.58 billion in 2007 and 2008 respectively.<sup>201</sup> Moreover, China has cancelled previous debts on a number of projects offered to the Cambodian government.

In 1996, the two countries signed an agreement on trade, investment promotion and protection, and in 2000 they set up an economic and trade cooperation committee. In 2002, the Sino–Cambodian trade volume reached US\$ 0.27 billion, up 15% from 2001. China’s exports to Cambodia are mainly textiles, steels, electric devices, metals, machinery and building materials; its imports from Cambodia are rubber, plywood, panels and furniture. Up to June 2002, China had invested in over 100 projects in Cambodia, with its contractual sum worth US\$ 0.3 billion—ranking fourth place among foreign investors in Cambodia. Its major areas for investment are infrastructural construction, agricultural development, garment-processing and hospital-building.<sup>202</sup> In August 2004, the Cambodian government agreed in principle to grant China’s Wuzhishan LS Group a 199,999-hectare land concession for a period of 99 years, including an immediate allocation of 10,000 hectares to develop into a commercial pine-tree plantation in this province. Wuzhishan, which also manages a massive pine plantation on China’s Hainan island, has quickly emerged as a major player in Cambodia’s timber, pulp and paper industry.<sup>203</sup>

Between 1995 and 2005, China provided US\$ 600 million in investment, grants and aid to Cambodia. Furthermore, in his latest trip to Cambodia in April 2006, Wen Jiabao pledged another US\$ 600 million in loans and grants, mostly earmarked for the construction of dams and bridges. According to some sources, China has become one of the biggest investors in

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<sup>199</sup> “Joint Communiqué between the governments of China and Cambodia”, *Xinhua news*, <http://www.chinaview.cn/wjb0604/>.

<sup>200</sup> World Markets Research Centre/IHS Global Insight (London), Country Intelligence Analysis, “Cambodia report”, <http://www.globalinsight.com/>.

<sup>201</sup> Ministry of Commerce of the People’s Republic of China, Department of East Asian Affairs, Trade with countries and region in Asia, [www.morcom.gov.cn](http://www.morcom.gov.cn)

<sup>202</sup> “China–Cambodia relations”, Chinese Ministry of Foreign Affairs, <http://pg.china-embassy.org/eng>.

<sup>203</sup> Soeum, Yin, “Cambodia feels China’s hard edge”, *Asia Times* online, [http://www.atimes.com/atimes/Southeast\\_Asia/HL08Ae01.html](http://www.atimes.com/atimes/Southeast_Asia/HL08Ae01.html).

Cambodia, with 3,016 Chinese companies making cumulative investments of US\$ 1.58 billion to the end of 2007.<sup>204</sup> Since the signing of an investment protection agreement in July 1996, a further US\$ 350 million has been pledged, mostly in the forestry sector, power, textiles, construction materials, and agricultural development. Chinese Foreign Minister Yang Jiechi visited Cambodia in February 2008, pledging a further US\$ 55 million in aid, and investments of US\$ 1 billion in the country's power industry. He also waived import tariffs on 400 Cambodian products.<sup>205</sup> China has also been involved in several aid projects and the development of infrastructure in Cambodia. The Cambodian cabinet has recently approved two Chinese-funded hydroelectric dam construction projects, the *Stung Tatay* and the *Stung Chrum Krom* dams in the South-Western province of Koh Kong. The approximate value of both projects in June 2008 was US\$ 540 million and US\$ 496 million respectively.<sup>206</sup> China has also funded the construction of two other dams, the Kamchay and Stung Atay which are due for completion in 2010 and 2012 respectively.

Besides investment, trade and aid, China has also granted military assistance to Cambodia. During late 1997, China delivered US\$ 2.8 million worth of military equipment and, since then, Beijing has provided the Cambodian military forces with financial support for a series of endeavours such as demobilisation, construction of infrastructure, and military training. China has been the largest source of military aid to Cambodia, contributing more than US\$ 5 million a year. Projects have included building the High Command Headquarters on National Highway 4; developing the Combined Arms Officer School, Thlok Tasek, near the town of Pich Nil in Kampong Speu province; and constructing a five-story building at Preah Ket Melea military hospital, which was recently completed. China sponsors an average of 40 Cambodian soldiers every year to study military strategy in China, and in 2005 supplied parachutes to Cambodian paratroopers.<sup>207</sup> In 2005, China offered Cambodia six naval patrol boats, and nine more during late 2007, believed to be worth approximately US\$ 60 million.<sup>208</sup> Between 2000 and 2007, Chinese arms transfers to Cambodia amounted to US\$ 60 million.<sup>209</sup>

<sup>204</sup> "China presence in Cambodia grows", *Asia Times* online, [http://www.atimes.com/atimes/China\\_Business/JE30Cb01.html](http://www.atimes.com/atimes/China_Business/JE30Cb01.html).

<sup>205</sup> "Cambodian King Sihamoni Meets with Yang Jiechi", Ministry of Foreign Affairs, People's Republic of China, February 2, 2008, <http://www.mfa.gov.cn/eng/wjb/zzjg/yzs/xwlb/t405442.htm>.

<sup>206</sup> World Markets Research Centre/IHS Global Insight (London), Country Intelligence Analysis, "Cambodia report", <http://www.globalinsight.com/>.

<sup>207</sup> Sam Rith and Liam Cochrane, "Cambodia's Army: Best Friends with China", *Vietnam Phnom Penh Post*, October 21, 2005, [http://www.phnompenhpost.com/index.php/component/option,com\\_jcs/Itemid,52/crestrictid,8790/task,add/](http://www.phnompenhpost.com/index.php/component/option,com_jcs/Itemid,52/crestrictid,8790/task,add/).

<sup>208</sup> "China gives Cambodia more patrol boats", October 25, 2007, Reuters online, <http://www.reuters.com/article/asiaCrisis/idUSBKK248067>.

<sup>209</sup> Constant 1990 prices, Stockholm International Peace Research Institute (SIPRI) [http://armstrade.sipri.org/arms\\_trade/values.php](http://armstrade.sipri.org/arms_trade/values.php).

TABLE 43: Cambodia's major trading partners 2007 (US\$ million and percentage share)

	2007				
	Exports		Imports		
	US\$ million	% share	US\$ million	% share	
US	2,363.1	60.1	Thailand	1,491.1	26.9
Germany	298.3	7.6	China	969.4	17.5
UK	211.7	5.4	<b>Hong Kong</b>	<b>673.3</b>	<b>12.2</b>
Canada	188.0	4.8	Singapore	482.2	8.7
Japan	126.2	3.2	Vietnam	335.0	6.1

Source: IMF, Direction of Trade Statistics, Last Update May 2008

TABLE 44: Cambodia's major trading partners 1990, (US\$ million and percentage share)

	1990				
	Exports		Imports		
	US\$ million	% share	US\$ million	% share	
Malaysia	14.9	35.6	Indonesia	11.4	20.4
Thailand	8.6	20.5	Vietnam	10.0	17.9
Vietnam	7.0	16.7	Germany	8.7	15.5
Japan	3.2	7.6	Japan	5.0	9.0
Pakistan	2.7	6.5	<b>China</b>	<b>3.3</b>	<b>5.9</b>
France	0.9	2.1	France	2.9	5.2
Germany	0.8	1.8	Saudi Arabia	1.9	3.5
Indonesia	0.7	1.7	<b>Hong Kong</b>	<b>1.8</b>	<b>3.2</b>
Sri Lanka	0.4	1.0	Philippines	1.7	3.1
<b>Hong Kong</b>	<b>0.3</b>	<b>0.8</b>	India	1.4	2.6

Source: Global Insight Report: Cambodia (Country Intelligence), 2008

TABLE 45: Cambodia's investment approvals from China and Hong Kong, 2000–06 (total fixed assets US\$ million)

	2000	2001	2002	2003	2004	2005	2006
China	35	8	24	45	89	448	763
Hong Kong	13	5	2	7	22	3	17
<b>Total</b>	<b>48</b>	<b>13</b>	<b>26</b>	<b>51</b>	<b>111</b>	<b>451</b>	<b>780</b>

Source: IMF Country Reports (no. 07/291 and 06/265), August 2007 and July 2006, Cambodia: Selected issues and statistical appendix, IMF Direction of Trade and Statistics, www.imf.org.

### 5.8.2 *Relevance of Sino–Cambodian transactions*

Transactions between Cambodia and China have become more significant in the last twenty years. As with the rest of Southeast Asia, Beijing has been able to reach out to Cambodia and substantially improve the dynamic and content of their transactions. Moreover, one of the main aspects of Sino–Cambodian transactions is their representativeness of the particular closeness of the political regimes. High level political visits have often resulted in Cambodia expressing a particularly strong link with the Chinese government, a link that finds pragmatic expression in China’s aid packages to the government of Cambodia and Hun Sen’s willingness to provide almost unconditional support to China’s international agenda (e.g. Hun Sen’s dealings with Taiwan). The government in Cambodia is aware that China is a strong ally; this gives Hun Sen’s government considerable international political leverage when negotiating aid packages with Western countries. Western nations find it more difficult to exert pressure on Cambodia to improve its democratic process in exchange for aid, while China is there to support the regime without making any such demands. This particularity of Sino–Cambodian transitions (both political and economic) is not so widespread in the rest of Southeast Asia.

### 5.8.3 *Cambodia’s perceptions of China*

Cambodia is one of China’s closest friends in the region of Southeast Asia, second only to Myanmar (Storey 2006). The close relations between China and Cambodia have been deeply influenced by the particular rapport between the Chinese leadership and the government of Hun Sen, who has repeatedly described China as Cambodia’s “most trusted friend” (Osborne 2007: 123). Such a close relationship, based on the Hun Sen–Chinese leadership rapport, can be expected to continue, as Cambodia’s parliament has re-elected Hun as the country’s prime minister for a further five-year term beginning in 2008.<sup>210</sup> Relations between both countries is reinforced by a shared interest in avoiding foreign criticisms of their political systems and human rights issues.

## 5.9 Laos and Brunei

During Vietnam’s invasion of Cambodia in 1978, Laos was caught in difficult position. Vientiane did not want to provoke China, but at the same time was not able to oppose its special partner, Vietnam. Moreover, Laos has maintained a “special relationship” with Vietnam and formalised a 1977 treaty of friendship and cooperation with Hanoi which created tensions with

<sup>210</sup> “Hun Sen elected Cambodian Prime Minister for further five-year term”, World Markets Research Centre/IHS Global Insight (London), Country Intelligence Analysis: Cambodia, September 25 2008.

China. The Laotian leadership survived the dilemma by making slightly delayed pronouncements in support of Vietnam and by sharply reducing diplomatic relations with China to the chargé d'affaires level—but without a full break. This hostile relationship gradually softened, however, and in 1989 Prime Minister Kaysone paid a state visit to Beijing. In 1991 Kaysone chose to spend his vacation in China rather than make his customary visit to the Soviet Union. Diplomatic and party-to-party relations were normalized in 1989. Since the end of the Cold War, Laos' foreign relations have been dominated by three main actors: Vietnam, China and Thailand. Vietnam has traditionally been the closest link, but, of late, China has been gaining influence on Laos' political leadership at the expense of Vietnam. From the mid 1980s, Laos began to decrease its dependence on Hanoi by reaching out towards other international actors such as the US, China and ASEAN (Laos was accepted as a member of the Association in July 1997); thus, external influences in the country—such as China's—have begun to diversify and expand. The main reason for Laos to engage these other actors was economic in nature: aid coming from traditional donors such as the now-defunct USSR and Vietnam had begun to dry up, thus Laos began to look at more economically-advanced countries to help rejuvenate its backward economy (Storey 2005).

China is to benefit from and increase its influence amongst the Laotian political elites as the next generation of the Laos People's Revolutionary Party (LPRP) cadres begin to step down or fade away, and become substituted by younger members that have little or no experience of the revolutionary period in which countries other than China were most influential (i.e. Vietnam). Some observers talk about “pro-China” and “pro-Vietnam” factions within the LPRP, and though both countries are very important in Laos' external political calculations, it is expected that China will gain more and more importance for the Laotian political leadership as time passes. Since China's economy is larger than Vietnam's, China should be in a position to offer the same and more than Vietnam does in terms of aid and other forms of economic assistance. Furthermore, China's exercise of soft power in Laos is becoming a growing issue. Increasing numbers of LPRP cadres are travelling to China in order to attend seminars and gain experience on the economic transition from a planned to a market economy, an area in which China has acquired considerable experience.<sup>211</sup> Furthermore, China is investing heavily in the country, contributing with aid programmes and preferential treatment in trade issues (i.e. the “early harvest” clauses on the CAFTA agreement). Sino-Brunei relations are relatively recent: diplomatic relations were established for the first time only in September 1991.

### 5.9.1 *Political and economic transactions*

<sup>211</sup> Brian McCartan, “China and Vietnam square off in Laos”, August 30, 2008, *Asia Times* online. [http://www.atimes.com/atimes/Southeast\\_Asia/JH30Ae01.html](http://www.atimes.com/atimes/Southeast_Asia/JH30Ae01.html).



Former Chinese President Jiang Zemin visited Laos and Brunei in November 2000, and Lao Prime Minister Bounngang Vorachit visited China in February of the same year. During November 2006, President Hu Jintao arrived in Laos, making a five-point proposal to the Laotian people: maintaining a high-level annual meeting mechanism to discuss issues of common concern; strengthening government experience exchanges to learn from each other; expanding economic and trade cooperation, with the Chinese side promoting more Chinese investment in Laos and continuing to provide aid to Laos within its capability; strengthening cooperation in safeguarding border security, fighting trans-border crimes and promoting youth exchanges and cooperation in education, health and tourism; and enhancing mutual support in international and regional affairs and conducting timely coordination on such issues.<sup>212</sup>

During October 2006, Chinese Premier Wen Jiabao met in Nanning with Brunei's Sultan Hassanal Bolkiah on the sidelines of the China–ASEAN Commemorative Summit. Premier Wen also visited Laos during March 2008 in order to participate in the 3<sup>rd</sup> Summit of the Greater Mekong Subregion (GMS) countries.<sup>213</sup> During his visit, Wen met with Lao President Choummaly Saygnasone and held talks with Lao Prime Minister Bouasone Bouphavanh on future bilateral cooperation in such fields as economy, technology, energy and e-governance. Other meetings during 2008 (December) in Vientiane included Jia Qinglin, chairman of the National Committee of the Chinese People's Political Consultative Conference meeting with several Laotian high-ranking political figures such as Thongsing Thammavong, the Lao National Assembly president, and Bounngang Vorachit, the Vice-President of Laos.

Currently China is becoming a major player in Laos; Chinese investment in Laos is increasing at a rapid rate, bringing with it a growing number of Chinese workers. During Premier Wen Jiabao's trip to Laos in 2006, he said that China would encourage companies to increase investment in Laos, and help Laos introduce its export commodities into China. Wen said that "China is highly concerned about Laos' development," noting that China is ready to help Laos devise management training programs, to support the development of Laos' infrastructure, and to continue providing assistance to Laos for its social and economic development.<sup>214</sup>

Eager to avoid Thai domination of its foreign trade, Laos sought to improve relations with China, and in December 1989 the two countries signed their first bilateral agreement in a decade, including notes on cross-border trade. Since the late 1990s, China has been providing Laos with grants and concessional loans, technical assistance and other visible development projects such as buildings related to cultural endeavours and industrial parks (e.g. Lao National Cultural

<sup>212</sup> "President Hu starts visit to Laos", November 20, 2006, *Xinhua News Agency* online, <http://www.xinhuanet.com/english/>.

<sup>213</sup> The GMS countries are China, Vietnam, Laos, Cambodia, Thailand and Myanmar.

<sup>214</sup> "China encourages companies to expand investment in Laos, says Premier", June 30, 2006, *Xinhua* online, <http://www.xinhuanet.com/english/>.

Palace). For example, the China Development Bank has financed Chinese companies which have invested in hydroelectric power generation, rubber plantations and mining of minerals and precious metals. China's power company, Sino Hydro, has entered into a joint investment with Laos' State Electricity Enterprise to build a fifth dam on the Nam Ngum river, aiming to produce electricity for sale to Thailand beginning in 2011. Sino Hydro will hold an 85% stake in the project, which is estimated to cost about US\$ 200 million. The project will be funded through a US\$ 140 million loan from the national Bank of China. The rest of the funding will come from the two investors—US\$ 54 million from Sino Hydro, and US\$ 6 million from Laos' Electricity Company.<sup>215</sup> In terms of FDI, the cement industry has recorded significant investment in recent years and there are three cement facilities operating in Lao PDR, all either partly- or wholly-funded by Chinese foreign investment. In 1994, production began at Lao PDR's first cement plant, Wanrong Cement Plant 1, a US\$ 13.9 million joint Lao–Chinese investment in Vang Vieng district, 160 km north of Vientiane. Construction of the second plant, Wanrong 2, with a total joint Lao–Chinese investment of US\$ 37 million, was completed in 2001. The country's third Chinese-funded cement plant was recently constructed in the province of Saravan. This new cement factory is 100 percent owned by Chinese investors who invested about US\$ 30 million to build the plant.<sup>216</sup> In 2006, China's investment in Laos amounted to US\$ 498 million, more than 158 times that of a decade ago. In 2007, China overtook Thailand as Laos' overall top investor, with 45 out of the total 117 investment projects that came to Laos.<sup>217</sup>

According to Lao official figures, trade between Laos and China has been growing continuously since the improvement of political relations. The two-way trade value reached US\$ 43.71 million in 2001, up 13.7 percent from the previous year, with China's exports to Laos accounting for US\$ 36.77 million, and Lao exports to China for US\$ 6.94 million.<sup>218</sup> In 2006, China–Laos trade was US\$ 217 million.

Two-way trade between Brunei Darussalam and China has been increasing over the years. Exports from Brunei Darussalam to China in January to June 2002 amounted to nearly B\$ 189 millions, whereas imports for the same period were B\$ 48 million. Oil and gas make the bulk of exports from Brunei Darussalam to China.<sup>219</sup> China's Ministry of Commerce reports that the

<sup>215</sup> Songrit PhonNgern, "China, Laos Jointly Invest in Nam Ngum 5 Dam Project", *Voice of America News*, April 3, 2007, <http://www.voanews.com/lao/archive>.

<sup>216</sup> Callander, Tom, "Rapid Trade and Environment Assessment (RTEA)", International Union for Conservation of Nature—IUCN Lao PDR, December 2007  
[http://www.iucn.org/about/union/secretariat/offices/asia/asia\\_where\\_work/lao/iucn\\_lao\\_iucn\\_laopdr/](http://www.iucn.org/about/union/secretariat/offices/asia/asia_where_work/lao/iucn_lao_iucn_laopdr/).

<sup>217</sup> Ryou, Hayoun, "China's investment in Indochina: A conscious choice", November 5, 2008, Indian Institute of Peace and Conflict Studies, [http://www.ipcs.org/article\\_details.php?articleNo=2717](http://www.ipcs.org/article_details.php?articleNo=2717).

<sup>218</sup> "The centuries-old China–Laos friendly relations and cooperation", May 13, 2002, *People's Daily* online, [http://english.peopledaily.com.cn/200205/13/eng20020513\\_95533.shtml](http://english.peopledaily.com.cn/200205/13/eng20020513_95533.shtml).

<sup>219</sup> Ministry of Foreign Affairs and Trade, Brunei Darussalam  
<http://www.mfa.gov.bn/foreignpolicy/china.htm>.

trade balance between the countries during 2008 was US\$ 18 million and US\$ 25 million respectively.<sup>220</sup>

TABLE 46: Laos' major trading partners 2007 (US\$ million and percentage share)

	1990				
	Exports		Imports		
	US\$ million	% share	US\$ million	% share	
Thailand	431.5	34.6	Thailand	1,442.8	69.4
Vietnam	135.9	10.9	<b>China</b>	<b>195.2</b>	<b>9.4</b>
<b>China</b>	<b>77.3</b>	<b>6.2</b>	Vietnam	116.8	5.6
Germany	43.0	3.5	Singapore	43.0	2.1
UK	42.3	3.4	Japan	41.7	2.0

Source: Global Insight report: Laos-Country Intelligence, September 2008

### 5.9.2 *Relevance of Sino–Laotian and Sino–Brunei transactions*

Despite the fact that China does not consider its relations with Laos and Brunei as its most important in Southeast Asia, Beijing has still been interested in promoting political and economic exchanges with both countries. China's transactions with Laos in particular are tainted with a politico-strategic dimension. As there has been a longstanding rivalry between China and Vietnam, Beijing sees the opportunity to improve its relations with Vientiane as a way in which to diminish Hanoi's influence with one of its traditional allies. China has become an important trade partner of both Laos and Brunei, remaining within the top ten countries from which these countries import and to which they direct their exports. China's transactions with Laos have also included aid packages and investment. An important aspect of Sino–Laotian relations to observe into the future will be the degree to which China's political and economic exchanges are able to turn Laos away from Vietnam and draw it closer to Beijing.

### 5.9.3 *Laos and Brunei's perceptions of China*

As with the other Southeast Asian countries, Laos' perceptions of China have substantially improved within the last fifteen years. Up until 1986, the official line of the Laotian government was that China was a hegemonic power, whilst Beijing continued to train insurgent Laotians in Southern China (Joiner 1987: 113). Laos has enacted the "new thinking policy" since 1986, and under this policy the New Economic Mechanism was adopted, aimed at promoting an economic open-door policy and market economy-oriented reforms. Since then, the Laotian leadership has

<sup>220</sup> China's Ministry of Commerce, Department of Asian Affairs, Trade with countries and regions in Asia, [www.mofcom.gov.cn](http://www.mofcom.gov.cn).

clearly shifted its antagonistic view on China in favour of a more pragmatic approach, in order to gain from China's own experience and the establishment of economic and aid links.

### **5.10 Overall trends in political and diplomatic relations between China and Southeast Asian countries**

There is an overall trend in political and diplomatic relations between China and the ASEAN states, despite the fact that China's relations with the Southeast Asian states are not, in every case, of the same relevance and weight. The dates presented throughout these chapters confirms that, particularly since the early 1990s, Southeast Asian nations have increased their overall importance for China both economically and politically. In the economic realm, ASEAN states have substantially increased their trade exchanges with China, in some cases developing surpluses and in others developing deficits. Overall, China is a very important trade actor for the region. In 2008, China became, at the global level, ASEAN's fifth export market, and was the third country of origin for imports.<sup>221</sup> Though FDI has not reached significant levels compared to that coming into East Asia from external sources (e.g. the US and EU), China's foreign direct investment in Southeast Asia is nevertheless present. Moreover, Singapore has also directed FDI into China in more significant amounts. Thus, FDI flows are another component of the Sino-ASEAN economic activity that has been developing, albeit so far modestly. Through Beijing's diplomatic policies and strategies—such as the New Security Concept and the Good Neighbourliness policy—China has attempted to reconceptualise itself in the understandings of Southeast Asian nations, and to promote transactions and cooperation of a pragmatic value with these countries. To this date, China's diplomatic efforts have paid excellent dividends, particularly in political terms. Economic transactions have been consolidating: China and the ASEAN states have been very successful in pushing forward a comprehensive cooperation agenda which has also included a regional FTA. As argued earlier, even if the particularities of the relations between each ASEAN country and China have not produced a perfectly even outcome, the general result has been an improvement in perceptions, roles and understandings from ASEAN members towards China. Politically, ASEAN states as a whole are less concerned about China as a first rate security concern which threatens the very existence of individual Southeast Asian nationhood. Diplomacy, particularly the clever and sophisticated use of soft power, has allowed China to become incredibly close to Southeast Asia and to begin to forge a common regional agenda of cooperation and expectations. One aspect of Sino-ASEAN relations that has become quite noticeable is that the use of soft power has gained prominence over the use of hard power. It is not just that, as Nye has pointed out (see chapter two), the complexities of the current international system oblige its actors to weigh other factors apart

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<sup>221</sup> "ASEAN trade by selected partner country region (annual) 2008", and "Top ten ASEAN trade partner countries/regions 2008", at ASEAN external trade statistics, [www.aseansec.org](http://www.aseansec.org).

from military might: China has ruled out the use of force—even its potential use—from the forefront of political resources, as the structural domestic needs of the country naturally favour the promotion of constructive and pragmatic interactions with its neighbours to the south. Thus, soft power has become one of the most important tools of the Chinese leadership in trying to steer relations between Beijing and the Southeast Asian capitals.

### **5.11 Concluding remarks: Ranking of the relative economic and political importance of the ASEAN states to China.**

China's overall relations with Southeast Asia has improved and interactions with these countries are more sophisticated and mature; nevertheless, all ASEAN countries do not occupy the same level of relevance for Beijing, neither in politico-strategic nor economic terms. Sino-ASEAN relations could broadly be divided into three main categories, depending on the most salient factors which tend to characterise China's relations with these countries. These categories of importance are: *significant*, *strategic* and *peripheral*. It is worth noting from the outset that China values all relations with its Southeast Asian neighbours, and that these distinct categories do not imply an active neglect on the part of Beijing to any one ASEAN member: they simply stress different aspects of the individual relations that are most relevant for Beijing.

China's significant relations with Southeast Asian countries are characterised by engaging the most important regional actors in terms of economic activity and political influence both at the regional and international level. In this category China's significant relations are with: Indonesia, Thailand, Singapore, Malaysia, Vietnam and the Philippines. Economic activity has played the largest role with these countries, as they possess more developed and relatively more diversified economies than the rest of Southeast Asia. In this particular respect, relations with Singapore are particularly noticeable, as Singapore is the largest investor in China within the region. Politically, China's relations with these countries are also more significant, as these countries tend to exercise the most influence within ASEAN and also have strong links with key extra-regional international players (e.g. the US, Europe, Russia). China has targeted Indonesia as one of its most important relations in Southeast Asia based on Jakarta's strong tradition of standing to the fore in regional diplomacy. Overall, Beijing understands that its relations with this set of countries are the ones that will become linked in the strongest sense to the possibility of participating in the current and future direction of Southeast Asian affairs.

A different set of countries fall within the category of strategic importance for China. *Strategic* here refers to the particular inroads that Beijing can create in strengthening its position and influence in Southeast Asia, diminishing the power and influence of third parties and even extending the potential for influence at a global sphere. Within this category we find: Myanmar,

Cambodia and Laos. Myanmar and Cambodia's regimes have become intensely linked to Beijing, to the extent that they listen to the voice of China with more attention than to any other regional actor. This is particularly the case with Cambodia. In spite of Myanmar's more recent attempts to play the "India card", it remains a fact that China's influence with the country's political elites has contributed to diminish the potential influence of India in the country. Moreover, other countries and regions such as the US and the EU have been less capable of exerting pressure on Yangon to introduce domestic political reforms because of Beijing's close relationship with the regime. A significant strategic benefit arises for China as a result of its predominant influence in Myanmar: namely, gaining potential access to the Indian Ocean, which in turn will negatively affect New Delhi's interests and power. Laos also represents a strategic interest for China in the same sense that Myanmar benefits Beijing in relation to India: closer relations with Vientiane would represent a loss of power and influence for Vietnam. Thus, Beijing would be keen to develop stronger links with Laos in order to debilitate the regional posture of its ancient rival.

The final category is that of peripheral importance, in which falls Brunei, and, once again, Laos. In spite of Laos' potential as a strategic asset, the overall importance of this country to China is overshadowed by the relevance of the major Southeast Asian states. Brunei shares this situation as political exchanges here are not as influential as with countries like Indonesia, Thailand or Singapore. Economic exchanges are in place, but these are not as diversified or substantial as with the former.

TABLE 47: Sino–Southeast Asian relations by country

		Type of relations		
		Significant	Strategic	Peripheral
		Relations characterised by the larger economic scale of transactions, and the significance of political transactions based on the leading role of such actors within ASEAN, Southeast Asia in general and on the international scene.	Relations characterised by actual, or the potential for, direct and dependent relations with China. These relations present a strategic advantage as they augment Beijing's power vis-à-vis other regional competitors.	In spite of all relations with Southeast Asian countries being relevant for China, peripheral relations are established with those countries that have the least economic significance and the least influential voice at the regional level and as part of ASEAN.
<i>China and:</i>		<b>Indonesia</b>	<b>Myanmar</b>	<b>Brunei and Laos</b>
<i>Highlights:</i>		Largest country in Southeast Asia, Indonesia has a tradition of being a leading voice in regional and global affairs. China wants to establish strong links with one of the most influential voices in the region.	A close ally of China, as it is greatly dependent on Beijing for its survival. Provides the potential to augment China's strategic power and at the same time to diminish the power and influence of India, a traditional rival of China in Asia.	Present but relatively limited economic and political transactions, particularly when compared with the larger members of ASEAN.
Strategic partnership				
Military cooperation				

<p><i>Highlights:</i> Plan of Action on Strategic Cooperation Asia Cooperation Dialogue Military cooperation</p>	<p style="text-align: center;"><b>Thailand</b></p> <p>Another important regional player with strong influence within ASEAN.</p>	<p style="text-align: center;"><b>Cambodia</b></p> <p>Similar to the case of Myanmar, it is a close ally of China and could side with Beijing in particular policies at the regional or global level (e.g. UN resolutions).</p>
<p><i>Highlights:</i> China–Singapore Free Trade Agreement Suzhou Industrial Park</p>	<p style="text-align: center;"><b>Singapore</b></p> <p>Singapore is a role model for China as it would like to emulate its economic success and political stability. Singapore's economy is the most developed in the region. China sees the potential benefits of interlinking their economies in the areas of trade and investment.</p>	<p style="text-align: center;"><b>Laos</b></p> <p>If China is to lure Vientiane into closer relations with it, this would be detrimental to Vietnam's power and influence in Indochina.</p>
<p><i>Highlights:</i> Agreements on land borders Joint Declaration Comprehensive Cooperation 21<sup>st</sup> Century Steering committee on Bilateral Cooperation</p>	<p style="text-align: center;"><b>Vietnam</b></p> <p>A large country with a thriving economy and an extended common border. Moreover, Vietnam, like China, still keeps the Marxist-Leninist ideology alive.</p>	
<p><i>Highlights:</i> Joint Action Plan on Strategic Cooperation</p>	<p style="text-align: center;"><b>Malaysia</b></p> <p>Malaysia has downplayed the significance of the South China Sea disputes and is willing to engage China politically and economically. Malaysia represents another opportunity for China to improve its ties with the region and gain economically.</p>	
<p><i>Highlights:</i> Joint Statement on Bilateral Cooperation 21<sup>st</sup> Century Agreements on Military Aid Agreement Joint Maritime Seismic Survey Sino–Philippines FTA Agreement on Economic and Technical Cooperation Agreement on Cooperation in the field of Agriculture Agreement on Tourism Cooperation Agreement on Scientific and Technical Cooperation</p>	<p style="text-align: center;"><b>Philippines</b></p> <p>The Philippines is one of the most significant countries in ASEAN in respect to the South China sea disputes with China. A proper handling of this issue with Manila (or the opposite—a mishandling) could have significant outcomes regarding how the whole region evolves its perceptions of Beijing as a regional player.</p>	

This chapter has produced clear evidence of the considerable level of transactions, at many levels, between China and most of the members of ASEAN. Of such transactions, political and economic (i.e. trade and investment) aspects are particularly outstanding. Since the end of the

Cold War and China's new diplomatic approach towards the region, Sino–ASEAN political exchanges at the bilateral level have become frequent, and often express a sophisticated degree of substance in their exchanges and agreements for cooperation. Sino–ASEAN economic relations are also significant even if, for example, levels of mutual investment are not the most high-impact cases at the global level. Exchanges of all types, political and economic but also military and others (e.g. tourism) have had a very important effect in fostering processes of social learning, developing the effectiveness of regional frameworks, and significantly contributing to improving the levels of trust between peoples and governments as well as fomenting the basis for an incipient collective identity.



## CHAPTER 6. CONCLUSIONS: EVALUATION OF EMPIRICAL CHAPTERS WITH REFERENCE TO THE ANALYTICAL FRAMEWORK

The previous chapters have provided the empirical evidence necessary in order to evaluate to what extent developments in the region could be fostering the development of a pluralistic security community between China and ASEAN. Chapters one and two have laid the background regarding the paramount importance of the analysis and study of peace and war and the conceptual elements surrounding the nature of security communities, including their different types; furthermore, chapter one also set down the questions guiding the research. Chapters three, four and five constitute the body of the research, presenting the empirical material that has been analysed according to Adler and Barnett's framework for the study of the formation of security communities. The content of these chapters provides the empirical material which allows us to answer the core hypothesis posed in the initial chapters, shedding light in identifying crucial elements indicative of the existence of a nascent stage of a pluralistic security community between China and the ASEAN states, or at least the presence of such elements that could be a prelude to the formation of such a community. This chapter will summarise the findings of the previous pages with direct links to each of Adler and Barnett's framework. Thus, the research will determine whether the current Sino–ASEAN relationship is capable of developing into a nascent pluralistic security community, or whether sufficient and robust elements that could be conducive to such an outcome are already present.

### 6.1 Summary of findings

#### 6.1.1 *Precipitating conditions*

Precipitating conditions between China and ASEAN, both endogenous and exogenous, have been present and are characterised as one of the most clear and unambiguous factors pointing towards the possibility of the formation of a pluralistic security community between these two actors. Sino–ASEAN relations possess both endogenous and exogenous factors that have made this group of states “orient themselves in each other's direction and desire to coordinate their relations” (Adler and Barnett 1998: 37–38).

I have argued that the most significant endogenous development started in China when Deng Xiaoping consolidated his power at the helm of the country's political system and began radical economic reform. The radical effects of China's economic reform eventually expanded beyond the domestic realm and into the international one, as one of the core principles on which China

would abide from then onwards was the need for a peaceful and stable international environment in order to facilitate the country's path to modernisation.

Exogenous factors have also been present in Sino–ASEAN relations, and have been part of the set of precipitating conditions critically affecting the nature of relations between both actors. The most important exogenous factors affecting Sino–ASEAN relations have been the end of the Cold War and the demise of the Soviet Union. The end of the Cold War introduced new challenges, but simultaneously created new opportunities for the Chinese leadership to re-engage in a new and more positive manner with countries and regions with whom relations had previously been characterised by enmity and suspicion.

### *6.1.2 Tier two: Factors conducive to the development of mutual trust and a collective identity*

Power is playing a fundamental role in the manner in which China and Southeast Asia are evolving their mutual relations. Both main variants of power, hard and soft, have been highly instrumental in moulding the nature of the relations between them. Hard power has affected the relationship in two main ways. China's emergence as an economic power-house, and the sophistication of its military capabilities, have deeply affected the manner in which most Southeast Asian states perceive and interact with China. The nature of such perceptions has both positive and negative effects. China's economic growth has the potential to benefit Southeast Asia's own development drive, as the Chinese market is seen as an opportunity to expand exports, and new investment opportunities are arising. In spite of the latter, these very same areas of economic growth have the potential to create frictions between China and Southeast Asian nations as both entities compete for the same export markets and investment flows. Regardless of the potential for friction, Southeast Asian leaders have decided to concentrate on the potential for economic benefit.

Economic power has placed China as a core of strength in relation to the ASEAN states. Trade and investment transactions have been expanding in recent years (see chapter five) and Southeast Asian capitals recognise the growing interdependence links that are being established with its giant neighbour. David Shambaugh has argued that, though it is premature to make definite affirmations, "it is tempting to conclude that the Asian regional system has become Sinocentric or dominated by China" (Shambaugh 2004/05: 66). Moreover, David Chang has discussed the region's historical acceptance of a "hierarchical" interstate order with China at its core. Chang argues that "East Asian international relations emphasised formal hierarchy amongst nations while allowing considerable informal equality. With China as the dominant

state and surrounding countries as peripheral or secondary states, as long as hierarchy was observed there was little need for interstate war” (Kang 2003: 58). Other scholars disagree with Chang’s view, to the point of considering it “confusing and dangerous” (Acharya 2003/04: 150). Acharya’s critique, though, is more concerned with the idea of an Asian power structure mimicking a “pre-modern” regional order—in other words, a Japan-like wartime imperialistic view of the region, which brought so much suffering to the rest of East Asia at the time. What cannot be disputed is that China is enlarging its presence and overall power in East Asia, and Southeast Asian countries are well aware of it and are trying to adjust to such developments in order to increase the potential benefits whilst decreasing the potential hazards.

For Southeast Asia, China has become an inescapable factor to be taken into account when thinking of short-, medium- and long-term regional developments. Such calculations span not just the economic sphere but also the political and security ones. Further evidence of the recognition of China as a regional core of strength is Southeast Asia’s policy of “constructive engagement” towards China, which already is a sign of an active and concerted attempt to accommodate the inevitable rise of the country. ASEAN’s strategy tacitly acknowledges that, vis-à-vis China, Southeast Asia is impelled not to counteract but to accommodate itself against a much more powerful regional player. Rather than attempting to match China’s power capabilities, ASEAN will assist its rise, and along the way try to instil in its neighbour the values of a fair and responsible regional and global actor.

China is not just becoming an economic core of strength, but has also managed to lever its position as a political one. China’s condition as a political core of strength is not as pronounced as its economic role; nevertheless, ASEAN states recognise the potential to increase their standing within the global realm if Northeast Asian states (of which China is a part) could join during negotiations with third-party regions and blocs. China’s economic prowess has given its leadership expanded capacities to be heard and seriously taken into account in varied international regimes and fora, from economics to the environment. Some observers have expressed the view that “China could make the region its own; a Chinese Monroe Doctrine for Southeast Asia would make of Beijing the major influence over regional affairs...” (Kurlantzick 2007: 11).

Military power has become a much less-stressed concern within overall Sino–ASEAN relations. ASEAN states have expressed concerns about China’s military modernisation programme and the disputes in the South China Sea; but such concerns have been overshadowed by other salient aspects of China’s interactions with the region (e.g. cooperation and trade). Regardless of the latter, Chinese military power has been a cause for concern by ASEAN states, albeit to different degrees depending on which nation one focuses. Part of China’s modernisation programme has

included the development of a blue water navy capability, which partly aims at expanding its capacity for action in the South China Sea. The latter implies that China's military power is inconspicuously directed towards Southeast Asia's claimants, in case a forceful resolution of the disputes should be attempted by them. The latter becomes the most direct link between China's military build-up and sophistication and ASEAN. ASEAN states feel uneasy at acknowledging how China is growing in hard power, when there is little scope for domestic counteraction and the only other source of deterrence is the establishment of security arrangements with external actors which are not guaranteed to remain permanent. ASEAN's concerns in this respect are fed by historic millenary relations with China, in which a Middle Kingdom treated the periphery as inferior and vassal states. China's military build-up by itself would not concern ASEAN so much if there were clear objectives in sight as to which are China's intentions. China's military power becomes exacerbated as a matter of concern since it is combined with uncertainty: could China eventually develop an imperialistic behaviour in the region backed up by military power? Could China become ultra-nationalistic and belligerent towards its immediate neighbours? Though to the present nothing of this sort has materialised, it is still a matter of concern for ASEAN states.

Since the end of the Cold War, the exercise of soft power in the Sino-ASEAN relationship has been just as relevant as that of hard power. What is worth noticing about soft power in this particular context is that it has been a new and very effective foreign policy tool, mainly exercised from China towards Southeast Asia. China, through a sophisticated use of soft power resources, has understood how to address particular regional sensitivities in Southeast Asia. The overall strategy has paid off handsomely for China, as Beijing has been able to augment its influence in the region exponentially, in some cases at the expense of third party powers such as the US and Japan. As one senior Singaporean diplomat argued, "the US may still dominate the [regional] balance of power, but not the balance of influence" (Shambaugh 2004/05: 66). Other members of the Singaporean diplomatic body agree with this, arguing that China's use of soft power in the region has managed to significantly improve relations with Southeast Asian states, and that it can be expected that China will expand its influence due to this (personal interview: Singapore).

Beijing's understanding of the reach and effectiveness of soft power diplomacy has also made inroads in the projection of culture, popular and otherwise. China has been expanding its cultural and language presence in Southeast Asia, training the future generations of technicians and members of Southeast Asia's political elites in its universities and other educational facilities.<sup>222</sup> Shambaugh has also noted that during the academic year of 2003, more than 70

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<sup>222</sup> During my stay in Singapore to collect empirical data, I was able to interview personnel from the Singaporean MOFA, most of whom had an academic degree from China.

thousand foreign students were seeking advanced degrees in China's universities, out of which approximately 80 per cent were from Asian countries. Beijing is making a big push to market itself and its language (across Southeast Asia and the Pacific) similar to the way the United States promoted its culture and values during the Cold War.<sup>223</sup> Calculating the influence of this academic training on future generations of Asian elites will be difficult to measure with any precision, but their experiences while in China will certainly sensitise them to Chinese viewpoints and interests (Shambaugh 2004/05: 78). Addressing the Australian parliament during 2003, Hu Jintao said that "the Chinese culture belongs not just to the Chinese but to the world... we stand up ready to set up cultural exchanges with the rest of the world in a joint promotion of cultural prosperity".<sup>224</sup> The promotion of culture at the international level by the highest-ranking officials within the Chinese political elites is not simply a goodwill gesture in aesthetics, but it is laden with substantial political value; one which takes the form of soft power. China increasingly understands soft power as an instrument of statecraft. The use of soft power has not supplanted the core relevance of hard power resources (in particular the politico-economic dimension of Sino-ASEAN) relations. Nevertheless, the exercise of soft power is greatly contributing to moulding the nature of the relationship in ways that deeply affect the realms of mutual perceptions, social learning and cooperation.

During the 1997 financial crisis, China showed a "mutual responsiveness" attitude by avoiding devaluing its own currency, an action that benefited struggling Southeast Asian economies and which did not pass unnoticed. Soft power has not been exercised exclusively by Beijing: ASEAN states have also used soft power aimed at China. Since the late 1990s, the Association has been operating on the assumption that this approach could be an effective instrument for reducing potential conflict (to trace the early signs of such assumptions, see, for example, Whiting 1997; for further developments, see Yahuda 2003; Wang 2005; Weatherbee 2008). ASEAN's soft power initiatives involve attempts to socialise China and to integrate it soundly into the region's dynamics. Alice Ba has also discussed ASEAN's attempts to socialise China, showing the advantages of honouring norm-based behaviour in order to improve structural relations within the region and elsewhere. Ba notices that "questions of power are especially interesting in the case of ASEAN's efforts to socialise China since it is precisely because ASEAN is a set of weaker powers that there is such scepticism about its ability to convince a larger power like China to conform to ASEAN norms" (Ba 2006: 159). Others have also highlighted ASEAN's preferred policy of engaging China, which overwhelmingly has recourse to non-coercive instruments, and attempts to instil the attractiveness of non-hard-power-based ways of behaviour. Sino-ASEAN interactions between high-ranking political figures, for

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<sup>223</sup> Jane Perelez, "Chinese move to eclipse the US appeal in South Asia", *New York Times*, November 18, 2004, online edition <http://www.nytimes.com/>.

<sup>224</sup> "Constantly Increasing Common Ground", Hu's Speech to the Australian Parliament, October 4, 2003, at <http://www.australianpolitics.com/news/2003/10/03-10-24b.shtml>.

example, are peppered with references which have an underlying flavour related to socialisation and soft power usage—such as naming Lee Kuan Yew as “China’s old friend”, or the references by ex-Prime Ministers Banhan and Thaksin Shinawatra from Thailand in relation to their Chinese origins. In 2001, ex-Prime Minister Thaksin Shinawatra said that “as the majority of Thai people is of Chinese origin, the relationship between Thailand and China is already “beyond normal,” and the Thai-Chinese friendship and cooperation will be passed on to future generations”.<sup>225</sup>

### 6.1.3 *An asymmetrical power relationship*

A very important factor which becomes a key determinant in the power relationship between China and Southeast Asia is its asymmetric nature. The overall power ratio between China and Southeast Asia evinces a considerable gap, in which China has overwhelming power and resources in comparison to each individual ASEAN state, and even to ASEAN as a whole. The latter is an intrinsic characteristic of the relationship, which tends to serve as a point of departure in generating approaches and influencing perceptions from ASEAN’s political elites towards China. Michael Mandelbaum once described the power status of the US in relation to the rest of the world by saying that: “if you are the 800-pound gorilla [i.e. the US], you are bound to be concentrating on your bananas, and everyone else is concentrating on you”.<sup>226</sup> In a similar vein, China is the regional power mammoth which the ASEAN states feel the need to constantly observe. This need to constantly assess China is considerably influenced by the great power disparity between the actors, which puts Southeast Asia in a de facto disadvantageous position. One of the greatest concerns ASEAN political elites experience is the possibility that China, due to its indisputable power superiority, might exercise its power of unilateral action in the region (in the process bypassing ASEAN’s own interests) or even resort to interventionist policies. ASEAN states have historically-rooted concerns in this respect, as, through the centuries, Sino–Southeast Asian relations have been characterised by suzerainty. There are also examples of such behaviour in other asymmetrical relations which could be replicated in Sino–ASEAN relations: within the US–Latin America relationship, for example, asymmetry has bred an American penchant for unilateralism and a reluctance to renounce its “right” to intervene in Latin America (Gonzalez and Haggard 1998: 296). The overwhelming resources of one actor versus another might be a strong temptation to the political elites of the former to exercise unilateralist and interventionist power (veiled or direct) on the latter—however, levels of trust will be directly and negatively affected by these types of actions. Southeast Asia has witnessed a China that has not exercised interventionism in Southeast Asia but, rather, a Beijing that has

<sup>225</sup> “Thai-Chinese Ties ‘Beyond Normal’: Thai PM”, May 18, 2001, *People’s Daily* online, [http://english.peopledaily.com.cn/english/200105/18/eng20010518\\_70370.html](http://english.peopledaily.com.cn/english/200105/18/eng20010518_70370.html).

<sup>226</sup> Cited in David Singer, “The US is an 800-pound gorilla”, *International Herald Tribune*, July 9, 1999.

been at pains to give reassurances to the region about its non-hegemonic intentions. Thus, the levels of trust have been able to rise, as Beijing has not committed any action capable of damaging the fundamental positive underpinnings of the relationship. ASEAN political elites have been building positive perceptions and levels of trust on these developments, but cannot remain convinced that China will continue behaving in this way, since there are variables that could impact adversely China's behaviour in the future (e.g. rising nationalism, economic slowdown, a crisis in Taiwan, and so on). Gonzalez and Haggard offer another analogy to the Sino-ASEAN relationship, arguing that the main barrier to the creation of a security community in the western hemisphere is not the traditional realist one of overcoming a security dilemma. "No Latin American state on its own has ever posed a direct military threat to the United States. Rather, the problem is the high asymmetry of power between the USA and the countries of the Western Hemisphere, the American tendency for intervention and unilateralism, and the defensive foreign policy and general distrust that these American practices have elicited" (Gonzalez and Haggard 1998: 298). The point to be highlighted is that within Sino-ASEAN relations there is no security dilemma that needs to be overcome, since ASEAN states, individually and collectively, are not China's equals in military capabilities. Thus, a security dilemma is not operating as a barrier to the creation of a pluralistic security community between China and ASEAN. High asymmetry is also not hampering the formation of such a community, but it is affecting an otherwise smoother enhancement of trust. The latter is underpinned by the fact that the Sino-ASEAN relationship is composed of not one but two relations: China-ASEAN and ASEAN-China. These two sub-relationships are not just the same game seen from the perspective of either of the actors, since as each actor is thus interpreting the behaviour of the other from its own structural reality. "Externalised" activity cannot be interpreted the same way in both Beijing and the ASEAN capitals, as the power asymmetry factor critically moulds the significance and the results of any action of political significance. Brantly Womack explains the latter, only exclusively focusing on the China-Vietnam/Vietnam-China relations. He argues that "as a result, each player is often surprised by the actions of the other, and each has a critical opinion of the other" (Womack 2006: 9).

If China was to exercise unilateral privilege in dealing with issues and disputes with ASEAN, to threaten or use force, or to intervene in domestic affairs (e.g. to repeat past interventions on the behalf of ethnic Chinese living in Southeast Asian countries), then surely the levels of trust emanating towards China would be hampered, and even possibly reversed. Power asymmetry plays a dual and somewhat contradictory role within the Sino-ASEAN relationship. On the one hand, China's economic power contributes to a form of power asymmetry that transforms the country into a core of strength for ASEAN states. On the other hand, power asymmetry is also a factor contributing to limiting the improvement of the levels of trust between the actors. Because of the latter, the facilitation of the formation of a Sino-ASEAN pluralistic security

community is impeded, as ASEAN states are less willing to form a region with an exclusive East Asian membership in which China could play the leading role. Instead, ASEAN has expressed its willingness to hedge against China by establishing links of several types with external actors.

#### 6.1.4 *Transactions*

The sub-category of transactions is another area in which no real ambiguity emerges when analysing its impact in fostering the formation of a pluralistic security community between China and ASEAN. Since the normalisation of diplomatic relations and, in some cases, even before this (e.g. Indonesia's re-opening of trade relations with China in 1985), transactions of many types between China and the ASEAN members have experienced both a quantitative and qualitative expansion. Particularly since the end of the Cold War, transactions between China and ASEAN have expanded in nature and volume. The most significant types of transactions have been of a political and an economic nature (see chapter five). On the political front, diplomatic relations have been re-established, or even established for the first time (i.e. Singapore and Brunei), allowing the opening of recognised channels of inter-state communication. Political transactions have continued with the multiple state visits of high-ranking members of the region's political and other (e.g. business) elites, which normally introduce mechanisms to promote cooperation at many levels in many different fields. Moreover, frequent contacts between high-ranking political figures has usually paved the way for political, economic and other agreements, such as the upgrading of state relations (e.g. to strategic partnerships), the enactment of free trade agreements (the latest being between Singapore and China), MOUs about a wide variety of issues ranging from technical and scientific cooperation to addressing non-traditional security issues, and more. Economic transactions between China and ASEAN have also dramatically expanded. China and ASEAN have promoted a free trade agreement (CAFTA) and signed such agreements on a bilateral basis. Trade exchanges have tended to expand rapidly and considerably, in some cases generating uncomfortable deficits for some ASEAN nations. Political and economic transactions have remained the strongest; nevertheless, there have also been other type of transactions such as tourism.

#### 6.1.5 *Social learning and international organisations*

Processes of social learning, or in the words of Adler and Barnett, "an active process of redefinition or re-interpretation of reality" (Adler and Barnett 1998: 43) have been evolving between China and ASEAN, mainly in tandem with the interactions between their political



elites at the bilateral and multilateral level, during high-ranking state visits and within the regional frameworks discussed earlier. There can be no doubt that through its multilateralism, China is becoming increasingly enmeshed in the practices and networks of the region (Yahuda 2008: 88). As a result, both China and the ASEAN states have been able to redefine and re-interpret their regional roles and identities.

The most significant regional international organisation fostering processes as described above is ASEAN. China is not a member of ASEAN, thus ASEAN has retained (and probably will remain) an exclusively Southeast Asian membership. In spite of the latter, ASEAN has become the main vehicle through which China has been included into a series of regional frameworks; and it is through such frameworks that social learning processes have been developing and providing both China and the ASEAN members with more detailed and sophisticated understandings of each other.

It is worth noticing that China's integration into these frameworks was not initially a smooth experience. Initially, (i.e. the 1970s), China had little experience participating in international organisations. David Shambaugh has argued that "China's perception of such organisations [regional multilateral institutions and frameworks] evolved from suspicion, to uncertainty, to supportiveness" (Shambaugh 2004/05: 69–70). Thus, after starting its reincorporation into the international community of states, China had viewed with suspicion any attempt to be drawn into multilateralism, as it frequently thought of international organisations as a means for the US to contain China and to exert influence in favour of American interests. With the passing of time Beijing began to gain more confidence, if still remaining suspicious of many multilateral organisations in the economic, environmental, non-proliferation and other fronts (Christensen 1996: 37). China's interest in joining such organisations has been characterised by a serious desire not to lose face and influence, which in a way can be interpreted as capitalising on soft power resources. To the present day, China has made an astounding transformation of its initial attitudes to international organisations, in particular those sponsored by ASEAN. Beijing has readily joined the latter and has expressed on a number of occasions that it feels very comfortable with their operational nature (i.e. ruled on ASEAN principles).

Another facet of China's approach to international regimes and organisations is what Samuel Kim has called the "maxi-mini principle" which describes Beijing's attempts to maximise benefits and rights whereas at the same time trying to minimise its responsibilities (Kim 1992: 151). The latter practice might still be present in Beijing's calculations when participating within such schemes; nevertheless, it is also true that, throughout the years, the Chinese political elites have come to better understand the mechanisms of multilateralism and, in the case of ASEAN at least, China has developed a sensitivity towards the region's concerns and interests.

China is very aware of the importance of international regimes and organisations in helping to serve its own interests and to potentially improve its international image. China's concern with its international image, especially among developing countries, has occasionally engendered a more proactive stance in its participation in international regimes (Economy 2001: 235).

The Chinese elites have come to realise that participating in multilateralism can be beneficial to their own interests, as they can contribute to shaping and guiding the agenda of such regimes. Moreover, to the initial surprise of the Chinese elites, some of these organisations turned out not to be steered by the US or any other global power but, rather, had been relatively neglected by such countries (Shambaugh 2004/05: 69). China has expressed considerable sympathy for the regional frameworks that have spawned from the ASEAN model—APT, but also the ARF, which touches the traditionally more delicate topic of security. During the eighth session of the ARF in Hanoi, for example, former Chinese Foreign Minister Tang Xiajuan said that China was very supportive of ASEAN in continuing to play a leading role in the forum as in his view “much has been achieved by the forum in promoting trust and cooperation, and this is attributable to the multilateral efforts, the ASEAN contribution in particular”.<sup>227</sup> China has expressed satisfaction with the ASEAN model and ASEAN's leading role as, in China's view, in this way other powers such as the US and Japan can be kept away from leading the organisation and possibly pushing to take control of the agenda. Multilateralism of the ASEAN kind has found favour in China precisely because it abjures interference in domestic affairs and because it does not impose rules of conduct. “The consultative and consensual procedures that lie at the core of the ASEAN Way suit the Chinese admirably, as they are able to control the pace of institutional development” (Yahuda 2008: 87). In sum, China's current participation in regional institutions and frameworks has greatly facilitated the development of social learning processes which have allowed both China and ASEAN to better understand each other's concerns and interests.

#### 6.1.6 *The level of trust between China and ASEAN*

How is it possible to measure the level of trust between any number of states? There are several reliable indicators which can give an accurate picture of how the political elites of one country feel about the developments and potential intentions of others. Firstly, it is necessary to examine the background against which trust is operating; trust then becomes a function of a variety of actions that have the potential of harming or becoming detrimental to one's own interests (Misztal 1996). To be able to trust an actor means that we rationally believe that that actor will not indulge in actions that could be detrimental to our wellbeing. On the other hand, the

<sup>227</sup> “China Backs ASEAN's Leading Role in Regional Forum”, *People's Daily* online, July 25, 2001, [http://english.peopledaily.com.cn/english/200107/25/eng20010725\\_75766.html](http://english.peopledaily.com.cn/english/200107/25/eng20010725_75766.html).

presence of distrust means that the prediction of behaviour is difficult as the intentions of the actor are unknown and thus unreliable; or else that we are in fact certain that their interests run against our own, thus creating a zero-sum scenario in which the other actor's gains must imply our own losses (Gambetta 1988). To measure the improvement or decline of trust, it is possible to compare previous and current periods or episodes of tension, and see how these have been maintained, aggravated, diminished or removed. The removal of causes for conflict has a very high potential to become an element conducive to improving positive perceptions and trust between political elites. Furthermore, simply aiming at reaching similar objectives can also enhance levels of trust, as common objectives would create the basis for cooperation on the understanding that all parties involved wish to improve their relations.

The levels of trust between China and Southeast Asia have dramatically improved, particularly when comparing the Cold War and post-Cold War period. Some observers have noted that "the PRC is persistently anxious to please ASEAN leaders and eager to enhance trust and confidence-building with the states of Southeast Asia" (Hund 2003: 395). But before this trend became perceived by Southeast Asian nations, many in the region feared China wished to undermine their political regimes and establish communist regimes more in line with the country's interests. As Hund notices, this is no longer the case. No state within ASEAN fears anymore any attempt from China to topple their political regimes, nor do they fear a direct Chinese military invasion. In spite of such a dramatic improvement of Sino-ASEAN levels of trust, it is still possible to witness a lingering level of distrust which mainly connects with ASEAN's concerns about China's possible behaviour in the future. As mentioned earlier, this condition relates to the asymmetrical power nature of the relationship, in which ASEAN states are the weaker side. ASEAN's mistrust is fuelled because China continues to accumulate wealth and power, and this combines with the potential changes in a number of other variables (e.g. increased nationalism, economic slowdown) to produce uncertainty. China has had the opportunity to improve its trust record with ASEAN and it has taken the opportunity to do so; but in spite of this, China still could give ASEAN states reasons to distrust it if Beijing was to mishandle the use of force with respect to Taiwan or the South China Sea.

The post-Cold War Taiwan scenario has contributed to feeding anxiety amongst ASEAN's members. China's reaction to the first presidential elections in the "renegade province" gave ASEAN the impression of Beijing being unaccommodating, and threatening states when they acted against China's interests. Three characteristics in this particular incident further gave ASEAN reason to be concerned. First, Taiwan is within the wider East Asia region; second, Taiwan is a small and less powerful actor when compared to China (the same as ASEAN). Finally, the Sino-Taiwanese crisis has at its core the principle of sovereignty which is also at the core of the South China Sea disputes. According to Allen Whiting, China's words and

actions within the period 1995–96 in the Taiwan Straits increased apprehension about the possibility of the use of force against ASEAN (particularly in relation to the South China Sea disputes) and “moved toward a new consensus on the need for discreet diplomatic confrontation with Beijing concerning regional security” (Whiting 1997: 299). Two main concrete issues affect the levels of trust between China and ASEAN, these issues are:

- The emergence of a powerful China that could attempt to return to the historic relations of suzerainty;
- The South China Sea territorial disputes and the possibility of China using or even threatening to use force to solve them.

Adler and Barnett remind us that “the social construction of trust shifts our attention to the beliefs that we have about others, beliefs that, in turn, are based on years of experiences and encounters” (Adler and Barnett 1998: 46). Thus, the evolution of trust between China and ASEAN has had to start from a very low point and build progressively on relatively recent developments, both domestic and international. China has worked the hardest to improve its image amongst ASEAN countries; nevertheless, ASEAN has also managed to generate sound perceptions in China, ushering in enhanced levels of mutual trust. One case has been most significant: ASEAN’s reaction to the Tiananmen events of 1989. Southeast Asian nations did not condemn Beijing or apply sanctions (as the US and Europe did), and China was appreciative, particularly since the country was then experiencing a new period of diplomatic isolation. ASEAN’s desire to engage China at this critical time left an impression on the leadership in Beijing. While the rest of the world was doing its best to isolate China, ASEAN chose to reach out to Beijing (Shambaugh 2004/05: 68). Indicators of trust enhancement between China and the ASEAN states can be seen in the following developments:

- Establishment of diplomatic relations;
- Frequent state and other visits between high-ranking members of the political elites and other bodies such as business people;
- Upgrading of state-to-state relations, for example to strategic partnerships;
- Official pronouncements and change of policies from hostility to friendship;
- Active participation in the enactment of declarations, cooperation frameworks and other agreements;
- Acts of “mutual responsiveness” that have positively contributed to improve mutual perceptions;
- The use of engaging and “friendly” rhetoric when referring to other countries.
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### 6.1.6.1 *The formation of a common identity*

Common identity formation and community-building tend to be interlinked processes. Common meanings, which tend to underpin shared identities, are the basis of community (Taylor 1982: 25–33). When shared meanings and values are discussed, some scholars have argued that only those states sharing a set of liberal-democratic values have been able to develop effective common identities which have led them to form pluralistic security communities. Adler and Barnett have argued that “at the present moment, if scholars of international politics are likely to identify one set of political ideas and meanings that are related to a security community it is liberalism and democracy” (Adler and Barnett 1998: 40). Indeed, there is empirical evidence that liberal democracies have been less prone to fight amongst themselves than with non-liberal-democratic regimes (Maoz and Russett 1993). But in spite of the latter evidence, states have been able to develop strong identities based on values that differ from liberal-democratic ones. Marxist-Leninist regimes during the Cold War also displayed a strong attachment to their ideological principles, a condition that led them to create pacts and other regional organisations to match and counteract those created by the West.

The question that is necessary to ask is: Is there any set of values held in common between China and the ASEAN states that could contribute to the development of such a common identity? It is clear that China and ASEAN do not share liberal-democratic values. Rather, China and Southeast Asia taken as a whole is an eclectic region with several distinct political systems and values, none of which has taken the lead in becoming an amalgamating force to serve as the basis for the formation of a common identity. Moreover, adding to such diversity in the types of political systems, there are also other elements that enrich the differences in the region, such as a wide number of ethnicities and religions and disparities in the levels of development and material wealth. As Shambaugh (2004/05: 66) has noted: “at the outset of the twenty-first century, the Asian regional order is an increasingly complex mosaic of actors and factors”. Democratic values are not alien to the region; nevertheless the particularities of most ASEAN evolving democracies have not created a standardised version of political practices. Moreover, there is a widespread view that the governments of Southeast Asia have tended towards authoritarianism (Kingsbury 2007: 15). When discussing Southeast Asia’s political systems, William Case has categorised some of them as “pseudo-” and “semi-democratic” types. Thus, according to Case, Malaysia and Singapore are semi-democracies; Indonesia a pseudo-democracy; Thailand’s democratic efforts are still unconsolidated; and the Philippines is a stable but low-quality democratic system (Case 2002). Cambodia’s political system is based on democratic principles but the dynamics of the political system are far from functioning as a real liberal-democratic system—in this respect, some observers have unapologetically commented that “the Cambodian People’s Party (CPP) under the direct leadership of former communist

leader Hun Sen appears to favour a very superficial form of democracy, primarily to appease foreign aid donors” (Kingsbury 2007: 16). Other Southeast Asian states are openly authoritarian; such as Myanmar, ruled by a military junta. Furthermore, China, Vietnam and Laos still officially adhere to Marxist-Leninism and are also characterised by authoritarian one-party leaderships.

Thus, liberal-democratic values cannot be the leading set of values helping to foster a sense of regional community. On the contrary, it could be that the absence of such values, and the prevalence of traits of authoritarianism in China and most of the Southeast Asian regimes, could play a cohesive role in fostering a sense of regional community. At an ideological level, China and Southeast Asia have not expressed aversion to liberal democracy, nor do they seek to neutralise or oppose it as a valid form of political system for other countries.<sup>228</sup> As proof of the latter, China and the authoritarian ASEAN states are not opposed to engaging in economic and political exchanges with any other country, including liberal democracies such as the US and those found in Western Europe. Nevertheless, China and some Southeast Asian states have found common ground in opposing external criticisms of their political and societal practices, for example, criticisms of their human rights records, political repression, and open opposition to reforming their political systems; and also in defending the manner in which these countries steer their economies (i.e. liberal vs. statist models). The clearest indication of how China and Southeast Asian countries have reacted to external criticisms has been the proposal of the “Asian values”, which became a prominent feature of Asian discourse during the early 1990s. The central thesis of the Asian values theory is that there is an irreducible core of values which characterise the region and which often run opposite to “Western values”. The Asian values debate has been widely studied, and most scholars agree that its conceptual basis is weak, offering only a highly ambiguous explanation of the region’s ethos and behaviour. But it is not relevant here to investigate the validity of the idea of “Asian values”: the point is that regardless of its validity, China and some ASEAN states had been able to articulate a set of common values which could serve as promoters of a common identity. This cluster of arguments has been advanced either as a whole or fragmentedly, by state representatives and establishment intellectuals primarily from China, Singapore, Malaysia, Vietnam, Burma, Indonesia and Thailand (Jacobsen and Bruun 2000). “Asian values” have represented clear indicators of an attempt to justify regional political and societal practices so that external criticisms might be rejected as unjustified. The Asian values debate has not remained a local issue, but their subscribers have also attempted to externalise their views to other countries with different value-practices and ideals. The latter was evident at the 1993 UN World Conference of Human

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<sup>228</sup> As part of China’s new foreign policy born since the Deng era, Beijing favours pragmatic relations with other countries regardless of their political systems and practices, including liberal democracies. Nevertheless, Western-styled democracy has been openly dismissed as viable in China (see, for example, “China rules out West’s democracy”, *BBC News* online, October 15, 2007, <http://news.bbc.co.uk/1/hi/world/asia-pacific/7043942.stm>).

Values, at which Asian countries presented the Bangkok Declaration stating that “all countries, large and small, have the right to determine their political systems, control and freely utilize their resources, and freely pursue their economic, social and cultural development.”<sup>229</sup> In spite of the latter, currently the Asian values discourse is neither prioritised as a central objective in most regional frameworks involving China and the ASEAN states, nor even inconspicuously present. This discourse was very much toned down after the 1997 Asian financial and economic crisis, and it has not been a prominent feature of Asian discourse in recent years. Thus, Asian values do not steer the regional agenda; rather, economic and cooperation matters do.

Thus, Sino–ASEAN relations lack any strong political values (e.g. “Asian” or liberal-democratic) that could provide a cognitive factor fostering the cohesiveness of the region in order to promote a common identity. Asian values are still present in the psyche of both Asia’s populations and their political elites; nevertheless, the Asian values have not been pushed forward to lead to any clearly-structured strategy for regional cohesion and the formation of a common identity. Is there any other element that could play a positive role in fostering a common identity? Regional common identities are often enhanced by geography. Geographical closeness creates within such countries a logical regional framework which allows a smooth flow of transactions (both economic and political) and eases the processes of socialisation. Thus, an important element which could contribute to developing a sense of identity between China and ASEAN is geography, by which both entities are ineludibly linked. Myanmar, Thailand, Laos and Vietnam share land borders with China, and the rest of Southeast Asia is significantly close to its northern neighbour. Geographical proximity has produced longstanding and close historical relations which have never been interrupted, and which in many cases have reached important milestones determining future interactions and mutual perceptions. There has always been a mutual understanding that China is a fundamental actor affecting Southeast Asia, and that Southeast Asia has always been a priority for China, particularly in terms of political and strategic matters. In spite of the fact that interactions spawned by geographical closeness often lead to conflict, they also create a strong sense of identification, mutual acknowledgements of the other’s presence, and have pervasive impacts on regional actors closely belonging to such geographical composition. The structures of regional systems constitute contexts of interaction that either inhibit or facilitate the emergence of dynamics of collective identity formation, and as such they play an indirect causal role (Wendt 1994: 389).

This understanding of geographical coherence has been further enhanced by means of the regional inclusive frameworks that have been put in place of late, such as APT, the ARF, and the EAS. On the other hand, the demarcation of such geographical cohesiveness is not strictly fixed to an East Asian membership: for example, the ARF and EAS include Pacific, South

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<sup>229</sup> The Bangkok Declaration 1967, Paragraph 6, <http://www.aseansec.org/1212.htm>.

Asian and Oceanic members. Nevertheless, most of these frameworks have included all of the ASEAN members and China, and, most importantly, the sense of regional coherence has not been jeopardised. When considering economic, political and security relations, Southeast Asia is not seen by China as the region with the most significant importance to its own interests: rather, the US, Western Europe, Japan and Russia are the most important actors to be considered. This makes sense, as Southeast Asia is not seen as a “main pole of power”, and the economic interactions (e.g. trade and investment) coming from this region are not the most significant. Nevertheless, Southeast Asia has always been and should remain a region of critical importance to China due to its proximity, shared borders, and past-historical and currently-deepening interactions. Moreover, the concept of “developing nations” could also contribute to fostering the formation of a common identity between China and ASEAN. In Southeast Asia only Singapore has achieved standards of living and economic development that could fully qualify as “developed” (i.e. on a par with the levels of the most advanced countries such as the US, Western Europe and Japan). The other nine members of ASEAN can be classified as middle- to low-income economies. All of the latter have aspirations to achieve an overall full development of their societies, which implies the expansion of material wealth and a better distribution of such wealth amongst their populations. Damien Kingsbury has argued that “beyond independence, the most dominant theme in post-colonial states, not least in Southeast Asia, is that of ‘development’, understood as economic development, further simplified as growth in per capita gross domestic product, or average income per head population” (Kingsbury 2007: 13). China is also a nation that has followed this line of thought. Regardless of China’s impressive economic growth of the last few decades, it still considers itself as a nation moving towards an overall middle-income status, thus a developing country rather than a developed one. China’s elite political figure Zheng Bijian argued in his “peaceful rising” argument that:

...the Chinese nation will be preoccupied with securing a more comfortable and decent life for its people. Since the Third Plenary Session of the Eleventh Central Committee of the Chinese Communist Party, held in 1978, the Chinese leadership has concentrated on economic development. Through its achievements so far, China has blazed a new strategic path that suits its national conditions while conforming to the tides of history. This path toward modernization can be called “the *development path* to a peaceful rise”... Deng Xiaoping and other Chinese leaders decided to seize the historic opportunity and shift the focus of their work to economic development. (Zheng 2005a)

Both in China and Southeast Asia, the governments have regarded economic development as preceding political development. This argument can be summarised in Rhoda Howard’s “full bellies” thesis, the assumption by some political leaders and elites that economic needs or “basic needs” are more important than civil and political rights (Howard 1983). In China, economic development has become a pragmatic substitute for past ideological objectives (i.e. a classless



society) and, along with nationalism, forms the other legitimising factor whereby the CCP should remain in power. The Chinese leadership praises economic development as an inherent human right of the Chinese, such that the CCP has argued:

As a committed representative of the Chinese people's fundamental interests, the CCP has always taken as its basic task the maintenance of national sovereignty and independence, as well as the safeguarding and development of the various rights of the people, and regards the rights to subsistence and development as the paramount human rights. The CPC adheres to taking development as the task of first importance, implements the scientific concept of putting the people first and seeking an overall, coordinated and sustainable development, and strives to promote economic development and social progress to satisfy the people's multiple needs and realize their all-round development.<sup>230</sup>

China has actively engaged with developing nations, particularly, during the Cold War era, with the Non Aligned Movement (NAM). Southeast Asian nations had been responsive to such initiatives, with Indonesia standing out. Both China and Indonesia became vigorous proponents of maintaining an independent international stance, as the Third World was continually faced with the interference of superpower politics. Malaysia also attempted to "neutralise" Southeast Asia and, in general, the less-powerful countries within the region have always been concerned with the prospect of becoming too close to any particular global and regional hegemon. Though the post-Cold War discourse of the developing nations bloc is no longer driven by the logic of West vs. East, the current discourse addresses a North-South problematic where developing nations struggle to catch up with the levels of prosperity of advanced countries. Thus, within the category of "developing nations", China and Southeast Asia find more common ground which could be used as an element in fostering a common identity. After all, it is within the developing nations that China, itself a developing country, has made major inroads in transforming its image (Kurlantzick 2007: 5).

China and most countries within Southeast Asia have opted for a state-interventionist model of capitalist economic development (i.e. the developmental state), a type of East Asian new regionalism in which states intervene to promote national agendas (Shee Poon Kim 2005: 152). Developing the region's free market economics has taken particular strategies that have been criticised by others (particularly the West) as not sufficiently liberal and too state interventionist. Recent works of international political economy have identified two main ways in which the current trend in regionalism might be emerging as a response to globalisation. The dominant view is that of "open regionalism", a model informed by the liberal political economy perspective and a means through which policymakers enhance the participation of their

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<sup>230</sup> White Paper: "The building of political democracy in China", Information Office of the State Council of the People's Republic of China, Beijing, October 2005, <http://www.china.org.cn/e-white/index.htm>.

respective national economies in globalisation processes. On the other hand, there is also a “contrasting or resistance model”, one which privileges domestic political dynamics and which aims at preserving domestic social, including distributive, agendas which might be threatened by the process of globalisation (Nesadurai 2003: 24). China and Southeast Asia fall within the second category. This particular strategy of economic development could provide yet another area in which to promote a sense of common identity. Along with an often strict intervention in matters of domestic politics and social life, China and ASEAN states’ continuous intervention in their economies gives the region a particular characteristic, one which could contribute to the formation of both a social and corporate identity. The clash of different economic strategies became evident during the 1997 Asian financial crisis, as some Western analysts blamed East Asia’s developmental state model (i.e. originating in Japan) as the main culprit for the emergence of the crisis, whereas East Asian observers counterargued that it was Western speculative intervention which triggered the crises in the first place. Richard Higgot describes this particular incident as the “politics of resentment”; East Asia’s negative reaction to what was perceived as a lack of sufficient and timely assistance to the region after the crisis (Higgot 1998). Moreover, East Asia’s “resentment” had also a synergetic effect in relation to the development of the region’s corporate and social identity, as the events of the crisis allowed East Asia’s political elites to realise the ever-growing interdependence between their countries, and the need to develop mechanisms specifically designed for the region and using the region’s own resources (e.g. the Chang Mai initiative, etc.).

## **6.2 Significance of the findings in relation to the literature and field of studies on security communities**

The findings of this research have a strong correlation with the existing literature, both on security communities and the study of relations between China and Southeast Asia. The research is a contribution to the study of security communities, and in particular to how such communities could evolve between China and Southeast Asia. There has been no previous attempt to study Sino-ASEAN relations utilising a security community’s angle, and in particular, Adler and Barnett’s framework for the study of the formation of security communities had never been used as a methodological research tool, neither between China and Southeast Asia or any other group of states.

Previous discussions on security communities and East Asia have only partially covered some of the region’s characteristics (e.g. the ARF). Security communities have been analysed at length but only when focusing on Southeast Asia (i.e. mainly the work of Amitav Acharya), and not in the specific field of relations between China and Southeast Asia. Thus, the findings of this research represent an original effort to explore the relations between both entities in a

manner in which Sino-ASEAN relations have not been explored before. More traditional areas of study between China and Southeast Asia, such as trade and investment and political relations, are analysed here in order to find further repercussions in the areas of community-building and the development of trust.

The findings stress the possibility of exploring the significance of particular exchanges and relations between the actors in the light of more constructivist-oriented conceptions of state interactions. Thus, power is not exclusively seen as a “realist” matter but also its implications for these states in terms of perceptions and identities. The research also affects the existing literature on security communities in a way that the areas of security community’s “emergence” and “maturation” have been further explored in more detail between countries/regions not studied in detail before.

The research sets clear that the concept of the formation of security communities in one of considerable validity and interest in East Asia, and that further attempts to deepen the understanding of such studies should be taken into account by those interested in the region. The research has contributed to expose the evolving complexities between China and the ASEAN states in terms of the ever-growing sophistication of their relations, both political and in other pragmatic areas. As noted by some scholars, the paradigms with which East Asian affairs have been traditionally analysed (e.g. realism) are in need to be revisited. The latter does not mean they have lost all their validity, but rather, than new developments in regional interactions have made an imperative to think of other approaches to explain state relations. In this particular sense, the research has made a contribution.

### **6.3 Outlook for the development of a pluralistic security community between China and ASEAN**

Having analysed the Sino–ASEAN relationship using Adler and Barnett’s framework for the study of the formation of security communities, it is possible to find that most of the categories contained in each tier contain very strong positive indicators of the formation of a pluralistic security community between these two actors.

The conclusions resulting from these findings, after analysing the Sino–ASEAN relationship using Adler and Barnett’s framework as a background, can now be addressed to the central hypothesis presented in chapter two (p. 65). Thus, it is argued that China and ASEAN have developed strong and favourable elements, both at the structural and process level (following Adler and Barnett’s framework), which have laid the foundations of a nascent and incipient loosely-coupled security community between them. China and ASEAN have not become a

fully-mature pluralistic security community. But, following the framework, they have materialised a number of factors soundly conducive to the formation of a PSC, such as a set of favourable precipitating conditions (endogenous and exogenous), constant and high-quality transactions, and constant processes of social learning framed within the structure of regional organisations and frameworks. Moreover, China has the potential to become an overall regional core of strength. The levels of trust have also improved considerably, and it is possible to identify regional processes and cognitive structures that could play an important role in fostering a common regional identity. China and ASEAN already comply with the most essential definition of a security community: both have a continuous and intense level of interactions, and neither entity has resorted to the use or threat of force to solve their conflicts. An indisputable aspect of their relations is that the idea of conducting peaceful relations between them is already a central component of their understandings of each other. China and Southeast Asia might also be thought to comply with the definition of a “no-war” community, but what points to an interpretation of these regional actors as forming more than a no-war community, but rather an incipient form of a security community, is that there are no alliances or military pacts between them. What situates peace as a central element guiding their relations is not a legal arrangement but the conviction that peaceful relations must prevail. Taiwan is the only issue within the region over which China is clearly willing to use force as a last resort to solve the conflict, and Beijing has made this point more than clear.

If China and the ASEAN states have already developed strong and favourable elements, both at the structural and process levels, which have laid the foundations of a nascent and incipient loosely-coupled security community between them, how can these foundations be expected to evolve in the future? The evolution of a Sino–ASEAN pluralistic security community depends at the general level on how these countries carry on conducting their relations, and how some of the most critical categories of the framework continue to develop. Thus, the growth of Chinese power, in particular military power, should not be directed against any member of ASEAN, and in particular should not be exercised in order to solve any of the outstanding territorial disputes between China and ASEAN members; such actions would seriously derail the whole process of the formation of a PSC. In this respect, it seems that China’s leadership is very aware of the potential diplomatic setbacks of using force in the South China Sea, and that this is currently not regarded as a viable alternative to address the conflicts in the area. The use of soft power and the nature of Sino–ASEAN transactions are continuing on a very positive track to further enhancing the development of a nascent PSC. Moreover, it is highly improbable that such transactions will stop or be reversed. China and ASEAN are very interested in continuing the expansion of political and economic transactions, as both actors understand the potential benefits of such engagements. Thus, a process of growing regional interdependence has started and is predictably heading towards closer links and more widespread spill-over effects. China

and ASEAN are currently satisfied with the structure of the dialogues started at regional frameworks such as APT and the ARF. Thus, such frameworks will not disappear but probably tend to evolve in scope and even in the nature of their structures and mechanisms—the latter process is already visible with the formation of the EAS, which is not, as some expected, a sophistication of APT but rather a clone or hybrid form between APT and other regional frameworks. The reason for this is the accommodation of new emerging power forces (e.g. China, India and Japan) into the dynamism of the regional schemes that have been so well accepted. Regardless of this, regional frameworks and regional organisations will continue to play an important role in fostering closer interdependence and social learning processes. Trust has improved dramatically, but the continuation of its enhancement will be dependent on how China and the ASEAN states decide to deal with current regional conflicts and other trust-building matters of interest for the region. As mentioned earlier, China must be willing to discard the use of force, or the threat of the use of force, in dealing with the South China Sea territorial disputes. Moreover, ASEAN claimant states also need to refrain from actions that might enrage China, in case Beijing was to understand from such actions that the ASEAN states are pursuing their claims illegitimately.

Unlike the improvements in transactions, the development of a common identity is a more complex process that would require more time to materialise. There are no sets of political values that could facilitate this process. Nevertheless, China and ASEAN, along with other regional actors, have agreed on a regional project that includes the fortification of a regional identity as stipulated in the East Asia Vision Group's Report. Though this has remained mainly as rhetoric, it is important to remember that rhetoric can also be an important indicator of actors' changing understandings of social (regional) reality. At minimum, China and ASEAN have agreed in principle to foster such a community and incipient steps have already been taken, in the form of institution-building and cooperation. In line with functionalist and neo-functionalist theories of international relations, the modest initial steps taken today by regional actors might, in the mid- and long-term future, produce mighty forces of interdependence that would also create strong identities. Moreover, a Sino-ASEAN PSC does not necessarily have to mimic a European-styled security community in the sense that it would be based on liberal-democratic political values and strong legalistic institutions. The evolution of a common regional identity could be based, rather, on informal norms, widespread cooperation and the further development of a sense of "us" and "them".

TABLE 48: Summary table: Adler and Barnett's framework for the study of the formation of security communities and empirical findings

The development of a pluralistic security community between China and ASEAN	Fully-present	Evolving	Weak or non-present	Positive or negative effect
<p><b>TIER ONE: Precipitating conditions.</b></p> <p>Precipitating conditions have been fully present in relations between China and ASEAN. The main <b>endogenous</b> factor has been the major socio-economic reform in China which began in the mid-1970s. The most relevant <b>exogenous</b> factors have been the end of the Cold War and the demise of the Soviet Union.</p>	X			Positive
<p><b>TIER TWO: Factors conducive to the formation of trust and a common identity.</b></p> <p><b>Structural category</b></p> <p><b>Power:</b> Power is playing a very important role in contributing to the possibilities of the formation of a pluralistic security community between China and ASEAN. Power is having both "positive" and "negative" effects in the promotion of such a community. The main characteristic defining Sino-ASEAN power relations is asymmetry.</p> <p><b>Hard power</b> (i.e. economic and military): The asymmetrical nature of power between China and ASEAN is creating a Chinese "core of strength" towards which ASEAN states feel inclined to gravitate, mainly for economic reasons. This is a positive aspect for the formation of a PSC as it creates closer interactions and interdependence. Nevertheless, economic interactions have also produced (and may continue to do so) frictions due to the enlargement of trade deficits and competition for foreign investment. China's military modernisation, a quintessential expression of hard power, makes ASEAN capitals feel uneasy. ASEAN states feel uncertain whether China in the future can guarantee not to use or threaten force against ASEAN, particularly as there are existing territorial claims in the South China Sea.</p> <p><b>Soft power:</b> Soft power has become a relatively new tool of foreign policy and has been effectively used by both China and ASEAN towards each other. China has been particularly effective at exercising soft power resources in Southeast Asia. China's image has improved dramatically amongst Southeast Asian nations and the outcome has been an improvement in trust levels and perceptions.</p> <p><b>Knowledge (ideas and values):</b> Cognitive values are possibly one of the weakest elements when discussing the prospects for the formation of a PSC between China and ASEAN. In terms of political values, there is no set that could really contribute to creating a common identity. The region is widely eclectic in this particular sense, with pseudo- and semi-democracies, military juntas and communist regimes. Other cognitive values to be considered, though, do have a potential to foster a regional common identity: Asian values and "developmentalism" (i.e. a sense of belonging to the "third world" of developing states). Nevertheless, the "Asian values" debate has lost impetus since its inception in the early 1990s and currently is not part of a regional proposal as a means to foster a regional identity.</p> <p><b>Process category</b></p> <p><b>Transactions:</b> Along with the tier of precipitating conditions, the category of transactions shows very positive and unambiguous development between China and ASEAN. Transactions of varied sorts have been constantly expanding, both quantitatively and qualitatively. Economic (e.g. trade and investment) and political transactions (e.g. high-ranking visits, interactions at regional frameworks) have become quite noticeable. The growth of transactions intensifies social learning, mutual awareness and processes of regionalism. Growing transactions might elevate the potential for conflict, but intense interactions are a key element for the formation of security communities. Intense <i>non-military</i> conflict is not detrimental to the formation or sustenance of security communities.</p>	X			<p><b>Power:</b> Positive and negative</p> <p><b>Economic:</b> positive and negative</p> <p><b>Military :</b> hampering</p> <p><b>Soft power:</b> positive</p>
			X	
	X			Positive

<p><b>International organisations:</b> This is another area in which China and ASEAN states have been very successful. The main international (regional) organisation in the interaction between the actors has been ASEAN. Moreover, ASEAN has played a critical role in fostering the creation of other regional frameworks such as APT and the ARF which are also playing important roles as regional spaces to enhance cooperation and social learning.</p>	X	Positive
<p><b>Social learning:</b> Processes of social learning have experienced exponential growth between China and the ASEAN states as both actors have created very effective avenues for communication and various exchanges. The establishment and re-establishment of diplomatic relations since the early 1970s, the attendance at regional frameworks and the continuous high-level political exchanges have all contributed to these processes. Moreover, exchanges have not limited themselves to senior figures of government, but include myriad other actors such as mid-echelon members of the political elites and members of scientific and technical communities.</p>	X	Positive
<hr/> <p><b>TIER THREE: The development of trust and common identity formation</b></p>		
<p><b>Development of trust</b></p> <p>Power asymmetry has made ASEAN states find it harder to develop even levels of trust, as they are less-powerful states when measured against China. Nevertheless, trust levels between China and ASEAN have been radically transformed for the better. Since the early 1990s, China's use of soft power in the region has soundly developed the relationship so that ASEAN capitals find it much easier to trust Beijing. In spite of this, trust is still an evolving factor as the power asymmetry is permanent and China continues its rise towards regional/global supremacy. Specific factors also complicate a smoother evolution of trust towards China, such as the currently unresolved territorial disputes in the South China Sea and the risk of conflict in the Taiwan Straits. Levels of trust, particularly those of ASEAN towards China, can still be further improved.</p>	X	
<p><b>The formation of a common identity</b></p> <p>There are several elements conducive to the formation of a common identity between China and ASEAN, particularly when analysed as part of the wider East Asia region. First, East Asia is evolving into a "cognitive region", and there is geographical coherence (e.g. shared borders). Second, East Asia has also developed regional frameworks, schemes and institutions that facilitate cooperation in many different fields (e.g. APT, the Chiang Mai initiative, etc.). Third, in a latent state, there are the Asian values and developmentalist discourse with which both China and most of Southeast Asia identifies. A corporate and social identity has also begun to develop. East Asian capitals have begun to differentiate their own region and particular achievements, and to differentiate it from other regions. The Sino-Japanese competition for regional supremacy might contribute to creating fractures in the sense of common regional identity, but at the same time it could draw China and ASEAN closer together as Beijing seeks to cajole the region to win regional supremacy against Japan.</p>	X	

## Appendix: Interview transcripts

INTERVIEW NO. 1: *Dr Tran Khanh, Head of Department for Politics and International Affairs Studies, Director of ASEAN Department, Institute of Southeast Asian Studies, Vietnam Academy of Social Sciences.*

**Thursday, June 4, 2004, 9–10:30am**

### COMMUNITY BUILDING CHINA–SOUTHEAST ASIA

**Alberto:** How does Vietnam understand China: as an opportunity for integration and economics, or as threat?

**Dr. Tran:** Vietnam and China are partners and competitors. Regarding economics, Vietnam—as most of ASEAN—thinks China’s growth is both challenge and opportunity.

The opportunities:

- 1) ASEAN can sell agricultural goods to China with a high price
- 2) China’s growth is the opportunity to renovate ourselves in management and technology in the face of Chinese competition
- 3) security: a poor China is much more dangerous than a prosperous China. Personally, I think that a wealthy China can assure the security in the region better than a poor China.

The threat emanating from culture is not a threat since in the era of globalisation culture can be exchanged. It is, however, politicised: culture serves political purposes only. The issues are political, not cultural. Culture may have some effect, but politics and economics are much more important. The agenda is back to relationships between nations, culture is not that important.

Regarding the challenges, China’s growth is not a threat to Vietnam, but to whoever wants to play a unique role in the world.

**Alberto:** What is the effect of China developing a blue water navy? Is Vietnam alarmed? Is it directed towards Southeast Asia or the US?

**Dr. Tran:** It’s a pity that the whole world is in an arms race, and to my opinion it is due to the US’s military development. The US thus forces other countries to modernize as well, most importantly Malaysia, China, Russia and France.



It is very normal that a growing China gives more money to the military. It wants to have a greater influence in the region as many other powers as well (e.g. Japan, India and Pakistan). As a result, the rich become richer, the poor poorer.

It is very dangerous if the world does not have the mechanisms to stop the arms race. Vietnam is upgrading the military to safeguard its independence. There are new perceptions of the world: maybe the US can fire missiles to Vietnam and other countries. The US can gain air and sea, but if they cannot gain the land, they cannot win. An invasion is necessary to win a war.

Vietnam is a ball in the game between the great powers. The balance of power is thus very important. Vietnam should be respected.

**Alberto:** What is the concept of East Asia in the form of ASEAN Plus Three as related to NAFTA, EU? Is it desirable for Vietnam to become part of such a regional grouping that develops the strength of NAFTA and EU?

**Dr. Tran:** The integration of East Asia is an initiative by China when China started to develop its economy, and especially after the Asian crisis and Japan's recession. East Asia integration depends not totally but mostly on China: it is the second largest economy in the world but does not have enough power to integrate the region. An important factor to do so is national strength: political, economic and cultural influence. In addition, Japan and the US have very close relations. It is a strong alliance which China cannot but accept.

China equals Mainland plus Hong Kong plus Taiwan, etc. This equals Greater China, therefore integration depends much on China. If it grows fast in the next, say, ten years, it can play a leading role in attracting the whole region. But currently there is no core and no leading role for integration. China is not strong enough to attract the whole region.

Moreover, the US wants to improve relations with ASEAN, Thailand, the Philippines and Singapore, which is an obstacle to integration. Both the US and Japan try to sign FTAs with ASEAN countries. FTAs with Singapore and Thailand are signed, an agreement with Malaysia is under way. This means that Japan and the US do not want East Asia to be integrated under the leading role of China.

INTERVIEW NO. 2: *Mr Pham Cao Phong, Assistant Director General Institute for International Relations, Director Department of International Cooperation, National Coordinator Vietnam*

*Network for Conflict Studies and Mrs Luan Thuy Duong, Director Centre for Southeast Asian Studies, Institute for International Relations*

**Thursday, June 4, 2004, 2–3:15pm**

**Alberto:** How does Vietnam perceive China?

**Mr. Phong:** Prior to the 1970s, Vietnam and China were lips and tips, China supported Vietnam's struggle for independence. Then, Vietnam amended the constitution in which China was explicitly called a threat, an immediate threat and short-term enemy, while the US were the long-term enemy. In 1988, Vietnam dramatically and remarkably changed its foreign policy and sentence in the constitution referring to China as a threat was erased.

The new security perception changed from Vietnam being part of the socialist bloc to *Doi Moi* as new guideline according to which foreign policy was adjusted. Then, also the security concept changed from traditional security to comprehensive security. Vietnam wanted good relations with all countries, and in particular the great powers. China is a neighbour and a great power, a fact which Vietnam sometimes forgets [*own comments: Vietnam has to acknowledge China power and has to live with it*]. The sentence in the constitution calling China a threat was subsequently erased.

In 1990, China and Vietnam conducted the secret Chengdu summit. In 1991, a Vietnamese delegation visited China officially. The party-to-party relations were normalized. Vietnam's focus today is in economic development. Lagging behind economically is the greatest threat to Vietnam's security. To develop economically, we should maintain a stable and peaceful environment. The northern part of the country can acquire security only through the settlement of territorial disputes and the boost of economic ties, which is also important for Vietnam's integration in the world.

Vietnam has acknowledged the following problems:

- 1) South China Sea
- 2) China's investment in Vietnam is very low, low level of trade
- 3) border trade: low-price Chinese products entering Vietnam
- 4) competition for FDI

There are bilateral threats on comprehensive security.

There is not a short-term solution for the South China Sea, as a solution of the conflict involves alienation of national sovereignty. China is setting up alliance circles within ASEAN, therefore both the region and individual countries are important.

**Mrs. Duong:** Vietnam recently sent a tourist group to the Spratlys, which does not violate territorial sovereignty of China or other countries. It is only normal.

**Alberto:** What are the prospects of ASEAN Plus Three as an East Asian community compared with NAFTA and the EU?

**Mrs. Duong:** There is no similarity. The East Asian style does not follow North American or European community building. Regarding an East Asian community, there are only initial steps done. The ASEAN community is not like the European community. The integration stops at tariff cutting. It concerns only FTAs, there is no security or bloc building involved. The ASEAN security community has no mechanisms to solve disputes, no binding agreements. Integration and cooperation are the means to deal with disputes, discussions, finding common ground, confidence building. The idea of an ASEAN community is stuck at the East Asian cooperation. Only if an AESAN community is in place, there can be an East Asian community in the form of ASEAN Plus Three. There is a lack of confidence, an inability to reach security cooperation.

- 1) FTAs between ASEAN and China, Japan, South Korea.
- 2) The expansion of this to an East Asian FTA is stuck: the Japanese market is closed, South Korea has internal economic difficulties. An East Asian community is far to see, even an ASEAN community.

**Mr. Phong:** There are already groupings in place which are favourable for an East Asian community: APEC, AFTA, China–ASEAN FTA, ASEAN–Japan special economic partnership, ASEAN Plus Three, the East Asia vision group. These are overlapping areas, resulting in the following possibilities for an East Asian cooperation:

- 1) all countries need economic development. Interdependence carries the logic of cooperation. Regional cooperation will be complementary to globalisation.
- 2) similarity in cultural norms
- 3) needing a peaceful environment after the CW after having experiences common suffering
- 4) regional security has to be enhanced therefore interdependence among themselves

- 5) enhance regional countries' status in the world as well as the region as a whole: if ASEAN can get a higher status, it can enhance its role in ARF and gain a better position in ASEM

Regarding security cooperation, there is no support from regional powers for ASEAN regarding ASEAN's stance on nuclear proliferation, and the security dilemma in form of an arms race is still there.

[MRS DUONG MAINTAINS THAT HER VIEW IS BASED ON REAL EVENTS AND THAT MR PHONG'S VIEW IS TOO IDEALISTIC.]

INTERVIEW NO. 3: *Dr Do Tien Sam, Director, Center for Chinese Studies, Editor-in-Chief Chinese Studies Review, Vietnam Academy of Social Sciences*

**Interview June 10, 2004, 9–11:00am**

**Alberto:** what is your opinion of China's foreign policy towards Vietnam and the region of Southeast Asia in general?

**Dr. Do:** China's foreign policy recently changed towards being friendly with neighbouring countries. It is both due to a change in the leadership (from Jiang Zemin and Zhu Rongji to Wen Jiabao and Hu Jintao) and within the scholarly community. China's strategy now is as follows: China is the core. The neighbouring countries are a second ring around China functioning as a buffer to the major powers. If China wants development, it has to take into account other countries' interests. One result of that is that before Wen Jiabao Vietnam had to pay for meteorological data for the Red River. Now it doesn't have to pay anymore to get those data. Also, if China wants the China–ASEAN FTA to be a success, it has to cultivate relations with its neighbours. In the context of this the downstream countries can think of ways of how to engage China. I think the conservative approach to the region is not right.

**Alberto:** There is much debate on community and identity building between China and Southeast Asia. What is your opinion in that? Is there something like that developing, especially regarding ASEAN Plus Three involving the whole of East Asia (below the nominal approach)?

**Dr. Do:** ASEAN is a loose grouping, but within ASEAN there are other relations, e.g. of bilateral nature. ASEAN is a loose grouping, rulings are not comprehensive, it's a lot of trouble to get all ten members together. Vietnam does not like this very much, especially the two core issues: non-intervention and consensus-building. People can participate in ASEAN agreements,

but then sign deals with other countries (e.g. Singapore–US). The formula for ASEAN is 10-X. It is not like the EU with one currency and a legal framework and common market. Vietnam would wish an EU-style development, but there is no possibility for that. The differences in culture and conflicts between both interests and different countries are too strong. Vietnam has bilateral relations with Thailand, Cambodia, Malaysia, Indonesia, the Philippines. The EU does not have ASEAN's residual land problems. Everybody is on the same boat, but the dreams are different.

Moreover, the US and China have a bit of an incentive to keep this status quo. China has great relations with Myanmar, the US has great relations with Thailand, Singapore and the Philippines, Japan has great relations with Thailand and Singapore. So as a result, there are internal problems as well as external problems of generating support for building a stronger community.

**Alberto:** What is the relevance of China developing a blue water navy?

**Dr. Do:** There is a term in Chinese called peaceful ascendancy. It was a surface level reaction to the development of the China threat concept by US scholars, which was subsequently adopted by Southeast Asian countries. Apart from that, there is a new security concept in China: agreements and Amity Treaties are signed with several countries in order to use the surrounding countries as buffer to take care of China's internal issues. These internal issues are:

- 1) developing the domestic economy
- 2) building support for reunification with Taiwan under the one-country-two-systems approach and peaceful reunification. If no peaceful reunification is possible, there have to be non-peaceful means to do so. The navy is necessary to do that. Destroyers have been bought from the SU, ships run through the whole gulf from north to south, military exercises are carried out along the whole coast.

The fear in Vietnam is that this military build up is not only used for Taiwan, but once the Taiwan issue is settled, it is used to settle the South China Sea issues. It is a relatively new idea in China that development is not constrained to the mainland but has to be projected past the coast itself to the Philippines etc. It is "one arrow, two objectives", that is to kill two birds with one stone: the navy is first used for Taiwan, and after that for the South China Sea. There are three scenarios held in Vietnam for a conflict Taiwan–China:

- 1) 2006

- 2) 2008, shortly before the Olympics, Chen Shuibian will move to change the constitution and declare independence. After the Olympics, China will attack.
- 3) 2011 (anniversary of the Xinhai-Revolution)

If China went to war with Taiwan, it would cost China 40 billion USD. The saying in China is: build roads, cross the sea, attack Taiwan. Via Jinmen and Mazhu, it would need three days to get people from China into Taiwan. The major problems of China are:

- 1) how to provide reinforcements (that is, logistics) via the navy, air force and artillery
- 2) how to minimize the time.

China is developing not only a navy, but also information systems, especially regarding the issue of how to get at Taiwan's military information system. Once this problem is settled, the South China Sea will be dealt with. The relevance of the South China Sea is oil, which is currently a very important commodity for China. Hu Jintao has recently visited African countries, Russia and other countries in order to diversify oil resources, especially against the background of the US having destabilized Iraq.

**Alberto:** What is the relevance and the prospect of the US military presence and the Japan–US alliance?

**Dr. Do:** The recent developments affect China and the US. Then, there is a different development in Northeast Asia and Southeast Asia. In NEA, the Cold War structure is still relatively intact: Japan–US alliance, the problems of North Korea and Taiwan. In SEA, the Cold War structure has dissolved, countries once engaged in the security alliance SEATO have established an economic oriented ASEAN. The environment of SEA is a bit better than that of NEA. In SEA, cultural differences and terrorism prevail as problems, but on the whole SEA is much more stable, more peaceful than NEA.

INTERVIEW NO. 4: *Prof. Dr. Nguyen Xuan Thang, General Director of the Institute of World Economy, Vietnamese Academy of Social Sciences*

**Friday, June 5, 2004, 4–5pm**

**Alberto:** Within the last few years, Vietnam has considerably improved its relations with China. Improved relations between both countries have generated new and enhanced exchanges, both political and economic between both countries. How much do you think the latter trend can contribute to better the relations between Vietnam and China?

**Prof. Nguyen:** It is a correct assertion that Vietnam and China have begun a new era of exchanges, both political and economic. This trend has been taking hold since Vietnam's reform in the late 1980s, so that today relations between both countries have experienced a dramatic betterment of relations. The Vietnamese and the Chinese have traditionally maintained close interactions, but unfortunately our relations have not always remained at its best. That is why it is so noticeable that within the last twenty years, Vietnam and China have re-engaged the path of friendlier relations which [they both] subscribe to since [they have an] interest in promoting mutually-beneficial exchanges for both countries.

**Alberto:** China and Vietnam had a brief but damaging war in the late 1970s. Moreover, in the late 1980s the navies of both countries have had a serious clash in the Paracels maritime area which came to highlight lingering territorial disputes between both countries. How much do you think such events are still affecting relations?

**Prof. Nguyen:** The war was painful for both sides. The war itself did not last for long but the effects of the invasion had a more profound negative effect for the peoples of both countries. In spite of this, Vietnam and China had both put aside the war in order to concentrate on a new era of cooperation. As you are aware, times have changed drastically, both within the region of Southeast Asia but also all over the world. It is then only natural to concentrate on these new conditions and to promote the best possible policies in order to reap the widest benefits for all. More recently Vietnam and China have clashed due to territorial disputes in the South China Sea. On the other hand, it has been a long time since any major clash has occurred as both governments now try hard to concentrate on finding ways to avoid direct conflict and exploit the area's resources. A fact is that no one side wants to fight. Vietnam and China have had turbulent histories; the birth of these nations was a painful and protracted effort. Now it is the time to concentrate on how to develop our social wealth and not to get ready to fight again.

**Alberto:** Vietnam and China share the same type of socio-political values, that is, they adhere to Marxist-Leninism and both have embarked in an economic reform which has abandoned the previous planned-economy model in favour of free market reforms. What role do you think such values play in bilateral relations now and into the future?

**Prof. Nguyen:** This is an interesting question. Vietnam and China adhere to Marxist-Leninism and have introduced market reforms that should effectively bring the best of our socialist system with a most-needed revamping of the economic model. For that reason, and because of our recent history and closeness, Hanoi and Beijing have much in common. Nevertheless, currently both countries are engaged in a very pragmatic dynamic in order to achieve material prosperity.

This means that ideology is subordinated to pragmatic considerations, and that Vietnam and China want to concentrate on such pragmatism. Moreover, Vietnam does not operate in isolation from the immediate region, so that the country has also to interact with the rest of ASEAN. The rest of ASEAN, like China, are more interested in dynamic and pragmatic cooperation than forging relations based on ideologies.

**Alberto:** In relation to what you have just mentioned, do you think there is a sense of common identity evolving between China and ASEAN? And finally, what is your view on the “levels of trust” that Vietnam experiences in relation to China?

**Prof. Nguyen:** China and what today makes ASEAN have been in close interactions for centuries. I believe there is a common identity in the sense that China and Southeast Asia have no difficulties in recognising each other as close and long-standing players throughout history. The fact that we [ASEAN states] have discussed the issue of a common identity between ourselves and our neighbours to the North such as China, Japan and Korea, already indicates that we recognise these long-standing links even though they have never materialised like they have in other regions of the world like the European Union. Moreover, I don’t think we are near to the European experience, but, also, I recognise we don’t wish that, at least not in the short term. On the other hand, working to create a regional identity can further enhance the material benefits of which I was talking earlier. After all, we share a common history as we are so close to each other.

In relation to your question about trust: Vietnam has changed its perception of China to an enormous degree and I believe Beijing has done the same in relation to us [Vietnam]. Trust is an ambiguous concept, but we feel reassured China would not attempt to behave as it did during the Cold War years, so that Vietnam is not currently facing the prospect of war with China as we did in the late 1970s. Again, the structure of the region is so different to what it was, there is no Soviet Union, no war with the West, and there is no Cambodian conflict. On the other hand, close and dynamic relations with a rising power need always to be well-analysed and balanced. It is not a lack of trust that we have, but the need to structure our relations with China in a way that creates benefits for both sides and not unbalanced interactions.

INTERVIEW NO. 5: *Ms Tracy Chan, Assistant Director (China), Northeast Asia Directorate, Singapore’s Ministry of Foreign Affairs, at the Old Tanglin Officer’s Mess*

**October 13, 2008, 9:00–10:15am**

**Alberto:** The late Michael Leifer, expert on Southeast Asian affairs, argued that since its birth, Singapore has expressed a “sense of vulnerability” in relation to its larger neighbours. Do you



think it is possible to extend this same sense of vulnerability of Southeast Asia against China? And if so, how do you think this affects the manner in which the region perceives China?

**Ms Chan:** It could be argued, there are a number of similarities between Leifer's analysis of Singapore against its neighbours and of ASEAN and China. In essence, the main similarity is that, measured against China, ASEAN would find it hard to match the former's capacities (e.g. power capabilities, natural resources, size of the territory and population). Clearly, the disparity between ASEAN and China's capacities makes them perceive each other differently. Both entities have engaged each other actively. Nevertheless, China has often approached the region as a "reassuring partner", attempting to convince the region that China has broken with some policies of the past, whereas in the diplomatic front, ASEAN members have approached China with the intention of convincing Beijing about the need and convenience to become a regional and even global responsible player. In sum, China perceives Southeast Asia not as a potential threat but as a region which needs to be reassured about Beijing's non-hostile, non-hegemonic intentions. ASEAN on the other hand engages China pragmatically to underpin the advantages of a rising China; whilst at the same time recognises that China has the power capabilities to behave "hegemonic-ly".

**Alberto:** How much is Singapore and other ASEAN members relying on enhanced interdependence in order to guarantee China avoiding to become an hegemon?

**Ms Chan:** Firstly, we do not believe in the inevitability of China becoming an hegemon or even that China aims at such an outcome in the future. We do not believe this if an hegemonic behaviour is tantamount with military hostilities and the imposition of China's agenda at the expense of its neighbours. China is a powerful nation but does not want to impose on us. Through some avenues, such as ASEAN Plus Three, China has been able to convincingly communicate to ASEAN about its genuine intentions to improve relations with the region and to create cooperative schemes for mutual benefit. The promotion of interdependence will be of great importance in order to create the necessary impetus in all those involved so as not to create deteriorating conditions in our relations. This does not mean that relations with China will always remain free of frictions. It is only natural for neighbouring countries to go through conflict and tensions. But enhanced interdependence should facilitate opting for non-unilateral solutions instead of negotiated ones.

**Alberto:** What is the impact of the South China Sea in hampering trust and an overall betterment of relations between China and ASEAN members?

**Ms Chan:** In terms of hard security issues, the South China Sea territorial disputes is the most pressing issue concerning China and ASEAN, particularly those states within ASEAN that have territorial claims (Malaysia, the Philippines, Vietnam and Brunei). For Southeast Asians, the South China Sea is currently the litmus test against which China is to be judged in terms of showing restraint and a true willingness not to exercise unrestrained power against weaker states. In this respect, we believe China has behaved appropriately, as since the mid-1990s there has been no major incident in the area which might have required a formal diplomatic gesture of disapproval as ASEAN has expressed in the past.

INTERVIEW 6: Ms Karen Ong, Assistant Director of the Southeast Asia Directorate, Singapore's Ministry of Foreign Affairs, at the Old Tanglin Officer's Mess

**October 13, 2008, 4:00–5:00pm**

**Alberto:** ASEAN political elites are acquainted with the concept of “security communities”. The ninth ASEAN Summit (Bali 2003) has stipulated the formation of an ASEAN community based on three pillars, one of them an ASEAN security community. How central is the idea of forming a security community in ASEAN and how much do you think this idea is exportable outside ASEAN?

**Ms Ong:** Yes, the concept of security communities is not an alien one amongst Southeast Asians, in particular our academics and diplomats. The idea of forming a security community amongst the ASEAN members is not a far-fetched one because the promotion of a regional community and a common identity has been a central aspect for ASEAN, particularly since the end of the Cold War. Peace is a paramount aspiration for us, as unfortunately, war has found a fertile ground in this part of the world in modern times. Moreover, exporting the idea of forming a security community beyond ASEAN is also not far-fetched. Currently there is no explicit enunciation about this, for example, the formation of a security community is not part of the agenda of ASEAN Plus Three or the ARF. Nevertheless, the promotion of a regional identity and of processes of community-building is already there. It should not come to surprise us if in the near or medium future; the concept of security community begins to be discussed as a wider regional project and not remained restricted to ASEAN. Of course, to introduce the concept into our regional political lexicon is not tantamount to consolidating an East Asian security community. Such processes take time.

**Alberto:** Do you think China and ASEAN share a set of common values? Do you think that the lack of common political values hampers the possibilities of the formation of a security community? What about the role of “developmentalism” amongst East Asian nations?

**Ms. Ong:** You might be aware of the “Asian values” debate. These have been hotly debated outside East Asia, but regardless of its veracity, I believe at the minimum level they reflect a recognition from the part of many East Asian nations of the need to acknowledge the particularities of our societies, such as our levels of development and the socio-political contingencies, both current and historical, that mould us into what we are today. ASEAN and China might lack a common political value currency, that is, if we are to compare the region against, for example, Western Europe. Southeast Asia is quite diverse, politically, economically and culturally. In spite of the latter and as we discussed earlier, China and most of ASEAN share in common the idea that these countries are developing nations. Development sets a goal, and that goal is common to the region: to achieve and to maintain wealth, material prosperity. Singapore is already a wealthy nation, but we sympathise with our neighbours in their aspirations to fully-developed nations. A wealthy and healthy region can only be beneficial to Singapore.

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